

INTERIM REPORT FOURTH QUARTER

AND FULL YEAR 2015



2015: RECORD HIGH CASH FLOW IN CHALLENGING MARKETS

CEO'S COMMENT: "The year of 2015 was eventful, characterized by increasingly challenging market environment but also progress in our efforts to structurally improve operations," says Björn Rosengren, President and CEO of Sandvik.

"Order intake was hampered by weakened business activity, particularly in Asia and North America, as well as generally in the energy segment. In China, an overall slowdown across most segments was noted. In the US, the low oil price adversely impacted demand in the energy segment, with a negative indirect effect on demand in the general engineering segment. Sandvik Mining order intake was in line with the previous year. However, during the latter part of the year we noted a slight decline in the aftermarket business."

"In a sluggish market environment, we pushed to implement structural improvements as the cost base was reduced, as well as initiated additional efficiency measures. Conscious and focused efforts to structurally reduce the net working capital resulted in an all-time-high cash flow for the year. In Sandvik Machining Solutions we launched a record number of new products, which are important for future competitive advantage. We made progress in the portfolio optimization, announcing the intention to divest the Mining Systems operations. This will ensure further focus on our core capabilities."

"I look forward to 2016 when accountability will be transferred closer to operations for improved transparency and speed, for a stronger performance."

"The Board of Directors proposes a dividend of 2.50 SEK (3.50) per share. This would imply a reduction in absolute terms, in an effort to support the balance sheet in the long term. It represents 140% of reported earnings per share and 57% of adjusted earnings per share for the Sandvik group total."

"In the fourth quarter of 2015, demand weakened compared with the corresponding period in 2014. Order intake declined significantly in both North America and Asia, in fixed currency for comparable units. Not least due to tough comparables, given the strong growth in both the US and China in the year-earlier-period. Europe remained largely stable. Overall, continued weak demand in the energy segment had an adverse impact on the general engineering segment, particularly in North America. Demand in the automotive segment softened slightly, although still at a high level. The decline in order intake in Asia was driven by a deterioration in China due to a general weakening in most segments. Uncertainty persisted in the mining segment, however order intake remained largely stable year-over-year, hampered by slightly softer demand in the aftermarket business."

FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	20 485	19 531	-7	82 057	83 597	-6
Invoiced sales ¹⁾	21 704	20 940	-6	82 533	85 845	-5
Gross profit	8 026	7 112	-11	31 204	30 606	-2
% of invoiced sales	37.0	34.0		37.8	35.7	
Operating profit	2 684	770	-71	10 205	7 271	-29
% of invoiced sales	12.4	3.7		12.4	8.5	
Adjusted operating profit ²⁾	2 613	2 315	-11	10 213	10 593	+4
% of invoiced sales ²⁾	12.0	11.1		12.4	12.3	
Profit after financial items	2 187	266	-88	8 369	5 308	-37
% of invoiced sales	10.1	1.3		10.1	6.2	
Profit for the period	1 570	-178	N/M	6 097	3 443	-44
% of invoiced sales	7.2	-0.9		7.4	4.0	
of which shareholders' interest	1 585	-147	N/M	6 116	3 496	-43
Earnings per share, SEK ³⁾	1.26	-0.12		4.88	2.79	
Return on capital employed, % ⁴⁾	14.0	9.5		14.0	9.5	
Cash flow from operations	+4 025	+3 404	-15	+9 898	+12 793	+29
Net working capital, %	30	27		30	27	
<i>Discontinued operations</i>						
Profit for the period	-66	7	N/M	-105	-1 249	N/M
Earnings per share, SEK ³⁾	-0.05	0.01		-0.09	-1.00	
<i>Group Total</i>						
Profit for the period	1 504	-171	N/M	5 992	2 194	-63
Earnings per share, SEK ³⁾	1.21	-0.11		4.79	1.79	

1) Change from the preceding year at fixed exchange rates for comparable units
 2) Operating profit adjusted for nonrecurring charges of 1.5 billion SEK for the fourth quarter 2015, 1.8 billion SEK for the first quarter 2015, and by -71 million SEK for the fourth quarter 2014, 4 million SEK for the third quarter 2014 and 75 million SEK for the second quarter 2014.
 3) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact during the period.

4) Rolling 12 months
 Tables and calculations do not always agree exactly with the totals due to rounding
 Comparisons refer to the year-earlier period, unless stated otherwise

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-7	-6
Structure, %	-0	-0
Currency, %	+3	+3
TOTAL, %	-5	-4

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 fourth quarter, order intake declined organically by 7%, compared with the year-earlier-period. Europe, Sandvik's largest region in terms of invoicing, remained stable. However, Asia declined by 23% and North America by 18%, at fixed exchange rates for comparable units. In Asia, China weighed on overall growth as a general slow-down across most segments was reported. Business activity in North America weakened as the low oil price adversely impacted demand in the energy segment, with a negative indirect effect on demand in the general engineering segment. The energy segment generally weakened across all regions and business areas.

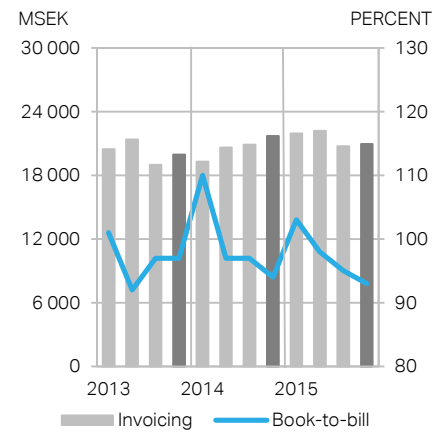
Order intake for Sandvik Machining Solutions declined by 7% at fixed exchange rates for comparable units, primarily due to weak demand in energy, with a spill-over effect on general engineering. The business area also noted slightly softer demand in the automotive segment, from the high levels recorded in the year-earlier period. Sandvik Mining remained largely stable at -1%, adversely impacted by a slight softening of business activity in the mining aftermarket business. Sandvik Materials Technology reported an organic order decline of 11%, related to weak development for the more standardized tubular offering as well as oil and gas related products. Sandvik Construction organic order intake declined by 3%, despite strong order intake in Australia. Order intake in Sandvik Venture was adversely impacted by weak demand in the energy segment, as primarily noted by Drilling & Completions and Hyperion.

The contribution from changed exchange rates was +3% for both order intake and invoiced sales.

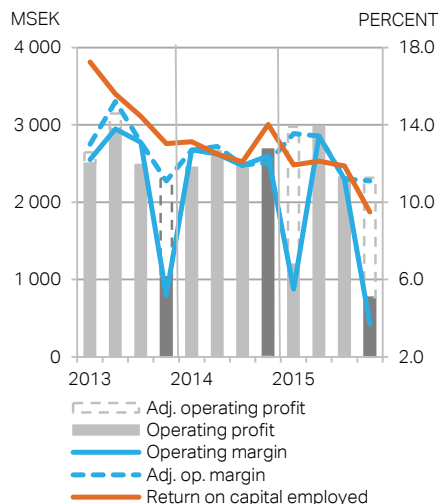
Adjusted operating earnings declined by 11% year-on-year on the back of lower volumes. Mitigating actions are on-going, but the negative impact from lower production volumes was greater than the positive impact from changed exchange rates and savings measures. Phase I of the supply chain optimization program was completed and generated annual savings of 600 million SEK. As part of the overall ongoing program, three additional units were closed in the quarter. In total, the program generated savings of 172 million SEK in the quarter, for an annual run-rate of 697 million SEK. In parallel, the ongoing program for cost base adjustments generated savings of 97 million SEK in the quarter, yielding an annual run-rate of 394 million SEK.

