

INTERIM REPORT FOURTH QUARTER

AND FULL YEAR 2017



STRONG FINISH TO A RECORD YEAR

CEO'S COMMENT: "The year of 2017 was a strong period for Sandvik with significant increase in customer activity as well as delivery on internal efficiencies. This resulted in record-high adjusted operating profit of 14.6 billion SEK (11.0), a significant improvement in adjusted operating margin to 16.1% (13.5) and a record high operating cash flow of 14.7 billion SEK (12.5)", says Björn Rosengren, President and CEO of Sandvik.

"Demand improved in all customer segments and in all geographical regions. I am very pleased with our diligent focus on cost efficiency in this period of high business activity, as well as our product innovations that create value for our customers by offering increased sustainable productivity. I am particularly pleased with the performance of Sandvik Machining Solutions and Sandvik Mining and Rock Technology."

"We were recognized on a number of occasions during the year for our sustainability work. Most recently, Sandvik was ranked 65 globally among the 100 most sustainable companies. This according to the Global 100 index compiled by Corporate Knights and presented at the World Economic Forum in Davos. This was a great achievement and confirmation that sustainability is truly an integral part of our business."

"We have consolidated the business portfolio as we concluded the divestments of Sandvik Process Systems and Mining Systems (discontinued operations) and have announced a new owner for Hyperion. In January, after the close of 2017, we completed the divestment of the welding wire business to ESAB. In total these businesses account for some 10% of Group revenues. The divestments create additional balance sheet capacity to grow the core business of Sandvik."

"In total, Group earnings per share (EPS) increased significantly to 10.52 SEK (4.39) and to 10.56 SEK (5.48) for continuing operations. Adjusted EPS increased to 8.01 SEK (4.39) for the Group and to 8.05 SEK (5.48) for continuing operations."

"The Board of Directors proposes a dividend of 3.50 SEK per share (2.75). This represents a year-on-year increase of 27%, while still prioritising a solid balance sheet. The dividend proposal represents 44% (63) of adjusted EPS for Sandvik Group in total."

"In the fourth quarter demand improved significantly year-on-year, with orders and revenues reporting organic growth of 15% with strong development in all business areas. Customer activity increased in all three major geographical regions and all customer segments. The high activity level supported the adjusted operating margin, which improved to 17.0% (15.0) and yielding a 24% increase in adjusted operating profit. Excluding the adverse impact from changed exchange rates, adjusted operating profit improved by 36%."

"During the quarter, we closed the divestment of Process Systems which yielded a capital gain of 3.9 billion SEK in operating profit. Strong operational performance generated a robust cash flow from operations that reached record-high quarterly level of 5.3 billion SEK. This resulted in a further strengthening of our balance sheet and net gearing was reported at 0.33 (0.73). I am very pleased that our solid financial position was reflected in the decision by Standard & Poor's to upgrade our credit rating to BBB+ with stable outlook."

FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	21 993	24 106	+15	81 861	95 444	+15
Revenues ¹⁾	21 817	23 936	+15	81 553	90 905	+10
Gross profit	8 587	9 723	+13	31 671	36 626	+16
% of revenues	39.4	40.6		38.8	40.3	
Operating profit	3 277	7 976	N/M	11 018	18 098	+64
% of revenues	15.0	33.3		13.5	19.9	
Adjusted operating profit ⁴⁾	3 277	4 066	+24	11 018	14 638	+33
% of revenues	15.0	17.0		13.5	16.1	
Profit after financial items	2 860	7 702	N/M	9 366	17 018	+82
% of revenues	13.1	32.2		11.5	18.7	
Profit for the period	2 100	6 421	N/M	6 838	13 235	+94
% of revenues	9.6	26.8		8.4	14.6	
of which shareholders' interest	2 111	6 421	N/M	6 878	13 249	+93
Earnings per share, SEK ²⁾	1.68	5.12	N/M	5.48	10.56	+93
Adjusted earnings per share, SEK ²⁾	1.68	2.35	+40	5.48	8.05	+47
Return on capital employed, % ³⁾	17.1	42.8		14.7	23.9	
Cash flow from operations	+4 363	+5 267	+21	+12 542	+14 752	+18
Net working capital, % ³⁾	24.7	22.0		27.1	23.6	
<i>Discontinued operations</i>						
Profit for the period	-255	-101	+60	-1 370	-52	+96
Earnings per share, SEK ²⁾	-0.20	-0.08	+61	-1.09	-0.04	+96
<i>Group Total</i>						
Profit for the period	1 845	6 320	N/M	5 468	13 183	N/M
Earnings per share, SEK ²⁾	1.48	5.04	N/M	4.39	10.52	N/M
Adjusted earnings per share, SEK ²⁾	1.48	2.27	53	4.39	8.01	82

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

2) Earnings per share after impact from dilution in continuing operations Q4 2017 is 5.11 SEK (1.68) and for Group total 5.03 SEK (1.48). For full year 2017 in continuing operations 10.55 SEK (5.48) and Group total 10.50 SEK (4.39).

3) Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

4) Profit adj. for items affecting comparability of -450 million SEK in Q2 2017 and +3 910 million SEK in Q4 2017.

Tables and calculations do not always agree exactly with the totals due to rounding.

Comparisons refer to the year-earlier period, unless stated otherwise.

For definitions see home.sandvik

N/M = non meaningful

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+15	+15
Structure, %	-1	-1
Currency, %	-4	-4
TOTAL, %	+10	+10

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

In the fourth quarter, both order intake and revenues improved organically by 15% year-on-year, with strong development in all business areas. Sandvik Machining Solutions reported organic order growth of 12%. In Sandvik Mining and Rock Technology, orders improved organically by 10%. Sandvik Materials Technology reported an increase of 38% in orders, including one large order received at a value of 630 million SEK. Growth was 16% excluding the impact of the major order.

In the three major regions, North America and Europe displayed the strongest momentum with growth at 17% and 16%, respectively. Asia improved by 12%, supported by a significant increase in China.

Demand improved in all customer segments in all regions, barring automotive in North America which remained stable.

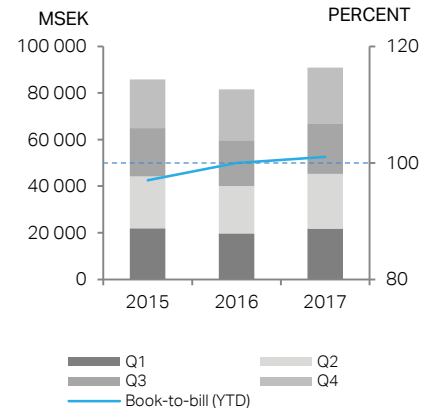
Changed exchange rates had a negative impact of -4% on both order intake and revenues.

Adjusted operating profit rose by 24% year-on-year to 4,066 million SEK (3,277) and the adjusted operating margin was 17.0% (15.0). Operating profit more than doubled from the year-earlier period, supported by the capital gain of 3.9 billion SEK generated by the divestment of Sandvik Process Systems. The improvement in adjusted operating profit was driven by strong development in Sandvik Mining and Rock Technology and Sandvik Machining Solutions at 60% and 21% respectively, due to higher volumes and implemented efficiency measures. In Sandvik Materials Technology, the adjusted operating profit declined primarily due to the adverse impact from a negative mix in deliveries and lower profitability in the more standardized tubular business.

