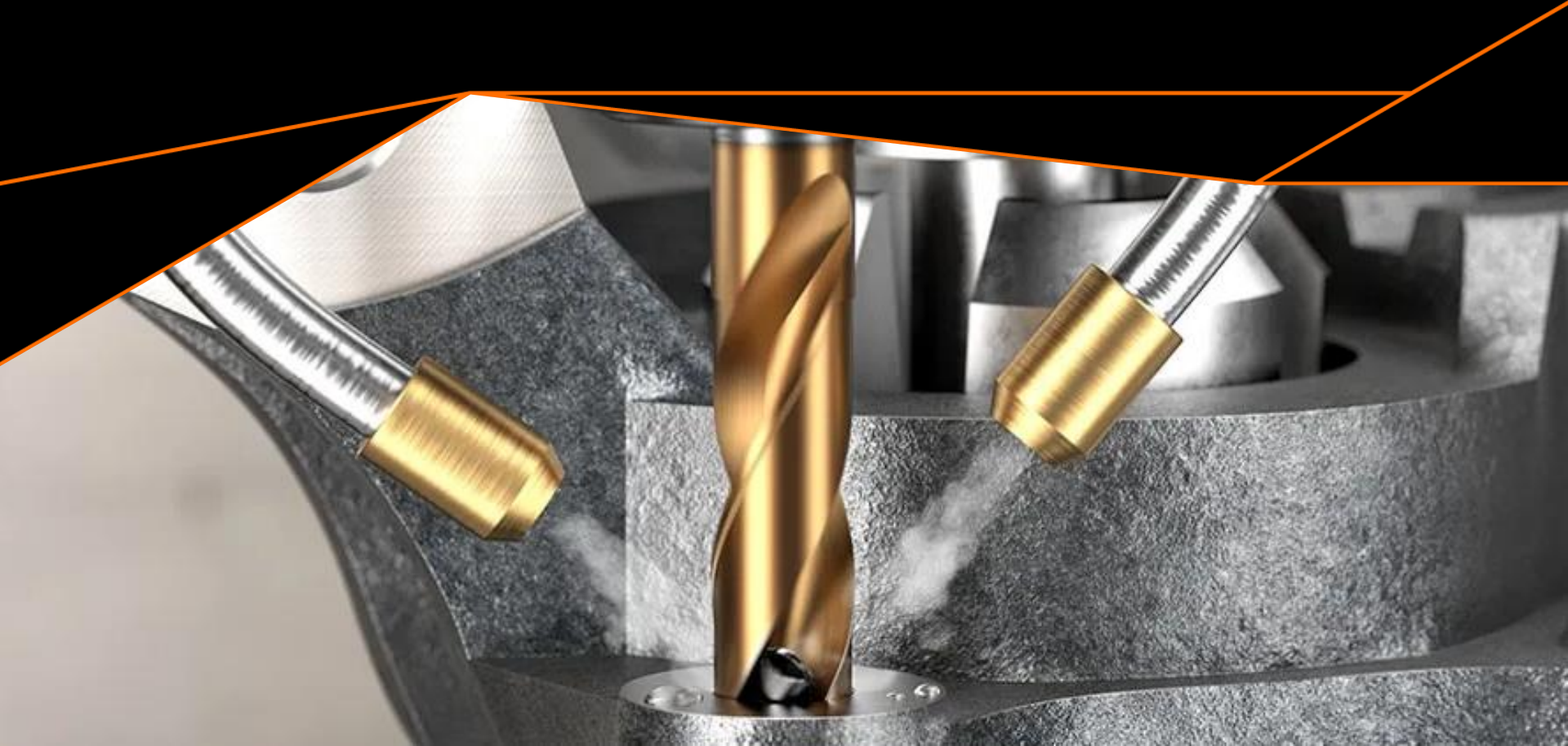


# SANDVIK CAPITAL MARKETS DAY 2022

SUCCESSFULLY MAKING “THE SHIFT” WITH INCREASED AMBITIONS

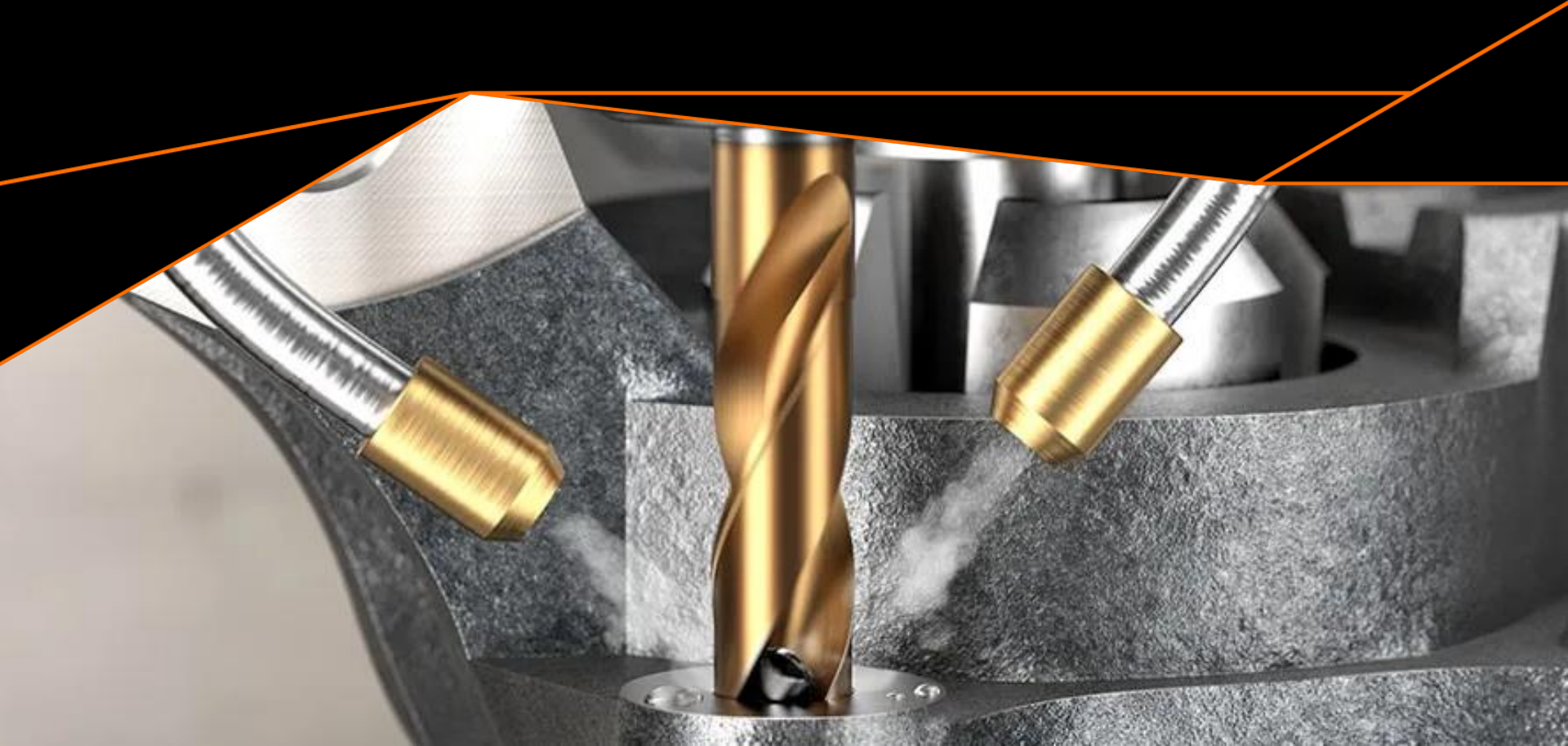


# AGENDA

<b>13:00</b>	<b>Welcome</b>	<b>Louise Tjeder</b>
<b>13:05</b>	<b>Sandvik Group &amp; Q&amp;A</b>	<b>Stefan Widing &amp; Cecilia Felton</b>
<b>14:10</b>	<b>Sandvik Mining and Rock Solutions &amp; Q&amp;A</b>	<b>Henrik Ager</b>
<b>14.40</b>	<b>Break</b>	<b>30 min</b>
<b>15:10</b>	<b>Sandvik Manufacturing and Machining Solutions</b>	<b>Nadine Crauwels</b>
<b>15:15</b>	<b>Sandvik Manufacturing Solutions</b>	<b>Christophe Sut</b>
<b>15:35</b>	<b>Sandvik Machining Solutions</b>	<b>Nadine Crauwels</b>
<b>15:55</b>	<b>Sandvik Manufacturing and Machining Solutions &amp; Q&amp;A</b>	<b>Nadine Crauwels &amp; Christophe Sut</b>
<b>16:20</b>	<b>Sandvik Rock Processing Solutions &amp; Q&amp;A</b>	<b>Anders Svensson</b>
<b>16:50</b>	<b>Q&amp;A</b>	<b>All</b>
<b>17:15</b>	<b>Closing remarks</b>	<b>Stefan Widing</b>

# SANDVIK CAPITAL MARKETS DAY 2022

SUCCESSFULLY MAKING “THE SHIFT” WITH INCREASED AMBITIONS



