

Sandvik Q2

PRESS RELEASE 19 July 2007

Interim report on the second quarter and the first six months of 2007

CONTINUED STRONG DEMAND

- Order intake +26%*, SEK 24,445 M.
- Invoiced sales +21%*, SEK 22,002 M.
- Operating profit +37%, SEK 4,093 M.
- Profit after financial items +41%, SEK 3,795 M.
- Net profit for the period +39%, SEK 2,761 M.
- Return on capital employed 29.2% (25.9 %).
- Cash flow -29%, SEK 1,046 M.
- Earnings per share +38%, SEK 2.20.

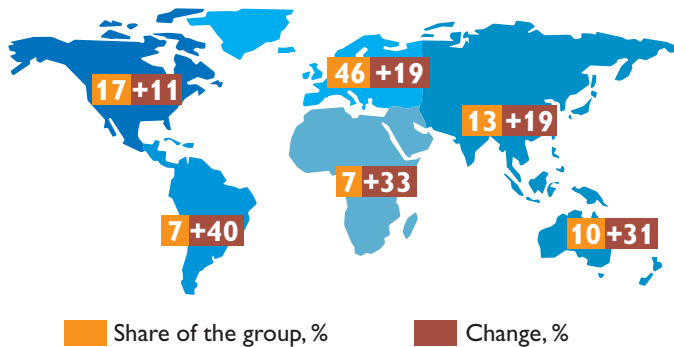


“The strong trend of global demand for Sandvik’s products and services continued through the second quarter. Increased volume, an increasingly favorable product mix and high internal efficiency contributed to the earnings improvement.

Both order intake and invoicing increased in all business areas and all major markets. Invoicing for the Group increased in price and volume by 21%, amounting to more than SEK 22 billion. Operating profit rose by 37% to SEK 4.1 billion, and the operating margin amounted to 18.6%.

Sandvik made a number of strategic acquisitions that have further strengthened our positioning in areas of high growth and strong profitability,” says Sandvik President and CEO, Lars Pettersson.

INVOICED SALES*



KEY FIGURES

SEK M	Q2/07	Q2/06	Q1-2/07	Q1-2/06
Order intake	24 445	19 131	47 180	40 116
Invoiced sales	22 002	17 851	42 411	35 332
Operating profit	4 093	2 995	7 631	5 848
Earnings per share, SEK ¹⁾	2.20	1.60	4.15	3.15

1) Values for 2006 recalculated after split 5:1.

BUSINESS AREAS – INVOICED SALES*



Sandvik Tooling



Sandvik Mining and Construction



Sandvik Materials Technology

* Percentage change compared to the same quarter in the preceding year at fixed exchange rates for comparable units.

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Financial overview

INCOME STATEMENT SEK M	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	24 445	19 131	+28 ¹⁾	47 180	40 116	+18 ¹⁾
Invoiced sales	22 002	17 851	+23 ²⁾	42 411	35 332	+20 ²⁾
Operating profit	4 093	2 995	+37	7 631	5 848	+30
%	18.6	16.8		18.0	16.6	
Profit after financial items	3 795	2 695	+41	7 161	5 380	+33
%	17.2	15.1		16.9	15.2	
Profit of the period	2 761	1 987	+39	5 212	3 927	+33
%	12.6	11.1		12.3	11.1	
of which shareholders' interest	2 618	1 896	+38	4 946	3 733	+32
Earnings per share, SEK *	2.20	1.60	+38	4.15	3.15	+32

* Calculated on the basis of the shareholders' share of profit for the period. Values for Q1 2006 recalculated after split 5:1.

- 1) +26 % and +19 % respectively at fixed exchange rates for comparable units.
2) +21 % and +21 % respectively at fixed exchange rates for comparable units.

KEY FIGURES	Q2 2007	Q2 2006	Full-year 2006
No. of shares outstanding at end of period ('000) ²⁾	1 186 287	1 186 287	1 186 287
Average no. of shares ('000) ²⁾	1 186 287	1 186 287	1 186 287
Tax rate, %	27	26	27
Return on capital employed, % ¹⁾	29.2	25.9	27.6
Return on total equity, % ¹⁾	35.5	31.1	31.8
Shareholders' equity per share, ²⁾	20.30	19.40	22.00
Net debt/equity ratio	1.1	0.8	0.6
Equity/assets ratio, %	32	38	41
Net working capital, %	29	28	27
No. of employees	44 882	40 747	41 743

1) Rolling 12 months.

2) Values for 2006 recalculated after split 5:1.

