

Adapting to mixed demand



CEO's comment:



Olof Faxander

“Demand in the first quarter showed some signs of improvement for parts of Sandvik’s customer segments, compared with the weaker level noted in the second half of 2012. Order intake increased sequentially to 22.3 billion SEK, thereby exceed-

ing invoiced sales, which amounted to 22.1 billion SEK. Sandvik’s business areas generally reported stable or slightly improved market conditions, apart from Sandvik Mining, which continued to be affected by weaker demand and uncertainty from the mining industry. Therefore we continue to carefully manage production rates, workforce and investment levels,” says Sandvik’s President and CEO Olof Faxander.

“Inventories were reduced by 400 million SEK, marking the third consecutive quarter in which the production rate was maintained below sales. The lower production levels, combined with significant adverse currency effects and nonrecurring charges, negatively impacted first-quarter earnings. This was particularly evident for Sandvik Machining Solutions. Adjusted operating profit totaled 2.7 billion SEK, or 12.2% of invoiced sales.”

“In line with our strategy, efforts to continuously rationalize our supply chain, manufacturing footprint and supporting functions will continue throughout the Group over the course of the coming years. Simplified and more efficient ways of working will improve our company in the long term. In keeping with this mindset, it was decided to consolidate production units in Diamond Innovations to build stronger and more customer-focused operations.”

Financial overview, MSEK	Q1 2013	Q1 2012	Change %	Q1-4 2012
Order intake ¹⁾	22 339	28 894	-18	97 948
Invoiced sales ¹⁾	22 098	24 838	-5	98 529
Gross profit	7 570	9 267	-18	34 703
% of invoiced sales	34.3	37.3		35.2
Operating profit	2 557	3 819	-33	13 490
% of invoiced sales	11.6	15.4		13.7
Adjusted operating profit ²⁾	2 697	3 819	-29	14 747
% of invoiced sales ²⁾	12.2	15.4		15.0
Profit after financial items	2 078	3 371	-38	11 516
% of invoiced sales	9.4	13.6		11.7
Profit for the period	1 477	2 505	-41	8 107
% of invoiced sales	6.7	10.1		8.2
of which shareholders' interest	1 476	2 500	-41	8 105
Earnings per share, SEK ³⁾	1.18	2.05		6.51
Return on capital employed, % ⁴⁾	17.6	16.6		19.8
Cash flow from operations	+2 207	+1 099	+101	+11 892
Number of employees	48 018	48 939	-2	48 742

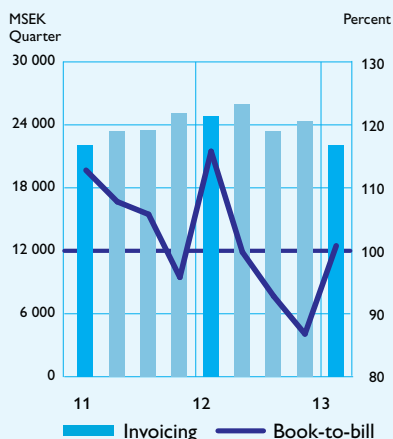
1) Change from the previous year at fixed exchange rates for comparable units.

2) Operating profit adjusted for nonrecurring charges: by about 140 million SEK for Q1 2013 and about 1,200 million SEK for full-year 2012.

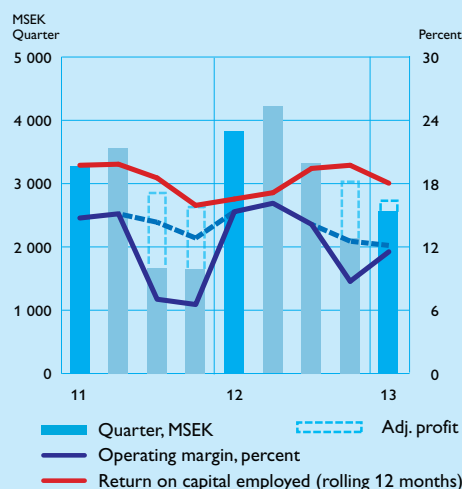
3) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact during the period.

4) Rolling 12 months.

Invoiced sales and book-to-bill



Operating profit and return



Global demand for Sandvik's products displayed a mixed trend during the first quarter. Some segments showed signs of an improvement in demand, most notably the oil/gas sector and construction, while business conditions in the aerospace and process industries remained favorable. The mining industry weakened further. Order intake amounted to 22.3 billion SEK, an increase of 9% compared with the preceding quarter at fixed exchange rates. Invoicing for the quarter totaled 22.1 billion SEK, a decline of 7% compared with the preceding quarter at fixed exchange rates for comparable units.

Earnings were negatively impacted by changed exchange rates and continued low production levels and operating profit thus amounted to 2,557 million SEK or 11.6% of invoiced sales. Return on capital employed was 17.6% (16.6) for the most recent 12-month period.

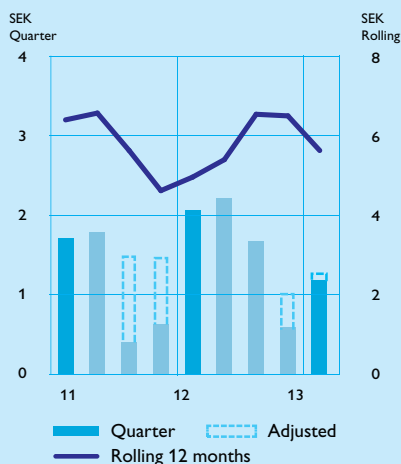
The business climate in which Sandvik operates varied

among customer segments and regions. North America continued to perform favorably driven by generally strong demand. The southern hemisphere, which is an increasingly important region in terms of Sandvik's success, was negatively affected by the current weak demand in the mining industry. While demand in Asia improved somewhat in the general engineering, construction and automotive segments, this was more than offset by lower demand from predominantly the coal and iron ore mining business. Business conditions improved somewhat for Sandvik Machining Solutions, with continued high activity in the aerospace industry. Having experienced challenging market conditions for many quarters, Sandvik Materials Technology and Sandvik Construction noted an improvement in demand, mainly in Asia and North America. The book-to-bill ratio returned to positive in the first quarter for all business areas except for Sandvik Mining. Changed exchange rates impacted order intake and invoiced sales by -6%, respectively.

