

Interim report fourth quarter 2023



Summary Q4

Stable fourth quarter

- Strong growth in aerospace, positive development in auto and stable in general engineering. Mining demand on high levels, while infrastructure challenging
- Total order intake declined by 2%. At fixed exchange rates, orders declined by 2% and organically by 4%
- Total revenue growth was 2% and at fixed exchange rates 2%, of which organic 1%

Resilient profit margin level

- Adjusted EBITA declined by 3%, corresponding to a margin of 19.5% (20.6), adjusted EBITA margin R12 at 20.0 (20.0), within target range
- 48% annualized run rate savings achieved in the 2022 restructuring program
- Adjusted profit for the period amounted to SEK 4.0 Bn (4.0)

Solid strategy execution

- Important investments made to strengthen Sandvik for the future
- Three acquisitions announced that improves our position further in growth areas
- Ground-breaking innovations launched

2%

Revenue growth at fixed exchange rates

19.5%

Adjusted EBITA margin

1.2

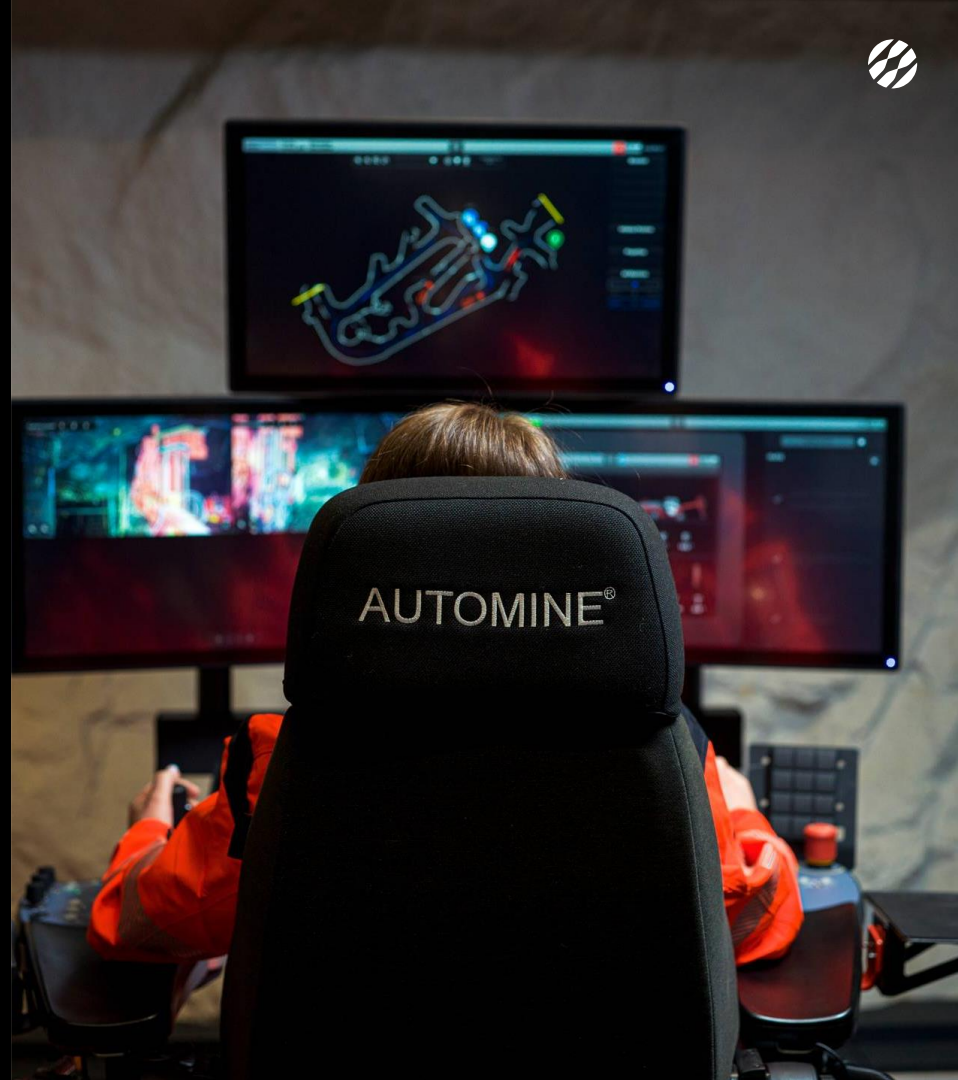
Financial net debt/EBITDA



Staying ahead through innovation: AutoMine® for underground drills

First OEM to offer a unified traffic management system for drills, loaders and trucks, setting a new standard for underground mining efficiency.

