

SANDVIK TO ACQUIRE LEADING CAM COMPANY
CNC SOFTWARE – CREATORS OF MASTERCAM
AND NEW SMF OBJECTIVES



CNC Software Inc.

Mastercam[®]

SHAPING THE FUTURE
OF MANUFACTURING[™]

A BUSINESS GEARED FOR GROWTH

HIGH GROWTH RATES EXPECTED IN SANDVIK MANUFACTURING SOLUTIONS

FORECASTED MARKET GROWTH 2019-2025, CAGR

~3%



SANDVIK MINING &
ROCK SOLUTIONS

2.5-3%



SANDVIK ROCK
PROCESSING SOLUTIONS

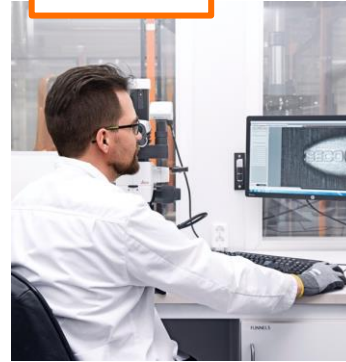
~2%



SANDVIK MANUFACTURING & MACHINING
SOLUTIONS

SANDVIK MACHINING
SOLUTIONS

>10%



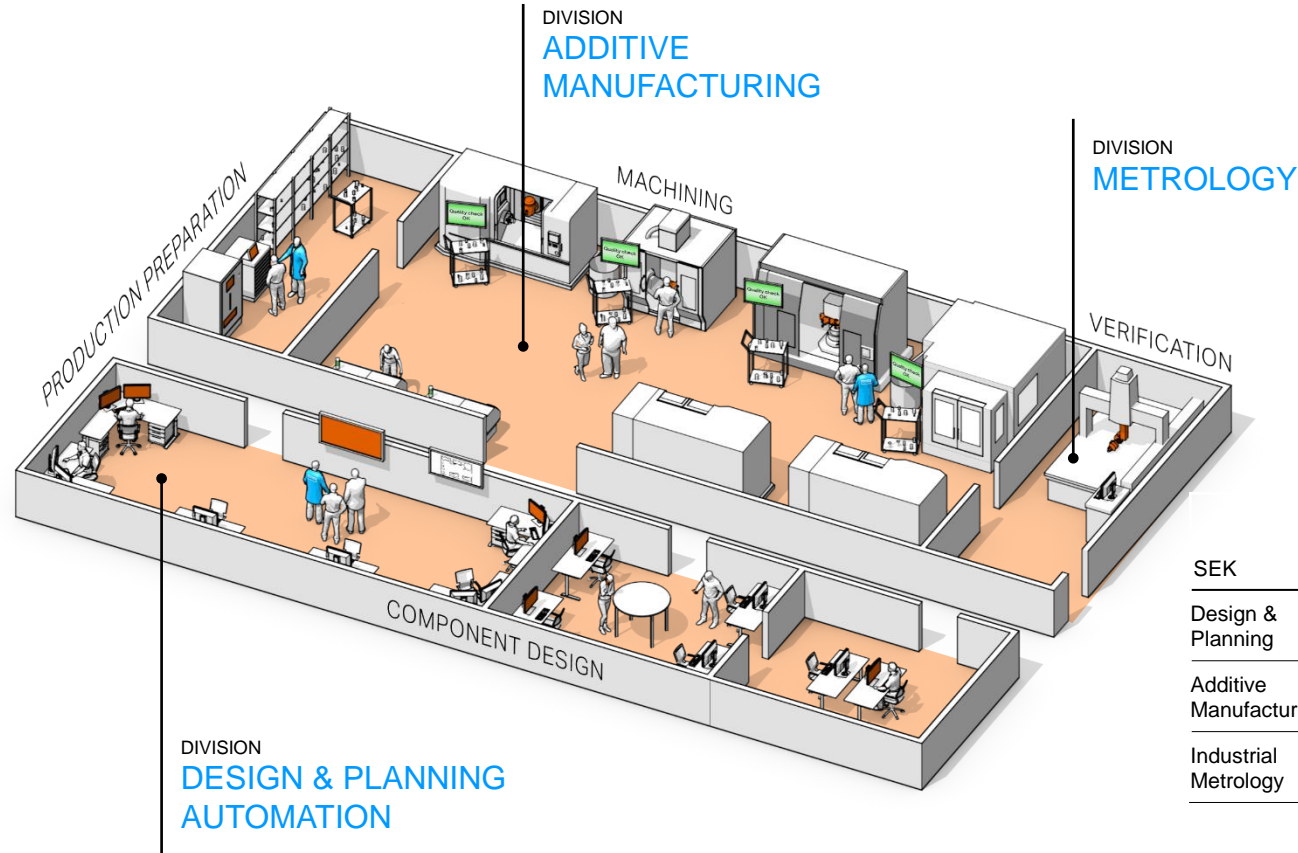
SANDVIK MANUFACTURING
SOLUTIONS

≥5%

Through an economic
cycle organic and M&A

SANDVIK

SANDVIK MANUFACTURING SOLUTIONS
 – OUR THREE DIVISIONS