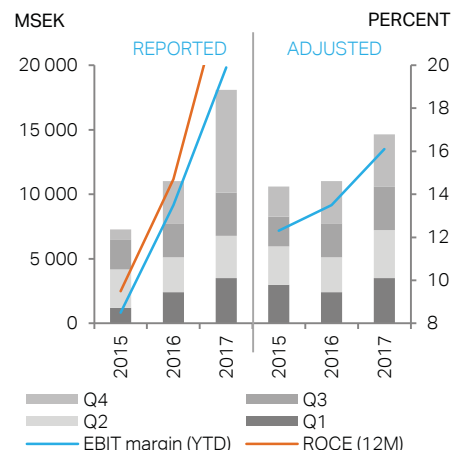
Total costs for sales and administration rose by 7%. This increase was related to higher sales cost due to intensified market activity. However, the ratio to revenues declined to 20% (21). The quarter marked the completion of the supply chain optimization program and other cost-saving actions initially launched in late 2013. The total savings made of about 2.0 billion SEK are largely in line with the originally targeted 2.1 billion SEK. In the quarter, these programs generated savings of 32 million SEK year-on-year. Changed exchange rates adversely impacted operating profit by -375 million SEK. Changed metal prices had a positive impact of 101 million SEK (109) on results.

Finance net decreased significantly year-on-year to -274 million SEK (-417) related to a lower debt level and decreased amount of borrowing in high-yielding currencies due to increased capital injections in foreign subsidiaries. The tax rate was 16.6% (26.6) for continuing operations, including the capital gain from the divestment of Sandvik Process Systems and adjustments due to the changed US tax regulations. The underlying tax rate amounted to 27.3%. The tax rate for Group total was 16.8% (29.2) for the quarter, with the underlying tax rate at 28.1%.

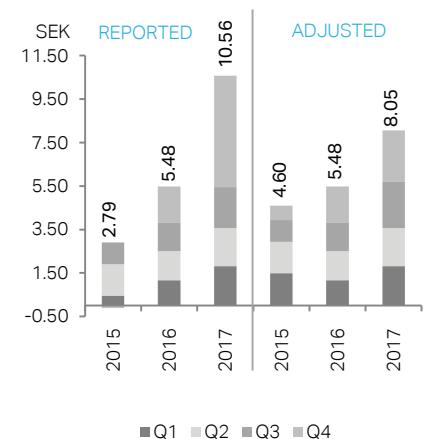
REVENUES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Capital employed increased year-on-year to 78.1 billion SEK (77.7) as a decrease in fixed assets was more than off-set by an increased cash position.

Net working capital remained largely stable year-on-year at 20.4 billion SEK. Inventories increased due to higher customer demand, although this was more than offset by a largely stable level of accounts receivables in combination with higher accounts payable and customer advances. Net working capital in relation to revenues declined to 22% (25) for the quarter.

Investments in tangible and intangible assets in the fourth quarter amounted to 1.3 billion SEK (1.1), corresponding to 100% of depreciation. Investments are seasonally higher in the second half of the year.

Financial net debt amounted to 16.0 billion SEK in the fourth quarter, declining both year-on-year from 28.6 billion SEK and sequentially from 25.3 billion SEK. The net debt to equity ratio declined year-on-year to 0.33 (0.73). The net pension liability declined year-on-year to 4.9 billion SEK (6.0) due to strong performance in pension related assets. Interest-bearing debt with short-term maturity accounted for 4% of total debt.

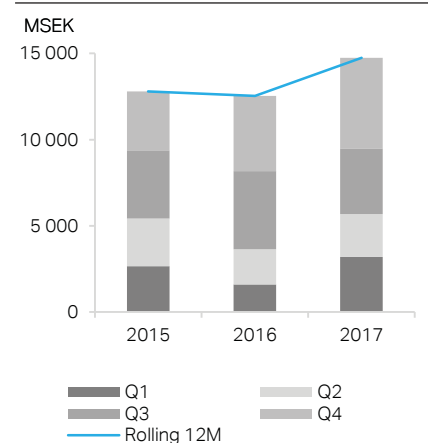
Cash flow from operations was 5.3 billion SEK and improved year-on-year (4.4). Cash flow was supported primarily by increased operating earnings. Consequently, free operating cash flow improved by 24% year-on-year to 5.1 billion SEK (4.1), to be compared with an adjusted operating profit of 4.1 billion SEK.

CASH FLOW	Q4 2016	Q4 2017
EBITDA	4 529	9 104
Non-cash items	-143	-3 877
Net Working Capital change	+968	+1 212
Capex*	-1 254	-1 354
FREE OPERATING CASH FLOW**	4 100	5 085
Net financial items	-417	-274
Paid tax	-412	-693
Cash flow investing activities (reversed)	+1 096	-3 575
Acquisitions of companies and shares, net of cash	-8	0
Proceeds from sale of companies and shares, net of cash	0	+4 706
Other investments, net	+3	+18
CASH FLOW FROM OPERATIONS	4 363	5 267

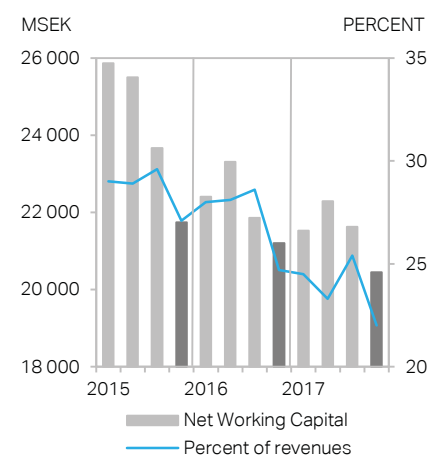
* Including investments and disposals of rental equipment of -205 million SEK (-162) and investments and disposals of tangible and intangible assets of -1,149 million SEK (-1,091).

** Free operating cash flow before acquisitions and disposals of companies, financial items and taxes.

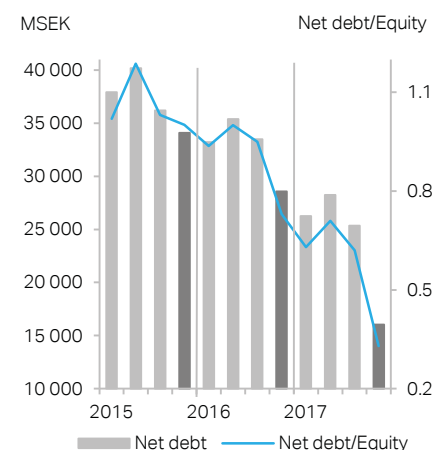
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MACHINING SOLUTIONS

RECORD-HIGH QUARTER FOR REVENUES AND OPERATING PROFIT

STRONG DEMAND IN ALL REGIONS AND CUSTOMER SEGMENTS



GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+12	+10
Structure, %	+0	+0
Currency, %	-3	-3
TOTAL, %	+8	+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 reached record-high levels and increased significantly year-on-year by 12% and 10%, respectively. Demand improved in all geographical regions as customer activity intensified in all segments.

Key items impacting order intake and revenues compared with the year-earlier period:

- The number of working days had a negative impact of about -1.5% on both order intake and revenues.
- Larger orders in product area Powder and Blanks Technology had a positive impact of +1% on the total order intake and revenues.
- Orders in Asia increased organically by 12%, significantly supported by high customer activity in China and across most segments.
- In Europe, orders improved organically by 10%, including the above-average adverse impact from working days. Demand improved in all customer segments as well as most local markets.
- Orders improved organically by 16% in North America, with positive development across all segments except automotive, which remained stable.

Operating profit reached record-high quarterly level of 2,282 million SEK (1,883) and the operating margin improved significantly to 24.5% (21.6). Operating profit improved by 21% year-on-year, including a negative impact from changed exchange rates.