- Tele-remote system that enables an operator to remotely control and simultaneously supervise multiple automated Sandvik underground drills
- Scalable AutoMine® operating package levels:
 - Single drill
 - Drill Fleet
 - Machine Fleet
- Utilizes onboard Access Protector, onboard cameras and components for safety & communications





YoY market development

Percent of revenue 2023	Order intake Y/Y Q4 23	
Europe	27%	0%
North America	25%	-9%
Asia	17%	6%
Africa and Middle East	12%	-20%
Australia	13%	-1%
South America	7%	10%

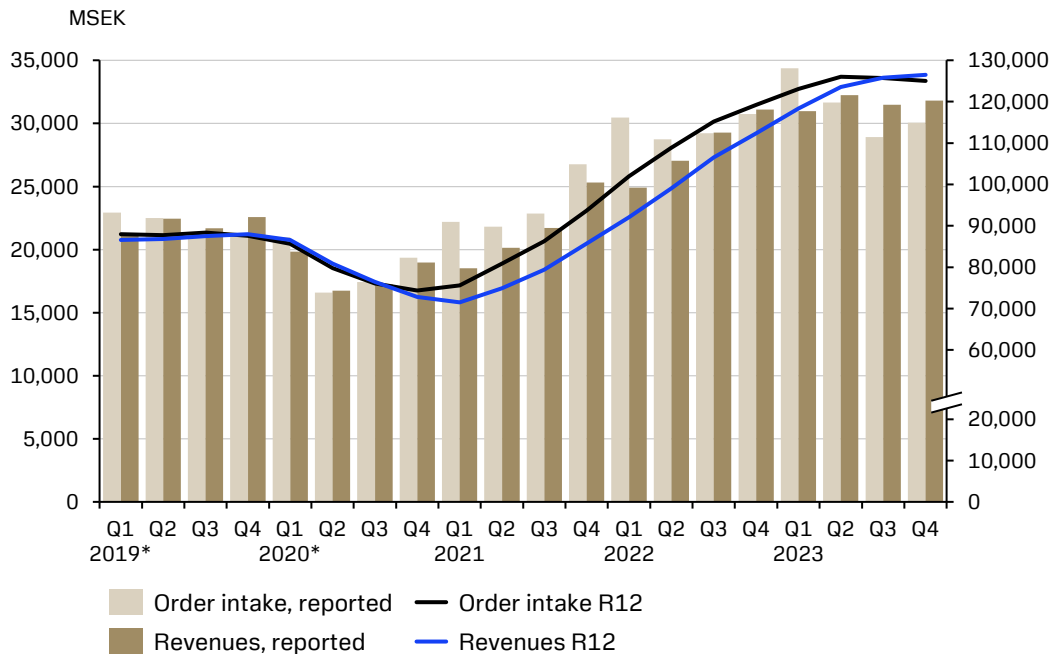
% of revenue 2023

Mining 51%	Engineering 20%	Automotive 7%	Energy 1%	Infrastructure 10%	Aerospace 4%	Other 8%
→	→	↗	↘	↘	↗	→
→	→	↗	↗	↘	↗	↘
→	↘	→	↘	↘	↗	↗
→	↗	↗	↗	↘	↗	↘
→				↘		
→				↘		
→				↘		

Other includes mainly die and mould, electronics, medical, pump and valve, rail and defense.



Order intake and revenues



Order intake
Reported (MSEK)

30,062

Revenues
Reported (MSEK)