# STRATEGIC AND MACRO ENVIRONMENT



DIGITALIZATION  
AND CONNECTIVITY



TECHNOLOGICAL  
BREAKTHROUGHS



SUSTAINABILITY  
AND ELECTRIFICATION

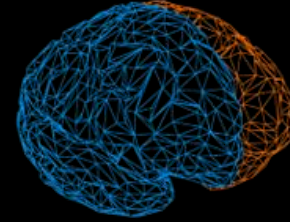


ECONOMIC AND  
GEOPOLITICAL DEVELOPMENTS

CUSTOMER FOCUS



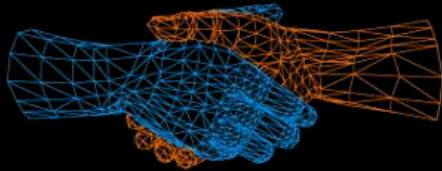
INNOVATION



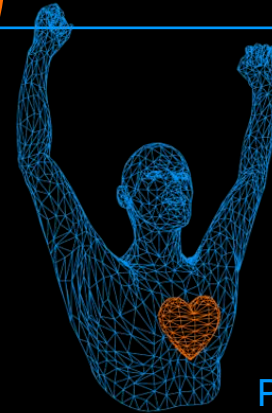
WE MAKE  
THE SHIFT

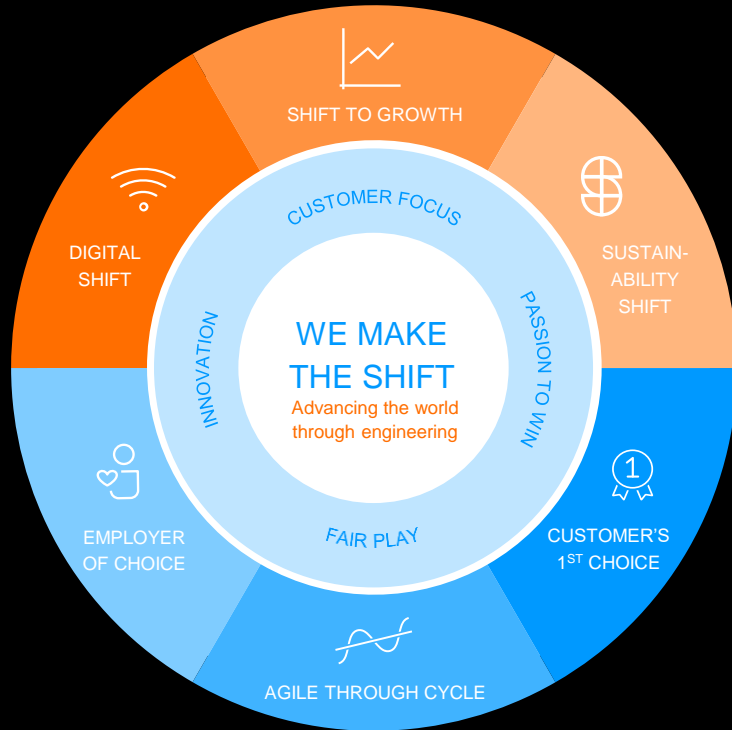
Advancing the world  
through engineering

FAIR PLAY



PASSION TO WIN





# > CREATING VALUE

for all stakeholders

# A SOLID PLATFORM



WORLD LEADING  
POSITIONS



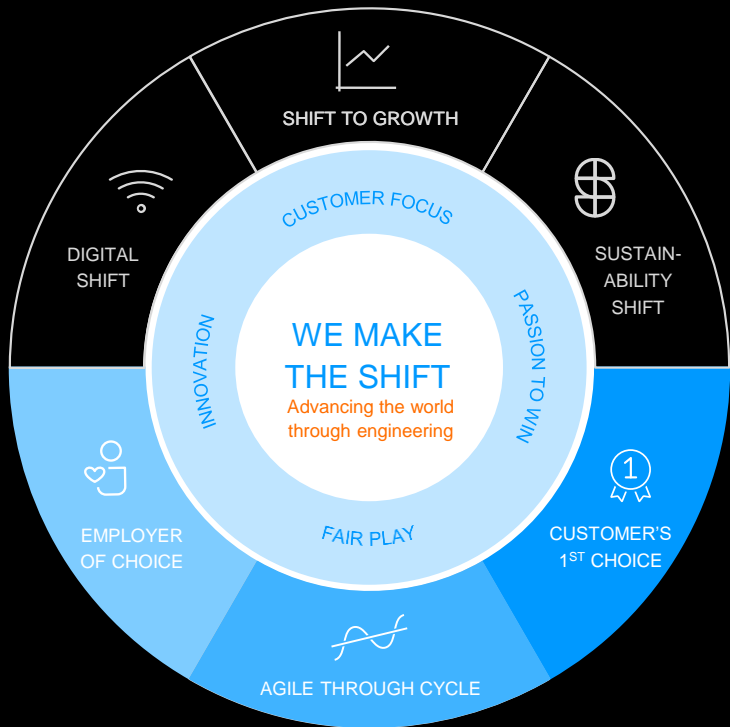
WINNING CULTURE



LEADING IN  
DIGITAL



SUSTAINABILITY  
EMBEDDED IN  
BUSINESS MODEL





# SUCCESSFUL SHIFT EXECUTION

EMPLOYER  
OF CHOICE



EXCEPTIONAL PEOPLE  
- WINNING CULTURE

79%

Employee  
engagement rate

3.5

2021 Total  
Recordable Injury  
Frequency Rate

CUSTOMER'S  
1<sup>ST</sup> CHOICE



CLOSE RELATIONSHIPS  
ADD VALUE

Customer value

100%

of our divisions measure customer  
satisfaction improvements through  
structured methods in 2022, and by 2025  
they show verified improvements

