

# ANNUAL REPORT 1990

**SANDVIK**

#### THE COVER PICTURE

*– Leaders in materials technology –  
At Sandvik we are on a ceaseless  
voyage of discovery through the uni-  
verse of materials. Our broad com-  
petence in materials technology  
covers stainless steel and special  
alloys, tough hard materials, ce-  
mented carbide, ceramics, cubic  
boron nitride and diamond.*

## Contents

Highlights of 1990 .....	1	Accounting Principles .....	27
The President's Letter .....	2	Application of U.S. GAAP .....	29
Sandvik at a Glance .....	4	Notes to the Accounts .....	30
Cemented-Carbide Operations .....	4	Personnel .....	35
Sandvik Coromant .....	6	Shareholdings .....	36
Sandvik Rock Tools .....	8	Appropriation of Profits .....	39
Sandvik Hard Materials .....	10	Audit Report .....	39
Sandvik Steel .....	12	Directors and Auditors .....	40
Sandvik Saws and Tools .....	14	Group Executive Management, Group Staffs and Service Companies .....	42
Sandvik Process Systems .....	16	Organization .....	43
Report of the Directors .....	18	Business Units .....	44
Consolidated Income Statement .....	21	The Sandvik Share .....	46
Consolidated Balance Sheet .....	22	Five Years in Brief .....	48
Consolidated Funds Statement .....	24	Annual General Meeting, Payment of Dividend .....	49
The Parent Company's Accounts .....	25		





### *SHRINKING LIQUIDITY RINGS IN THE NINETIES*

Faced with the threat of a war in the Middle East, some of the speculators who had come out ahead on the 1980s sought to realize their newly won fortunes but found that it was not so easily done. At the same time, the banks had realized that a higher degree of consolidation was necessary if the system was to weather the ups and downs to which it is subject.

Achieving an agreed consolidation level of 8% at a time when holdings in property and shares are going down and credit losses are on the increase will call for some drastic slimming of the balance sheets at banks and finance houses. The likely consequence will be a dramatic drying-up of liquidity. The old saying "Cash is King" will then come into its own. The effect of this, in turn, may be to render the recession more protracted.

### *THE POSITION OF SWEDEN*

Even if Sandvik's sales in Sweden accounted for only 7% of the total turnover we still had about half of our manufacturing and close on 40% of our employees there. It was therefore with growing unease that we contemplated the consequences of a burgeoning public sector and a policy that led to higher inflation in Sweden than in the countries with which it competes. However, the course of events during the past few years, most particularly in Eastern and Western Europe, did much to drive home the lesson that Sweden cannot carry on regardless with its off-beat policy. A process of assimilation to the "United States of Europe" has now been initiated, even though the path to it may be a rough one. Nevertheless, as long as we of Sandvik can see that things are moving in the right direction we can continue to put resources into our Swedish units.

### *1991*

Many events of 1990 are creating uncertainties as we go into 1991:

- *the switch to a market economy in Eastern Europe*
- *the Middle East crisis*
- *the commercial struggle within the Triad (EC-North America-Japan)*
- *the cyclical reversal and the accompanying liquidity crisis*

overconsumption, incited by governments that ran unduly expansive budgets and a banking system that helped to feed overspeculation in shares, real property and so on. The resulting sense of affluence and ample liquidity further encouraged consumption. Normally speaking, the present downturn should not be as deep and as stubborn as the one that ushered in the 1980s.

In a situation like this, every enterprise must make plans and preparations for various scenarios. At Sandvik we intend to press ahead with the task of restructuring and rationalization. At a time when sales volumes are stagnating, this imposes a policy of great caution as regards recruitment. In some cases it may even be necessary to accelerate the natural attrition of personnel strength. We shall also invest in the new Eastern Europe, even if the rewards are slow in coming and we must be on our guard against setbacks.

The larger, frontierless markets that are emerging, most notably that of Europe, offer us a number of possible ways to centralize still further our production and our stockholding. At the same time we are working intensively to shorten lead times in all our areas of activity as a way to render ourselves more competitive. Taken all round, this should lead to an even lower capital tie-up.

In most areas we have a satisfactory machine capacity, so that the need for normal expansion investments will decline while the recession lasts. We hope, however, that our strong financial position will enable us to acquire complementary companies at reasonable prices. The crisis of liquidity has already brought more candidates onto the market, at the same time as the number of potential buyers is falling.

The trend of our earnings curve will of course depend on the length and severity of the recession. In some of our business areas there is potential for improving results even in hard times, while others will have to excel in controlling both prices and costs merely to hold the line. With 1991 shaping up as a dismal year in terms of demand we must expect to see lower results than those of 1990.

Sandviken, March 1991

Per-Olof Eriksson

*Group President and Chief Executive Officer*



# Sandvik at a Glance

The Sandvik Group is one of Sweden's largest exporting enterprises and is active all over the world through 160 companies in 50 countries. The Group has 26,000 employees and turns over about SEK 18bn. a year.

Since its foundation in 1862, Sandvik has developed from a provincial Swedish steelworks into a diversified materials-technology enterprise with a strongly international structure. Two factors that have done much to promote this development are ceaseless product renewal, featuring ever more advanced technology, and a purposeful commitment to international marketing in close contact with customers throughout the world.

Sandvik's operations comprise six separate business areas: Sandvik Coromant, Sandvik Rock Tools, Sandvik Hard Materials, Sandvik Steel, Sandvik Saws and Tools, and Sandvik Process Systems.

More than 90% of the sales volume is generated outside Sweden. With local production, together with efficient warehousing, distribution and technical service, Sandvik can provide its customers with the on-the-spot service they demand.

Year by year, the Group ploughs about 4% of its aggregate turnover into research and the development of new products and production methods.



## SANDVIK COROMANT

Sandvik Coromant is the world's largest and foremost supplier of carbide tools for turning, milling and drilling in practically all sectors of the metalworking industry. Its operations have been moving towards an ever wider involvement in metalworking. Continuous expansion and renewal of the product range, close co-operation with customers and machine-tool makers all over the world and a stepped-up commitment to production-plant automation have resulted in complete systems and tooling set-ups for both manual and automated machining.

## Cemented-Carbide Operations

	1990	1989
Invoiced sales, external, SEK m.	9,546	9,644
Result after depreciation inclusive of associated companies, SEK m.	1,584	1,917
Capital expenditures, SEK m.	686	698
Number of employees, 31 Dec.	13,754	14,447

The Group's cemented-carbide operations are organized in three business areas: Sandvik Coromant, which makes cutting tools, Sandvik Rock Tools, specializing in rockdrilling tools, and Sandvik Hard Materials, which among other things makes engineering components. Also included is Seco Tools AB, an autonomous group of companies which has a stock-exchange listing and issues its own financial reports.



## SANDVIK ROCK TOOLS

In rockdrilling techniques Sandvik has long been a world leader. Sandvik Rock Tools is the business area in which the relevant competence and know-how is concentrated.

Its products for percussive drilling include integral steels, extension drill-steel equipment and down-the-hole equipment, including hammers.

A speciality in the area of rotary crushing drilling is raise-boring equipment, used in civil engineering as well as in mining.

For drilling in soft rock the company has developed a range of mineral and ground engineering tools that are used in coalmining for example, and also in road planing.





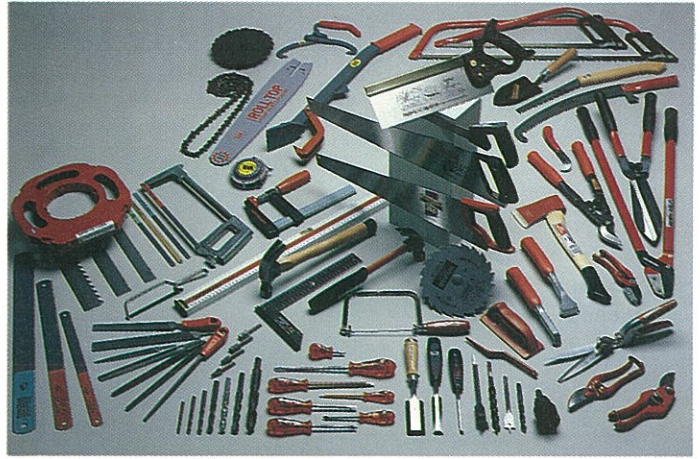
### *SANDVIK HARD MATERIALS*

The basic idea of Sandvik Hard Materials is to exploit, in various applications, the unique properties of hardness, toughness and wear resistance exhibited by cemented carbide.

Cemented-carbide blanks in large volumes for standardized cemented-carbide tools constitute one important area. Engineering components and forming tools make up another. The business area is also a major producer of cemented-carbide rolls for the hot-rolling of wire, bars and tubes.

Sandvik Hard Materials is a large producer of powder for the manufacture of cemented carbide, both for its own use and for sale to other consumers.

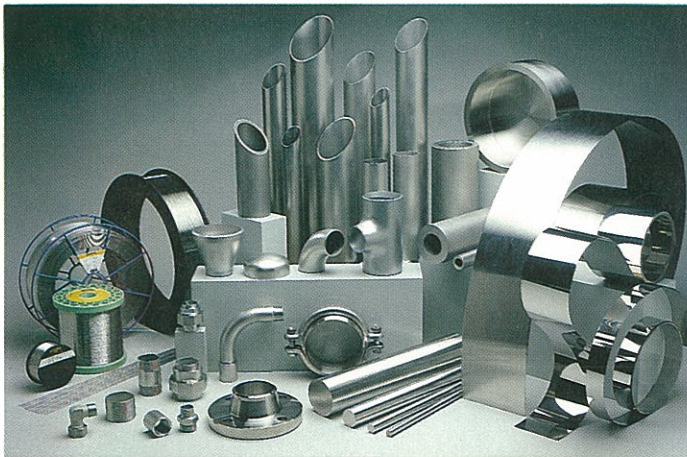
Its activities also extend to products made of new hard materials, e.g. engineering ceramics.



### *SANDVIK SAWS AND TOOLS*

Sandvik Saws and Tools sells 500,000 saws, sawblades and other tools a day, making it one of the world's largest manufacturers in its field.

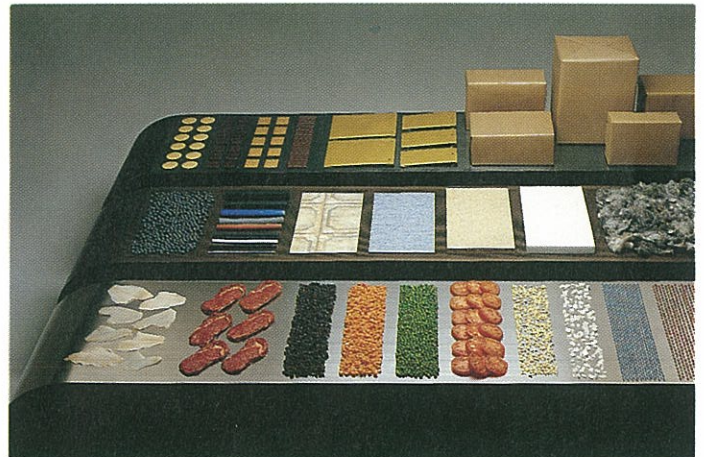
To tradesmen and hobbyists it offers a broad range of handtools and power-tool accessories. Its metalcutting saws, hole saws and files are used mainly in the engineering industry. Its shears, saws and other implements for pruning and general gardening tasks are bought by professionals and amateurs alike. It supplies the forestry industry with chains and guide bars for chain saws and processors, along with handtools and protective equipment.



### *SANDVIK STEEL*

Sandvik Steel has more than a century of tradition and experience as a producer of high-duty steels. The largest product group comprises tubes and stainless bar for industries that make heavy demands on dependability and safety, among them being chemicals and petrochemicals, power, and oil-and-gas extraction. Other Sandvik Steel specialities are alloys of nickel, titanium and zirconium for advanced purposes such as tubes for the nuclear power and aerospace industries.

Sandvik Steel's strip and wire products in high-alloy grades are used worldwide in various fields of application. Saws, razor-blades and stainless springs are familiar examples. The business area is also a major producer of strip and wire used to make precision parts in the automotive, electronics, telecommunications and power industries, and also for surgical purposes.



### *SANDVIK PROCESS SYSTEMS*

When the present century began, steel conveyor belts already had a place on the Sandvik Group's production programme.

High-quality steel belts remain the business area's core product today, being used in everything from plain conveyors to sophisticated process plants.

Sandvik Process Systems designs and markets process plants for the food and chemical industries and for the high-speed sorting of parcels.



# Sandvik Coromant

	1990	1989
Invoiced sales, external, SEK m.	5,265	5,197
Capital expenditures, SEK m.	368	312
Number of employees, 31 Dec.	7,153	7,232

The results are included in those of the Cemented-Carbide Operations on p. 4

**S**andvik Coromant consolidated its position of world leadership and was able, with isolated exceptions, to improve or defend its shares of practically all markets. Even though the business climate deteriorated all along during the second half, Coromant's invoiced sales within the OECD area rose by 6% (13), of which 3% (10) was in volume.

Among our largest markets, Germany, Japan and France returned good increases. The U.S. experienced a cyclical downturn, but our sales reached the same level as in 1989, which meant an increase in our market share. In Sweden, Italy and



*The formal opening of Coromant's new training centre for the German market took place in Düsseldorf at the end of 1990.*

the U.K. we achieved a substantially unchanged level of sales. Deterioration was recorded in Latin America and Eastern Europe.

1990 was another year of strong performance at Sandvik Coromant and we were able once again to improve our results. The return on investment exceeded by an ample margin the Group's minimum requirement of 20%.

## NEW TRAILBLAZING TOOL SYSTEM

We lead the world in the development of tool systems for automated production. During the autumn we introduced a new, trailblazing modular system, Coromant



*Management team: L. to r. Rune Nyberg, Sten Jansson, Mats Carlerös (Exec. V.P.), Lars-Anders Nordqvist (Exec. V.P.) w.e.f. March 1991 President of Sandvik Rock Tools, being replaced by Lars Pettersson (Exec. V.P.), missing from the picture, Leif Sunnermalm (Exec. V.P.), Sven Blomberg, Clas Åke Hedström (President).*

Capto, which has already come in for a great deal of attention. The system is based on a unique, conically polygonal coupling. The polygonal form gives very high repeatability and superior stability.

Coromant Capto is attuned to the rapid progress being made in machine tools. The system can be used in manual or automatic applications in all types of modern machine tools.

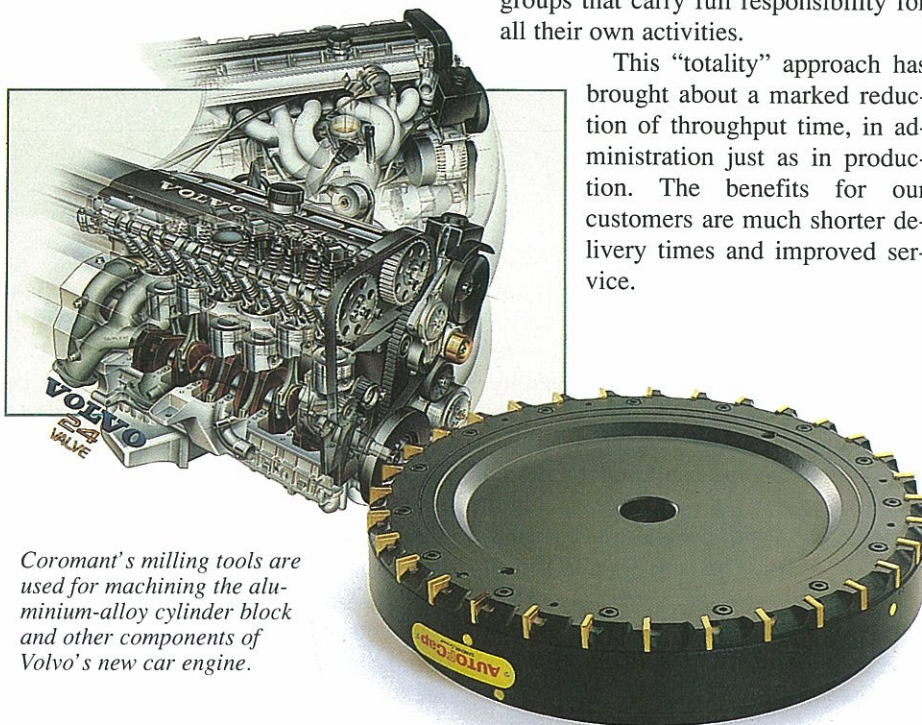
Even if Coromant Capto is of universal utility, Block Tool Systems and Varilock, which we developed in the 1980s, will remain the optimal choices for many specific applications. These

systems are already in use on more than 20,000 machines.

## OVERALL APPROACH CUTS DELIVERY TIMES

In normal cases, our deliveries of stock products to the customer are effected within 24 hours. In order to permit fast deliveries of non-stock products as well we have now developed an overall concept from the initial inquiry to delivery at the customer's gate. It rests on a computer-based integration of design, production preparation, costing and planning. On the shop floor, we have set up flow groups that carry full responsibility for all their own activities.

This "totality" approach has brought about a marked reduction of throughput time, in administration just as in production. The benefits for our customers are much shorter delivery times and improved service.



*Coromant's milling tools are used for machining the aluminium-alloy cylinder block and other components of Volvo's new car engine.*





*The unique conical polygonal form of our modular tooling system Coromant Capto, which was introduced in the course of the year.*

#### **THE NEXT STEPS**

The responsibility for machine-shop automation in the Scandinavian market was made over to a new company, Sandvik Automation Skandinavien AB. In the course of the year we increased our mi-

nority holding in Automation Intelligence Inc., of Orlando, our sales channel for automation products in the U.S. An agreement on the joint development of new technology for the coating of inserts with a diamond film was concluded with the Norton Company, U.S.A.

#### **THE PROSPECTS FOR 1991**

Although we are counting on continued productivity improvements and stepped-up competitiveness the current recession conditions may make it difficult to match the good results of 1990.



# Sandvik Rock Tools

	1990	1989
Invoiced sales, external, SEK m.	1,491	1,581
Capital expenditures, SEK m.	91	146
Number of employees, 31 Dec.	2,126	2,223

The results are included in those of the Cemented-Carbide Operations on p. 4

During 1990 the mining and construction industries still offered relatively healthy markets, although the mining side slackened off markedly as the months passed. In Europe, the high level of activity in construction industry was maintained. The low price of gold put a damper on major mining markets such as Canada and South Africa.

In the course of the year Sandvik Rock Tools achieved the targets it had set itself as regards market shares. The struggle affected the price level, however, entailing a substantial decline in earnings for us and for the industry as a whole. A measure of stabilization was discernible towards the end of the year. Changes in product and market mix led to excessive inventories, which meant more capital tied up. Countermeasures were put in hand during the first half, resulting in inventory reductions and lower capacity utilization in production.



Heat-treatment furnace for drill bits. Extensive material and process know-how forms the basis of our high product quality.



Management team: L. to r. Sigvard Björk, Sven-Olof Björktorp, Hans Mårtensson, Lars-Anders Nordqvist (President w.e.f. March 1991), Ingvar Svärth, Göran Wijk, Lars Liljebblad, Ivo Oja.

## A YEAR OF CHANGE

During the spring we brought in a new organization featuring four product divisions each answerable for its own business. In order to render operations more efficient and to improve earnings the entire organization in Sweden was engaged in a rationalization project. The aim is to achieve a sizable and lasting improvement in earnings during 1992.

## SALES AND PRODUCT DEVELOPMENT

Our new patented DP cemented carbide went from success to success. Its use has now spread to our TUBEX equipment for drilling through overburden, and to our roller bits. Our cemented-carbide-equipped cutters for tunnel-boring machines have brought about a substantial improvement in our customers' total drilling economy.

Sales of our mineral tools surged. An order from the Chunnel contractors attracted much attention. The first machine in a new generation of Sandvik Mission down-the-hole hammers was successfully introduced in Europe and the U.S.

The development of new high-technology products

is a cornerstone of our business and is carried on in close collaboration with our customers. The new organization enhances our prospects of carrying on trial drillings on site with the users of our products, for which reason we took the decision to close down our test-drilling station at Bodås, near Sandviken.

Our technical co-operation contract with Tamrock of Finland was extended to cover full-area drilling as well. This collaboration is to be further intensified in consequence of Sandvik's decision to buy 25% of Tamrock's capital stock.

## 1991-1992

The period will be profoundly affected by the worldwide economic slowdown, which will have a particularly dire influence on the already feeble demand from the mining industry.

On the other hand, the end to the war in the Middle East might provide the starting signal for some of the many infrastructural projects, most notably in Europe and South-East Asia, that had been stalled on account of the unsettled position.

An upturn in demand in this area, for which Sandvik Rock Tools offers a broad range of products, coming in conjunction with the ongoing efficiency drive, would set the stage for a step-by-step recovery to a reasonable level of profitability.