31,816

Book-to-bill

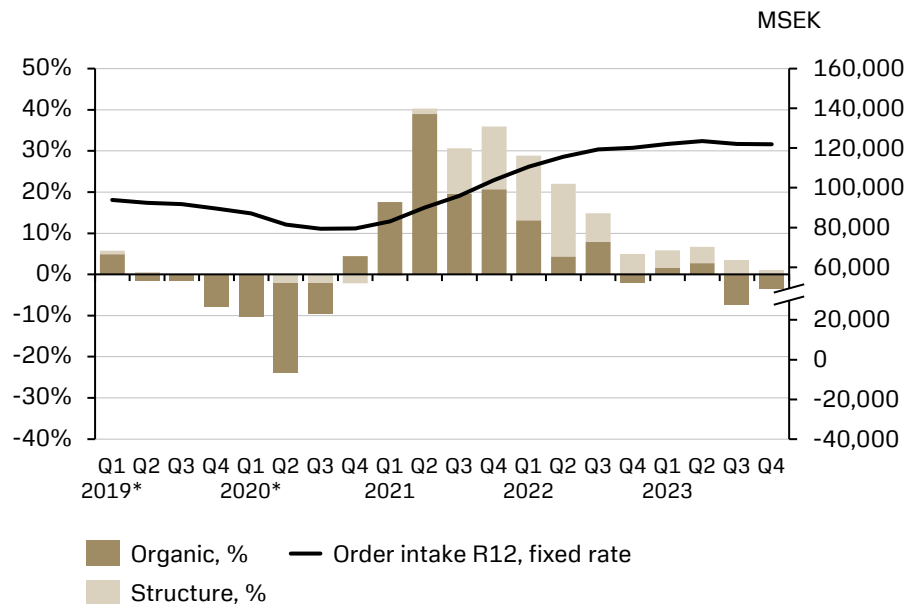
94%

* Best estimates excluding Alleima

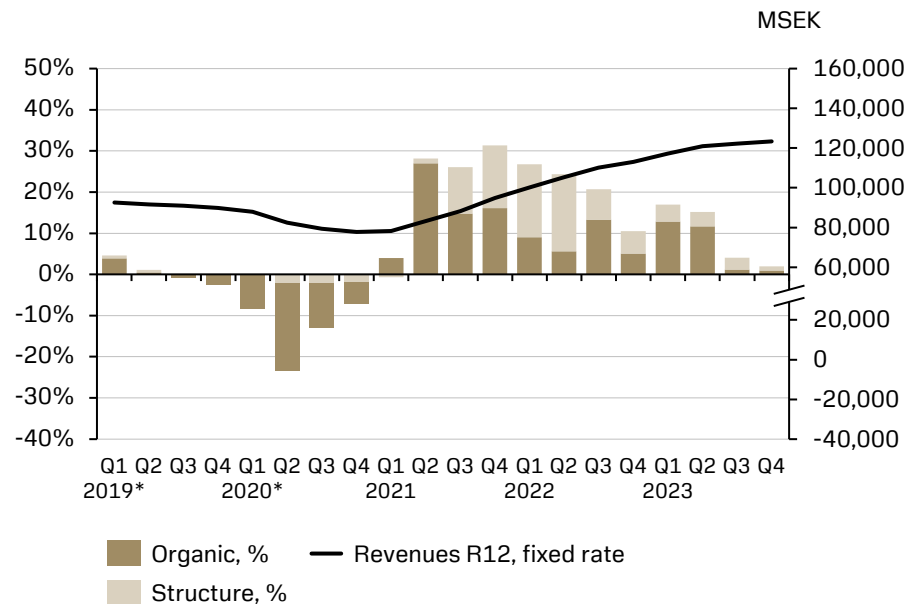


Growth in order intake and revenues

Order intake



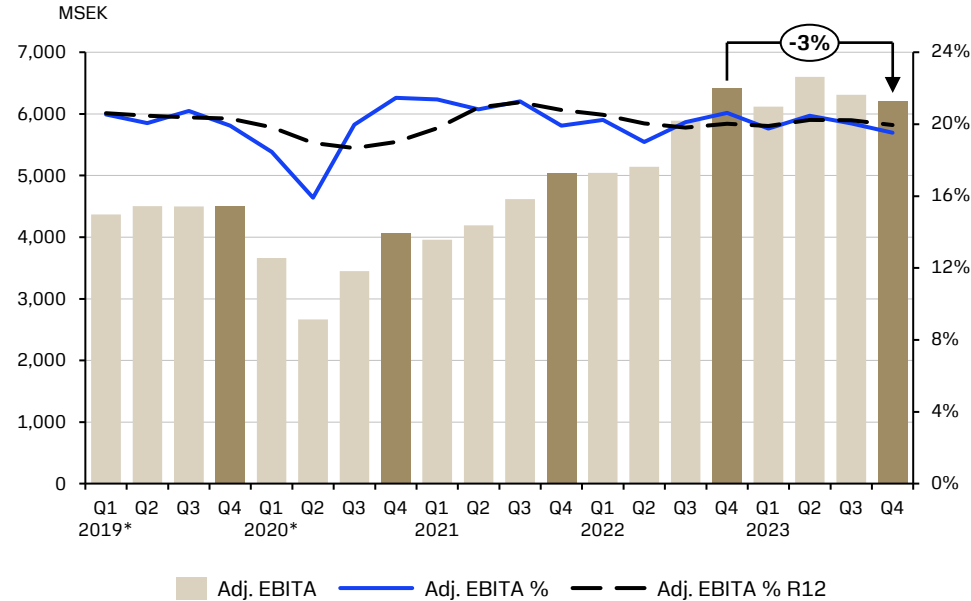
Revenue



* Best estimates excluding Alleima



Adjusted EBITA development



Adj. EBITA margin:

19.5%

- Adj. EBITA SEK 6,211 M (6,413)
- Resilient level despite lower volumes and a diluting impact from currency of 110 basis points
- R12 adj. EBITA 20.0% (20.0), in line with target range

* Best estimates excluding Alleima



Mining and Rock Solutions

Order intake

- Stable demand in mining and positive momentum for automation solutions. All-time high surface order of SEK 248 million
- Total order intake declined by 4% and at fixed exchange rates, by 3% of which organic -3%
- Excluding four major orders of SEK 1,150 million (860), organic order intake declined by 5%

