

INTERIM REPORT THIRD QUARTER 2021 AND THE FIRST NINE MONTHS OF 2021



SOLID DEMAND AND GOOD M&A EXECUTION

- Order intake increased organically by 21% to SEK 26,292 million (19,909), driven by robust demand across the business compared with the year earlier period. Total order intake growth, at fixed exchange rates, was 31% (-12)
- Organic revenues increased by 13% and amounted to SEK 24,826 million (20,145). Total revenue growth, at fixed exchange rates, was 23% (-13)
- Book-to-bill ratio was at 106%
- Adjusted EBITA amounted to SEK 4,731 million (3,564), corresponding to a margin of 19.1% (17.7)
- Adjusted EBIT amounted to SEK 4,371 million (3,494), corresponding to a margin of 17.6% (17.3)
- Earnings per share, diluted were SEK 3.12 (2.54)
- Adjusted earnings per share, diluted were SEK 3.03 (2.09)
- Free operating cash flow was SEK 3,940 million (4,778)
- Good execution on M&A strategy with seven completed acquisitions during and after the quarter
- The Board of Directors confirm their previous decision to proceed with preparations to distribute Sandvik Materials Technology, targeted at second or third quarter 2022, subject to shareholders' approval
- Sandvik amends the release date for the Q4 and year-end report to January 20 (from January 19)

FINANCIAL OVERVIEW

MSEK	Q3 2020	Q3 2021	CHANGE %	Q1-Q3 2020	Q1-Q3 2021	CHANGE %
Order intake	19,909	26,292	32	64,236	77,996	21
Organic growth, % ¹⁾	-11	21	-	-15	24	-
Revenues	20,145	24,826	23	63,996	69,977	9
Organic growth, % ¹⁾	-11	13	-	-13	11	-
Adjusted EBITA ²⁾	3,564	4,731	33	10,276	13,566	32
Adjusted EBITA margin, %	17.7	19.1	-	16.1	19.4	-
Reported EBIT	3,459	4,480	30	7,729	13,491	75
EBIT margin, %	17.2	18.0	-	12.1	19.3	-
Adjusted EBIT ²⁾	3,494	4,371	25	10,059	13,011	29
Adjusted EBIT margin, %	17.3	17.6	-	15.7	18.6	-
Adjusted profit after net financial items ^{2,3)}	3,436	4,437	29	9,605	12,708	32
Profit for the period	3,186	3,923	23	6,119	10,623	74
Adjusted profit for the period ^{2,3)}	2,626	3,817	45	7,465	10,285	38
Earnings per share, diluted, SEK	2.54	3.12	23	4.88	8.45	73
Adjusted earnings per share, diluted, SEK ^{2,3)}	2.09	3.03	45	5.95	8.18	37
Return on capital employed, % ⁴⁾	18.1	19.7	-	10.3	18.7	-
Free operating cash flow	4,778	3,940	-18	10,485	9,975	-5
Net working capital % ⁴⁾	29.6	24.3	-	27.9	24.7	-

1) Change from the preceding year at fixed exchange rates for comparable units, excluding acquisitions. **2)** Adjusted for items affecting comparability of SEK 109 million in Q3 2021 (-35) and SEK 480 million YTD 2021 (-2,329). Q3 2021 is mainly related to a number of partial releases of restructuring provisions from last year and closure of a defined benefit pension plan in UK, partially offset by SMT separation costs. 2020 comprises a final purchase price adjustment from the Varel Oil & Gas disposal in Q1 as well as SMT separation costs. For full details on IAC, see page 24. **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 27. For more information see home.sandvik. N/M = not meaningful

CEO'S COMMENT

We noted a solid performance in the third quarter, underpinned by strong underlying demand. Organic order intake grew by 21% year on year and is now at a level well above 2019. Total growth, at fixed rates was a full 31%. Group organic revenues grew by 13% year on year. The volume uplift combined with good cost management resulted in solid profitability, and the adjusted EBITA margin improved to 19.1% (17.7). The adjusted EBIT margin was 17.6% (17.3). I am also pleased with the execution of our M&A strategy that resulted in seven successfully completed acquisitions during and after the quarter. With these additions, we are taking important steps in the digital shift and our shift to growth strategy.

Demand for Sandvik Mining and Rock Solutions continued the positive trajectory we have seen throughout the year, and the quarterly order intake was the highest ever. Organic order intake grew by 21%. We have now also welcomed DSI into the Group, and the performance of this new Ground Support division got off to a strong start. Thanks to DSI, SMR's total order intake at fixed rates grew by 41%. We continued to see an accelerated interest in our automation solutions and battery electric mining vehicles (BEVs), and at this year's MINExpo we introduced our third-generation battery electric truck for highly productive and more sustainable mining.

Sandvik Rock Processing Solutions had a solid performance despite continued supply chain and logistics issues. Organic order intake growth was 26%, driven by strong demand in the aftermarket, while revenues grew by 12%.

Organic order intake and revenues in Sandvik Manufacturing and Machining Solutions grew by 16% and 18%, respectively. While the impact of component shortages in global automotive production has been noted in the business, the underlying demand is solid. In the quarter, we acquired the majority stake in the Chinese premium round tools company Chuzhou Yongpu. We also completed the acquisition of CNC Software, creators of the world-class brand Mastercam. Combined with our existing offerings and previously announced acquisitions, this will make Sandvik a leader in the overall CAM market. CAM plays a vital role

in the digital manufacturing process, enabling new and innovative solutions across the value-chain. The successful M&A execution within Sandvik Manufacturing Solutions (SMF), resulted in an updated 2025 target for SMF to SEK 6 billion in sales with an EBITA margin of at least 20%.

Organic order intake in Sandvik Materials Technology grew by 29%, while revenues were flat year on year. Positive signs from the oil and gas segments are gradually also leading to increased order intake. Sandvik's Board of Directors today confirmed its previous decision to proceed with the preparation to distribute SMT to Sandvik's shareholders and list the company's shares on the Nasdaq Stockholm with the current target to complete the listing by the second or third quarter 2022, subject to approval by Sandvik's shareholders.

Sandvik has become a more growth-oriented company. We deliver on strong organic growth and have already added over SEK 8 billion in annual revenues from strategic acquisitions. At the same time, we have taken important steps to become a more digitally focused company. With our leading positions, Sandvik has a strong and obvious role in supporting our customers' digital transformation; a shift that will improve productivity, and lead to significant sustainability gains. As a growth-focused, resilient and high-performing company, and with an underlying demand for our solutions, Sandvik is well positioned to execute on profitable growth, and to deliver long-term shareholder value.

Stefan Widing
President and CEO



ORDER INTAKE AND REVENUES

GROWTH		
Q3	ORDER INTAKE	REVENUES
Organic, %	21	13
Structure, %	10	10
Currency, %	0	0
Alloys, %	1	1
TOTAL, %	32	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.

Organic order intake increased by 21% year on year driven by strong development across the Group. Total growth, at fixed exchange rates was 31%. Revenues increased organically by 13% year on year, and total growth was 23%.

Underlying demand in both the mining and infrastructure segments remained strong in the third quarter. Sandvik Mining and Rock Solutions (SMR) reported organic order intake growth, of 21% year on year, including a major order of SEK 432 million (230) and total order intake at fixed exchange rates grew by 41%. Order intake in Sandvik Rock Processing Solutions (SRP) grew by 26%. Supply chain bottlenecks, such as logistics constraints, and component shortages remained a challenge in the quarter, consequently leading to higher book to bill ratios compared with the preceding year. Organic revenue grew by 12% in both SMR and SRP.

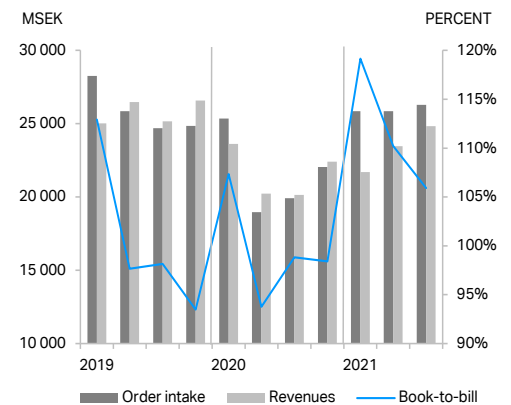
Organic order intake increased by 16% year on year in Sandvik Manufacturing and Machining Solutions, driven by general engineering and automotive. Demand in automotive is solid, although production cuts in the automotive sector were noted in all three major markets. Aerospace continued to show positive signs of recovery and grew at a double digit rate year on year. Revenues increased organically by 18% year on year.

Sandvik Materials Technology's organic order intake grew by 29% year on year, driven by continued strong development across the majority of the segments. The oil & gas and aerospace segments noted increased activity and more orders being placed. Organic revenues increased slightly despite negative impact from the weaker umbilical backlog.

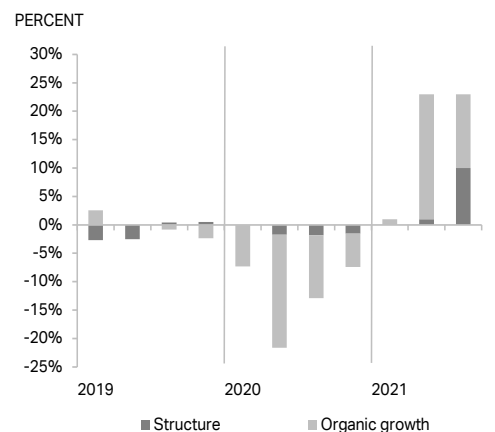
The Group's demand strengthened in all major regions. Some disruptions in China were noted, such as delivery constraints due to local lockdowns in the wake of Covid outbreaks.

Changed exchange rates had a neutral impact on both order intake and revenues.