AGILE THROUGH  
CYCLE



FULLY OFFSET

-10%

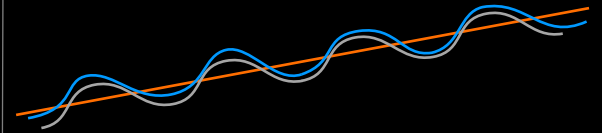
VOLUME DECLINE

without one-off costs through flexible cost structures

ADJUSTED EBIT % TROUGH

≥16%

Rolling 12 months excl.  
metal price effects



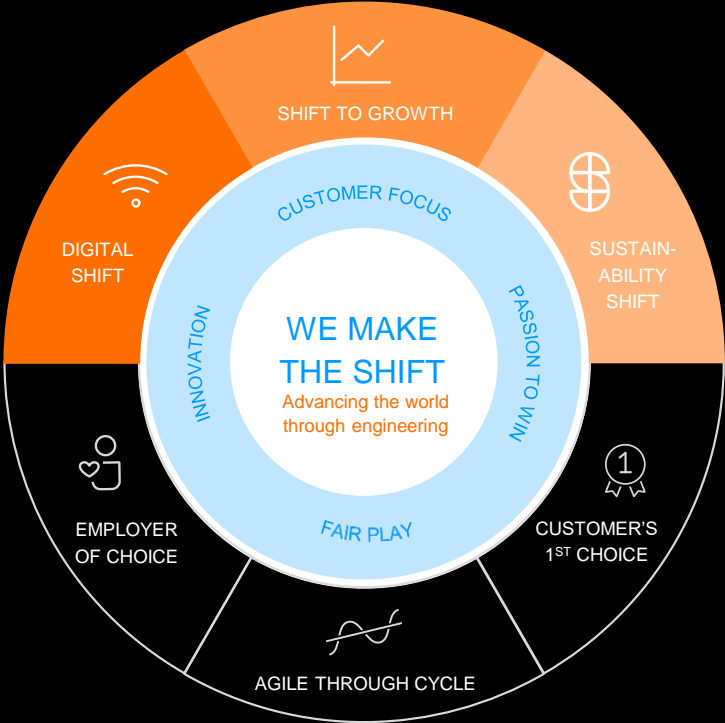
— Sandvik — The market



# REDUCED CYCLICALITY AND INCREASED RESILIENCE

- Margin resilience starts with reduced sales cyclicality
- Increased aftermarket penetration with aftermarket and consumables businesses on record levels
- Growing software demand and offering

# THE 3 STRATEGIC SHIFTS



# SUCCESSFUL SHIFT EXECUTION

SHIFT TO  
GROWTH



**10 bn** SEK

Added revenue from strategic M&A in  
2021

DIGITAL  
SHIFT



**3.3 bn** SEK

Sales from software and digital offering  
annualized 2021

SUSTAINABILITY  
SHIFT



**-44.1%**

Reduction of carbon emissions

# WE ARE MAKING THE SHIFT

ENHANCED AND FOCUSED THE CORE BUSINESS

EXPANDED IN THE VALUE CHAIN

EXPANDED THE DIGITAL OFFERING

EMBRACED SUSTAINABILITY



# STRENGTHENING CORE

## ROUND TOOLS

~2.0 bn SEK

Pro forma revenues 2021 from  
acquired round tools companies



ENHANCING  
THE CORE  
BUSINESS

# GROWING AFTERMARKETS

## AFTERMARKET OFFERING

~2.0 bn SEK

Expected revenues from the mining  
business of Schenck Process

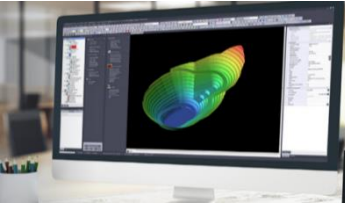


# BROADEN OUR SOLUTIONS OFFERING

## EXPANDING IN OUR CUSTOMERS' VALUE CHAIN



CORE BUSINESS



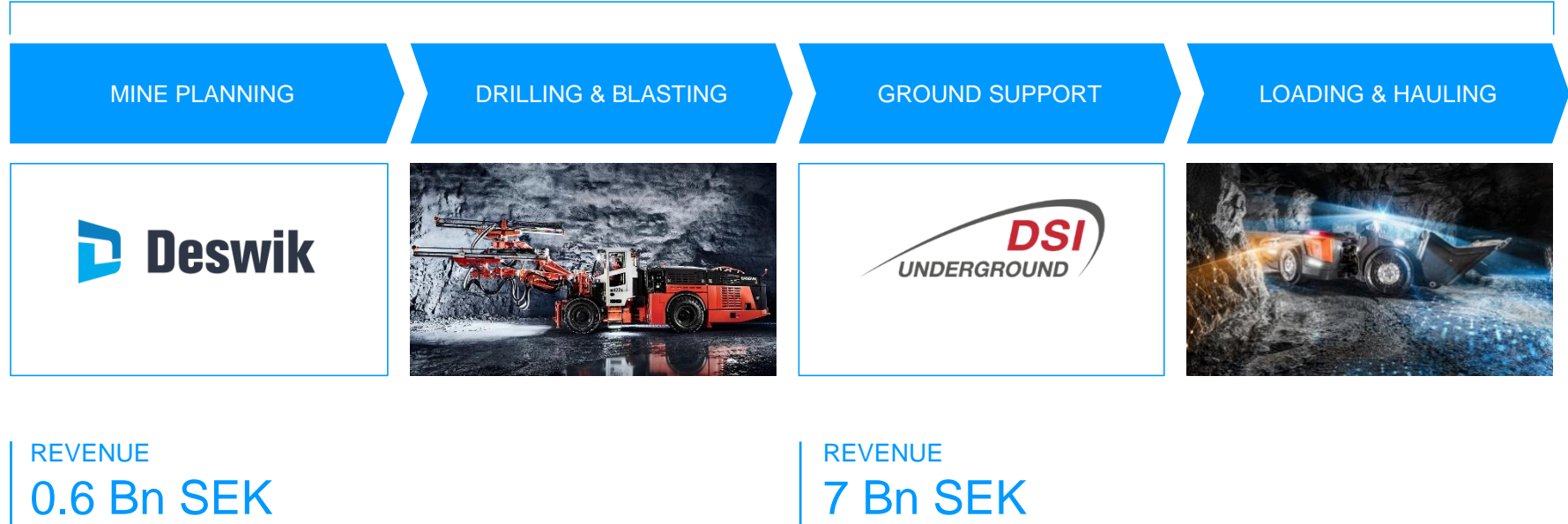
DIGITALIZATION  
AND SOFTWARE

6.5 bn<sub>SEK</sub>

Expansion of the digital offering by 2025

# COMPLETE VALUE CHAIN IN THE MINING CYCLE

EXPANDING THE VALUE CHAIN THROUGH ACQUISITIONS





# DIGITAL SHIFT DRIVEN BY CUSTOMER NEEDS



Uniquely positioned to expand into selected software and digital solutions

Strong hardware position makes us well placed to deliver on software opportunity – and software position will drive hardware

# SUSTAINABILITY INTEGRATED IN BUSINESS

## RESPONSIBILITY THROUGH OUR VALUE CHAIN



SUPPLIERS



OPERATIONS



OFFERINGS



# WE SHIFT CLIMATE

A BUSINESS ADVANTAGE FOR US AND OUR CUSTOMERS

## SCOPE 1

- Our Operations

## SCOPE 2

- Heating and Power

## SCOPE 3

- Downstream

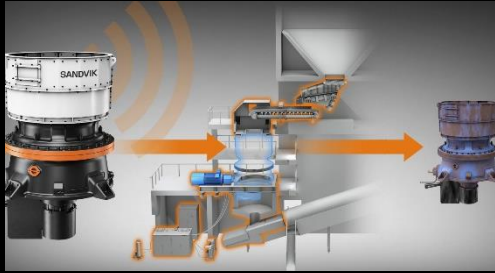
Our target is to reduce our CO<sub>2</sub> emissions by 50 percent by 2030. In line with SBTi.