Adjusted EBITA

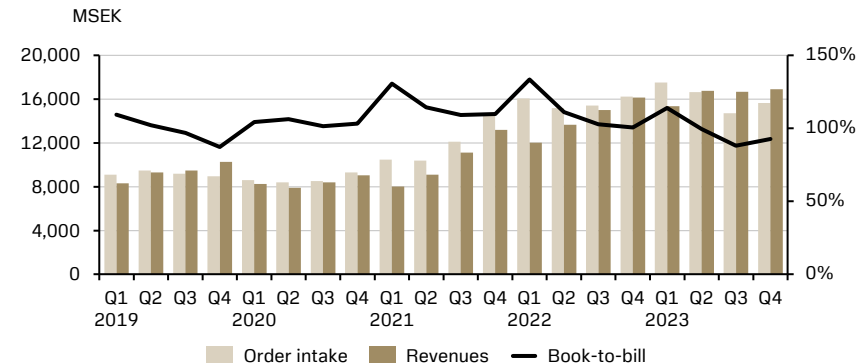
- Adjusted EBITA margin at 20.6% (22.0), with solid operating leverage
- Savings from 2022 restructuring program had a positive impact of SEK 10 million
- Currency had a dilutive impact of 190 basis points

Shift to growth

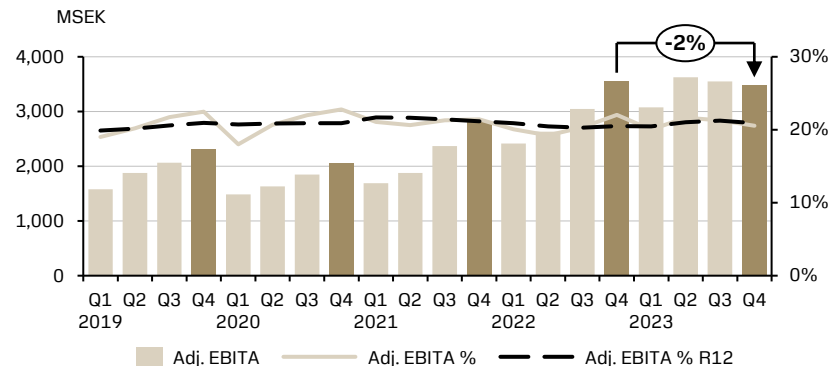
- Several new technologies and solutions launched during the quarter. Automine® for underground drills and new top hammer tool systems
- To develop and prove future surface drilling technologies, SMR invested in a new testing facility in Finland

Order intake and revenues

52% share of revenues 2023



Adjusted EBITA development





Rock Processing Solutions

Order intake

- Stable demand in mining while infrastructure continued to be weak
- Total order intake, and order intake at fixed exchange rates declined by 11% respectively. Organic order intake declined by 18%
- Excluding two major orders of SEK 171 million (57), organic order intake declined by 20%

Adjusted EBITA

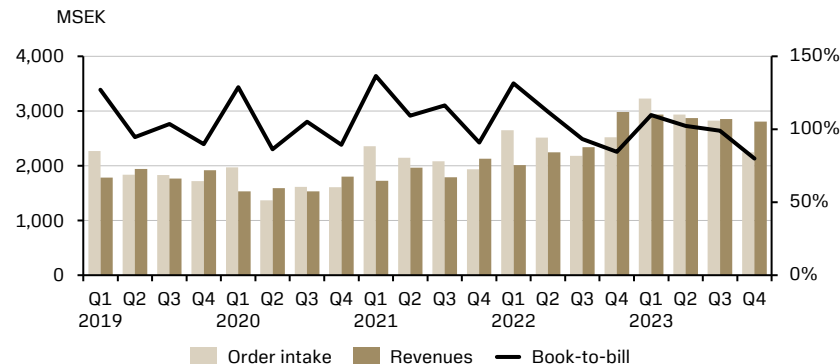
- Adjusted EBITA margin at 15.7% (16.0). Negative impact from lower volumes and integration costs was partly off-set by positive impact from savings
- Savings from 2022 restructuring program had a positive impact of SEK 22 million
- Currency effects had a dilutive impact on the margin of 80 basis points

Shift to growth

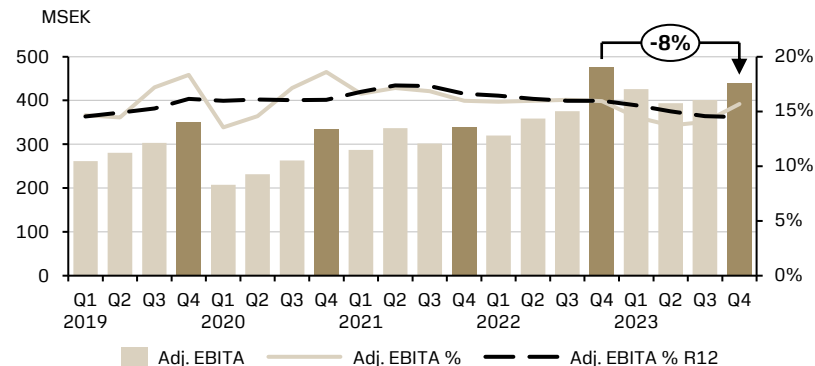
- Investment in a foundry in India for better control of supply, volume capacity and lead time for key wear components
- Launch of DeckMapp, a digital solution for wear scanning of screening media panels

