SANDVIK
SHIFTING TO GROWTH
WORLD-LEADING POSITIONS

MINING AND ROCK EXCAVATION

ROCK PROCESSING

METAL CUTTING AND MACHINING SOLUTIONS

MANUFACTURING SOLUTIONS

ADVANCED MATERIAL
A SOLID PLATFORM IS BUILT...

EBIT% MARGIN IMPROVEMENT THROUGH THE BUSINESS CYCLE

STABILITY
CREATED A STABLE PLATFORM

PROFITABILITY
IMPROVED PERFORMANCE

GROWTH
GENERATE GROWTH

14% 2016

17% 2020

PROVEN RESILIENCE

STRONG BALANCE SHEET

SHIFTING TO GROWTH
… AND WE HAVE PROVEN OUR RESILIENCE

DESPITE SIGNIFICANT DROP ON TOPLINE

EBIT% IS STILL ON TARGET

*Adjusted for Items Affecting Comparability
STAYING AGILE THROUGH THE CYCLE

ANNOUNCED AND EXECUTED TEMPORARY SAVINGS AND PERMANENT SAVINGS PROGRAMS

2019
One step ahead

<table>
<thead>
<tr>
<th>SEK</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>B</td>
</tr>
</tbody>
</table>

Fully executed

2020
Quick action

<table>
<thead>
<tr>
<th>SEK</th>
<th>B</th>
</tr>
</thead>
</table>
| 2.9    | B    | *

Covid-19 cost measures of which
-1.3 B work time reduction
-1.6 B lower discretionary spend

2021
Permanent savings

<table>
<thead>
<tr>
<th>SEK</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3</td>
<td>B</td>
</tr>
</tbody>
</table>

Mainly impacting 2021

*Savings from lower discretionary spend will to some extent continue in 2021 depending on economic recovery

~5,000 FTE reductions estimated 2019-2021

SANDVIK MINING & ROCK SOLUTIONS
SANDVIK ROCK PROCESSING SOLUTIONS
SEK 125 M

SANDVIK MANUFACTURING & MACHINING SOLUTIONS
SEK 675 M

SANDVIK MATERIALS TECHNOLOGY
SEK 500 M

GROUP COMMON
SEK 45 M

*Savings from lower discretionary spend will to some extent continue in 2021 depending on economic recovery
BALANCE SHEET WITH HEADROOM FOR M&A

Financial target <0.5

PROVEN RESILIENCE

STRONG BALANCE SHEET

SHIFTING TO GROWTH
OUTGROWING OUR RESPECTIVE MARKETS

FORECASTED MARKET GROWTH 2019-2025, CAGR

~3%  
SANDVIK MINING & ROCK SOLUTIONS

2.5-3%  
SANDVIK ROCK PROCESSING SOLUTIONS

~2%  
SANDVIK MANUFACTURING & MACHINING SOLUTIONS

>10%  
SANDVIK MACHINING SOLUTIONS

Business areas to grow faster than their respective markets

>2x

PROVEN RESILIENCE

STRONG BALANCE SHEET

SHifting to GROWTH
REACHING ≥5% GROWTH THROUGH A CYCLE

- Focus on fast growing commodities
- Grow share in core
- Lead automation, and electrification

- Sales channel optimization
- Eco-efficiency
- Lead automation

- Assortment development (light materials, round tools, core)
- Market expansion – geographically and in mid-market
- Software and services

- Design and planning automation
- Additive manufacturing
- Metrology software – real-time decisions during machining processes

- Industrial heating
- Medical
- Renewable energy

SANDVIK MINING & ROCK SOLUTIONS
SANDVIK ROCK PROCESSING SOLUTIONS
SANDVIK MACHINING SOLUTIONS
SANDVIK MANUFACTURING SOLUTIONS
SANDVIK MATERIALS TECHNOLOGY

Expand offering and lead digitalization
Acquisitions and partnerships
STEPPING UP THE ACQUISITIVE GROWTH