ORDER INTAKE AND INVOICED SALES BY MARKET AREA

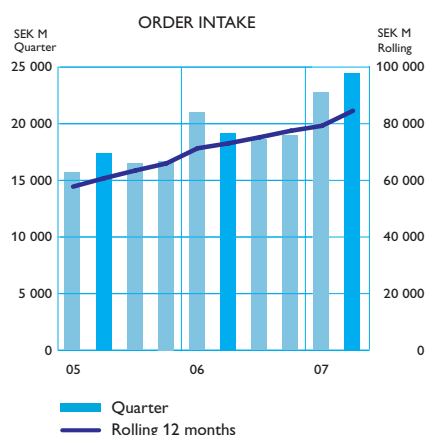
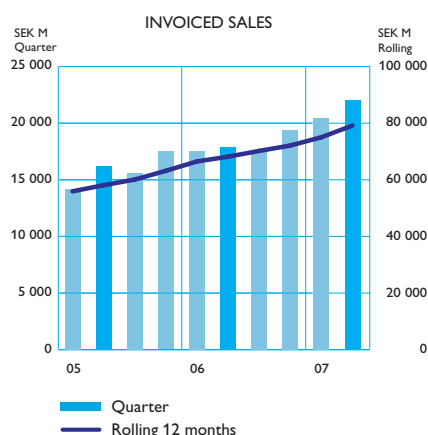
Second quarter 2007

Market area	Order intake SEK M	Change* % % ¹⁾	Share %	Invoiced sales SEK M	Change* %	Share %
Europe	11 831	+32 +20	48	10 191	+19	46
Nafta	3 835	+5 +5	16	3 757	+11	17
South America	1 112	-12 -12	5	1 461	+40	7
Africa/Middle East	1 696	+41 +50	7	1 601	+33	7
Asia	3 620	+32 +16	14	2 898	+19	13
Australia	2 351	+43 +24	10	2 094	+31	10
Total	24 445	+26 +17	100	22 002	+21	100

* At fixed exchange rates for comparable units.

1) Excluding project orders.

Sales



Invoicing during the second quarter amounted to SEK 22,002 M (17,851), an increase of 23% in total and of 21% excluding currency effects for comparable units. Changed currency rates had a negative impact of 2% on invoicing. The increase for Sandvik Tooling was 9% excluding currency effects, and for comparable units and for Sandvik Mining and Construction 30%. The increase for Sandvik Materials Technology was 27%, of which about 20 percentage points were attributable to price compensation for increased raw materials prices.

Order intake totaled SEK 24,445 M (19,131), representing an increase of 28% in total, and 26% excluding currency effects for comparable units. Changed exchange rates affected order intake negatively by 2%. Growth excluding currency effects for comparable units was 10% for Sandvik Tooling and 46% for Sandvik Mining and Construction. Order intake for Sandvik Materials Technology rose by 19% including a positive effect of approximately 10 percentage points from compensation for increased raw materials prices. Adjusted for major project orders, growth was 17% in the Group, 19% for Sandvik Mining and Construction and 22% for Sandvik Materials Technology. During the quarter, major project orders were secured, primarily in Sandvik Mining and Construction, totaling an estimated SEK 2,100 M (500).

As a result of the strong demand in many of

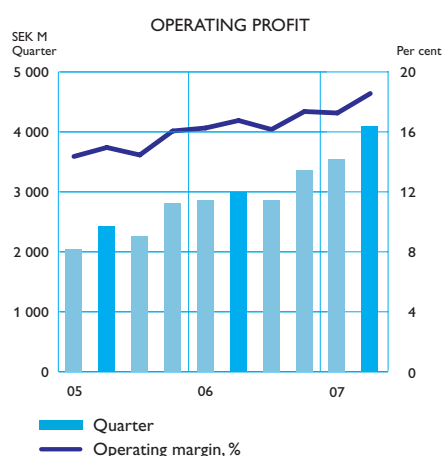
Sandvik's core areas, combined with a long-term focus on advanced productivity-enhancing solutions, demand for Sandvik's products remained highly favorable during the quarter. In **Europe**, demand was strong for all business areas and in most markets. There was a high activity level, particularly in energy-related industries, the aerospace industry, the engineering industry and the mining and construction industries. Order intake rose 32% (20% adjusted for project orders). In **Nafta** order intake rose by 5%. Demand remained weak from the American automotive industry and certain consumer-related segments, but this trend was offset by continued high demand from the oil/gas, aerospace and engineering industries. The trend in **Africa/the Middle East** is driven mainly by the ongoing high investment and production rates in the mining industry. Order intake rose by 41% (50% adjusted for project orders).

In **South America**, order intake declined by 12% due to periodic effects in the pattern of orders from large mining customers. This was not offset by the other business areas, in which trends were strong.

Demand in **Asia** is primarily driven by China, India and Japan, and the trend was favorable in all business areas. Order intake rose 32% (16% adjusted for project orders). In **Australia**, demand was very strong in the mining and process industries, and order intake rose by 43% (24% adjusted for project orders).