Changed exchange rates contributed approximately 70 million SEK to earnings as the SEK depreciated against several major trading currencies year-on-year. Changed metal prices impacted results by -118 million SEK (-71). Net financial items amounted to -504 million SEK, slightly above the average for the previous quarters in the year, primarily due to changed exchange rates. The tax rate in the fourth quarter was high due to non-deductible nonrecurring charges mostly related to China.

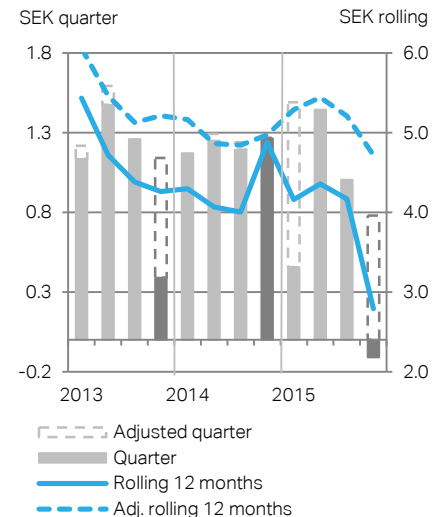
INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Total assets for the Group declined slightly compared with the preceding quarter. Inventories and receivables decreased, resulting in a higher cash balance.

Net working capital in relation to sales was reduced to 27.1%, which is the lowest level since the second quarter of 2011. It was down significantly both year-on-year (29.6) and versus the previous quarter (29.6) due to a persistent focus on net working capital management. All business areas contributed to the net working capital reduction. Net working capital for continuing operations decreased by about 1.9 billion SEK compared with the preceding quarter, to a total of 21.7 billion SEK. The sequential change was driven by volume reduction, primarily in inventory and accounts receivable, but also by the impact of changed exchange rates.

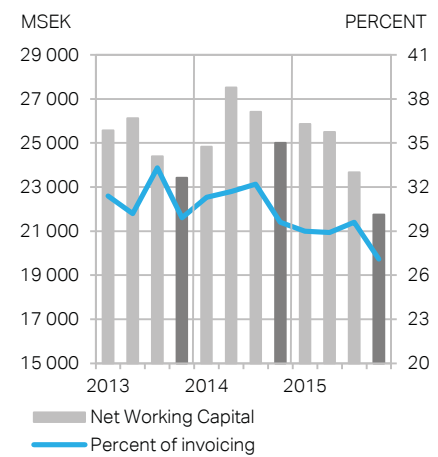
Capital expenditure in the fourth quarter amounted to 1.3 billion SEK (1.5). For full-year of 2015, capital expenditure totaled to 4.1 billion SEK (4.6), in line with the guidance of about 4 billion SEK. The guidance for 2016 is for capital expenditure to be below the 4.1 billion SEK reported for 2015.

Net debt for the Group total decreased to 28.2 billion SEK compared with 30.2 billion SEK in the preceding quarter. The decrease was attributable to continued strong cash flow in the quarter. Consequently, the net debt to equity ratio decreased to 0.74, meeting the long term target of below 0.8, and down from 0.77 in the preceding quarter. Interest-bearing debt with short-term maturity accounted for 15% of total debt.

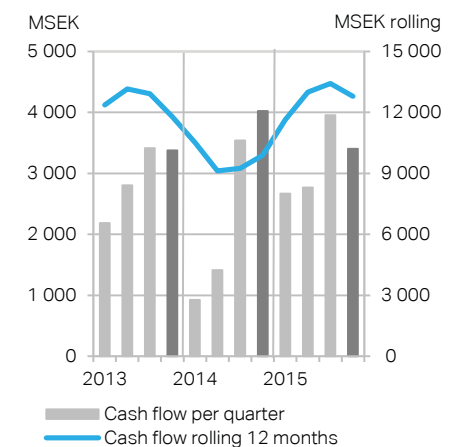
Net pension liability was 5.9 billion SEK (6.0). Since the adoption of IAS 19R, including the initial impact, the accumulated actuarial losses have reduced equity by approximately 4 billion SEK, net of tax.

Cash flow from operations amounted to 3.4 billion SEK (4.0), supported by quarterly earnings and a continued focused decrease of the net working capital.

NET WORKING CAPITAL

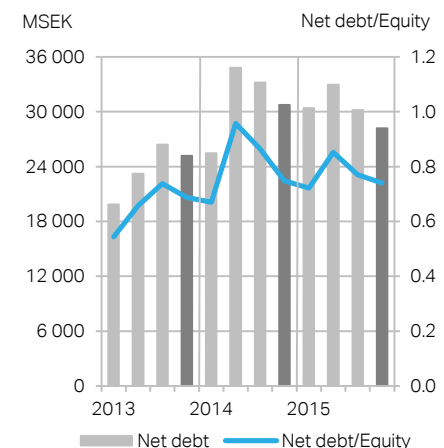


CASH FLOW FROM OPERATIONS



Cash flow Q3 2013 and Rolling 12 months adjusted for tax payment related to Intellectual Property rights, about -5,800 million SEK.

NET DEBT



SANDVIK MACHINING SOLUTIONS

CHALLENGING MARKET CONDITIONS

SAVINGS SUPPORT EARNINGS

RECORD-HIGH CASH FLOW



GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-7	-5
Structure, %	+0	+0
Currency, %	+4	+4
TOTAL, %	-3	-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.

Overall, demand in Europe remained stable, while North America and Asia declined by 15% and 13% respectively, at fixed exchange rates for comparable units.

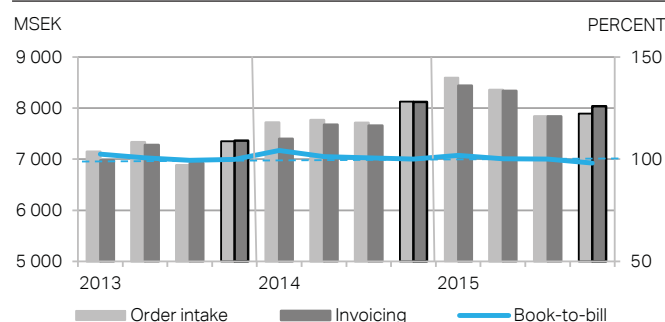
Key differences in the market situation compared with the year-earlier-period included lower demand in Asia, predominantly in China where a general slow-down across most segments was noted. Weak demand was reported in the energy segment, which indirectly negatively impacted demand in the general engineering segment. Additionally, slightly lower demand in the automotive segment was reported. This was most notable in Asia, but to some extent also in North America, as both regions softened from the high levels and strong growth reported in the year-earlier period.

In total, organic order intake declined by 7% and organic invoiced sales by 5%. The deviation between order intake and invoiced sales was larger than normal, mainly due to the timing of deliveries of previous orders. The number of working days had a positive impact of 1% on organic growth.

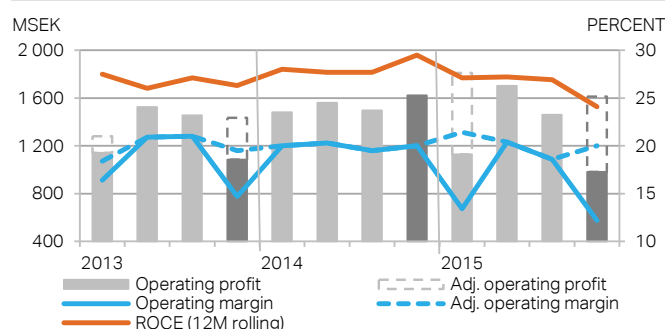
Despite negative organic growth of 5% in invoiced sales the adjusted operating profit and adjusted operating margin remained stable supported by ongoing efficiency measures. During the quarter savings totalling 99 million SEK were achieved, representing an annual run-rate of 394 million SEK. This includes the completion of phase I of the supply chain optimization program as well as the cost base adjustments announced earlier. The net proceeds from the divestment of a property essentially off-set the negative impact on the operating margin from further inventory reductions. The consistent efforts to reduce net working capital, primarily inventories, resulted in record high cash flow for the quarter, and the full-year of 2015. Changed exchange rates had a positive impact on operating profit of about 90 million SEK.