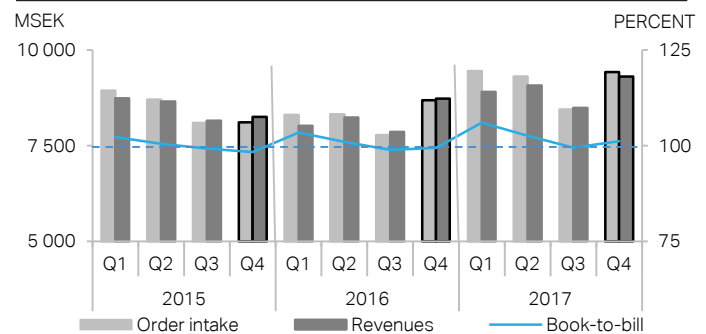
Items impacting operating profit and operating margin:

- Positive organic growth in revenues of 10%.
- Changed exchange rates had an adverse impact of -153 million SEK on operating profit.
- Ongoing announced efficiency measures generated year-on-year savings of 31 million SEK, including closure of a

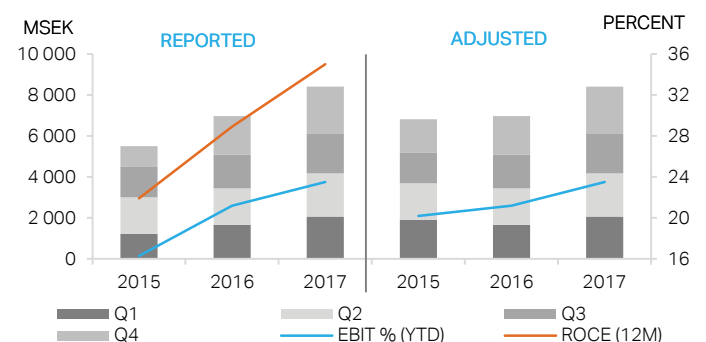
final unit, thereby marking the completion of the previously announced supply chain optimization program.

- A lower level of stock reduction, compared with last year, supported the operating margin by 0.3% year-on-year.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	8 688	9 424	+12 *	33 088	36 636	+10*
Revenues	8 734	9 310	+10 *	32 852	35 778	+8*
Operating profit	1 883	2 282	+21	6 970	8 413	+21
% of revenues	21.6	24.5		21.2	23.5	
Return on capital employed, % ¹⁾	30.8	38.9		28.9	35.0	
Number of employees ²⁾	18 395	18 187	-1	18 395	18 187	-1

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

²⁾ 2016 number of employees is restated due to internal transfer of headcount from Group to operations, in line with decentralization strategy.

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

STRONG DEMAND FOR REPLACEMENT EQUIPMENT

HIGH CUSTOMER ACTIVITY IN THE AFTERMARKET BUSINESS

SIGNIFICANT EARNINGS AND MARGIN IMPROVEMENT



GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+10	+21
Structure, %	+0	+0
Currency, %	-5	-5
TOTAL, %	+5	+16

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

Order intake improved organically by 10% year-on-year, despite high comparables in the year-earlier period. Revenues increased organically by 21% supported by strong order intake in recent quarters and a favorable demand in the aftermarket business.

Key items impacting order intake and revenues compared with the year-earlier period:

- Order intake was driven by high demand for replacement mining equipment and high customer activity in the aftermarket business.
- Growth in the aftermarket business improved significantly, with strong development for both parts & service and consumables.
- In the equipment business, drilling and mechanical cutting accounted for the strongest growth in relative terms.
- Increased customer activity was primarily related to the commodities of gold, silver, copper and zinc. Signs of improvement were noted in coal.
- All geographies noted an underlying improved activity level. Order intake increased most in Australia in relative terms, while timing aspects implied a negative development for Africa & Middle East.
- The aftermarket business accounted for 58% of revenues while the equipment business accounted for 42%.

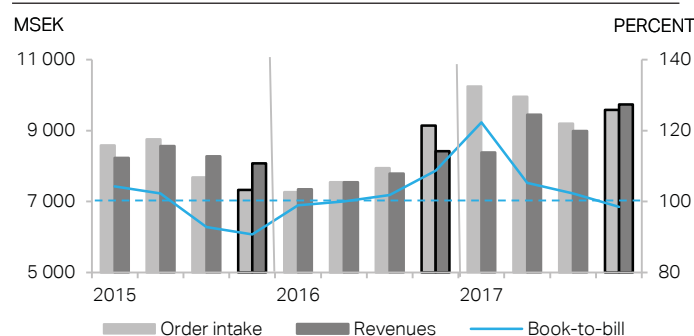
Operating profit improved by 60% and the operating margin increased significantly to 16.2% (11.7), including an adverse impact from changed exchanged rates.

Items impacting operating profit and operating margin:

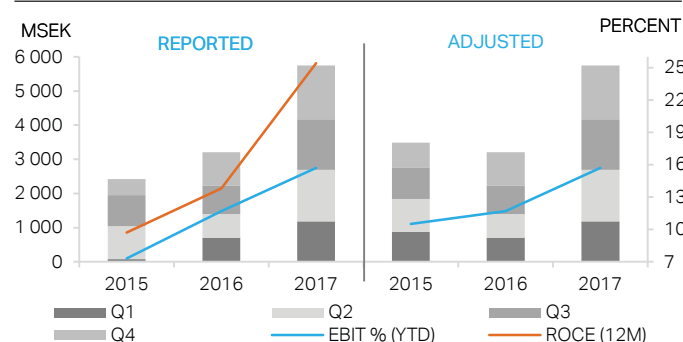
- Positive organic growth in revenues of 21% improved the absorption of fixed costs in production.

- The year-earlier period was adversely impacted by some activities related to the merger of the two business areas Sandvik Mining and Sandvik Construction.
- Changed exchange rates impacted operating profit negatively by -196 million SEK.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	9 145	9 586	+10 *	31 886	38 973	+20*
Revenues	8 418	9 732	+21 *	31 093	36 547	+15*
Operating profit	986	1 575	+60	3 206	5 743	+79
% of revenues	11.7	16.2		10.3	15.7	
Return on capital employed, % ¹⁾	17.3	28.1		13.8	25.4	
Number of employees ²⁾	14 392	15 041	+5	14 392	15 041	+5

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

²⁾ 2016 number of employees is restated due to internal transfer of headcount from Group to operations, in line with decentralization strategy.

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	9 145	9 586	+10 *	31 886	38 973	+20*
Revenues	8 418	9 732	+21 *	31 093	36 547	+15*
Operating profit	986	1 575	+60	3 206	5 743	+79
% of revenues	11.7	16.2		10.3	15.7	

* At fixed exchange rates for comparable units.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	718	98	-86 *	2 372	1 299	-48
Revenues	718	556	-19 *	2 877	3 080	+3*
Operating profit ¹⁾	-239	-94	+61	-1 361	-61	+95
% of revenues	-33.4	-17.0		-47.3	-2.0	

* At fixed exchange rates for comparable units.

¹⁾ Full year 2016 operating profit includes a capital loss of -847 million SEK

Order intake declined by -86% year-on-year due to high comparables as one large order of 500 million SEK was received in the year-earlier quarter and that no new orders were booked as the divestment of Mining Systems to FLSmidth and NEPEAN was completed. Revenues declined by -19% year-on-year at fixed exchange rates for comparable units. The operating profit amounted to -94 million SEK (-239), including a provision for project and transaction related costs totaling about -95 million SEK. Changed exchange rates impacted earnings positively by 73 million SEK.

In the quarter the closure of the deal exiting the Mining Systems business was announced.

The Mining Systems conveyor components business, including the closely related specialist conveyor systems business in Hollola (Finland), was divested to NEPEAN.

The Mining Systems project business was divested to FLSmidth, with the exception of the project business assets in South Africa which awaits merger control clearance. Clearance is expected during the first quarter 2018.

