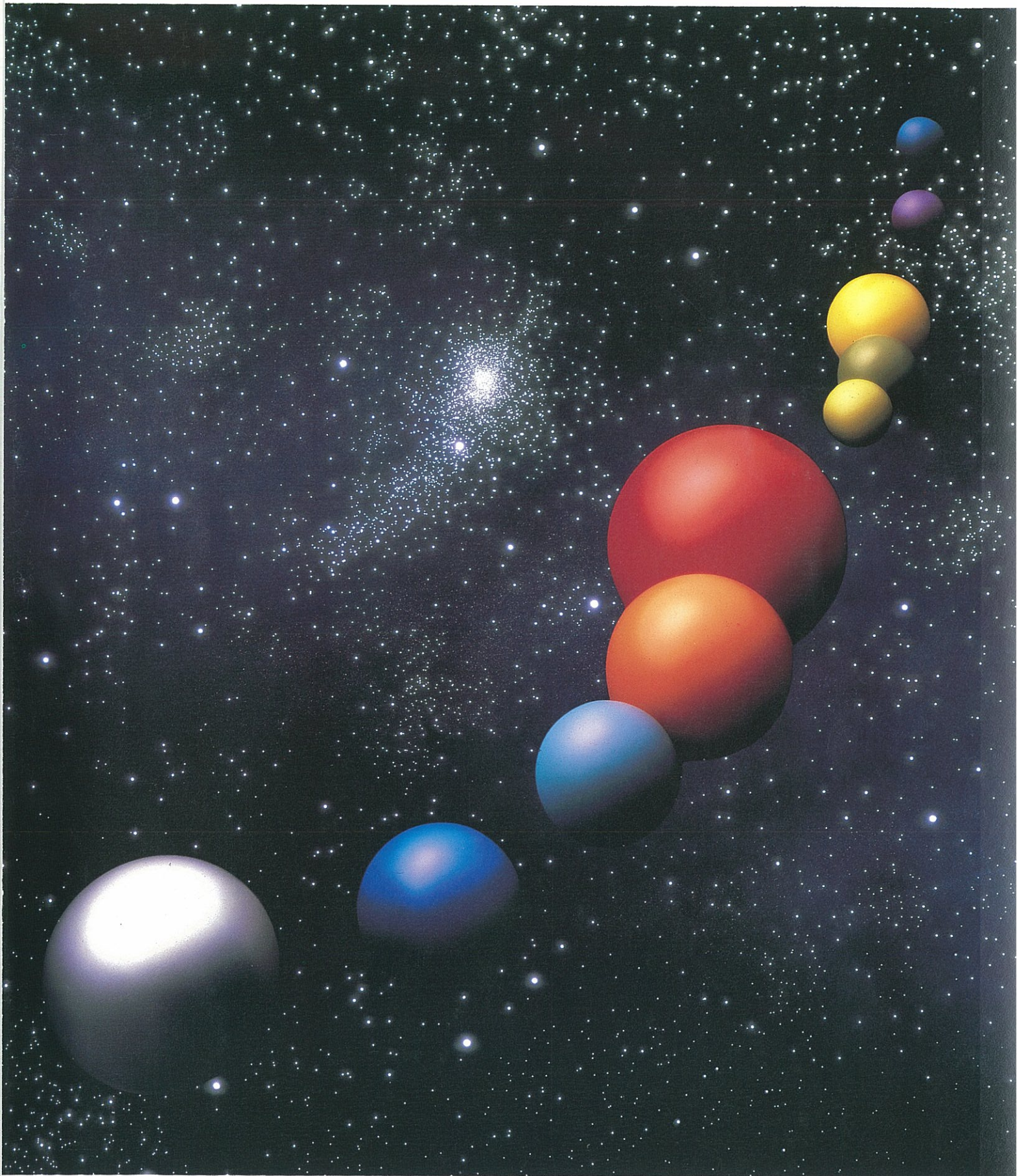


ANNUAL REPORT 1991



SANDVIK

Contents

| | |
|---|----|
| HIGHLIGHTS OF 1991 | 1 |
| THE PRESIDENT'S LETTER | 2 |
| THE SANDVIK SHARE | 4 |
| SANDVIK AT A GLANCE | 6 |
| CEMENTED-CARBIDE OPERATIONS | 7 |
| SANDVIK COROMANT | 8 |
| SANDVIK ROCK TOOLS | 10 |
| SANDVIK HARD MATERIALS | 12 |
| SANDVIK STEEL | 14 |
| SANDVIK SAWS AND TOOLS | 16 |
| SANDVIK PROCESS SYSTEMS | 18 |
| REPORT OF THE DIRECTORS | 20 |
| CONSOLIDATED INCOME STATEMENT | 23 |
| CONSOLIDATED BALANCE SHEET | 24 |
| CONSOLIDATED FUNDS STATEMENT | 26 |
| THE PARENT COMPANY'S ACCOUNTS | 27 |
| ACCOUNTING PRINCIPLES | 29 |
| APPLICATION OF U.S. GAAP..... | 31 |
| NOTES TO THE ACCOUNTS | 32 |
| PERSONNEL | 37 |
| SHAREHOLDINGS | 38 |
| APPROPRIATION OF PROFITS | 41 |
| AUDIT REPORT | 41 |
| DIRECTORS AND AUDITORS | 42 |
| GROUP EXECUTIVE MANAGEMENT, GROUP STAFFS AND SERVICE COMPANIES | 44 |
| ORGANIZATION | 45 |
| BUSINESS UNITS | 46 |
| ANNUAL GENERAL MEETING. | |
| PAYMENT OF DIVIDEND | 49 |
| KEY FIGURES | 50 |

THE COVER PICTURE

LEADERS IN MATERIALS TECHNOLOGY

At Sandvik we are on a ceaseless voyage of discovery through the universe of materials. Our broad competence in materials technology covers stainless steel and special alloys, tough hard materials, cemented carbide, ceramics, cubic boron nitride and diamond.

HIGHLIGHTS OF 1991

- Further market weakening. Invoiced sales down by 4%.
- Good profit level despite recession and the substantial costs of trimming capacity to demand.
- Sandvik Saws and Tools strengthens its position in Europe, absorbs heavy restructuring expenses and buys Bahco Tools.
- Inventory tie-up lower than ever: 26% of sales.
- Good cash flow: SEK 824m. Balance Sheet gains strength. Solidity 56%.
- Recommended that dividend be raised to SEK 9:00. 21% average increase over the last five years.

| | 1991 | 1990 |
|--|---------------|--------|
| Order intake, SEK m. | 17,375 | 18,126 |
| Invoiced sales, SEK m. | 17,558 | 18,256 |
| whereof outside Sweden, % | 94 | 93 |
| Profit after financial earnings and expenses, SEK m. | 1,922 | 2,693 |
| Return on investment, %..... | 13.1 | 17.6 |
| Return on equity capital after tax, %..... | 12.4 | 18.0 |
| Earnings per share, SEK | 26:80 | 34:70 |
| Dividend per share, SEK | 9:00* | 8:50 |
| Number of employees, 31 Dec. | 26,237 | 25,781 |

*as recommended.

SANDVIK ON THE NEW WORLD MAP



GREAT CHANGES

1991 stands out as a very trying year for industry. In Sweden, some sectors experienced the most precipitous decline since the Second World War. As regards banking and finance one would probably have to go back to the 1920s or 1930s to find anything comparable. However, adversity enforces structural change, the fruits of which can be garnered in due course by the surviving enterprises.

Even so, as I see it, the most momentous changes of 1991 were on the political plane. A series of events have made it necessary to redraw the map of the world - notably so as regards global commerce.

1. For the EC, of course, 1993 is the magic year, but for Sweden the EEA agreement and the country's application to join the EC represent important steps towards full membership of the new Europe.
2. It is as yet too early to say which East European states will belong to the new Europe. The break-up of the Soviet Union and the hostilities in Yugoslavia make it clear that we are going to see the formation of a number of new states. These entities, together with the Central European countries already in existence, are striving towards market economies and probable membership of the EC.
3. In North America, significant steps have been taken in the

direction of a common market comprising the U.S., Canada and Mexico - nations that would mesh together admirably.

4. Latin America, too, is undergoing changes in the sphere of commercial politics. Tariff barriers are being lowered and old yearnings towards free trade look like being fulfilled in some constellations, e.g. Mercosur (Brazil, Argentina, Paraguay and Uruguay). Mexico has signed a free-trade agreement with Chile, and the Andean Pact appears to be having concrete results at long last.
5. The peace in the Middle East admittedly remains fragile, but the Western world has now intervened in earnest to stabilize this traditionally uneasy and yet so important part of the globe. It could mean a boost for the world economy if it were made possible for these states, many of them wealthy, to go on with their build-up along peaceful lines, with the price of oil remaining low at the same time.
6. In Asia the unrest has subsided in some degree. The region embraces the fastest-growing parts of the world economy along with vigorously expanding internal trade. Recently, the countries that belong to the ASEAN group took the initiative towards a free-trade agreement which, together with an agreement between Australia and New Zealand, would change the politics of commerce in the eastern hemisphere as well.

NEW CHANCES FOR SANDVIK

Sandvik long since realized the importance of having its own global marketing network. Our technically advanced products are sold straight to the final customer by our own personnel, who are thoroughly familiar with the best ways of putting them to use. At the same time, these salespeople can report back to our R&D units on changes in the customer's needs, providing invaluable guidance as to the lines along which our wide-ranging research efforts should be directed.

Accordingly, Sandvik already has subsidiary companies or representative offices staffed with its own people in practically all countries with a passable degree of development. Many companies also comprise a production unit.

An enlarged European Community that included Sweden would open up sizable rationalization opportunities for Sandvik. Our European subsidiary companies could be simplified and still offer the same or often an improved service to our customers. They would be able to concentrate solely on customer contacts, while production, warehousing and distribution could be centralized to meet the needs of the "United States of Europe".

Just as we do in the U.S., we are retaining in Europe an effective production unit for each product category. Where this unit comes to be located will depend on the competitive situation, although the big Swedish units have an obvious advantage as regards scale, which, properly exploited, ought to mean that most of them will stay in business. We are taking advantage of the 1991-1992 demand weakness to shut down or relocate a number of production facilities in Europe, thereby strengthening the remaining units.

Similarly, we are continuing to reduce the number of warehousing points, which materially raises delivery reliability among those that remain, even though they hold a smaller aggregate inventory. To give one example, Sandvik Saws and Tools will have only two warehousing points in Europe by the end of 1992, as compared with 17 at the present time.

Eastern Europe used to do business directly with Sandvik's product companies, paying them in hard currency. Once market economics are introduced these arrangements will have to be augmented with, or replaced by, trade conducted in local currency. Our representative offices are being converted into subsidiary companies, some of them with their own production and stockholding.

At present we have subsidiary companies operating in Hungary, Czechoslovakia and Bulgaria along with wholly or partly owned production companies in the former Soviet Union and Yugoslavia and in eastern Germany, the latter being ranged with our German system of subsidiary companies.

In North America we are exploiting the possibilities of rationalizing production and warehousing in Canada, the U.S. and Mexico as a bloc, even though the free-trade agreements are not yet signed, sealed and settled. 60-70% of the Sandvik products sold in North America are manufactured there, which affords a measure of protection against fluctuations in the dollar rate.

The lifting of barriers to importation into Latin America and Australia has made it possible for us to shut down some small and inefficient production units. At the same time we can make better use of other units by effecting deliveries to neighbouring markets.

In Asia we have production units in Japan, Korea, Taiwan, India and Singapore, but they are able to produce only a minor part of the product range that is sold in that part of the world. Certain additions are being made to capacity in Japan and Korea, but major investments are on hold until we can see real growth in the world economy.

Harder times have forced numerous enterprises to concentrate their businesses in order to survive. Many more companies are putting divisions up for sale, and the buyers are fewer in number than they used to be, which has its effect on prices.

After having clinched only one deal in 1990 we were able during 1991 to buy some ten enterprises, wholly or in part, the Bahco Tools Group being the latest of them. With a strong balance sheet and a positive cash flow behind us we are ready for more and bigger acquisitions during 1992.

1992 AND BEYOND

The deep recession of 1990-1991 came more or less as a surprise to the business world. For those who were caught off guard it meant painful readjustments and tumbling profits.

Sandvik had seen the warning signals in the U.S. as early as the middle of 1989 and had therefore begun on a process of retrenchment that has played its part in enabling us to report for 1991 a result exceeded only by that of the record years 1988-1990.

The question now is whether the worst is over for this time round. Unfortunately we have no guarantee of that. As a consequence of the sharp slump the investment industry will experience a longer and deeper trough than usual. Taken in combination with the relatively late downturn in Germany and Japan this means that we can expect a very slack year in 1992, even if the state of trade in North America were to improve.

From these considerations we regard 1992 as the year in which the current business cycle will bottom out, although the volume decline at Sandvik will be very mild as compared with that of 1991. The work of rationalization will continue, entailing an ongoing reduction in personnel strength, mainly among the salaried staff.

Some of our business areas have good chances of improving their results, whereas others, Sandvik Steel and Sandvik Coromant in particular, may have difficulty in merely holding the line. If so, this could lead to a further attenuation of earnings in 1992, even though we have adopted a broad range of measures to prevent it.

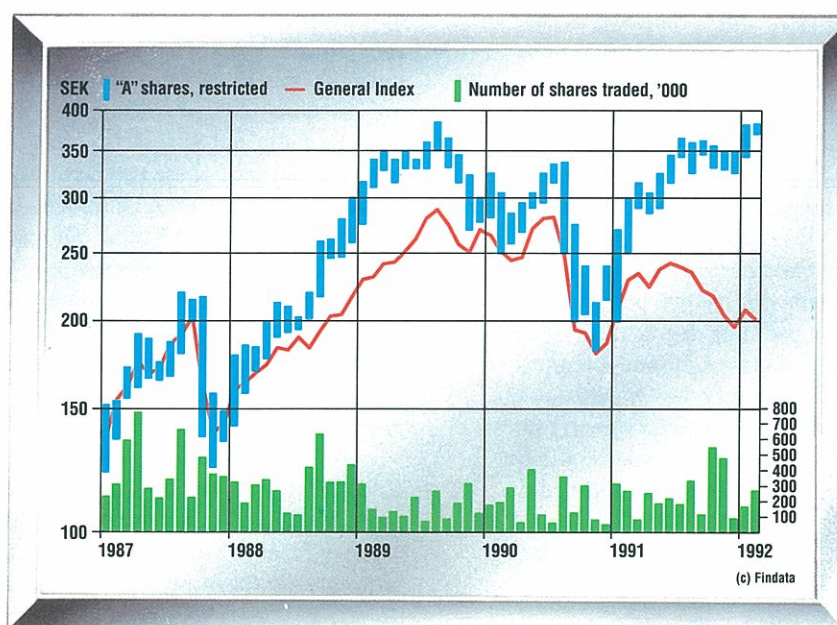
Sandviken, March 1992

Per-Olof Eriksson

Group President and Chief Executive Officer

THE SANDVIK SHARE

PRICE MOVEMENTS ON THE STOCKHOLM STOCK EXCHANGE, SANDVIK "A" SHARES, RESTRICTED



PER-SHARE DATA, SEK

| | 1991 | 1990 | 1989 | 1988 | 1987 |
|--|--------|--------|--------|---------------------|--------|
| Earnings ¹ | 26:80 | 34:70 | 34:45 | 29:80 | 19:60 |
| Earnings after full conversion | 26:70 | 34:50 | 34:10 | 29:85 | 19:10 |
| Earnings after payment of tax | 28:00 | 36:85 | 38:90 | 40:80 | 25:90 |
| Equity capital after recommended dividend ² | 221:20 | 210:60 | 174:85 | 130:95 | 110:60 |
| Dividend (1991: as recommended) | 9:00 | 8:50 | 7:50 | 6:00 | 4:25 |
| Direct return ³ , % | 2.6 | 3.8 | 2.5 | 2.1 | 3.0 |
| Payout percentage ⁴ | 34 | 24 | 22 | 20 | 22 |
| Quoted prices, "A" restricted, year's highest..... | 365 | 337 | 385 | 300 | 220 |
| year's lowest..... | 200 | 182 | 270 | 142 | 122 |
| at year's end | 342 | 226 | 295 | 292 | 140 |
| Quoted prices, "B" unrestricted, year's highest..... | 385 | 356 | 385 | 299 | 220 |
| year's lowest..... | 205 | 184 | 280 | 143 | 119 |
| at year's end | 345 | 226 | 295 | 298 | 140 |
| P/E ratio ⁵ | 12.8 | 6.5 | 8.6 | 9.8 | 7.1 |
| Quoted price, % of equity capital after recommended dividend ⁶ | 155 | 107 | 169 | 223 | 127 |
| Average number of shares traded per day on the Stockholm Stock Exchange, "A" restricted | 8,753 | 6,364 | 5,421 | 9,818 | 12,008 |
| "B" unrestricted | 7,531 | 4,472 | 5,032 | 7,455 | 15,128 |
| London Stock Exchange, "B" unrestricted | 19,802 | 12,418 | 15,250 | 14,718 ⁷ | |

¹ Earnings after estimated full taxation. Swedish corporate tax: 30% 1991, 40% 1990 and 1989, 52% before 1989. Since 1 Jan. 1989: including interests in associated companies.

² Tax rate used in calculating latent tax in untaxed reserves in Sweden was 30% in 1991 and 1990, 40% in 1989 and 50% in 1988 and earlier.

³ Dividend divided by price of "A" share at year's end

⁴ Dividend divided by earnings per share after estimated full tax

⁵ Price of "A" share at year's end in relation to earnings per share

⁶ Price of "A" share at year's end as percentage of equity capital after recommended dividend per share

⁷ Based on the period October-December

For additional definitions, see p. 30.

SHAREHOLDERS

The number of shareholders is just short of 23,000. The ten largest holders account for 63% of the shares and 70% of the votes. In all, it is estimated that listed corporations, insurance companies, funds and foundations hold 90% of the shares.

THE LARGEST SHAREHOLDERS OF SANDVIK AB (FEBRUARY 1992)

| | Percentage of voting strength | Percentage of shares |
|---|-------------------------------------|----------------------------|
| Skanska AB | 26.4 | 21.5 |
| Investment Funds of the Swedish Savings Banks | 12.1 | 12.3 |
| National Swedish Pension Insurance Fund, Fourth Fund Board | 6.6 | 6.2 |
| Trygg-Hansa SPP Group | 6.0 | 7.3 |
| Svenska Handelsbanken's Pension Foundation | 5.0 | 4.0 |
| Skandia | 4.1 | 3.6 |
| AB Custos | 3.2 | 2.5 |
| Labour Market Insurance AB (AMF-p) | 2.6 | 2.2 |
| Svenska Handelsbanken's Investment Funds | 2.5 | 2.0 |
| Skandinaviska Enskilda Banken's Investment Funds | 1.5 | 1.7 |
| Pension Fund SHB Insurance Society | 1.3 | 1.0 |
| National Swedish Pension Insurance Fund, Fifth Fund Board | 1.2 | 1.0 |

SANDVIK AB SHARE OWNERSHIP (FEBRUARY 1992)

| Holding | Number of share- holders | As % of all share- holders | Total number of shares | % of share capital | Average number of shares per holder |
|-------------------|-----------------------------------|-------------------------------------|------------------------------|--------------------------|--|
| to 500 shares | 19,485 | 85.9 | 2,196,164 | 4.0 | 113 |
| 501-1,000 | 1,652 | 7.3 | 1,189,529 | 2.2 | 720 |
| 1,001-10,000 | 1,381 | 6.1 | 3,511,823 | 6.5 | 2,543 |
| 10,001-100,000 | 125 | 0.5 | 3,501,128 | 6.4 | 28,009 |
| More than 100,000 | 55 | 0.2 | 44,076,694 | 80.9 | 801,394 |
| | 22,698 | 100.0 | 54,475,338 | 100.0 | 2,400 |

CONVERTIBLE LOAN

In 1985 the Company floated a convertible loan of SEK 103m. at 12% interest, addressed to the employees. This loan can be converted between 1 March 1988 and 15 March 1992, both dates inclusive. Full conversion of the loan would increase the number of shares by 182,012 as compared with the situation on 31 Dec. 1991. The share capital would increase by SEK 5m.

See also Note 24 on p. 36.

ANALYSES

The following firms have produced analyses of Sandvik during the past two years.

ABB Aros Fondkommission
Alfred Berg
Barclays de Zoete Wedd (UK)
Baring Securities (UK)
Carnegie Fondkommission
Enskilda Fondkommission
Enskilda Securities
Goldman, Sachs & Co. (UK)
Göteborgs Fondkommission
Hagströmer & Qviberg Fondkommission
Handelsbanken
Hoare Govett (UK)
Hägglöf & Ponsbach Fondkommission
James Capel & Co. (UK)
Kleinwort Benson Securities (UK)
Merchant Grundström & Partners Fondkommission
Merrill Lynch (UK)
Nordbanken
Phillips & Drew (UK)
Swedbank Fondkommission
Warburg Securities (UK)
E Öhman J:or Fondkommission

RATING

Sandvik's 200 million U.S. dollar Euro Commercial Paper programme has been rated A-1 by Standard & Poor's and Prime-1 by Moody's.