- Streamline acquisition process
- Fit for purpose integrations
- Normal part of doing business

50% OF TARGETED GROWTH RATE OF ≥5% FROM M&A

A NUMBER OF ACQUISITIONS MADE
SMT STRONGER AS A SEPARATELY LISTED COMPANY

STARTING POINT
- A leading player in its field
- A strong development
- Establishing a track-record

RATIONALE

STRATEGIC
- Realize its full potential
- Capitalize on its strategies and opportunities to drive profitable growth
- Greater focus and clarity

OPERATIONAL
- Best possible opportunities to grow and develop
- Inspired workforce
- Capitalize on the full supply chain

FINANCIAL
- Distinguished investment cases and equity stories
- Facilitates separate funding and capital allocation
- Fair valuations for both SMT and Sandvik

aiming for separate listing in 2022 or when the conditions are deemed right
## EBIT, adj. and EBIT margin, adj.%

**Revenues, reported**
- 2017: 12,000 MSEK
- 2018: 13,000 MSEK
- 2019: 14,000 MSEK
- 2020: 15,000 MSEK
- 2021: 16,000 MSEK

**Organic revenues, 12M rolling**
- 2017: 10,000 MSEK
- 2018: 11,000 MSEK
- 2019: 12,000 MSEK
- 2020: 13,000 MSEK
- 2021: 14,000 MSEK

**EBIT, adj.**
- 2017: 0 MSEK
- 2018: 1,000 MSEK
- 2019: 2,000 MSEK
- 2020: 3,000 MSEK
- 2021: 4,000 MSEK

**EBIT margin, adj.%**
- 2017: 0%
- 2018: 5%
- 2019: 10%
- 2020: 15%
- 2021: 20%

## Geography

### Americas
- Share of Revenues: 27%

### EMEA
- Share of Revenues: 32%

### Asia Pacific
- Share of Revenues: 41%

## Sales by Segments

- **Aftermarket**
  - Equipment
- **Mining**
  - Surface
- **Construction**
  - Underground - Hard
  - Underground – Soft

## Sales and EBIT Development

**FY 2020**

<table>
<thead>
<tr>
<th>Segment</th>
<th>MSEK 2017</th>
<th>MSEK 2018</th>
<th>MSEK 2019</th>
<th>MSEK 2020</th>
<th>% 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground - Hard</td>
<td>27%</td>
<td>32%</td>
<td>41%</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Surface</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground – Soft</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SALES BY SEGMENTS**

- Aftermarket
- Mining
- Construction
SANDVIK MINING AND ROCK SOLUTIONS

PRODUCTS AND SERVICES

- Underground drilling
- Mechanical cutting
- Loading & Hauling
- Surface drilling

- Aftermarket
- Mine automation, electrification and digitalization

DEMAND DRIVERS

- Mining: mining capex, metal and mineral prices and extraction
- Construction: infrastructure spending, GDP

INDUSTRY TRENDS

- Different development for different commodities
- Environment, health and safety
- Shift to digitalization and automation
- Drive for productivity
- Remote locations and declining ore grades
- Electrification, energy efficiency gain momentum and water scarcity
- Customers demand options and risk sharing

MARKET CHARACTERISTICS

- Large aftermarket
- Relatively few large but large customers in mining related markets
- Construction related market more fragmented, with many customers of smaller size
FOCUS ON FAST GROWING COMMODITIES

Electrification = Copper, Zinc, Nickel, Lead

~19B TONS (Est. 2020)
~34B SEK (R12 Q3-20)

EXPECTED GROWTH RATES

- Electrification
  - Underground: 21%
  - Surface: ~59%

- Gold
  - Underground: 15%
  - Surface: 39%

- Bulks
  - Underground: 59%
  - Surface: 2%

- Others
  - Underground: 5%
  - Surface: 14%

SMR weighted growth outlook: ~3%
Mining industry total: ~2%

OTHER COMMODITIES:

