

INTERIM REPORT FOURTH QUARTER 2020

AND FULL YEAR 2020



SHIFTING TO GROWTH WITH MARGIN AT A RECORD LEVEL

CEO'S COMMENT: The pace of recovery that was noted at the beginning of October continued throughout the fourth quarter. Demand in our long-cycle mining business was strong and we saw a sequential uptick in our short-cycle business. Consequently, organic order intake (excluding major orders) for the Group grew by 3% year on year. Despite lower revenues in the wake of Covid-19, we delivered strong and improved adjusted margin of 20.1% (19.1) in the quarter, supported by our short and long term savings initiatives, which is a confirmation of our tight cost control and our agility during this year's challenging market conditions. During the quarter, we delivered approximately SEK 920 million in savings and lower discretionary spend for the Group compared with the preceding year. However, the headwind from currency had an impact on both reported revenues and reported operating profit. Organic order intake and revenues for full year 2020 declined by -12% and -11% respectively, heavily impacted by the Covid-19 pandemic. At the same time, Sandvik has been able to maintain resilient adjusted margins of 16.9% (18.6).

A record order intake was noted for Sandvik Mining and Rock Technology, increasing by 15% year on year, with a continued strong momentum in equipment and improved performance in the aftermarket business. During the quarter, we announced the deal to acquire the market-leading safety solutions company DSI Underground, which will become part of Sandvik Mining and Rock Solutions business area. DSI Underground's consumables business adds stability to our earnings profile, strengthens Sandvik's underground mining offering and is an important step in our overall growth ambition.

Sandvik Manufacturing and Machining Solution's organic order intake declined by -7% year on year, albeit with a significant sequential improvement driven by automotive and increased activity in Asia, in particular China. Daily order intake in December was in the negative mid-single-digits year on

year, and this trend has improved in the first weeks of January, with order intake in the negative low single digit range. In December, we completed the acquisitions of Miranda Tools, a supplier of high-speed steel and solid carbide round tools and US based CGTech, the global leader in software for numerical control, simulation, verification and optimization.

Sandvik Materials Technology's order intake declined by -31%. Excluding major orders of SEK 1.1 billion for advanced tubular products in the year earlier period, order intake declined by -7%, attributable to the continued low demand within oil and gas, which was partially offset by increased demand within industrial heating and the consumer-related segments.

While the quarter was characterized by increased optimism and a higher degree of activity, we nonetheless find ourselves in the midst of the second wave of Covid-19. It remains difficult to predict the short-term consequences, and in the long-term, the handling of the pandemic and economic policy decisions will determine the speed and strength of the recovery. Meanwhile, our priorities are to continue with pre-cautionary measures to keep our employees and customers safe and to stay focused on executing our savings initiatives while capturing the interesting growth opportunities that lie ahead of us.

The Board of Directors proposes an ordinary dividend of SEK 4.50 per share (0). In addition, the Board proposes an extra dividend of SEK 2.00. This total level takes into consideration current market conditions and a prioritization of a continued solid balance sheet to support our growth ambitions. The dividend proposal represents 75% (0) of adjusted EPS for the Sandvik Group in total.

Stefan Widing
President and CEO



FINANCIAL OVERVIEW, MSEK	Q4 2019	Q4 2020	CHANGE %	Q1-Q4 2019	Q1-Q4 2020	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	25,179	22,051	-2	104,075	86,287	-12
Revenues ¹⁾	26,583	22,408	-6	103,238	86,404	-11
Gross Profit	10,380	8,644	-17	41,576	32,237	-22
% of revenues	39.0	38.6		40.3	37.3	
Operating profit	744	3,487	N/M	13,386	11,216	-16
% of revenues	2.8	15.6		13.0	13.0	
Adjusted operating profit ²⁾	5,066	4,505	-11	19,219	14,563	-24
% of revenues	19.1	20.1		18.6	16.9	
Profit after net financial items	471	3,407	N/M	12,150	11,270	-7
% of revenues	1.8	15.2		11.8	13.0	
Adjusted profit after net financial items ³⁾	4,792	4,424	-8	17,982	14,029	-22
% of revenues	18.0	19.7		17.4	16.2	
Profit for the period	-87	2,633	N/M	8,728	8,753	0
% of revenues	-0.3	11.8		8.5	10.1	
Earnings per share, basic, SEK	-0.06	2.10	N/M	6.97	6.99	0
Earnings per share, diluted, SEK	-0.06	2.10	N/M	6.96	6.98	0
Adjusted earnings per share, basic, SEK ^{2, 3)}	3.21	2.68	-16	11.12	8.64	-22
Return on capital employed, % ⁴⁾	3.9	15.6		15.2	13.3	
Cash flow from operations	5,581	5,228	-6	17,046	15,414	-10
Net working capital % ⁴⁾	24.8	24.3		25.2	27.5	
<i>Discontinued operations</i>						
Profit for the period	-62	-13	-80	-205	-32	-85
Earnings per share, basic, SEK	-0.05	-0.01	N/M	-0.16	-0.03	N/M
<i>Group Total</i>						
Profit for the period	-149	2,621	N/M	8,523	8,721	2
Earnings per share, basic, SEK	-0.11	2.09	N/M	6.81	6.96	2
Earnings per share, diluted, SEK	-0.11	2.09	N/M	6.79	6.95	2
Adjusted earnings per share, SEK ^{2, 3)}	3.16	2.67	-15	10.96	8.61	-21

1) Change from the preceding year at fixed exchange rates for comparable units. **2)** Profit adjusted for items affecting comparability of SEK -1.0 billion in Q4 2020 (-4.3) and to SEK -3.3 billion YTD 2020 (-5.8). For Q4 2020 these are primarily related to savings measures, the FY 2020 is also primarily impacted by costs related to Varel Oil & Gas disposal in Q1. FY 2019 is primarily related to efficiency measures, impairment and divestment of Hyperion. See page 23. **3)** Net financial items includes items affecting comparability of SEK 0.6 billion for FY 2020 (0). There are no items affecting comparability in net financial items for Q4 2020 (0), see page 23. **4)** Quarter is quarterly annualized and year-to-date numbers are based on a four quarter average.

Tables and calculations in the report do not always agree exactly with the totals due to rounding. Comparisons refer to the year-earlier period, unless stated otherwise.

For definitions see home.sandvik

N/M = not meaningful

MARKET DEVELOPMENT

GROWTH		
Q4	ORDER INTAKE	REVENUES
Price/volume, %	-2	-6
Structure, %	-2	-2
Currency, %	-9	-9
TOTAL, %	-12	-16

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

During the quarter, order intake declined organically by -2% year on year. Excluding major orders in Sandvik Materials Technology received in the year earlier period, order intake grew by 3%. Revenues declined organically by -6%.

In the midst of a second wave of Covid-19, a gradual recovery was seen in specific end-markets and segments in the fourth quarter. Organic order intake for the Group was slightly negative, but excluding major orders, showed a positive development year on year for the first time since the first quarter of 2019, fueled by strong demand in the mining business. While demand in aerospace and oil & gas remained subdued, customer activity in engineering and, in particular, automotive intensified in the period.

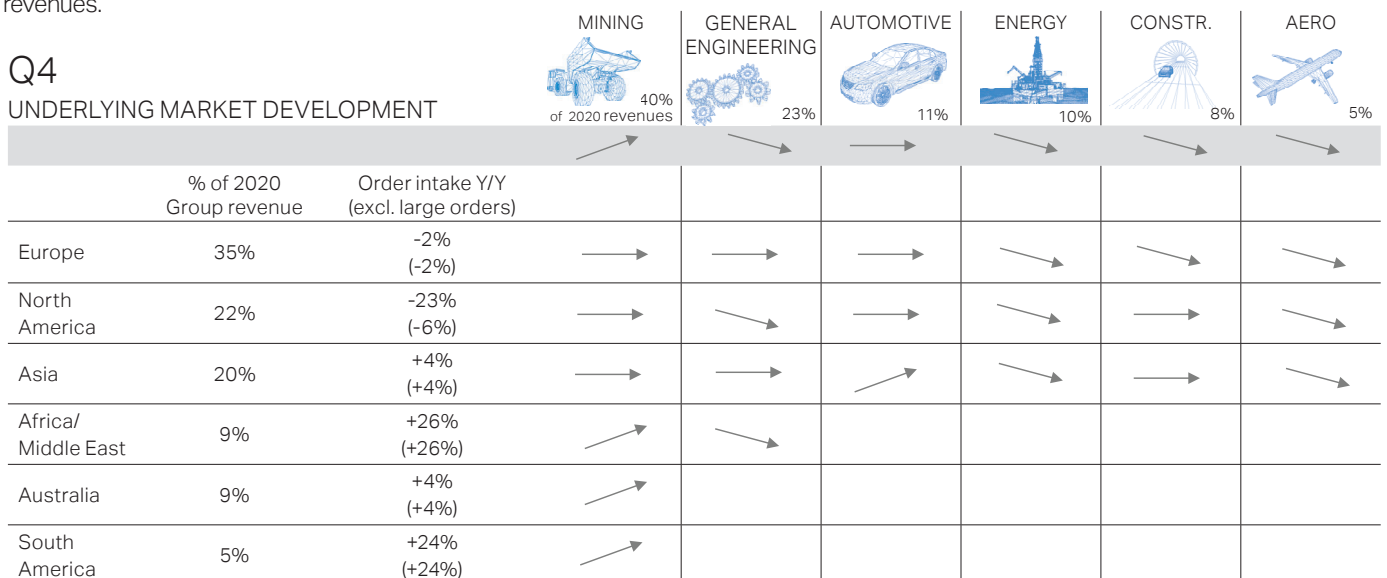
The sentiment in mining remained solid with high demand and favorable development for mineral prices, resulting in organic order intake growth of 15% for Sandvik Mining and Rock Technology. Sandvik Manufacturing and Machining Solutions reported a year on year decline in organic order intake of -7%. Organic order intake improved sequentially for Sandvik Materials Technology, but compared to the corresponding period in the preceding year declined by -31%. Excluding major orders received in the year earlier period of SEK 1.1 billion within advanced tubular products for the energy segment, Sandvik Materials Technology's organic order intake declined by -7%.

