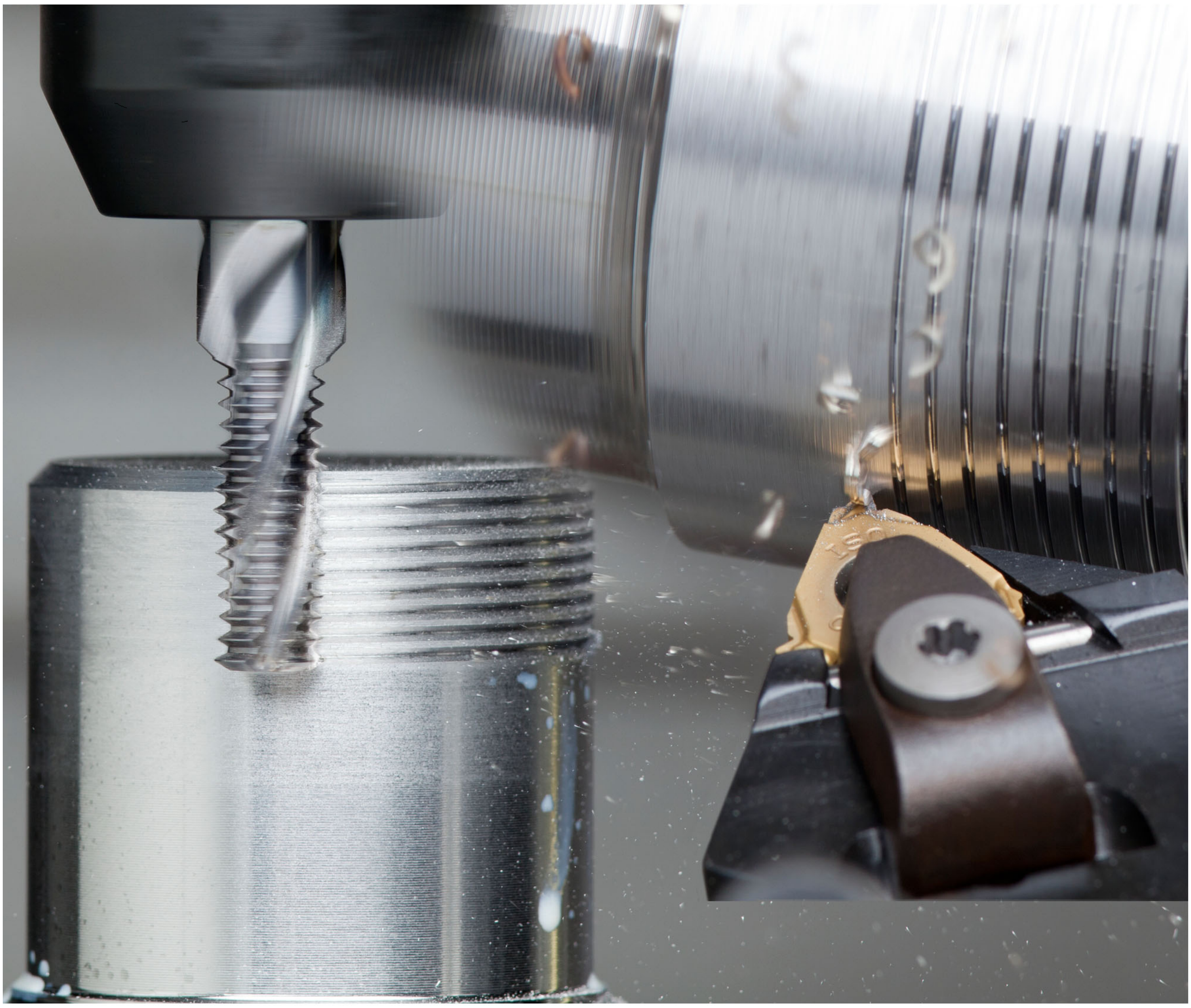


SECO TOOLS
YEAR-END REPORT 2011

SECO TOOLS AB

Year-end report 2011 and interim report for the fourth quarter

Improved sales and higher earnings

* Revenue for the quarter increased 19 per cent at fixed exchange rates and 17 per cent in SEK and amounted to SEK 1,850 M (1,577).
* Operating profit for the fourth quarter rose 15 per cent to SEK 370 M (322), corresponding to an operating margin of 20.0 per cent (20.4).
* Revenue for the full year increased 27 per cent at fixed exchange rates and amounted to SEK 7,043 M (5,858).
* Operating profit totalled SEK 1,408 M (1,098), corresponding to an operating margin of 20.0 per cent (18.7).
* Profit after tax for the full year was SEK 954 M (742). Earnings per share for the full year amounted to SEK 6.56 (5.10).
* The new facility for cemented carbide powder in Fagersta has now been completed and is ready to go onstream.
* As a result of the public offer from Sandvik to acquire all remaining shares in Seco Tools, Sandvik controlled about 98.7 per cent of the shares and 99.6 per cent of the votes in Seco Tools on 16 January 2012.

