

INTERIM REPORT THIRD QUARTER

AND FIRST NINE MONTHS OF 2017



STRONG ORDERS, IMPROVED PERFORMANCE AND SUSTAINABILITY RECOGNITION

CEO'S COMMENT: "Order growth in the third quarter was buoyant at 13%, with positive development in all geographical regions and all three business areas. All three business areas contributed to the strong growth in order intake with flat to positive demand development in all customer segments. Large orders were received by Sandvik Mining and Rock Technology and Sandvik Materials Technology at a total value of 500 million SEK. I am particularly pleased to see the operating profit improving according to plan in both Sandvik Machining Solutions and Sandvik Mining and Rock Technology. While the third quarter is seasonally weak for Sandvik Materials Technology, I am nevertheless disappointed with the business area's performance and we are working hard to implement the cost initiatives announced earlier that are aimed at gradually restoring profitability from early next year. For the Sandvik Group in general, I am pleased with the performance", says Björn Rosengren, President and CEO of Sandvik.

"We achieved an operating margin of 15.4% and operating profit increased by 28%. Performance was supported by organic growth and previously implemented efficiency measures. This more than off-set the adverse impact from changes in exchange rates as well as the weak performance of Sandvik Materials Technology. Excluding the adverse impact from changed exchange rates, operating profit increased by 37%."

"The strong growth in operating profit supported cash flow, and the balance sheet was strengthened with net gearing reduced to 0.62."

"I am very pleased that Sandvik was once again selected as a member of the Dow Jones Sustainability Index which only includes companies ranked in the top 10% of each industry in terms of sustainability performance. We scored with a percentile ranking of 97, meaning our performance was better than 97% of the assessed companies in our industry. Sustainability is key to our ability to create increased customer value, enabling us to help our customers become safer, more efficient and more productive".

FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	19 700	21 888	+13	59 868	71 338	+15
Revenues ¹⁾	19 715	21 648	+12	59 735	66 968	+9
Gross profit	7 522	8 608	+14	23 084	26 903	+17
% of revenues	38.2	39.8		38.6	40.2	
Operating profit	2 623	3 344	+28	7 741	10 122	+31
% of revenues	13.3	15.4		13.0	15.1	
Adjusted operating profit ⁴⁾	2 623	3 344	+28	7 741	10 572	+37
% of revenues	13.3	15.4		13.0	15.8	
Profit after financial items	2 223	3 151	+42	6 506	9 316	+43
% of revenues	11.3	14.6		10.9	13.9	
Profit for the period	1 611	2 347	+46	4 737	6 813	+44
% of revenues	8.2	10.8		7.9	10.2	
of which shareholders' interest	1 612	2 353	+46	4 766	6 827	+43
Earnings per share, SEK ²⁾	1.29	1.88	+46	3.80	5.44	+43
Return on capital employed, % ³⁾	13.9	18.0		11.4	17.6	
Cash flow from operations	+4 527	+3 789	-16	+8 179	+9 485	+16
Net working capital, % ³⁾	28.6	25.4		28.0	24.4	
<i>Discontinued operations</i>						
Profit for the period	-1 002	41	N/M	-1 115	50	N/M
Earnings per share, SEK ²⁾	-0.80	0.03	N/M	-0.89	0.04	N/M
<i>Group Total</i>						
Profit for the period	609	2 388	N/M	3 622	6 863	+89
Earnings per share, SEK ²⁾	0.49	1.91	N/M	2.91	5.48	+88

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

2) Basic and diluted earnings per share.

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

4) Profit adjusted for items affecting comparability of -450 million SEK in Q2 2017.

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

For definitions see home.sandvik

N/M = non meaningful

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q3	ORDER INTAKE	REVENUES
Price/volume, %	+13	+12
Structure, %	0	0
Currency, %	-2	-2
TOTAL, %	+11	+10

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

In the third quarter, order intake improved organically by 13% year-on-year and revenues increased by 12%. All business areas reported strong growth in order intake. Sandvik Machining Solutions reported organic order growth of 11%, despite an adverse impact of -1% from working days. In Sandvik Mining and Rock Technology orders improved organically by 18%, including one large order received worth about 250 million SEK. Growth was 15% excluding the impact of major orders. Sandvik Materials Technology reported an increase of 9% in orders, including one large order received at a value of about 250 million SEK. Growth was 14% excluding the impact of major orders.

In the three major regions, momentum was strongest in Asia with growth at 14%, supported by a significant increase in China. North America reported 12% growth. Europe improved by 9%, while the figure excluding large orders was 7%.

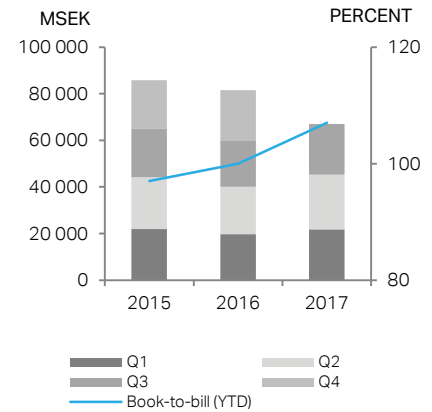
All customer segments improved or remained stable compared with the year-earlier period. In general, mining demand as well as demand in the general engineering segment grew and was strong across all regions. The energy segment remained generally stable. The automotive segment remained stable, with increased demand in Asia, while Europe and North America remained steady. The aerospace segment noted an overall stable development.

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

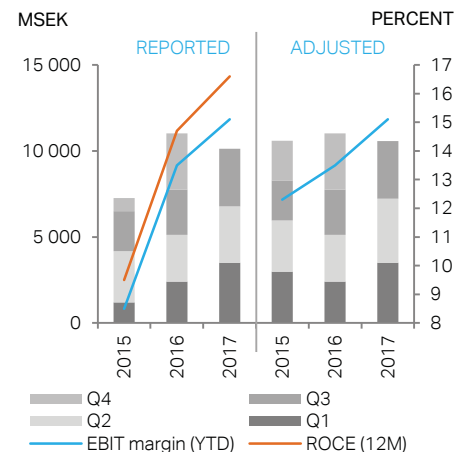
Operating profit rose by 28% year-on-year to 3,344 million SEK (2,623) and the operating margin was 15.4% (13.3). Operating profit rose by 37%, excluding the negative impact of changed exchange rates. The improvement in operating profit was driven by strong development in Sandvik Mining and Rock Technology and Sandvik Machining Solutions at 80% and 18% respectively, due to higher volumes and implemented efficiency measures. In Sandvik Materials Technology, an operating loss of -57 million SEK was reported, primarily due to a negative mix in deliveries, lower profitability in the more standardized tubular business as well as normal seasonality and an adverse impact from changed metal prices.

