

INTERIM REPORT FIRST QUARTER 2021



SOLID RESULTS AND POSITIVE MOMENTUM

- Order intake increased organically by 12% to SEK 25,847 million (25,356), driven by strong momentum in mining and continued improvement in short-cycle businesses
- Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions reported record-high order intake levels
- Organic revenues increased by 1% and amounted to SEK 21,691 million (23,620), corresponding to a book-to-bill ratio of 119%
- Adjusted operating profit amounted to SEK 4,170 million (3,728), corresponding to an adjusted operating profit margin of 19.2% (15.8)
- Adjusted operating profit excluding metal price effects on a rolling 12-months basis was at SEK 14,858 million (18,221), corresponding to an adjusted operating profit margin of 17.6% (17.9)
- Long-term savings and cost measures initiated in 2019 and 2020 had a positive impact of SEK 395 million in the first quarter. Temporary savings amounted to SEK 355 million.
- Adjusted earnings per share, diluted were SEK 2.46 (2.13)
- Earnings per share, diluted were SEK 2.53 (1.46)
- Free operating cash flow was SEK 2,946 million (3,176)
- Sandvik Mining and Rock Solutions launched a new surface drilling system, Top Hammer XL, in the quarter
- Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions reported as two separate business areas

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW, MSEK	Q1 2020	Q1 2021	CHANGE %	Q1-Q4 2020
Order intake	25,356	25,847	2	86,287
Organic growth, % ¹⁾	-11.0	12.2		-1.5
Revenues	23,620	21,691	-8	86,404
Organic growth, % ¹⁾	-7.5	1.0		-5.9
Operating profit	2,762	4,256	54	11,216
Adjusted operating profit ²⁾	3,728	4,170	12	14,563
% of revenues	15.8	19.2		16.9
Adjusted profit after net financial items ^{2, 3)}	3,311	3,900	18	14,029
Profit for the period	1,835	3,185	74	8,753
Adjusted profit for the period ^{2, 3)}	2,674	3,093	16	10,823
Earnings per share, diluted, SEK	1.46	2.53	73	6.98
Adjusted earnings per share, diluted, SEK ^{2, 3)}	2.13	2.46	15	8.63
Return on capital employed, % ⁴⁾	12.5	18.6		13.3
Free operating cash flow	3,176	2,946	-7	16,425
Net working capital % ⁴⁾	26.8	24.7		27.5

1) Change from the preceding year at fixed exchange rates for comparable units. 2) Adjusted for items affecting comparability of SEK 86 million in Q1 2021 (-965) and SEK -3.3 billion YTD 2020. Q1 2021 is mainly impacted by a capital gain from a divestment of property partially offset by separation costs. The FY 2020 is primarily related to savings measures and by costs related to Varel Oil & Gas disposal in Q1. See page 23. 3) There are no items affecting comparability reported on net financial items for Q1 2021 (0), full year 2020 includes SEK 0.6 billion. See page 24. 4) Quarter is quarterly annualized and year-to-date numbers are based on a four quarter average.

Tables and calculations in the report do not always agree exactly with the totals due to rounding. Comparisons refer to the year-earlier period, unless otherwise stated. Comments and numbers in the report relate to continuing operations, unless otherwise stated. Alternative performance measures and definitions used in this report are explained on page 26. For more information see home.sandvik. N/M = not meaningful

CEO'S COMMENT

We had a solid start to the year, and the first quarter was characterized by continued improvement, and positive momentum. Organic order intake for the Group grew by a strong +12% year on year, with record-high order levels in our mining businesses and a continued positive trajectory for our short-cycle businesses. The gradual uptick in demand for Sandvik's solutions was broad-based, with the exception of the aerospace and energy segments that remained subdued, but with the latter showing signs of improved customer activity. Group organic revenues increased by +1% year on year and, despite the negative impact from currency, adjusted operating profit improved year on year. We delivered a significantly stronger adjusted operating margin of 19.2% (15.8), driven by continued operational efficiency improvements and lower spend. During the quarter, we generated a total of SEK 550 million in long-term and temporary savings compared with the preceding year.

We continued to see strong momentum in mining with accelerating demand for our equipment, parts and services. The order intake level for Sandvik Mining and Rock Solutions was at an all-time high, driven by organic growth of +36% year on year. The positive sentiment was noted across the board, and we reported historically high order intake levels in our Load and Haul, Underground Drilling and Surface Drilling divisions. In March, we launched our new surface drilling system Top Hammer XL, with field tests showing major sustainability and productivity benefits, such as a 50% reduction in fuel consumption as well as a productivity gain of +20%.

As communicated earlier, this marks the first time that Sandvik Rock Processing Solutions is being reported as a separate business area. The separation allows for greater focus and execution on the different growth objectives and increases the transparency of our ambitions. Sandvik Rock Processing Solutions delivered a strong organic order intake and revenue growth of +28% and +19%, respectively, driven by strong underlying demand both in the mining and the construction segments.

Demand in Sandvik Manufacturing and Machining Solutions has continued to improve across all our major markets and organic

order intake was on par with the preceding year. While general engineering is now back on the levels seen in the preceding year and the automotive segment has continued to strengthen, the aerospace segment remained at a low level. The daily order intake in the beginning of April started with a low to mid-single digit improvement rate compared to the first quarter of 2021.

Sandvik Materials Technology's order intake declined by -13% as a consequence of lower demand in our long-cycle oil and gas segment, although a number of minor order for umbilicals were placed towards the latter part of the quarter. Excluding major orders related to the energy segment in the year earlier period, order intake increased by +3% driven by a strong development in our short-cycle businesses and in particular industrial heating systems.

During the quarter, we also launched our new company purpose, in addition to a refined strategy based on six strategic objectives aligned with well-defined measurables and a systematic approach to reach our targets for 2025. Our focus is on shifting to growth, striving to be an employer of choice as well as our customer's first choice, staying agile through the cycle by excelling in operational efficiency, and continuing the digital and sustainability shifts.

While the pandemic and its consequences are still not behind us, and our business still face uncertainties, market conditions and global output trends are positive and we can conclude a quarter with positive momentum, a shift to growth and a solid set of results. Looking ahead, I feel confident that the high organizational commitment to our strategic objectives will ensure further progress and value creation. We will make the shift, and advance the world through engineering.

Stefan Widing
President and CEO



ORDER INTAKE AND REVENUES

GROWTH

Q1	ORDER INTAKE	REVENUES
Organic, %	12	1
Structure, %	0	0
Currency, %	-9	-9
TOTAL, %	2	-8

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

Organic order intake in the quarter increased by 12% year on year. The increase in revenues was more modest, at 1%.

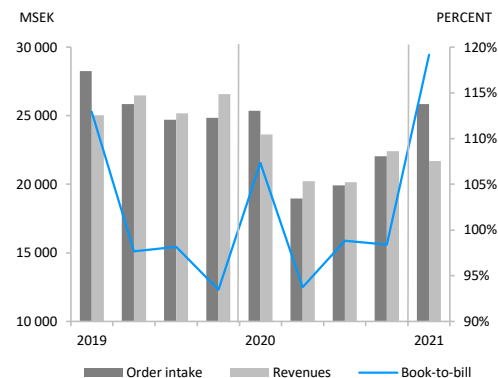
Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions reported strong development in organic order intake year on year, with growth of 36% and 28%, respectively. The increased customer activity was noted on a broad regional front, reflecting strong underlying demand, but also partially underpinned by pre-orders to secure deliveries in time as well as certain catch-up effects as a consequence of the uncertainties that arose in the prior year. While global supply chain bottlenecks, such as container imbalances and component shortages, had a limited impact on the performance in the current period, the high order backlog levels pose some challenges going forward. Excluding major orders received in the quarter of SEK 660 million, Sandvik Mining and Rock Solutions organic order intake increased by 27%.

A continued improvement was noted in our short-cycle businesses, driven by automotive and general engineering. Sandvik Manufacturing and Machining Solutions reported flat year on year development in organic order intake. Organic order intake development in Sandvik Materials Technology of -13% year on year was negatively impacted by continued low demand in the energy segment. A slight improvement in customer sentiment was noted at the end of the quarter in light of rising oil prices and a market stabilization. Excluding major orders received in the year-earlier period of SEK 660 million related to the energy segment, Sandvik Materials Technology's organic order intake increased by 3%.

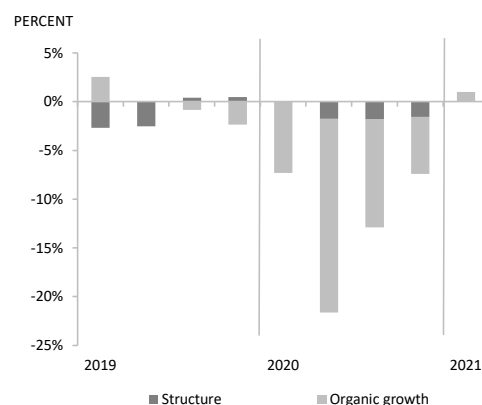
The Group's demand in Europe improved sequentially at a double-digit rate driven by automotive and mining activity, and reported flat development in year on year organic order intake. North America increased by 5% year on year, driven by a strong mining demand but was somewhat offset by continued soft demand in the oil & gas and aerospace segments. Organic order intake in Asia strengthened further, by 27% year on year.