SANDVIK AT A GLANCE



The Sandvik Group is one of Sweden's largest exporting enterprises and is active all over the world through 160 companies in 50 countries. The Group has 26,000 employees and turns over more than SEK 17bn. a year.

Since its foundation in 1862, Sandvik has developed from a provincial Swedish steelworks into a diversified materials-technology enterprise with a strongly international structure. Two factors that have done much to promote this development are ceaseless product renewal, featuring ever more advanced technology, and a purposeful commitment to international marketing in close contact with customers throughout the world.

A WORLD LEADER

Sandvik is the world's largest manufacturer of cemented-carbide products. These are in the main of three kinds: tools for chipforming metalworking, rockdrilling

tools, and wear parts and unmachined cemented-carbide blanks. Sandvik is also a leading producer of tubes, strip, wire and bar in stainless and high-alloy special steels, saws and other tools, and conveyor and process systems.

The Group's operations comprise six separate business areas: Sandvik Coromant, Sandvik Rock Tools, Sandvik Hard Materials, Sandvik Steel, Sandvik Saws and Tools, and Sandvik Process Systems.

LARGE-SCALE R&D ACTIVITIES

More than 90% of the sales volume is generated outside Sweden. With local production backed by efficient warehousing, distribution and technical service, Sandvik can give its customers the on-the-spot service they demand.

The Sandvik Group is heavily committed to research. Year by year it ploughs back more than 4% of its aggregate turnover into research and the development of new products and production methods.

CEMENTED-CARBIDE OPERATIONS



Sandvik is the world's leading manufacturer of cemented-carbide products. Its operations in this field account for half of the Group's turnover and are organized into three business areas together with the Seco Tools Group.

| | 1991 | 1990 |
|---|--------|--------|
| Invoiced sales, external, SEK m. | 9,011 | 9,546 |
| Result after depreciation inclusive of associated companies, SEK m. | 1,181 | 1,584 |
| Capital expenditures, SEK m. | 545 | 686 |
| Number of employees, 31 Dec. | 12,863 | 13,754 |

The three business areas are: Sandvik Coromant, which makes metalworking tools, Sandvik Rock Tools, specializing in rockdrilling tools, and Sandvik Hard Materials, which among other things makes engineering components. Also included is the autonomous and listed company group- ing Seco Tools.

In contrast to steel for example, cemented carbide is a powder-metallurgical product, extremely hard and nevertheless tough. The starting stock from which it is made is a carefully formulated powder consisting of wear-resistant carbides with a tough metal as a binder.

The powder is compacted under great pressure, sometimes to highly complicated shapes and close tolerances. During the subsequent sintering, which is carried out at around 1,500°C, the compact shrinks in volume by about 50% and takes on its unique combination of hardness and toughness.

STILL STRONGER

Carbide can be made still stronger by giving the surface a thin coating of a ceramic-like material. Inserts for metal- working are often coated in this way.

As a complement to its carbide, Sandvik has considerable resources for the development and manufacture of products in other hard materials, e.g. ceramics.

SANDVIK COROMANT

Sandvik Coromant is the world's biggest and foremost supplier of cemented-carbide tools for metalworking. Its offerings include complete systems and tooling arrangements for turning, milling and drilling.



| | 1991 | 1990 |
|----------------------------------|-------|-------|
| Invoiced sales, external, SEK m. | 4,884 | 5,265 |
| Capital expenditures, SEK m. | 332 | 368 |
| Number of employees, 31 Dec. | 6,931 | 7,153 |

The results are included in those of the Cemented-Carbide Operations on p. 7.

The deterioration in the business climate that made itself felt during the second half of 1990 was accentuated in 1991. Within several important categories of customers the demand was considerably slacker than the industry average. This was true, for example, of the automotive industry and its subcontractors, and also among machine-tool makers. Overall, invoiced sales were down by 7%. In volume terms, the decline was about 10%.

Among our major markets, the sales trend was comparatively good over the greater part of the year in Japan and Germany. There too, however, there was a marked slackening during the last quarter. In the rest of Europe the pattern was likewise one of declining volume. In the U.S., Coromant was able to maintain its sales at about the same level as in 1990 despite market weakness, which probably indicated that our market share was continuing its growth. Business in Brazil remained weak, whereas Argentina and Mexico showed some increase in sales.

The overall fall-off in sales was accompanied by a deterioration in results as compared with 1990. Despite this, the return on investment exceeded by a comfortable margin the Group's minimum requirement of 20%.

NEW PRODUCTS

The rapid pace at which new products were being introduced continued unabated during 1991. A comprehensive range of milling products was brought out,

addressed particularly to manufacturers of pressing and forging tools, a group of customers who represent an interesting growth area. We can now offer an impressive programme developed to meet the special requirements of these customers as to flexible tools capable of high stock removal. The milling tools offer alternative mountings and are very robustly built. The available grades of inserts make it possible to machine various types of material efficiently - all the way from cast-iron to stainless and heat-resistant steels.

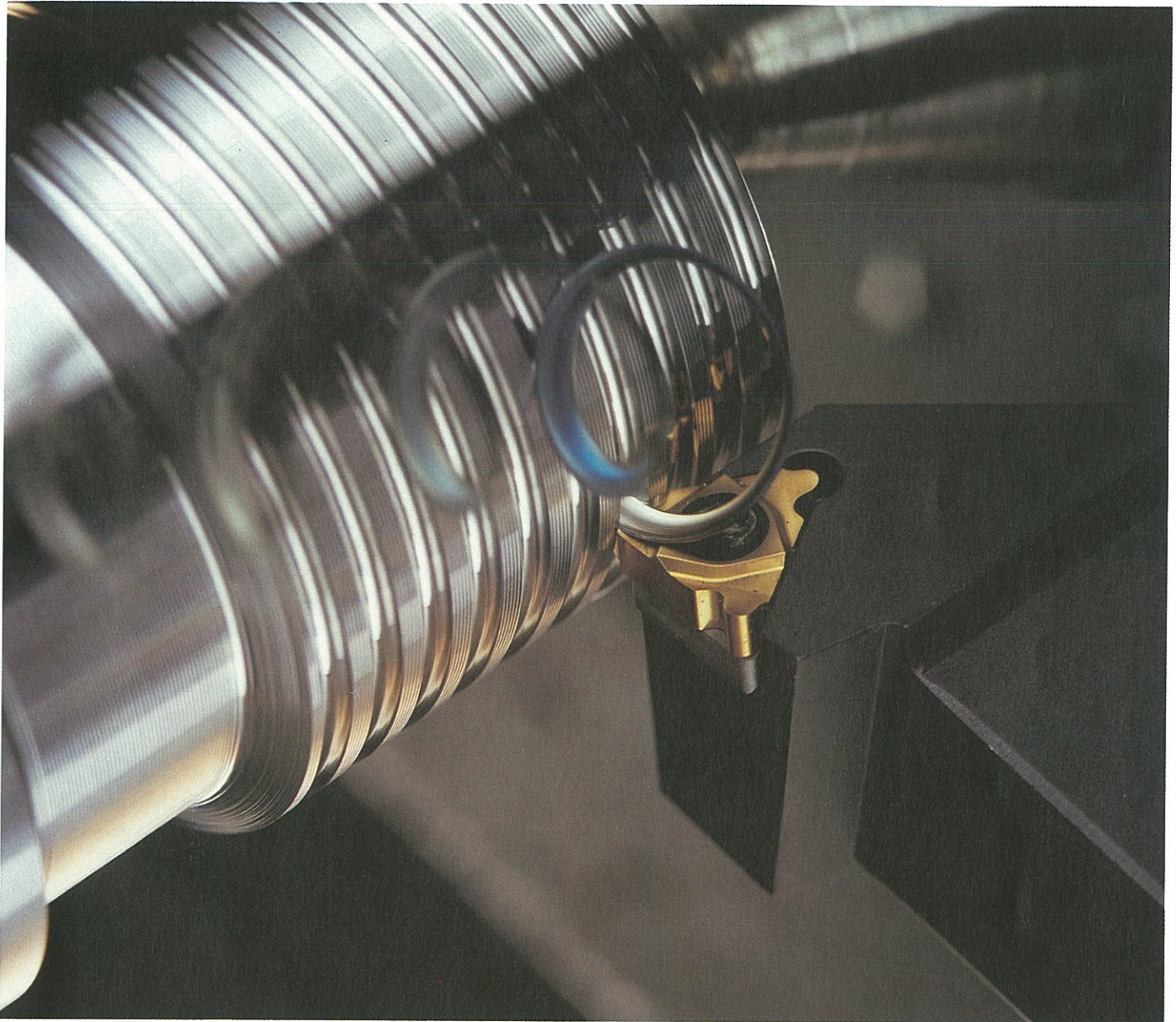
We are also strengthening our position in the milling area with a new family of inserts, which are designed to give a very easy cut and to tolerate low power ratings. With these inserts we can accommodate the numerous customers who are still working on smaller machines with low power, high speeds and frequently unsteady workpieces.

Additions within existing areas are a highly significant element in our product regeneration. One example of this is Coromant U-Lock, a threadcutting system that has been on the market for a number of years and which, owing to a policy of consistent expansion, still represents the height of modernity in cutting technology. In its current form it covers practically all thread shapes and pitches and offers ample scope for special arrangements.

A new coated carbide of all-round character, GC 1020, has helped to consolidate our position of leadership in this area. It greatly reduces costs in threadcutting operations by giving a big boost to productivity and by extending service life - often several times over.

THE PROSPECTS FOR 1992

We do not expect to see any improvement in the business climate before the end of 1992 at the earliest. Some fall-off in results is probable if the recession continues to worsen.



Coromant's new threading tool represents the peak of modernity in cutting technology.



*Management team:
L. to r. Clas Åke
Hedström (President),
Rune Nyberg, Sven
Blomberg, Leif
Sunnermalm (Exec.
V.P.), Mats Carlerös
(Exec. V.P.), Lars
Pettersson (Exec. V.P.).*

SANDVIK ROCK TOOLS

Sandvik Rock Tools is one of the world's leading enterprises in the area of rockdrilling tools for mining and civil engineering. Its products cover all drilling methods, e.g. percussive drilling and rotary crushing drilling. It also markets an impressive range of tools for milling and planing earth and rock in such operations as coalmining and road maintenance.



| | 1991 | 1990 |
|----------------------------------|-------|-------|
| Invoiced sales, external, SEK m. | 1,579 | 1,491 |
| Capital expenditures, SEK m. | 72 | 91 |
| Number of employees, 31 Dec. | 1,894 | 2,126 |

The results are included in those of the Cemented-Carbide Operations on p. 7.

The past year was characterized by ongoing recession in mining and civil engineering, two industries of importance to Sandvik Rock Tools. This led to the temporary or permanent closure of certain mines, to production cutbacks at others, and to a substantial lowering of the rate at which new mines or levels are being opened up. In the civil-engineering industry, starts on a number of major projects have been postponed.

The invoiced sales of Sandvik Rock Tools during 1991 were by and large on a par with those of 1990, which can probably be taken to indicate a slight increase in market shares and a further strengthening of our market position. The stabilization of the price level that was discernible at the end of 1990 was put onto a still firmer footing in 1991. Even if some price increases were put through, the average level remains unduly low. Despite the pressure on sales and prices the company achieved some improvements in results. The return on investment was far from satisfactory.

The work of rationalization on which we began in 1990 has continued, and has yielded further productivity improvements both in manufacture and in administration. Its main thrust has been in the parent organization, i.e. at the units in Sandviken and Köping. Among other things it resulted in sizable personnel reductions in Sweden, totalling 137. Manufacturing outside Sweden will be concentrated to fewer units in the course of 1992.

PRODUCT DEVELOPMENT

Our product development continued at the same high rate. We are now marketing a new generation of our unique DP carbide, with substantially improved performance. It is employed in bits for overburden drilling which were launched during the year under review. The conventional carbide has likewise undergone further development, and the resulting new MP grade is now on offer in all Sandvik bit sizes.

Over many years we have built up a unique body of competence in the area of rockdrilling mechanics. This know-how has resulted in an entirely new generation of down-the-hole hammers, the XL series, which we introduced onto the market during 1991. We have exploited the same technology in developing exceptionally large hammers, capable of drilling holes up to a metre in diameter. In the course of the year we also launched a new product programme for overburden drilling in the Tubex series.

THE PROSPECTS FOR 1992

The current demand weakness looks like persisting unchanged during the year ahead. Not until some time in 1993 can we expect a recovery on any more significant scale. For Sandvik Rock Tools, therefore, the changes in volume are likely to be small. Even so, we are counting on a continued and lasting improvement in results as a consequence of completed and ongoing rationalization and restructuring measures.



A big Sandvik Mission down-the-hole hammer is being used to drill very-large-diameter holes in the building of a highway outside Baltimore in the U.S.



Management team: L. to r. Olle Bengtsson, Lars-Anders Nordqvist (President), Hans Mårtensson, Göran Wijk, Lars Liljeblad, Sigvard Björk, Ingvar Svårdh, Sven-Olof Björktorp. Missing from the picture: Anders Hägglund.

SANDVIK HARD MATERIALS

Sandvik Hard Materials is active in every part of its field, from cemented carbide to industrial ceramics. The business area makes and markets unmachined carbide blanks, complicated wear parts and carbide hot-rolls.



| | 1991 | 1990 |
|----------------------------------|-------|-------|
| Invoiced sales, external, SEK m. | 655 | 722 |
| Capital expenditures, SEK m. | 65 | 39 |
| Number of employees, 31 Dec. | 1,183 | 1,382 |

The results are included in those of the Cemented-Carbide Operations on p. 7.

The cyclical weakness of 1990 persisted and intensified on most of Sandvik Hard Materials' markets in the year under review. An exception was South-East Asia, where demand remained good. The growth of business in Taiwan was especially positive, which is gratifying in the light of the fact that we acquired a wear-part undertaking there as recently as 1988.

The unexpectedly severe cyclical downturn had the effect of reducing our invoiced sales by 9%. All product areas were affected except hot-rolls, where sales continued to increase. Cast-in-carbide (CIC) rolls also did well, nearly doubling their sales volume. Return on investment declined, and the company was unable to reach the Group target of 20%.

MARKETS AND COMPETITION

Receding demand has naturally had its effects on our competitors as well. Several of them are showing clear signs of distress, and some, particularly in Europe, have been put up for sale. The probability is that this restructuring of the industry will continue during 1992.

In the course of the year we increased our stake in the Spanish carbide firm of Bonastre S.A. from 10% to 50%, with an option to take over the whole company in due course. Bonastre is not included in the figures given above for Sandvik Hard Materials, but as an associated company it is included in the results. On 1 February 1992 we acquired

the wear-part operation of Carboloy, Inc., of Detroit, which means that we now have a producing unit of our own in the important North American market.

RATIONALIZATION MEASURES

Over the past two years we have reduced the number of our employees by more than 20%. The decline in volume has been fully made up by measures of rationalization, and we have been able by and large to maintain productivity despite falling volume. This has put us into a stronger competitive position from which to face the cyclical upturn when it comes. Further reductions in personnel strength are scheduled for 1992.

NEW PRODUCTS

We have found new fields of application for our CIC rolls, thereby enlarging our market. For twist drills we have developed a new type of homogeneous carbide rod with internal helical cooling ducts. Our French company has designed technically advanced tools for the rotary cutting of such items as coffee filters and sanitary products. These special tools are credited with great market potential.

The acquisition of Carboloy's wear-part business has brought us a complete range of carbide balls, among them small ones for ball-point pens. We intend to market these balls worldwide.

PROSPECTS FOR 1992

We do not expect to see any definite upturn in economic and industrial activities within our market areas before the beginning of 1993.

Despite this, we have hopes of being able to strengthen our market position during 1992 and of achieving an improved result by means of continued rationalization.



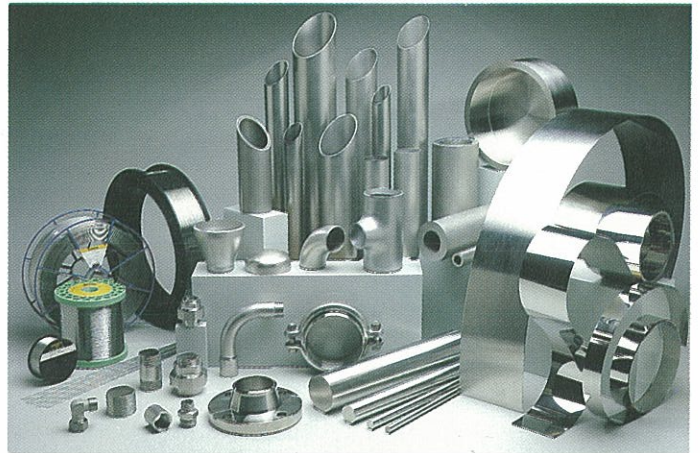
The partly owned Spanish carbide company Bonastre S.A. develops tools and wear parts with the aid of modern computer technology.



Management team: L. to r. Jöran Bimer, Lars Wahlqvist (President), Roland Setterberg.

SANDVIK STEEL

Sandvik Steel is one of the world's leading manufacturers of tubes, strip, wire and bar for users with exacting requirements as to economy and safety. The products are made in stainless and high-alloy steels and in titanium, nickel and zirconium alloys.



| | 1991 | 1990 |
|---|-------|-------|
| Invoiced sales, external, SEK m. | 5,570 | 5,973 |
| Result after depreciation inclusive of associated companies, SEK m. | 279 | 483 |
| Capital expenditures, SEK m. | 282 | 278 |
| Number of employees, 31 Dec. | 6,056 | 6,549 |

Demand for Sandvik Steel's products fell off markedly during 1991. This was particularly true of the tubular products, which are dependent on industrial investments. The more consumer-oriented products in the strip-and-wire field showed a steadier demand curve. The market in Europe gradually weakened during the year, whereas it developed along positive lines in Asia and Latin America. In the U.S., the volume of invoiced sales remained unchanged. In aggregate, invoiced sales turned down by 7%.

The rate of production was lowered during the second half of the year and personnel strength was successively reduced by natural attrition and early retirement. It proved possible to improve productivity while at the same time running down inventories.

Earnings showed a decline, mainly in consequence of falling prices. The return on investment worked out at 7%. The cash flow was notably positive.

HIGH RATE OF INVESTMENT

Our investments were maintained at a high level. In Sandviken, a new peeling lathe for heavy-gauge bar stock and tube hollows was completed. A new automated line for drill-steel blanks was commissioned.

We installed another pilger mill, of our own design, for rolling canning tubes.

Outside Sweden, we expanded the capacity for manufacturing light-gauge stainless tubes in Arnprior, Canada, and Scranton, U.S.A. In Australia, a modern distribution centre for stainless products, with cutting, straightening and shearing equipment for two-metre-wide strip, was brought into operation.

NEW PRODUCTS

In the course of 1991 a large order was received for 700,000 metres of tubes in the newly developed steel SAF 2507, for delivery to the Statfjord Satellite Fields in the North Sea. This steel has a unique combination of good corrosion characteristics and high strength. The tubes are to be used for service lines to installations on the seabed.

We launched a series of stainless steels with enhanced machinability under the name Sanmac, and the market gave them a very good reception. The work of developing them was conducted in collaboration with Coromant.

PROSPECTS FOR 1992

The ongoing recession has not yet bottomed out, and we do not expect any worthwhile upturn during 1992. Since we foresee a long-term growth in demand for most of our products, Sandvik Steel should enter upon a new period of growth about the beginning of 1993.

In view of the improved trend of costs and the more positive business climate that is now discernible in Sweden, and given the strong standing that Sandvik Steel enjoys in North America, it should be possible to raise our profitability again to the levels of return that we achieved in the years 1984-1990.



*A new bar-peeling machine has been installed in the billet-conditioning department at Sandviken.
It boosts productivity and raises the quality of bars and tube hollows.*



Management team: L. to r. Uno Blom, Åke Axelson, Gunnar Grünbaum, Henrik Widmark, Per Ericson, Gunnar Björklund (President), Lennart Ek, Bo Jonsson. Missing from the picture: Björn Sköld, Kenneth Josefsson, Jan-Eric Johansson.

SANDVIK SAWS AND TOOLS

Sandvik Saws and Tools is the world's largest manufacturer of saws and sawblades and makes a broad range of other tools for industry, the manual trades and gardening. It supplies the forest industry with such products as chains and guide bars for chain saws and processors.



| | 1991 | 1990 |
|---|--------|-------|
| Invoiced sales, external, SEK m. | 1,437 | 1,425 |
| Result after depreciation inclusive of associated companies, SEK m. | -16 | 91 |
| Capital expenditures, SEK m. | 355 | 63 |
| Number of employees, 31 Dec. | 3,585* | 1,755 |

* including the Bahco Tools Group

The past year was characterized by a difficult commercial climate and major changes within the company. The turnover, exclusive of company acquisitions, declined by 7%, owing in large measure to market weakness in English-speaking countries, and this led to a steep drop in results.