CHANGE %	INVOICED SALES				ORDER INTAKE			
	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006
Price/volume	+21	+8	+21	+11	+26	+7	+19	+15
Structural	+4	+1	+3	0	+4	+1	+3	+1
Currency	-2	+2	-4	+5	-2	+2	-4	+5
Total	+23	+11	+20	+16	+28	+10	+18	+22

Earnings and return



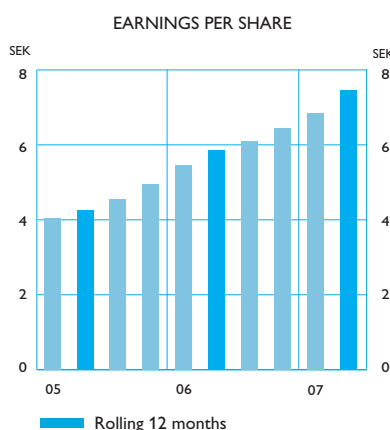
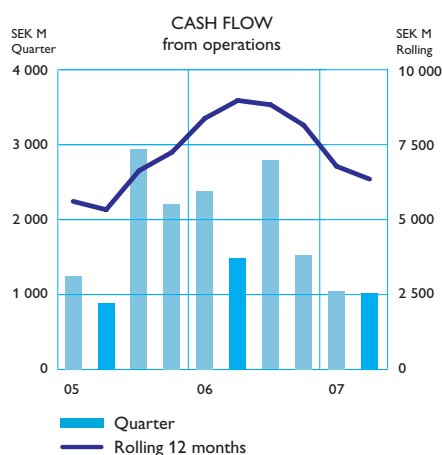
Operating profit in the second quarter amounted to SEK 4,093 M, an increase of 37% compared with the corresponding quarter a year earlier. The operating margin improved to 18.6% of invoicing (16.8). All business areas reported increased operating profit and operating margin relative to the preceding year. The earnings improvement was attributable to higher sales volumes and positive price trends and to the improvement of internal efficiency.

The companies acquired in the past year performed favorably in terms of both volume and profitability. Three strategically important acquisitions were carried out in the quarter, while one unit and one associated company were divested. Nonrecurring effects from acquisitions and divestments had no significant impact on earnings. Inventory depreciation in conjunction with acquisitions is initially reducing profitability – however, due to favorable underlying profitability, it is expected that within a few years the acquisitions will contribute to increased volume and profitability. Changed exchanged rates had a negative impact of SEK 250 M on earnings.

Net financial items were negative in an amount of SEK 298 M (neg: 300). Profit after financial income and expenses increased by 41% to SEK 3,795 M (2,695), 17.2% of invoicing. Tax amounted to SEK 1,034 M (708). Net profit for the period increased by 39% to SEK 2,761 M (1,987). Earnings per share rose by 38% to SEK 2.20 (1.60).

Cash flow from operating activities amounted to SEK 1,046 M (1,477). Working capital increased during the quarter by SEK 2,127 M, or 9% in volume during the quarter and amounted to 29% of invoicing. Investments amounted to SEK 2,030 M (1,950), of which acquisitions accounted for SEK 884 M. Cash flow after investments was negative in an amount of SEK 542 M (neg: 346) for the quarter.

Cash flow, the capital tied up and return on capital employed were affected somewhat negatively by the consolidation of acquisitions carried out during the quarter. The return on capital employed rose by 29.2% (25.9) mainly through an improved operating margin. The return on shareholders' equity amounted to 35.5% (31.1).



Sandvik Tooling

Sandvik Tooling's order intake in the second quarter amounted to SEK 6,440 M (5,694), up 10% for comparable units excluding currency effects. Invoicing totaled SEK 6,324 M (5,662), an increase of 9% from the preceding year for comparable units excluding currency effects.

The market trend remained favorable and demand for metal-cutting tools increased further, particularly for cemented-carbide and diamond-based tools. In Europe, demand rose further from an already high level. In NAFTA, demand remained high in certain segments but weaker in the automotive industry and some consumer-related segments. A favorable trend was noted in South America and the demand situation in Eastern Europe and Asia remained strong – particularly in Russia, China, India and Japan.

Demand from the engineering industry, the oil/gas and the global heavy vehicle industries, and especially the aerospace industry in NAFTA remained high. Activity in the automotive industry was strong in Asia and most of Europe, but remained weak in North America.

Sandvik Tooling secured its market-leading position by increasing its capacity in sales, product development and production. Order intake and invoicing rose as a result of strong market demand and successful introductions of advanced new tool solutions. Market shares grew in most major markets.

The long-term development of Sandvik Tooling's production structure continued, involving consolidation into a smaller number of larger units. During the quarter, the tool production units in Mexico and Halesowen, UK, were discontinued, while extensive investments to increase capacity, productivity and quality were

undertaken in a number of production units. In May, a new manufacturing unit was opened in Wernshausen, Germany, and manufacturing of advanced special tools

for metal-cutting was transferred there from the production unit in Schmalkalden. The new facility, which is the largest in the world for this type of manufacturing, enhances Sandvik Tooling's ability to satisfy its customers' requirements for advanced special tools through efficient, high-quality production.

Operating profit improved by 19% compared with the second quarter of 2006 and amounted to SEK 1,568 M (1,314). The operating margin totaled 24.8% (23.2). The profit increase was mainly attributable to high volumes, favorable price trends, high capacity utilization, a better product mix and completed efficiency enhancements. Inventory depreciation in conjunction with the acquisition of Diamond Innovations had an adverse effect of about 1 percentage points on the operating margin, while an insurance settlement pertaining to the fire at Walter in 2006 had a favorable effect of slightly more than 1 percentage point. Changed currency rates had a negative impact of SEK 90 M on profit. The return on capital employed rose to 33.8% (32.9). Excluding Diamond Innovations, the return on capital employed was 35.2%.