Changed exchange rates had a negative impact of -9% on both order intake and revenues.

ORDER INTAKE AND REVENUES



REVENUE GROWTH



Q1

UNDERLYING MARKET DEVELOPMENT

			MINING 40% of 2020 revenues	GENERAL ENGINEERING 23%	AUTOMOTIVE 11%	ENERGY 10%	CONSTR. 8%	AERO 5%
	% of 2020 Group revenue	Order intake Y/Y (excl. large orders)						
Europe	35%	-1% (+5%)	↗	→	↗	↘	→	↘
North America	22%	+5% (+7%)	↗	→	↗	↘	→	↘
Asia	20%	+26% (+21%)	↗	↗	↗	→	↗	↘
Africa/ Middle East	9%	+29% (+29%)	↗	→	↗	↘		
Australia	9%	+38% (+11%)	↗					
South America	5%	+27% (+27%)	→					

EARNINGS

Reported gross profit amounted to SEK 9,065 million (9,186). Adjusted gross profit declined by -5% to SEK 9,065 million (9,553) mainly due to exchange rate effects. The adjusted gross margin increased to 41.8% (40.4).

Sales and administration costs excluding items affecting comparability declined by -14% year on year, with the largest decline noted in sales costs. The overall ratio to revenues on a reported basis decreased to 18.7% (20.3).

Adjusted operating profit increased by 12% and amounted to SEK 4,170 million (3,728) and the adjusted operating margin increased to 19.2% (15.8). Adjusted operating profit, excluding metal price effects in Sandvik Materials Technology of SEK 119 million in the period, increased by 3% to SEK 4,051 million (3,929). The adjusted operating margin excluding metal price effects was 18.7% (16.6) for the first quarter, and 17.6% (17.9) for the rolling twelve months period. The impact from changed exchange rates was negative at SEK -483 million year on year.

Reported operating profit was impacted by items affecting comparability of SEK 86 million mainly related to a capital gain from a divested property.

The interest net was reduced to SEK -90 million (-126) due to debt repayments and lower hedging cost. Net financial items amounted to SEK -271 million (-416), with the increase mainly related to temporary revaluations and hedge effects in the preceding year.

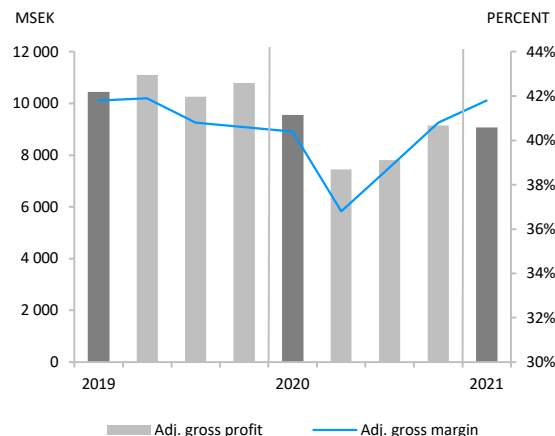
The tax rate, excluding items affecting comparability, for continuing operations was 20.7% (19.2). The reported tax rate for continuing operations was 20.1% (21.8) and 20.1% (21.9) for the Group in total.

Profit for the period amounted to SEK 3,185, million (1,835), corresponding to earnings per share, diluted, of SEK 2.53 (1.46) and adjusted earnings per share, diluted of SEK 2.46 (2.13).

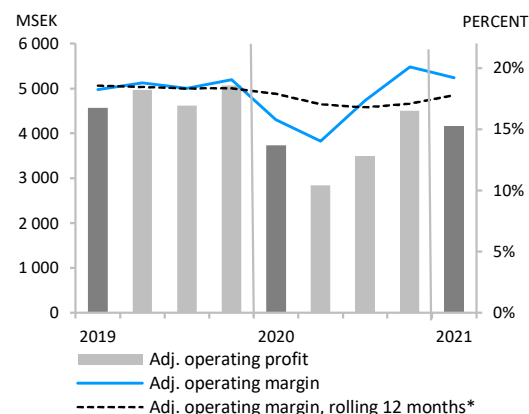
Cost and savings initiatives

The first quarter included total savings of SEK 550 million. The savings impact from the cost-reduction activities announced in July 2019 amounted to approximately SEK 70 million in the quarter. The new cost initiatives that were announced in 2020, had an impact of SEK 125 million in the first quarter. The majority of savings from these measures will come into effect during this year. Temporary savings in the quarter amounted to approximately SEK 355 million, related to lower discretionary spending and work time reductions.

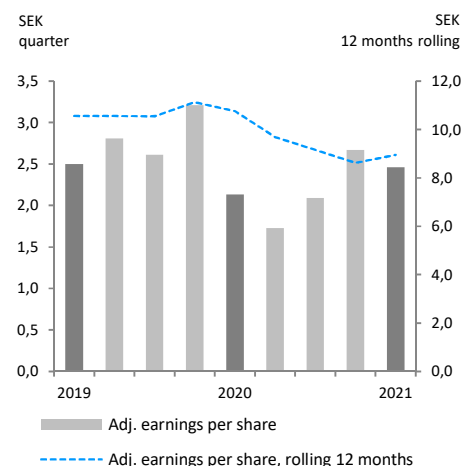
ADJUSTED GROSS PROFIT AND MARGIN



ADJUSTED OPERATING PROFIT AND MARGIN



ADJUSTED EARNINGS PER SHARE, DILUTED



BALANCE SHEET AND CASH FLOW

Capital employed increased year on year and amounted to SEK 95.2 billion (93.6), mainly due to a higher cash position. Return on capital employed improved to 18.6% (12.5) on account of higher reported earnings.

Net working capital decreased year on year and amounted to SEK 22.5 billion (25.7) mainly due to changed exchange rates, and was up sequentially with higher inventories and accounts receivables somewhat offset by higher liabilities. Net working capital in relation to revenues decreased year on year to 24.7% (26.8) and was at a stable level on a sequential basis.

Investments in tangible and intangible assets were in line with the preceding year and amounted to SEK 0.8 billion (0.7), corresponding to 70% of scheduled depreciations.

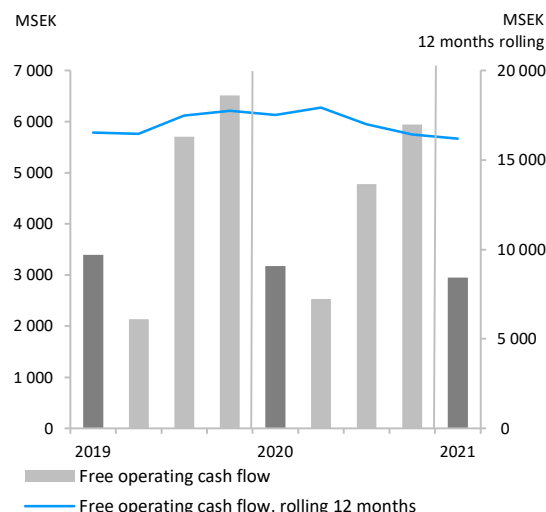
The financial net cash position of SEK 10.7 billion (1.4) was significantly higher compared to last year and improved sequentially (8.8). The net pension liability decreased year on year to SEK 6.5 billion (9.1), and sequentially (8.5), mainly due to higher discount rates. Total net debt amounted to SEK -1.2 billion (11.1) and improved sequentially from SEK 2.6 billion in the fourth quarter. The net debt to equity ratio was at -0.02 (0.17) and improved year on year and sequentially (0.04).

Free operating cash flow decreased slightly year on year to SEK 2.9 billion (3.2).

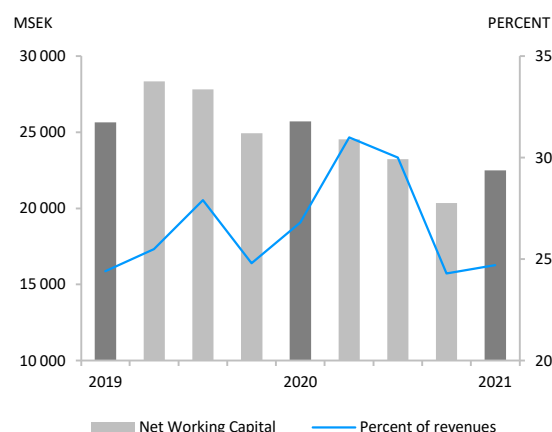
FREE OPERATING CASH FLOW, MSEK	Q1 2020	Q1 2021
EBITDA + non-cash items	4,553	4,902
Net Working Capital change	-697	-1,156
Capex ¹⁾	-680	-800
FREE OPERATING CASH FLOW ²⁾	3,176	2,946

1) Including investments and disposals of rental equipment of SEK -142 million (-94) and tangible and intangible assets of SEK -658 million (-587). 2) Free operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes.