ORDER INTAKE AND REVENUES



REVENUE GROWTH



Q3

UNDERLYING MARKET DEVELOPMENT

	MINING 40% of 2020 revenues	GENERAL ENGINEERING 23%	AUTOMOTIVE 11%	ENERGY 10%	INFRA- STRUCTURE 8%	AERO 5%
	→	→	→	→	→	→
	% of 2020 Group revenue	Order intake Y/Y (excl. large orders)				
Europe	37%	+16% (+16%)	→	→	→	→
North America	21%	+25% (+25%)	→	→	→	→
Asia	21%	+23% (+23%)	→	→	→	→
Africa/ Middle East	8%	+39% (+20%)	→	→		
Australia	8%	-4% (+10%)	→			
South America	5%	+48% (+48%)	→			

EARNINGS

Reported gross profit amounted to SEK 9,895 million (7,810). Adjusted gross profit increased by 25% to SEK 9,789 million (7,810) mainly due to higher volumes. The adjusted gross margin improved to 39.4% (38.8), diluted by 210 basis points from DSI acquisition.

Sales, administration and R&D costs excluding items affecting comparability increased by 25% year on year primarily attributable to reversals of temporary savings in the preceding year. The overall ratio to revenues on a reported basis was 20.9% (20.6).

Adjusted EBITA increased by 33% to SEK 4,731 million (3,564), corresponding to a margin of 19.1% (17.7). Reported EBIT of SEK 4,480 million (3,459) was positively impacted by items affecting comparability of SEK 109 million and negatively impacted by M&A costs and write downs of overlapping assets due to acquisitions, totaling SEK 228 million. Adjusted EBIT increased by 25% and amounted to SEK 4,371 million (3,494) corresponding to a margin of 17.6% (17.3). The adjusted EBIT margin excluding metal price effects on a rolling 12-months basis was 18.4% (16.8). The total impact from changed exchange rates was positive SEK 112 million year on year, mainly related to revaluation of balance sheet items in the preceding year. Underlying impact from changed exchange rates was SEK 2 million year on year.

The interest net was reduced slightly to SEK -67 million (-78) due to lower average interest in the debt portfolio. Net financial items was significantly lower than last year and amounted to SEK 66 million (529), mainly related to a reported capital gain from divestment in the preceding year.

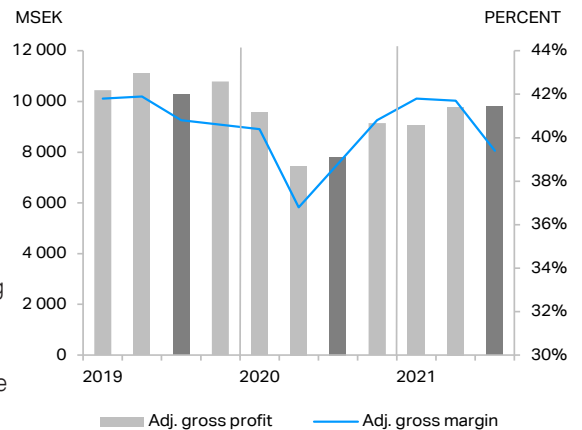
The tax rate, excluding items affecting comparability, for continuing operations was 14.0% (23.6). The reported tax rate for continuing operations was 13.7% (20.1) and 13.7% (20.1) for the Group in total. The tax rate was positively impacted by some non-recurring transactions and adjusted for this, the tax rate was 22.2%.

Profit for the period amounted to SEK 3,923 million (3,186), corresponding to earnings per share, diluted, of SEK 3.12 (2.54) and adjusted earnings per share, diluted, of SEK 3.03 (2.09). Adjusted earnings per share, diluted, excluding surplus values, amounted to SEK 3.25 (2.13).

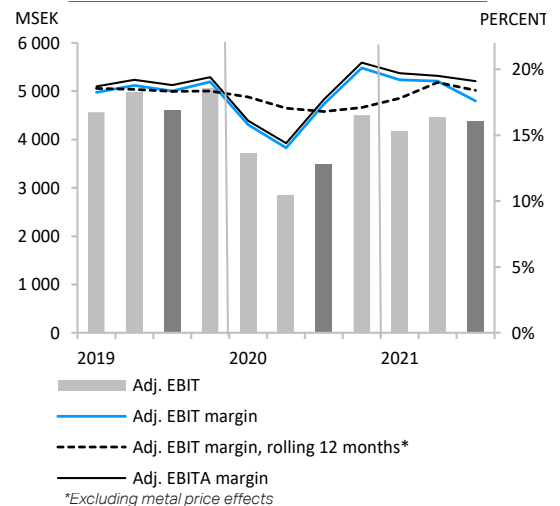
Cost and savings initiatives

The permanent savings and cost initiatives that were announced in 2020 had a positive impact of SEK 230 million in the quarter, corresponding to an annualized run-rate of about SEK 900 million out of a total of SEK 1,300 million in targeted savings. The majority of savings from these initiatives will be realized this year. The reversal of temporary savings had a negative year on year impact in the quarter of approximately SEK -615 million, due to higher discretionary spend and limited work time reductions compared with the corresponding period last year.

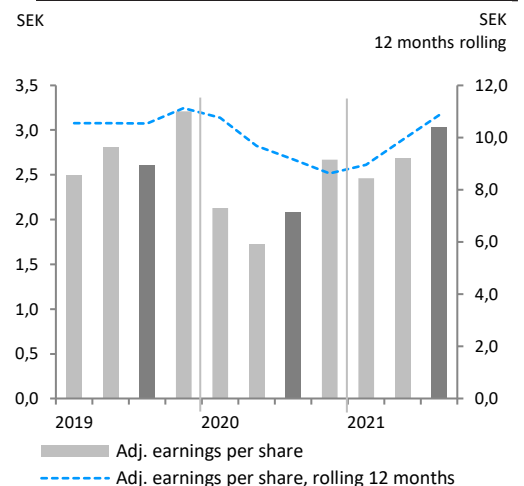
ADJUSTED GROSS PROFIT AND MARGIN



ADJUSTED EBITA (%) AND EBIT



ADJUSTED EARNINGS PER SHARE, DILUTED



BALANCE SHEET AND CASH FLOW

Capital employed increased sequentially and amounted to SEK 101.1 billion (92.9), mainly driven by acquisitions. Adjusted return on capital employed improved sequentially to 19.2% (18.5) due to a higher capital turnover rate, with a slight positive impact from a higher EBIT margin relative to increased capital employed.

Net working capital increased year on year and amounted to SEK 25.3 billion (23.2), and increased sequentially (23.0), mainly explained by higher inventories, and contributions from acquisitions, which were partially offset by higher liabilities. Net working capital in relation to revenues was 24.3%, stable compared with the second quarter (24.2%).

Investments in tangible and intangible assets increased slightly compared with the preceding year and amounted to SEK 0.8 billion (0.6), corresponding to 68% of scheduled depreciations.

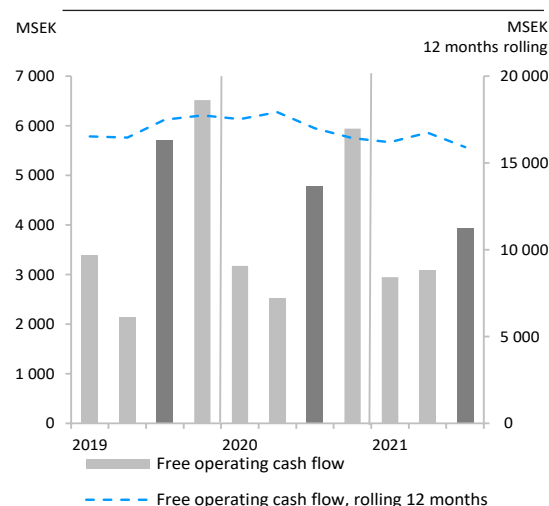
The financial net debt of SEK 7.4 billion (-8.0) was higher than in the preceding year and sequentially (-4.9) mainly due to a negative cash impact from acquisitions, net of cash acquired of SEK 13.0 billion, partly offset by positive cash flow from operations. The net pension liability decreased year on year to SEK 6.8 billion (8.0), due to higher discount rates and increased sequentially (5.5). Total net debt increased to SEK 17.9 billion (3.1) and increased sequentially from SEK 3.9 billion in the second quarter. The net debt to equity ratio was 0.25 (0.05), representing an increase year on year and sequentially (0.06).

Free operating cash flow decreased year on year to SEK 3.9 billion (4.8), a consequence of solid growth, with higher earnings offset by build-up of net working capital.

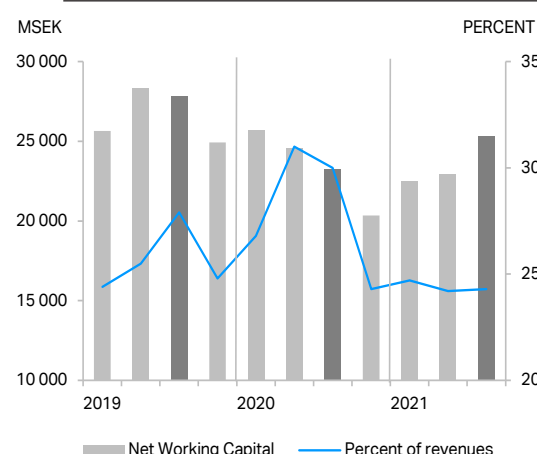
FREE OPERATING CASH FLOW, MSEK	Q3 2020	Q3 2021
EBITDA + non-cash items	4,651	5,536
Net Working Capital change	877	-827
Capex ¹⁾	-749	-769
FREE OPERATING CASH FLOW ²⁾	4,778	3,940

¹⁾ Including investments and disposals of rental equipment of SEK -117 million (-129) and tangible and intangible assets of SEK -652 million (-620). ²⁾ Free operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes.