Comments from the CEO

"Demand during the quarter remained strong and revenue for the full year exceeded SEK 7 billion. All market regions continued to demonstrate year-on-year growth during the quarter. While the most positive trend was noted in NAFTA, growth was also strong in Eastern Europe. Generally speaking, growth in other markets was somewhat weaker and the sales trend levelled off.

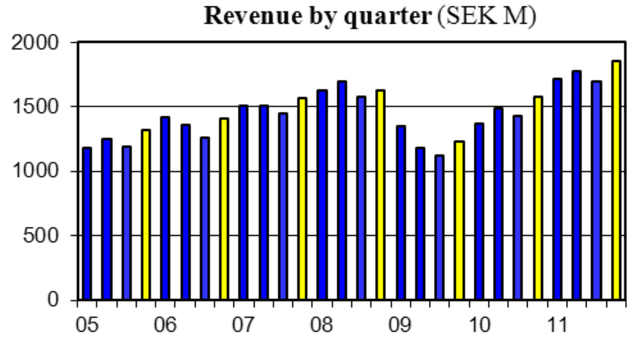
As a result of these developments and a general sense of uncertainty regarding the economic situation, production rates and staffing levels were reduced slightly during the quarter.

Operating profit improved compared with the year-earlier period and amounted to SEK 370 M (322) for the quarter, corresponding to a margin of 20.0 per cent (20.4). This improvement was largely attributable to higher volumes and a favourable price trend. Higher costs for sales and marketing activities within the framework of the Group's expansion programme were the main reasons for the dampening effect on earnings. Earnings for the quarter were also impacted by increased costs for raw materials and again by slightly higher production costs, primarily due to the historically large number of product launches, as well as negative currency effects.

Cash flow from operating activities before changes in working capital and investments remained strong and amounted to SEK 434 M (297) for the quarter. However, the continued increase in tied-up working capital and a higher level of investment had a dampening effect on the cash flow trend during the quarter. The net debt/equity ratio declined during the quarter from 0.56 to 0.52 (0.42 in preceding year).

During the quarter, the new production facility in Fagersta for cemented carbide powder was completed. It will go onstream in gradual steps during 2012. The total value of the investment is approximately SEK 140 M over three years in property and equipment. The investment increases the Group's production capacity and enables further steps to be made in terms of product quality and efficiency," says Lars Bergström, President and CEO.

Fourth-quarter revenue



Revenue grew strongly during the quarter and increased by 17 per cent year-on-year and amounted to SEK 1,850 M (1,577). At fixed exchange rates, revenue increased 19 per cent, of which 5 per cent arose from acquisition effects.

During the quarter, all market regions reported increased sales compared with the corresponding period in the preceding year. NAFTA accounted for the strongest performance, with growth of 31 per cent. Development was also very positive in the Eastern European markets and growth of 22 per cent was reported. Growth in the largest region, Western Europe, was 9 per cent. In other markets, there was a general levelling-out of the sales trend.

Revenue – market regions

	2011 Oct-Dec SEK M	2010 Oct-Dec SEK M	2011 Jan-Dec SEK M	2010 Jan-Dec SEK M	Change 2011/2010 Oct-Dec %[1]	Change 2011/2010 Jan-Dec %[1]
EU	892	833	3,474	3,036	9	20
Rest of Europe	147	125	543	420	21	35
Total Europe	1,039	958	4,017	3,456	11	21
NAFTA	381	231	1,387	914	31	31
South America	85	78	364	332	15	17
Africa, Middle East	28	22	104	98	46	13
Asia, Australia	317	288	1,171	1,058	11	17
Total Group	1,850	1,577	7,043	5,858	14	22

[1] The change compared with the year-earlier period is shown at fixed exchange rates for comparable units.