Mining Systems has been reported in discontinued operations and the divested businesses has as of 2 November been de-consolidated from Sandvik's financial statements. The projects to be finalized during 2018-2019 by Sandvik, through an operational agreement with FLSmidth, will however remain reported in discontinued operations.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	9 862	9 683	+3 *	34 258	40 272	+15*
Revenues	9 136	10 288	+18 *	33 970	39 628	+14
Operating profit	747	1 481	+98	1 845	5 682	N/M
% of revenues	8.2	14.4		5.4	14.3	

* At fixed exchange rates for comparable units.

¹⁾ Full year 2016 operating profit includes a capital loss of -847 million SEK

SANDVIK MATERIALS TECHNOLOGY

PROFITABILITY SIGNIFICANTLY IMPACTED BY ADVERSE MIX

LARGE ORDER RECEIVED

INCREASED CUSTOMER ACTIVITY



GROWTH		
Q4	ORDER INTAKE	REVENUES
Price/volume, %	+38	+10
Structure, %	-1	-0
Currency, %	-2	-2
TOTAL, %	+35	+8

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect⁹

Organic order intake increased by 38%, supported by a major order. Excluding the impact from the major order, order intake improved by 16%. Revenues improved organically by 10%. Higher alloy prices positively impacted both order intake and revenues by 2%, primarily related to nickel.

Key items impacting order intake and revenues compared with the year-earlier period:

- Order intake was positively impacted by a large order received worth 630 million SEK related to the energy segment.
- Demand improved from a low level for the more standardized tubular product offering, primarily due to increased customer activity in the opex-related energy segment.
- For the more capex-related tubular offering, demand remained stable.
- Higher demand for heating systems and high-alloy metal powder for such applications as additive manufacturing.

Operating profit declined to 270 million SEK (404) and the operating margin deteriorated to 7.4% (12.0), including an adverse impact from changed exchange rates. Excluding metal price effects, operating profit was 169 million SEK (295) and the operating margin was 4.6% (8.8).

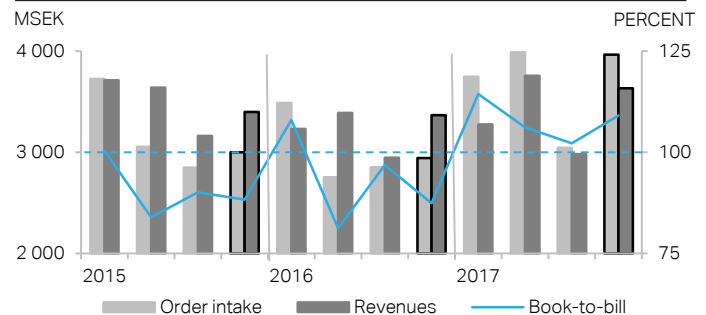
Items impacting operating profit and operating margin:

- Excluding the positive impact from changed alloy prices, organic revenues improved by 9%. However, a negative mix in deliveries and lower profitability primarily in the standardized tubular business weighed on operating profit.
- Operating profit included a provision of -30 million SEK related to staff reductions.
- Changed exchange rates had a negative impact of -27 million SEK on operating profit.
- Changed metal prices had a positive impact of 101 million SEK (109) on operating profit in the quarter.

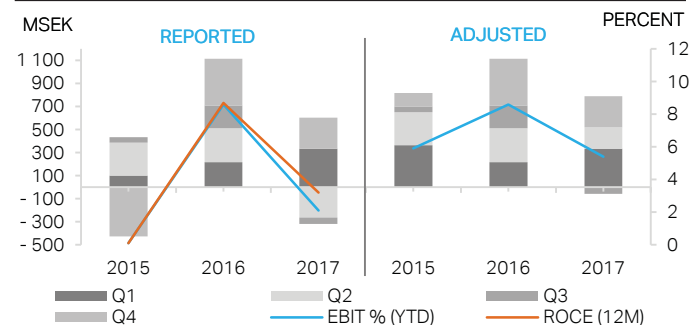
An agreement was signed to divest the welding wire operations to ESAB, part of the Colfax Corporation. Revenues for the welding wire business amounted to 490 million SEK in 2017. After the closing of the fourth quarter the divestment was completed.

On 1 November, Göran Björkman was appointed new President of the business area and member of the Sandvik Group Executive Management Team. He has been employed at Sandvik since 1990 and the majority of that time in the materials technology operations.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	2 943	3 964	+38 *	12 036	14 739	+ 22*
Revenues	3 366	3 633	+10 *	12 931	13 643	+5*
Operating profit	404	270	-33	1 115	284	-75
% of revenues	12.0	7.4		8.6	2.1	
Adjusted operating profit	404	270	-33	1 115	734	-34
% of revenues	12.0	7.4		8.6	5.4	
Return on capital employed, % ¹⁾	12.4	8.5		8.7	2.2	
Number of employees ²⁾	6 511	6 483	-0	6 511	6 483	-0

* At fixed exchange rates for comparable units, ** Operating profit adjusted for items affecting comparability of -450 million SEK in Q2 2017.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

²⁾ 2016 number of employees is restated due to internal transfer of headcount from Group to operations, in line with decentralization strategy.

For definitions see home.sandvik

OTHER OPERATIONS

Organic order intake and revenues improved by 18% and 20% respectively, which was the result of significant improvement in customer activity for both Sandvik Process Systems and Hyperion.

Key items impacting order intake and revenues compared with the year-earlier period:

- Sandvik Process Systems: organic order intake increased significantly as demand improved in most customer segments and geographical regions. Customer activity in the belts business was stronger in relative terms.
- Hyperion: significant growth was reported for both order intake and revenues, supported by a general positive trend in customer activity in most segments.

Reported operating profit amounted to 4,059 million SEK, with significant support from the capital gain of 3.9 billion SEK attributable to the divestment of Sandvik Process Systems. Adjusted operating profit amounted to 149 million SEK (197) and the adjusted operating margin declined to 11.8% (15.2), adversely impacted by transaction related costs of -25 million SEK, adverse mix due to lower share of sales from Sandvik Process Systems and the impact from changed exchange rates.

Items impacting operating profit and operating margin:

- Sandvik Process Systems reported a slight decline in operating profit and operating margin from the high comparative quarter in the preceding year.
- The divestment of Sandvik Process Systems to FAM AB was completed on 1 December. The divestment resulted in a capital gain of 3.9 billion SEK which positively impacted the operating profit in the quarter. Sandvik Process Systems has been reported in Other Operations and the divested business was deconsolidated from Sandvik's financial statements as of 1 December.
- Both operating profit and operating margin improved in Hyperion, supported by positive organic growth.
- On 8 December Sandvik announced it has signed an agreement to divest Hyperion to the US listed investment firm KKR at a price of 4 billion SEK. Hyperion, with approximately 1,400 employees, has in 2017 reported revenues of 3.3 billion SEK. Hyperion will remain reported in Other Operations in the Sandvik financial statements until closure of the deal. The closing of the transaction is expected during the first half of 2018 and is subject to the approval of relevant authorities. Upon closing, the transaction will generate a capital gain to be reported in Sandvik's financial statements.
- Changed exchange rates had an adverse impact of -31 million SEK on operating profit.

GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+18	+20
Structure, %	-19	-17
Currency, %	-4	-4
TOTAL, %	-6	-3

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

FINANCIAL OVERVIEW, MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
Order intake	1 211	1 133	+18 *	4 830	5 096	+9*
Revenues	1 296	1 261	+20 *	4 655	4 936	+10*
Operating profit	197	4 059	N/M	545	4 432	N/M
% of revenues	15.2	321.8		11.7	89.8	
Adjusted operating profit	197	149	-24	545	522	-4
% of revenues	15.2	11.8		11.7	10.6	
Return on capital employed, % ¹⁾	21.2	492.2		14.5	123.8	
Number of employees ²⁾	1 918	1 531	-20	1 918	1 531	-20

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

²⁾ 2016 number of employees is restated due to internal transfer of headcount from Group to operations, in line with decentralization strategy.