Demand in parts of Europe improved sequentially driven by automotive and mining activity, and overall organic order intake declined year on year by -2%. North America declined with -23% while order intake in Asia increased by 4%, reflecting the continued economic recovery in the region.

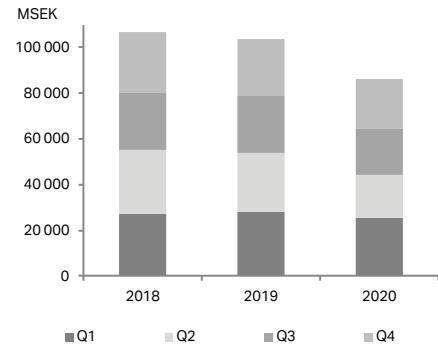
Changed exchange rates had a negative impact of -9% on both order intake and on revenues.

Q4

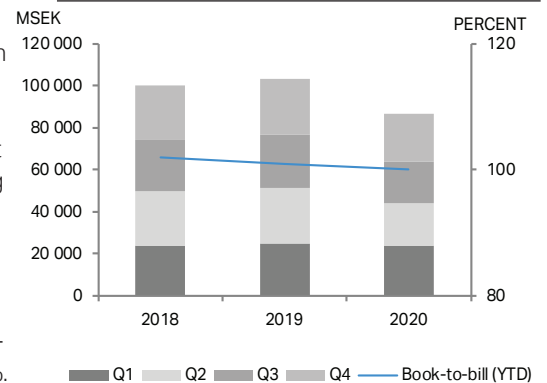
UNDERLYING MARKET DEVELOPMENT



ORDER INTAKE



REVENUES AND BOOK-TO-BILL



EARNINGS

Reported gross profit amounted to SEK 8,644 million (10,380). Adjusted gross profit declined by -15% to SEK 9,147 million (10,786) impacted by the organic revenue decline of -6%. The adjusted gross margin increased to 40.8% (40.6).

Sales and administration costs excluding items affecting comparability declined by -19% year on year, with the largest decline noted in sales costs. The overall ratio to revenues on reported basis decreased to 18.4% (21.4).

Adjusted operating profit declined by -11% and amounted to SEK 4,505 million (5,066) and the adjusted operating margin increased to 20.1% (19.1). Adjusted operating profit, excluding metal price effects in Sandvik Materials Technology of SEK 129 million in the period, declined by -11% to SEK 4,375 million (4,892). The adjusted operating margin excluding metal price effects was 19.5% (18.4) for the fourth quarter, and 17.1% (18.4) for the full year 2020. The impact from changed exchange rates was negative at SEK -494 million year on year. Cost-saving measures offset the impact of negative year on year organic revenue growth of -6%.

Savings impact from the cost-reduction activities announced in July 2019 amounted to approximately SEK 180 million in the quarter. Temporary savings in the quarter amounted to SEK 705 million, related to lower discretionary spending and work time reductions. The new cost initiatives that were announced in 2020, had only a minor impact of SEK 35 million in the fourth quarter. The majority of savings from these measures will impact from 2021 and onwards.

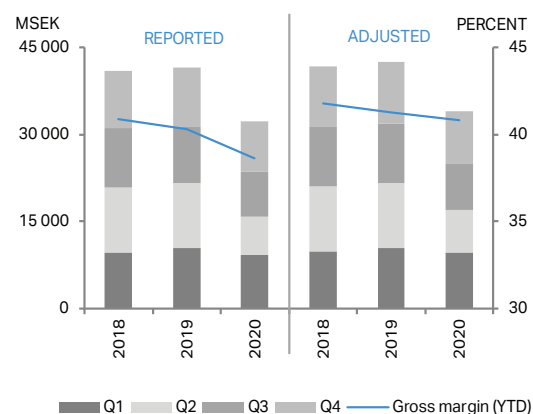
Reported operating profit was impacted by items affecting comparability of SEK -1,018 million mainly related to costs for the announced restructuring initiatives with the majority of savings having an effect in 2021.

The interest net was reduced to SEK -96 million (-120). Net financial items amounted to SEK -80 million (-274), with the decrease mainly related to revaluation and hedge effects.

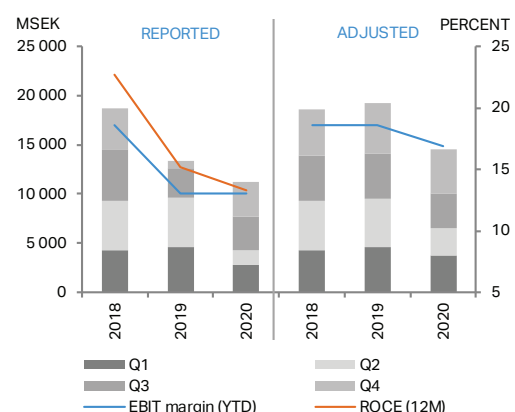
The underlying tax rate for continuing operations was 24.1% (17.5) excluding the adverse impact related to items affecting comparability in operating profit. The reported tax rate for continuing operations was 22.7% (118.5%) and 22.8% (136.5) for the Group in total.

The net result amounted to SEK 2,633 million (-87), corresponding to earnings per share of SEK 2.10 (-0.06) and adjusted earnings per share of SEK 2.68 (3.21).

GROSS PROFIT AND MARGIN

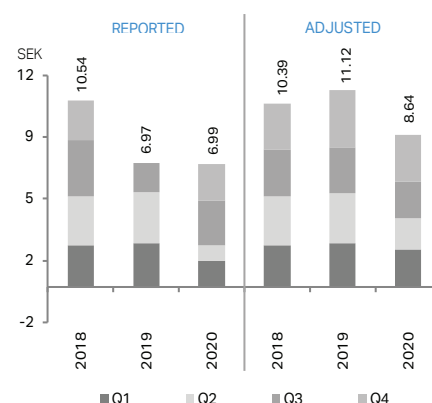


OPERATING PROFIT & RETURN



Reported operating margin impacted by items affecting comparability: SEK 0.1 billion in 2018 and SEK -5.8 billion in 2019 and SEK -3.4 billion in 2020.

EARNINGS PER SHARE



BALANCE SHEET AND CASH FLOW

Capital employed increased year on year and amounted to SEK 91.8 billion (90.4), due to a higher cash position that was somewhat offset by lower net working capital. Adjusted return on capital employed declined to 20.0% (22.0) as a result of both higher capital employed and lower earnings compared to the year earlier period.

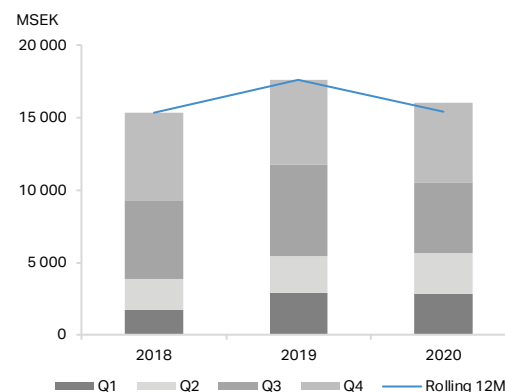
Net working capital amounted to SEK 20.3 billion (24.9), decreasing year on year and sequentially (23.2) mainly due to reduced inventory volumes in all business areas and changed exchange rates. Net working capital in relation to revenues was 24.3% (24.8) for the quarter.

Investments in tangible and intangible assets in the fourth quarter amounted to SEK 1.1 billion (1.3), corresponding to 97% of scheduled depreciations.

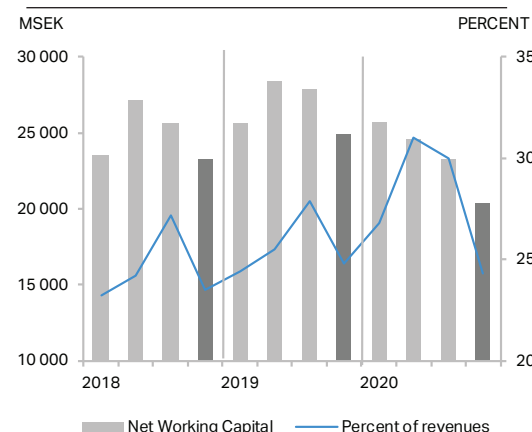
The financial net cash position totaled SEK 8.8 billion, a significant improvement compared to last year's level of SEK -0.5 billion, and slightly higher sequentially (8.0). The net pension liability increased year on year to SEK 8.5 billion (7.3), mainly due to lower discount rates. Total net debt amounted to SEK 2.6 billion (11.1) at the end of the fourth quarter and was lower than the figure for the third quarter of SEK 3.1 billion. The net debt to equity ratio was sequentially stable at 0.04 compared to 0.18 in the corresponding period in the preceding year.