Total costs for sales and administration rose by 5%. This increase was related to sales costs driven by increased market activity, despite a decline in administrative costs. However, the ratio to revenues declined to 21% (22). Savings from the ongoing efficiency programs announced earlier generated savings of 85 million SEK year-on-year. Changed exchange rates adversely impacted operating profit by -244 million SEK. Changed metal prices had an adverse impact of -64 million SEK (+51) on results. Finance net decreased significantly year-on-year to -193 million SEK (-400) due primarily to a lower debt level as well as the marked-to-market valuation of derivatives. The tax rate was 25.5% (27.5) for continuing operations. The tax rate for the Group total was 25.2% (50.1) for the quarter.

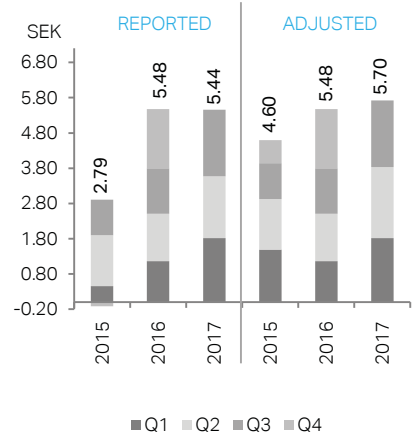
REVENUES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Capital employed declined year-on-year to 75.2 billion SEK (77.6) primarily due to the impact from changed exchange rates.

Net working capital decreased overall by about 200 million SEK year-on-year to 21.6 billion SEK. The decline in reported net working capital was due to the impact from changed exchange rates, while the underlying organic net working capital remained generally stable. The increase in inventories and accounts receivables was more than offset by higher accounts payable and customer advances. Net working capital in relation to revenues declined to 25% (29) for the quarter.

Investments in tangible and intangible assets in the third quarter amounted to 770 million SEK (871), corresponding to 76% of depreciation. Investments are seasonally higher in the second half of the year.

Financial net debt amounted to 25.3 billion SEK in the third quarter, declining both year-on-year from 33.5 billion SEK and sequentially from 28.2 billion SEK. The net debt to equity ratio declined to 0.62 (0.95). The net pension liability declined year-on-year to 6.0 billion SEK (7.6) due to changed discount rates. Interest-bearing debt with short-term maturity accounted for 9% of total debt.

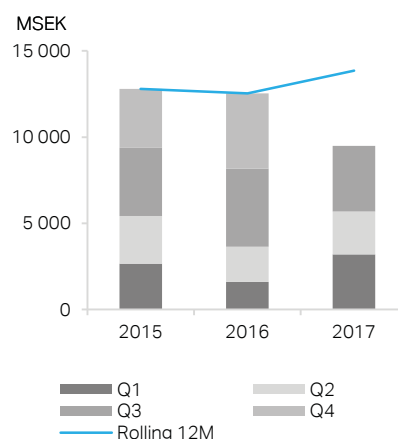
Cash flow from operations was reported at 3.8 billion SEK and declined year-on-year (4.5). While operating earnings increased, net working capital remained largely unchanged. The previous year's significant reduction in net working capital was not repeated. Consequently, free operating cash flow declined by 14% year-on-year to 3.7 billion SEK (4.3), to be compared with operating profit of 3.3 billion SEK.

CASH FLOW	Q3 2016	Q3 2017
EBITDA	3 733	4 510
Non-cash items	-177	+166
Net Working Capital change	+1 790	-48
Capex*	-1 004	-903
FREE OPERATING CASH FLOW**	4 342	3 725
Net financial items	-400	-193
Paid tax	-219	-454
Cash flow from investing activities	+754	+641
Acquisitions of companies and shares, net of cash	0	0
Proceeds from sale of companies and shares, net of cash	+47	+81
Other investments, net	+3	-11
CASH FLOW FROM OPERATIONS	4 527	3 789

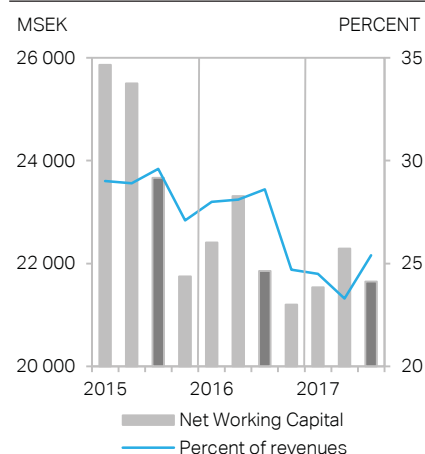
* Including investments and disposals of rental equipment of -192 million SEK (-200) and investments and disposals of tangible and intangible assets of -711 million SEK (-804).

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

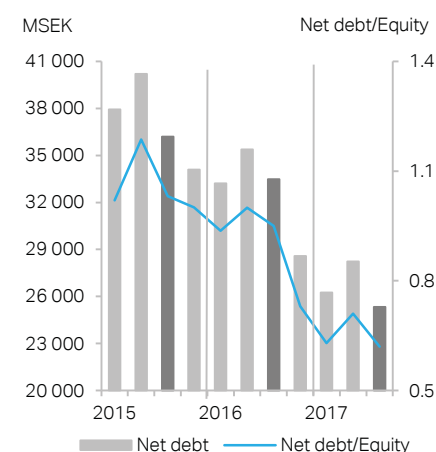
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MACHINING SOLUTIONS

**INCREASED CUSTOMER ACTIVITY
IN ALL GEOGRAPHICAL REGIONS**

18% EARNINGS GROWTH

**23% OPERATING MARGIN
SUPPORTED BY VOLUMES AND
EFFICIENCY MEASURES**



GROWTH

Q3	ORDER INTAKE	REVENUES
Price/volume, %	+11	+10
Structure, %	+0	+0
Currency, %	-2	-2
TOTAL, %	+9	+8

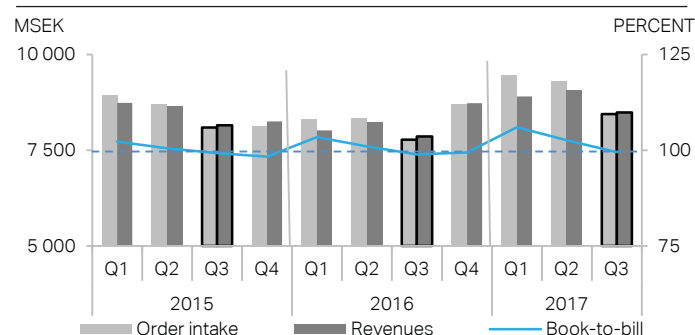
Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Order intake and revenues increased significantly year-on-year by 11% and 10%, respectively. Demand improved in all geographical regions as customer activity intensified or remained stable in all customer segments.

