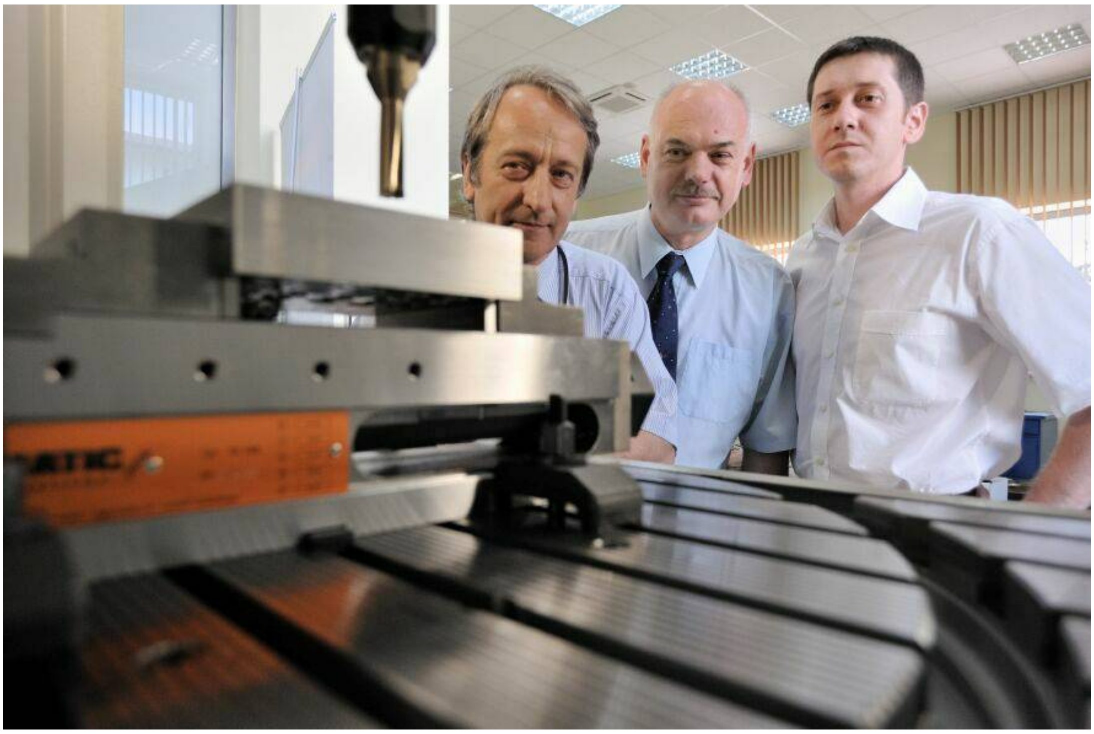


Seco Tools
Interim Report
January – March
2009

SECO

SECO TOOLS AB

Interim report for the three months ended 31 March 2009

* Revenue for the quarter fell by 28 per cent at fixed exchange rates and 17 per cent in Swedish kronor (SEK), and amounted to SEK 1,351 M (1,632).
* First quarter profit was charged with one-time costs of SEK 29 M related to workforce reductions.
* As a result of significantly decreased volumes, operating profit for the quarter declined to SEK 95 M (403).
* Operating margin was 7.0 per cent (24.7).
* Profit after tax was SEK 54 M (274).
* Earnings per share were SEK 0.37 (1.89).

Comments from the CEO

"Seco Tools posts a sharp drop in revenues for the first quarter. The weaker demand situation is fairly evenly spread across both mature and emerging markets. Our opinion is however that we continue to develop stronger than the average market.

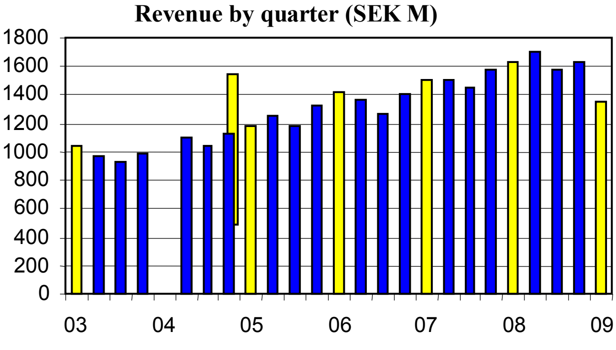
The cost adaptations we announced in November and February are proceeding according to plan, and will all in all reduce the company's annual cost level by around SEK 500 M. The cost reduction programmes include among other things a reduction of our global work-force by around 800 positions. Consolidated profit for the quarter includes one-time costs of SEK 29 M arising from the redundancies that were announced in February.