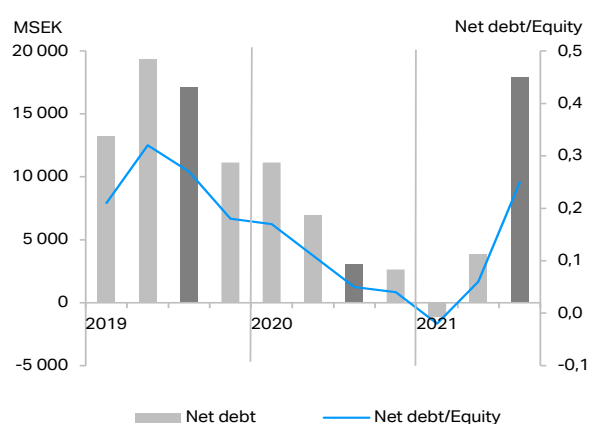
FREE OPERATING CASH FLOW



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MINING AND ROCK SOLUTIONS

HIGHEST ORDER INTAKE EVER

STRENGTHENING AFTERMARKET EXPOSURE

TOTAL ORDER INTAKE GROWTH OF 41%



GROWTH

Q3	ORDER INTAKE	REVENUES
Organic, %	21	12
Structure, %	19	20
Currency, %	2	1
TOTAL, %	42	32

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:

- Solid underlying demand, with the highest order intake on record and strong contribution from all divisions
- Organic order intake grew by 21% year on year, including a major order of SEK 432 million (230). Total order intake, at fixed exchange rates, grew by 41%
- New Ground Support division created by DSI closing
- Organic order intake for equipment grew by 28% and aftermarket by 16% year on year
- Strong regional development in order intake with South America increasing by 30%, Europe 29%, North America by 17% and Africa/Middle East by 47% (including major orders)
- The aftermarket business accounted for 64% (60) of revenues while the equipment business accounted for 36% (40)

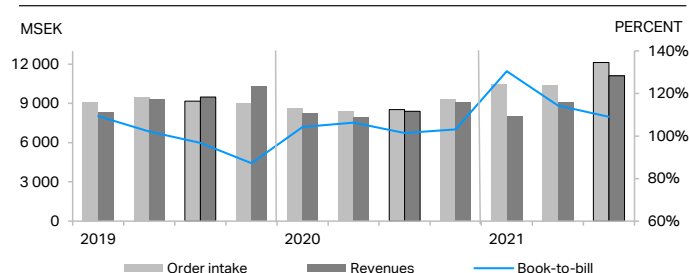
Adjusted EBITA and EBIT

- Adjusted EBITA margin of 21.0% (22.0) supported by increased volumes, negatively offset by reversal of savings and dilution impact from acquisitions
- Adjusted EBIT margin was 18.5% (21.7) impacted by approximately 400 basis points dilution from the acquisition of DSI, including an adjustment of the surplus value of inventory
- Adjusted EBIT margin excluding effects from acquisitions was on all-time high
- Reversal of temporary savings had a negative impact of SEK -130 million year on year
- Exchange rates had a positive impact of SEK 96 million year on year

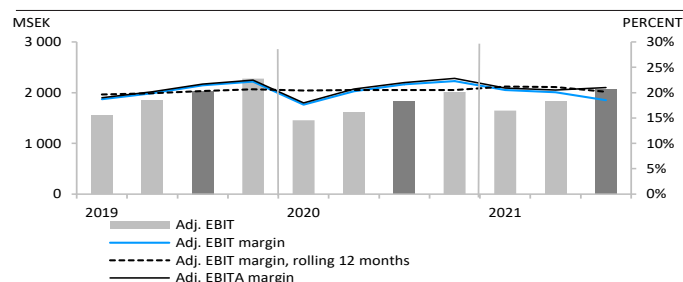
Shift to growth

Through the acquisition of DSI, which was completed in the quarter, SMR has increased the aftermarket business and strengthened its leading market position in underground mining and tunneling. The acquisition contributed to 19% in revenue growth in the third quarter. During the quarter, SMR launched a new battery electric truck, TH550B, with a 50 ton capacity and equipped with third generation BEV technology as well as the patented AutoSwap function for battery swapping.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED EBITA (%) AND EBIT



FINANCIAL OVERVIEW, MSEK	Q3 2020**	Q3 2021	CHANGE %	Q1-Q3 2020**	Q1-Q3 2021	CHANGE %
Order intake *	8,519	12,122	21	25,517	32,990	29
Revenues *	8,399	11,114	12	24,542	28,223	14
Adjusted EBITA	1,848	2,339	27	4,963	5,875	18
Adjusted EBITA margin, %	22.0	21.0	-	20.2	20.8	-
Reported EBIT	1,820	2,057	13	4,207	5,528	31
EBIT margin, %	21.7	18.5	-	17.1	19.6	-
Adjusted EBIT ¹⁾	1,820	2,057	13	4,874	5,528	13
Adjusted EBIT margin, %	21.7	18.5	-	19.9	19.6	-
Return on capital employed, % ²⁾	32.9	29.6	-	28.7	32.5	-
Number of employees ³⁾	11,972	15,454	29	11,972	15,454	29

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

1) Operating profit adjusted for items affecting comparability of SEK 0 million Q3 2021 (0) and for YTD 2021 the impact was SEK 0 million (-667). For 2020 primarily related to structural and volume related saving measures. See page 24. 2) Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. 3) Full-time equivalent.

SANDVIK ROCK PROCESSING SOLUTIONS

STRONG ORDER INTAKE GROWTH OF 26%

RECORD HIGH AFTERMARKET ORDER INTAKE

SOLID EBIT MARGIN



GROWTH

Q3	ORDER INTAKE	REVENUES
Organic, %	26	12
Structure, %	3	5
Currency, %	0	0
TOTAL, %	29	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.

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Strong organic order intake growth of 26% driven by aftermarket
- All-time high order intake in aftermarket, with organic order growth of 38%, and strong equipment growth of 13% year on year
- Broad-based solid underlying demand in both infrastructure and mining with order intake growth of 68% in North America, 19% in Europe and 10% in Asia
- Organic revenues grew by 12%, invoicing was impacted by supply chain constraints
- The aftermarket business accounted for 54% (54) of revenues while the equipment business accounted for 46% (46)

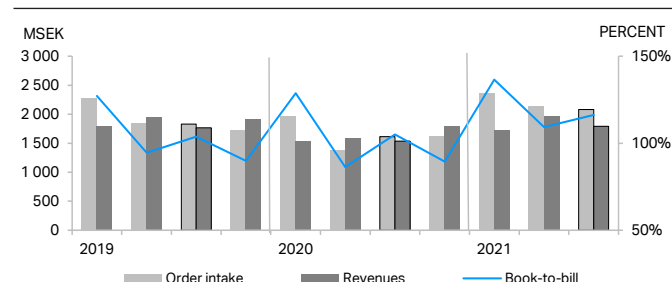
Adjusted EBITA and EBIT:

- Adjusted EBIT margin of 16.8% (17.1) was stable year on year, supported by higher volumes, yet negatively impacted by freight and raw material costs and the reversal of savings
- Permanent savings had a positive impact of SEK 5 million and the reversal of temporary savings had a negative impact of SEK -25 million compared with the preceding year
- Exchange rates had a negative impact of SEK -4 million year on year

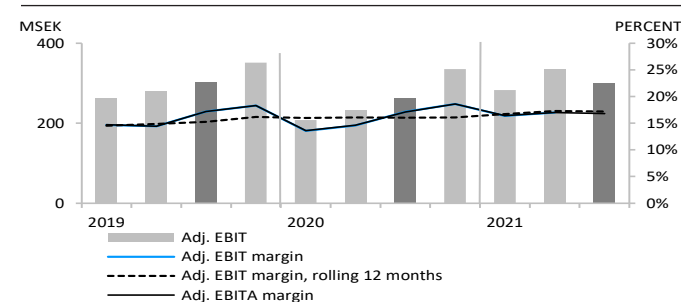
Shift to growth

During the quarter, SRP expanded the offering within crushing and screening with the launch of the track-mobile impact crusher QI353. Based on a new modular platform it can operate in both primary or secondary crushing applications, providing a sustainable solution with increased efficiency and lower operational costs.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED EBITA (%) AND EBIT



FINANCIAL OVERVIEW, MSEK	Q3 2020**	Q3 2021	CHANGE %	Q1-Q3 2020**	Q1-Q3 2021	CHANGE %
Order intake *	1,614	2,082	26	4,960	6,587	37
Revenues *	1,536	1,790	12	4,657	5,481	21
Adjusted EBITA	263	300	14	702	917	31
Adjusted EBITA margin, %	17.1	16.8	-	15.1	16.7	-
Reported EBIT	263	300	14	702	917	31
EBIT margin, %	17.1	16.8	-	15.1	16.7	-
Adjusted EBIT ¹⁾	263	300	14	702	917	31
Adjusted EBIT margin, %	17.1	16.8	-	15.1	16.7	-
Return on capital employed, % ²⁾	23.5	27.5	-	22.6	27.8	-
Number of employees ³⁾	1,690	1,919	14	1,690	1,919	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 24. 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

ORDER INTAKE GROWTH OF 16%

SOLID UNDERLYING EBITA MARGIN

SUCCESSFUL M&A EXECUTION



GROWTH

Q3	ORDER INTAKE	REVENUES
Organic, %	16	18
Structure, %	3	3
Currency, %	-1	-1
TOTAL, %	19	20

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

Order intake and revenues

Key items impacting order intake and revenues year on year:

- Organic order intake growth was 16% mainly driven by general engineering
- Lower production volumes in automotive sector due to semi-conductor shortages were noted in the business
- Order intake from aerospace grew by double digits in the quarter, albeit from low levels
- Regional order intake growth was 16% in Europe, 19% in Asia and 13% in North America
- Daily order intake was stronger in the latter part of September, with a continued positive trajectory into first weeks of October
- The number of working days had -0.3% impact on orders and revenues year on year
- Book to bill of 98%, explained by blanket orders received in prior periods

