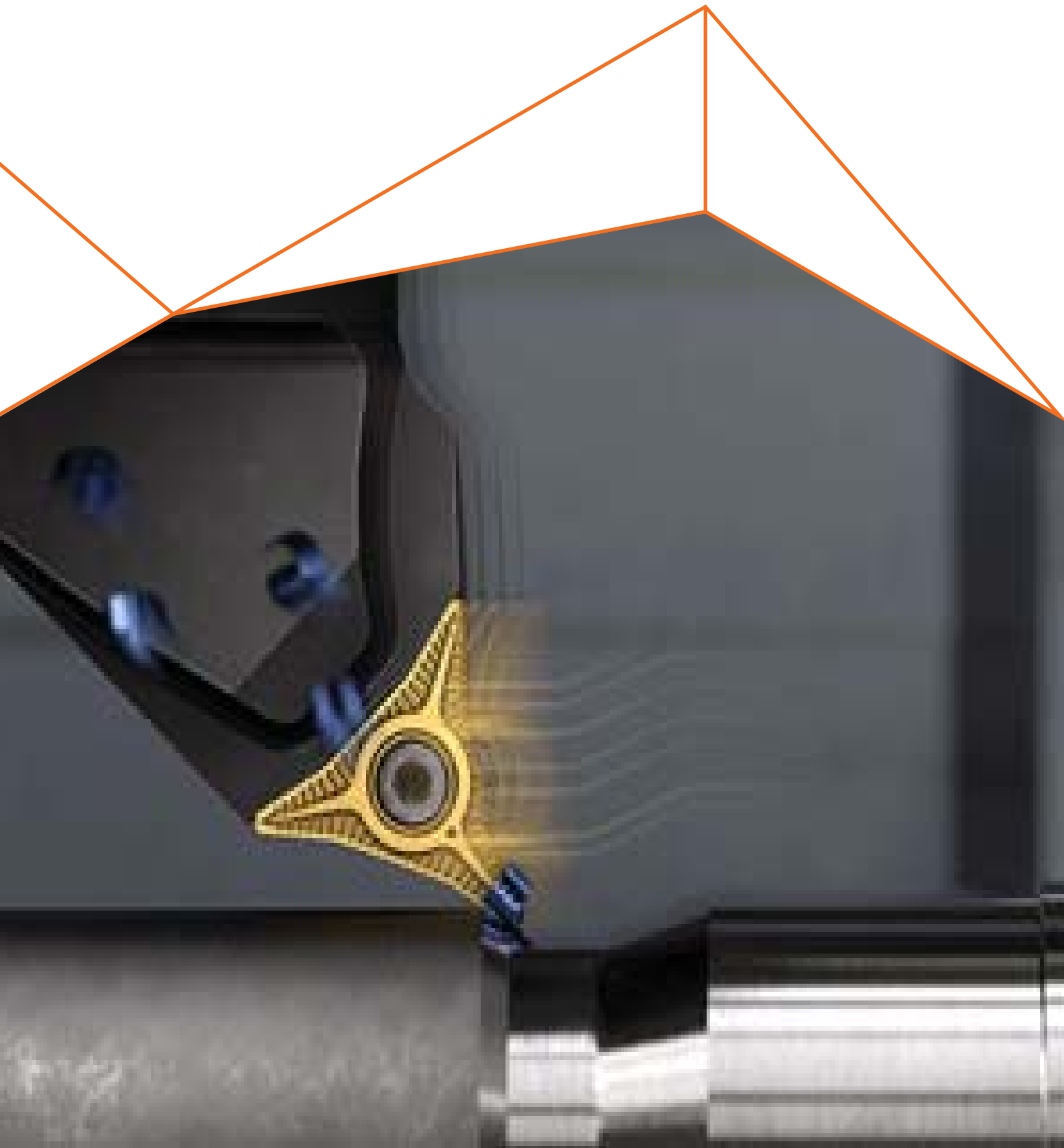


INTERIM REPORT FIRST QUARTER



STRONG MOMENTUM IN ORDERS AND IMPROVED PERFORMANCE

CEO'S COMMENT: "We noted good momentum in our businesses in the first quarter. Improved customer activity resulted in positive order growth in all three business areas and in Other Operations. All geographical regions reported positive organic development and we achieved a book-to-bill of 114%. On the back of increased customer activity and the efficiency measures we have implemented, we delivered both earnings growth and improved margins. Cash flow reached a record-high level for a first quarter and we strengthened the balance sheet. I am very pleased with the development", says Björn Rosengren, President and CEO of Sandvik.

"Organic growth in order intake was 16% compared with the year-earlier period, supported by all business areas, thus laying the foundation for future revenue generation. Growth was particularly strong in Sandvik Mining and Rock Technology, driven primarily by equipment replacement

orders, with also Sandvik Machining Solutions achieving a double digit increase in orders. Despite persistently low oil and gas prices, Sandvik Materials Technology received one major order from the oil and gas industry".

"We increased operating profit by 45% year on year and the operating margin improved to 16.1% (12.2). The improvement was primarily due to higher revenues and the efficiency measures that we have pushed through over some time, but also to the positive impact from changed exchange rates. Excluding the impact from changed exchange rates, operating profit improved by 29%".

"While revenues increased organically the net working capital was reduced compared with the year-earlier period. Cash flow was record-high for a first quarter and we successfully reduced the net gearing to 0.63, the lowest level in recent history".

FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
<i>Continuing operations</i>				
Order intake ¹⁾	20 299	24 916	+16	81 861
Revenues ¹⁾	19 700	21 767	+5	81 553
Gross profit	7 614	8 917	+17	31 671
% of revenues	38.6	41.0		38.8
Operating profit	2 413	3 507	+45	11 018
% of revenues	12.2	16.1		13.5
Profit after financial items	1 996	3 120	+56	9 366
% of revenues	10.1	14.3		11.5
Profit for the period	1 455	2 280	+57	6 838
% of revenues	7.4	10.5		8.4
of which shareholders' interest	1 460	2 281	+56	6 878
Earnings per share, SEK ²⁾	1.16	1.82	+56	5.48
Return on capital employed, % ^{3) 4)}	13.2	18.0		14.7
Cash flow from operations	+1 602	+3 202	+100	+12 542
Net working capital, % ^{3) 4)}	28	25		27
<i>Discontinued operations</i>				
Profit for the period	-57	-10	+82	-1 370
Earnings per share, SEK ²⁾	-0.04	-0.01	+82	-1.09
<i>Group Total</i>				
Profit for the period	1 398	2 270	+62	5 468
Earnings per share, SEK ²⁾	1.12	1.81	+62	4.39

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 annual number is based on a four quarter average.

4) 12-month rolling ROCE reported at 15.9% (11.2) and NWC % reported at 26.4% (28.5).

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

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+16	+5
Structure, %	0	0
Currency, %	+5	+5
TOTAL, %	+23	+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 first quarter, order intake improved by 16% year on year, at fixed exchange rates for comparable units, and the book-to-bill was 114%. Sandvik Mining and Rock Technology reported significant order growth of 30%, driven primarily by demand for replacing installed equipment, although demand in the aftermarket business also increased. For Sandvik Machining Solutions, orders improved organically by 10% with stable to positive development in all regions. Sandvik Materials Technology reported 5% organic growth in order intake, supported by one large order (a large order was booked also in the year-earlier period), alloy surcharges and largely stable underlying development.

Order intake improved in all geographical regions. Momentum was strongest in North America where the overall improvement was 41%, while the figure excluding large orders was 25%. Europe reported 5% growth, while the figure excluding large orders was 11%. Asia grew by 7%, and the strong growth in China was the key driver.

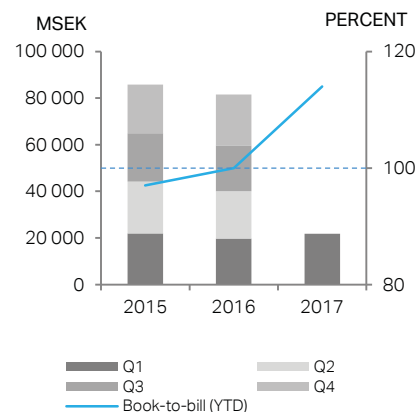
All customer segments remained stable or improved year on year. Mining demand increased and was strong across all regions. Customer activity related to the general engineering segment increased in all three major regions. The aerospace segment noted an overall improvement, supported by positive development in Asia and Europe, while North America remained stable. The automotive segment remained generally stable, which was the combined effect of an increase in Asia, stable development in Europe and a decline in North America. The energy segment remained generally stable.

Changed exchange rates had a positive impact of 5% on both order intake and revenues.

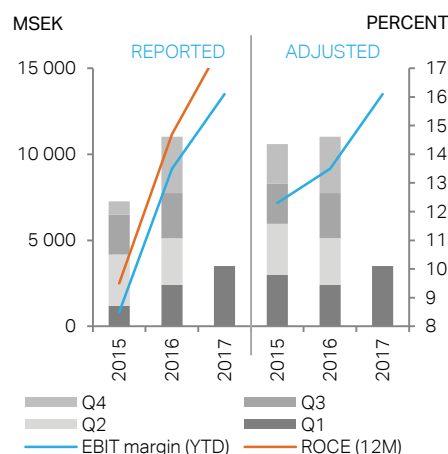
Operating profit rose by 45% year on year to 3,507 million SEK (2,413) and the operating margin was 16.1% (12.2). Operating profit rose by 29% excluding the positive impact of changed exchange rates. Reported operating profit improved in all businesses areas and in Other Operations, primarily due to higher revenues and efficiency measures, as well as by the positive impact from changed exchange rates. Excluding the positive currency impact, double-digit earnings growth was noted in both Sandvik Mining and Rock Technology and Sandvik Machining Solutions. Underlying operating profit decreased in Sandvik Materials Technology while it remained stable in Other Operations.

Costs for sales and administration increased by 5% year on year to 4,604 million SEK (4,391) primarily due to the impact from changed exchange rates. The increase was all related to sales cost while cost for administration declined. The ratio to revenues declined to 21.1% (22.3%). Costs for research and development remained overall stable. Savings from announced efficiency programs amounted to 135 million SEK compared with the preceding year. Changed exchange rates positively impacted operating profit by 401 million SEK. Changed metal prices positively impacted results by 129 million SEK (-106). Finance net decreased by -8%, supported by a significant reduction in interest net, however adversely impacted by currency and hedges. The tax rate in the first quarter was 26.9% (27.1) for continuing operations. The total tax rate for the Group was 27.0% (27.9) for the quarter.

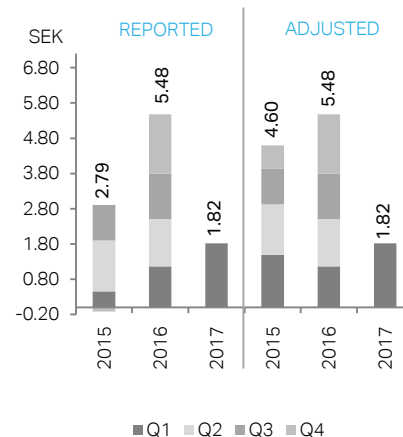
REVENUES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Total assets for the Group increased somewhat year on year as a result of the impact from changed exchange rates and an increase in equity due to higher earnings, which also supported the cash balance. Capital employed increased year on year to 80,079 million SEK (75,730) primarily due to the impact from changed exchange rates and a higher cash balance.

