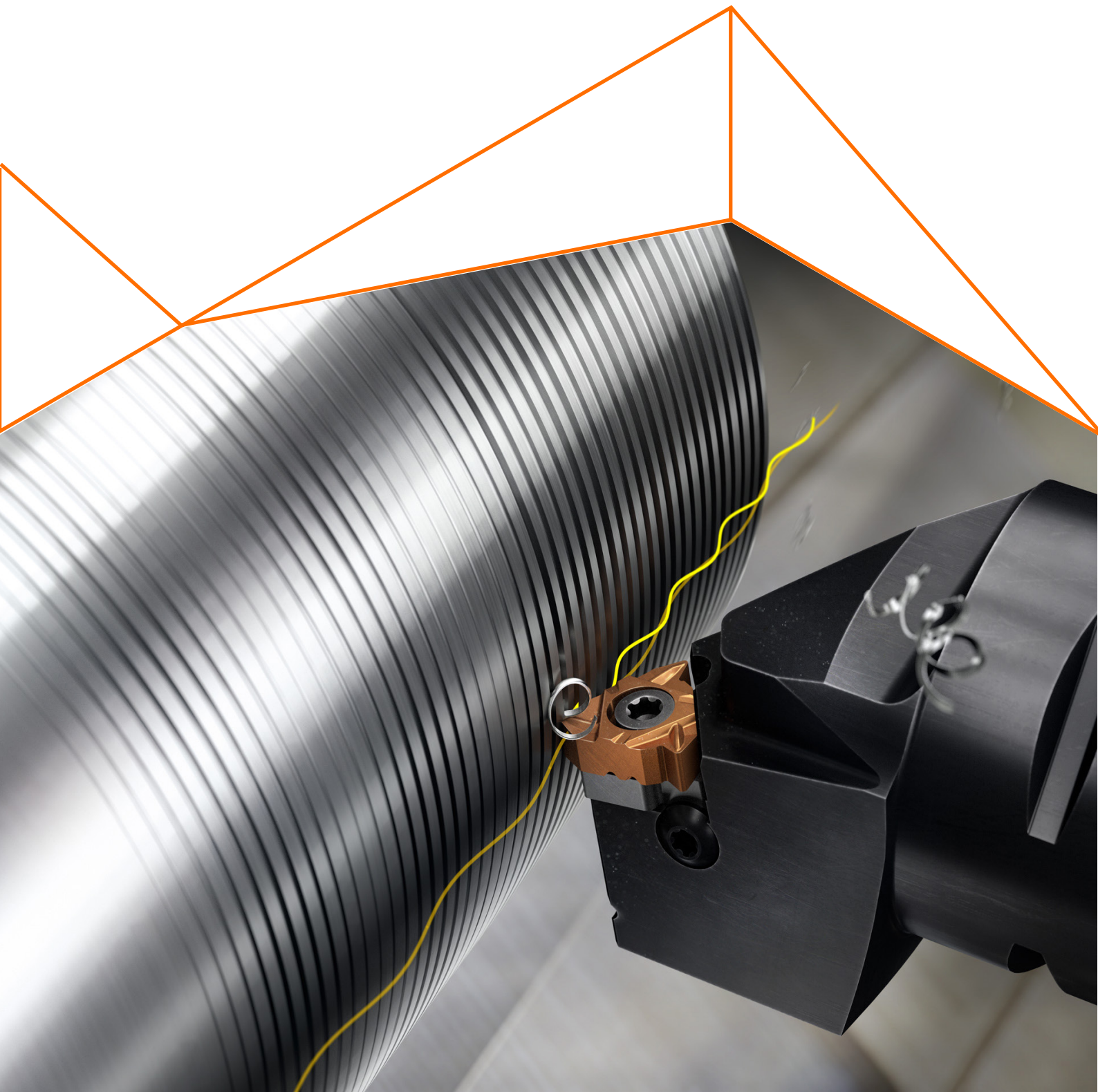


INTERIM REPORT SECOND QUARTER 2021

AND FIRST SIX MONTHS 2021



STRONG EXECUTION IN A HIGH-DEMAND ENVIRONMENT

- Order intake increased organically by 43% to SEK 25,857 million (18,971), driven by strong demand across the business compared to the year earlier period that was significantly impacted by the pandemic
- Organic revenues increased by 22% and amounted to SEK 23,460 million (20,230)
- Book-to-bill ratio was at 110%
- Adjusted operating profit amounted to SEK 4,469 million (2,837), corresponding to an adjusted operating profit margin of 19.1% (14.0)
- Adjusted operating profit excluding metal price effects on a rolling 12-months basis was at SEK 16,364 million (16,297), corresponding to an adjusted operating profit margin of 18.7% (17.0)
- The permanent savings and cost measures initiated in 2020 generated a positive impact of SEK 190 million in the second quarter. Reversal of temporary savings had a negative year on year impact of SEK -765 million
- Earnings per share, diluted were SEK 2.80 (0.88)
- Adjusted earnings per share, diluted were SEK 2.69 (1.73)
- Free operating cash flow was SEK 3,088 million (2,531)
- Execution on the shift to growth strategy with an increased M&A pace led to five announced acquisitions during and after the quarter

FINANCIAL OVERVIEW

MSEK	Q2 2020	Q2 2021	CHANGE %	Q1-Q2 2020	Q1-Q2 2021	CHANGE %
Order intake	18,971	25,857	36	44,327	51,704	17
Organic growth, % ¹⁾	-23	43	-	-17	26	-
Revenues	20,230	23,460	16	43,851	45,151	3
Organic growth, % ¹⁾	-20	22	-	-14	11	-
Operating profit	1,508	4,754	N/M	4,270	9,010	N/M
Adjusted operating profit ²⁾	2,837	4,469	58	6,565	8,639	32
% of revenues	14.0	19.1	-	15.0	19.1	-
Adjusted profit after net financial items ^{2, 3)}	2,858	4,372	53	6,169	8,272	34
Profit for the period	1,098	3,514	N/M	2,933	6,700	N/M
Adjusted profit for the period ^{2, 3)}	2,165	3,374	56	4,839	6,468	34
Earnings per share, diluted, SEK	0.88	2.80	N/M	2.35	5.33	N/M
Adjusted earnings per share, diluted, SEK ^{2, 3)}	1.73	2.69	56	3.87	5.15	33
Return on capital employed, % ⁴⁾	6.9	21.3	-	9.3	18.5	-
Free operating cash flow	2,531	3,088	22	5,706	6,035	6
Net working capital % ⁴⁾	31.0	24.2	-	27.5	25.9	-

1) Change from the preceding year at fixed exchange rates for comparable units. **2)** Adjusted for items affecting comparability of SEK 285 million in Q2 2021 (-1,329) and SEK 371 million YTD 2021 (-2,295). Q2 2021 is mainly related to closure of a defined benefit pension plan in US, partially offset by SMT separation costs. 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 2021 (0). **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](https://www.sandvik.com). N/M = not meaningful

CEO'S COMMENT

Following a solid start to the year, we concluded yet another quarter with positive momentum. We delivered strong growth in order intake and revenues on the back of a solid order backlog and with some increased pressure in the global supply chain. Organic order intake and revenues for the Group grew year on year by 43% and 22%, respectively. The adjusted operating profit margin was a solid 19.1% (14.0%), supported by increased volumes and good underlying operating leverage. I am also very pleased with the high pace of M&A activities carried out by all our business areas during this period, which resulted in five signed agreements during and after the quarter.

We continued to see strong demand in our mining business, with orders now well above pre-covid levels and, consequently, Sandvik Mining and Rock Solutions reported order intake above SEK 10 billion for the second consecutive quarter. I am also happy with the SEK 140 million battery-electric vehicle (BEV) orders we received in June, which was a significant record for BEV orders in a month. Organic order intake growth was 31% year on year and 38% excluding major orders. On June 23, we announced the intention to acquire the Australian rock tools supplier Tricon, and on July 7, we closed the DSI Underground acquisition.

Sandvik Rock Processing Solutions delivered a strong quarter with organic order intake and revenue growth of 61%, and 29% respectively. Revenues were supported by a strong order backlog, both in mining and construction. Sandvik Rock Processing Solutions also announced its first acquisition as a standalone business area: Kwatani, a South African-based supplier of large multi-slope screens and feeders.

Sandvik Manufacturing and Machining Solution's organic order intake and revenues grew year on year by 44% and 33% respectively. The daily order intake in the first two weeks of July was up ~20% compared with the first two weeks of July last year. During June and July we announced three acquisitions: Cambrio, a leading company with an end-to-end portfolio in CAD/CAM software for manufacturing industries, DWFritz Automation, a global provider of precision metrology,

inspection- and assembly solutions for advanced manufacturing and Fanar, a round tools company in Poland. These acquisitions will play an important role in our ambition to expand our digital offering and enhance our position within design, planning and metrology, and to increase our market share in round tools.

Sandvik Materials Technology's order intake was SEK 4 billion, a significant sequential improvement driven by our short-cycle businesses and with the receipt of some additional umbilical orders. Organic order intake grew by 74%, on the back of a very challenging second quarter last year, but also strong underlying demand in most customer segments.

