

# INTERIM REPORT FIRST QUARTER 2020



## ADJUSTING TO INCREASED MARKET UNCERTAINTY

**CEO'S COMMENT:** "I am proud to have assumed the role as CEO of Sandvik. Focus during my initial time has been to meet the teams, see our operations and visit customers. As expected, I have gotten to know a very committed and driven team who takes pride in representing Sandvik in the market. Of course, gradually my focus became centered around the escalating corona situation. While we experienced some disruptions in our production resulting from local restrictions, our operations and logistics teams did a great job to ensure that we could continue to supply and service our customers without any major issues throughout the quarter. That said, Sandvik Machining Solutions noted a sharp drop in demand of about -25% year-on-year in the last week of March. In the near term, we expect very low business activity in our short-cycle operations as several customer segments are impacted by production stoppages," says Stefan Widing, CEO and President of Sandvik.

"In this challenging environment, I am pleased to see that our ongoing efficiency initiatives are progressing according to plan with 1.4 billion SEK achieved, out of the expected total of 1.7 billion SEK. I am also satisfied with the speed with which we have been able to identify and start implementing new savings initiatives to protect profitability going forward. Short-term activities that have quick impact, will generate temporary savings of about 1.5 billion SEK in 2020. We have also identified additional long-term structural efficiency measures with estimated savings of about 1 billion SEK, with a full annual run-rate by the end of 2021. We continue to evaluate the market development and will not hesitate to take further actions if necessary."

"Each of the three business areas faced high comparables in the form of all-time-high order levels in the year-earlier period. Hence all three business areas noted declines in organic order intake and our overall order intake declined organically by -11% year-on-year. I am pleased to note that Sandvik Materials Technology's strong product offering to the energy segment resulted in large orders amounting to 0.7 billion SEK in the period, supporting deliveries from this high value-added segment into next year. Organic revenues declined by -7% year-on-year, with the short-cycle business impacted by weak demand across all customer segments toward the end of the period. All three main geographic regions declined, however China noted a positive development driven by Sandvik Mining and Rock Technology. For Sandvik in total, the book-to-bill was positive at 107%."

"The impact of negative organic revenue growth put pressure on adjusted operating profit, which declined by -18%, and the adjusted operating margin fell to 15.8% (18.3). Notably, metal price effects had a significant negative impact in the quarter. Free cash flow decreased to 3.1 billion SEK (3.4) however, we noted a financial net cash position of 1.4 billion SEK. In total, we have accessible cash and unutilized credit lines of more than 30 billion SEK. The net debt to equity ratio was further reduced to 0.17 (0.21)."

"Although we have a strong financial position, we currently face a high level of uncertainty in the market. Consequently, as a precautionary measure, the Board of Directors has withdrawn its dividend proposal to the 2020 Annual General Meeting. When the market has stabilized and the financial position of the company so permits, it is the Board of Directors' intention to re-evaluate the situation."

FINANCIAL OVERVIEW, MSEK	Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
<i>Continuing operations</i>				
Order intake <sup>1)</sup>	27 873	25 356	-11	104 075
Revenues <sup>1)</sup>	25 025	23 620	-7	103 238
Gross Profit	10 451	9 186	-12	41 576
% of revenues	41.8	38.9		40.3
Operating profit	4 567	2 762	-40	13 386
% of revenues	18.3	11.7		13.0
Adjusted operating profit <sup>2)</sup>	4 567	3 728	-18	19 219
% of revenues	18.3	15.8		18.6
Profit after financial items	4 189	2 346	-44	12 150
% of revenues	16.7	9.9		11.8
Adjusted profit after financial items	4 189	3 311	-21	17 982
% of revenues	16.7	14.0		17.4
Profit for the period	3 141	1 835	-42	8 728
% of revenues	12.6	7.8		8.5
Earnings per share basic, SEK	2.50	1.47	-41	6.97
Earnings per share diluted, SEK	2.50	1.46	-42	6.96
Adjusted earnings per share, SEK	2.50	2.14	-15	11.12
Return on capital employed, % <sup>3)</sup>	20.3	12.5		15.2
Cash flow from operations	2 943	2 815	-4	17 807
Net working capital % <sup>3)</sup>	24.4	26.8		25.2
<i>Discontinued operations</i>				
Profit for the period	-44	-12	-73	-205
Earnings per share, SEK	-0.04	-0.01	-73	-0.16
<i>Group Total</i>				
Profit for the period	3 097	1 823	-41	8 523
Earnings per share basic, SEK	2.47	1.46	-41	6.81
Earnings per share diluted, SEK	2.46	1.46	-41	6.79
Adjusted earnings per share, SEK	2.47	2.13	-14	10.96

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

2) Profit adjusted for items affecting comparability of -1bn SEK in Q1 2020 (0) related to a divestment, efficiency measures and the internal SMT separation. For FY 2019 it is -5.8 billion SEK primarily related to efficiency measures, impairment and divestment of Varel. See page 21.

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

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

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

For definitions see [home.sandvik](http://home.sandvik)

N/M = not meaningful

## MARKET DEVELOPMENT

GROWTH		
Q1	ORDER INTAKE	REVENUES
Price/volume, %	-11	-7
Structure, %	0	-0
Currency, %	2	2
<b>TOTAL, %</b>	<b>-9</b>	<b>-6</b>

*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 in the first quarter declined organically by -11%, year-on-year. The decline in revenues was slightly more modest at -7%, supported by previously received orders with longer delivery schedules.**

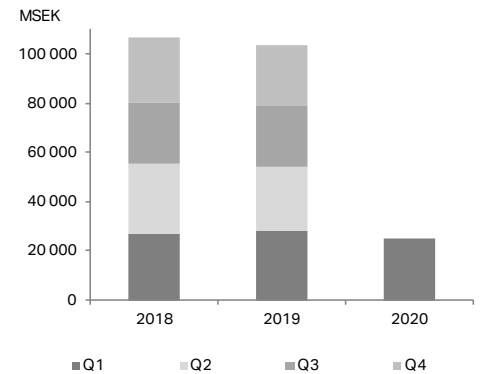
Customer activity developed in line with expectations during January and February, with the exception of an extended shutdown period of about one week in China after the Chinese New Year linked to the outbreak of the corona virus. In March, the corona situation escalated globally and Sandvik Machining Solutions noted a sharp drop in demand at the very end of the period, as several customers shut down production on account of safety precautions and local regulatory restrictions. Order intake decreased organically by -12% year-on-year in Sandvik Machining Solutions. Sandvik Mining and Rock Technology declined by -8%. Total organic orders for Sandvik Materials Technology decreased by -14%, including large orders secured with a combined value of 660 million SEK (1,000) for advanced tubular products for the energy segment. Excluding the impact of large orders, the decline was more moderate at -9%.

Europe and North America noted the largest drop in orders at -14% year-on-year, or -15% and -9% respectively, when excluding the impact of large orders. The decline in Asia was -6%, including a double-digit positive growth rate in China, driven by Sandvik Mining and Rock Technology.

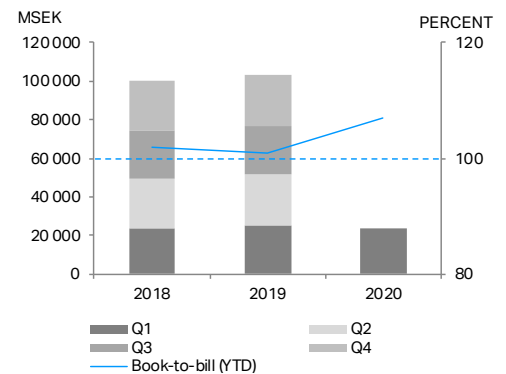
Underlying customer activity declined in most customer segments, with the negative development most tangible in the short-cycle business, while decision-making processes related to orders were somewhat protracted among customers in the mining industry, toward the end of the quarter.

Changed exchange rates had a positive impact of 2% on both order intake and revenues.

### ORDER INTAKE



### REVENUES AND BOOK-TO-BILL



## Q1

### UNDERLYING MARKET DEVELOPMENT

		MINING 37% of 2019 revenues	GENERAL ENGINEERING 22%	AUTOMOTIVE 12%	ENERGY 10%	CONSTR. 8%	AERO 7%
	% of 2019 Group revenue						
	Order intake Y/Y (excl. large orders)						
Europe	37%	-14% (-15%)					
North America	23%	-14% (-9%)					
Asia	19%	-6% (-6%)					
Africa/ Middle East	9%	-8% (-8%)					
Australia	7%	+0% (+0%)					
South America	5%	-4% (-4%)					

## EARNINGS

Gross profit declined by -12% to 9,186 million SEK (10,451) and gross margin declined to 38.9% (41.8), impacted by the organic decline of -7% in revenues as well as items affecting comparability of -364 million SEK.