SEK	Addressable market	Serviceable market	CAGR Serviceable market
Design & Planning	26B	26B	7%
Additive Manufacturing	46B	11B ^{*1}	20%
Industrial Metrology	100B	12B ^{*2}	12%

^{*1} Additive printers excluded
^{*2} Software and in-line metrology included

STEPPING UP THE DIGITAL SHIFT

MASTERCAM STRENGTHENS OUR MANUFACTURING SOLUTIONS OFFERING

DWFRITZ
PRECISION AUTOMATION

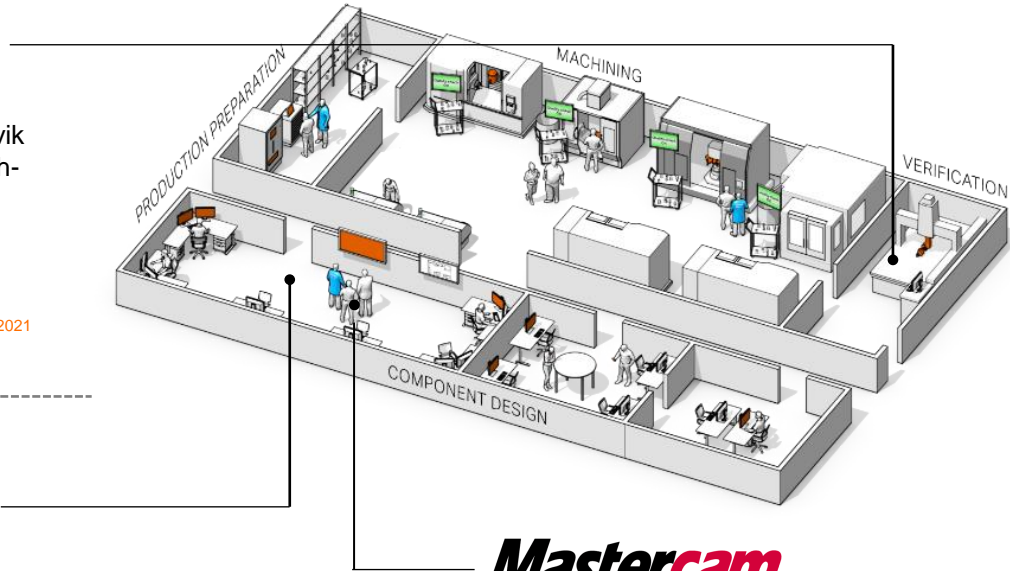
With DWFritz Automation, Sandvik will take a leading position in high-speed, non-contact, in-line metrology and precision automation

SIGNING ANNOUNCED JULY 12, 2021
CLOSING EXPECTED DURING SECOND HALF OF 2021

 **CAMBRIO**

A leading company with an end-to-end portfolio in CAD/CAM software for manufacturing industries.