Net working capital decreased overall by about 0.9 billion SEK year on year to 21.5 billion SEK. The decline was the result of higher inventories and accounts receivables, which were more than offset by increased accounts payable and customer advances. Net working capital in relation to revenues was reduced to 25% (28) for the quarter, a six-year low.

Investments in tangible and intangible assets in the first quarter amounted to 703 million SEK (741), corresponding to 70% of depreciation. Investments are seasonally higher in the second half of the year.

Financial net debt amounted to 26.3 billion SEK in the first quarter, declining both year on year (33.2) and sequentially (28.6). Consequently, the net debt to equity ratio was reduced to 0.63 (0.94). The net pension liability remained stable year on year at 5.9 billion SEK (6.0). Interest-bearing debt with short-term maturity accounted for 14% of total debt.

Cash flow from operations improved year on year and amounted to 3.2 billion SEK (1.6). The higher level of operating cash flow was primarily related to the strengthened operating result as well as a comparatively smaller adverse impact from changes in net working capital.

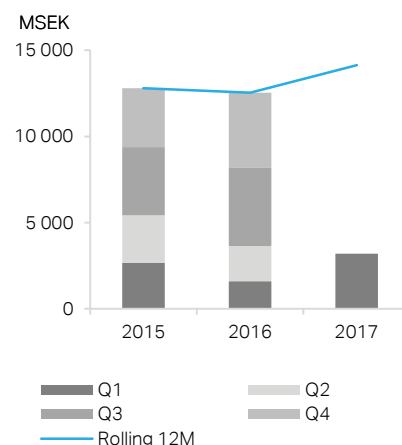
Free operating cash flow improved by 94% year on year to 3.7 billion SEK (1.9), which should be viewed in relation to operating profit of 3.5 billion SEK.

CASH FLOW	Q1 2016	Q1 2017
EBITDA	3 487	4665
Non-cash items	-110	+107
Net Working Capital change	-736	-226
Capex*	-742	-864
FREE OPERATING CASH FLOW**	1 899	3 682
Net financial items	-417	-387
Paid tax	-546	-743
Cash flow from investing activities	+711	+647
Acquisitions of companies and shares, net of cash	-37	0
Proceeds from sale of companies and shares, net of cash	0	0
Other investments, net	-8	+3
CASH FLOW FROM OPERATIONS	1 602	3 202

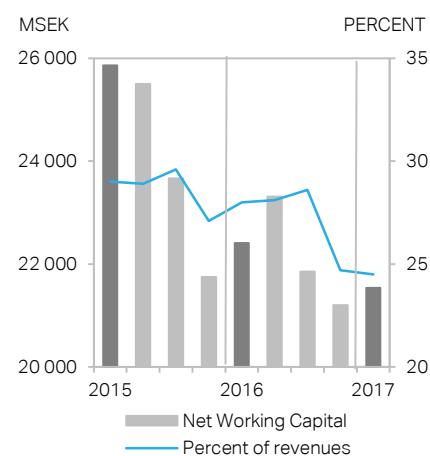
* Including investments and disposals of rental equipment of -214 million SEK and investments and disposals of tangible and intangible assets of -650 million SEK.

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

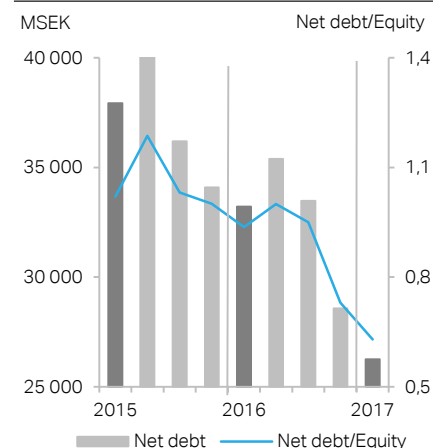
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MACHINING SOLUTIONS

STRONG ORGANIC GROWTH

EARNINGS AND MARGIN IMPROVEMENT

NEW PRESIDENT AS OF 1 APRIL



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+10	+7
Structure, %	+0	+0
Currency, %	+4	+4
TOTAL, %	+14	+11

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

Revenues increased organically by 7% year on year, the combined effect of a 10% increase in Asia, 8% in North America and 5% in Europe.

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

- Organic growth in Asia was primarily driven by China, which significantly outperformed the region as a whole. Customer activity increased in most segments, except for the energy segment which declined.
- Demand improved in North America. The general engineering and energy segments improved, the automotive segment declined while the aerospace segment remained stable.
- Total revenues increased in Europe, however excluding the positive impact from the number of working days the underlying demand remained largely stable. The general engineering and aerospace segments improved while automotive remained stable and the energy segment declined.
- The number of working days had a positive impact of about 3% on organic growth in order intake and revenues, with an above average impact in Europe.

Operating profit improved by 25% year on year, and the operating margin increased to 23.2% (20.6).

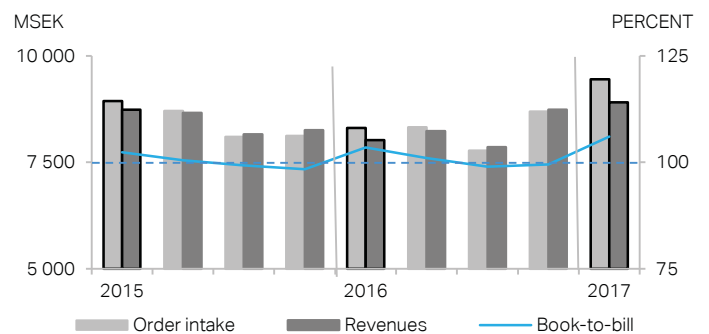
Items impacting operating profit and margin:

- Positive organic growth of 7% in revenues.
- Adverse impact of about -50 million SEK primarily related to a contribution to the employee profit-sharing foundation.
- Changed exchange rates had a positive impact on operating profit of 192 million SEK.
- Ongoing announced efficiency measures generated year on year savings of 98 million SEK.

