

INTERIM REPORT FIRST QUARTER



ORDER BACKLOG IS INCREASING

CEO'S COMMENT: "Overall, the year got off to a strong start with orders increasing organically by 6%, resulting in a book-to-bill ratio of 111%. This was supported by the large orders from the energy segment and strong development in the mining business, while the cutting tool business remained largely stable at a record-high level. Order intake improved in all geographical regions barring Asia. I am also pleased that we maintained a good pace in terms of acquisitions," says Björn Rosengren, CEO and President of Sandvik.

"Demand remained generally robust at a high level, implying somewhat lower growth rates. We remain focused on delivering strong margins also in a lower growth environment. In recent years we have increasingly concentrated on agility and speed internally, which has not least been enabled by us moving operating decisions closer to the customers. In the first quarter, the operating profit increased by 7%, supported primarily by positive currency effects and the operating margin improved slightly and amounted to 18.3% (18.0)."

"Cash flow improved, supported by stronger earnings and less build-up of working capital compared with the year-earlier period. Consequently, we strengthened the balance sheet further with net gearing of 0.21 (0.27). This provides increased flexibility going forward. It was gratifying to see that our improved financial position was recognized by Standards & Poor's Global Ratings, which upgraded Sandvik to A- with a stable outlook, from previously BBB+."

"I am pleased with the two acquisitions completed in the quarter. Wetmore, the round tools company, is very well aligned with one of our stated growth areas in Sandvik Machining Solutions. It adds expertise in applications that complements our existing offering in round tools. Artisan places Sandvik Mining and Rock Technology in a leading position for battery electric vehicle (BEV) solutions for underground mining."

FINANCIAL OVERVIEW, MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
<i>Continuing operations</i>				
Order intake ¹⁾	25 419	27 873	+6	102 440
Revenues ¹⁾	23 685	25 025	+3	100 072
Gross profit	9 716	10 451	+8	41 012
% of revenues	41.0	41.8		41.0
Operating profit	4 271	4 567	+7	18 689
% of revenues	18.0	18.3		18.7
Adjusted operating profit	4 271	4 567	+7	18 625
% of revenues	18.0	18.3		18.6
Profit after financial items	4 018	4 189	+4	17 894
% of revenues	17.0	16.7		17.9
Profit for the period	2 953	3 141	+6	13 249
% of revenues	12.5	12.6		13.2
Earnings per share, SEK	2.35	2.50	+6	10.57
Earnings per share, SEK after dilution	2.35	2.50	+6	10.55
Adjusted earnings per share, SEK	2.35	2.50	+6	10.41
Return on capital employed, % ²⁾	21.6	20.3		22.7
Cash flow from operations	+1 730	+2 897	+67	+15 353
Net working capital, % ²⁾	23.2	24.8		24.0
<i>Discontinued operations</i>				
Result for the period	-20	-44	N/M	-545
Earnings per share, SEK	-0.01	-0.03	N/M	-0.43
<i>Group Total</i>				
Profit for the period	2 933	3 097	+6	12 704
Earnings per share, SEK	2.34	2.47	+6	10.14
Earnings per share, SEK after dilution	2.33	2.46	+6	10.11
Adjusted earnings per share, SEK	2.34	2.47	+6	9.98

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

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

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 = not meaningful

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+6	+3
Structure, %	-2	-3
Currency, %	+6	+6
TOTAL, %	+10	+6

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 in the first quarter improved organically by 6% and 3% respectively, with a stable positive contribution from all three business areas. While year-on-year organic order growth was largely stable in Sandvik Machining Solutions at -1%, it was very strong in both Sandvik Mining and Rock Technology and Sandvik Materials Technology at 9% and 23%, respectively. Order growth in Sandvik Materials Technology was positively impacted by orders received for advanced tubes for the oil and gas industry at a combined value of about 1 billion SEK. In total, the book-to-bill ratio amounted to 111%, and excluding the impact of large orders it amounted to 107%.

Orders increased sharply by 8% in Europe and 6% in North America, while Asia declined by -4%.

Underlying customer activity remained stable in all customer segments barring automotive, which declined while energy and aerospace, showed an improvement. The engineering segment was overall stable, which was the combined impact of an increase in North America, stable in Europe and a slight decline in China.

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

Operating profit rose by 7% year-on-year and amounted to 4,567 million SEK and the operating margin improved to 18.3% (18.0). The improvement in earnings was supported by a positive impact from changed exchange rates, which more than offset the adverse combined impact from acquisitions and divestments, changed metal prices in Sandvik Materials Technology and reduced profitability in the tungsten powder business, where organic growth declined sharply.

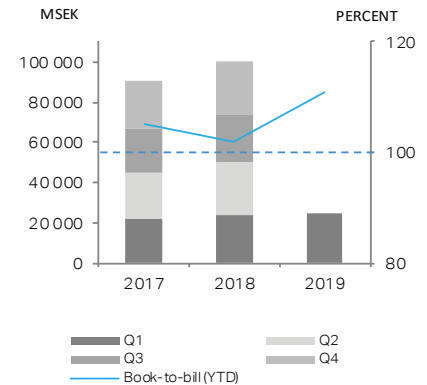
Total costs for sales and administration rose by 7%, primarily due to changed exchange rates but also strong markets and growth activities. In total, the ratio to revenues remained stable at 20% (20). Changed exchange rates positively impacted operating profit by 564 million SEK. Changed metal prices had a negative impact of -85 million SEK (+101) on results for the quarter.

The interest net remained stable at -168 (-166), excluding the impact of adoption to new accounting standard IFRS 16 Leases of -26 million SEK. The total finance net was -378 million SEK (-253) impacted by temporary adverse exchange rates and revaluation effects.

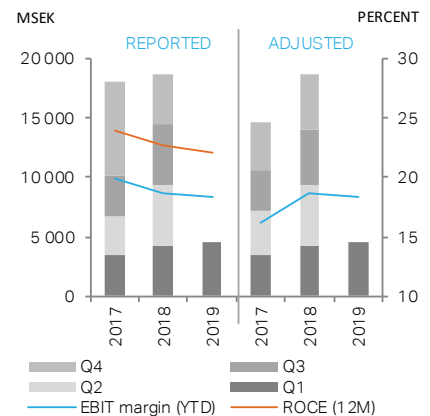
The tax rate for continuing operations was 25.0% (26.5).

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REVENUES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



Reported operating margin impacted by items affecting comparability: 3.5 billion SEK in 2017 and 0.1 billion SEK in 2018.

EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Capital employed increased year-on-year to 97.0 billion SEK (83.2) on the back of a higher cash position, increased net working capital, impact from changed exchange rates as well as the adaption to the new accounting standard IFRS 16. Consequently, return on capital employed declined to 20.3% (21.6).

Net working capital amounted to 26.0 billion SEK and increased both year-on-year (23.6) and sequentially (23.6). Inventories and accounts receivables increased primarily due to timing of planned deliveries. Net working capital in relation to revenues was 25% (23) for the quarter.