SIGNING ANNOUNCED JULY 1, 2021
CLOSING EXPECTED DURING SECOND HALF OF 2021

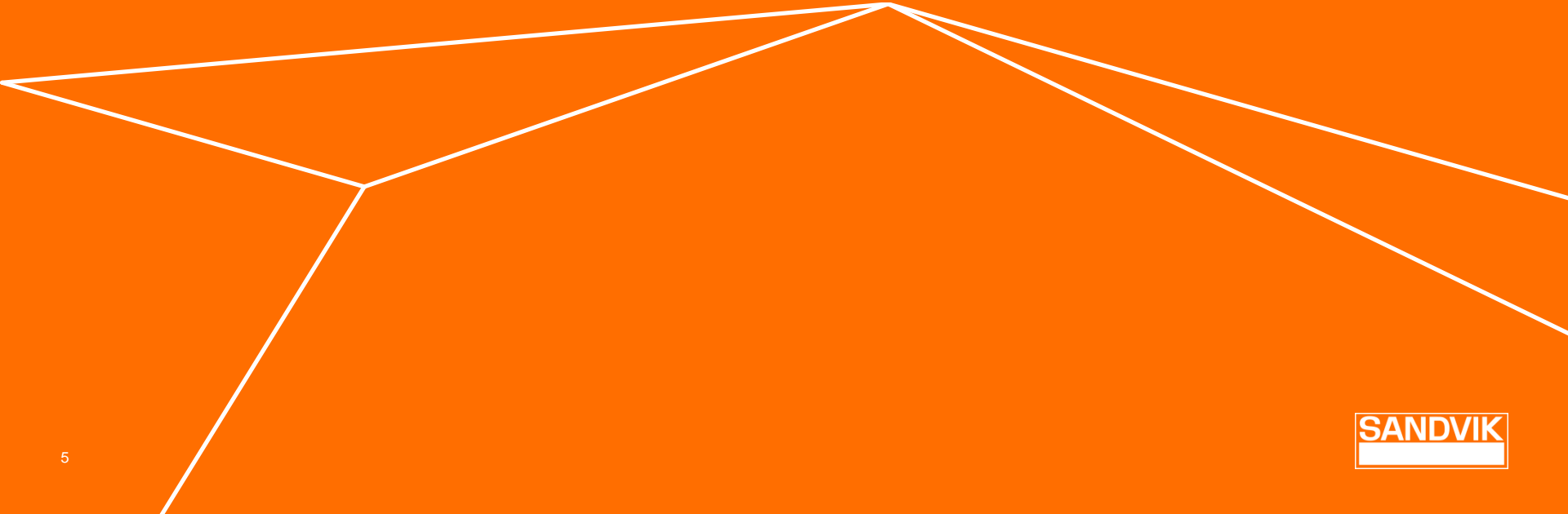


Mastercam

CNC Software is a leading provider of CAD/CAM software solutions and the company behind Mastercam, the most widely used CAM-brand in the industry.

SIGNING ANNOUNCED AUGUST 25, 2021
CLOSING EXPECTED DURING Q4 2021

DESIGN & PLANNING AUTOMATION AND CAM

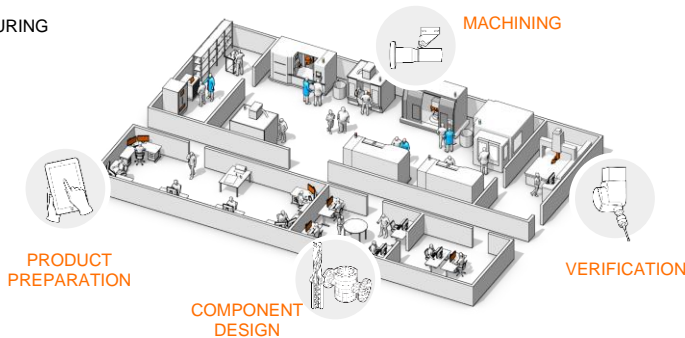


DESIGN & PLANNING AUTOMATION DIVISION

MISSION

- Automate the manufacturing value chain for small and mid-sized manufacturing companies – and deliver competitive point solutions for large OEMs
- Deliver products that are open and agnostic, thus simplifying integration with installed base
- Generate recurring revenues through strong position in Computer Aided Manufacturing (CAM), Design for Manufacturability and Production logistics