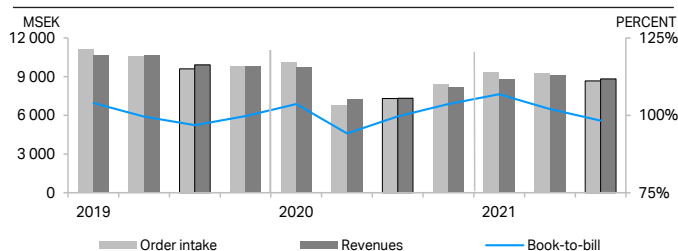
Adjusted EBITA and EBIT

- The adjusted EBITA margin improved to 21.2% (19.4) positively impacted by higher volumes, offset mainly by M&A costs of SEK 165 million in the quarter as well as a SEK 33 million write down of overlapping assets in conjunction with acquisitions
- Permanent savings had a SEK 140 million positive impact while the reversal of temporary savings impacted the quarter negatively by SEK -365 million compared with last year
- Changed exchange rates had a negative impact of SEK -5 million year on year

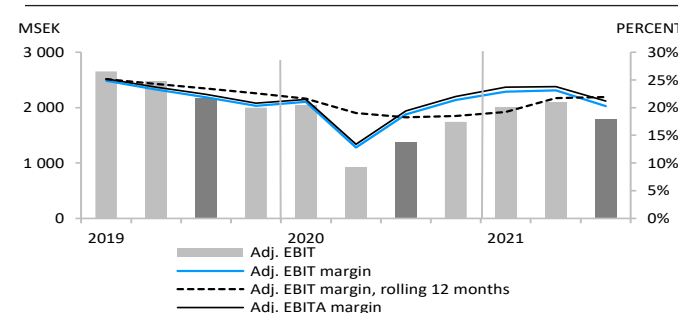
Shift to growth

Sandvik Machining Solutions acquired a majority stake in the Asian premium round tools company Chuzhou Yongpu. Sandvik Manufacturing Solutions increased the pace of its M&A activities, resulting in three strategically important acquisitions in and after the quarter and consequently SMF's 2025 target was updated to SEK 6 billion from previously SEK 4 billion. In conjunction with the new revenue target, an EBITA margin of at least 20% was communicated.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED EBITA (%) AND EBIT



FINANCIAL OVERVIEW, MSEK	Q3 2020	Q3 2021	CHANGE %	Q1-Q3 2020	Q1-Q3 2021	CHANGE %
Order intake *	7,298	8,666	16	24,243	27,315	17
Revenues *	7,325	8,820	18	24,338	26,685	14
Adjusted EBITA	1,420	1,866	31	4,487	6,105	36
Adjusted EBITA margin, %	19.4	21.2	-	18.4	22.9	-
Reported EBIT	1,377	1,863	35	3,712	5,971	61
EBIT margin, %	18.8	21.1	-	15.3	22.4	-
Adjusted EBIT ¹⁾	1,377	1,789	30	4,357	5,898	35
Adjusted EBIT margin, %	18.8	20.3	-	17.9	22.1	-
Return on capital employed, % ²⁾	18.1	21.0	-	17.9	20.9	-
Number of employees ³⁾	15,724	18,813	20	15,724	18,813	20

* Change at fixed exchange rates for comparable units.

¹⁾ Operating profit adjusted for items affecting comparability of SEK 74 million in Q3 2021 (0) which is a partial reversal of restructuring provision recognized in Q1 2021 and SEK 73 million YTD 2021 (-646). For 2020 all are related to savings measures. See page 24. 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

ORGANIC ORDER INTAKE GROWTH OF 29%

RESILIENT MARGIN DESPITE UMBILICALS BACKLOG CHALLENGES

ACQUISITION OF ACCURATECH



GROWTH

Q3	ORDER INTAKE	REVENUES
Organic, %	29	1
Structure, %	0	0
Currency, %	-1	-1
Alloys, %	10	8
TOTAL, %	38	7

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 organic order intake growth and solid absolute levels across most segments and divisions
- Sentiment in oil & gas and aerospace segments continued to improve, with an increase in the number of orders being placed, albeit levels remain low
- Strong order intake development noted in all major regions compared with the corresponding period in the preceding year, with the strongest development noted in North America
- Organic revenues negatively impacted by weak backlog for umbilicals, offset by strong development in consumer-related segments, industrial heating and application tubing

Adjusted EBIT:

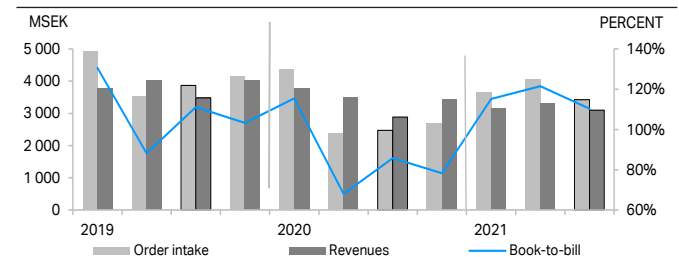
- Solid adjusted EBIT margin despite lower invoicing for umbilicals, supported by strong invoicing and favorable mix in Kanthal and Strip
- Permanent savings had a positive impact of SEK 75 million and reversal of temporary savings impacted negatively by SEK -60 million compared with the preceding year
- Exchange rates had a negative impact of SEK -8 million year on year
- Changed metal prices had a positive impact of SEK 190 million (-25) in the quarter
- Adjusted EBIT excluding metal price effects totaled SEK 123 million (141), corresponding to an underlying margin of 4.0% (4.9)

Shift to growth

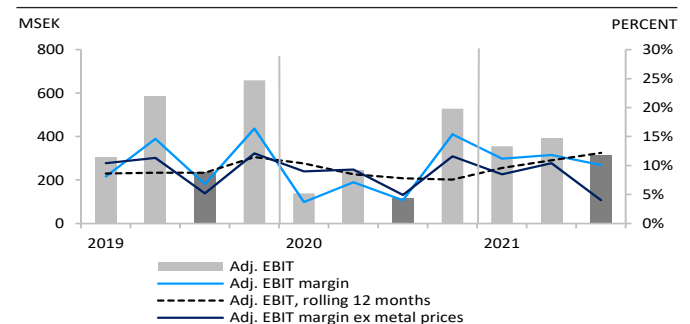
On October 18, the Sandvik Board of Directors confirmed its previous decision to proceed with the preparation to distribute SMT to Sandvik's shareholders and list the company's shares on the Nasdaq Stockholm Exchange with current target to complete the listing the second or third quarter 2022, subject to approval by Sandvik's shareholders.

After the quarter, the acquisition of the medical wire forming company Accuratech Group was completed, a strategically important step in the ambition to grow in the medical sector.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



ADJUSTED EBIT



FINANCIAL OVERVIEW, MSEK	Q3 2020	Q3 2021	CHANGE %	Q1-Q3 2020	Q1-Q3 2021	CHANGE %
Order intake *	2,477	3,422	29	9,219	11,104	21
Revenues *	2,886	3,101	1	10,162	9,587	-6
EBIT	110	295	167	121	987	714
EBIT margin, %	3.8	9.5	-	1.2	10.3	-
Adjusted EBIT ¹⁾	116	313	169	504	1,062	111
Adjusted EBIT margin, %	4.0	10.1	-	5.0	11.1	-
Return on capital employed, % ²⁾	3.5	9.7	-	5.6	11.3	-
Number of employees ³⁾	5,079	5,332	5	5,079	5,332	5

* Change at fixed exchange rates for comparable units.

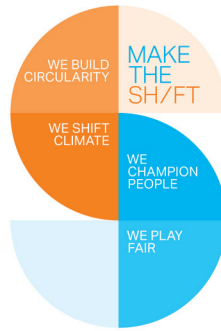
¹⁾ Operating profit adjusted for items affecting comparability of SEK -18 million in Q3 2021 (-6) and SEK -75 million YTD 2021 (-383), primarily related to the internal separation of Sandvik Materials Technology offset by a partial release of structural initiative from 2020. For 2020 it is related to savings measures and the internal separation. See page 24. 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

UNFAVORABLE INJURY FREQUENCY RATE DEVELOPMENT

CLEAN ENERGY INITIATIVE CONTRIBUTED TO DECREASE IN GHG EMISSIONS

DIVERSITY CONTINUED TO IMPROVE



Examples of initiatives that showed good progress during the quarter included the sourcing of clean electricity in parts of our operations in India, which resulted in significant reductions in greenhouse gas emissions. The diversity and inclusion initiative continued to yield improvements, resulting in a growing share of female managers.

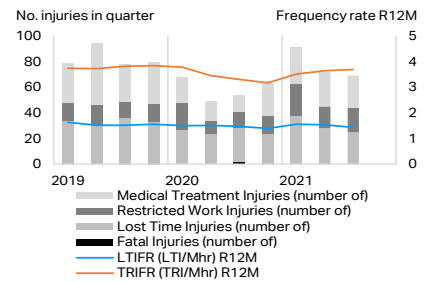
Third quarter 2021

- Injury rates continued to develop unfavorably during the quarter. The TRIFR was 3.7 up from 3.3 compared to the same period last year, corresponding to an increase of 12%
- Greenhouse gas emissions (GHG) decreased by approximately 6% in the quarter and amounted to 55 kton (58). Positive effects from our initiative to source clean energy were noted, with good progress in India during the quarter. The sourcing of emission-free electricity in India offset the increase that would otherwise have been noted due to normalized activity levels compared to last year
- The share of circular waste amounted to 66% in the quarter (70) due to increased volumes of waste at our largest production unit in Sandviken, where non-circular waste was higher in relative terms
- The share of female managers continued its upwards trend, and at the end of the quarter the ratio was 19.5 compared to 18.4 a year ago

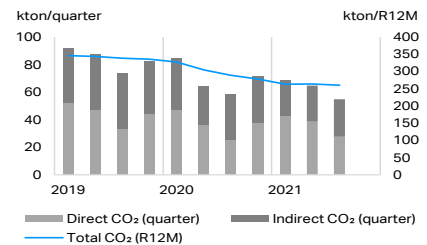
Case of the quarter

Sandvik Rock Processing Solutions has developed a Reborn solution, exchanging the customer's worn-out Sandvik stationary cone crusher with a new one, reutilizing the crusher's auxiliaries and infrastructure. In the past, the entire crusher system was replaced. The solution is made possible due to Sandvik's crusher system audit and the identical footprint of each crusher, meaning that the new cone crusher will fit perfectly into the facility's existing ecosystem. The concept reduces the environmental footprint from manufacturing and logistics as well as from customer operations. The new cone crusher is fully upgraded, resulting in improved reliability and efficiency. To date, more than 130 Reborn solutions have been sold to mining and construction customers globally contributing to more sustainable crushing operations.

