

# Interim report fourth quarter 2024



# Summary Q4

## Solid order intake growth

- Continued momentum in mining and strong order intake growth in infrastructure, while challenging industrial activity led to subdued demand, particularly in Europe and the automotive segment
- Total order intake increased by 5%, organic growth was 4%
- Total revenue increased by 1%, of which organic was 0%

## Stable financial performance

- Adjusted EBITA improved by 1%, corresponding to a margin of 19.6% (19.5), adjusted EBITA margin R12 at 19.2 (20.0)
- Savings from restructuring programs amounted to SEK 419 M in the quarter, corresponding to a bridge effect of SEK 324 M
- Adjusted profit for the period amounted to SEK 4.1 Bn (4.0)
- Strong free operating cash flow of SEK 6.5 Bn (5.5)

## Execution on strategic priorities

- Important deal in Peru to supply rotary and other surface drill rigs
- Strong momentum in the screening business
- Recent China cutting tools acquisition in local premium grew high single digits

1%

Revenue growth at fixed exchange rates

19.6%

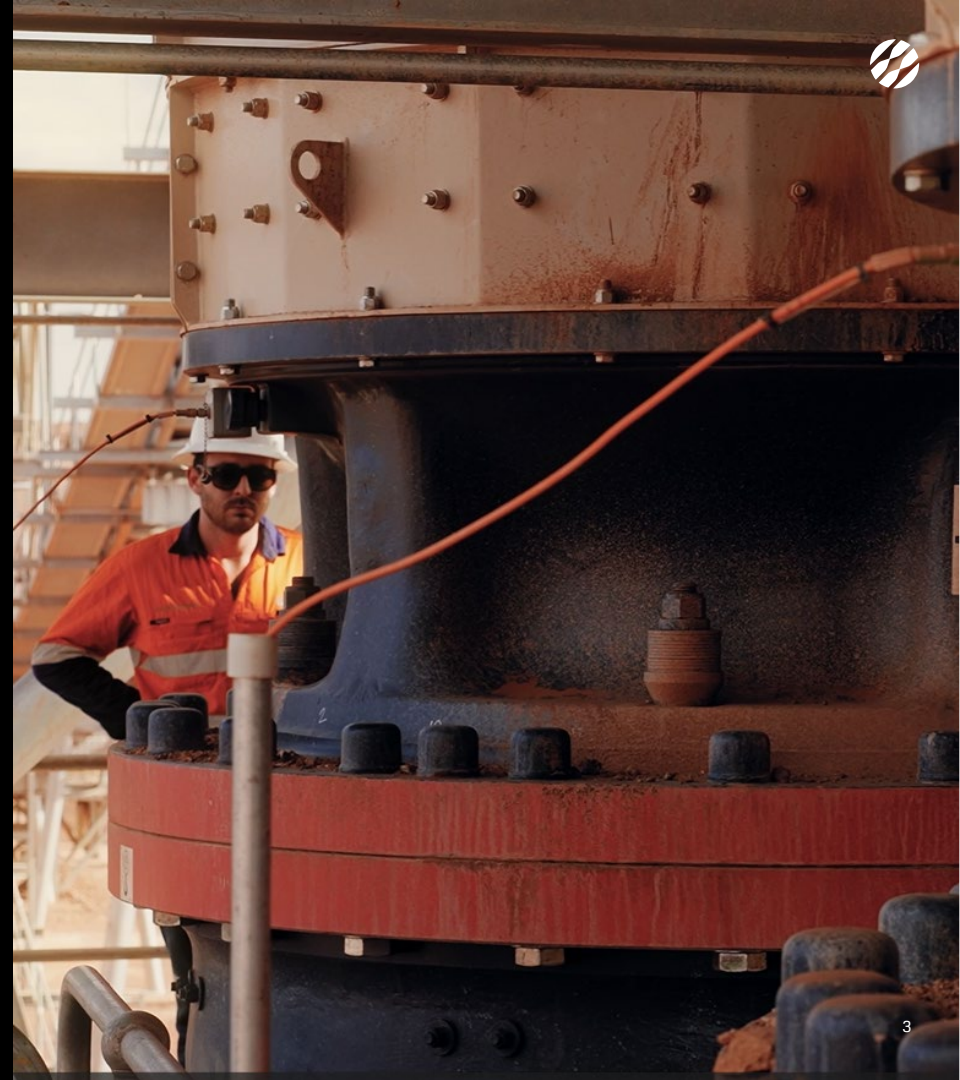
Adjusted EBITA margin

1.2

Financial net debt/EBITDA

# Innovation and product development are key to our organic growth

- Upgraded 800i cone crusher series with new ACS-c 5 automation and connectivity system launched early 2024
- Enables processing of higher volumes and obtaining finer particle sizes
- Priority to leverage our technology to reduce energy consumption in mining
- Doubled order intake for large size models