Operating margin for the first quarter was 7.0 per cent (24.7) including the one-time costs described above. The decrease compared to the previous year is otherwise mainly attributable to the fall-off in sales and a lower production volume. The period's lower earnings have been somewhat offset by the effects of the cost-cutting programme and positive foreign exchange effects.

Present demand situation is affected by inventory reduction among our end-customers, a trend that is expected to continue until after the summer. The outlook for the full year is very difficult to assess and we see no indications of an improved demand scenario at present." says Kai Wärn, President and CEO of Seco Tools.

First quarter revenue

Year-on-year revenue was down by 28 per cent at fixed and by 17 per cent at floating exchange rates, and amounted to SEK 1,351 M (1,632). A positive acquisition effect of 1 per cent was shown for the quarter.



All major market regions reported weaker revenue in fixed currency for the first quarter. The decrease was fairly evenly spread between countries, with both mature markets and emerging markets noting tangible negative growth at fixed exchange rates. Two exceptions from the rule were China, which showed a smaller relative decrease, and Japan, where the drop in revenue was far above the average.

Revenue – market regions

	2009	2008	Change 09/08	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	SEK M	SEK M	%	%[1)]
EU	792	1,030	-23	-31
Rest of Europe	97	91	7	-25
Total Europe	889	1,121	-21	-30
NAFTA	220	230	-4	-28
South America	45	66	-32	-34
Africa, Middle East	22	21	5	7
Asia, Australia	175	194	-10	-28
Total Group	1,351	1,632	-17	-29

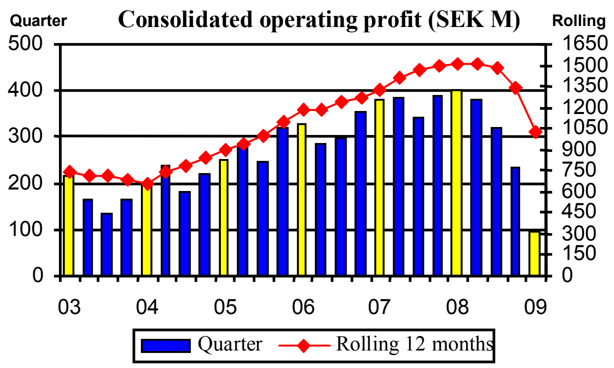
[1)] The change from the preceding year is shown on a like-for-like basis and at fixed exchange rates.

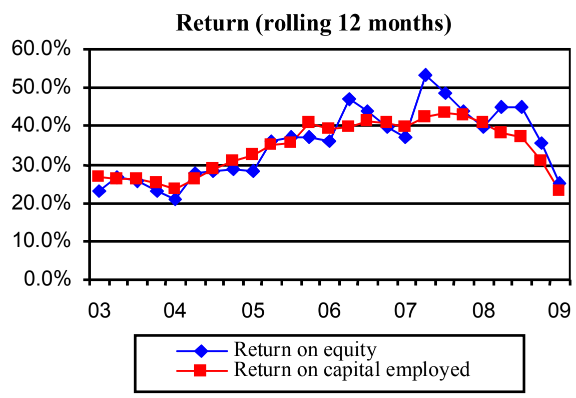
Earnings and return

Consolidated operating profit was SEK 95 M (403), equal to an operating margin of 7.0 per cent (24.7). Operating profit for the first quarter was charged with one-time costs of SEK 29 M. Excluding these one-time costs, operating margin was 9.2 per cent.

The weaker operating profit is otherwise explained by lower production volumes and declining revenue at fixed exchange rates. Cost-cutting activities, which are proceeding according to plan, resulted in a cost decrease of around SEK 70 M for the quarter and thereby compensated for part of the drop in earnings. Foreign exchange effects had a positive earnings impact of SEK 74 M.

All in all, the ongoing cost adjustments will reduce the company's cost level by around SEK 500 M on an annual basis. These activities will be essentially completed in the third quarter.





In the above diagrams, the figures for return and operating profit through the end of 2003 have been calculated according to the recommendations of the Swedish Financial Accounting Standards Council and from 2004 onwards in compliance with IFRS.

The profit margin for the quarter was 5.5 per cent (23.8). Earnings per share for the past 12-month period were SEK 4.61 (7.04). For the same period, return on capital employed was 22.9 per cent (40.6) and return on equity was 25.2 per cent (39.7).