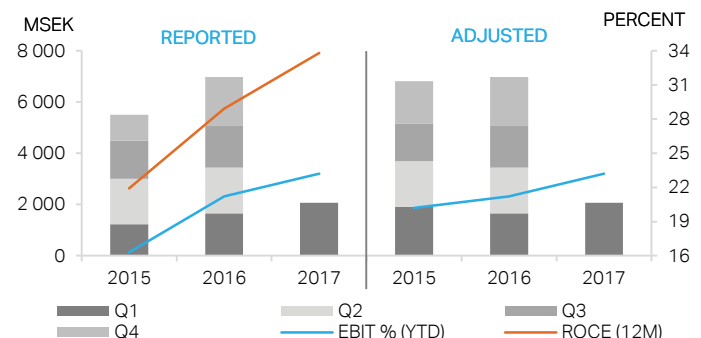
Net working capital in relation to revenues reached an all-time low of 22.9% (25.3).

As of 1 April Klas Forsström is President for the business area. Klas Forsström has been with the Sandvik Group for 25 years and most recently held the position of President of Sandvik Coromant, the largest product area in Sandvik Machining Solutions.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	8 304	9 450	+10 *	33 088
Revenues	8 025	8 909	+7 *	32 852
Operating profit	1 652	2 071	+25	6 970
% of revenues	20.6	23.2		21.2
Return on capital employed, % ^{1) 2)}	27.9	33.8		28.9
Number of employees	18 399	17 840	-3	18 043

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ 12-month rolling ROCE reported at 30.4% (23.9).

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

STRONG ORDER GROWTH

DEMAND DRIVEN BY EQUIPMENT REPLACEMENT ORDERS

INCREASED ACTIVITY IN THE AFTERMARKET BUSINESS



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+30	+6
Structure, %	0	0
Currency, %	+8	+8
TOTAL, %	+41	+14

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

Order intake improved by 30% year on year, yielding a book-to-bill of 122%. Revenues increased by 6% due to the time required to convert the recent positive order growth into deliveries.

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

- Orders for replacement equipment increased significantly and were the key driver for the strong order intake.
- One large order totalling about 280 million SEK was received in North America.
- Demand in the aftermarket business increased and both order intake and revenues improved at a single-digit rate.
- Product categories for underground drilling, loading and hauling, as well as surface drilling reported the strongest order increase.
- Increased customer activity was primarily related to the commodities of gold, silver and zink. Some signs of improvement were noted for copper.
- All geographies reported positive order development.

68% growth in operating profit and significant margin improvement to 14.1% (9.6), primarily supported by efficiency measures, higher revenues and positive currency impact.

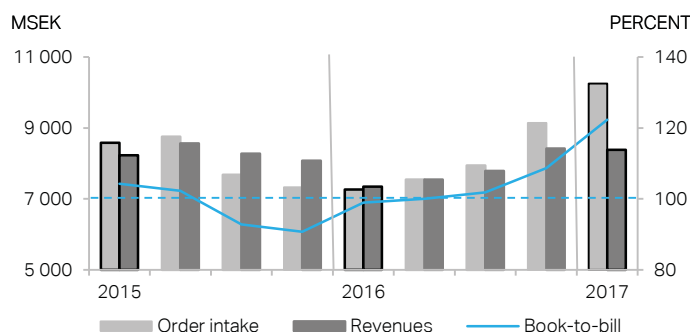
Items impacting operating profit and margin:

- Positive organic growth of 6% in revenues.
- Positive impact of 40 million SEK related to the release of previous bad-debt provisions.
- Changed exchange rates positively impacted operating profit by 183 million SEK.
- The supply chain optimization program generated year on

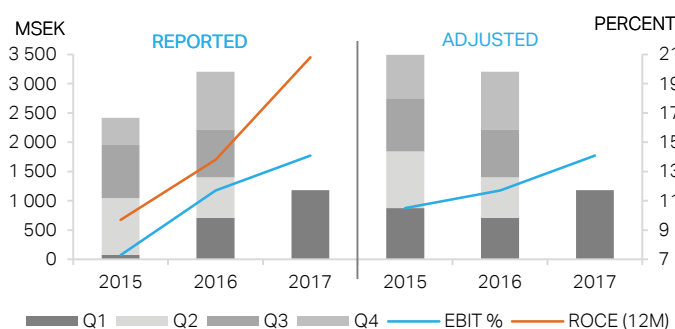
year savings of 16 million SEK and one additional unit was closed.

Net working capital in relation to revenues reached an all-time-low of 25.3% (33.1).

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	7 266	10 247	+30 *	31 886
Revenues	7 344	8 378	+6 *	31 093
Operating profit	705	1 184	+68	3 206
% of revenues	9.6	14.1		10.3
Return on capital employed, % ^{1) 2)}	12.1	20.8		13.8
Number of employees	14 412	14 346	-0	14 087

* At fixed exchange rates for comparable units.

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. 2) 12-month rolling ROCE reported at 16.0% (12.5).

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	7 266	10 247	+30 *	31 886
Revenues	7 344	8 378	+6 *	31 093
Operating profit	705	1 184	+68	3 206
% of revenues	9.6	14.1		10.3

* At fixed exchange rates for comparable units.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	1 162	510	-59 *	2 372
Revenues	720	669	-17 *	2 877
Operating profit	-54	-13	+76	-1 361
% of revenues	-7.5	-1.9		-47.3

* At fixed exchange rates for comparable units.