With few exceptions, most firms in our industry lost volume during 1991. However, we strengthened our position on the European market in respect of gardening tools. We probably picked up market shares in those countries of Europe that were hardest hit by the recession.

THE WORK OF CHANGE

In our five Swedish plants we mounted a vigorous drive towards increased productivity and shorter lead times in production. We have introduced new forms of work, known as product workshops and working teams, with good results for the firm and the employees alike. Similar changes are on the way at our factories in the U.S. and Portugal.

During 1991 we began implementing an entirely new distribution system for Western Europe. Stockholding is to be concentrated from seventeen to two warehousing points. A new on-line computer system will reduce costs and improve delivery service.

Our product centre for metalcutting saws in Lidköping has put through a major capital programme including a new plant for the manufacture of bimetallic sawblades, a partly automated production department making hacksaw blades and a new environment-friendly hardening technique.

COMPANY ACQUISITIONS

In March the company acquired Milford Products, Inc., of the U.S. With a turnover of about SEK 150m. and some 250 employees, this firm has metalcutting bandsaw blades as its main product. Milford's business was integrated during the year into the Saws and Tools organization. Our five plants making metalcutting bands were concentrated to three. The restructuring of Milford is due to be concluded in 1992.

In October we signed an agreement whereby we were to take over the Bahco Tools Group, including Bahco Sudamericana, by the New Year of 1992. Bahco, which encountered severe profitability problems in 1991, turned over about SEK 700m. and had about 1,700 employees. There is great potential for rationalization in Bahco's production, logistics and administration. Considerable gains stand to be made from co-ordination between Sandvik and Bahco in the areas of sales and distribution.

PROSPECTS FOR 1992

Exclusive of Bahco, and even though no change in sales volume is foreseen, the business area's results will improve substantially by reason of rationalization measures and inventory rundowns that were put through during the past year. In consequence of residual problems at Bahco, however, our aggregate earnings will be about the same as they were in 1991.



At Sandvik's product centre for metalcutting saws in Lidköping, bimetallic blades are welded under vacuum by an electron beam.



Management team: L. to r. Anders Ågren, Göran Gezelius (President).

SANDVIK PROCESS SYSTEMS

Sandvik Process Systems produces and markets process plants, complete units for automatic parcel sorting, and process plants for the chemical and food industries. For the most part these installations are based on steel conveyor belts, which are also sold separately.



| | 1991 | 1990 |
|-----------------------------------|-------|-------|
| Invoiced sales, external, SEK m. | 1,290 | 1,065 |
| Result after depreciation, SEK m. | 166 | 199 |
| Capital expenditures, SEK m. | 96 | 82 |
| Number of employees, 31 Dec. | 747 | 633 |

The expansion of Process Systems continued during 1991, even though the investment climate in all major markets had already begun to deteriorate by mid-year and the sales situation in the former state-trading countries was highly anomalous. The return on investment was well above the Group target of 20%.

STEEL BELTS

A wide-ranging investment programme to improve quality and shorten delivery times was concluded during the year. Together with the introduction of two new belt grades, this put us into a position to defend our high market shares.

SORTING SYSTEMS

Expansion in this area continued, and our position in North America was reinforced by the acquisition of Seamco, Inc., of the U.S. The first order for an airport baggage-handling system opens up a new market segment. In Europe, our standing in the German market was strengthened by a number of major projects. Our expansion in Japan proceeded apace, although it could have been still more vigorous but for the shortage of technicians.

PROCESS PLANTS: CHEMICALS

Growth during the year was very rapid, with high capacity utilization in consequence. However, the investment climate took a turn for the worse on all important markets as early as June-July. To counter this development we concentrated our exertions on new market segments. This led to considerable progress in pastillizing, continuous crystallization and dragée production, which will strengthen our competitiveness in the current recession.

PROCESS PLANTS: FOOD

The order intake has suffered from the course of events in Eastern Europe and the former Soviet Union. To a certain extent, however, we were able to offset the downturn there by increasing sales in the Far East and South-East Asia, and we are expecting a further improvement during 1992.

Demand for the services of our test centre in Italy remained high, and this led to a number of interesting new fields of application. A new family of continuous food-dehydration plants has been launched.

PROSPECTS FOR 1992

The vigorous expansion of recent years is due for a check in 1992. Our organization is being overhauled and adjusted to meet this situation. However, the work of developing products and applications is continuing unabated with the aim of strengthening and broadening our market position. The results are expected to continue at the same high level as before.



Demand for Sandvik's automated sorting systems continued very strong during the past year.



Management team: L. to r. Herbert Würmseher, Rolf Hemlin, Håkan Olofsson (President), Pier Giorgio Bottacin, Erhard Milewski.

REPORT OF THE DIRECTORS

1. MARKET SITUATION AND SALES

| | 1991 | 1990 | Change % |
|------------------------|--------|--------|----------|
| Order intake, SEK m. | 17,375 | 18,126 | -4 |
| Invoiced sales, SEK m. | 17,558 | 18,256 | -4 |

The business barometer fell heavily in the autumn of 1990, remained low in the aftermath, then went still lower in the autumn of 1991. Gross national product in the OECD area rose by 1.1%, as against 2.2% in the preceding year. The main reason why it rose at all was that growth in Japan and Germany was high in the early part of 1991; not until late in the year did it lose momentum in the former and turn down in the latter.

Inflation in the OECD area showed a slight decline to 5% during the year. Interest on government bonds also eased a little but was 4-5% above the inflation rate, so that real interest in this area was high.

The dollar and yen rates averaged respectively 2% and 10% higher in 1991 than in the previous year, while rates for the European currencies were unchanged. Towards the end of the year the raising of Swedish interest rates served to strengthen the krona against most other currencies, an effect that was accentuated by the sharp decline of the dollar in December.

The intake of orders for Sandvik products fell by 5%, after making allowance for newly acquired companies. Most markets in Europe were showing a trend towards weakness even at the beginning of the year. The exception was Germany, where demand remained high through to the late autumn of 1991. The shortage of hard currency in many of the former state-trading countries resulted in lower sales. Demand in North America was substantially the same as in the previous year. No increase was discernible.

Improvements in the economies of certain Latin American states, such as Argentina, Mexico, Chile and Venezuela, fed through in the form of a sales increase. In Brazil, by contrast, the efforts of the authorities to reduce inflation led to a setback in the economy, which meant low capacity utilization at Sandvik's facilities in that country.

Demand in Japan was very high for the greater part of the year but dipped in the autumn, except in the case of Sandvik Process Systems. In Australia and New Zealand the recession persisted, with a low intake of orders for the Group's products.

Invoiced sales by product and market area:

| | 1991 | | 1990 | | Change % |
|---------------------------|--------|-----|--------|-----|----------|
| | SEK m. | % | SEK m. | % | |
| Cemented Carbide | 9,011 | 52 | 9,546 | 52 | -6 |
| Steel | 5,570 | 32 | 5,973 | 33 | -7 |
| Saws and Tools | 1,437 | 8 | 1,425 | 8 | +1 |
| Process Systems | 1,290 | 7 | 1,065 | 6 | +21 |
| Group conjoint activities | 250 | 1 | 247 | 1 | - |
| Group totals | 17,558 | 100 | 18,256 | 100 | -4 |

| | 1991 | | 1990 | | Change % |
|----------------------------|--------|-----|--------|-----|----------|
| | SEK m. | % | SEK m. | % | |
| Sweden | 1,138 | 6 | 1,343 | 7 | -15 |
| EC | 7,639 | 44 | 8,200 | 45 | -7 |
| Rest of Europe | 1,296 | 7 | 1,527 | 8 | -15 |
| Totals, all Europe | 10,073 | 57 | 11,070 | 60 | -9 |
| North America | 3,147 | 18 | 3,035 | 17 | +4 |
| Latin America | 767 | 4 | 886 | 5 | -13 |
| Africa, Asia and Australia | 3,571 | 21 | 3,265 | 18 | +9 |
| Group totals | 17,558 | 100 | 18,256 | 100 | -4 |

Invoiced sales in the ten largest markets, SEK m.:

| | 1991 | 1990 | Change % |
|----------------|-------|-------|----------|
| United States | 2,693 | 2,627 | +3 |
| Germany | 2,514 | 2,576 | -2 |
| France | 1,535 | 1,707 | -10 |
| Japan | 1,305 | 1,034 | +26 |
| Italy | 1,207 | 1,255 | -4 |
| Sweden | 1,138 | 1,343 | -15 |
| United Kingdom | 1,050 | 1,249 | -16 |
| Australia | 688 | 704 | -2 |
| Canada | 454 | 408 | +11 |
| Spain | 383 | 447 | -14 |

2. COMPANY ACQUISITIONS, STRUCTURAL CHANGES AND CO-OPERATION AGREEMENTS

At the beginning of 1991, under an agreement reached in the autumn of 1990, Sandvik AB acquired 19.9% of the shares of Tamrock Oy, Finland. The year's results were unsatisfactory. The company has been restructured and the personnel strength has been reduced by a third.

In April, Sandvik and Diamant Boart sold their shares in their joint venture Diamant Boart Stratabit to Baroid Corporation, Houston, Texas. The company was 50% owned by the Sandvik Group and was not consolidated.

In March, Sandvik Saws and Tools completed the purchase of Milford Products Corp., Connecticut, U.S.A., that was announced last year. In connection therewith, the business area did some restructuring and rationalization in the U.S. and Britain on its manufacturing and selling of products for metal bandsawing. Milford brought the Group about SEK 150m. in annual invoiced sales and some 250 employees.

In May, Sandvik Process Systems bought the entire capital stock of Seamco Inc., Kentucky, U.S.A., which has an annual turnover of SEK 150m. and 150 employees. The firm manufactures conveyors and contributes to the expansion of Sandvik Process Systems in the area of automatic sorting installations in the U.S.

Also in May, acting through its German subsidiary company Sandvik Kosta, Sandvik Coromant took over parts of Schmalkaldener Werkzeug GmbH, in Thuringia, from

Treuhand AG. The firm has about 80 employees and produces special tools.

In June, Sandvik International linked with Minsk Tool Plant to form a joint-venture undertaking, Sandvik Bisov, for the production of bimetallic sawblades in Minsk, Belarus. The plant employs about 70 people.

In September, Sandvik Hard Materials increased from 10% to 50% its ownership stake in the Spanish carbide manufacturer Bonastre S.A., Barcelona. Bonastre turns over about SEK 120m. and has some 330 employees. The agreement includes an option to buy the remaining 50% of the shares.

Sandvik Saws and Tools acquired the entire capital stock of AB Bahco Verktyg, together with its subsidiaries Belzer-Dowidat GmbH, Germany, Bahco Forge et Outillage S.A., France, and Lindström America, Inc., USA, and also the shares of Bahco Sudamericana S.A.C.I., Argentina. The Bahco Tools Group turns over about SEK 700m. and has some 1,700 employees. Title passed on 30 December 1991, so that the group's assets and liabilities and its equity capital were consolidated into the Sandvik Group for 1991 whereas its results were not.

During the year, Sandvik strengthened its organization in Eastern Europe, forming subsidiary companies out of former sales offices in Hungary, Czechoslovakia and Bulgaria.

The year 1991 was marked by internal restructuring, concentration of manufacture, and rationalization of the distribution and marketing for several business areas, mainly for Sandvik Rock Tools and Sandvik Saws and Tools.

In December, Sandvik accepted Industrivärden's public bid for the shares of Investment AB Bahco. Sandvik's holding represented 10% of the capital.

In the course of the year, Sandvik paid to the Swedish Staff Pension Society Insurance Company a sum of about SEK 400m. in settlement of the Parent Company's and its subordinate companies' pension debt according to the Pension Registration Institute in respect of paid-up policyholders and old-age pensioners.

In February 1992, Sandvik exercised its option to buy further shares in Programator and thereafter accepted Cap Gemini Sogeti's offer for the entire shareholding.

3. RESULTS AND RETURNS

| | 1991 | 1990 |
|--|--------------|-------|
| Operating profit after depreciation, SEK m. | 1,609 | 2,318 |
| and as a percentage of invoiced sales | 9.2 | 12.7 |
| Profit after financial earnings and expenses, SEK m. | 1,922 | 2,693 |
| and as a percentage of invoiced sales | 10.9 | 14.8 |
| Return on investment, % | 13.1 | 17.6 |
| Return on equity capital after tax, % | 12.4 | 18.0 |
| Earnings per share, SEK | 26:80 | 34:70 |

For definitions, see p. 30.

Quarterly changes can be seen from the following table, in which profit is shown after financial earnings and expenses and the net margin is the profit as a percentage of invoiced sales.

| | Invoiced sales SEK m. | Profit SEK m. | Net margin % |
|--------------------------|--------------------------|------------------|-----------------|
| 1990: 1st quarter | 4,781 | 754 | 16 |
| 2nd quarter | 4,599 | 714 | 16 |
| 3rd quarter | 4,263 | 640 | 15 |
| 4th quarter | 4,613 | 585 | 13 |
| 1991: 1st quarter | 4,360 | 562 | 13 |
| 2nd quarter | 4,463 | 471 | 11 |
| 3rd quarter | 4,277 | 455 | 11 |
| 4th quarter | 4,458 | 434 | 10 |

The non-recurring earnings and expenses amounted to a deficit of SEK 139m. (against 149 on the positive side in 1990). This figure includes a gain on the sale of Diamant Boart Stratabit and a loss upon the valuation of the shares of Investment AB Bahco at the accepted purchase price.

The profit after non-recurring earnings and expenses came to SEK 1,676m. (2,711).

The 1991 earnings per share after estimated full tax came to SEK 26:80 (34:70). Taking non-recurring earnings and expenses into account would reduce the figure to SEK 25:00 (37:25). The average tax rate for the Group in 1991, calculated from theoretical premisses, was 19% (25% in 1990). The earnings per share after tax payable worked out at SEK 28:00 (36:85). ("Tax payable" means the tax accruing during the income year.)

Accrued tax amounted to SEK 290m. (589), which was equivalent to 17% (22) of the profit after non-recurring earnings and expenses.

The latent tax charge includes tax debts in untaxed reserves together with tax postponed in consequence of participation in the net deficits of partly owned limited partnerships. It is reported separately and amounted to SEK 2,234m. (1,978).

By product area, profits after depreciation and including associated companies came to, SEK m.:

| | 1991 | 1990 | Change |
|---------------------------|--------------|-------|--------|
| Cemented Carbide | 1,181 | 1,584 | -403 |
| Steel | 279 | 483 | -204 |
| Saws and Tools | -16 | 91 | -107 |
| Process Systems | 166 | 199 | -33 |
| Group conjoint activities | -37 | -19 | -18 |
| Group totals | 1,573 | 2,338 | -765 |

The term "Group conjoint activities" refers to holding and service functions. Also reported under this heading are the costs of restructuring within the business areas Sandvik Rock Tools and Sandvik Saws and Tools.

4. FINANCE

| | 1991 | 1990 |
|--|--------|--------|
| Cash flow, SEK m. | 824 | 1,486 |
| Liquid assets, 31 Dec., SEK m. | 4,814 | 5,251 |
| Loans, 31 Dec., SEK m. | 2,790 | 3,380 |
| Net interest, SEK m. | 328 | 218 |
| Net financial items incl. exchange differences, SEK m. | 349 | 355 |
| Solidity, % | 56 | 54 |
| Debt-equity ratio | 0.3 | 0.4 |
| Equity capital after recommended dividend, SEK m. | 12,048 | 11,465 |
| Equity capital per share after recommended dividend, SEK | 221:20 | 210:60 |

For definitions, see p. 30.

Net financing by operations amounted to SEK 2,337m. (2,818). The cash flow came to SEK 824m. (1,486).

Net interest amounted to SEK 328m. It was charged with a reserve for the outstanding balance, SEK 37m., of a note-secured claim on Finansor Holding AB.

During 1991 Sandvik made use of exchange hedges to protect its net assets at all major subsidiary companies located in countries that have not linked their currency to the ECU.

Conversions of the 1985 convertible loan addressed to employees increased the number of shares outstanding by 34,435, bringing the total to 54,470,960 at year-end. This raised the equity capital by SEK 2.7m., of which SEK 0.9m. was share capital and SEK 1.8m. was in the statutory capital reserve.

A proposal to de-restrict all the restricted shares of Sandvik AB is to be put before the Shareholders in General Meeting on 22 May 1992.

5. CAPITAL EXPENDITURES

| | 1991 | 1990 |
|---|-------|-------|
| Investments in facilities, SEK m. | 1,021 | 1,161 |
| and as a percentage of invoiced sales | 5.8 | 6.4 |
| Company acquisitions, SEK m. | 358 | 28 |
| Share purchases, SEK m. | 381 | 475 |
| Investments in leasing activities, SEK m. | 1 | 51 |
| Total investments, SEK m. | 1,761 | 1,715 |
| and as a percentage of invoiced sales | 10.0 | 9.4 |

Capital expenditures within Sweden amounted to SEK 557m. (1,094), of which SEK 502m. (974) was spent at the Parent Company, including its subordinate companies.

6. RESEARCH, DEVELOPMENT AND QUALITY ASSURANCE

Despite the business slowdown, Sandvik allocated the same resources as before to research and development. New carbide and steel grades have called for fundamental materials research and the development of processes in which the new materials are worked.

The quality-assurance systems are the subject of continuous development. To earlier certificates from the American Society of Mechanical Engineers (ASME), Sandvik Steel in Sandviken has added a new approval from the British Standards Institution (BSI), this time in accordance with the new standard ISO 9001, which also embraces product development. Other manufacturing and selling companies within the Group were likewise certified by third parties during 1991.

The Group's outlays for research, development and quality assurance rose in 1991 by 6% to SEK 930m. (877), which was equivalent to 5.3% (4.8) of invoiced sales.

7. PERSONNEL

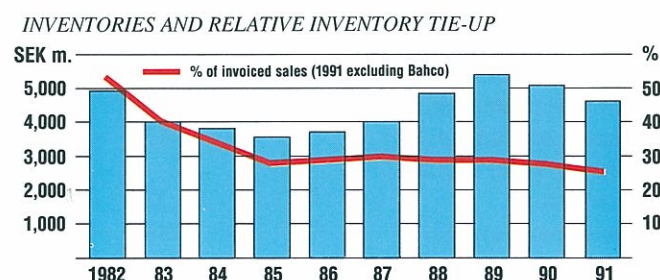
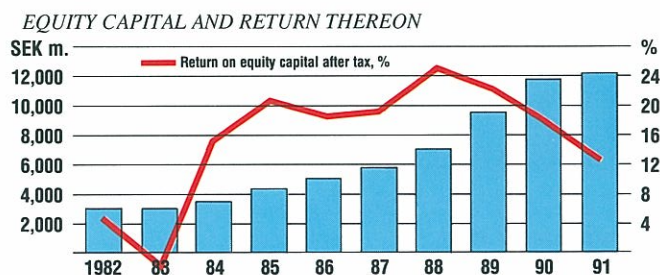
| | 1991 | 1990 |
|--------------------------------|--------|--------|
| Number of employees on 31 Dec. | 26,237 | 25,781 |
| Average number of employees | | |
| Women | 4,930 | 5,145 |
| Men | 20,385 | 21,228 |
| Totals | 25,315 | 26,373 |

The year's take-overs increased the number of Group employees by 2,277, the main factor therein being the acquisition of the Bahco Tools Group on 30 December. On the basis of comparable activities the number of people employed decreased by 1,821 (as compared with a decrease of 1,132 in 1990).

The biggest reductions took place at the facilities in Sweden, Britain, the U.S. and Brazil.

The number of people employed by the Parent Company and its subordinate companies as of 31 Dec. 1991 was 8,369 (8,946). Group employees in Sweden as of the same date numbered 9,869 (10,288). The numbers of employees per business area will be found in the reviews of the individual business areas on pp. 7-19.

Data on the personnel costs and on the average number of employees in Sweden and abroad will be found on p. 37.