Liquidity, cash flow and net debt/equity ratio

The Group's cash and cash equivalents in the form of short-term investments and bank balances have increased by SEK 42 M since the beginning of the year and amounted to SEK 326 M at the end of the period (SEK 284 M at 31 December 2008). Cash flow from operating activities strengthened during the quarter by 5 per cent as a result of reduced working capital. The Group's interest-bearing liabilities have decreased during the year by SEK 32 M and totalled SEK 2,259 M (1,367) at the end of the quarter. The Group's net debt/equity ratio at 31 March 2009 was 0.71 (0.38).

GROUP

Consolidated income statement (SEK M)

	2009 Jan-Mar	2008 Jan-Mar
Revenue	1,351	1,632
Cost of goods sold	-650	-647
Gross profit	701	985
Selling, administrative and R&D expenses	-601	-560
Other income and expenses	-5	-22
Operating profit	95	403
Financial items	-21	-15
Profit after financial items	74	388
Taxes	-20	-114
Profit for the period	54	274
Other comprehensive income		
Foreign exchange differences	18	-35
Comprehensive income for the period	72	239

The Group's planned depreciation and amortisation for the quarter totalled SEK 91 M (85).

Consolidated key figures

	2009 Jan-Mar	2008 Jan-Mar
Operating margin, %	7.0	24.7
Profit margin, %	5.5	23.8
Earnings per share, SEK	0.37	1.89
Return on capital employed before tax, % [1)]	22.9	40.6
Return on equity after tax, % [1)]	25.2	39.7
Equity per share, SEK [1)]	18.39	18.18

[1)] The key figures are calculated on a rolling 12-month basis.

Consolidated balance sheet (SEK M)

	31 Mar 2009	31 Dec 2008
Intangible assets	327	331
Tangible assets	2,440	2,422
Financial assets	232	234
Inventories	1,587	1,568
Current receivables	1,366	1,573
Cash and cash equivalents	326	284
Total assets	6,278	6,412
Equity	2,675	2,603
Long-term liabilities	608	616
Current liabilities	2,995	3,193
Total equity and liabilities	6,278	6,412

Interest-bearing liabilities and provisions at the end of the quarter amounted to SEK 2,259 M (1,367), while the interest-free portion was SEK 1,344 M (1 458).

Consolidated statement of changes in equity (SEK M)

	31 Mar 2009	31 Mar 2008
Equity at beginning of period	2,603	2,406
Comprehensive income for the period	72	239
Equity at end of period	2,675	2,645

Consolidated cash flow statement (SEK M)

	2009 Jan-Mar	2008 Jan-Mar
Profit for the period	54	274
Add-back tax expense	20	114
Add-back amortisation/depreciation	91	85
Other	7	-11
Taxes paid	-77	-103
Cash flow from operating activities before changes in working capital	95	359
Changes in working capital	101	-172
Cash flow from operating activities	196	187
Cash flow from investing activities	-120	-139
Cash flow from financing activities incl. dividends	-38	0
Cash flow for the year	38	48

PARENT COMPANY

Parent Company income statement (SEK M)

	2009 Jan-Mar	2008 Jan-Mar
Net sales	804	1,038
Cost of goods sold	-489	-620
Gross profit	315	418
Selling, administrative and R&D expenses	-197	-212
Other income and expenses	18	-17
Operating profit	136	189
Financial items	0	-4
Profit after financial items	136	185
Appropriations	34	-7
Taxes	-45	-49
Profit for the period	125	129

The Parent Company's planned depreciation and amortisation for the period totalled SEK 34 M (35).

Parent Company balance sheet (SEK M)

	31 Mar 2009	31 Dec 2008
Tangible assets	1,097	1,080
Financial assets	675	675
Inventories	1,049	1,001
Current receivables	1,336	1,171
Cash and cash equivalents	1	9
Total assets	4,158	3,936
Equity	1,162	1,037
Untaxed reserves	553	587
Provisions	1	1
Long-term liabilities	84	83
Current liabilities	2,358	2,228
Total equity and liabilities	4,158	3,936

Intra-group receivables increased during the period, partly in order to finance subsidiaries. The level of cash and cash equivalents remains low. The Parent Company's interest-bearing liabilities at 31 March 2009 amounted to SEK 1,753 M (1,149).

Number of shares

The total number of shares at the end of the first quarters of both 2009 and 2008 was 145,467,690. The average weighted number of shares for the corresponding periods was 145,467,690.