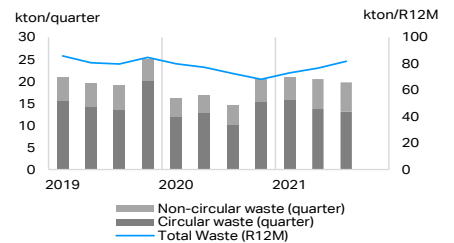
ZERO HARM



CO₂ EMISSIONS

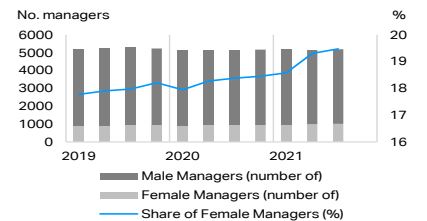


WASTE*



*Excluding tailings, digestion sludge and slag to disposal

DIVERSITY



SUSTAINABILITY OVERVIEW		Q3 2020	Q3 2021	CHANGE %	Rolling 12 months
Circularity	Total waste, thousand tonnes*	15	20	35.6	82
Circularity	Waste recovered, % of total	70.1	66.3	-5.5	71.0
Climate	Total CO ₂ , thousand tonnes*	58	55	-5.7	260
People	Total recordable injury frequency rate, R12M frequency / million working hours	3.3	3.7	11.8	3.7
People	Lost time injury frequency rate, R12M frequency / million working hours	1.5	1.4	-2.7	1.4
People	Share of female managers, %	18.4	19.5	6.0	19.5

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

PARENT COMPANY

The Parent company's invoiced sales after the first nine months of 2021 amounted to SEK 9,167 million (7,085) and reported EBIT was SEK 3,845 million (2,742). Result from shares in Group companies of SEK 1,325 million (-1,544) for the first nine months consists primarily of contributions offset by result from

disposal of shares to establish the legal structure of SMT and dividends. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 22,156 million (7,481). Investments in property, plant and machinery amounted to SEK 938 million (259).

FIRST NINE MONTHS 2021

For the first nine months of 2021, demand for Sandvik's products increased compared to the same period in the preceding year, with organic order intake growth of 24%. Excluding the impact of large orders, organic order intake growth was 25%. Revenues increased organically by 11%.

Underlying customer activity increased in most of the segments with a strong underlying demand in mining and construction. Improved sentiment was noted in the aerospace and energy segments, although demand was still on low levels. While demand in both general engineering and automotive increased, impact from component shortages was noted in the automotive segment. Organic order intake grew at a double digit rate in all major regions. Changed exchange rates had a negative impact of -5% on order intake and revenues, respectively. Sandvik's order intake amounted to SEK 77,996 million (64,236), and revenues were SEK 69,977 million (63,996), implying a book-to-bill ratio of 111%.

The reported EBIT increased by 75% to SEK 13,491 million (7,729) and the reported EBIT margin was 19.3% (12.1).

Adjusted EBITA increased by 32% year on year to SEK 13,566 million (10,276) corresponding to a margin of 19.4% (16.1).

Adjusted EBIT increased by 29% year on year to SEK 13,011 million (10,059) corresponding to a margin of 18.6% (15.7).

Changed metal prices had a positive impact of SEK 359 million (-301) in the period.

Net financial items amounted to SEK -302 million (133) and profit after financial items was SEK 13,188 million (7,863).

The tax rate, excluding items affecting comparability, for continuing operations was 19.1% (22.3). The reported tax rate for continuing operations was 19.4% (22.2) and 19.5% (22.2) for the Group in total.

Profit for the period amounted to SEK 10,623 million (6,119) for continuing operations and SEK 10,614 million (6,100) for the Group total. Earnings per share for continuing operations amounted to SEK 8.46 (4.89) while earnings per share for the Group total amounted to SEK 8.45 (4.87).

Net debt increased year-on-year to SEK 17.9 billion (3.1) resulting in a net debt to equity ratio of 0.25 (0.05).

During the first nine months eight acquisitions were announced, Cambrio, DWFritz Automation, Fanar, CNC Software Inc. and 67% of the round tools company Chuzhou Yongpu within Sandvik Manufacturing and Machining Solutions. In Sandvik Mining and Rock Solutions the acquisition of DSI Underground and Joint Venture partner's (Jennmar) share of the Rocbolt Technologies JVs in China, South Africa and Mongolia was announced. Sandvik Rock Processing Solutions announced the acquisition of Kwatani.

Out of eight announced acquisitions, the DSI Underground and the acquisition of the Joint Venture partner's (Jennmar) share of the Rocbolt Technologies, CNC Software and Chuzhou Yongpu was completed in the third quarter.

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
2021				
Sandvik Mining and Rock Solutions	DSI Underground ²⁾	July 7, 2021	596 MEUR in 2020	2,000
Sandvik Manufacturing and Machining Solutions	Chuzhou Yongpu Carbide Tools Co., Ltd ³⁾	July 31, 2021	400 MSEK 12M Q220 – Q121	500
Sandvik Manufacturing and Machining Solutions	CNC Software Inc.	September 29, 2021	60 MUSD in 2020	220

1) Sandvik is a minority owner and the investment is reported as a financial asset. **2)** On August 3, Sandvik acquired Joint Venture partner's (Jennmar) share of the Rocbolt Technologies JVs in China, South Africa and Mongolia. **3)** Acquired 67% of Chuzhou Yongpu Carbide Tools Co., Ltd, with a call option/put option to buy the remaining part after three years' time.

The preliminary purchase price allocations of DSI Underground and CNC Software Inc. are presented below. The acquisitions were made through the purchase of 100% of shares and voting rights. Sandvik received control over the operations upon the date of closing. No equity instruments have been issued in connection with the acquisitions. The acquisitions have been accounted for using the acquisition method.

MSEK	Purchase price on cash and debt free basis	Preliminary goodwill and other surplus values
Acquisitions 2021	12,967	13,260

FAIR VALUE RECOGNIZED IN THE GROUP 2021

MSEK	DSI Underground	CNC Software Inc.
Intangible assets	74	0
Property, plant and equipment	773	2
Other non-current assets	560	–
Inventories	989	–
Receivables	1,456	66
Other current assets	56	3
Cash and cash equivalents	384	86
Interest bearing loans and borrowings	-2,563	0
Other liabilities and provisions	-1,441	-234
Deferred tax assets/liabilities, net	-513	–
Net identifiable assets and liabilities	-226	-76
Goodwill and surplus values	8,248	4,993
Purchase consideration	-8,022	-4,918
Cash and cash equivalents in the acquired business	384	86
Transaction expenses	-33	-27
Net cash outflow	-7,671	-4,858

DSI Underground

In July, Sandvik Mining and Rock Solutions acquired DSI Underground, the global leader in ground support and reinforcement products, systems and solutions for the underground mining and tunneling industries. The acquisition is an important step in Sandvik's growth ambition. DSI Underground's track record of driving progress and safety in underground operations and its global reach will further strengthen Sandvik's world-leading market position within mining and rock solutions. DSI Underground is present in 70 countries, with 22 production units situated close to end customers. The acquisition included DSI's ownership stake in four joint ventures ("Rocbolt Technologies") based in China, South Africa, Mongolia and Australia. In August, Sandvik Mining and Rock Solutions acquired the share of the Rocbolt Technologies JVs in China, South Africa and Mongolia from the Joint Venture partner's (Jennmar). Jennmar will continue to be a JV partner in Australia. Goodwill of SEK 6,211 million and other surplus values of SEK 2,037 million was recorded on the purchase. The deal has a slightly positive impact on earnings per share. Goodwill is not deductible for tax purposes.

CNC Software Inc.

In September, Design & Planning Automation division within Sandvik Manufacturing and Machining Solutions acquired US-based CNC Software Inc., a leading provider of CAD/CAM software solutions for manufacturing industries and the company behind Mastercam, the most widely used Computer Aided Manufacturing (CAM) brand in the industry. By acquiring CNC Software, Sandvik gains a world-class CAM brand in the Mastercam software suite with an installed base of around 270,000 licenses/users, the largest in the industry, as well as a strong market reseller network and well-established partnerships with leading machine makers and tooling companies. This is in line with Sandvik's strategic focus to grow in the digital manufacturing space, with special attention on industrial software close to component manufacturing. The acquisition of CNC Software and the Mastercam portfolio, in combination with Sandvik's existing offerings and extensive manufacturing capabilities, will make Sandvik a leader in the overall CAM market measured in installed base. The deal is slightly negative to Sandvik's earnings per share from the start. Goodwill of SEK 3,180 million and other surplus values of SEK 1,813 million was recorded on the purchase. Goodwill and other surplus values are deductible for tax purposes.

CONTRIBUTIONS FROM COMPANIES ACQUIRED IN 2021

MSEK	DSI Underground	CNC Software Inc.
Contributions as of acquisition date		
Revenues	1,647	–
Profit (loss) for the year	-29	–
Contributions if the acquisition date would have been January 1, 2021		
Revenues	5,125	416
Profit (loss) for the year	-437	29 ¹⁾

¹⁾ Includes transaction costs of SEK 79 million.

DIVESTMENTS DURING LAST 12 MONTHS

No significant divestments has been made during the past 12 months.

SIGNIFICANT EVENTS

DURING THE THIRD QUARTER

- On July 7, Sandvik Mining and Rock Solutions announced the completion of the acquisition of DSI Underground which included DSI's ownership stake in four joint ventures ("Rocbolt Technologies") based in China, South Africa, Mongolia and Australia.