CONSOLIDATED INCOME STATEMENT

| | 1991 | 1990 |
|--|--------------|--------------|
| Amounts in SEK million | | |
| Invoiced sales Note 2 | 17,558 | 18,256 |
| Costs of production, selling and administration Note 3 | -15,125 | -15,157 |
| Provision for employee bonus | - | -12 |
| OPERATING PROFIT BEFORE DEPRECIATION | <u>2,433</u> | <u>3,087</u> |
| Scheduled depreciation Note 4 | -824 | -769 |
| OPERATING PROFIT AFTER DEPRECIATION | <u>1,609</u> | <u>2,318</u> |
| Interest in profits of associated companies Note 7 | -36 | 20 |
| Dividend | 17 | - |
| Interest received Note 5 | 764 | 742 |
| Interest paid Note 5 | -436 | -524 |
| Exchange differences on loans Note 6 | 4 | 137 |
| PROFIT AFTER FINANCIAL EARNINGS AND EXPENSES | <u>1,922</u> | <u>2,693</u> |
| Minority interest Note 7 | -107 | -131 |
| Non-recurring earnings Note 8 | 94 | 223 |
| Non-recurring expenses Note 8 | -224 | -108 |
| Non-recurring items at associated companies | -9 | 34 |
| PROFIT AFTER NON-RECURRING EARNINGS AND EXPENSES | <u>1,676</u> | <u>2,711</u> |
| Accrued taxes | -290 | -589 |
| Estimated future taxes Note 22 | -222 | +263 |
| Participation in taxes of associated companies | 1 | -5 |
| CONSOLIDATED NET PROFIT | <u>1,165</u> | <u>2,380</u> |

CONSOLIDATED BALANCE SHEET

| ASSETS | 1991 | 1990 |
|--|---------------|---------------|
| Amounts in SEK million | | |
| CURRENT ASSETS | | |
| Cash and bank balances | 822 | 1,739 |
| Bonds and other short-term placements Note 9 | 3,992 | 3,512 |
| Bills receivable from customers | 545 | 520 |
| Other customer receivables | 2,941 | 2,998 |
| Prepaid expenses and accrued income | 369 | 292 |
| Other current receivables | 820 | 697 |
| Inventories | 4,923 | 5,046 |
| | 14,412 | 14,804 |
| | | |
| BLOCKED ACCOUNTS FOR FUND ALLOCATIONS Note 10 | 5 | 5 |
| | | |
| FIXED ASSETS | | |
| Shares and participations Note 11 | 1,014 | 833 |
| Equity interest in associated companies | 187 | 322 |
| Long-term receivables Note 12 | 253 | 301 |
| Goodwill and other intangible assets Note 13 | 140 | 90 |
| Construction in progress | 278 | 266 |
| Machinery and equipment Note 14 | 5,062 | 4,830 |
| Land and buildings Note 14 | 1,788 | 1,610 |
| | 8,722 | 8,252 |
| | | |
| TOTAL ASSETS | 23,139 | 23,061 |
| | | |
| Assets pledged Note 15 | 1,309 | 1,318 |

| LIABILITIES AND EQUITY CAPITAL | 1991 | 1990 |
|---|---------------|---------------|
| Amounts in SEK million | | |
| CURRENT LIABILITIES | | |
| Bills payable | 226 | 177 |
| Owed to suppliers | 866 | 1,040 |
| Tax debts | 276 | 383 |
| Accrued expenses and prepaid income | 1,460 | 1,337 |
| Short-term loans Note 17 | 1,211 | 1,472 |
| Other current liabilities Note 16 | 799 | 684 |
| | <u>4,838</u> | <u>5,093</u> |
| LONG-TERM LIABILITIES | | |
| Long-term loans Note 17 | 1,579 | 1,908 |
| Provision for pensions Note 18 | 1,236 | 1,410 |
| Latent tax charge Note 21 | 2,234 | 1,978 |
| Other long-term liabilities | 191 | 220 |
| | <u>5,240</u> | <u>5,516</u> |
| CONVERTIBLE BOND LOAN | 45 | 48 |
| MINORITY INTEREST IN EQUITY CAPITAL | 478 | 476 |
| EQUITY CAPITAL Note 23 | | |
| Restricted equity capital: | | |
| Share capital | 1,362 | 1,361 |
| Statutory capital reserves | 4,535 | 4,446 |
| | <u>5,897</u> | <u>5,807</u> |
| Unrestricted equity capital: | | |
| Unrestricted reserves | 5,479 | 3,741 |
| Translation difference | -3 | - |
| Consolidated net profit | 1,165 | 2,380 |
| | <u>6,641</u> | <u>6,121</u> |
| Total equity capital | 12,538 | 11,928 |
| TOTAL LIABILITIES AND EQUITY CAPITAL | 23,139 | 23,061 |
| Contingent liabilities Note 25 | 406 | 372 |

CONSOLIDATED FUNDS STATEMENT

| | 1991 | 1990 |
|---|---------------|---------------|
| Amounts in SEK million | | |
| INTERNAL FINANCING | | |
| Profit after financial earnings and expenses | 1,922 | 2,693 |
| Re-posting of undistributed interest in profits of associated companies | 41 | -17 |
| Re-posting of depreciation | 824 | 769 |
| Re-posting of unrealized exchange differences on loans | 13 | -18 |
| Non-recurring earnings and expenses | -135 | 109 |
| Re-posting of capital gain/loss on shares and facilities sold | 171 | -139 |
| Change on blocked accounts for fund allocations and compulsory account with Riksbank | 2 | 83 |
| Accrued taxes | -316 | -649 |
| Dividends | -489 | -432 |
| Total internal financing | <u>2,033</u> | <u>2,399</u> |
| CHANGE IN WORKING CAPITAL | | |
| Change in inventories | 562 | 356 |
| Change in current receivables | -66 | 174 |
| Change in non-interest-bearing operating liabilities | -192 | -111 |
| Total change in working capital | <u>304</u> | <u>419</u> |
| NET FINANCING FROM OPERATIONS | 2,337 | 2,818 |
| NET INVESTMENTS | | |
| Acquisition of companies and shares | -739 | -503 |
| Acquisition of fixed assets | -1,021 | -1,161 |
| Investments in leasing business | -1 | -51 |
| Sale of companies | 171 | 320 |
| Sale of fixed assets | 77 | 63 |
| Net investments | <u>-1,513</u> | <u>-1,332</u> |
| FINANCIAL SURPLUS (CASH FLOW) | 824 | 1,486 |
| EXTERNAL FINANCING | | |
| Equity capital: | | |
| Change by conversion of loan | 3 | 3 |
| Loans: | | |
| Change in short-term loans | -435 | -990 |
| Change in long-term loans | -376 | -370 |
| Change in convertible loan | -3 | -3 |
| Total loans | <u>-814</u> | <u>-1,363</u> |
| Other financing, net: | | |
| Change in long-term receivables | -48 | 5 |
| Change in pension liability | -264 | 160 |
| Change in other long-term liabilities | -29 | 24 |
| Total other financing, net | <u>-341</u> | <u>189</u> |
| NET EXTERNAL FINANCING | -1,152 | -1,171 |
| Translation differences, etc. | -109 | 40 |
| CHANGE IN LIQUID ASSETS | -437 | 355 |

THE PARENT COMPANY'S ACCOUNTS

INCOME STATEMENT (NOTE 1)

| Amounts in SEK million | 1991 | 1990 |
|---|---------------|--------|
| Invoiced sales Note 2 | 6,906 | 7,098 |
| Costs of production, selling and administration Note 3 | -6,211 | -6,280 |
| Provision for employee bonus | - | -12 |
| OPERATING PROFIT BEFORE DEPRECIATION | 695 | 806 |
| Scheduled depreciation Note 4 | -294 | -276 |
| OPERATING PROFIT AFTER DEPRECIATION | 401 | 530 |
| Financial items: | | |
| Dividends received from subsidiaries ... | 978 | 945 |
| Dividends received from other companies | 14 | 2 |
| Interest received from subsidiaries | 11 | 6 |
| Other interest received Note 5 | 143 | 252 |
| Interest paid to subsidiaries | -244 | -283 |
| Other interest paid Note 5 | -190 | -207 |
| Exchange differences on loans .. Note 6 | 4 | 146 |
| PROFIT AFTER FINANCIAL EARNINGS AND EXPENSES | 1,117 | 1,391 |
| Non-recurring earnings Note 8 | 6 | 386 |
| Non-recurring expenses Note 8 | -184 | -515 |
| PROFIT BEFORE APPROPRIATIONS AND TAXES | 939 | 1,262 |
| Appropriations: | | |
| Difference between book and scheduled depreciation Note 19 | 114 | -35 |
| Change in inventory reserve Note 20 | 945 | 28 |
| Change in investment reserve .. Note 20 | 44 | 418 |
| Change in transitional reserve for inventory reserve, etc. Note 20 | -900 | - |
| Change in exchange-rate reserve..... Note 20 | 75 | -75 |
| Change in internal-profit reserve..... Note 20 | 214 | 21 |
| Other appropriations Note 20 | 32 | 23 |
| Group contributions | -633 | -484 |
| PRE-TAX PROFIT | 830 | 1,158 |
| Accrued taxes | - | -62 |
| Estimated future taxes Note 22 | -14 | -20 |
| NET PROFIT | 816 | 1,076 |

FUNDS STATEMENT

| Amounts in SEK million | 1991 | 1990 |
|---|--------------|--------|
| INTERNAL FINANCING | | |
| Profit before appropriations and taxes ... | 939 | 1,262 |
| Re-posting of depreciation charges | 294 | 276 |
| Re-posting of unrealized exchange differences on long-term loans and receivables | 42 | -47 |
| Re-posting of capital gain/loss on shares and facilities sold | 190 | -289 |
| Change on blocked account for fund allocations and compulsory account with Riksbank | - | 49 |
| Accrued taxes | - | -62 |
| Dividends | -463 | -408 |
| Group contributions | -633 | -484 |
| Total internal financing | 369 | 297 |
| CHANGE IN WORKING CAPITAL | | |
| Change in inventories | 257 | 52 |
| Change in current receivables | 152 | -269 |
| Change in non-interest-bearing operating liabilities | 491 | -556 |
| Total change in working capital | 900 | -773 |
| Net financing from operations | 1,269 | -476 |
| NET INVESTMENTS | | |
| Acquisition of companies and shares | -364 | -444 |
| Acquisition of fixed assets | -403 | -530 |
| Change in Parent Company's long-term commitments to subsidiary companies .. | -88 | -128 |
| Sale of companies | 8 | 220 |
| Sale of fixed assets | 11 | 748 |
| Net investments | -836 | -134 |
| FINANCIAL SURPLUS (CASH FLOW) | 433 | -610 |
| EXTERNAL FINANCING | | |
| Equity capital: | | |
| Change by conversion of loan | 3 | 3 |
| Loans: | | |
| Change in short-term loans | -227 | -276 |
| Change in long-term loans | -225 | -264 |
| Change in convertible loan | -3 | -3 |
| Total loans | -455 | -543 |
| Other financing, net: | | |
| Change in long-term receivables | 14 | -90 |
| Change in pension liability | -270 | 110 |
| Change in long-term liabilities | -35 | -15 |
| Total other financing, net | -291 | 5 |
| TOTAL EXTERNAL FINANCING | -743 | -535 |
| CHANGE IN LIQUID ASSETS | -310 | -1,145 |

THE PARENT COMPANY'S ACCOUNTS

BALANCE SHEET (NOTE 1)

| Amounts in SEK million | 1991 | 1990 | | 1991 | 1990 |
|--|---------------|---------------|---|--------|-------|
| ASSETS | | | LIABILITIES AND EQUITY CAPITAL | | |
| CURRENT ASSETS | | | CURRENT LIABILITIES | | |
| Cash and bank balances | 15 | 91 | Owed to suppliers | 307 | 395 |
| Bonds and other short-term placements | 658 | 892 | Tax debts | 95 | 35 |
| Receivables from subsidiaries | 302 | 434 | Accrued expenses and prepaid income .. | 568 | 648 |
| Customer receivables | 412 | 438 | Short-term loans | 222 | 449 |
| Prepaid expenses and accrued income .. | 242 | 196 | Other current liabilities to subsidiaries | 2,450 | 1,854 |
| Other current receivables | 110 | 150 | Other current liabilities to others | 109 | 106 |
| Inventories | 2,003 | 2,260 | | 3,751 | 3,487 |
| | 3,742 | 4,461 | LONG-TERM LIABILITIES | | |
| FIXED ASSETS | | | Long-term loans | 71 | 257 |
| Shares and participations in subsidiaries | 4,203 | 4,077 | Provision for pensions | 813 | 1,083 |
| Shares and participations in other companies | 759 | 660 | Liabilities to subsidiaries | - | 5 |
| Receivables from subsidiaries | 392 | 335 | Latent tax charge | 150 | 136 |
| Other long-term receivables | 116 | 133 | Other long-term liabilities | 41 | 76 |
| Intangible assets | - | 9 | | 1,075 | 1,557 |
| Construction in progress | 118 | 175 | CONVERTIBLE | | |
| Machinery and equipment | 1,618 | 1,481 | BOND LOAN | 14 | 17 |
| Land and buildings | 299 | 305 | UNTAXED RESERVES | | |
| | 7,505 | 7,175 | Accumulated depreciation above schedule | 1,357 | 1,471 |
| TOTAL ASSETS | 11,247 | 11,636 | Inventory reserve | - | 945 |
| Assets pledged | 518 | 522 | Investment reserve | - | 44 |
| | | | Transitional reserve for inventory reserve, etc. | 900 | - |
| | | | Exchange-rate reserve | - | 75 |
| | | | Internal-profit reserve | - | 214 |
| | | | Other untaxed reserves | 19 | 51 |
| | | | | 2,276 | 2,800 |
| | | | EQUITY CAPITAL | | |
| | | | Note 23 | | |
| | | | Restricted equity capital: | | |
| | | | Share capital (54,470,960 shares of SEK 25 nominal) | | |
| | | | 1,362 | 1,361 | |
| | | | 276 | 274 | |
| | | | 1,638 | 1,635 | |
| | | | Unrestricted equity capital: | | |
| | | | 1,677 | 1,064 | |
| | | | 816 | 1,076 | |
| | | | 2,493 | 2,140 | |
| | | | 4,131 | 3,775 | |
| | | | TOTAL LIABILITIES AND EQUITY CAPITAL | | |
| | | | 11,247 | 11,636 | |
| | | | Contingent liabilities | | |
| | | | 429 | 496 | |

ACCOUNTING PRINCIPLES

GENERAL

In these Financial Statements, Sandvik observes in all essentials the guidelines promulgated by the IASC and, for internationally active enterprises, by the OECD.

The accounting principles applied by the Group have not been changed since the accounts of the previous fiscal year were closed.

CONSOLIDATED ACCOUNTING

The Consolidated Accounts cover the Parent Company and those companies in which it holds more than half the votes or otherwise exercises a controlling influence.

The Accounts are made up by the purchase method, which implies that the surpluses of subsidiaries are included in the Group's equity capital only insofar as they have accrued subsequent to the acquisition of the said subsidiaries.

The premium on the shares of acquired subsidiaries (the difference that arises because the price paid for them is greater than the acquired company's equity capital including a due proportion of untaxed reserves) is apportioned between fixed assets and goodwill. The premium on fixed assets is written off as described below under the heading "Fixed assets". Goodwill is written off by at least 10% a year.

A discount on the shares of acquired subsidiaries (the difference that arises because the price paid for them is less than the acquired company's equity capital including a due proportion of untaxed reserves), so-called badwill, is carried on the Balance Sheet as a liability and is extinguished according to a plan drawn up in each specific case.

The balance sheets and income statements of the foreign subsidiary companies are translated into Swedish kronor in accordance with IAS 21 (International Accounting Standard 21, Accounting for the Effects of Changes in Foreign Exchange Rates) and FAS 52 (Financial Accounting Standard No.52, Foreign Currency Translation).

For the majority of the foreign subsidiaries the local currency is the natural currency for their cash flows, and it is therefore treated as their "functional currency". The balance sheets of these companies are translated at the rate ruling on the dates when the accounts were closed, and the income statements at the year's average rate. The difference thereby arising between the net profit in the balance sheet and the net profit in the income statement is shown as a separate item under "Equity capital".

Those changes in the Group's equity capital that arise by reason of shifts in the closing-date exchange rates since the previous year, and also, after due allowance for the taxation effects, exchange gains and losses on the forward contracts that serve as currency hedges for the Group's net investments in foreign subsidiary companies, have been posted to "Equity capital". Sandvik has employed such hedges throughout 1991 for all major companies located in countries that have not linked their currencies to the ECU. For the majority of the foreign companies operating in high-inflation countries a translation into Swedish kronor was carried out by a method that measures the results largely in the same way as if their business had been carried on in

Sweden. This means, in essentials, that the operations of these enterprises are reported in Swedish kronor as translated by the so-called monetary/non-monetary method.

The translation differences thereby arising are carried in their entirety on the Income Statement. The financially related translation differences are included in financial earnings and expenses. The trading-related translation differences are included in the costs of production, selling and administration.

The equity method is used in the reporting of significant shareholdings in "associated companies", these being enterprises that have links with the business of the Group and in which the Parent Company, directly or indirectly, holds at least 20% and at most 50% of the voting strength. The historical cost of shares, increased or decreased by a due share in profits and with a deduction to cover goodwill depreciation and dividend received, is reported in the Balance Sheet under the heading "Equity interest in associated companies". An adjustment is also applied for internal profit, if any. The Group's interest in the profits of associated companies is reported in the Income Statement. It follows from this that pay-outs received from associated companies are not included under the heading of "Dividend". If non-recurring items are significant in the calculation of interest in profits they are reported as non-recurring items at associated companies.

The Group reports its equity capital in one place under a single heading, which thus includes the proportion of equity capital in untaxed reserves. The tax incident upon the latter is included under the heading "Latent tax charge". This tax element is calculated using an individual tax rate for each country in which the Group has companies, which in the case of Sweden means 30%. In the Consolidated Income Statement the change in untaxed reserves is divided into two parts which are reported one among estimated future taxes and the other in the consolidated net profit.

In the classification of the equity capital of the Group as unrestricted or restricted, capital that is available for distribution as dividend by any given individual company has been regarded as unrestricted, provided that the amount which the company contributes to the Group's equity capital is positive. The transfer to unrestricted capital, however, is never greater than the amount by which the individual company is represented in the Group's equity capital. In assessing distributability, payment restrictions have been taken into account and a deduction has been made for the net effect of any coupon taxes. The remaining equity capital constitutes restricted capital.

Companies that were acquired in the course of the year are recognized in the Income Statement only for the period subsequent to the date of acquisition. Companies that were sold off during the year are recognized in the Income Statement up to the date of sale. The realization effect of such sales on the Group, which is shown as a non-recurring item, is adjusted to take account of the net profit up to the date of sale.

In the Consolidated Income Statement, the financial expenses pertaining to leasing items are reported among the operating expenses.

FUNDS STATEMENT. REPORTING ACQUISITION AND SALE OF SUBSIDIARIES

The amounts paid and received for the shares of companies acquired and sold are shown in the Funds Statement under the headings "Acquisition of companies" and "Sale of companies" respectively. The assets and liabilities that these companies had at the time when they changed hands are not included in the sections of the Funds Statement dealing with change in working capital, net investments and funds generated/used externally.

VALUATION PRINCIPLES

Bonds and other short-term placements

Bonds and other short-term placements have been valued either at their historical cost or at their market value on the date of the Balance Sheet, whichever was the lower. In the process of valuation this principle has been applied to the portfolio as a whole, which means that unrealized losses have been set off against unrealized gains. Any remaining loss is then deducted from interest earnings; a gain, on the other hand, would not be recognized.

Receivables and liabilities in foreign currencies at Swedish and foreign group companies

Receivables and liabilities in foreign currencies are translated at the individual companies using the rates of exchange ruling on the date of the Balance Sheet. In cases where currency hedges have been employed, the forward rate of exchange is used.

Exchange gains or losses on current receivables and liabilities are included in the operating profit, while exchange gains or losses on long-term receivables and liabilities and on the Parent Company's current loan debts are reported in the Income Statement under the heading "Exchange differences".

Unrealized exchange gains on long-term receivables and liabilities are set aside at the Parent Company in an exchange-rate reserve among untaxed reserves.

Inventory

The inventory is valued on conservative principles, i.e. either at historical cost under the first-in/first-out convention, or at replacement cost, or at net sale value - whichever produces the lowest figure.

Fixed assets

Fixed assets are shown in the Accounts after the deduction of accumulated scheduled depreciation. Scheduled depreciation charged in the industrial operations is based on the historical cost of the assets and their estimated economic lives; for machinery and equipment this means normally between five and fifteen years, for buildings between ten and fifty years, and for site improvements twenty years. Degressive depreciation based on a life of from three to five years is applied to computer equipment. Scheduled depreciation charged in the leasing business by our subsidiary company Sandvik Leasing AB is based on the commercial construction of the relevant leasing contract, which means progressive depreciation on

the annuity model. The difference between book and scheduled accumulated depreciation is shown as an untaxed reserve at the individual company.

Depreciation on the undepreciated part of accumulated write-ups on buildings is charged at 2% of the original write-up.

Revenue accounting and entry of profits

Sales revenues are recognized at the time of delivery, less deductions for value-added tax, discounts and returns. Invoiced sales and profits arising under long-term contracts are entered when final invoicing has been effected.

Untaxed reserves

Untaxed reserves are reported only in the case of the Parent Company. In the Consolidated Accounting they are apportioned between latent tax charge and equity capital.

Taxes

Accrued taxes in the Income Statement are income taxes accruing at the Group's various undertakings during the accounting year, calculated in accordance with the fiscal rules and the accounting principles that apply in the countries where the profits arose.

Accrued taxes include foreign coupon taxes paid in respect of dividend disbursed to the Parent Company or to other Group companies.

The item "Estimated future taxes" covers (i) tax that has been deferred by reason of an allocation to untaxed reserves and (ii) participation in the deficits of partly owned limited partnerships.

The heading "Latent tax charge" in the Balance Sheet covers the following three tax debts:

- Tax debt that is latent in untaxed reserves set aside at the Group.
- Tax debt that is latent in acquired untaxed reserves.
- Tax that is deferred in consequence of participation in net losses of partly owned limited partnerships.

The tax debt is calculated using an individual tax rate for each company that has set aside untaxed reserves.