Free operating cash flow decreased year on year to SEK 5.9 billion (6.5) negatively impacted by reduced earnings but positively impacted by lower working capital and capital expenditure.

CASH FLOW FROM OPERATIONS



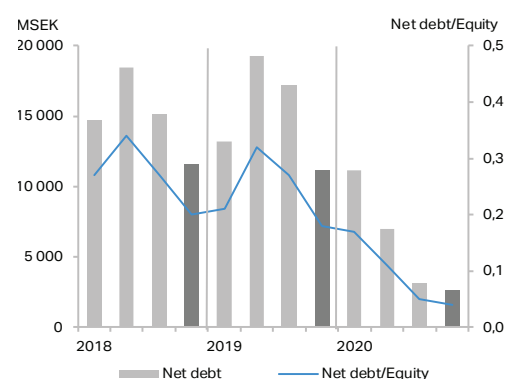
NET WORKING CAPITAL



FREE OPERATING CASH FLOW, MSEK	Q4 2019	Q4 2020
EBITDA + non-cash items	5,805	5,285
Net Working Capital change	2,093	1,903
Capex ¹⁾	-1,381	-1,248
FREE OPERATING CASH FLOW ²⁾	6,517	5,941

¹⁾ Including investments and disposals of rental equipment of SEK -236 million (-220) and tangible and intangible assets of SEK -1,012 million (-1,161). ²⁾ Free operating cash flow before acquisitions and disposals of companies, financial items and paid taxes.

NET DEBT, GROUP TOTAL



SANDVIK MINING AND ROCK TECHNOLOGY

RECORD-HIGH ORDER INTAKE

CONTINUED STRONG MARGIN REACHING ALL-TIME HIGH

ACQUISITION OF DSI UNDERGROUND ANNOUNCED



GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	15	-1
Structure, %	0	0
Currency, %	-11	-10
TOTAL, %	2	-11

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 increased organically by 15% year on year, with strong development for both equipment and aftermarket. The underlying sentiment remained robust and several significant orders were received during the period.

Key items impacting order intake and revenues year on year:

- Total equipment orders increased by 23%, reaching an all-time high, supported by overall robust sentiment and orders for underground mining equipment and automation.
- Aftermarket orders increased by 8% driven by Parts & Services.
- All regions noted positive development, with Africa/Middle East noting a growth rate of 31% and Asia 9%, with both Europe and North America recording a low to mid-double digit rate.
- The aftermarket business accounted for 55% (55) of revenues while the equipment business accounted for 45% (45).

Adjusted operating profit decreased by -11% year on year, mainly due to exchange rates. The adjusted operating margin increased slightly to 21.7% (21.6), reaching an all-time high, supported by strong revenues and savings measures.

Key items impacting adj. operating profit and adj. operating margin:

- Savings from cost measures announced in 2019 amounted to SEK 30 million and temporary savings amounted to approximately SEK 225 million.
- Costs of SEK 84 million related to the acquisition of DSI Underground were charged to the quarter.
- Exchange rates had a negative impact of SEK -338 million year on year.

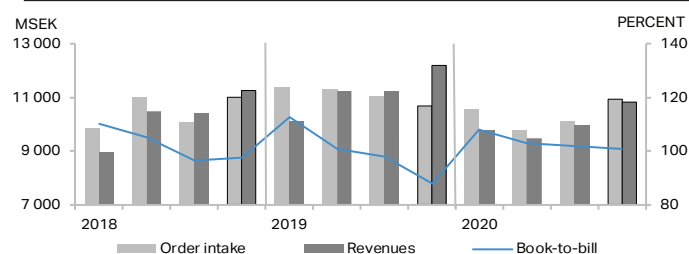
Reported operating profit of SEK 2,480 million (2,645) and operating margin of 22.9% (21.7).

On 9 October, the divestment of the Exploration business was announced and on 24 December, the acquisition of DSI Underground, the global leader in safety solutions within underground mining and tunneling, was announced.

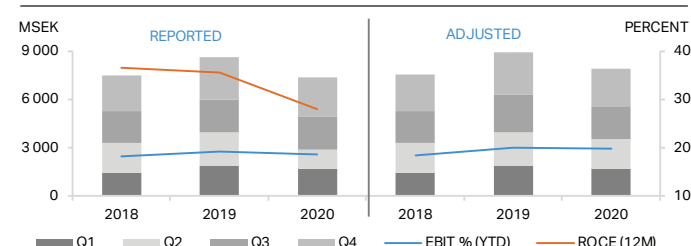
Covid-19 update

The impact on production was only minor during the quarter, and both supply and distribution proceeded as planned.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2019	Q4 2020	CHANGE %	Q1-Q4 2019**	Q1-Q4 2020	CHANGE %
Order intake *	10,685	10,926	15	44,379	41,403	-1
Revenues *	12,197	10,833	-1	44,777	40,032	-5
Operating profit	2,645	2,480	-6	8,602	7,389	-14
% of revenues	21.7	22.9		19.2	18.5	
Adjusted operating profit ¹⁾	2,630	2,346	-11	8,911	7,923	-11
% of revenues	21.6	21.7		19.9	19.8	
Return on capital employed ²⁾	38.2	39.3		32.3	28.0	
Number of employees ³⁾	14,229	14,178	0	14,229	14,178	0

* Change at fixed exchange rates for comparable units. ** Last years figures has been restated due to movement of Varel to Other Operation and classified as asset held for sale.

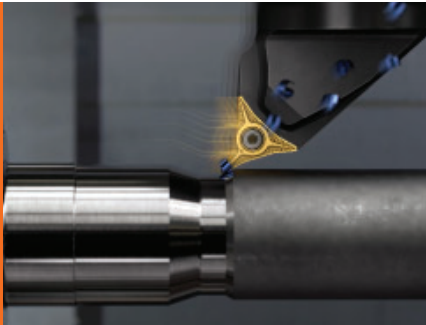
¹⁾ Operating profit adjusted for items affecting comparability of SEK 134 million Q4 2020 (14) related to a reversal of a provision made in Q2 2020. For YTD 2020 the impact was SEK -533 million (-309) primarily related to structural and volume related saving measures. See page 23. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent.

SANDVIK MANUFACTURING AND MACHINING SOLUTIONS

RECOVERY DRIVEN BY AUTOMOTIVE

CONTINUED WEAKNESS IN AEROSPACE AND ENERGY

ACQUISITIONS OF CGTECH AND MIRANDA TOOLS



GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	-7	-11
Structure, %	1	0
Currency, %	-8	-8
TOTAL, %	-14	-17

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

Order intake and revenues declined year on year. While all three major geographic markets displayed negative development, customer activity in parts of Europe and Asia intensified from the lower levels noted in earlier periods of 2020. A more positive sentiment in North America in automotive was also noted. The daily order intake in the first two weeks of January was in the negative low single digit range year on year.

Key items impacting order intake and revenues year on year:

- The largest decline in organic revenues was noted in North America followed by Europe decreasing by -21% and -10% respectively. The decline in Asia was -4%, with positive development in China driven by domestic consumption.
- In Europe, order intake in Germany and Italy was only slightly negative compared to the year earlier period, driven by good recovery in automotive.
- The number of working days had a slightly positive impact of 0.5% on both orders and revenues.
- Wolfram, the tungsten powder business noted a strong improvement in order intake resulting from intensified customer activity.

Adjusted operating profit amounted to SEK 1,742 million (2,000), decreasing -13% year on year. The adjusted operating margin improved to 21.4% (20.3).

Key items impacting adj. operating profit and adj. operating margin:

- Savings from the cost measures announced in 2019 amounted to SEK 120 million and temporary savings were approximately SEK 410 million. Savings from the new initiatives in announced 2020 had a SEK 15 million impact in the quarter.
- Changed exchange rates had a negative impact of SEK -125 million year on year.

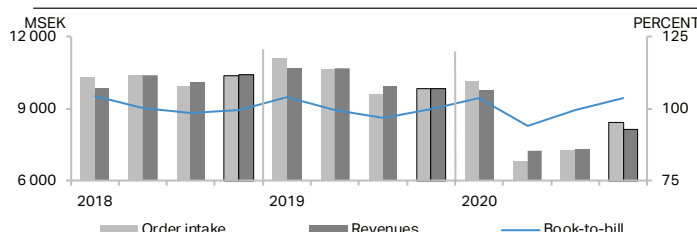
Reported operating profit of SEK 894 million (2,000) and an operating margin of 11.0% (20.3).

During the quarter, the acquisition of US based CGTech and the Indian company Miranda Tools were completed. Sandvik also acquired a minority stake in the privately owned US software company Oqton.

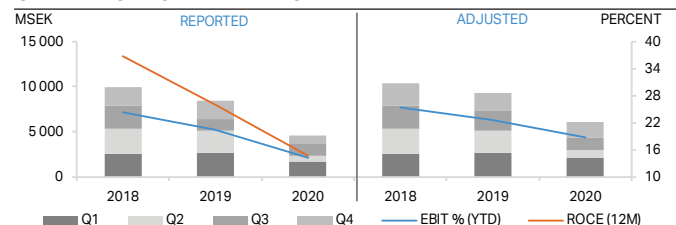
Covid-19 update

The business area had no major disruptions to its operations. Despite improved momentum during the period, the Covid-19 pandemic continued to weigh heavily on demand in aerospace and the oil & gas segment.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2019	Q4 2020	CHANGE %	Q1-Q4 2019	Q1-Q4 2020	CHANGE %
Order intake *	9,820	8,434	-7	41,163	32,677	-18
Revenues *	9,844	8,139	-11	41,123	32,477	-19
Operating profit	2,000	894	-55	8,380	4,606	-45
% of revenues	20.3	11.0		20.4	14.2	
Adjusted operating profit ¹⁾	2,000	1,742	-13	9,310	6,100	-34
% of revenues	20.3	21.4		22.6	18.8	
Return on capital employed ²⁾	24.5	11.7		25.9	14.6	
Number of employees ³⁾	18,453	17,301	-6	18,453	17,301	-6

* Change at fixed exchange rates for comparable units.