PARENT COMPANY

For full year 2017 revenues amounted to 16,627 million SEK (15,146) and the operating result was 1,260 million SEK (722). Expense of shares in Group companies consists primarily of dividends, Group contributions to these and profit on the divestment of Sandvik Process Systems and amounted after

the fourth quarter to -706 million SEK (202). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 11,180 million SEK (14,478). Investments in property, plant and machinery amounted to 875 million SEK (975).

FULL YEAR 2017

During 2017, the demand for Sandvik's products improved year-on-year, with order intake noting organic growth of 15%. Revenues increased by 10% as a result of the delay in converting orders into deliveries. This was attributable to a broad-based improvement in customer activity in all business areas and most customer segments. The strongest growth was reported in the mining segment due to a significant improvement in demand for replacement equipment as well as higher demand in the aftermarket business. Demand for Sandvik's products improved in all regions. Changed exchange rates had a positive impact of 1% on both order intake and revenues. Sandvik's order intake amounted to 95,444 million SEK (81,861), and revenues were 90,905 million SEK (81,553), implying a book-to-bill ratio of 105%.

Adjusted operating profit was 14,638 million SEK (11,018) and the adjusted operating margin was 16.1% (13.5), positively impacted in the amount of 45 million SEK due to changed exchange rates. The reported operating profit increased by 64% to 18,098 million SEK (11,018), with significant support from the capital gain of 3.9 billion SEK related to the divestment of Sandvik Process Systems. Changed metal prices had a positive impact of 113 million SEK (64). Net financial items amounted to -1,080 million SEK (-1,652) and the profit after financial items was 17,018 million SEK (9,366).

The tax rate was 22.2% (27.0) for continuing operations and 22.3% for the Group (31.6), impacted by the capital gain from the divestment of Sandvik Process Systems and to some extent due to the changed US tax regulations. The underlying tax rate for continuing operations was 27.0% (27.0) and for Group total 27.1% (31.6).

Profit for the period amounted to 13,235 million SEK (6,838) for continuing operations and 13,183 million SEK (5,468) for the Group in total. Earnings per share for continuing operations amounted to 10.56 SEK (5.48) while earnings per share for the Group in total amounted to 10.52 SEK (4.39).

Operating cash flow from continuing operations was 14,752 million SEK (12,542), supported by higher earnings year-on-year, which more than offset an adverse impact from changes in net working capital. Investments were 3,580 million SEK (3,673). Net debt declined to 16.0 billion SEK (28.6), resulting in a net debt to equity ratio of 0.33 (0.73).

During the year several sustainability recognitions were received. The most recent one marking Sandvik as global No. 65 out of the 100 most sustainable companies. This according to the ranking Global 100 issued by Corporate Knights and presented at the World Economic Forum in Davos.

The business portfolio was consolidated as the divestitures of Sandvik Process Systems and Mining Systems (discontinued operations) were closed. A new owner for the Hyperion were announced. On 31 January, after the close of 2017, the divestment of the welding wire business was completed. These structural changes represent in total some 10% of Sandvik Group total revenues. The divestment creates additional capacity for growth and expansion of the core business of Sandvik.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

No acquisitions in the period.

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE MSEK	NO. OF EMPLOYEES
Discontinued operations	Sandvik Mining Systems	2 November 2017	3 400 (Jan - Oct annualized)	560
Other operations	Sandvik Process Systems	1 December 2017	1 800 (Jan - Nov annualized)	520

SIGNIFICANT EVENTS

- On 30 October an agreement was signed to divest the welding wire operations in Sandvik Materials Technology to ESAB, part of the Colfax Corporation. Revenues for the welding wire business amounted to 490 million SEK in 2017.

- On 1 November Göran Björkman was appointed as new President of Sandvik Materials Technology and member of the Sandvik Group Executive Management Team. He has been with Sandvik since 1990 and the majority of that time in the materials technology operations.

- On 2 November the completion of the divestment of the Mining Systems business was announced.

The Mining Systems conveyor components business, including the closely related specialist conveyor systems business in Hollola (Finland), was divested to NEPEAN.

The Mining Systems project business was divested to FLSmidth, with the exception of the project business assets in South Africa which awaits merger control clearance. Clearance is expected during the first quarter of 2018.

Mining Systems has been reported in discontinued operations and the divested businesses has as of 2 November been deconsolidated from Sandvik's financial statements. The projects to be finalized during 2018–2019 by Sandvik, through an operational agreement with FLSmidth, will however remain reported in discontinued operations.

- On 1 December the divestment of Sandvik Process Systems to FAM AB was completed. The divestiture resulted in a capital gain of 3.9 billion SEK which positively impacted the operating profit in the quarter. Sandvik Process Systems has been reported in Other Operations and the divested business was deconsolidated from Sandvik's financial statements as of 1 December.

- On 8 December Sandvik announced that it has signed an agreement to divest Hyperion to the US listed investment firm KKR at a price of 4 billion SEK. Hyperion, with approximately 1,400 employees, has in 2017 reported revenues of 3.3 billion SEK.

Hyperion will remain reported in Other Operations in the Sandvik financial statements until closure of the deal. The closing of the transaction is expected during the first half of 2018 and is subject to the approval of relevant authorities. Upon closing, the transaction will generate a capital gain to be reported in Sandvik's financial statements.

- On 31 January 2018, after the close of the fourth quarter, Sandvik Materials Technology announced that the divestment of the welding wire business to ESAB was completed.

GUIDANCE

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 outcomes is provided in the table below:

CAPEX	Estimated at about 4 billion SEK for 2018
CURRENCY EFFECTS	Based on currency rates at the end of January 2018, it is estimated that transaction and translation currency effects will have a negative impact of about -250 million SEK on operating profit for the first quarter of 2018, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of January 2018, it is estimated that there will be a positive impact of about +100 million SEK on operating profit in Sandvik Materials Technology for the first quarter of 2018
NET FINANCIAL ITEMS	Estimated at about -1 billion SEK in 2018
TAX RATE	Estimated at about 26% - 28% for 2018

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 2017.

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 1 January 2017 or later. The standards have not had any material impact on the consolidated accounts. Disclosure in accordance with IAS 34.16A is found in the financial statements, the related notes and also in other parts of the interim report.

IFRS 9 Financial Instruments

Effective date January 1, 2018. Preparations for the new standard have been performed during Q3 and Q4 2017. Sandvik will continue to apply IAS39 Financial instruments: Recognition and Measurement for hedge accounting and Sandvik entities will primarily be affected, although to a small extent, by the introduction of the expected loss model regarding provisions for credit losses, replacing the current incurred loss model. Sandvik has chosen to apply the simplified model for measuring the lifetime expected credit loss for its financial assets.

IFRS 15 Revenue from contracts with customers

Effective date is 1 January 2018. The effects on the financial statements are identified as being limited. In the parallel reporting performed during 2017, an amount of about 75 million SEK is identified as deferred to a later period compared to revenue

reported under IAS 18 Revenue and IAS 11 Construction contracts. The effect is mainly related to turnkey contracts and extended warranties where control has been identified to take place at a later period point in time respectively over time. Reclassifying the closing balances of 2017 to identify the contract balances according to IFRS 15, the Sandvik Group would report contract assets of about 425 million SEK and contract liabilities of about 2 960 million SEK, with only minor additional amounts from applying the new standard.