Order intake and revenues

9% share of revenues 2023



Adjusted EBITA development





Manufacturing and Machining Solutions

Order intake

- Strong demand in aerospace and positive development in automotive, while general engineering was stable
- 4% growth in cutting tools divisions and high-single digits growth in the software business, while powder declined year on year
- Total order intake increased by 1%, at fixed exchange rates development was flat year on year, of which organic -1%
- Daily order intake in the first two weeks of January was stable compared to the fourth quarter

Adjusted EBITA

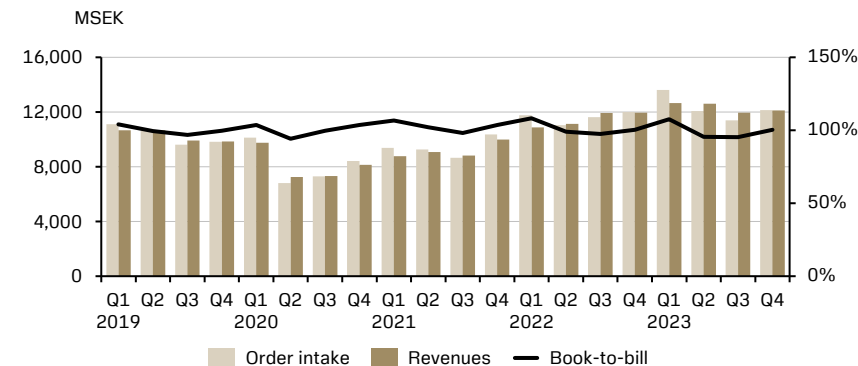
- Adjusted EBITA margin at 20.2% (22.2). Volumes and negative effects in one cutting tool division from e.g. under absorption had a negative impact on the margin
- Savings from 2022 restructuring program had a positive impact of SEK 62 million
- Currency had a dilutive impact of 10 basis points

Shift to growth

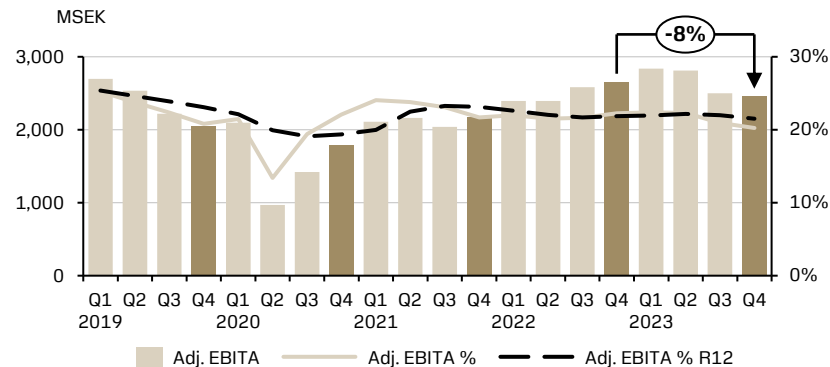
- Three acquisitions announced during the quarter, Buffalo Tungsten Inc., esco GmbH and pro-micron GmbH

Order intake and revenues

39% share of revenues 2023



Adjusted EBITA development





Cecilia Felton

CFO



Financial summary

MSEK	Q4 2022	Q4 2023
Order intake	30,751	30,062
Revenues	31,094	31,816
Adjusted EBITA	6,413	6,211
Adjusted EBITA margin	20.6%	19.5%
Net financial items	-390	-630
Tax rate excluding IAC	27.7%	20.8%
NWC ¹	27.1%	28.8%
Free operating cash flow ²	6,226	5,463
ROCE ¹	16.0%	17.4%
Adjusted EPS, diluted, SEK	3.22	3.22

Growth	OI	REV
Organic	-4%	1%
Structure	1%	1%
Org + structure	-2%	2%
Currency	0%	0%
Total	-2%	2%

¹ Quarterly calculation i.e., annualized revenues and one quarter average NWC / ROCE ² Free operating cash flow before acquisitions and disposals, financial items and taxes



Bridge analysis

MSEK	Q4 2022	Organic	Currency*	Structure	Q4 2023
Revenues	31,094	286	102	334	31,816
Adjusted EBITA	6,413	59	-323	62	6,211
Adjusted EBITA margin	20.6%	21%			19.5%
Accretion/dilution		0.0%	-1.1%	0.0%	

*Currency effect net of structure component



Good progress in realizing savings from 2022 restructuring program

	SMM	SMR	SRP	Common
TOTAL ESTIMATED RUN-RATE SAVINGS				
~785	540	100	140	5
MSEK				
REALIZED SAVINGS Q4 2023				
94	62	10	22	-
MSEK				
REALIZED ANNUALIZED RUN-RATE (END Q4)				
48%				



New 2024 restructuring program expected to generate additional run-rate savings of SEK 1.2 Bn

	SMM	SMR	SRP
One-off costs			
2.4	1.4	0.5	0.5
<small>BSEK, TO BE BOOKED IN Q1 2024</small>			
<hr/>			
Total estimated run-rate savings			
1.2	0.7	0.4	0.1
<small>BSEK</small>			
<hr/>			
Indicated FTE reduction			
1,100			