*The new down-the-hole drill Sandvik Mission XL 4 works 40% faster than its predecessor.*



*Sandvik's new carbide rollers on an 8.5-metre tunnel-driving machine being used on a power-station project under Svartisen in Norway.*



# Sandvik Hard Materials

	1990	1989
Invoiced sales, external, SEK m.	722	744
Capital expenditure, SEK m.	39	117
Number of employees, 31 Dec.	1,382	1,530

The results are included in those of the Cemented-Carbide Operations on p. 4

**T**he general state of trade in markets of importance to Sandvik Hard Materials weakened more than we could have foreseen at the beginning of the year. This applied in particular to the U.S. and the U.K.

Sales of customized non-standard products, known as wear parts, continued to grow. This applied both to finished products and to carbide blanks. Our strategy of giving our customers a high level of close-at-hand service by having local production units around the world and by marketing through our own sales organization has turned out a success.

The market for tyre studs has been very nearly halved in recent years by new legislation in several countries which greatly restricts their use and by the succession of warm winters in Europe. This



Management team: L. to r. Jöran Bimer, Lars Wahlqvist (President), Roland Setterberg.

has had a negative effect on our operations in Denmark, where the carbide pins for tyre studs are made.

In absolute terms, our earnings eased off a little from the 1989 level. Our return on investment fell, and we were unable to achieve the Group target of 20%.

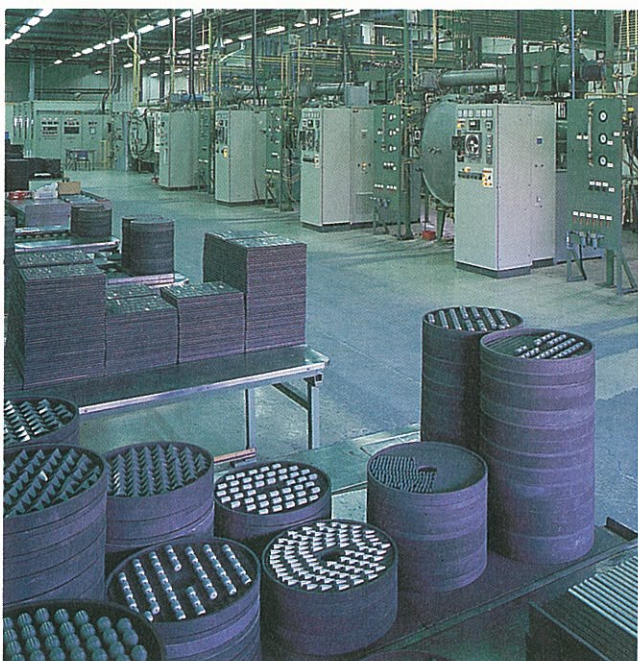
#### RATIONALIZATION MEASURES

In an effort to counter the ongoing deterioration in the state of trade we have

pushed ahead with a number of rationalization projects. This has enabled us to cut costs substantially at important major units. Over the course of the year our personnel strength was reduced, and this attenuation will continue during 1991.

#### PRODUCTS WITH A FUTURE

Rolls made of cast-in carbide – CIC rolls – marked up continued success. Sales continued in the established applications



In our up-to-date furnace installations, like this one in Coventry, England, carbide blanks are sintered under carefully controlled conditions of temperature, pressure and atmosphere.



Cast-in-carbide rolls went from success to success during 1990.





*The service life of sawblades has been more than doubled by fitting them with teeth made of Sandvik's new corrosion-resistant grades of carbide.*

of wire and tube rolling and were expanded into the areas of flat products, bar stock and angle iron. The move into these new market segments has given the selling potential a manifold boost, encouraging us to set ever greater hopes on the future of this product. Strong product and process patents afford satisfactory protection against competition.

The marketing of a new range of homogeneous carbide rods was commenced. The rods are used in the manufacture of end mills and drills.

New, patented, corrosion-resistant grades of carbide that we had developed for the teeth of circular saws were well received and are rapidly growing in volume.

The clinical testing of ceramic dental crowns continued, and positive results were presented at a scientific symposium held as the year was ending. Expanded clinical trials are scheduled for 1991, along with a limited commercial launch. Experiments on the production of ceramic dental bridges are also in progress. For

these products too, protective patents and patent applications are on file.

#### *PROSPECTS FOR 1991*

The year ended with economic and industrial activity at a low ebb, and this situation is expected to persist for much of 1991. However, thanks to new products and to rationalization schemes completed or under way, we calculate that we shall achieve a substantially unchanged level of earnings in 1991 despite expectations of cost increases on a broad front.



# Sandvik Steel

	1990	1989
Invoiced sales, external, SEK m.	5,973	6,479
Result after depreciation inclusive of associated companies, SEK m.	483	616
Capital expenditures, SEK m.	278	382
Number of employees, 31 Dec.	6,549	6,813



Management team: L. to r. Uno Blom, Åke Axelson, Gunnar Grünbaum (Exec. V.P.), Henrik Widmark, Per Ericson, Gunnar Björklund (President), Lennart Ek, Bo Jonsson. Björn Sköld is missing from this picture.

Sandvik Steel's invoiced sales fell off by 8% in the past year after having gone up by 60% during the period 1987-89. The 1990 decrease is due primarily to lower prices for nickel and other alloying metals. The invoiced volume was maintained by and large at the 1989 level. Demand lost momentum, so that the order book was shorter at the end of the year than it had been at the beginning. The inventories of semimanufactures and finished goods were successively run down. Consequently, the production volume was about 5% less than that of 1989.

We were unable to raise prices to offset an unsatisfactory cost trend - especially pronounced in Sweden, and this led to a decline in operating profit. The results in Brazil were very unsatisfactory. The price losses on the opening inventory, due to declining input-stock and product prices, amounted to SEK 40m. The return on investment worked out at 13%.

## VARIEGATED MARKET PATTERN

During the latter part of the year the order intake slowed down most notably in Sweden, the U.S., the Soviet Union and South America, whereas in Central Europe it held steady. Among our market segments, the tone was slack in pulp but firm in petrochemicals and power. Increasing activity was evident in the offshore market in consequence of the high oil prices brought about by the Gulf crisis. In the case of strip products, order

intake and invoiced sales were sharply down as regards the Soviet Union, the U.S. and some other countries. Wire products enjoyed steady sales, thanks primarily to brisk demand in Europe.

The weakening of the U.S. market looks like continuing. It has resulted in exchange relationships that are highly unfavourable for exports to the U.S., although this is offset by the fact that more than 75% of our selling in that market is based on local production. The latter is undergoing continued expansion.

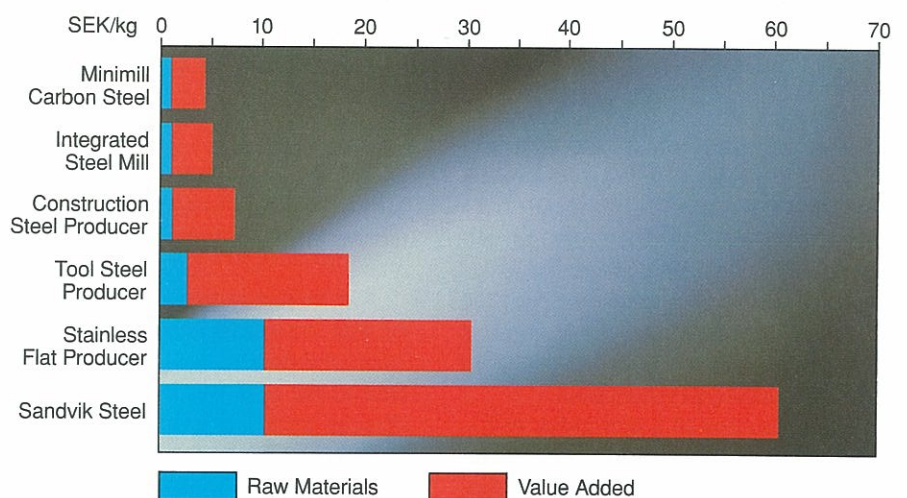
## DEVELOPMENT OF UPGRADING

We already have a markedly higher degree of upgrading than most steel companies. The diagram below illustrates

this for some typical steel products and for our product mix. Some Sandvik products fetch prices of more than a thousand kronor per kilogram.

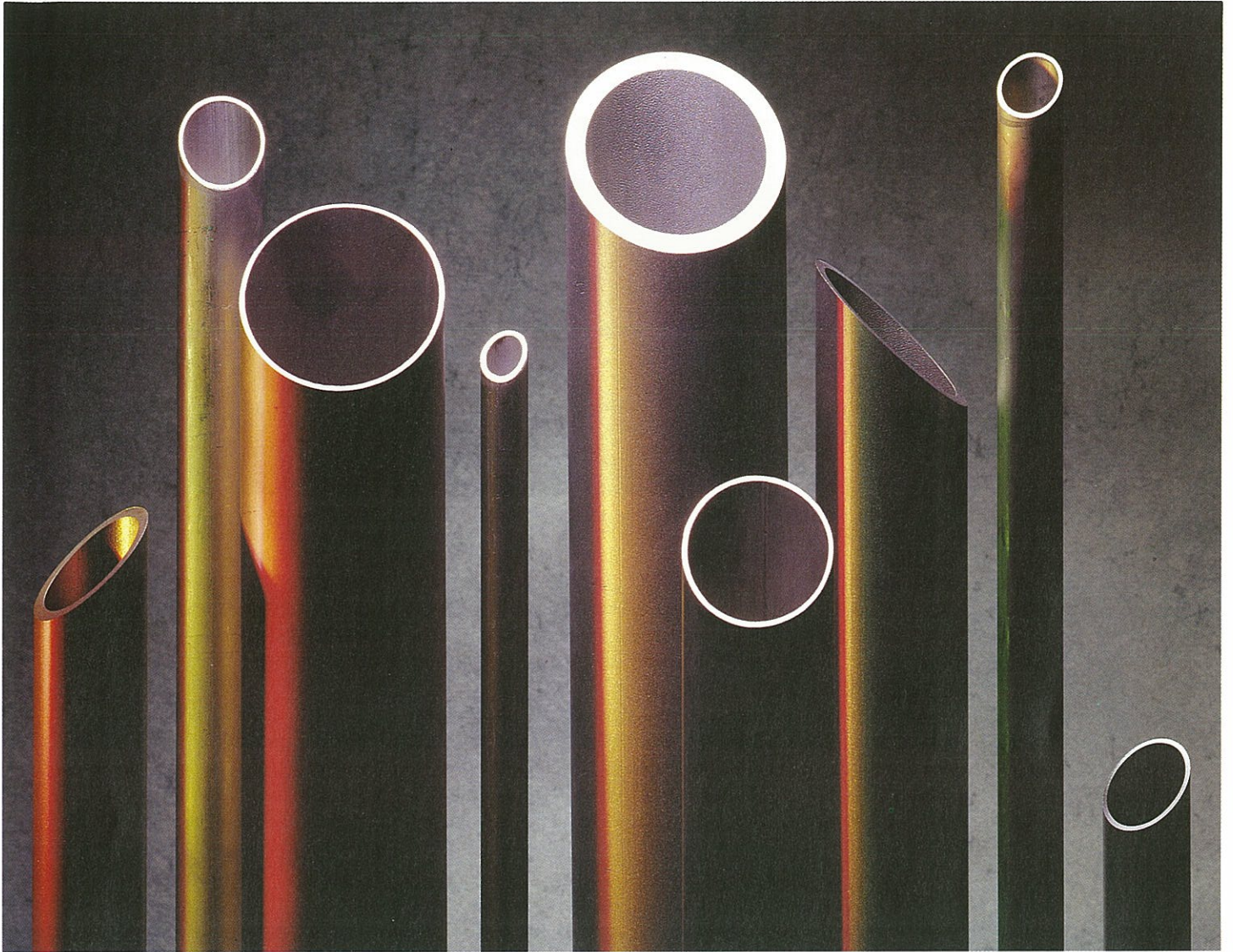
Sandvik Steel continues to develop by way of systematic investments directed towards the further upgrading of stainless steel, zirconium, titanium and other alloys. Among other things the company installed new pilger mills, specially designed for the manufacture of precision tubes in light gauges. The underlying development work was acclaimed at the Sandvik Annual General Meeting by the award of the Wilhelm Haglund medal.

At Sterling Tubes in England we commissioned new equipment for the manufacture of extrusion blanks. Production



High added value is characteristic of Sandvik's steel products.





*Seamless tubes of duplex stainless steels are coming into ever wider use thanks to their combination of good mechanical properties and very high resistance to corrosion.*



*Specially designed pilger mills for the rational production of light-gauge precision tubes have been installed at our facilities in Sweden and the U.S.*

in Sweden of drawn stainless wire was concentrated to Sandviken and Gusab. At the same time, the drawing-works in Munkfors was shut down. At the drawing-works in Sandviken a new vacuum furnace was installed for heat treatment.

#### *PROSPECTS FOR 1991*

A cyclical decline in demand, coming on top of burdensome cost increases in Sweden, may make it difficult to keep our Swedish units, which account for 65% of our output, acceptably busy during 1991. In a comparison with 1990, however, there are some structurally positive effects which suggest that our results for 1991 need not be much poorer than those of a year earlier.



# Sandvik Saws and Tools

	1990	1989
Invoiced sales, external, SEK m.	1,425	1,475
Result after depreciation inclusive of associated companies, SEK m.	91	124
Capital expenditures, SEK m.	63	60
Number of employees, 31 Dec.	1,755	1,782



*Management team: L. to r. Anders Ågren, Göran Gezelius (President), Peter Renwick.*

**B**y virtue of its wide geographical and sectoral coverage, Sandvik Saws and Tools is less cyclical than the other Sandvik business areas.

In 1990 we made use of the generally good economic development in Europe and increased our sales there by 8%. Some increase was achieved even in the relatively weak British market. Outside Europe, sales fell by 27% in conse-

quence of slack demand on practically all markets. The overall result was therefore a substantially unchanged sales figure. The return on investment worked out at 12%.

This performance is not satisfactory. However, wide-ranging programmes of action have been running since 1989 with the aim of raising profitability by stepping up productivity in manufacturing

and improving the materials flow. Our aim is to make ourselves more cost-effective and to enhance the delivery service we give our customers.

## *SALES SUCCESSES*

Sales of gardening tools went well. The extensive product-development work of recent years on pruning tools for professionals and amateurs alike resulted in a

*Higher productivity and reduced absenteeism are among the gains resulting from the adoption of new forms of working at the saw factory in Bollnäs.*







A new secateur leaves a measured dose of a protective agent against fungi and moulds on the cut surface.



500 million seedlings are planted out in Sweden's forests every year. Our new planting tube makes the job easier.

string of new articles, introduced during 1989 and 1990. They proved to be readily saleable – both by us to the trade and by the trade to end-users. Our launch of watering equipment in most West European countries was likewise auspicious.

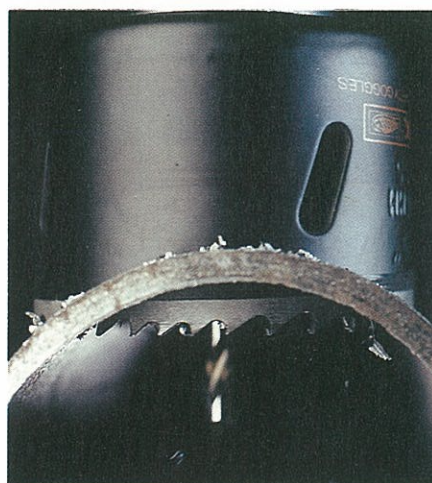
The previous year's acquisitions of two hand-file makers strengthened our standing on the European market and our file sales rose by 30%. The market for metal-cut-off tools turned slack, most notably so in North America. In several other markets, however, there was an increase in sales, particularly of hole saws and jigsaw blades.

#### DEVELOPMENT

In order to give a sustained boost to earnings, Saws and Tools is putting through some sweeping changes:

- An entirely new distribution system for Western Europe is being set up.
- New manufacturing technology that is easy on resources and on the environment is being introduced for such

*New hole saws made of bimetal give a fast, vibrationless cut.*



operations as heat-treatment, painting and marking.

- New forms of work in production, featuring product shops and work teams, are being brought in at most of our plants.

Many important stages in these projects will be passed during 1991. The projects are realizing, and have already realized, routine economies. As yet, however, these savings have been offset by the considerable costs of personnel training and system development.

#### PROSPECTS FOR 1991

1991 is going to be a tough year within many industries and in many countries where we sell our tools. We are counting on being able to keep costs in line even if our sales volumes should dip. This ought to enable us to achieve results on a par with those of 1990.



# Sandvik Process Systems

	1990	1989
Invoiced sales, external, SEK m.	1,065	902
Result after depreciation, SEK m.	199	196
Capital expenditures, SEK m.	82	31
Number of employees, 31 Dec.	633	581



*Management team: L. to r. Herbert Würmseher, Pier Giorgio Bottacin, Erhard Milewski, Håkan Olofsson (President), Rolf Hemlin.*

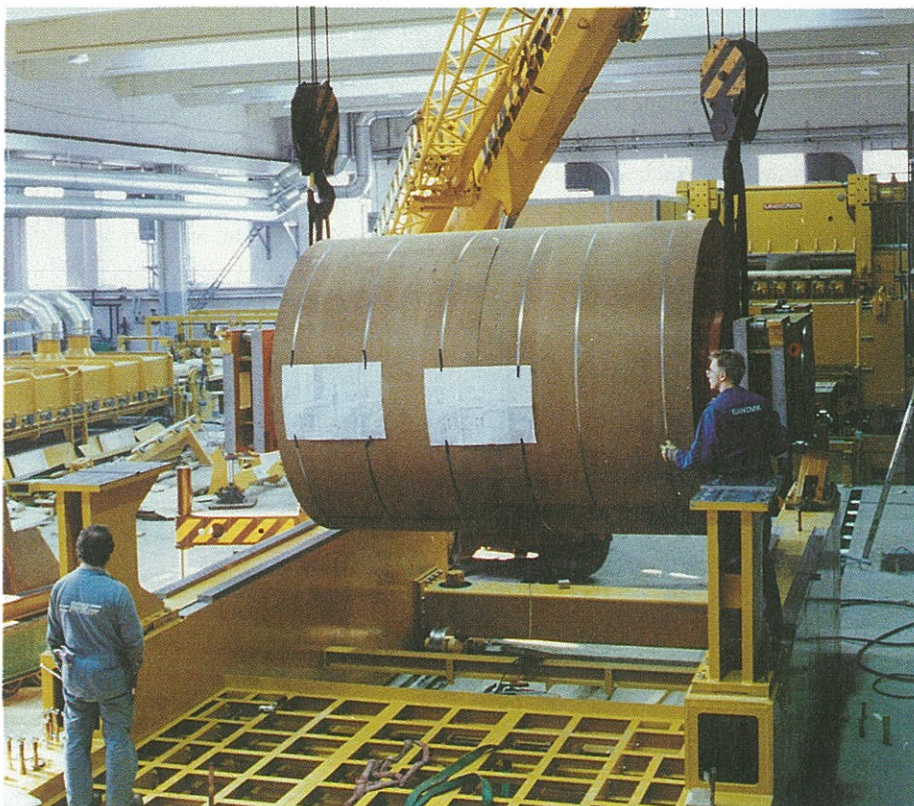
Sales at Process Systems rose during the year by 18%. The order intake remained at the 1989 level, owing among other things to reduced orders from the Soviet Union and Eastern Europe. The order intake in the rest of our

markets showed an increase of 13%. The results represented a continued high return on investment, which exceeded the Group requirement of 20% with plenty to spare.

The preconditions of our business re-

mained positive, with more than 50% of our sales in an expansive Europe. North America and Japan likewise exhibited a positive trend. Some slackening was discernible in the second half, mainly as regards capacity-raising investments.