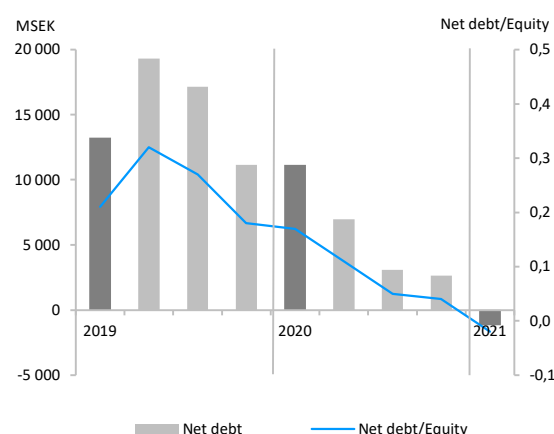
FREE OPERATING CASH FLOW



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MINING AND ROCK SOLUTIONS

RECORD-HIGH ORDER INTAKE WITH EXCEPTIONALLY STRONG GROWTH IN EQUIPMENT

SIGNIFICANT MARGIN IMPROVEMENT

LAUNCH OF TOP HAMMER XL



GROWTH

	ORDER INTAKE	REVENUES
Q1		
Organic, %	36	8
Structure, %	0	0
Currency, %	-10	-10
TOTAL, %	22	-3

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

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Strong momentum in mining with record-high order intake level, with all-time high order intake in the Load and Haul, Underground Drilling and Surface Drilling divisions
- Total organic order intake increased by 36% year on year, with equipment performing particularly strong
- Three major orders (according to new threshold of SEK 200 million) received in the quarter totaling SEK 660 million. Excluding major orders, total organic order intake increased by 27%
- Organic order intake for equipment grew by 88% with strongest growth in Load and Haul, Surface Drilling and Underground Drilling
- Aftermarket order intake increased organically by 9%
- All major regions noted double-digit growth rate, with Africa/Middle East at 38%, North America at 34% and Asia at 20%
- The aftermarket business accounted for 63% (65) of revenues while the equipment business accounted for 37% (35)

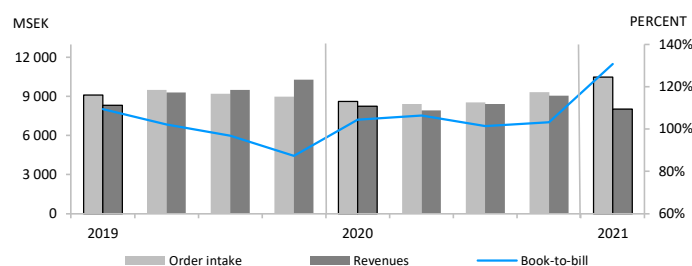
Adjusted operating profit:

- Adjusted operating profit increased by 13% year on year
- The adjusted operating margin increased to 20.5% (17.6) supported by improved efficiency and lower spend
- Long-term savings amounted to SEK 10 million and temporary savings to SEK 75 million compared with the preceding year
- Exchange rates had a negative impact of SEK -124 million year on year

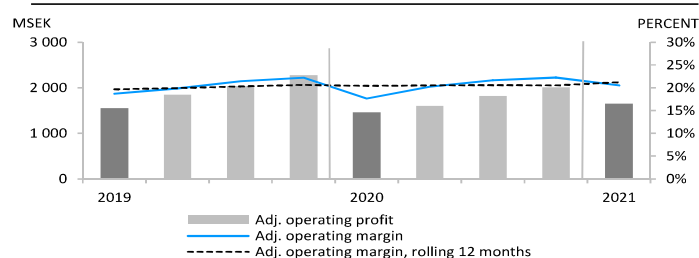
Shift to growth

During the quarter, Sandvik launched a new surface drilling system, Top Hammer XL, that increases the application area of top hammer into larger hole diameters. The system comprises a drill rig, rock drill and rock tools developed to work seamlessly together for optimal drilling performance and increased productivity. The system has been proven in several field tests around the world. The results show up to 50% reduction in fuel consumption as well as a significant reduction in total drilling costs.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK

	Q1 2020**	Q1 2021	CHANGE %	Q1-Q4 2020**
Order intake *	8,598	10,469	36	34,832
Revenues *	8,244	8,019	8	33,572
Operating profit	1,453	1,644	13	6,400
% of revenues	17.6	20.5		19.1
Adjusted operating profit ¹⁾	1,453	1,644	13	6,885
% of revenues	17.6	20.5		20.5
Return on capital employed, % ²⁾	25.5	32.0		29.2
Number of employees ³⁾	12,440	12,906	4	12,442

* Change at fixed exchange rates for comparable units. ** Last years figures has been restated due the new BA structure as of January 1, 2021.

¹⁾ Operating profit adjusted for items affecting comparability of SEK 0 million Q1 2021 (0) and for YTD 2020 the impact was SEK -485 million primarily related to structural and volume related saving measures. See page 23. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent.

SANDVIK ROCK PROCESSING SOLUTIONS

STRONG PERFORMANCE IN THE FIRST QUARTER AS A SEPARATE BUSINESS AREA

HIGH MARGIN IN A SEASONALLY WEAKER QUARTER

LAUNCH OF NEW WHEELED CONE CRUSHER IN NORTH AMERICA



GROWTH

	ORDER INTAKE	REVENUES
Q1		
Organic, %	28	19
Structure, %	4	5
Currency, %	-10	-9
TOTAL, %	20	13

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

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Underlying sentiment was strong in both the mining and construction segments and several important orders were received
- Equipment order intake increased by 33% organically, supported by overall strong demand
- Organic order intake in aftermarket increased by 22% mainly related to stationary crushers
- The two largest regions noted strong positive order development, with Asia increasing by 73% and Europe by 35% while North America was flat and Africa/Middle East declined year on year
- The aftermarket business accounted for 54% (56) of revenues while the equipment business accounted for 46% (44)

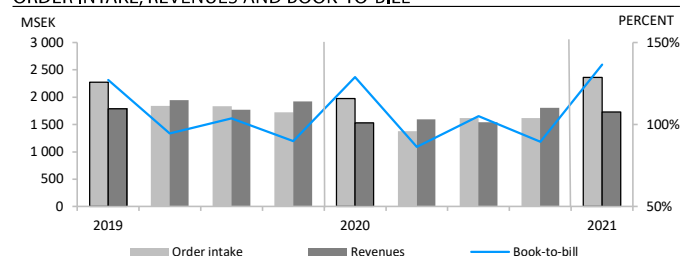
Adjusted operating profit:

- The adjusted operating profit margin reached an all-time high level for a first quarter, driven by higher revenues and supported by lower than normal sales and administration costs
- No long-term savings from previously announced cost measures impacted the quarter, and temporary savings amounted to SEK 20 million compared with the preceding year
- Exchange rates had a negative impact of SEK -63 million year on year

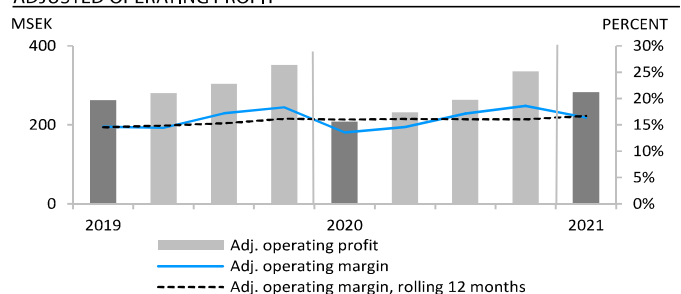
Shift to growth

Driven by quality and built for rock, the Sandvik UK373 wheeled cone crusher was launched in North America. The UK373 is a complete closed-circuit crushing unit featuring Sandvik cone crusher technology and a triple shaft, three deck screen. Suitable for a high-capacity secondary application or a high-reduction tertiary application, this flexibility means that it's suitable for hard or soft rock processing up to 300 metric tons per hour. Designed with enhanced safety features and powered by electricity, this unit offers a sustainable rock processing solution.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK

	Q1 2020**	Q1 2021	CHANGE %	Q1-Q4 2020**
Order intake *	1,973	2,358	28	6,571
Revenues *	1,531	1,727	19	6,459
Operating profit	208	283	36	990
% of revenues	13.6	16.4		15.3
Adjusted operating profit ¹⁾	208	283	36	1,038
% of revenues	13.6	16.4		16.1
Return on capital employed, % ²⁾	17.6	26.6		21.9
Number of employees ³⁾	1,797	1,832	2	1,736

* Change at fixed exchange rates for comparable units. ** Last years figures has been restated due to the new BA structure as of January 1, 2021.