Net financials

MSEK	Q4 2022	Q4 2023
Interest net	-416	-468
Pension	-21	-29
Bank charges	-17	-23
Other financial income and cost	-94	-10
Leases IFRS16	-54	-66
FX and other asset classes	213	-34
Total	-390	-630
Total yield cost	3.2%	4.8%



Tax rate

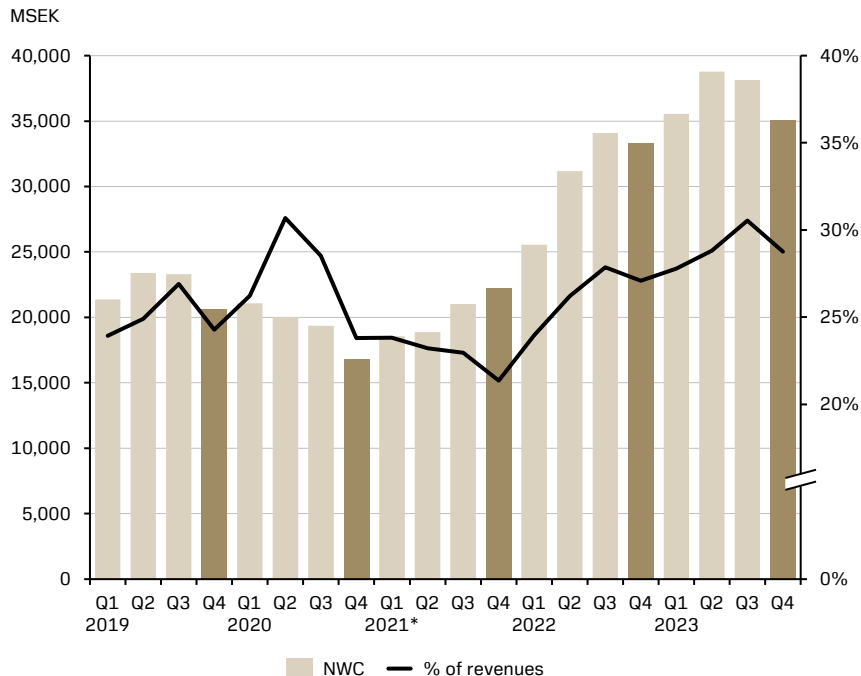
	Q4 2022	Q4 2023
Reported	28.0%	19.6%
Excluding IAC	27.7%	20.8%
Normalized	25.4%	21.7%