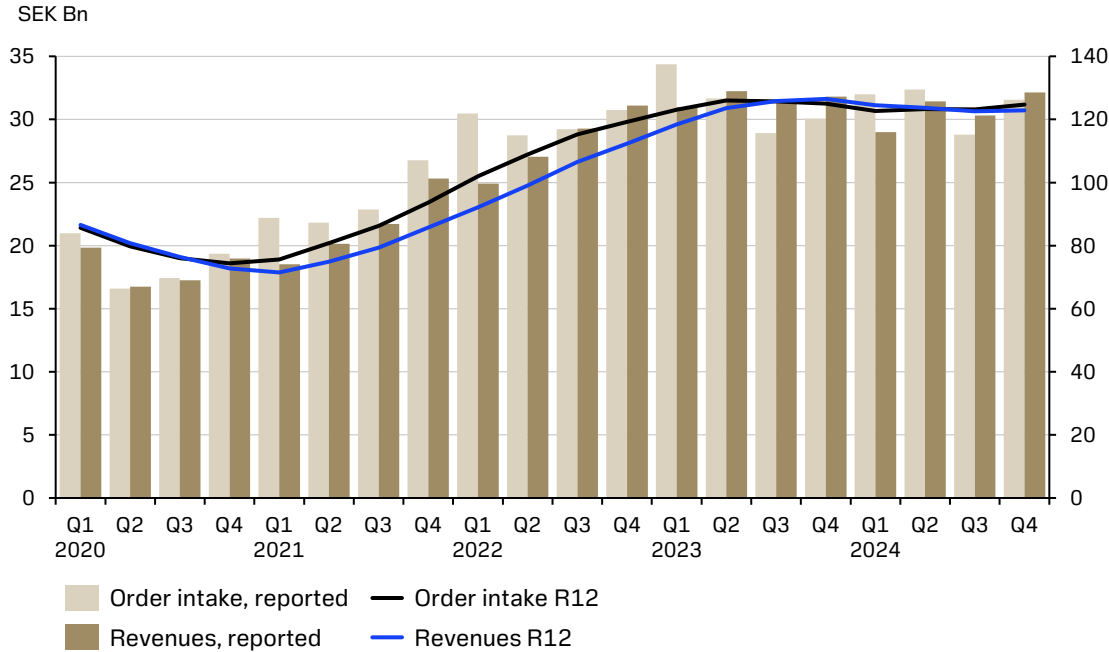
# YoY market development

Percent of revenue 2024	Order intake Y/Y Q4 24	Mining	General Engineering	Infrastructure	Automotive	Aerospace	Other	% of revenue 2024
		51%	20%	9%	6%	4%	10%	
		→	↘	→	↘	↗	↘	
Europe	26%	-2%	→	↘	↘	↘	↗	↘
North America	25%	5%	→	↘	↗	↘	→	↘
Asia	18%	-6%	→	↘	→	↘	↘	→
Africa and Middle East	12%	20%	→		↘			
Australia	12%	11%	→		↘			
South America	7%	12%	→		↘			

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



# Order intake and revenues



Order intake  
Reported (MSEK)

**31,562**

Revenues  
Reported (MSEK)