IFRS16 Leases

Effective date is 1 January 2019. For Sandvik the application of IFRS 16 will lead to operational leases being recognized on the balance sheet. Sandvik has operational leases regarding offices, warehouses, company cars, production and office equipment. A project is ongoing to assess the magnitude of the financial effects on Sandvik's financial statements and prepare for implementation.

The Mining Systems operations and Sandvik Process Systems were divested in the fourth quarter and have been deconsolidated from Sandvik's financial statements. The Mining System's projects that will be finalized during 2018-2019 by Sandvik remains classified as discontinued operations.

In accordance with IFRS 5, the assets and liabilities related to the exit from Hyperion and the planned divestment of the welding and stainless wire businesses in Sandvik Materials Technology are presented as assets/liabilities held for sale in the balance sheet. In connection with the planned divestment of the welding and stainless wire businesses an impairment mainly related to fixed assets was made in the second quarter 2017. No changes in impairments of these net assets were recognized in the fourth quarter.

TRANSACTIONS WITH RELATED PARTIES

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

RISK ASSESSMENT

Sandvik is a global group represented in 150 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 the business

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 2016.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q4 2016	Q4 2017	CHANGE %	Q1-Q4 2016	Q1-Q4 2017	CHANGE %
<i>Continuing operations</i>						
Revenues	21 817	23 936	+10	81 553	90 905	+11
Cost of sales and services	-13 230	-14 213	+7	-49 882	-54 279	+9
Gross profit	8 587	9 723	+13	31 671	36 626	+16
% of revenues	39.4	40.6		38.8	40.3	
Selling expenses	-3 106	-3 204	+3	-11 865	-12 819	+8
Administrative expenses	-1 371	-1 580	+15	-5 842	-5 954	+2
Research and development costs	-900	-906	+1	-3 075	-3 163	+3
Other operating income and expenses	67	3 943	N/M	129	3 408	N/M
Operating profit	3 277	7 976	+143	11 018	18 098	+64
% of revenues	15.0	33.3		13.5	19.9	
Net financial items	-417	-274	-34	-1 652	-1 080	-35
Profit after financial items	2 860	7 702	+169	9 366	17 018	+82
% of revenues	13.1	32.2		11.5	18.7	
Income tax	-760	-1 281	+69	-2 528	-3 783	+50
Profit for the period, continuing operations	2 100	6 421	+206	6 838	13 235	+94
% of revenues	9.6	26.8		8.4	14.6	
<i>Discontinued operations</i>						
Revenues	718	556	-23	2 877	3 080	+7
Operating profit	-239	-94	+61	-1 361	-61	+95
Profit after financial items	-255	-101	+60	-1 370	-52	+96
Profit for the period, discontinued operations	-255	-101	+60	-1 370	-52	+96
<i>Group total</i>						
Revenues	22 535	24 492	+9	84 430	93 985	+11
Operating profit	3 038	7 882	N/M	9 657	18 037	+87
Profit after financial items	2 605	7 601	N/M	7 996	16 966	N/M
Profit for the period, Group total	1 845	6 320	N/M	5 468	13 183	N/M
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	1 744	964		168	860	
Tax relating to items that will not be reclassified	-456	-107		-82	-108	
	1 288	857		86	751	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	778	981		2 323	-1 355	
Cash flow hedges	34	7		106	86	
Tax relating to items that may be reclassified	-7	-1		-22	-19	
	805	987		2 407	-1 288	
Total other comprehensive income	2 093	1 844		2 493	-537	
Total comprehensive income	3 938	8 164		7 961	12 646	
<i>Profit for the period attributable to</i>						
Owners of the Parent	1 856	6 320		5 508	13 197	
Non-controlling interests	-11	-		-40	-14	
<i>Total comprehensive income attributable to</i>						
Owners of the Parent	3 949	8 163		8 001	12 660	
Non-controlling interests	-11	-		-40	-14	
Earnings per share, SEK *						
Continuing operations	1.68	5.12	N/M	5.48	10.56	+93
Discontinued operations	-0.20	-0.08	+61	-1.09	-0.04	+96
Group Total	1.48	5.04	N/M	4.39	10.52	N/M

* Earnings per share after impact from dilution in continuing operations Q4 2017 is 5.11 SEK (1.68) and for Group total 5.03 SEK (1.48). For full year 2017 in continuing operations 10.55 SEK (5.48) and Group total 10.50 SEK (4.39).

N/M = non-meaningful.

For definitions see home.sandvik

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2016	31 DEC 2017
Intangible assets	19 240	17 376
Property, plant and equipment	26 709	24 399
Financial assets	8 036	6 764
Inventories	20 977	21 389
Current receivables	19 362	19 630
Cash and cash equivalents	8 818	12 724
Assets held for sale	358	4 522
Total assets	103 500	106 804
Total equity	39 290	48 771
Non-current interest-bearing liabilities	33 187	28 463
Non-current non-interest-bearing liabilities	4 867	4 463
Current interest-bearing liabilities	4 680	986
Current non-interest-bearing liabilities	20 579	22 551
Liabilities related to assets held for sale	897	1 570
Total equity and liabilities	103 500	106 804
<i>Group total</i>		
Net working capital*	20 801	20 809
Loans	31 333	23 751
Non-controlling interests in total equity	93	28

* Total of inventories, trade receivables, accounts payable and other current noninterest-bearing receivables and liabilities, excluding tax assets and liabilities.

NET DEBT

MSEK	31 DEC 2016	31 DEC 2017
Interest-bearing liabilities excluding pension liabilities	31 418	23 828
Net pension liabilities	5 979	4 936
Cash and cash equivalents	-8 818	-12 724
Net debt	28 579	16 040
Net debt to equity ratio	0.73	0.33

CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	52	52
Total comprehensive income for the period	8 001	-40	7 961
Personnel options program	61	-	61
Hedge of personnel options program	292	-	292
Dividends	-3 136	-	-3 136
Closing equity, 31 December 2016	39 197	93	39 290
Opening equity, 1 January 2017	39 197	93	39 290
Changes in non-controlling interest	-9	-43	-52
Total comprehensive income for the period	12 660	-14	12 646
Personnel options program	365	-	365
Hedge of personnel options program	-21	-	-21
Dividends	-3 449	-8	-3 457
Closing equity, 31 December 2017	48 743	28	48 771

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q4 2016	Q4 2017	Q1-Q4 2016	Q1-Q4 2017
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	2 860	7 702	9 366	17 018
Adjustment for depreciation, amortization and impairment losses	1 252	1 128	4 504	4 931
Adjustment for items that do not require the use of cash etc.	-143	-3 877	-762	-3 542
Income tax paid	-412	-693	-1 650	-2 466
Cash flow from operations before changes in working capital, continuing operations	3 557	4 260	11 458	15 941
<i>Changes in working capital</i>				
Change in inventories	651	-527	1 750	-2 189
Change in operating receivables	-602	52	89	-1 557
Change in operating liabilities	919	1 687	-230	3 416
Cash flow from changes in working capital, continuing operations	968	1 212	1 609	-330
Investments in rental equipment	-230	-231	-697	-985
Divestments of rental equipment	68	26	172	126
Cash flow from operations, continuing operations	4 363	5 267	12 542	14 752
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash	-8	0	-31	0
Proceeds from sale of companies and shares, net of cash	0	4 706	53	4 786
Investments in tangible assets	-892	-1 073	-2 700	-2 688
Proceeds from sale of tangible assets	48	104	211	331
Investments in intangible assets	-248	-225	-973	-892
Proceeds from sale of intangible assets	1	45	26	46
Other investments, net	3	18	4	9
Cash flow from investing activities, continuing operations	-1 096	3 575	-3 410	1 592
Net cash flow after investing activities	3 267	8 842	9 132	16 344
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	-2 290	-4 612	-3 185	-8 315
Dividends paid	0	-5	-3 136	-3 458
Cash flow from financing activities, continuing operations	-2 290	-4 617	-6 321	-11 773
Cash flow from continuing operations	977	4 225	2 811	4 571
Cash flow from discontinued operations	-167	-175	-523	-608
Cash flow for the period, Group total	810	4 050	2 288	3 963
Cash and cash equivalents at beginning of the period	7 927	8 565	6 376	8 818
Exchange-rate differences in cash and cash equivalents	81	109	154	-57
Cash and cash equivalents at the end of the period	8 818	12 274	8 818	12 724
<i>Discontinued operations</i>				
Cash flow from operations	-168	-31	-510	-466
Cash flow from investing activities	-2	-144	-21	-144
Cash flow from financing activities	3	0	8	2
<i>Group Total</i>				
Cash flow from operations	4 195	5 236	12 032	14 286
Cash flow from investing activities	-1 098	3 431	-3 431	1 448
Cash flow from financing activities	-2 287	-4 617	-6 313	-11 771
Group total cash flow	810	4 050	2 288	3 963