¹⁾ Operating profit adjusted for items affecting comparability of SEK -848 million in Q4 2020 (0) and SEK -1,494 million YTD 2020 (-930) all related to savings measures. See page 23. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent.

For definitions see home.sandvik

SANDVIK MATERIALS TECHNOLOGY

REVENUES PARTLY SUPPORTED BY BACKLOG

CONTINUED WEAKNESS IN OIL & GAS AND AEROSPACE SEGMENTS

ORDER INTAKE GROWTH IN SEVERAL SEGMENTS



GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	-31	-10
Structure, %	-1	0
Currency, %	-5	-5
TOTAL, %	-35	-14

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 declined organically by -31% primarily due to a major order received in energy in the year earlier period. Excluding major orders, the order intake was -7%. The decline in revenues was less steep at -10%, supported by the backlog. Order intake in the major regions with the exception of Asia, declined year on year.

Key items impacting order intake and revenues year on year:

- Tube noted negative order intake and the weakest segments were oil & gas and aerospace, with no signs of sequential improvement.
- Excluding a major order within advanced tubular products of SEK 1,089 million in the preceding year, the order intake was -7%.
- Strong development in medical and consumer related segments as well as in industrial heating.
- Alloy surcharges impacted order intake and revenues year on year with approximately -2.8% and -3.2% respectively.

Adjusted operating profit excluding metal price effects totaled SEK 399 million (485), yielding an underlying margin of 11.6% (12.1). Including positive metal price effects, the adjusted operating profit decreased to SEK 528 million (659) and the adjusted operating margin decreased to 15.4% (16.4).

Key items impacting adj. operating profit and adj. operating margin:

- Negative effect from lower invoicing and a less favorable mix within oil & gas and aerospace partly offset by a positive mix within industrial heating and consumer related products.
- Savings from cost measures announced in 2019 amounted to SEK 20 million and temporary savings were approximately SEK 40 million. Savings from the new initiatives announced in 2020 had a SEK 20 million impact in the quarter.

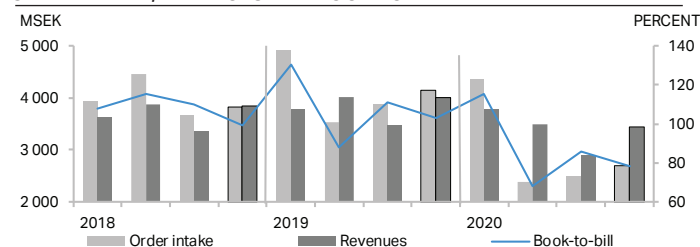
- Exchange rates had a negative impact of SEK -43 million year on year.
- Changed metal prices had an impact of SEK 129 million in the quarter.

Reported operating profit was SEK 371 million (604) and operating margin was 10.8% (15.0).

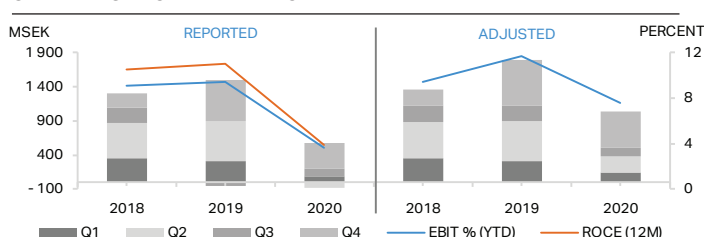
Covid-19 update

Production during the quarter was largely unaffected by the Covid-19 pandemic, although there were some temporary shut-downs. Supply and distribution chains remained largely intact. Market weakness remains high in the oil & gas and aerospace segments.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2019	Q4 2020	CHANGE %	Q1-Q4 2019	Q1-Q4 2020	CHANGE %
Order intake *	4,144	2,691	-31	16,475	11,910	-27
Revenues *	4,013	3,436	-10	15,279	13,598	-10
Operating profit	604	371	-39	1,444	492	-66
% of revenues	15.0	10.8		9.4	3.6	
Adjusted operating profit ¹⁾	659	528	-20	1,787	1,032	-42
% of revenues	16.4	15.4		11.7	7.6	
Return on capital employed, % ²⁾	18.5	12.5		11.0	3.9	
Number of employees ³⁾	5,726	5,084	-11	5,726	5,084	-11

* Change at fixed exchange rates for comparable units.

¹⁾ Operating profit adjusted for items affecting comparability of SEK -157 million in Q4 2020 (-56) and SEK -540 million YTD 2020 (-343) related to savings measures and the internal separation of Sandvik Materials Technology. See page 23. ²⁾ Quarterly number is annualized and the year-to-date number is based on four quarter average. ³⁾ Full-time equivalent.

SUSTAINABLE BUSINESS

SEVENTH CONSECUTIVE YEAR OF TRIFR REDUCTION

CONTINUED REDUCTION OF GREENHOUSE GAS EMISSIONS

INCREASED SHARE OF FEMALE MANAGERS



The long term reduction in the total recordable injury frequency rate (TRIFR) continued for a seventh consecutive year, from 9.1 in 2013 to 3.2 in full year 2020, and the target of 3.4 for the year was achieved. GHG emissions continued to fall mainly due to lower production volumes, but at a slower pace than in earlier quarters, caused by somewhat less of an impact from the global pandemic.

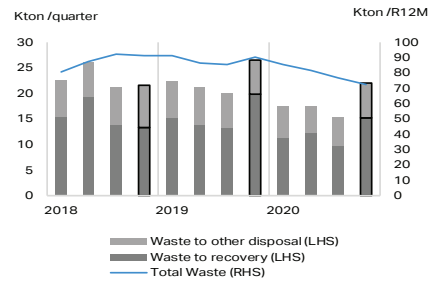
Fourth quarter 2020

- Greenhouse gas emissions were reduced by 15% in the quarter, resulting in total emissions from own operations of 274 kton. For full year, emissions declined by more than 18%.
- The waste recovery rate excluding tailings from our mine operations and slag from our steel manufacturing decreased compared with the preceding year to 69% in the quarter. This was attributable to a reduction in total waste of 17%, with the fall in recovered waste exceeding this figure, while unrecovered waste remained essentially unchanged.
- Injury rates continued their strong trend and the TRIFR in the quarter was 3.2, corresponding to a 18% improvement over the preceding year, thereby surpassing the annual 3.4 target level.
- The share of female managers continued to improve even though at a slow pace, and at the end of the year the ratio was 18.5% (18.2), corresponding to a 1.3% improvement since a year ago.

Case of the quarter

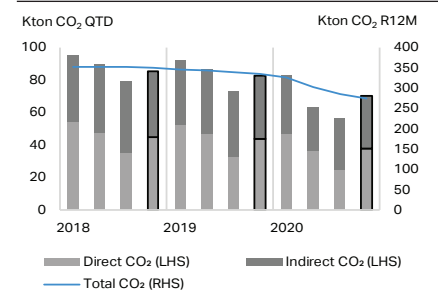
Sandvik Coromant, in partnership with the Indian Government, has established the Sandvik Coromant School of Manufacturing Excellence at the Industrial Training Center (ITI) in Pune, India to train young people from underprivileged backgrounds in advanced metal-cutting techniques. The project aims to increase the chances for underprivileged and marginalized people of finding a job and to bridge the skills gap in India. Sandvik Coromant has developed a curriculum jointly with Skill Sonics (Project Implementation Partner) and the institute is catering to more than 200 students from ITI every year. In 2020, 303 students enrolled for the course.

CIRCULARITY - WASTE*

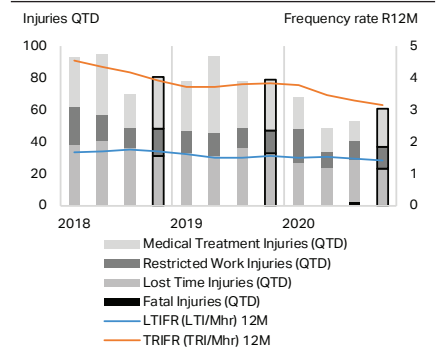


*) Excluding tailings and slag

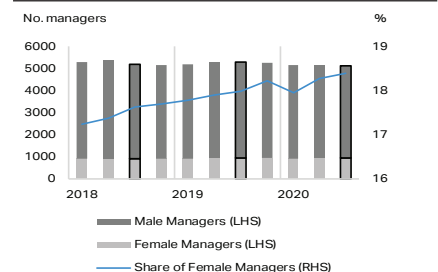
CLIMATE - CO₂ EMISSIONS



PEOPLE - ZERO HARM



PLAY FAIR - SHARE OF WOMEN



SUSTAINABILITY OVERVIEW		Q4 2019	Q4 2020	CHANGE %	Rolling 12 months
Circularity	Total waste, thousand tonnes*	27	22	-16.8	72
Circularity	Waste recovered, % of total	74.9	68.9	-8.1	67.6
Climate	Total CO ₂ , thousand tonnes*	82	70	-14.7	274
People	Total recordable injury frequency rate, R12M frequency / million working hours	3.8	3.2	-17.6	3.2
People	Lost time injury frequency rate, R12M frequency / million working hours	1.5	1.4	-9.6	1.4
Play fair	Share of female managers, %	18.2	18.5	1.3	18.5

* Period is September to November 2020

For definitions see home.sandvik

PARENT COMPANY

For full year 2020 the parent company's invoiced sales amounted to 9,599 million SEK (21,308) and the operating result was 2,950 million SEK (4,224). Result from shares in Group companies of -1,558 million SEK (11,989) for the year consists primarily of costs related to the separation of Sandvik Materials Technology from the commissionaire structure, partially offset by dividends. Interest-bearing liabilities, less cash and cash

equivalents and interest-bearing assets, amounted to 7,057 million SEK (15,601). Investments in property, plant and machinery amounted to 430 million SEK (976).