- 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, a position he assumed on October 1.

- On July 15, Sandvik Manufacturing and Machining Solutions announced the acquisition of the Polish company Fanar. The transaction is expected to close during Q4 2021.

- On July 28, Sandvik Manufacturing and Machining Solutions announced the acquisition of 67% of Chuzhou Yongpu, with a call option/put option to buy the remaining part in three years' time. The transaction was closed on August 20.

- On August 3, Sandvik Mining and Rock Solutions announced the acquisition of Joint Venture partner's (Jennmar) share of the Rocbolt Technologies JVs in China, South Africa and Mongolia. Jennmar will continue to be a JV partner in Australia.

- On August 25, Sandvik Manufacturing and Machining Solutions announced the acquisition of CNC Software Inc. The transaction was closed on September 29.

- On August 25, Sandvik announced a new revenue target for the business area segment Sandvik Manufacturing Solutions for 2025 amounting to SEK 6 billion from SEK 4 billion previously with an adjusted EBITA margin target of at least 20%.

- On August 30, Sandvik announced that Tomas Eliasson, Executive Vice President and Chief Financial Officer, for Sandvik will leave his position as of October 31, 2021.

- On September 17, Sandvik announced the appointment of the Nomination Committee for the 2022 Annual General Meeting.

AFTER THE THIRD QUARTER

- On October 1, Sandvik Manufacturing and Machining Solutions announced the completion of the acquisition of DWFRitz Automation.

- On October 4, Sandvik Materials Technology announced the completion of the acquisition of Accuratech Group.

- On October 18, Sandvik Manufacturing and Machining Solutions announced the completion of the acquisition of Cambrio.

- On October 18, The Board of Directors confirmed its previous decision to proceed with the preparation to distribute Sandvik Materials Technology to Sandvik's shareholders and list the company's shares on the Nasdaq Stockholm Exchange. The Board's current target is to complete the listing on the Nasdaq Stockholm Exchange during second or third quarter 2022, subject to approval by Sandvik's shareholders. The intended distribution of shares is expected to meet the Lex Asea requirements.

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 September 2021, it is estimated that transaction and translation currency effects will have an impact of about SEK +150 million on operating profit for the fourth 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 September 2021, it is estimated that there will be an impact of about SEK 50 million on operating profit in Sandvik Materials Technology for the fourth 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.

Put options issued to owners with non-controlling interests

Put options issued to owners with non-controlling interests refer to agreements that give the owner the right to sell interests in the company, either at a fixed price or a fair value at a future period in time. The amount to be paid if the option is exercised is initially recognized, at present value, as a financial liability. The liability is remeasured and any change in present value is recognized in equity. If the option is not exercised by maturity the liability is derecognized with a corresponding adjustment in equity.

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 September 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.

The third quarter noted a solid year on year increase in both order

intake and revenues, explained by a stronger demand whilst the third quarter preceding year was still impacted by the pandemic. Segments like oil & gas and aerospace have still not recovered on the back of the pandemic. General business environment has improved and hence higher market activities as a consequence. Imbalances in the global supply chain and inflationary pressures has to a certain extent had an impact on Sandvik's operations. Risks and uncertainties connected to the pandemic do remain and certain local lockdowns have been noted, especially in Asia.

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.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q3 2020	Q3 2021	CHANGE %	Q1-Q3 2020	Q1-Q3 2021	CHANGE %
<i>Continuing operations</i>						
Revenues	20,145	24,826	23	63,996	69,977	9
Cost of goods sold	-12,336	-14,931	21	-40,403	-41,172	2
Gross profit	7,810	9,895	27	23,593	28,805	22
% of revenues	38.8	39.9		36.9	41.2	
Selling expenses	-2,335	-2,870	23	-8,030	-8,379	4
Administrative expenses	-1,085	-1,490	37	-4,052	-4,120	2
Research and development costs	-735	-863	17	-2,469	-2,616	6
Other operating income and expenses	-196	-192	-2	-1,312	-199	-85
Operating profit	3,459	4,480	30	7,729	13,491	75
% of revenues	17.2	18.0		12.1	19.3	
Financial income	686	229	-67	874	492	-44
Financial expenses	-157	-163	4	-740	-795	7
Net financial items	529	66	-88	133	-302	-326
Profit after net financial items	3,988	4,546	14	7,863	13,188	68
% of revenues	19.8	18.3		12.3	18.8	
Income tax	-802	-622	-22	-1,743	-2,565	47
Profit for the period, continuing operations	3,186	3,923	23	6,119	10,623	74
% of revenues	15.8	15.8		9.6	15.2	
Loss for the period, discontinued operations	-3	-3	7	-19	-9	-52
Profit for the period, Group total	3,183	3,920	23	6,100	10,614	74
<i>Profit (loss) for the period attributable to</i>						
Owners of the parent company	3,184	3,913		6,114	10,603	
Non-controlling interest	-1	7		-13	11	
Earnings per share, SEK						
Continuing operations, basic	2.54	3.12	23	4.89	8.46	73
Continuing operations, diluted	2.54	3.12	23	4.88	8.45	73
Group total, basic	2.54	3.12	23	4.87	8.45	73
Group total, diluted	2.54	3.12	23	4.87	8.44	73
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit (loss)</i>						
Actuarial gains (losses) on defined benefit pension plans	-706	-1,294		-537	1,669	
Tax relating to items that will not be reclassified	163	303		129	-320	
Total items that will not be reclassified to profit (loss)	-543	-991		-407	1,349	
<i>Items that will be reclassified subsequently to profit (loss)</i>						
Foreign currency translation differences	-953	751		-1,834	2,424	
Cash flow hedges	8	11		16	36	
Tax relating to items that may be reclassified	-2	-2		-5	-9	
Total items that may be reclassified subsequently to profit (loss)	-947	760		-1,823	2,451	
Total other comprehensive income	-1,490	-230		-2,230	3,800	
Total comprehensive income	1,694	3,690		3,871	14,414	
<i>Total comprehensive income attributable to</i>						
Owners of the parent company	1,693	3,683		3,883	14,404	
Non-controlling interest	1	7		-11	11	

NM = not meaningful. For definitions see home.sandvik

THE GROUP

BALANCE SHEET CONTINUING AND DISCONTINUED OPERATIONS

MSEK	DEC 31, 2020	SEP 30, 2020	SEP 30, 2021
Intangible assets	21,004	18,945	34,749
Property, plant and equipment	23,975	24,531	25,101
Right-of-use assets	2,891	3,020	3,589
Financial assets	7,285	7,123	8,445
Inventories	21,473	23,543	27,772
Current receivables	18,387	18,964	23,414
Cash and cash equivalents	23,752	23,443	10,406
Assets held for sale	361	135	373
Total assets	119,128	119,705	133,848
Total equity	65,082	65,949	71,424
Non-current interest-bearing liabilities	22,358	23,188	20,674
Non-current non-interest-bearing liabilities	3,741	3,464	4,736
Current interest bearing liabilities	4,352	3,711	8,619
Current non-interest-bearing liabilities	23,424	23,228	28,228
Liabilities related to assets held for sale	171	164	167
Total equity and liabilities	119,128	119,705	133,848
Group total			
Net working capital 1)	20,096	23,240	25,233
Loans	14,900	15,460	17,787
Non-controlling interests in total equity	1	1	19

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	SEP 30, 2020	SEP 30, 2021
Interest-bearing liabilities excluding pension liabilities and leases	14,923	15,478	17,811
Less cash and cash equivalents	-23,752	-23,443	-10,406
Financial net debt/net cash	-8,829	-7,966	7,405
Net pensions liabilities	8,509	7,969	6,813
Leases	2,965	3,093	3,676
Net debt	2,645	3,097	17,895
Net debt to equity ratio	0.04	0.05	0.25

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
Total comprehensive income for the period	3,077	-11	3,066
Changes in non-controlling interest	2	-2	0
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
Total comprehensive income for the period	14,404	11	14,414
Changes in non-controlling interest	0	7	7
Share based program	61	0	61
Dividends	-8,140	-	-8,140
Closing equity September 30, 2021	71,406	19	71,424

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q3 2020	Q3 2021	Q1-Q3 2020	Q1-Q3 2021
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after net financial items	3,988	4,546	7,863	13,188
Adjustment for depreciation, amortization and impairment losses	1,376	1,679	4,484	4,366
Other adjustments for non-cash items	-545	-490	946	-1,031
Payment to pension fund	-266	-86	-539	-290
Income tax paid	-609	-1,006	-2,251	-3,167
Cash flow from operating activities before changes in working capital	3,945¹⁾	4,643	10,503¹⁾	13,066
<i>Changes in working capital</i>				
Change in inventories	876	-1,672	14	-4,302
Change in operating receivables	214	647	1,274	-2,126
Change in operating liabilities	-213	199	-1,197	3,293
Cash flow from changes in working capital	877	-827	91	-3,135
Investments in rental equipment	-198	-223	-633	-721
Proceeds from sale of rental equipment	68	106	226	224
Cash flow from operating activities, net	4,692¹⁾	3,700	10,187¹⁾	9,434
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	100	-12,963	-121	-12,955
Proceeds from sale of companies and shares, net of cash disposed	-21	10	778	394
Acquisitions of tangible assets	-465	-734	-1,782	-1,839
Proceeds from sale of tangible assets	-34	195	201	259
Acquisitions of intangible assets	-121	-113	-335	-414
Other investments, net	116	18	87	-54
Cash flow from investing activities, net	208	-13,588	-539	-14,608
<i>Cash flow from financing activities</i>				
Repayment of borrowings	-6	-2,200	-2,190	-4,946
Proceeds from borrowings	-121	5,391	41	5,415
Amortization, lease liabilities	-200	-220	-681	-736
Dividends paid	0	0	0	-8,140
Cash flow from financing activities, net	-327¹⁾	2,971	-2,830¹⁾	-8,407
Total cash flow from continuing operations	4,573	-6,917	6,817	-13,581
Total cash flow from discontinued operations	-5	9	-66	-5
Cash flow for the period, Group total	4,567	-6,908	6,751	-13,586
Cash and cash equivalents at beginning of the period	18,952	17,251	16,987	23,752
Foreign exchange rate differences in cash and cash equivalents	-76	62	-295	239
Cash and cash equivalents at the end of the period	23,443	10,406	23,443	10,406
<i>Group Total</i>				
Cash flow from operations	4,687	3,706	10,120	9,430
Cash flow from investing activities	208	-13,585	-538	-14,609
Cash flow from financing activities	-327	2,971	-2,830	-8,407
Group total cash flow	4,567	-6,908	6,751	-13,586