For definitions see [home.sandvik](#)

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-Q4 2016	Q1-Q4 2017
Revenues	15 146	16 627
Cost of sales and services	-8 418	-9 514
Gross profit	6 728	7 113
Selling expenses	-820	-963
Administrative expenses	-2 144	-2 287
Research and development costs	-1 371	-1 336
Other operating income and expenses	-1 671	-1 267
Operating profit	722	1 260
Income/expenses from shares in Group companies	202	-706
Income from shares in associated companies	10	77
Interest income/expenses and similar items	-518	-234
Profit after financial items	416	397
Appropriations	8	-62
Income tax expenses	-240	547
Profit for the period	184	882

BALANCE SHEET

MSEK	31 DEC 2016	31 DEC 2017
Intangible assets	161	131
Property, plant and equipment	7 610	7 240
Financial assets	47 076	44 337
Inventories	2 927	2 926
Current receivables	8 917	6 585
Cash and cash equivalents	1	-
Total assets	66 692	61 219
Total equity	29 402	27 179
Untaxed reserves	3	3
Provisions	674	560
Non-current interest-bearing liabilities	19 824	16 469
Non-current non-interest-bearing liabilities	316	250
Current interest-bearing liabilities	9 294	6 433
Current non-interest-bearing liabilities	7 179	10 325
Total equity and liabilities	66 692	61 219
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	14 478	11 180
Investments in fixed assets	975	875

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE AND REVENUES PER MARKET AREA

MARKET AREA	ORDER INTAKE	CHANGE *		SHARE	REVENUES	CHANGE *	SHARE
	MSEK	%	% ¹⁾	%	MSEK	%	%
THE GROUP							
Europe	9 829	+16	+9	40	9 420	+10	40
North America	4 930	+17	+17	20	4 857	+23	20
South America	1 097	+19	+19	5	1 135	+16	5
Africa/Middle East	2 107	-2	-2	9	2 240	+26	9
Asia	4 711	+12	+12	20	4 893	+10	20
Australia	1 432	+32	+32	6	1 391	+23	6
Total continuing operations	24 106	+15	+12	100	23 936	+15	100
Discontinued operations	98	-86	-86	-	556	-19	-
Group total	24 204	+12	+9	-	24 492	+14	-
SANDVIK MACHINING SOLUTIONS							
Europe	5 250	+10	+10	56	5 179	+9	55
North America	1 874	+16	+16	20	1 845	+13	20
South America	210	+24	+24	2	197	+20	2
Africa/Middle East	93	+9	+9	1	80	-3	1
Asia	1 930	+12	+12	20	1 944	+8	21
Australia	67	+12	+12	1	65	+8	1
Total	9 424	+12	+12	100	9 310	+10	100
SANDVIK MINING AND ROCK TECHNOLOGY							
Europe	1 692	+6	+6	18	1 766	+15	18
North America	2 106	+18	+18	22	1 824	+26	19
South America	780	+16	+16	8	849	+18	9
Africa/Middle East	1 907	-3	-3	20	2 030	+24	21
Asia	1 767	+4	+4	18	1 971	+22	20
Australia	1 334	+33	+33	14	1 292	+23	13
Total continuing operations	9 586	+10	+10	100	9 732	+21	100
Discontinued operations	98	-86	-86	-	556	-19	-
Total	9 683	+3	+3	-	10 288	+18	-
SANDVIK MATERIALS TECHNOLOGY							
Europe	2 442	+47	+9	62	2 009	+9	55
North America	636	+16	+16	16	864	+48	24
South America	52	+16	+16	1	49	-16	1
Africa/Middle East	74	+26	+26	2	93	+159	3
Asia	743	+38	+38	19	606	-21	17
Australia	17	+31	+31	0	12	-2	0
Total	3 964	+38	+16	100	3 633	+10	100
OTHER OPERATIONS							
Europe	447	+13	+13	39	465	+4	36
North America	314	+21	+21	28	325	+21	26
South America	55	+51	+51	5	40	+14	3
Africa/Middle East	33	+12	+12	3	36	+80	3
Asia	270	+17	+17	24	373	+38	30
Australia	14	+33	+33	1	22	+62	2
Total	1 133	+18	+18	100	1 261	+20	100

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

1) Excluding major orders.

Large order is defined as above 400 million SEK in Sandvik Mining and Rock Technology and above 200 million SEK in Sandvik Materials Technology

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	CHANGE % % ¹⁾		Q1-4 2017
<i>Continuing operations</i>												
Sandvik Machining Solutions	8 304	8 320	7 776	8 688	33 088	9 450	9 312	8 450	9 424	+8	+12	36 636
Sandvik Mining and Rock Technology	7 266	7 539	7 936	9 145	31 886	10 247	9 949	9 191	9 586	+5	+10	38 973
Sandvik Materials Technology	3 488	2 753	2 851	2 943	12 036	3 746	3 985	3 045	3 964	+35	+38	14 739
Other Operations	1 236	1 251	1 132	1 211	4 830	1 473	1 287	1 203	1 133	-6	+18	5 096
Group activities	5	6	5	6	21	0	0	-1	-1			
Continuing operations	20 299	19 869	19 700	21 993	81 861	24 916	24 533	21 888	24 106	+10	+15	95 444
Discontinued operations	1 162	273	219	718	2 372	510	407	285	98	-86	-86	1 299
Group total	21 461	20 142	19 919	22 711	84 233	25 426	24 940	22 173	24 204	+7	+12	96 743

REVENUES BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	CHANGE % %		Q1-4 2017
<i>Continuing operations</i>												
Sandvik Machining Solutions	8 025	8 235	7 859	8 734	32 852	8 909	9 071	8 488	9 310	+7	+10	35 778
Sandvik Mining and Rock Technology	7 344	7 540	7 791	8 418	31 093	8 378	9 450	8 987	9 732	+16	+21	36 547
Sandvik Materials Technology	3 231	3 389	2 945	3 366	12 931	3 275	3 755	2 980	3 633	+8	+10	13 643
Other Operations	1 095	1 151	1 113	1 296	4 655	1 205	1 276	1 194	1 261	-3	+20	4 936
Group activities	5	6	7	3	22	0	1	-1	0			1
Continuing operations	19 700	20 321	19 715	21 817	81 553	21 767	23 553	21 648	23 936	+10	+15	90 905
Discontinued operations	720	715	724	718	2 877	669	893	964	556	-23	-19	3 080
Group total	20 420	21 036	20 439	22 535	84 430	22 436	24 446	22 612	24 492	+9	+14	93 985