We are indeed operating in a different business environment compared with a year ago, with stronger momentum for both our short and long-cycle businesses. The economic recovery and high demand are posing some challenges on a global scale, with raw material and component shortages, as well as container and port imbalances to name a few. While the impact of this is difficult to predict I feel confident in the underlying business momentum. We are seeing strong demand for our products and services, and are combining this with solid operational execution and profitability levels. We are also stepping up the pace of acquisitions, firmly executing on our shift to growth ambition.

Stefan Widing
President and CEO



ORDER INTAKE AND REVENUES

GROWTH

Q2	ORDER INTAKE	REVENUES
Organic, %	43	22
Structure, %	1	1
Currency, %	-6	-6
TOTAL, %	36	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.

Organic order intake increased by 43% year on year driven by strong development across the Group. Revenues increased organically by 22% year on year.

The positive momentum in the mining and the construction segments continued with strong underlying demand. Sandvik Mining and Rock Solutions (SMR) and Sandvik Rock Processing Solutions (SRP) reported strong organic order intake growth year on year, of 31% and 61%, respectively. Revenues in the quarter were solid, despite the impact from global supply chain bottlenecks and longer lead times in both businesses.

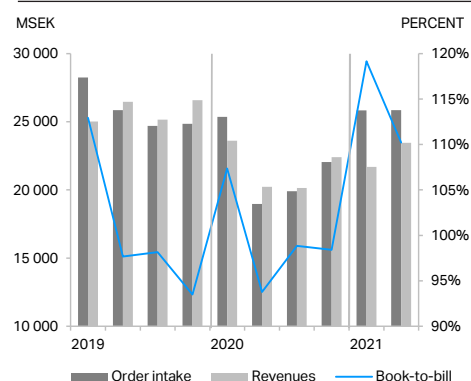
Organic order intake increased by 44% year on year in Sandvik Manufacturing and Machining Solutions. Demand was on par with the first quarter with a slight acceleration at the end of the quarter which was noted across US and Europe, in particular Germany. Automotive and general engineering remained on robust levels. The oil and gas segment continued its slow recovery, and positive signals in the aerospace segment was noted, although with limited impact on the business to date. Revenues increased by 33% year on year.

Sandvik Materials Technology reported a strong organic order intake growth of 74% year on year. The growth was driven by a broad-based positive development across all divisions and demand in several of the customer segments is now well above pre-covid levels. The oil and gas segment continued to recover with some minor umbilical orders. Revenues remained negatively impacted by the weak umbilical backlog.

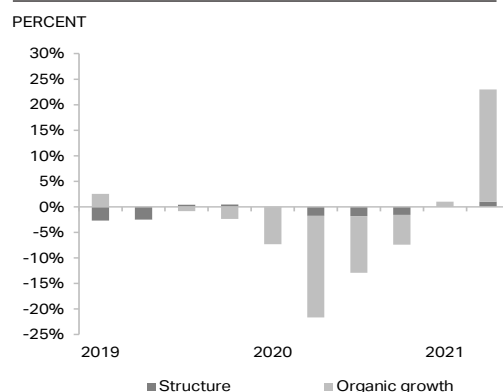
The Group's demand strengthened both year on year and sequentially across most regions, with the largest increase noted in Europe and North America. Asia, mainly driven by China, grew strongly year on year, albeit at a lower rate due to more challenging comparables than in the other regions.

Changed exchange rates had a negative impact of -6% on both order intake and revenues.

ORDER INTAKE AND REVENUES



REVENUE GROWTH



Q2

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	37%	+63% (+63%)	↗	↗	↗	↗	↗	↗
North America	21%	+49% (+49%)	↗	↗	↗	↗	↗	↗
Asia	21%	+34% (+28%)	↗	↗	↗	↗	↗	↗
Africa/ Middle East	8%	+15% (+34%)	↗	↗	↗	↗		
Australia	8%	+1% (+22%)	↗					
South America	5%	+88% (+88%)	↗					

EARNINGS

Reported gross profit amounted to SEK 9,845 million (6,597). Adjusted gross profit increased by 31% to SEK 9,780 million (7,451) mainly due to higher volumes and the adjusted gross margin increased to 41.7% (36.8).

Sales, administration and R&D costs excluding items affecting comparability increased by 16% year on year mainly due to reversals of temporary savings in the preceding year. The overall ratio to revenues on a reported basis decreased to 21.2% (23.2).

Adjusted operating profit increased by 58% and amounted to SEK 4,469 million (2,837) and the adjusted operating margin increased to 19.1% (14.0). Adjusted operating profit, excluding positive metal price effects in Sandvik Materials Technology of SEK 50 million in the period, increased by 52% to SEK 4,420 million (2,913). The adjusted operating margin excluding metal price effects was 18.8% (14.4) for the second quarter, and 18.7% (17.0) for the rolling twelve-month period. The impact from changed exchange rates was negative at SEK -659 million year on year.

Reported operating profit of SEK 4,754 million (1,508) was positively impacted by items affecting comparability of SEK 285 million.

The interest net was reduced slightly to SEK -88 million (-90) due to debt repayments and higher interest on deposits. Net financial items amounted to SEK -97 million (20), with lower impact from temporary revaluations effects.

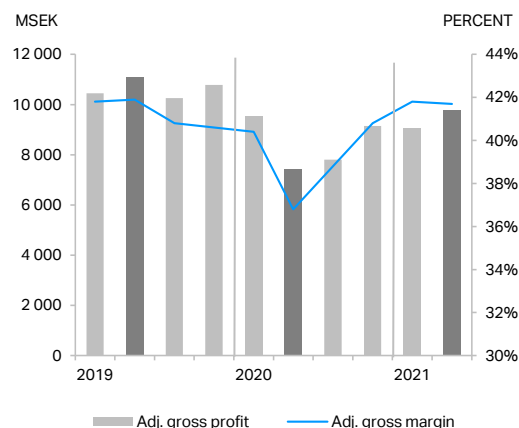
The tax rate, excluding items affecting comparability, for continuing operations was 22.8% (24.3). The reported tax rate for continuing operations was 24.5% (28.1) and 24.6% (28.2) for the Group in total.

Profit for the period amounted to SEK 3,514 million (1,098), corresponding to earnings per share, diluted, of SEK 2.80 (0.88) and adjusted earnings per share, diluted of SEK 2.69 (1.73).

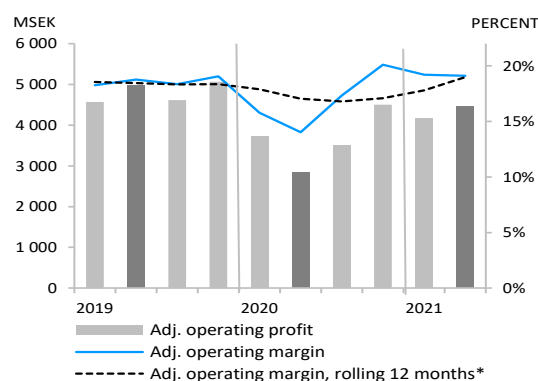
Cost and savings initiatives

The permanent savings and cost initiatives that were announced in 2020 had a positive impact of SEK 190 million in the quarter, corresponding to an annualized run-rate of SEK 760 million out of the total SEK 1,300 million in targeted savings. The majority of savings from these initiatives will be realized this year. Reversal of temporary savings had a negative impact in the quarter of approximately SEK -765 million year on year, due to higher discretionary spend and lower work time reductions compared to the same period last year.

ADJUSTED GROSS PROFIT AND MARGIN

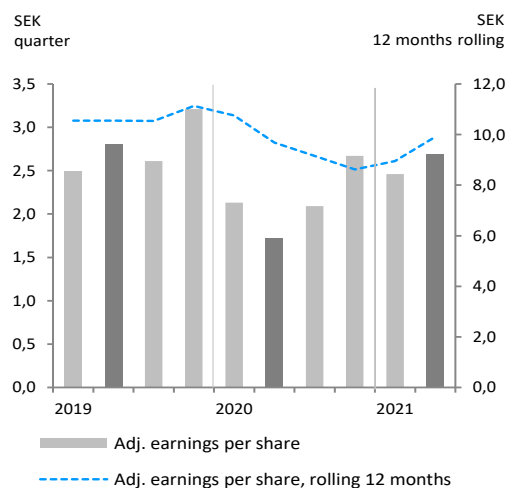


ADJUSTED OPERATING PROFIT AND MARGIN



*Excluding metal price effects

ADJUSTED EARNINGS PER SHARE, DILUTED



BALANCE SHEET AND CASH FLOW

Capital employed decreased slightly year on year due to a lower cash position. Capital employed decreased sequentially and amounted to SEK 89.9 billion (95.2), mainly due to a lower cash position. Adjusted return on capital employed improved sequentially to 18.5% (18.0) explained by lower capital employed and higher earnings.

Net working capital decreased year on year and amounted to SEK 22.9 billion (24.5) mainly due to changed exchange rates, and increased sequentially explained by higher inventories and accounts receivables somewhat offset by higher liabilities. Net working capital in relation to revenues decreased to 24.2% compared to the first quarter (24.7%).

Investments in tangible and intangible assets were in line with the preceding year and amounted to SEK 0.9 billion (0.9), corresponding to 76% of scheduled depreciations.