Sales and administration costs declined by -5% year-on-year, with the largest decline noted in sales costs. The organic decline of sales and administration costs was -6%, including items affecting comparability of -75 million SEK. The overall ratio to revenues remained stable at 20% (20). Research and development costs remained overall stable.

Adjusted operating profit declined by -18% and amounted to 3,728 million SEK (4,567) and the adjusted operating margin declined to 15.8% (18.3).

While cost measures are being executed according to plan, they were not sufficient to offset the adverse impact of the negative year-on-year organic growth of -7%. Savings from the cost-reduction activities announced in July 2019 amounted to 360 million SEK in the quarter, meaning that about 1,400 million SEK of the expected full run-rate savings of 1,700 million SEK has been achieved. Metal price effects in Sandvik Materials Technology impacted negatively by -201 million SEK in the period (-85). The impact from changed exchange rates was marginally positive at 12 million SEK, including a significant negative impact of -210 million SEK related to revaluation of balance sheet items, mainly in Sandvik Mining and Rock Technology.

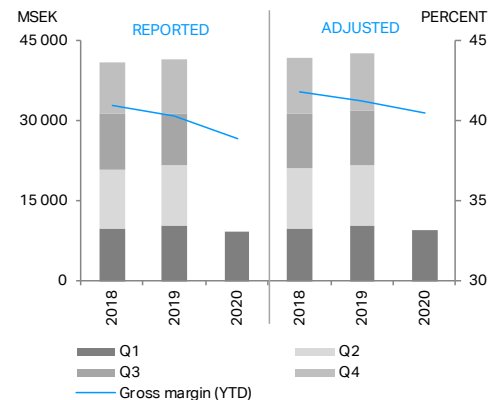
Reported operating profit was adversely impacted by costs of -364 million SEK related to the earlier announced efficiency measures in Sandvik Machining Solutions through the closure of a manufacturing plant in Germany. Additionally, the operating profit in Other Operations included a negative impact of -526 million SEK related to the realized effect from the reversal of the accumulated currency translation in Other Comprehensive Income, due to the divestment of Sandvik Drilling and Completions (Varel). Earnings were adversely impacted in an amount of -75 million SEK for costs related to the internal separation of Sandvik Materials Technology from the remainder of the Sandvik Group, of which -45 million SEK related to Sandvik Materials Technology and -30 million SEK to Group activities.

Interest net was reduced to -126 million SEK (-168). The total finance net amounted to -416 million SEK (-378), with the increase driven by changed exchange rates and other asset class effects. Loan repayment of 1.4bn SEK was completed.

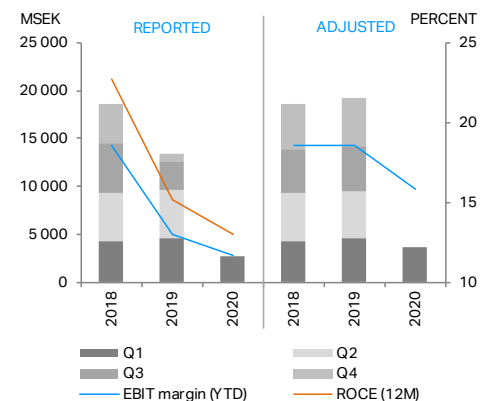
The normalized tax rate for continuing operations was 23.1% (25.0) excluding the adverse impact related to the items affecting comparability in operating profit as well as tax items with positive impact. The reported tax rate for continuing operations was 21.8% (25.0) and 21.9% (25.3) for the Group in total.

The net result amounted to 1,835 million SEK (3,141), corresponding to earnings per share of 1.47 SEK (2.50) and adjusted earnings per share of 2.14 SEK (2.50).

### GROSS PROFIT AND MARGIN

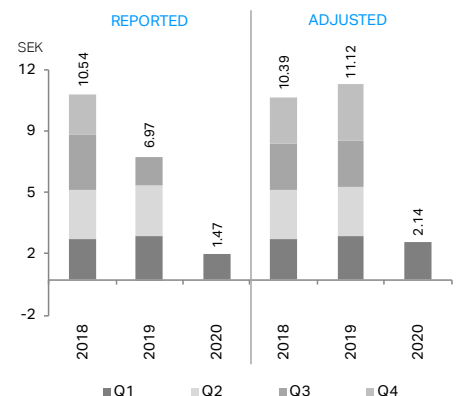


### OPERATING PROFIT & RETURN



Reported operating margin impacted by items affecting comparability: 0.1 billion SEK in 2018 and -5.8 billion SEK in 2019 and -1 billion SEK in 2020.

### EARNINGS PER SHARE



## CASH FLOW AND BALANCE SHEET

**Capital employed** decreased year-on-year to 93.6 billion SEK (96.7) and increased sequentially (90.4). Adjusted return on capital employed, excluding items affecting comparability, was noted at 16.1% and declined both year-on-year (20.3) and sequentially (22.0), mainly due to lower reported earnings.

**Net working capital** amounted to 25.7 billion SEK, remaining stable year-on-year (25.6) and increasing sequentially (24.9). The sequential increase in inventory volumes of 1.1 billion SEK was primarily driven by Sandvik Mining and Rock Technology, while a small reduction was noted in Sandvik Machining Solutions. In addition, a slight increase was reported due to changed exchange rates. Net working capital in relation to revenues increased to 27% (24) for the quarter.

**Investments** in tangible and intangible assets in the first quarter amounted to 0.7 billion SEK (0.8), corresponding to 66% of scheduled depreciation. Investments are seasonally higher in the second half of the year.

A **financial net cash** position of 1.4 billion SEK was noted, which compares to a negative net cash position of -0.5 billion SEK in the previous quarter and -4.4 billion SEK in the year-earlier period. The net pension liability increased year-on-year to 9.1 billion SEK (5.5), due primarily to changed discount rates. Net debt amounted to 11.1 billion SEK at the end of the first quarter, declining year-on-year from 13.2 billion SEK. Sequentially, it remained in line with the figure of 11.1 billion SEK reported in the previous quarter. The net debt to equity ratio declined year-on-year to 0.17 (0.21). Interest-bearing debt with short-term maturity accounted for 19% of total debt.

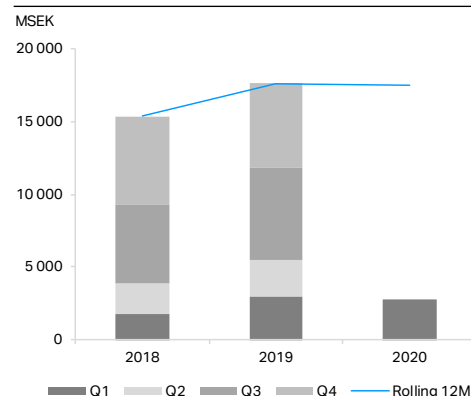
**Free operating cash flow** decreased year-on-year to 3.1 billion SEK (3.4). Cash flow from operations was 2.8 billion SEK and decreased year-on-year (2.9).

CASH FLOW, MSEK	Q1 2019	Q1 2020
EBITDA + non-cash items*	5 815	4 505
Net Working Capital change	-1 577	-697
Capex**	-887	-680
<b>FREE OPERATING CASH FLOW**</b>	<b>3 352</b>	<b>3 128</b>

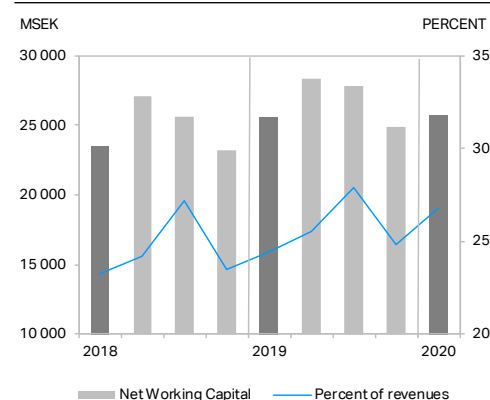
\* Including investments and disposals of rental equipment of -94 million SEK (-171) and tangible and intangible assets of -587 million SEK (-716).