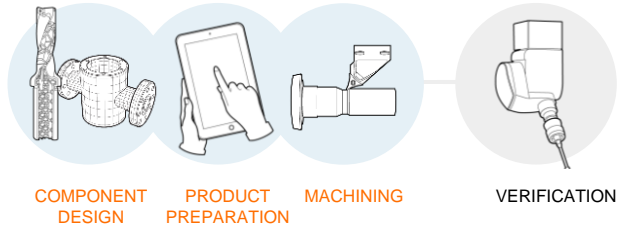
THE MANUFACTURING
VALUE CHAIN:



DESIGN & PLANNING AUTOMATION DIVISION

STRATEGY TO CREATE A STRONG POSITION IN THE CAM MARKET

- To build an offering around Computer Aided Manufacturing (CAM), Design for Manufacturability and Production logistics – for manufacturing processes such as machining, additive manufacturing, metal forming, injection and robotic welding
- The CAM market has been identified as the most important to enter**, due to attractive growth rates – and its proximity to Sandvik Manufacturing and Machining Solutions' core business
- CAM is a vital component to create an offer of **automated solutions from component design to machining**



WHY CAM?

WILL PLAY A VITAL ROLE IN OUR DIGITAL MANUFACTURING SOLUTIONS

1 Complements premium tooling business

- Tool selection and productivity improvements are often made here
- The CAM market is consolidating quickly
- Cross-selling tools through CAM position



2 CAM software market opportunity

- Growing into attractive software segment with higher share of recurring revenues
- CAM: Tooling market 1:8 ratio, very good leverage on a strong software position
- Gain a cost-efficient digital reach to the SME market through CAM
- Software logic to use size and scale of installed base for SaaS transition and tech scalability

3 Improve customers' productivity through digital manufacturing

- CAM is a center piece in data capture and data use position
- Use and offer best data-base, to achieve productivity and quality gains for the customers, and for Sandvik
- Automated processes for customers will improve customer intimacy and the position for productivity sales (pay-per-part model)

CNC SOFTWARE, INC. /MASTERCAM



CNC SOFTWARE IN BRIEF



OVERVIEW

- **CNC Software Inc.** is a leading provider of CAD/CAM software solutions for manufacturing industries and the company behind **Mastercam**.
- **Mastercam is the most widely used CAM brand** in the industry, with an installed base of around 270,000 licenses/users – and the largest market reseller network.
- Strong market position in **CAM**, and particularly for **small and medium-sized manufacturing enterprises** (SME's).
- **Well-established partnerships** with leading machine makers and tooling companies globally.
- An independent, family-owned company founded in 1983, which **has become synonymous with their CAM-software suite Mastercam**.

COMPANY PROFILE 2020

Geographic location:	Worldwide
Headquarters:	Connecticut, USA
CEO:	Megan West
Revenues:	~60 MUSD
Employees:	~220
Sales by region:	Americas 57% EMEA 19% APAC 21%

MAIN CUSTOMER INDUSTRIES

- Aerospace & Defense
- Automotive
- Consumer Goods
- Energy
- Heavy Industry
- Motorsport
- Education
- Etc.



Corporate Office – Tolland, Connecticut



MEGHAN WEST
CEO
CNC Software, Inc.