The Funds Statement does not contain any estimated future taxes, nor any change in the latent tax charge.

DEFINITIONS

Earnings per share

Profit after financial earnings and expenses, after deduction for estimated tax and minority interest, divided by the average number of shares outstanding during the year in question. In calculating the tax charge the current taxation rates were applied, to positive and negative items alike, for the various Group companies. In the case of Sweden, the rate for 1991 is 30% (40% for 1990).

Earnings per share inclusive of non-recurring earnings and expenses

Profit after non-recurring income and expenses, less deductions for estimated tax, divided by the average number of shares outstanding during the year in question.

Earnings per share after payment of tax

Profit after financial earnings and expenses, less deductions for minority interest and for accrued taxes, divided by the average number of shares outstanding during the year in question.

Solidity

Equity capital inclusive of minority interests in relation to total capital.

Debt-equity ratio

Interest-bearing current and long-term liabilities (including pension liability) divided by equity capital with the addition of minority interest.

Rate of capital turnover

Invoiced sales in relation to average total capital.

Return on equity capital after tax

Profit after financial earnings and expenses, after deduction of estimated tax and minority interest, as a percentage of the average equity capital after deduction of recommended dividend.

Return on investment

Profit after financial earnings and expenses plus outgoing interest, plus exchange losses on loans but minus exchange gains on loans, as a percentage of average total capital less deductions for short-term interest-free trading debts and that part of the latent tax charge that pertains to untaxed reserves.

Application of U.S. GAAP

(AMERICAN ACCOUNTING PRINCIPLES)

The Financial Statements of the Sandvik Group have been drawn up according to the accounting principles set forth earlier, which differ from American accounting principles in the following - to the Sandvik Group - important respects:

Latent tax

According to Swedish accounting practice, provisions for latent taxes are set aside by a technique that is at variance with the treatment of deferred taxes as employed in the U.S.

Writing up assets

In certain circumstances, Swedish accounting principles permit fixed assets to be written up to values in excess of their historical costs. This in turn affects the depreciation that is charged on the said assets. Such write-ups are not permitted under American accounting principles.

Capitalization of interest expenses

American accounting principles require that interest expenses arising in connection with the financing of newly erected fixed assets be capitalized, i.e. posted to the balance sheet as an asset, and depreciated according to schedule, whereas interest expenses incurred in financing the manufacture of products for sale must not be included in the inventory value.

Pension costs, etc.

American and Swedish practice for the reporting of pension costs differ mainly in the choice of discounting interest and in the circumstance that the calculation of capital value is based on calculated pay at the time of retirement. Generally speaking, it is a fair surmise that the annual pension cost calculated under the American rules would be less than the annual cost of the Pension Registration Institute plan according to Swedish practice. However, the difference has not been quantified, and it is not included in the following reconciliation.

Undertaking vis-à-vis pensioners

According to the American accounting recommendation FAS 106, companies have an obligation, beginning in 1993, to set aside reserves to cover their undertakings in respect of pensioners' benefits over and above their pension. No such reservation was made in 1991 at Sandvik's American subsidiary companies or in any other parts of the Group.

Various

Other areas in which the application of American accounting principles to the Sandvik Group would entail not insignificant differences are the treatment of long-term receivables and liabilities bearing interest at rates that are not in line with the market, and general reservations.

The application of American accounting principles would entail the following approximate changes as regards the Sandvik Group's reported net profit, earnings per share and equity capital.

| (Amounts in SEK m., except where otherwise stated) | 1991 | 1990 |
|--|--------|--------|
| Net profit according to the Consolidated Income Statement | 1,165 | 2,380 |
| Increase/decrease for | | |
| Latent tax | 88 | 153 |
| Write-ups | 4 | 5 |
| Capitalization of interest expenses | 29 | -6 |
| Unrealized exchange gains on loans | - | -120 |
| Other adjustments | -22 | 14 |
| Net profit as calculated on American accounting principles | 1,264 | 2,426 |
| Earnings per share, after full conversion of outstanding convertible bonds, as calculated on American accounting principles, SEK | 23:15 | 44:40 |
| Equity capital according to the Consolidated Balance Sheet | 12,538 | 11,928 |
| Increase/decrease for | | |
| Latent tax | 214 | 126 |
| Write-ups | -316 | -322 |
| Capitalization of interest expenses | 75 | 46 |
| Other adjustments | 108 | 130 |
| Equity capital as calculated on American accounting principles | 12,619 | 11,908 |
| Equity capital per share as calculated on American accounting principles, SEK ... | 222:65 | 210:25 |

NOTES ON THE ACCOUNTS

Notes to the Group's and Parent Company's Accounts
(Amounts in SEK million, except where otherwise stated)

NOTE 1. Subordinate companies and Parent Company

The Parent Company's business operations in Sweden are conducted largely through subordinate companies. During 1991 the companies listed below did business under their own names, but solely for the account of the Parent Company. In its Annual Accounts, the Parent Company reports all assets and liabilities and all revenues and outgoings pertaining to the subordinate operations.

The following subordinate companies conducted business in 1991 for the account of the Parent Company: AB Bushman, Guldsmedshytte Bruks AB, Kapman AB, Sandvik Automation Skandinavien AB, AB

Sandvik Belts, Sandvik Carbide Production AB, AB Sandvik Central Service, AB Sandvik Coromant, Sandvik Coromant Skandinavien AB, AB Sandvik Hand Tools, AB Sandvik Hard Materials, Sandvik Hard Materials Norden AB, AB Sandvik Information Systems, AB Sandvik International, AB Sandvik Metal Saws, AB Sandvik Rock Tools, Sandvik Rock Tools Skandinavien AB, AB Sandvik Saws and Tools, AB Sandvik Steel, Sandvik Stål Försäljnings AB, Sandvik Sågar och Verktyg Skandinavien AB, Sandvik Windsor AB, AB Sandvik Öberg and AB Swedish Metal Saws.

NOTE 2. Invoiced sales and Parent Company's purchases

The amounts shown for invoiced sales include "other operating revenues" as follows:

| | Group | | Parent Company | |
|-------------------------------|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Other operating revenues..... | 16 | 20 | 128 | 166 |

Of the Parent Company's invoiced sales, SEK 4,948m. (4,979), i.e. 72% (70), went to Group companies. The export share was 86% (83). Of the Parent Company's purchasing, SEK 275m. (281), i.e. 8% (8), came from Group companies.

NOTE 3. Research, development and quality assurance

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Costs of research and development | 690 | 647 | 473 | 448 |
| quality assurance | 240 | 230 | 126 | 121 |
| Totals | 930 | 877 | 599 | 569 |

All outlays for research and development and for quality assurance are reported as costs at the time when they arise.

NOTE 4. Depreciation

| GROUP | Goodwill and other intangible assets | | Machinery and equipment | | Industrial and residential buildings | | Site improvements | | Total | |
|--|--------------------------------------|------|-------------------------|------|--------------------------------------|------|-------------------|------|-------|------|
| | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 |
| Scheduled depreciation | -38 | -26 | -705 | -669 | -79 | -73 | -2 | -1 | -824 | -769 |
| PARENT COMPANY | Intangible assets | | Machinery and equipment | | Industrial and residential buildings | | Site improvements | | Total | |
| | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 |
| Scheduled depreciation | -8 | -3 | -273 | -259 | -13 | -13 | - | -1 | -294 | -276 |
| Difference between book and scheduled depreciation | - | - | 100 | -150 | -9 | -24 | - | - | 91 | -174 |
| Book depreciation | -8 | -3 | -173 | -409 | -22 | -37 | - | -1 | -203 | -450 |
| whereof against reserves | - | - | -26 | -366 | -18 | -33 | - | - | -44 | -399 |

NOTE 5. Interest recieved and paid

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Gross interest recieved on placements . | 680 | 814 | 143 | 252 |
| Correction due to translation differences | -22 | -72 | - | - |
| Other interest received..... | 106 | - | - | - |
| Interest recieved..... | 764 | 742 | 143 | 252 |
| Interest paid on pension liability | -157 | -151 | -127 | -125 |
| Other interest paid, gross..... | -285 | -390 | -63 | -82 |
| Correction due to translation differences | +6 | +17 | - | - |
| Interest paid | -436 | -524 | -190 | -207 |

"Correction due to translation differences" refers to the elimination of inflation losses and inflation gains on interest-generating monetary assets and interest-bearing monetary debts in countries with high inflation.

The interest paid by Sandvik Leasing AB in respect of leasing items has been included since the beginning of 1989 among the Group's costs of production, selling and administration. (Sandvik Leasing AB's interest outgoings amounted in 1991 to SEK 161m. and in 1990 to SEK 158m.)

"Other interest received" covers on the one hand the premium on forward contracts that serve as hedging on the Group's net assets in foreign subsidiary companies, and on the other hand gains and losses on forward contracts that do not serve as hedging on assets or liabilities.

NOTE 6. Exchange differences on loans

Reported under this heading are exchange differences on long-term receivables and liabilities and on the Parent Company's current loan debts.

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Change in unrealized exchange difference on loans | 35 | 45 | 6 | 75 |
| Exchange differences on loans, realized in connection with amortizations..... | -31 | 92 | -2 | 71 |
| | 4 | 137 | 4 | 146 |

NOTE 7. Minority interest. Interest in profits of associated companies

There are significant minority interests in the following companies: Seco Tools AB (minority 38%), CERMEP S.A. (49%), Sandvik Asia Ltd. (45%), Barenas Sandvik Andina S.A. (32%). The Group classifies the following as associated companies: Avesta Sandvik Tube AB (25%), Balzers Sandvik Coating AB (49%), Bonastre S.A. (50%), Devillé S.A. (35%), Eurotungstène Poudre S.A. (49%), Fagersta-Seco AB (31%), Fagersta Stainless AB (50%).

NOTE 8. Non-recurring earnings and expenses

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Non-recurring earnings | | | | |
| Capital gain on sale of shares and companies | 94 | 223 | 6 | - |
| Capital gain on transfer of real estate in connection with ownership rectification..... | - | - | - | 386 |
| | 94 | 223 | 6 | 386 |
| Non-recurring expenses | | | | |
| Writedown on shares and other participations | -191 | -62 | -150 | -18 |
| Capital loss on sale of shares and companies | - | - | - | -59 |
| Additional subscription to subsidiary companies | - | - | -1 | -438 |
| Capital loss on transfer of real estate in connection with ownership rectification..... | - | - | -24 | - |
| Sundry items | -33 | -46 | -9 | - |
| | -224 | -108 | -184 | -515 |
| Non-recurring items at associated companies | | | | |
| Capital gain on sale of business sideline..... | - | 34 | - | - |
| Costs arising from closure of sideline and introduction of new technology..... | -9 | - | - | - |

In 1990 the Parent Company put through a rectification in the ownership of real estate whereby it transferred industrial properties to the subsidiary companies AB Sandvik Steel and AB Sandvik Rock Tools, realizing a capital gain in the process. In order to cover once-for-all writedowns to residual values as carried in the Group's books an additional subscription was made to the said subsidiaries.

NOTE 9. Bonds and other short-term placements

| | Group | | Parent Company | |
|----------------------------|-------|-------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Bonds..... | 672 | 990 | 245 | 757 |
| Short-term placements..... | 3,320 | 2,522 | 413 | 135 |
| Totals | 3,992 | 3,512 | 658 | 892 |

Over and above the assets and liabilities reported in the balance sheets there were on the closing date short-term placements and debts, each amounting to SEK 857m. (1,123) at the Group and to SEK 528m. (992) at the Parent Company, which constitute positions in interest-arbitrage operations and which have been set off against each other.

NOTE 10. Blocked accounts for fund allocations

| | Group | |
|--|-------|------|
| | 1991 | 1990 |
| Blocked accounts with the Riksbank for general investment reserves | 3 | 2 |
| Other blocked accounts | 2 | 3 |
| Totals | 5 | 5 |

NOTE 11. Shares and other participations

The Group's and the Parent Company's holdings of shares and other participations at the end of 1991 are set forth in the specification on p.38.

NOTE 12. Other long-term receivables

| | Group | | Parent Company | |
|----------------------------|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Advances to suppliers..... | 4 | 2 | 3 | 2 |
| Other receivables | 249 | 299 | 113 | 131 |
| Totals | 253 | 301 | 116 | 133 |

NOTE 13. Goodwill and other tangible assets

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Patents and other intangible assets | 29 | 27 | - | 9 |
| Goodwill | 111 | 63 | - | - |
| Totals | 140 | 90 | - | 9 |

NOTE 14. Fixed assets

Machinery, equipment, buildings, land, site improvements and agricultural and forest properties are entered at their net value after scheduled depreciation and after accumulated write-ups not yet written off. Accumulated excess depreciation reported by the individual companies is entered among untaxed reserves under the heading "Accumulated depreciation above schedule".

| GROUP | Machinery and equipment | | Industrial and residential buildings | | Agricultural and forest properties | | Land and site improvements | |
|--|-------------------------|--------|--------------------------------------|-------|------------------------------------|------|----------------------------|------|
| | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 |
| Historical cost | 10,215 | 9,383 | 2,265 | 1,828 | 1 | 1 | 296 | 239 |
| Accumulated scheduled depreciation | -5,153 | -4,553 | -986 | -678 | - | - | -25 | -20 |
| Scheduled remaining values | 5,062 | 4,830 | 1,279 | 1,150 | 1 | 1 | 271 | 219 |
| Accumulated write-ups not yet written off..... | - | - | 111 | 114 | 10 | 10 | 116 | 116 |
| Remaining values | 5,062 | 4,830 | 1,390 | 1,264 | 11 | 11 | 387 | 335 |
| Assessed valuations ¹ | - | - | 891 | 874 | 11 | 11 | 130 | 129 |

¹ The figures apply to the Swedish part of the Group. The book value of real estate held by foreign subsidiaries amounted to SEK 926m. (790).

| PARENT COMPANY | Machinery and equipment | | Industrial and residential buildings | | Agricultural and forest properties | | Land and site improvements | |
|---|-------------------------|--------|--------------------------------------|------|------------------------------------|------|----------------------------|------|
| | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 | 1991 | 1990 |
| Historical cost | 3,883 | 3,575 | 380 | 395 | 1 | 1 | 26 | 32 |
| Accumulated scheduled depreciation | -2,265 | -2,094 | -153 | -161 | - | - | -5 | -12 |
| Scheduled remaining values | 1,618 | 1,481 | 227 | 234 | 1 | 1 | 21 | 20 |
| Accumulated write-ups not yet written off | - | - | - | - | 10 | 10 | 40 | 40 |
| Remaining values | 1,618 | 1,481 | 227 | 234 | 11 | 11 | 61 | 60 |
| Accumulated excess depreciation | -1,313 | -1,413 | -39 | -45 | - | - | -5 | -13 |
| Book values | 305 | 68 | 188 | 189 | 11 | 11 | 56 | 47 |
| Assessed valuations | - | - | 198 | 198 | 11 | 11 | 43 | 44 |

NOTE 15. Assets pledged

| | Group | | Parent Company | |
|-----------------------------|--------------|-------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Real-estate mortgages | 709 | 714 | 85 | 89 |
| Chattel mortgages..... | 600 | 604 | 433 | 433 |
| Totals | 1,309 | 1,318 | 518 | 522 |

Additionally, receivables concerning interest-arbitrage deals have been pledged. See note 9.

NOTE 16. Other current liabilities

| | Group | | Parent Company | |
|---------------------------------|------------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Advances from customers | 90 | 67 | - | 1 |
| Other current liabilities | 709 | 617 | 109 | 105 |
| Totals | 799 | 684 | 109 | 106 |

NOTE 17. Extra-Group loans

| | Group | | Parent Company | |
|--|--------------|-------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Short-term loans | | | | |
| Euro Commercial Paper and EuroNotes | 31 | 171 | - | 171 |
| Amortizations due within one year on long-term loans | 313 | 398 | 222 | 278 |
| Other short-term loans | 867 | 903 | - | - |
| Total short-term loans | 1,211 | 1,472 | 222 | 449 |
| Long-term loans | | | | |
| Bond loans | 35 | 23 | 13 | 14 |
| Debenture loans | 11 | 15 | - | - |
| Other loans | 1,533 | 1,870 | 58 | 243 |
| Total long-term loans | 1,579 | 1,908 | 71 | 257 |
| Totals, all loans | 2,790 | 3,380 | 293 | 706 |

NOTE 18. Provision for pensions

| | Group | | Parent Company | |
|--------------------------|--------------|-------|----------------|-------|
| | 1991 | 1990 | 1991 | 1990 |
| For Pension Registration | | | | |
| Institute pensions | 905 | 1,140 | 771 | 1,039 |
| For other pensions | 331 | 270 | 42 | 44 |
| Totals | 1,236 | 1,410 | 813 | 1,083 |

NOTE 19. Parent Company's accumulated depreciation above schedule

| | Machinery and equipment | Industrial and residential buildings | Site improve- ments | Total |
|--|-------------------------------|---|---------------------------|--------------|
| Reported at end of 1990 | 1,413 | 45 | 13 | 1,471 |
| Difference between book and scheduled depreciation | -100 | 9 | - | -91 |
| Reversed overdepreciation upon disposal | - | -15 | -8 | -23 |
| Reported at end of 1991 | 1,313 | 39 | 5 | 1,357 |

NOTE 20. Parent Company's other untaxed reserves

| | Invent- ory reserve | General invest- ment reserve | Exchange- rate reserve | Transitional reserve for inventory reserve, etc. | Internal profit reserve | Other untaxed reserves |
|---|---------------------------|---------------------------------------|------------------------------|---|-------------------------------|------------------------------|
| Reported at end of 1990 | 945 | 44 | 75 | - | 214 | 51 |
| Applied to investment in machinery and equipment | - | -26 | - | - | - | - |
| industrial and residential buildings | - | -18 | - | - | - | - |
| Other changes | -945 | - | -75 | 900 | -214 | -32 |
| Reported at end of 1991 | - | - | - | 900 | - | 19 |

In compliance with a legal enactment concerning the re-posting of untaxed reserves an allocation has been made to a transitional reserve for inventory reserve, etc. The amount reported at the end of 1991 is 75% of the original figure.

NOTE 21. Latent tax charge

| | Group | | Parent Company | |
|--|--------------|-------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Latent tax charge in untaxed reserves at Group companies | 1,550 | 1,400 | - | - |
| Minority participation in latent tax charge | 88 | 67 | - | - |
| Reservation for future tax due to deficits at partly owned limited partnerships..... | 526 | 456 | 150 | 136 |
| Latent tax charge in acquired untaxed reserves | 70 | 54 | - | - |
| Totals | 2,234 | 1,978 | 150 | 136 |

NOTE 22. Estimated future taxes

| | Group | | Parent Company | |
|--|-------------|------|----------------|------|
| | 1991 | 1990 | 1991 | 1990 |
| Postponed tax on account of allocation to untaxed reserves at Group companies | -159 | -63 | - | - |
| Estimated future tax due to participation in deficits at partly owned limited partnerships Change in 1990, due to revised tax rate, in provisions of earlier years for tax postponed by allocation to untaxed reserves | -63 | -69 | -14 | -20 |
| | - | 395 | - | - |
| | -222 | 263 | -14 | -20 |

In the years 1986-1989 Sandvik invested, directly and through partly owned limited partnerships, in leasing business concerned with commercial aircraft, trains and ships of both Swedish and foreign manufacture. In respect of three of these investments the fiscal authorities have challenged depreciation deductions claimed for 1988 and 1989 to a total of SEK 487m. The cases are currently under consideration by the County Administrative Courts of Stockholm and Gävleborg.

Basing itself partly on two rulings by the Supreme Administrative Court in January 1992 and on opinions given by external tax experts, Sandvik has come to the conclusion that there is no need to make provision for any increase in the 1988 and 1989 tax charges, apart from the provisions already set aside for deferred tax as set forth in the foregoing and in Note 21.

A deduction of SEK 103m. for an operating loss, claimed by a subsidiary company in the tax assessment of 1990, was disallowed by the assessment board. An appeal has been lodged against this decision. The Company has not considered it necessary to set aside any corresponding tax provision.

In the case of another subsidiary company the fiscal authorities have appealed against the 1990 assessment as regards the utilization of capital losses in the years 1987 and 1988 totalling SEK 170m. Again in this instance, the Company has not considered it necessary to set aside any corresponding tax provision.

NOTE 23. Change in equity capital

| GROUP | Share capital | Restricted reserves | Un-restricted reserves | Translation difference | Group net profit | Total |
|---|---------------|---------------------|------------------------|------------------------|------------------|---------------|
| Reported at end of 1990 | 1,361 | 4,446 | 3,741 | - | 2,380 | 11,928 |
| Change due to revised conversation rates 1991 | - | -58 | -13 | - | -37 | -108 |
| Carry-over of 1990 surplus and translation difference | - | - | 2,343 | - | -2,343 | - |
| Re-posting of undistributed interest in profits of associated companies | - | -48 | 48 | - | - | - |
| Other re-postings between unrestricted and restricted reserves | - | 177 | -177 | - | - | - |
| New issues due to bond conversion | 1 | 2 | - | - | - | 3 |
| Change due to write-up of fixed assets | - | 15 | - | - | - | 15 |
| Change to switch to monetary/non-monetary method for additional units in high-inflation countries | - | 1 | - | - | - | 1 |
| Dividend | - | - | -463 | - | - | -463 |
| Group net profit 1991 | - | - | - | -3 | 1,165 | 1,162 |
| Reported at end of 1991 | 1,362 | 4,535 | 5,479 | -3 | 1,165 | 12,538 |

Out of the unrestricted equity capital, reported in the Consolidated Balance Sheet at SEK 6,641m., the boards of the companies have recommended that SEK 12m. be appropriated to restricted reserves.

