

INTERIM REPORT THIRD QUARTER 2022



SUMMARY Q3

SOLID BUSINESS PERFORMANCE AND STRATEGY EXECUTION

- Strong broad-based demand, supply chain and pricing well managed, and important progress in shift to growth
- Total order intake growth was 28%, and at fixed exchange rates 16%, of which organic 8%
- Total revenue growth was 35% and at fixed exchange rates 22%, of which organic 13%
- Excluding impact from Russia, orders and revenues grew organically by 14% and 17% respectively

HIGHER EARNINGS, AND SEQUENTIAL IMPROVEMENT ON COST/PRICE MITIGATION

- Adjusted EBITA increased by 27%, corresponding to a margin of 20.1% (21.3).
- Reported items affecting comparability of SEK -0.5 Bn, mainly related to wind-down in Russia
- Adjusted profit for the period improved by 8% to SEK 3.9 Bn (3.6)

SEVERAL IMPORTANT STEPS IN OUR SHIFT TO GROWTH PRIORITIES

- Secured the industry's largest BEV order and good traction on surface mining and automation
- Expanded the round tools offering with completion of four round tools acquisitions
- Successfully distributed Sandvik Materials Technology as Alleima

22%

Revenue growth at
fixed exchange rates

20.1%

Adjusted EBITA margin

1.30

Financial net debt/EBITDA
Group total



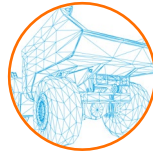
STAYING AHEAD THROUGH INNOVATION

AUTOMINE® CONCEPT UG DRILL, THE SECOND TECHNOLOGY DEMONSTRATOR FOR THE FUTURE AUTONOMOUS MINING VISION

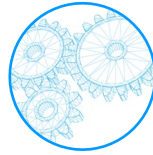
- Battery electric, fully autonomous, twin-boom development drill rig capable of drilling without human interaction
- Increased safety
- Complete drilling autonomy
- Synchronizes with drill plans from iSure and Deswik
- Optimizes route using on board scanners
- Drill an entire round without plugging in
- Automatic boom collision avoidance
- AI guided automatic drill bit changer



YOY MARKET DEVELOPMENT



Mining
47%



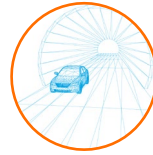
Engineering
21%



Automotive
8%



Energy
3%









Infrastructure
10%



Aerospace
4%

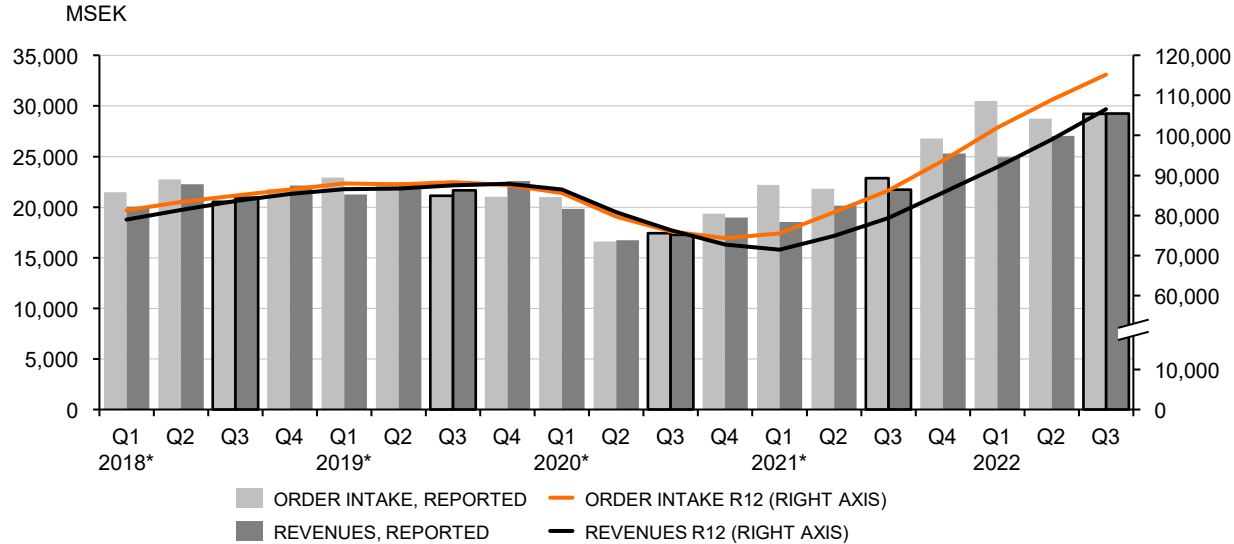
Percent of
revenue 2021

| | Percent of revenue 2021 | Q3 Y/Y* order intake | Mining | Engineering | Automotive | Energy | Infrastructure | Aerospace |
|---|----------------------------|-------------------------|--------|-------------|------------|--------|----------------|-----------|
|  EUROPE | 31% | +13% | → | ↗ | ↗ | ↗ | → | ↘ |
|  NORTH AMERICA | 21% | +27% | ↗ | ↗ | ↗ | ↗ | → | ↗ |
|  ASIA | 20% | +14% | → | ↗ | ↗ | ↗ | → | ↗ |
|  AFRICA AND MIDDLE EAST | 11% | -13% | → | ↗ | → | ↗ | | |
|  AUSTRALIA | 11% | +12% | → | | | | | |
|  SOUTH AMERICA | 6% | +36% | ↗ | | | | | |