FULL YEAR 2020

For the full year of 2020, demand for Sandvik's products declined compared to last year on the back of Covid-19 with organic order intake declining by -12%. Excluding the impact of large orders, the decline was -10%. Revenues decreased organically by -11%. Underlying customer activity decreased in most customer segments, with the exception of mining. The full year of 2020 revealed high levels of uncertainty in the energy, automotive and aerospace segments, with improved sentiment for automotive during the latter part of the period. Order intake for Sandvik's products declined at a rate of -18% and -22% respectively in the two major regions Europe and North America and by -4% in Asia. Changed exchange rates had a negative impact on order intake and revenues of -4% respectively. Sandvik's order intake amounted to SEK 86,287 million (104,075), and revenues were SEK 86,404 million (103,238), implying a book-to-bill ratio of 100%.

Adjusted operating profit decreased by -24% year on year to SEK 14,563 million (19,219) and the adjusted operating margin was 16.9% (18.6), with cost measures offsetting some of the impact of the negative year on year organic revenue growth. Adjusted operating margin excluding metal price effect was 17.1% (18.4). The reported operating profit decreased by -16% to SEK 11,216 million (13,386) and the operating margin was 13.0% (13.0). Changed metal prices had a negative impact of SEK -172 million (274). Net financial items amounted to SEK 54 million (-1,237) and profit after financial items was SEK 11,270 million (12,150).

The underlying tax rate for continuing operations was 22.8% (23.5). The underlying tax rate for the Group total was 22.9% (23.8) and the reported tax rate for Group total was 22.4% (28.6).

Profit for the period amounted to SEK 8,753 million (8,728) for continuing operations and SEK 8,721 million (8,523) for the Group total. Earnings per share for continuing operations amounted to SEK 6.99 (6.97) while earnings per share for the Group total amounted to SEK 6.96 (6.81).

Net debt decreased year-on-year to SEK 2.6 billion (11.1), resulting in a net debt to equity ratio of 0.04 (0.18).

During the year, five acquisitions were closed: Sandvik Material Technology acquired Summerill Tube Corporation, Sandvik Manufacturing and Machining Solutions acquired Quimmico Centro Tecnológico's (QCT) division for cutting tools, Miranda Tools and CGTech, and Sandvik Mining and Rock Technology acquired Allied Construction Products LLC. An agreement to acquire DSI Underground was also signed, which will be reported in Sandvik Mining and Rock Solutions upon closing and is expected during mid 2021.

Furthermore, the divestment of Sandvik Drilling and Completions (Varel Oil & Gas) was completed, as well as the divestment of the minority stake in Xiamen Golden Egret Special Alloy Co., Ltd. (Gesac). During the year it was also announced that Sandvik Mining and Rock Technology divests its Exploration business, the transaction is expected to close during H1 2021.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE LAST 12 MONTHS

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
2020				
Sandvik Materials Technology	Summerill Tube Corporation	14 January 2020	100 MSEK in 2018	45
Sandvik Manufacturing and Machining Solutions	Quimmico Centro Tecnológico (QCT)	1 June 2020	90 MSEK in 2019	130
Sandvik Mining and Rock Technology	Allied Construction Partners LLC	2 October 2020	29 MUSD in 2019	38
Sandvik Manufacturing and Machining Solutions	Miranda Tools	23 December 2020	200 MSEK in 2019	580
Sandvik Manufacturing and Machining Solutions	Oqton ¹⁾	30 December 2020	N/A	N/A
Sandvik Manufacturing and Machining Solutions	CGTech	31 December 2020	470 MSEK in 2019	180

1) Sandvik is a minority owner and the investment is reported as a financial asset.

	Purchase price on cash and debt free basis	Preliminary goodwill and other intangible assets
Acquisitions 2020	SEK 3,411 million	SEK 3,024 million

DIVESTMENTS DURING LAST 12 MONTHS

	COMPANY/UNIT	CLOSING DATE	REVENUES	NO. OF EMPLOYEES
2020				
Other Operations	Sandvik Drilling & Completions (Varel) ¹⁾	12 March 2020	2,100 MSEK in 2019	1,100
Sandvik Manufacturing and Machining Solutions	Xiamen Golden Egret Special Alloy Co., Ltd. (Gesac) ²⁾	15 July 2020	N/A	N/A

1) Sandvik divested 70% of Varel and remains a minority owner of 30% of the company. 2) Sandvik divested its 10% minority holding.

SIGNIFICANT EVENTS

DURING THE FOURTH QUARTER

-On 1 October, it was announced that Sandvik Mining and Rock Technology completed the acquisition of Allied Construction Products LLC (Allied).

-On 9 October, it was announced that Sandvik Mining and Rock Technology divests its Exploration business. The transaction is expected to close during H1 2021.

-On 16 October, Sandvik Board of Directors decided that following the completion of the internal separation of Sandvik Materials Technology (SMT), Sandvik will proceed with the preparation to distribute SMT to Sandvik's shareholders and list the company's shares on the Nasdaq Stockholm Exchange. The Board intends to propose the distribution and listing of the SMT shares at a shareholders' meeting in 2022, provided that the circumstances are deemed right at the time.

-On 16 October, Sandvik announced that it has decided to establish a new business area, Sandvik Rock Processing Solutions (SRP), as of 1 January 2021. The new business area will consist of the current Crushing and Screening division, which today is part of the Sandvik Mining and Rock Technology business area. The reason is to further accelerate profitable growth within rock processing. As of 1 January 2021 Sandvik Mining and Rock Technology changed name to Sandvik Mining and Rock Solutions (SMR).

-On 19 October, Sandvik announced that it has signed an agreement to acquire US based CGTech, a global market leader in software for numerical control (NC/CNC) simulation, verification and optimization. The acquisition was closed on 31 December 2020. The company will be reported in Sandvik Machining Solutions' division Coromant, within Sandvik Manufacturing and Machining Solutions.

-On 23 December, Sandvik completed the previously announced acquisition of Miranda Tools, which will be part of Sandvik Machining Solutions' division Dormer Pramet, within the business area Sandvik Manufacturing and Machining Solutions.

-On 24 December, Sandvik announced that it has signed an agreement to acquire DSI Underground, the global leader in ground support and reinforcement products, systems and solutions for the underground mining and tunneling industries. The company will be reported in Sandvik Mining and Rock Solutions.

AFTER THE FOURTH QUARTER

There were no significant events after the fourth quarter.

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:

CAPEX (CASH)	Estimated at SEK <4.0 billion for 2021.
CURRENCY EFFECTS	Based on currency rates at the end of December 2020, it is estimated that transaction and translation currency effects will have an impact of about SEK -750 million on operating profit for the first quarter of 2021, compared with the year-earlier period.
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of December 2020 it is estimated that there will be an impact of about SEK +60 million on operating profit in Sandvik Materials Technology for the first quarter of 2021.
INTEREST NET	Estimated at about SEK -0.4 billion in 2021.
NORMALIZED TAX RATE	Estimated at 22% - 24% for 2021.

ACCOUNTING POLICIES

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

IFRS 3 Business combination; Definition of a Business

The amendment clarifies the definition a business. A business includes, at a minimum, an input, a substantive process that together, significantly contribute to the ability to create output. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

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 percent 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 operating profit, net financial items, profit after net financial items and earnings per share for comparison reasons. The operating profit is adjusted for capital gains and losses from divestments and larger restructuring initiatives and impairments. Net Financial items are adjusted for capital gains and losses from divestments of financial assets.

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.

IMPACT ON THE FINANCIAL REPORTING DUE TO COVID-19

Goodwill

During 2020, Sandvik has redefined the cash-generating units (CGUs) within the business area Sandvik Manufacturing and Machining Solutions. Previous year the following CGUs were applied within Sandvik Manufacturing and Machining Solutions: Walter, Seco Tools, Wolfram and Sandvik Manufacturing and Machining Solutions business area level. The new CGUs for which impairment tests have been performed are Coromant, Seco Tools, Dormer Pramet, Walter Group and Sandvik Manufacturing and Machining Solutions business area level. For the business areas Sandvik Mining and Rock Technology and Sandvik Materials Technology, respectively, the CGUs are unchanged, which means that goodwill is tested for impairment at the business area level. Consolidated goodwill is allocated to the CGUs stated above. The recoverable amount of all of the CGUs has been assessed based on estimates of value in use. Calculations of value in use are based on the estimated future cash flows using forecasts covering a four-year period, which are in turn based on the three-year plans prepared annually by each of the business areas and approved by Sandvik Group Executive Management.

These plans are founded on the business areas' strategies and an analysis of the current and anticipated business climate, and the impact this is expected to have on the market in which the business area operates. A range of economic indicators, which differ for each market, and external and internal studies of these, are used in the analysis of the business situation. The forecasts form the basis for how the values of the material assumptions are established.