**44.1%**

Reduction of carbon emissions compared to baseline

# SUSTAINABILITY A GROWTH OPPORTUNITY

## SUSTAINABLE SOLUTIONS CREATING VALUE



### REBORN SOLUTION CONE CRUSHERS

---

- Improved reliability and efficiency
- Reutilizing existing auxiliaries and infrastructure
- Reduces the environmental footprint



### DIGITAL INSERTS TAGGING

---

- Storing of detailed product information
- Increased traceability
- More efficient and precise recycling of tools

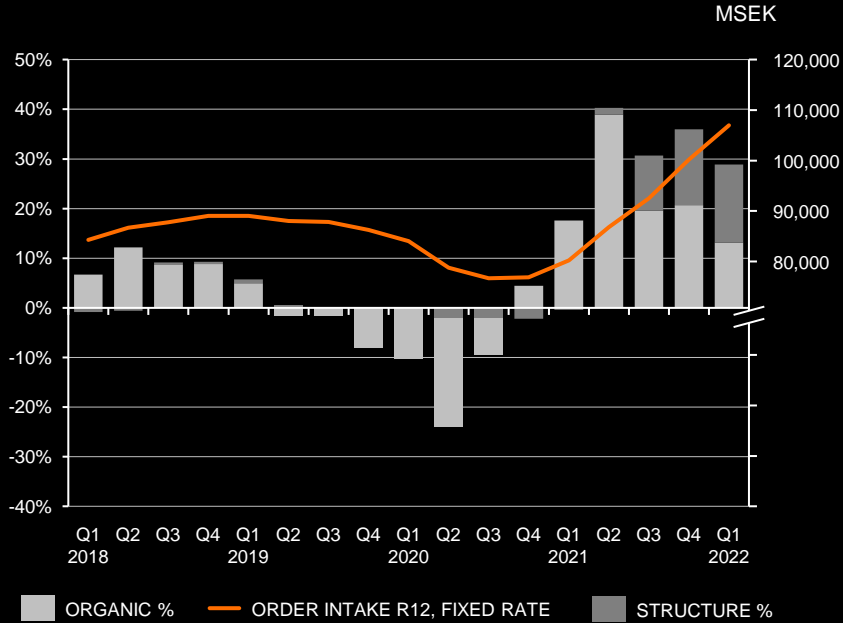


### SANDVIK® TH550B

---

- Enables electrification of mines
- Simplified battery swapping process
- Reduced emissions, noise and heat in the mines

# THE "SHIFT" IS WORKING



Best estimates excluding SMT, not adjusted for Group common items  
Adjusted for items affecting comparability

# DELIVERED ON TARGETS

GROWTH

$\geq 5\%$

Through an economic cycle organic and M&A

OUTCOME

$\sim 5\%$

2016-2021

ADJUSTED EBIT %  
TROUGH

$\geq 16\%$

Rolling 12 months excl.  
metal price effects

18.3%

2021

NET DEBT /  
EQUITY RATIO

$< 0.5$

Incl. net pension liabilities

0.35

2021

DIVIDEND  
PAYOUT RATIO

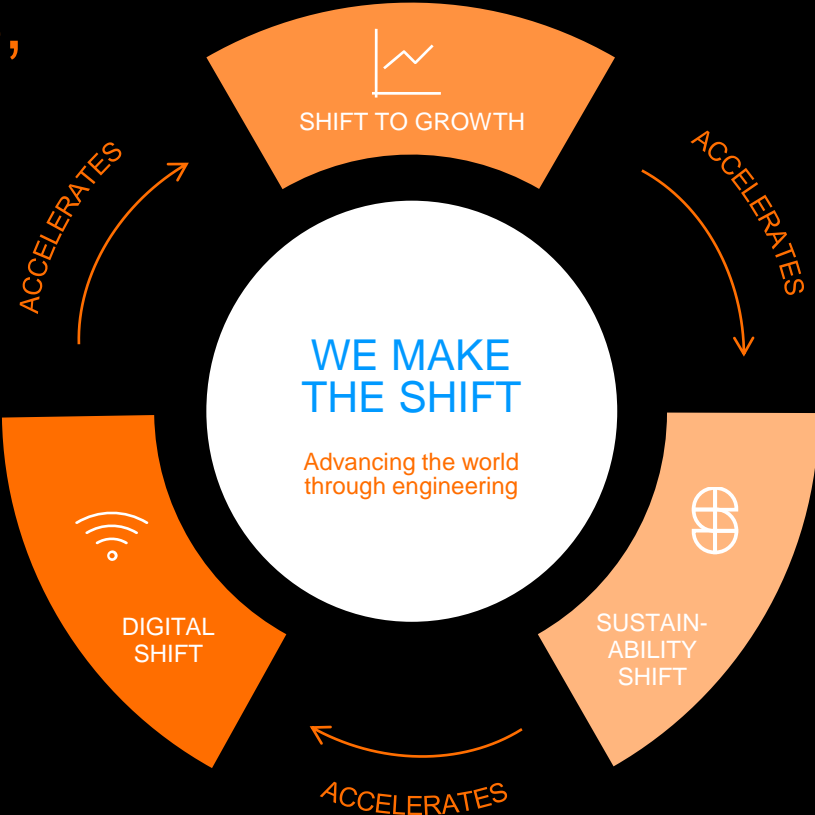
50%

Through an economic cycle. Adj. for items affecting comparability

40%

2016-2021

# DELIVERED ON TARGETS, NOW INCREASING AMBITIONS



# SHIFT TO GROWTH

- Enhancing core business
- Expanding in value chain
- Expanding the digital offering
- Embracing sustainability

GROWTH

7%

ADJ. EBITA  
% RANGE

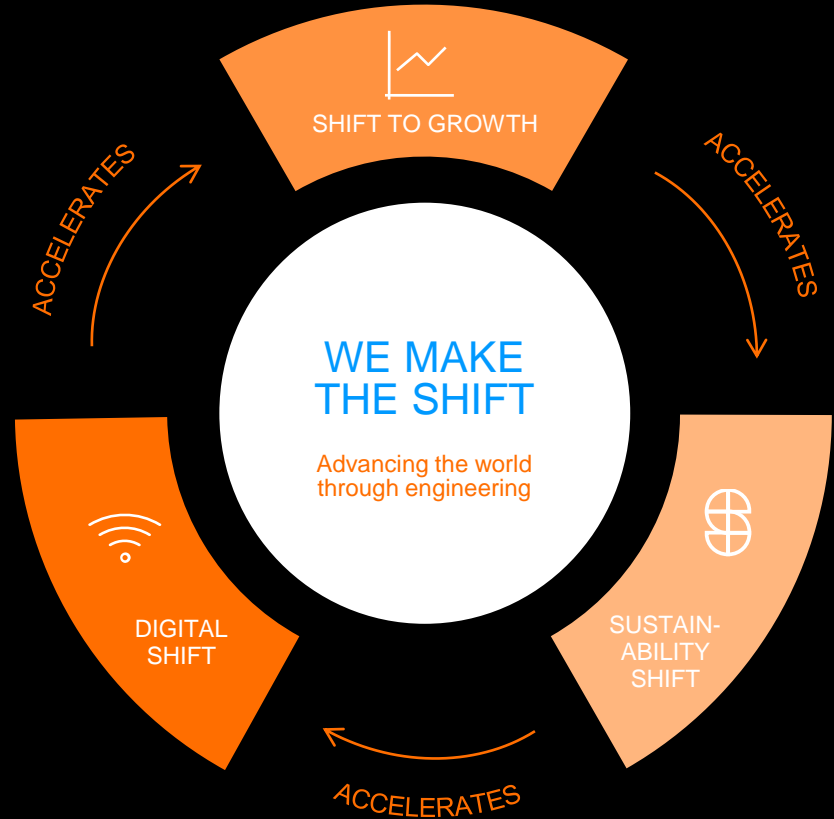
20-22%

FIN. NET DEBT /  
EBITDA

<1.5

DIVIDEND  
PAYOUT RATIO

50%





# SHIFT TO GROWTH



GROUP GROWTH TARGET THROUGH A BUSINESS CYCLE

7%

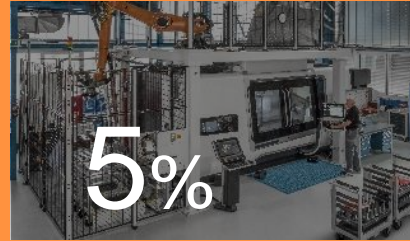
## BUSINESS AREA GROWTH TARGETS 2019-2025