Particulars of the share capital and the convertible bond loan will be found in Note 24 below.

| PARENT COMPANY | Share capital | Statutory capital reserve | Retained earnings | Net profit | Total |
|---|---------------|---------------------------|-------------------|------------|--------------|
| Reported at end of 1990 | 1,361 | 274 | 1,064 | 1,076 | 3,775 |
| Carry-over of 1990 surplus | - | - | 1,076 | -1,076 | - |
| Allocation to statutory capital reserve | - | - | - | - | - |
| New issues due to bond conversion | 1 | 2 | - | - | 3 |
| Dividend | - | - | -463 | - | -463 |
| Net profit for 1991 | - | - | - | 816 | 816 |
| Reported at end of 1991 | 1,362 | 276 | 1,677 | 816 | 4,131 |

NOT 24. Share capital

SHARE CAPITAL AND NUMBER OF SHARES

| | 1991 | 1990 |
|--|-------------------|------------|
| "A" Restricted | 41,170,069 | 41,170,069 |
| "A" Unrestricted | 675,094 | 675,094 |
| "B" Unrestricted | 12,625,797 | 12,591,362 |
| Total number of shares of SEK 25 nominal | 54,470,960 | 54,436,525 |

A restricted share may not be acquired by foreign nationals nor by certain legal persons, as specified in the Articles of Association, that are open to foreign influence. An unrestricted share, on the other hand, may be acquired by anybody. A proposal to make all shares unrestricted is to be put before the Shareholders in General Meeting on 22 May 1992. The "A" shares each carry one vote, whereas the "B" shares each carry one-tenth of a vote.

The Sandvik share is quoted on the Stockholm and London ("B" unrestricted) Stock Exchanges. It can also be traded in the U.S. by way of American Depository Receipts (ADR).

The number of shares entitled to dividend for 1991 works out at 54,475,338. It exceeds the number given above for 31 Dec. 1991 in consequence of conversions during January and February 1992.

CONVERTIBLE LOAN

In 1985 the Company took up a convertible debenture loan of SEK 102.8m. at 12% interest. This loan, which was addressed to all the employees of the Sandvik Group, can be converted between 1 March 1988 and 15 March 1992, both dates inclusive. The convertible bonds have a face value of SEK 425 and integral multiples thereof. The conversion price, following the bonus issue and stock split of 1987, is SEK 79:50, and conversion is effected into "B" shares. Conversions to a nominal value of SEK 2.7m. were effected during 1991, raising the share capital by SEK 0.9m. and the number of "B" shares by 34,435. Full conversion of the loan would increase the number of "B" shares by 182,012 as compared with the situation on 31 Dec. 1991. The share capital would increase by SEK 4.6m.

Full conversion of outstanding convertible debentures would bring the number of shares up to 54,652,972.

See also the section dealing with the Sandvik share on p. 4, which covers price movements, per-share data, share ownership, etc.

NOTE 25. Contingent liabilities

| | Group | | Parent Company | |
|--|------------|------------|----------------|------------|
| | 1991 | 1990 | 1991 | 1990 |
| Bills discounted | 129 | 145 | - | - |
| Pension commitments over and above those entered under pension liabilities (capitalized value) | 17 | 13 | 1 | 1 |
| Other surety undertakings and contingent liabilities | 260 | 214 | 428 | 495 |
| Totals | 406 | 372 | 429 | 496 |
| whereof for subsidiaries | | | 207 | 326 |

PERSONNEL

PERSONNEL COSTS, SEK M.

| | Group | | Parent Company and subordinate companies | |
|--|-------|-------|--|-------|
| | 1991 | 1990 | 1991 | 1990 |
| Wages, salaries and emoluments: | | | | |
| Directors | | | | |
| in Sweden | 25 | 19 | 21 | 15 |
| outside Sweden | 79 | 75 | - | - |
| Other employees | | | | |
| in Sweden | 1,837 | 1,814 | 1,598 | 1,569 |
| outside Sweden | 2,582 | 2,496 | 8 | 5 |
| Totals | 4,523 | 4,404 | 1,627 | 1,589 |
| Other personnel costs | 1,670 | 1,687 | 835 | 861 |
| Employee bonus (including social-welfare expenses) | - | 12 | - | 12 |
| Totals | 6,193 | 6,103 | 2,462 | 2,462 |

AVERAGE NUMBER OF EMPLOYEES

| | Group | | Parent Company and subordinate companies | |
|-----------------------------|--------|--------|--|-------|
| | 1991 | 1990 | 1991 | 1990 |
| In Sweden | | | | |
| Women | 2,254 | 2,355 | 1,786 | 1,882 |
| Men | 7,808 | 8,168 | 6,794 | 7,207 |
| Totals in Sweden | 10,062 | 10,523 | 8,580 | 9,089 |
| Outside Sweden | | | | |
| Women | 2,676 | 2,790 | 19 | 16 |
| Men | 12,577 | 13,060 | 51 | 38 |
| Totals outside Sweden | 15,253 | 15,850 | 70 | 54 |
| Totals | 25,315 | 26,373 | 8,650 | 9,143 |

AVERAGE NUMBER OF EMPLOYEES¹ OUTSIDE SWEDEN BROKEN DOWN BY COUNTRIES

| | Number of employees | | | Number of employees | | |
|--|---------------------|--------|--------|---------------------|--------|--------|
| | 1991 | | 1990 | 1991 | | 1990 |
| | Women | Men | Total | Women | Men | Total |
| The Parent Company and subordinate companies | | | | | | |
| Bulgaria | 3 | 4 | 7 | 3 | 2 | 5 |
| China | 3 | 9 | 12 | 2 | 7 | 9 |
| Czechoslovakia .. | 2 | 6 | 8 | - | - | - |
| Hungary | 3 | 6 | 9 | 3 | 4 | 7 |
| Netherlands | 0 | 12 | 12 | - | - | - |
| Poland | 2 | 6 | 8 | 1 | 4 | 5 |
| Russia | 3 | 7 | 10 | 2 | 6 | 8 |
| Yugoslavia | 1 | 4 | 5 | 1 | 4 | 5 |
| Other countries ² ... | 4 | 7 | 11 | 4 | 11 | 15 |
| Outside Sweden, totals | 21 | 61 | 82 | 16 | 38 | 54 |
| The Group outside Sweden | | | | | | |
| Argentina | 12 | 117 | 129 | 11 | 125 | 136 |
| Australia | 82 | 348 | 430 | 91 | 404 | 495 |
| Austria | 41 | 79 | 120 | 44 | 79 | 123 |
| Belgium | 14 | 77 | 91 | 15 | 73 | 88 |
| Brazil | 155 | 715 | 870 | 182 | 839 | 1,021 |
| Bulgaria | 3 | 4 | 7 | 3 | 2 | 5 |
| Canada | 59 | 326 | 385 | 62 | 332 | 394 |
| Chile | 12 | 57 | 69 | 9 | 53 | 62 |
| China | 3 | 9 | 12 | 2 | 7 | 9 |
| Colombia | 18 | 37 | 55 | 19 | 38 | 57 |
| Czechoslovakia .. | 2 | 6 | 8 | - | - | - |
| Denmark | 77 | 209 | 286 | 89 | 224 | 313 |
| Finland | 55 | 115 | 170 | 45 | 100 | 145 |
| France | 261 | 1,241 | 1,502 | 270 | 1,262 | 1,532 |
| Germany | 260 | 1,040 | 1,300 | 242 | 956 | 1,198 |
| Hongkong | 7 | 9 | 16 | 6 | 11 | 17 |
| Hungary | 4 | 6 | 10 | 3 | 4 | 7 |
| India | 21 | 1,161 | 1,182 | 21 | 1,179 | 1,200 |
| Ireland | 4 | 5 | 9 | 4 | 5 | 9 |
| Italy | 188 | 624 | 812 | 191 | 669 | 860 |
| Japan | 61 | 404 | 465 | 56 | 396 | 452 |
| Kenya | 4 | 11 | 15 | 4 | 11 | 15 |
| Korea | 18 | 66 | 84 | 17 | 59 | 76 |
| Malaysia | 11 | 26 | 37 | 11 | 23 | 34 |
| Mexico | 63 | 259 | 322 | 75 | 297 | 372 |
| Netherlands | 27 | 174 | 201 | 26 | 157 | 183 |
| New Zealand | 8 | 29 | 37 | 8 | 28 | 36 |
| Norway | 11 | 49 | 60 | 12 | 57 | 69 |
| Peru | 8 | 47 | 55 | 9 | 49 | 58 |
| Philippines | 11 | 28 | 39 | 11 | 27 | 38 |
| Poland | 3 | 6 | 9 | 2 | 5 | 7 |
| Portugal | 55 | 185 | 240 | 52 | 161 | 213 |
| Russia | 3 | 8 | 11 | 2 | 6 | 8 |
| Singapore | 30 | 35 | 65 | 31 | 33 | 64 |
| South Africa | 61 | 395 | 456 | 69 | 456 | 525 |
| Spain | 57 | 322 | 379 | 58 | 320 | 378 |
| Switzerland | 51 | 96 | 147 | 51 | 98 | 149 |
| Taiwan | 56 | 88 | 144 | 57 | 87 | 144 |
| Thailand | 6 | 12 | 18 | 4 | 11 | 15 |
| Turkey | 3 | 9 | 12 | 3 | 9 | 12 |
| United Kingdom .. | 256 | 1,579 | 1,835 | 275 | 1,700 | 1,975 |
| United States | 583 | 2,479 | 3,062 | 616 | 2,512 | 3,128 |
| Venezuela | 6 | 28 | 34 | 5 | 24 | 29 |
| Yugoslavia | 1 | 4 | 5 | 1 | 4 | 5 |
| Zambia | 3 | 38 | 41 | 4 | 41 | 45 |
| Zimbabwe | 6 | 43 | 49 | 7 | 41 | 48 |
| Other countries ² ... | 0 | 6 | 6 | 3 | 25 | 28 |
| | 2,680 | 12,611 | 15,291 | 2,778 | 12,999 | 15,777 |

¹ The average number of employees as given here is the average of the number on 31 Dec. 1991 and on 31 Dec. 1990. The average number of employees stated in the foregoing table and in the Report of the Directors is based on counts taken at several points in time during the year.

² Countries with an average lower than five.

Wages, salaries and emoluments outside Sweden have been converted to Swedish kronor using the mean exchange rate for the year. The statutory specification of the average number of employees per commune in Sweden and wages and salaries per country outside Sweden has been sent to the National Swedish Patent and Registration Office. This specification is available from Sandvik's Head Office in Sandviken.

SHAREHOLDINGS

SANDVIK AB's HOLDINGS OF SHARES AND PARTICIPATIONS IN SUBSIDIARY COMPANIES

According to the Balance Sheet of 31 Dec. 1991

| | | Number of shares | Percentage holding | Nominal value local currency unit '000 | Nominal value SEK '000 | Book value SEK '000 |
|----------------|--|---------------------|-----------------------|--|------------------------------|---------------------------|
| SWEDEN | AB Bahco Verktyg | 200,000 | 100 | SEK 20,000 | 20,000 | 50,000 |
| | AB Bushman ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | Edmeston AB | 40,000 | 100 | SEK 4,000 | 4,000 | 3,000 |
| | Guldsmedshytte Bruks AB ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Gusab Holding AB | 1,830,919 | 100 | SEK 45,783 | 45,783 | 53,553 |
| | Kapman AB ¹ | 80,000 | 100 | SEK 8,000 | 8,000 | - |
| | Metals & Powders Trollhättan AB | 30,000 | 100 | SEK 3,000 | 3,000 | 10,000 |
| | Sandvik Automation Skandinavien AB ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | AB Sandvik Belts ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | Sandvik Carbide Production AB ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | AB Sandvik Central Service ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Coromant ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Coromant Skandinavien AB ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | AB Sandvik Duvan | 500 | 100 | SEK 50 | 50 | 50 |
| | AB Sandvik Falken | 500 | 100 | SEK 50 | 50 | 50 |
| | Sandvik Far East Ltd. AB | 10,000 | 100 | SEK 10,000 | 10,000 | 10,000 |
| | Sandvik Fastighetsförvaltning AB | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Hand Tools ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Hard Materials ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Hard Materials Norden AB ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Information Systems ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik International ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Invest AB | 1,772,068 | 100 | SEK 44,302 | 44,302 | 173,684 |
| | Sandvik Leasing AB | 500,000 | 100 | SEK 50,000 | 50,000 | 49,950 |
| | AB Sandvik Luftfartsintressenter | 500 | 100 | SEK 50 | 50 | 50 |
| | AB Sandvik Metal Saws ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Process Systems | 25,000 | 100 | SEK 2,500 | 2,500 | 2,500 |
| | AB Sandvik Rock Tools ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Rock Tools Skandinavien AB ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Saws and Tools ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Steel ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Stål Försäljnings AB ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Svalan | 500 | 100 | SEK 50 | 50 | 50 |
| | Sandvik Sågar och Verktyg Skandinavien AB ¹ | 500 | 100 | SEK 50 | 50 | - |
| | AB Sandvik Tranan | 500 | 100 | SEK 50 | 50 | 50 |
| | Sandvik Windsor AB ¹ | 50,000 | 100 | SEK 5,000 | 5,000 | 8,900 |
| | AB Sandvik Öberg ¹ | 500 | 100 | SEK 50 | 50 | - |
| | Sandvik Örebro AB | 50,000 | 100 | SEK 5,000 | 5,000 | 5,000 |
| | AB Sandvik Örnen | 500 | 100 | SEK 50 | 50 | 50 |
| | Sandvikens Brukspersonals Byggnadsförening upa | - | 100 | SEK 2,941 | 2,941 | - |
| | Seco Tools AB ² | 92,000 | 0.3 | SEK 230 | 230 | 1,306 |
| | Steebide International AB | 15,000 | 100 | SEK 1,500 | 1,500 | 1,000 |
| | AB Swedish Metal Saws ¹ | 500 | 100 | SEK 50 | 50 | 50 |
| | Trellbo AB | 500 | 100 | SEK 50 | 50 | - |
| | Dormant companies, wholly owned ³ | - | - | SEK 1,360 | 1,360 | 700 |
| ARGENTINA | Sandvik Argentina S.A.C. e I. | 150,000 | 100 | ARA 150,000 | 75 | 5,000 |
| BRAZIL | Sandvik do Brasil S.A. | 328,487,685 | 100 | BRE 2,627,901 | 15,767 | 46,072 |
| BULGARIA | Sandvik-Bulgaria | - | 100 | BGL 34 | 111 | 112 |
| COLOMBIA | Sandvik Colombia S.A. | 129,007 | 94 ^a | COP 129,007 | 1,084 | - |
| COSTA RICA | Sandvik Centroamérica S.A. | 330 | 100 | CRC 330 | 17 | - |
| CZECHOSLOVAKIA | Sandvik Czechoslovakia spol. s r.o. | - | 100 | CSK 2,000 | 427 | - |
| GERMANY | Sandvik GmbH | - | 0.9 ^a | DEM 400 | 1,463 | 1,486 |
| HUNGARY | Sandvik KFT | - | 100 | HUF 5,000 | 468 | 468 |
| INDIA | Sandvik Asia Ltd. | 316,800 | 55 | INR 31,680 | 6,748 | 5,500 |
| JAPAN | Sandvik K.K. | 2,600,000 | 100 | JPY 2,600,000 | 114,595 | 180,000 |
| KENYA | Sandvik Kenya Ltd. | 35,000 | 96 | KES 700 | 165 | - |
| KOREA | Sandvik Korea Ltd. | 652,730 | 100 | KRW 6,527,300 | 51,563 | 40,000 |
| MEXICO | Sandvik Mexicana S.A. de C.V. | 340,590,374 | 89 ^a | MXP 34,059,037 | 78,336 | 74,800 |
| MOROCCO | Sandvik Maroc S.A. | 940 | 94 | MAD 94 | 71 | - |
| NETHERLANDS | Sandvik Finance B.V. | 18,392 | 100 | NLG 18,392 | 57,118 | 3,428,852 |
| | Sandvik Nederland B.V. | 20,000 | 100 | NLG 10,000 | 32,445 | 10,000 |
| PERU | Barrenas Sandvik Andina S.A. | 328,511 | 68 | PEN 329 | 1,852 | - |
| | Sandvik del Perú S.A. | 18,336 | 100 | PEN 18 | 101 | - |

SANDVIK AB's HOLDINGS OF SHARES AND PARTICIPATIONS IN SUBSIDIARY COMPANIES

According to the Balance Sheet of 31 Dec. 1991

| | | Number of shares | Percentage holding | Nominal value local currency unit '000 | Nominal value SEK '000 | Book value SEK '000 |
|-------------|--|---------------------|-----------------------|--|------------------------------|---------------------------|
| PORTUGAL | Sandvik Obergue-Limas e Mecânica, Lda | - | 100 | PTE 99,995 | 4,115 | 8,770 |
| | Sandvik Portuguesa Lda | - | 100 | PTE 99,800 | 4,080 | 8,300 |
| SINGAPORE | Sandvik South East Asia Pte Ltd. | 1,794,795 | 40 ¹ | SGD 1,795 | 6,103 | 5,786 |
| SPAIN | Minas y Metalurgia Española S.A. | 59,999 | 50 ² | ESP 59,999 | 3,438 | 3,700 |
| SWITZERLAND | Sanfinanz AG | 997 | 100 | CHF 199 | 822 | 735 |
| THAILAND | Sandvik Thailand Ltd. | 744 | 99 | THB 504 | 123 | - |
| TURKEY | Sandvik Istanbul Ticaret Ltd. Sti | - | 100 | TRL 3,861,075 | 5,019 | 4,000 |
| U.K. | Madison Tools Ltd. | 274,999 | 100 | GBP 275 | 2,856 | 6,000 |
| VENEZUELA | Sandvik Venezuela C.A. | 6,250 | 100 | VEB 6,250 | 656 | - |
| ZAMBIA | Sandvik (Zambia) Ltd. | 5,000,000 | 100 | ZMK 10,000 | 800 | - |
| ZIMBABWE | Sandvik (Pvt) Ltd. | 233,678 | 100 | ZWD 467 | 523 | 3,269 |
| | | | | | | <u>4,203,043</u> |

¹ Subordinate company

² A further 61.6% is held by other Group companies. Seco Tools has subsidiaries in 18 countries

³ A specification of dormant companies is available from Sandvik's Head Office in Sandviken

⁴ Remaining shares are held by other Group companies

CHANGE IN BOOK VALUE OF SHARES AND PARTICIPATIONS IN SUBSIDIARIES, SEK '000

| | | | |
|--------------------|-------------------------|-----------|---|
| | Reported at end of 1990 | 4,077,130 | |
| Acquisitions | 99,750 | | Certain write-ups and writedowns, which cancel each other out, have been applied within the item "Shares and participations in subsidiaries". |
| New issues | 26,163 | | |
| | Reported at end of 1991 | 4,203,043 | |

SANDVIK AB's SHARES AND PARTICIPATIONS IN OTHER COMPANIES

According to the Balance Sheet of 31 Dec. 1991

| | | Number of shares | Percentage holding | Nominal value local currency unit '000 | Nominal value SEK '000 | Book value SEK '000 |
|-----------------------------|---|---------------------|-----------------------|--|------------------------------|---------------------------|
| ASSOCIATED COMPANIES | | | | | | |
| SWEDEN | Balzars Sandvik Coating AB | 28,420 | 49 | SEK 2,842 | 2,842 | 3,416 |
| FRANCE | Deville S.A. | 14,000 | 35 | FRF 1,204 | 1,327 | 7,216 |
| | Eurotungstène Poudre S.A. | 112,353 | 49 | FRF 11,235 | 12,387 | 7,737 |
| | | | | | | <u>18,369</u> |
| OTHER COMPANIES | | | | | | |
| | ABB-Cerama AB | 1,585 | 10 | SEK 793 | 793 | - |
| | AB Bahco | 1,073,362 | 10 | SEK 26,834 | 26,834 | 295,175 |
| | Bruksinvest AB | 24,000 | 15 | SEK 2,400 | 2,400 | 15,000 |
| | Corun DD | | 51 | | 18,926 | 18,926 |
| | Fastighetspartner AB | 20,000 | 3 | SEK 2,000 | 2,000 | 5,500 |
| | Nemo Offshore AB & Co KB ¹ | | | | | 74 |
| | Nord Bay KB ¹ | | | | | 11,955 |
| | Prevas AB | 20,000 | 20 | SEK 200 | 200 | 1,797 |
| | AB Programator | 1,000,000 | 7 | SEK 5,000 | 5,000 | 75,750 |
| | Rolltech International AB | 250 | 50 | SEK 25 | 25 | - |
| | Sandvik-Bisov | - | 51 | SUR 1,771 | 6,004 | 6,338 |
| | Svenska Charterintressenter AB | 330 | 33 | SEK 17 | 17 | 142 |
| | Svenska Charterintressenter KB ¹ | | | | | 12,527 |
| | Stena Danicas Intressenter KB ¹ | | | | | 18,167 |
| | Swedish Aircraft ONE KB ¹ | | | | | 17,814 |
| | Swedish Airlease KB ¹ | | | | | 9,402 |
| | Tamrock Oy ² | 497,500 | 20 | FIM 49,750 | 66,491 | 248,275 |
| | Vidia Kereskedőház RT | 21,600 | 4 | HUF 21,600 | 1,598 | 2,010 |
| | Miscellaneous | | | | | 1,964 |
| | | | | | | <u>740,816</u> |
| TOTAL | | | | | | <u>759,185</u> |

¹ Sandvik AB is a limited partner

² This shareholding is of long-term strategic significance, for which reason no writedown has been applied, notwithstanding the fact that the book value exceeds reported equity capital.