*A comprehensive programme of capital spending has been put through at the facilities in Sandviken. This new machine will make steel belts for the particle-board industry.*



## STEEL BELTS

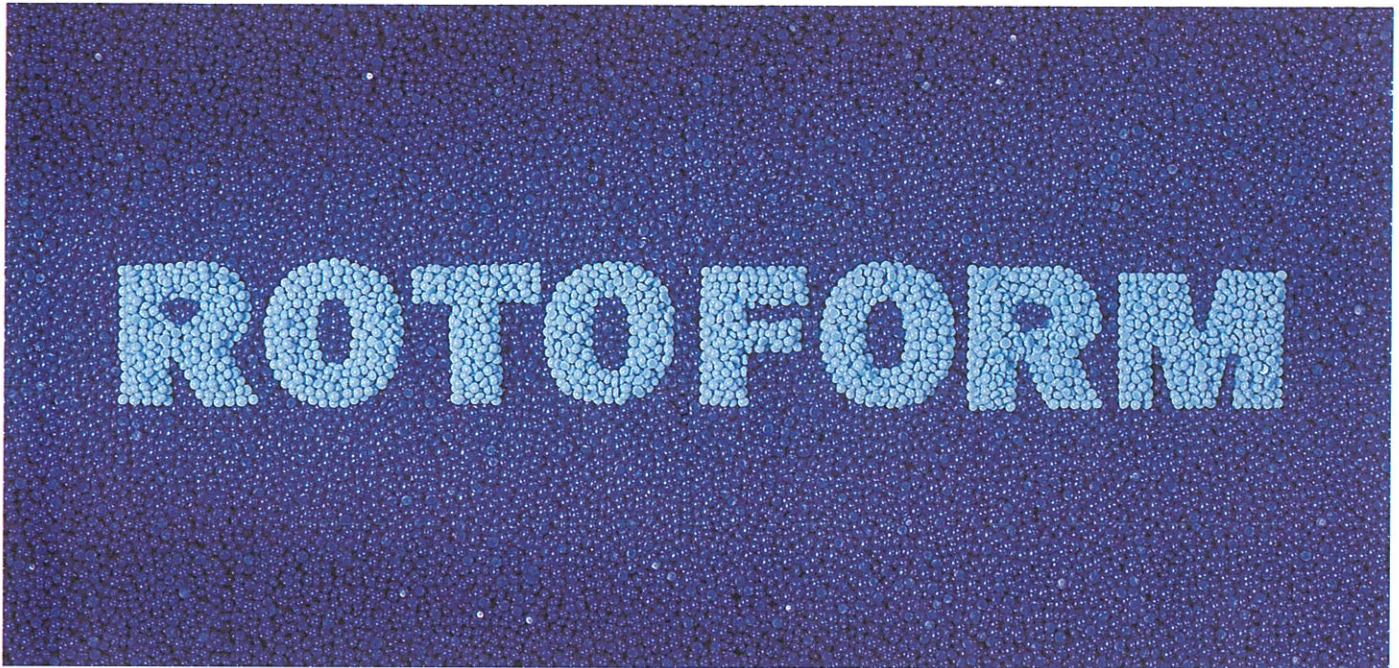
A comprehensive programme of capital expenditure, aiming at further improvements in quality and delivery times, was carried through at the facilities in Sandviken. In North America we started local production, which resulted in greater flexibility and more rational stockholding. The future sales prospects of surface-treated wide steel belts gained considerably from a successful piece of development work.

## PROCESS PLANTS, CHEMICAL INDUSTRY

During the year we continued our concentration on plants for the pastillizing of molten chemicals. The tightening-up of environmental requirements has given these processes ever greater significance. We have achieved a considerable increase in capacity as regards our well-known Rotoform process, thus making it all the more competitive.

The increased use of re-inforced plastics in the automotive industry has stimulated demand for our continuous double-belt presses.





*Rotoform is our unique process for transforming molten stock into pastilles. To date, we have installed some 500 Rotoform plants all round the world.*

#### **SORTING SYSTEMS**

This product area was characterized by continued vigorous expansion, with Japan as the largest market. The shortage of graduate engineers in that country was a limiting factor. In North America we were able to cope with a rising order intake thanks to a rapid expansion of the organization. This leaves us well equipped to face an anticipated increase in the demand for automated sorting installations as well. In the run-up to 1992 we are prepared for the same kind of development in Europe.

#### **PROCESS PLANTS, FOODSTUFFS INDUSTRY**

Deliveries of dehydration plants for fruit and vegetables to the Soviet Union continued on schedule. Against this, further selling there ceased almost completely by reason of exchange difficulties. Our new testing centre for foodstuffs in Milan has given us great advantages in the market. With the aid of advanced technical equipment, and working together with our customers, we are now better placed to evaluate and develop our product offerings.

*1991*

Even if the market should turn down, our existing order book, together with deals currently in the making, ought to result in another good year for Process Systems.

*In the course of 1990 we opened a new test centre in Milan for food processes. It possesses advanced equipment for such operations as cooling, freezing and drying.*





# Report of the Directors

## 1. MARKET SITUATION AND SALES

	1990		1989		Change %
	1990	1989	1990	1989	
Order intake, SEK m.	18,126	18,901			-4
Invoiced sales, SEK m.	18,256	18,769			-3

In the early days of 1990 the state of trade was still comparatively good, even though demand in many markets, among them the U.S. and the U.K., had been on the decline for quite some time.

The wheels were kept turning by the important markets of Germany and Japan, thanks among other things to their strength in the matter of capital products. As the months passed, the deterioration spread to such regions as Scandinavia, Southern Europe and Australia. Since then, several interacting factors have intensified the downturn, such as the crisis in the Persian Gulf, the economic problems of the East European states and the developments in financial markets, shaken by the tightening of credit. In consequence, there has been a rapid worsening of the commercial climate all over the world, leading to a fall-off in industrial production in a number of countries and at the same time retarding growth in Germany and Japan.

Despite the contraction towards the end of the year, industrial production in the OECD rose by 2.5%. Inflation remained unchanged at about 6%.

The intake of orders for Sandvik products decreased by 4%. Among the markets that have lost momentum are those of Sweden, Finland, the U.K., Italy, Spain, the U.S., Canada, Brazil, Australia and the East European states.

During the year the Swedish krona appreciated by 11% against the U.S. dollar while at the same time losing about 3% against the EC currencies. The aggregate effect of the changes in exchange rates on Sandvik's invoicing, expressed in Swedish kronor, is insignificant.

There follows a summary of invoiced sales by market area and by product area.

Invoiced sales by market area	1990		1989		Change %
	SEK m.	%	SEK m.	%	
Sweden	1,343	7	1,582	8	-15
EC	8,200	45	7,640	41	+7
Rest of Europe	1,527	8	1,750	9	-13
Totals, all Europe	11,070	60	10,972	58	+1
North America	3,035	17	3,354	18	-9
Latin America	886	5	1,114	6	-21
Africa, Asia and Australia	3,265	18	3,329	18	-2
Group totals	18,256	100	18,769	100	-3

Invoiced sales by product area	1990		1989		Change %
	SEK m.	%	SEK m.	%	
Cemented Carbide	9,546	52	9,644	51	-1
Steel	5,973	33	6,479	35	-8
Saws and Tools	1,425	8	1,475	8	-3
Process Systems	1,065	6	902	5	18
Group conjoint activities	247	1	269	1	-
Group totals	18,256	100	18,769	100	-3

The invoiced sales in the ten largest markets were:

Invoiced sales per market SEK m.	1990		1989		Change %
	1990	1989	1990	1989	
United States	2,627	2,921			-10
Germany	2,576	2,294			+12
France	1,707	1,555			+10
Sweden	1,343	1,582			-15
United Kingdom	1,260	1,273			-1
Italy	1,255	1,255			-
Japan	1,034	1,042			-1
Australia	644	843			-24
Brazil	549	697			-21
Spain	447	430			+4

## 2. COMPANY ACQUISITIONS, STRUCTURAL CHANGES AND CO-OPERATION AGREEMENTS

The Finnish industrial group Tampella took the decision to reconstitute its Tamrock Division with effect from 1 January 1991 as an autonomous sub-group of companies. In connection therewith, Sandvik AB received and accepted an invitation to take up a 25% equity stake in the new Tamrock.

Tamrock is one of the world leaders in the production of machines and equipment in the rockdrilling field. Its annual turnover is rather more than SEK 3,000m. (FIM 2,000m.) and its employees number about 4,000.

In February 1989, Tamrock and Sandvik Rock Tools had concluded an agreement providing for joint technical development work and commercial co-operation in the field of percussion drilling. This agreement had been broadened in September 1990 to include the field of rotary crushing drilling.

An agreement on the joint development of new technology for the coating of cutting tools with a diamond film was concluded in October between Sandvik Coromant and the Norton Company, Massachusetts, U.S.A.

The agreement covers research collaboration, a joint venture concerned with the diamond coating of cutting tools and in due course the marketing of diamond-coated tools through Sandvik's and Norton's sales channels.



In December, Sandvik agreed in principle to acquire Milford Products Corp., of Connecticut, U.S.A., which makes metal-cut-off sawblades. The firm has an annual turnover of about USD 30m. (SEK 170m.) and employs some 300 people in the U.S. and the U.K. Its products are metalcutting bandsaw blades, hole saws, jigsaw blades and blades for hacksaws and power hacksaws.

In the course of the year the Parent Company, Sandvik AB, put through a rectification in the ownership of Group real estate whereby the bulk of its industrial properties in Sandviken were transferred to the subsidiary companies AB Sandvik Steel and AB Sandvik Rock Tools for the sum of SEK 745m.

### 3. RESULTS AND RETURNS

	1990	1989
Operating profit after depreciation, SEK m.	2,318	2,813
and as a percentage of invoiced sales	12.7	15.0
Profit after financial earnings and expenses, SEK m.	2,693	2,863
and as a percentage of invoiced sales	14.8	15.3
Return on investment, %	17.6	21.7
Return on equity capital after tax, %	18.0	22.6
Earnings per share, SEK	34:70	34:45

For definitions, see p. 28

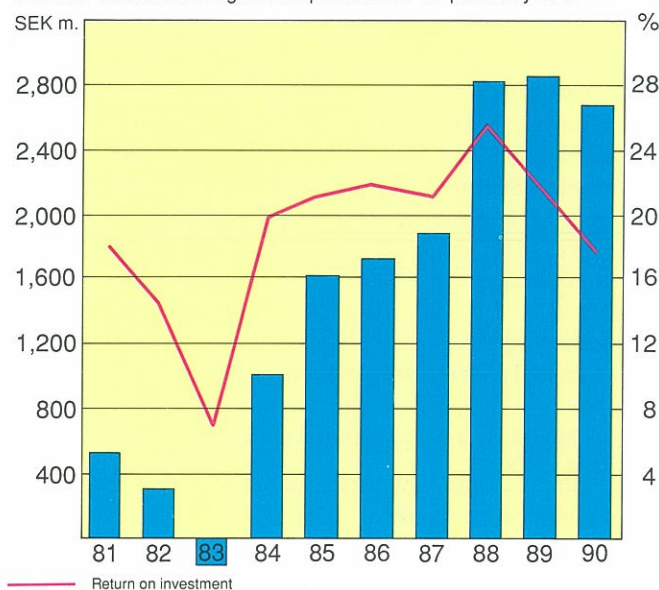
Quarterly changes can be seen from the following table, in which profit is shown after financial earnings and expenses and the net margin is the profit as a percentage of invoiced sales.

	Invoiced sales SEK m.	Profit SEK m.	Net margin %
1989: 1st quarter	4,659	704	15
2nd quarter	4,833	780	16
3rd quarter	4,288	654	15
4th quarter	4,989	725	15
1990: 1st quarter	4,781	754	16
2nd quarter	4,599	714	16
3rd quarter	4,263	640	15
4th quarter	4,613	585	13

The non-recurring earnings and expenses amounted to SEK 149m. (203). This figure includes profits made on the sale of shares in real-estate companies.

The profit after non-recurring earnings and expenses came to SEK 2,711m. (2,986).

Result after financial earnings and expenses over the past ten years.



The 1990 earnings per share after estimated full tax came to SEK 34:70 (34:45). Taking non-recurring earnings and expenses into account would raise the figure to SEK 37:25 (37:80). The earnings per share after tax payable worked out at SEK 36:85 (38:90). ("Tax payable" means the tax accruing during the income year.)

Accrued tax amounted to SEK 589m. (769), which was equivalent to 22% (26) of the profit after non-recurring earnings and expenses. Herein is included dividend tax, SEK 29m. (7). Estimated future taxes comprise (i) the tax that has been postponed by reason of allocation to untaxed reserves and participation in the deficits of partly owned limited partnerships and (ii) the change in the latent tax charge consequent upon the change in the tax rate.

The latent tax charge includes tax debts in untaxed reserves together with tax postponed in consequence of participation in the net deficits of partly owned limited partnerships. It is reported separately and amounted to SEK 1,978m. (2,261).

By product area, profits after depreciation and including associated companies came to:

	1990 SEK m.	1989 SEK m.	Change SEK m.
Cemented Carbide	1,584	1,917	-333
Steel	483	616	-133
Saws and Tools	91	124	-33
Process Systems	199	196	3
Group conjoint activities	-19	-36	17
Group totals	2,338	2,817	-479



#### 4. FINANCE

	1990	1989
Cash flow, SEK m.	1,486	652
Liquid assets, 31 Dec., SEK m.	5,251	4,896
Loans, 31 Dec., SEK m.	3,380	4,758
Net interest, SEK m.	218	53
Net financial items including exchange differences, SEK m.	355	46
Interest coverage	6.2	6.3
Solidity, %	54	46
Debt-equity ratio	0.4	0.6
Equity capital after recommended dividend, SEK m.	11,465	9,511
Equity capital after recommended dividend per share, SEK	210:60	174:85

For definitions, see p. 28

Net financing by operations amounted to SEK 2,818m. (1,996). The cash flow was SEK 1,486m. (652).

Reported exchange differences on long-term loans amounted to SEK 137m., which includes both realized (SEK 92m.) and unrealized (SEK 45m.) exchange gains.

Conversions of the 1985 convertible loan addressed to employees increased the number of shares outstanding by 39,487, bringing the total to 54,436,525 at year-end. This raised the equity capital by SEK 3.2m., of which SEK 1.0m. was share capital and SEK 2.2m. was in the statutory capital reserve.

Sandvik Finance B.V. takes up short-term finance in U.S. dollars for the Group by the emission of Euro Commercial Papers (ECP) up to 200 million U.S. dollars. In 1990, Sandvik requested Moody's and Standard & Poor's to class its ECP programme and they awarded it high ratings, Prime-1 and A-1 respectively. This will enable it to secure better interest conditions on its future borrowing.

Equity capital and return thereon over the past ten years.



#### 5. CAPITAL EXPENDITURES

	1990	1989
Investments in facilities, SEK m.	1,161	1,116
and as a percentage of invoiced sales	6.4	5.9
Company acquisitions, SEK m.	28	295
Share purchases, SEK m.	475	48
Investments in leasing activities, SEK m.	51	715
Total investments, SEK m.	1,715	2,174
and as a percentage of invoiced sales	9.4	11.6

Capital expenditures within Sweden amounted to SEK 1,094m. (880), of which SEK 974m. (739) was spent at the Parent Company, including its subordinate companies.

Among the shares purchased were 1,069,402 in AB Bahco, which was 10% of the latter's capital stock.

#### 6. RESEARCH, DEVELOPMENT AND QUALITY ASSURANCE

Sandvik maintains a large-scale, long-term commitment to basic materials research, to product and process development and to quality assurance. In 1990, the proportion of invoiced sales devoted to R&D rose to 4.8% (4.3). The Group's outlays during the year on research, development and quality assurance totalled SEK 877m. (799).

#### 7. PERSONNEL

	1990	1989
Number of employees on 31 Dec.	25,781	26,779
Average number of employees		
Women	5,145	5,209
Men	21,228	21,672
Totals	26,373	26,881

The net effect of the year's acquisitions and sales of companies was an increase of 134 employees. On the basis of comparable activities the number of people employed decreased by 1,132 (against an increase of 229 in 1989).

The number of people employed by the Parent Company and its subordinate companies as of 31 Dec. 1990 was 8,946 (9,275). Group employees in Sweden as of the same date numbered 10,288 (10,717).

The numbers of employees per business area will be found in the reviews of the individual business areas on pp. 6-17.

Data on the personnel costs and on the average number of employees in Sweden and abroad will be found on p. 35.



# Consolidated Income Statement

	1990	1989
Amounts in SEK million		
Invoiced sales . . . . . Note 2	18,256	18,769
Costs of production, selling and administration . . . . . Note 3	-15,157	-15,200
Provision for employee bonus . . . . .	-12	-60
<b>OPERATING PROFIT BEFORE DEPRECIATION . . . . .</b>	<b>3,087</b>	<b>3,509</b>
Scheduled depreciation . . . . . Note 4	-769	-696
<b>OPERATING PROFIT AFTER DEPRECIATION . . . . .</b>	<b>2,318</b>	<b>2,813</b>
Interest in profits of associated companies . . . . . Note 7	20	4
Interest received . . . . . Note 5	742	588
Interest paid . . . . . Note 5	-524	-535
Exchange differences on loans . . . . . Note 6	137	-7
<b>PROFIT AFTER FINANCIAL EARNINGS AND EXPENSES . . . . .</b>	<b>2,693</b>	<b>2,863</b>
Minority interest . . . . . Note 7	-131	-80
Non-recurring earnings . . . . . Note 8	223	293
Non-recurring expenses . . . . . Note 8	-108	-90
Non-recurring items at associated companies . . . . .	34	-
<b>PROFIT AFTER NON-RECURRING EARNINGS AND EXPENSES . . . . .</b>	<b>2,711</b>	<b>2,986</b>
Accrued taxes . . . . .	-589	-769
Estimated future taxes . . . . . Note 22	+263	+588
Participation in taxes of associated companies . . . . .	-5	+2
<b>CONSOLIDATED NET PROFIT . . . . .</b>	<b>2,380</b>	<b>2,807</b>



# Consolidated Balance Sheet

ASSETS	1990	1989
Amounts in SEK million		
<b>CURRENT ASSETS</b>		
Cash and bank balances .....	1,739	803
Bonds and other short-term placements ..... Note 9	3,512	4,093
Bills receivable from customers .....	520	514
Other customer receivables .....	2,998	3,168
Prepaid expenses and accrued income .....	292	241
Other current receivables .....	697	901
Inventories .....	5,046	5,390
	<b>14,804</b>	<b>15,110</b>
<b>BLOCKED ACCOUNTS</b>		
FOR FUND ALLOCATIONS ..... Note 10	5	25
<b>FIXED ASSETS</b>		
Shares and participations ..... Note 11	833	511
Equity interest in associated companies .....	322	273
Long-term receivables ..... Note 12	301	214
Goodwill and other intangible assets ..... Note 13	90	105
Construction in progress .....	266	206
Machinery and equipment ..... Note 14	4,830	4,637
Land and buildings ..... Note 14	1,610	1,526
	<b>8,252</b>	<b>7,472</b>
<b>TOTAL ASSETS</b> .....	<b>23,061</b>	<b>22,607</b>
Assets pledged. .... Note 15	1,318	1,306



LIABILITIES AND EQUITY CAPITAL	1990	1989
Amounts in SEK million		
<b>CURRENT LIABILITIES</b>		
Bills payable . . . . .	177	144
Owed to suppliers . . . . .	1,040	1,138
Tax debts . . . . .	383	406
Accrued expenses and prepaid income . . . . .	1,337	1,341
Short-term loans . . . . . Note 17	1,472	2,462
Other current liabilities . . . . . Note 16	<u>684</u>	<u>695</u>
	<b>5,093</b>	<b>6,186</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term loans . . . . . Note 17	1,908	2,296
Provision for pensions . . . . . Note 18	1,410	1,250
Latent tax charge . . . . . Note 21	1,978	2,261
Other long-term liabilities . . . . .	<u>220</u>	<u>207</u>
	<b>5,516</b>	<b>6,014</b>
CONVERTIBLE BOND LOAN . . . . .	48	51
MINORITY INTEREST IN EQUITY CAPITAL	476	437
<b>EQUITY CAPITAL . . . . . Note 23</b>		
Restricted equity capital:		
Share capital . . . . .	1,361	1,360
Statutory capital reserves . . . . .	<u>4,446</u>	<u>3,787</u>
	<b>5,807</b>	<b>5,147</b>
Unrestricted equity capital:		
Unrestricted reserves . . . . .	3,741	1,964
Translation difference . . . . .	-	1
Consolidated net profit . . . . .	<u>2,380</u>	<u>2,807</u>
	<b>6,121</b>	<b>4,772</b>
Total equity capital . . . . .	<b>11,928</b>	<b>9,919</b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL . . . . .</b>	<b>23,061</b>	<b>22,607</b>
Contingent liabilities . . . . . Note 25	372	396