CNC SOFTWARE

INVESTMENT HIGHLIGHTS



- 1 Leading brand within the CAM market (**Mastercam**), the most widely used CAM-software in the industry – with the largest installed base and reseller network
- 2 Above market growth, with especially strong market position in CAM and for SME's
- 3 Very large and well-diversified customer base – and the world's largest CAM community
- 4 Compelling financial model: 100% software revenues of which ~60% recurring revenues with very good retention

- 5 Extensive public beta-testing. Mastercam's mission is "to create software and services that solve the world's manufacturing challenges"
- 6 Own educational programs in "Mastercam University"
- 7 Well-established partnerships with leading machine makers and tooling companies globally
- 8 Strong values and an employee engagement-level of 88%

CNC SOFTWARE

A STRONG STRATEGIC FIT



01

Access to world-class CAM brand and large customer base, particularly SME's

02

Gaining sizeable market share on high growth CAM-market

03

Complements Sandvik's leading know-how in machining, creating a unique market position

04

Gaining digital reach to the SME market through CAM – to cross-sell tools

05

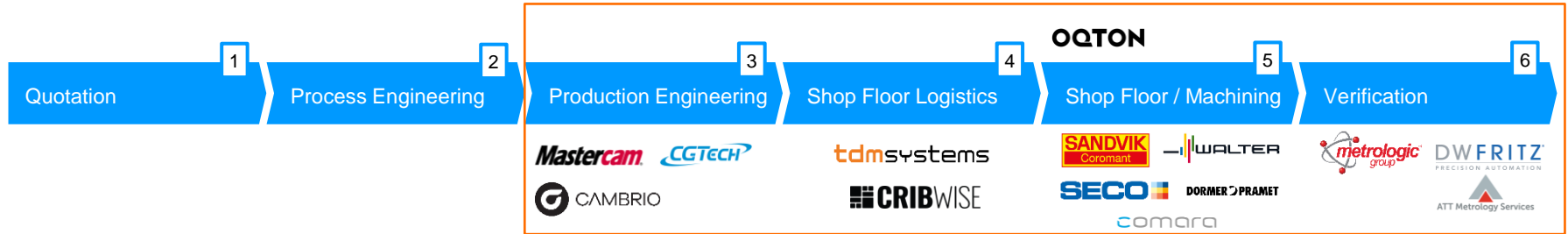
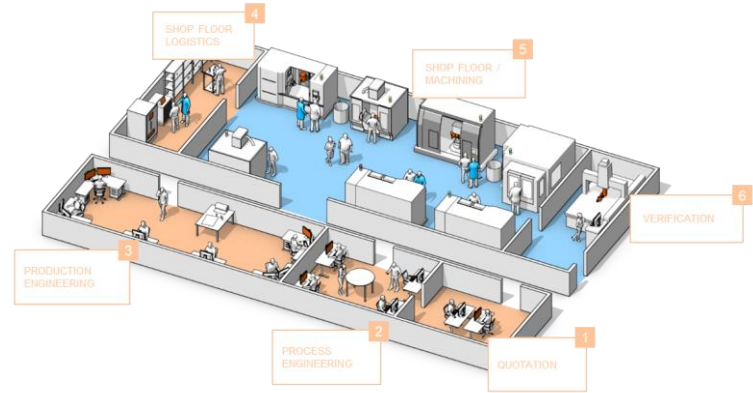
Compelling financial model with ~60% recurring revenues

MASTERCAM WILL PLAY A VITAL ROLE IN OUR DIGITAL MANUFACTURING SOLUTIONS, ENABLING NEW AND INNOVATIVE SOLUTIONS IN AUTOMATED DESIGN FOR MANUFACTURING.

SYNERGIES EVOLVING POST ACQUISITION

LOOKING AT THE OVERALL SANDVIK OFFERING

- Connecting the “art to part” value chain on a common “manufacturing centric” platform, unlocking great value for the customer
- Cross-selling opportunities – and access to SME’s
- Shared R&D resources and efficiency gains
- Applied machining strategies and data earlier in the value chain
- Further integrating additive and subtractive manufacturing expertise



Design for manufacturing recommendations

Subtractive vs additive process planning

Market leading integrated CAM, Simulation, and Optimization Portfolio

Data extraction of logistical assets

Subtractive vs additive process planning

Data extraction and completing the information feedback loop

*Note: The acquisitions of Cambrio, DWFritz Automation and Mastercam are expected to close before the end of 2021, subject to customary regulatory approvals.

TRANSACTION OVERVIEW AND FINANCIAL IMPACT



TRANSACTION OVERVIEW

CNC SOFTWARE, INC.