The underlying market for Mining Systems (discontinued operations) remained challenging as customers continued to defer projects. The weak market and a more selective approach regarding which orders to pursue resulted in order intake declining by -59% and revenues by -17% year on year at fixed exchange rates for comparable units. The operating loss amounted to -13 million SEK (-54). Changed exchange rates impacted earnings positively by 2 million SEK.

The process of exiting the Mining Systems business is continuing. Mining Systems is reported as discontinued operations in Sandvik's financial statements.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	8 428	10 757	+18 *	34 258
Revenues	8 063	9 047	+4 *	33 970
Operating profit	651	1 171	+80	1 845
% of revenues	8.1	12.9		5.4

* At fixed exchange rates for comparable units.

SANDVIK MATERIALS TECHNOLOGY

LARGE OIL AND GAS ORDER

STABLE UNDERLYING MARKET



GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+5	-1
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.

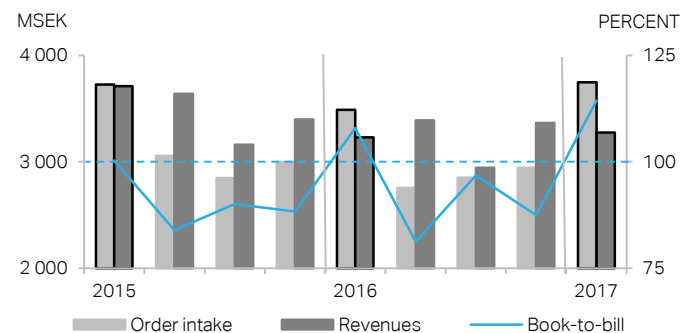
Organic order intake increased by 5%. Excluding the impact from major orders, order intake improved by 7%. Higher alloy prices positively impacted order intake and revenues by 5% and 6% respectively, primarily related to nickel.

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

- General demand remained stable in the capex-related tubular offering for the oil- and gas industry. However, one major order valued at about 400 million SEK was received, as the contract to become the sole provider of stainless steel umbilical tubes for the Leviathan gas field in the Mediterranean Sea, was secured.
- For the more standardized tubular offering for the oil and gas industry, demand remained stable at a low level, while signs of higher demand were noted in the petrochemical industry.
- Demand increased for Kanthal heating systems and for high-alloy metal powder for such applications as additive manufacturing.
- Customer activity in the nuclear segment increased, predominantly in Asia, but has yet to be translated into orders.

- Changed exchange rates had an adverse impact of -14 million SEK on operating profit.
- Changed metal prices had a positive impact of 129 million SEK (-106) on operating profit.
- Savings from announced restructuring programs amounted to 13 million SEK year on year.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL

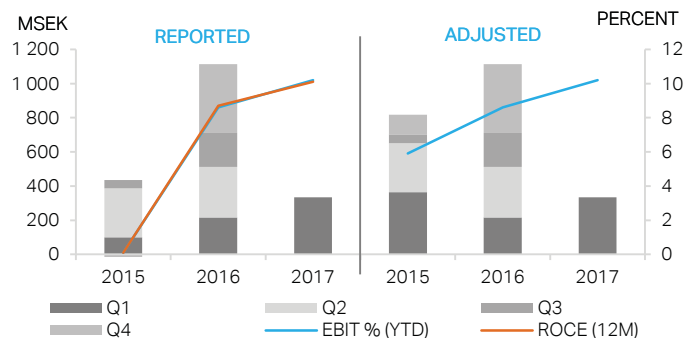


Reported operating profit increased by 54% year on year and the operating margin was 10.2% (6.7). The operating margin excluding metal price effects amounted to 6.3% (10.0).

Items impacting operating profit and margin:

- Excluding the positive impact from changed alloy prices organic revenues declined by -6%, negatively impacting earnings.
- A planned maintenance stoppage in a manufacturing facility adversely impacted operating profit by -50 million SEK.
- Higher build-up of inventories compared with last year, positively impacted operating profit by 70 million SEK.

OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	3 488	3 746	+5 *	12 036
Revenues	3 231	3 275	-1 *	12 931
Operating profit	216	334	+54	1 115
% of revenues	6.7	10.2		8.6
Return on capital employed, % ^{1) 2)}	7.0	10.1		8.7
Number of employees	6 489	6 511	+0	6 490

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ 12-month rolling ROCE reported at 9.5% (1.0).

For definitions see home.sandvik

OTHER OPERATIONS

Organic order intake improved by 14% and revenues by 5% year on year, with positive developments in both Process Systems and Hyperion.

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

- Process Systems: organic order intake and revenues increased at high single-digit rates, supported by good progress in most geographical regions, with Asia being the strongest in relative terms due to strong development in China. Customer activity intensified across most segments, with strongest development noted in the food and chemicals segments.
- Hyperion: order intake was reported at a double digit growth level with positive development in customer activity reported in most segments.

Operating profit improved by 35% and the operating margin increased to 10.5% (8.6), supported primarily by changed exchange rates.

Items impacting operating profit and margin:

- Operating profit and operating margin improved in Hyperion, supported by organic growth in revenues and efficiency measures.

GROWTH

Q1	ORDER INTAKE	REVENUES
Price/volume, %	+14	+5
Structure, %	0	0
Currency, %	+5	+5
TOTAL, %	+19	+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.

- Operating profit and operating margin declined in Process Systems, primarily due to an adverse revenue mix with a higher share of revenues derived from the project business and a lower share from the belt business.
- Changed exchange rates had a positive impact of 30 million SEK on operating profit.
- Savings from announced restructuring programs amounted to 4 million SEK year on year.

FINANCIAL OVERVIEW, MSEK	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
Order intake	1 236	1 473	+14 *	4 830
Revenues	1 095	1 205	+5 *	4 655
Operating profit	94	126	+35	545
% of revenues	8.6	10.5		11.7
Return on capital employed, % ¹⁾²⁾	9.9	13.4		14.5
Number of employees	2 033	1 938	-5	1 913

* At fixed exchange rates for comparable units.