(Continuing operations % of revenues 2021. Other e.g., consumer goods, electronics, chemical and miscellaneous accounted for 7% * Excluding Russia)

ORDER INTAKE AND REVENUES

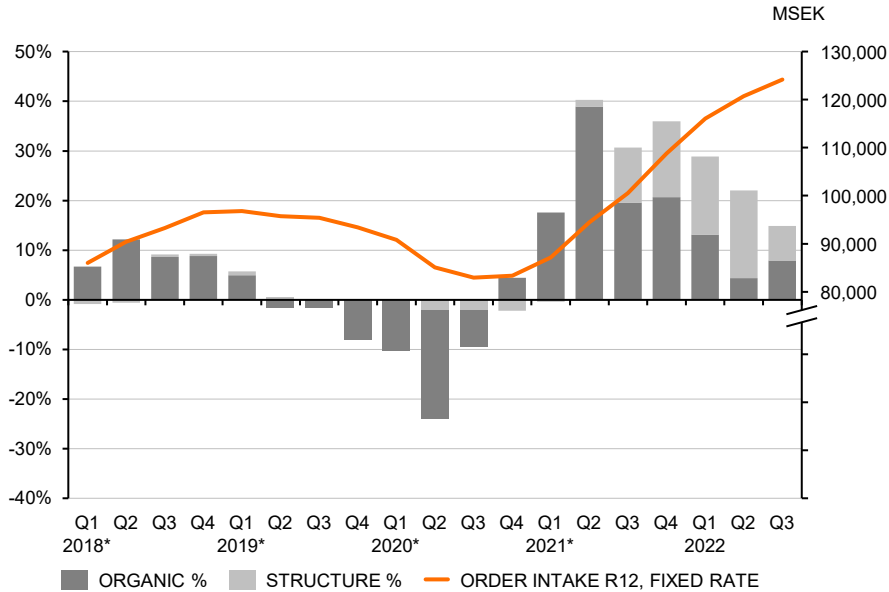


ORDER INTAKE
REPORTED (SEK M)
29,231

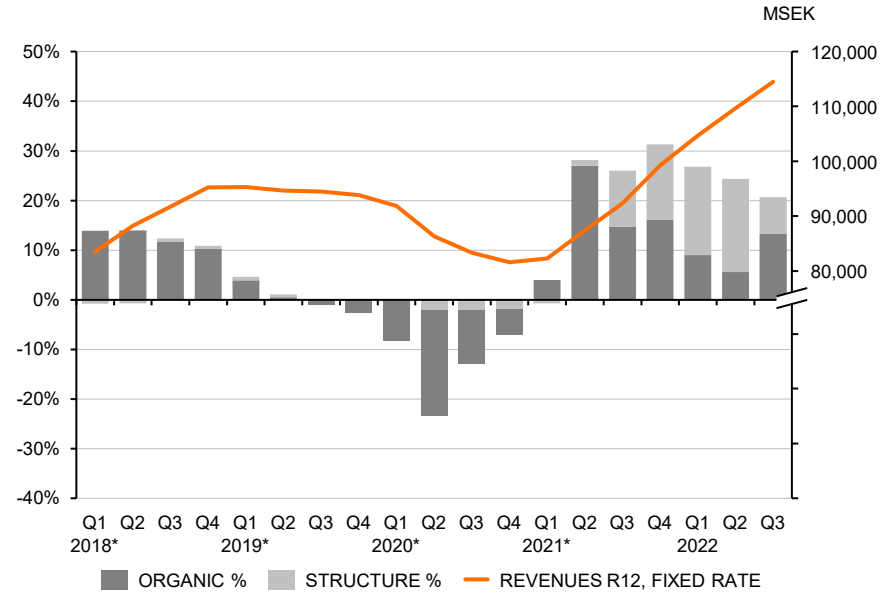
REVENUES
REPORTED (SEK M)
29,267

GROWTH IN ORDER INTAKE AND REVENUES

ORDER INTAKE



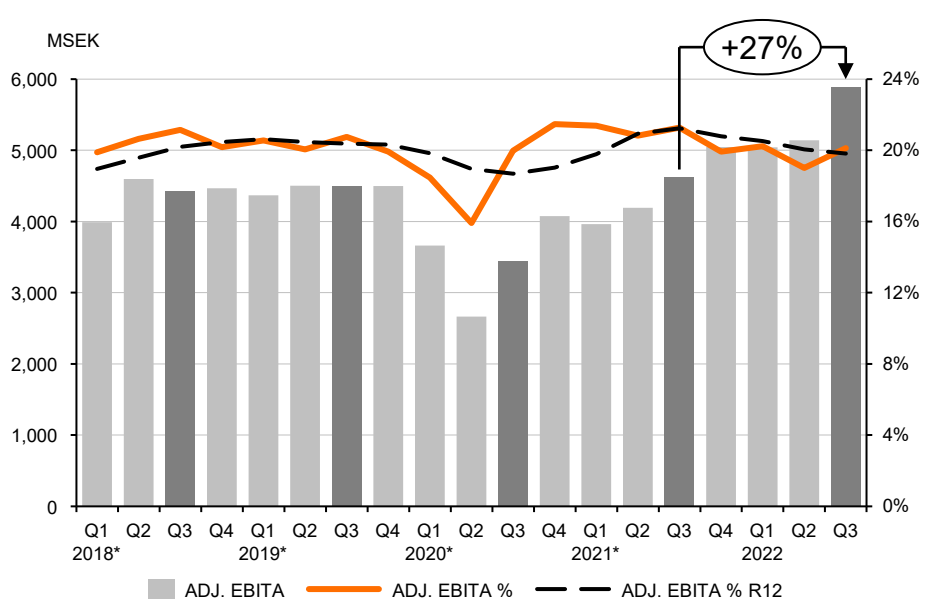
REVENUES



ADJUSTED EBITA DEVELOPMENT

Adj. EBITA margin:

20.1%



- Adj. EBITA SEK 5,889 M (4,620)
- Margin 20.1% (21.3)
- Leverage:
 - Higher volumes and currency tailwind was offset by structure and one-time adjustments
 - Diluting impact of -140 bps from cost inflation not yet fully mitigated by pricing
- R12 adj. EBITA 19.8% (21.2)

* Best estimates excluding SMT

* Adjusted for items affecting comparability



MINING AND ROCK SOLUTIONS

ORDER INTAKE

- Strong aftermarket demand and positive momentum for surface with a sizeable surface order secured and record order intake level on Rotary drilling
- Total order intake growth was 27% and at fixed exchange rates, growth was 13%, of which organic 10%