As announced earlier nonrecurring charges of 630 million SEK impacted results in the fourth quarter. Of this amount, 352 million SEK related to the third and final phase of the supply chain optimization program. 278 million SEK related to additional right sizing to achieve further efficiency in sales and administration. Targeted annual savings from actions are 207 million SEK and 263 million SEK respectively, end of 2017.

ORDER INTAKE, INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	8 129	7 890	-7 *	31 328	32 682	-5 *
Invoiced sales	8 122	8 039	-5 *	30 856	32 652	-3 *
Operating profit	1 622	981	-40	6 159	5 269	-14
% of invoiced sales	20.0	12.2		20.0	16.1	
Adjusted operating profit**	1 622	1 611	-1	6 159	6 579	+7
% of invoiced sales**	20.0	20.0		20.0	20.1	
Return on capital employed, %***	29.5	24.1		29.5	24.1	
Number of employees	18 927	18 120	-4	18 927	18 120	-4

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 630 million SEK in Q4 2015 and 680 million SEK in Q1 2015. *** Rolling 12 months

SANDVIK MINING

SLIGHT SOFTENING OF DEMAND
IN THE AFTERMARKET BUSINESS

IMPROVED PERFORMANCE

NEW HEAD OF BUSINESS AREA



GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-1	+3
Structure, %	+0	+0
Currency, %	-1	+0
TOTAL, %	-2	+3

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

While invoicing was strong in the quarter, the underlying mining market was characterized by uncertainty. Invoiced sales improved organically by 3%, supported by good growth in order intake for equipment during the first half of 2015. Positive development for mining equipment was reported in the fourth quarter - mainly in loading & hauling as well as underground drill rigs - supporting the total order intake. In relative terms, Africa & Middle East was the stronger region. However, a slight softening in the aftermarket business, parts & service and consumables, was noted. Furthermore, order cancellations of about 100 million SEK were reported, predominantly related to the discontinuation of cooperation with a distributor. Cancellations primarily related to crushing and screening equipment in China.

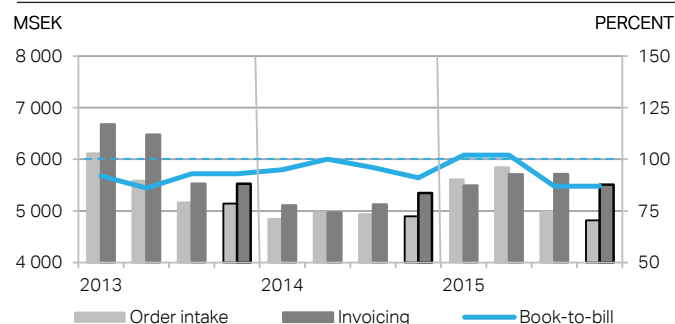
Adjusted operating profit improved by 6% year-on-year. Structural cost reductions attributable to unit closures and other efficiency measures supported the improvement. Earnings in the quarter were adversely impacted by unfavorable mix due to a higher share of equipment sales, somewhat higher-than-normal obsolescence as well as a provision for a VAT issue in Asia. Changed exchange rates positively affected earnings by about 20 million SEK.

Phase I of the supply chain optimization program was completed and annual savings of 276 million SEK have been achieved. As announced earlier nonrecurring charges of 86 million SEK adversely impacted results in the fourth quarter. Charges for impairments relate to dissolution of a joint venture targeting the coal market in China and capitalized product development projects.

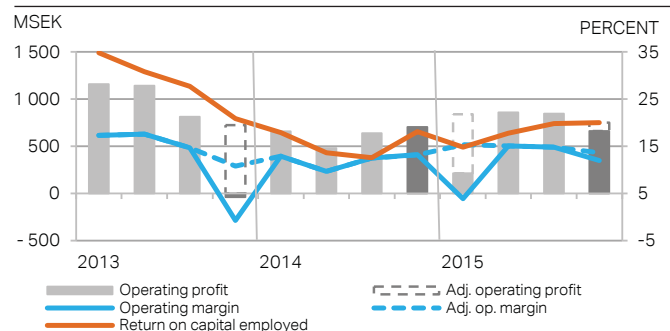
As announced on 1 October, Sandvik intends to divest the Mining Systems operations. For additional details, see page 12.

On 15 December, Lars Engström was appointed the new President of the business area Sandvik Mining.

ORDER INTAKE, INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

Continuing operations

	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	4 894	4 819	-1 *	19 633	21 247	+1 *
Invoiced sales	5 349	5 509	+3 *	20 543	22 421	+1 *
Operating profit	705	663	-6	2 483	2 585	+4
% of invoiced sales	13.2	12.0		12.1	11.5	
Adjusted operating profit**	705	749	+6	2 483	3 296	+33
% of invoiced sales**	13.2	13.6		12.1	14.7	
Return on capital employed, %***	18.1	20.0		18.1	20.0	
Number of employees	10 541	10 507	-0	10 541	10 507	-0

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 86 million SEK in Q4 2015 and 626 million SEK in Q1 2015. *** Rolling 12 months.

SANDVIK MINING

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	4 894	4 819	-1 *	19 633	21 247	+1 *
Invoiced sales	5 349	5 509	+3 *	20 543	22 421	+1 *
Operating profit	705	663	-6	2 483	2 585	+4
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* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 86 million SEK in Q4 2015 and 626 million SEK in Q1 2015.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	802	745	-7 *	3 900	2 781	-32 *
Invoiced sales	1 689	1 058	-32 *	6 288	4 977	-20 *
Operating profit	-61	16	N/M	-85	-1 209	N/M
% of invoiced sales	-3.6	1.5		-1.3	-24.3	
Adjusted operating profit**	-61	16	N/M	-85	-108	-27
% of invoiced sales**	-3.6	1.5		-1.3	-2.2	

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 998 million SEK in Q3 2015 and 104 million SEK in Q1 2015.

The underlying market for Mining Systems (discontinued operations) remained weak as customers continued to postpone projects, and, consequently, price pressure remained tangible. No major orders were received in the fourth quarter. Organic order intake declined by 7% and organic invoicing declined by 32% year-on-year.

Mining Systems reported an operating profit of 16 million SEK and an operating margin of 1.5%. Changed exchange rates negatively impacted earnings by about 70 million SEK.

SANDVIK MINING TOTAL

FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	5 695	5 564	-2 *	23 533	24 028	-5 *
Invoiced sales	7 039	6 567	-5 *	26 831	27 398	-4 *
Operating profit	644	678	+5	2 398	1 375	-43
% of invoiced sales	9.2	10.3		8.9	5.0	
Adjusted operating profit**	644	764	+19	2 398	3 188	+33
% of invoiced sales**	9.2	11.6		8.9	11.6	

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 86 million SEK in Q4 2015, 998 million SEK in Q3 2015 and 730 million SEK in Q1 2015.

SANDVIK MATERIALS TECHNOLOGY

CHALLENGING MARKET
CONDITIONS PERSIST

COST SAVING ACTIONS
ONGOING

NET WORKING CAPITAL AT
ALL-TIME-LOW LEVEL



GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-11	-12
Structure, %	-1	-1
Currency, %	+3	+4
TOTAL, %	-9	-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.

The oil price has deteriorated further, adding to the uncertainty in the market. In the energy segment, low oil price resulted in customers postponing placing orders for the oil and gas related products. The decline in order intake was primarily related to increased competition for the more standardized tubular offering, as companies active in the tubular area sought to replace lost volumes in the oil and gas industry with volumes in adjacent segments. Growth in order intake varied between the major geographical regions. Europe remained largely stable at 1% while North America and Asia declined by 34% and 15% respectively, excluding major orders at fixed exchange rates for comparable units.