TRANSACTION CONSIDERATIONS

- **Enterprise value:** Not disclosed
- **Estimated closing:** Expected to close Q4 2021, subject to customary regulatory approvals

FINANCIAL IMPACT

- **Financial profile:** Underlying EBITA margin is expected to be accretive to Sandvik Manufacturing and Machining Solutions. However, the first year after closing, revenues will be impacted by deferred revenue accounting adjustments and hence EBITA margin slightly dilutive to SMM's margin.
- **EPS impact:** Slightly dilutive to Sandvik Group
- **Impact on the Group balance sheet:** Group **gearing** at 30 June was 0.06 and **net debt/EBITDA** was not measurable. The deal will have an impact on the debt KPI:s as it is a 100% cash deal. The credit rating KPI:s remain well under control after the closure of this transaction.



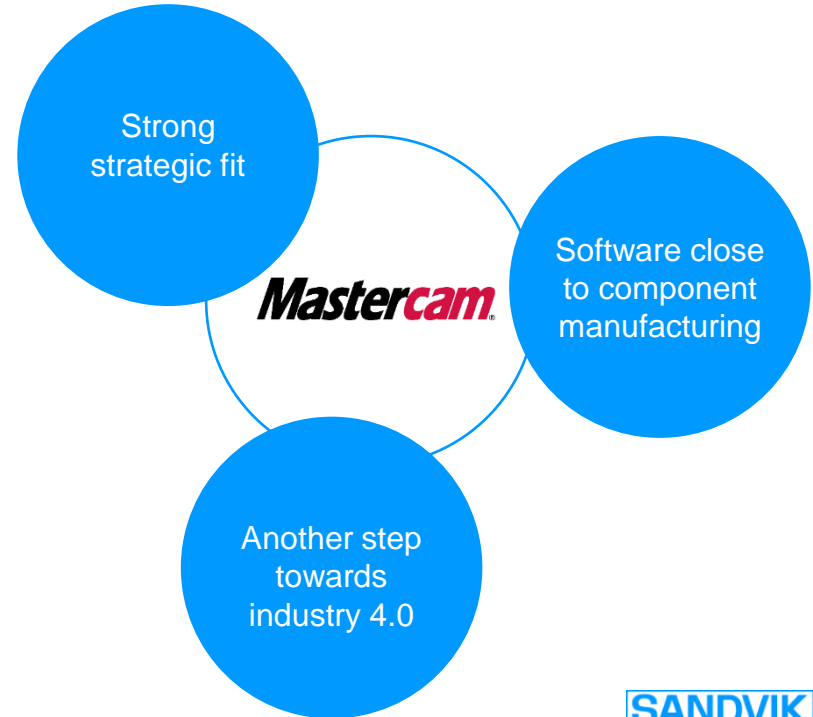
SUMMARY



MASTERCAM – A STRONG STRATEGIC FIT

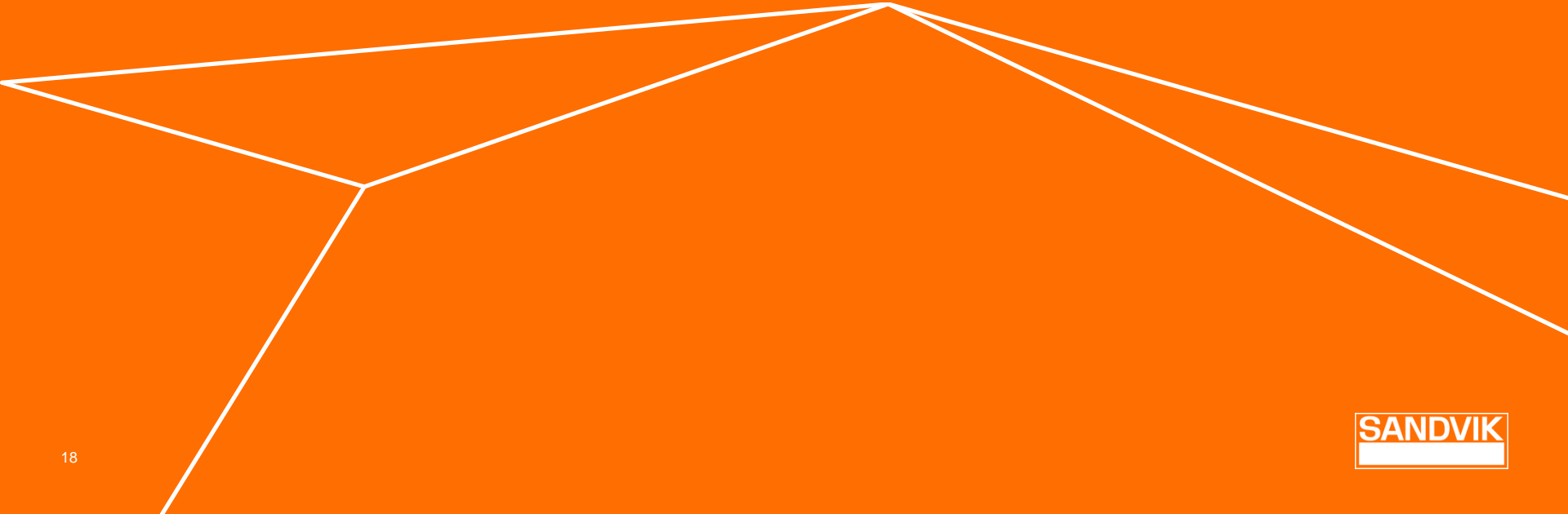
PLAYING A VITAL ROLE IN THE DIGITAL MANUFACTURING PROCESS

- CAM plays a vital role in the digital manufacturing process, enabling new and innovative solutions in automated design for manufacturing.
- The CAM market has been identified as the most important to enter, due to attractive growth rates – and its proximity to Sandvik Manufacturing and Machining Solutions' core business.