Earnings were significantly impacted in the amount of -350 million SEK due to changed exchange rates, the bulk of which was attributable to the SEK strengthening against the EUR, USD and ZAR. An unfavorable metal price trend and nonrecurring items had an impact of -36 million SEK and -140 million SEK, respectively, on operating profit, which amounted to 2,557 million SEK or 11.6% of invoiced sales. The improvement measures announced earlier are being implemented according to plan, while the financial effects will be mainly noticeable as the year progresses. In April, it was decided to consolidate Diamond Innovations' two production facilities into one. The consolidation will entail nonrecurring charges in Sandvik Venture of about 200 million SEK to be charged to the second quarter.

Net financial items amounted to -479 million SEK (-448) and earnings per share totaled 1.18 SEK (2.05) for the quarter. Local tax provisions resulted in a temporarily elevated tax rate of 28.9% for the first quarter (25.7).

Earnings per share



Q1 Sandvik Cash flow and balance sheet

Production rates were maintained at a subdued level in order to further reduce inventories. Accounts receivable increased as a result of higher sales towards the end of the quarter which, in combination with a reduction in other liabilities, negatively impacted working capital. The consistent generation of cash flow from operations combined with a temporary decrease in investments further reduced net debt, which amounted to 19.9 billion SEK (21.1 in the preceding quarter).

Sandvik successfully repurchased two outstanding bonds and the favorable conditions in the credit market continued in the first quarter.

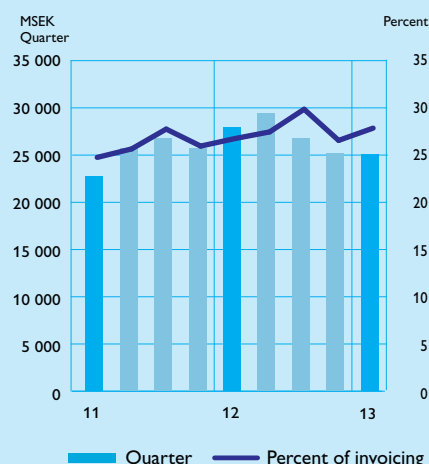
Production rates were maintained below the level of invoiced sales for the third consecutive quarter, resulting in a reduction in inventories. However, this release of working capital was offset by a rise in accounts receivable as sales increased over the course of the quarter. Meanwhile, the weak business conditions for Mining Systems resulted in a decrease in prepayments. Net working capital as a percentage of invoiced sales thus increased to 28%, compared with 27% in both the year-earlier period and in the preceding quarter. Cash flow from operations amounted to +2,207 million SEK (+1,099).

The slight decrease in total assets compared with the preceding quarter was largely attributable to changed exchange rates. A sizeable loan maturing in February 2014 was moved from non-current to current interest-bearing liabilities, which accordingly increased by 4.5 billion SEK.

Capital expenditure (capex) amounted to 898 million SEK in the first quarter compared with 1,429 million SEK in the preceding quarter. This lower level is due to the timing of investments.

All business areas reduced their workforce during the quarter and the Group currently employs about 700 people less than in the fourth quarter of 2012. Additionally, Sand-

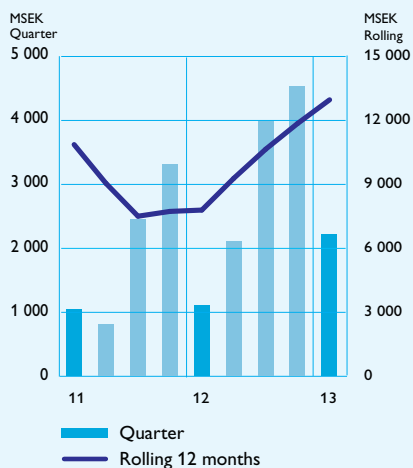
Net working capital



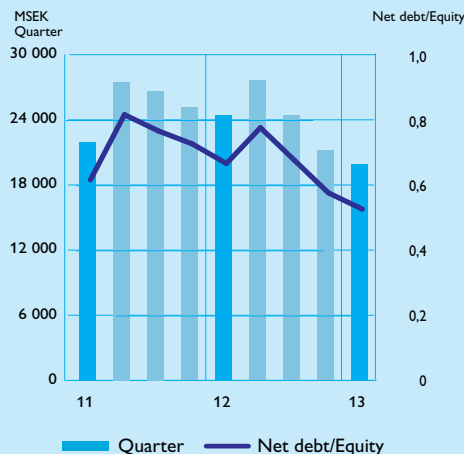
vik has reduced the number of staff hired via third-party contractors compared with the preceding year.

The consistent generation of cash flow further reduced net debt to 19.9 billion SEK (24.4), the lowest level recorded since 2007. Accordingly, the net debt/equity ratio declined to 0.5 compared with 0.6 in the preceding quarter and 0.7 in the year-earlier period. Currently, Sandvik has unutilized and committed long-term credit facilities comprising 650 million EUR and 5 billion SEK. During the quarter, Sandvik decided to capitalize on its strong cash position by repurchasing two outstanding bonds totaling about 1.4 billion SEK. The breakdown of total interest-bearing debt maturities at the end of the first quarter was 78% with a long-term maturity and 22% with a short-term maturity. The credit market remained favorable for a company of Sandvik's size, credit rating and reputation. Sandvik takes advantage of this by obtaining loans with very long maturities at historically low interest rates.

Cash flow from operations



Net debt



New definition of net debt as of 1 Jan 2013, see page 12. Historic values restated accordingly.



Reduced order intake

Improvement measures continued

Continued inventory reductions

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	-30	+3
Structure, %	0	0
Currency, %	-7	-7
Total, %	-35	-4

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

The weak activity in the mining industry noted in the second half of 2012 continued in the first quarter. Demand remained stable for rock tools, parts and services, while orders for new equipment and systems weakened as an effect of lower metal prices. Order intake increased by 3% to 7.7 billion SEK at fixed exchange rates compared with the preceding quarter, but declined excluding major orders. As the order backlog declined, invoiced sales decreased by 13% at fixed exchange rates and amounted to 8.3 billion SEK (9.8 in the preceding quarter). Operating profit amounted to 1,211 million SEK (1,494), yielding an operating margin of 14.6% (17.3).