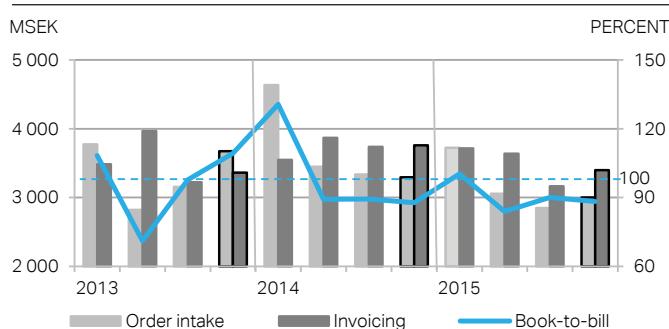
Impact from mitigating activities, reducing Sandvik and non-Sandvik personnel by 500, were off-set by the negative impact from lower production volumes. Underabsorption of the cost base due to lower volumes as well as focused inventory reductions had a greater adverse impact on the result than the positive impact from efficiency measures. The operating margin, excluding one-off items and effects from changed metal prices, amounted to 7.0% in the quarter. Raw material price changes impacted operating profit by -118 million SEK (-71), primarily related to nickel.

One unit was closed in the UK within the scope of the ongoing supply chain optimization program. The annual run-rate savings reached 120 million SEK as a result of the supply chain optimization and cost adjustment programs. Net working capital reached an all-time low in the quarter, supported by a focused reduction of inventories. For the first time ever, the net working capital to sales ratio was below 25%.

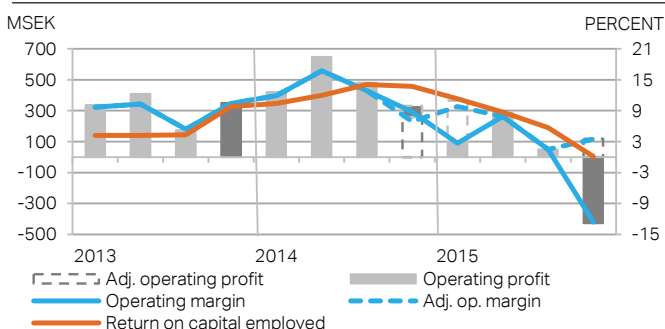
As announced earlier nonrecurring charges of 545 million SEK adversely impacted results. 50 million SEK

related to the third and final phase of the supply chain optimization program, with targeted annual savings of 90 million SEK, at the end of 2017. 495 million SEK related mainly to impairments and the restructuring of a production plant in China.

ORDER INTAKE, INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	3 296	2 999	-11 *	14 713	12 625	-15 *
Invoiced sales	3 758	3 398	-12 *	14 907	13 909	-8 *
Operating profit	330	-427	N/M	1 880	8	-100
% of invoiced sales	8.8	-12.6		12.6	0.1	
Adjusted operating profit**	259	118	-54	1 809	878	-55
% of invoiced sales**	6.9	3.5		12.1	5.9	
Return on capital employed, %***	13.7	0.1		13.7	0.1	
Number of employees	6 914	6 533	-6	6 914	6 533	-6

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 545 million SEK in Q4 2015, 265 million SEK in Q1 2015 and -71 million in Q4 2014. *** Rolling 12 months

SANDVIK CONSTRUCTION

CHALLENGING MARKETS

MARGIN RECOVERY

NET WORKING CAPITAL AT ALL-TIME-LOW LEVEL



GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-3	-7
Structure, %	+0	+0
Currency, %	+2	+3
TOTAL, %	-1	-4

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

The demand situation in underlying markets remained challenging. The book-to-bill ratio was reported at 0.97. Order intake was supported by good development in Australia, where two large equipment orders for tunneling were received, totaling about 270 million SEK. The received orders more than off-set order cancellations totaling about 90 million SEK, largely related to mobile equipment, as a consequence of a quality review of the order book.

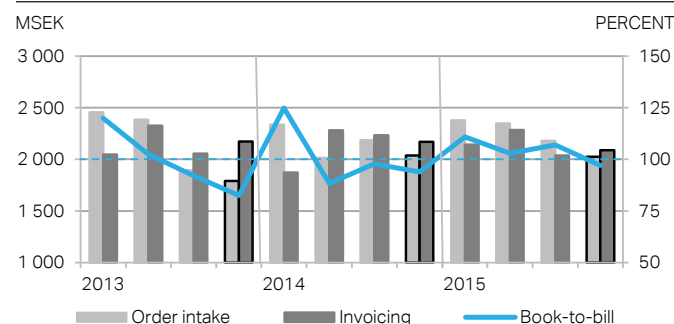
Overall, Asia was weak, as demand in China deteriorated from an already low level. In Europe, demand was relatively stronger in the Scandinavian markets. In North America, a healthy demand for mobile crushing equipment was reported, however order intake overall declined by 4%, at fixed exchange rates for comparable units.

Despite negative organic growth of 7% in invoiced sales, adjusted operating profit and adjusted operating margin improved from the low levels recorded in the year-earlier-period. Key driver for the earnings recovery is better absorption of fixed costs in mobile crushers, as capacity has been reduced. Additional support was yielded by the ongoing efficiency measures in the sales organization. Changed exchange rates had an adverse effect on operating profit of about 10 million SEK.

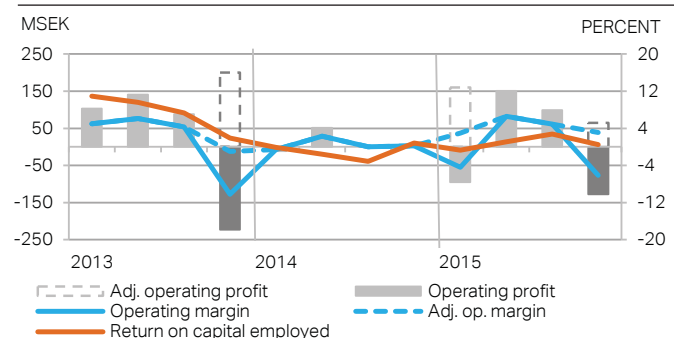
Persistent efforts to further sustainably reduce net working capital resulted in an all-time-low level in the fourth quarter, primarily related to a focused reduction of inventories. For the first time ever, the net working capital to sales ratio was reported at close to 22%.

As announced earlier, nonrecurring charges of 193 million SEK adversely impacted results in the fourth quarter. Charges relate to impairment of crushing and screening operations in China.

ORDER INTAKE, INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	2 038	2 026	-3 *	8 571	8 928	-4 *
Invoiced sales	2 169	2 087	-7 *	8 553	8 551	-9 *
Operating profit	4	-128	N/M	45	28	-39
% of invoiced sales	0.2	-6.1		0.5	0.3	
Adjusted operating profit**	4	65	N/M	45	381	N/M
% of invoiced sales**	0.2	3.1		0.5	4.5	
Return on capital employed, %***	0.8	0.5		0.8	0.5	
Number of employees	2 815	2 927	+4	2 815	2 927	+4

* At fixed exchange rates for comparable units, ** Operating profit adjusted for nonrecurring charges of 193 million SEK in Q4 2015 and 160 million SEK in Q1 2015, *** Rolling 12 months

SANDVIK VENTURE

WEAK OVERALL DEMAND

UNDERUTILIZATION IMPACTS EARNINGS

ADDITIONAL COST SAVING MEASURES



GROWTH

Q4	ORDER INTAKE	INVOICED SALES
Price/volume, %	-20	-22
Structure, %	+1	+1
Currency, %	+4	+4
TOTAL, %	-16	-17

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

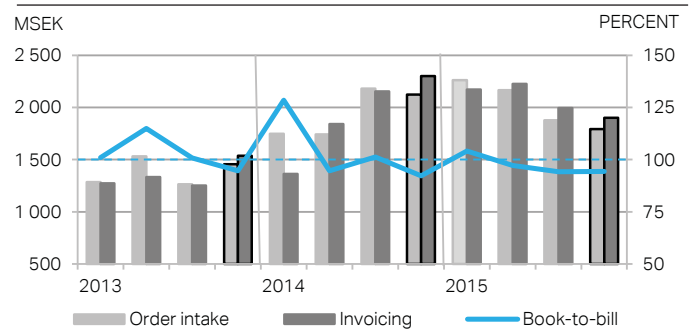
Demand weakened significantly across most product areas and geographies, compared with the year-earlier period. Low business activity in the energy segment, due to the depressed oil price, had a direct adverse impact on demand in Drilling & Completions. Also, the low oil price had a negative indirect impact on customer activity in the general engineering segment, which adversely affected demand for Hyperion. Within Process Systems postponement of projects for large systems were noted, where in relative terms wood based panels - used in areas such as commercial building construction - noted a stronger trend. In Wolfram, volume (tonnage) remained at a high level, although the persistent decline in raw material prices had an adverse impact on total growth, in fixed currency for comparable units. In total for Sandvik Venture, organic order intake declined by 20% and organic invoiced sales by 22%.