The opening of the new manufacturing unit at Wernshausen, Germany. From left: Rune Karlsson, Vice President of Sandvik Tooling Supply; Anders Thelin, President of Sandvik Tooling; and Dieter Althaus, Minister-President of the federal state of Thuringia.

SANDVIK TOOLING

SEK M	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	6 440	5 694	+10 *	12 761	11 789	+10 *
Invoiced sales	6 324	5 662	+9 *	12 321	11 463	+9 *
Operating profit	1 568	1 314	+19	3 005	2 608	+15
%	24.8	23.2		24.4	22.7	
Return on capital employed	33.8	32.9		33.8	32.9	
Number of employees	16 171	14 907	+8			

* At fixed exchange rates for comparable units.

Sandvik

Mining and Construction

Sandvik Mining and Construction's order intake in the second quarter amounted to SEK 10,175 M (6,711), up 46% for comparable units excluding currency effects. During the quarter, the business area secured major project orders with a total value of approximately SEK 2 billion, from e.g. Sweden, Finland and India. Adjusted for project orders, the increase was 19%.

Invoicing for comparable units excluding currency effects rose 30% to SEK 8,186 M (6,039).

As a result of the high demand for investment-related products, the share of equipment and projects rose during the quarter to slightly more than 55% and the aftermarket share accounted for slightly less than 45%.

Global demand for advanced solutions for increasing efficiency and capacity in the mining and construction industries remained high in the second quarter. Sandvik Mining and Construction is well-positioned as the leading supplier of complete advanced comprehensive solutions for underground mining and for advanced products in selected niches in surface mining and construction work. Based on the strong increase in volume, measures were initiated to increase capacity in the organization itself as well as among subcontractors.

Demand for machinery, tools and service from Sandvik Mining and Construction was strong from underground mining, surface mining and construction industry in all geographic regions. Demand was particularly favorable in Australia, Asia, Africa and Europe, where order intake excluding project orders rose sharply. Demand in prospecting was high and the order intake trend was better than expected.



During the quarter, the British companies Extec and Fintec were acquired. The two companies are market-leading in mobile crushers. This strengthens the position of Sandvik Mining and Construction in this application area.

Operating profit in the second quarter rose by 38% to SEK 1,269 M (918) or 15.5% of invoicing. The increase was primarily attributable to higher volume and high capacity utilization, combined with increased efficiency. Changed exchanged rates had a negative effect of approximately SEK 140 M on earnings. The increased demand combined with longer lead times led to increased capital tied up in accounts receivable and inventories. The return on capital employed increased to 32.2% (29.4). Excluding Extec and Fintec, the return was 33.0%.

Demand for products from Sandvik Mining and Construction has remained high. The photo shows prospecting in progress using an Onram 1500 CCD under cold conditions in Svalbard in the Arctic Sea.

SANDVIK MINING AND CONSTRUCTION

SEK M	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	10 175	6 711	+46 *	18 825	15 010	+26 *
Invoiced sales	8 186	6 039	+30 *	15 484	11 579	+33 *
Operating profit	1 269	918	+38	2 371	1 718	+38
%	15.5	15.2		15.3	14.8	
Return on capital employed	32.2	29.4		32.2	29.4	
Number of employees	14 167	11 730	+21			

* At fixed exchange rates for comparable units.

Sandvik

Materials Technology

Sandvik Materials Technology's order intake in the second quarter amounted to SEK 6,266 M (5,351), up 19% over the preceding year excluding currency effects for comparable units, or 22% adjusted for major project orders. Invoiced sales amounted to SEK 5,982 M (4,783), an increase of 27% excluding currency effects for comparable units. Price compensation for higher raw materials prices had a positive effect of about 10 percentage points and about 20 percentage points respectively on order intake and invoicing.

Underlying demand for products from Sandvik Materials Technology remained favorable. The business climate was strong in all regions, particularly for high value-added niche products.

Strategic efforts to improve the product mix continued successfully during the quarter. Demand was very strong in key sectors such as the oil/gas, energy, medical technology, chemicals and petrochemical industries. Good demand was also reported for applications for the precision-mechanics industry.

The product mix improved significantly during the quarter, but capacity limitations in parts of the manufacturing processes, combined with a certain amount of inventory accumulation prior to the vacation period, resulted in increased tied-up capital.

Sandvik Materials Technology continued its long-term efforts to restructure its operations. In May, Sandvik Sorting Systems, with approximately SEK 1,000 M in annual sales was divested, as was a minority share of 11,6% in Outokumpu Stainless Tubular Products (OSTP).

In May, an agreement was signed with Doncasters Group Ltd., to acquire its Doncasters Medical Technologies division. With this acquisition,



Sandvik significantly strengthens both its expertise and its capacity in the rapidly growing medical technology application area. The acquisition was finalized on July 13, 2007.