1) Operating profit adjusted for items affecting comparability of SEK 0 million Q1 2021 (0) and for YTD 2020 the impact was SEK -48 million primarily related to structural and volume related saving measures. See page 23. 2) Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. 3) Full-time equivalent.

SANDVIK MANUFACTURING AND MACHINING SOLUTIONS

**STRONG SEQUENTIAL IMPROVEMENT
IN ORDER INTAKE**

**ORDER INTAKE ON PAR WITH LAST
YEAR**

SOLID MARGINS



GROWTH

Q1	ORDER INTAKE	REVENUES
Organic, %	0	-3
Structure, %	2	1
Currency, %	-9	-9
TOTAL, %	-7	-10

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

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Organic order intake was in level with the corresponding period in the preceding year, driven by automotive and general engineering
- Daily order intake in beginning of April improved sequentially by low to mid-single digit compared to the first quarter 2021
- No significant sequential change in demand from the aerospace and energy segment, although the latter of these showed some positive market signs
- Sequential improvement was noted in all our major markets
- Strongest year on year order intake growth of 6% recorded in Asia, while Europe was on par with the preceding year, and North America declined by -9%
- The number of working days had a slightly negative impact of -1.5% on both orders and revenues
- Wolfram, the tungsten powder business, continued to note a strong improvement in order intake, reflecting the positive market sentiment

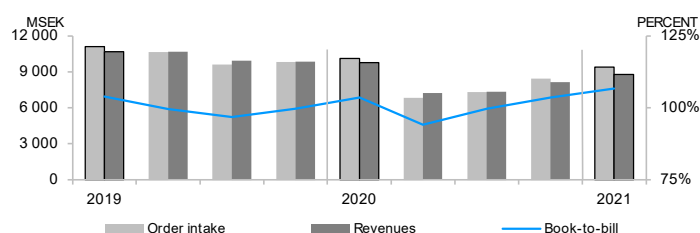
Adjusted operating profit:

- Adjusted operating profit declined by -2%
- Adjusted operating margin improved to 22.9% (21.0)
- Long-term savings amounted to SEK 110 million and temporary savings to SEK 210 million compared with the preceding year.
- Changed exchange rates had a negative impact of SEK -251 million year on year

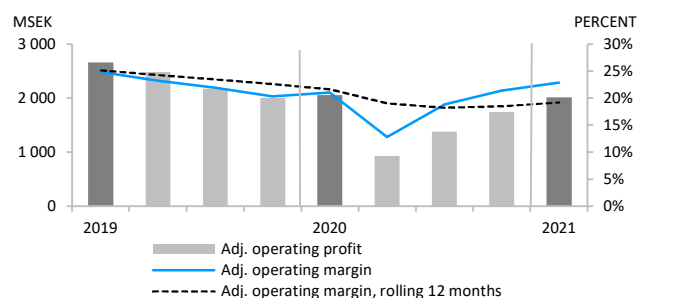
Shift to growth

During the quarter, Seco introduced a new cutting tool, the Turbo 16, with improved performance in terms of smoother cutting action and low noise levels. A comprehensive range of inserts give the Turbo 16 exceptional flexibility. They are the first Seco products to feature Data Matrix tags, scannable codes that store product and batch information.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK

	Q1 2020	Q1 2021	CHANGE %	Q1-Q4 2020
Order intake *	10,124	9,379	0	32,677
Revenues *	9,766	8,782	-3	32,477
Operating profit	1,690	2,012	19	4,606
% of revenues	17.3	22.9		14.2
Adjusted operating profit ¹⁾	2,054	2,013	-2	6,100
% of revenues	21.0	22.9		18.8
Return on capital employed, % ²⁾	20.6	25.4		14.6
Number of employees ³⁾	18,291	17,950	-2	17,301

* Change at fixed exchange rates for comparable units.

1) Operating profit adjusted for items affecting comparability of SEK 0 million in Q1 2021 (-364) and SEK -1,494 million YTD 2020 all related to savings measures. See page 23. 2) Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. 3) Full-time equivalent.

SANDVIK MATERIALS TECHNOLOGY

POSITIVE ORDER INTAKE DEVELOPMENT EXCLUDING MAJOR ORDERS

CONTINUED WEAKNESS IN OIL & GAS AND AEROSPACE SEGMENTS

SEPARATION PROCEEDING ACCORDING TO PLAN



GROWTH

	ORDER INTAKE	REVENUES
Q1		
Organic, %	-13	-13
Structure, %	-1	0
Currency, %	-6	-6
TOTAL, %	-17	-16

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect. Alloy surcharges accounts for 2% of order intake and revenues respectively.

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Organic order intake declined due to major orders received in the energy segment in the year earlier period. Excluding major orders of SEK 660 million in the preceding year, the order intake was +3%
- Continued weakness in the oil & gas and aerospace segments, although some minor orders for umbilicals were placed
- Strong development in order intake in consumer-related segments and industrial heating, and a significant improvement was noted in standardized application tubing
- Order intake in major regions with the exception of Asia declined year on year, however with sequential improvement across all regions
- As of this quarter, the year on year change in alloy surcharges will not be included in organic order intake and revenue growth. Historical figures have been restated

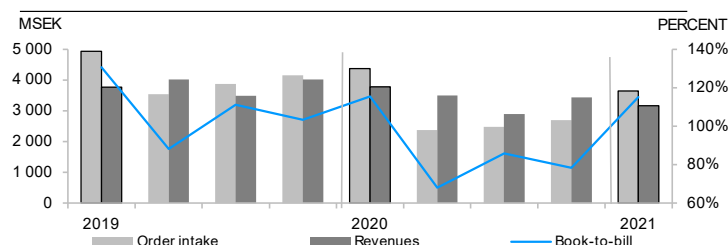
Adjusted operating profit

- Negative effect from lower invoicing and a less favorable mix within oil & gas and aerospace partly offset by a positive mix within industrial heating and consumer related products
- Long-term savings amounted to SEK 65 million and temporary savings amounted to SEK 30 million compared with the preceding year
- Exchange rates had a negative impact of SEK -25 million year on year
- Changed metal prices had a positive impact of SEK 119 million (-201) in the quarter
- Adjusted operating profit excluding metal price effects totaled SEK 236 million (340), corresponding to an underlying margin of 7.5% (9.0)

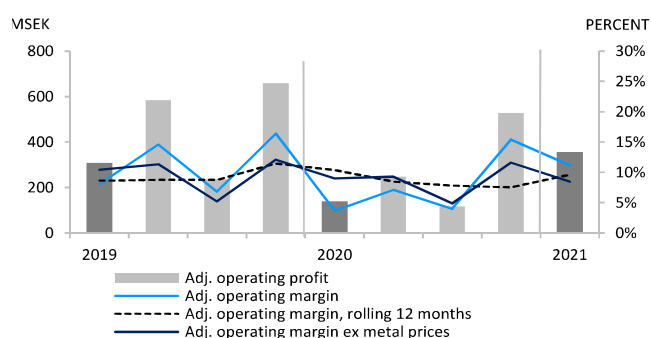
Shift to growth

Sandvik Materials Technology invested in New Hydraulic and Instrumentation Tubing Factory in Mehsana, India. This will increase the Sandvik Materials Technology's footprint in Asia and enables it to leverage the growth opportunities created by the transition toward a higher share of natural gas in the energy mix.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK

	Q1 2020	Q1 2021	CHANGE %	Q1-Q4 2020
Order intake *	4,365	3,641	-13	11,910
Revenues *	3,782	3,162	-13	13,598
Operating profit	94	336	258	492
% of revenues	2.5	10.6		3.6
Adjusted operating profit ¹⁾	139	355	155	1,032
% of revenues	3.7	11.2		7.6
Return on capital employed, % ²⁾	2.8	11.5		3.9
Number of employees ³⁾	5,774	5,128	-11	5,084

* Change at fixed exchange rates for comparable units.

¹⁾ Operating profit adjusted for items affecting comparability of SEK -19 million in Q1 2021 (-45) and SEK -540 million YTD 2020 related to savings measures and the internal separation of Sandvik Materials Technology. See page 23. ²⁾ Quarterly number is annualized and the year-to-date number is based on four quarter average. ³⁾ Full-time equivalent.

SHIFTING TO A MORE SUSTAINABLE BUSINESS

GREEN HOUSE GAS EMISSIONS
NORMALIZED VS LAST YEAR'S DE-
CREASE

INJURY RATE INCREASED SEQUEN-
TIALY

CONTINUED IMPROVEMENT IN
SHARE OF FEMALE MANAGERS



During the quarter, Sandvik re-emphasized its firm ambitions within sustainability by promoting our long-term 2030 goals as one of six strategic objectives in our Sandvik Strategy 2025 that will drive the realization of our purpose to make the shift.