- Largest order to date for battery-electric equipment received of SEK 350 million

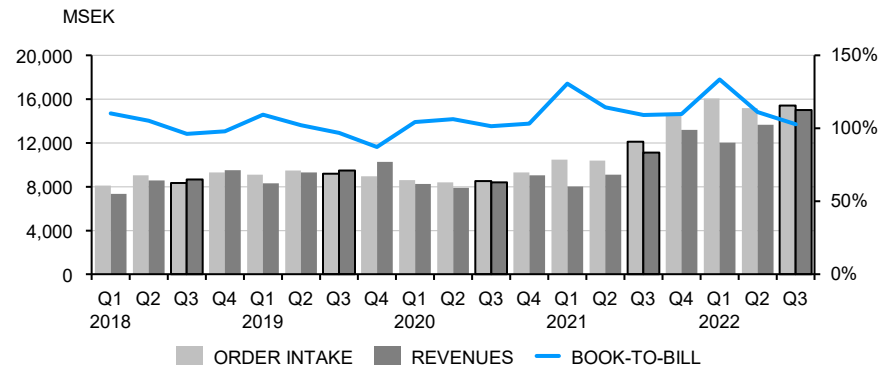
ADJUSTED EBITA

- Adjusted EBITA margin at 20.3% (21.3) with positive impact from higher volumes and currency tailwind. Cost inflation offset by pricing in absolute terms but still dilutive to margin
- Higher share of air freight and a year-to-date cost catch-up impacted the margin negatively with 90 basis points

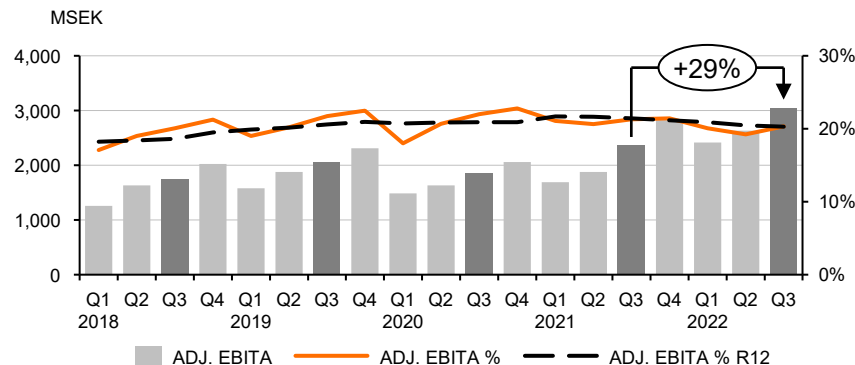
SHIFT TO GROWTH

- Investment of EUR 10 million into a BEV manufacturing line in Turku, Finland, to meet the growing demand

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT





9%
SHARE OF
REVENUES 2021

ROCK PROCESSING SOLUTIONS

ORDER INTAKE

- Order intake on solid levels, positive momentum in aftermarket while weaker in equipment
- Total order intake grew by 5% due to currency tailwinds, while at fixed exchange rates and organically was negative by 7% and 9% respectively
- Excluding Russia and a larger-sized order from the year earlier period, organic order intake was down by 2%