Investments in tangible and intangible assets in the first quarter amounted to 884 million SEK (741), corresponding to 71% of depreciation. Investments include right-of-use assets of 87 million SEK. Investments are seasonally higher in the second half of the year.

Net debt amounted to 13.2 billion SEK at the end of the first quarter, declining year-on-year from 14.7 billion SEK, while it increased sequentially from 11.6 billion SEK due to the adaption of IFRS 16. Excluding the impact from IFRS 16 the net debt decreased to 9.9 billion SEK. The net debt to equity ratio declined year-on-year to 0.21 (0.27). The net pension liability increased year-on-year to 5.5 billion SEK (4.4) due to mark-to-market valuation of assets and changed discount rates. Interest-bearing debt with short-term maturity accounted for 18% of total debt.

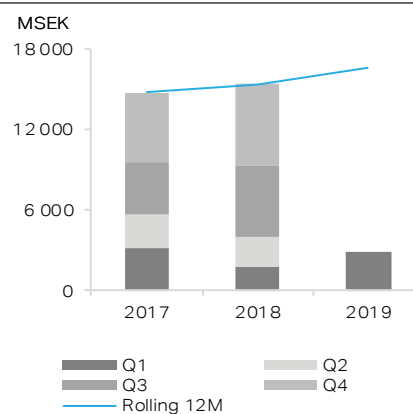
Free operating cash flow increased by 60% year-on-year to 3.4 billion SEK (2.1) with a contribution primarily from less of a sequential build-up of net working capital and somewhat higher operating earnings compared with the year-earlier period. Cash flow from operations was 2.9 billion SEK and increased year-on-year (1.7).

CASH FLOW	Q1 2018	Q1 2019
EBITDA	5 450	5 982
Non-cash items	+219	-129
Net Working Capital change	-2 710	-1 577
Capex*	-864	-924
FREE OPERATING CASH FLOW**	2 095	3 352
Net financial items	-253	-378
Non-cash items	0	-61
Paid tax	-843	-769
Cash flow investing activities (reversed)	+403	+1 360
Acquisitions of companies and shares, net of cash	0	-614
Proceeds from sale of companies and shares, net of cash	+330	7
Other investments, net	-2	-1
CASH FLOW FROM OPERATIONS	1 730	2 897

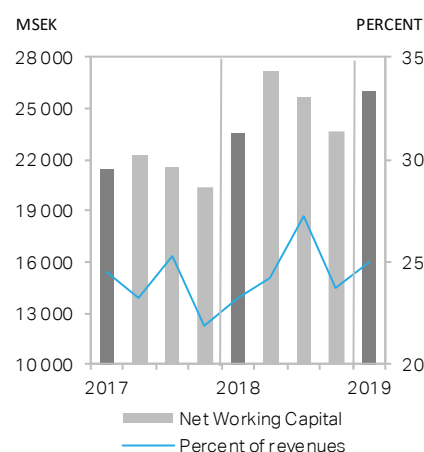
* Including investments and disposals of rental equipment of -171 million SEK (-133) and tangible and intangible assets of -753 million SEK (-733), including right-of-use assets of -37 (0) million SEK.

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

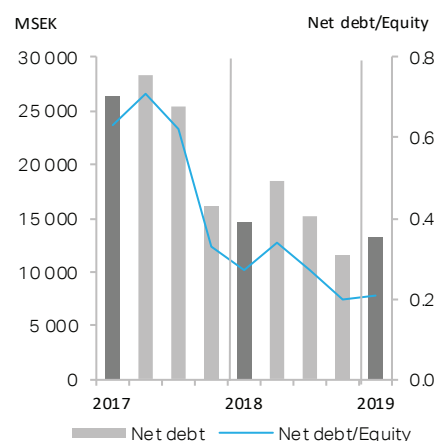
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL

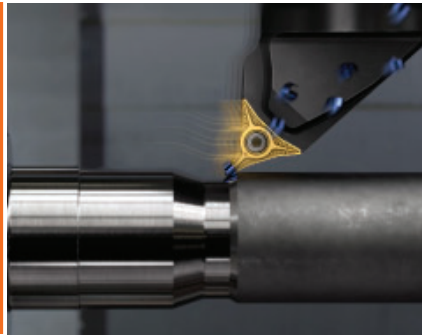


SANDVIK MACHINING SOLUTIONS

DEMAND REMAINED STABLE AT A HIGH LEVEL FOR THE CUTTING TOOL BUSINESS

MARGIN DECLINE

ACQUISITION OF ROUND TOOLS BUSINESS



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	-1	-1
Structure, %	+3	+3
Currency, %	+6	+6
TOTAL, %	+8	+8

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

Order intake and revenues remained largely stable at a high level year-on-year. Demand improved in North America, remained stable in Europe and declined in Asia primarily due to a softening in the automotive segment.

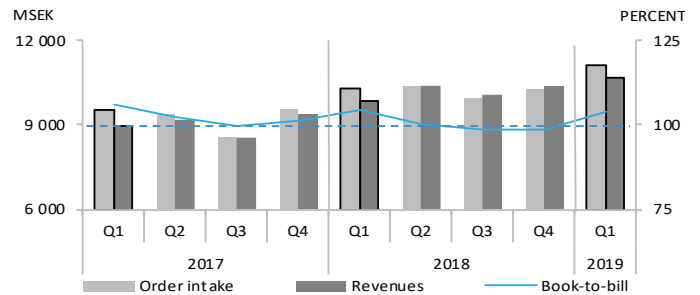
Key items impacting order intake and revenues compared with the year-earlier period:

- In Europe, revenues declined by -1% organically as all segments remained stable except for automotive, which declined, and aerospace, which reported an improvement.
- In North America, revenues increased organically by 9% as demand improved in all segments barring automotive, which remained stable.
- In Asia, revenues declined by -7%, primarily due to adverse development in the automotive segment and to some extent in the general engineering segment in China, while the aerospace segment improved.
- A sharp decline in organic orders and revenues was noted in the tungsten powder and blanks business (PBT), on the back of high comparables in the year-earlier period as well as lower customer activity in the quarter.
- The number of working days had a negative impact of -1% on organic growth in orders and revenues.

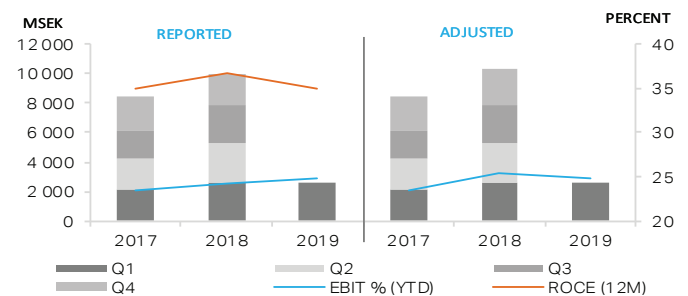
- Changed exchange rates had a positive impact of 240 million SEK on operating profit, compared with the year-earlier period.

During the quarter the acquisition of Wetmore Tool & Engineering was completed. Wetmore is a manufacturer of round tools specialized for the aerospace industry and will be a part of Dormer Pramet, expanding the range of round tools.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



Operating profit increased by 4% and amounted to 2,654 million SEK (2,555) including a positive impact from changed exchange rates, but the operating margin declined to 24.9% (25.9).