**32,151**

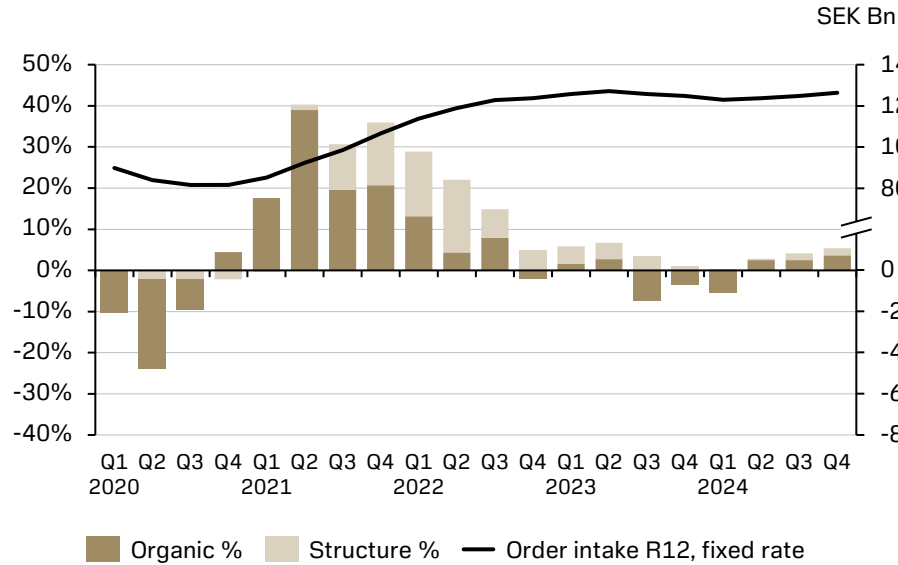
Book-to-bill

**98%**

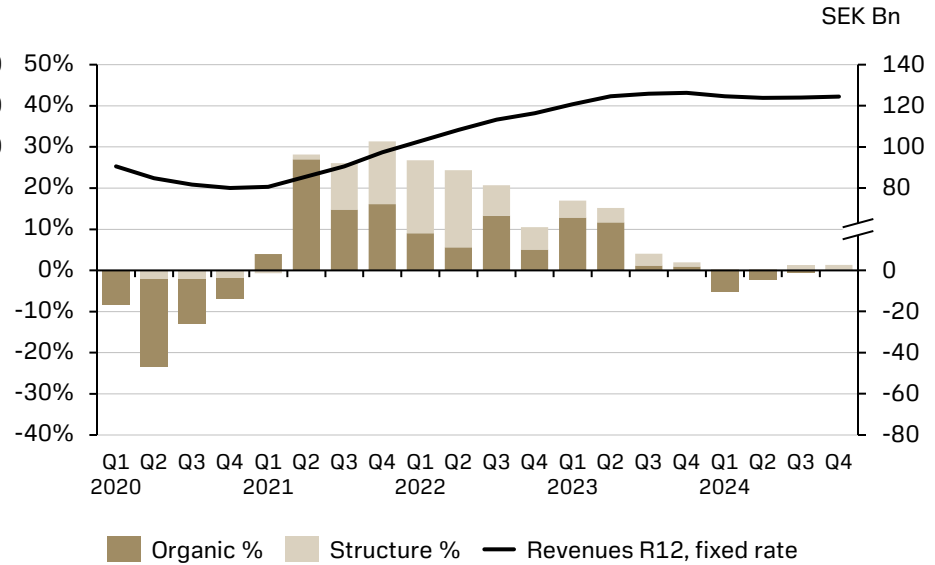


# Growth in order intake and revenues

## Order intake

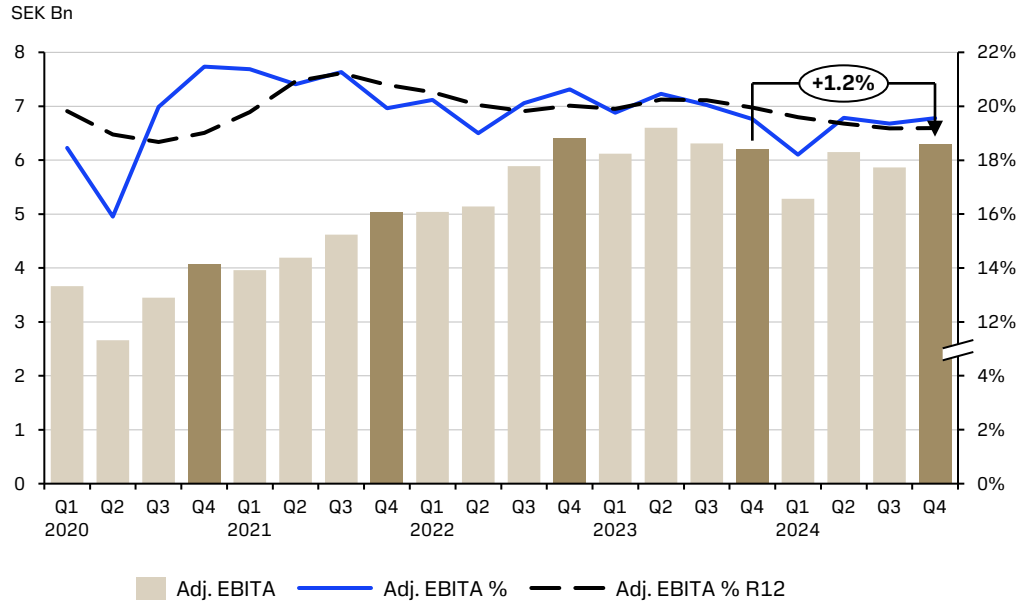


## Revenue





# Adjusted EBITA development



Adj. EBITA margin:

# 19.6%

- Adj. EBITA SEK 6,288 M (6,211)
- Lower volumes off-set by price realization, good cost control, and structural savings
- Currency dilution of 20 basis points
- Acquisitions were dilutive by 10 basis points
- R12 adj. EBITA 19.2% (20.0)



# Mining and Rock Solutions

## Order intake

- Solid demand in mining, positive momentum in the aftermarket business with double-digit growth, equipment order intake stable year on year
- No major order booked in the quarter. Excluding major orders in the year earlier period (1,150), organic order intake growth of 15%
- Total order intake increased by 5%, and at fixed exchange rates, by 6%, of which organic 6%

## Adjusted EBITA

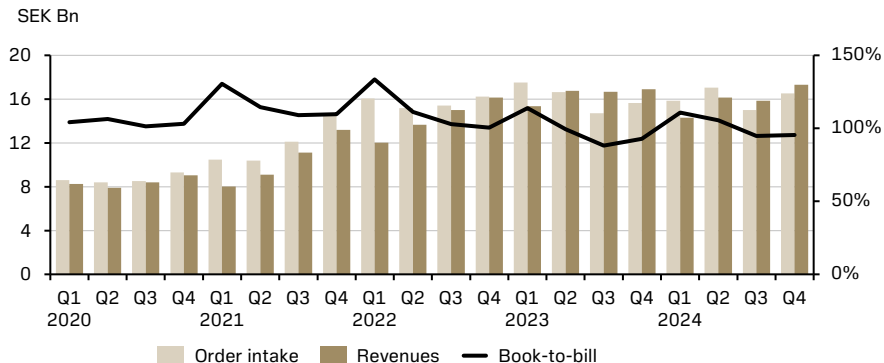
- Adjusted EBITA margin at 21.5% (20.6), with pricing off-setting cost inflation and positive impact from savings
- Savings from restructuring programs had a year-on-year bridge effect of SEK 83 million
- Exchange rates were neutral to the margin