SANDVIK MINING &  
ROCK SOLUTIONS



SANDVIK ROCK  
PROCESSING SOLUTIONS



SANDVIK MACHINING  
SOLUTIONS



SANDVIK MANUFACTURING  
SOLUTIONS

# MARKET LEADING POSITIONS



SANDVIK MINING &  
ROCK SOLUTIONS



SANDVIK ROCK PROCESSING  
SOLUTIONS



SANDVIK MACHINING  
SOLUTIONS



SANDVIK MANUFACTURING  
SOLUTIONS



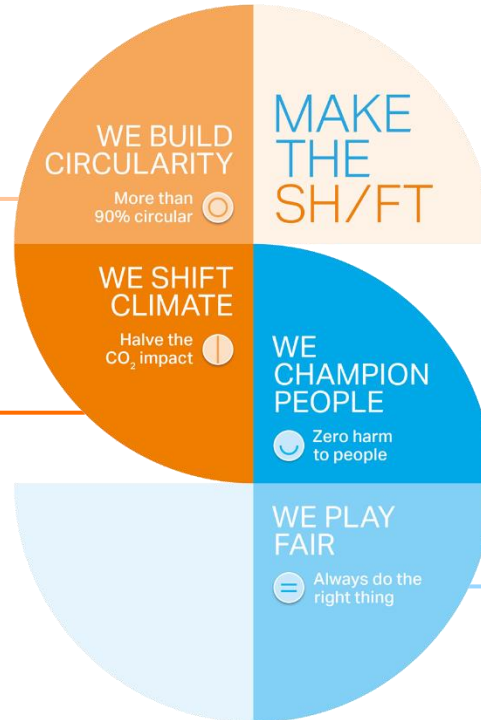
# PRICING POWER

- Market leading positions
- Differentiated offerings
- Value-based pricing
- Strong pricing power means price will eventually offset cost inflation
- Vertical integration supporting SMS
- Lead times in SMR and SRP backlogs can lead to time lag in pricing compensating for rising input costs

# FOUR LONG-TERM SUSTAINABILITY GOALS

We build circularity –  
More than 90% circular

We shift climate –  
Halve the CO<sub>2</sub> impact



We champion people –  
Zero harm to people

Fair Play – Always do the right thing

# TRANSFORMATION JOURNEY CONTINUES

A man in a dark polo shirt and safety glasses is working in a factory. He is holding a tablet and looking at a large industrial machine. The background is a blurred factory floor with various pieces of equipment and machinery.