Items impacting operating profit and operating margin:

- The operating margin was adversely impacted by -1.5%-points due to reduced profitability in the tungsten powder and blanks business (PBT) - albeit from a high level in the year-earlier period - as organic growth declined sharply.

FINANCIAL OVERVIEW, MSEK

	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	10 287	11 105	-1*	41 094
Revenues	9 859	10 679	-1*	40 757
Operating profit	2 555	2 654	+4	9 922
% of revenues	25.9	24.9		24.3
Adjusted operating profit**	2 555	2 654	+4	10 361
% of revenues	25.9	24.9		25.4
Return on capital employed, % ¹⁾	41.6	34.1		36.8
Number of employees	19 018	19 492	+2	19 470

Historical numbers are restated to incorporate the transfer of the powder business in to division Additive Manufacturing in Sandvik Machining Solutions

* At fixed exchange rates for comparable units. ** Operating profit adjusted for items affecting comparability of -439 million SEK in 2018.

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

For definitions see home.sandvik

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SANDVIK MINING AND ROCK TECHNOLOGY

STRONG ORDER DEVELOPMENT

SIGNIFICANT EARNINGS IMPROVEMENT

NEW PRESIDENT OF THE BUSINESS AREA



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+9	+6
Structure, %	+1	+1
Currency, %	+5	+6
TOTAL, %	+16	+13

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

The underlying market activity remained solid at a high level. Both orders and revenues reported strong growth and improved organically by 9% and 6%, respectively, year-on-year. Positive development was noted for both equipment and the aftermarket business.

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

- Underlying customer activity remained favorable for mining equipment, which reported a low double-digit improvement in orders.
- Orders in the aftermarket business increased at a high single-digit pace, on the back of strong growth in Parts & Service as well as the consumable business.
- The aftermarket business accounted for 65% of revenues while the equipment business accounted for 35%.

Operating profit improved significantly by 28% and amounted to 1,795 million SEK (1,402). The operating margin improved to 17.0% (15.0).

Items impacting operating profit and operating margin:

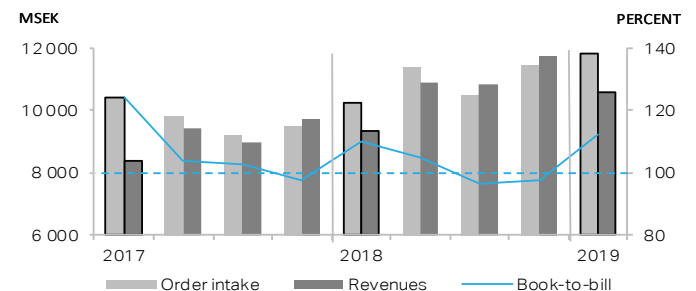
- Organic revenue growth supported operating profit.
- Changed exchange rates impacted operating profit positively by 219 million SEK.
- M&A activities had an adverse impact on the operating margin of -0.5%-points, year-on-year.

During the quarter the acquisition of Artisan was closed. Artisan is a manufacturer of battery powered underground mining equipment. The core technology is battery packs, electric motors, power electronics, software and control systems. Artisan is the market leader with the most battery electric vehicles (BEVs) currently operating in underground mining.

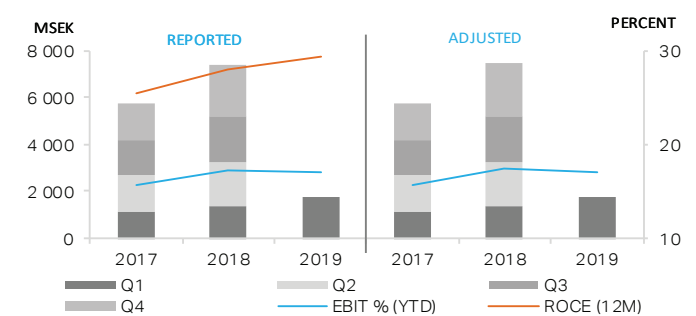
On 5 March, Henrik Ager was appointed new President of Sandvik Mining and Rock Technology. Henrik Ager has worked at Sandvik Mining and Rock Technology since 2014, most recently heading up the consumables business division, Rock Tools.

The earlier announced strategic overview of the Drilling and Completions (Varel) business is progressing according to plan.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	10 230	11 839	+9*	43 557
Revenues	9 324	10 573	+6*	42 772
Operating profit	1 402	1 795	+28	7 380
% of revenues	15.0	17.0		17.3
Adjusted operating profit**	1 402	1 795	+28	7 470
% of revenues	15.0	17.0		17.5
Return on capital employed, % ¹⁾	23.9	26.0		29.4
Number of employees	15 276	15 585	+2	15 462

* At fixed exchange rates for comparable units. ** Operating profit adjusted for items affecting comparability of -90 million SEK in 2018.

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

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	10 230	11 839	+9*	43 557
Revenues	9 324	10 573	+6*	42 772
Operating profit	1 402	1 795	+28	7 380
% of revenues	15.0	17.0		17.3
Adjusted operating profit	1 402	1 795	+28	7 470
% of revenues	15.0	17.0		17.5

* At fixed exchange rates for comparable units.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	57	39	-2*	70
Revenues	296	155	-3*	852
Operating result	-23	-43	-92	-552
% of revenues	-7.8	-28.1		-64.8

* At fixed exchange rates for comparable units.

N/M = not meaningful

The Mining Systems business was divested to FLSmidth and NEPEAN during 2017. Consequently, order intake and revenues in the quarter relate to small bookings of parts and service to already ongoing projects. The operating profit amounted to -43 million SEK (-23), adversely impacted by primarily high costs in completion of the remaining ongoing projects. Changed exchange rates impacted earnings negatively by -5 million SEK.

The Mining Systems project business has been divested to FLSmidth.

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

The projects to be finalized primarily during 2019 by Sandvik, through an operational agreement with FLSmidth, will however remain reported as discontinued operations.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	10 287	11 878	+9*	43 627
Revenues	9 620	10 728	+6*	43 624
Operating profit	1 379	1 752	+27	6 828
% of revenues	14.3	16.3		15.7
Adjusted operating profit	1 379	1 752	+27	6 918
% of revenues	14.3	16.3		15.9

* At fixed exchange rates for comparable units.

SANDVIK MATERIALS TECHNOLOGY

STRONG ORDER INTAKE RELATED TO THE ENERGY SEGMENT

IMPACT FROM EXECUTED EFFICIENCY MEASURES

IMPROVED UNDERLYING OPERATING MARGIN



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+23	+4
Structure, %	-3	-5
Currency, %	+5	+5
TOTAL, %	+25	+4

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

Organic orders improved significantly by 23% year-on-year, including the positive impact from large orders related to the energy segment. Excluding the impact of large orders, order intake declined by -2%. Higher alloy prices supported both order intake and revenues by 1%, primarily related to nickel.