## Shift to growth

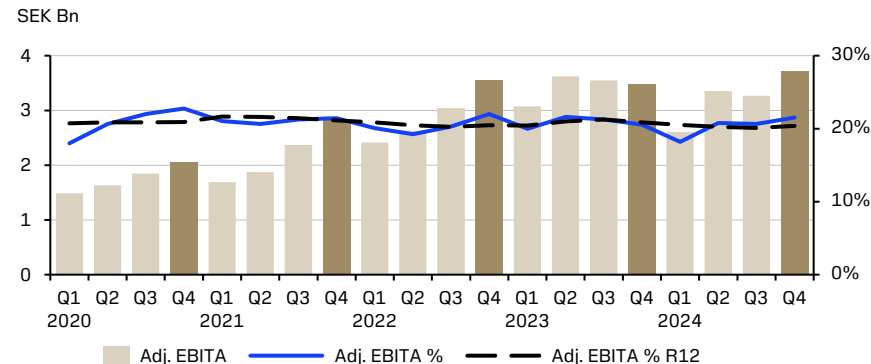
- Important orders received in key strategic areas such as surface and automation solutions
- The acquisition of Universal Field Robots completed

## Order intake and revenues

52% share of revenues 2024



## Adjusted EBITA development







# Rock Processing Solutions

## Order intake

- Underlying demand in mining remained stable, and improved sentiment in infrastructure in US
- Total order intake increased by 22%. At fixed exchange rate, orders grew by 22%, of which organic 22%
- Three major orders received, totaling SEK 188 million (171). Excluding major orders, organic order increased by 23%

## Adjusted EBITA

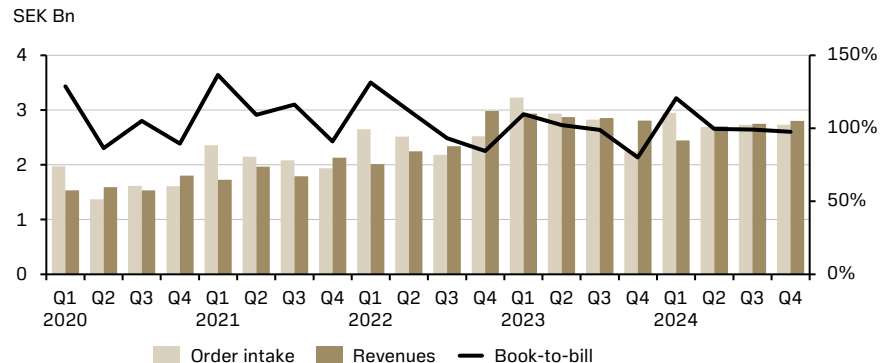
- Adjusted EBITA margin at 14.6% (15.7). Price pressure in infrastructure and obsolescence provision impacted the margin negatively. Volumes improved slightly year on year but from low levels
- Savings from restructuring programs had a year-on-year bridge effect of SEK 34 million
- Exchange rates had a negative impact on the margin of 30 basis points

## Shift to growth

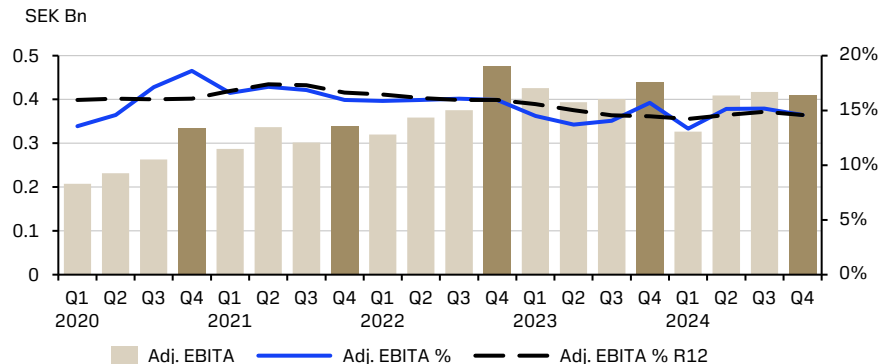
- A doubling of order intake in 2024 of new large crusher 800i series, advanced technique to enable more crushing less grinding
- Solid growth and operational performance in the screening business