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

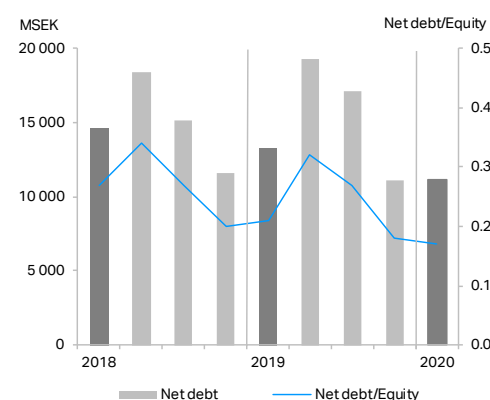
### CASH FLOW FROM OPERATIONS



### NET WORKING CAPITAL



### NET DEBT, GROUP TOTAL



## SANDVIK MINING AND ROCK TECHNOLOGY

NEGATIVE DEVELOPMENT IN EQUIPMENT ORDER INTAKE

LARGELY STABLE AFTERMARKET BUSINESS

INCREASED MARKET UNCERTAINTY



### GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	-8	-5
Structure, %	0	0
Currency, %	1	1
<b>TOTAL, %</b>	<b>-7</b>	<b>-3</b>

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

**Total order intake declined organically by -8% from the all-time-high level reported in the preceding year. Increased hesitancy in customer decision-making processes was noted toward the end of the quarter as the corona situation escalated.**

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

- Total equipment orders declined at a high-teen rate. The downturn was particularly notable in the Mechanical Cutting and Crushing and Screening divisions, which both faced record-high order levels in the year-earlier period. Orders for underground mining equipment also declined somewhat.
- Orders in the aftermarket business remained largely stable year-on-year.
- The aftermarket business accounted for 65% of revenues while the equipment business accounted for 35%.

**Operating profit decreased by -9% year-on-year, primarily due to the negative impact from changed exchange rates, but also due to lower organic revenues. The operating margin declined to 17.0% (18.0).**

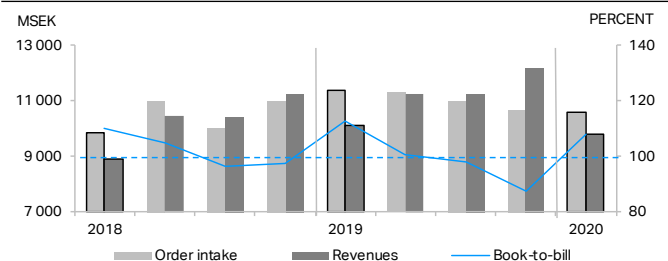
Key items impacting operating profit and operating margin:

- Savings of 100 million SEK from previously announced cost measures.
- Changed exchange rates impacted operating profit negatively by -78 million SEK, primarily due to the revaluation of balance sheet items in the amount of -180 million SEK and the impact of high currency volatility in March.

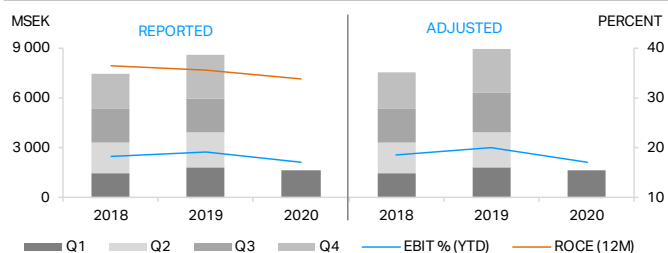
### Corona update

During the quarter, production was impacted only to a minor extent, and both supply and distribution proceeded as planned. The majority of the business area's production footprint is Europe-based. That said, as the spread of the coronavirus escalates globally, market uncertainty is increasing and both the business area's and customers' operations and value chains may be impacted due to safety precautions and local restrictions. Both short-term temporary actions and long-term structural efficiency measures are being implemented to protect profitability.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



### FINANCIAL OVERVIEW, MSEK

Order intake *	11 369	10 570	-8	44 379
Revenues *	10 103	9 775	-5	44 777
Operating profit	1 817	1 661	-9	8 602
% of revenues	18.0	17.0		19.2
Adjusted operating profit <sup>1)</sup>	1 817	1 661	-9	8 911
% of revenues	18.0	17.0		19.9
Return on capital employed, % <sup>2)</sup>	29.3	24.2		32.3
Number of employees	14 531	14 236	-2	14 229

Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
11 369	10 570	-8	44 379
10 103	9 775	-5	44 777
1 817	1 661	-9	8 602
18.0	17.0		19.2
1 817	1 661	-9	8 911
18.0	17.0		19.9
29.3	24.2		32.3
14 531	14 236	-2	14 229

\* Change at fixed exchange rates for comparable units.

<sup>1)</sup> Operating profit adjusted for items affecting comparability in FY 2019 was -309 million SEK related to efficiency measures and provision reversal.

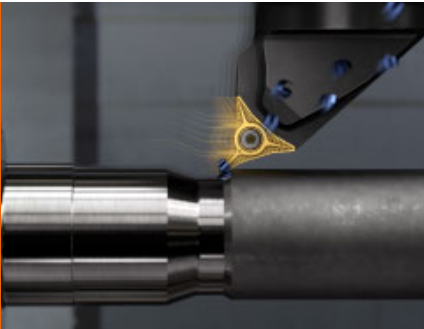
<sup>2)</sup> Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average

## SANDVIK MACHINING SOLUTIONS

**DECLINING DEMAND**

**MARGIN PRESSURE DUE TO UNDERABSORPTION**

**INCREASED MARKET UNCERTAINTY WITH A SHARP DROP IN DEMAND TOWARD THE END OF THE QUARTER**



**GROWTH**

Q1	ORDER INTAKE	REVENUES
Price/volume, %	-12	-12
Structure, %	1	1
Currency, %	3	3
<b>TOTAL, %</b>	<b>-9</b>	<b>-9</b>

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 deteriorated year-on-year, with an escalating negative development in demand noted in the last week of March as the corona situation intensified. A decline was noted in all major regions and all customer segments during the quarter.**

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

- Organic revenues declined in the range of 11%-12% in all of the three major geographical regions. Notably, customer activity in China improved toward the end of the quarter.
- Weakness in the automotive segment intensified as the quarter progressed and customers announced production stoppages in the wake of the corona situation. Toward the end of the period all major customer segments noted declines.
- The number of working days had a positive impact of about 1% on both orders and revenues.

**Adjusted operating profit amounted to 2,054 million SEK (2,654), decreasing -23% year-on-year. The adjusted operating margin declined to 21.0% (24.9).**

Key items impacting operating profit and operating margin:

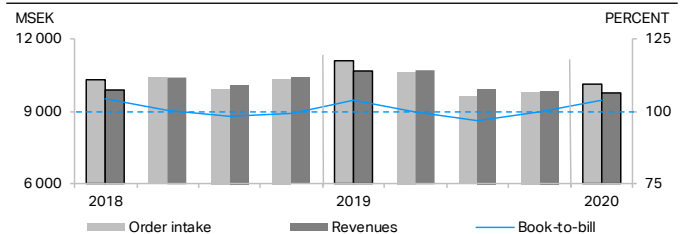
- Underabsorption of fixed costs due to lower production volumes as a result of declining customer activity adversely impacted the adjusted operating margin by -5.2%-points year-on-year.
- Lower production rate to reduce inventory levels impacted the adjusted operating margin by -0.7%-points year-on-year.
- Savings of 220 million SEK related to previously announced cost measures.
- Costs of -364 million SEK related the announced intention to close a manufacturing plant in Germany to support long-term profitability.

- Changed exchange rates had a positive impact of +76 million SEK on operating profit year-on-year.

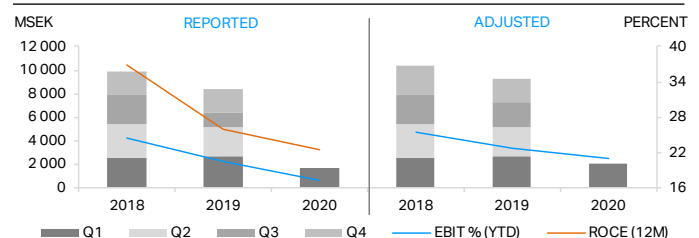
### Corona update

In January and February, production was unaffected by the corona situation, apart from the extended stoppage of about one week in China. While there was an escalation of the global corona situation in March, this only resulted in smaller disruptions to the business area's production, which is largely European-based. Supply and distribution chains remained largely intact throughout the quarter. However, a sharper drop in demand was recorded in the last week of March, with large customer segments impacted by production stoppages. We anticipate a low business activity near term, should the current corona situation persist. Short-term temporary actions and long-term structural efficiency measures are being implemented to protect profitability.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



### FINANCIAL OVERVIEW, MSEK

	Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
Order intake *	11 105	10 124	-12	41 163
Revenues *	10 679	9 766	-12	41 123
Operating profit	2 654	1 690	-36	8 380
% of revenues	24.9	17.3		20.4
Adjusted operating profit <sup>1)</sup>	2 654	2 054	-23	9 310
% of revenues	24.9	21.0		22.6
Return on capital employed, % <sup>2)</sup>	34.1	20.6		25.9
Number of employees	19 492	18 291	-6	18 453

\* Change at fixed exchange rates for comparable units.