Operating profit in the second quarter increased compared with the preceding year, primarily due to a better product mix, a favorable price trend and effects of ongoing improvement efforts. Operating profit increased by 71% to SEK 943 M (553) or 15.8% of invoicing. The operating margin was favorably affected by slightly more than one percentage point by the capital gain on the divestment of Sandvik Sorting Systems and the minority share in OSTP, as well as inventory valuation effects attributable primarily to the trend of the price of nickel. Changed currency effects had a negative impact of approximately SEK 35 M on earnings. Return on capital employed increased to 20.4% (14.5).

During the quarter, Sandvik acquired Doncasters Medical Technologies, a world-leading contract manufacturer of orthopedic implants and instruments to the medical industry.

SANDVIK MATERIALS TECHNOLOGY

SEK M	Q2 2007	Q2 2006	Change %	Q1-2 2007	Q1-2 2006	Change %
Order intake	6 266	5 351	+19 *	12 460	10 476	+22 *
Invoiced sales	5 982	4 783	+27 *	11 586	9 502	+25 *
Operating profit	943	553	+71	1 727	1 079	+60
%	15.8	11.6		14.9	11.4	
Return on capital employed	20.4	14.5		20.4	14.5	
Number of employees	8 407	8 430	+/-0			

* At fixed exchange rates for comparable units.

Significant events

- Among other resolutions, the Annual General Meeting held on 26 April, 2007, approved a dividend of SEK 3.25 per share for 2006 and decided to implement an extra distribution corresponding to SEK 3.00 per share through a redemption procedure. The total dividend was SEK 7.4 billion. Both the distribution of the ordinary dividend and the implementation of the redemption program were completed in May and June. At the Meeting, all of the members of the Board were re-elected.
- On 31 May, Sandvik completed its acquisitions of the British companies Extec and Fintec, leading manufacturers of mobile crushers and sorting equipment. Sandvik, which was already a minority shareholder in Fintec, now acquired the remaining 51%. The acquisitions considerably strengthen the position of Sandvik Mining and Construction in this application area. The total annual sales amount to approximately SEK 2.5 billion.
- During the quarter, Sandvik Mining and Construction secured major project orders with a combined value of approximately SEK 2,000 M, particularly for Sweden (SEK 800 M), Australia (SEK 400 M), India (SEK 260 M), Finland (SEK 250 M) and Hungary (SEK 230 M).
- In May, Sandvik signed an agreement with the French company Cinetic Industries, a subsidiary of the Compagnie de Fives-Lille industrial group (Fives-Lille), to divest Sandvik Sorting Systems, which is part of the Sandvik Process Systems product area, in the Sandvik Materials Technology business area. Sandvik Sorting Systems has sales of approximately SEK 1,000 M and approximately 300 employees. The divestment was completed on 30 June, 2007. In May, Sandvik also divested its minority share of 11.6% in Outokumpu Stainless Tubular Products.
- In May, it was announced that Sandvik had signed an agreement with Doncasters Group Ltd., to acquire its Doncasters Medical Technologies division. This division and Sandvik Material Technology's other medical technology operations combine to form a new product area, Sandvik MedTech. Moreover, with this acquisition, Sandvik has significantly strengthened its expertise and its capacity in this rapidly growing high-tech application area. The acquisition was completed on 13 July.
- In May, a new manufacturing unit was opened in Wernshausen, Germany, and manufacturing of advanced special tools for metal-cutting was transferred there from a nearby unit. The new facility, which is the largest in the world for this type of manufacturing, enhances Sandvik Tooling's ability to satisfy its customers' requirements of advanced special tools through efficient, high-quality production.
- Sandvik conducted a review of its capital structure with the aim of financing company acquisitions, share dividends and redemption programs. Through such measures as a US Private Placement of USD 440 M and new certificate and bond programs, Sandvik's credit facilities have increased by approximately SEK 11.2 billion. Actual borrowing during the second quarter amounted to SEK 9.5 billion. Durations vary between three months and 15 years, with an average fixed-interest period of 16 months.

Acquisitions during the latest 12 months

Business area	Company/unit	Time	Turnover, SEK M	No. of employees
Sandvik Mining and Construction	Hagby-Asahi, Sweden	Q3/06	160	100
Sandvik Mining and Construction	Implementos Mineros, Chile	Q3/06	90	90
Sandvik Materials Technology	Metso Powdermet, Sweden	Q4/06	90	13
Sandvik Tooling	Rexam EMD, USA	Q4/06	50	-
Sandvik Mining and Construction	Shark Abrasion Systems, Australia	Q1/07	70	10
Sandvik Tooling	Diamond Innovations, USA	Q1/07	>1 000	600
Sandvik Mining and Construction	Hydramatic Engineering, Australia	Q1/07	330	290
Sandvik Mining and Construction	Extec, UK	Q2/07	1 800	450
Sandvik Mining and Construction	Fintec, UK	Q2/07	560	325
Sandvik Materials Technology	Doncasters Medical Technologies, UK	Q3/07	500	430

Divestitures during the latest 12 months

Sandvik Materials Technology	Outokumpu Stainless Tubular Products, Q2/07 minority share 11.6 %			
Sandvik Materials Technology	Sandvik Sorting Systems	Q2/07	1 000	300

First six months of 2007

Order intake for the first half of the year amounted to SEK 47,180 M (40,116), representing an increase of 18% in total, and 19% excluding currency effects for comparable units. Invoiced sales totaled SEK 42,411 M (35,332), an increase of 20% in total, and 21% excluding currency effects for comparable units.