The assumptions mentioned below reflect past experience and are consistent with external information. The most material assumptions when determining the value in use include anticipated demand, growth rate, operating margin, working capital requirements and the discount rate.

The factor used to calculate growth in the terminal period after four years was 2% for Seco Tools (2), Walter Group (2), Coromant (not applicable last year), Dormer Pramet (not applicable last year), Sandvik Manufacturing and Machining Solution business area level (2), Sandvik Materials Technology business area level (2), and 3% for Sandvik Mining and Rock Technology business area level (3). Need of working capital beyond the four-year period is deemed to increase approximately as the expected growth in the terminal period. The discount rate consists of a weighted average cost of capital for borrowed capital and shareholders' equity. Since 2020 Sandvik calculates a pre-tax discount rate for each CGU, which varied between 10.1% and 12.6%: Sandvik Mining and Rock Technology 12.6%, Sandvik Manufacturing and Machining Solutions 10.1%, Coromant 11.7%, Seco Tools 10.6%, Dormer Pramet 10.5%, Walter Group 11.1% and Sandvik Materials Technology 10.2%. Last year all CGUs applied a pre-tax discount rate of 10% before tax. The specific risks of the CGUs have been adjusted for in the future cash flow forecasts.

Goodwill attributable to the Sandvik Mining and Rock Technology business area amounting to SEK 304 million was written down in the

second quarter due to an expected closure of smaller business. The cost is booked in Other operating income and expenses.

The impairment testing of goodwill performed during 2020 did not indicate any other impairment requirements. Sensitivity in the calculations implies that the goodwill value would be maintained even if the discount rate was increased by 2 percentage points or if the long-term growth rate was lowered by 2 percentage points. The goodwill value would also be maintained, given an operating margin drop by 2 percentage points.

Government grants

Sandvik has received various forms of government grants in different countries where the Group operates of approximately SEK 54 million in the fourth quarter of 2020. The grants have been recognized as a reduced cost to which the grant is attributable to. The main part is related to personnel costs, however no government grants related to work time reduction have been received in our Swedish entities for the fourth quarter.

Inventory

As of 31 December, there is no significant impact on the valuation of inventory related to the Covid-19 pandemic.

Expected credit losses

As of 31 December, there are no indications on any significant impact related to the Covid-19 pandemic. Expected credit losses remain on a low level compared to twelve months rolling revenues.

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.

Impacts from Covid-19

Covid-19 impacted all business areas during the quarter to varying degrees. The overall recovery has been and is expected to be gradual, given the low business activity in several key end-market segments, while markets have stabilized during the last three months. Sandvik is continuously following up on risks related to the Covid-19 pandemic and mitigating activities to reduce the impacts on the Group.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q4 2019	Q4 2020	CHANGE %	Q1-Q4 2019	Q1-Q4 2020	CHANGE %
<i>Continuing operations</i>						
Revenues	26,583	22,408	-16	103,238	86,404	-16
Cost of goods sold	-16,203	-13,764	-15	-61,662	-54,167	-12
Gross profit	10,380	8,644	-17	41,576	32,237	-22
% of revenues	39,0	38,6		40,3	37,3	
Selling expenses	-4,117	-2,680	-35	-14,946	-10,710	-28
Administrative expenses	-1,582	-1,452	-8	-6,643	-5,504	-17
Research and development cost	-884	-959	8	-3,674	-3,429	-7
Other operating income and expenses	-3,052	-66	-98	-2,926	-1,378	-53
Operating profit	744	3,487	N/M	13,386	11,216	-16
% of revenues	2,8	15,6		13,0	13,0	
Financial income	144	120	-17	492	993	N/M
Financial expenses	-417	-199	-52	-1,729	-940	-46
Net financial items	-274	-80	-71	-1,237	54	N/M
Profit after net financial items	471	3,407	N/M	12,150	11,270	-7
% of revenues	1,8	15,2		11,8	13,0	
Income tax	-558	-774	39	-3,421	-2,517	-26
Profit for the period, continuing operations	-87	2,633	N/M	8,728	8,753	0
% of revenues	-0,3	11,8		8,5	10,1	
Profit for the period, discontinued operations	-62	-13	-80	-205	-32	-85
Profit for the period, Group total	-149	2,621	N/M	8,523	8,721	2
<i>Profit for the period attributable to</i>						
Owners of the parent company	-140	2,621		8,539	8,735	
Non-controlling interest	-9	-1		-16	-14	
Earnings per share, SEK						
Continuing operations, basic	-0,06	2,10	N/M	6,97	6,99	0
Continuing operations, diluted	-0,06	2,10	N/M	6,96	6,98	0
Group total, basic	-0,11	2,09	N/M	6,81	6,96	2
Group total, diluted	-0,11	2,09	N/M	6,79	6,95	2
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	1,120	-609		-1,638	-1,146	
Tax relating to items that will not be reclassified	-260	95		323	225	
	859	-514		-1,315	-921	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	-1,638	-2,920		1,880	-4,754	
Cash flow hedges	0	12		20	28	
Tax relating to items that may be reclassified	0	-3		0	-8	
	-1,638	-2,911		1,900	-4,734	
Total other comprehensive income	-779	-3,425		585	-5,655	
Total comprehensive income	-927	-804		9,108	3,066	
<i>Total comprehensive income attributable to</i>						
Owners of the parent company	-918	-804		9,124	3,077	
Non-controlling interest	-9	0		-16	-11	

N/M = not meaningful. For definitions see home.sandvik

THE GROUP

BALANCE SHEET CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2019	31 DEC 2020
Intangible assets	20,074	21,004
Property, plant and equipment	25,643	23,975
Right-of-use assets	3,172	2,891
Financial assets	6,562	7,285
Inventories	24,243	21,473
Current receivables	21,962	18,387
Cash and cash equivalents	16,953	23,752
Assets held for sale	1,815	361
Total assets	120,423	119,128
Total equity	61,858	65,082
Non-current interest-bearing liabilities	25,383	22,358
Non-current non-interest-bearing liabilities	3,790	3,741
Current interest bearing liabilities	3,026	4,352
Current non-interest-bearing liabilities	25,486	23,424
Liabilities related to assets held for sale	880	171
Total equity and liabilities	120,423	119,128
<i>Group total</i>		
<i>Net working capital ¹⁾</i>	25,027	20,355
Loans	17,434	14,900
Non-controlling interests in total equity	14	1

¹⁾ 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 DEC 2020
Interest-bearing liabilities excluding pension liabilities and leases	17,453	14,923
Less cash and cash equivalents	-16,987	-23,752
Financial net debt/net cash	466	-8,829
Net pensions liabilities	7,348	8,509
Leases	3,317	2,965
Net debt	11,131	2,646
Net debt to equity ratio	0.18	0.04

CHANGES IN EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity , 1 January 2019	58,120	42	58,162
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
Closing equity 31 December 2019	61,844	14	61,858
Opening equity 1 January 2020	61,844	14	61,858
Adjustment on correction of error	-53	-	-53
Opening equity 1 January 2020	61,791	14	61,805
Changes in non-controlling interest	2	-2	0
Total comprehensive income for the period	3,077	-11	3,066
Personnel options program	210	-	210
Closing equity 31 December 2020	65,081	1	65,082

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q4 2019	Q4 2020	Q1-Q4 2019	Q1-Q4 2020
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	471	3,407	12,150	11,270
Adjustment for depreciation, amortization and impairment loss	5,537	1,481	10,067	5,964
Other adjustments for non-cash items	-904	76	486	1,022
Payment to pension fund	-153	-135	-747	-674
Income tax paid	-1,243	-1,267	-3,598	-3,518
Cash flow from operating activities before changes in working capital ¹⁾	3,708	3,560	18,358	14,063
<i>Changes in working capital</i>				
Change in inventories	1,911	853	400	866
Change in operating receivables	915	165	873	1,440
Change in operating liabilities	-733	885	-1,821	-312
Cash flow from changes in working capital	2,093	1,903	-548	1,994
Investments in rental equipment	-274	-302	-911	-935
Proceeds from sales of rental equipment	53	66	147	292
Cash flow from operating activities, net ¹⁾	5,581	5,228	17,046	15,414
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-389	-3,153	-1,870	-3,274
Proceeds from sale of companies and shares, net of cash divested	37	-	95	778
Investments in tangible assets	-1,095	-902	-3,472	-2,684
Proceeds from sale of tangible assets	153	68	386	269
Investments in intangible assets	-221	-178	-664	-514
Proceeds from sale of intangible assets	3	0	42	0
Investments in financial assets	-	-74	-	-74
Proceeds from sale of financial assets	-	-	-	633
Other investments, net	294	1	278	87
Cash flow from investing activities, net ²⁾	-1,220	-4,238	-5,206	-4,777
<i>Cash flow from financing activities</i>				
Change in interest-bearing net debt	238	-480	-7,550	-3,310
Dividends paid	-	-	-5,340	-
Cash flow from financing activities, net ^{1,2)}	238	-480	-12,890	-3,310
Total cash flow from continuing operations	4,599	510	-1,050	7,327
Total cash flow from discontinued operations	-43	0	-138	-66
Cash flow for the period, Group total	4,556	510	-1,188	7,261
Cash and cash equivalents at beginning of the period	12,541	23,443	18,089	16,987
Exchange rate differences in cash and cash equivalents	-109	-202	86	-496
Cash and cash equivalents at the end of the period	16,987	23,752	16,987	23,752
<i>Group Total</i>				
Cash flow from operations	5,522	5,227	16,894	15,347
Cash flow from investing activities	-1,205	-4,237	-5,191	-4,775
Cash flow from financing activities	238	-480	-12,890	-3,310
Group total cash flow	4,556	510	-1,188	7,261

¹⁾ Figures have been restated due to reclassification of payment to pension fund from financing activities to operating activities. ²⁾ Figures have been restated due to reclassification of proceeds from sale of financial assets from financing activities to investing activities.