A STRONG PLATFORM TO BUILD FROM

SUCCESSFUL SHIFT EXECUTION

ENHANCING GROWTH AND RESILIENCE

INCREASED AMBITION, EXECUTING  
TOWARDS 2025, BUILDING FOR 2030

CMD

# CFO PRESENTATION

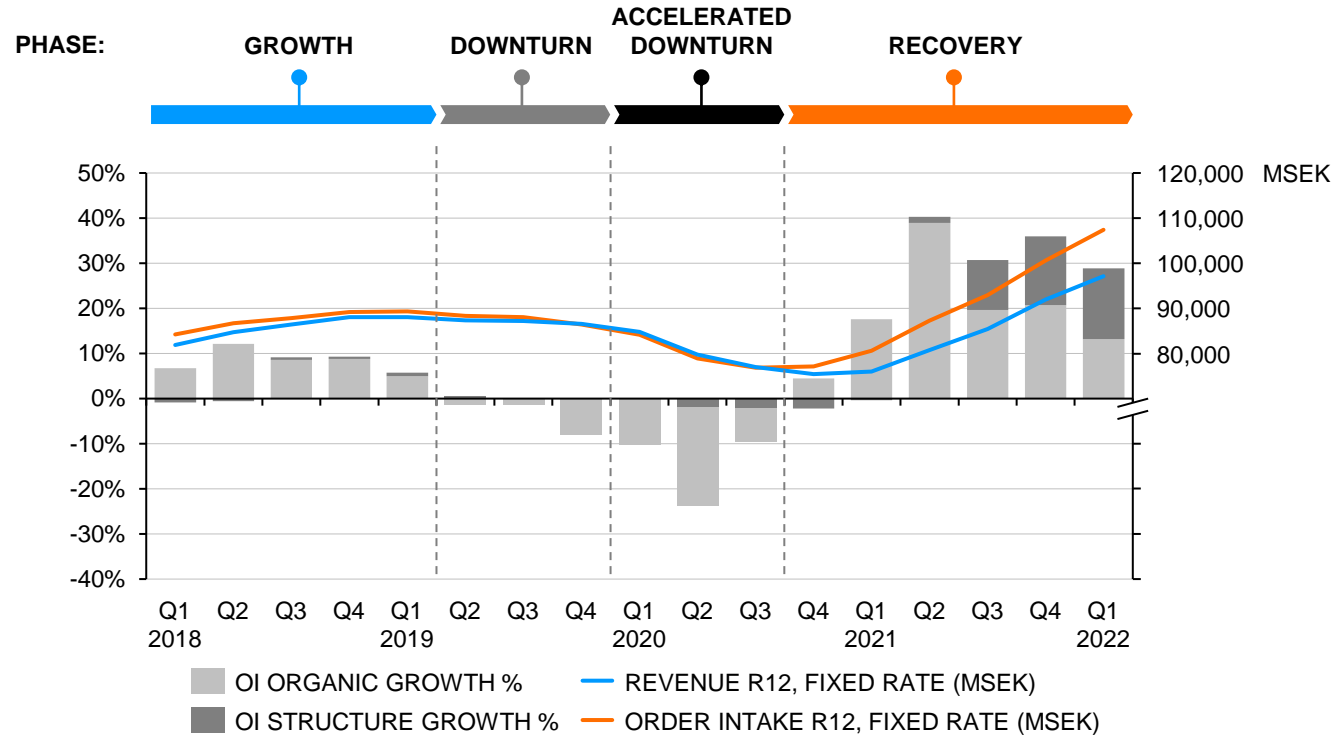


CECILIA FELTON

EVP AND CHIEF FINANCIAL OFFICER



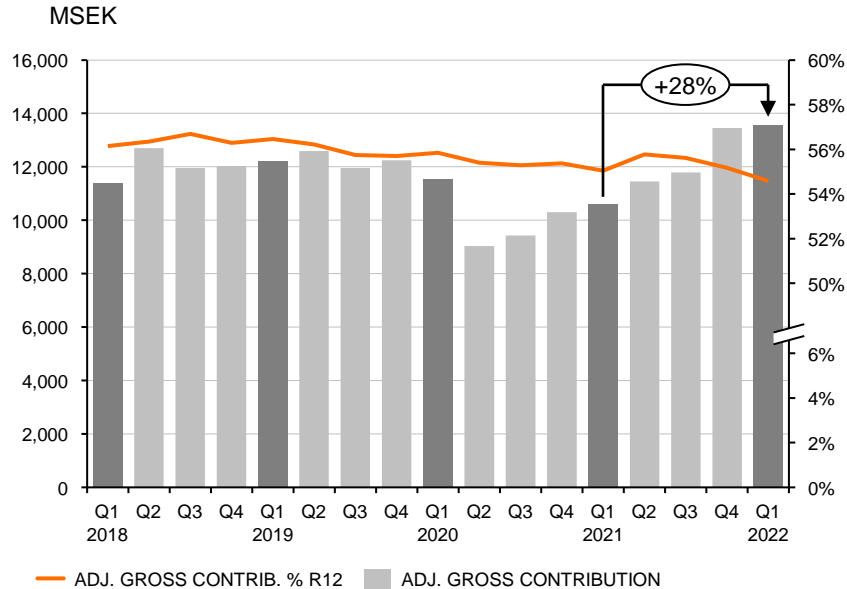
# STRONG UNDERLYING DEMAND



Best estimates excluding SMT



# RESILIENCE IN GROSS CONTRIBUTION



Higher share of aftermarket and software business supports top line resilience

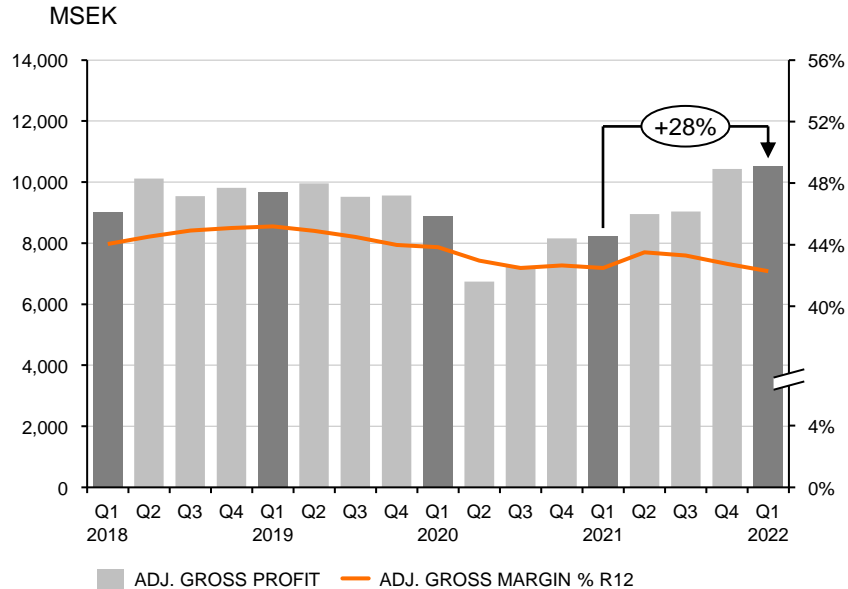
Pricing power to mitigate increased inflationary pressure

Lower level due to structural change:

- Mix effect of c.1 ppt from higher share of SMR vs. SMM since 2019

Best estimates excluding SMT, not adjusted for Group common items  
 Adjusted for items affecting comparability

# GROSS MARGIN IMPACTED BY FIXED COSTS



Footprint consolidation

Higher share of variable costs supports agility

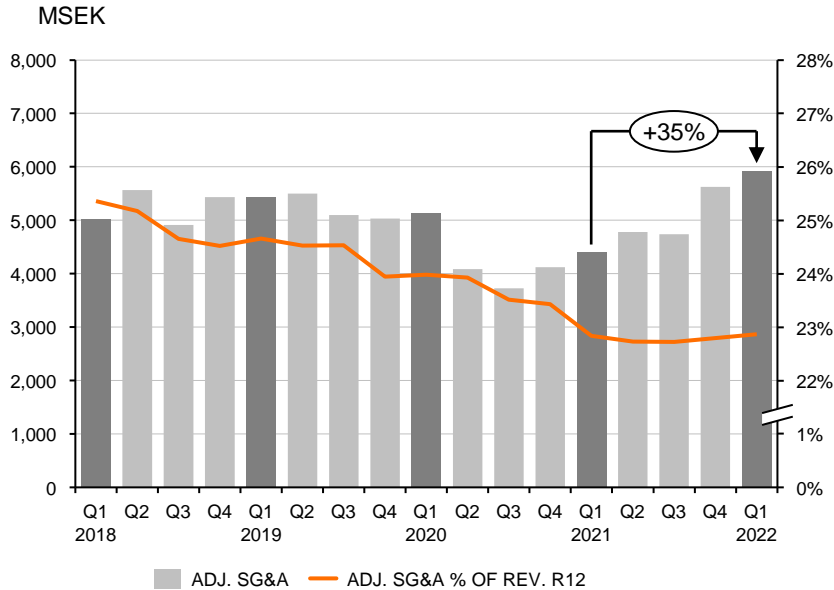
Mix effect

Ongoing recovery in SMM

Best estimates excluding SMT, not adjusted for Group common items  
 Adjusted for items affecting comparability



# CONTROLLED SG&A RAMP UP WITH SALES



Ratio to revenues stable

Savings initiatives to support stability and continuous focus on operational efficiency

Best estimates excluding SMT, not adjusted for Group common items  
 Adjusted for items affecting comparability

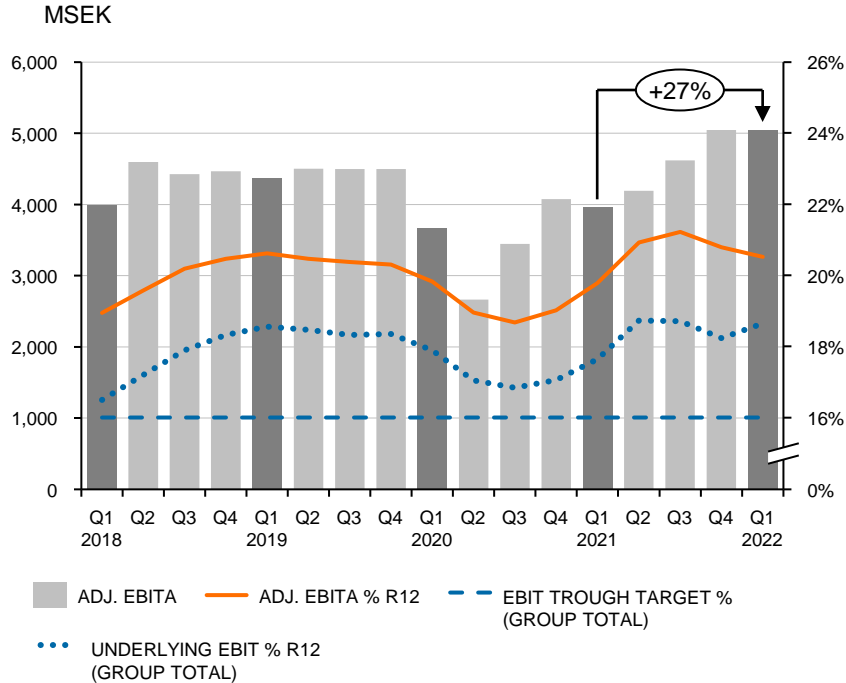


# NEW SAVINGS PROGRAM ONE STEP AHEAD

	SMM	SMR	SRP	Common
<b>ONE-OFF COSTS</b>				
<b>1,710</b>	1,300	50	320	40
<small>MSEK, IN 2022 AND 2023</small>				
<hr/>				
<b>ESTIMATED RUN-RATE SAVINGS</b>				
<b>~ 610</b>	520	10	70	10
<small>MSEK, MAJORITY ACHIEVED BY END 2024</small>				
<hr/>				
<b>INDICATED FTE REDUCTION</b>				
<b>~ 580</b>				