<sup>1)</sup> Operating profit adjusted for items affecting comparability of -364 million SEK (0) in Q1 2020 and -930 million SEK in FY 2019 related to efficiency measures.

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

For definitions see [home.sandvik](http://home.sandvik)

FOR ADDITIONAL INFORMATION, PLEASE CALL SANDVIK INVESTOR RELATIONS +46 8 456 11 00 OR VISIT [HOME.SANDVIK](http://HOME.SANDVIK)

## SANDVIK MATERIALS TECHNOLOGY

LARGE ORDERS RECEIVED

LOWER DEMAND IN THE SHORT-CYCLE BUSINESS

INCREASED MARKET UNCERTAINTY



### GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	-14	-3
Structure, %	1	1
Currency, %	2	2
<b>TOTAL, %</b>	<b>-11</b>	<b>0</b>

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 declined by -14%, on record-high comparables in the year-on-year period. Excluding the impact of large orders, order intake declined by -9%. Alloy prices had a positive impact of 1% on order intake and of 2% on revenues.**

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

- Demand for the capex-related tubular offering remained robust, albeit with increased market uncertainty as oil prices came under pressure. Large orders totaling 660 million SEK (1,000) related to the energy segment were received.
- Demand declined across the board for standardized application tubing.
- In the Kanthal division, demand declined for both heating materials and heating systems.
- Positive development in the Strip division.

**Adjusted operating profit excluding metal price effects totaled 340 million SEK (392), yielding an underlying margin of 9.0% (10.4). Including negative metal price effects, adjusted operating profit decreased to 139 million SEK (307) and the adjusted operating margin decreased to 3.7% (8.1).**

Key items impacting operating profit and operating margin:

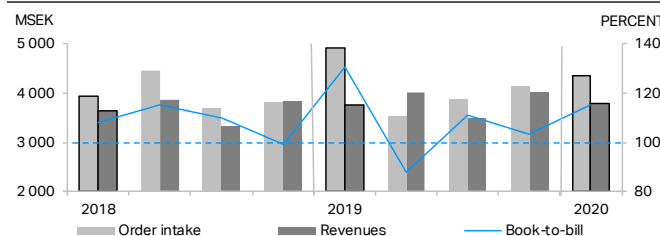
- A positive mix due to increased deliveries and improved profitability for advanced tubular products offset the adverse impact from lower volumes for standardized application tubing.
- Lower profitability in Kanthal due to lower production volumes.
- Savings of 20 million SEK from previously announced cost measures.
- Costs of -45 million SEK related to the internal separation of the business area from the remainder of Sandvik.
- Changed exchange rates had a slight positive impact of +4 million SEK on operating profit.

- Changed metal prices had a negative impact of -201 million SEK (-85) in the quarter.

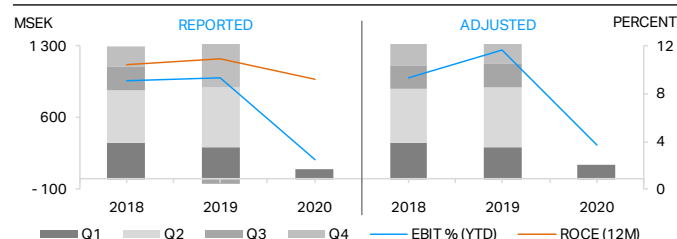
### Corona update

The majority of the manufacturing footprint is concentrated in Sweden, and production in the first quarter was largely unaffected by the corona situation. Market uncertainty is increasing and, should the current corona situation persist, both the business areas' and customers' operations and value chains may be impacted due to safety precautions and local restrictions. Short-term temporary actions and long-term structural efficiency measures are being implemented to protect profitability.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



### FINANCIAL OVERVIEW, MSEK

Order intake *	4 930	4 365	-14	16 475
Revenues *	3 773	3 782	-3	15 279
Operating profit	307	94	-69	1 444
% of revenues	8.1	2.5		9.4
Adjusted operating profit <sup>1)</sup>	307	139	-55	1 787
% of revenues	8.1	3.7		11.7
Return on capital employed, % <sup>2)</sup>	9.6	2.8		11.0
Number of employees	5 910	5 774	-2	5 726

Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
4 930	4 365	-14	16 475
3 773	3 782	-3	15 279
307	94	-69	1 444
8.1	2.5		9.4
307	139	-55	1 787
8.1	3.7		11.7
9.6	2.8		11.0
5 910	5 774	-2	5 726

\* Change at fixed exchange rates for comparable units.

<sup>1)</sup> Operating profit adjusted for Items Affecting Comparability of -45 million SEK in Q1 2020 (0) related to separation costs. For FY 2019 it is -343 million SEK related to efficiency measures and separation costs.

<sup>2)</sup> Quarterly number is annualized and the year-to-date number is based on four quarter average



## OTHER OPERATIONS

Early March, the divestment of Sandvik Drilling and Completions (Varel) was completed, meaning the operations related to the oil and gas industry. Sandvik will remain a minority owner of 30% of the company and this holding will be incorporated in Group Activities. Consequently, as of the second quarter of 2020, Other Operations will not include any active operations.

Orders and revenues of 297 million SEK relate fully to Varel. The adjusted operating margin for Varel was 3.8%. Operating profit for Other Operations was impacted by the realized effect from the reversal of the accumulated currency translation in Other Comprehensive Income of -526 million SEK, related to the divestment of Varel. The divestment generated a positive cash flow impact of 767 million SEK. Changed exchange rates had a largely neutral impact on operating profit of 1 million SEK.

FINANCIAL OVERVIEW, MSEK	Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
Order intake *	471	297	-5	2 059
Revenues *	471	297	-5	2 059
Operating profit	-45	-515	N/M	-4 263
% of revenues	-9.5	N/M		-207.0
Adjusted operating profit <sup>1)</sup>	-45	11	N/M	-140
% of revenues	-9.5	3.8		-6.8
Return on capital employed, % <sup>2)</sup>	-3.7	N/M		-100.1
Number of employees	1 061	-	-100	1 081

\* Change at fixed exchange rates for comparable units.

1) Operating profit adjusted for items affecting comparability of -526 million SEK in Q1 2020 (0) related to the divestment of Varel. For FY 2019 it is -4,123 million SEK related to impairment and divestment of Varel.

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

N/M = not meaningful

## SUSTAINABLE BUSINESS

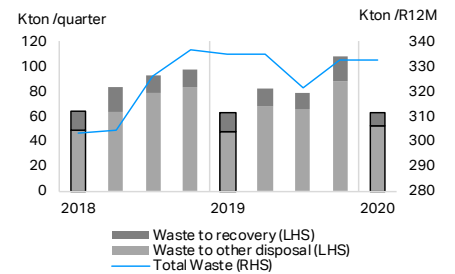
IMPACT FROM TRANSITION TO BIOFUEL IN SANDVIK MATERIALS TECHNOLOGY

REDUCED NUMBER OF INJURIES

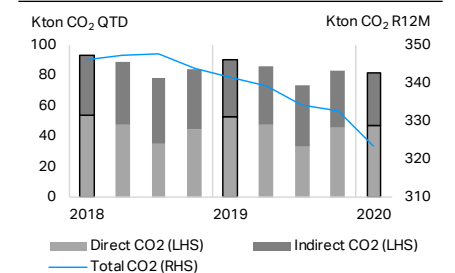
INAUGURATION OF THE SIGRID GÖRANSSON MEDAL



### CIRCULARITY - WASTE



### CLIMATE - CO<sub>2</sub> EMISSIONS



In order to drive transparency and facilitate the external monitoring of the development also toward the sustainability targets a quarterly update has commenced. Sandvik is committed to using engineering and innovation to make the shift that will drive more sustainable business. The aim is to lead this shift in our industry and be the innovative business partner for our customers by making sustainability part of every aspect of business, delivering value for all parties.

#### First quarter 2020

- The waste recovery rate amounted to 62%, excluding the mine in Austria and Sandvik Materials Technology's production unit in Sandviken, which together constitutes 82% of the total waste.
- Reduced CO<sub>2</sub> due to reduction and transfer of production.
- Last year's transition to biofuel for Sandvik Materials Technology's vehicles in Sandviken contributed to reduced emissions.
- Even though the number of injuries were reduced, the frequency rates remained largely unchanged due to reduced number of worked hours.
- Reduced share of female managers mainly driven by downsizing of operations.

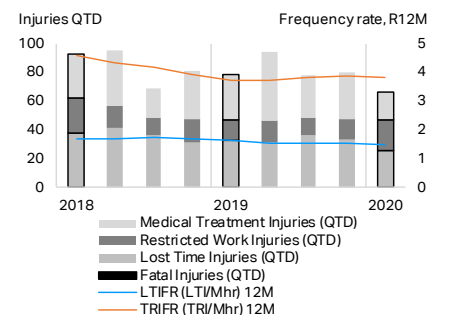
#### Case of the quarter

One of the enablers for reaching our goals for sustainable business is a new, annual sustainability award that will celebrate the best innovations within Sandvik: The Sandvik Sustainability Award in Memory of Sigrid Göransson.