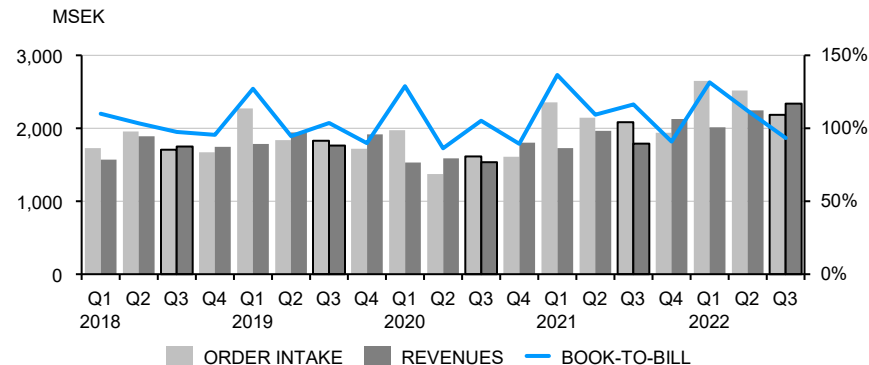
ADJUSTED EBITA

- Adj. EBITA margin of 16.1% (16.9) positively impacted by volumes while cost inflation was not yet fully mitigated by pricing

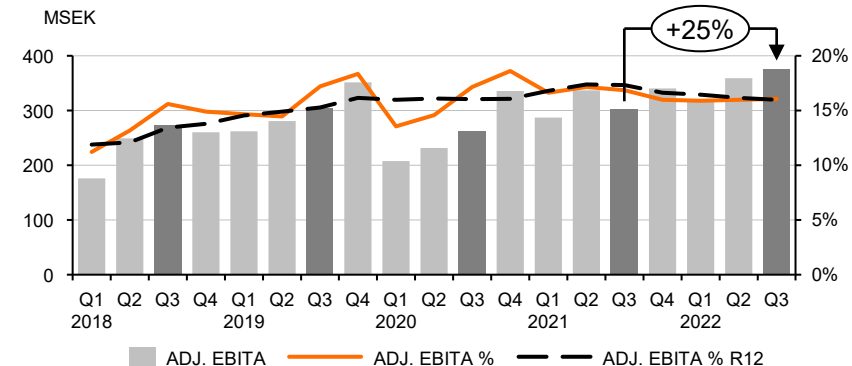
SHIFT TO GROWTH

- New aftermarket premium offering for mobile with significant improvements such as increased lifetime; up to 40% compared to the standard tooth jaw plate, and reduction of CO₂ emissions of up to 70%

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



MANUFACTURING AND MACHINING SOLUTIONS

ORDER INTAKE

- Strong demand in all regions and segments with the highest growth in energy and aerospace. Double-digit growth in automotive and general engineering
- Total order intake growth of 34%, at fixed exchange rates growth was 25%, of which organic was 9%. Excluding Russia organic order intake grew by 13%
- Daily order intake in the first two weeks of October remained stable compared to the third quarter

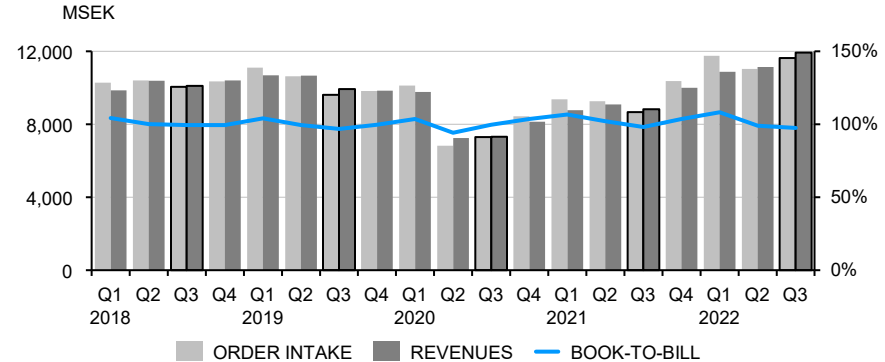
ADJUSTED EBITA

- Adjusted EBITA margin was 21.6% (23.1), with positive impact from higher volumes and currency offset. Cost inflation not yet being fully mitigated by pricing
- Effects from revaluation of balance sheet items was 110 bps dilutive on margins. Structure was dilutive to margins with 130 basis points

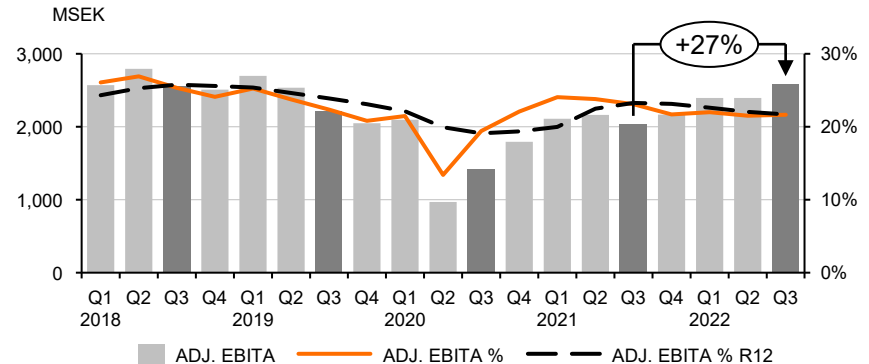
SHIFT TO GROWTH

- Five cutting tools acquisitions completed of which two were announced during the quarter, Balax and Sphinx Tools

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



CONGRATULATIONS
ALLEIMA!