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

- The number of working days had a negative impact of about -1% on both order intake and revenues.
- Revenues in the Asia region increased organically by 14%, with significant support from high customer activity in China and across most segments.
- In Europe revenues improved organically by 9%, including the above average adverse impact from working days. The general engineering and aerospace segments improved while the automotive segment remained stable and the energy segment declined.
- Revenues improved organically by 9% in North America with positive development across most segments, except automotive which remained stable.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL

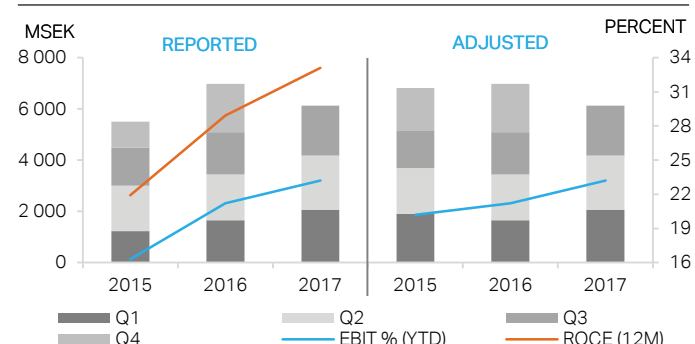


Operating profit improved by 18% year-on-year, including a negative impact from changed exchange rates. The operating margin increased to 23.0% (21.0).

Items impacting operating profit and operating margin:

- Positive organic growth in revenues of 10%.
- Changed exchange rates had an adverse impact of -113 million SEK on operating profit.
- Ongoing announced efficiency measures generated year-on-year savings of 80 million SEK.
- Slight inventory build-up in the quarter, compared with last year's reduction, supported the operating margin by 0.5% year-on-year.

OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	7 776	8 450	+11 *	24 400	27 212	+9*
Revenues	7 859	8 488	+10 *	24 119	26 468	+7*
Operating profit	1 650	1 949	+18	5 087	6 130	+20
% of revenues	21.0	23.0		21.1	23.2	
Return on capital employed, % ¹⁾	27.0	32.8		25.2	33.1	
Number of employees ²⁾	18 417	17 952	-3	18 417	17 952	-3

* At fixed exchange rates for comparable units.

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

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

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

DEMAND FOR REPLACEMENT MINING EQUIPMENT WAS STRONG

HIGH CUSTOMER ACTIVITY IN THE AFTERMARKET BUSINESS

SIGNIFICANT IMPROVEMENT IN EARNINGS AND MARGIN



GROWTH

Q3	ORDER INTAKE	REVENUES
Price/volume, %	+18	+17
Structure, %	+0	+0
Currency, %	-2	-2
TOTAL, %	+16	+15

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

Order intake improved organically by 18% year-on-year, yielding a book-to-bill ratio of 102%. Revenues increased organically by 17% supported by strong order intake in recent quarters and a favourable demand in the aftermarket business.

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

- Order intake was driven by high demand for replacement mining equipment as well as in the aftermarket business.
- One large order was received at a value of about 250 million SEK within mechanical cutting.
- Growth in the aftermarket business improved significantly at a mid-teen rate, supported primarily by high demand for parts and service.
- In the equipment business, strongest demand was reported for the product areas Drilling as well as Load and Haul.
- Although the business is currently relatively small, the mining automation range noted high customer activity, mainly related to underground mining.
- Increased customer activity was primarily related to the commodities of gold, silver, copper and zinc.
- All geographies reported positive order development with Australia being the strongest region in relative terms.

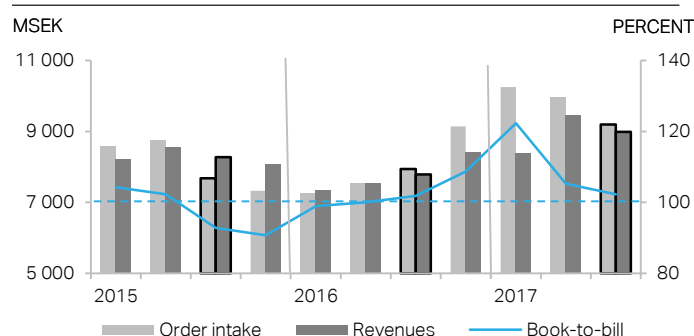
Operating profit improved by 80% and the operating margin increased significantly to 16.4% (10.5), including an adverse impact from changed exchanged rates.

Items impacting operating profit and operating margin:

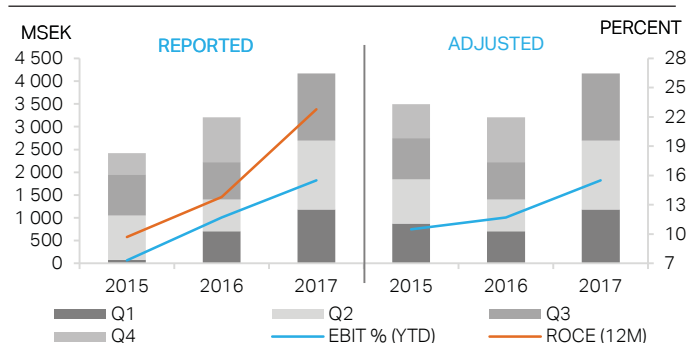
- Positive organic growth in revenues of 17% improved the absorption of fixed costs in production.
- The year-earlier period was adversely impacted by some activities related to the merger of the two business areas Sandvik Mining and Sandvik Construction.

- Changed exchange rates impacted operating profit negatively by -91 million SEK.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	7 936	9 191	+18 *	22 741	29 387	+23*
Revenues	7 791	8 987	+17 *	22 675	26 815	+13*
Operating profit	817	1 472	+80	2 220	4 168	+88
% of revenues	10.5	16.4		9.8	15.5	
Return on capital employed, % ¹⁾	14.0	26.2		11.4	22.8	
Number of employees ²⁾	14 347	14 898	+4	14 347	14 898	+4

* At fixed exchange rates for comparable units.