CHANGE IN BOOK VALUE OF SHARES AND PARTICIPATIONS IN ASSOCIATED AND OTHER COMPANIES, SEK '000

| | | |
|--------------------|-------------------------|---------|
| | Reported at end of 1990 | 660,087 |
| Acquisitions | 257,901 | |
| Divestitures | -1,299 | |
| Writedowns | -157,504 | |
| | Reported at end of 1991 | 759,185 |

The writedowns were charged against the year's results.

SHAREHOLDINGS

THE GROUP'S SHAREHOLDINGS

| | | Number of shares | Percentage holding | Nominal value local currency unit '000 | Nominal value SEK '000 | Book value SEK '000 |
|--|---------------------------------------|------------------|--------------------|--|------------------------|--|
| According to the Balance Sheet of 31 Dec. 1991 | | | | | | |
| ASSOCIATED COMPANIES | | | | | | |
| SWEDEN | Avesta Sandvik Tube AB | 150,000 | 25 | SEK 15,000 | 15,000 | 30,460 |
| | Fagersta-Seco AB | 5,000 | 50 | SEK 500 | 500 | 500 |
| | Fagersta Stainless AB | 400,000 | 50 | SEK 40,000 | 40,000 | 40,000 |
| SPAIN | Bonastre S.A. | 45,000 | 50 | ESP 90 | 5 | 23,386 |
| | | | | | | 94,346 |
| OTHER COMPANIES | | | | | | |
| SWEDEN | Other shares and participations | | | | | 72,264 |
| OTHER COUNTRIES | Other shares and participations | | | | | 200,509 |
| | | | | | | 272,773 |
| TOTAL | | | | | | 367,119 |
| | | | | | | 759,185 |
| | | | | | | Sandvik AB's holdings |
| | | | | | | The Group's holdings |
| | | | | | | 1,126,304 |
| | | | | | | Less associated companies |
| | | | | | | -112,715 |
| | | | | | | Shares and participations according to the Balance Sheet |
| | | | | | | 1,013,589 |

SHARES IN SIGNIFICANT OPERATIVE GROUP COMPANIES OWNED INDIRECTLY BY SANDVIK AB AT 31 DEC. 1991

| | | Group holding, % | | | Group holding, % |
|-----------|---|------------------|--------------|-------------------------------------|------------------|
| SWEDEN | Gusab Stainless AB | 100 | IRELAND | Sandvik Ireland Ltd. | 100 |
| ARGENTINA | Bahco Sudamericana S.A.C.I. | 100 | ITALY | Sandvik Italia S.p.A. | 100 |
| AUSTRALIA | Sandvik Australia Pty. Ltd. | 100 | | Sandvik Process Systems S.p.A. | 100 |
| | Sandvik Hard Materials Pty. Ltd. | 100 | JAPAN | Sandvik Saws and Tools K.K. | 100 |
| AUSTRIA | Gusab AWS Ges.m.b.H. | 80 | LUXEMBOURG | Sansafe S.A. | 100 |
| | Sandvik in Austria Ges.m.b.H. | 100 | MALAYSIA | Sandvik Malaysia Sdn. Bhd. | 100 |
| | Sandvik Process Systems Ges.m.b.H. | 100 | MEXICO | Sandvik de México S.A. de C.V. | 100 |
| BELGIUM | Sandvik S.A. (Belgium) N.V. | 100 | | Tungstemex S.A. de C.V. | 100 |
| CANADA | Sandvik Canada Inc. | 100 | NETHERLANDS | Bahco Tools B.V. | 100 |
| CHILE | Sandvik Chile S.A. | 100 | | Sandvik Process Systems B.V. | 100 |
| DENMARK | A/S Bahco Vaerktoj | 100 | NEW ZEALAND | Sandvik New Zealand Ltd. | 100 |
| | Sandvik Danit A/S | 100 | NORWAY | Sandvik Norge A/S | 100 |
| | A/S Sandviken | 100 | | Stavangerbor A/S | 95 |
| FINLAND | Oy Bahco Työkalut | 100 | PHILIPPINES | Sandvik Philippines Inc. | 100 |
| | Suomen Sandvik Oy | 100 | SOUTH AFRICA | Sandvik (Pty) Ltd. | 100 |
| | Viialan Viila Oy | 100 | SPAIN | Sandvik Española S.A. | 100 |
| FRANCE | Bahco Forge et Outillage S.A. | 100 | SWITZERLAND | Sandvik AG | 100 |
| | Cermep S.A. | 51 | | Santrade Ltd. | 100 |
| | Frodistri S.A. | 100 | TAIWAN | Sandvik Taiwan Ltd. | 100 |
| | Intertool France S.A. | 100 | | Titan (Taiwan) Pty. Ltd. | 100 |
| | Le Burin S.A. | 100 | THAILAND | Svenska Trading Co. Ltd. | 49 |
| | Morgon S.A. | 100 | U.K. | Metinox Steel Ltd. | 100 |
| | Safety S.A. | 100 | | Osprey Metals Ltd. | 100 |
| | Sandvik Aciers S.N.C. | 100 | | Sandvik Band Saws Ltd. | 100 |
| | Sandvik Coromant S.N.C. | 100 | | Sandvik Hard Materials Ltd. | 100 |
| | Sandvik Hard Materials S.A. | 100 | | Sandvik Ltd. | 100 |
| | Sandvik Outillage S.N.C. | 100 | | Sandvik Process Systems Ltd. | 100 |
| | Sandvik Process Systems S.A. | 100 | | Sandvik Rock Tools Ltd. | 100 |
| | Sandvik Rock Tools S.N.C. | 100 | | Sandvik Rock Tools Ltd. | 100 |
| | Sandvik S.A. | 100 | | Sterling Tubes Ltd. | 100 |
| | Sandvik Tobler S.A. | 100 | U.S.A. | Lindström America Inc. | 100 |
| | Ugicarb S.N.C. | 100 | | Sandvik Inc. | 100 |
| GERMANY | Belzer-Dowidat GmbH | 100 | | Sandvik Latin America Inc. | 100 |
| | Gusab Federdraht Vertriebsges.m.b.H. | 100 | | Sandvik Milford Corp. | 100 |
| | Sandvik Automation GmbH | 100 | | Sandvik Process Systems Inc. | 100 |
| | Sandvik Hard Materials GmbH | 100 | | Sandvik Rhenium Alloys Inc. | 100 |
| | Sandvik Kosta GmbH | 100 | | Sandvik Rock Tools Inc. | 100 |
| | Sandvik Process Systems GmbH | 100 | | Sandvik Seamco Inc. | 100 |
| | Widia Bergbauwerkzeuge GmbH | 100 | | Sandvik Special Metals Corp. | 100 |
| HONGKONG | Sandvik Hongkong Ltd. | 100 | | Sandvik Windsor Corp. | 100 |

APPROPRIATION OF PROFITS

RECOMMENDED APPROPRIATION OF PROFITS

| | |
|--|--------------------|
| The Board and the President recommend that | |
| the surplus brought forward from the previous year | 1,676,592,612 |
| together with the profit for 1991 | <u>815,137,942</u> |
| | SEK 2,491,730,554 |

be appropriated as follows:

| | |
|---|----------------------|
| a dividend of SEK 9:00 per share | 490,278,042 |
| carried forward to the next account | <u>2,001,452,512</u> |
| | SEK 2,491,730,554 |

Sandviken, 10 March 1992

Percy Barnevik
Chairman

Bo Boström

Lars-Ove Håkansson

Göran Lindstedt

Lars Malmros

Hans-Eric Ovin

Sven Ågrup

Per-Olof Eriksson

President

Our Audit Report was submitted on 25 March 1992

Bo Fridman
Auktoriserad revisor

Nils-Axel Frisk

AUDIT REPORT

AUDIT REPORT FOR SANDVIK AKTIEBOLAG

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the board of directors and the president for 1991. The examination was carried out in accordance with generally accepted auditing standards.

PARENT COMPANY

The annual report has been prepared in accordance with the Companies Act.

We recommend

that the income statement and the balance sheet be adopted,
that the unappropriated earnings be dealt with in accordance with the proposal in the directors' report, and
that the members of the board and the president be discharged from liability for the financial year.

GROUP

The consolidated statements of account have been prepared in accordance with the Companies Act.

We recommend that the consolidated income statement and the consolidated balance sheet be adopted.

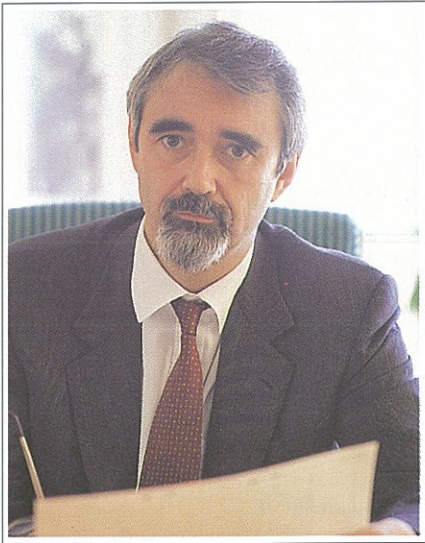
Sandviken, 25 March 1992

Bo Fridman
Auktoriserad revisor

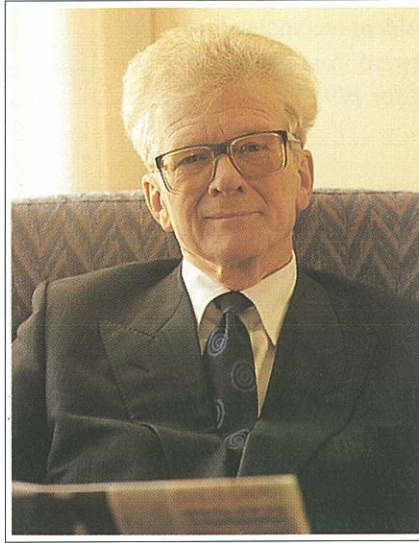
Nils-Axel Frisk

DIRECTORS AND AUDITORS

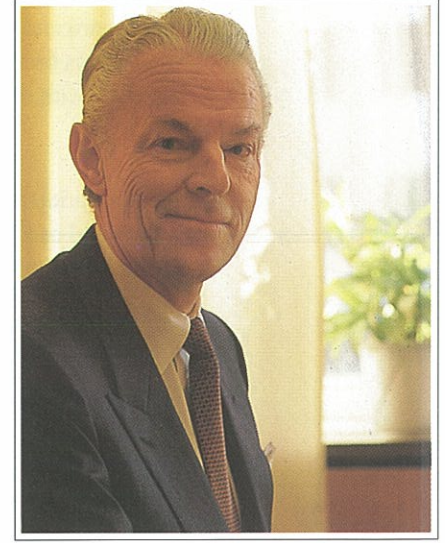
BOARD OF DIRECTORS



Percy Barnevik, Chairman, Zurich, b. 1941.
President and Chief Executive Officer of ABB Asea Brown Boveri Ltd.
Director of E.I. du Pont de Nemours and Company, Skanska AB and Förvaltnings AB Providentia.
Chairman of the Board of Sandvik AB since 1983.
Sandvik shares: 10,000



Lars Malmros, Hon. Doctor of Technology, Deurle, Belgium, b. 1927.
President of Techman NV, Deurle, Belgium.
Chairman of the Board of the Swedish Institute of Production Engineering Research.
Director of Perstorp AB, ASG AB, VME Group NV, IBEL, Antwerp, and BBL, Ghent.
Director of Sandvik AB since 1983.



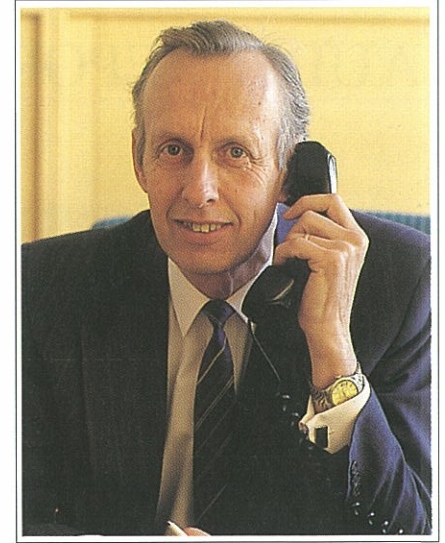
Sven Ågrup, Lidingö, b. 1930.
Chairman of the Board of AGA AB.
Director of AB Volvo, Telefon AB L M Ericsson, Handelsbanken and Tetra Pak Alfa-Laval Group.
Director of Sandvik AB since 1983.



Lars-Ove Håkansson, Danderyd, b. 1937.
Chairman of the Board of Skanska AB.
Chairman of the Board of JM Byggnads och Fastighets AB.
Deputy Chairman of the Board of Industri AB Euroc. Director of Banister Inc., Canada, Graningeverkens AB, Handelsbanken, Investment AB Cardo, Stockholms Stadshypotek (deputy).
Director of Sandvik AB since 1989.



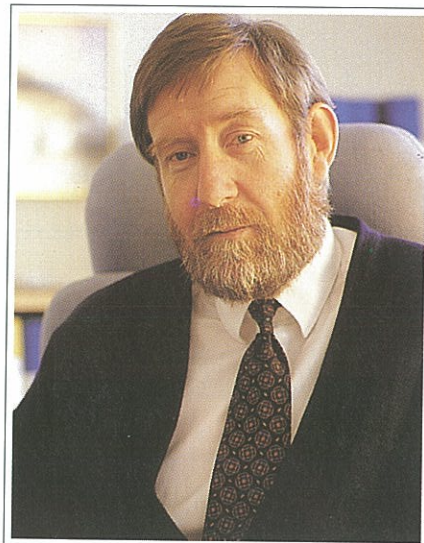
Hans-Eric Ovin, Malmö, b. 1928.
Chairman of the Boards of Bra Böcker AB, Scan Coin AB, Stena AB and AB IRO.
Director of AGA AB, AB Enterprise, Stena Metall AB and AB Volvo Penta.
Director of Sandvik AB since 1976.



Per-Olof Eriksson, Sandviken, b. 1938.
President and Chief Executive Officer of Sandvik AB.
Chairman of the Board of Svenska Kraftnät.
Director of the Federation of Swedish Industries, Handelsbanken, SSAB Svenskt Stål AB and AB SKF.
Director of Sandvik AB since 1984.
Sandvik shares: 26,408



Bo Boström, Åshammar, b. 1949.
Chairman, AB Sandvik Steel Union
Committee, Metal Workers' Union,
Sandviken.
Director of Sandvik AB since 1988.
(Employee representative)

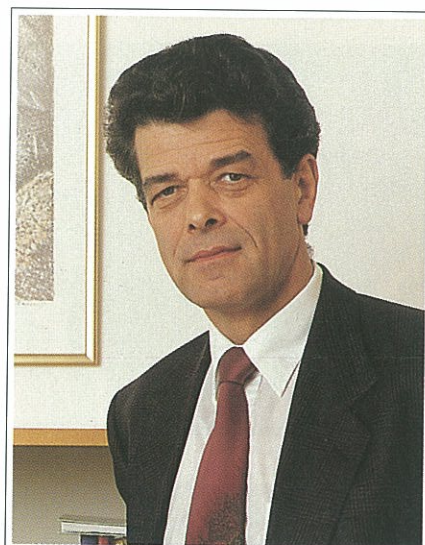


Göran Lindstedt, Sandviken, b. 1942.
Deputy Chairman, Sandvik AB Union
Committee, Industrial Salaried Employees'
Association.
Director of Sandvik AB since 1989.
(Employee representative)
Sandvik shares: 70

DEPUTY MEMBERS



Eino Honkamäki, Gimo, b. 1943.
Director of Sandvik AB since 1974.
(Employee representative)
Sandvik shares: 698



Stig Lennart Nyström, Sandviken, 1944.
Chairman, Sandvik AB Union Committee,
Foremen's and Supervisors' Association.
Director of Sandvik AB since 1986.
(Employee representative)
Sandvik shares: 498

AUDITORS

Bo Fridman,
Stockholm,
Auktoriserad revisor
Nils-Axel Frisk,
Stockholm

Deputies
Magnus Schiller,
Stockholm
Bernhard Öhrn,
Stockholm,
Auktoriserad revisor

GROUP EXECUTIVE MANAGEMENT, GROUP STAFFS AND SERVICE COMPANIES



Lars Östholm (left) and Ebbe Bengtsson, Executive Vice Presidents.



(Left to right:) Carl Lindberg, Group Staff Public Affairs; Bertil Aronsson, Research and Development; Malcolm Falkman, Legal Affairs; Björn Jonson, Market Communication.

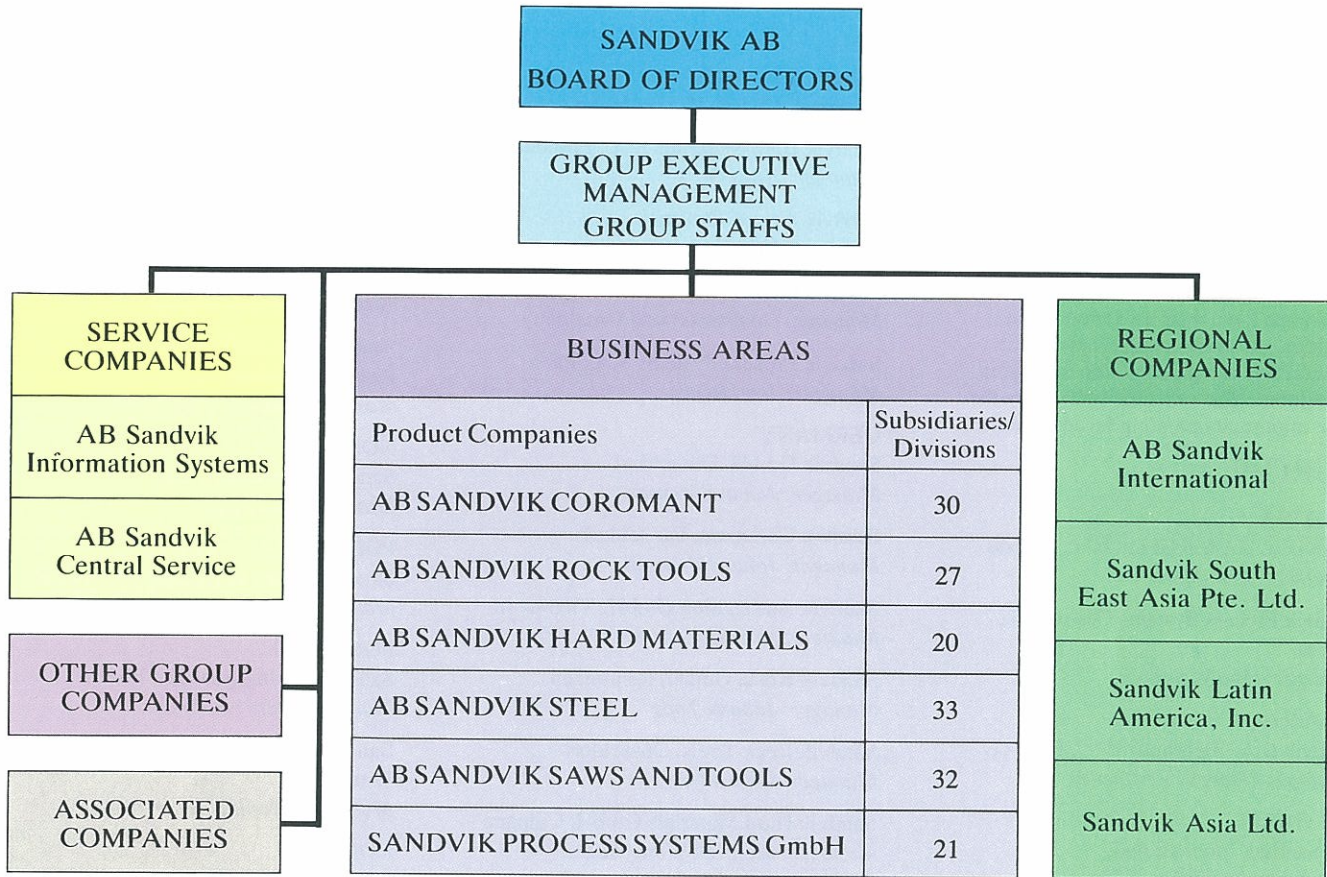


(Left to right:) Anders Vrethem, Group Staff Controller; Lennart Höög, Personnel; Carl Martinsson, Auditing; Stig Åhlander, Taxes and Risk Management; Olle Cederlund, Finance.