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

- Underlying customer activity related to the more standardized tubular products remained at a high level.
- Increased customer activity for the capex-related tubular offering for to the energy segment.
- Order intake includes orders received for advanced tubes to the oil and gas industry at the combined value of 1 billion SEK, with the majority comprising umbilical tubes. Deliveries are scheduled to commence as of the second half of 2019.
- Kanthal order intake remained largely stable year-on-year.
- Orders in the Strip division declined, primarily due to a more selective approach to which orders to accept, with the ambition to improve long-term profitability.

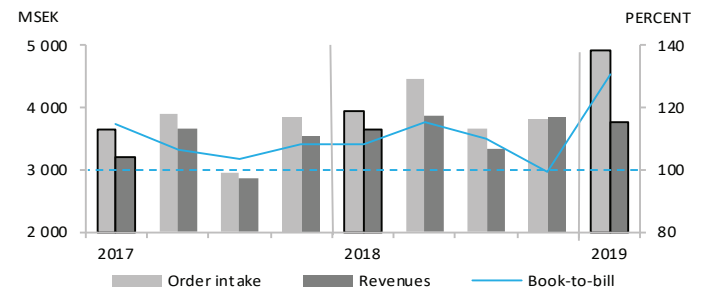
Operating profit excluding metal price effects was 392 million SEK (251) implying an underlying margin of 10.4% (6.9). Reported operating profit declined by -13% to 307 million SEK (352) and the operating margin declined to 8.1% (9.7).

Items impacting operating profit and operating margin:

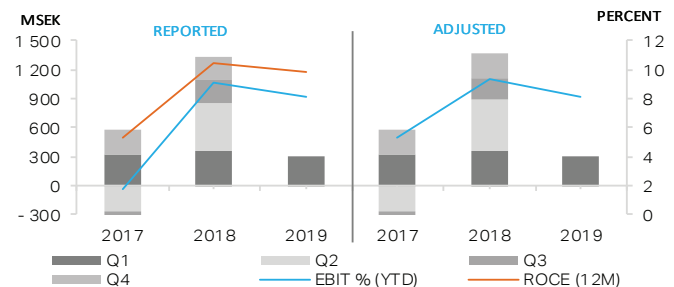
- Earnings were supported by an improved product mix predominantly for the more standardized tubular offering, as well as savings from announced efficiency measures of about 40 million SEK.

- Changed exchange rates had a positive impact of 85 million SEK on operating profit.
- Changed metal prices had a negative impact of -85 million SEK (101) on operating profit in the quarter.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	3 935	4 930	+23*	15 898
Revenues	3 640	3 773	+4*	14 697
Operating profit	352	307	-13	1 341
% of revenues	9.7	8.1		9.1
Adjusted operating profit**	352	307	-13	1 366
% of revenues	9.7	8.1		9.3
Return on capital employed, % ¹⁾	11.3	9.4		10.3
Number of employees	6 156	5 910	-4	5 916

Historical numbers are restated to incorporate the transfer of the powder business in to division Additive Manufacturing in Sandvik Machining Solutions

** At fixed exchange rates for comparable units. ** Operating profit adjusted for items affecting comparability of -24 million SEK in 2018.*

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

For definitions see home.sandvik

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OTHER OPERATIONS

The divestment of Hyperion to the US listed investment firm KKR was completed in 2018. Operating profit in the first quarter in Other Operations comprise acquisition and divestment project related costs.

FINANCIAL OVERVIEW, MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
Order intake	967	-	N/M	1 891
Revenues	862	-	N/M	1 846
Operating profit	102	-23	N/M	731
% of revenues	11.9	N/M		39.6
Adjusted operating profit**	102	-23		113
% of revenues	11.9	N/M		6.1
Return on capital employed, % ¹⁾	14.3	N/M		43.6
Number of employees	1 488	7		11

* At fixed exchange rates for comparable units. **Operating profit adjusted for items affecting comparability of +618 million SEK in 2018.

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

N/M = not meaningful.

For definitions see home.sandvik

PARENT COMPANY

The parent company's revenues for the first quarter of 2019 amounted to 5,414 million SEK (5,088) and the operating result was 610 million SEK (627). Income from shares in Group companies consists primarily of dividends and Group contributions

to these and amounted for the first quarter to 451 million SEK (1,060). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 12,831 million SEK (15,947). Investments in property, plant and equipment amounted to 177 million SEK (144).

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE	NO. OF EMPLOYEES
2018				
Sandvik Mining and Rock Technology	Inrock	2 July 2018	46 MUSD in 2017	70
Sandvik Machining Solutions	Metrologic Group	4 July 2018	43 MEUR in 2017	170
Sandvik Materials Technology	Custom Electric Manufacturing	1 August 2018	5 MUSD in 2017	20
Sandvik Machining Solutions	Dura-Mill	3 December 2018	7 MUSD in 2017	30
2019				
Sandvik Machining Solutions	Wetmore Tool & Engineering	9 January 2019	160 MSEK in 2017	170
Sandvik Mining and Rock Technology	Artisan	11 February 2019	12 MUSD in 2017	60

	Purchase price on cash and debt free basis	Preliminary goodwill and other intangible assets
Acquisitions 2019	0.6 billion SEK	0.6 billion SEK

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE, MSEK	NO. OF EMPLOYEES
Other Operations	Hyperion	2 July 2018	3 300 in 2017	1 400
Sandvik Materials Technology	Stainless Wire	31 August 2018	310 in 2017	140

SIGNIFICANT EVENTS

DURING THE FIRST QUARTER

- On 9 January, Sandvik Machining Solutions announced the completed acquisition of Wetmore Tool & Engineering, a manufacturer of round tools specialized for use in the aerospace industry. Wetmore will be a part of Dormer Pramet and it expands the range of round tools and facilitates an improved position in key aerospace markets. In 2017, Wetmore Tool & Engineering generated revenues of about 160 million SEK and had 170 employees.

- On 21 January, Sandvik Materials Technology announced it has received several orders for advanced tubes for the oil- and gas industry at a combined value of about 1 billion SEK. Orders were booked in the first quarter of 2019 and deliveries are scheduled as from the second half of 2019.

- On 22 January, Sandvik Mining and Rock Technology announced the acquisition of Artisan, a manufacturer of battery powered underground mining equipment. The core technology is battery packs, electric motors, power electronics, software and control systems. Artisan is the market leader with the most battery electric vehicles (BEVs) currently operating in underground mining. Artisan will be a business unit in the Load and Haul division within Sandvik Mining and Rock Technology. Artisan is a start-up company and reported revenues in 2017 of 12 million USD and had approximately 60 employees. The transaction was closed on 11 February.

- On 12 February, the Nomination Committee's proposal for the Board of Directors for the 2019 Annual General Meeting of Sandvik was announced. The Nomination Committee of Sandvik AB proposes the re-election of the Board members Jennifer Allerton, Claes Boustedt, Marika Fredriksson, Johan Karlström, Johan Molin, Björn Rosengren, Helena Stjernholm and Lars Westerberg. Johan Molin is proposed to be re-elected Chairman of the Board. The Nomination Committee's other proposals will be made public in the notice of the Annual General Meeting of Sandvik AB. The meeting will be held on 29 April 2019 at Göransson Arena in Sandviken, Sweden.