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

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

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	7 936	9 191	+18 *	22 741	29 387	+23*
Revenues	7 791	8 987	+17 *	22 675	26 815	+13*
Operating profit	817	1 472	+80	2 220	4 168	+88
% of revenues	10.5	16.4		9.8	15.5	

* At fixed exchange rates for comparable units.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	219	285	+30 *	1 655	1 201	-32*
Revenues	724	964	+33 *	2 159	2 525	+10*
Operating profit	-1 012	33	N/M	-1 122	33	N/M
% of revenues	N/M	3.4		-52.0	1.3	

* At fixed exchange rates for comparable units.

Order intake increased by 30% and revenues by 33% year-on-year at fixed exchange rates for comparable units. The operating profit amounted to 33 million SEK (-1 012). The operating profit in the previous year period was negatively impacted by -847 million SEK in capital loss related to the planned divestment of Mining Systems. Changed exchange rates impacted earnings positively by 17 million SEK.

In the quarter the exit from Mining Systems business was announced.

Sandvik's plan to exit Mining Systems is as follows:

- The project part of the business related to mining industry is being divested to FLSmidth.
- Ongoing orders and deliveries related to the non-mining material handling project business (mainly harbor projects) and some mining projects will be delivered by Sandvik through an operational agreement with FLSmidth. The projects are expected to be finalized during 2017 – 2019.
- The conveyor components part of the Mining Systems business is being divested to NEPEAN Conveyors Pty Ltd, a privately owned Australian company.

Mining Systems will continue to be reported in discontinued operations. The transactions are expected to have no or limited impact on earnings per share and closing is expected by the end of 2017. The transactions are subject to regulatory approvals.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	8 155	9 475	+18 *	24 396	30 588	+20*
Revenues	8 515	9 951	+19 *	24 834	29 340	+13*
Operating profit	-195	1 505	N/M	1 098	4 201	N/M
% of revenues	-2.3	15.1		4.4	14.3	

* At fixed exchange rates for comparable units.

SANDVIK MATERIALS TECHNOLOGY

LARGE ORDER RECEIVED

WEAK PROFITABILITY

COST ACTIONS INITIATED



GROWTH

Q3	ORDER INTAKE	REVENUES
Price/volume, %	+9	+3
Structure, %	-0	-0
Currency, %	-2	-2
TOTAL, %	+7	+1

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

Organic order intake increased by 9% and book-to-bill was 102%. Excluding the impact from major orders, order intake improved by 14%. Revenues improved organically by 3%. Higher alloy prices positively impacted both order intake and revenues by 1%, primarily related to nickel.

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

- Order intake was positively impacted by a large order received worth about 250 million SEK related to the energy segment (350 million SEK in the same period last year).
- Demand remained stable at a low level for the more standardized tubular product offering. Over time, increased competition has gradually been noted, related to both the downturn in the energy segment, as well as a stronger product offering from primarily Asian competitors.
- Higher demand for heating systems and high-alloy metal powder for such applications as additive manufacturing.

An operating loss of -57 million SEK was reported (197), in a seasonally weak quarter. Excluding metal price effects, operating profit was 7 million SEK (146) and the operating margin was 0.2% (5.0), including a positive impact from currencies.

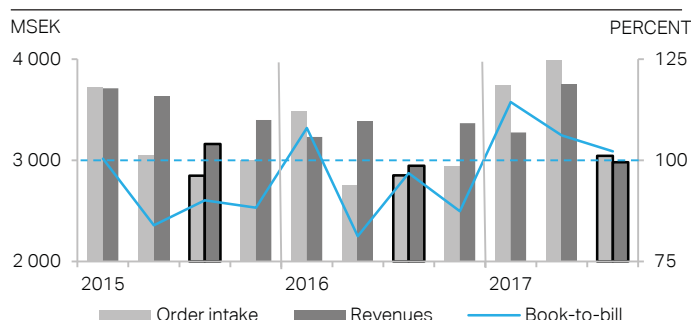
Items impacting operating profit and operating margin:

- Excluding the positive impact from changed alloy prices, organic revenues improved by 2%. However, a negative mix in deliveries and lower profitability in the standardized tubular business weighed on operating profitability.
- Adverse impact by about -30 million SEK on operating profit due to re-scheduled product deliveries to the fourth quarter.
- Changed exchange rates had a positive impact of 13 million SEK on operating profit.
- Changed metal prices had an adverse impact of -64 million SEK (51) on operating profit.

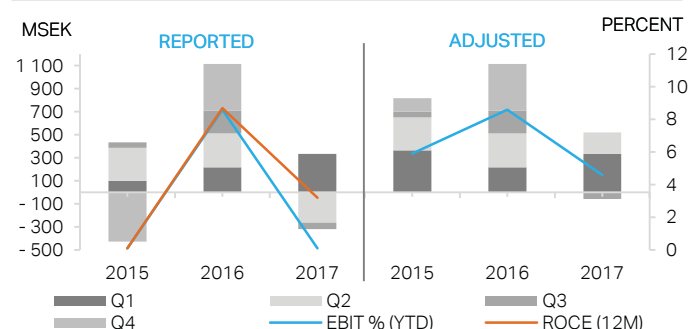
- Year-on-year savings from announced restructuring programs amounted to 5 million SEK.

Cost actions to improve profitability as from early 2018 were initiated during the quarter, including notice of layoffs of 210 white-collar employees.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	2 851	3 045	+9 *	9 093	10 775	+17*
Revenues	2 945	2 980	+3 *	9 565	10 010	+3*
Operating profit	197	-57	N/M	711	14	-98
% of revenues	6.7	-1.9		7.4	0.1	
Adjusted operating profit**	197	-57	N/M	711	464	-35
% of revenues	6.7	-1.9		7.4	4.6	
Return on capital employed, % ¹⁾	6.0	-1.8		2.2	3.2	
Number of employees ²⁾	6 503	6 534	+0	6 503	6 534	+0

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

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

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

For definitions see home.sandvik

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OTHER OPERATIONS

Organic order intake improved by 9%, which was the result of positive development in Hyperion, although this was partially offset by a decline in Process Systems. Revenues increased by 10% as recent orders received were converted into deliveries.

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

- Process Systems: organic order intake declined significantly due to the timing of orders placed by customers. Customer activity in the belts business was stronger in relative terms, while it was somewhat slower in the project business, Industrial Processing. The strong order intake in recent quarters supported revenues, which improved.
- Hyperion: double-digit growth was reported for both order intake and revenues, supported by a general positive development in customer activity in most segments.