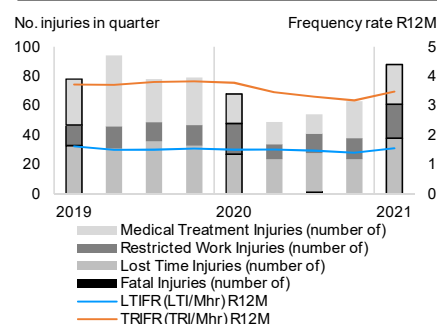
First quarter 2021

- Greenhouse gas emissions decreased by -5% in the quarter and amounted to 80 ktons. On a rolling 12 month basis, the reduction rate normalized somewhat and decreased by -2% sequentially. This corresponds to the reduction rate noted a year ago, after three consecutive quarters during which a higher reduction rate was noted, attributed to effects related to the pandemic
- The share of waste that is re-used or recycled amounted to 73% in the first quarter. A recent initiative as part of our sustainability shift related to circularity is a further detailing of waste generation for the purpose of improving waste management. We are working to identify improvements that will minimize non-circular disposal of our used materials. In the first quarter, total waste increased by 28% from 17 to 22 ktons. This was driven by a one-off item of 5 ktons related to metals sent for recycling
- Injury rates (TRIFR) deteriorated sequentially to 3.5 (3.2). Year on year the rate improved by 8% from 3.8
- The share of female managers continued its upwards trend, and at the end of the quarter the ratio was 18.6 (17.9), corresponding to a 3.5% improvement year on year

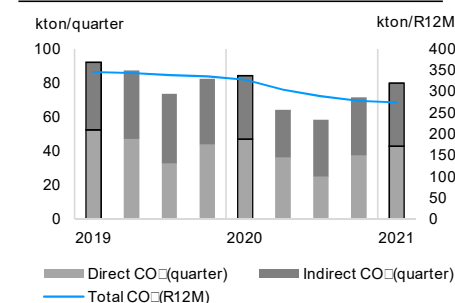
Case of the quarter

Our divisions Parts & Services (included in Sandvik Mining and Rock Solutions) and Additive Manufacturing (included in Sandvik Manufacturing and Machining Solutions) have, together with external suppliers, developed 3D printing of spare parts for mining equipment and put it into production. To date, six parts have been produced using the 3D printing technique that have been adopted permanently into serial production with a significant weight reduction as a result. This has halved the CO₂ emissions from transportation of the products, leads to reduced inventories and lead times and has generated SEK 1.5 million in revenue for the six parts developed so far. Based on this successful outcome, the next step is to further reduce CO₂ emissions by moving the 3D printers closer to the end-customers. The offering will be expanded with the objective of having more than thirty 3D-printed parts on the market by the end of 2021.

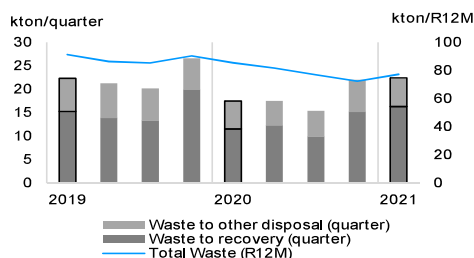
PEOPLE - ZERO HARM



CLIMATE - CO₂ EMISSIONS

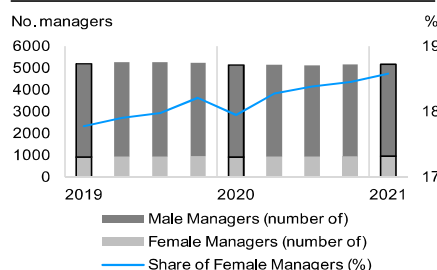


CIRCULARITY - WASTE*



*) Excluding tailings and slag

FAIR PLAY - DIVERSITY



SUSTAINABILITY OVERVIEW		Q1 2020	Q1 2021	CHANGE %	Q1-Q4 2020
Circularity	Total waste, thousand tonnes*	17	22	27.9	72
Circularity	Waste recovered, % of total	65.9	72.9	10.7	67.6
Climate	Total CO ₂ , thousand tonnes*	84	80	-5.2	278
People	Total recordable injury frequency rate, R12M frequency / million working hours	3.8	3.5	-8.1	3.2
People	Lost time injury frequency rate, R12M frequency / million working hours	1.5	1.6	3.6	1.4
Fair play	Share of female managers, %	17.9	18.6	3.5	18.5

* Excluding tailings and slag to other disposal
For definitions see home.sandvik

PARENT COMPANY

The parent company's invoiced sales after the first three months of 2021 amounted to SEK 3,114 million (3,014) and the operating result was SEK 1,391 million (1,501). Result from shares in Group companies of SEK 42 million (-1,753) for the first three months consists primarily of dividends offset by re-

sult from disposal of shares. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 6,696 million (8,126). Investments in property, plant and machinery amounted to SEK 102 million (71).

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE LAST 12 MONTHS

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
2020				
Sandvik Manufacturing and Machining Solutions	Quimmico Centro Tecnológico (QCT)	June 1, 2020	90 MSEK in 2019	130
Sandvik Rock Processing Solutions	Allied Construction Partners LLC	October 2, 2020	29 MUSD in 2019	38
Sandvik Manufacturing and Machining Solutions	Miranda Tools	December 23, 2020	200 MSEK in 2019	580
Sandvik Manufacturing and Machining Solutions	Oqton ¹⁾	December 30, 2020	N/A	N/A
Sandvik Manufacturing and Machining Solutions	CGTech	December 31, 2020	470 MSEK in 2019	180

1) Sandvik is a minority owner and the investment is reported as a financial asset.

	Purchase price on cash and debt free basis	Preliminary goodwill and other intangible assets
Acquisitions 2021	–	–

DIVESTMENTS DURING LAST 12 MONTHS

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
2020				
Sandvik Manufacturing and Machining Solutions	Xiamen Golden Egret Special Alloy Co., Ltd. (Gesac) ¹⁾	July 15, 2020	N/A	N/A

1) Sandvik divested its 10% minority holding.

SIGNIFICANT EVENTS

DURING THE FIRST QUARTER

There were no significant events in the first quarter.

AFTER THE FIRST QUARTER

There were no significant events after the first quarter.

GUIDANCE AND FINANCIAL TARGETS

Guidance below relates to continuing operations. Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain

non-operational key figures considered useful when modeling financial outcome is provided in the table below:

CAPEX (CASH)	Estimated at SEK <4.0 billion for 2021.
CURRENCY EFFECTS	Based on currency rates at the end of March 2021, it is estimated that transaction and translation currency effects will have an impact of about SEK -350 million on operating profit for the second quarter of 2021, compared with the year-earlier period.
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of March 2021, it is estimated that there will be an impact of about SEK +50 million on operating profit in Sandvik Materials Technology for the second quarter of 2021.
INTEREST NET	Estimated at about SEK -0.4 billion in 2021.
TAX RATE	Estimated at 22% - 24% for 2021, excluding items affecting comparability

Sandvik has four long-term financial targets, defined in 2019

GROWTH

A growth of at least 5 percent through a business cycle.

The 2030 sustainability targets focus on the areas of circularity, climate, people and ethics. These targets are reported on a quarterly basis and can be found on page 11.

TROUGH EBIT MARGIN

A trough EBIT margin of at least 16% rolling 12 months, adjusted for IAC and metal prices.

DIVIDEND PAYOUT RATIO

A dividend payout ratio of 50% of EPS, adjusted for IAC, through a business cycle.

NET DEBT/EQUITY RATIO

A net debt/equity ratio below 0.5.

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 as of January 1, 2021.

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 amendments of standards that are effective as of January 1, 2021 or later. The standards have not had any material impact on the financial reports.

TRANSACTIONS WITH RELATED PARTIES

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

IMPACT ON THE FINANCIAL REPORTING DUE TO COVID-19

As of March 31, there has been no significant impact on the financial reporting due to Covid-19 related to valuation of goodwill, expected credit losses, valuation of inventory or government grants.

RISK ASSESSMENT

As an international group with a wide geographic spread, Sandvik is exposed to several strategic, business and financial risks. Strategic risk at Sandvik is defined as emerging risks affecting the business long-term, such as industry shifts, technological shifts and macro-economic developments. The business risks can be divided into operational, sustainability, compliance, legal and commercial risks. The financial risks include currency risks, interest rates, raw material prices, tax risks and more. These risk areas can all impact the business negatively both long and short-term but often also create business opportunities if managed well. Risk management at Sandvik begins with an assessment in operational management teams where the material risks for their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated risk mitigating activities to eliminate or reduce the risks are agreed on. For a more detailed description of Sandvik's analysis of risks and risk universe, see the Annual Report for 2020.