The program to improve the long-term performance of Sandvik Mining and to align costs with the weak market conditions progressed according to plan.

Although the long-term prospects for the mining industry remain sound, the reduced investment ambitions of several customers in combination with lower metal prices characterized the first quarter. Activity in Africa declined somewhat from high levels due to lower prices for gold and copper. Demand in Australia from coal and iron ore mines remained particularly weak. Demand for rock tools, parts and services remained unchanged compared with preceding quarters, while demand for new equipment declined slightly. Tendering activity remained low for Mining Systems, but a strong backlog provided support for invoiced sales. During the



quarter, Sandvik Mining secured major material handling orders in excess of 950 million SEK from customers in Australia and South America. The anticipated cancellation of a major mining systems order announced earlier did not materialize. The number of order cancellations during the quarter was very limited and bad debt losses were negligible. The conditions in the exploration business remained unchanged at a low level compared with preceding quarters.

Deliveries of equipment declined as the quarter progressed and consequently invoiced sales fell 13% at fixed exchange rates compared with the preceding quarter. The book-to-bill ratio was 92%.

Operating profit amounted to 1,211 million SEK or 14.6% of invoiced sales despite declining sales volumes and low production rates. Changed exchange rates impacted earnings significantly by -140 million SEK compared with the preceding year and -50 million SEK compared with the preceding quarter.

Of invoiced sales, rock tools and consumables accounted for 11% (11), customer services and spare parts for 34% (35) and equipment and mining systems for 35% (36) and 20% (18), respectively. Production rates were lowered resulting in further inventory reductions. Working capital declined in value, but increased as a percentage of invoiced sales. Return on capital employed for the most recent 12-month period was 36.4% (39.4).

Financial overview, MSEK

	Q1 2013	Q1 2012	Change %	Q4 2012	Change %
Order intake	7 683	11 793	-30 *	7 683	+3 *
Invoiced sales	8 313	8 639	+3 *	9 812	-13 *
Operating profit	1 211	1 494	-19	1 203	+1
% of invoiced sales	14.6	17.3		12.3	
Adjusted operating profit**	1 211	1 494	-19	1 373	-12
% of invoiced sales**	14.6	17.3		14.0	
Return on capital employed, %, rolling 12 months	36.4	39.4		38.5	
Number of employees	13 797	13 683	+1	14 054	-2

* At fixed exchange rates for comparable units

** Operating profit adjusted for nonrecurring charges in the fourth quarter 2012

Q1 Sandvik Machining Solutions



Slight increase in market activity

Continued inventory reduction

Dormer transferred from Sandvik Venture as of 1 January

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	-7	-7
Structure, %	0	0
Currency, %	-5	-5
Total, %	-12	-12

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

Market conditions improved slightly for Sandvik Machining Solutions compared with the less favorable situation in the preceding quarter. Order intake and invoiced sales thus increased by 3% and 1%, respectively, at fixed exchange rates compared with the preceding quarter and amounted to 7.1 billion SEK and 7.0 billion SEK. However, compared with the preceding year, order intake, invoiced sales and production rates were lower. Demand remained favorable in North America, while the important Asian and European markets noted unchanged demand compared with preceding quarters. Operating profit was significantly impacted by nonrecurring charges (about -140 million SEK) and changed exchange rates (about -125 million SEK) and amounted to 1,141 million SEK (1,911).

Overall demand improved somewhat during the first quarter as the conditions in the aerospace industry remained highly favorable. Weak conditions for the automotive industry in Europe and parts of Asia were offset by strong performance in North America. Because of the generally favorable demand trend prevailing in the US in recent quarters, its role as Sandvik Machining Solutions largest market has been further strengthened. Business conditions in Europe continued to be affected by the economic difficulties faced by many

countries on the continent. Continued strong demand from the oil and gas sector in Southeast Asia was offset by weak demand in India and Japan. The scenario of low business activity in South America continued, although development varied among segments.

The slight improvement in overall demand was partly offset by fewer working days and low demand at the beginning of the quarter. Production rates were maintained below the sales level thus making a positive contribution to reducing inventory, but this was more than offset by the increase in accounts receivable.

The Dormer product area was transferred from Sandvik Venture as of 1 January. In 2012, Dormer sales amounted to 1,231 million SEK with an operating profit of 115 million SEK and 890 employees at the end of 2012.

Nonrecurring charges adversely affected earnings by approximately 140 million SEK. Furthermore, operating profit was significantly impacted by exchange rate effects (-125 million SEK compared with the preceding year and about -70 million SEK compared with the preceding quarter), low demand and production rates and thus amounted to 1,141 million SEK (1,911), or 16.4% (24.0) of invoiced sales. Return on capital employed for the most recent 12-month period was 27.5% (33.8).



Financial overview, MSEK***

	Q1 2013	Q1 2012	Change %	Q4 2012	Change %
Order intake	7 147	8 094	-7 *	7 146	+3 *
Invoiced sales	6 977	7 956	-7 *	7 152	+1 *
Operating profit	1 141	1 911	-40	1 265	-10
% of invoiced sales	16.4	24.0		17.7	
Adjusted operating profit**	1 281	1 911	-33	1 349	-5
% of invoiced sales**	18.4	24.0		18.9	
Return on capital employed, %, rolling 12 months	27.5	33.8		31.2	
Number of employees	19 031	19 364	-2	19 223	-1

* At fixed exchange rates for comparable units

** Operating profit adjusted for nonrecurring charges in the fourth quarter of 2012, and the first quarter of 2013, respectively

*** Historic data adjusted for the transfer of the Dormer product area from Sandvik Venture

Q1 Sandvik Materials Technology



Business conditions showed signs of improvement

Continued successful turnaround

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	-9	-12
Structure, %	0	0
Currency, %	-4	-3
Total, %	-12	-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.

The strong performance of Sandvik Materials Technology was once again evident in the first quarter as the Step Change turnaround program continued to progress according to plan.