1) Quarter is quarterly annualized and the annual number is based on a four quarter average. 2) 12-month rolling ROCE reported at 15.4% (11.4).

For definitions see home.sandvik

PARENT COMPANY

The parent company's revenues after the first quarter of 2017 amounted to 4,219 million SEK (3,863) and the operating result was 522 million SEK (166). Expense of shares in Group companies consists primarily of Group contributions to these and amounted after the first quarter to -645 million SEK (322).

Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 13,056 million SEK (9,759). Investments in property, plant and machinery amounted to 174 million SEK (151).

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 IN THE FIRST QUARTER

- On 19 January, Sandvik announced that the previously communicated ambition to close the Mining Systems transaction during the fourth quarter 2016 would not be finalized according to the original plan, given that all conditions for closing had not been met.

The process to exit from the Mining Systems business is continuing. Mining Systems will continue to be reported as discontinued operations in Sandvik's financial statements.

- On 30 January, Sandvik announced that Jonas Gustavsson, President of the Sandvik Machining Solutions business area, had decided to leave Sandvik for an external position.

- On 15 March, Sandvik announced that Klas Forsström has been appointed new President of the Sandvik Machining Solutions business area and a member of Group Executive Management effective 1 April 2017. Klas Forsström has been with the Sandvik Group for 25 years and most recently held the position of President of Sandvik Coromant, the global leading supplier of metal-cutting tools, where he has worked most of his career.

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 3.9 billion SEK for 2017
CURRENCY EFFECTS	Based on currency rates at the end of March 2017, it is estimated that operating profit for the second quarter of 2017 will be impacted by transaction and translation currency effects of about +400 million SEK, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of March 2017, it is estimated that there will be a neutral impact on operating profit in Sandvik Materials Technology for the second quarter of 2017
NET FINANCIAL ITEMS	Estimated at between -1.4 and -1.5 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.

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	Q1 2016	Q1 2017	CHANGE %	Q1-4 2016
<i>Continuing operations</i>				
Revenues	19 700	21 767	+10	81 553
Cost of sales and services	-12 086	-12 850	+6	-49 882
Gross profit	7 614	8 917	+17	31 671
% of revenues	38.6	41.0		38.8
Selling expenses	-2 873	-3 126	+9	-11 865
Administrative expenses	-1 518	-1 478	-3	-5 842
Research and development costs	-703	-748	+6	-3 075
Other operating income and expenses	-107	-58	-45	129
Operating profit	2 413	3 507	+45	11 018
% of revenues	12.2	16.1		13.5
Net financial items	-417	-387	-7	-1 652
Profit after financial items	1 996	3 120	+56	9 366
% of revenues	10.1	14.3		11.5
Income tax	-541	-840	+55	-2 528
Profit for the period, continuing operations	1 455	2 280	+57	6 838
% of revenues	7.4	10.5		8.4
<i>Discontinued operations</i>				
Revenues	720	669	-7	2 877
Operating profit	-54	-13	+76	-1 361
Profit after financial items	-57	-11	+82	-1 370
Profit for the period, discontinued operations	-57	-10	+82	-1 370
<i>Group total</i>				
Revenues	20 420	22 436	+10	84 430
Operating profit	2 359	3 494	+48	9 657
Profit after financial items	1 939	3 109	+60	7 996
Profit for the period, Group total	1 398	2 270	+62	5 468
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains/losses on defined benefit pension plans	-31	165		168
Tax relating to items that will not be reclassified	15	-48		-82
	-16	117		86
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	-1	87		2 323
Cash flow hedges	-31	39		106
Tax relating to items that may be reclassified	8	-9		-22
	-24	117		2 407
Total other comprehensive income	-40	234		2 493
Total comprehensive income	1 358	2 504		7 961
Profit for the period attributable to				
Owners of the Parent	1 403	2 271		5 508
Non-controlling interests	-5	-1		-40
Total comprehensive income attributable to				
Owners of the Parent	1 363	2 505		8 001
Non-controlling interests	-5	-1		-40
Earnings per share, SEK *				
Continuing operations	1.16	1.82	+56	5.48
Discontinued operations	-0.04	-0.01	+82	-1.09
Group Total	1.12	1.81	+62	4.39

* 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	31 MAR 2016	31 MAR 2017
Intangible assets	19 240	18 177	19 108
Property, plant and equipment	26 709	25 952	26 417
Financial assets	8 036	8 001	7 961
Inventories	20 977	21 543	22 125
Current receivables	19 362	19 058	20 182
Cash and cash equivalents	8 818	7 170	10 798
Assets held for sale	358	2 223	431
Total assets	103 500	102 124	107 022
Total equity	39 290	35 443	41 942
Non-current interest-bearing liabilities	33 187	35 707	33 037
Non-current non-interest-bearing liabilities	4 867	4 307	4 997
Current interest-bearing liabilities	4 680	5 037	4 502
Current non-interest-bearing liabilities	20 579	19 863	21 515
Liabilities held for sale	897	1 767	1 029
Total equity and liabilities	103 500	102 124	107 022
<i>Group total</i>			
Net working capital*	20 801	22 395	21 077
Loans	31 333	34 309	31 093
Non-controlling interests in total equity	93	80	95

* 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	31 MAR 2016	31 MAR 2017
Interest-bearing liabilities excluding pension liabilities	31 418	34 415	31 176
Net pension liabilities	5 979	5 967	5 875
Cash and cash equivalents	-8 818	-7 170	-10 798
Net debt	28 579	33 212	26 253
Net debt to equity ratio	0.73	0.94	0.63