(Left to right:) Börje Andréasson, President, AB Sandvik Central Service, and Peter Lundh, President, AB Sandvik Information Systems.

ORGANIZATION



BUSINESS AREAS

The basis of the Sandvik organization is provided by six separate business areas that answer for the development, production and sale of the Group's products. Each business area is handled by a product company. In each major market the product company maintains a subsidiary of its own or has a division of a conjoint Sandvik company.

REGIONAL COMPANIES

Outside the main markets, Sandvik's products are marketed by four regional companies:

AB Sandvik International, headquartered in Sandviken, is responsible for marketing in the former Soviet Union, Eastern Europe, the People's Republic of China, the Middle East, and Africa apart from South Africa. It is also in charge of the selling and erection of construction projects, meaning turnkey factories and so on, within its market area.

Sandvik Latin America, Inc., located in Miami, U.S.A., is responsible for our marketing in Latin America other than Mexico, Argentina and Brazil. Operations within this region are conducted to a large extent through local subsidiary companies.

Sandvik South East Asia Pte. Ltd., which has its head office in Singapore, sees to the marketing of the Group's products in South East Asia through local subsidiary companies and agents.

Sandvik Asia Ltd., Poona, India, develops, produces

and markets cemented-carbide products in India, Sri Lanka, Bhutan and Nepal through its own sales offices and agents.

SERVICE COMPANIES

There are two special companies, each responsible for its own profits, that provide the Group with conjoint services. Their biggest customers are the Sandvik units within Sweden, but they also sell their services to subsidiary companies outside Sweden and to external customers.

AB Sandvik Central Service is mainly active in the areas of logistics, personnel, accounting, real-estate management, and information and advertising.

AB Sandvik Information Systems provides services in the areas of systems development, computer technology, data processing, telecommunications, data communications and computer training.

OTHER UNITS

Sandvik's organization also embraces a number of associated companies whose activities for the most part pertain to one of the business areas.

The term "Other Group Companies" covers companies or company groupings that are under the direction of the Group Executive Management and have market strategies distinct from those of the six business areas.

Sandvik's Board of Directors, Group Executive Management, Group Staff Managers and Service Company Presidents are presented on pp. 42-44.

BUSINESS UNITS

Being close to the customer is an important element in Sandvik's philosophy. Local service, backed by the resources and experience of the international concern, is available to customers in fifty countries through one hundred and sixty companies. To ensure that customers will receive fast deliveries of products according to national standard, many of these units have their own production facilities. In some countries, domestic manufacture is a precondition of staying in business. The schedule below lists the more important operating business units.

EUROPE

AUSTRIA

Sandvik in Austria Ges.m.b.H., Vienna
Manager: Helmut Stix

Sandvik Process Systems Ges.m.b.H., Vienna
Manager: Otto Weinhold

BELGIUM

Sandvik S.A. (Belgium) N.V., Brussels
Manager: Georges Verhoeven

BULGARIA

AB Sandvik International Representative Office, Sofia
Manager: Miroslav Markov

COMMONWEALTH OF INDEPENDENT STATES

Sandvik Moscow Representative Office, Moscow
Manager: Sven-Erik Bredenberg

Sandvik-Bisov, Minsk
Manager: Roger Alfredsson

CZECHOSLOVAKIA

Sandvik Czechoslovakia Ltd., Prague
Manager: Otto Kames

DENMARK

A/S Sandviken, Copenhagen
Manager: Jens Aage Jensen

Sandvik Danit A/S, Espergaerde
Manager: Roland Setterberg

FINLAND

Suomen Sandvik Oy, Helsinki
Manager: Erik Nylund

FRANCE

Sandvik S.A., Orléans
Manager: André Baron

Sandvik Coromant, Orléans
Manager: André Baron

Sandvik Tobler S.A., Paris
Manager: Corado Ponta

Sandvik Rock Tools, Velizy-Villacoublay
Manager: Jean-Louis Meyer

Morgon S.A., Viriat
Manager: Claude Morgenthaler

Sandvik Hard Materials S.A., Epinouze
Manager: Hans Gass

Sandvik Aciers, Orléans
Manager: Udo Vogt

Sandvik Outillage, Orléans
Manager: Dominique van Straelen

Sandvik Process Systems S.A., Paris
Manager: Jean Benko

GERMANY

Sandvik GmbH, Düsseldorf
Manager: Johan Sörensen

Sandvik Coromant, Düsseldorf
Manager: Johan Sörensen

Sandvik Automation GmbH, Viernheim
Manager: Arne Cederqvist

Sandvik Kosta GmbH, Renningen
Manager: Johann Taps

Sandvik Rock Tools, Düsseldorf
Manager: Ulrich Fezer

Sandvik Hard Materials GmbH, Cologne
Manager: Manfred Winterhager

Sandvik Steel, Düsseldorf
Manager: Roland Grosse

Sandvik Saws and Tools, Düsseldorf
Manager: Frank Schweitzer

Sandvik Belzer GmbH, Wuppertal
Manager: Åke Sundby

Sandvik Process Systems GmbH, Fellbach
Manager: Håkan Olofsson

HUNGARY

Sandvik in Hungary Ltd., Budapest
Manager: Johann Sulak

IRELAND

Sandvik Ireland Ltd., Dublin
Manager: H. William Beck

ITALY

Sandvik Italia S.p.A., Milan
Manager: Jan Eric Sandgren

Sandvik Coromant, Milan
Manager: Pietro Caligari

Sandvik Rock Tools, Milan
Manager: Ezio Fogliata

Sandvik Hard Materials, Milan
Manager: Giorgio Morani

Sandvik Steel, Milan
Manager: Pier Giorgio Martellozzo

Sandvik Saws and Tools, Milan
Manager: Marco Schirinzi

Sandvik Process Systems S.p.A., Milan
Manager: Pier Giorgio Bottacin

NETHERLANDS

Sandvik Nederland B.V., Schiedam
Manager: Louis Cuppens

Sandvik Saws and Tools Benelux B.V., Helmond
Manager: Louis Cuppens

Sandvik Process Systems B.V., Raamsdonksveer
Manager: Antoine Sluysmans

NORWAY

Sandvik Norge A/S, Oslo
Manager: Jon Ambur

POLAND

Sandvik Biuro w Warszawie, Warsaw
Manager: Boguslaw Swiecki

PORTUGAL

Sandvik Portuguesa Lda, Lisbon
Manager: Lars Östholm

Sandvik Obergue-Limas e Mecânica Lda, Porto
Manager: Michael Hermansson

ROMANIA

AB Sandvik International Representative Office, Bucharest
Manager: Edith Neuhardt

SPAIN

Sandvik Española S.A., Madrid
Manager: Björn von Malmborg

SWEDEN

Sandvik AB, Sandviken
Group CEO: Per-Olof Eriksson

AB Sandvik Coromant, Sandviken
Manager: Clas Åke Hedström

AB Sandvik Rock Tools, Sandviken
Manager: Lars-Anders Nordqvist

AB Sandvik Hard Materials, Stockholm
Manager: Lars Wahlqvist

AB Sandvik Steel, Sandviken
Manager: Gunnar Björklund

AB Sandvik Saws and Tools, Sandviken
Manager: Göran Gezelius

AB Sandvik International, Sandviken
Manager: Hans Åhman

Sandvik Coromant Skandinavien AB, Kista
Manager: Sven Flodmark

Sandvik Automation Skandinavien AB, Västerås
Manager: Sven Flodmark

Sandvik Rock Tools Skandinavien AB,
Kista

Manager: *Ronald Ericsson*

Sandvik Hard Materials Norden AB,
Örebro

Manager: *Roland Setterberg*

Sandvik Stål Försäljnings AB, Kista

Manager: *Åke Landblom*

Edmeston AB, Gothenburg

Manager: *Christer Andersson*

Guldsmedshytte Bruks AB, Storå

Manager: *Åke Martinson*

Gusab Stainless AB, Mjölby

Manager: *Björn Sköld*

AB Sandvik Bahco, Enköping

Manager: *Sture Lestander*

Sandvik Bahco Norden AB, Enköping

Manager: *Per Törnell*

AB Sandvik Hand Tools, Bollnäs

Manager: *Karl Erik Forsberg*

AB Sandvik Metal Saws, Lidköping

Manager: *Staffan Larsson*

AB Sandvik Öberg, Eskilstuna

Manager: *Michael Hermansson*

AB Sandvik Belts, Sandviken

Manager: *Rolf Hemlin*

AB Sandvik Process Systems, Sandviken

Manager: *Svante Lindholm*

Sandvik Carbide Production AB,
Stockholm

Manager: *Staffan Frondell*

AB Sandvik Central Service, Sandviken

Manager: *Börje Andréasson*

AB Sandvik Information Systems,
Sandviken

Manager: *Peter Lundh*

SWITZERLAND

Sandvik AG, Zurich

Manager: *Mikael Mott*

Santrade Ltd., Lucerne

Manager: *Mikael Mott*

UNITED KINGDOM

Sandvik Ltd., Birmingham

Manager: *David Shail*

Sandvik Coromant U.K., Birmingham

Manager: *David Shail*

Sandvik Rock Tools Ltd., Nuneaton

Manager: *Anders Hägglund*

Sandvik Hard Materials Ltd., Coventry

Manager: *Malcolm Clegg*



The Sandvik Special Metals facility in Kennewick on the West Coast of America produces tubes in special alloys.

Sandvik Steel U.K., Birmingham

Manager: *Ludvig Åkerhielm*

Sterling Tubes Ltd., Walsall

Manager: *W.M. Good*

Metinox Steel Ltd., Sheffield

Manager: *Hugh C. Firth*

Sandvik Saws and Tools U.K.,
Birmingham

Manager: *Dianne Thompson*

Sandvik Process Systems Ltd.,
Birmingham

Manager: *Martin Samuelson*

YUGOSLAVIA

AB Sandvik International

Representative Office, Beograd

Manager: *Nils Östblom*

NORTH AMERICA

CANADA

Sandvik Canada, Inc., Mississauga, Ont.

Manager: *Per-Olof Eriksson*

Sandvik Tube, Arnprior, Ont.

Manager: *Tom Moylan*

Sandvik Process Systems Canada,
Guelph, Ont.

Manager: *Colin Crane*

UNITED STATES

Sandvik, Inc., Fair Lawn, NJ

Manager: *Bengt Nelson*

Sandvik Coromant Company,
Fair Lawn, NJ

Manager: *James Baker*

Sandvik Rock Tools, Inc., Houston, TX

Manager: *Olof A. Lundblad*

Sandvik Hard Materials Company,
Detroit, MI

Manager: *Gunnar Frisk*

Sandvik Steel Company, Scranton, PA

Manager: *Edward Nuzzaci*

Sandvik Rhenium Alloys, Inc.,
Elyria, OH

Manager: *Jan C. Carlén*

Sandvik Special Metals Corp.,
Kennewick, WA

Manager: *Kirk P. Galbraith*

Sandvik Saws and Tools Company,
Scranton, PA

Manager: *Bill Lavelle*

Sandvik Milford Corp., Branford, CT

Manager: *Peter Renwick*

Sandvik Windsor Corp., Milan, TN

Manager: *Rob Payne*

Sandvik Process Systems, Inc.,
Totowa, NJ

Manager: *Håkan Olofsson*

Sandvik Seamco, Louisville, KY

Manager: *Colin Crane*

Sandvik Latin America, Inc.,
Coral Gables, FL

Manager: *Bertil von Essen*

LATIN AMERICA

ARGENTINA

Sandvik Argentina S.A.C. e I.,

Buenos Aires

Manager: *Björn Karlsson*

Bahco Sudamericana S.A., Buenos Aires

Manager: *Jan Svensson*

BUSINESS UNITS



Sandvik's Japanese Head Office in Kobe.

BRAZIL

Sandvik do Brasil S.A., São Paulo
Manager: Giancarlo Tazzioli

CHILE

Sandvik Chile S.A., Santiago
Manager: Hanns Knorr

COLOMBIA

Sandvik Colombia S.A., Bogotá
Manager: Victor Manuel Angel

MEXICO

Sandvik de México S.A. de C.V.,
Mexico, D.F.
Manager: José Parra

Tungstemex S.A. de C.V., Mexico, D.F.
Manager: Ruben Hernandez

PERU

Sandvik del Perú S.A., Lima
Manager: Juan Retamozo

Barrenas Sandvik Andina S.A.,
Arequipa
Manager: Juan Retamozo

VENEZUELA

Sandvik Venezuela C.A., Caracas
Manager: Faustino Menendez

AFRICA

ALGERIA

Sandvik S.A., Bureau de Liaison, Algiers
Manager: Michel Brand

KENYA

Sandvik Kenya Ltd., Nairobi
Manager: Jan Nord

MOROCCO

Sandvik Maroc S.A., Mohammédia
Manager: Thierry Proner

SOUTH AFRICA

Sandvik (Pty) Ltd., Benoni
Manager: Tore Lundberg

ZAMBIA

Sandvik (Zambia) Ltd., Ndola
Manager: Stig Svensson

ZIMBABWE

Sandvik (Pvt) Ltd., Harare
Manager: James C. MacGregor-Sim

ASIA

CHINA

AB Sandvik International
Representative Office, Beijing
Manager: Jim Stevenson

HONGKONG

Sandvik Hongkong Ltd., Hongkong
Manager: Lawrence Kwok

INDIA

Sandvik Asia Ltd., Poona
Manager: Wilhelm Sebardt

JAPAN

Sandvik K.K., Kobe
Manager: Anders Wallin

Sandvik Saws and Tools K.K.,
Yokohama
Manager: Isao Yamamoto

KOREA

Sandvik Korea Ltd., Seoul
Manager: Åke Friberg

MALAYSIA

Sandvik Malaysia Sdn. Bhd.,
Kuala Lumpur
Manager: Krister Brobeck

PHILIPPINES

Sandvik Philippines, Inc., Manila
Manager: Tan Kian Hoe

SINGAPORE

Sandvik South East Asia Pte. Ltd.,
Singapore
Manager: Rolf Palmén

TAIWAN

Sandvik Taiwan Ltd., Taipei
Manager: Wendell Wang

Titan (Taiwan) Pty Ltd., Chung Li
Manager: Rudy Lu

THAILAND

Sandvik Thailand Ltd., Bangkok
Manager: Jan Rosin

TURKEY

Sandvik Istanbul Ticaret Ltd., Sti
Istanbul
Manager: Göran Wretås

AUSTRALASIA

AUSTRALIA

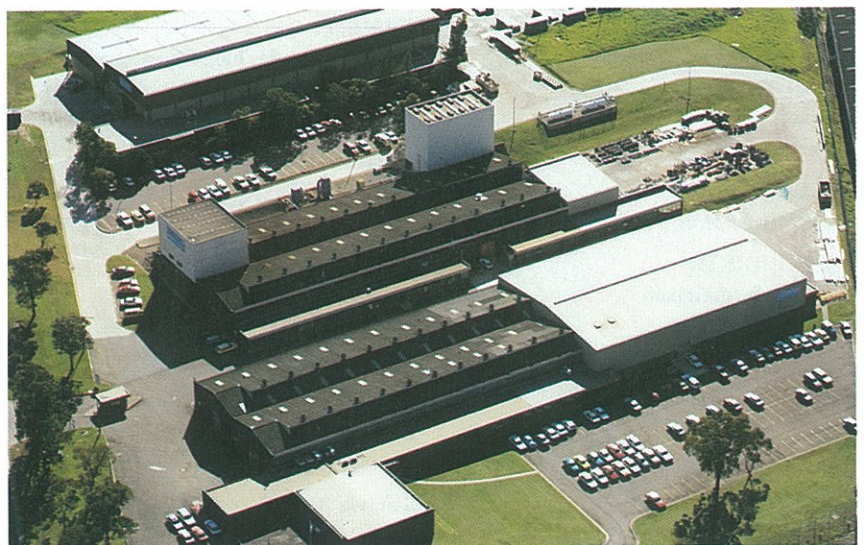
Sandvik Australia Pty. Ltd., Sydney
Manager: Colin Waugh

Sandvik Hard Materials Pty. Ltd.,
Newcastle
Manager: David MacDonald

NEW ZEALAND

Sandvik New Zealand Ltd., Pakuranga
Manager: Mark Thompson

These data are valid as of March 1992.



Sandvik's main facilities in Australia, outside Sydney.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Folkets Hus in Sandviken on Friday, 22 May 1992, at 2 p.m.

Shareholders wishing to attend the Meeting must notify the Board thereof either by letter addressed to Sandvik AB, Legal Affairs, S-811 81 Sandviken, or by telephone +46(0)26-26 10 81. Notification must reach Sandvik AB by 3 p.m. on 18 May 1992 at the latest. In order to qualify for attendance, shareholders must also have been entered in the Share Register kept by the Securities Register Centre (Värdepapperscentralen VPC AB) not later than 12 May 1992. A shareholder who has had his shares registered as held in trust ("förvaltarregistrering") must have them temporarily re-registered with the VPC in his own name not later than 12 May 1992 to establish his right to attend the Meeting.

PAYMENT OF DIVIDEND

The Board and the President recommend that the Meeting declare a dividend of SEK 9:00 per share for 1991.

1 June 1992 is proposed as the "record day" ("avstämningdag"). If this proposal is adopted by the Meeting it is expected that dividends will be ready for remittance by 9 June 1992. Dividends will be sent to those who on the record day are entered in the Share Register or on the separate List of Assignees, etc. Dividends will be remitted from the Securities Register Centre. To facilitate the distribution, shareholders who have moved should report their change of address to their bank or to Värdepapperscentralen VPC AB, S-171 18 Solna, in good time before the record day.

FINANCIAL INFORMATION

| | |
|----------------------|----------|
| Results Communiqué | March |
| Annual Report | April |
| First-Quarter Report | May |
| Semi-Annual Report | August |
| Third-Quarter Report | November |

Financial information can be ordered from
Sandvik AB
Group Staff Public Affairs
S-811 81 Sandviken
Tel. +46(0)26-26 10 41

KEY FIGURES

| | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|
| Invoiced sales, SEK m. | 17,558 | 18,256 | 18,769 | 16,413 | 13,241 | 12,721 | 12,518 | 11,299 |
| Result after financial earnings and expenses, SEK m. | 1,922 | 2,693 | 2,863 | 2,812 | 1,871 | 1,708 | 1,610 | 1,013 |
| Result after non-recurring earnings and expenses, SEK m. | 1,676 | 2,711 | 2,986 | 2,755 | 1,893 | 1,678 | 1,609 | 940 |
| Earnings per share, SEK | 26:80 | 34:70 | 34:45 | 29:80 | 19:60 | 16:30 | 15:40 | 9:70 |
| Dividend per share (1991: as recommended), SEK | 9:00 | 8:50 | 7:50 | 6:00 | 4:25 | 3:50 | 2:62 | 1:88 |
| Equity capital after recommended dividend, SEK m. ... | 12,048 | 11,465 | 9,511 | 7,018 | 5,809 | 4,978 | 4,248 | 3,455 |
| Solidity, % | 56 | 54 | 46 | 36 | 36 | 34 | 33 | 28 |
| Debt/equity ratio | 0.3 | 0.4 | 0.6 | 0.8 | 0.8 | 1.0 | 1.1 | 1.5 |
| Rate of capital turnover, % | 76 | 80 | 87 | 87 | 82 | 87 | 93 | 89 |
| Liquid assets, SEK m. | 4,814 | 5,251 | 4,896 | 4,767 | 4,245 | 3,776 | 2,866 | 2,198 |
| Return on equity capital after tax, % | 12.4 | 18.0 | 22.6 | 24.7 | 19.0 | 18.3 | 20.5 | 15.4 |
| Return on investment, % | 13.1 | 17.6 | 21.7 | 25.1 | 21.3 | 21.8 | 21.3 | 19.9 |
| Investment: | | | | | | | | |
| - in property, plant and equipment, SEK m. | 1,021 | 1,161 | 1,116 | 775 | 675 | 669 | 548 | 362 |
| - in all, SEK m. | 1,761 | 1,715 | 2,174 | 2,742 | 1,422 | 1,099 | 552 | 419 |
| Cash flow, SEK m. | 824 | 1,486 | 652 | -686 | 553 | 1,099 | 1,185 | 1,383 |
| Average number of employees | 25,315 | 26,373 | 26,881 | 26,180 | 24,380 | 24,033 | 23,095 | 23,994 |

The Group adopted revised accounting principles in 1990, and these have been used in calculating the above key figures beginning with 1989. For definitions of the key figures, see p. 30.

Additional per-share data will be found in the section on the Sandvik share, p. 4.