WELCOME

Nasdaq

| Symbol | Pris | Volym K1 |
|--------|-------|----------|
| HUSO B | 74,28 | 250 |
| HUSO B | 74,28 | 19 |
| HUSO B | 74,28 | 19 |
| HUSO B | 74,28 | 40 |
| HUSO B | 74,28 | 19 |
| HUSO B | 74,28 | 19 |
| HUSO B | 74,28 | 19 |
| HUSO B | 74,28 | 342 |
| HUSO B | 74,28 | 190 |
| HUSO B | 74,28 | 10 |
| HUSO B | 74,28 | 601 |
| HUSO B | 74,28 | 297 |
| HUSO B | 74,28 | 182 |
| HUSO B | 74,28 | 138 |
| HUSO B | 74,28 | 228 |
| HUSO B | 74,28 | 155 |
| HUSO B | 74,28 | 21 |
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| HUSO B | 74,28 | 150 |
| HUSO B | 74,28 | 21 |
| HUSO B | 74,28 | 2 |
| HUSO B | 74,28 | 445 |
| HUSO B | 74,28 | 13 |
| HUSO B | 74,28 | 10 |
| HUSO B | 74,28 | 5 |
| HUSO B | 74,28 | 4 |

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2019 Aug
FIRSTMORTH

CECILIA FELTON
CFO

$$= 13$$

$$= 7$$

$$= -10$$

$$= 7$$

FINANCIAL SUMMARY

| MSEK | Q3 2021* | Q3 2022 |
|---------------------------------------|----------|---------|
| ORDER INTAKE | 22,870 | 29,231 |
| REVENUES | 21,725 | 29,267 |
| ADJUSTED EBITA | 4,620 | 5,889 |
| ADJUSTED EBITA MARGIN | 21.3% | 20.1% |
| NET FINANCIAL ITEMS | -39 | -183 |
| TAX RATE EXCLUDING IAC | 13.7% | 26.7% |
| NWC % ¹ | 23.0% | 27.9% |
| FREE OPERATING CASH FLOW ² | 3,758 | 3,634 |
| ROCE % ¹ | 21.2% | 16.0% |
| ADJUSTED EPS, DILUTED | 2.89 | 3.12 |

* Best estimates excluding SMT

¹ Quarterly calculation i.e., annualized revenues and one quarter average NWC / CE

² Free operating cash flow before acquisitions and disposals, financial items and taxes

| GROWTH | OI | REV. |
|------------------|------------|------------|
| ORGANIC | 8% | 13% |
| STRUCTURE | 7% | 7% |
| ORG + STR | 16% | 22% |
| CURRENCY | 12% | 12% |
| TOTAL | 28% | 35% |

BRIDGE ANALYSIS

| MSEK | Q3 2021* | ORGANIC | CURRENCY** | STRUCTURE | Q3 2022 |
|-----------------------|-------------|---------|------------|-----------|------------|
| REVENUES | 21,725 | 2,828 | 3,121 | 1,593 | 29,267 |
| ADJUSTED EBITA | 4,620 | 3 | 1,042 | 224 | 5,889 |
| ADJUSTED EBITA MARGIN | 21.3% | 0% | | | 20.1% |
| ACCRETION/DILUTION | | -2.4% | 1.8% | -0.5% | |

* Best estimates excluding SMT

** Currency effect net of structure component

NET FINANCIALS

| SEK | Q3 2021 | Q3 2022 |
|---------------------------------|------------|-------------|
| INTEREST NET | -57 | -231 |
| PENSION | -26 | -12 |
| BANK CHARGES | -11 | -6 |
| OTHER FINANCIAL INCOME AND COST | -10 | -6 |
| LEASES IFRS16 | -29 | -39 |
| FX AND OTHER ASSET CLASSES | 94 | 112 |
| TOTAL | -39 | -183 |

- Interest net increase due to increased borrowed volumes
- Increase in FX and other class effects mainly due to temporarily positive effects from hedge of electricity prices and hedge in foreign currencies

* Best estimates excluding SMT

TAX RATE

| | Q3 2021* | Q3 2022 |
|-----------------|--------------|--------------|
| REPORTED | 13.0% | 29.6% |
| EXCLUDING IAC | 13.7% | 26.7% |
| NORMALIZED | 22.4% | 23.9% |

For continuing operations

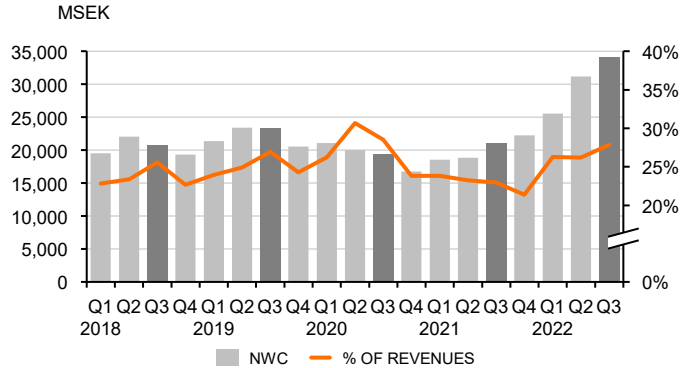
IN LINE WITH 22-24% GUIDANCE FOR 2022

- The higher IAC tax rate was due to a positive effect from FX hedging related to acquisitions