## Order intake and revenues

9% share of revenues 2024



## Adjusted EBITA development





# Manufacturing and Machining Solutions

## Order intake

- Weaker demand in cutting tools, mainly in Europe and in automotive partly compensated by solid order intake in the powder business. High single digit growth in local premium in China
- Demand for software solutions was mixed, solid in US, while negatively impacted by automotive in Europe
- Total order intake increased by 1%. At fixed exchange rates, orders grew by 1%, of which organic was -3%
- Daily order intake in the first two weeks of January was stable compared to the fourth quarter, taking normal seasonality into account

## Adjusted EBITA

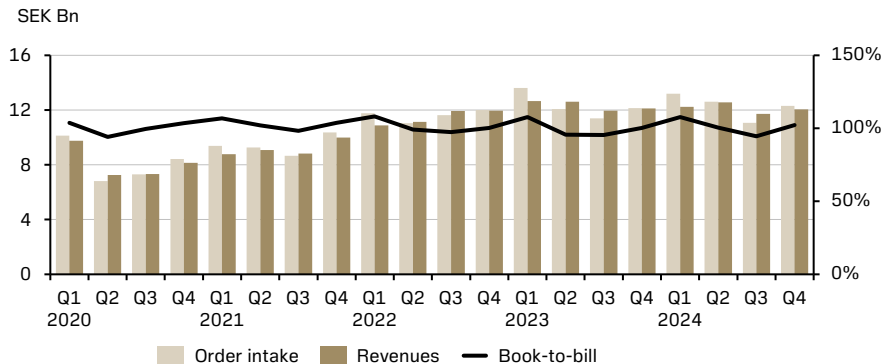
- Adjusted EBITA margin at 19.4% (20.2). Good price realization, strong cost control and execution of restructuring initiatives compensated for declining volumes
- Savings from the restructuring programs had a year-on-year bridge effect of SEK 207 million
- Exchange rates had a dilutive impact of 30 basis points and structure diluted the margin with 40 basis points

## Shift to growth

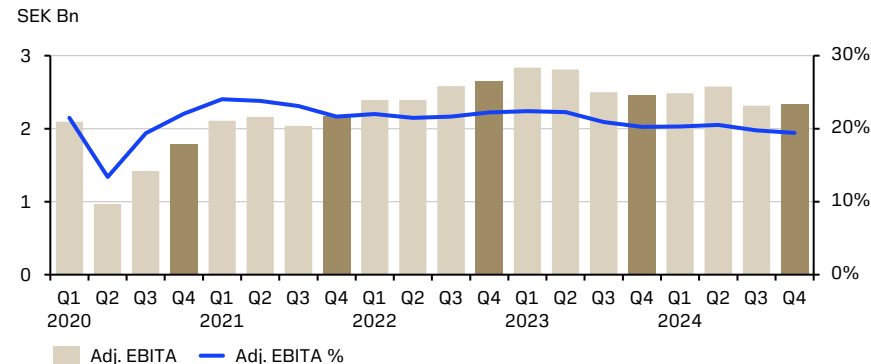
- Investment in new inserts factory to strengthen the offering in local premium market in China
- Completion of acquisition of FASTech to support growth in digital manufacturing

## Order intake and revenues

39% share of revenues 2024



## Adjusted EBITA development





# Cecilia Felton

## CFO



# Financial summary

MSEK	Q4 2023	Q4 2024
Order intake	30 062	31 562
Revenues	31 816	32 151
Adjusted EBITA	6 211	6 288
Adjusted EBITA margin	19.5%	19.6%
Net financial items	-630	-364
Tax rate excluding IAC	20.8%	24.0%
NWC <sup>1</sup>	28.9%	29.9%
Free operating cash flow	5 463	6 463
ROCE <sup>1</sup>	16.4%	13.4%
ROCE excl. amortization of surplus values <sup>1</sup>	17.9%	14.8%
Adjusted EPS, diluted	3.22	3.25

Growth	OI	Rev
Organic	4%	0%
Structure	2%	1%
<b>Organic + structure</b>	<b>5%</b>	<b>1%</b>
Currency	0%	0%
<b>Total</b>	<b>5%</b>	<b>1%</b>

<sup>1</sup> R12 revenues and R12 month average NWC / ROCE



# Bridge analysis

MSEK	Q4 2023	Organic	Currency	Structure	Q4 2024
Revenues	31,816	49	-96	382	32,151
Adjusted EBITA	6,211	115	-71	33	6,288
Adjusted EBITA margin	19.5%	235%			19.6%
Accretion/dilution		0.3%	-0.2%	-0.1%	



# Restructuring programs delivered according to plan

	SMM	SMR	SRP	Group activities	Total	Annualized run-rate
<b>2022 Program</b>						
Savings in Q4	122	20	34	–	177	90%
Total estimated run-rate savings	540	100	140	5	785	
<b>2024 Program</b>						
Savings in Q4	147	73	21	1	242	78%
Total estimated run-rate savings	710	385	135	10	1,240	



# Net financials

MSEK	Q4 2023	Q4 2024
Interest net	-468	-309
Pension	-29	-26
Bank charges	-23	-26
Other financial income and cost	-10	61
Leases IFRS16	-66	-72
Fx and other asset classes	-34	9
<b>Total</b>	<b>-630</b>	<b>-364</b>
Total yield cost, R3	5.8%	4.9%
Total yield cost, R12	4.8%	5.0%