Full year tax rate 23.4%, in line with guidance for 2023: 23-25%

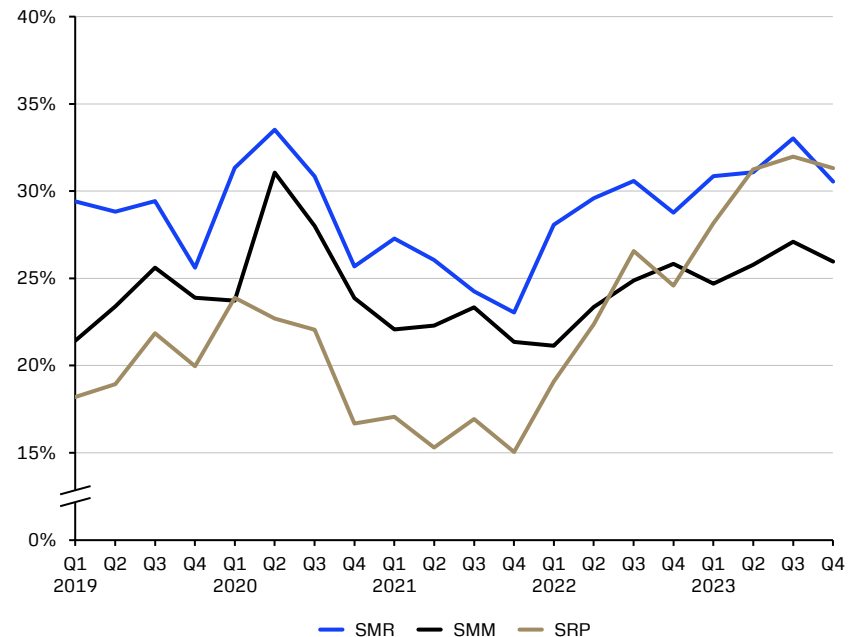


Net working capital

Net working capital



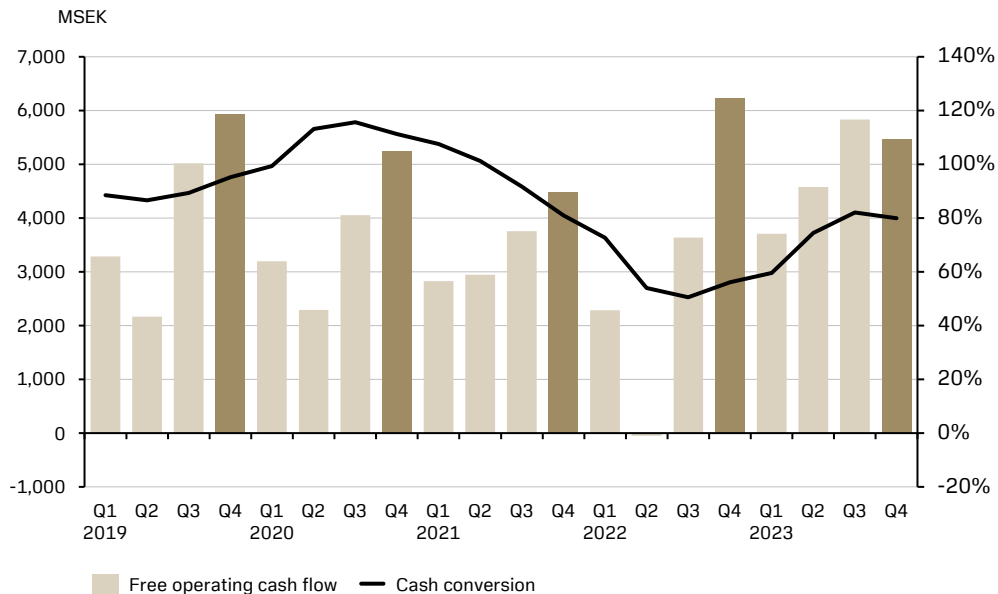
Per BA, % of revenues



* Best estimates excluding Alleima



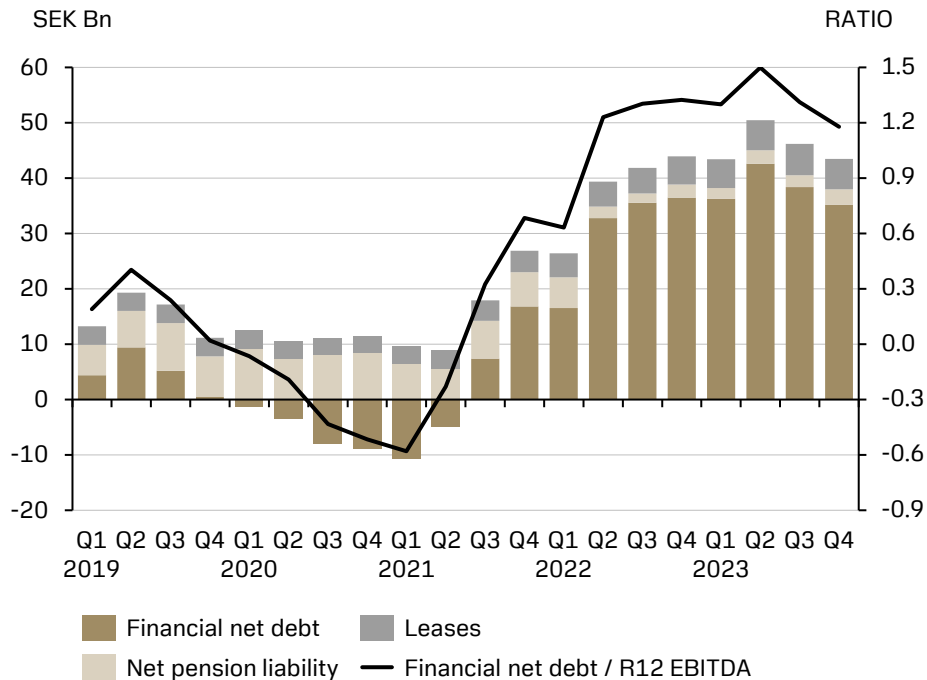
Free operating cash flow



MSEK	Q4 2022	Q4 2023
EBITDA	6,603	7,249
Non-cash items	893	-1,089
NWC change	376	1,039
CAPEX	-1,647	-1,735
FOCF	6,226	5,463



Net debt



- Financial net debt / R12 EBITDA 1.2
- Financial net debt SEK 35.2 billion
- Net debt SEK 43.5 billion



Outcome versus guidance

	Outcome Q4	Guidance Q4
Underlying currency YoY effect (MSEK)	-323	-150

	Outcome FY23	Guidance FY23
Capex (BSEK)	5.4	4.5-5.0
Interest net (BSEK)	-1.6	-1.6
Normalized tax rate (%)	23.4%	23-25%



Guidance Q1 and FY 2024

CAPEX (Cash)	Estimated to approximately SEK 5.0 B for 2024
Currency effects	Given currency rates at end of December 2023 the effect on operating profit from transaction and translation would be SEK -360 M for Q1 2024
Interest net	Underlying interest net is estimated to approximately SEK -1.3 B for 2024
Tax rate	The normalized tax rate is estimated to 23% - 25% for 2024