While market activity remained generally low, conditions improved slightly for parts of the business area's product program. Demand from the oil and gas sector improved, contributing to an increase in order intake of 17% compared with the preceding quarter. Invoiced sales decreased by 2% at fixed exchange rates compared with the preceding quarter and amounted to 3.5 billion SEK. Adjusted for metal price effects (-36 million SEK), operating profit totaled 373 million SEK (401), or 10.7% (9.8) of invoiced sales.

Although business conditions generally remained challenging for most of Sandvik Materials Technology's customer segments, higher demand from the oil and gas sector resulted in order intake exceeding invoiced sales for the first time in recent quarters. Conditions for the standard assortment offering in Europe remained difficult. Discussions with customers in the nuclear power industry in China intensified during the quarter. While a number of projects at coastal sites have been approved, it is evident that the expansion rate will be considerably lower than anticipated prior to the accident in Fukushima, Japan. Orders were booked in the first quarter, but these were offset by cancellations, resulting in a largely

unchanged order backlog. Further cancellations in the order backlog cannot be excluded.

Production rates were largely unchanged compared with the preceding quarter, although the declining sales volume prevented further inventory reductions.

The price pressure noted in earlier quarters intensified, partly due to Asian competitors capitalizing on favorable currency rates. This development underlines the importance of continued focused execution of the Step Change turnaround program. While consolidations of production capacity and cost reductions are the main factors behind the success of the program, the benefits yielded by pricing and product mix initiatives are harder to leverage in a weak business environment. The positive profitability trend continued during the first quarter in spite of the challenging business conditions. Although sales volumes were



low – with correspondingly low production rates – operating profit, adjusted for metal price effects (-36 million SEK), amounted to 373 million SEK (401), or 10.7% (9.8) of invoiced sales. Changed exchange rates affected earnings by -30 million

SEK compared with the preceding year and -20 million SEK compared with the preceding quarter. Return on capital employed for the most recent 12-month period was 4.2% (n.a.). Adjusted for nonrecurring charges in the fourth quarter 2012, return on capital employed improved to 8.9%.

Financial overview, MSEK

	Q1 2013	Q1 2012	Change %	Q4 2012	Change %
Order intake	3 771	4 278	-9 *	3 312	+17 *
Invoiced sales	3 484	4 100	-12 *	3 620	-2 *
Operating profit	337	349	-3	-351	-
% of invoiced sales	9.7	8.5		-9.7	
Adjusted operating profit**	337	349	-3	317	+6
% of invoiced sales**	9.7	8.5		8.7	
Return on capital employed, %, rolling 12 months	4.2	N/A		4.2	
Number of employees	7 197	7 744	-7	7 307	-2

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

** Operating profit adjusted for nonrecurring charges in the fourth quarter 2012

Q1 Sandvik Construction



Market conditions improved from weak levels

Low invoicing

Unfavorable product mix

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	0	-11
Structure, %	0	0
Currency, %	-6	-7
Total, %	-6	-17

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

An improvement was noted in the market for Sandvik Construction during the first quarter. Having experienced a decline in the second half of 2012, order intake increased by 43% at fixed exchange rates compared with the preceding quarter and amounted to 2.5 billion SEK. However, the low order backlog at year-end resulted in a decline of 12% in invoiced sales at fixed exchange rates compared with the preceding quarter, thus totaling 2.0 billion SEK (2.4 in the preceding quarter).

Operating profit was negatively impacted by an unfavorable product mix, changed exchange rates, as well as low sales volumes and production rates, and amounted to 103 million SEK (213), or 5.0% (8.7) of invoiced sales.

Overall demand for Sandvik Construction's products improved slightly during the first quarter. Demand in Europe continued to be affected by weak macroeconomic conditions. Nevertheless, the continent displayed a marked improvement from the very weak level observed in the preceding quarter, largely as a result of normal seasonality. Demand in North America developed favorably. High demand for premium surface drilling equipment in Africa/Middle East and parts of Asia was partly offset by the continued weak demand for mid-market products in China. Demand for tools, consumables and services



declined somewhat due to customer destocking activities. Strong development for mobile crushing and surface drilling equipment was contrasted by a weaker trend for stationary crushing, screening and breaking equipment.

Compared with the preceding quarter, the number of employees in Sandvik Construction was reduced by 137, many of whom were reassigned to Sandvik Mining.

The low level of production in the preceding quarter was largely maintained during the first quarter in response to the low demand. Net working capital increased in relative terms as a consequence of lower sales, and accounted for 28% of invoiced sales, compared with 25% in the fourth quarter of 2012.

Similarly to the preceding quarter, earnings were adversely affected by a larger than normal share of deliveries of systems characterized by high capital efficiency, but lower margins. While there was no reduction in inventory due to the decline in sales volume, the impact on operating profit resulting from low production rates was negative. This yielded an operating profit of 103 million SEK (213), or 5.0% (8.7) of invoiced sales. Changed exchange rates affected earnings by -35 million SEK compared with the preceding year, although this was negligible compared with the preceding quarter. Return on capital employed for the most recent 12-month period was 10.9% (2.5).

Financial overview, MSEK

	Q1 2013	Q1 2012	Change %	Q4 2012	Change %
Order intake	2 454	2 622	0 *	1 793	+43 *
Invoiced sales	2 046	2 453	-11 *	2 382	-12 *
Operating profit	103	213	-51	83	+24
% of invoiced sales	5.0	8.7		3.5	
Return on capital employed, %, rolling 12 months	10.9	2.5		12.5	
Number of employees	3 153	3 299	-4	3 289	-4

* At fixed exchange rates for comparable units



Restructuring in Diamond Innovations

Stable market conditions

Dormer transferred to Sandvik Machining Solutions as of 1 January

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	-29	-12
Structure, %	-7	-8
Currency, %	-5	-5
Total, %	-39	-24

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

Demand once again fluctuated among the various product areas in the first quarter. Activity remained high for Sandvik Process Systems and demand for Wolfram's products increased. Order intake rose by 17% and invoiced sales declined by 3% compared with the preceding quarter at fixed exchange rates for comparable units. Total order intake amounted to 1.3 billion SEK and invoiced sales to 1.3 billion SEK (1.1 and 1.4, respectively, in the preceding quarter). Operating profit was adversely affected by declining sales and lower profit for Wolfram, and amounted to 116 million SEK (319), or 9.1% of invoiced sales (19.0).