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. With effect from 1 January 2005, the company prepares its consolidated financial statements in compliance with IFRS, whereby the IFRS transition date was 1 January 2004. For a description of the applied accounting standards, see the most recently published annual report.

As of 1 January 2009, a number of new standards, amendments to existing standards (IFRS) and interpretations (IFRIC) have gone into effect. With regard to the revised IFRS 8 Operating Segments, an in-depth analysis and evaluation has been carried out regarding the application of this standard by Seco Tools, which has resulted in no changes in the current reporting. No significant effects on the Group's profit or financial position have otherwise arisen due to the application of these new or revised standards and interpretations.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.1, Accounting for Legal Entities.

Segment reporting

The various units and companies in the Seco Tools Group conduct integrated business activities that constitute only one business segment, metal cutting machining. As a result, Seco Tools' management and regular monitoring of operating results are based on the Group as a whole.

Significant risks and uncertainties

It is vital that all financial and business risks are effectively and systematically assessed. Seco Tools' risk management model for business risks does not entail avoidance of risks, but is instead aimed at identifying, managing and limiting the effects of these risks.

Significant risks and uncertainties in the Parent Company and the Group include financial risks, primarily foreign exchange risk, interest risk, credit risk and liquidity risk. The finance policy established by the Board of Directors defines the guidelines, objectives and limits for financial management and the management of financial risks. The finance policy governs the division of responsibility between Seco Tools' Board of Directors, Group Executive Management and Finance Department.

The current instability and changes in the global financial sector are not assessed to affect the company's opportunities for financing. Other factors of significance for the operations and financial position of the Group and the Parent Company from a general risk perspective consist mainly of raw material supply, continuous renewal of the product portfolio, good delivery service and a high level of security in the Group's facilities and IT operations with regard to fire, flooding, etc.

Estimates and assumptions about the future are regularly made for accounting purposes. The estimates and assumptions that can lead to significant adjustments in the carrying values of assets and liabilities in the financial statements of later years consist mainly of tax matters and other ongoing or possible disputes.

The above risks and uncertainties are described in more detail in the Annual Report for the fiscal year 2008. The assessments of significant risks described in the above-mentioned annual report were unchanged at the end of the interim period.

Related party transactions

Seco Tools' transactions with related parties refer primarily to the Sandvik Group, Seco Tools' associated companies, a pension foundation in Sweden and Seco Tools' senior executives. Significant transactions with related parties refer only with the Sandvik Group.

A description of related-party transactions is provided on page 70 of the Annual Report for the fiscal year 2008. The scope of the above-mentioned transactions has not changed significantly during the interim period.

Personnel

The number of employees in the Group fell by a total of 353 during the quarter and amounted to 4,685 at 31 March 2009 (5,038 at 31 December 2008). Since the end of September last year, the total workforce has been downsized by more than 400 positions.

The decrease is attributable to the global redundancies announced by the Group in November and February. The staff reductions will be essentially completed in the third quarter and will amount to a total of around 800 positions compared to the end of the third quarter of 2008. So far, most of the redundancies have taken place among collective employees in production.

Capital expenditure

The Group's capital expenditure on tangible and intangible assets during the quarter amounted to SEK 118 M (143), of which SEK 4 M (6) referred to capitalisation of IT/R&D expenses.

Investment plans for the current year have been significantly reduced relative to the high levels of recent years. However, total investments for the current year include some sizeable expenditure from projects started already previous year.

Activities in growth regions

The Group's opportunities for expansion are enhanced through activities in geographical markets offering especially strong growth potential. In line with this strategy, wholly-owned subsidiaries were formed during the quarter in Indonesia, India and Brazil.

Financial information

This report has not been subject to special examination by the company's independent auditors. The next report, for the first half of 2009, will be published on 17 July 2009.

Fagersta, 28 April 2009

SECO TOOLS AB (publ)

Kai Wärn
President and CEO

The information contained herein is subject to the disclosure requirements of Seco Tools AB under the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. This information was submitted for publication on 28 April 2009, 10:00 a.m. CET.

For additional information contact Kai Wärn, President and CEO, (Tel: +46 223-401 10) or Patrik Johnson, CFO, (+46 223-401 20. E-mail can be sent to investor.relations@secotools.com

Previously published financial information can be found under "Investor Relations & Corporate Governance" on the Seco Tools website (www.secotools.com). Seco Tools AB's corporate registration number is 556071-1060 and the company's address is Seco Tools AB, SE-737 82 Fagersta, Sweden. The telephone number to the Group head office is +46 223-400 00.