Operating profit for the January–June period amounted to SEK 7,631 M (5,848), representing an increase of SEK 1,783 M, or 30%. The operating margin was 18.0% (16.6) of invoicing. Changed currency rates had a negative impact of approximately SEK 600 M on earnings from the beginning of the year.

Net financial items were negative in an amount of SEK 470 M (neg: 468) and profit

after financial income and expenses amounted to SEK 7,161 M (5,380), an increase of 33%. The tax rate was 27% and net profit for the period amounted to SEK 5,212 M (3,927). Earnings per share amounted to SEK 4.15 (3.15).

Cash flow from operating activities amounted to SEK 2,091 M (3,856). The Group's investments in fixed assets amounted to SEK 2,187 M (2,191). Corporate acquisitions amounted to SEK 2,886 M. After investments, acquisitions and divestments, cash flow was negative in an amount of SEK 2,476 M (1,159).

The number of employees amounted to 44,882 (41,743 at 31 December 2006), an increase of 2,035 persons for comparable units from the beginning of the year.

Parent Company

The Parent Company's invoicing during the first six months was SEK 10,768 M (9,143) and operating profit amounted to SEK 517 M (294). Earnings from participations in Group companies pertain mainly to dividends from these and amounted to SEK 3,177 M (536). As part of the Group's financing of dividends, redemption of

shares and acquisitions, the Parent Company's borrowing increased during the period. Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets amounted to SEK 9,876 M (4,445 on 31 December 2006). Investments in fixed assets amounted to SEK 554 M (390).

Risks and uncertainty factors

Sandvik is a global group represented in 130 countries and is as such exposed to a number of commercial and financial risks. Accordingly, risk management is an important process in relation to established targets. In Sandvik, efficient risk management is an ongoing process conducted

within the framework of business control, and is a logical step in ongoing operations follow-up. Over and above the risks and uncertainties described in Sandvik's Annual Report for 2006, no significant risks or uncertainties are deemed to have arisen.

Transactions with associates

No transactions between Sandvik and financial associates that have significantly affected the

company's position and earnings have taken place.

Accounting principles

This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting. The same accounting and valuation principles were applied as in the most recent annual report.

The Board of Directors and the CEO declare that the interim report on the first six months gives a true and fair picture of the company's and the Group's operations, position and earnings, and describes the significant risks and uncertainty factors to which the Group is exposed.

Sandviken, 19 July 2007
Sandvik AB; (publ)

Clas Åke Hedström
Chairman

Anders Nyrén
Vice Chairman

Georg Ehrnrooth
Director

Sigrun Hjelmquist
Director

Tomas Kärnström
Director

Göran Lindstedt
Director

Fredrik Lundberg
Director

Hanne de Mora
Director

Egil Myklebust
Director

Lars Pettersson
Director and CEO

The information is such that under the Securities and Clearing Operations Act Sandvik is obligated to publish it. The information was submitted for publication on 19 July at 8.00 a.m.

Appendices:

1. Brief overview of the Group.
2. Brief overview of the Parent Company.
3. Invoicing and operating profit.

The report for the second quarter of 2007 was not subject to a special audit by the company's auditors. The report for the third quarter of 2007 will be published on 26 October 2007.

Additional information may be obtained from Sandvik Investor Relations at tel. +46 (0)26-26 10 23 or by e-mail to info.ir@sandvik.com

A combined presentation and teleconference will be held on 19 July at 2.00 p.m. at the Operaterassen venue in Stockholm.

Calendar 2007-2008:

19 July	Second-quarter report
4 Sep	Capital Markets Day
26 Oct	Third-quarter report
31 Jan 08	Fourth-quarter and full-year report 2007

POSTAL ADDRESS

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Appendix 1

The Group in brief

INCOME STATEMENT	Q2	Q2	Change	Q1-2	Q1-2	Change
SEK M	2007	2006	%	2007	2006	%
Revenues	22 002	17 851	+23	42 411	35 332	+20
Cost of sales and services	-14 371	-11 536	+25	-27 576	-22 809	+21
Gross profit	7 631	6 315	+21	14 835	12 523	+18
% of revenues	34.7	35.4		35.0	35.4	
Selling expenses	-2 577	-2 384	+8	-5 094	-4 713	+8
Administrative expenses	-766	-640	+20	-1 477	-1 270	+16
R&D-expenses	-450	-365	+23	-867	-807	+7
Other operating income and expenses	255	69		234	115	
Operating profit	4 093	2 995	+37	7 631	5 848	+30
% of revenues	18.6	16.8		18.0	16.6	
Financial income	90	3		227	145	+57
Financial expenses	-388	-303	+28	-697	-613	+14
Net financing cost	-298	-300	-1	-470	-468	0
Profit after financial items	3 795	2 695	+41	7 161	5 380	+33
% of revenues	17.2	15.1		16.9	15.2	
Income tax expense	-1 034	-708	+46	-1 949	-1 453	+34
Profit of the period	2 761	1 987	+39	5 212	3 927	+33
% of revenues	12.6	11.1		12.3	11.1	
of which minority interests	143	91	+57	266	194	+37
of which shareholders' interest	2 618	1 896	+38	4 946	3 733	+32
Earnings per share, SEK	2.20	1.60	+38	4.15	3.15	+32