The production facilities of the Diamond Innovations product area will be consolidated into one joint facility.

The level of market activity varied among Sandvik Venture's product areas. Underlying demand remained strong for Sandvik Process Systems, but the timing of projects negatively affected order intake. Wolfram noted significantly improved demand, compared with the weak level recorded in the preceding quarter, as customers restocked. The challenging business conditions continued for Diamond Innovations and Sandvik Hard Materials.

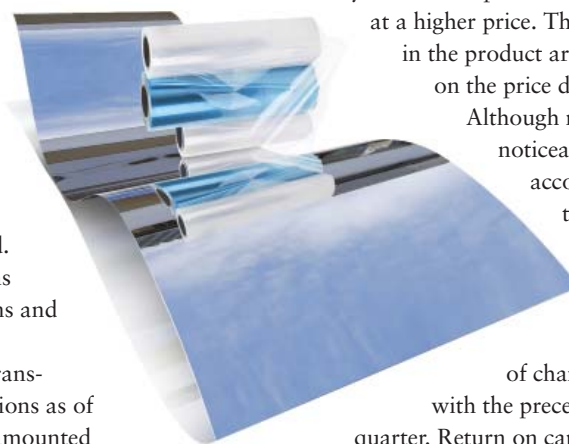
The Dormer product area was transferred to Sandvik Machining Solutions as of 1 January. In 2012, Dormer sales amounted to 1,231 million SEK with an operating profit of

115 million SEK and 890 employees at the end of 2012.

In April, it was decided to consolidate the two production facilities of the Diamond Innovations product area to the existing facility in Worthington, USA. By consolidating production to one site, close to key customers and co-located with R&D, Diamond Innovations will enhance its opportunities to build stronger and more customer-focused operations. The consolidation will entail nonrecurring charges of about 200 million SEK which will impact the second quarter, as a result of the closure of the facility in Dublin, Ireland.

The strong profitability trend continued for Sandvik Process Systems, while Sandvik Hard Materials and Diamond Innovations were negatively impacted by the challenging market. Earnings for Wolfram were significantly impacted by lower sales prices for material purchased earlier at a higher price. This implies a certain volatility in the product area's profitability depending on the price development for wolfram.

Although not new, the effect is more noticeable today since Wolfram accounts for a larger share of total sales in Sandvik Venture than in the past. The profit margin thus amounted to 9.1% (19.0) of invoiced sales with no impact of changed exchange rates compared with the preceding year or the preceding quarter. Return on capital employed for the most recent 12-month period was 14.1% (0.2).



Financial overview, MSEK**

	Q1 2013	Q1 2012	Change %	Q4 2012	Change %
Order intake	1 284	2 107	-29 *	1 134	+17 *
Invoiced sales	1 271	1 678	-12 *	1 352	-3 *
Operating profit	116	319	-64	235	-51
% of invoiced sales	9.1	19.0		17.4	
Return on capital employed, %, rolling 12 months	14.1	0.2		17.1	
Number of employees	2 590	2 677	-3	2 668	-3

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

** Historic data adjusted for the transfer of the Dormer product area to Sandvik Machining Solutions.

Parent Company

The Parent Company's invoiced sales for the first quarter of 2013 amounted to 3,969 million SEK (4,682) and the operating result was -291 million SEK (42).

The operating result for the first quarter of 2013 was negatively impacted by lower invoiced sales

and nonrecurring items.

Income from shares in Group companies consists primarily of dividends and Group contributions and amounted to 693 million SEK (682) in the first quarter of 2013. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 19,573 million SEK (20,388 at 31 December 2012). Investments in property, plant and equipment amounted to 227 million SEK (264).

Acquisitions and divestments

In March 2013, Sandvik acquired Cubex, an industry-leading drilling solutions provider focused on the design and manufacture of a wide range of underground in-

the-hole and geotechnical drilling equipment.

In April 2013, the arbitration tribunal issued its final judgment in the compulsory acquisition procedure regar-

ding the shares in Seco Tools AB, which was initiated following completion of Sandvik's offer for the remaining shares in Seco Tools. The redemption price has thereby been set at 100.93 SEK per share, which corresponds to the undisputable amount paid to the minority shareholders in connection with Sandvik obtaining advance title to the remaining shares in June 2012.

Significant acquisitions during the most recent 18-month period

	Company/unit	Closing date	Annual revenue MSEK	No of employees
Sandvik Mining	Cubex	1 Apr 13	270	110
Sandvik Construction	Shanbao (SJL), China	9 Oct 11	> 500	500

Significant divestments during the most recent 18-month period

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

Guidance

Sandvik does not provide a market outlook or business performance forecasts.

However, guidance of certain non-operational key figures considered useful when modeling financial outcome are provided in the table below:

Capex

Estimated at about 5 billion SEK for 2013.

Currency effects

Given currency rates at the end of March, it is estimated that operating profit for the second quarter of 2013 will be affected by about -350 million SEK compared to the second quarter of 2012.

Metal price effects

Given currency rates, stock levels and metal prices at the end of March, it is estimated that operating profit for the second quarter of 2013 will be affected by about -50 million SEK.

Net financial items

Estimated at about 2.0 billion SEK in 2013.

Tax rate

Estimated at about 25-27% for 2013.

Significant events

- In March, Sandvik signed an agreement with Cubex Limited (Cubex) to acquire its drilling solutions business and operations. Cubex is an industry-leading drilling solutions provider focused on

the design and manufacture of a wide range of underground in-the-hole (ITH) and geotechnical drilling equipment. In 2012, the acquired business of Cubex had invoiced sales of about 270 million SEK and about 110 employees. The head office and manufacturing facility is based in Winnipeg, Canada. The acquisition was completed on 1 April 2013.