- ~1/3 PGMs
- ~2/3 other metals (e.g. silver, uranium)
- Minerals (e.g. salt, potash)

MATERIAL MOVED

SMR SALES EXPOSURE

Electrification = Copper, Zinc, Nickel, Lead

Other commodities: ~1/3 PGMs and ~2/3 other metals (e.g. silver, uranium) & minerals (e.g. salt, potash)
SETTING UP FOR GROWTH IN SANDVIK MINING AND ROCK SOLUTIONS

Lead automation, digitalization and electrification
– Market leading offerings such as Optimine, Automine and battery equipment through Artisan

Expand aftermarket offering
– Through performance, reliability, predictability and flexibility

Grow share in core: surface drilling
– New offerings
– Surface automation
– Local expertise

Accelerate M&A
– Announced acquisition of DSI Underground, the leading underground safety solutions company
– Other recent acquisitions include Artisan, Inrock and Newtrax
SANDVIK ROCK PROCESSING SOLUTIONS IN BRIEF

SALES AND EBIT DEVELOPMENT

SALES BY SEGMENTS

CONSTRUCTION 60%
MINING 40%
EQUIPMENT 49%
AFTERMARKET 51%

GEOGRAPHY

AMERICAS 28%
EMEA 43%
ASIA PACIFIC 29%

SHARE OF REVENUES 2020

7%
**SANDVIK ROCK PROCESSING SOLUTIONS**

**OFFERING AREAS**
- Stationary Crushing and Screening
- Mobile Crushing and Screening
- Cutting and breaking
- Aftermarket
- Digitalization

**DEMAND DRIVERS**
- Construction: infrastructure spending, GDP
- Mining: mining capex, metal and mineral prices and extraction

**INDUSTRY TRENDS**
- Eco efficient comminution gaining traction as customers focuses on energy and water conservation
- Consolidation towards larger capacity quarries driven by productivity, cost per ton, sustainability and EHS
- Demand for digital services continues to grow. Productivity gains and operations insights in focus

**MARKET CHARACTERISTICS**
- Relatively few large but large customers in mining related markets
- Construction related market more fragmented, with many customers of smaller size
SETTING UP FOR GROWTH IN SANDVIK ROCK PROCESSING SOLUTIONS

Automation & digitalization
- Focus on growing share of customer utilizing digital services

Expand aftermarket offering
- Increase aftermarket penetration by +30% from 2019 to 2025

Eco-efficiency
- Establishing a market leading position in eco-efficient rock processing

Sales channel optimization
- Significant growth potential in indirect sales channels

Acquisitions & partnerships
- Complementary acquisitions or strategic partnerships in core and adjacent technologies and markets
SALES BY SEGMENTS

- **AUTOMOTIVE**: 26%
- **ENERGY**: 9%
- **AEROSPACE**: 12%
- **GENERAL ENGINEERING**: 52%

**GEOGRAPHY**

- **NORTH AMERICA**: 22%
- **EUROPE**: 53%
- **ASIA**: 21%

**SHARE OF REVENUES 2020**: 38%

**SALES AND EBIT DEVELOPMENT**

- **MSEK**
  - Revenues, reported
  - Organic revenues, 12M rolling

- **MSEK**
  - EBIT, adj.
  - EBIT margin, adj.,% R12

- **%**
  - FY 2021
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS

PRODUCTS
- Inserts
- Round tools
- Tooling systems
- Raw materials and powder
- Digital solutions & services

APPLICATIONS
- Turning
- Drilling
- Milling
- Additive Manufacturing
- Recycling
- Design-to-part-productivity

DEMAND DRIVERS
- Global industrial production drives demand for machined metal parts
- Complex parts and strive to reduce waste require more intelligent processes
- Material evolution