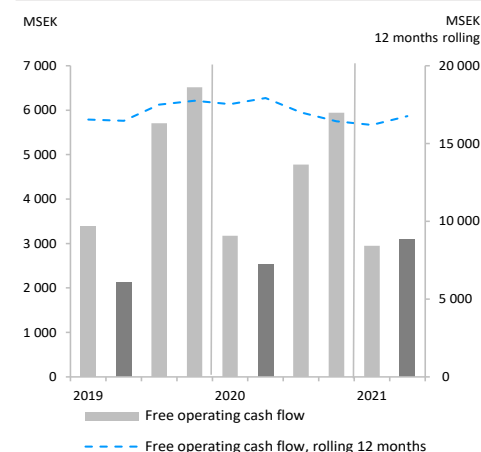
The financial net cash position of SEK 4.9 billion (3.5) was higher compared to last year and lower sequentially (10.7) due to the dividend payout of SEK 8 billion, partly offset by positive cash flow from operations. The net pension liability decreased year on year to SEK 5.5 billion (7.3), and sequentially (6.5), mainly due to higher discount rates, and the closure of a US pension plan. Total net debt amounted to SEK 3.9 billion (7.0) and increased sequentially from SEK -1.2 billion in the first quarter. The net debt to equity ratio was 0.06 (0.11), improving year on year and declining sequentially (-0.02).

Free operating cash flow increased year on year to SEK 3.1 billion (2.5).

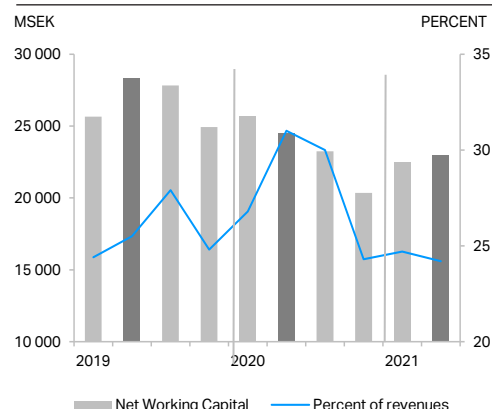
FREE OPERATING CASH FLOW, MSEK	Q2 2020	Q2 2021
EBITDA + non-cash items	3,514	5,162
Net Working Capital change	-89	-1,152
Capex ¹⁾	-894	-921
FREE OPERATING CASH FLOW ²⁾	2,531	3,088

¹⁾ Including investments and disposals of rental equipment of SEK -239 million (-185) and tangible and intangible assets of SEK -683 million (-709). ²⁾ Free operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes.

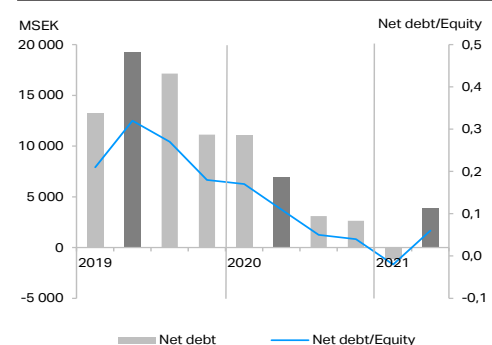
FREE OPERATING CASH FLOW



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MINING AND ROCK SOLUTIONS

CONTINUED STRONG ORDER INTAKE

RECORD ORDER MONTH FOR BATTERY ELECTRIC VEHICLE ORDERS

ACQUISITION OF DSI CLOSED JULY 7



GROWTH

Q2	ORDER INTAKE	REVENUES
Organic, %	31	21
Structure, %	0	0
Currency, %	-6	-5
TOTAL, %	24	15

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:

- Continued strong momentum in mining with two consecutive quarters with order intake above SEK 10 billion and a record month for orders of battery-electric mining vehicles (BEVs) of SEK 140 million
- Organic order intake well above pre-covid levels, with strong demand in Load and Haul, Underground Drilling and Surface Drilling
- One major order received in the quarter totaling SEK 248 million. Excluding major orders, total organic order intake increased by 38%
- Organic order intake for equipment grew by 44% and aftermarket order intake grew organically by 22%
- All major regions reported strong growth rates, with South America noting an increase of 93%, Europe 50%, North America 39% and Africa/ Middle East 15%
- The aftermarket business accounted for 59% (62) of revenues while the equipment business accounted for 41% (38)

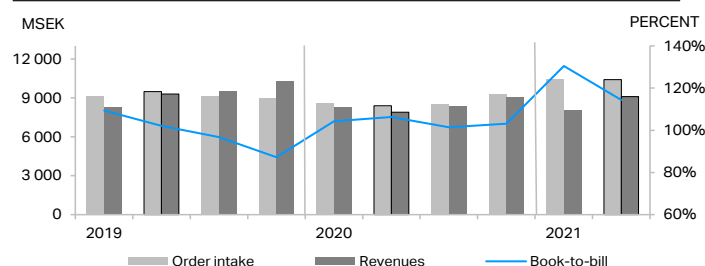
Adjusted operating profit:

- Adjusted operating margin was on par with the preceding year with increased volumes offset by negative currency impact and reversals of temporary savings
- Adjusted operating margin was slightly down sequentially with increased volumes negatively offset by an unfavorable mix, ramp-up costs and logistics challenges, and pricing not yet fully compensating for inflationary pressure
- Reversal of temporary savings had a negative impact of SEK -195 million year on year
- Exchange rates had a negative impact of SEK -236 million year on year

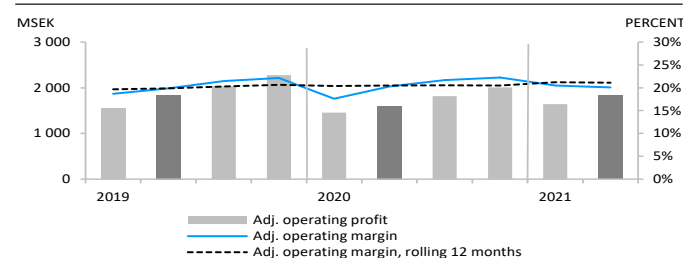
Shift to growth

Sandvik received orders for battery-electric mining vehicles (BEVs) amounting to about SEK 140 million in June, combined with commitments for battery-as-a-service (BaaS) contracts. This represents an important step in the ambition to grow the share of automation and electrification. During the quarter, Sandvik signed an agreement to acquire Tricon Drilling Solutions Pty. Ltd, a privately-owned supplier of rock tools for the mining industry, based in Perth, Australia. On July 7, Sandvik completed the previously announced acquisition of DSI Underground, the global leader in ground support and reinforcement products, systems and solutions for the underground mining and tunneling industries.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK	Q2 2020**	Q2 2021	CHANGE %	Q1-Q2 2020**	Q1-Q2 2021	CHANGE %
Order intake *	8,400	10,399	31	16,998	20,868	33
Revenues *	7,899	9,090	21	16,143	17,109	15
Operating profit	934	1,827	96	2,387	3,471	45
% of revenues	11.8	20.1		14.8	20.3	
Adjusted operating profit ¹⁾	1,601	1,827	14	3,055	3,471	14
% of revenues	20.3	20.1		18.9	20.3	
Return on capital employed ²⁾	16.7	33.6		28.3	34.7	
Number of employees ³⁾	11,741	13,230	13	11,741	13,230	13

* 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 Q2 2021 (-667) and for YTD 2021 the impact was SEK 0 million (-667). For 2020 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

CONTINUED STRONG UNDERLYING DEMAND

STRONG PROFITABILITY

AGREEMENT TO ACQUIRE KWATANI



GROWTH

Q2	ORDER INTAKE	REVENUES
Organic, %	61	29
Structure, %	6	4
Currency, %	-7	-7
TOTAL, %	56	23

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 organic order intake growth in both the mining and construction segments due to low comparables and good underlying demand
- Order intake for equipment increased organically by 92% year on year, mainly driven by stationary crushers
- Organic order intake in aftermarket increased by 38%
- All regions reported strong development in organic order intake compared with the preceding year, with Europe increasing 67%, North America 70% and Asia 68%
- The aftermarket business accounted for 52% (49) of revenues while the equipment business accounted for 48% (51)

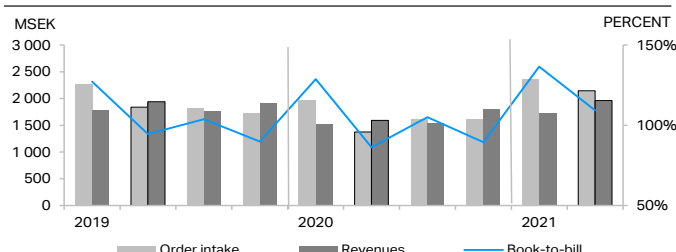
Adjusted operating profit:

- Record high adjusted operating profit for a second quarter
- The adjusted operating profit margin was 17.0% (14.6), mainly driven by higher revenues and a favorable product mix
- Permanent savings had a positive impact of SEK 5 million and reversal of temporary savings had a negative impact of SEK -20 million compared with the preceding year
- Exchange rates had a negative impact of SEK -101 million year on year