- In March, Sandvik Mining secured major materials handling contracts in South America and Australia. The combined value exceeds 950 million SEK and the contracts

will be executed between 2013 and 2015 and will contribute to Sandvik Mining's business during these years. The orders include design and supply of conveying systems for a surface mine in South America. In Australia, the orders include design, supply and delivery of materials handling equipment.

- In April, Sandvik launched a new delivery model for global finance transactions. Parts of the transactional processes will be transferred to and delivered by an external business process outsourcing (BPO) service provider, Capgemini. The ambition is to better utilize Sandvik's shared resources and to develop a more efficient finance organization. As a result, Sandvik will adopt more flexible and scalable processes and maintain consistent quality and strong internal financial control.

Accounting policies

This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting. The same accounting and valuation policies were applied as in the most recent annual report with the exception of new and revised

standards and interpretations effective from 1 January 2013.

The updated standard, IAS 19, Employee benefits, is applied from 1 January 2013 with full retroactive application. For Sandvik, this entails an immediate increase in the net pension obligation (classed as a financial liability) and a corresponding reduction – taking taxation effects into consideration – in retained earnings. The updated standard also includes new rules concerning recognition of payroll tax. If the standard had been applied as of 31 December 2012, the net pension obligation would have been 5.0 billion SEK higher, including payroll tax of 0.2 billion SEK. After taking deferred tax into account, the effects of the updated standard on retained earnings would have been 3.7 billion SEK

lower than the amount reported on 31 December 2012. The effects at the end of each quarter of 2012 are shown separately at www.sandvik.com/en/investor-relations including the opening balance for 2012. The impact on the consolidated income statement, aside from other comprehensive income, is negligible and is therefore not reported separately. Sandvik has decided to entirely exclude pension liabilities from its net debt/equity ratio target as of the first quarter of 2013. The effects on the net debt/equity ratio are negligible and are thus not reported separately. The target of the net debt/equity ratio remains at <0.8.

As of 2013 the new standard IFRS 13, Fair value measurements and the amendments in IFRS 7, Financial instruments: Disclosures, have been applied. Disclosures are presented on page 13.

The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in line with standard RFR 2 Reporting by a legal entity, issued by the Swedish Financial Reporting Board.

Financial reports summary

The Group

Income statement

MSEK	Q1 2013	Q1 2012	Change %	Q1-4 2012
Revenue	22 098	24 838	-11	98 529
Cost of sales and services	-14 528	-15 571	-7	-63 826
Gross profit	7 570	9 267	-18	34 703
% of revenues	34.3	37.3		35.2
Selling expenses	-2 723	-2 973	-8	-11 935
Administrative expenses	-1 546	-1 660	-7	-6 362
Research and development costs	-603	-607	-1	-2 572
Other operating income and expenses	-141	-208	-32	-344
Operating profit	2 557	3 819	-33	13 490
% of revenues	11.6	15.4		13.7
Financial net	-479	-448	+7	-1 974
Profit after financial items	2 078	3 371	-38	11 516
% of revenues	9.4	13.6		11.7
Income tax	-601	-866	-31	-3 409
Profit for the period	1 477	2 505	-41	8 107
% of revenues	6.7	10.1		8.2
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains/(losses) on defined benefit pension plans	233	167		-1 417
Tax relating to items that will not be reclassified	-79	-43		348
	154	124		-1 069
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	-837	-599		-1 584
Cash flow hedges	34	191		140
Tax relating to items that may be reclassified	-7	-50		-30
	-810	-458		-1 474
Total other comprehensive income	-656	-334		-2 543
Total comprehensive income	821	2 171		5 564
Profit for the period attributable to				
Owners of the Parent	1 476	2 500		8 105
Non-controlling interests	1	5		2
Total comprehensive income attributable to				
Owners of the Parent	820	2 166		5 567
Non-controlling interests	1	5		-3
Earnings per share, SEK *	1.18	2.05		6.51

* No dilution effects during the period.

Balance sheet

MSEK	31 Mar 2013	31 Mar 2012	Change %	31 Dec 2012
Intangible assets	11 213	11 619	-3	11 423
Property, plant and equipment	25 174	25 404	-1	25 516
Financial assets	5 807	6 262	-7	6 267
Inventories	24 680	27 361	-10	25 508
Current receivables	22 088	23 981	-8	21 512
Cash and cash equivalents	13 708	6 854	+100	13 829
Total assets	102 670	101 481	+1	104 055
Total equity	33 399	33 457	-0	32 536
Non-current interest-bearing liabilities	32 111	30 536	+5	38 301
Non-current non-interest-bearing liabilities	6 359	6 430	-1	6 419
Current interest-bearing liabilities	7 219	5 345	+35	2 698
Current non-interest-bearing liabilities	23 582	25 713	-8	24 101
Total equity and liabilities	102 670	101 481	+1	104 055
<i>Net working capital *</i>	25 028	27 910	-10	25 170
<i>Loans</i>	33 392	31 007	+8	34 794
<i>Net debt **</i>	19 864	24 424	-19	21 132
<i>Non-controlling interests in total equity</i>	108	144	-25	107

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

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

Change in total equity

MSEK	Equity related to owners of the Parent	Non-controlling interest	Total equity
Opening equity, 1 January 2012	32 490	1 401	33 891
Change in accounting policies	-2 627		-2 627
Total comprehensive income	5 567	-3	5 564
Issue of new equity / Acquisition of non-controlling interests	1 151	-1 286	-135
Personnel options program	86		86
Hedge of personnel options program	-161		-161
Dividends	-4 077	-5	-4 082
Closing equity, 31 December 2012	32 429	107	32 536
Opening equity, 1 January 2013	36 125	107	36 232
Change in accounting policies	-3 696		-3 696
Total comprehensive income	820	1	821
Personnel options program	42		42
Closing equity, 31 March 2013	33 291	108	33 399
Opening equity, 1 January 2012	32 490	1 401	33 891
Change in accounting policies	-2 627		-2 627
Total comprehensive income	2 166	5	2 171
Issue of new equity / Acquisition of non-controlling interests	1 262	-1 262	0
Personnel options program	22	-	22
Closing equity, 31 March 2012	33 313	144	33 457