- On 25 February, Standard & Poor's Global Ratings upgraded Sandvik's credit rating to A- from BBB+, with a stable outlook. S&P Global highlighted the business portfolio rationalization, cost cutting, and management's commitment to lower debt.

- On 5 March, Sandvik announced that Henrik Ager was appointed the new President of the Sandvik Mining and Rock Technology business area and member of the Sandvik Group's Executive Management as of 1 April 2019. Henrik Ager has worked at Sandvik Mining and Rock Technology since 2014, most recently heading up the division Rock Tools.

AFTER THE FIRST QUARTER

- On 10 April, Sandvik announced the completion of the acquisition of OSK, a Chinese supplier of solid carbide round tools. OSK will be part of the Seco Tools division in Sandvik Machining Solutions. In 2017, OSK had revenues of about 120 million SEK and 90 employees.

- On 11 April, Sandvik announced that Klas Forsström, President of the business area Sandvik Machining Solutions, has decided to leave Sandvik to take on the position as President and CEO of Munters Group AB. He will leave Sandvik no later than mid-October 2019. The process to find a successor has been initiated.

- On 17 April, Sandvik announced the acquisition of digital mining technology company Newtrax. The company has leading technology in wireless connectivity to monitor and provide insights on underground operations, including people, machines and the environment. Sandvik's leading suite of digital tools for analyzing and optimizing mining production and processes, coupled with Newtrax's leading technology in wireless IoT connectivity will create a powerful, stream-lined digital solution to improve safety and efficiency in underground mining operations. Newtrax is headquartered in Montréal, Canada and in 2018 the company generated revenues of about 26 million CAD with 120 employees. Newtrax will be run as an independent business unit within the Rock Drills and Technologies division in the Sandvik Mining and Rock Technology business area. The transaction is expected to be closed in the second quarter of 2019.

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 to <4.4 billion SEK for 2019 including estimated 0.4 billion impact from adaption to IFRS 16 Leases
CURRENCY EFFECTS	Based on currency rates at the end of March 2019, it is estimated that transaction and translation currency effects will have an impact of about +300 million SEK on operating profit for the second quarter of 2019, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of March 2019 it is estimated that there will be an impact of about +100 million SEK on operating profit in Sandvik Materials Technology for the second quarter of 2019
NET FINANCIAL ITEMS	Estimated to 1 billion SEK in 2019
TAX RATE	Estimated to 25% - 27% for 2019

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 2019.

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.

As from 1 January 2018 the Sandvik Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The effect from the transition to the new standards is minor.

Transition to IFRS 16 Leases

Sandvik has assessed the impact of the transition to the new standard IFRS 16 Leases effective 1 January 2019. Sandvik's estimate is that IFRS 16 will have a small positive impact on operating profit and a small negative impact on profit after financial items.

The effects on the balance sheet are presented in the table below. The lease portfolio includes almost 10,000 contracts and covers mainly operational leases for offices, warehouses, company cars, production and office equipment. Existing finance leases measured previously under IAS 17 Leases are reclassified to IFRS 16 to the amounts recognized immediately before the date of application of the new standard.

Sandvik has assessed many contracts concerning premises being open-ended contracts. In many countries local law provides protection to the lessee from being noticed, which requires the Sandvik lessee to determine the contract period instead of considering the termination clause. The lessee then determines the length of the contract period based on factors such as the importance of building to the business, any planned or made leasehold investments and the market situation for premises. As a consequence these contracts have in many cases had the contract period extended.

Opening balance adjustment

Sandvik has chosen to perform the transition in line with the Cumulative catch-up approach and has applied the expedient to not restate any comparative information. Right-of-use assets have been determined as an amount equal to the lease liabilities as identified at initial application. A single discount rate has been applied per country and per asset classes Land and Buildings respectively Other assets such as machinery, equipment, vehicles and IT. Hindsight has been used to determine the lease terms when an option to terminate or extend has been available. Lease contracts shorter than 12 months or ending within 12 months at the date of application are considered short-term and hence not recognized as lease liability or right-of-use asset. In addition low value contracts (with a value as new below 5,000 USD) are also excluded from being recognized as lease liability or right-of-use asset.

MSEK	Closing balance 31 Dec 2018 before transition to IFRS 16 Leases	Reclassifications of finance leases due to transition to IFRS 16 Leases	Adjustments due to tran- sition to IFRS 16 Leases	Adjusted opening balance 1 Jan 2019
Property, plant and equipment	25 362	-30	-	25 332
Right-of-use assets	-	30	3 323	3 353
Other liabilities	20 431	-30	-	20 401
Non-current lease liabilities	-	30	2 607	2 637
Current lease liabilities	-	-	716	716

P&L - estimated annual net effect on 2019 based on opening balances due to transition to IFRS 16 Leases MSEK rounded numbers

EBITDA	860
Depreciation	-820
EBIT	40
Finance net	-100
Net result	-60

Balance sheet - estimated impact on 2019 opening balances due to transition to IFRS 16 Leases MSEK rounded numbers

Opening balance Right-of-use assets	3 353
This year's depreciation	-820
Closing balance	2 533
Opening balance Lease liabilities	3 353
Amortization	-860
Accrual of interest	100
Closing balance	2 593

IFRS 16 Leases policy

Sandvik when being lessee identifies if a contract contains a lease by testing if Sandvik has the right to obtain substantially all of the economic benefits from use of the identified assets and has the right to direct the use of the identified asset and that the supplier has no substantial rights of substitution.

Sandvik has decided to separate non-lease component from the lease components in contracts concerning buildings. The non-lease component cost should then be recognized as an expense and not be included in the calculation of a right-of-use asset and lease liability for asset class buildings. For all other asset classes non-lease components are included in the calculation of a right-of-use asset and lease liability.

The lease contracts are assessed at the commencement date whether the lessee is reasonably certain to exercise an option to extend the lease; or to exercise an option to purchase the underlying asset; or not to exercise an option to terminate the lease. In cases of open-ended contracts local law can provide protection to the lessee from being noticed. This requires the Sandvik lessee to determine the contract period instead of considering the termination clause. The lessee then determines the length of the contract period based on factors such as the importance of building to the business, any planned or made leasehold investments and the market situation for premises.

The leasing liability and right-of-use asset is calculated by using the implicit rate in the contract. If the implicit rate cannot be identified the incremental borrowing rate is instead applied, which is the interest rate the company had been given if the acquisition had been financed through a loan from a financial institute.

Sandvik depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Sandvik has chosen to apply the two expedients concerning leases shorter than one year and low value assets (acquisition value as new lower than 5 000 USD) that need to be taken into consideration when recognizing a lease contract.

Sandvik when being a lessor classifies each of its leases as either an operating lease or a financial lease. The substance of the transaction rather than the form of the contract determines if it is finance or operating lease. This also includes contracts identified under IFRS 15 Revenue from Contracts with customers containing buy-back clauses, which means under certain circumstances that control hasn't transferred to the customer and lease accounting under IFRS 16 Leases apply.