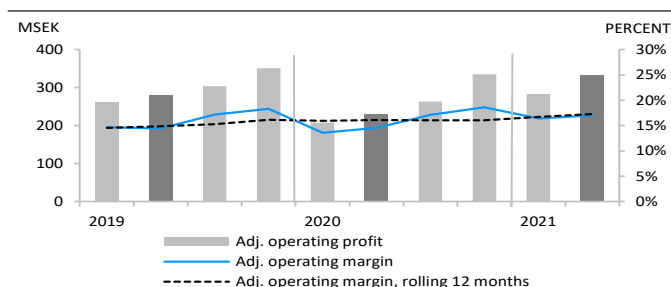
Shift to growth

SAM by Sandvik, our rock processing digital service, was announced in April. SAM will drive collaboration, connectivity and productivity across customers' entire operation. It will provide customers with direct access to data, analytics, communications, e-commerce, inspection tools, custom on-site reporting, information and predictions based on our AI modeling for customers' connected equipment. During the quarter, an agreement to acquire South African based Kwatani was signed. Kwatani's strong offering in large multi slope screens for the mining industry will add to Sandvik's existing portfolio while also strengthening Sandvik's capabilities in comminution.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK	Q2 2020**	Q2 2021	CHANGE %	Q1-Q2 2020**	Q1-Q2 2021	CHANGE %
Order intake *	1,373	2,147	61	3,346	4,505	42
Revenues *	1,590	1,964	29	3,121	3,691	25
Operating profit	232	334	44	439	617	40
% of revenues	14.6	17.0		14.1	16.7	
Adjusted operating profit ¹⁾	232	334	44	439	617	40
% of revenues	14.6	17.0		14.1	16.7	
Return on capital employed ²⁾	19.8	30.7		21.4	26.8	
Number of employees ³⁾	1,636	1,869	14	1,636	1,869	14

* 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.

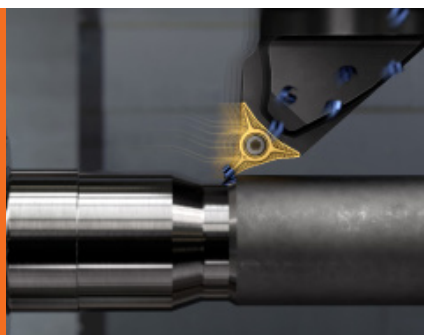
1) There are no items affecting comparability for 2021 (0). See page 23. 2) Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. 3) Full-time equivalent.

SANDVIK MANUFACTURING AND MACHINING SOLUTIONS

REVENUES UP 33% YEAR ON YEAR

SOLID PROFIT MARGIN

THREE ACQUISITIONS ANNOUNCED DURING AND AFTER THE QUARTER



GROWTH

Q2	ORDER INTAKE	REVENUES
Organic, %	44	33
Structure, %	2	2
Currency, %	-7	-7
TOTAL, %	36	25

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:

- Revenues were up 33% year on year with a currency impact of SEK -700 million
- Organic order intake growth was strong year on year driven by automotive and general engineering
- Strongest year on year growth in order intake was noted in North America and Europe of 48% and 50%, respectively. Growth of 23% recorded in Asia
- Daily order intake in the first two weeks of July improved by ~20% compared to the first two weeks in July last year
- The number of working days had a +0.9% impact on orders and revenues year on year
- Wolfram, the tungsten powder business, continued to note a strong improvement in order intake

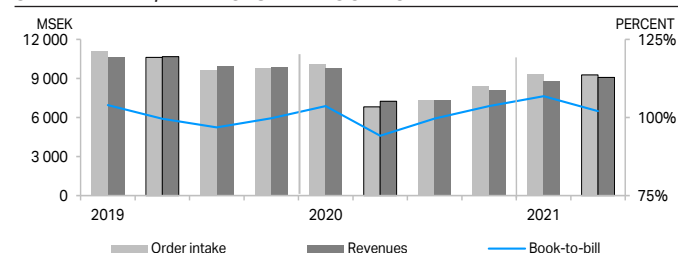
Adjusted operating profit:

- The adjusted operating margin improved significantly supported by increased volumes
- Permanent savings had a SEK 105 million positive impact whilst reversal of temporary savings impacted the quarter negatively with SEK -485 million compared with last year
- Changed exchange rates had a negative impact of SEK -300 million year on year

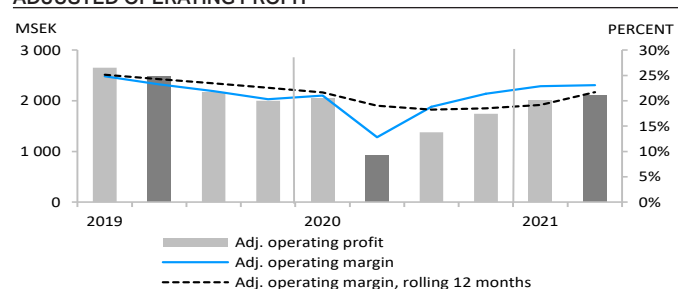
Shift to growth

Three acquisitions were announced during and after the quarter; Sandvik Manufacturing Solutions signed an agreement to acquire Cambrio, a company with an end-to-end portfolio in CAD/CAM software for manufacturing industries and DWFritz, a global provider of precision metrology, inspection and assembly solutions for advanced manufacturing. Sandvik Machining Solutions signed a deal to acquire Fanar, a manufacturer of round tools in Poland.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK

	Q2 2020	Q2 2021	CHANGE %	Q1-Q2 2020	Q1-Q2 2021	CHANGE %
Order intake *	6,821	9,270	44	16,945	18,649	18
Revenues *	7,247	9,083	33	17,013	17,865	13
Operating profit	645	2,096	N/M	2,335	4,109	76
% of revenues	8.9	23.1		13.7	23.0	
Adjusted operating profit ¹⁾	927	2,097	N/M	2,981	4,109	38
% of revenues	12.8	23.1		17.5	23.0	
Return on capital employed ²⁾	8.0	25.9		17.1	20.4	
Number of employees ³⁾	15,079	18,028	20	15,079	18,028	20

* Change at fixed exchange rates for comparable units.

1) Operating profit adjusted for items affecting comparability of SEK -1 million in Q2 2021 (-282) and SEK -1 million YTD 2021 (-646). For 2020 all are 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

**STRONG YOY ORDER INTAKE
GROWTH ACROSS ALL
DIVISIONS**

SOLID MARGIN

**SOMEWHAT IMPROVED SENTIMENT
IN OIL & GAS AND AEROSPACE**



GROWTH

Q2	ORDER INTAKE	REVENUES
Organic, %	74	-4
Structure, %	0	0
Currency, %	-5	-5
TOTAL, %	70	-5

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 4% of order intake and revenues respectively.

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Strong organic order intake growth and solid absolute levels across most segments and divisions
- Improved sentiment in oil & gas and to some extent also in the aerospace segments, with some minor orders being placed, although levels are still low
- Organic revenues negatively impacted by weak backlog for umbilicals, which was somewhat offset by strong development in consumer-related segments, industrial heating and application tubing
- Strong development noted in order intake in all regions compared with the corresponding period in the preceding year

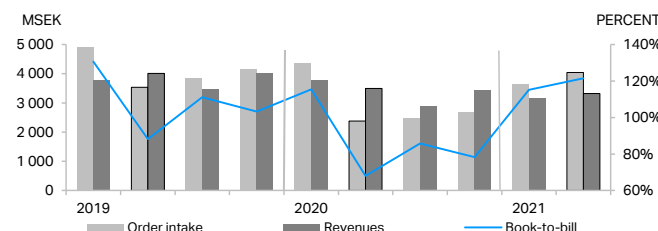
Shift to growth

The quest to produce fossil-free steel creates growth opportunities for Kanthal. During the second quarter, the Kanthal division within Sandvik Materials Technology signed a strategic partnership with HYBRIT (Hydrogen Breakthrough Ironmaking Technology). Fossil free heating is an important component in the groundbreaking technological development towards a completely fossil free value chain from mine to steel.

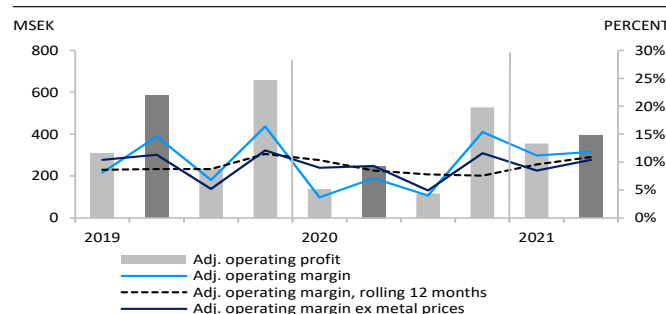
Adjusted operating profit:

- Solid adjusted operating margin despite low invoicing of umbilicals, supported by strong invoicing and favorable mix in Kanthal and Strip
- Inventory build-up in line with normal seasonality had a positive year on year impact of ~200 bps on margin
- Permanent savings had a positive impact of SEK 75 million and reversal of temporary savings impacted negatively by SEK -40 million compared with the preceding year
- Exchange rates had a negative impact of SEK -15 million year on year
- Changed metal prices had a positive impact of SEK 50 million (-76) in the quarter
- Adjusted operating profit excluding metal price effects totaled SEK 344 million (324), corresponding to an underlying margin of 10.4% (9.3)

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED OPERATING PROFIT



FINANCIAL OVERVIEW, MSEK	Q2 2020	Q2 2021	CHANGE %	Q1-Q2 2020	Q1-Q2 2021	CHANGE %
Order intake *	2,377	4,041	74	6,742	7,681	18
Revenues *	3,495	3,324	-4	7,277	6,486	-9
Operating profit	-83	355	N/M	11	692	N/M
% of revenues	-2.4	10.7		0.2	10.7	
Adjusted operating profit ¹⁾	248	394	59	388	749	93
% of revenues	7.1	11.8		5.3	11.5	
Return on capital employed, % ²⁾	-2.5	11.8		4.2	9.7	
Number of employees ³⁾	5,193	5,283	2	5,193	5,283	2

* Change at fixed exchange rates for comparable units.