Operating profit and margin declined significantly compared with a strong quarter in the year-earlier period. Lower production volumes in most product areas implied under-absorption of fixed costs. Despite a sharp organic decline in invoicing, Process Systems reported only a slight decrease in operating margin. For the remaining product areas, operating margins were materially adversely impacted by the decline in organic growth. Changed exchange rates had a negative impact on operating profit of about 10 million SEK.

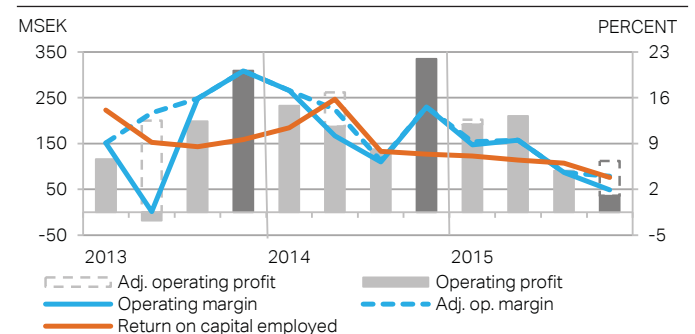
As announced earlier nonrecurring charges of 40 million SEK adversely impacted results in the fourth quarter. Charges relate to the third and final phase of the supply

chain optimization program. Targeted annual savings from these actions are 27 million SEK, by the end of 2017.

ORDER INTAKE, INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
Order intake	2 123	1 792	-20 *	7 795	8 097	-17 *
Invoiced sales	2 301	1 901	-22 *	7 658	8 292	-13 *
Operating profit	335	36	-89	888	529	-40
% of invoiced sales	14.6	1.9		11.6	6.4	
Adjusted operating profit**	335	76	-77	967	579	-40
% of invoiced sales**	14.6	4.0		12.6	7.0	
Return on capital employed, %***	7.4	3.8		7.4	3.8	
Number of employees	4 074	3 829	-6	4 074	3 829	-6

* At fixed exchange rates for comparable units. ** Operating profit adjusted for nonrecurring charges of 40 million SEK in Q4 2015, 10 million SEK in Q1 2015, 75 million SEK in Q2 2014 and 4 million SEK in Q3 2014. *** Rolling 12 months.

PARENT COMPANY

For full year 2015, invoiced sales amounted to 15,667 million SEK (16,475) and the operating result was -761 million SEK (-1,165). Income from shares in Group companies consists primarily of dividends and Group contributions from these and amounted to 9,346 million SEK (8,224) for full year 2015.

Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 11,132 million SEK (9,561). Investments in property, plant and machinery amounted to 907 million SEK (1,227).

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY/UNIT	CLOSING DATE	ANNUAL REVENUE, MSEK	NO. OF EMPLOYEES
SANDVIK VENTURE	SGL Technology B.V. (SGL)	15 September 2015	60	20

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

No divestments in the period.

FULL YEAR 2015

Demand for Sandvik's products during the full year 2015 declined compared with the year-earlier-period. Order intake declined organically by 6%, primarily adversely impacted by lower business activity in the oil & gas segment, which also somewhat indirectly impacted the general engineering segment, as well as a general slowdown in industrial activity in the second half of the year. However, the impact from changed exchange rates implied overall positive growth in order intake of 2%. Total invoicing grew by 4%, supported by changed exchange rates, while organic growth declined by 5%. Sandvik's order intake amounted to 83,597 million SEK (82,057), and invoiced sales were 85,845 million SEK (82,533).

Adjusted operating profit was 10,593 million SEK (10,213), excluding non-recurring charges of 3.3 billion SEK related to the

launch of the second and third phases of the ongoing supply chain optimization program, other cost base adjustments and impairments related to businesses in China. Changed exchange rates had a positive impact on results of about 2.0 billion SEK, while changed metal prices had a negative impact of about 340 million SEK. Net financial items amounted to -1,963 million SEK (-1,836) and the profit after financial items was 5,308 million SEK (8,369).

The tax rate was 35.1% (27.2) and profit for the period amounted to 3,443 million SEK (6,097). Earnings per share were 2.79 SEK (4.88) for continuing operations and 1.79 (4.79) for the Group in total. Cash flow from operations totaled 12,793 million SEK (9,898).

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 below 4.1 billion SEK for 2016
CURRENCY EFFECTS	Based on currency rates at end-December 2015, it is estimated that operating profit for the first quarter of 2016 will be impacted by about -300 million SEK compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, stock levels and metal prices at the end of December 2015, it is estimated that operating profit for the first quarter of 2016 will be impacted by about -130 million SEK
NET FINANCIAL ITEMS	Estimated at between -1.7 to -1.9 billion SEK in 2016
TAX RATE	Estimated at about 26-28% for 2016

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

– The new President and CEO, Björn Rosengren, joined Sandvik on 1 November.

– On 1 October, Sandvik announced its intention to divest the Mining Systems product area, which is a separate product area at Sandvik Mining and a supplier of design and engineering solutions for material handling systems for the mining industry. In 2015 the Mining Systems operations, with about 1,150 employees, had annual sales of 5 billion SEK representing 5.5% of Sandvik Group invoicing, and reported an adjusted operating loss at a low single digit adjusted margin level.

The Mining Systems operations are reported as discontinued operations in the Sandvik Group financial statements.

– On 23 October Sandvik signed an agreement to divest its interest in the commercial business jet company, Bromma Business Jet AB.

– On 15 December, Lars Engström was appointed the new President of the business area Sandvik Mining.

– On 10 December, Sandvik announced the third and final phase of the ongoing supply chain optimization program, further right-sizing as well as impairments. Efficiency measures will generate annual savings of about 600 million SEK, and non-recurring charges of 1,545 million SEK impacted the fourth quarter of 2015. The final phase of the supply chain optimization program involves the closure of five units, to complete the targeted 23 units in total.

For details, see tables below.

Tables related to the earlier announcement of third and final phase of the supply chain optimization program

SUPPLY CHAIN OPTIMIZATION PROGRAM	SANDVIK MACHINING SOLUTIONS	SANDVIK MATERIALS TECHNOLOGY	SANDVIK VENTURE	TOTAL PHASE III	PROVISION RELEASE SANDVIK MINING	GROUP TOTAL
ESTIMATED SAVINGS RUN-RATE AT YEAR-END 2017	207	89	27	323	-	323
NONRECURRING ITEMS Q4 2015	-352	-50	-40	-442	+169	-273
CASH FLOW IMPACT	-332	-35	-13	-380	-	-380

OTHER ACTIONS	RIGHT-SIZING		IMPAIRMENTS				GROUP TOTAL
	SANDVIK MACHINING SOLUTIONS	GROUP COMMON	SANDVIK MINING	SANDVIK MATERIALS TECHNOLOGY	SANDVIK CONSTRUCTION	GROUP COMMON	
ESTIMATED SAVINGS RUN-RATE AT YEAR-END 2017	263	19	-	-	-	-	282
NONRECURRING ITEMS Q4 2015	-278	-26	-255	-495	-193	-25	-1 272
CASH FLOW IMPACT	-278	-25	-	-	-	-	-303

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

– On 22 January 2016 Tomas Eliasson was appointed Executive Vice President and CFO of Sandvik and member of the Group Executive Management, effective no later than July 2016.