A finance lease is a lease that transfers substantially all the risks and rewards resulting from ownership of an underlying asset to the lessee. An operating lease is a lease that does not transfer substantially all the risks and rewards as a result from ownership of an underlying asset.

A sublease should be classified as finance or operational lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset, e.g item of property, plant or equipment.

Changes due to transition to IFRIC 23

IFRIC 23 Uncertainty over Income Tax Treatments. Sandvik have applied IFRIC 23 from 1 January 2019. The amendment addresses how uncertainty regarding amounts for income taxation shall be reported, how a tax receivable shall be reported when the amount is appealed, and discussions are held with tax authorities. IFRIC 23 is expected to have a limited impact on the financial reports. The opening balance for 2019 has been adjusted by reclassifying the provision for taxes, 1 457 MSEK to Income tax liabilities.

TRANSACTIONS WITH RELATED PARTIES

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

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 macroeconomic 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 opportuni-

ties 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 2018.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q1 2018	Q1 2019	CHANGE %	Q1-Q4 2018
<i>Continuing operations</i>				
Revenues	23 685	25 025	+6	100 072
Cost of sales and services	-13 969	-14 574	+4	-59 060
Gross profit	9 716	10 451	+8	41 012
% of revenues	41.0	41.8		41.0
Selling expenses	-3 231	-3 419	+6	-13 377
Administrative expenses	-1 466	-1 626	+11	-6 180
Research and development costs	-833	-903	+8	-3 535
Other operating income and expenses	85	64	-24	769
Operating profit	4 271	4 567	+7	18 689
% of revenues	18.0	18.3		18.7
Financial income	91	137	+51	374
Financial expenses	-344	-515	+50	-1 169
Net financial items	-253	-378	+50	-795
Profit after financial items	4 018	4 189	+4	17 894
% of revenues	17.0	16.7		17.9
Income tax	-1 065	-1 048	-2	-4 645
Profit for the period, continuing operations	2 953	3 141	+6	13 249
% of revenues	12.5	12.6		13.2
<i>Discontinued operations</i>				
Revenues	296	155	-48	852
Operating result	-23	-43	-92	-552
Result after financial items	-20	-44	-116	-545
Result for the period, discontinued operations	-20	-44	-116	-545
<i>Group total</i>				
Revenues	23 981	25 180	+5	100 924
Operating profit	4 248	4 524	+6	18 137
Profit after financial items	3 998	4 145	+4	17 349
Profit for the period, Group total	2 933	3 097	+6	12 704
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains/losses on defined benefit pension plans	720	349		-684
Tax relating to items that will not be reclassified	-161	-78		163
	560	271		-522
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	1 629	1 713		1 752
Cash flow hedges	8	0		18
Tax relating to items that may be reclassified	-2	0		-4
	1 635	1 713		1 766
Total other comprehensive income	2 195	1 984		1 244
Total comprehensive income	5 128	5 081		13 948
Profit for the period attributable to				
Owners of the Parent	2 933	3 096		12 714
Non-controlling interests	-	1		-10
Total comprehensive income attributable to				
Owners of the Parent	5 128	5 080		13 958
Non-controlling interests	-	1		-10
Earnings per share, SEK				
Continuing operations	2.35	2.50	+6	10.57
Continuing operations, after dilution	2.35	2.50	+6	10.55
Group Total	2.34	2.47	+6	10.14
Group Total, after dilution	2.33	2.46	+6	10.11

N/M = non-meaningful.

For definitions see home.sandvik

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2018	31 MAR 2018	31 MAR 2019
Intangible assets	22 250	17 690	23 243
Property, plant and equipment	25 362	24 636	25 648
Right-of-use assets	–	–	3 305
Financial assets	5 664	6 629	5 891
Inventories	24 609	23 419	26 480
Contract Assets	143	45	90
Current receivables	21 593	21 546	23 490
Cash and cash equivalents	18 089	14 110	19 845
Assets held for sale	641	4 541	635
Total assets	118 351	112 616	128 627
Total equity	58 518	53 821	63 587
Non-current interest bearing liabilities	27 788	28 540	28 176
Non-current non-interest bearing liabilities	5 294	4 776	4 333
Current interest bearing liabilities	2 375	1 006	5 330
Current non-interest bearing liabilities	23 764	22 853	26 635
Liabilities related to assets held for sale	612	1 620	566
Total equity and liabilities	118 351	112 616	128 627
<i>Group total</i>			
Net working capital ¹⁾	23 803	23 943	26 234
Loans	23 868	24 337	24 199
Non-controlling interests in total equity	42	27	40

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

NET DEBT

MSEK	31 DEC 2018	31 MAR 2018	31 MAR 2019
Interest-bearing liabilities excluding pension liabilities	23 928	24 417	27 581
Net pension liabilities	5 718	4 383	5 495
Cash and cash equivalents	-18 089	-14 110	-19 845
Net debt	11 557	14 690	13 231
Net debt to equity ratio	0.20	0.27	0.21

CHANGES IN EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2018	48 694	28	48 722
Change due to IFRS 9 Financial Instruments	-71		-71
Changes in non-controlling interest	-24	24	–
Total comprehensive income for the period	13 958	-10	13 948
Personnel options program	152		152
Hedge of personnel options program	157		157
Dividends	-4 390		-4 390
Closing equity, 31 December 2018	58 476	42	58 518
Opening equity, 1 January 2019	58 476	42	58 518
Changes in non-controlling interest	3	-3	–
Total comprehensive income for the period	5 080	1	5 081
Personnel options program	49		49
Other options	-61		-61
Closing equity, 31 March 2019	63 547	40	63 587

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q1 2018	Q1 2019	Q1-Q4 2018
<i>Continuing operations</i>			
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	4 018	4 189	17 894
Adjustment for depreciation, amortization and impairment losses	1 179	1 415	4 396
Other adjustments for non-cash items	219	-191	73
Income tax paid	-843	-769	-2 978
Cash flow from operations before changes in working capital	4 573	4 644	19 385
<i>Changes in working capital</i>			
Change in inventories	-1 421	-1 182	-2 084
Change in operating receivables	-1 501	-1 241	-1 394
Change in operating liabilities	212	847	125
Cash flow from changes in working capital	-2 710	-1 577	-3 353
Investments in rental equipment	-177	-209	-825
Proceeds from sale of rental equipment	44	38	146
Cash flow from operations	1 730	2 897	15 353
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	0	-614	-4 631
Proceeds from investment of companies and shares, net of cash divested	330	7	4 052
Investments in property, plant and equipment	-592	-670	-3 310
Proceeds from sale of property, plant and equipment	15	58	210
Investments in right-of-use assets	-	-87	-
Proceeds from sale of right-of-use assets	-	50	-
Investments in intangible assets	-149	-126	-611
Proceeds from sale of intangible assets	-5	22	66
Other investments, net	-2	-1	-62
Cash used in investing activities	-403	-1 360	-4 286
Net cash flow after investing activities	1 327	1 536	11 067
<i>Cash flow from financing activities</i>			
Change in interest-bearing debt	90	178	-857
Dividends paid	-	-	-4 390
Cash flow from financing activities	90	178	-5 247
Total cash flow from continuing operations	1 417	1 714	5 820
<i>Discontinued operations</i>			
Cash flow from discontinued operations	-96	-55	-438
Cash flow for the period, Group total	1 321	1 659	5 382
Cash and cash equivalents at beginning of the period	12 724	18 089	12 724
Foreign exchange differences in cash and cash equivalents	65	98	-17
Cash and cash equivalents at the end of the period	14 110	19 845	18 089
<i>Discontinued operations</i>			
Cash flow from operations	-92	-56	-439
Cash flow from investing activities	0	0	2
Cash flow from financing activities	-4	1	-2
<i>Group Total</i>			
Cash flow from operations	1 638	2 840	14 914
Cash flow from investing activities	-403	-1 360	-4 284
Cash flow from financing activities	86	178	-5 249
Group total cash flow	1 321	1 659	5 382