# Consolidated Funds Statement

	1990	1989
Amounts in SEK million		
<b>INTERNAL FINANCING</b>		
Profit after financial earnings and expenses . . . . .	2,693	2,863
Re-posting of undistributed interest in profits of associated companies . . . . .	-17	3
Re-posting of depreciation . . . . .	769	696
Re-posting of unrealized exchange differences on loans . . . . .	-18	-10
Non-recurring earnings and expenses . . . . .	109	199
Re-posting of capital gain/loss on shares and facilities sold . . . . .	-139	-74
Change on blocked accounts for fund allocations and compulsory account with Riksbank . . . . .	83	-16
Accrued taxes . . . . .	-649	-791
Dividends . . . . .	-432	-324
Total internal financing . . . . .	<u>2,399</u>	<u>2,546</u>
<b>CHANGE IN WORKING CAPITAL</b>		
Change in inventories . . . . .	356	-537
Change in current receivables . . . . .	174	382
Change in non-interest-bearing operating liabilities . . . . .	-111	-395
Total change in working capital . . . . .	<u>419</u>	<u>-550</u>
Net financing from operations . . . . .	2,818	1,996
<b>NET INVESTMENTS</b>		
Acquisition of companies and shares . . . . .	-503	-343
Acquisition of fixed assets . . . . .	-1,161	-1,116
Investments in leasing business . . . . .	-51	-715
Sale of companies . . . . .	320	746
Sale of fixed assets . . . . .	63	84
Net investments . . . . .	<u>-1,332</u>	<u>-1,344</u>
FINANCIAL SURPLUS (CASH FLOW) . . . . .	1,486	652
<b>FUNDS GENERATED/USED EXTERNALLY</b>		
Equity capital:		
Change by conversion of loan . . . . .	3	64
Loans:		
Change in short-term loans . . . . .	-990	-425
Change in long-term loans . . . . .	-370	158
Change in convertible loan . . . . .	-3	-64
Total loans . . . . .	<u>-1,363</u>	<u>-331</u>
Other financing, net:		
Change in long-term receivables . . . . .	5	-401
Change in pension liability . . . . .	160	106
Change in other long-term liabilities . . . . .	24	5
Total other financing, net . . . . .	<u>189</u>	<u>-290</u>
NET EXTERNAL FINANCING . . . . .	-1,171	-557
Translation differences, etc. . . . .	40	34
INCREASE IN LIQUID ASSETS . . . . .	<u>355</u>	<u>129</u>



# The Parent Company's Accounts

Amounts in SEK million

Income Statement	1990	1989
Invoiced sales . . . . . Note 2	7,098	7,488
Costs of production, selling and administration . . . . . Note 3	-6,280	-6,497
Provision for employee bonus . . . . .	-12	-60
<b>OPERATING PROFIT BEFORE DEPRECIATION . . . . .</b>	<b>806</b>	<b>931</b>
Scheduled depreciation . . . . . Note 4	-276	-256
<b>OPERATING PROFIT AFTER DEPRECIATION . . . . .</b>	<b>530</b>	<b>675</b>
Financial items:		
Dividends received from subsidiaries . . . . .	945	290
Dividends received from other companies . . .	2	7
Interest received from subsidiaries . . . . .	6	23
Other interest received . . . . . Note 5	252	261
Interest paid to subsidiaries . . . . .	-283	-188
Other interest paid . . . . . Note 5	-207	-225
Exchange differences on loans . . . . . Note 6	146	-7
<b>PROFIT AFTER FINANCIAL EARNINGS AND EXPENSES . . . . .</b>	<b>1,391</b>	<b>836</b>
Non-recurring earnings . . . . . Note 8	386	7
Non-recurring expenses . . . . . Note 8	-515	-16
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES . . . . .</b>	<b>1,262</b>	<b>827</b>
Appropriations:		
Difference between book and scheduled depreciation . . . . . Note 19	-35	-177
Change in inventory reserve . . . . . Note 20	28	193
Change in investment reserve, development reserve . . . . . Note 20	418	401
Change in exchange-rate reserve . . . . . Note 20	-75	-
Change in internal-profit reserve . . . . . Note 20	21	-43
Other appropriations . . . . . Note 20	23	-27
Group contributions . . . . .	-484	-618
<b>PROFIT BEFORE TAXES . . . . .</b>	<b>1,158</b>	<b>556</b>
Accrued taxes . . . . .	-62	-82
Estimated future taxes . . . . . Note 22	-20	+92
<b>NET PROFIT . . . . .</b>	<b>1,076</b>	<b>566</b>

Amounts in SEK million

Funds Statement	1990	1989
<b>INTERNAL FINANCING</b>		
Profit before appropriations and taxes . . . . .	1,262	827
Re-posting of depreciation . . . . .	276	256
Re-posting of unrealized exchange differences on loans . . . . .	-47	-
Re-posting of capital gain/loss on shares and facilities sold . . . . .	-289	27
Change on blocked account for fund allocations and compulsory account with Riksbank . . . . .	49	-21
Accrued taxes . . . . .	-62	-82
Dividends . . . . .	-408	-322
Group contributions . . . . .	-484	-618
<b>Total internal financing . . . . .</b>	<b>297</b>	<b>67</b>
<b>CHANGE IN WORKING CAPITAL</b>		
Change in inventories . . . . .	52	-108
Change in current receivables . . . . .	-269	1,170
Change in non-interest-bearing operating liabilities . . . . .	-556	1,093
<b>Total change in working capital . . . . .</b>	<b>-773</b>	<b>2,155</b>
Net financing from operations . . . . .	-476	2,222
<b>NET INVESTMENTS</b>		
Acquisition of companies and shares . . . . .	-444	-298
Acquisition of fixed assets . . . . .	-530	-441
Change in Parent Company's long-term commitments to subsidiary companies . . . . .	-128	-2,089
Sale of companies . . . . .	220	514
Sale of fixed assets . . . . .	748	8
<b>Net investments . . . . .</b>	<b>-134</b>	<b>-2,306</b>
<b>FINANCIAL SURPLUS (CASH FLOW) . . . . .</b>	<b>-610</b>	<b>-84</b>
<b>FUNDS GENERATED/USED EXTERNALLY</b>		
Equity capital:		
Change by conversion of loan . . . . .	3	64
Loans:		
Change in short-term loans . . . . .	-276	-660
Change in long-term loans . . . . .	-264	-44
Change in convertible loan . . . . .	-3	-64
<b>Total loans . . . . .</b>	<b>-543</b>	<b>-768</b>
Other financing, net:		
Change in long-term receivables . . . . .	-90	6
Change in pension liability . . . . .	110	71
Change in long-term liabilities . . . . .	-15	-10
<b>Total other financing, net . . . . .</b>	<b>5</b>	<b>67</b>
<b>TOTAL FUNDS GENERATED/USED EXTERNALLY . . . . .</b>	<b>-535</b>	<b>-637</b>
<b>CHANGE IN LIQUID ASSETS . . . . .</b>	<b>-1,145</b>	<b>-721</b>



# The Parent Company's Accounts

Amounts in SEK million

Balance Sheet	1990	1989
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances . . . . .	91	28
Bonds and other short-term placements . . . . . Note 9	892	2,100
Receivables from subsidiaries . . . . .	434	234
Customer receivables . . . . .	438	480
Prepaid expenses and accrued income . . . . .	196	149
Other current receivables . . . . .	150	117
Inventories . . . . .	2,260	2,312
	<b>4,461</b>	<b>5,420</b>
<b>BLOCKED ACCOUNTS FOR FUND ALLOCATIONS. . . . . Note 10</b>		
	-	18
<b>FIXED ASSETS</b>		
Shares and participations in subsidiaries . . . . . Note 11	4,077	4,029
Shares and participations in other companies . . . . . Note 11	660	341
Receivables from subsidiaries . . . . .	335	468
Other long-term receivables . . . . . Note 12	133	43
Intangible assets . . . . . Note 13	9	1
Construction in progress . . . . .	175	102
Machinery and equipment . . . . . Note 14	1,481	1,348
Land and buildings . . . . . Note 14	305	642
	<b>7,175</b>	<b>6,974</b>
<b>TOTAL ASSETS . . . . .</b>	<b>11,636</b>	<b>12,412</b>
Assets pledged . . . . . Note 15	522	522

Amounts in SEK million

	1990	1989
<b>LIABILITIES AND EQUITY CAPITAL</b>		
<b>CURRENT LIABILITIES</b>		
Owed to suppliers . . . . .	395	419
Tax debts . . . . .	35	80
Accrued expenses and prepaid income . . . . .	648	571
Short-term loans . . . . . Note 17	449	725
Other current liabilities to subsidiaries . . . . .	1,854	2,317
Other current liabilities to others . . . . . Note 16	106	207
	<b>3,487</b>	<b>4,319</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term loans . . . . . Note 17	257	568
Provision for pensions . . . . . Note 18	1,083	973
Liabilities to subsidiaries . . . . .	5	41
Latent tax charge . . . . . Note 21	136	116
Other long-term liabilities . . . . .	76	91
	<b>1,557</b>	<b>1,789</b>
<b>CONVERTIBLE BOND LOAN . . . . . Note 24</b>		
	17	20
<b>UNTAXED RESERVES</b>		
Accumulated depreciation above schedule . . . . . Note 19	1,471	1,436
Inventory reserve . . . . . Note 20	945	973
Investment reserve . . . . . Note 20	44	462
Exchange-rate reserve . . . . . Note 20	75	-
Internal-profit reserve . . . . . Note 20	214	235
Other untaxed reserves . . . . . Note 20	51	74
	<b>2,800</b>	<b>3,180</b>
<b>EQUITY CAPITAL . . . . . Note 23</b>		
Restricted equity capital:		
Share capital (54,436,525 shares of SEK 25 nominal) . . . . . Note 24	1,361	1,360
Statutory capital reserve . . . . .	274	221
	<b>1,635</b>	<b>1,581</b>
Unrestricted equity capital:		
Retained earnings . . . . .	1,064	957
Net profit . . . . .	1,076	566
	<b>2,140</b>	<b>1,523</b>
Total equity capital . . . . .	<b>3,775</b>	<b>3,104</b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL . . . . .</b>	<b>11,636</b>	<b>12,412</b>
Contingent liabilities . . . . . Note 25	496	311



# Accounting Principles

## GENERAL

In these Financial Statements, Sandvik observes in all essentials the guidelines promulgated by the IASC and, for internationally active enterprises, by the OECD.

## REVISED ACCOUNTING PRINCIPLES

Beginning with 1990, the Group reports its equity capital in aggregate under one heading. This heading thus includes the proportion of equity capital in untaxed reserves. The tax element in these reserves is included under the heading "Latent tax charge". In the calculation of the tax element an individual tax rate has been used for each company. For companies in Sweden this tax rate is 30% (1989 40%). The Consolidated Income Statement does not show appropriations; instead, the change in untaxed reserves is divided into two parts, one of which is reported under estimated future taxes and the other under consolidated net profit.

Beginning with 1990, the equity method has been introduced for the Group's reporting as regards associated companies. Under the heading "Equity interests in associated companies" the Group reports the historical cost of shares increased or decreased by its interest in earnings since the date when the shares were acquired, less a deduction for goodwill depreciation and dividend received. Allowance is also made for internal profits if any. The Group's interest in the profits of associated companies is reported after depreciation in the Income Statement. Dividend received from associated companies has been excluded in dividend on shares. If non-recurring items are of significance in the calculation of interest in profit they are reported as non-recurring items at associated companies.

Beginning with 1990, the minority interest in profit is reported after financial earnings and expenses. Prior to this change it was reported after taxes.

The Income Statement and Balance Sheet for 1989 have been recalculated in accordance with the aforesaid new principles.

The result by product area is reported after depreciation and inclusive of associated companies. It used to be stated after financial earnings and expenses. The profits of regional companies, too, are now fully apportioned among product areas, with the result that the only items reported under the heading "Group conjoint activities" are the revenues and expenses of holding and service activities.

The definition of solidity has been revised to include the minority interest in reported equity capital.

Formerly, net unrealized exchange gains were not reported on receivables and liabilities in foreign currencies. This is being done from the beginning of 1990 in accordance with a recommendation from the Accounting Standards Board of Sweden. An allocation for gains of this kind pertaining to long-term receivables and liabilities has been treated at the Parent Company as an exchange-rate reserve which is included in untaxed reserve.

## CONSOLIDATED ACCOUNTING

The Consolidated Accounts cover the Parent Company and those companies in which it holds more than half the votes or otherwise exercises a controlling influence.

The Accounts are made up by the purchase method, which implies that the surpluses of subsidiaries are included in the Group's equity capital only insofar as they have accrued subsequent to the acquisition of the said subsidiaries.

The premium on the shares of acquired subsidiaries (the difference that arises because the price paid for them is greater than the acquired company's equity capital including a due proportion of untaxed reserves) is apportioned between fixed assets and goodwill. The premium on fixed assets is written off as described below under the heading "Fixed assets". Goodwill is written off by at least 10% a year.

A discount on the shares of acquired subsidiaries (the difference that arises because the price paid for them is less than the acquired company's equity capital including a due proportion of untaxed reserves), so-called badwill, is carried on the Balance Sheet as a liability and is extinguished according to a plan drawn up in each specific case.

The balance sheets and income statements of the foreign subsidiary companies are translated into Swedish kronor in accordance with IAS 21 (International Accounting Standard 21, Accounting for the Effects of Changes in Foreign Exchange Rates) and FAS 52 (Financial Accounting Standard No. 52, Foreign Currency Translation).

For the majority of the foreign subsidiaries the local currency is the natural currency for their cash flows, and it is therefore treated as their "functional currency". The balance sheets of these companies are translated at the rate ruling on the dates when the accounts were closed, and the income statements at the year's average rate. The difference thereby arising between the net profit in the balance sheet and the net profit in the income statement is shown as a separate item under "Equity capital". The changes in the Group's equity capital that arise from variations in the rates ruling on the balance-sheet date as compared with those of a year earlier have been posted directly to the relevant item in the balance sheet. The year's changes are specified in a note to the Consolidated Balance Sheet.

For the majority of the foreign companies operating in high-inflation countries a translation into Swedish kronor was carried out by a method that measures the results largely in the same way as if their business had been carried on in Sweden. This means, in essentials, that the operations of these enterprises are reported in Swedish kronor as translated by the so-called monetary/non-monetary method. The translation differences thereby arising are carried in their entirety on the Income Statement. The financially related translation differences are included in financial earnings and expenses. The trading-related translation differences are included in the costs of production, selling and administration.

As stated above, the equity method is used in the reporting of significant shareholdings in "associated companies", these being enterprises that have links with the business of the Group and in which the Parent Company, directly or indirectly, holds at least 20% and at most 50% of the voting strength.

In the classification of the equity capital of the Group as unrestricted or restricted, unrestricted capital has been taken to be the capital that is available for distribution as dividend by the individual company, provided that the amount which the company contributes to the Group's equity capital is positive. The transfer to unrestricted capital, however, is never greater than the amount by which the individual company is represented in the Group's equity capital. In assessing distributability, payment restrictions have been taken into account and a deduction has been made for the net effect of any coupon taxes. The remaining equity capital constitutes restricted capital.

Companies that were acquired in the course of the year are recognized in the Income Statement only for the period subsequent to the date of acquisition. Companies that were sold off during the year are recognized in the Income Statement up



to the date of sale. The realization effect of such sales on the Group, which is shown as a non-recurring item, is adjusted to take account of the net profit up to the date of sale.

In the income statement of the wholly owned finance company Sandvik Leasing AB, financial expenses pertaining to leasing items are reported among the operating expenses. They are correspondingly accounted for in the Consolidated Income Statement.

#### *FUNDS STATEMENT. REPORTING ACQUISITION AND SALE OF SUBSIDIARIES*

The amounts paid and received for the shares of companies acquired and sold are shown in the Funds Statement under the headings "Acquisition of companies" and "Sale of companies" respectively. The assets and liabilities that these companies had at the time when they changed hands are not included in the sections of the Funds Statement dealing with change in working capital, net investments and funds generated/used externally.

#### *VALUATION PRINCIPLES*

##### *Bonds and other short-term placements*

Bonds and other short-term placements have been valued either at their historical cost or at their market value on the date of the Balance Sheet, whichever was the lower. In the process of valuation this principle has been applied to the portfolio as a whole, which means that unrealized losses have been cancelled out against unrealized gains. Any remaining loss is then deducted from interest earnings; a gain, on the other hand, would not be recognized.

##### *Receivables and liabilities in foreign currencies at Swedish and foreign Group companies*

Receivables and liabilities in foreign currencies are translated at the individual companies using the rates of exchange ruling on the date of the Balance Sheet. In cases where currency hedges have been employed, the forward rate of exchange is used.

Any exchange gains or losses that arise on current receivables and liabilities are included in the operating profit. Unrealized exchange gains emerging on long-term receivables and liabilities are set off against unrealized exchange losses, after which any exchange gain or exchange loss that remains is reported in the Income Statement under the heading "Exchange differences". Exchange differences that have been realized in the course of the year are reported at the same point.

Unrealized exchange gains on long-term receivables, and liabilities, and on loans which in formal terms constitute short-term borrowing but in intent and effect are long-term, are set aside at the Parent Company in an exchange-rate reserve among untaxed reserves.

##### *Inventory*

The inventory was valued at historical cost under the first-in/first-out principle, or at replacement cost, or at market value - whichever produced the lowest figure. Deductions for obsolescence were applied as appropriate.

##### *Fixed assets*

Fixed assets are shown in the Accounts after the deduction of accumulated scheduled depreciation. Scheduled depreciation charged in the industrial operations is based on the historical cost of the assets and their estimated economic lives; for machinery and equipment this means normally between five and fifteen years, for buildings between ten and fifty years, and for site improvements twenty years. Degressive depreciation based on a life of 3-5 years is applied to computer equipment. Scheduled depreciation charged in the leasing business by our subsidiary company Sandvik Leasing AB is based on the commercial construction of the relevant leasing

contract, which means progressive depreciation on the annuity model. The difference between book and scheduled accumulated depreciation is shown as an untaxed reserve at the individual company.

Depreciation on the undepreciated part of accumulated write-ups on buildings is charged at 2% of the original write-up.

##### *Revenue accounting and entry of profits*

Sales revenues are recognized at the time of delivery, less deductions for value-added tax, discounts and returns. Invoiced sales and profit arising under long-term contracts are entered when final invoicing has been effected.

##### *Employee bonuses*

Bonuses (including social-welfare costs) for employees in Sweden are entered as operating costs.

*Appropriations, untaxed reserves and internal-profit reserve*  
Untaxed reserves are reported only in the case of the Parent Company. In the Consolidated Accounting they are apportioned between latent tax charge and equity capital.

The internal-profit reserve at the Parent Company constitutes the difference between selling price and the Parent Company's aggregate costs for goods sold pertaining to products supplied by the Parent Company which, on the date of the Balance Sheet, are still held in stock by foreign subsidiary companies, after a deduction to allow for inventory write-downs applied by the subsidiary companies to the said products.

##### *Taxes*

Accrued taxes in the Income Statement are income taxes accruing at the Group's various undertakings during the accounting year, calculated in accordance with the fiscal rules and the accounting principles that apply in the countries where the profits arose.

Accrued taxes include foreign coupon taxes paid in respect of dividend disbursed to the Parent Company or other Group companies.

Estimated future taxes comprise (i) the tax that has been postponed by reason of allocation to untaxed reserves and participation in the deficits of partly owned limited partnerships, and (ii) the change in latent tax charges consequent upon the change in the tax rate.

The heading "Latent tax charge" in the Balance Sheet covers the following three tax debts:

- Tax debt that is latent in untaxed reserves set aside at the Group.
- Tax debt that is latent in acquired untaxed reserves.
- Tax that is postponed in consequence of participation in net losses of partly owned limited partnerships.

The tax debt is calculated using an individual tax rate for each company that has set aside untaxed reserves.

The Funds Statement does not contain any estimated future taxes, nor any change in the latent tax charge.

#### *DEFINITIONS*

The definitions given below are assimilated to the new accounting principles for 1990. The key figures for 1989 in "Five Years in Brief" are stated according to both the new and the old definitions. For 1988 and earlier years the key figures conform with the then valid definitions.

##### *Earnings per share*

Profit after financial earnings and expenses, after deduction for estimated tax and minority interest, divided by the average number of shares outstanding during the year in question. In calculating the tax charge, the current tax rates were implemented for the various Group companies. In the case of Sweden, the tax rate for 1989 and 1990 is 40%. Allowance has



been made for known tax-free revenues and tax reliefs, as also for periodization differences between individual companies and the Group Statements. The average tax rate applying to the Group for 1990, calculated from theoretical premisses, thereupon works out at 25% (1989: 33%).

*Earnings per share inclusive of non-recurring earnings and expenses*

Profit after non-recurring income and expenses, less deductions for estimated tax, divided by the average number of shares outstanding during the year in question.

*Earnings per share after payment of tax*

Profit after financial earnings and expenses, less deductions for minority interest and for accrued taxes divided by the average number of shares outstanding during the year in question.

*Equity capital*

Reported equity capital is stated for 1989 and 1990. For the years before 1989 the equity-capital part of untaxed reserves has been calculated and included in equity capital in the calculation of the key figures.

*Solidity*

Equity capital inclusive of minority interests in relation to total capital.

*Debt-equity ratio*

Interest-bearing current and long-term liabilities (including pension liability) divided by equity capital with the addition of minority interest.

*Interest coverage*

Profit after financial earnings and expenses, plus interest paid and exchange losses on loans, divided by the sum of interest paid and exchange losses on loans.