- Mastercam is the most widely used CAM-software in the industry – with the largest installed base and reseller network.
- An acquisition of CNC Software and the Mastercam portfolio, will make Sandvik a leader in the overall CAM market measured in installed base.
- CNC Software has a strong market position in CAM, and particularly for SME's*, which will give Sandvik an instant digital reach to the SME market – also to cross-sell tools.



*Small and Medium-sized manufacturing Enterprises

NEW OBJECTIVES 2025 FOR SMF



NEW OBJECTIVES 2025

SANDVIK MANUFACTURING SOLUTIONS

With the acquisition (subject for closing) of Cambrio, DWFritz Automation and CNC Software (Mastercam), Sandvik Manufacturing Solutions have built a portfolio which together with the organic growth of the current business will exceed the earlier communicated revenue objectives.

- Revenue objectives for 2025 is increased from 4 BSEK to 6 BSEK
- EBITA margin objective for 2025 of 20%

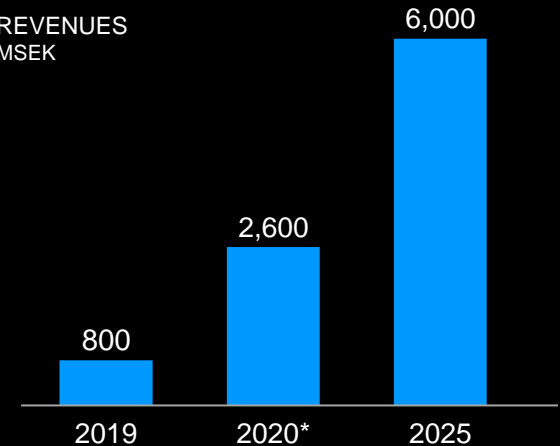
x7
growth
(vs. 2019)

6BSEK
in revenues
(contributing c.2% total annual growth to SMM during the period)

20%
EBITA margin



REVENUES
MSEK



*Including revenues of approximately SEK 1.8 billion from Cambrio, DWFritz and CNC Software/Mastercam (subject to closing and based on 2020 revenues)

QUESTIONS & ANSWERS