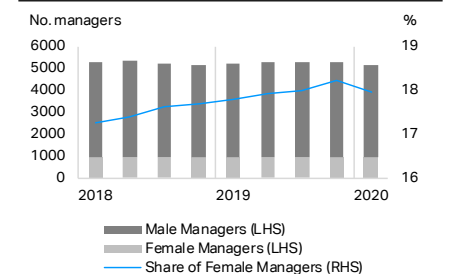
Sigrid Göransson was born in 1872 in Sandviken and was the granddaughter of Göran Fredrik Göransson, the founder of Sandvik, and the daughter of Anders Henrik Göransson, CEO of Sandvik. Early on, Sigrid joined her father on his inspections of the iron-works and the workers' housing, during which she gained insights into the living and working conditions of the employees. Sigrid was appointed member of the company's management team and an inspector of the company's social institutions. She made Sandvik focus on social conditions at a time when this rarely happened.

The Sustainability Award in her memory will go to an employee or group of employees that the jury believes has made a contribution in the form of an important and innovative solution - a solution that has had a measurable and lasting impact on environmental, economic or social sustainability at Sandvik or in local communities.

### PEOPLE - ZERO HARM



### PLAY FAIR - DIVERSITY



#### SUSTAINABILITY OVERVIEW

		Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
Circularity	Total waste, thousand tonnes*	63	62	-0	333
Circularity	Waste recovered, % of total	24	17	-32	19
Climate	Total CO <sub>2</sub> , thousand tonnes*	91	81	-10	333
People	Total recordable injury frequency rate, R12M frequency / million working hours	3.7	3.8	+2	3.9
People	Lost time injury frequency rate, R12M frequency / million working hours	1.6	1.5	-7	1.6
Fair play	Share of female managers, %	17.8	17.9	+1	18.2

\* Period is December 2019 to February 2020

For definitions see home.sandvik

FOR ADDITIONAL INFORMATION, PLEASE CALL SANDVIK INVESTOR RELATIONS +46 8 456 11 00 OR VISIT HOME.SANDVIK

## PARENT COMPANY

The parent company's revenues after the first three months of 2020 amounted to 3,014 million SEK (5,414) and the operating result was 1,501 million SEK (610). Expense of shares in Group companies consists primarily of dividends, Group contributions and loss related to the internal separation of Sandvik Materials Technology from the commissioner structure and amounted

after the first quarter to -1 753 million SEK (451). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 8,126 million SEK (12,831). Investments in property, plant and machinery amounted to 71 million SEK (177).

## ACQUISITIONS AND DIVESTMENTS

### ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
<b>2019</b>				
Sandvik Machining Solutions	OSK	10 April 2019	120 MSEK in 2017	90
Sandvik Mining and Rock Technology	Newtrax	17 June 2019	26 MCAD in 2018	120
Sandvik Machining Solutions	Beam IT, 30% stake	12 July 2019	70 MSEK in 2018	38
Sandvik Materials Technology	Thermaltek	31 December 2019	13 MUSD in 2019	30
Sandvik Machining Solutions	Melin Tool Company	31 December 2019	22 MUSD in 2019	100
<b>2020</b>				
Sandvik Materials Technology	Summerill Tube Corporation	14 January 2020	100 MSEK in 2018	45

	Purchase price on cash and debt free basis	Preliminary goodwill and other intangible assets
Acquisitions 2020	90 million SEK	0 million SEK

### DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
<b>2020</b>				
Other Operations	Sandvik Drilling & Completions (Varel) *	12 March 2020	2,100 MSEK in 2019	1,100

\* Sandvik divested 70% of Varel and remains a minority owner of 30% of the company.

## SIGNIFICANT EVENTS

### DURING THE FIRST QUARTER

- On 20 January, Sandvik Machining Solutions announced its decision to examine the conditions for a closure of a production plant in Germany. The closure is expected to be finalized by mid-2021, with a full run-rate of net savings of about 110 million SEK. Costs related to the restructuring, amounting to -364 million SEK impacted Sandvik Machining Solutions' operating profit in the first quarter of 2020, with the majority impacting future cash flow.

- On 1 February, Stefan Widing assumed the position as CEO and President of Sandvik.

- On 12 March, the divestment of Sandvik Drilling and Completions (Varel) was completed.

- On 26 March Sandvik announced cost measures to mitigate future effects on its businesses from the rapid spread of the coronavirus. Temporary short-term actions primarily related to reduced working hours, will generate savings of about 1.5 billion SEK in 2020. Actions to reduce worktime will mean a temporary negative effect on the compensation for many employees. The members of the Sandvik Group Executive Management have therefore also decided to reduce their salary by 10 percent during this period. In addition, long-term structural measures have been initiated, entailing costs of about 1.4 billion SEK to be reported as items affecting comparability in operating profit for the second quarter of 2020, with the majority impacting cash flow. Savings of about 0.9 billion SEK from these long-term structural measures will reach full annual run-rate by the end of 2021.

### AFTER THE FIRST QUARTER

- On 7 April, the Board of Directors of Sandvik announced it had decided to withdraw its previous dividend proposal and instead propose that the Annual General Meeting on 28 April resolve that no dividend be paid for the 2019 fiscal year. When the market has stabilized and the financial position of the company so permits, it is the Board of Directors' intention to re-evaluate the situation. The original proposal was to resolve on a dividend of SEK 4.50 per share.

## 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 outcome is provided in the table below:

<b>CAPEX (CASH)</b>	Estimated at <4 billion SEK for 2020 (previous guidance: about 4 billion SEK)
<b>CURRENCY EFFECTS</b>	Based on currency rates at the end of March 2020, it is estimated that transaction and translation currency effects will have an impact of about +100 million SEK on operating profit for the second quarter of 2020, compared with the year-earlier period.
<b>METAL PRICE EFFECTS</b>	In view of currency rates, inventory levels and metal prices at the end of March 2020 it is estimated that there will be an impact of about -150 million SEK on operating profit in Sandvik Materials Technology for the second quarter of 2020.
<b>INTEREST NET</b>	Estimated at about -0.5 billion SEK in 2020.
<b>NORMALIZED TAX RATE</b>	Estimated at 23% - 25% for 2020

## 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 2020.

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 2020 or later. The standards have not had any material impact on the financial reports.

### IBOR transition

Where interest rate hedge accounting is applied Sandvik is exposed to the STIBOR reference rate for hedged instruments together with their hedging instruments. The change of reference rate due to the upcoming IBOR transition will, when implemented, affect future cash-flows on interest income and interest expense but Sandvik expects continued 100% effectiveness of the hedges and no net interest impact. The nominal value of outstanding exposures is SEK 1.5 Billion. Sandvik will

continue to monitor any changes to STIBOR as a reference rate and update, together with counterparties, the relevant financial contracts accordingly as and when these occur.

### Items affecting comparability

Sandvik reports an adjusted EBIT for comparison reasons. The result is adjusted for larger acquisitions and divestments, restructuring initiatives and impairments.

### Loss of control of a wholly owned subsidiary with an interest retained

When the group disposes of a significant part of its interest, and therefore loses control, of a subsidiary, the group de-consolidates the subsidiary. If the retained interest in the entity fulfills the criteria of being an associate, it is accounted for at fair value at the disposal date, and subsequently accounted for using the equity method. The gain or loss of the transaction is the difference between the fair value of the consideration received as well as the fair value of the retained interest, and the carrying value of the former subsidiary's net assets (including any related goodwill), and is recorded in the income statement. Any portion of the gain or loss related to the re-measurement of the retained interest to fair value is disclosed separately.

## 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 opportunities

if managed well. Risk management at Sandvik begins with an assessment in operational management teams where the material risks for their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated risk mitigating activities to eliminate or reduce the risks are agreed on. For a more detailed description of Sandvik's analysis of risks and risk universe, see the Annual Report for 2019.