# PROVEN RESILIENCE IN DOWNTURNS



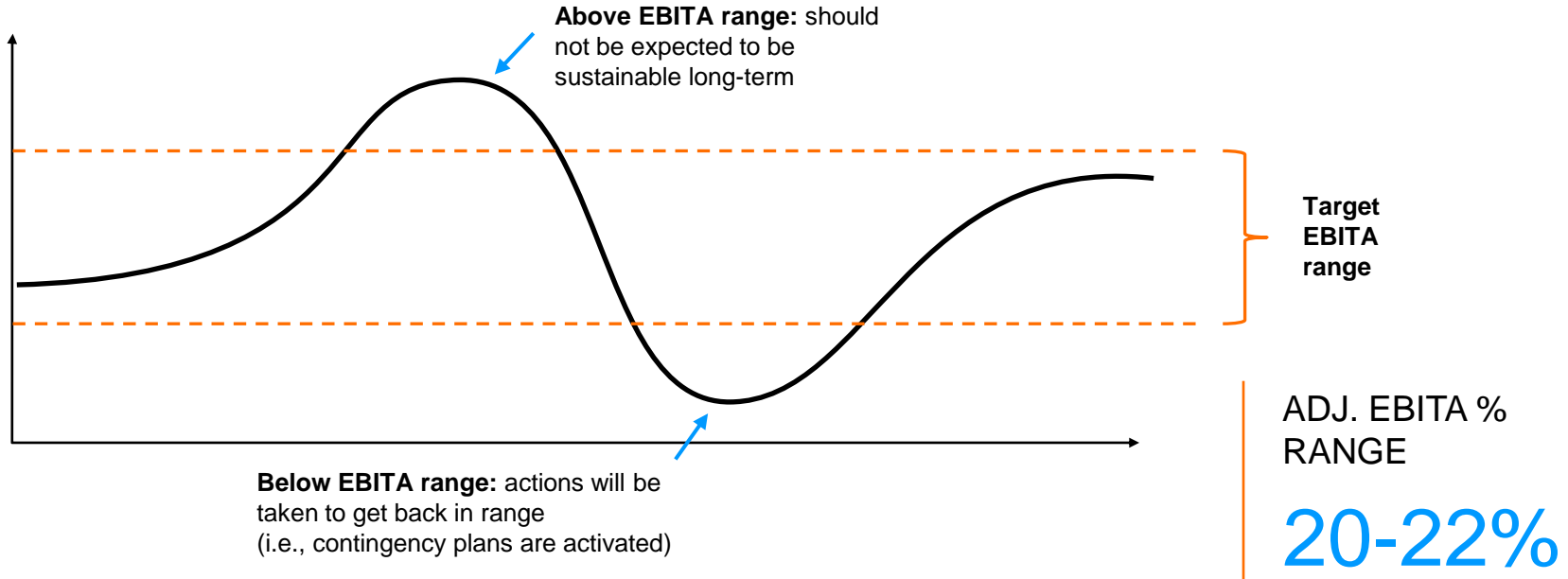
Strong earnings growth

EBIT through margin target delivered

New adj. EBITA target range of 20-22%

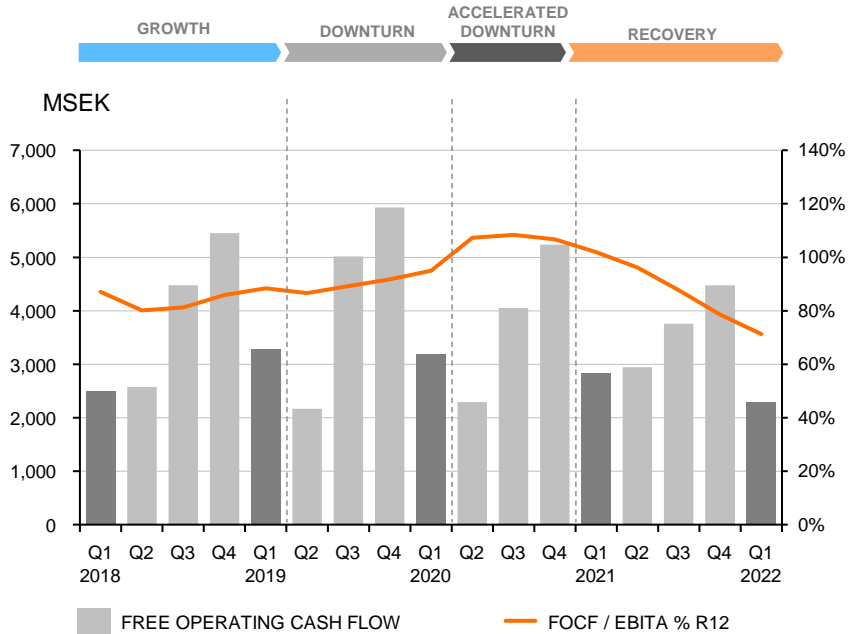
Best estimates excluding SMT, not adjusted for Group common items  
Adjusted for items affecting comparability