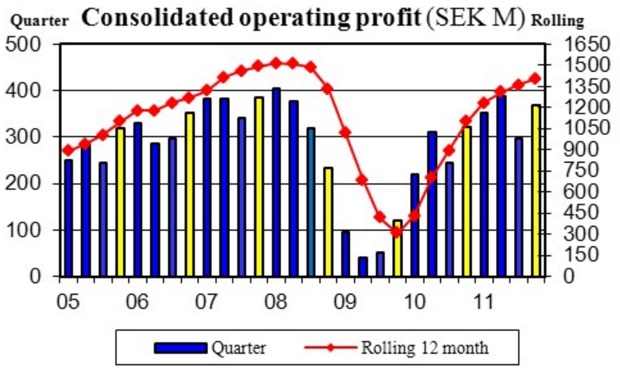
Earnings and return

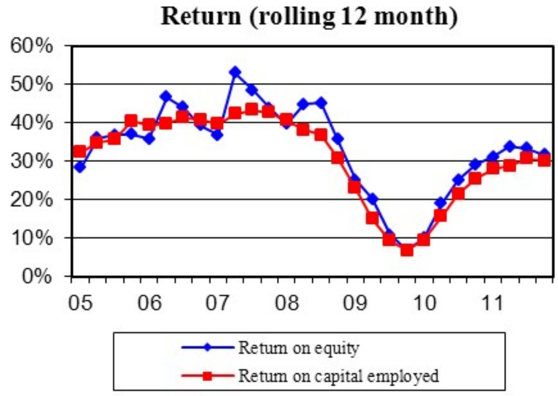
Consolidated operating profit during the fourth quarter increased compared with the year-earlier period and amounted to SEK 370 M (322), corresponding to an operating margin of 20.0 per cent (20.4). The increase was mainly attributable to higher revenue and favourable price trends.

The Group's cost level increased for the quarter and full year compared with the year-earlier periods. The increase was due to a return to a more normal activity level after the savings made during the crisis, higher volumes and the future-oriented growth initiatives, including recruitment to the sales force, marketing and R&D. In addition, earnings for the quarter were again charged with approximately SEK 20 M related to a temporary increase in production costs mainly attributable to the historically large number of new product launches.

Up to and including the third quarter, the higher raw material prices were not deemed to have significantly impacted the Group's earnings given the larger volumes of initial stocks of raw materials and inventory of finished products. For the fourth quarter, however, the negative effect on operating profit was estimated at approximately SEK 50 M.

Furthermore, currency effects adversely impacted earnings for the quarter by a total of SEK 22 M, compared with the year-earlier period. Accumulated for the full year, the negative currency effect on operating profit was SEK 118 M.





The profit margin for the fourth quarter was 18.8 per cent (19.6). Earnings per share for the quarter increased 7 per cent to SEK 1.62 (1.51). For the full year, earnings per share rose 29 per cent to SEK 6.56 (5.10). For the same period, return on capital employed was 30.2 per cent (25.5) and return on equity was 31.6 per cent (29.1).

Liquidity, cash flow and net debt/equity ratio
During the quarter the Group's cash and cash equivalents in the form of short-term investments and bank balances declined SEK 47 M (including currency effects) and amounted to SEK 193 M (166) at the end of December.

Cash flow from operating activities before changes in working capital remained strong during the quarter and amounted to SEK 434 M (297). However, the continued build-up of inventory and a higher level of investment dampened the cash flow trend during the quarter. Cash flow after changes in working capital and investments was negative in the amount of SEK 24 M (neg: 46) for the quarter. Accumulated over the full year, cash flow after changes in working capital and investments was SEK 202 M (661). The deterioration is attributable to an increase in working capital and a higher level of investment. The increased working capital is attributable to growth in sales and production volumes as well as higher prices for raw materials and the Group's ambition to increase stock availability and delivery service.

During the quarter, interest-bearing liabilities and provisions declined SEK 57 M and amounted to SEK 1,884 M (1,403) at 31 December 2011. Non interest-bearing liabilities and provisions totalled SEK 1,601 M (1,536) at year-end.

The Group's net debt/equity ratio declined during the quarter from 0.56 to 0.52 (0.42 in the preceding year).

FINANCIAL REPORTS IN SUMMARY

GROUP

Income statement (SEK M)

	2011 Oct-Dec	2010 Oct-Dec	2011 Jan-Dec	2010 Jan-Dec
Revenue	1,850	1,577	7,043	5,858
Cost of goods sold	-805	-665	-3,057	-2,459
Gross profit	1,045	912	3,986	3,399
Selling, administrative and R&D expenses	-689	-601	-2,593	-2,261
Other income and expenses	14	11	15	-40
Operating profit	**370**	**322**	**1,408**	**1,098**
Financial items	-22	-13	-74	-74
Profit after financial items	348	309	1,334	1,024
Taxes	-112	-89	-380	-282
Profit for the period	**236**	**220**	**954**	**742**

Earnings per share for the quarter amounted to SEK 1.62 (1.51). For the full year, earnings per share were SEK 6.56 (5.10).