## FINANCIAL REPORTS SUMMARY

### THE GROUP

#### INCOME STATEMENT

MSEK	Q1 2019	Q1 2020	CHANGE %	Q1-Q4 2019
<i>Continuing operations</i>				
Revenues	25 025	23 620	-6	103 238
Cost of sales and services	-14 574	-14 434	-1	-61 662
<b>Gross profit</b>	<b>10 451</b>	<b>9 186</b>	<b>-12</b>	<b>41 576</b>
% of revenues	41.8	38.9		40.3
Selling expenses	-3 419	-3 199	-6	-14 946
Administrative expenses	-1 626	-1 593	-2	-6 643
Research and development cost	-903	-915	1	-3 674
Other operating income and expenses	64	-717	N/M	-2 926
<b>Operating profit</b>	<b>4 567</b>	<b>2 762</b>	<b>-40</b>	<b>13 386</b>
% of revenues	18.3	11.7		13.0
Financial income	137	104	-24	492
Financial expenses	-515	-520	1	-1 729
<b>Net financial items</b>	<b>-378</b>	<b>-416</b>	<b>10</b>	<b>-1 237</b>
<b>Profit after financial items</b>	<b>4 189</b>	<b>2 346</b>	<b>-44</b>	<b>12 150</b>
% of revenues	16.7	9.9		11.8
Income tax	-1 048	-511	-51	-3 421
<b>Profit for the period, continuing operations</b>	<b>3 141</b>	<b>1 835</b>	<b>-42</b>	<b>8 728</b>
% of revenues	12.6	7.8		8.5
<i>Discontinued operations</i>				
Revenues	155	2	-98	295
Operating result	-43	-12	-73	-204
Profit after financial items	-44	-12	-73	-205
<b>Profit for the period, discontinued operations</b>	<b>-44</b>	<b>-12</b>	<b>-73</b>	<b>-205</b>
<i>Group total</i>				
Revenues	25 180	23 623	-6	103 533
Operating profit	4 524	2 750	-39	13 182
Profit after financial items	4 145	2 334	-44	11 945
<b>Profit for the period, Group total</b>	<b>3 097</b>	<b>1 823</b>	<b>-41</b>	<b>8 523</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains/losses on defined benefit pension plans	349	-1 518		-1 638
Tax relating to items that will not be reclassified	-78	332		323
	<b>271</b>	<b>-1 185</b>		<b>-1 315</b>
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	1 713	2 062		1 880
Cash flow hedges	0	1		20
Tax relating to items that may be reclassified	0	0		0
	<b>1 713</b>	<b>2 063</b>		<b>1 900</b>
<b>Total other comprehensive income</b>	<b>1 984</b>	<b>878</b>		<b>585</b>
<b>Total comprehensive income</b>	<b>5 081</b>	<b>2 701</b>		<b>9 108</b>
Profit for the period attributable to				
Owners of the parent	3 096	1 829		8 539
Non-controlling interest	1	-6		-16
Total comprehensive income attributable to				
Owners of the parent	5 080	2 706		9 124
Non-controlling interest	1	-6		-16
<b>Earnings per share, SEK</b>				
Continuing operations, basic	2.50	1.47	-41	6.97
Continuing operations, diluted	2.50	1.46	-42	6.96
Group total, basic	2.47	1.46	-41	6.81
Group total, diluted	2.46	1.46	-41	6.79

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

## THE GROUP

### BALANCE SHEET CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2019	31 MAR 2019	31 MAR 2020
Intangible assets	20 074	23 243	20 791
Property, plant and equipment	25 643	25 648	26 086
Right-of-use assets	3 172	3 305	3 336
Financial assets	6 562	5 891	7 514
Inventories	24 243	26 257	26 392
Contract Assets	77	90	123
Current receivables	21 885	23 363	22 409
Cash and cash equivalents	16 953 <sup>1)</sup>	19 845	17 469
Assets held for sale	1 815	635	195
<b>Total assets</b>	<b>120 423</b>	<b>128 277</b>	<b>124 317</b>
Total equity	61 858	63 220	64 579
Non-current interest-bearing liabilities	25 383	28 176	25 153
Non-current non-interest-bearing liabilities	3 790	4 333	3 871
Current interest bearing liabilities	3 026	5 330	3 802
Current non-interest-bearing liabilities	25 486	26 652	26 641
Liabilities related to assets held for sale	880	566	270
<b>Total equity and liabilities</b>	<b>120 423</b>	<b>128 277</b>	<b>124 317</b>
<i>Group total</i>			
Net working capital <sup>2)</sup>	25 027	25 867	25 774
Loans	17 434	24 199	16 056
Non-controlling interests in total equity	14	40	17

1) Not including Asset held for sale of 34 million SEK

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

### NET DEBT

MSEK	31 DEC 2019	31 MAR 2019	31 MAR 2020
Interest-bearing liabilities excluding pension liabilities	20 770	27 581	19 492
Net pensions liabilities	7 348	5 495	9 109
cash and cash equivalents	-16 987	-19 845	-17 469
<b>Net debt</b>	<b>11 131</b>	<b>13 231</b>	<b>11 131</b>
<b>Net debt to equity ratio</b>	<b>0.18</b>	<b>0.21</b>	<b>0.17</b>

### CHANGES IN EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
<b>Opening equity, 1 January 2019</b>	<b>58 120</b>	<b>42</b>	<b>58 162</b>
Changes in non-controlling interest	3	-3	0
Total comprehensive income for the period	9 124	-16	9 108
Personnel options program	-72	-	-72
Dividends	-5 331	-9	-5 340
<b>Closing equity, 31 December 2019</b>	<b>61 844</b>	<b>14</b>	<b>61 858</b>
<b>Opening equity, 1 January 2020</b>	<b>61 844</b>	<b>14</b>	<b>61 858</b>
Changes in non-controlling interest	-7	7	0
Total comprehensive income for the period	2 706	-6	2 701
Personnel options program	20	-	20
<b>Closing equity, 31 March 2020</b>	<b>64 562</b>	<b>17</b>	<b>64 579</b>

For definitions see [home.sandvik](http://home.sandvik)

## THE GROUP

### CASH FLOW STATEMENT

MSEK	Q1 2019	Q1 2020	Q1-Q4 2019
<i>Continuing operations</i>			
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	4 189	2 346	12 150
Adjustment for depreciation, amortization and impairment loss	1 415	1 470	10 067
Other adjustments for non-cash items	-144	816	499
Income tax paid	-769	-1 027	-3 598
<b>Cash flow from operations before changes in working capital</b>	<b>4 690</b>	<b>3 605</b>	<b>19 119</b>
<i>Changes in working capital</i>			
Change in inventories	-1 182	-1 130	400
Change in operating receivables	-1 241	-1 223	873
Change in operating liabilities	847	1 656	-1 821
<i>Cash flow from changes in working capital</i>	<i>-1 577</i>	<i>-697</i>	<i>-548</i>
Investments in rental equipment	-209	-129	-911
Proceeds from sales of rental equipment	38	35	147
<b>Cash flow from operations</b>	<b>2 943</b>	<b>2 815</b>	<b>17 807</b>
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	-614	-90	-1 870
Proceeds from sale of companies and shares, net of cash divested	7	767	95
Investments in tangible assets	-670	-597	-3 472
Proceeds from sale of tangible assets	58	125	386
Investments in intangible assets	-126	-114	-664
Proceeds from sale of intangible assets	22	0	42
Other investments, net	0	-1	-16
<b>Cash flow from investing activities</b>	<b>-1 322</b>	<b>90</b>	<b>-5 500</b>
<b>Net cash flow after investing activities</b>	<b>1 620</b>	<b>2 905</b>	<b>12 307</b>
<i>Cash flow from financing activities</i>			
Change in interest-bearing debt	94	-2 372	-8 016
Dividends paid	-	-	-5 340
<b>Cash flow from financing activities</b>	<b>94</b>	<b>-2 372</b>	<b>-13 356</b>
<b>Total cash flow from continuing operations</b>	<b>1 714</b>	<b>533</b>	<b>-1 050</b>
<i>Discontinued operations</i>			
Cash flow from discontinued operations	-55	-6	-138
<b>Cash flow for the period, Group total</b>	<b>1 659</b>	<b>526</b>	<b>-1 188</b>
Cash and cash equivalents at beginning of the period	18 089	16 987	18 089
Exchange rate differences in cash and cash equivalents	98	-44	86
<b>Cash and cash equivalents at the end of the period</b>	<b>19 845</b>	<b>17 469</b>	<b>16 987<sup>1)</sup></b>
<i>Discontinued operations</i>			
Cash flow from operations	-56	-7	-152
Cash flow from investing activities	0	1	16
Cash flow from financing activities	1	0	-2
<b>Total cash flow discontinued operations</b>	<b>-55</b>	<b>-6</b>	<b>-138</b>
<i>Group Total</i>			
Cash flow from operations	2 886	2 808	17 654
Cash flow from investing activities	-1 322	90	-5 484
Cash flow from financing activities	94	-2 372	-13 358
<b>Group total cash flow</b>	<b>1 659</b>	<b>526</b>	<b>-1 188</b>

1) Including asset held for sale of 34 million SEK.