Tomas Eliasson, 53 years of age, is currently Chief Financial Officer for the global household appliance maker Electrolux, a position he has held since 2012. Previously, he was CFO for ASSA ABLOY during 2006-2012 and Seco Tools between 2002-2006. His professional career started at ABB in 1987. He holds a bachelor of science in business administration and economics from Uppsala University, Sweden.

Tomas Eliasson will succeed Mats Backman, who has decided to pursue other opportunities outside Sandvik as announced November 25, 2015.

– In February 2016, the Board of Directors of Sandvik AB proposed that the Annual General Meeting resolve on a long-term incentive program for 2016 in the form of a performance share program on substantially the same terms and conditions as the 2015 long-term incentive program. The proposal will be included in the notice convening the Annual General Meeting.

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 2014.

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 2015.

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 2015 or later. The standards have not had any material impact on the consolidated accounts.

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. The divestment is expected to be completed during 2016.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q4 2014	Q4 2015	CHANGE %	Q1-4 2014	Q1-4 2015	CHANGE %
<i>Continuing operations</i>						
Invoiced sales	21 704	20 940	-4	82 533	85 845	+4
Cost of sales and services	-13 678	-13 828	+1	-51 329	-55 239	+8
Gross profit	8 026	7 112	-11	31 204	30 606	-2
% of revenues	37.0	34.0		37.8	35.7	
Selling expenses	-3 085	-3 482	+13	-11 639	-13 116	+13
Administrative expenses	-1 597	-1 894	+19	-6 459	-7 079	+10
Research and development costs	-717	-904	+26	-2 609	-3 001	+15
Other operating income and expenses	57	-62	N/M	-292	-139	-52
Operating profit	2 684	770	-71	10 205	7 271	-29
% of revenues	12.4	3.7		12.4	8.5	
Net financial items	-497	-504	+1	-1 836	-1 963	+7
Profit after financial items	2 187	266	-88	8 369	5 308	-37
% of revenues	10.1	1.3		10.1	6.2	
Income tax	-617	-444	-28	-2 272	-1 865	-18
Profit for the period, continuing operations	1 570	-178	N/M	6 097	3 443	-44
% of revenues	7.2	-0.9		7.4	4.0	
<i>Discontinued operations</i>						
Invoiced sales	1 689	1 058	-37	6 288	4 977	-21
Operating profit	-61	16	N/M	-85	-1 209	N/M
Profit after financial items	-66	7	N/M	-105	-1 249	N/M
Profit for the period, discontinued operations	-66	7	N/M	-105	-1 249	N/M
<i>Group total</i>						
Invoiced sales	23 394	21 998	-6	88 821	90 822	+2
Operating profit	2 623	786	-70	10 120	6 062	-40
Profit after financial items	2 121	272	-87	8 264	4 059	-51
Profit for the period, Group total	1 504	-171	N/M	5 992	2 194	-63
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/(losses) on defined benefit pension plans	-712	97		-1 847	589	
Tax relating to items that will not be reclassified	171	-18		452	-139	
	-541	79		-1 395	450	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1 403	-976		3 120	-972	
Cash flow hedges	-95	47		-381	55	
Tax relating to items that may be reclassified	16	-6		78	-7	
	1 324	-935		2 817	-924	
Total other comprehensive income	783	-856		1 422	-474	
Total comprehensive income	2 286	-1 028		7 414	1 720	
<i>Profit for the period attributable to</i>						
Owners of the Parent	1 518	-141		6 011	2 247	
Non-controlling interests	-14	-30		-19	-53	
<i>Total comprehensive income attributable to</i>						
Owners of the Parent	2 305	-977		7 432	1 770	
Non-controlling interests	-18	-51		-17	-50	
Earnings per share, SEK *						
Continuing operations	1.26	-0.12		4.88	2.79	
Discontinued operations	-0.05	0.01		-0.09	-1.00	
Group Total	1.21	-0.11		4.79	1.79	

* No dilution effects during the period
N/M = non-meaningful

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2014	31 DEC 2015
Intangible assets	18 323	18 313
Property, plant and equipment	27 609	26 331
Financial assets	8 279	7 814
Inventories	24 056	21 522
Current receivables	21 725	18 767
Cash and cash equivalents	6 327	6 376
Assets held for sale	-	2 119
Total assets	106 319	101 242
Total equity	36 672	34 060
Non-current interest-bearing liabilities	41 426	35 610
Non-current non-interest-bearing liabilities	3 584	4 262
Current interest-bearing liabilities	2 679	5 190
Current non-interest-bearing liabilities	21 958	20 231
Liabilities held for sale	-	1 889
Total equity and liabilities	106 319	101 242
<i>Group total</i>		
Net working capital*	25 250	21 726
Loans	36 907	34 439
Net debt **	30 742	28 173
Net debt to equity ratio***	0.75	0.74
Non-controlling interests in total equity	134	81

* Inventories plus trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities

** Current and non-current interest-bearing liabilities excluding net provisions for pensions, less cash and cash equivalents.

*** Equity excluding accumulated actuarial gains/losses on defined benefit pension plans after tax

CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2014	33 510	100	33 610
Total comprehensive income for the period	7 432	-17	7 415
Non-controlling interest in acquired companies	-	33	33
Non-controlling interest new stock issue	-	23	23
Personnel options program	-80	-	-80
Hedge of personnel options program	66	-	66
Dividends	-4 390	-5	-4 395
Closing equity, 31 December 2014	36 538	134	36 672
Opening equity, 1 January 2015	36 538	134	36 672
Total comprehensive income for the period	1 770	-50	1 720
Personnel options program	17	-	17
Hedge of personnel options program	44	-	44
Dividends	-4 390	-3	-4 393
Closing equity, 31 December 2015	33 979	81	34 060

THE GROUP

CASH FLOW STATEMENT

MSEK	Q4 2014	Q4 2015	Q1-4 2014	Q1-4 2015
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	2 187	266	8 369	5 308
Adjustment for depreciation, amortization and impairment losses	1 053	1 846	4 099	5 321
Adjustment for items that do not require the use of cash etc.	-452	443	-1 142	1 389
Income tax paid	-531	-581	-1 899	-1 939
Cash flow from operations before changes in working capital, continuing operations	2 257	1 974	9 427	10 079
<i>Changes in working capital</i>				
Change in inventories	1 439	1 110	1 441	2 108
Change in operating receivables	761	811	107	845
Change in operating liabilities	-309	-382	-707	188
Cash flow from changes in working capital, continuing operations	1 891	1 539	841	3 141
Investments in rental equipment	-179	-153	-561	-625
Divestments of rental equipment	56	44	191	198
Cash flow from operations, continuing operations	4 025	3 404	9 898	12 793
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash	0	0	-2 834	-7
Disposal of discontinued operations	460	0	460	0
Investments in tangible assets	-1 273	-1 077	-3 802	-3 152
Proceeds from sale of tangible assets	22	134	248	245
Investments in intangible assets	-266	-255	-835	-942
Proceeds from sale of intangible assets	-16	4	-10	7
Other investments, net	32	11	-7	-16
Cash flow from investing activities, continuing operations	-1 041	-1 183	-6 780	-3 865
Net cash flow after investing activities	2 984	2 221	3 118	8 928
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	-1 741	-1 453	2 756	-3 570
Dividends paid	-5	0	-4 395	-4 393
Cash flow from financing activities, continuing operations	-1 746	-1 453	-1 639	-7 963
Cash flow from continuing operations	1 238	768	1 479	965
Cash flow from discontinued operations	20	-235	-440	-886
Cash flow for the period, Group total	1 258	533	1 039	79
Cash and cash equivalents at beginning of the period	4 988	5 890	5 076	6 327
Exchange-rate differences in cash and cash equivalents	81	-47	212	-30
Cash and cash equivalents at the end of the period	6 327	6 376	6 327	6 376
<i>Discontinued operations</i>				
Cash flow from operations	79	-174	-383	-841
Cash flow from investing activities	-52	-63	-58	-45
Cash flow from financing activities	-7	2	2	0
<i>Group Total</i>				
Cash flow from operations	4 104	3 230	9 515	11 952
Cash flow from investing activities	-1 093	-1 246	-6 839	-3 910
Cash flow from financing activities	-1 753	-1 451	-1 637	-7 963
Group total cash flow	1 258	533	1 039	79