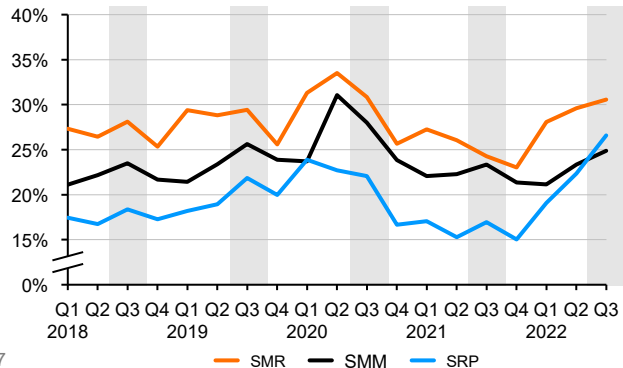
* Best estimates excluding SMT

NET WORKING CAPITAL

NET WORKING CAPITAL



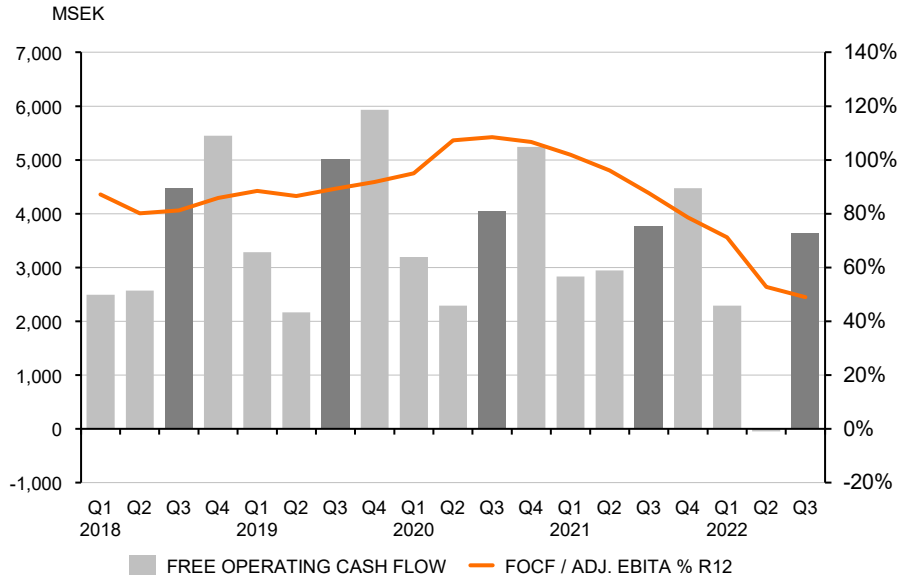
PER BA, % OF REVENUES



- Growth momentum
- Logistics and supply chain issues
- Exchange rates and acquisition impact
- Sequential improvement expected



FREE OPERATING CASH FLOW



| MSEK | Q3 2021 | Q3 2022 |
|-----------------|--------------|--------------|
| EBITDA * | 5,436 | 6,314 |
| NON-CASH ITEMS | -289 | -300 |
| NWC CHANGE | -718 | -1,263 |
| CAPEX ** | -672 | -1,117 |
| FOCF *** | 3,758 | 3,634 |

* Adjusted for cash items related to certain acquisition costs, not considered operational

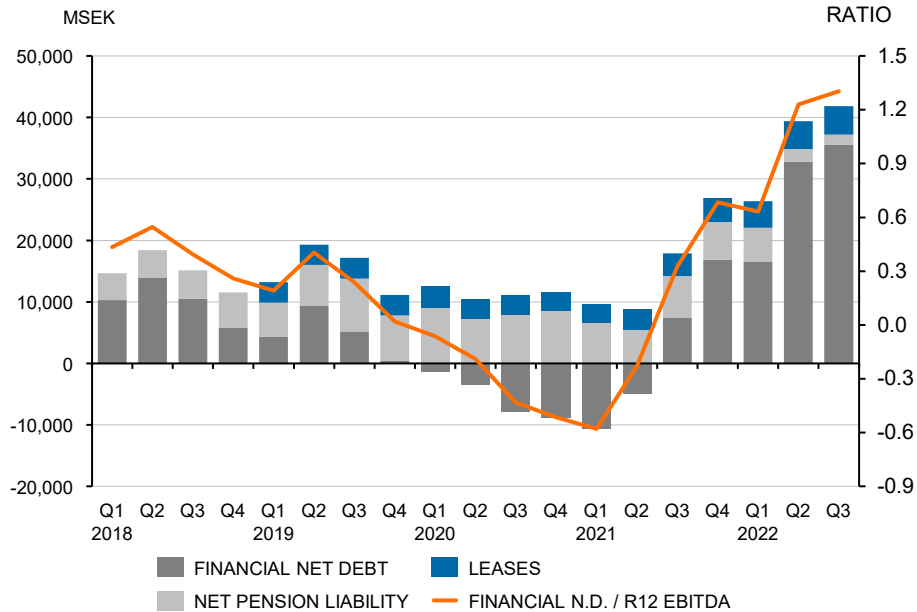
** Including investments and disposals of rental equipment and tangible and intangible assets