Operating profit improved by 8% and the operating margin remained stable at 10.3% (10.2), adversely impacted by transaction-related costs of about -20 million SEK.

Items impacting operating profit and operating margin:

- Process Systems reported a significant improvement in operating profit, and the operating margin also rose sharply, supported by organic growth.

GROWTH

Q3	ORDER INTAKE	REVENUES
Price/volume, %	+9	+10
Structure, %	0	0
Currency, %	-3	-3
TOTAL, %	+6	+7

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

- Both operating profit and operating margin improved in Hyperion, supported by positive organic growth.
- Changed exchange rates had an adverse impact of -9 million SEK on operating profit.

In the second quarter Sandvik announced its agreement to divest Sandvik Process Systems to FAM AB. The process to close the deal is progressing according to plan, with closure expected no later than early 2018.

FINANCIAL OVERVIEW, MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
Order intake	1 132	1 203	+9 *	3 619	3 964	+7*
Revenues	1 113	1 194	+10 *	3 359	3 675	+7*
Operating profit	113	123	+8	348	373	+7
% of revenues	10.2	10.3		10.4	10.2	
Return on capital employed, % ¹⁾	12.2	13.2		11.0	15.3	
Number of employees ²⁾	1 961	2 002	+2	1 961	2 002	+2

* At fixed exchange rates for comparable units.

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

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

PARENT COMPANY

The parent company's revenues after the third quarter of 2017 amounted to 12,241 million SEK (10,988) and the operating result was 1,229 million SEK (-200). Expense of shares in Group companies consists primarily of dividends and Group contributions to these and amounted after the third quarter to

-3,841 million SEK (1,238). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 16,225 million SEK (12,771). Investments in property, plant and machinery amounted to 533 million SEK (586).

FIRST NINE MONTHS 2017

Demand for Sandvik's products during the first nine months of 2017 improved compared with the year-earlier period with organic growth in order intake at 15%. Revenues increased by 9%. This was the result of a broad-based improvement in orders with support from all business areas and most customer segments. The strongest growth was reported in the mining segment due to a significant improvement in demand for replacement equipment as well as higher demand in the aftermarket business. Demand for Sandvik's products improved in all regions. The impact from changed exchange rates had a positive impact of 3% on both order intake and revenues. Sandvik's order intake amounted to 71,338 million SEK (59,868), and revenues were 66,968 million SEK (59,735), implying a book-to-bill ratio of 107%.

Adjusted operating profit was 10,572 million SEK (7,741) and the adjusted operating margin was 15.8% (13.0), positively impacted in the amount of 421 million SEK due to changed ex-

change rates. The reported operating profit increased by 31% to 10,122 million SEK (7,741). Changed metal prices had a positive impact of 11 million SEK (-46). Net financial items amounted to -806 million SEK (-1,235) and the profit after financial items was 9,316 million SEK (6,506). The tax rate was 26.9% (27.2) for continuing operations and 26.7% for the Group (32.8). Profit for the period amounted to 6,813 million SEK (4,737) in continuing operations and 6,863 million SEK (3,622) for the Group in total. Earnings per share for continuing operations amounted to 5.44 SEK (3.80) while earnings per share for the Group in total amounted to 5.48 SEK (2.91). Operating cash flow from continuing operations was 9,485 million SEK (8,179), supported by higher earnings year-on-year, which more than offset an adverse impact from changes in net working capital. Investments were 2,283 million SEK (2,532). Net debt declined to 25.3 billion SEK (33.5), resulting in a net debt to equity ratio of 0.62 (0.95).

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE, MSEK	NO. OF EMPLOYEES
Sandvik Machining Solutions	Comara GmbH	1 October 2016	8	16

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

No divestments in the period.

SIGNIFICANT EVENTS

- On 12 July and 17 July the exit from Mining Systems business was announced in two separate agreements.

Mining Systems is a supplier of design and engineering of material handling systems with annual sales 2016 of 2.9 billion SEK.

Sandvik's plan to exit Mining Systems is as follows:

- The project part of the business related to mining industry is being divested to FLSmidth.
- Ongoing orders and deliveries related to the non-mining material handling project business (mainly harbor projects) and some mining projects will be delivered by Sandvik through an operational agreement with FLSmidth. The projects are expected to be finalized during 2017 – 2019.
- The conveyor components part of the Mining Systems business is being divested to NEPEAN Conveyors Pty Ltd, a privately owned Australian based company.

Mining Systems will continue to be reported in discontinued operations. The transactions are expected to have no or limited impact on earnings per share and closing is expected by the end of 2017. The transactions are subject to regulatory approvals.

GUIDANCE

Guidance below relates to continuing operations.

Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain non-operational key figures considered useful when modeling financial outcomes is provided in the table below:

CAPEX	Estimated at about 3.7 billion SEK for 2017
CURRENCY EFFECTS	Based on currency rates at the end of September 2017, it is estimated that transaction and translation currency effects will have a negative impact of about -450 million SEK on operating profit for the fourth quarter of 2017, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of September 2017, it is estimated that there will be a neutral impact on operating profit in Sandvik Materials Technology for the fourth quarter of 2017
NET FINANCIAL ITEMS	Estimated at between -1.2 and -1.3 billion SEK in 2017
TAX RATE	Estimated at about 26% - 28% for 2017

ACCOUNTING POLICIES

This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting. The same accounting and valuation policies were applied as in the most recent annual report with the exception of new and revised standards and interpretations effective from 1 January 2017.

The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in line with standard RFR 2 Reporting by a legal entity, issued by the Swedish Financial Reporting Board.

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

IFRS 9 Financial Instruments

Effective date is 1 January 2018. An impact assessment has been made in Q2 2017 to prepare for the implementation of IFRS 9. Sandvik entities will primarily be affected by the introduction of the expected loss model regarding provisions for credit losses replacing the current incurred loss model, but the impact is expected to be small.

IFRS 15 Revenue from contracts with customers

Effective date is 1 January 2018. The effects on the financial statements are expected to be limited and the main change is related to moving some revenue from products to services. The implementation project is on-going and parallel reporting according to the new standard is being made in 2017.

In accordance with IFRS 5, the assets and liabilities related to the exit from Sandvik Process Systems and the intended divestment of the welding and stainless wire businesses in Sandvik Materials Technology are presented as assets/liabilities held for sale in the balance sheet. In connection with the planned divestment of the welding and stainless wire businesses an impairment mainly related to fixed assets has been made in the second quarter 2017.