1) Operating profit adjusted for items affecting comparability of SEK -39 million in Q2 2021 (-331) and SEK -57 million YTD 2021 (-377), primarily related to the internal separation of Sandvik Materials Technology offset by a partial release of structural initiative from 2020. For 2020 it is related to savings measures and the internal separation. 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

SAFETY CAMPAIGNS INITIATED IN THE QUARTER

INCREASE IN GHG EMISSIONS DUE TO HIGHER PRODUCTION LEVELS

DIVERSITY CONTINUED TO IMPROVE



The quarter marked a period with continued focus on making the sustainability shift. Safety campaigns were initiated and we continued to pursue our clean electricity project for example. However, key figures in the quarter met difficult comparisons with same period last year when production activities was significantly lower as a consequence of the pandemic. As operations have now returned to more normal levels, the trend was negative year on year, although the long-term trend is moving in the right direction.

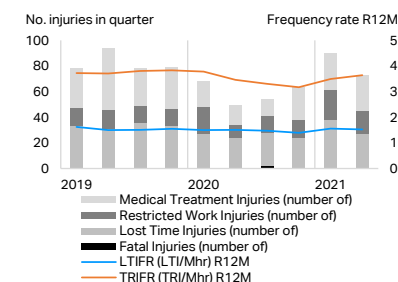
Second quarter 2021

- Injury rates deteriorated during the quarter and the TRIFR was 3.6, up from 3.2 at the end of last year, corresponding to nearly 15% higher injury rate. Compared to a year ago the rate was also slightly higher (3.4)
- Greenhouse gas (GHG) emissions were higher than in the corresponding quarter last year, which was a period impacted by slowdowns caused by the pandemic. When production levels now rise again, we are noting higher emissions. Asia accounted for the main part of the increase, with India in particular standing out, reporting an increase that corresponded to more than 80% of the total increase in the quarter. In Europe and North America, a similar pattern was noted, although with a smaller contribution to the total reported increase
- The share of circular waste amounted to 65% in the quarter, a significant drop compared with a year ago (76). This was mainly related to timing issues due to irregular disposal patterns for some waste types at our largest production unit in Sandviken, Sweden. The total amount of circular waste was almost constant, while the amount of non-circular waste increased
- The share of female managers continued its upwards trend, and at the end of the quarter the ratio was 19.3% compared to 18.5% at the end of last year and 18.3% a year ago

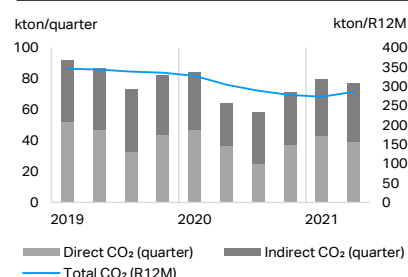
Case of the quarter

Together with their customers, our divisions Rock Tools (within Sandvik Mining and Rock Solutions) and Wolfram (within Sandvik Manufacturing and Machining Solutions) have created a value-adding new ecosystem that brings both sustainability and financial benefits. The initiative consists of a sustainable supply chain for circular mining bits whereby a bespoke chemical recycling process enables the extraction of key minerals, such as tungsten and wolfram carbide, using a locally installed separation unit for mining bits. Sandvik repurchases the used mining bits and uses a local supplier to extract the minerals needed to produce new mining bits, which not only yields increased circularity of raw materials, but also CO₂ and cost reductions, in addition to important local societal and economic impacts resulting from the establishment of new local sustainable businesses. The CO₂ reductions are achieved in transportation and the production of new mining bits.

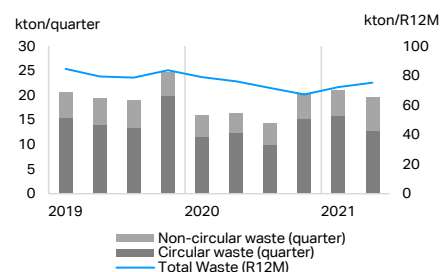
PEOPLE - ZERO HARM



CLIMATE - CO₂ EMISSIONS

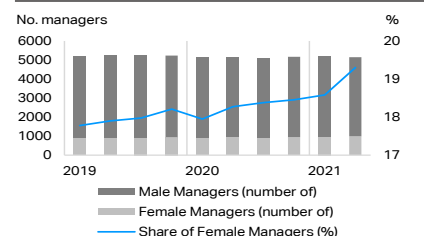


CIRCULARITY - WASTE*



*) Excluding tailings and slag

FAIR PLAY - DIVERSITY



SUSTAINABILITY OVERVIEW		Q2 2020	Q2 2021	CHANGE %	Rolling 12 months
Circularity	Total waste, thousand tonnes*	16	19	18.4	75
Circularity	Waste recovered, % of total	76	65	-3	71.6
Climate	Total CO ₂ , thousand tonnes*	64	77	2.9	286
People	Total recordable injury frequency rate, R12M frequency / million working hours	3.5	3.6	14.7	3.6
People	Lost time injury frequency rate, R12M frequency / million working hours	1.5	1.5	8.9	1.5
Fair play	Share of female managers, %	18.3	19.3	4.6	19.3

* Excluding tailings and slag to other disposal
For definitions see [home.sandvik](https://www.sandvik.com)

PARENT COMPANY

The parent company's invoiced sales for the first six months of 2021 amounted to SEK 6,414 million (5,241) and the operating result was SEK 2,643 million (2,075). Result from shares in Group companies of SEK -772 million (-1,776) primarily consists of result from disposal of intragroup shares to establish

the legal structure of SMT offset by dividends. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 14,203 million (8,068). Investments in property, plant and machinery amounted to SEK 351 million (161).

FIRST SIX MONTHS 2021

For the first six months of 2021, demand for Sandvik's products increased compared to the same period in the preceding year, with organic order intake growth of 26%. Excluding the impact of large orders, organic order intake growth was 27%. Revenues increased organically by 11%.

Underlying customer activity increased in most of the segments with an strong underlying demand in the mining and construction segments. Demand in the aerospace and energy segments remained subdued during the period, but positive signs of improvement was noted, while demand in both general engineering and automotive increased. Organic order intake grew at a double digit rate in all regions. Changed exchange rates had a negative impact of -8% and -7% on order intake and revenues, respectively. Sandvik's order intake amounted to SEK 51,704 million (44,327), and revenues were SEK 45,151 million (43,851), implying a book-to-bill ratio of 115%.

Adjusted operating profit increased by 32% year on year to SEK 8,639 million (6,565) and the adjusted operating margin was 19.1% (14.0).

The reported operating profit increased by 111% to SEK 9,010 million (4,270) and the operating margin was 20.0% (9.7). Changed metal prices had a positive impact of SEK 169 million (-277) in the period.

Net financial items amounted to SEK -368 million (-396) and profit after financial items was SEK 8,642 million (3,874).

The tax rate, excluding items affecting comparability, for continuing operations was 21.8% (21.6). The reported tax rate for continuing operations was 22.5% (24.3) and 22.5% (24.4) for the Group in total.

Profit for the period amounted to SEK 6,700 million (2,933) for continuing operations and SEK 6,693 million (2,917) for the Group total. Earnings per share for continuing operations amounted to SEK 5.34 (2.35) while earnings per share for the Group total amounted to SEK 5.33 (2.34).

Net debt decreased year-on-year to SEK 3.9 billion (7.0) resulting in a net debt to equity ratio of 0.06 (0.11).

During the first six months two acquisitions were announced, screens and feeders manufacturer Kwatani and rock tools supplier Tricon.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE LAST 12 MONTHS

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
2020				
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

FIRST SIX MONTHS

- On January 15, Sandvik Manufacturing and Machining Solutions announced that it had acquired a minority stake in Oqton, a leading provider of AI-powered manufacturing solutions.
- On May 7, Sandvik Rock Processing Solutions announced the acquisition of Kwatani, a leading supplier of screens and feeders for the mining industry. The transaction is expected to close during Q4 2021.
- On June 23, Sandvik Mining and Rock Solutions announced the acquisition of Tricon, a supplier of rock tools for the mining industry. The transaction is expected to close during Q3 2021.
- On June 30, Sandvik Mining and Rock Solutions announced it had received orders for battery-electric mining vehicles (BEVs) amounting to about SEK 140 million in June, marking Sandvik's highest ever order intake for mining BEVs in a single month.