For definitions see [home.sandvik](http://home.sandvik)



## THE PARENT COMPANY

### INCOME STATEMENT

MSEK	Q1 2019	Q1 2020
Revenues	5 414	3 014
Cost of sales and services	-3 228	-349
<b>Gross profit</b>	<b>2 186</b>	<b>2 665</b>
Selling expenses	-294	-272
Administrative expenses	-633	-463
Research and development costs	-389	-321
Other operating income and expenses	-260	-108
<b>Operating profit</b>	<b>610</b>	<b>1 501</b>
Income/expenses from shares in Group companies	451	-1 753
Interest income/expenses and similar items	-107	-40
<b>Profit after financial items</b>	<b>954</b>	<b>-292</b>
Appropriations	-206	2 161
Income tax expenses	386	-338
<b>Profit for the period</b>	<b>1 134</b>	<b>1 531</b>

### BALANCE SHEET

MSEK	31 DEC 2019	31 MAR 2019	31 MAR 2020
Intangible assets	85	107	66
Property, plant and equipment	7 089	7 009	3 232
Financial assets	54 338	43 856	53 992
Inventories	3 229	3 150	830
Current receivables	12 056	6 786	4 338
Cash and cash equivalents	-	-	274
<b>Total assets</b>	<b>76 797</b>	<b>60 908</b>	<b>62 732</b>
Total equity	34 565	26 013	36 116
Untaxed reserves	3 222	3 346	1 061
Provisions	770	596	593
Non-current interest-bearing liabilities	15 124	15 097	13 079
Non-current non-interest-bearing liabilities	245	236	137
Current interest-bearing liabilities	15 238	9 547	7 532
Current non-interest-bearing liabilities	7 633	6 073	4 214
<b>Total equity and liabilities</b>	<b>76 797</b>	<b>60 908</b>	<b>62 732</b>
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	15 601	12 831	8 126
Investments in fixed assets	976	177	71

For definitions see [home.sandvik](http://home.sandvik)

## MARKET OVERVIEW, THE GROUP

### ORDER INTAKE BY REGION

MSEK	Q1 2020	CHANGE *		SHARE %
		%	% <sup>1)</sup>	
<b>THE GROUP</b>				
Europe	9 587	-14	-15	38
North America	5 734	-14	-9	23
South America	1 321	-4	-4	5
Africa/Middle East	2 271	-8	-8	9
Asia	4 843	-6	-6	19
Australia	1 600	0	0	6
<b>Total Continuing Operations <sup>2)</sup></b>	<b>25 356</b>	<b>-11</b>	<b>-10</b>	<b>100</b>
<b>Discontinued Operations</b>	<b>0</b>	<b>-100</b>	<b>-100</b>	
<b>Group total</b>	<b>25 356</b>	<b>-11</b>	<b>-10</b>	
<b>SANDVIK MINING AND ROCK TECHNOLOGY</b>				
Europe	1 485	-25	-25	14
North America	2 356	-3	-3	22
South America	945	-16	-16	9
Africa/Middle East	2 022	-9	-9	19
Asia	2 249	-1	-1	21
Australia	1 515	-0	-0	14
<b>Total</b>	<b>10 570</b>	<b>-8</b>	<b>-8</b>	<b>100</b>
<b>SANDVIK MACHINING SOLUTIONS</b>				
Europe	5 515	-12	-12	54
North America	2 334	-14	-14	23
South America	173	-5	-5	2
Africa/Middle East	91	8	8	1
Asia	1 949	-10	-10	19
Australia	62	-0	-0	1
<b>Total</b>	<b>10 124</b>	<b>-12</b>	<b>-12</b>	<b>100</b>
<b>SANDVIK MATERIALS TECHNOLOGY</b>				
Europe	2 545	-13	-17	58
North America	928	-34	-6	21
South America	196	281	281	4
Africa/Middle East	48	-9	-9	1
Asia	629	-7	-7	14
Australia	19	22	22	0
<b>Total</b>	<b>4 365</b>	<b>-14</b>	<b>-9</b>	<b>100</b>

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 in Q1 of 175 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 BY REGION

MSEK	Q1 2020	CHANGE * %	SHARE %
<b>THE GROUP</b>			
Europe	8 729	-13	37
North America	5 628	-6	24
South America	1 157	2	5
Africa/Middle East	2 081	-2	9
Asia	4 291	-12	18
Australia	1 735	30	7
<b>Total Continuing Operations <sup>1)</sup></b>	<b>23 620</b>	<b>-7</b>	<b>100</b>
<b>Discontinued Operations</b>	<b>2</b>	<b>-99</b>	
<b>Group total</b>	<b>23 623</b>	<b>-8</b>	
<b>SANDVIK MINING AND ROCK TECHNOLOGY</b>			
Europe	1 503	-13	15
North America	1 998	-14	20
South America	898	0	9
Africa/Middle East	1 816	-1	19
Asia	1 905	-14	19
Australia	1 656	32	17
<b>Total</b>	<b>9 775</b>	<b>-5</b>	<b>100</b>
<b>SANDVIK MACHINING SOLUTIONS</b>			
Europe	5 303	-12	54
North America	2 300	-12	24
South America	188	-0	2
Africa/Middle East	86	-6	1
Asia	1 831	-11	19
Australia	60	-8	1
<b>Total</b>	<b>9 766</b>	<b>-12</b>	<b>100</b>
<b>SANDVIK MATERIALS TECHNOLOGY</b>			
Europe	1 881	-15	50
North America	1 215	34	32
South America	64	80	2
Africa/Middle East	69	-9	2
Asia	538	-13	14
Australia	15	12	0
<b>Total</b>	<b>3 782</b>	<b>-3</b>	<b>100</b>

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

<sup>1)</sup> Includes rental fleet revenues in Q1 of 241 million SEK recognized according to IFRS 16.

## THE GROUP

### ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	CHANGE % % *	
Sandvik Mining and Rock Technology	11 369	11 318	11 006	10 685	44 379	10 570	-7	-8
Sandvik Machining Solutions	11 105	10 629	9 609	9 820	41 163	10 124	-9	-12
Sandvik Materials Technology	4 930	3 535	3 867	4 144	16 475	4 365	-11	-14
Other Operations	471	549	510	529	2 059	297	-37	-5
<b>Continuing operations</b>	<b>27 873</b>	<b>26 031</b>	<b>24 992</b>	<b>25 179</b>	<b>104 075</b>	<b>25 356</b>	<b>-9</b>	<b>-11</b>
<b>Discontinued operations</b>	<b>39</b>	<b>27</b>	<b>5</b>	<b>1</b>	<b>71</b>	<b>0</b>	<b>N/M</b>	<b>N/M</b>
<b>Group Total <sup>1)</sup></b>	<b>27 912</b>	<b>26 058</b>	<b>24 997</b>	<b>25 179</b>	<b>104 147</b>	<b>25 356</b>	<b>-9</b>	<b>-11</b>

### REVENUES BY BUSINESS AREA

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	CHANGE % % *	
Sandvik Mining and Rock Technology	10 103	11 233	11 244	12 197	44 777	9 775	-3	-5
Sandvik Machining Solutions	10 679	10 674	9 927	9 844	41 123	9 766	-9	-12
Sandvik Materials Technology	3 773	4 011	3 482	4 013	15 279	3 782	0	-3
Other Operations	471	549	510	529	2 059	297	-37	-5
<b>Continuing operations</b>	<b>25 025</b>	<b>26 467</b>	<b>25 163</b>	<b>26 583</b>	<b>103 238</b>	<b>23 620</b>	<b>-6</b>	<b>-7</b>
<b>Discontinued operations</b>	<b>155</b>	<b>100</b>	<b>25</b>	<b>15</b>	<b>295</b>	<b>2</b>	<b>-98</b>	<b>N/M</b>
<b>Group Total <sup>1)</sup></b>	<b>25 180</b>	<b>26 567</b>	<b>25 188</b>	<b>26 598</b>	<b>103 533</b>	<b>23 623</b>	<b>-6</b>	<b>-8</b>

### OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	CHANGE %
Sandvik Mining and Rock Technology	1 817	2 126	2 014	2 645	8 602	1 661	-9
Sandvik Machining Solutions	2 654	2 483	1 244	2 000	8 380	1 690	-36
Sandvik Materials Technology	307	585	-52	604	1 444	94	-69
Other Operations	-45	85	-8	-4 295	-4 263	-515	N/M
Group activities	-166	-200	-202	-209	-776	-168	1
<b>Continuing operations</b>	<b>4 567</b>	<b>5 078</b>	<b>2 996</b>	<b>744</b>	<b>13 386</b>	<b>2 762</b>	<b>-40</b>
<b>Discontinued operations</b>	<b>-43</b>	<b>-67</b>	<b>-33</b>	<b>-61</b>	<b>-204</b>	<b>-12</b>	<b>-73</b>
<b>Group Total <sup>1)</sup></b>	<b>4 524</b>	<b>5 012</b>	<b>2 963</b>	<b>684</b>	<b>13 182</b>	<b>2 750</b>	<b>-39</b>

### OPERATING MARGIN BY BUSINESS AREA

%	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020
Sandvik Mining and Rock Technology	18.0	18.9	17.9	21.7	19.2	17.0
Sandvik Machining Solutions	24.9	23.3	12.5	20.3	20.4	17.3
Sandvik Materials Technology	8.1	14.6	-1.5	15.0	9.4	2.5
Other Operations	-9.5	15.4	-1.6	N/M	N/M	N/M
<b>Continuing operations</b>	<b>18.3</b>	<b>19.2</b>	<b>11.9</b>	<b>2.8</b>	<b>13.0</b>	<b>11.7</b>
<b>Discontinued operations</b>	<b>-28.1</b>	<b>-66.6</b>	<b>N/M</b>	<b>N/M</b>	<b>-69.1</b>	<b>N/M</b>
<b>Group Total <sup>1)</sup></b>	<b>18.0</b>	<b>18.9</b>	<b>11.8</b>	<b>2.6</b>	<b>12.7</b>	<b>11.6</b>

\* Change at fixed exchange rates for comparable units compared with the year-earlier period.