The Mining Systems operations, which the Group intends to divest, have been classified as discontinued operations in accordance with IFRS 5. Comparative figures have been adjusted where necessary. In connection with the ongoing divestment, a write-down of assets has been made to a value that corresponds to the estimated sale price less selling costs.

TRANSACTIONS WITH RELATED PARTIES

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

RISK ASSESSMENT

Sandvik is a global group represented in 150 countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in its work to achieve established targets. Efficient risk management forms part of the ongoing review of the business

and forward-looking assessment of operations. Sandvik's long-term risk exposure is assumed not to deviate from the inherent exposure associated with Sandvik's ongoing business operations. For a more in-depth analysis of risks, refer to Sandvik's Annual Report for 2016.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q3 2016	Q3 2017	CHANGE %	Q1-Q3 2016	Q1-Q3 2017	CHANGE %
<i>Continuing operations</i>						
Revenues	19 715	21 648	+10	59 735	66 968	+12
Cost of sales and services	-12 193	-13 040	+7	-36 651	-40 065	+9
Gross profit	7 522	8 608	+14	23 084	26 903	+17
% of revenues	38.2	39.8		38.6	40.2	
Selling expenses	-2 882	-3 187	+11	-8 759	-9 615	+10
Administrative expenses	-1 432	-1 361	-5	-4 471	-4 374	-2
Research and development costs	-674	-700	+4	-2 175	-2 257	+4
Other operating income and expenses	89	-16	N/M	62	-535	N/M
Operating profit	2 623	3 344	+28	7 741	10 122	+31
% of revenues	13.3	15.4		13.0	15.1	
Net financial items	-400	-193	-52	-1 235	-806	-35
Profit after financial items	2 223	3 151	+42	6 506	9 316	+43
% of revenues	11.3	14.6		10.9	13.9	
Income tax	-612	-804	+31	-1 769	-2 503	+41
Profit for the period, continuing operations	1 611	2 347	+46	4 737	6 813	+44
% of revenues	8.2	10.8		7.9	10.2	
<i>Discontinued operations</i>						
Revenues	724	964	+33	2 160	2 525	+17
Operating profit	-1 012	33	N/M	-1 122	33	N/M
Profit after financial items	-1 002	41	N/M	-1 115	49	N/M
Profit for the period, discontinued operations	-1 002	41	N/M	-1 115	50	N/M
<i>Group total</i>						
Revenues	20 439	22 612	+11	61 895	69 493	+12
Operating profit	1 611	3 377	N/M	6 619	10 155	+53
Profit after financial items	1 221	3 192	N/M	5 392	9 365	+74
Profit for the period, Group total	609	2 388	N/M	3 622	6 863	+89
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	-1 536	-131		-1 576	-104	
Tax relating to items that will not be reclassified	331	43		374	-1	
	-1 205	-88		-1 202	-105	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	428	-1 381		1 545	-2 336	
Cash flow hedges	81	20		72	79	
Tax relating to items that may be reclassified	-18	-5		-15	-18	
	491	-1 366		1 602	-2 275	
Total other comprehensive income	-714	-1 454		400	-2 380	
Total comprehensive income	-105	934		4 022	4 483	
<i>Profit for the period attributable to</i>						
Owners of the Parent	610	2 393		3 652	6 877	
Non-controlling interests	-1	-6		-29	-14	
<i>Total comprehensive income attributable to</i>						
Owners of the Parent	-104	940		4 052	4 497	
Non-controlling interests	-1	-6		-29	-14	
Earnings per share, SEK *						
Continuing operations	1.29	1.88	+46	3.80	5.44	+43
Discontinued operations	-0.80	0.03	N/M	-0.89	0.04	N/M
Group Total	0.49	1.91	N/M	2.91	5.48	+88

* Basic and diluted earnings per share. N/M = non-meaningful.
For definitions see home.sandvik

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2016	30 SEP 2016	30 SEP 2017
Intangible assets	19 240	18 804	18 102
Property, plant and equipment	26 709	26 378	24 542
Financial assets	8 036	8 620	7 263
Inventories	20 977	21 289	21 070
Current receivables	19 362	18 424	19 337
Cash and cash equivalents	8 818	7 927	8 559
Assets held for sale	358	461	2 508
Total assets	103 500	101 903	101 381
Total equity	39 290	35 281	40 595
Non-current interest-bearing liabilities	33 187	36 895	31 818
Non-current non-interest-bearing liabilities	4 867	4 937	4 322
Current interest-bearing liabilities	4 680	4 959	2 584
Current non-interest-bearing liabilities	20 579	18 906	20 465
Liabilities held for sale	897	925	1 597
Total equity and liabilities	103 500	101 903	101 381
<i>Group total</i>			
Net working capital*	20 801	21 583	21 640
Loans	31 333	33 706	27 851
Non-controlling interests in total equity	93	57	28

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

NET DEBT

MSEK	31 DEC 2016	30 SEP 2016	30 SEP 2017
Interest-bearing liabilities excluding pension liabilities	31 418	33 794	27 931
Net pension liabilities	5 979	7 610	5 972
Cash and cash equivalents	-8 818	-7 927	-8 565
Net debt	28 579	33 477	25 338
Net debt to equity ratio	0.73	0.95	0.62

CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	52	52
Total comprehensive income for the period	8 001	-40	7 961
Personnel options program	61	-	61
Hedge of personnel options program	292	-	292
Dividends	-3 136	-	-3 136
Closing equity, 31 December 2016	39 197	93	39 290
Opening equity, 1 January 2017	39 197	93	39 290
Changes in non-controlling interest	-9	-47	-56
Total comprehensive income for the period	4 497	-14	4 483
Personnel options program	352	-	352
Hedge of personnel options program	-21	-	-21
Dividends	-3 449	-4	-3 453
Closing equity, 30 September 2017	40 567	28	40 595
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	5	5
Total comprehensive income for the period	4 052	-29	4 023
Personnel options program	37	-	37
Hedge of personnel options program	292	-	292
Dividends	-3 136	-	-3 136
Closing equity, 30 September 2016	35 224	57	35 281