# Tax rate

<b>MSEK</b>	<b>Q4 2023</b>	<b>Q4 2024</b>
Reported	19.6%	20.1%
Excluding IAC	20.8%	24.0%
Normalized	21.7%	24.0%

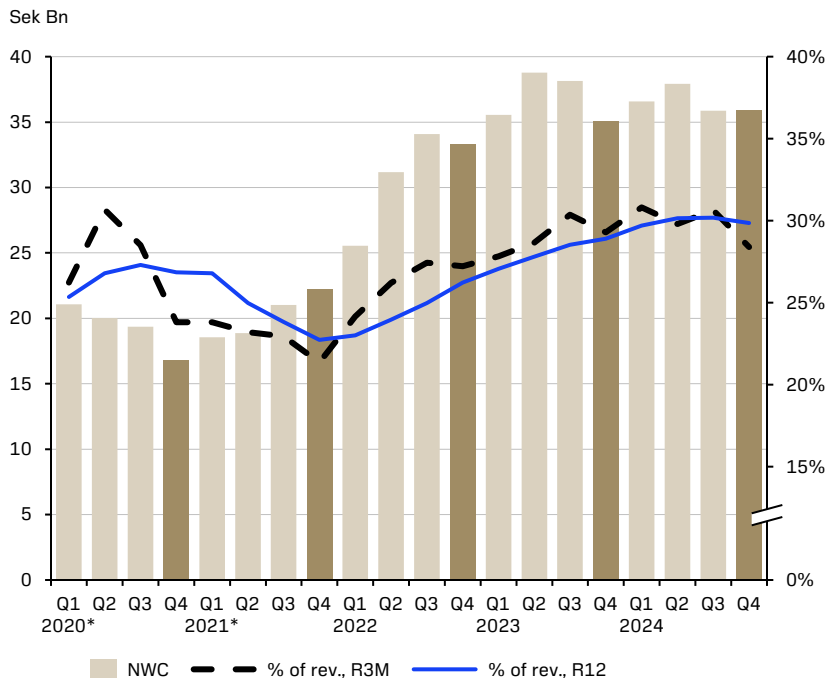
– Normalized tax: In line with guidance for 2024 – 23-25%