<sup>1)</sup> Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.

## THE GROUP

### ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	CHANGE %
Sandvik Mining and Rock Technology	1 817	2 126	2 338	2 630	8 911	1 661	-9
Sandvik Machining Solutions	2 654	2 483	2 173	2 000	9 310	2 054	-23
Sandvik Materials Technology	307	585	236	659	1 787	139	-55
Other Operations	-45	-26	-8	-62	-140	11	-125
Group activities	-166	-200	-122	-161	-649	-138	-17
<b>Continuing operations</b>	<b>4 567</b>	<b>4 968</b>	<b>4 617</b>	<b>5 066</b>	<b>19 219</b>	<b>3 728</b>	<b>-18</b>
<b>Discontinued operations</b>	<b>-43</b>	<b>-67</b>	<b>-33</b>	<b>-61</b>	<b>-204</b>	<b>-12</b>	<b>-73</b>
<b>Group Total <sup>1)</sup></b>	<b>4 524</b>	<b>4 901</b>	<b>4 584</b>	<b>5 005</b>	<b>19 015</b>	<b>3 716</b>	<b>-18</b>

### ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020
Sandvik Mining and Rock Technology	18.0	18.9	20.8	21.6	19.9	17.0
Sandvik Machining Solutions	24.9	23.3	21.9	20.3	22.6	21.0
Sandvik Materials Technology	8.1	14.6	6.8	16.4	11.7	3.7
Other Operations	-9.5	-4.7	-1.6	-11.6	-6.8	3.8
<b>Continuing operations</b>	<b>18.3</b>	<b>18.8</b>	<b>18.3</b>	<b>19.1</b>	<b>18.6</b>	<b>15.8</b>
<b>Discontinued operations</b>	<b>-28.1</b>	<b>-66.6</b>	<b>N/M</b>	<b>N/M</b>	<b>-69.1</b>	<b>N/M</b>
<b>Group Total <sup>1)</sup></b>	<b>18.0</b>	<b>18.4</b>	<b>18.2</b>	<b>18.8</b>	<b>18.4</b>	<b>15.7</b>

### ITEMS AFFECTING COMPARABILITY

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020
Sandvik Mining and Rock Technology	0	0	-323	14	-309	0
Sandvik Machining Solutions	0	0	-930	-0	-930	-364
Sandvik Materials Technology	0	0	-288	-56	-343	-45
Other Operations	0	110	0	-4 233	-4 123	-526
Group activities	0	0	-80	-47	-127	-30
<b>Continuing operations</b>	<b>0</b>	<b>110</b>	<b>-1 621</b>	<b>-4 322</b>	<b>-5 832</b>	<b>-965</b>
<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>-0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group Total</b>	<b>0</b>	<b>110</b>	<b>-1 621</b>	<b>-4 322</b>	<b>-5 832</b>	<b>-965</b>

<sup>1)</sup> Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.

Q2 2019 - Other Operations reported a capital gain of 110 million SEK related to the final settlement for the divestment of Hyperion.

Q3 2019 - Sandvik reported items affecting comparability of -1,621 million SEK related to cost measures to mitigate a slower demand environment as well as to ensure optimized efficiency (-1,571) and costs related to the internal separation of Sandvik Materials Technology (-50). All business areas announced activities included in the cost measures.

Q4 2019 - Sandvik reported items affecting comparability of in total -4,322 million SEK. This comprises -4,233 million SEK of goodwill impairment related to the divestment of Sandvik Drilling and Completions, out of which -3,966 million SEK impacted the operating profit and +267 million SEK in positive tax impact. In addition a total of -103 million SEK in

separation costs, out of which -56 million SEK in Sandvik Materials Technology and -47 million SEK in Group activities. Sandvik Mining and Rock Technology was impacted by +14 million SEK in a reversal of a provision.

Q1 2020 - Sandvik reported items affecting comparability of in total -965 million SEK, comprising of costs of -364 million SEK related to Sandvik Machining Solutions and the closure of a manufacturing plant in Germany. Other Operations included a negative impact of -526 million SEK related to the realized effect from reversal of the accumulated currency translation in Other Comprehensive Income due to the divestment of Varel. An additional -75 million SEK of costs related to the internal separation of Sandvik Materials Technology from the remainder of Sandvik, out of which -45 million SEK in Sandvik Materials Technology and -30 million SEK in Group activities.

## KEY FIGURES

Continuing Operations	Q1 2019	Q1 2020	Q1-Q4 2019
Tax rate, %	25.0	21.8	28.2
Return on capital employed, % <sup>1)</sup>	20.3	12.5	15.2
Return on total equity, % <sup>1)</sup>	20.7	11.6	14.2
Return on total capital, % <sup>1)</sup>	15.4	9.4	11.4
Shareholders' equity per share, SEK	50.4	51.5	49.3
Net debt/equity ratio	0.21	0.17	0.18
Net debt/EBITDA	0.62	0.66	0.62
Equity/assets ratio, %	50	52	51
Net working capital, % <sup>1)</sup>	24.4	26.8	25.2
Earnings per share, basic, SEK	2.50	1.47	6.97
Earnings per share diluted, SEK	2.50	1.46	6.96
EBITDA, MSEK	5 982	4 232	23 454
Cash flow from operations, MSEK	+2 943	+2 815	+17 807
Funds from operations (FFO), MSEK	+4 690	+3 605	+19 119
Interest coverage ratio, %	910	693	1 106
Number of employees	41 804	38 996	40 235

<sup>1)</sup> Quarter is quarterly annualized and the annual number is based on a four quarter average

Group total	Q1 2019	Q1 2020	Q1-Q4 2019
Tax rate, %	25.3	21.9	28.6
Return on capital employed, % <sup>1)</sup>	20.1	12.4	15.0
Return on total equity, % <sup>1)</sup>	20.4	11.5	13.9
Return on total capital, % <sup>1)</sup>	15.1	9.3	11.2
Shareholders' equity per share, SEK	50.4	51.5	49.3
Net debt/equity ratio	0.21	0.17	0.18
Net debt/EBITDA	0.63	0.67	0.62
Equity/assets ratio, %	49	52	51
Net working capital, % <sup>1)</sup>	24.5	26.9	25.3
Earnings per share, basic, SEK	2.47	1.46	6.81
Earnings per share diluted, SEK	2.46	1.46	6.79
EBITDA, MSEK	5 940	4 221	23 260
Cash flow from operations, MSEK	+2 886	+2 808	+17 654
Funds from operations (FFO), MSEK	+4 638	+3 571	+18 865
Interest coverage ratio, %	899	686	1 091
Number of employees	41 823	39 004	40 246
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

<sup>1)</sup> Quarter is quarterly annualized and the annual number is based on a four quarter average

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.com](http://home.sandvik.com).

## 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 20 April 2020*  
**Sandvik Aktiebolag (publ)**

Stefan Widing  
President and CEO

The Company's Auditor has not reviewed the report for the first quarter of 2020.

---

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publications, through the agency of the contact person set out below, at 11.30 CET on 20 April 2020.

Additional information may be obtained from Sandvik Investor Relations on tel +46 8 456 14 94 (Ann-Sofie Nordh) and +46 70 616 5019 (Anna Vilogorac).

A teleconference will be held on 20 April 2020 at 13.00 CET.

Information is available at [home.sandvik/ir](http://home.sandvik/ir)

---

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

### CALENDAR

28 April 2020	Annual General Meeting in Sandviken, Sweden
16 July 2020	Report, second quarter 2020
16 October 2020	Report, third quarter 2020
3 November 2020	Capital Markets Day in Austria