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

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q3 2020	Q3 2021	Q1-Q3 2020	Q1-Q3 2021
Revenues	1,844	2,753	7,085	9,167
Cost of sales and services	-365	-471	-1,214	-1,977
Gross profit	1,479	2,282	5,871	7,190
Selling expenses	-198	-211	-706	-646
Administrative expenses	-208	-315	-1,012	-1,076
Research and development costs	-319	-374	-952	-1,053
Other operating income and expenses	-87	-180	-459	-570
Operating profit	667	1,202	2,742	3,845
Result from shares in group companies	222	2,097	-1,544	1,325
Interest income/expenses and similar items	-31	-104	-102	-181
Profit after net financial items	858	3,195	1,096	4,989
Appropriations	-278	-59	2,281	-104
Income tax expenses	-29	-500	-553	-1,037
Profit for the period	551	2,636	2,824	3,848

BALANCE SHEET

MSEK	DEC 31, 2020	SEP 30, 2020	SEP 30, 2021
Intangible assets	39	48	625
Property, plant and equipment	3,219	3,182	3,188
Financial assets	54,107	54,551	60,645
Inventories	676	756	795
Current receivables	6,294	4,899	6,500
Cash and cash equivalents	-	-	0
Total assets	64,335	63,436	71,753
Total equity	37,731	37,697	33,501
Untaxed reserves	937	941	1,041
Provisions	750	745	540
Non-current interest-bearing liabilities	11,346	12,514	9,991
Non-current non-interest-bearing liabilities	123	167	105
Current interest-bearing liabilities	10,466	8,624	23,862
Current non-interest-bearing liabilities	2,982	2,748	2,713
Total equity and liabilities	64,335	63,436	71,753
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	7,057	7,481	22,156
Investments in fixed assets	430	259	938

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE BY REGION

MSEK	Q3 2021	CHANGE *		SHARE	Q1-Q3 2021	CHANGE *		SHARE
		%	% ¹⁾	%		%	% ¹⁾	%
THE GROUP								
Europe	7,820	16	16	30	26,226	21	25	34
North America	5,422	25	25	21	16,301	23	24	21
South America	1,569	48	48	6	4,259	49	49	5
Africa/Middle East	3,293	39	20	13	7,914	28	26	10
Asia	5,487	23	23	21	16,334	28	24	21
Australia	2,700	-4	10	10	6,962	9	14	9
Total Continuing Operations ²⁾	26,292	21	20	100	77,996	24	25	100
SANDVIK MINING AND ROCK SOLUTIONS**								
Europe	1,335	29	29	11	3,897	37	37	12
North America	2,279	18	18	19	6,656	30	30	20
South America	939	30	30	8	2,717	50	50	8
Africa/Middle East	2,940	48	25	24	6,945	34	32	21
Asia	2,160	26	26	18	6,488	35	25	20
Australia	2,469	-8	7	20	6,288	6	11	19
Total ²⁾	12,122	21	20	100	32,990	29	28	100
SANDVIK ROCK PROCESSING SOLUTIONS**								
Europe	589	19	19	28	1,949	39	39	30
North America	422	68	68	20	1,449	34	34	22
South America	224	32	32	11	549	31	31	8
Africa/Middle East	217	6	6	10	569	4	4	9
Asia	494	10	10	24	1,661	48	48	25
Australia	137	79	79	7	409	68	68	6
Total	2,082	26	26	100	6,587	37	37	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS								
Europe	4,438	16	16	51	14,721	19	19	54
North America	1,854	13	13	21	5,756	13	13	21
South America	225	51	51	3	600	62	62	2
Africa/Middle East	78	11	11	1	220	9	9	1
Asia	2,004	19	19	23	5,823	15	15	21
Australia	68	10	10	1	195	3	3	1
Total	8,666	16	16	100	27,315	17	17	100
SANDVIK MATERIALS TECHNOLOGY								
Europe	1,459	6	6	43	5,659	14	30	51
North America	868	67	67	25	2,440	29	36	22
South America	181	498	498	5	394	55	55	4
Africa/Middle East	58	-42	-42	2	179	-25	-25	2
Asia	830	31	31	24	2,362	28	28	21
Australia	27	148	148	1	70	88	88	1
Total	3,422	29	29	100	11,104	21	31	100

*At fixed exchange rates for comparable units compared with the year-earlier period.** Last years figures have 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 Q3 of SEK 38 million and for the first six months SEK 422 million recognized according to IFRS 16.

REVENUES BY REGION

MSEK	Q3 2021	CHANGE*, %	SHARE %	Q1-Q3 2021	CHANGE*, %	SHARE %
THE GROUP						
Europe	7,894	15	32	23,928	8	34
North America	5,411	12	22	15,014	7	21
South America	1,425	43	6	3,616	33	5
Africa/Middle East	2,499	12	10	6,805	20	10
Asia	5,038	7	20	14,314	15	20
Australia	2,560	6	10	6,301	5	9
Total Continuing Operations	24,826	13	100	69,977	11	100
Discontinued Operations	1	0	0	5	0	0
Group total ¹⁾	24,828	13	100	69,981	11	100
SANDVIK MINING AND ROCK SOLUTIONS**						
Europe	1,289	15	12	3,054	-3	11
North America	2,296	18	21	5,858	18	21
South America	967	44	9	2,384	36	8
Africa/Middle East	2,223	17	20	5,913	22	21
Asia	1,970	-1	18	5,275	12	19
Australia	2,370	5	21	5,740	4	20
Total ¹⁾	11,114	12	100	28,223	14	100
SANDVIK ROCK PROCESSING SOLUTIONS**						
Europe	496	1	28	1,636	11	30
North America	393	20	22	1,236	26	23
South America	205	86	11	494	36	9
Africa/Middle East	159	-13	9	509	14	9
Asia	438	10	24	1,303	29	24
Australia	100	18	6	303	10	6
Total	1,790	12	100	5,481	21	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS						
Europe	4,583	18	52	14,427	16	54
North America	1,936	19	22	5,633	11	21
South America	208	51	2	572	55	2
Africa/Middle East	68	2	1	207	5	1
Asia	1,956	16	22	5,652	12	21
Australia	69	8	1	194	4	1
Total	8,820	18	100	26,685	14	100
SANDVIK MATERIALS TECHNOLOGY						
Europe	1,526	9	49	4,810	-6	50
North America	786	-14	25	2,288	-22	24
South America	46	-45	1	166	-29	2
Africa/Middle East	49	-31	2	176	-4	2
Asia	675	11	22	2,083	25	22
Australia	22	92	1	64	46	1
Total	3,101	1	100	9,587	-6	100

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

¹⁾ Includes rental fleet revenues in Q3 of SEK 218 million and for the first six month SEK 619 million recognized according to IFRS 16.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	CHANGE	
	2020	2020	2020	2020	2020	2021	2021	2021	%	% *
Sandvik Mining and Rock Solutions**	8,598	8,400	8,519	9,314	34,832	10,469	10,399	12,122	42	21
Sandvik Rock Processing Solutions**	1,973	1,373	1,614	1,612	6,571	2,358	2,147	2,082	29	26
Sandvik Manufacturing and Machining Solutions	10,124	6,821	7,298	8,434	32,677	9,379	9,270	8,666	19	16
Sandvik Materials Technology	4,365	2,377	2,477	2,691	11,910	3,641	4,041	3,422	38	29
Other Operations	297	0	0	0	297	-	-	-	-	0
Continuing operations	25,356	18,971	19,909	22,051	86,287	25,847	25,857	26,292	32	21
Discontinued operations	0	0	0	1	1	0	1	0	0	0
Group Total ¹⁾	25,356	18,971	19,909	22,052	86,288	25,847	25,858	26,293	32	21

REVENUES BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	CHANGE	
	2020	2020	2020	2020	2020	2021	2021	2021	%	% *
Sandvik Mining and Rock Solutions**	8,244	7,899	8,399	9,031	33,572	8,019	9,090	11,114	32	12
Sandvik Rock Processing Solutions**	1,531	1,590	1,536	1,802	6,459	1,727	1,964	1,790	17	12
Sandvik Manufacturing and Machining Solutions	9,766	7,247	7,325	8,139	32,477	8,782	9,083	8,820	20	18
Sandvik Materials Technology	3,782	3,495	2,886	3,436	13,598	3,162	3,324	3,101	7	1
Other Operations	297	0	0	0	297	-	-	0	0	0
Continuing operations	23,620	20,230	20,145	22,408	86,404	21,691	23,460	24,826	23	13
Discontinued operations	2	-1	0	4	6	2	1	1	263	273
Group Total ¹⁾	23,623	20,229	20,146	22,412	86,409	21,693	23,461	24,828	23	13

EBIT BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	CHANGE	
	2020	2020	2020	2020	2020	2021	2021	2021	%	% *
Sandvik Mining and Rock Solutions**	1,453	934	1,820	2,192	6,400	1,644	1,827	2,057		13
Sandvik Rock Processing Solutions**	208	232	263	288	990	283	334	300		14
Sandvik Manufacturing and Machining Solutions	1,690	645	1,377	894	4,606	2,012	2,096	1,863		35
Sandvik Materials Technology	94	-83	110	371	492	336	355	295		167
Group activities	-168	-178	-89	-258	-694	-19	142	-35		-61
Other Operations	-515	-42	-22	0	-578	0	0	0		-100
Continuing operations	2,762	1,508	3,459	3,487	11,216	4,256	4,754	4,480		30
Discontinued operations	-12	-4	-3	-13	-32	-3	-3	-3		7
Group Total ¹⁾	2,750	1,504	3,456	3,474	11,184	4,253	4,751	4,477		30