Impacts from Covid-19

The first quarter noted broad-based improvement. The overall recovery is expected to continue to be gradual, given the remaining uncertainties in some key end-markets. Sandvik is continuously following up on risks related to the Covid-19 pandemic and mitigating activities to reduce the impacts on the Group.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q1 2020	Q1 2021	CHANGE %	Q1-Q4 2020
Continuing operations				
Revenues	23,620	21,691	-8	86,404
Cost of goods sold	-14,434	-12,626	-13	-54,167
Gross profit	9,186	9,065	-1	32,237
% of revenues	38.9	41.8		37.3
Selling expenses	-3,199	-2,644	-17	-10,710
Administrative expenses	-1,593	-1,423	-11	-5,504
Research and development cost	-915	-841	-8	-3,429
Other operating income and expenses	-717	100	-114	-1,378
Operating profit	2,762	4,256	54	11,216
% of revenues	11.7	19.6		13.0
Financial income	104	100	-4	1,163
Financial expenses	-520	-371	-29	-1,110
Net financial items	-416	-271	-35	54
Profit after net financial items	2,346	3,986	70	11,270
% of revenues	9.9	18.4		13.0
Income tax	-511	-800	57	-2,517
Profit for the period, continuing operations	1,835	3,185	74	8,753
% of revenues	7.8	14.7		10.1
Loss for the period, discontinued operations	-12	-3	-75	-32
Profit for the period, Group total	1,823	3,182	75	8,721
Profit (loss) for the period attributable to				
Owners of the parent company	1,829	3,177		8,735
Non-controlling interest	-6	5		-14
Earnings per share, SEK				
Continuing operations, basic	1.47	2.54	73	6.99
Continuing operations, diluted	1.46	2.53	73	6.98
Group total, basic	1.46	2.53	74	6.96
Group total, diluted	1.46	2.53	73	6.95
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on defined benefit pension plans	-1,518	2,205		-1,146
Tax relating to items that will not be reclassified	332	-461		225
Total items that will not be reclassified to profit or loss	-1,185	1,744		-921
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	2,062	2,338		-4,754
Cash flow hedges	1	13		28
Tax relating to items that may be reclassified	0	-4		-8
Total items that may be reclassified subsequently to profit or loss	2,063	2,347		-4,734
Total other comprehensive income	878	4,090		-5,655
Total comprehensive income	2,701	7,273		3,066
Total comprehensive income attributable to				
Owners of the parent company	2,706	7,267		3,077
Non-controlling interest	-6	5		-11

N/M = not meaningful. For definitions see [home.sandvik](https://www.sandvik.com)

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	DEC 31, 2020	MAR 31, 2020	MAR 31, 2021
Intangible assets	21,004	20,791	21,556
Property, plant and equipment	23,975	26,086	24,299
Right-of-use assets	2,891	3,336	2,990
Financial assets	7,285	7,514	7,627
Inventories	21,473	26,392	23,574
Current receivables	18,387	22,532	21,165
Cash and cash equivalents	23,752	17,469	23,137
Assets held for sale	361	195	206
Total assets	119,128	124,317	124,556
Total equity	65,082	64,579	72,364
Non-current interest-bearing liabilities	22,358	25,153	19,595
Non-current non-interest-bearing liabilities	3,741	3,871	3,897
Current interest bearing liabilities	4,352	3,802	3,183
Current non-interest-bearing liabilities	23,424	26,641	25,347
Liabilities related to assets held for sale	171	270	170
Total equity and liabilities	119,128	124,317	124,556
Group total			
Net working capital	20,096	25,706	22,402
Loans	14,900	16,056	12,391
Non-controlling interests in total equity	1	17	7

NET DEBT

MSEK	DEC 31, 2020	MAR 31, 2020	MAR 31, 2021
Interest-bearing liabilities excluding pension liabilities and leases	14,923	16,086	12,409
Less cash and cash equivalents	-23,752	-17,469	-23,137
Financial net debt/net cash	-8,829	-1,383	-10,728
Net pensions liabilities	8,509	9,109	6,504
Leases	2,965	3,405	3,072
Net debt	2,645	11,131	-1,152
Net debt to equity ratio	0.04	0.17	-0.02

CHANGES IN EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity January 1, 2020	61,844	14	61,858
Adjustment on correction of error	-53	-	-53
Opening equity January 1, 2020	61,791	14	61,805
Changes in non-controlling interest	2	-2	0
Total comprehensive income for the period	3,077	-11	3,066
Personnel options program	210	-	210
Closing equity December 31, 2020	65,081	1	65,082
Opening equity January 1, 2021	65,081	1	65,082
Changes in non-controlling interest	-1	1	0
Total comprehensive income for the period	7,267	5	7,273
Personnel options program	9	0	9
Closing equity March 31, 2021	72,357	7	72,364

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

THE GROUP

CASH FLOW STATEMENT

MSEK	Q1 2020	Q1 2021	Q1-Q4 2020
Continuing operations			
Cash flow from operating activities			
Income after financial income and expenses	2,346	3,986	11,270
Adjustment for depreciation, amortization and impairment loss	1,470	1,331	5,964
Other adjustments for non-cash items	908	-98	1,022
Payment to pension fund	-192	-109	-674
Income tax paid	-1,027	-1,025	-3,518
Cash flow from operating activities before changes in working capital	3,505 ¹⁾	4,085	14,063
Changes in working capital			
Change in inventories	-1,130	-1,331	866
Change in operating receivables	-1,223	-1,410	1,440
Change in operating liabilities	1,656	1,584	-312
Cash flow from changes in working capital	-697	-1,156	1,994
Investments in rental equipment	-129	-185	-935
Proceeds from sales of rental equipment	35	43	292
Cash flow from operating activities, net	2,715 ¹⁾	2,787	15,414
Cash flow from investing activities			
Acquisitions of companies and shares, net of cash acquired	-90	3	-3,274
Proceeds from sale of companies and shares, net of cash divested	767	11	778
Investments in tangible assets	-597	-534	-2,684
Proceeds from sale of tangible assets	125	23	269
Investments in intangible assets	-114	-147	-514
Investments in financial assets	0	0	-74
Proceeds from sale of financial assets	0	0	633
Other investments, net	8	-12	87
Cash flow from investing activities, net	98	-657	-4,777
Cash flow from financing activities			
Repayment of borrowings	-2,047	-2,728	-2,354
Proceeds from borrowings	17	8	56
Amortization, lease liabilities	-250	-252	-1,012
Cash flow from financing activities, net	-2,280 ¹⁾	-2,971	-3,310
Total cash flow from continuing operations	533	-841	7,327
Total cash flow from discontinued operations	-6	-4	-66
Cash flow for the period, Group total	526	-845	7,261
Cash and cash equivalents at beginning of the period	16,987	23,752	16,987
Foreign exchange rate differences in cash and cash equivalents	-44	230	-496
Cash and cash equivalents at the end of the period	17,469	23,137	23,752
Group Total			
Cash flow from operations	2,708	2,784	15,347
Cash flow from investing activities	99	-657	-4,775
Cash flow from financing activities	-2,280	-2,971	-3,310
Group total cash flow	526	-845	7,261

1) Figures have been restated due to reclassification of payment to pension fund from financing activities to operating activities.

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1 2020	Q1 2021
Revenues	3,014	3,114
Cost of sales and services	-349	-681
Gross profit	2,665	2,433
Selling expenses	-272	-206
Administrative expenses	-463	-340
Research and development costs	-321	-326
Other operating income and expenses	-108	-170
Operating profit	1,501	1,391
Result from shares in group companies	-1,753	42
Interest income/expenses and similar items	-40	37
Profit after net financial items	-292	1,470
Appropriations	2,161	-35
Income tax expenses	-338	-204
Profit for the period	1,531	1,231

BALANCE SHEET

MSEK	DEC 31, 2020	MAR 31, 2020	MAR 31, 2021
Intangible assets	39	66	30
Property, plant and equipment	3,219	3,232	3,230
Financial assets	54,107	53,992	52,503
Inventories	676	830	689
Current receivables	6,294	4,338	4,737
Cash and cash equivalents	-	274	0
Total assets	64,335	62,732	61,189
Total equity	37,731	36,116	38,971
Untaxed reserves	937	1,061	972
Provisions	750	593	673
Non-current interest-bearing liabilities	11,346	13,079	10,013
Non-current non-interest-bearing liabilities	123	137	90
Current interest-bearing liabilities	10,466	7,532	7,935
Current non-interest-bearing liabilities	2,982	4,214	2,535
Total equity and liabilities	64,335	62,732	61,189
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	7,057	8,126	6,696
Investments in fixed assets	430	71	102