AFTER THE SECOND QUARTER

- On July 1, Sandvik Manufacturing and Machining Solutions announced the acquisition of Cambrio, a leading company with an end-to-end portfolio in CAD/CAM software. The transaction is expected to close during the second half of 2021.

- On July 7, Sandvik Mining and Rock Solutions announced the completion of the acquisition of DSI Underground. In 2020, DSI Underground had revenues of about EUR 516 million (excluding the four joint ventures included in the acquisition) and around 2,000 employees. The purchase price is approximately EUR 943 million on a cash and debt free basis.

On July 8, it was announced that Christophe Sut has been appointed as President of the Sandvik Manufacturing Solutions Business Area segment and a new member of the Sandvik Group Executive Management, effective no later than 1 January 2022.

- On July 12, Sandvik Manufacturing and Machining Solutions announced the acquisition of DWFritz Automation Inc., a leading global provider of precision metrology, inspection and assembly solutions for advanced manufacturing. The transaction is expected to close during the second half of 2021.

- On July 15, Sandvik Machining Solutions within business area Sandvik Manufacturing and Machining Solutions announced the acquisition of Fabryka Narzędzi FANAR S.A. (Fanar). The transaction is expected to close during the fourth quarter of 2021.

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 June 2021, it is estimated that transaction and translation currency effects will have an impact of about SEK -50 million on operating profit for the third 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 June 2021, it is estimated that there will be an impact of about SEK +200 million on operating profit in Sandvik Materials Technology for the third 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% through a business cycle.

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.

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.

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 June 30, 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 second quarter noted a strong year on year increase in both order intake and revenues, explained by easier comparables as the second quarter last year was heavily impacted by the pandemic. Sequentially, the demand remained on par with the first quarter, indicating an underlying solid demand. With the general business environment improving with higher demand and hence higher market activities as a consequence, imbalances in the global supply chain has to a certain extent had an impact on Sandvik's operations. Furthermore, despite an improved covid situation, risks and uncertainties connected to the pandemic do remain and are monitored closely by Sandvik. Sandvik is also continuously following up on risks related to the Covid-19 pandemic and take necessary measures to protect employees, and other stakeholders.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q2 2020	Q2 2021	CHANGE %	Q1-Q2 2020	Q1-Q2 2021	CHANGE %
<i>Continuing operations</i>						
Revenues	20,230	23,460	16	43,851	45,151	3
Cost of goods sold	-13,634	-13,615	0	-28,068	-26,241	-7
Gross profit	6,597	9,845	49	15,783	18,910	20
% of revenues	32.6	42.0		36.0	41.9	
Selling expenses	-2,496	-2,865	15	-5,695	-5,509	-3
Administrative expenses	-1,374	-1,207	-12	-2,967	-2,630	-11
Research and development costs	-819	-912	11	-1,734	-1,753	1
Other operating income and expenses	-400	-107	-73	-1,117	-7	-99
Operating profit	1,508	4,754	N/M	4,270	9,010	N/M
% of revenues	7.5	20.3		9.7	20.0	
Financial income	83	164	96	357	264	-26
Financial expenses	-63	-261	N/M	-754	-632	-16
Net financial items	20	-97	N/M	-396	-368	-7
Profit after net financial items	1,528	4,657	N/M	3,874	8,642	N/M
% of revenues	7.6	19.9		8.8	19.1	
Income tax	-430	-1,143	N/M	-941	-1,943	N/M
Profit for the period, continuing operations	1,098	3,514	N/M	2,933	6,700	N/M
% of revenues	5.4	15.0		6.7	14.8	
Loss for the period, discontinued operations	-4	-3	-28	-16	-6	-62
Profit for the period, Group total	1,094	3,511	N/M	2,917	6,693	N/M
<i>Profit (loss) for the period attributable to</i>						
Owners of the parent company	1,101	3,513		2,930	6,690	
Non-controlling interest	-7	3		-13	3	
Earnings per share, SEK						
Continuing operations, basic	0.88	2.80	N/M	2.35	5.34	N/M
Continuing operations, diluted	0.88	2.80	N/M	2.35	5.33	N/M
Group total, basic	0.88	2.80	N/M	2.34	5.33	N/M
Group total, diluted	0.88	2.80	N/M	2.33	5.33	N/M
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit (loss)</i>						
Actuarial gains (losses) on defined benefit pension plans	1,687	758		169	2,963	
Tax relating to items that will not be reclassified	-366	-162		-34	-623	
Total items that will not be reclassified to profit (loss)	1,321	596		135	2,340	
<i>Items that will be reclassified subsequently to profit (loss)</i>						
Foreign currency translation differences	-2,943	-632		-881	1,673	
Cash flow hedges	7	12		8	24	
Tax relating to items that may be reclassified	-3	-2		-3	-6	
Total items that may be reclassified subsequently to profit (loss)	-2,939	-623		-876	1,691	
Total other comprehensive income	-1,618	-26		-741	4,031	
Total comprehensive income	-524	3,485		2,176	10,724	
<i>Total comprehensive income attributable to</i>						
Owners of the parent company	-517	3,481		2,189	10,720	
Non-controlling interest	-7	3		-13	4	

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

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	DEC 31, 2020	JUN 30, 2020	JUN 30, 2021
Intangible assets	21,004	19,289	21,136
Property, plant and equipment	23,975	25,048	24,087
Right-of-use assets	2,891	3,083	3,245
Financial assets	7,285	7,342	7,953
Inventories	21,473	24,780	24,662
Current receivables	18,387	19,548	21,968
Cash and cash equivalents	23,752	18,952	17,251
Assets held for sale	361	152	203
Total assets	119,128	118,192	120,506
Total equity	65,082	64,241	67,707
Non-current interest-bearing liabilities	22,358	22,648	19,033
Non-current non-interest-bearing liabilities	3,741	3,802	3,896
Current interest bearing liabilities	4,352	3,755	3,163
Current non-interest-bearing liabilities	23,424	23,568	26,537
Liabilities related to assets held for sale	171	178	169
Total equity and liabilities	119,128	118,192	120,506
Group total			
Net working capital ¹⁾	20,096	24,491	22,878
Loans	14,900	15,450	12,297
Non-controlling interests in total equity	1	2	5

1) Total inventories, trade receivables, accounts payable and other current non-interest bearing receivables and liabilities, excluding tax assets and liabilities

NET DEBT

MSEK	DEC 31, 2020	JUN 30, 2020	JUN 30, 2021
Interest-bearing liabilities excluding pension liabilities and leases	14,923	15,467	12,314
Less cash and cash equivalents	-23,752	-18,952	-17,251
Financial net cash	-8,829	-3,485	-4,937
Net pensions liabilities	8,509	7,314	5,484
Leases	2,965	3,157	3,338
Net debt	2,645	6,986	3,885
Net debt to equity ratio	0.04	0.11	0.06

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
Share based 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	0	0	0
Total comprehensive income for the period	10,720	4	10,724
Share based program	41	0	41
Dividends	-8,140	-	-8,140
Closing equity June 30, 2021	67,703	5	67,707

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

THE GROUP

CASH FLOW STATEMENT

MSEK	Q2 2020	Q2 2021	Q1-Q2 2020	Q1-Q2 2021
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after net financial items	1,528	4,657	3,874	8,642
Adjustment for depreciation, amortization and impairment losses	1,637	1,355	3,108	2,687
Other adjustments for non-cash items	583	-443	1,491	-541
Payment to pension fund	-81	-95	-273	-204
Income tax paid	-614	-1,136	-1,642	-2,161
Cash flow from operating activities before changes in working capital	3,053¹⁾	4,338	6,558¹⁾	8,423
<i>Changes in working capital</i>				
Change in inventories	267	-1,299	-863	-2,630
Change in operating receivables	2,284	-1,363	1,061	-2,773
Change in operating liabilities	-2,640	1,510	-984	3,095
Cash flow from changes in working capital	-89	-1,152	-786	-2,308
Investments in rental equipment	-307	-313	-436	-498
Proceeds from sale of rental equipment	122	74	157	118
Cash flow from operating activities, net	2,780¹⁾	2,948	5,494¹⁾	5,735
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-132	4	-221	7
Proceeds from sale of companies and shares, net of cash disposed	32	374	799	385
Acquisitions of tangible assets	-719	-570	-1,317	-1,104
Proceeds from sale of tangible assets	111	41	235	64
Acquisitions of intangible assets	-100	-154	-215	-301
Other investments, net	-37	-60	-29	-72
Cash flow from investing activities, net	-846	-364	-747	-1,021
<i>Cash flow from financing activities</i>				
Repayment of borrowings	-137	-19	-2,184	-2,746
Proceeds from borrowings	145	16	162	24
Amortization, lease liabilities	-231	-263	-481	-516
Dividends paid	-	-8,140	-	-8,140
Cash flow from financing activities, net	-223¹⁾	-8,406	-2,503¹⁾	-11,378
Total cash flow from continuing operations	1,711	-5,823	2,244	-6,664
Total cash flow from discontinued operations	-54	-10	-60	-14
Cash flow for the period, Group total	1,657	-5,833	2,184	-6,678
Cash and cash equivalents at beginning of the period	17,469	23,137	16,987	23,752
Foreign exchange rate differences in cash and cash equivalents	-175	-53	-219	177
Cash and cash equivalents at the end of the period	18,952	17,251	18,952	17,251
<i>Group Total</i>				
Cash flow from operations	2,725	2,940	5,433	5,723
Cash flow from investing activities	-845	-366	-746	-1,023
Cash flow from financing activities	-223	-8,406	-2,503	-11,378
Group total cash flow	1,657	-5,833	2,184	-6,678