Conclusion

A successful 2023

- Full year revenues, at fixed exchange rates, grew by 9% year on year of which organic 6%
 - Record results of SEK 25.2 billion, adjusted EBITA margin of 20%, within our target range
 - Strong cash conversion of 80%, and financial net debt/EBITDA at 1.2 within our target
-

Good progress in strategic priority areas

- Strengthened our presence in customers' value chain and faster growing segments
 - Good progress in surface mining
 - Strong momentum for Sandvik's technology and automation solutions
-

Value creation for all stakeholders

- Strong culture and world leading positions
- Shift change in digital- and sustainable offerings
- Proven resilience, financial stability and strong cash flow generation



Q&A



Backup slides



Adjusted EBITA bridge, per BA

MSEK	Q4 2022	Organic	Currency	Structure	Q4 2023
Mining & Rock Solutions					
Revenues	16,156	757	-70	53	16,894
Adjusted EBITA	3,557	232	-332	16	3,472
Adjusted EBITA margin	22.0%	31%			20.6%
Rock Processing Solutions					
Revenues	2,985	-401	8	214	2,807
Adjusted EBITA	476	-54	-19	37	440
Adjusted EBITA margin	16.0%	-13%			15.7%
Manufacturing & Machining Sol.					
Revenues	11,954	-70	164	67	12,114
Adjusted EBITA	2,657	-231	18	9	2,453
Adjusted EBITA margin	22.2%	-331%			20.2%



Loan and duration profile

MSEK	Amount	Duration
Bonds MTN	26,648	4.3 years
Bank Loans	1,804	6.2 years
Commercial papers	7,174	0.1 years
Bonds MTN	3,831	0.3 years
Bank Loans	120	0.0 years
Total	39,578	3.2 years

Long term:

72%

Short term:

28%

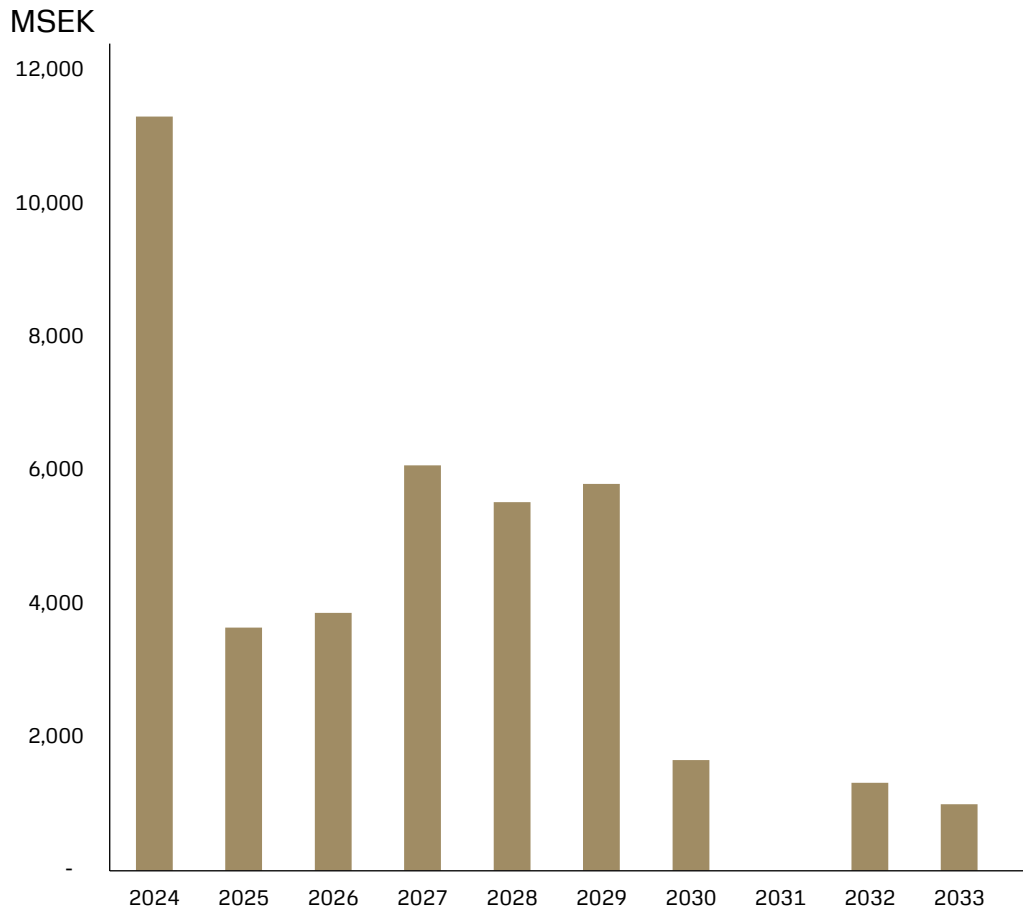
Committed Credit facilities **SEK 16,625 M**



Loan maturity profile

Average interest rate:

~3.8%



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, commercialization and technological difficulties, supply disturbances, and the major customer credit losses.