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE BY REGION

MSEK	Q1 2021	CHANGE *		SHARE
		%	% ¹⁾	%
THE GROUP				
Europe	8,955	-1	5	35
North America	5,324	5	7	21
South America	1,354	27	27	5
Africa/Middle East	2,488	29	29	10
Asia	5,500	26	21	21
Australia	2,226	38	11	9
Total Continuing Operations ²⁾	25,847	12	12	100
SANDVIK MINING AND ROCK SOLUTIONS				
Europe	1,122	29	29	11
North America	2,158	34	34	21
South America	900	39	39	9
Africa/Middle East	2,180	38	38	21
Asia	2,100	34	20	20
Australia	2,009	39	9	19
Total ²⁾	10,469	36	27	100
SANDVIK ROCK PROCESSING SOLUTIONS				
Europe	677	35	35	29
North America	557	0	0	24
South America	166	31	31	7
Africa/Middle East	189	-10	-10	8
Asia	634	73	73	27
Australia	136	43	43	6
Total ²⁾	2,358	28	28	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS				
Europe	5,195	0	0	55
North America	1,913	-9	-9	20
South America	175	39	39	2
Africa/Middle East	71	-15	-15	1
Asia	1,964	6	6	21
Australia	61	-4	-4	1
Total	9,379	0	0	100
SANDVIK MATERIALS TECHNOLOGY				
Europe	1,961	-22	0	54
North America	697	-17	-8	19
South America	113	-33	-33	3
Africa/Middle East	48	-2	-2	1
Asia	802	37	37	22
Australia	21	18	18	1
Total	3,641	-13	3	100

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

1) Excluding major orders which is defined as above SEK 400 million in Sandvik Rock Processing Solutions and above SEK 200 million in Sandvik Mining and Rock Solutions and Sandvik Materials Technology. 2) Includes rental fleet order intake in Q1 of SEK 191 million recognized according to IFRS 16.

N/M = not meaningful

REVENUES BY REGION

MSEK	Q1 2021	CHANGE *	SHARE
		%	%
THE GROUP			
Europe	7,758	-6	36
North America	4,521	-9	21
South America	1,066	13	5
Africa/Middle East	2,121	21	10
Asia	4,508	17	21
Australia	1,716	-2	8
Total Continuing Operations ¹⁾	21,691	1	100
Discontinued Operations	2	-1	0
Group total	21,693	1	100
SANDVIK MINING AND ROCK SOLUTIONS			
Europe	751	-16	9
North America	1,614	6	20
South America	692	13	9
Africa/Middle East	1,817	24	23
Asia	1,609	19	20
Australia	1,535	-5	19
Total ¹⁾	8,019	8	100
SANDVIK ROCK PROCESSING SOLUTIONS			
Europe	560	11	32
North America	360	17	21
South America	136	-5	8
Africa/Middle East	172	21	10
Asia	398	40	23
Australia	101	35	6
Total ¹⁾	1,727	19	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS			
Europe	4,859	-2	55
North America	1,766	-14	20
South America	175	28	2
Africa/Middle East	68	-13	1
Asia	1,855	7	21
Australia	59	-4	1
Total	8,782	-3	100
SANDVIK MATERIALS TECHNOLOGY			
Europe	1,588	-16	50
North America	781	-30	25
South America	63	26	2
Africa/Middle East	64	-7	2
Asia	647	29	20
Australia	20	52	1
Total	3,162	-13	100

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

1) Includes rental fleet revenues in Q1 of SEK 171 million recognized according to IFRS 16.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	CHANGE	
							%	% *
Sandvik Mining and Rock Solutions	8,598	8,400	8,519	9,314	34,832	10,469	22	36
Sandvik Rock Processing Solutions	1,973	1,373	1,614	1,612	6,571	2,358	20	28
Sandvik Manufacturing and Machining Solutions	10,124	6,821	7,298	8,434	32,677	9,379	-7	0
Sandvik Materials Technology	4,365	2,377	2,477	2,691	11,910	3,641	-17	-13
Other operations	297	0	0	0	297	0	0	0
Continuing operations	25,356	18,971	19,909	22,051	86,287	25,847	2	12
Discontinued operations	0	0	0	1	1	0	-21	0
Group total ¹⁾	25,356	18,971	19,909	22,052	86,288	25,847	2	12

REVENUES BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	CHANGE	
							%	% *
Sandvik Mining and Rock Solutions	8,244	7,899	8,399	9,031	33,572	8,019	-3	8
Sandvik Rock Processing Solutions	1,531	1,590	1,536	1,802	6,459	1,727	13	19
Sandvik Manufacturing and Machining Solutions	9,766	7,247	7,325	8,139	32,477	8,782	-10	-3
Sandvik Materials Technology	3,782	3,495	2,886	3,436	13,598	3,162	-16	-13
Other operations	297	0	0	0	297	0	0	0
Continuing operations	23,620	20,230	20,145	22,408	86,404	21,691	-8	1
Discontinued operations	2	-1	0	4	6	2	-15	-1
Group total ¹⁾	23,623	20,229	20,146	22,412	86,409	21,693	-8	1

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	CHANGE	
							%	% *
Sandvik Mining and Rock Solutions	1,453	934	1,820	2,192	6,400	1,644		13
Sandvik Rock Processing Solutions	208	232	263	288	990	283		36
Sandvik Manufacturing and Machining Solutions	1,690	645	1,377	894	4,606	2,012		19
Sandvik Materials Technology	94	-83	110	371	492	336		258
Group activities	-168	-178	-89	-258	-694	-19		-88
Other operations	-515	-42	-22	0	-578	0		-100
Continuing operations	2,762	1,508	3,459	3,487	11,216	4,256		54
Discontinued operations	-12	-4	-3	-13	-32	-3		-75
Group total ¹⁾	2,750	1,504	3,456	3,474	11,184	4,253		55

OPERATING MARGIN BY BUSINESS AREA

%	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021
Sandvik Mining and Rock Solutions	17.6	11.8	21.7	24.3	19.1	20.5
Sandvik Rock Processing Solutions	13.6	14.6	17.1	16.0	15.3	16.4
Sandvik Manufacturing and Machining Solutions	17.3	8.9	18.8	11.0	14.2	22.9
Sandvik Materials Technology	2.5	-2.4	3.8	10.8	3.6	10.6
Other operations	N/M	N/M	0.0	N/M	N/M	0.0
Continuing operations	11.7	7.5	17.2	15.6	13.0	19.6
Discontinued operations	N/M	N/M	N/M	N/M	N/M	N/M
Group total ¹⁾	11.6	7.4	17.2	15.5	12.9	19.6

* Change at fixed exchange rates for comparable units compared with the year-earlier period.

¹⁾ Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.

THE GROUP

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	CHANGE %
Sandvik Mining and Rock Solutions	1,453	1,601	1,820	2,011	6,885	1,644	13
Sandvik Rock Processing Solutions	208	232	263	335	1,038	283	36
Sandvik Manufacturing and Machining Solutions	2,054	927	1,377	1,742	6,100	2,013	-2
Sandvik Materials Technology	139	248	116	528	1,032	355	155
Group activities	-138	-129	-82	-112	-461	-124	-10
Other operations	11	-42	0	0	-31	0	-100
Continuing operations	3,728	2,837	3,494	4,505	14,563	4,170	12
Discontinued operations	-12	-4	-3	-13	-32	-3	-75
Group total ¹⁾	3,716	2,833	3,491	4,492	14,531	4,167	12

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021
Sandvik Mining and Rock Solutions	17.6	20.3	21.7	22.3	20.5	20.5
Sandvik Rock Processing Solutions	13.6	14.6	17.1	18.6	16.1	16.4
Sandvik Manufacturing and Machining Solutions	21.0	12.8	18.8	21.4	18.8	22.9
Sandvik Materials Technology	3.7	7.1	4.0	15.4	7.6	11.2
Other operations	3.8	N/M	N/M	N/M	-10.4	0.0
Continuing operations	15.8	14.0	17.3	20.1	16.9	19.2
Discontinued operations	N/M	N/M	N/M	N/M	N/M	N/M
Group total ¹⁾	15.7	14.0	17.3	20.0	16.8	19.2

ITEMS AFFECTING COMPARABILITY ON OPERATING PROFIT

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021
Sandvik Mining and Rock Solutions	-	-667	-	182	-485	-
Sandvik Rock Processing Solutions	-	-	-	-48	-48	-
Sandvik Manufacturing and Machining Solutions	-364	-282	-	-848	-1,494	-
Sandvik Materials Technology	-45	-331	-6	-157	-540	-19
Other operations	-526	-	-21	-	-547	-
Group activities	-30	-49	-7	-146	-233	105
Continuing operations	-965	-1,329	-35	-1,018	-3,347	86
Discontinued operations	-	-	-	-	-	-
Group total	-965	-1,329	-35	-1,018	-3,347	86

¹⁾ Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.