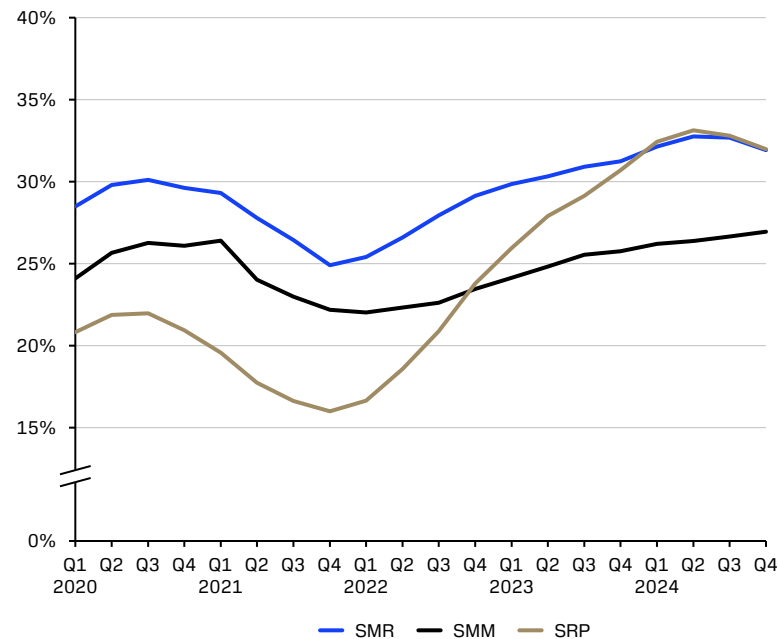


# Net working capital

## Net working capital



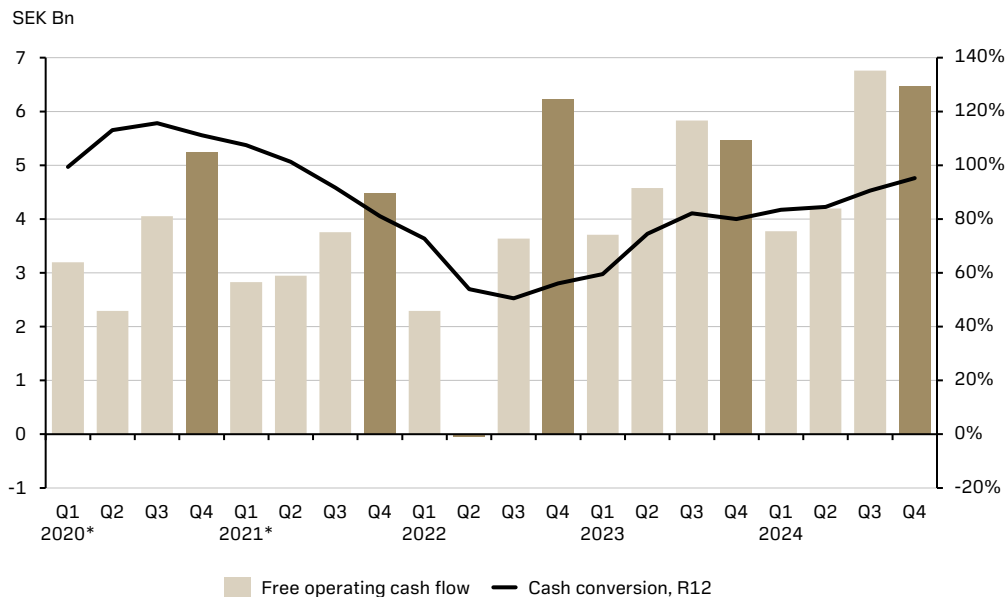
## Per BA, % of revenues



\* Best estimates excluding Alleima



# Free operating cash flow



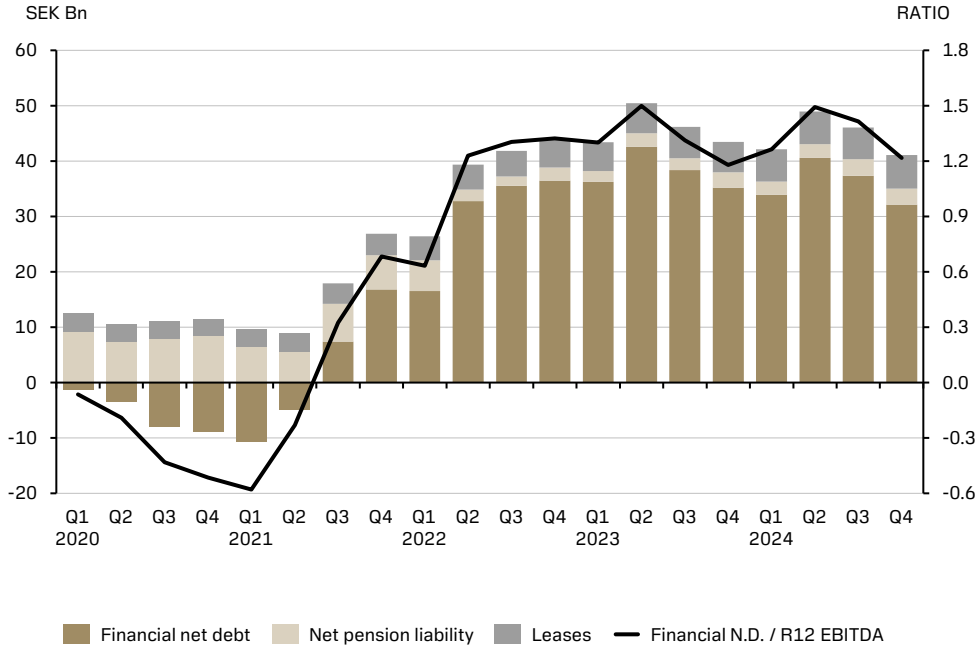
MSEK	Q4 2023	Q4 2024
EBITDA	7,717	7,736
Non-cash and other items**	-1,595	-1,084
<b>EBITDA adj for non-cash and other items</b>	<b>6,123</b>	<b>6,651</b>
Capex	-1,698	-1,366
NWC	1,039	1,178
<b>FOCF</b>	<b>5,463</b>	<b>6,463</b>

\* Best estimates excluding Alleima

\*\*Includes rental fleet, lease payments and proceeds from asset sales



# Net debt



Financial net debt/R12 EBITDA:

**1.2**

- Financial net debt SEK 32 billion
- Net debt SEK 41 billion



# Outcome versus guidance

	<b>Outcome Q4</b>	<b>Guidance Q4</b>
Currency YoY effect (MSEK)	-71	-250

	<b>Outcome FY24</b>	<b>Guidance FY24</b>
Capex (BSEK)	4.8	5.0
Interest net (BSEK)	-1.5	-1.5
Normalized tax rate (%)	24.0%	23-25%



# Guidance Q1 and FY 2025

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Currency effect	Given currency rates at the end of December 2024 the effect on operating profit from transaction and translation would be <b>SEK +300 M for Q1 2025</b>
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CAPEX (Cash)	Estimated to approximately <b>SEK 5.0 Bn for 2025</b>
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Interest net	Underlying interest net is estimated to approximately <b>SEK -0.8 Bn for 2025</b>
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Tax rate	The normalized tax rate is estimated to <b>23% - 25% for 2025</b>
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# Conclusion

## **Stable performance in a challenging market**

- Fourth quarter ended on a positive note with good organic order intake growth, stable revenues and improved profitability
  - Full year revenues decreased by 1% with margin of 19.2% - resilient level given the volume declines
  - Free operating cash flow for 2024 was strong SEK 21.2 billion with cash conversion of 95% and financial net debt/EBITDA at 1.2 within our target
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## **Building a stronger Sandvik**