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1 2018	Q1 2019
Revenues	5 088	5 414
Cost of sales and services	-3 087	-3 228
Gross profit	2 001	2 186
Selling expenses	-314	-294
Administrative expenses	-452	-633
Research and development costs	-369	-389
Other operating income and expenses	-239	-260
Operating profit	627	610
Income/expenses from shares in Group companies	1 060	451
Interest income/expenses and similar items	-174	-107
Profit after financial items	1 513	954
Appropriations	-	-206
Income tax expenses	-327	386
Profit for the period	1 186	1 134

BALANCE SHEET

MSEK	31 DEC 2018	31 MAR 2018	31 MAR 2019
Intangible assets	107	123	107
Property, plant and equipment	7 053	7 141	7 009
Financial assets	42 393	44 527	43 856
Inventories	3 065	3 198	3 150
Current receivables	11 308	6 481	6 786
Cash and cash equivalents	3	-	-
Total assets	63 929	61 470	60 908
Total equity	24 831	28 407	26 013
Untaxed reserves	3 140	3	3 346
Provisions	591	562	596
Non-current interest-bearing liabilities	16 963	16 938	15 097
Non-current non-interest-bearing liabilities	907	214	236
Current interest-bearing liabilities	10 823	10 410	9 547
Current non-interest-bearing liabilities	6 674	4 936	6 073
Total equity and liabilities	63 929	61 470	60 908
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	15 059	15 947	12 831
Investments in fixed assets	799	144	177

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE PER MARKET AREA

MSEK	Q1 2019	CHANGE *		SHARE
		%	% ¹⁾	
THE GROUP				
Europe	11 022	+8	+3	39
North America	6 334	+6	-2	23
South America	1 457	+22	+22	5
Africa/Middle East	2 472	+2	+2	9
Asia	4 954	-4	-4	18
Australia	1 634	+24	+24	6
Total continuing operations ²⁾	27 873	+6	+3	100
Discontinued operations	39	N/M	N/M	-
Group total	27 912	+6	+3	-
SANDVIK MACHINING SOLUTIONS				
Europe	6 131	-3	-3	54
North America	2 530	+10	+10	23
South America	200	-1	-1	2
Africa/Middle East	83	-10	-10	1
Asia	2 096	-6	-6	19
Australia	64	-9	-9	1
Total	11 105	-1	-1	100
SANDVIK MINING AND ROCK TECHNOLOGY				
Europe	2 002	+21	+21	17
North America	2 524	-7	-7	21
South America	1 205	+27	+27	10
Africa/Middle East	2 336	+3	+3	20
Asia	2 216	+4	+4	19
Australia	1 555	+26	+26	13
Total continuing operations ²⁾	11 839	+9	+9	100
Discontinued operations	39	N/M	N/M	-
Total	11 878	+9	+9	-
SANDVIK MATERIALS TECHNOLOGY				
Europe	2 888	+33	+9	59
North America	1 280	+36	-12	26
South America	52	+20	+20	1
Africa/Middle East	53	-3	-3	1
Asia	642	-20	-20	13
Australia	15	+6	+6	0
Total	4 930	+23	-2	100

1) Excluding major orders which is defined as above 400 million SEK in Sandvik Mining and Rock Technology and above 200 million SEK in Sandvik Materials Technology.

2) Includes rental fleet order intake of 199 million SEK recognized according to IFRS 16.

N/M = not meaningful

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

REVENUES PER MARKET AREA

MSEK	Q1 2019	CHANGE *	SHARE
		%	%
THE GROUP			
Europe	9 868	+2	39
North America	5 697	+8	23
South America	1 211	+9	5
Africa/Middle East	2 136	+3	9
Asia	4 738	+0	19
Australia	1 375	-12	5
Total continuing operations ¹⁾	25 025	+3	100
Discontinued operations	155	-3	-
Group total	25 180	+2	-
SANDVIK MACHINING SOLUTIONS			
Europe	5 924	-1	55
North America	2 426	+9	23
South America	204	-1	2
Africa/Middle East	91	-0	1
Asia	1 968	-7	18
Australia	66	-5	1
Total	10 679	-1	100
SANDVIK MINING AND ROCK TECHNOLOGY			
Europe	1 753	+17	16
North America	2 418	+11	23
South America	968	+12	9
Africa/Middle East	1 970	+4	19
Asia	2 169	+7	21
Australia	1 296	-12	12
Total continuing operations ¹⁾	10 573	+6	100
Discontinued operations	155	-3	-
Total	10 728	+6	-
SANDVIK MATERIALS TECHNOLOGY			
Europe	2 191	+4	58
North America	853	+3	23
South America	39	+20	1
Africa/Middle East	75	-16	2
Asia	602	+4	16
Australia	13	+3	0
Total	3 773	+4	100

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

¹⁾ Includes rental fleet revenue of 270 million SEK recognized according to IFRS 16.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	CHANGE % % ¹⁾	
<i>Continuing operations</i>								
Sandvik Machining Solutions	10 287	10 403	10 047	10 357	41 094	11 105	+8	-1
Sandvik Mining and Rock Technology	10 230	11 405	10 468	11 454	43 557	11 839	+16	+9
Sandvik Materials Technology	3 935	4 469	3 677	3 817	15 898	4 930	25	23
Other Operations	967	924	0	0	1 891	0	N/M	N/M
Continuing operations	25 419	27 201	24 192	25 627	102 440	27 873	+10	+6
Discontinued operations	57	0	16	-3	70	39	-32	-2
Group total	25 476	27 201	24 209	25 624	102 510	27 912	+10	+6

REVENUES BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	CHANGE % % ¹⁾	
<i>Continuing operations</i>								
Sandvik Machining Solutions	9 859	10 391	10 100	10 406	40 757	10 679	+8	-1
Sandvik Mining and Rock Technology	9 324	10 890	10 838	11 720	42 772	10 573	+13	+6
Sandvik Materials Technology	3 640	3 871	3 344	3 842	14 697	3 773	+4	+4
Other Operations	862	984	0	0	1 846	0	N/M	N/M
Group activities	0	0	1	1	1	0		
Continuing operations	23 685	26 136	24 283	25 968	100 072	25 025	+6	+3
Discontinued operations	296	298	155	102	852	155	-48	-3
Group total	23 981	26 434	24 438	26 070	100 924	25 180	+5	+2