*Rate of capital turnover*

Invoiced sales in relation to average total capital.

*Return on equity capital after tax*

Profit after financial earnings and expenses, after deduction of estimated tax and minority interest, as a percentage of the average equity capital after deduction of recommended dividend.

*Return on investment*

Profit after financial earnings and expenses plus outgoing interest, plus exchange losses on loans but minus exchange gains on loans, as a percentage of average total capital less deductions for short-term interest-free trading debts and that part of the latent tax charge that pertains to untaxed reserves.

## Application of U.S. GAAP

### (AMERICAN ACCOUNTING PRINCIPLES)

The Financial Statements of the Sandvik Group have been drawn up according to the accounting principles set forth above, which differ from American accounting principles in the following – to the Sandvik Group – important respects:

*Deferred tax*

According to Swedish accounting practice, no provisions are set aside for deferred taxes. U.S. principles require the tax pertaining to any given year to be charged in the accounts for that year.

*Writing up assets*

In certain circumstances, Swedish accounting principles permit fixed assets to be written up to values in excess of their historical costs. This in turn affects the depreciation that is charged on the said assets. Such write-ups are not permitted under American accounting principles.

*Capitalization of interest expenses*

American accounting principles require that interest expenses arising in connection with the financing of newly erected fixed assets be capitalized, i.e. posted to the balance sheet as an asset, and depreciated according to schedule, whereas interest expenses incurred in financing the manufacture of products for sale must not be included in the inventory value.

*Pension costs, etc.*

American and Swedish practice for the reporting of pension costs differ mainly in the choice of discounting interest and in the circumstance that the calculation of capital value is based on calculated pay at the time of retirement. Generally speaking, it is a fair surmise that the annual pension cost calculated under the American rules would be less than the annual cost of the Pension Registration Institute plan according to Swedish practice. However, the difference has not been quantified, and it is not included in the following reconciliation.

*Various*

Other areas in which the application of American accounting principles to the Sandvik Group would entail not insignificant differences are the treatment of unrealized exchange gains on loans, long-term receivables and liabilities with a return that is not in line with the market, general reservations, and minority interests.

The application of American accounting principles would entail the following approximate changes as regards the Sandvik Group's reported net profit, earnings per share and equity capital.

(Amounts in SEK m., except where otherwise stated).	1990	1989
Net profit according to the Consolidated Income Statement . . . . .	2,380	2,807
Increase/decrease for		
Deferred tax . . . . .	153	-146
Write-ups . . . . .	5	6
Capitalization of interest expenses . . .	-6	5
Unrealized exchange gains on loans . .	-120	-45
Other adjustments . . . . .	14	-16
Net profit as calculated on American accounting principles, SEK . . . . .	2,426	2,611
Earnings per share as calculated on American accounting principles . . . . .	44:60	48:30
Corresponding figure after full conversion of outstanding convertible loan, SEK . . .	44:40	47:75
Equity capital according to the Consolidated Balance Sheet . . . . .	11,928	9,919
Increase/decrease for		
Deferred tax . . . . .	126	-27
Write-ups . . . . .	-322	-295
Capitalization of interest expenses . . .	46	52
Unrealized exchange gains on loans . .	0	120
Other adjustments . . . . .	130	100
Equity capital as calculated on American accounting principles . . . . .	11,908	9,869
Equity capital per share as calculated on American accounting principles, SEK . .	218:75	181:45



# Notes to the Group's and Parent Company's Accounts

Amounts in SEK million, except where otherwise stated

## NOTE 1. Subordinate companies and Parent Company

The Parent Company's business operations in Sweden are conducted largely through subordinate companies. During 1990 the companies listed below did business under their own names, but solely for the account of the Parent Company. In its Annual Accounts, the Parent Company reports all assets and liabilities and all revenues and outgoings pertaining to the subordinate operations.

The following subordinate companies conducted business in 1990 for the account of the Parent Company: AB Bushman, Guldsmedshytte Bruks AB,

Kapman AB, AB Sandvik Belts, Sandvik Carbide Production AB, AB Sandvik Central Service, AB Sandvik Coromant, Sandvik Coromant Skandinavien AB, AB Sandvik Hand Tools, AB Sandvik Hard Materials, Sandvik Hard Materials Norden AB, AB Sandvik Information Systems, AB Sandvik International, AB Sandvik Metal Saws, AB Sandvik Rock Tools, AB Sandvik Saws and Tools, AB Sandvik Steel, Sandvik Stål Försäljnings AB, Sandvik Sågar och Verktyg Skandinavien AB, Sandvik Windsor AB, AB Sandvik Öberg, AB Swedish Metal Saws.

## NOTE 2. Invoiced sales and Parent Company's purchases

The amounts shown for invoiced sales include "other operating revenues" as follows:

	Group		Parent Company	
	1990	1989	1990	1989
Other operating revenues . . . . .	20	48	166	61

Of the Parent Company's invoiced sales, SEK 4,979m. (5,020), i.e. 70 % (67), went to Group companies. The export share was 83 % (83). Of the Parent Company's purchasing, SEK 281m. (251), i.e. 8 % (8), came from Group companies.

## NOTE 3. Research, development and quality assurance

	Group		Parent Company	
	1990	1989	1990	1989
Costs of				
research and development . . . . .	647	587	448	418
quality assurance . . . . .	230	212	121	103
Totals . . . . .	877	799	569	521

All outlays for research and development and for quality assurance are reported as costs at the time when they arise.

## NOTE 4. Depreciation

GROUP	Goodwill and other intangible assets		Machinery and equipment		Industrial and residential buildings		Site improvements		Total	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
Scheduled depreciation . . . . .	-26	-25	-669	-604	-73	-66	-1	-1	-769	-696
PARENT COMPANY										
	Intangible assets		Machinery and equipment		Industrial and residential buildings		Site improvements		Total	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
Scheduled depreciation . . . . .	-3	-	-259	-233	-13	-22	-1	-1	-276	-256
Depreciation above schedule . . . . .	-	-	-150	-164	-24	-13	-	-	-174	-177
Book depreciation . . . . .	-3	-	-409	-397	-37	-35	-1	-1	-450	-433
whereof against reserves . . . . .	-	-	-366	-371	-33	-24	-	-1	-399	-396

## NOTE 5. Interest received and paid

	Group		Parent Company	
	1990	1989	1990	1989
Interest received, gross . . . . .	814	657	252	261
Correction due to translation differences	-72	-69	-	-
Interest received . . . . .	742	588	252	261
Interest paid on pension liability . . . . .	-151	-105	-125	-86
Other interest paid, gross . . . . .	-390	-467	-82	-139
Correction due to translation differences	+17	+37	-	-
Interest paid . . . . .	-524	-535	-207	-225

Correction due to translation differences refers to the elimination of inflation losses and inflation gains on interest-generating monetary assets and interest-bearing monetary debts in countries with high inflation.

The interest paid by Sandvik Leasing AB in respect of leasing items has been included since the beginning of 1989 among the Group's costs of production, selling and administration.

(Sandvik Leasing AB's interest outgoings amounted in 1990 to SEK -158m. and in 1988 to SEK -143m.)



#### NOTE 6. Exchange differences on loans

Reported under this heading are exchange differences on long-term receivables and liabilities and on loans which in formal terms constitute short-term borrowing but in intent and effect are long-term. Other exchange differences are included in "Costs of production, selling and administration".

	Group		Parent Company	
	1990	1989	1990	1989
Change in unrealized exchange differences on loans . . . . .	45	-	75	-
Exchange differences on loans, realized in connection with amortizations . . . . .	92	-7	71	-7
	137	-7	146	-7

#### NOTE 7. Minority interest. Interest in profits of associated companies

There are significant minority interests in the following companies: Seco Tools AB (minority 38%), Sandvik Asia Ltd. (45%), Barrenas Sandvik Andina S.A. (32%). The Group classifies the following as associated companies: ANSAB AB (voting strength 50%), Avesta Sandvik Tube AB (25%),

Balzars Sandvik Coating AB (49%), Devillé S.A. (35%), Diamant Boart Stratabit S.A. (50%), Eurotungstène Poudre S.A. (49%), Fagersta-Seco AB (31%), Fagersta Stainless AB (50%).

#### NOTE 8. Non-recurring earnings and expenses

	Group		Parent Company	
	1990	1989	1990	1989
Non-recurring earnings				
Capital gain on sale of shares and companies . . . . .	223	293	-	7
Capital gain on transfer of real estate in connection with ownership rectification . . . . .	-	-	386	-
	223	293	386	7
Non-recurring expenses				
Writedown on shares and other participations . . . . .	-62	-77	-18	-16
Capital loss on sale of shares and companies	-	-6	-59	-
Additional subscription to subsidiary companies . . . . .	-	-	-438	-
Sundry items . . . . .	-46	-7	-	-
	-108	-90	-515	-16
Non-recurring items at associated companies				
Capital gain on sale of business sideline . . .	34	-	-	-

During the year the Parent Company put through a rectification in the ownership of real estate whereby it transferred industrial properties to the subsidiary companies AB Sandvik Steel and AB Sandvik Rock Tools, realizing a capital gain in the process. In order to cover once-for-all writedowns to residual values as carried in the Group's books an additional subscription was made to the said subsidiaries.

#### NOTE 9. Bonds and other short-term placements

	Group		Parent Company	
	1990	1989	1990	1989
Bonds . . . . .	990	1,504	757	1,425
Short-term placements . . . . .	2,522	2,589	135	675
Totals . . . . .	3,512	4,093	892	2,100

Over and above the assets and liabilities reported in the Consolidated Balance Sheet the Parent Company had, on the closing date, short-term placements and debts each of SEK 992m. (296), which constitute positions in interest-arbitrage operations and which have been set off against each other.

#### NOTE 10. Blocked accounts for fund allocations

	Group		Parent Company	
	1990	1989	1990	1989
Blocked accounts with the Riksbank for general investment reserves . . . . .	2	23	-	18
Other blocked accounts . . . . .	3	2	-	-
Totals . . . . .	5	25	-	18

#### NOTE 11. Shares and other participations

The Group's and the Parent Company's holdings of shares and other participations at the end of 1990 are set forth in the specification on p. 36.

#### NOTE 12. Other long-term receivables

	Group		Parent Company	
	1990	1989	1990	1989
Advances to suppliers . . . . .	2	3	2	2
Other receivables . . . . .	299	211	131	41
Totals . . . . .	301	214	133	43

#### NOTE 13. Goodwill and other intangible assets

	Group		Parent Company	
	1990	1989	1990	1989
Patents and other intangible assets . . . . .	27	33	9	1
Goodwill . . . . .	63	72	-	-
Totals . . . . .	90	105	9	1



#### NOTE 14. Fixed assets

Machinery, equipment, buildings, land, site improvements and agricultural and forest properties are entered at their net value after scheduled depreciation and after accumulated write-ups not yet written off. Accumulated excess depreciation reported by the individual companies is entered among untaxed reserves under the heading "Accumulated depreciation above schedule".

GROUP	Machinery and equipment		Industrial and residential buildings		Agricultural and forest properties		Land and site improvements	
	1990	1989	1990	1989	1990	1989	1990	1989
Historical cost	9,383	8,755	1,828	1,858	1	1	239	236
Accumulated scheduled depreciation	-4,553	-4,118	-678	-797	-	-	-20	-15
Scheduled remaining values	4,830	4,637	1,150	1,061	1	1	219	221
Accumulated write-ups not yet written off	-	-	114	117	10	10	116	116
Remaining values	4,830	4,637	1,264	1,178	11	11	335	337
Assessed valuations <sup>1</sup>	-	-	874	865	11	11	129	125

<sup>1</sup> The figures apply to the Swedish part of the Group.

The book value of real estate held by foreign subsidiaries amounted to SEK 790m. (754).

PARENT COMPANY	Machinery and equipment		Industrial and residential buildings		Agricultural and forest properties		Land and site improvements	
	1990	1989	1990	1989	1990	1989	1990	1989
Historical cost	3,575	3,258	395	721	1	1	32	40
Accumulated scheduled depreciation	-2,094	-1,910	-161	-352	-	-	-12	-11
Scheduled remaining values	1,481	1,348	234	369	1	1	20	29
Accumulated write-ups not yet written off	-	-	-	117	10	10	40	116
Remaining values	1,481	1,348	234	486	11	11	60	145
Accumulated excess depreciation	-1,413	-1,263	-45	-156	-	-	-13	-17
Book values	68	85	189	330	11	11	47	128
Assessed valuations <sup>2</sup>	-	-	198	810	11	11	44	117

<sup>2</sup> Under current regulations the assessed valuation of industrial buildings includes industrial equipment.

#### NOTE 15. Assets pledged

	Group		Parent Company	
	1990	1989	1990	1989
Real-estate mortgages	714	687	89	89
Chattel mortgages	604	619	433	433
Totals	1,318	1,306	522	522

Additionally, receivables concerning interest-arbitrage deals have been pledged. See Note 9.

#### NOTE 16. Other current liabilities

	Group		Parent Company	
	1990	1989	1990	1989
Advances from customers	67	51	1	1
Other current liabilities	617	644	105	206
Totals	684	695	106	207

#### NOTE 17. Extra-Group loans

	Group		Parent Company	
	1990	1989	1990	1989
Short-term loans				
Euro Commercial Paper and EuroNotes	171	655	171	427
Amortizations due within one year on long-term loans	398	390	278	292
Other short-term loans	903	1,417	-	6
Total short-term loans	1,472	2,462	449	725
Long-term loans				
Bond loans	23	292	14	277
Debenture loans	15	24	-	5
Other loans	1,870	1,980	243	286
Total long-term loans	1,908	2,296	257	568
Totals, all loans	3,380	4,758	706	1,293

#### Loan amortizations

Loan amortizations by the Parent Company, required to accommodate agreed maturities per loan agreement (incl. renewal of short-term borrowings as they fall due), are tabulated below:

	1990	1989
Within one year	449	725
Year 2	147	271
3	98	191
4	7	94
5	2	7
Thereafter	3	5
	706	1,293



NOTE 18. Provision for pensions

	Group		Parent Company	
	1990	1989	1990	1989
For Pension Registration				
Institute pensions	1,140	1,014	1,039	930
For other pensions	270	236	44	43
Totals	1,410	1,250	1,083	973

NOTE 19. Parent Company's accumulated depreciation above schedule

	Machinery and equipment	Industrial and residential buildings	Site improvements	Total
Reported at end of 1989	1,263	156	17	1,436
1990 depreciation above schedule	150	24	—	174
Reversed overdepreciation upon disposal	—	-135	-4	-139
Reported at end of 1990	1,413	45	13	1,471

NOTE 20. Parent Company's other untaxed reserves

	Inventory reserve	General investment reserve	Exchange-rate reserve	Internal-profit reserve	Exchange-risk reserve	Other untaxed reserves
Reported at end of 1989	973	462	—	235	47	27
Applied to investment in machinery and equipment	—	-366	—	—	—	—
industrial and residential buildings	—	-33	—	—	—	—
site improvements	—	—	—	—	—	—
Transferred to subsidiaries	—	-19	—	—	—	—
Net change	-28	-418	75	-21	-10	-13
Reported at end of 1990	945	44	75	214	37	14

NOTE 21. Latent tax charge

	Group		Parent company	
	1990	1989	1990	1989
Latent tax charge in untaxed reserves at Group companies	1,400	1,731	—	—
Minority participation in latent tax charge	67	92	—	—
Reservation for future tax due to deficits at partly owned limited partnerships	456	381	136	116
Latent tax charge in acquired untaxed reserves	54	57	—	—
Totals	1,978	2,261	136	116

NOTE 22. Estimated future taxes

	Group		Parent Company	
	1990	1989	1990	1989
Postponed tax on account of allocation to untaxed reserves at Group companies	-63	-5	—	—
Estimated future tax due to participation in deficits at partly owned limited partnerships	-69	-103	-20	20
Change, due to revised tax rate, in provisions for tax postponed by allocation to untaxed reserves	395	530	—	—
Change in 1989, due to revised tax rate, for estimated future tax due to participation in deficits at partly owned limited partnerships	—	166	—	72
Totals	263	588	-20	92

In the years 1986–1989 Sandvik invested, directly and through partly owned companies, in leasing business concerned with commercial aircraft, trains and ships of both Swedish and foreign manufacture. In 1990 the fiscal authorities challenged a depreciation deduction for 1988, aggregating SEK 184m., that was charged in connection with two of these investments. The cases are currently under consideration by the Stockholm County Administration Court.

Basing itself partly on the opinions of external tax experts, Sandvik has come to the conclusion that there is no need to make provision for any increase in the 1988 tax charge, apart from the provisions already set aside for postponed tax as set forth in the foregoing and in Note 21.

A deduction of SEK 103m. for an operating loss, claimed by a subsidiary company in the tax assessment of 1990, was disallowed by the assessment board. An appeal has been lodged against this decision. It has not been considered necessary to set aside any corresponding tax provision.



## NOTE 23. Change in equity capital

GROUP	Share capital	Restricted reserves	Unrestricted reserves	Translation difference	Group net profit for the year	Total
Reported at end of 1989	1,360	1,206	2,335	1	2,304	7,206
Correction to allow for revised method of accounting for untaxed reserves and associated companies	-	2,581	-371	-	503	2,713
Reported at end 1989 according to new method	1,360	3,787	1,964	1	2,807	9,919
Change to allow for revised translation rates 1990	-	-34	17	-	28	11
Carry-over of 1989 surplus and translation difference	-	-	2,836	-1	-2,835	-
Re-posting of undistributed interest in profits of associated companies	-	46	-46	-	-	-
Other re-postings between unrestricted and restricted reserves	-	622	-622	-	-	-
New issues due to bond conversion	1	2	-	-	-	3
Change due to write-up of fixed assets	-	23	-	-	-	23
Dividend	-	-	-408	-	-	-408
Group net profit 1990	-	-	-	-	2,380	2,380
Reported at end of 1990	1,361	4,446	3,741	-	2,380	11,928

Out of the unrestricted equity capital, reported in the Group Balance Sheet at SEK 6,121m., it is recommended by the boards of the companies that a total of SEK 14m. be appropriated to restricted reserves.

Particulars of share capital and the conversion loan will be found in Note 24 below.

PARENT COMPANY	Share capital	Statutory capital reserve	Retained earnings	Net profit for the year	Total
Reported at end of 1989	1,360	221	957	566	3,104
Carry-over of 1989 surplus	-	-	566	-566	-
Allocation to statutory capital reserve	-	51	-51	-	-
New issues due to conversion	1	2	-	-	3
Dividend	-	-	-408	-	-408
Net profit for 1990	-	-	-	1,076	1,076
Reported at end of 1990	1,361	274	1,064	1,076	3,775

## NOTE 24. Share capital

### SHARE CAPITAL AND NUMBER OF SHARES

	1990	1989
"A" Restricted	41,170,069	41,170,069
"A" Unrestricted	675,094	675,094
"B" Unrestricted	12,591,362	12,551,875
	54,436,525	54,397,038

A restricted share may not be acquired by foreign nationals nor by certain legal persons, as specified in the Articles of Association, that are open to foreign influence. An unrestricted share, on the other hand, may be acquired by anybody. The "A" shares each carry one vote, whereas the "B" shares each carry one-tenth of a vote.

The Sandvik share is quoted on the Stockholm and London ("B" unrestricted) Stock Exchanges. It can also be traded in the U.S. by way of American Depositary Receipts (ADR).

The number of shares entitled to dividend for 1990 works out at 54,436,898. It exceeds the number given above for 31 Dec. 1990 in consequence of conversions during January 1991.

### CONVERTIBLE LOAN

In 1985 the Company took up a convertible debenture loan of SEK 102.8m. at 12% interest. This loan, which was addressed to all the employees of the Sandvik Group, can be converted between 1 March 1988 and 15 March 1992, both dates inclusive. The convertible bonds have a face value of SEK 425 and integral multiples thereof. The conversion price, following the bonus issue and stock split of 1987, is SEK 79:50, and conversion is effected into "B" shares. Conversions to a nominal value of SEK 3.2m., effected during 1990, raised the share capital by SEK 1.0m. and the number of "B" shares by 39,487. Full conversion of the loan would increase the number of "B" shares by 216,522 as compared with the situation on 31 Dec. 1990. The share capital would increase by SEK 5.4m.

Full conversion of outstanding convertible loans would bring the number of shares to 54,653,047.

See also the section dealing with the Sandvik share on p. 46, which covers price movements, data per share, share ownership, etc.