- Strengthened our resilience with increased share of recurring revenues and value-based solutions
  - Progress towards 2025 target in digital offering; by year end exceeding SEK 5 billion
  - Investing in inserts factory in local premium market in China to strengthen offering
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## **Leveraging on Sandvik's leading positions and strong business model**

- Maintaining leading global positions while successfully executing on strategic priorities
- Stringent cost control and price execution
- Solid position to build from as the market improves



# Q&A



# Backup slides





# Adjusted EBITA bridge, per BA

MSEK	Q4 2023	Organic	Currency	Structure	Q4 2024
<b>Mining &amp; Rock Solutions</b>					
Revenues	16,894	491	-55	-24	17,306
Adjusted EBITA	3,472	259	-16	5	3,721
Adjusted EBITA margin	20.6%				21.5%
<b>Rock Processing Solutions</b>					
Revenues	2,807	2	-6	-	2,803
Adjusted EBITA	440	-22	-10	-	409
Adjusted EBITA margin	15.7%				14.6%
<b>Manufacturing &amp; Machining Solutions</b>					
Revenues	12,114	-444	-36	406	12,041
Adjusted EBITA	2,453	-99	-41	28	2,340
Adjusted EBITA margin	20.2%				19.4%



# Loan and duration profile

MSEK	Amount	Duration
Bonds MTN	24,066	3.7 years
Bank Loans	7,610	6.1 years
Commercial papers	832	0.1 years
Bonds MTN	3,707	0.3 years
Bank Loans	430	0.5 years
<b>Total</b>	<b>36,644</b>	<b>3.7 years</b>

Long term:

**86%**

Short term:

**14%**

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

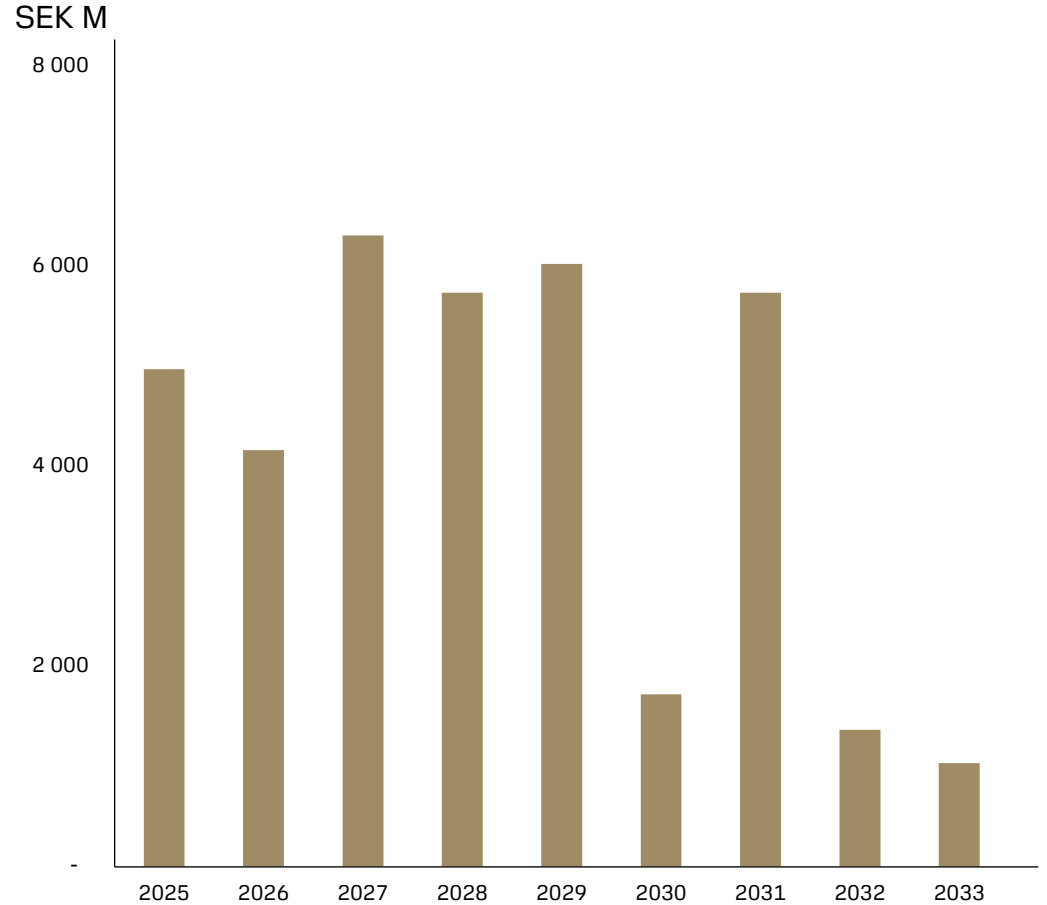


# Loan maturity profile

Average interest rate:

**~3.2%**

(excluding swap costs)



# 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.