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
Acquisition of non-controlling interest	-9	3	-6
Total comprehensive income for the period	2 505	-1	2 504
Personnel options program	154	-	154
Closing equity, 31 March 2017	41 847	95	41 942
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	4	4
Total comprehensive income for the period	1 363	-5	1 358
Personnel options program	21	-	21
Closing equity, 31 March 2016	35 363	80	35 443

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THE GROUP

CASH FLOW STATEMENT

MSEK	Q1 2016	Q1 2017	Q1-4 2016
<i>Continuing operations</i>			
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	1 996	3 120	9 366
Adjustment for depreciation, amortization and impairment losses	1 074	1 158	4 504
Adjustment for items that do not require the use of cash etc.	-110	107	-762
Income tax paid	-546	-743	-1 650
Cash flow from operations before changes in working capital, continuing operations	2 414	3 642	11 458
<i>Changes in working capital</i>			
Change in inventories	-59	-1 102	1 750
Change in operating receivables	-570	-687	89
Change in operating liabilities	-107	1 563	-230
Cash flow from changes in working capital, continuing operations	-736	-226	1 609
Investments in rental equipment	-137	-255	-697
Divestments of rental equipment	61	41	172
Cash flow from operations, continuing operations	1 602	3 202	12 542
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash	-37	0	-31
Proceeds from sale of companies and shares, net of cash	0	0	53
Investments in tangible assets	-521	-482	-2 700
Proceeds from sale of tangible assets	76	53	211
Investments in intangible assets	-220	-221	-973
Proceeds from sale of intangible assets	0	0	26
Other investments, net	-8	3	4
Cash flow from investing activities, continuing operations	-710	-647	-3 410
Net cash flow after investing activities	892	2 555	9 132
<i>Cash flow from financing activities</i>			
Change in interest-bearing debt	176	-635	-3 185
Dividends paid	0	0	-3 136
Cash flow from financing activities, continuing operations	176	-635	-6 321
Cash flow from continuing operations	1 068	1 920	2 811
Cash flow from discontinued operations	-267	51	-523
Cash flow for the period, Group total	801	1 971	2 288
Cash and cash equivalents at beginning of the period	6 376	8 818	6 376
Exchange-rate differences in cash and cash equivalents	-7	9	154
Cash and cash equivalents at the end of the period	7 170	10 798	8 818
<i>Discontinued operations</i>			
Cash flow from operations	-88	53	-510
Cash flow from investing activities	-178	-2	-21
Cash flow from financing activities	-1	0	8
<i>Group Total</i>			
Cash flow from operations	1 514	3 255	12 032
Cash flow from investing activities	-888	-649	-3 431
Cash flow from financing activities	175	-635	-6 313
Group total cash flow	801	1 971	2 288

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1 2016	Q1 2017
Revenues	3 863	4 219
Cost of sales and services	-2 434	-2 150
Gross profit	1 429	2 069
Selling expenses	-189	-218
Administrative expenses	-376	-592
Research and development costs	-344	-324
Other operating income and expenses	-354	-413
Operating profit	166	522
Income/expenses from shares in Group companies	322	-645
Income from shares in associated companies	-	-
Interest income/expenses and similar items	-134	-141
Profit after financial items	354	-264
Appropriations	-	-
Income tax expense	-85	58
Profit for the period	269	-206

BALANCE SHEET

MSEK	31 DEC 2016	31 MAR 2016	31 MAR 2017
Intangible assets	161	237	153
Property, plant and equipment	7 610	7 602	7 546
Financial assets	47 076	48 029	47 184
Inventories	2 927	3 046	3 235
Current receivables	8 917	14 585	6 901
Cash and cash equivalents	1	1	1
Total assets	66 692	73 500	65 020
Total equity	29 402	32 287	29 351
Untaxed reserves	3	11	3
Provisions	674	760	642
Non-current interest-bearing liabilities	19 824	21 185	19 879
Non-current non-interest-bearing liabilities	316	79	270
Current interest-bearing liabilities	9 294	13 270	7 746
Current non-interest-bearing liabilities	7 179	5 908	7 129
Total equity and liabilities	66 692	73 500	65 020
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	14 478	9 759	13 056
Investments in fixed assets	975	151	174