## NOTE 25. Contingent liabilities

	Group		Parent Company	
	1990	1989	1990	1989
Bills discounted	145	141	-	-
Pension commitments over and above those entered under pension liabilities (capitalized value)	13	19	1	1
Other surety undertakings and contingent liabilities	214	236	495	310
Totals	372	396	496	311
whereof for subsidiaries			326	180



# Personnel

## PERSONNEL COSTS, SEK M.

	Group		Parent Company and subordinate companies	
	1990	1989	1990	1989
Wages, salaries and emoluments:				
Directors				
in Sweden	19	18	15	14
outside Sweden	75	70	-	-
Other employees				
in Sweden	1,814	1,700	1,569	1,465
outside Sweden	2,496	2,398	5	4
Totals	4,404	4,186	1,589	1,483
Other personnel costs	1,687	1,560	861	787
Employee bonus (incl. social-welfare expenses)	12	60	12	60
Totals	6,103	5,806	2,462	2,330

## AVERAGE NUMBER OF EMPLOYEES

	Group		Parent Company and subordinate companies	
	1990	1989	1990	1989
In Sweden				
Women	2,355	2,371	1,882	1,904
Men	8,168	8,323	7,207	7,325
Totals in Sweden	10,523	10,694	9,089	9,229
Outside Sweden				
Women	2,790	2,838	16	14
Men	13,060	13,349	38	34
Totals outside Sweden	15,850	16,187	54	48
Totals	26,373	26,881	9,143	9,277

## AVERAGE NUMBER OF EMPLOYEES<sup>1</sup> OUTSIDE SWEDEN BROKEN DOWN BY COUNTRIES

	Number of employees					
	1990			1989		
	Women	Men	Total	Women	Men	Total
The Parent Company and subordinate companies						
Bulgaria	3	2	5	3	2	5
China	2	7	9	2	8	10
Hungary	3	4	7	2	4	6
Pakistan	1	5	6	1	5	6
Poland	1	4	5	1	3	4
Soviet Union	2	6	8	2	5	7
Yugoslavia	1	4	5	1	3	4
Other countries <sup>2</sup>	3	6	9	3	4	7
Outside Sweden, totals	16	38	54	15	34	49
The Group outside Sweden						
Argentina	11	125	136	11	131	142
Australia	91	404	495	96	428	524
Austria	44	79	123	43	78	121
Belgium	15	73	88	15	73	88
Brazil	182	839	1,021	203	936	1,139
Bulgaria	3	2	5	3	2	5
Canada	62	332	394	63	339	402
Chile	9	53	62	7	43	50
China	2	7	9	2	8	10
Colombia	19	38	57	18	37	55
Denmark	89	224	313	92	233	325
Finland	45	100	145	33	75	108
France	270	1,262	1,532	269	1,259	1,528
Germany	242	956	1,198	227	900	1,127
Haiti	1	14	15	3	40	43
Hongkong	6	11	17	6	10	16
Hungary	3	4	7	2	4	6
India	21	1,179	1,200	21	1,186	1,207
Ireland	4	5	9	4	5	9
Italy	191	669	860	198	692	890
Japan	56	396	452	55	388	443
Kenya	4	11	15	4	11	15
Korea	17	59	76	14	48	62
Malaysia	11	23	34	11	23	34
Mexico	75	297	372	91	360	451
Netherlands	26	157	183	26	158	184
New Zealand	8	28	36	8	26	34
Norway	12	57	69	10	47	57
Pakistan	1	5	6	1	5	6
Peru	9	49	58	8	44	52
Philippines	11	27	38	10	24	34
Poland	2	5	7	2	4	6
Portugal	52	161	213	51	158	209
Singapore	31	33	64	34	36	70
South Africa	69	456	525	69	457	526
Soviet Union	2	6	8	2	5	7
Spain	58	320	378	58	321	379
Switzerland	51	98	149	51	99	150
Taiwan	57	87	144	56	86	142
Thailand	4	11	15	3	8	11
Turkey	3	9	12	3	8	11
United Kingdom	275	1,700	1,975	284	1,760	2,044
United States	616	2,512	3,128	647	2,641	3,288
Venezuela	5	24	29	5	25	30
Yugoslavia	1	4	5	1	3	4
Zambia	4	41	45	4	42	46
Zimbabwe	7	41	48	7	41	48
Other countries <sup>2</sup>	1	6	7	1	4	5
	2,778	12,999	15,777	2,832	13,311	16,143

<sup>1</sup> The average number of employees as given here is the average of the number on 31 Dec. 1990 and the number on 31 Dec. 1989. The average number of employees stated in the foregoing table and in the Report of the Directors is based on counts taken at several points in time during the year.

<sup>2</sup> Countries with an average lower than five.

Wages, salaries and emoluments outside Sweden have been converted to Swedish kronor using the mean exchange rate for the year. The statutory specification of the average number of employees per commune in Sweden and wages and salaries per country outside Sweden has been sent to the National Swedish Patent and Registration Office. This specification is available from Sandvik's Head Office in Sandviken.



# Shareholdings

SANDVIK AB's HOLDINGS OF SHARES AND PARTICIPATIONS IN SUBSIDIARY COMPANIES		Number of shares	Percentage holding	Nominal value local currency unit '000	Nominal value SEK '000	Book value SEK '000
According to the Balance Sheet of 31 Dec. 1990						
SWEDEN	AB Bushman <sup>1</sup> .....	500	100	SEK 50	50	50
	Edmeston AB .....	40,000	100	SEK 4,000	4,000	3,000
	Guldsmedshytte Bruks AB <sup>1</sup> .....	500	100	SEK 50	50	–
	Gusab Holding AB .....	1,830,884	100	SEK 45,772	45,772	50,285
	Kapman AB <sup>1</sup> .....	80,000	100	SEK 8,000	8,000	–
	Metals & Powders Trollhättan AB .....	30,000	100	SEK 3,000	3,000	10,000
	Sandvik Automation Skandinavien AB .....	500	100	SEK 50	50	50
	AB Sandvik Belts <sup>1</sup> .....	500	100	SEK 50	50	50
	Sandvik Carbide Production AB <sup>1</sup> .....	500	100	SEK 50	50	50
	AB Sandvik Central Service <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Coromant <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Coromant Skandinavien AB <sup>1</sup> .....	500	100	SEK 50	50	50
	AB Sandvik Duvan .....	500	100	SEK 50	50	50
	AB Sandvik Falken .....	500	100	SEK 50	50	50
	Sandvik Far East Ltd. AB .....	10,000	100	SEK 10,000	10,000	10,000
	Sandvik Fastighetsförvaltning AB .....	500	100	SEK 50	50	–
	AB Sandvik Hand Tools <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Hard Materials <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Hard Materials Norden AB <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Information Systems <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik International <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Invest AB .....	1,772,068	100	SEK 44,302	44,302	163,419
	Sandvik Leasing AB .....	500,000	100	SEK 50,000	50,000	49,950
	AB Sandvik Luftfartsintressenter .....	500	100	SEK 50	50	50
	AB Sandvik Metal Saws <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Process Systems .....	25,000	100	SEK 2,500	2,500	2,500
	AB Sandvik Rock Tools <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Rock Tools Skandinavien AB .....	500	100	SEK 50	50	–
	AB Sandvik Saws and Tools <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Steel <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Stål Försäljnings AB <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Svalan .....	500	100	SEK 50	50	50
	Sandvik Sågar och Verktyg Skandinavien AB <sup>1</sup> .....	500	100	SEK 50	50	–
	AB Sandvik Tranan .....	500	100	SEK 50	50	50
	Sandvik Windsor AB <sup>1</sup> .....	50,000	100	SEK 5,000	5,000	8,900
	AB Sandvik Öberg <sup>1</sup> .....	500	100	SEK 50	50	–
	Sandvik Örebro AB .....	50,000	100	SEK 5,000	5,000	5,000
	AB Sandvik Örnen .....	500	100	SEK 50	50	50
	Sandvikens Brukspersonals Byggnadsförening upa .....	–	100	SEK 2,941	2,941	–
	Seco Tools AB <sup>2</sup> .....	92,000	0.3	SEK 230	230	1,306
	Steebide International AB .....	15,000	100	SEK 1,500	1,500	1,000
	AB Swedish Metal Saws <sup>1</sup> .....	500	100	SEK 50	50	50
	Trellbo AB .....	500	100	SEK 50	50	–
	Dormant companies, wholly owned <sup>3</sup> .....	–	–	SEK 1,360	1,360	700
ARGENTINA	Sandvik Argentina S.A.C. e I. ....	15,000,000	100	ARA 150,000	150	5,000
BRAZIL	Sandvik do Brasil S.A. ....	34,756,036	100	BRE 278,048	11,122	46,072
CANADA	Sandco Ltd. ....	205	100	CAD 2	10	–
COLOMBIA	Sandvik Colombia S.A. ....	129,007	94 <sup>4</sup>	COP 129,007	1,213	–
COSTA RICA	Sandvik Centroamérica S.A. ....	330	100	CRC 330	17	–
GERMANY	Sandvik GmbH. ....	–	0.9 <sup>4</sup>	DEM 400	1,500	1,486
INDIA	Sandvik Asia Ltd. ....	316,800	55	INR 31,680	9,849	5,500
JAPAN	Sandvik K.K. ....	2,600,000	100	JPY 2,600,000	109,070	130,000
KENYA	Sandvik Kenya Ltd. ....	35,000	96	KES 700	179	–
KOREA	Sandvik Korea Ltd. ....	405,730	100	KRW 4,057,300	32,050	30,000
MEXICO	Sandvik México S.A. de C.V. ....	340,590,374	89 <sup>4</sup>	MXP 34,059,037	64,712	74,800
MOROCCO	Sandvik Maroc S.A. ....	940	94	MAD 94	70	–
NETHERLANDS	Sandvik Nederland B.V. ....	20,000	100	NLG 7,000	23,254	10,000
	Sandvik Finance B.V. ....	18,392	100	NLG 18,392	57,118	3,428,852
PERU	Sandvik del Perú S.A. ....	911,285,389	100	PEI 911,285	91	–
	Barrenas Sandvik Andina S.A. ....	3,756,416	68	PEI 3,756,416	376	2,200
PORTUGAL	Sandvik Portuguesa Lda. ....	–	100	PTE 99,800	4,150	8,300
	Sandvik Obergue-Limas e Mecânica, Lda. ....	–	100	PTE 99,995	4,186	8,770
SINGAPORE	Sandvik South East Asia Pte Ltd. ....	1,794,795	40 <sup>4</sup>	SGD 1,795	5,870	5,786



SANDVIK AB's HOLDINGS OF SHARES AND PARTICIPATIONS IN SUBSIDIARY COMPANIES		Number of shares	Percentage holding	Nominal value local currency unit '000	Nominal value SEK '000	Book value SEK '000
According to the Balance Sheet of 31 Dec. 1990						
SPAIN	Minas y Metalurgia Española S.A. ....	59,999	50 <sup>4</sup>	ESP	59,999	3,700
SWITZERLAND	Sanfinanz AG .....	997	100	CHF	199	735
THAILAND	Sandvik Thailand Ltd. ....	744	99	THB	504	-
TURKEY	Sandvik Istanbul Ticaret Ltd. Şti .....	-	100	TRL	14,925	29
U.K.	Madison Tools Ltd. ....	274,999	100	GBP	275	6,000
VENEZUELA	Sandvik Venezuela C.A. ....	6,250	100	VEB	6,250	-
ZAMBIA	Sandvik (Zambia) Ltd. ....	4,499,999	100	ZMK	10,000	-
ZIMBABWE	Sandvik (Pvt) Ltd. ....	233,677	100	ZWD	467	3,269
						4,077,130

<sup>1</sup> Subordinate company

<sup>2</sup> A further 61.6% is held by other Group companies. Seco Tools has subsidiaries in 15 countries

<sup>3</sup> A specification of dormant companies is available from Sandvik's Head Office in Sandviken

<sup>4</sup> Remaining shares are held by other Group companies

#### CHANGE IN BOOK VALUE OF SHARES AND PARTICIPATIONS IN SUBSIDIARIES, SEK '000

Reported at end of 1989	4,029,329
Acquisitions .....	6,502
New issues .....	224,964
Divestitures .....	-183,665
Reported at end of 1990	4,077,130

Certain write-ups and writedowns, which cancel each other out, have been applied within the item "Shares and participations in subsidiaries".

#### SANDVIK AB's SHARES AND PARTICIPATIONS IN OTHER COMPANIES

According to the Balance Sheet of 31 Dec. 1990		Number of shares	Percentage holding	Nominal value local currency unit '000	Nominal value SEK '000	Book value SEK '000
ASSOCIATED COMPANIES						
SWEDEN	ANSAB AB .....	5,000	50	SEK	500	500
	Balzars Sandvik Coating AB .....	28,420	49	SEK	2,842	3,416
FRANCE	Eurotungstène Poudre S.A. ....	112,353	49	FRF	11,235	7,737
	Devillé S.A. ....	14,000	35	FRF	1,204	7,216
						18,869
OTHER COMPANIES						
	ABB-Cerama AB .....	1,585	12	SEK	793	2,048
	AB Bahco <sup>2</sup> .....	1,069,402	10	SEK	26,735	436,370
	Bruksinvest AB .....	24,000	15	SEK	2,400	15,000
	Fastighetspartner AB .....	20,000	4	SEK	2,000	5,500
	Nemo Offshore AB & Co KB <sup>1</sup> .....					74
	Nord Bay KB <sup>1</sup> .....					16,112
	Prevas AB .....	20,000	20	SEK	200	1,797
	AB Programator <sup>2</sup> .....	1,000,000	7	SEK	5,000	75,750
	Rolltech International AB .....	250	50	SEK	25	-
	Svenska Charterintressenter AB .....	330	33	SEK	17	142
	Svenska Charterintressenter KB <sup>1</sup> .....					14,982
	Stena Danicas Intressenter KB <sup>1</sup> .....					19,550
	Swedish Aircraft ONE KB <sup>1</sup> .....					19,439
	Swedish Airlease KB <sup>1</sup> .....					12,740
	WO Tools-PP-Corun .....		30		18,926	18,926
	Miscellaneous .....					2,788
						641,218
<b>TOTAL</b>						660,087

<sup>1</sup> Sandvik AB is a limited partner

<sup>2</sup> This shareholding is of long-term strategic significance, for which reason no writedown has been applied, notwithstanding the fact that the book value exceeds the market value.

#### CHANGE IN BOOK VALUE OF SHARES AND PARTICIPATIONS IN ASSOCIATED AND OTHER COMPANIES, SEK '000

Reported at end of 1989	340,614
Acquisitions .....	437,312
Divestitures .....	-95,630
Writedowns .....	-18,011
Repayment of capital .....	-4,198
Reported at end of 1990	660,087

The writedowns were charged against the year's results and are entered under the heading "Non-recurring expenses".



THE GROUP'S SHAREHOLDINGS		Number	Percentage	Nominal value	Nominal	Book
According to the Balance Sheet of 31 Dec. 1990		of shares	holding	local currency	value	value
				unit '000	SEK '000	SEK '000
<b>ASSOCIATED COMPANIES</b>						
SWEDEN	Avesta Sandvik Tube AB .....	150,000	25	SEK	15,000	30,460
	Fagersta Stainless AB .....	400,000	50	SEK	40,000	40,000
	Fagersta-Seco AB .....	5,000	50	SEK	500	500
BELGIUM	Diamant Boart Stratabit S.A. ....	574,575	50	BEC	574,575	95,513
						166,473
<b>OTHER COMPANIES</b>						
SWEDEN	Other shares and participations .....					110,267
OTHER COUNTRIES	Other shares and participations .....					81,127
						191,394
						357,867
						660,087
						1,017,954
						-185,342
						832,612
						110,267
						81,127
						191,394
						357,867
						660,087
						1,017,954
						-185,342
						832,612

<sup>1</sup> The Sandvik companies are involved as limited partners.

#### SHARES IN SIGNIFICANT OPERATIVE GROUP COMPANIES OWNED INDIRECTLY BY SANDVIK AB AT 31 DEC. 1990

		Group holding, %			Group holding, %
SWEDEN	Gusab Stainless AB .....	100	ITALY	Sandvik Italia S.p.A. ....	100
AUSTRALIA	Sandvik Australia Pty. Ltd. ....	100		Sandvik Process Systems S.p.A. ....	100
	Sandvik Hard Materials Pty. Ltd. ....	100	JAPAN	Sandvik Saws and Tools K.K. ....	100
AUSTRIA	Gusab AWS Ges.m.b.H. ....	80	LUXEMBOURG	Sansafe S.A. ....	100
	Sandvik in Austria Ges.m.b.H. ....	100	MALAYSIA	Sandvik Malaysia Sdn. Bhd. ....	100
	Sandvik Process Systems Ges.m.b.H. ....	100	MEXICO	Sandvik de México S.A. de C.V. ....	100
BELGIUM	Sandvik S.A. (Belgium) N.V. ....	100		Tungstemex S.A. de C.V. ....	100
CANADA	Sandvik Canada Inc. ....	100	NETHERLANDS	Sandvik Process Systems B.V. ....	100
CHILE	Sandvik Chile S.A. ....	100	NEW ZEALAND	Sandvik New Zealand Ltd. ....	100
DENMARK	A/S Sandviken .....	100	NORWAY	Sandvik Norge A/S. ....	100
	Danit A/S .....	100		Sandvik Rock Tools A/S .....	100
FINLAND	Suomen Sandvik Oy. ....	100		Stavangerbor A/S .....	95
	Viialan Viila Oy. ....	100	PHILIPPINES	Sandvik Philippines Inc. ....	100
FRANCE	CERMEP S.A. ....	51	SOUTH AFRICA	Sandvik (Pty) Ltd. ....	100
	Frodistri S.A. ....	100	SPAIN	Sandvik Española S.A. ....	100
	Le Burin S.A. ....	100	SWITZERLAND	Sandvik AG .....	100
	Morgon S.A. ....	100		Santrade Ltd. ....	100
	Safety S.A. ....	100	TAIWAN	Sandvik Taiwan Ltd. ....	100
	Sandvik Aciers S.N.C. ....	100		Titan (Taiwan) Pty. Ltd. ....	100
	Sandvik Coromant S.N.C. ....	100	THAILAND	Svenska Trading Co. Ltd. ....	49
	Sandvik Hard Materials S.A. ....	100	U.K.	Osprey Metals Ltd. ....	100
	Sandvik Outillage S.N.C. ....	100		Sandvik Band Saws Ltd. ....	100
	Sandvik Process Systems S.A. ....	100		Sandvik Hard Materials Ltd. ....	100
	Sandvik Rock Tools S.N.C. ....	100		Sandvik Ltd. ....	100
	Sandvik S.A. ....	100		Sandvik Rock Tools Ltd. ....	100
	Sandvik Tobler S.A. ....	100		Sandvik Process Systems Ltd. ....	100
	Ugicarb S.N.C. ....	100		Sterling Tubes Ltd. ....	100
GERMANY	Gusab Federdraht Vertriebs GmbH .....	100	U.S.A.	Sandvik Inc. ....	100
	Sandvik Automation GmbH. ....	100		Sandvik Latin America Inc. ....	100
	Sandvik Hard Materials GmbH .....	100		Sandvik Process Systems Inc. ....	100
	Sandvik Kosta GmbH. ....	100		Sandvik Rhenium Alloys Inc. ....	100
	Sandvik Process Systems GmbH .....	100		Sandvik Rock Tools Inc. ....	100
HAITI	Windsor Caribe S.A. ....	100		Sandvik Special Metals Corp. ....	100
HONGKONG	Sandvik Hongkong Ltd. ....	100		Sandvik Windsor Corp. ....	100
IRELAND	Sandvik Ireland Ltd. ....	100			



# Appropriation of Profits

## RECOMMENDED APPROPRIATION OF PROFITS

The Board and the President recommend that	
the surplus brought forward from the previous year .....	1,063,650,161
together with the profit for 1990 .....	<u>1,075,656,084</u>
	SEK 2,139,306,245

be appropriated as follows:

a dividend of SEK 8:50 per share .....	462,713,633
carried forward to the next account .....	<u>1,676,592,612</u>
	SEK 2,139,306,245

Sandviken, 7 March 1991

Percy Barnevik  
Chairman

Bo Boström

Lars-Ove Håkansson

Göran Lindstedt

Lars Malmros

Hans-Eric Ovin

Sven Ågrup

Per-Olof Eriksson  
President

Our Audit Report was submitted on 27 March 1991

Bo Fridman  
Authorized Public Accountant

Nils-Axel Frisk

# Audit Report

## TO THE SHAREHOLDERS OF SANDVIK AKTIEBOLAG

We have examined the Annual Report and the Company's and the Group's statements of account and their bookkeeping documents, and have reviewed the administration of the Company's affairs by the Board and the President during the year 1990. Our examination has been conducted in accordance with recognized auditing practice.

### THE PARENT COMPANY

The statements of account have been drawn up in accordance with the Companies Act.

We recommend

that the Income Statement and the Balance Sheet be adopted,

that the surplus be applied as proposed in the Directors' Report, and

that the conduct of the Company's affairs by the Board and the President during the fiscal year be approved.