BALANCE SHEET	30 June	30 June	Change	31 Dec
SEK M	2007	2006	%	2006
Intangible assets	9 589	6 190	+55	6 251
Property, plant and equipment	19 233	16 845	+14	17 677
Financial assets	3 885	3 381	+15	3 653
Inventories	23 532	16 994	+38	18 738
Current receivables	20 823	17 382	+20	17 837
Cash and cash equivalents	2 135	1 819	+17	1 745
Total assets	79 197	62 611	+26	65 901
Total equity	25 106	23 888	+5	27 198
Non-current interest-bearing liabilities	17 909	10 756	+67	10 370
Non-current noninterest-bearing liabilities	4 421	3 919	+13	4 187
Current interest-bearing liabilities	12 865	10 037	+28	8 185
Current non-interest-bearing liabilities	18 896	14 011	+35	15 961
Total equity and liabilities	79 197	62 611	+26	65 901
Net working capital*	26 646	20 589	+29	21 352
Loans	27 362	17 223	+59	15 175
Net debt	28 638	18 974	+51	16 811

*) Inventories + trade receivables excl. prepaid income taxes – non-interest-bearing liabilities excl. tax liabilities.

Appendix 1 (cont)

CHANGE IN TOTAL EQUITY SEK M	Q2 2007	Q2 2006
Opening equity as shown in approved balance sheet for the preceding year	27 198	24 507
Currency translation differences	+644	-1 121
Equity settled share based payments	-118	-135
Effect of hedge accounting in accordance with IAS 39	-64	+243
Dividends	-4 207	-3 533
Redemption of own shares	-3 559	
Net profit of the period	+5 212	+3 927
Closing equity	25 106	23 888

CASH-FLOW STATEMENT SEK M	Q2 2007	Q2 2006	Q1-2 2007	Q1-2 2006
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	+3 796	+2 695	+7 161	+5 380
Adjustment for depreciation and impairment losses	+805	+646	+1 551	+1 440
Adjustment for items that do not require the use of cash	-56	+132	-234	+87
Income tax paid	-971	-855	-1 909	-1 677
Cash flow from operating activities before changes in working capital	+3 574	+2 618	+6 569	+5 230
<i>Changes in working capital</i>				
Change in inventories	-2 212	-584	-3 584	-1 027
Change in operating receivables	-1 207	-867	-2 509	-1 646
Change in operating liabilities	+891	+310	+1 615	+1 299
Cash flow from operating activities	+1 046	+1 477	+2 091	+3 856
<i>Cash flow from investing activities</i>				
Aquisitions of companies and shares, net of cash acquired	-884	-849	-2 886	-849
Purchase of property, plant and equipment	-1 146	-1 101	-2 187	-2 191
Proceeds from sale of companies and shares, net of cash disposed of	+358	+6	+358	+6
Proceeds from sale of property, plant and equipment	+84	+121	+148	+337
Net cash used in investing activities	-1 588	-1 823	-4 567	-2 697
Net cash flow after investing activities	-542	-346	-2 476	+1 159
<i>Cash flow from financing activities</i>				
Change in loans	+8 294	+3 681	+10 651	+2 786
Personnel options program	-24	-49	-89	-45
Redemption of own shares	-3 559		-3 559	
Dividends paid	-4 207	-3 519	-4 207	-3 533
Net cash used in financing activities	+504	+113	+2 796	-792
Cash flow for the period	-38	-233	+320	+367
Cash and cash equivalents at beginning of the period	2 148	2 133	1 745	1 559
Exchange-rate differences in cash and cash equivalents	+25	-81	+70	-107
Cash and cash equivalents at the end of the period	2 135	1 819	2 135	1 819

Appendix 2

Parent company in brief

INCOME STATEMENT	Q2	Q2	Change	Q1-2	Q1-2	Change
SEK M	2007	2006	%	2007	2006	%
Revenue	5 491	4 541	+21	10 768	9 143	+18
Cost of sales and services	-4 156	-3 431	+21	-8 123	-6 855	+18
Gross profit	1 335	1 110	+20	2 645	2 288	+16
Selling expenses	-159	-135	+18	-315	-271	+16
Administrative expenses	-564	-463	+22	-1 054	-899	+17
R&D-expenses	-234	-195	+20	-463	-387	+20
Other operating income and expenses	-176	-226	-22	-296	-437	-32
Operating profit	202	91	+122	517	294	+76
Income from shares in group companies	3 144	550	+472	3 177	536	+493
Income from shares in associated companies	5	1	+400	5	1	+400
Interest income and similar items	132	166	-20	268	311	-14
Interest expenses and similar items	-321	-213	+51	-595	-404	+47
Profit after financial items	3 162	595	+431	3 372	738	+357
Appropriations	133	109	+22	270	219	+23
Income tax expense	-60	-54	+11	-168	-113	+49
Profit of the period	3 235	650	+398	3 474	844	+312