*** Free operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes

* Best estimates excluding SMT

NET DEBT

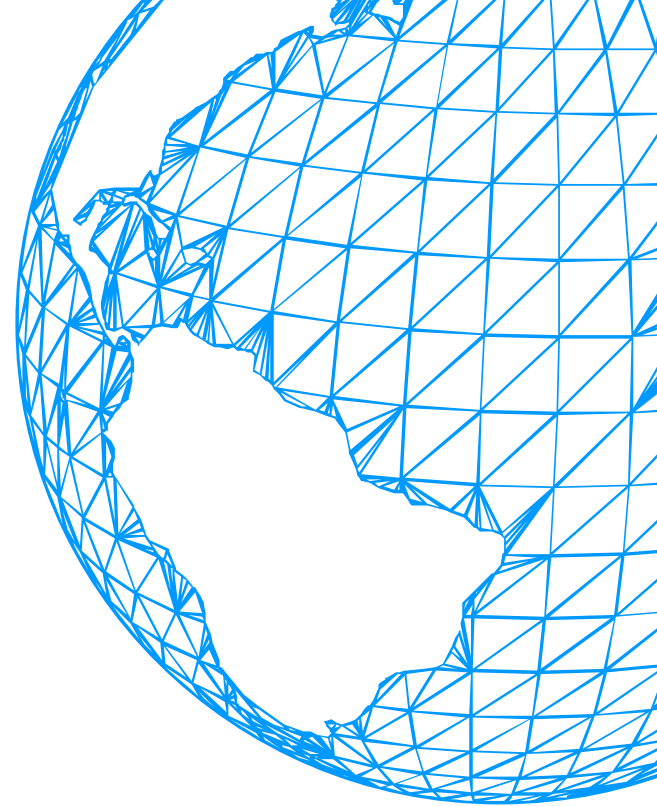
GROUP TOTAL



- Financial net debt / R12 EBITDA 1.30
- Financial net debt SEK 35.6 billion
- Net debt SEK 41.9 billion

OUTCOME VERSUS GUIDANCE

| | Outcome | Guidance |
|---------------------------------------|---------|----------|
| Underlying currency yoy effect (MSEK) | 1 042 | 1 050 |
| Capex (BSEK) | -1.1 | |
| Interest net (BSEK) | -0.2 | |
| Normalized tax rate (%) | 23.9% | |



GUIDANCE Q4 AND FY 2022

| | |
|------------------|--|
| CAPEX (CASH) | Estimated to approx. SEK 4.0 B for 2022. |
| CURRENCY EFFECTS | Given currency rates at end of September 2022 the effect on operating profit from transaction and translation would be SEK +1,400 M for Q4 2022 |
| INTEREST NET | Underlying interest net is estimated to approximately SEK -0.7 B for 2022 |
| TAX RATE | The normalized tax rate is estimated to 22% - 24% for 2022 |

CONCLUSION

OPTIMISM DESPITE UNCERTAINTIES AHEAD

- Important industry segments with inherent and solid growth fundamentals
 - Progress on pricing to mitigate inflationary pressure
 - Supply chain issues expected to ease, and release of working capital
-

CONTINUED SOLID STRATEGY EXECUTION

- Further steps taken to become leading in round tools and enhanced position in light-weight
 - Traction on battery electric solutions as well as on surface mining and automation solutions
 - Successful distribution of Sandvik Materials Technology as Alleima
-

A MORE RESILIENT COMPANY

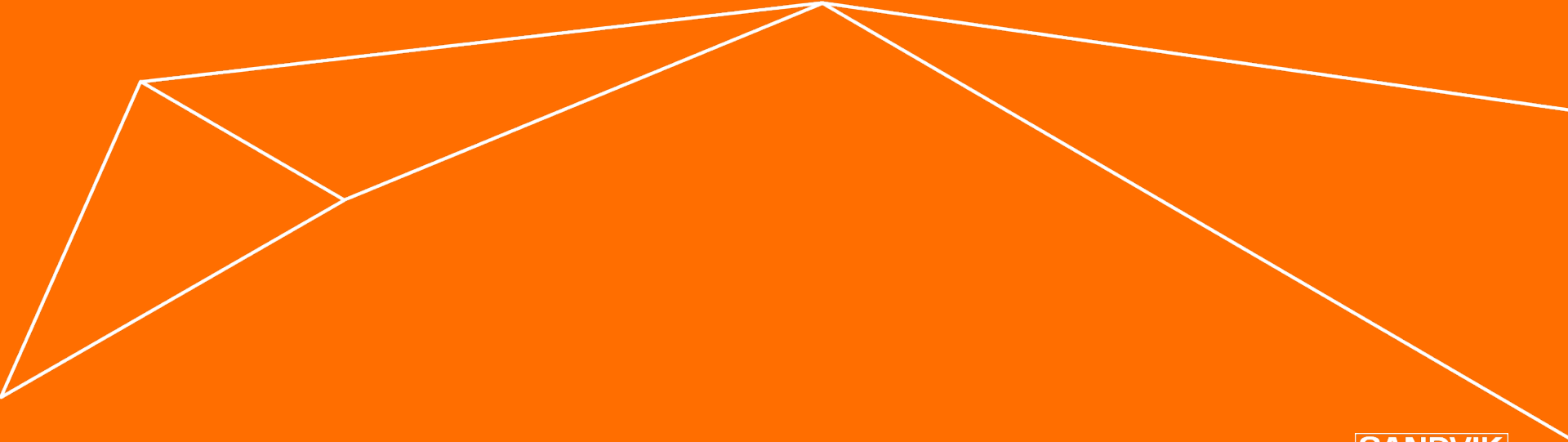
- Higher share of after-market and software business
- Optimized footprint, increased share of variable costs, and contingency plans prepared
- Decentralized set-up enabling quick responses to changing market-conditions