### THE GROUP

The consolidated statements of account have been prepared in conformity with the Companies Act.

We recommend that the Consolidated Income Statement and the Consolidated Balance Sheet be adopted.

Sandviken, 27 March 1991

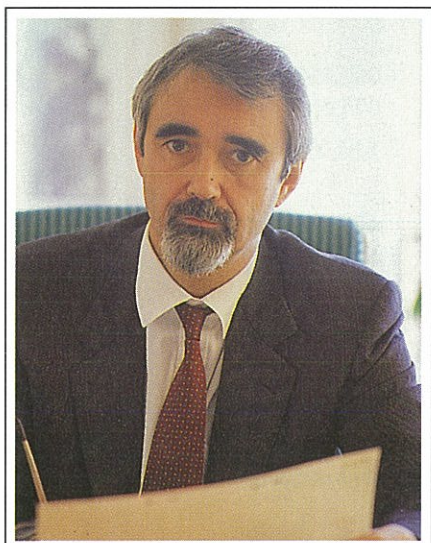
Bo Fridman  
Authorized Public Accountant

Nils-Axel Frisk

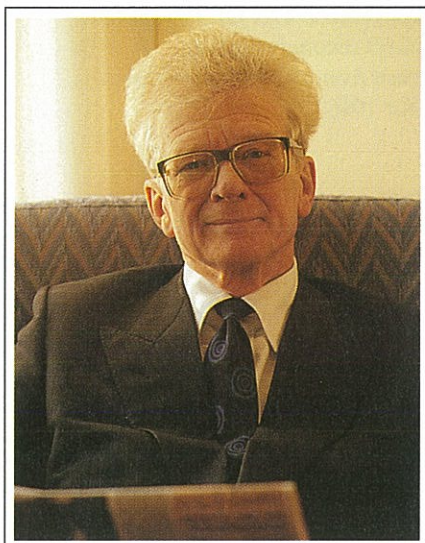


# Directors and Auditors

## BOARD OF DIRECTORS



Percy Barnevik, Chairman, Zurich, b. 1941.  
President and Chief Executive Officer of  
ABB Asea Brown Boveri Ltd.  
Director of Fläkt AB, Skanska AB and  
Förvaltnings AB Providentia.  
Director of Sandvik AB since 1983.  
Sandvik shares: 10,000



Lars Malmros, Hon. Doctor of Technology,  
Deurle, Belgium, b. 1927.  
President of Techman NV, Deurle, Belgium.  
Chairman of the Board of the Swedish Institute  
of Production Engineering Research.  
Director of Perstorp AB, ASG AB, VME  
Group NV, IBEL, Antwerp, and BBL, Ghent.  
Director of Sandvik AB since 1983.



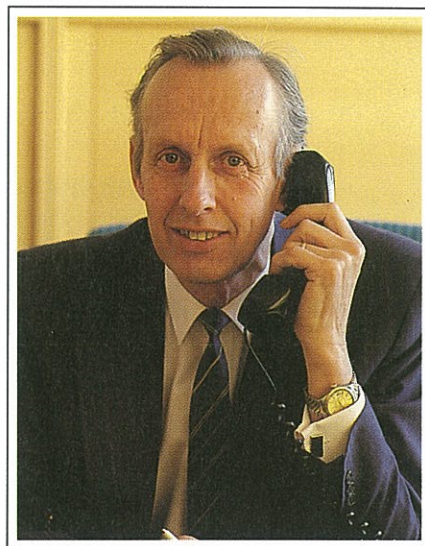
Sven Ågrup, Lidingö, b. 1930.  
Chairman of the Board of AGA AB.  
Director of AB Volvo,  
Telefon AB L M Ericsson,  
Handelsbanken, Nobel Industrier  
Sverige AB and Gamlestad AB.  
Director of Sandvik AB since 1983.  
Sandvik shares: 2,000



Lars-Ove Håkansson, Danderyd, b. 1937.  
President and Chief Executive Officer of  
Skanska AB.  
Chairman of the Board of J M Byggnads och  
Fastighets AB.  
Deputy Chairman of the Board of Industri AB  
Euroc.  
Director of Skanska AB, Banister Continental  
Ltd., Canada, Graningeverkens AB, Handelsban-  
ken, Investment AB Cardo, Selmer Sande  
Entreprenør A/S, Norway, Stockholms Läns  
Stadshypoteksförening (deputy).  
Director of Sandvik AB since 1989.

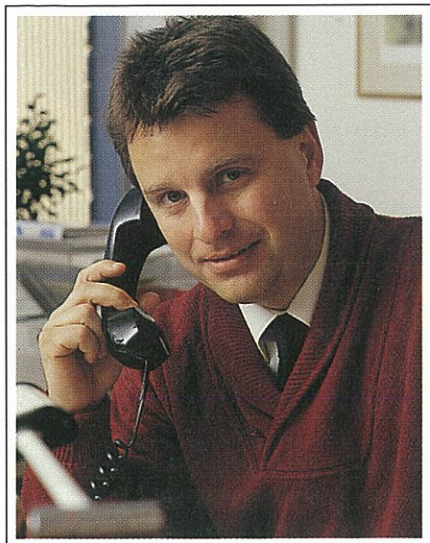


Hans-Eric Ovin, Malmö, b. 1928.  
Chairman of the Boards of Bra Böcker AB, Scan  
Coin AB and Stena AB.  
Director of AGA AB, AB Enterprise, Stena Metall  
AB and AB Volvo Penta.  
Director of Sandvik AB since 1976.

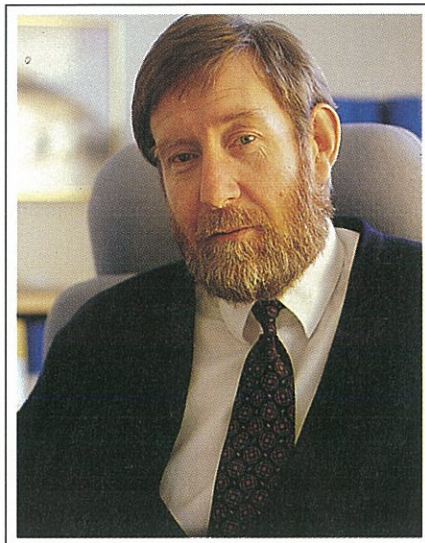


Per-Olof Eriksson, Sandviken, b. 1938.  
President and Chief Executive Officer of  
Sandvik AB.  
Director of the Federation of Swedish  
Industries, Handelsbanken, SSAB Svenskt Stål  
AB and AB SKF.  
Director of Sandvik AB since 1984.  
Sandvik shares: 4,300, and convertible deben-  
tures corresponding to a further 26,408





Bo Boström, Åshammar, b. 1949.  
Chairman, AB Sandvik Steel  
Union Committee, Metal Workers' Union,  
Sandviken.  
Director of Sandvik AB since 1988.  
(Employee representative)



Göran Lindstedt, Sandviken, b. 1942.  
Deputy Chairman, Sandvik AB Union Commit-  
tee, Industrial Salaried Employees' Association.  
Director of Sandvik AB since 1989.  
(Employee representative)  
Sandvik shares: 70

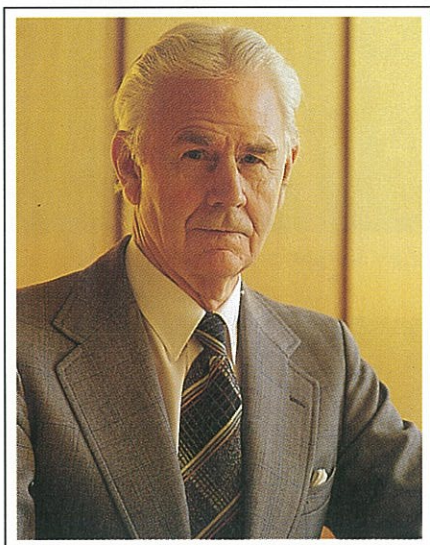
**AUDITORS**

Bo Fridman, Stockholm,  
Authorized Public Accountant  
Nils-Axel Frisk, Stockholm

*Deputies*

Magnus Schiller, Stockholm  
Bernhard Öhrn, Stockholm,  
Authorized Public Accountant

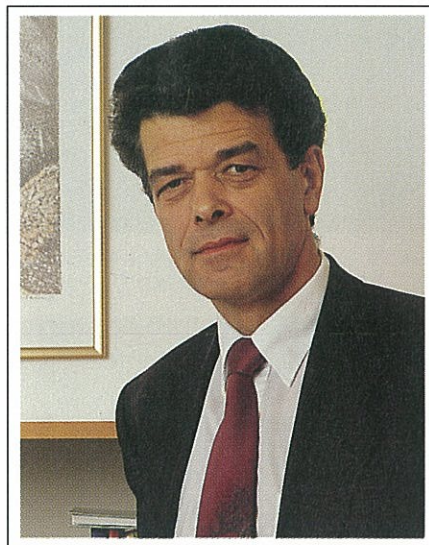
**DEPUTY MEMBERS**



Lennart Ollén, Sandviken, b. 1921.  
Director of Sandvik AB since 1979.



Eino Honkamäki, Gimo, b. 1943.  
Director of Sandvik AB since 1974.  
(Employee representative)  
Sandvik shares: 698



Stig Lennart Nyström, Sandviken, b. 1944.  
Chairman, Sandvik AB Union Committee,  
Foremen's and Supervisors' Association.  
Director of Sandvik AB since 1986.  
(Employee representative)  
Sandvik shares: 498



# Group Executive Management, Group Staffs and Service Companies



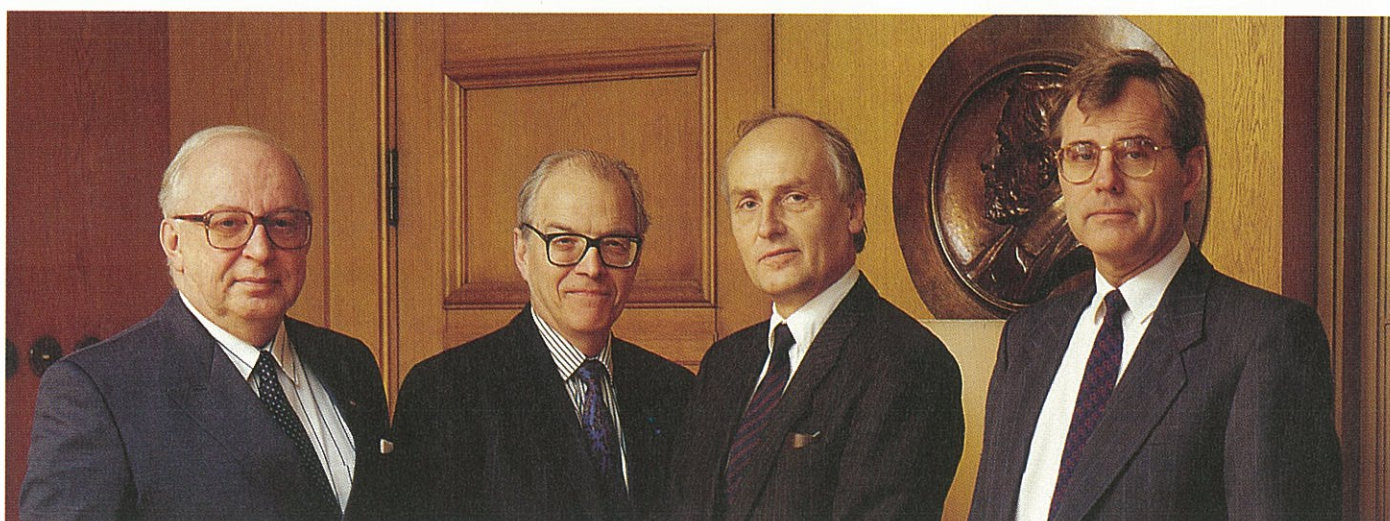
*Lars Östholm (left) and Ebbe Bengtsson, Executive Vice Presidents.*



*(Left to right:) Börje Andréasson, President, AB Sandvik Central Service and Peter Lundh, President, AB Sandvik Information Systems.*



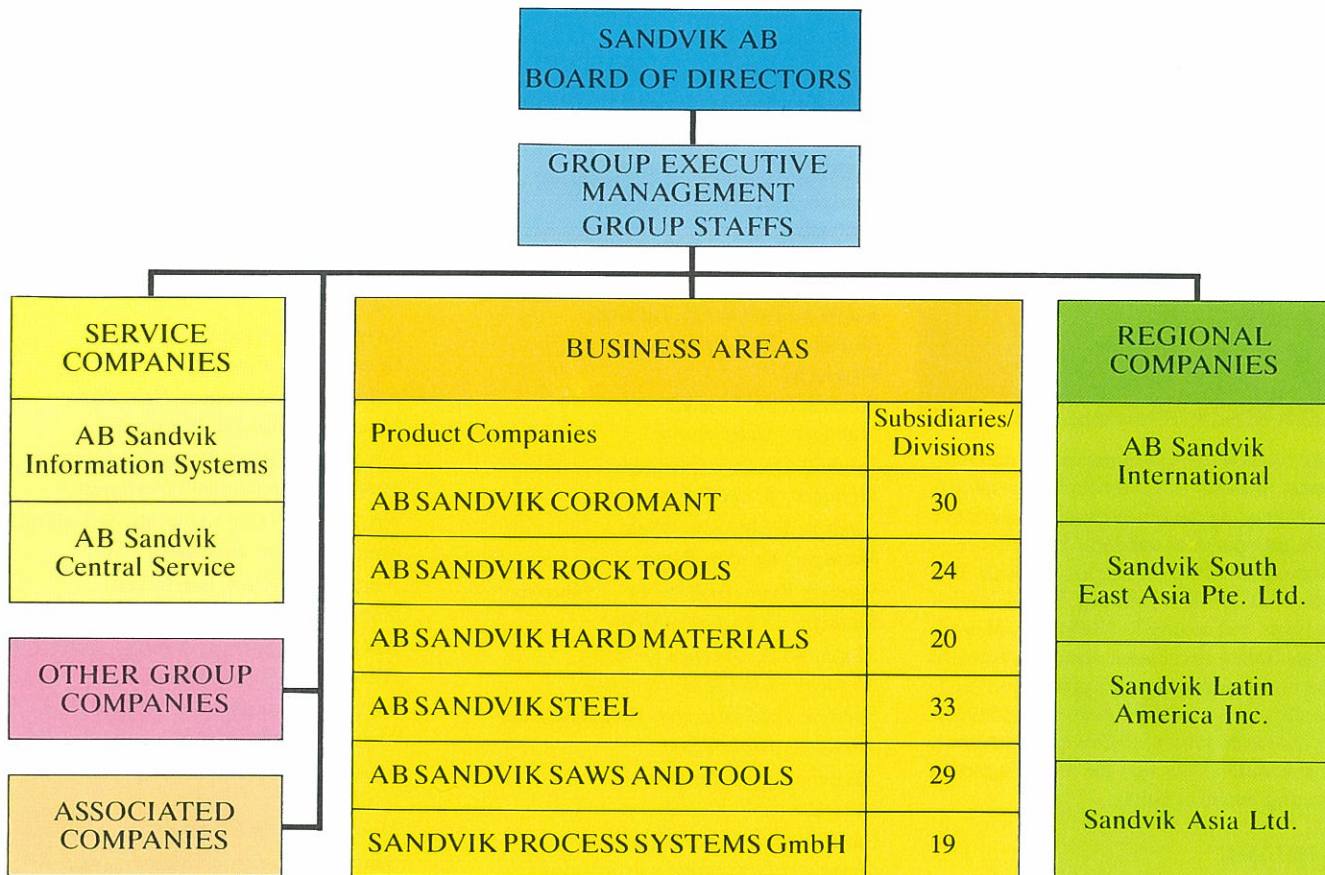
*(Left to right:) Anders Vrethem, Group Staff Controller; Lennart Höög, Personnel; Carl Martinsson, Auditing; Stig Åhlander, Taxes and Risk Management; Olle Cederlund, Finance.*



*(Left to right:) Carl Lindberg, Group Staff Public Affairs; Bertil Aronsson, Research and Development; Malcolm Falkman, Legal Affairs; Björn Jonson, Market Communication.*



# Organization



## BUSINESS AREAS

The basis of the Sandvik organization is provided by six separate business areas that answer for the development, production and sale of the Group's products. Each business area is handled by a product company. In each major market the product company maintains a subsidiary of its own or has a division of a conjoint Sandvik company.

## REGIONAL COMPANIES

Outside the main markets, Sandvik's products are marketed by four regional companies:

*AB Sandvik International*, headquartered in Sandviken, is responsible for marketing in the Soviet Union, Eastern Europe, the People's Republic of China, the Middle East, and Africa apart from South Africa. It is also in charge of the selling and erection of construction projects, meaning turnkey factories and so on, within its market area. *Sandvik Latin America, Inc.*, located in Miami, U.S.A., is responsible for our marketing in Latin America other than Mexico, Argentina and Brazil. Operations within this region are conducted to a large extent through local subsidiary companies.

*Sandvik South East Asia Pte. Ltd.*, which has its head office in Singapore, sees to the marketing of the Group's products in South East Asia through local subsidiary companies and agents.

*Sandvik Asia Ltd.*, Poona, India, develops, produces and markets cemented-carbide products in India, Sri Lanka, Bhutan and Nepal through its own sales offices and agents.

## SERVICE COMPANIES

There are two special companies, each responsible for its own profits, that provide the Group with conjoint services. Their biggest customers are the Sandvik units within Sweden, but they also sell their services to subsidiary companies outside Sweden and to external customers.

*AB Sandvik Central Service* is mainly active in the areas of logistics, personnel, accounting, real-estate management, and information and advertising.

*AB Sandvik Information Systems* provides services in the areas of systems development, computer technology, data processing, telecommunications, data communications and computer training.

## OTHER UNITS

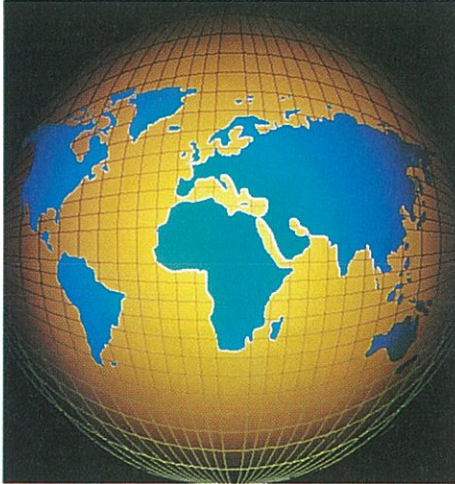
Sandvik's organization also embraces a number of associated companies whose activities for the most part pertain to one of the business areas.

The term "Other Group Companies" covers companies or groups of companies which are under the direction of the Group Executive Management and have market strategies distinct from those of the six business areas.

Sandvik's Board of Directors, Group Executive Management, Group Staff Managers and Service Company Presidents are presented on pages 40-42.



# Business Units



Being close to the customer is an important element in Sandvik's philosophy. Local service, backed by the resources and experience of the international concern, is available to customers in fifty countries through one hundred and sixty companies. To ensure that customers will receive fast deliveries of products according to national standard, many of these units have their own production facilities. In some countries, domestic manufacture is a precondition of staying in business. The schedule below lists the more important operating business units.