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-Q4 2019	Q1-Q4 2020
Revenues	21,038	9,599
Cost of sales and services	-10,038	-1,877
Gross profit	11,000	7,722
Selling expenses	-1,259	-956
Administrative expenses	-2,724	-1,382
Research and development costs	-1,588	-1,386
Other operating income and expenses	-1,205	-1,048
Operating profit	4,224	2,950
Income/expenses from shares in group companies	11,989	-1,558
Interest income/expenses and similar items	-310	-130
Profit after financial items	15,903	1,262
Appropriations	-82	2,285
Income tax expenses	-684	-680
Profit for the period	15,137	2,867

BALANCE SHEET

MSEK	31 DEC 2019	31 DEC 2020
Intangible assets	85	39
Property, plant and equipment	7,089	3,219
Financial assets	54,338	54,107
Inventories	3,229	676
Current receivables	12,056	6,294
Cash and cash equivalents	-	-
Total assets	76,797	64,335
Total equity	34,565	37,731
Untaxed reserves	3,222	937
Provisions	770	750
Non-current interest-bearing liabilities	15,124	11,346
Non-current non-interest-bearing liabilities	245	123
Current interest-bearing liabilities	15,238	10,466
Current non-interest-bearing liabilities	7,633	2,982
Total equity and liabilities	76,797	64,335
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	15,601	7,057
Investments in fixed assets	976	430

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE BY REGION

MSEK	Q4 2020	CHANGE *		SHARE	Q1-Q4 2020	CHANGE *		SHARE
		%	% ¹⁾	%		%	% ¹⁾	%
THE GROUP								
Europe	7,669	-2	-2	35	29,682	-18	-17	34
North America	4,188	-23	-6	19	17,867	-22	-16	21
South America	1,225	24	24	6	4,312	-2	-2	5
Africa/Middle East	2,321	26	26	11	8,656	6	6	10
Asia	4,701	4	4	21	18,031	-4	-4	21
Australia	1,947	4	4	9	7,739	2	2	9
Total Continuing Operations ²⁾	22,051	-2	3	100	86,287	-12	-10	100
SANDVIK MINING AND ROCK TECHNOLOGY								
Europe	1,641	10	10	15	5,868	-10	-10	14
North America	1,998	14	14	18	8,152	-2	-2	20
South America	974	25	25	9	3,360	-5	-5	8
Africa/Middle East	2,195	31	31	20	7,991	6	6	19
Asia	2,251	9	9	21	8,601	1	1	21
Australia	1,867	3	3	17	7,431	3	3	18
Total Continuing Operations ²⁾	10,926	15	15	100	41,403	-1	-1	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS								
Europe	4,601	-6	-6	55	17,538	-19	-19	54
North America	1,738	-17	-17	21	7,163	-25	-25	22
South America	183	29	29	2	609	-6	-6	2
Africa/Middle East	60	-17	-17	1	262	-14	-14	1
Asia	1,795	-3	-3	21	6,863	-12	-12	21
Australia	56	-2	-2	1	242	-5	-5	1
Total	8,434	-7	-7	100	32,677	-18	-18	100
SANDVIK MATERIALS TECHNOLOGY								
Europe	1,427	-2	-2	53	6,235	-23	-20	52
North America	452	-72	-29	17	2,435	-54	-26	20
South America	67	-1	-1	2	335	43	43	3
Africa/Middle East	67	-13	-13	2	294	15	15	2
Asia	655	8	8	24	2,550	3	3	21
Australia	23	60	60	1	61	-13	-13	1
Total	2,691	-31	-7	100	11,910	-27	-16	100

¹⁾ Excluding major orders which is defined as above SEK 400 million in Sandvik Mining and Rock Technology and above SEK 200 million in Sandvik Materials Technology. ²⁾ Includes rental fleet order intake in Q4 of SEK107 million and YTD SEK 753 million 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	Q4 2020	CHANGE * %	SHARE %	Q1-Q4 2020	CHANGE * %	SHARE %
THE GROUP						
Europe	7,575	-15	34	30,043	-18	35
North America	4,575	-11	20	19,043	-15	22
South America	1,033	-3	5	3,920	-11	5
Africa/Middle East	2,321	13	10	8,181	-1	9
Asia	4,720	0	21	17,601	-6	20
Australia	2,184	10	10	7,615	13	9
Total Continuing Operations ¹⁾	22,408	-6	100	86,404	-11	100
SANDVIK MINING AND ROCK TECHNOLOGY						
Europe	1,519	-17	14	6,016	-11	15
North America	1,939	-12	18	7,782	-15	19
South America	789	-12	7	2,979	-17	7
Africa/Middle East	2,167	13	20	7,539	-0	19
Asia	2,304	4	21	8,403	-2	21
Australia	2,115	11	20	7,314	14	18
Total ¹⁾	10,833	-1	100	40,032	-5	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS						
Europe	4,421	-10	54	17,432	-19	54
North America	1,640	-21	20	7,094	-25	22
South America	162	16	2	588	-10	2
Africa/Middle East	65	-16	1	263	-18	1
Asia	1,796	-4	22	6,861	-12	21
Australia	55	-7	1	239	-8	1
Total	8,139	-11	100	32,477	-19	100
SANDVIK MATERIALS TECHNOLOGY						
Europe	1,635	-26	48	6,553	-23	48
North America	996	11	29	4,052	12	30
South America	81	91	2	346	99	3
Africa/Middle East	90	55	3	270	-12	2
Asia	620	-3	18	2,320	-6	17
Australia	14	-14	0	59	-13	0
Total	3,436	-10	100	13,598	-10	100

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

¹⁾ Includes rental fleet revenues in Q4 of SEK 166 million and YTD SEK 815 million recognized according to IFRS 16.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	CHANGE		Q1-Q4
	2019	2019	2019	2019	2019	2020	2020	2020	2020	%	%*	2020
Sandvik Mining and Rock Technology	11,369	11,318	11,006	10,685	44,379	10,570	9,773	10,133	10,926	2	15	41,403
Sandvik Manufacturing and Machining Solutions	11,105	10,629	9,609	9,820	41,163	10,124	6,821	7,298	8,434	-14	-7	32,677
Sandvik Materials Technology	4,930	3,535	3,867	4,144	16,475	4,365	2,377	2,477	2,691	-35	-31	11,910
Other Operations	471	549	510	529	2,059	297	0	0	0	-100	0	297
Continuing operations	27,873	26,031	24,992	25,179	104,075	25,356	18,971	19,909	22,051	-12	-2	86,287
Discontinued operations	39	27	5	1	71	0	0	0	1	N/M	N/M	1
Group Total ¹⁾	27,912	26,058	24,997	25,179	104,147	25,356	18,971	19,909	22,052	-12	-2	86,288

REVENUES BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	CHANGE		Q1-Q4
	2019	2019	2019	2019	2019	2020	2020	2020	2020	%	%*	2020
Sandvik Mining and Rock Technology	10,103	11,233	11,244	12,197	44,777	9,775	9,489	9,935	10,833	-11	-1	40,032
Sandvik Manufacturing and Machining Solutions	10,679	10,674	9,927	9,844	41,123	9,766	7,247	7,325	8,139	-17	-11	32,477
Sandvik Materials Technology	3,773	4,011	3,482	4,013	15,279	3,782	3,495	2,886	3,436	-14	-10	13,598
Other Operations	471	549	510	529	2,059	297	-0	0	0	-100	0	297
Continuing operations	25,025	26,467	25,163	26,583	103,238	23,620	20,230	20,145	22,408	-16	-6	86,404
Discontinued operations	155	100	25	15	295	2	-1	0	4	-74	-71	6
Group Total ¹⁾	25,180	26,567	25,188	26,598	103,533	23,623	20,229	20,146	22,412	-16	-6	86,409

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	CHANGE		Q1-Q4
	2019	2019	2019	2019	2019	2020	2020	2020	2020	%	%*	2020
Sandvik Mining and Rock Technology	1,817	2,126	2,014	2,645	8,602	1,661	1,166	2,083	2,480		-6	7,389
Sandvik Manufacturing and Machining Solutions	2,654	2,483	1,244	2,000	8,380	1,690	645	1,377	894		-55	4,606
Sandvik Materials Technology	307	585	-52	604	1,444	94	-83	110	371		-39	492
Other Operations	-45	85	-8	-4,295	-4,263	-515	-42	-22	0		-100	-578
Group activities	-166	-200	-202	-209	-776	-168	-178	-89	-258		24	-694
Continuing operations	4,567	5,078	2,996	744	13,386	2,762	1,508	3,459	3,487		N/M	11,216
Discontinued operations	-43	-67	-33	-61	-204	-12	-4	-3	-13		-79	-32
Group Total ¹⁾	4,524	5,012	2,963	684	13,182	2,750	1,504	3,456	3,474		N/M	11,184