The Group

Cash flow statement

MSEK	Q1 2013	Q1 2012	Q1-4 2012
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	+2 078	+3 371	+11 516
Adjustment for depreciation, amortization and impairment losses	+950	+1 033	+4 322
Adjustment for items that do not require the use of cash etc.	-143	+144	+251
Income tax paid	-481	-680	-3 056
Cash flow from operations before changes in working capital	+2 404	+3 868	+13 033
<i>Changes in working capital</i>			
Change in inventories	+418	-1 668	-382
Change in operating receivables	-572	-2 245	+18
Change in operating liabilities	+35	+1 185	-228
Cash flow from changes in working capital	-119	-2 728	-592
Investments in rental equipment	-119	-93	-663
Divestments of rental equipment	+41	+52	+114
Cash flow from operations	+2 207	+1 099	+11 892
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	-	0	-39
Acquisitions of property, plant and equipment	-758	-1 096	-4 820
Proceeds from sale of property, plant and equipment	-	+649	+928
Cash flow from investing activities	-758	-447	-3 931
Net cash flow after investing activities	+1 449	+652	+7 961
<i>Cash flow from financing activities</i>			
Change in interest-bearing debt	-1 539	+678	+4 571
Dividends paid	-	-	-4 082
Cash flow from financing activities	-1 539	+678	+489
<i>Cash flow for the period</i>			
Cash and cash equivalents at beginning of the period	+13 829	+5 592	+5 592
Exchange-rate differences in cash and cash equivalents	-31	-68	-213
Cash and cash equivalents at the end of the period	+13 708	+6 854	+13 829

Financial instruments, MSEK	Carrying amount		Fair value	
	31 Mar 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
Assets measured at fair value	1 286	1 353	1 286	1 353
Assets measured at amortised cost	29 008	28 395-	29 008	28 395-
Liabilities measured at fair value	1 272	926	1 272	926
Liabilities measured at amortised cost	40 322	41 632	42 060	43 328

Sandvik measures financial instruments at fair value or amortised cost in the balance sheet depending on their classification. In addition to net debt, financial instruments include accounts receivable and accounts payable. According to IFRS 7, financial instruments measured at fair value in the balance sheet are included in level 2 of the fair value hierarchy.

Financial assets and liabilities subject to offset consist of derivatives covered by legally binding master netting agreements. Of carrying amounts of assets and liabilities of 1,275 million SEK and -1,267 million SEK, respectively, 810 million SEK is not offset in the balance sheet.

Income statement

MSEK	Q1 2013	Q1 2012	Change %	Q1-4 2012
Revenue	3 969	4 682	-15	16 990
Cost of sales and services	-3 114	-3 577	-13	-13 007
Gross profit	855	1 105	-23	3 983
Selling expenses	-166	-146	14	-633
Administrative expenses	-705	-734	-4	-2 821
Research and development costs	-330	-308	7	-1 281
Other operating income and expenses	55	125	-56	269
Operating result	-291	42	-	-483
Income from shares in Group companies	693	682	2	11 769
Income from shares in associated companies	-	-	-	0
Interest income and similar items	198	331	-40	782
Interest expenses and similar items	-231	-476	-51	-2 039
Result after financial items	369	579	-36	10 029
Appropriations	-	-	-	6
Income tax expense	-76	-123	-38	-325
Result for the period	293	456	-36	9 710

Balance sheet

MSEK	31 Mar 2013	31 Mar 2012	Change %	31 Dec 2012
Intangible assets	10	9	11	9
Property, plant and equipment	7 284	7 134	2	7 307
Financial assets	38 622	34 599	12	38 140
Inventories	3 879	4 136	-6	3 809
Current receivables	16 284	15 597	4	17 072
Cash and cash equivalents	38	3	-	25
Total assets	66 117	61 478	8	66 362
Total equity	25 110	19 694	28	24 776
Untaxed reserves	3	10	-70	3
Provisions	477	675	-29	558
Non-current interest-bearing liabilities	16 263	17 558	-7	22 046
Non-current non-interest-bearing liabilities	104	42	-	63
Current interest-bearing liabilities	18 386	16 948	8	12 858
Current non-interest-bearing liabilities	5 774	6 551	-12	6 058
Total equity and liabilities	66 117	61 478	8	66 362
Pledged assets	-	-	-	-
Contingent liabilities	15 054	11 766	28	15 265
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	19 573	26 464	-26	20 388
Investments in fixed assets	227	264	-8	1 338

Market overview, the Group

Order intake and invoiced sales per market area First quarter 2013

Market area	Order intake			Share %	Invoiced sales		
	MSEK	Change * %	Change * % ¹⁾		MSEK	Change * %	Share %
The Group							
Europe	8 221	-15	-9	37	8 442	-2	38
North America	4 067	-6	-6	18	3 729	-12	17
South America	2 066	-25	-16	9	1 968	7	9
Africa/Middle East	1 840	-24	-24	8	1 888	-14	9
Asia	4 439	-18	-18	20	3 782	-4	17
Australia	1 706	-33	-21	8	2 289	-7	10
Total	22 339	-18	-13	100	22 098	-5	100
Sandvik Mining							
Europe	679	-43	-29	9	1 110	63	13
North America	1 086	-10	-10	14	1 044	-8	13
South America	1 504	-26	-12	20	1 397	19	17
Africa/Middle East	1 262	-37	-37	16	1 489	-20	18
Asia	1 801	-29	-32	23	1 456	14	17
Australia	1 351	-33	-16	18	1 817	-3	22
Total	7 683	-30	-25	100	8 313	3	100
Sandvik Machining Solutions							
Europe	3 934	-7	-7	55	3 863	-7	55
North America	1 472	-7	-7	20	1 451	-7	21
South America	263	-1	-1	4	262	-1	4
Africa/Middle East	76	-7	-7	1	72	-9	1
Asia	1 337	-8	-8	19	1 263	-10	18
Australia	65	-18	-18	1	66	-15	1
Total	7 147	-7	-7	100	6 977	-7	100
Sandvik Materials Technology							
Europe	2 028	-11	8	54	1 930	-7	55
North America	833	-1	-1	22	719	-24	20
South America	62	-35	-35	2	62	-29	2
Africa/Middle East	75	47	47	2	62	10	2
Asia	564	0	0	15	480	-10	14
Australia	209	-31	-31	5	231	-13	7
Total	3 771	-9	1	100	3 484	-12	100
Sandvik Construction							
Europe	874	-10	-10	36	766	-15	37
North America	455	6	6	19	303	-15	15
South America	205	-29	-29	8	208	-14	10
Africa/Middle East	402	80	80	16	241	62	12
Asia	452	5	5	18	370	-17	18
Australia	66	-47	-47	3	158	-24	8
Total	2 454	0	0	100	2 046	-11	100
Sandvik Venture							
Europe	706	-30	-30	55	769	-3	60
North America	221	-18	-18	17	210	-15	17
South America	32	-55	-55	3	38	-34	3
Africa/Middle East	25	-38	-38	2	24	-55	2
Asia	285	-30	-30	22	213	-21	17
Australia	15	-51	-51	1	17	-32	1
Total	1 284	-29	-29	100	1 271	-12	100