# EBITA RANGE

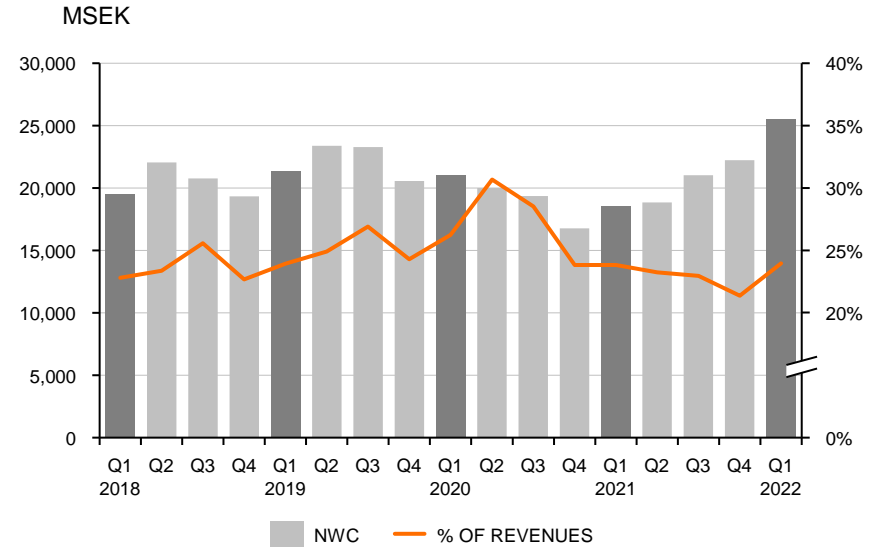


# STRONG CASH FLOW AND MANAGING NWC

## FREE OPERATING CASH FLOW



## NET WORKING CAPITAL

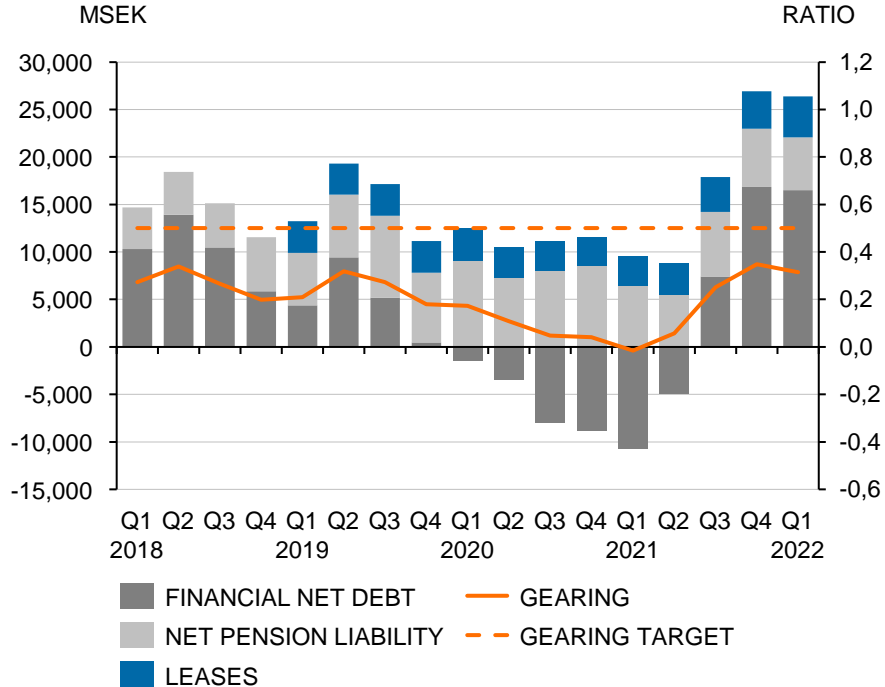


Best estimates excluding SMT, not adjusted for Group common items  
Adjusted for items affecting comparability

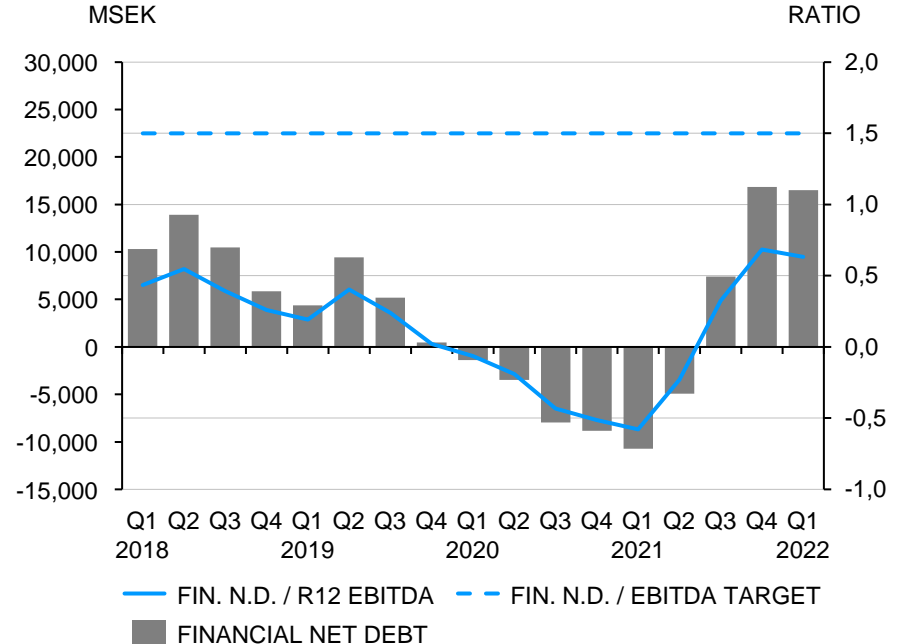


# STRONG BALANCE SHEET FOR GROWTH (GROUP TOTAL)

## NET DEBT AND GEARING



## FINANCIAL NET DEBT / R12 EBITDA



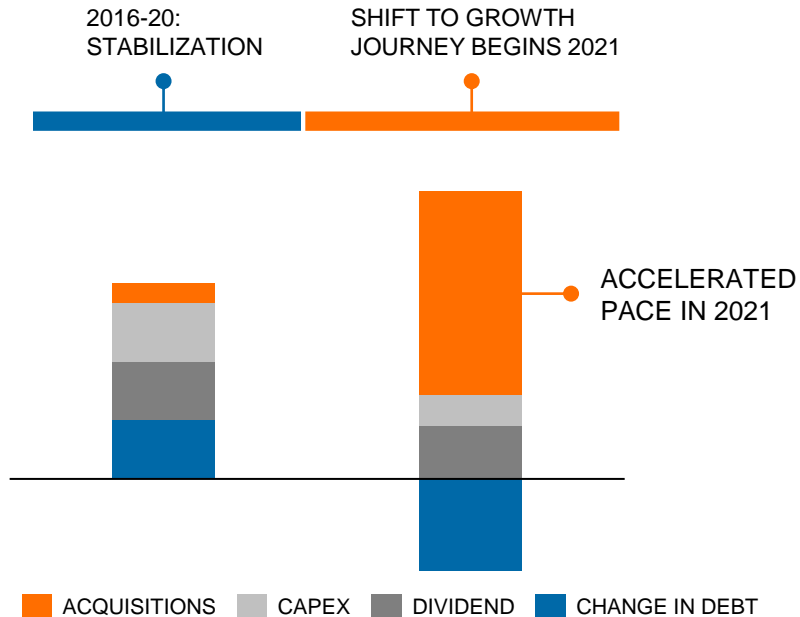
# BALANCE SHEET AFTER SMT SPIN (EST)

Alleima  
CMD  
August 23

## BALANCE SHEET Q1 2022

	GROUP	NEW GROUP	ALLEIMA
Cash	15.3	13.8	1.5
Net Debt	26.4	26.5	0.2
Equity	83.8	69.9	13.8
Gearing	0.31	0.38	0.01

# CAPITAL ALLOCATION SUPPORTS STRATEGIC DIRECTION



Strong foundation for organic and acquisitive growth

Solid cash flow generation to support shift to growth strategy

Net debt/R12 EBITDA target of 1.5 implies good headroom in balance sheet

Dividend payout target 50% of adj. EPS



# SHAREHOLDERS REWARDED

ADJ. EPS GROWTH

>100%

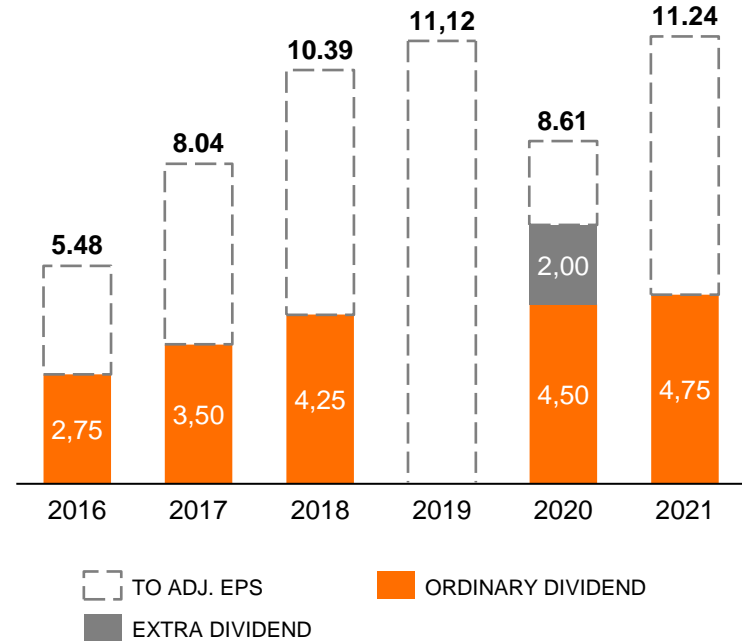
2016 – 2021

40%

Average payout ratio

50%

Target average payout ratio



An abstract graphic consisting of several bright blue lines that intersect to form a series of triangles and quadrilaterals, creating a geometric pattern against a black background.

# DISCLAIMER STATEMENT

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”

**SANDVIK**

The logo consists of the word "SANDVIK" in a bold, blue, sans-serif font. Below the text is a solid blue horizontal bar. The entire logo is enclosed within a thin blue rectangular border.