INDUSTRY TRENDS
- Increased importance of tailored applications and special products
- Advanced multi axis CNC machines
- Indirect channels growing in importance
- Additive manufacturing to near net shape
- Automation and machine connectivity close the knowledge gap

MARKET CHARACTERISTICS
- Growth rates driven by industrial production
- Especially high growth in mid-market, round tools, Asia
- Different price/performance needs
- Solutions oriented offerings across the manufacturing shopfloor

APPLICATIONS
- Turning
- Drilling
- Milling
- Additive Manufacturing
- Recycling
- Design-to-part-productivity
SETTING UP FOR GROWTH IN SANDVIK MACHINING SOLUTIONS

Assortment – application & technology leadership
- Grow market share in light weight material components
- Take leading position in round tools
- Strengthen leadership in inserts

Digitalization – expanded offer & reach
- Digitalize machining knowledge into machining solutions
- New business models driving recurring revenues and increase cutting tool sales
- Add customer value by increasing efficiency, reducing waste and cycle time
- Digitalize the customer interaction and engagement, increase reach

Market – expansion
- Asian market growth double vs. Western world. Ambition to increase market share in Asia
- Mid-market grows 50% faster than premium mainly driven in Asia. Ambition to take a leading position in mid-market by double market share

Acquisitions & partnerships
- Grow market share in round tools
- Build leading position in mid-market
- Expand into new services and software business
- Develop eco-systems
M&A to boost growth in SMF’s three divisions

- Design and planning automation
- Additive manufacturing
- Metrology – real-time decision during machining processes

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>Addressable market</th>
<th>Serviceable market</th>
<th>CAGR Serviceable Market 2019-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design &amp; planning</td>
<td>25B</td>
<td>25B</td>
<td>7%</td>
</tr>
<tr>
<td>Additive manufacturing</td>
<td>30B</td>
<td>20B *1</td>
<td>20%</td>
</tr>
<tr>
<td>Industrial metrology</td>
<td>65B</td>
<td>5B *2</td>
<td>8%</td>
</tr>
</tbody>
</table>

*1 Additive printers excluded
*2 Only software is included
DEMAND DRIVERS

- Energy demand and oil prices
- Shift to fossil free energy and energy efficiency
- Global industrial production
- Growing and aging population drives need for health care
- Consumer demand (razors, electronics, white goods)

INDUSTRY TRENDS

- Increasingly advanced material requirements
- Increased demand safety and reliability
- Environmental demand on longer lifecycles and sustainability
- Need for increased productivity and cost-efficiency

MARKET CHARACTERISTICS

- Selected niches in demanding industries where material requirements are extremely high
- High entry barriers

SANDVIK MATERIALS TECHNOLOGY

**TUBE**
Leading producer of seamless tube, pipe and bar in stainless steel and other advanced materials

**KANTHAL**
The leading industrial heating supplier and brand as well as medical wire offering

**STRIP**
Leading actor in precision strip
SETTING UP FOR GROWTH IN SANDVIK MATERIALS TECHNOLOGY

Becoming a stand-alone company
- Separate listing on Nasdaq Stockholm 2022 provided that circumstances are deemed right at the time

Focus on high growth segments and markets
- Industrial heating
  - Heating systems product portfolio development
  - Capture business in the electrification transition
  - Geographical expansion towards North America & Asia
- Medical
  - Growing market share for medical products
  - Strengthen wire forming and coating position
  - Acquiring complementary capabilities
- Renewable energy
  - Capture opportunities within renewable energy production
  - Take a leading position within materials technology for system enablers by primarily exploring hydrogen technology and batteries

Innovation and development of new growth products
- R&D in focus to constantly evolve the product portfolio
OUR STRATEGY TO MAKE THE SHIFT

Our platform to enable necessary shifts focusing on growth, sustainability, customers, agility, employee value and digitalization.
## FINANCIAL TARGETS FOR THE GROUP