## EUROPE

### AUSTRIA

Sandvik in Austria Ges.m.b.H., Vienna  
*Manager: Helmut Stix*

Sandvik Process Systems Ges.m.b.H., Vienna  
*Manager: Otto Weinhold*

### BELGIUM

Sandvik S.A. (Belgium) N.V., Brussels  
*Manager: Georges Verhoeven*

### BULGARIA

AB Sandvik International  
Representative Office, Sofia  
*Manager: Miroslav Markov*

### CZECHOSLOVAKIA

Sandvik Czechoslovakia Ltd., Prague  
*Manager: Otto Kames*

### DENMARK

A/S Sandviken, Copenhagen  
*Manager: Jens Aage Jensen*  
Sandvik Danit A/S, Espergaerde  
*Manager: Roland Setterberg*

### FEDERAL REPUBLIC OF GERMANY

Sandvik GmbH, Düsseldorf  
*Manager: Johan Sörensen*

Sandvik Coromant, Düsseldorf  
*Manager: Johan Sörensen*

Sandvik Automation GmbH, Viernheim  
*Manager: Arne Cederqvist*

Sandvik Kosta GmbH, Renningen  
*Manager: Johann Taps*

Sandvik Rock Tools, Düsseldorf  
*Manager: Ulrich Fezer*

Sandvik Hard Materials GmbH, Cologne  
*Manager: Manfred Winterhager*

Sandvik Steel, Düsseldorf  
*Manager: Roland Grosse*

Sandvik Saws and Tools, Düsseldorf  
*Manager: Frank Schweitzer*

Sandvik Process Systems GmbH, Fellbach  
*Manager: Håkan Olofsson*

### FINLAND

Suomen Sandvik Oy, Helsinki  
*Manager: Erik Nylund*

### FRANCE

Sandvik S.A., Orléans  
*Manager: André Baron*

Sandvik Coromant, Orléans  
*Manager: André Baron*

Sandvik Tobler S.A., Paris  
*Manager: Corado Ponta*

Sandvik Rock Tools S.N.C., Nanterre  
*Manager: Jean-Louis Meyer*

Morgon S.A., Bourg-en-Bresse  
*Manager: Claude Morgenthaler*

Sandvik Hard Materials S.A., Epinouze  
*Manager: Hans Gass*

Sandvik Aciers, Orléans  
*Manager: Udo Vogt*

Sandvik Outillage, Orléans  
*Manager: Dominique van Straelen*

Sandvik Process Systems S.A., Paris  
*Manager: Jean Benko*

### HUNGARY

Sandvik in Hungary Kft, Budapest  
*Manager: Johann Sulak*

### IRELAND

Sandvik Ireland Limited, Dublin  
*Manager: H. William Beck*

### ITALY

Sandvik Italia S.p.A., Milan  
*Manager: Jan Eric Sandgren*

Sandvik Process Systems S.p.A., Milan  
*Manager: Pier Giorgio Bottacin*

### NETHERLANDS

Sandvik Nederland B.V., Schiedam  
*Manager: Louis Cuppens*

Sandvik Process Systems B.V., Raamsdonksveer  
*Manager: Antoine Sluysmans*

### NORWAY

Sandvik Norge A/S, Oslo  
*Manager: Jon Ambur*

Sandvik Rock Tools A/S, Oslo  
*Manager: Hans Lundström*

### POLAND

Sandvik Biuro w Warszawie, Warsaw  
*Manager: Boguslaw Swiecki*

### PORTUGAL

Sandvik Portuguesa Lda, Lisbon  
*Manager: Berndt Wijkander*

### ROMANIA

AB Sandvik International  
Representative Office, Bucharest  
*Manager: Edith Neuhardt*

### SOVIET UNION

Sandvik Moscow  
Representative Office, Moscow  
*Manager: Sven-Erik Bredenberg*

### SPAIN

Sandvik Española S.A., Madrid  
*Manager: Björn von Malmberg*

### SWEDEN

Sandvik AB, Sandviken  
*Group CEO: Per-Olof Eriksson*

AB Sandvik Coromant, Sandviken  
*Manager: Clas Åke Hedström*

AB Sandvik Rock Tools, Sandviken  
*Manager: Lars-Anders Nordqvist*

AB Sandvik Hard Materials, Stockholm  
*Manager: Lars Wahlqvist*

AB Sandvik Steel, Sandviken  
*Manager: Gunnar Björklund*

AB Sandvik Saws and Tools, Sandviken  
*Manager: Göran Gezelius*

AB Sandvik International, Sandviken  
*Manager: Hans Åhman*

Sandvik Coromant Skandinavien AB, Kista  
*Manager: Sven Flodmark*

Sandvik Automation Skandinavien AB, Västerås  
*Manager: Sven Flodmark*

Sandvik Rock Tools Skandinavien AB, Kista  
*Manager: Ronald Ericsson*

Sandvik Hard Materials Norden AB, Örebro  
*Manager: Gunnar Frisk*

Sandvik Stål Försäljnings AB, Kista  
*Manager: Åke Landblom*

Guldsmedshytte Bruks AB, Storå  
*Manager: Åke Martinson*

Gusab Stainless AB, Mjölby  
*Manager: Torbjörn Hedestad*

Sandvik Sågar och Verktyg Skandinavien AB, Kista  
*Manager: Per Törnell*

AB Sandvik Hand Tools, Bollnäs  
*Manager: Åke Sundby*

AB Sandvik Metal Saws, Lidköping  
*Manager: Staffan Larsson*

Sandvik Windsor AB, Edsbyn  
*Manager: Sture Lestander*

AB Sandvik Öberg, Eskilstuna  
*Manager: Michael Hermansson*

AB Sandvik Belts, Sandviken  
*Manager: Rolf Hemlin*



AB Sandvik Process Systems,  
Sandviken  
*Manager: Svante Lindholm*  
Sandvik Carbide Production AB,  
Stockholm  
*Manager: Staffan Frondell*

AB Sandvik Central Service, Sandviken  
*Manager: Börje Andréasson*

AB Sandvik Information Systems,  
Sandviken  
*Manager: Peter Lundh*

SWITZERLAND  
Sandvik AG, Zurich  
*Manager: Mikael Mott*

Santrade Ltd., Lucerne  
*Manager: Mikael Mott*

UNITED KINGDOM  
Sandvik Ltd., Birmingham  
*Manager: David Shail*

Sandvik Coromant U.K., Birmingham  
*Manager: David Shail*

Sandvik Rock Tools Ltd., Nuneaton  
*Manager: Anders Håggglund*

Sandvik Hard Materials Ltd., Coventry  
*Manager: Malcolm Clegg*

Sandvik Steel U.K., Birmingham  
*Manager: Ludvig Åkerhielm*

Sterling Tubes Ltd., Walsall  
*Manager: W.M. Good*

Sandvik Saws and Tools U.K.,  
Birmingham  
*Manager: Dianne Thompson*

Sandvik Process Systems Ltd.,  
Birmingham  
*Manager: Martin Samuelson*

YUGOSLAVIA  
AB Sandvik International  
Representative Office, Beograd  
*Manager: Nils Östblom*

## NORTH AMERICA

CANADA  
Sandvik Canada, Inc., Mississauga, Ont.  
*Manager: Gunnar Anell*  
Sandvik Tube, Arnprior, Ont.  
*Manager: Tom Moylan*

Sandvik Process Systems Canada, Guelph,  
Ont.  
*Manager: Colin Crane*

UNITED STATES  
Sandvik, Inc., Fair Lawn, NJ  
*Manager: Bengt Nelson*  
Sandvik Coromant Company,  
Fair Lawn, NJ  
*Manager: James Baker*

Sandvik Rock Tools, Inc.,  
Houston, TX  
*Manager: Olof Lundblad*

Sandvik Steel Company, Scranton, PA  
*Manager: Edward Nuzzaci*

Sandvik Rhenium Alloys, Inc.,  
Elyria, OH  
*Manager: Jan C. Carlén*  
Sandvik Special Metals Corp.,  
Kennewick, WA  
*Manager: Eugene R. Astley*

Sandvik Saws and Tools Company,  
Scranton, PA  
*Manager: Bill Lavelle*

Sandvik Windsor Corp., Milan, TN  
*Manager: Sture Lestander*

Sandvik Process Systems, Inc.,  
Totowa, NJ  
*Manager: Edward Scott*

Sandvik Latin America, Inc.,  
Coral Gables, FL  
*Manager: Bertil von Essen*

## LATIN AMERICA

ARGENTINA  
Sandvik Argentina S.A.C. e I.,  
Buenos Aires  
*Manager: Björn Karlsson*

BRAZIL  
Sandvik do Brasil S.A., São Paulo  
*Manager: Giancarlo Tazzioli*

CHILE  
Sandvik Chile S.A., Santiago  
*Manager: Hanns Knorr*

COLOMBIA  
Sandvik Colombia S.A., Bogotá  
*Manager: Victor Manuel Angel*

MEXICO  
Sandvik de México S.A. de C.V.,  
Mexico, D.F.  
*Manager: José Parra*  
Tungstemex S.A. de C.V., Mexico, D.F.  
*Manager: Ruben Hernandez*

PERU  
Sandvik del Perú S.A., Lima  
*Manager: Juan Retamozo*

Barrenas Sandvik Andina S.A.,  
Arequipa  
*Manager: Hanns Knorr*

VENEZUELA  
Sandvik Venezuela C.A., Caracas  
*Manager: Faustino Menendez*

## AFRICA

ALGERIA  
Sandvik S.A. Bureau de Liaison, Algiers  
*Manager: Michel Brand*

KENYA  
Sandvik Kenya Ltd., Nairobi  
*Manager: Jan Nord*

MOROCCO  
Sandvik Maroc S.A.,  
Mohammédia  
*Manager: Thierry Proner*

SOUTH AFRICA  
Sandvik (Pty) Ltd., Benoni  
*Manager: Tore Lundberg*

ZAMBIA  
Sandvik (Zambia) Ltd., Ndola  
*Manager: Stig Svensson*  
ZIMBABWE  
Sandvik (Pvt) Ltd., Harare  
*Manager: James C. MacGregor-Sim*

## ASIA

CHINA  
AB Sandvik International  
Representative Office, Beijing  
*Manager: George Jones*

HONGKONG  
Sandvik Hongkong Ltd., Hongkong  
*Manager: Lawrence Kwok*

INDIA  
Sandvik Asia Ltd., Poona  
*Manager: Wilhelm Sebardt*

JAPAN  
Sandvik K.K., Kobe  
*Manager: Anders Wallin*  
Sandvik Saws and Tools K.K., Yokohama  
*Manager: Isao Yamamoto*

KOREA  
Sandvik Korea Ltd., Seoul  
*Manager: Rolf Palmén*

MALAYSIA  
Sandvik Malaysia Sdn. Bhd.,  
Kuala Lumpur  
*Manager: Krister Brobeck*

PHILIPPINES  
Sandvik Philippines, Inc., Manila  
*Manager: Tan Kian Hoe*

SINGAPORE  
Sandvik South East Asia Pte. Ltd.,  
Singapore  
*Manager: Åke Friberg*

TAIWAN  
Sandvik Taiwan Ltd., Taipei  
*Manager: Wendell Wang*  
Titan (Taiwan) Pty Ltd., Chung Li  
*Manager: Rudy Lu*

THAILAND  
Sandvik Thailand Ltd., Bangkok  
*Manager: Weerasit Suprasert*

TURKEY  
Sandvik Istanbul Ticaret Ltd., Şti.,  
Istanbul  
*Manager: Göran Wretås*

## AUSTRALASIA

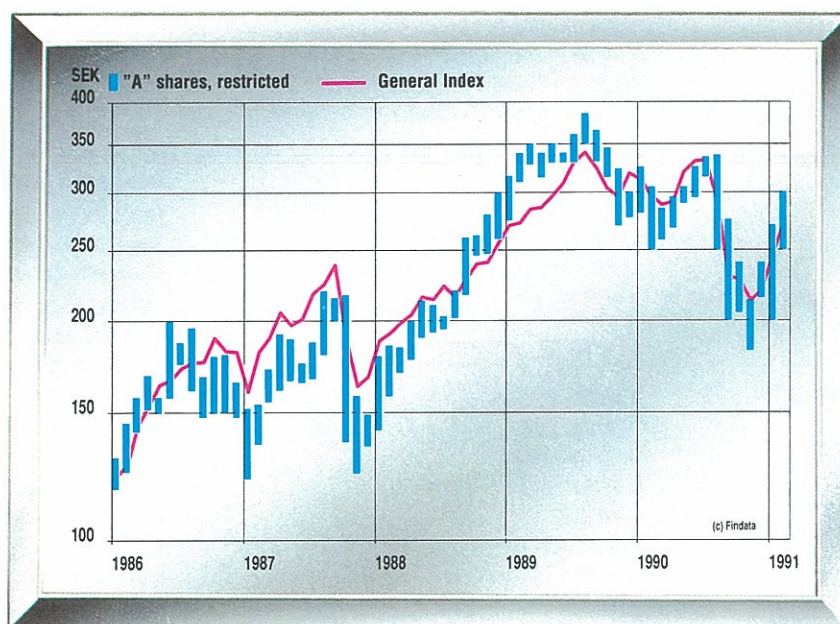
AUSTRALIA  
Sandvik Australia Pty. Ltd., Sydney  
*Manager: Peter Edwards*  
Sandvik Hard Materials Pty. Ltd.,  
Newcastle  
*Manager: David MacDonald*

NEW ZEALAND  
Sandvik New Zealand Ltd., Pakuranga  
*Manager: Mark Thompson*



# The Sandvik Share

PRICE MOVEMENTS ON THE STOCKHOLM STOCK EXCHANGE



## PER-SHARE DATA, SEK

	1990	1989	1988	1987	1986
Earnings <sup>1</sup> .....	34:70	34:45	29:80	19:60	16:30
Earnings after payment of tax .....	36:85	38:90	40:80	25:90	22:30
Equity capital after recommended dividend <sup>2</sup> .....	210:60	174:85	130:95	110:60	95:50
Dividend (1990: as recommended) .....	8:50	7:50	6:00	4:25	3:50
Direct return <sup>3</sup> , % .....	3.8	2.5	2.1	3.0	2.3
Payout percentage <sup>4</sup> .....	24	22	20	22	21
Quoted prices "A" restricted, year's highest .....	337	385	300	220	200
year's lowest .....	182	270	142	122	118
at year's end .....	226	295	292	140	150
Quoted prices "B" unrestricted, year's highest .....	356	385	299	220	205
year's lowest .....	184	280	143	119	124
at year's end .....	226	295	298	140	148
P/E ratio <sup>5</sup> .....	6.5	8.6	9.8	7.1	9.1
Quoted price, % of equity capital after recommended dividend <sup>6</sup> .....	107	169	223	127	157
Average number of shares traded per day on the Stockholm Stock Exchange, "A" restricted .....	6,364	5,421	9,818	12,008	20,627
"B" unrestricted .....	4,472	5,032	7,455	15,128	10,555
London Stock Exchange, "B" unrestricted .....	12,418	15,250	14,718 <sup>7</sup>		

1 Earnings after estimated full taxation. Swedish corporate tax: 40 % 1989 and 1990, 52 % before 1989. Since 1 Jan. 1989: including interests in associated companies.

2 Tax rate used in calculating latent tax in untaxed reserves in Sweden was 30 % in 1990, 40 % in 1989 and 50 % in 1988 and earlier.

3 Dividend divided by price of "A" share at year's end

4 Dividend divided by earnings per share after estimated full tax

5 Price of "A" share at year's end in relation to earnings per share

6 Price of "A" share at year's end as percentage of equity capital after recommended dividend per share

7 Based on the period October–December

For additional definitions, see p. 28



THE LARGEST SHAREHOLDERS OF  
SANDVIK AB (MARCH 1991)

	Percentage of voting strength	Percent- age of shares
Skanska AB .....	26.4	21.5
Investment Funds of the Swedish Saving Banks .....	13.5	14.6
National Swedish Pension Insurance Fund .....	5.9	5.8
Swedish Staff Pension Society .....	5.0	5.1
Svenska Handelsbanken's Pension Foundation .....	5.0	4.0
Skandia .....	4.3	4.3
AB Custos .....	3.2	3.2
Labour Market Insurance AB (AMF-p) .....	2.6	2.3
Svenska Handelsbanken's Investment Funds .....	2.0	1.7
Pension Fund SHB Insurance Society .....	1.3	1.0
Skandinaviska Banken's Pension Foundation .....	1.2	0.9
Wasa .....	1.1	1.1

SANDVIK AB SHARE OWNERSHIP (MARCH 1991)

Holding	Num- ber of share- hold- ers	As % of all share- holders	Total number of shares	% of share capital	Average number of shares per holder
to 500 shares	19,844	85.3	2,512,403	4.6	127
501-1,000	1,787	7.7	1,345,916	2.5	753
1,001-10,000	1,459	6.3	3,888,927	7.1	2,665
10,001-100,000	124	0.5	3,983,213	7.3	32,123
More than 100,000	42	0.2	42,706,439	78.5	1,016,820
	23,256	100.0	54,436,898	100.0	2,341

CONVERTIBLE LOAN

In 1985 the Company floated a convertible debenture loan of SEK 103m. at 12 % interest, addressed to the employees. This loan can be converted between 1 March 1988 and 15 March 1992, both dates inclusive. Full conversion of the loan would increase the number of shares by 216,522 as compared with the situation on 31 Dec. 1990. The share capital would increase by SEK 5m.

See also Note 24 p. 34.

ANALYSES

The following firms have produced analyses of Sandvik during the past two years:

ABB Aros Fondkommission  
Barclays de Zoete Wedd (UK)  
Baring Securities Limited (UK)  
Carnegie Fondkommission AB  
Enskilda  
Goldman, Sachs & Co. (UK)  
Göteborgs Fondkommission  
Hagströmer & Qviberg Fondkommission AB  
Handelsbanken  
James Capel & Co. (UK)  
Kleinwort Grieveson Securities (UK)  
Merrill Lynch (UK)  
Phillips & Drew (UK)  
Nordbanken  
Robur Kapitalförvaltning AB  
Swiss Bank Corporation (UK)  
Warburg Securities (UK)  
E Öhman J:or Fondkommission AB

RATING

Sandvik's 200 million U.S. dollar Euro Commercial Paper programme has been rated A-1 by Standard & Poor's and Prime-1 by Moody's.



# Five Years in Brief

	1990*	1989*	1989	1988	1987	1986
Invoiced sales, SEK m. . . . .	<b>18,256</b>	18,769	18,769	16,413	13,241	12,721
Result after financial earnings and expenses, SEK m. . . . .	<b>2,693</b>	2,863	2,869	2,812	1,871	1,708
Result after non-recurring earnings and expenses, SEK m. . . . .	<b>2,711</b>	2,986	3,068	2,755	1,893	1,678
Earnings per share, SEK . . . . .	<b>34:70</b>	34:45	34:55	29:80	19:60	16:30
Dividend per share (1990: as recommended), SEK . . .	<b>8:50</b>	7:50	7:50	6:00	4:25	3:50
Equity capital after recommended dividend, SEK m. . . . .	<b>11,465</b>	9,511	9,412	7,018	5,809	4,978
Solidity, % . . . . .	<b>54</b>	46	43	36	36	34
Debt/equity ratio. . . . .	<b>0.4</b>	0.6	0.6	0.8	0.8	1.0
Interest coverage. . . . .	<b>6.2</b>	6.3	6.3	7.5	5.1	4.4
Rate of capital turnover, % . . . . .	<b>80</b>	87	87	87	82	87
Liquid assets, SEK m. . . . .	<b>5,251</b>	4,896	4,896	4,767	4,245	3,776
Return on equity capital after tax, % . . . . .	<b>18.0</b>	22.6	22.8	24.7	19.0	18.3
Return on investment, % . . . . .	<b>17.6</b>	21.7	21.8	25.1	21.3	21.8
Investment:						
– in property, plant and equipment, SEK m. . . . .	<b>1,161</b>	1,116	1,116	775	675	669
– in all, SEK m. . . . .	<b>1,715</b>	2,174	2,174	2,742	1,422	1,099
Cash flow, SEK m. . . . .	<b>1,486</b>	652	652	–686	553	1,099
Average number of employees. . . .	<b>26,373</b>	26,881	26,881	26,180	24,380	24,033

\*According to the Group's 1990 accounting principles.

For definitions of the above concepts, see p. 28.

Additional per-share data will be found in the section on the Sandvik share, p. 46.



## Annual General Meeting

The Annual General Meeting will be held at Folkets Hus in Sandviken on Thursday, 16 May 1991, at 2 p.m.

Shareholders wishing to attend the Meeting must notify the Board thereof either by letter addressed to Sandvik AB, Legal Affairs, S-811 81 Sandviken, or by telephone +46 (0) 26-26 10 81. Notification must reach Sandvik AB by 3 p.m. on 13 May 1991 at the latest. In order to qualify for attendance, shareholders must also have been entered in the Share Register kept by the Securities Register Centre (Värdepapperscentralen VPC AB) not later than 6 May 1991. A shareholder who has had his shares registered as held in trust ("förvaltarregistrering") must have them temporarily re-registered in his own name not later than 6 May 1991 to establish his right to attend the Meeting.

## Payment of Dividend

The Board and the President recommend that the Meeting declare a dividend of SEK 8:50 per share for 1990.

24 May 1991 is proposed as the "record day" ("avstämningsdag"). If this proposal is adopted by the Meeting it is expected that dividends will be ready for remittance by 31 May 1991. Dividends will be sent to those who on the record day are entered in the Share Register or in the separate List of Assignees, etc.

Dividends will be remitted from the Securities Register Centre. To facilitate the distribution, shareholders who have moved should report their change of address to their bank or to Värdepapperscentralen VPC AB, S-171 18 Solna, in good time before the record day.

## Financial information

Results Communiqué	March
Annual Report	April
First-Quarter Report	May
Semi-Annual Report	August
Third-Quarter Report	November

Financial information can be ordered from  
Sandvik AB  
Group Staff Public Affairs  
S-811 81 Sandviken  
Tel +46 26 26 10 41





Sandvik AB, S-811 81 Sandviken, Sweden. Tel +46 26 26 00 00. Fax +46 26 25 03 40. Telex 47000.