Statement of comprehensive income (SEK M)

	2011 Oct-Dec	2010 Oct-Dec	2011 Jan-Dec	2010 Jan-Dec
Profit for the period	236	220	954	742
Other comprehensive income				
Translation differences	-42	2	-21	-109
Comprehensive income for the period	**194**	**222**	**933**	**633**

Despite a rise in revenue and a favourable price trend, the gross margin declined during the quarter, mainly due to higher raw material prices, negative currency effects and temporary cost increases in production. Selling, administrative and R&D expenses were higher year-on-year, primarily due to intensified marketing activities and expansion of the sales force. The increases were dampened by positive currency translation effects.

Other income and expenses during the quarter mainly comprised positive exchange rate differences. The Group's planned depreciation and amortisation for the year totalled SEK 415 M (378).

Consolidated key figures

	2011 Oct-Dec	2010 Oct-Dec	2011 Jan-Dec	2010 Jan-Dec
Operating margin, %	20.0	20.4	20.0	18.7
Profit margin, %	18.8	19.6	18.9	17.5
Earnings per share, SEK	1.62	1.51	6.56	5.10
Return on capital employed before tax, % [1)]	30.2	25.5	30.2	25.5
Return on equity after tax, % [1)]	31.6	29.1	31.6	29.1
Equity per share, SEK	21.89	19.68	21.89	19.68
Net debt/equity ratio at the end of the period	0.52	0.42	0.52	0.42

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

Balance sheet (SEK M)

	31 Dec 2011	31 Dec 2010
Intangible assets	408	388
Tangible assets	2,494	2,354
Financial assets	193	214
Inventories	1,892	1,394
Current receivables	1,490	1,286
Cash and cash equivalents	193	166
Total assets	6,670	5,802
Equity	3,185	2,863
Long-term liabilities	603	568
Current liabilities	2,882	2,371
Total equity and liabilities	6,670	5,802

Statement of changes in equity (SEK M)

	30 Dec 2011	31 Dec 2010
Equity at beginning of the period	2,863	2,230
Profit for the period	954	742
Other comprehensive income	-21	-109
Comprehensive income for the period	933	633
Dividend to shareholders	-611	–
Equity at end of the period	3,185	2,863

Cash flow statement (SEK M)

	2011 Oct-Dec	2010 Oct-Dec	2011 Jan-Dec	2010 Jan-Dec
Profit for the period	236	220	954	742
Add-back tax expense	112	89	380	282
Add-back amortisation/depreciation	107	94	415	378
Other non-cash items	80	-56	86	-49
Taxes paid	-101	-50	-354	-149
Cash flow from operating activities before changes in working capital	434	297	1,481	1,204
Changes in working capital	-263	64	-650	48
Cash flow from operating activities	171	361	831	1,252
Cash flow from investing activities [1)]	-195	-407	-629	-591
Cash flow from financing activities incl. Dividend	-20	11	-174	-673
Cash flow for the period	-44	-35	28	-12
Cash and cash equivalents at beginning of the period	240	198	166	186
Exchange-rate differences in cash and cash equivalents	-3	3	-1	-8
Cash and cash equivalents at the end of the period	193	166	193	166

[1)] Investing activities include investments in and sales of non-current assets, as well as acquisitions and divestitures of subsidiaries.

PARENT COMPANY

Income statement (SEK M)

	2011 Oct-Dec	2010 Oct-Dec	2011 Jan-Dec	2010 Jan-Dec
Net sales	1,111	989	4,207	3,681
Cost of goods sold	-694	-591	-2,619	-2,240
Gross profit	417	398	1,588	1,441
Selling, administrative and R&D expenses	-276	-198	-911	-744
Other income and expenses	1	-3	-7	-64
Operating profit	142	197	670	633
Financial items	-10	-4	86	81
Profit after financial items	132	193	756	714
Appropriations	-148	21	-166	-38
Taxes	-7	-57	-132	-151
Profit for the period[1)]	-23	157	458	525

[1)] Profit for the period matches comprehensive income for the period.

The Parent Company's planned depreciation and amortisation for the full year totalled SEK 168 M (159).

Balance sheet (SEK M)

	31 Dec 2011	31 Dec 2010
Tangible assets	1,237	1,117
Financial assets	682	766
Inventories	1,248	854
Current receivables	1,232	1,166
Cash and cash equivalents	3	1
Total assets	4,402	3,904
Equity	1,432	1,589
Untaxed reserves	777	611
Provisions	62	1
Long-term liabilities	-	81
Current liabilities	2,131	1,622
Total equity and liabilities	4,402	3,904

The level of cash and cash equivalents remains low. The Parent Company's interest-bearing liabilities totalled SEK 1,737 M (1,195) at 31 December 2011.