<table>
<thead>
<tr>
<th>GROWTH</th>
<th>ADJUSTED EBIT % TROUGH</th>
<th>NET DEBT / EQUITY RATIO</th>
<th>DIVIDEND PAYOUT RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \geq 5% )</td>
<td>( \geq 16% )</td>
<td>( &lt;0.5 )</td>
<td>50%</td>
</tr>
<tr>
<td>Through an economic cycle organic and M&amp;A</td>
<td>Rolling 12 months excl. metal price effects</td>
<td>Incl. net pension liabilities</td>
<td>Through an economic cycle. Adj. for items affecting comparability</td>
</tr>
</tbody>
</table>
FOUR LONG-TERM SUSTAINABILITY GOALS

2030

More than 90% circular

Halve the CO₂ impact

2025 – HALF WAY TOWARDS THE 2030 GOALS

25% REDUCED WASTE

25% REDUCED CO₂ EMISSIONS

2.5 TOTAL INJURY FREQUENCY RATE

MAKE THE SHIFT

WE BUILD CIRCULARITY

WE SHIFT CLIMATE

WE CHAMPION PEOPLE

WE PLAY FAIR

Health and safety – Zero harm to people

Fair Play – Always do the right thing
WE MAKE THE SHIFT
Advancing the world through engineering
37,000
EMPLOYEES

86
BILLION SEK IN REVENUES

60
R&D CENTERS
GLOBALLY

160
COUNTRIES
AROUND THE GLOBE

3.4
BILLION SEK
ANNUAL R&D
INVESTMENT

6,000
ACTIVE PATENTS

Figures refer to Group total 2020
BUSINESS AREAS – OUR PORTFOLIO

SANDVIK MANUFACTURING AND MACHINING SOLUTIONS
38%

SANDVIK MATERIALS TECHNOLOGY
16%

SANDVIK ROCK PROCESSING SOLUTIONS
7%

SANDVIK MINING AND ROCK SOLUTIONS
39%

Share of revenues 2020
Share of adjusted operating profit 2020

The remaining -1 percent of adjusted operating profit refers to Other Operations.
REVENUES BY MARKET AREA

- NORTH AMERICA: 22%
- EUROPE: 35%
- ASIA: 20%
- SOUTH AMERICA: 5%
- AFRICA/MIDDLE EAST: 9%
- AUSTRALIA: 9%

Figures refer to Group total 2020
ENHANCING PRODUCTIVITY, PROFITABILITY AND SAFETY

- **MINING**: 40%
- **ENGINEERING**: 23%
- **AUTOMOTIVE**: 11%
- **ENERGY**: 10%
- **CONSTRUCTION**: 8%
- **AEROSPACE**: 5%
- **OTHER**: 3%

Revenues by customer segment, share of Group total 2020.
LEADING PRODUCTS FOR ENGINEERING

THREADING TOOLS

HOLEMAKING TOOLS

MILLING TOOLS

TURNING TOOLS
APPLICATIONS FOR THE ENERGY SEGMENT

- OFFSHORE AND ONSHORE OIL AND GAS EXPLORATION AND PRODUCTION
- RENEWABLE ENERGY
- NUCLEAR POWER GENERATION
LEADING PRODUCTS FOR
THE AUTOMOTIVE INDUSTRY

METAL-CUTTING TOOLS

COMPRESSOR VALVE STEEL

METAL POWDERS

GASOLINE DIRECT INJECTION TUBES

METAL-CUTTING TOOLS
LEADING PRODUCTS FOR THE AEROSPACE INDUSTRY

- Stainless Steel and Titanium Tubes
- Drilling Tools
- Milling Tools
- Metal-Cutting Tools
- Temperature Sensing Thermocouples
APPLICATIONS FOR THE MINING INDUSTRY

ROCK EXCAVATION & PROCESSING

Our offering covers rock drilling, cutting and crushing, loading and hauling equipment and Mine Automation Systems, from single equipment to full fleet control. All supported by round-the-clock service and technical expertise.