Q&A

BACK-UP SLIDES



| MSEK | Q3 2021 | ORGANIC | CURRENCY | STRUCTURE/ METALS SMT* | Q3 2022 |
|---|------------|---------|----------|---------------------------|------------|
| MINING AND ROCK SOLUTIONS | | | | | |
| REVENUES | 11,114 | 1,743 | 1,904 | 240 | 15,001 |
| ADJUSTED EBITA | 2,365 | -11 | 635 | 57 | 3,046 |
| ADJUSTED EBITA MARGIN | 21.3% | | | | 20.3% |
| ROCK PROCESSING SOLUTIONS | | | | | |
| REVENUES | 1,790 | 194 | 265 | 91 | 2,340 |
| ADJUSTED EBITA | 302 | -68 | 132 | 10 | 376 |
| ADJUSTED EBITA MARGIN | 16.9% | | | | 16.1% |
| MANUFACTURING AND MACHINING SOL. | | | | | |
| REVENUES | 8,820 | 891 | 952 | 1,262 | 11,926 |
| ADJUSTED EBITA | 2,037 | 126 | 261 | 156 | 2,580 |
| ADJUSTED EBITA MARGIN | 23.1% | | | | 21.6% |

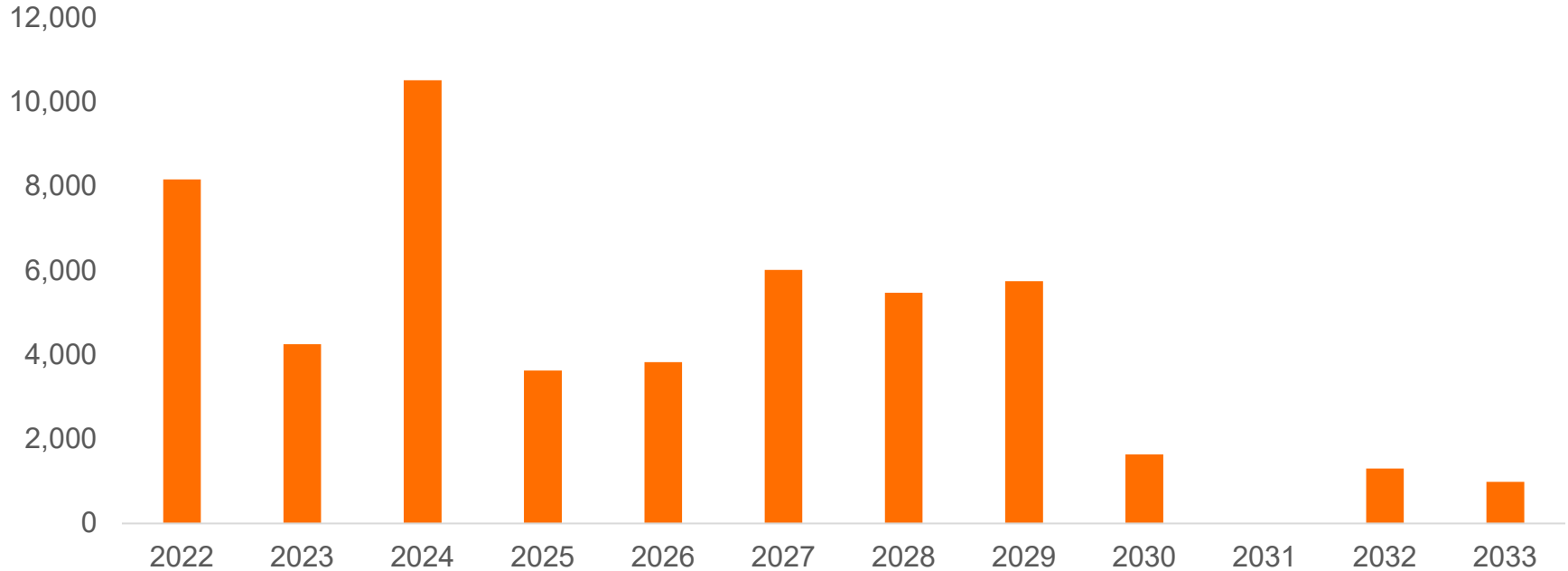
LOAN AND DURATION PROFILE

| | | AMOUNT | DURATION |
|--------------------------|------------------|----------------|------------------|
| LONG TERM 78% | Swedish MTN | -1,000 | 1.3 Years |
| | European MTN | -29,695 | 5.1 Years |
| | Bank Loans | -8,549 | 3.2 Years |
| | <hr/> | | |
| SHORT TERM 22% | Commercial Paper | -10,403 | 0.2 Years |
| | Swedish MTN | 0 | 0.0 Years |
| | European MTN | -767 | 0.8 Years |
| | Bank Loans | -79 | 0.0 Years |
| | <hr/> | | |
| | TOTAL | -50,493 | 3.6 Years |

Committed Credit facilities **SEK 11,100 M**

LOAN MATURITY PROFILE

MSEK



AVERAGE
INTEREST RATE:
~2.7%

An abstract graphic consisting of several bright blue lines that intersect to form a series of triangles and polygons, set against a black background. The lines are thin and create a sense of depth and movement.

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.”