Items affecting comparability on operating profit

Q1 2020 - Sandvik reported items affecting comparability of total SEK -965 million, comprising of costs of SEK -364 million related to Sandvik Manufacturing and Machining Solutions and the closure of a manufacturing plant in Germany. Other operations included a negative impact of SEK -526 million related to the realized effect from reversal of the accumulated currency translation in Other Comprehensive Income due to the divestment of Varel. An additional SEK -75 million of costs related to the internal separation of Sandvik Materials Technology, out of which SEK -45 million in Sandvik Materials Technology and SEK -30 million in Group activities.

Q2 2020 - Sandvik reported items affecting comparability of SEK -1,329 million, comprising of cost related to structural and volume related savings measures of SEK -1,334 million. As well as costs related to the separation of Sandvik Materials Technology of SEK -24 million and a capital gain of SEK 29 million in Sandvik Materials Technology.

Q3 2020 - Sandvik reported items affecting comparability of SEK -35 million, comprising of SEK -21 million of final purchase price adjustment of the divestment of Varel. As well as cost related to the separation of Sandvik Materials Technology of SEK -13 million.

Q4 2020 - reported EBIT was impacted by one-off costs totaling SEK -1,018 million, comprising long-term savings measures announced in December at a net cost of SEK -1,010 million, including a reversal of a provision made in Q2 2020 for Sandvik Mining and Rock Technology and costs related to the separation of Sandvik Materials Technology of SEK -7 million.

Q1 2021 - Sandvik reported items affecting comparability SEK 86 million, comprising of a net gain of a divested property SEK +115 million and costs related to the separation of Sandvik Materials Technology of SEK -29 million.

ITEMS AFFECTING COMPARABILITY ON NET FINANCIAL ITEMS

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021
Group activities	–	–	588	–	588	–
Group total	–	–	588	–	588	–

Items affecting comparability on net financial items

Q3 2020 - Sandvik reported items affecting comparability of SEK 588

million on net financial items related to the disposal of the minority holding in

Xiamen Golden Egret Special Alloy Co., Ltd. (Gesac).

TAXES EXCLUDING ITEMS AFFECTING COMPARABILITY

Q1 2020	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-511	21.8	126	13.0	-637	19.2
Discontinued operations	0	0.0	0	0.0	0	0.0
Group total	-511	21.9	126	13.0	-637	19.3

Q1 2021	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-800	20.1	6	-7.0	-806	20.7
Discontinued operations	0	0.0	0	0.0	0	0
Group total	-800	20.1	6	-7.0	-806	20.7

NET WORKING CAPITAL & CAPITAL EMPLOYED

MSEK	31 DEC 2020	31 MAR 2020	31 MAR 2021
Inventories	21,718	26,392	23,671
Trade receivables	12,369	15,679	14,148
Account payables	-7,024	-8,124	-7,773
Other receivables	3,128	3,643	3,792
Other liabilities	-9,862	-11,885	-11,347
Net working capital	20,330	25,706	22,491
Tangible assets	23,975	26,086	24,299
Intangible assets	21,006	20,791	21,559
Other current assets (incl. cash and cash equivalents)	74,032	77,244	78,591
Other current liabilities	-27,184	-30,513	-29,258
Capital employed	91,830	93,609	95,191

KEY FIGURES

CONTINUING OPERATIONS	Q1 2020	Q1 2021	Q1-Q4 2020
Tax rate, %	21.8	20.1	22.3
Return on capital employed, % ¹⁾	12.5	18.6	13.3
Return on total equity, % ¹⁾	11.6	18.5	13.6
Return on total capital, % ¹⁾	9.4	14.3	10.2
Shareholders' equity per share, SEK	51.5	57.7	51.9
Net debt/equity ratio	0.17	-0.02	0.04
Net debt/EBITDA	0.66	0.25	0.41
Equity/assets ratio, %	52	58	55
Net working capital, % ¹⁾	26.8	24.7	27.5
Earnings per share, basic, SEK	1.47	2.54	6.99
Earnings per share diluted, SEK	1.46	2.53	6.98
EBITDA, MSEK	4,232	5,588	17,180
Cash flow from operations, MSEK	2,715	2,787	15,414
Funds from operations (FFO), MSEK	3,505	4,085	14,063
Interest coverage ratio, %	674	1,102	1,497
Number of employees ³⁾	38,996	38,418	37,122

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. 2) 12-month rolling 1Q 2021 ROCE reported at 14.8 % (13.0 %) and NWC reported at 27.5 % (26.0). 3) Full-time equivalent.

GROUP TOTAL	Q1 2020	Q1 2021	Q1-Q4 2020
Tax rate, %	21.9	20.1	22.4
Return on capital employed, % ¹⁾	12.4	18.6	13.3
Return on total equity, % ¹⁾	11.5	18.5	13.6
Return on total capital, % ¹⁾	9.3	14.3	10.1
Shareholders' equity per share, SEK	51.5	57.7	51.9
Net debt/equity ratio	0.17	-0.02	0.04
Net debt/EBITDA	0.67	0.25	0.41
Equity/assets ratio, %	52	58	55
Net working capital, % ¹⁾	26.9	24.7	27.5
Earnings per share, basic, SEK	1.46	2.53	6.96
Earnings per share diluted, SEK	1.46	2.53	6.95
EBITDA, MSEK	4,221	5,585	17,149
Cash flow from operations, MSEK	2,708	2,784	15,347
Funds from operations (FFO), MSEK	3,471	4,080	13,935
Interest coverage ratio, %	667	1,101	906
Number of employees ³⁾	39,004	38,421	37,125
No. of shares outstanding at end of period ('000)	1,254,386	1,254,386	1,254,386
Average no. of shares, ('000)	1,254,386	1,254,386	1,254,386
Average no. of shares, diluted, ('000)	1,256,718	1,255,733	1,256,055

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. 2) 12-month rolling 1Q 2021 ROCE reported at 14.7 % (12.8) and NWC reported at 27.6 % (26.1). 3) Full-time equivalent.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures have an important purpose of providing useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. For definitions of alternative performance measures that Sandvik uses see below.

ADJUSTED EPS, DILUTED

Profit/loss adjusted for items affecting comparability attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive programs.

ADJUSTED OPERATING PROFIT

Earnings before interest and taxes adjusted for items affecting comparability.

ADJUSTED OPERATING PROFIT EXCLUDING METAL PRICE EFFECTS

Earnings before interest and taxes adjusted for items affecting comparability and metal price effects. Metal price effects are one of the non-operational key figures that Sandvik provides quarterly guidance for, as the metal price effects are volatile and difficult for the investors to predict.

ADJUSTED PROFIT AFTER NET FINANCIAL ITEMS

Profit after net financial items adjusted from items affecting comparability.

CAPITAL EMPLOYED

Capital employed is defined as total net working capital plus tangible and intangible assets, other current assets (incl. cash and cash equivalents) less other current liabilities.

FREE OPERATING CASH FLOW

Earnings before interest, taxes and depreciation adjusted for non-cash items plus the change in net working capital minus investments and disposals of rental equipment and tangible and intangible assets.

ITEMS AFFECTING COMPARABILITY (IAC)

Sandvik reports an adjusted operating profit after net financial items and earnings per share for comparison reasons. The operating profit is adjusted for capital gains and losses from divestments and larger restructuring initiatives and impairments. Net financial items are adjusted for capital gains and losses from divestments of financial assets.

OPERATING PROFIT

Earnings before interest and taxes.

ORGANIC GROWTH

Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions. Sandvik generates the majority of its revenues in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and divest and acquire companies. Organic growth is used to analyze the underlying sales performance in the Group.

NET DEBT

Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents.

NET DEBT TO EQUITY RATIO

Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents divided by total equity.

NET WORKING CAPITAL (NWC)

Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as liabilities and assets held for sale, but excluding tax assets and liabilities and provisions.

RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit/loss plus financial income, as a percentage of a four quarter average capital employed.

DISCLAIMER STATEMENT

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

Stockholm 20 April 2021
Sandvik Aktiebolag (publ)

Stefan Widing
President and CEO

The Company's Auditor has not reviewed the report for the first quarter of 2021.

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publications, through the agency of the contact person set out below, at 11.30 CET on April 20, 2021.

Additional information may be obtained from Sandvik Investor Relations on +46 70 782 63 74 (Louise Tjeder) or tel +46 79 060 87 17 (Emelie Alm).

A telephone conference will be held on April 20, 2021 at 13.00 CET.

Information is available at home.sandvik/ir

CALENDAR

April 26, 2021	Online shareholder event (in Swedish) ahead of AGM
April 27, 2021	Annual General Meeting (AGM)
April 29, 2021	Proposed record date to receive dividends
May 4, 2021	Proposed date to receive dividends
July 16, 2021	Report, second quarter 2021
October 18, 2021	Report, third quarter 2021

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