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-4 2014	Q1-4 2015
Revenue	16 475	15 667
Cost of sales and services	-12 042	-10 154
Gross profit	4 433	5 513
Selling expenses	-662	-551
Administrative expenses	-2 160	-2 864
Research and development costs	-1 335	-1 521
Other operating income and expenses	-1 441	-1 338
Operating profit	-1 165	-761
Income from shares in Group companies	8 224	9 346
Income from shares in associated companies	10	10
Interest income/expenses and similar items	-980	-330
Profit after financial items	6 089	8 265
Appropriations	-	-6
Income tax expense	-237	-137
Profit for the period	5 852	8 122

The classification of certain profit and loss items has changed as from 2015 affecting administrative expenses and other operating income and expenses. Comparative figures have been adjusted accordingly.

BALANCE SHEET

MSEK	31 DEC 2014	31 DEC 2015
Intangible assets	8	20
Property, plant and equipment	7 740	7 725
Financial assets	46 370	47 139
Inventories	3 591	3 186
Current receivables	17 279	15 727
Cash and cash equivalents	1	1
Total assets	74 989	73 798
Total equity	28 196	31 997
Untaxed reserves	4	11
Provisions	600	748
Non-current interest-bearing liabilities	25 761	21 002
Non-current non-interest-bearing liabilities	47	59
Current interest-bearing liabilities	8 478	14 112
Current non-interest-bearing liabilities	11 903	5 869
Total equity and liabilities	74 989	73 798
Pledged assets	-	-
Contingent liabilities	15 938	15 583
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	9 561	11 132
Investments in fixed assets	1 227	907

MARKET OVERVIEW, THE GROUP

ORDER INTAKE AND INVOICED SALES PER MARKET AREA - FOURTH QUARTER 2015

MARKET AREA	ORDER INTAKE	CHANGE *		SHARE	INVOICED SALES	CHANGE *	SHARE
	MSEK	%	% ¹⁾	%		MSEK	%
THE GROUP							
Europe	8 135	+0	-3	42	8 319	-3	39
North America	3 865	-18	-18	20	4 393	-12	21
South America	1 177	+6	+6	6	1 226	-0	6
Africa/Middle East	1 840	-3	-3	9	1 675	-25	8
Asia	3 359	-23	-18	17	4 334	-1	21
Australia	1 155	+34	+34	6	993	+8	5
Total continuing operations	19 531	-7	-7	100	20 940	-6	100
Discontinued operations	745	-7	-7	-	1 058	-32	-
Group total	20 275	-7	-7	-	21 998	-8	-
SANDVIK MACHINING SOLUTIONS							
Europe	4 346	-1	-1	55	4 341	-0	53
North America	1 736	-15	-15	22	1 750	-15	22
South America	160	-20	-20	2	156	-19	2
Africa/Middle East	72	+29	+29	1	81	+69	1
Asia	1 520	-13	-13	19	1 655	-7	21
Australia	56	+8	+8	1	56	+9	1
Total	7 890	-7	-7	100	8 039	-5	100
SANDVIK MINING							
Europe	499	-2	-2	12	879	+60	16
North America	741	-11	-11	15	881	+12	16
South America	733	+39	+39	15	780	+19	14
Africa/Middle East	1 372	+2	+2	28	1 112	-27	20
Asia	738	-20	-20	15	1 055	-2	19
Australia	736	+1	+1	15	802	+4	15
Total continuing operations	4 819	-1	-1	100	5 509	+3	100
Discontinued operations	745	-7	-7	-	1 058	-32	-
Sandvik Mining total	5 564	-2	-2	-	6 567	-5	-
SANDVIK MATERIALS TECHNOLOGY							
Europe	1 768	+15	+1	59	1 517	-22	45
North America	571	-34	-34	19	955	-15	28
South America	70	+53	+53	2	69	+47	2
Africa/Middle East	79	+3	+3	3	48	-48	1
Asia	497	-44	-15	17	791	+26	23
Australia	14	+38	+38	0	18	-1	1
Total	2 999	-11	-10	100	3 398	-12	100
SANDVIK CONSTRUCTION							
Europe	768	-8	-8	38	773	-4	37
North America	360	-4	-4	18	374	-9	18
South America	136	-33	-33	7	133	-38	6
Africa/Middle East	143	-40	-40	7	247	-29	12
Asia	309	-28	-28	15	479	+13	23
Australia	310	N/M	N/M	15	81	+157	4
Total	2 026	-3	-3	100	2 087	-7	100
SANDVIK VENTURE							
Europe	752	-11	-11	43	811	-13	41
North America	454	-28	-28	25	429	-32	23
South America	79	-39	-39	4	86	-28	5
Africa/Middle East	174	-12	-12	10	186	-16	10
Asia	295	-25	-25	16	353	-26	19
Australia	38	-24	-24	2	36	-20	2
Total	1 792	-20	-20	100	1 901	-22	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 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	CHANGE % % ¹⁾		Q1-4 2015
<i>Continuing operations</i>												
Sandvik Machining Solutions	7 719	7 768	7 711	8 129	31 328	8 596	8 355	7 841	7 890	-3	-7	32 682
Sandvik Mining	4 840	4 968	4 931	4 894	19 633	5 610	5 840	4 977	4 819	-2	-1	21 247
Sandvik Materials Technology	4 633	3 449	3 335	3 296	14 713	3 725	3 054	2 847	2 999	-9	-11	12 625
Sandvik Construction	2 336	2 013	2 184	2 038	8 571	2 376	2 348	2 179	2 026	-1	-3	8 928
Sandvik Venture	1 749	1 741	2 182	2 123	7 795	2 263	2 165	1 878	1 792	-16	-20	8 097
Group activities	4	6	3	5	17	4	4	4	5			18
Continuing operations	21 281	19 945	20 346	20 485	82 057	22 574	21 766	19 726	19 531	-5	-7	83 597
Discontinued operations	1 215	1 248	635	802	3 900	592	977	466	745	-7	-7	2 781
Group total	22 496	21 194	20 981	21 286	85 957	23 167	22 743	20 192	20 275	-5	-7	86 378