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	2 223	3 151	6 506	9 316
Adjustment for depreciation, amortization and impairment losses	1 110	1 166	3 252	3 802
Adjustment for items that do not require the use of cash etc.	-177	166	-620	336
Income tax paid	-219	-454	-1 238	-1 773
Cash flow from operations before changes in working capital, continuing operations	2 937	4 029	7 900	11 681
<i>Changes in working capital</i>				
Change in inventories	931	-364	1 099	-1 661
Change in operating receivables	1 066	386	691	-1 609
Change in operating liabilities	-207	-70	-1 149	1 729
Cash flow from changes in working capital, continuing operations	1 790	-48	641	-1 541
Investments in rental equipment	-228	-246	-467	-755
Divestments of rental equipment	28	54	105	100
Cash flow from operations, continuing operations	4 527	3 789	8 179	9 485
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash	-	-	-23	-
Proceeds from sale of companies and shares, net of cash	47	81	53	81
Investments in tangible assets	-673	-585	-1 808	-1 615
Proceeds from sale of tangible assets	48	58	163	227
Investments in intangible assets	-198	-185	-724	-668
Proceeds from sale of intangible assets	19	1	26	1
Other investments, net	3	-11	-2	-9
Cash flow from investing activities, continuing operations	-754	-641	-2 315	-1 983
Net cash flow after investing activities	3 773	3 148	5 864	7 502
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	52	-1 739	-893	-3 703
Dividends paid	-	-4	-3 136	-3 453
Cash flow from financing activities, continuing operations	52	-1 743	-4 029	-7 156
Cash flow from continuing operations	3 825	1 405	1 835	346
Cash flow from discontinued operations	-64	-214	-356	-432
Cash flow for the period, Group total	3 761	1 191	1 479	-86
Cash and cash equivalents at beginning of the period	4 134	7 451	6 376	8 818
Exchange-rate differences in cash and cash equivalents	32	-77	72	-167
Cash and cash equivalents at the end of the period	7 927	8 565	7 927	8 565
<i>Discontinued operations</i>				
Cash flow from operations	-215	-220	-342	-436
Cash flow from investing activities	167	3	-18	1
Cash flow from financing activities	-16	3	4	3
<i>Group Total</i>				
Cash flow from operations	4 312	3 569	7 837	9 049
Cash flow from investing activities	-587	-638	-2 333	-1 982
Cash flow from financing activities	36	-1 740	-4 025	-7 153
Group total cash flow	3 761	1 191	1 479	-86

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-Q3 2016	Q1-Q3 2017
Revenues	10 988	12 241
Cost of sales and services	-6 857	-6 705
Gross profit	4 131	5 536
Selling expenses	-573	-692
Administrative expenses	-1 647	-1 604
Research and development costs	-998	-990
Other operating income and expenses	-1 113	-1 021
Operating profit	-200	1 229
Income/expenses from shares in Group companies	1 238	-3 841
Income from shares in associated companies	10	77
Interest income/expenses and similar items	-455	-109
Profit after financial items	593	-2 644
Appropriations	-	-
Income tax expenses	-77	621
Profit for the period	516	-2 023

BALANCE SHEET

MSEK	31 DEC 2016	30 SEP 2016	30 SEP 2017
Intangible assets	161	235	137
Property, plant and equipment	7 610	7 580	7 469
Financial assets	47 076	48 843	46 643
Inventories	2 927	3 012	3 079
Current receivables	8 917	7 408	7 840
Cash and cash equivalents	1	66	-
Total assets	66 692	67 144	65 168
Total equity	29 402	29 705	24 260
Untaxed reserves	3	11	3
Provisions	674	714	605
Non-current interest-bearing liabilities	19 824	20 842	18 731
Non-current non-interest-bearing liabilities	316	370	256
Current interest-bearing liabilities	9 294	9 849	11 277
Current non-interest-bearing liabilities	7 179	5 653	10 036
Total equity and liabilities	66 692	67 144	65 168
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	14 478	12 771	16 225
Investments in fixed assets	975	586	533

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE AND REVENUES PER MARKET AREA

MARKET AREA	ORDER INTAKE	CHANGE *		SHARE	REVENUES	CHANGE *	SHARE
	MSEK	%	% ¹⁾	%	MSEK	%	%
THE GROUP							
Europe	8 115	+9	+7	36	7 963	+4	36
North America	4 545	+12	+12	21	4 881	+25	23
South America	1 236	+19	+19	6	1 091	+7	5
Africa/Middle East	2 137	+17	+17	10	2 160	+19	10
Asia	4 425	+14	+14	20	4 136	+9	19
Australia	1 430	+37	+37	7	1 417	+23	7
Total continuing operations	21 888	+13	+13	100	21 648	+12	100
Discontinued operations	285	+30	+30	-	964	+33	-
Group total	22 173	+13	+13	-	22 612	+13	-
SANDVIK MACHINING SOLUTIONS							
Europe	4 540	+10	+10	54	4 611	+9	54
North America	1 759	+10	+10	21	1 756	+9	21
South America	202	+14	+14	2	204	+16	2
Africa/Middle East	82	+14	+14	1	89	+25	1
Asia	1 796	+14	+14	21	1 756	+14	21
Australia	71	+8	+8	1	72	+10	1
Total	8 450	+11	+11	100	8 488	+10	100
SANDVIK MINING AND ROCK TECHNOLOGY							
Europe	1 505	+10	-8	17	1 407	+3	15
North America	1 857	+13	+13	20	1 942	+38	22
South America	940	+25	+25	10	787	+2	9
Africa/Middle East	1 958	+25	+25	21	1 976	+19	22
Asia	1 622	+6	+6	18	1 564	+12	17
Australia	1 309	+38	+38	14	1 311	+24	15
Total continuing operations	9 191	+18	+15	100	8 987	+17	100
Discontinued operations	285	+30	+30	-	964	+33	-
Total	9 475	+18	+15	-	9 951	+19	-
SANDVIK MATERIALS TECHNOLOGY							
Europe	1 637	+7	+17	54	1 479	-8	48
North America	615	+15	+15	20	859	+50	29
South America	59	+4	+4	2	45	-7	2
Africa/Middle East	59	-64	-64	2	50	-7	2
Asia	665	+35	+35	22	531	-9	18
Australia	10	-42	-42	0	16	-4	1
Total	3 045	+9	+14	100	2 980	+3	100
OTHER OPERATIONS							
Europe	434	-2	-2	37	466	+5	38
North America	314	+19	+19	26	324	+12	27
South America	35	-34	-34	3	56	+84	5
Africa/Middle East	38	+78	+78	3	45	+66	4
Asia	342	+11	+11	28	285	+3	24
Australia	40	+192	+192	3	18	+4	2
Total	1 203	+9	+9	100	1 194	+10	100