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

1) Excluding major orders.

Order intake by business area

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Change Q1	
	2012	2012	2012	2012	2012	2013	%	% ¹⁾
Sandvik Mining	11 793	10 315	8 499	7 683	38 289	7 683	-35	-30
Sandvik Machining Solutions	8 094	7 834	6 840	7 146	29 914	7 147	-12	-7
Sandvik Materials Technology	4 278	4 006	3 112	3 312	14 708	3 771	-12	-9
Sandvik Construction	2 622	2 488	2 110	1 793	9 013	2 454	-6	0
Sandvik Venture	2 107	1 547	1 233	1 134	6 021	1 284	-39	-29
Group activities	0	0	1	2	3	0		
Group total	28 894	26 190	21 795	21 070	97 948	22 339	-23	-18

Invoiced sales by business area

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Change Q1	
	2012	2012	2012	2012	2012	2013	%	% ¹⁾
Sandvik Mining	8 639	9 826	9 485	9 812	37 762	8 313	-4	+3
Sandvik Machining Solutions	7 956	7 759	6 845	7 152	29 713	6 977	-12	-7
Sandvik Materials Technology	4 100	4 195	3 450	3 620	15 366	3 484	-15	-12
Sandvik Construction	2 453	2 592	2 256	2 382	9 683	2 046	-17	-11
Sandvik Venture	1 678	1 556	1 378	1 352	5 963	1 271	-24	-12
Group activities	12	11	10	10	42	7		
Group total	24 838	25 939	23 424	24 328	98 529	22 098	-11	-5

Operating profit by business area

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Change Q1	
	2012	2012	2012	2012	2012	2013	%	% ¹⁾
Sandvik Mining	1 494	1 800	1 506	1 203	6 004	1 211	-19	
Sandvik Machining Solutions	1 911	1 855	1 343	1 265	6 374	1 141	-40	
Sandvik Materials Technology	349	415	180	-351	592	337	-3	
Sandvik Construction	213	222	230	83	748	103	-52	
Sandvik Venture	319	313	253	235	1 120	116	-64	
Group activities	-467	-393	-187	-301	-1 348	-351		
Group total ²⁾	3 819	4 212	3 325	2 134	13 490	2 557	-33	

Operating margin by business area

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1
	2012	2012	2012	2012	2012	2013
Sandvik Mining	17.3	18.3	15.9	12.3	15.9	14.6
Sandvik Machining Solutions	24.0	23.9	19.6	17.7	21.5	16.4
Sandvik Materials Technology	8.5	9.9	5.2	-9.7	3.9	9.7
Sandvik Construction	8.7	8.6	10.2	3.5	7.7	5.0
Sandvik Venture	19.0	20.1	18.4	17.4	18.8	9.1
Group total	15.4	16.2	14.2	8.8	13.7	11.6

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

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

Key figures

	Q1 2013	Q1 2012	Q1-4 2012
No. of shares outstanding at end of period ('000) ¹⁾	1 254 386	1 254 386	1 254 386
Average no. of shares ('000) ¹⁾	1 254 386	1 220 337	1 245 874
Tax rate, %	28.9	25.7	29.6
Return on capital employed, % ²⁾	17.6	16.6	19.8
Return on total equity, % ²⁾	21.8	19.7	25.3
Return on total capital, % ²⁾	12.3	11.5	13.7
Shareholders' equity per share, SEK	26.50	26.60	25.90
Net debt/equity ratio	0.5	0.7	0.6
Equity/assets ratio, %	33	33	31
Net working capital, %	28	27	27
Earnings per share, SEK	1.18	2.05	6.51
Cash flow from operations, MSEK	+2 207	+1 099	+11 892
Number of employees	48 018	48 939	48 742

1) No dilution effect during the period.

2) Rolling 12 months.

Transactions with related parties

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

Risk assessment

Sandvik is a global group represented in 130 countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in its work to achieve established targets. Efficient risk management forms part of the ongoing review of operations and forward-looking assessment of operations. Sandvik's long-term risk exposure is assumed not to deviate from the inherent exposure associated with Sandvik's ongoing business operations. For a more in-depth analysis of risks, refer to Sandvik's Annual Report for 2012.

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, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.

Stockholm, 23 April 2013
Sandvik Aktiebolag (publ)

Olof Faxander
President and CEO

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 23 April 2013 at 7:30 CET. The second-quarter 2013 report will be published on 19 July 2013. The company's auditors have not conducted a special review of the first-quarter report for 2013.

Additional information may be obtained from Sandvik Investor Relations, at tel +46 8 456 12 40 (Magnus Larsson) or tel +46 8 456 12 30 (Oskar Lindberg) or by e-mailing info.ir@sandvik.com. A presentation and teleconference will be

held on 23 April 2013 at 10:00 CET at the World Trade Center in Stockholm. Information is available at www.sandvik.com/ir.

Calendar:

25 Apr	Annual General Meeting in Sandviken, Sweden
30 Apr	Record date for dividend
19 Jul	Second-quarter report 2013
24 Sep	Capital Markets Day in Sandviken, Sweden
24 Oct	Third-quarter report 2013

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