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

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

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q2 2020	Q2 2021	Q1-Q2 2020	Q1-Q2 2021
Revenues	2,227	3,300	5,241	6,414
Cost of sales and services	-500	-825	-849	-1,506
Gross profit	1,727	2,475	4,392	4,908
Selling expenses	-236	-229	-508	-435
Administrative expenses	-342	-421	-804	-761
Research and development costs	-312	-354	-633	-680
Other operating income and expenses	-263	-222	-372	-389
Operating profit	574	1,249	2,075	2,643
Result from shares in group companies	-12	-814	-1,766	-772
Interest income/expenses and similar items	-32	-113	-71	-77
Profit after net financial items	530	322	238	1,794
Appropriations	398	-9	2,559	-44
Income tax expenses	-187	-333	-525	-537
Profit for the period	741	-20	2,272	1,213

BALANCE SHEET

MSEK	DEC 31, 2020	JUN 30, 2020	JUN 30, 2021
Intangible assets	39	57	170
Property, plant and equipment	3,219	3,183	3,232
Financial assets	54,107	54,492	51,818
Inventories	676	806	729
Current receivables	6,294	4,269	5,179
Cash and cash equivalents	-	-	0
Total assets	64,335	62,807	61,128
Total equity	37,731	37,132	30,846
Untaxed reserves	937	663	982
Provisions	750	593	606
Non-current interest-bearing liabilities	11,346	12,461	9,936
Non-current non-interest-bearing liabilities	123	154	97
Current interest-bearing liabilities	10,466	8,060	15,873
Current non-interest-bearing liabilities	2,982	3,744	2,788
Total equity and liabilities	64,335	62,807	61,128
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	7,057	8,068	14,203
Investments in fixed assets	430	161	351

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE BY REGION

MSEK	Q2 2021	CHANGE *		SHARE	Q1-Q2 2021	CHANGE *		SHARE
		%	% ¹⁾	%		%	% ¹⁾	%
THE GROUP								
Europe	9,451	63	63	37	18,406	24	28	36
North America	5,554	49	49	21	10,878	23	24	21
South America	1,337	88	88	5	2,691	50	50	5
Africa/Middle East	2,133	15	34	8	4,620	22	31	9
Asia	5,347	34	28	21	10,847	30	24	21
Australia	2,036	1	22	8	4,262	17	16	8
Total Continuing Operations ²⁾	25,857	43	47	100	51,704	26	27	100
SANDVIK MINING AND ROCK SOLUTIONS**								
Europe	1,440	50	50	14	2,562	40	40	12
North America	2,219	39	39	21	4,377	37	37	21
South America	877	93	93	8	1,777	60	60	9
Africa/Middle East	1,825	15	37	18	4,005	27	38	19
Asia	2,228	46	30	21	4,328	40	25	21
Australia	1,809	-3	19	17	3,818	15	14	18
Total ²⁾	10,399	31	38	100	20,868	33	32	100
SANDVIK ROCK PROCESSING SOLUTIONS**								
Europe	684	67	67	32	1,361	49	49	30
North America	471	70	70	22	1,028	24	24	23
South America	159	28	28	7	325	30	30	7
Africa/Middle East	163	27	27	8	352	3	3	8
Asia	533	68	68	25	1,167	71	71	26
Australia	137	88	88	6	273	63	63	6
Total	2,147	61	61	100	4,505	42	42	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS								
Europe	5,088	50	50	55	10,283	20	20	55
North America	1,989	48	48	21	3,901	13	13	21
South America	199	118	118	2	375	69	69	2
Africa/Middle East	71	58	58	1	142	8	8	1
Asia	1,856	23	23	20	3,820	14	14	20
Australia	67	4	4	1	128	0	0	1
Total	9,270	44	44	100	18,649	18	18	100
SANDVIK MATERIALS TECHNOLOGY								
Europe	2,238	117	117	55	4,199	17	40	55
North America	875	73	73	22	1,572	17	24	20
South America	101	151	151	3	214	-0	-0	3
Africa/Middle East	73	-21	-21	2	121	-14	-14	2
Asia	730	16	16	18	1,532	26	26	20
Australia	23	166	166	1	43	65	65	1
Total	4,041	74	74	100	7,681	18	31	100

*At fixed exchange rates for comparable units compared with the year-earlier period. ** Last years figures has been restated due to the new BA structure as of January 1, 2021.

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 Q2 of SEK 193 million and for the first six months SEK 383 million recognized according to IFRS 16.

REVENUES BY REGION

MSEK	Q2 2021	CHANGE*, %	SHARE %	Q1-Q2 2021	CHANGE*, %	SHARE %
THE GROUP						
Europe	8 276	19	35	16 034	5	36
North America	5 082	23	22	9 603	5	21
South America	1 125	51	5	2 191	29	5
Africa/Middle East	2 185	29	9	4 306	24	10
Asia	4 768	21	20	9 276	19	21
Australia	2 025	9	9	3 741	3	8
Total Continuing Operations	23 460	22	100	45 151	11	100
Discontinued Operations	0	0	0	0	0	0
Group total ¹⁾	23 460	22	100	45 151	11	100
SANDVIK MINING AND ROCK SOLUTIONS**						
Europe	1 014	-6	11	1 765	-10	10
North America	1 947	34	21	3 562	19	21
South America	726	64	8	1 417	33	8
Africa/Middle East	1 872	27	21	3 690	25	22
Asia	1 696	21	19	3 305	20	19
Australia	1 835	10	20	3 370	3	20
Total ¹⁾	9 090	21	100	17 109	15	100
SANDVIK ROCK PROCESSING SOLUTIONS**						
Europe	581	20	30	1 140	16	31
North America	482	30	25	842	29	23
South America	153	46	8	289	15	8
Africa/Middle East	178	42	9	350	30	9
Asia	468	40	24	866	40	23
Australia	102	-11	5	203	7	6
Total	1 964	29	100	3 691	25	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS						
Europe	4 985	37	55	9 844	14	55
North America	1 931	39	21	3 697	7	21
South America	189	112	2	364	57	2
Africa/Middle East	70	40	1	139	6	1
Asia	1 841	14	20	3 696	10	21
Australia	67	7	1	126	2	1
Total	9 083	33	100	17 865	13	100
SANDVIK MATERIALS TECHNOLOGY						
Europe	1 697	-6	51	3 285	-11	51
North America	722	-20	22	1 502	-26	23
South America	57	-48	2	120	-22	2
Africa/Middle East	64	37	2	128	11	2
Asia	762	34	23	1 409	32	22
Australia	22	17	1	42	32	1
Total	3 324	-4	100	6 486	-9	100

* At fixed exchange rates for comparable units compared with the year-earlier period. ** Last years figures has been restated due to the new BA structure as of January 1, 2021.

1) Includes rental fleet revenues in Q2 of SEK 231 million and for the first six months SEK 402 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	Q2 2021	CHANGE	
								%	% *
Sandvik Mining and Rock Solutions**	8,598	8,400	8,519	9,314	34,832	10,469	10,399	24	31
Sandvik Rock Processing Solutions**	1,973	1,373	1,614	1,612	6,571	2,358	2,147	56	61
Sandvik Manufacturing and Machining Solutions	10,124	6,821	7,298	8,434	32,677	9,379	9,270	36	44
Sandvik Materials Technology	4,365	2,377	2,477	2,691	11,910	3,641	4,041	70	74
Other Operations	297	0	–	0	297	–	–	0	0
Continuing operations	25,356	18,971	19,909	22,051	86,287	25,847	25,857	36	43
Discontinued operations	0	0	0	1	1	0	1	0	0
Group Total ¹⁾	25,356	18,971	19,909	22,052	86,288	25,847	25,858	36	43

REVENUES BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021	CHANGE	
								%	% *
Sandvik Mining and Rock Solutions**	8,244	7,899	8,399	9,031	33,572	8,019	9,090	15	21
Sandvik Rock Processing Solutions**	1,531	1,590	1,536	1,802	6,459	1,727	1,964	23	29
Sandvik Manufacturing and Machining Solutions	9,766	7,247	7,325	8,139	32,477	8,782	9,083	25	33
Sandvik Materials Technology	3,782	3,495	2,886	3,436	13,598	3,162	3,324	-5	-4
Other Operations	297	0	0	0	297	–	–	0	0
Continuing operations	23,620	20,230	20,145	22,408	86,404	21,691	23,460	16	22
Discontinued operations	2	-1	0	4	6	2	1	N/M	N/M
Group Total ¹⁾	23,623	20,229	20,146	22,412	86,409	21,693	23,461	16	22