INVOICED SALES BY BUSINESS AREA

MSEK	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	CHANGE % % ¹⁾		Q1-4 2015
<i>Continuing operations</i>												
Sandvik Machining Solutions	7 400	7 676	7 658	8 122	30 856	8 438	8 339	7 836	8 039	-1	-5	32 652
Sandvik Mining	5 104	4 969	5 121	5 349	20 543	5 489	5 710	5 712	5 509	+3	+3	22 421
Sandvik Materials Technology	3 547	3 866	3 735	3 758	14 907	3 712	3 639	3 161	3 398	-10	-12	13 909
Sandvik Construction	1 871	2 281	2 232	2 169	8 553	2 144	2 283	2 037	2 087	-4	-7	8 551
Sandvik Venture	1 362	1 841	2 155	2 301	7 658	2 172	2 226	1 994	1 901	-17	-22	8 292
Group activities	2	2	7	5	16	5	3	5	6			20
Continuing operations	19 286	20 635	20 908	21 704	82 533	21 960	22 200	20 745	20 940	-4	-6	85 845
Discontinued operations	1 497	1 416	1 685	1 689	6 288	1 374	1 198	1 347	1 058	-37	-32	4 977
Group total	20 783	22 051	22 593	23 394	88 821	23 334	23 398	22 092	21 998	-6	-8	90 822

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	CHANGE %	Q1-4 2015
<i>Continuing operations</i>											
Sandvik Machining Solutions	1 480	1 561	1 496	1 622	6 159	1 129	1 701	1 459	981	-40	5 269
Sandvik Mining	657	481	640	705	2 483	215	860	847	663	-6	2 585
Sandvik Materials Technology	421	647	482	330	1 880	100	286	49	-427	N/M	8
Sandvik Construction	-11	51	1	4	45	-95	151	99	-128	N/M	28
Sandvik Venture	233	187	133	335	888	192	210	91	36	-89	529
Group activities	-333	-342	-264	-312	-1 250	-342	-231	-220	-355		-1 148
Continuing operations	2 447	2 585	2 488	2 684	10 205	1 199	2 977	2 325	770	-71	7 271
Discontinued operations	31	-29	-26	-61	-85	-147	-74	-1 004	16	N/M	-1 209
Group total ²⁾	2 478	2 556	2 462	2 623	10 120	1 052	2 903	1 321	786	-70	6 062

OPERATING MARGIN BY BUSINESS AREA

%	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1-4 2015
<i>Continuing operations</i>										
Sandvik Machining Solutions	20.0	20.3	19.5	20.0	20.0	13.4	20.4	18.6	12.2	16.1
Sandvik Mining	12.9	9.7	12.5	13.2	12.1	3.9	15.1	14.8	12.0	11.5
Sandvik Materials Technology	11.9	16.7	12.9	8.8	12.6	2.7	7.9	1.5	-12.6	0.1
Sandvik Construction	-0.6	2.3	0.0	0.2	0.5	-4.4	6.6	4.9	-6.1	0.3
Sandvik Venture	17.1	10.2	6.2	14.6	11.6	8.8	9.5	4.6	1.9	6.4
Continuing operations	12.7	12.5	11.9	12.4	12.4	5.5	13.4	11.2	3.7	8.5
Discontinued operations	2.1	-2.0	-1.6	-3.6	-1.3	-10.7	-6.2	-74.6	1.5	-24.3
Group total	11.9	11.6	10.9	11.2	11.4	4.5	12.4	6.0	3.6	6.7

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

THE GROUP

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	CHANGE %	Q1-4 2015
<i>Continuing operations</i>											
Sandvik Machining Solutions	1 480	1 561	1 496	1 622	6 159	1 809	1 701	1 459	1 611	-1	6 579
Sandvik Mining	657	481	640	705	2 483	841	860	847	749	+6	3 296
Sandvik Materials Technology	421	647	482	259	1 809	365	286	49	118	-54	818
Sandvik Construction	-11	51	1	4	45	65	151	99	65	N/M	381
Sandvik Venture	233	262	137	335	967	202	210	91	76	-77	579
Group activities	-333	-342	-264	-312	-1 250	-306	-231	-220	-304		-1 061
Continuing operations	2 447	2 660	2 492	2 613	10 213	2 977	2 977	2 325	2 315	-11	10 593
Discontinued operations	31	-29	-26	-61	-85	-43	-74	-6	16	N/M	-108
Group total ²⁾	2 478	2 631	2 466	2 552	10 128	2 934	2 903	2 319	2 331	-9	10 485

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015		Q1-4 2015
<i>Continuing operations</i>											
Sandvik Machining Solutions	20.0	20.3	19.5	20.0	20.0	21.4	20.4	18.6	20.0		20.1
Sandvik Mining	12.9	9.7	12.5	13.2	12.1	15.3	15.1	14.8	13.6		14.7
Sandvik Materials Technology	11.9	16.7	12.9	6.9	12.1	9.8	7.9	1.5	3.5		5.9
Sandvik Construction	-0.6	2.3	0.0	0.2	0.5	3.0	6.6	4.9	3.1		4.5
Sandvik Venture	17.1	14.2	6.4	14.6	12.6	9.3	9.5	4.6	4.0		7.0
Continuing operations	12.7	12.9	11.9	12.0	12.4	13.6	13.4	11.2	11.1		12.3
Discontinued operations	2.1	-2.0	-1.6	-3.6	-1.3	-3.1	-6.2	-0.5	1.5		-2.2
Group total	11.9	11.9	10.9	10.9	11.4	12.6	12.4	10.5	10.6		11.5

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

	Q4 2014	Q4 2015	Q1-4 2015
<i>Continuing operations</i>			
Tax rate, %	28.2	167.0	35.1
Return on capital employed, % ²⁾	14.0	9.5	9.5
Return on total equity, % ²⁾	17.7	9.7	9.7
Return on total capital, % ²⁾	10.7	7.2	7.2
Shareholders' equity per share, SEK	29.1	27.1	27.1
Net debt/equity ratio	0.75	0.74	0.74
Equity/assets ratio, %	35	34	34
Net working capital, %	30	27	27
Earnings per share, SEK	1.26	-0.12	2.79
Cash flow from operations, MSEK	+4 025	+3 404	+12 793
Number of employees	46 044	44 663	44 663

	Q4 2014	Q4 2015	Q1-4 2015
<i>Group total</i>			
Tax rate, %	29.1	163.0	45.9
Return on capital employed, % ²⁾	13.4	7.9	7.9
Return on total equity, % ²⁾	17.4	6.2	6.2
Return on total capital, % ²⁾	10.3	5.9	5.9
Shareholders' equity per share, SEK	29.1	27.1	27.1
Net debt/equity ratio	0.75	0.74	0.74
Equity/assets ratio, %	34	34	34
Net working capital, %	28	26	26
Earnings per share, SEK	1.21	-0.11	1.79
Cash flow from operations, MSEK	+4 104	+3 230	+11 952
Number of employees	47 318	45 808	45 808
No. of shares outstanding at end of period ('000) ¹⁾	1 254 386	1 254 386	1 254 386
Average no. of shares('000) ¹⁾	1 254 386	1 254 386	1 254 386

1) No dilution effect during the period.
2) Rolling 12 months

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.

DIVIDEND PROPOSAL FOR THE 2016 AGM

The Annual General Meeting will be held in Sandviken, Sweden, on 28 April 2016 at 17:00 CET. The Board of Directors proposes a dividend of 2.50 per share (3.50), or a total of 3,136 million SEK (4,390) for 2015. The proposal

corresponds to 140% of Sandvik Group reported earnings per share and 57% of Sandvik Group adjusted earnings per share. The proposed record date to receive dividends is 2 May 2016.

Stockholm, 3 February 2016
Sandvik Aktiebolag (publ)

The Board of Directors and
Björn Rosengren, President and CEO

AUDIT

The Company's Auditor has not carried out any review of the report for the fourth quarter of 2015.

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 3 February 2016 at 08:00 CET.

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

A presentation and teleconference will be held on 3 February 2016 at 10:00 CET at the World Trade Center in Stockholm.

Information is available at www.sandvik.com/ir

CALENDAR 2016:

25 April	Report, first quarter 2016
28 April	Annual General Meeting in Sandviken
18 March, preliminary	Publish Annual Report 2015
2 May	Proposed record date for dividend
24 May	Capital Markets Day in Sandviken, Sweden
18 July	Report, second quarter 2016
24 October	Report, third quarter 2016

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