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	9 548	+5	+11	39	8 772	+8	40
North America	5 963	+41	+25	24	4 529	+4	21
South America	1 223	+8	+8	5	1 034	-7	5
Africa/Middle East	2 349	+36	+36	9	2 000	+5	9
Asia	4 555	+7	+7	18	4 176	+3	19
Australia	1 278	+29	+29	5	1 256	+10	6
Total continuing operations	24 916	+16	+16	100	21 767	+5	100
Discontinued operations	510	-59	-59	-	669	-17	-
Group total	25 426	+12	+12	-	22 436	+4	-
SANDVIK MACHINING SOLUTIONS							
Europe	5 265	+9	+9	55	4 911	+5	54
North America	1 988	+10	+10	21	1 919	+8	22
South America	186	+5	+5	2	191	+6	2
Africa/Middle East	91	+5	+5	1	84	+14	1
Asia	1 857	+13	+13	20	1 740	+10	20
Australia	63	+8	+8	1	64	+10	1
Total	9 450	+10	+10	100	8 909	+7	100
SANDVIK MINING AND ROCK TECHNOLOGY							
Europe	1 899	+33	+33	18	1 463	+4	18
North America	2 387	+58	+40	23	1 630	+16	19
South America	925	+11	+11	9	760	-9	9
Africa/Middle East	2 156	+37	+37	21	1 819	+4	22
Asia	1 699	+3	+3	17	1 538	+3	18
Australia	1 181	+31	+31	12	1 168	+10	14
Total continuing operations	10 247	+30	+27	100	8 378	+6	100
Discontinued operations	510	-59	-59	-	669	-17	-
Sandvik Mining and Rock Technology total	10 757	+18	+15	-	9 047	+4	-
SANDVIK MATERIALS TECHNOLOGY							
Europe	1 713	-25	-6	46	1 907	+19	58
North America	1 231	+122	+45	33	642	-30	20
South America	52	-18	-18	1	41	-31	1
Africa/Middle East	66	+36	+36	2	62	+10	2
Asia	667	+9	+9	18	608	-9	19
Australia	17	+108	+108	0	15	+41	0
Total	3 746	+5	+7	100	3 275	-1	100
OTHER OPERATIONS							
Europe	671	+37	+37	45	490	+1	40
North America	356	+2	+2	24	337	+24	28
South America	60	-1	-1	4	43	+12	4
Africa/Middle East	37	+33	+33	3	35	+1	3
Asia	332	-7	-7	23	290	-3	24
Australia	17	-3	-3	1	10	-32	1
Total	1 473	+14	+14	100	1 205	+5	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	CHANGE % % ¹⁾	
<i>Continuing operations</i>								
Sandvik Machining Solutions	8 304	8 320	7 776	8 688	33 088	9 450	+14	+10
Sandvik Mining and Rock Technology	7 266	7 539	7 936	9 145	31 886	10 247	+41	+30
Sandvik Materials Technology	3 488	2 753	2 851	2 943	12 036	3 746	+7	+5
Other Operations	1 236	1 251	1 132	1 211	4 830	1 473	+19	+14
Group activities	5	6	5	6	21	0		
Continuing operations	20 299	19 869	19 700	21 993	81 861	24 916	+23	+16
Discontinued operations	1 162	273	219	718	2 372	510	-56	-59
Group total	21 461	20 142	19 919	22 711	84 233	25 426	+18	+12

REVENUES BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	CHANGE % % ¹⁾	
<i>Continuing operations</i>								
Sandvik Machining Solutions	8 025	8 235	7 859	8 734	32 852	8 909	+11	+7
Sandvik Mining and Rock Technology	7 344	7 540	7 791	8 418	31 093	8 378	+14	+6
Sandvik Materials Technology	3 231	3 389	2 945	3 366	12 931	3 275	+1	-1
Other Operations	1 095	1 151	1 113	1 296	4 655	1 205	+10	+5
Group activities	5	6	7	3	22	0		
Continuing operations	19 700	20 321	19 715	21 817	81 553	21 767	+10	+5
Discontinued operations	720	715	724	718	2 877	669	-7	-17
Group total	20 420	21 036	20 439	22 535	84 430	22 436	+10	+4

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	CHANGE %
<i>Continuing operations</i>							
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	+25
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	+68
Sandvik Materials Technology	216	297	197	404	1 115	334	+54
Other Operations	94	141	113	197	545	126	+35
Group activities	-254	-216	-154	-193	-818	-208	+18
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	+45
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	+76
Group total ²⁾	2 359	2 650	1 611	3 038	9 657	3 494	+48

OPERATING MARGIN BY BUSINESS AREA

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

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.

KEY FIGURES

	Q1 2016	Q1 2017	Q1-4 2016
<i>Continuing operations</i>			
Tax rate, %	27.1	26.9	27.0
Return on capital employed, % ^{1), 2)}	13.2	18.0	14.7
Return on total equity, % ¹⁾	16.8	22.5	19.1
Return on total capital, % ¹⁾	10.0	13.6	11.2
Shareholders' equity per share, SEK	28.2	33.4	31.2
Net debt/equity ratio	0.94	0.63	0.73
Net debt/EBITDA	2.67	1.88	2.12
Equity/assets ratio, %	35	39	38
Net working capital, % ^{1), 2)}	28	25	27
Earnings per share, SEK ³⁾	1.16	1.82	5.48
EBITDA, MSEK	3 487	4 665	15 522
Cash flow from operations, MSEK	+1 602	+3 202	+12 542
Funds from operations (FFO), MSEK	2 414	3 642	11 457
Interest coverage ratio, %	499	834	622
Number of employees	44 031	42 904	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 15.9% (11.2) and NWC % at 26.4% (28.5).

3) Basic and diluted earnings per share.

	Q1 2016	Q1 2017	Q1-4 2016
<i>Group total</i>			
Tax rate, %	27.9	27.0	31.6
Return on capital employed, % ^{1), 2)}	12.8	18.1	12.9
Return on total equity, % ¹⁾	16.1	22.4	15.2
Return on total capital, % ¹⁾	9.5	13.5	9.7
Shareholders' equity per share, SEK	28.2	33.4	31.2
Net debt/equity ratio	0.94	0.63	0.73
Net debt/EBITDA	2.90	2.01	2.29
Equity/assets ratio, %	35	39	38
Net working capital, % ^{1), 2)}	27	23	26
Earnings per share, SEK ³⁾	1.12	1.81	4.39
EBITDA, MSEK	3 433	4 652	14 372
Cash flow from operations, MSEK	+1 514	+3 255	+12 032
Funds from operations (FFO), MSEK	2 325	3 653	10 546
Interest coverage ratio, %	478	841	569
Number of employees	45 101	43 694	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 14.2% (9.7) and NWC % reported at 25.3% (27.2).

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.

Stockholm 24 April 2017
Sandvik Aktiebolag (publ)

Björn Rosengren
President and CEO

AUDIT

The company's Auditor has not carried out any review of the report for the first quarter of 2017.

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 13:30 CET on 24 April 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 Vilogorac) or by e-mailing info.ir@sandvik.com.

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

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CALENDAR 2017:

27 April	Annual General Meeting, Sandviken Sweden
2 May	Proposed record day for dividend
5 May	Dividend payment, assuming AGM approval
17 July	Report, second quarter 2017
24 October	Report, third quarter 2017
21 November	Capital Markets Day in Tübingen, Germany