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	CHANGE %	
<i>Continuing operations</i>								
Sandvik Machining Solutions	2 555	2 782	2 543	2 041	9 922	2 654		+4
Sandvik Mining and Rock Technology	1 402	1 865	1 966	2 148	7 380	1 795		+28
Sandvik Materials Technology	352	512	230	247	1 341	307		-13
Other Operations	102	72	584	-28	731	-23		N/M
Group activities	-140	-188	-118	-238	-685	-166		-18
Continuing operations	4 271	5 043	5 205	4 170	18 689	4 567		+7
Discontinued operations	-23	-111	-158	-261	-552	-43		-92
Group total ²⁾	4 248	4 932	5 047	3 909	18 137	4 524		+6

OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019
<i>Continuing operations</i>						
Sandvik Machining Solutions	25.9	26.8	25.2	19.6	24.3	24.9
Sandvik Mining and Rock Technology	15.0	17.1	18.1	18.3	17.3	17.0
Sandvik Materials Technology	9.7	13.2	6.9	6.4	9.1	8.1
Other Operations	11.9	7.3	N/M	N/M	39.6	N/M
Continuing operations	18.0	19.3	21.4	16.1	18.7	18.3
Discontinued operations	-7.6	-37.2	-101.5	-255	-64.8	-28.1
Group total ²⁾	17.7	18.7	20.7	15.0	18.0	18.0

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 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	CHANGE %
<i>Continuing operations</i>							
Sandvik Machining Solutions	2 555	2 782	2 543	2 480	10 361	2 654	4
Sandvik Mining and Rock Technology	1 402	1 865	1 966	2 238	7 470	1 795	28
Sandvik Materials Technology	352	537	230	247	1 366	307	-13
Other Operations	102	72	-34	-28	113	-23	N/M
Group activities	-140	-188	-119	-237	-684	-166	18
Continuing operations	4 271	5 067	4 587	4 700	18 625	4 567	7
Discontinued operations	-23	-111	-158	-262	-552	-43	92
Group total ¹⁾	4 248	4 956	4 429	4 438	18 073	4 524	6

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019
<i>Continuing operations</i>						
Sandvik Machining Solutions	25.9	26.8	25.2	23.8	25.4	24.9
Sandvik Mining and Rock Technology	15.0	17.1	18.1	19.1	17.5	17.0
Sandvik Materials Technology	9.7	13.9	6.9	6.4	9.3	8.1
Other Operations	11.9	7.3	N/M	N/M	6.1	0.0
Continuing operations	18.0	19.4	18.9	18.1	18.6	18.3
Discontinued operations	-7.6	-37.2	N/M	N/M	-64.8	-28.1
Group total ¹⁾	17.7	18.7	18.1	17.0	17.9	18.0

ITEMS AFFECTING COMPARABILITY

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019
<i>Continuing operations</i>						
Sandvik Machining Solutions	-	-	-	-439	-439	-
Sandvik Mining and Rock Technology	-	-	-	-90	-90	-
Sandvik Materials Technology	-	-24	-	-	-24	-
Other Operations	-	-	618	-	618	-
Continuing operations	-	-24	618	-529	65	-
Discontinued operations	-	-	-	-	-	-
Group total	-	-24	618	-529	65	-

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

N/M = non-meaningful.

Q2 2018 - Sandvik Materials Technology reported items affecting comparability of -24 million SEK related to a capital loss in conjunction with the exit from the Fagersta Stainless joint venture.

Q3 2018 - The divestment of Hyperion was completed on 2 July. The divestment resulted in a net capital gain of 618 million SEK reported in Other Operations.

Q4 2018 - Sandvik Machining Solutions reported items affecting comparability of -439 million SEK related to consolidation of the manufacturing footprint.

Q4 2018 - Sandvik Mining and Rock Technology reported items affecting comparability of -90 million SEK related to initiated efficiency measures within the product area Rock Tools.

KEY FIGURES

	Q1 2018	Q1 2019	Q1-Q4 2018
<i>Continuing operations</i>			
Tax rate, %	26.5	25.0	27.2
Return on capital employed, % ¹⁾	21.6	20.3	22.7
Return on total equity, % ¹⁾	23.0	20.6	24.3
Return on total capital, % ¹⁾	16.1	15.3	16.9
Shareholders' equity per share, SEK	42.9	50.7	46.6
Net debt/equity ratio	0.27	0.21	0.20
Net debt/EBITDA	0.93	0.62	0.66
Equity/assets ratio, %	48	50	50
Net working capital, % ¹⁾	23.2	24.8	24.0
Earnings per share, SEK	2.35	2.50	10.57
Earnings per share, SEK after dilution	2.35	2.50	10.55
EBITDA, MSEK	5 450	5 982	23 085
Cash flow from operations, MSEK	+1 730	+2 897	+15 353
Funds from operations (FFO), MSEK	4 574	4 644	19 385
Interest coverage ratio, %	1 331	901	1 658
Number of employees	42 789	41 804	41 670

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

	Q1 2018	Q1 2019	Q1-Q4 2018
<i>Group total</i>			
Tax rate, %	26.6	25.3	28.1
Return on capital employed, % ¹⁾	21.5	20.1	22.0
Return on total equity, % ¹⁾	22.9	20.3	23.3
Return on total capital, % ¹⁾	15.8	15.1	16.3
Shareholders' equity per share, SEK	42.9	50.7	46.6
Net debt/equity ratio	0.27	0.21	0.20
Net debt/EBITDA	0.93	0.63	0.67
Equity/assets ratio, %	48	49	49
Net working capital, % ¹⁾	23.3	24.8	24.2
Earnings per share, SEK	2.34	2.47	10.14
Earnings per share, SEK after dilution	2.33	2.46	10.11
EBITDA, MSEK	5 429	5 940	22 545
Cash flow from operations, MSEK	+1 639	+2 840	+14 914
Funds from operations (FFO), MSEK	4 523	4 592	18 791
Interest coverage ratio, %	1 325	890	1 618
Number of employees	42 887	41 823	41 705
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

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

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.

Stockholm 18 April 2019
Sandvik Aktiebolag (publ)

Björn Rosengren
President and CEO

AUDITORS' REVIEW REPORT

The Company's Auditor has not reviewed the report for the first quarter of 2019.

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 11.00 CET on 18 April 2019.

Additional information may be obtained from Sandvik Investor Relations on tel +46 8 456 14 94 (Ann-Sofie Nordh), +46 8 456 11 94 (Anna Vilogorac).

A webcast and teleconference will be held on 18 April 2019 at 12.00 CET.

Information is available at home.sandvik/ir

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CALENDAR:

29 April 2019
2 May 2019
7 May 2019
21-22 May 2019
17 July 2019
18 October 2019

Annual General Meeting in Sandviken, Sweden
Proposed record date to receive dividends
Proposed date to receive dividends
Capital Markets Day in Tampere, Finland
Report, second quarter 2019
Report, third quarter 2019