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021	CHANGE	
								%	% *
Sandvik Mining and Rock Solutions**	1,453	934	1,820	2,192	6,400	1,644	1,827		96
Sandvik Rock Processing Solutions**	208	232	263	288	990	283	334		44
Sandvik Manufacturing and Machining Solutions	1,690	645	1,377	894	4,606	2,012	2,096		N/M
Sandvik Materials Technology	94	-83	110	371	492	336	355		N/M
Group activities	-168	-178	-89	-258	-694	-19	142		N/M
Other Operations	-515	-42	-22	0	-578	0	0		N/M
Continuing operations	2,762	1,508	3,459	3,487	11,216	4,256	4,754		N/M
Discontinued operations	-12	-4	-3	-13	-32	-3	-3		-28
Group Total ¹⁾	2,750	1,504	3,456	3,474	11,184	4,253	4,751		N/M

OPERATING MARGIN BY BUSINESS AREA

%	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021		
Sandvik Mining and Rock Solutions**	17.6	11.8	21.7	24.3	19.1	20.5	20.1		
Sandvik Rock Processing Solutions**	13.6	14.6	17.1	16.0	15.3	16.4	17.0		
Sandvik Manufacturing and Machining Solutions	17.3	8.9	18.8	11.0	14.2	22.9	23.1		
Sandvik Materials Technology	2.5	-2.4	3.8	10.8	3.6	10.6	10.7		
Other Operations	N/M	N/M	N/M	N/M	N/M	N/M	N/M		
Continuing operations	11.7	7.5	17.2	15.6	13.0	19.6	20.3		
Discontinued operations	N/M	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	20.2		

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

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	Q2 2021	CHANGE %
Sandvik Mining and Rock Solutions*	1,453	1,601	1,820	2,011	6,885	1,644	1,827	14
Sandvik Rock Processing Solutions*	208	232	263	335	1,038	283	334	44
Sandvik Manufacturing and Machining Solutions	2,054	927	1,377	1,742	6,100	2,013	2,097	N/M
Sandvik Materials Technology	139	248	116	528	1,032	355	394	59
Group activities	-138	-129	-82	-112	-461	-124	-182	42
Other Operations	11	-42	0	-	-31	-	0	N/M
Continuing operations	3,728	2,837	3,494	4,505	14,563	4,170	4,469	58
Discontinued operations	-12	-4	-3	-13	-32	-3	-3	-28
Group Total ¹⁾	2,750	1,504	3,456	3,474	11,184	4,253	4,751	N/M

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021
Sandvik Mining and Rock Solutions*	17.6	20.3	21.7	22.3	20.5	20.5	20.1
Sandvik Rock Processing Solutions*	13.6	14.6	17.1	18.6	16.1	16.4	17.0
Sandvik Manufacturing and Machining Solutions	21.0	12.8	18.8	21.4	18.8	22.9	23.1
Sandvik Materials Technology	3.7	7.1	4.0	15.4	7.6	11.2	11.8
Other Operations	3.8	N/M	N/M	N/M	-10.4	N/M	N/M
Continuing operations	15.8	14.0	17.3	20.1	16.9	19.2	19.1
Discontinued operations	N/M	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	19.0

ITEMS AFFECTING COMPARABILITY ON OPERATING PROFIT

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021
Sandvik Mining and Rock Solutions*	-	-667	0	182	-485	-	-
Sandvik Rock Processing Solutions*	-	-	-	-48	-48	-	-
Sandvik Manufacturing and Machining Solutions	-364	-282	-	-848	-1,494	0	-1
Sandvik Materials Technology	-45	-331	-6	-157	-540	-19	-39
Group activities	-30	-49	-7	-146	-233	105	324
Other Operations	-526	-	-21	-	-547	-	-
Continuing operations	-965	-1,329	-35	-1,018	-3,347	86	285
Discontinued operations	-	-	-	-	-	-	-
Group Total	-965	-1,329	-35	-1,018	-3,347	86	285

* Last years figures has been restated due to the new BA structure as of January 1, 2021.

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

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 (SMM) 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 (SMT), out of which SEK -45 million in SMT 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 SMT of SEK -24 million and a capital gain of SEK 29 million in SMT.

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 SMT 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 (SMR) and costs related to the separation of SMT of SEK -7 million.

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

Q2 2021 - Sandvik reported items affecting comparability of SEK 285 million, comprising of a positive impact from closure of a pension plan in US of SEK 343 million and a release of SEK 39 million related to a structural initiative during 2020 in SMT, offset by costs related to the separation of SMT of SEK -97 in total.

ITEMS AFFECTING COMPARABILITY ON NET FINANCIAL ITEMS

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 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

Q2 2020	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-430	28.1	263	19.8	-693	24.3
Discontinued operations	–	–	–	–	–	–
Group total	-430	28.2	263	19.8	-693	24.3

Q2 2021	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-1,143	24.5	-145	50.9	-998	22.8
Discontinued operations	–	–	–	–	–	–
Group total	-1,143	24.6	-145	50.9	-998	22.8

NET WORKING CAPITAL & CAPITAL EMPLOYED

MSEK	DEC 31, 2020	JUN 30, 2020	JUN 30, 2021
Inventories	21,718	24,780	24,743
Trade receivables	12,369	12,934	14,729
Account payables	-7,024	-6,495	-8,579
Other receivables	3,128	3,725	3,964
Other liabilities	-9,862	-10,453	-11,908
Net working capital	20,330	24,491	22,949
Tangible assets	23,975	25,048	24,087
Intangible assets	21,006	19,289	21,137
Other assets (incl. cash and cash equivalents)	74,032	73,703	75,161
Other liabilities	-27,184	-27,370	-30,449
Capital employed	91,830	90,670	89,936

KEY FIGURES

CONTINUING OPERATIONS	Q2 2020	Q2 2021	Q1-Q4 2020
Tax rate, %	28.1	24.5	22.3
Return on capital employed, % ^{1,2)}	6.9	21.3	13.3
Return on total equity, % ¹⁾	6.8	20.1	13.6
Return on total capital, % ¹⁾	5.3	16.1	10.2
Shareholders' equity per share, SEK	51.2	54.0	51.9
Net debt/equity ratio	0.11	0.06	0.04
Net debt/EBITDA	0.72	0.14	0.41
Equity/assets ratio, %	54	56	55
Net working capital, % ^{1,2)}	31.0	24.2	27.5
Earnings per share, basic, SEK	0.88	2.80	6.99
Earnings per share, diluted, SEK	0.88	2.80	6.98
EBITDA, MSEK	3,146	6,109	17,180
Cash flow from operations, MSEK	2,780	2,948	15,414
Funds from operations (FFO), MSEK	3,053	4,338	14,063
Interest coverage ratio, %	4,828	1,662	1,497
Number of employees ³⁾	34,174	38,995	37,122

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. **2)** 12-month rolling 2Q 2021 ROCE reported at 18.5% (9.3%) and NWC % reported at 25.9 (27.5). **3)** Full-time equivalent.

GROUP TOTAL	Q2 2020	Q2 2021	Q1-Q4 2020
Tax rate, %	28.2	24.6	22.4
Return on capital employed, % ^{1,2)}	6.9	21.2	13.3
Return on total equity, % ¹⁾	6.8	20.1	13.6
Return on total capital, % ¹⁾	5.2	16.0	10.1
Shareholders' equity per share, SEK	51.2	54.0	51.9
Net debt/equity ratio	0.11	0.06	0.04
Net debt/EBITDA	0.72	0.14	0.41
Equity/assets ratio, %	54	56	55
Net working capital, % ^{1,2)}	31.1	24.2	27.5
Earnings per share, basic, SEK	0.88	2.80	6.96
Earnings per share diluted, SEK	0.88	2.80	6.95
EBITDA, MSEK	3,141	6,106	17,149
Cash flow from operations, MSEK	2,725	2,940	15,347
Funds from operations (FFO), MSEK	2,982	4,330	13,935
Interest coverage ratio, %	4,714	1,658	906
Number of employees ³⁾	34,179	38,994	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)	1,256,213	1,255,882	1,256,055

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. **2)** 12-month rolling 2Q 2021 ROCE reported at 18.5% (9.1%) and NWC % reported at 25.9 (27.6). **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 operating profit, profit after net financial items and earnings per share adjusted for IAC. IAC includes capital gains and losses from divestments and larger restructuring initiatives, impairments, capital gains and losses from divestments of financial assets as well as other material items having a significant impact on the comparability.

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.

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 July 16, 2021
Sandvik Aktiebolag (publ)

Johan Molin
Chairman of the Board

Jennifer Allerton
Board member

Claes Boustedt
Board member

Marika Fredriksson
Board member

Tomas Kärnström
Board member

Thomas Lilja
Board member

Andreas Nordbrandt
Board member

Helena Stjernholm
Board member

Kai Wärn
Board member

Stefan Widing
President and CEO
Board member

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

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 11.30 CEST on July 16, 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 July 16, 2021 at 13.00 CEST.

Information is available at home.sandvik.ir

CALENDAR

October 18, 2021	Report, third quarter 2021
January 19, 2022	Report, fourth quarter 2021
April 20, 2022	Report, first quarter 2022
July 15, 2022	Report, second quarter 2022
October 17, 2022	Report, third quarter 2022

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