BALANCE SHEET	30 June	30 June	Change	31 Dec
SEK M	2007	2006	%	2006
Intangible assets	29	75	-61	51
Property, plant and equipment	5 501	4 991	+10	5 248
Financial assets	12 638	10 751	+18	11 802
Inventories	5 758	3 824	+51	4 599
Current receivables	17 673	19 254	-8	18 365
Cash and cash equivalents	27	31	-13	19
Total assets	41 626	38 926	+7	40 084
Total equity	10 230	5 274	+94	14 295
Untaxed reserves	2 812	3 170	-11	3 084
Provisions	261	362	-28	275
Non-current interest-bearing liabilities	8 887	4 039	+120	4 183
Non-current noninterest-bearing liabilities	9	4	+125	9
Current interest-bearing liabilities	14 392	22 927	-37	14 090
Current noninterest-bearing liabilities	5 035	3 150	+60	4 148
Total equity and liabilities	41 626	38 926	+7	40 084
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	9 876	11 241	-12	4 445
Investments in assets	554	390	+42	1 011

Appendix 3

Sales and operating profit

INVOICED SALES BY MARKET AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2006	2006	2006	2006	2007	2007	%	% ¹⁾	2007
Europe	8 265	7 508	8 777	32 446	9 647	10 191	+23	+19	19 838
Nafta	3 442	3 347	3 348	13 916	3 666	3 757	+9	+11	7 423
South America	1 030	1 102	1 276	4 339	1 158	1 461	+42	+40	2 620
Africa/Middle East	1 290	1 452	1 547	5 450	1 576	1 601	+24	+33	3 177
Asia	2 433	2 339	2 672	9 848	2 565	2 898	+19	+19	5 462
Australia	1 391	1 839	1 750	6 290	1 797	2 094	+51	+31	3 891
Group total	17 851	17 587	19 370	72 289	20 409	22 002	+23	+21	42 411

ORDER INTAKE BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2006	2006	2006	2006	2007	2007	%	% ¹⁾	2007
Sandvik Tooling	5 694	5 268	5 673	22 730	6 321	6 440	+13	+10	12 761
Sandvik Mining and Construction	6 710	6 717	6 703	28 431	8 650	10 175	+52	+46	18 825
Sandvik Materials Technology	5 351	5 359	5 143	20 978	6 194	6 266	+17	+19	12 460
Seco Tools ²⁾	1 368	1 275	1 438	5 540	1 564	1 557	+14	+16	3 121
Group activities	8	8	8	29	7	7			13
Group total	19 131	18 627	18 965	77 708	22 735	24 445	+28	+26	47 180

INVOICED SALES BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2006	2006	2006	2006	2007	2007	%	% ¹⁾	2007
Sandvik Tooling	5 662	5 298	5 716	22 477	5 997	6 324	+12	+9	12 321
Sandvik Mining and Construction	6 039	6 518	6 904	25 001	7 298	8 186	+36	+30	15 484
Sandvik Materials Technology	4 783	4 501	5 334	19 337	5 604	5 982	+25	+27	11 586
Seco Tools ²⁾	1 356	1 259	1 408	5 436	1 504	1 502	+11	+13	3 006
Group activities	11	11	9	38	7	8			14
Group total	17 851	17 587	19 370	72 289	20 409	22 002	+23	+21	42 411

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2006	2006	2006	2006	2007	2007	%		2007
Sandvik Tooling	1 314	1 235	1 347	5 191	1 437	1 568	+19		3 005
Sandvik Mining and Construction	918	952	1 002	3 672	1 102	1 269	+38		2 371
Sandvik Materials Technology	553	473	772	2 324	784	943	+71		1 727
Seco Tools ²⁾	286	298	354	1 266	381	382	+34		763
Group activities	-76	-104	-110	-385	-166	-69			-235
Group total	2 995	2 854	3 365	12 068	3 538	4 093	+37		7 631

OPERATING MARGIN BY BUSINESS AREA

% OF INVOICING	Q2	Q3	Q4	Q1-4	Q1	Q2
	2006	2006	2006	2006	2007	2007
Sandvik Tooling	23.2	23.3	23.6	23.1	24.0	24.8
Sandvik Mining and Construction	15.2	14.6	14.5	14.7	15.1	15.5
Sandvik Materials Technology	11.6	10.5	14.5	12.0	14.0	15.8
Seco Tools ²⁾	21.1	23.7	25.1	23.3	25.4	25.4
Group total	16.8	16.2	17.4	16.7	17.3	18.6

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

2) As a result of the majority holding in Seco Tools AB, Sandvik consolidates this company. For comments, refer to the company's interim report.