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	CHANGE %	2017 Q1-4
<i>Continuing operations</i>											
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	1 949	2 282	+21	8 413
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	1 472	1 575	+60	5 743
Sandvik Materials Technology	216	297	197	404	1 115	334	-263	-57	270	-33	284
Other Operations	94	141	113	197	545	126	124	123	4 059	N/M	4 432
Group activities	-254	-216	-154	-193	-818	-208	-212	-143	-210	-9	-774
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 271	3 344	7 976	+143	18 098
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	33	-94	+61	-61
Group total ²⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 284	3 377	7 882	+159	18 037

OPERATING MARGIN BY BUSINESS AREA

%	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 Q1-4
Sandvik Machining Solutions	20.6	21.7	21.0	21.6	21.2	23.2	23.3	23.0	24.5	23.5
Sandvik Mining and Rock Technology	9.6	9.3	10.5	11.7	10.3	14.1	16.0	16.4	16.2	15.7
Sandvik Materials Technology	6.7	8.8	6.7	12.0	8.6	10.2	-7.0	-1.9	7.4	2.1
Other Operations	8.6	12.3	10.2	15.2	11.7	10.5	9.7	10.3	N/M	89.8
Continuing operations	12.2	13.3	13.3	15.0	13.5	16.1	13.9	15.4	33.3	19.9
Discontinued operations	-7.5	-7.8	-139.8	-33.4	-47.3	-1.9	1.5	3.4	-17.0	-2.0
Group total	11.6	12.6	7.9	13.5	11.4	15.6	13.4	14.9	32.2	19.2

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

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

N/M = non-meaningful.

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	CHANGE Q4	2017 Q1-4
<i>Continuing operations</i>											
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	1 949	2 282	+21	8 413
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	1 472	1 575	+60	5 743
Sandvik Materials Technology	216	297	197	404	1 115	334	187	-57	270	-33	734
Other Operations	94	141	113	197	545	126	124	123	149	-24	522
Group activities	-254	-216	-154	-193	-818	-208	-212	-143	-210	-9	-774
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 721	3 344	4 066	+24	14 638
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	33	-94	+61	-61
Group total ¹⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 734	3 377	3 972	+31	14 577

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 Q1-4
Sandvik Machining Solutions	20.6	21.7	21.0	21.6	21.2	23.2	23.3	23.0	24.5	23.5
Sandvik Mining and Rock Technology	9.6	9.3	10.5	11.7	10.3	14.1	16.0	16.4	16.2	15.7
Sandvik Materials Technology	6.7	8.8	6.7	12.0	8.6	10.2	5.0	-1.9	7.4	5.4
Other Operations	8.6	12.3	10.2	15.2	11.7	10.5	9.7	10.3	11.8	10.6
Continuing operations	12.2	13.3	13.3	15.0	13.5	16.1	15.8	15.4	17.0	16.1
Discontinued operations	-7.5	-7.8	-139.8	-33.4	-47.3	-1.9	1.5	3.4	-17.0	-2.0
Group total	11.6	12.6	7.9	13.5	11.4	15.6	15.3	14.9	16.2	15.5

¹⁾ Internal transactions had negligible effect on business area profits
 N/M = non-meaningful.

KEY FIGURES

	Q4 2016	Q4 2017	Q1-4 2017
<i>Continuing operations</i>			
Tax rate, %	26.6	16.6	22.2
Return on capital employed, % ^{1), 2)}	17.1	42.8	23.9
Return on total equity, % ¹⁾	22.5	57.5	31.5
Return on total capital, % ¹⁾	13.0	31.8	17.8
Shareholders' equity per share, SEK	31.2	38.9	38.9
Net debt/equity ratio	0.73	0.33	0.33
Net debt/EBITDA	2.12	1.08	1.08
Equity/assets ratio, %	38	46	46
Net working capital, % ^{1), 2)}	25	22	24
Earnings per share, SEK ³⁾	1.68	5.12	10.56
EBITDA, MSEK	4 529	9 104	23 029
Cash flow from operations, MSEK	+4 363	+5 267	+14 752
Funds from operations (FFO), MSEK	3 557	4 260	15 942
Interest coverage ratio, %	763	857	1 091
Number of employees	42 908	42 858	42 858

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) 12-month rolling Q1-4 2016 ROCE reported at 14.7% and NWC % reported at 27%.

3) Diluted earnings per share is 5.11 SEK in 4Q 2017 (1.68) and 10.55 SEK for full year 2017 (5.48).

	Q4 2016	Q4 2017	Q1-4 2017
<i>Group total</i>			
Tax rate, %	29.2	16.8	22.3
Return on capital employed, % ^{1), 2)}	16.0	42.3	23.9
Return on total equity, % ¹⁾	19.8	56.6	31.4
Return on total capital, % ¹⁾	12.0	31.1	17.6
Shareholders' equity per share, SEK	31.2	38.9	38.9
Net debt/equity ratio	0.73	0.33	0.33
Net debt/EBITDA	2.29	1.08	1.08
Equity/assets ratio, %	38	46	46
Net working capital, % ^{1), 2)}	24	22	23
Earnings per share, SEK ³⁾	1.48	5.04	10.52
EBITDA, MSEK	4 279	9 010	22 973
Cash flow from operations, MSEK	+4 195	+5 236	+14 286
Funds from operations (FFO), MSEK	3 254	4 217	15 894
Interest coverage ratio, %	675	837	1 095
Number of employees	43 732	43 024	43 024
No. of shares outstanding at end of period ('000) ³⁾	1 254 386	1 254 386	1 254 386
Average no. of shares ('000) ³⁾	1 254 386	1 254 386	1 254 386

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) 12-month rolling Q1-4 2016 ROCE reported at 12.9 % and NWC % reported at 26%.

3) Diluted earnings per share is 5.03 SEK in 4Q 2017 (1.48) and 10.50 SEK for full year 2017 (4.39).

For definitions see home.sandvik

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures provide 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 key figures that Sandvik uses see website home.sandvik.

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 move-

ments, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

DIVIDEND PROPOSAL FOR THE 2018 AGM

The Annual General Meeting will be held in Sandviken, Sweden, on 27 April 2018 at 15:00 CET. The Board of Directors proposes a dividend of 3.50 SEK per share (2.75), or a total of 4,390 million SEK (3,450) for 2017. The proposal corre-

sponds to 33% of Sandvik Group reported earnings per share. The proposed record date to receive dividends is 2 May 2018. Assuming the general meeting accepts the dividend proposal the date to receive dividends is 7 May 2018.

Stockholm, 5 February 2018
Sandvik Aktiebolag (publ)

The Board of Directors

AUDITORS' REVIEW REPORT

The Company's Auditor has not reviewed the report for the fourth quarter of 2017.

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 about 08:00 CET on 5 February 2018.

Additional information may be obtained from Sandvik Investor Relations at tel +46 8 456 14 94 (Ann-Sofie Nordh), +46 8 456 11 94 (Anna Vilogorac) or by e-mailing info.ir@sandvik.com.

A presentation and teleconference will be held on 5 February 2018 at 10:00 CET at the World Trade Center in Stockholm.

Information is available at home.sandvik.ir

CALENDAR:

16 March 2018	Preliminary date for publishing of Annual Report 2017
24 April 2018	Report, first quarter 2018
27 April 2018	Annual General Meeting in Sandviken, Sweden
2 May 2018	Proposed record date to receive dividends
7 May 2018	Proposed date to receive dividends
17 July 2018	Report, second quarter 2018
23 October 2018	Report, third quarter 2018

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