EBIT MARGIN BY BUSINESS AREA

%	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3
	2020	2020	2020	2020	2020	2021	2021	2021
Sandvik Mining and Rock Solutions**	17.6	11.8	21.7	24.3	19.1	20.5	20.1	18.5
Sandvik Rock Processing Solutions**	13.6	14.6	17.1	16.0	15.3	16.4	17.0	16.8
Sandvik Manufacturing and Machining Solutions	17.3	8.9	18.8	11.0	14.2	22.9	23.1	21.1
Sandvik Materials Technology	2.5	-2.4	3.8	10.8	3.6	10.6	10.7	9.5
Other Operations	N/M	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	18.0
Discontinued operations	N/M	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	18.0

* 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 EBIT BY BUSINESS AREA

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021	Q3 2021	CHANGE %
Sandvik Mining and Rock Solutions*	1,453	1,601	1,820	2,011	6,885	1,644	1,827	2,057	13
Sandvik Rock Processing Solutions*	208	232	263	335	1,038	283	334	300	14
Sandvik Manufacturing and Machining Solutions	2,054	927	1,377	1,742	6,100	2,013	2,097	1,789	30
Sandvik Materials Technology	139	248	116	528	1,032	355	394	313	169
Group activities	-138	-129	-82	-112	-461	-124	-182	-88	6
Other Operations	11	-42	0	-	-31	-	0	0	-100
Continuing operations	3,728	2,837	3,494	4,505	14,563	4,170	4,469	4,371	25
Discontinued operations	-12	-4	-3	-13	-32	-3	-3	-3	7
Group Total ¹⁾	3,716	2,833	3,491	4,492	14,531	4,167	4,466	4,368	25

ADJUSTED EBIT MARGIN BY BUSINESS AREA

%	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021	Q3 2021
Sandvik Mining and Rock Solutions*	17.6	20.3	21.7	22.3	20.5	20.5	20.1	18.5
Sandvik Rock Processing Solutions*	13.6	14.6	17.1	18.6	16.1	16.4	17.0	16.8
Sandvik Manufacturing and Machining Solutions	21.0	12.8	18.8	21.4	18.8	22.9	23.1	20.3
Sandvik Materials Technology	3.7	7.1	4.0	15.4	7.6	11.2	11.8	10.1
Other Operations	3.8	N/M	N/M	N/M	-10.4	N/M	N/M	N/M
Continuing operations	15.8	14.0	17.3	20.1	16.9	19.2	19.1	17.6
Discontinued operations	N/M	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	17.6

ITEMS AFFECTING COMPARABILITY ON EBITA AND EBIT

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020	Q1 2021	Q2 2021	Q3 2021
Sandvik Mining and Rock Solutions*	-	-667	-	182	-485	-	-	-
Sandvik Rock Processing Solutions*	-	-	-	-48	-48	-	-	-
Sandvik Manufacturing and Machining Solutions	-364	-282	-	-848	-1,494	-	-1	74
Sandvik Materials Technology	-45	-331	-6	-157	-540	-19	-39	-18
Group activities	-30	-49	-7	-146	-233	105	324	53
Other Operations	-526	-	-21	-	-547	-	-	-
Continuing operations	-965	-1,329	-35	-1,018	-3,347	86	285	109
Discontinued operations	-	-	-	-	-	-	-	-
Group Total	-965	-1,329	-35	-1,018	-3,347	86	285	109

* 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.

Items affecting comparability on operating profit

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 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.

Q3 2021- Sandvik reported items affecting comparability (IAC) of SEK 109 million, with the total on Group activities comprising of SMT separation costs of SEK -16 million, a positive impact of SEK 47 million related to closure of a defined benefit plan in UK, and a capital gain of SEK 21 million from a property divestment where the write-down was taken as an item affecting comparability last year. On Sandvik Manufacturing and Machining Solutions, IAC consist of a positive impact of SEK 75 million from a partial reversal of a restructuring provision accounted for in the first quarter preceding year. On Sandvik Materials Technology total IAC includes a provision release of SEK 32 million related to a restructuring initiative and a capital gain from a property divestment of SEK 29 million announced last year, and separation costs totaling SEK -80 million.

ITEMS AFFECTING COMPARABILITY ON NET FINANCIAL ITEMS

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

Q3 2020	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-802	20.1	7	-1.3	-809	23.6
Discontinued operations	-	-	-	-	-	-
Group total	-802	20.1	7	-1.3	-809	23.6

Q3 2021	Reported tax, MSEK	Reported tax, %	IAC, MSEK	IAC, %	Tax excluding IAC, MSEK	Tax excluding IAC, %
Continued operations	-622	13.7	-3	2.4	-620	14.0
Discontinued operations	-	-	-	-	-	-
Group total	-622	13.7	-3	2.4	-620	14.0

NET WORKING CAPITAL & CAPITAL EMPLOYED

MSEK	DEC 31, 2020	SEP 30, 2020	SEP 30, 2021
Inventories	21,718	23,543	27,811
Trade receivables	12,369	12,616	15,760
Account payables	-7,024	-6,187	-10,003
Other receivables	3,128	3,515	4,330
Other liabilities	-9,862	-10,248	-12,628
Net working capital	20,330	23,240	25,270
Tangible assets	23,975	24,531	25,283
Intangible assets	21,006	18,945	34,791
Other assets (incl. cash and cash equivalents)	74,032	76,093	73,665
Other liabilities	-27,184	-26,692	-32,649
Capital employed	91,830	92,877	101,089

KEY FIGURES

CONTINUING OPERATIONS	Q3 2020	Q3 2021	Q1-Q4 2020
Tax rate, %	20.1	13.7	22.3
Return on capital employed, % ^{1,2)}	18.1	19.7	13.3
Return on total equity, % ¹⁾	19.6	22.6	13.6
Return on total capital, % ¹⁾	14.0	14.8	10.2
Shareholders' equity per share, SEK	52.6	56.9	51.9
Net debt/equity ratio	0.05	0.25	0.04
Net debt/EBITDA	0.54	0.23	0.41
Equity/assets ratio, %	55	53	55
Net working capital, % ^{1,2)}	29.6	24.3	27.5
Earnings per share, basic, SEK	2.54	3.12	6.99
Earnings per share, diluted, SEK	2.54	3.12	6.98
EBITDA, MSEK	4,835	6,159	17,180
Cash flow from operations, MSEK	4,692	3,700	15,414
Funds from operations (FFO), MSEK	3,945	4,643	14,063
Interest coverage ratio, %	2,513	2,849	1,497
Number of employees ³⁾	34,969	42,090	37,122

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ 12-month rolling Q3 2021 ROCE reported at 18.7% (10.3) and NWC reported at 24.7% (27.9). ³⁾ Full-time equivalent.

GROUP TOTAL	Q3 2020	Q3 2021	Q1-Q4 2020
Tax rate, %	20.1	13.7	22.4
Return on capital employed, % ^{1,2)}	18.1	19.7	13.3
Return on total equity, % ¹⁾	19.6	22.5	13.6
Return on total capital, % ¹⁾	13.9	14.8	10.1
Shareholders' equity per share, SEK	52.6	56.9	51.9
Net debt/equity ratio	0.05	0.25	0.04
Net debt/EBITDA	0.54	0.23	0.41
Equity/assets ratio, %	55	53	55
Net working capital, % ^{1,2)}	29.7	24.3	27.5
Earnings per share, basic, SEK	2.54	3.12	6.96
Earnings per share diluted, SEK	2.54	3.12	6.95
EBITDA, MSEK	4,832	6,156	17,149
Cash flow from operations, MSEK	4,687	3,706	15,347
Funds from operations (FFO), MSEK	3,931	4,648	13,935
Interest coverage ratio, %	2,504	2,852	906
Number of employees ³⁾	34,972	42,093	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)	1,256,184	1,255,789	1,256,055

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ 12-month rolling Q3 2021 ROCE reported at 18.7% (10.2) and NWC reported at 24.8% (27.9). 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 EBIT

Earnings before interest and taxes adjusted for items affecting comparability.

ADJUSTED EBIT MARGIN

Earnings before interest and taxes adjusted for items affecting comparability in relation to sales.

ADJUSTED EBITA

Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations.

ADJUSTED EBITA MARGIN

Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations in relations to sales.

ADJUSTED EBIT 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 EPS

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.

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 EPS, DILUTED EXCLUDING SURPLUS VALUES

Profit/loss adjusted for items affecting comparability excluding amortizations and other accounting effects, net of tax, arising from business combinations 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 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.

EBIT

Earnings before interest and taxes.

EBIT MARGIN

Earnings before interest and taxes in relation to sales

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 EBITA, EBIT, 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.

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.

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). Organic growth is used to analyze the underlying sales performance in the Group.

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.

ANNUAL GENERAL MEETING

The Board of Directors has decided that the 2022 Annual General Meeting will be held in Sandviken, Sweden on April 27, 2022. The notice to convene the Annual General Meeting will be made in the prescribed manner.

Stockholm October 18, 2021

Sandvik Aktiebolag (publ)

Stefan Widing
President and CEO

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information (interim report) of Sandvik AB as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 18, 2021

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Lead Partner

Anna Rosendal
Authorized Public Accountant

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 11.30 AM CEST on October 18, 2021.

Additional information may be obtained from Sandvik Investor Relations on +46 70 782 63 74 (Louise Tjeder).

A telephone conference will be held on October 18, 2021 at 1.00 PM CEST.

Information is available at home.sandvik/ir

CALENDAR

January 20, 2022	Report, fourth quarter 2021 (Note: New date)
April 20, 2022	Report, first quarter 2022
April 27, 2022	Annual General Meeting
July 15, 2022	Report, second quarter 2022
October 17, 2022	Report, third quarter 2022

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