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

1) Excluding major orders.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	CHANGE Q3 % % ¹⁾	
<i>Continuing operations</i>										
Sandvik Machining Solutions	8 304	8 320	7 776	8 688	33 088	9 450	9 312	8 450	+9	+11
Sandvik Mining and Rock Technology	7 266	7 539	7 936	9 145	31 886	10 247	9 949	9 191	+16	+18
Sandvik Materials Technology	3 488	2 753	2 851	2 943	12 036	3 746	3 985	3 045	+7	+9
Other Operations	1 236	1 251	1 132	1 211	4 830	1 473	1 287	1 203	+6	+9
Group activities	5	6	5	6	21	0	0	-1		
Continuing operations	20 299	19 869	19 700	21 993	81 861	24 916	24 533	21 888	+11	+13
Discontinued operations	1 162	273	219	718	2 372	510	407	285	+29	+30
Group total	21 461	20 142	19 919	22 711	84 233	25 426	24 940	22 173	+11	+13

REVENUES BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	CHANGE Q3 % % ¹⁾	
<i>Continuing operations</i>										
Sandvik Machining Solutions	8 025	8 235	7 859	8 734	32 852	8 909	9 071	8 488	+8	+10
Sandvik Mining and Rock Technology	7 344	7 540	7 791	8 418	31 093	8 378	9 450	8 987	+15	+17
Sandvik Materials Technology	3 231	3 389	2 945	3 366	12 931	3 275	3 755	2 980	+1	+3
Other Operations	1 095	1 151	1 113	1 296	4 655	1 205	1 276	1 194	+7	+10
Group activities	5	6	7	3	22	0	1	-1		
Continuing operations	19 700	20 321	19 715	21 817	81 553	21 767	23 553	21 648	+10	+12
Discontinued operations	720	715	724	718	2 877	669	893	964	+33	+33
Group total	20 420	21 036	20 439	22 535	84 430	22 436	24 446	22 612	+11	+13

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	CHANGE Q3 %
<i>Continuing operations</i>									
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	1 949	+18
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	1 472	+80
Sandvik Materials Technology	216	297	197	404	1 115	334	-263	-57	N/M
Other Operations	94	141	113	197	545	126	124	123	+8
Group activities	-254	-216	-154	-193	-818	-208	-212	-143	+8
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 271	3 344	+28
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	33	N/M
Group total²⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 284	3 377	N/M

OPERATING MARGIN BY BUSINESS AREA

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

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

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

N/M = non-meaningful.

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	Q3 2017	CHANGE Q3
<i>Continuing operations</i>									
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	1 949	+18
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	1 472	+80
Sandvik Materials Technology	216	297	197	404	1 115	334	187	-57	N/M
Other Operations	94	141	113	197	545	126	124	123	+8
Group activities	-254	-216	-154	-193	-818	-208	-212	-143	+8
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 721	3 344	+28
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	33	N/M
Group total ¹⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 734	3 377	N/M

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

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

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

KEY FIGURES

	Q3 2016	Q3 2017	Q1-4 2016
<i>Continuing operations</i>			
Tax rate, %	27.5	25.5	27.0
Return on capital employed, % ^{1), 2)}	13.9	18.0	14.7
Return on total equity, % ¹⁾	18.2	23.4	19.1
Return on total capital, % ¹⁾	10.6	13.4	11.2
Shareholders' equity per share, SEK	28.1	32.3	31.2
Net debt/equity ratio	0.95	0.62	0.73
Net debt/EBITDA	2.53	1.54	2.12
Equity/assets ratio, %	35	40	38
Net working capital, % ^{1), 2)}	28.6	25.4	27.1
Earnings per share, SEK ³⁾	1.29	1.88	5.48
EBITDA, MSEK	3 733	4 510	15 522
Cash flow from operations, MSEK	+4 527	+3 789	+12 542
Funds from operations (FFO), MSEK	2 937	4 029	11 457
Interest coverage ratio, %	683	1 591	622
Number of employees	43 014	43 087	42 908

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

2) 12-month rolling ROCE reported at 17.6 % (11.4) and NWC % reported at 24.4 % (28.0).

3) Basic and diluted earnings per share.

	Q3 2016	Q3 2017	Q1-4 2016
<i>Group total</i>			
Tax rate, %	50.1	25.2	31.6
Return on capital employed, % ^{1), 2)}	8.6	18.2	12.9
Return on total equity, % ¹⁾	6.9	23.8	15.2
Return on total capital, % ¹⁾	6.5	13.4	9.7
Shareholders' equity per share, SEK	28.1	32.3	31.2
Net debt/equity ratio	0.95	0.62	0.73
Net debt/EBITDA	2.71	1.56	2.29
Equity/assets ratio, %	35	40	38
Net working capital, % ^{1), 2)}	27.4	24.2	26.0
Earnings per share, SEK ³⁾	0.49	1.91	4.39
EBITDA, MSEK	2 942	4 548	14 372
Cash flow from operations, MSEK	+4 312	+3 569	+12 032
Funds from operations (FFO), MSEK	2 473	4 013	10 546
Interest coverage ratio, %	589	1 635	569
Number of employees	43 958	43 797	43 732
No. of shares outstanding at end of period ('000) ⁴⁾	1 254 386	1 254 386	1 254 386
Average no. of shares ('000) ⁴⁾	1 254 386	1 254 386	1 254 386

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

2) 12-month rolling ROCE reported at 17.4 % (10.0) and NWC % reported at 23.3 % (26.8).

3) Basic and diluted earnings per share.

4) No dilution effect during the period.

For definitions see home.sandvik

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures provide useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures

in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. For definitions of key figures that Sandvik uses see website home.sandvik.

DISCLAIMER STATEMENT

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate move-

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

ANNUAL GENERAL MEETING

The Board of Directors has decided that the 2018 Annual General Meeting will be held in Sandviken, Sweden, on

27 April 2018. The notice to convene the AGM will be made in the prescribed manner.

Stockholm, 24 October 2017
Sandvik Aktiebolag (publ)

Björn Rosengren
President and CEO

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the interim report of Sandvik AB as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on review engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Audit-

ing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 24 October 2017
KPMG AB

Joakim Thilstedt
Authorized public accountant

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at about 13:30 CET on 24 October 2017.

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

A presentation and teleconference will be held on 24 October 2017 at 15:00 CET at the World Trade Center in Stockholm.

Information is available at home.sandvik.ir

CALENDAR:

21 November 2017	Capital Markets Day in Tübingen, Germany
5 February 2018	Report, fourth quarter 2017
24 April 2018	Report, first quarter 2018
27 April 2018	Annual General Meeting in Sandviken, Sweden
17 July 2018	Report, second quarter 2018
23 October 2018	Report, third quarter 2018

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