Number of shares

The total number of shares at the end of the fourth quarters of both 2011 and 2010 was 145,467,690. The average weighted number of shares for the corresponding periods was 145,467,690.

Accounting policies

This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. Seco Tools presents its consolidated financial statements in compliance with International Financial Reporting Standards (IFRS), which are described in the 2010 Annual Report. For a description of the applied accounting policies, see the most recently published annual report.

As of 1 January 2011, a number of new standards, amendments to existing standards (IFRS) and interpretations (IFRIC) have become effective. Overall, the management's assessment is that these new or revised standards and interpretations have not had any significant impact on the Group's profit or financial position. For a description of these standards, see the most recently published annual report.

The year-end report of the Parent Company is presented in accordance with the Swedish Annual Accounts Act and the Securities Markets Act, which complies with the regulations of RFR 2.

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 ongoing 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.

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 made regularly for accounting purposes. The estimates and assumptions that could lead to significant adjustments in the carrying amounts of assets and liabilities in the financial statements of subsequent 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 2010. The assessments of significant risks described in the above-mentioned annual report were unchanged at the end of the year.

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 to the Sandvik Group.

A description of related party transactions is provided on page 86 of the annual report for the fiscal year 2010. The scope of the above-mentioned transactions did not change significantly during the year.

Personnel

To meet the need for higher production rates, the number of employees in production was increased during the first six months of 2011. Given the general uncertainty concerning the future demand scenario, production rates and staffing levels were slightly reduced during the second half of the year. In line with the Group's growth strategy, recruitment of salaried employees was performed, primarily for the sales force and the global R&D organisation.

The number of employees in the Group at 31 December 2011 was 5,595 (5,306 at 31 December 2010).

Capital expenditure

The Group's capital expenditure on tangible and intangible assets during the fourth quarter amounted to SEK 197 M (187), of which SEK 6 M (28) referred to capitalisation of IT/R&D costs. Accumulated for the full year, capital expenditure amounted to SEK 618 M (386).

The increased investment in tangible assets was mainly attributable to the modernisation and expansion of the facility for cemented carbide powder at Fagersta. The new plant was completed in the fourth quarter and will go onstream in steps in 2012.

Acquisitions

The companies acquired in the US and France in the preceding year reported revenue of SEK 329 M for 2011, representing a structural effect on consolidated revenue of 5 per cent. The total operating profit for these companies amounted to SEK 24 M for the full year, corresponding to an operating margin of about 7 per cent.

Sandvik's public takeover bid

On 7 November 2011, Seco Tools' principal owner Sandvik announced a recommended offer to acquire all of the outstanding shares in Seco Tools. On 16 January, Sandvik announced that the offer had been accepted by the majority of the minority shareholders and that Sandvik, together with subsidiaries, thus holds 98.7 per cent of the shares and 99.6 per cent of the votes in Seco Tools. The period of acceptance for the public offer was extended to 26 January. On 23 January, Sandvik initiated a compulsory acquisition procedure in accordance with the Swedish Companies Act (SFS 2005:551) in order to acquire all outstanding shares.

Extraordinary General Meeting

At the request of Sandvik, the Board of Seco Tools has convened an Extraordinary General Meeting on 17 February for the purpose of electing a new Board of Directors for the company. Furthermore, at the request of Sandvik, the Board has applied for the Seco Tools class B share to be delisted from NASDAQ OMX Stockholm.

Dividend
On account of the ongoing public takeover offer and the forthcoming compulsory acquisition procedure, the Board proposes to the Annual General Meeting that no decision be taken regarding dividends, and that the profit be carried forward to a new account.

AGM and annual report

The Annual General Meeting for the 2011 fiscal year will be held at 2:00 p.m. on 27 April 2012 in Fagersta, Sweden. A notice to attend the AGM will be sent in due course. Seco Tools AB's annual report will be available to the public at the company's head office in Fagersta and will be distributed to the shareholders who so request starting in the first week in April.

Financial information

As a result of the impending delisting from the NASDAQ OMX Stockholm, Seco Tools will henceforth not publish any financial information.

Fagersta, 1 February 2012

SECO TOOLS AB (publ)

BOARD OF DIRECTORS

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 1 February 2012, 7:45 a.m. CET.

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Previously published financial information can be found under "About Seco/Investor Relations" 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's head office is +46 223-400 00.