OPERATING MARGIN BY BUSINESS AREA

%	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	CHANGE		Q1-Q4
	2019	2019	2019	2019	2019	2020	2020	2020	2020	%	%*	2020
Sandvik Mining and Rock Technology	18.0	18.9	17.9	21.7	19.2	17.0	12.3	21.0	22.9			18.5
Sandvik Manufacturing and Machining Solutions	24.9	23.3	12.5	20.3	20.4	17.3	8.9	18.8	11.0			14.2
Sandvik Materials Technology	8.1	14.6	-1.5	15.0	9.4	2.5	-2.4	3.8	10.8			3.6
Other Operations	-9.5	15.4	-1.6	N/M	N/M	N/M	N/M	N/M	N/M			N/M
Continuing operations	18.3	19.2	11.9	2.8	13.0	11.7	7.5	17.2	15.6			13.0
Discontinued operations	-28.1	-66.6	N/M	N/M	-69.1	N/M	N/M	N/M	N/M			N/M
Group Total ¹⁾	18.0	18.9	11.8	2.6	12.7	11.6	7.4	17.2	15.5			12.9

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

¹⁾ 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	Q2 2020	Q3 2020	Q4 2020	CHANGE %	Q1-Q4 2020
Sandvik Mining and Rock Technology	1,817	2,126	2,338	2,630	8,911	1,661	1,833	2,083	2,346	-11	7,923
Sandvik Manufacturing and Machining Solutions	2,654	2,483	2,173	2,000	9,310	2,054	927	1,377	1,742	-13	6,100
Sandvik Materials Technology	307	585	236	659	1,787	139	248	116	528	-20	1,032
Other Operations	-45	-26	-8	-62	-140	11	-42	0	0	-100	-31
Group activities	-166	-200	-122	-161	-649	-138	-129	-82	-112	-31	-461
Continuing operations	4,567	4,968	4,617	5,066	19,219	3,728	2,837	3,494	4,505	-11	14,563
Discontinued operations	-43	-67	-33	-61	-204	-12	-4	-3	-13	-79	-32
Group Total ¹⁾	4,524	4,901	4,584	5,005	19,015	3,716	2,833	3,491	4,492	-10	14,531

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020
Sandvik Mining and Rock Technology	18.0	18.9	20.8	21.6	19.9	17.0	19.3	21.0	21.7	19.8
Sandvik Manufacturing and Machining Solutions	24.9	23.3	21.9	20.3	22.6	21.0	12.8	18.8	21.4	18.8
Sandvik Materials Technology	8.1	14.6	6.8	16.4	11.7	3.7	7.1	4.0	15.4	7.6
Other Operations	-9.5	-4.7	-1.6	-11.6	-6.8	3.8	N/M	N/M	N/M	-10.4
Continuing operations	18.3	18.8	18.3	19.1	18.6	15.8	14.0	17.3	20.1	16.9
Discontinued operations	-28.1	-66.6	N/M	-N/M	-69.1	N/M	N/M	N/M	N/M	N/M
Group Total ¹⁾	18.0	18.4	18.2	18.8	18.4	15.7	14.0	17.3	20.0	16.8

ITEMS AFFECTING COMPARABILITY ON OPERATING PROFIT

MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4 2020
Sandvik Mining and Rock Technology	-	-	-323	14	-309	-	-667	-	134	-533
Sandvik Manufacturing and Machining Solutions	-	-	-930	-	-930	-364	-282	-	-848	-1,494
Sandvik Materials Technology	-	-	-288	-56	-343	-45	-331	-6	-157	-540
Other Operations	-	110	-	-4,233	-4,123	-526	0	-21	-	-547
Group activities	-	-	-80	-47	-127	-30	-49	-7	-146	-233
Continuing operations	-	110	-1,621	-4,322	-5,832	-965	-1,329	-35	-1,018	-3,347
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Group Total	-	110	-1,621	-4,322	-5,832	-965	-1,329	-35	-1,018	-3,347

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

N/M = Non-meaningful.

Items affecting comparability on operating profit

Q4 2019 - Sandvik reported items affecting comparability of in total SEK -4,322 million. This comprises SEK -3,966 million of costs related to the divestment of Varel, out of which SEK -4,233 million impacted the operating profit and SEK +267 million in positive tax impact. In addition a total of SEK -103 million in separation costs, out which SEK -56 million in Sandvik Materials Technology and SEK -47 million in Group activities. Sandvik Mining and Rock Technology was impacted by SEK +14 million in a reversal of a provision.

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

Q2 2020 - Sandvik reported items affecting comparability of SEK -1,329 million, comprising of cost related to structural and volume related savings

measures of SEK-1,334 million. As well as costs related to the separation of Sandvik Materials Technology of SEK -24 million and a capital gain of 29 million SEK in Sandvik Materials Technology.

Q3 2020 - Sandvik reported items affecting comparability of SEK -35 million, comprising of SEK -21 million of final purchase price adjustment of the divestment of Varel. As well as cost related to the separation of Sandvik Materials Technology of SEK -13 million.

Q4 2020 - reported EBIT was impacted by one-off costs totaling SEK -1,018 million, comprising long-term savings measures announced in December at a net cost of SEK -1,010 million, including a reversal of a provision made in Q2 2020 for Sandvik Mining and Rock Technology and costs related to the separation of Sandvik Materials Technology of SEK -7 million.

Items affecting comparability on net financial items

Q3 2020 - Sandvik reported items affecting comparability of SEK 588 million on net financial items related to the disposal of the minority holding in Xiamen Golden Egret Special Alloy Co., Ltd. (Gesac).

KEY FIGURES

CONTINUING OPERATIONS	Q4 2019	Q4 2020	Q1-Q4 2019	Q1-Q4 2020
Tax rate, %	118.5	22.7	28.2	22.3
Return on capital employed, % ¹⁾	3.9	15.6	15.2	13.3
Return on total equity, % ¹⁾	-0.6	16.1	14.2	13.6
Return on total capital, % ¹⁾	2.9	12.1	11.4	10.2
Shareholders' equity per share, SEK	49.3	51.9	49.3	51.9
Net debt/equity ratio	0.18	0.04	0.18	0.04
Net debt/EBITDA	0.62	0.41	0.62	0.41
Equity/assets ratio, %	51	55	51	55
Net working capital, % ¹⁾	24.8	24.3	25.2	27.5
Earnings per share, basic, SEK	-0.06	2.10	6.97	6.99
Earnings per share diluted, SEK	-0.06	2.10	6.96	6.98
EBITDA, MSEK	6,281	4,967	23,454	17,180
Cash flow from operations, MSEK	5,581	5,228	17,046	15,414
Funds from operations (FFO), MSEK	3,708	3,560	18,358	14,063
Interest coverage ratio, %	888	1,787	1,062	1,497
Number of employees ²⁾	40,235	37,122	40,235	37,122

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ Full-time equivalent.

GROUP TOTAL	Q4 2019	Q4 2020	Q1-Q4 2019	Q1-Q4 2020
Tax rate, %	136.4	22.8	28.6	22.4
Return on capital employed, % ¹⁾	3.6	15.6	15.0	13.3
Return on total equity, % ¹⁾	-1.0	16.0	13.9	13.6
Return on total capital, % ¹⁾	2.7	12.0	11.2	10.1
Shareholders' equity per share, SEK	49.3	51.9	49.3	51.9
Net debt/equity ratio	0.18	0.04	0.18	0.04
Net debt/EBITDA	0.62	0.41	0.62	0.41
Equity/assets ratio, %	51	55	51	55
Net working capital, % ¹⁾	24.9	24.3	25.3	27.5
Earnings per share, basic, SEK	-0.11	2.09	6.81	6.96
Earnings per share diluted, SEK	-0.11	2.09	6.79	6.95
EBITDA, MSEK	6,229	4,955	23,260	17,149
Cash flow from operations, MSEK	5,522	5,227	16,894	15,347
Funds from operations (FFO), MSEK	3,620	3,552	18,105	13,935
Interest coverage ratio, %	865	1,782	1,047	906
Number of employees	40,246	37,125	40,246	37,125
No. of shares outstanding at end of period ('000)	1,254,386	1,254,386	1,254,386	1,254,386
Average no. of shares, ('000)	1,254,386	1,254,386	1,254,386	1,254,386
Average no. of shares, diluted, ('000)	1,256,730	1,255,637	1,256,965	1,256,055

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ Full-time equivalent.

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.

DISCLAIMER STATEMENT

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 April 2021. The notice to convene the Annual General Meeting will be made in the prescribed manner.

The Board of Directors proposes an ordinary dividend of SEK 4.50 per share (0). In addition, the Board proposes an extra dividend of SEK 2.00. The total proposal corresponds to 75% (0) of Sandvik Group total's adjusted earnings per share. The proposed record date to receive dividends is 29 April 2021. Assuming the general meeting accepts the dividend proposal, the date to receive dividends is 4 May 2021 and the dividend will be payed as one instalment.

Stockholm 21 January 2021
Sandvik Aktiebolag (publ)

The Board of Directors

The Company's Auditor has not reviewed the report for the full year 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 8.00 CET on 21 January 2021.

Additional information may be obtained from Sandvik Investor Relations on +46 70 782 63 74 (Louise Tjeder) or tel +46 79 060 87 17 (Emelie Alm).

A teleconference will be held on 21 January 2021 at 10.00 CET.

Information is available at home.sandvik/ir

CALENDAR

20 April 2021	Report, first quarter 2021
27 April 2021	Annual General Meeting
29 April 2021	Proposed record date to receive dividends
4 May 2021	Proposed date to receive dividends
16 July 2021	Report, second quarter 2021
18 October 2021	Report, third quarter 2021

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