SANDVIK TO ACQUIRE
CAM SOFTWARE COMPANY CAMBRIO

Smart software solutions that empower our customers to manufacture the future
SAFETY FIRST

Sandvik’s objective is zero harm to our people, the environment we work in, our customers and our suppliers.
A BUSINESS GEARED FOR GROWTH
HIGH GROWTH RATES EXPECTED IN SANDVIK MANUFACTURING SOLUTIONS

FORECASTED MARKET GROWTH 2019-2025, CAGR

~3%

2.5-3%

~2%

>10%

≥5%

Through an economic cycle organic and M&A

SANDVIK MINING & ROCK SOLUTIONS

SANDVIK ROCK PROCESSING SOLUTIONS

SANDVIK MANUFACTURING & MACHINING SOLUTIONS

SANDVIK MACHINING SOLUTIONS

SANDVIK MANUFACTURING SOLUTIONS
**SMF IN BRIEF**

**BUSINESS AREA SEGMENT**
- **Geographic location**: Worldwide
- **Headquarters**: Stockholm, Sweden
- **President**: Stefan Widing (acting)
- **Revenues**: < 1 BSEK
- **Employees**: ~600
- **Gender balance**: Men ~80%, Women ~20%
- **Estimated market size**: ~120 BSEK

**DIVISIONS**
- DESIGN AND PLANNING AUTOMATION
- ADDITIVE MANUFACTURING
- METROLOGY

**BRANDS & TRADEMARKS:**
- tdm systems
- OGTON
- toysmc
- COMARA
- OSPREY®
- metrologic group

**PRODUCT OFFERINGS**
- 3D METROLOGY SOFTWARE SOLUTIONS
- SOFTWARE SOLUTIONS FOR TOOL DATA MANAGEMENT
- ONSITE PRECISION MEASUREMENT SERVICES
- ROBOTIZED SOLUTIONS FOR AUTOMATED INSPECTION AND INLINE METROLOGY
- METAL POWDER
- ADDITIVE MANUFACTURING SERVICES

**SEGMENTS**
- AUTOMOTIVE: 30%
- AERO/SPACE/DEFENSE: 24%
- GENERAL ENGINEERING: 37%
- MEDICAL: 7%

**GEOGRAPHY**
- NORTH AMERICA: 27%
- EUROPE: 55%
- ASIA: 18%

*Other, incl Energy: 2%
EXPANDING OUR OFFER ABOVE AND BEYOND

SEPARATION OF MANUFACTURING SOLUTIONS FROM MACHINING SOLUTIONS RELEASES POTENTIAL IN BOTH BUSINESSES

- Enhanced growth opportunities as separate businesses
- Enhanced focus and speed in execution
- Fit-for-purpose governance models and skills-sets
- Execute together with strong independent brands

COMPONENT DESIGN

PRODUCTION PREPARATION

ADDITIVE

MACHINING

VERIFICATION

MACHINING SOLUTIONS

MANUFACTURING SOLUTIONS

POTENTIAL EXPANSION
### SANDVIK MANUFACTURING SOLUTIONS – OUR THREE DIVISIONS

<table>
<thead>
<tr>
<th>Division</th>
<th>Addressable market</th>
<th>Serviceable market</th>
<th>CAGR Serviceable market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design &amp; Planning</td>
<td>26B</td>
<td>26B</td>
<td>7%</td>
</tr>
<tr>
<td>Additive Manufacturing</td>
<td>46B</td>
<td>11B &lt;sup&gt;1&lt;/sup&gt;</td>
<td>20%</td>
</tr>
<tr>
<td>Industrial Metrology</td>
<td>100B</td>
<td>6B &lt;sup&gt;2&lt;/sup&gt;</td>
<td>8%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Additive printers excluded  
<sup>2</sup> Only software is included
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

STRATEGY

- The DPA strategy is 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 market 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?

1. Complements premium tooling business
   - Tool selection and productivity improvements are 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 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)
**CAMBRIO IN BRIEF**

**OVERVIEW**

- **Cambrio** is a leading company with an end-to-end portfolio in CAD/CAM software for manufacturing industries.

- The **product portfolio** includes:
  - **GibbsCAM** for production milling, turning and mill turn operations
  - **Cimatron** for mold and die
  - **SigmaNEST** for sheet metal fabrication

**COMPANY PROFILE 2020**

<table>
<thead>
<tr>
<th>Geographic location:</th>
<th>Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters:</td>
<td>Ohio, USA</td>
</tr>
<tr>
<td>President:</td>
<td>Robert Payne</td>
</tr>
<tr>
<td>Revenues:</td>
<td>~68M USD</td>
</tr>
<tr>
<td>Employees:</td>
<td>~375</td>
</tr>
</tbody>
</table>
| Sales by region:    | America 48%  
                      | EMEA 38%  
                      | APAC 14% |

**MAIN CUSTOMER INDUSTRIES**

- Automotive
- Transportation
- Energy
- Medical
- Aerospace
- Electronics
- Etc…

Corporate Office – Cincinnati, Ohio
1. Comprehensive fully integrated solution suites
2. Large and growing addressable market
3. Loyal, blue-chip customer base
4. Compelling financial model – recurring revenues and very good retention
5. Largest independent solution provider of agnostic solutions capable of interfacing to all major machine types and brands
6. Extensive partnerships with all major stakeholders in the manufacturing ecosystem
7. Opportunities for further organic and inorganic expansion
CAMBRIO
A PERFECT STRATEGIC FIT

01
Access to high growth CAM market through single acquisition

02
Global reach within the market

03
Complements current know-how in the machining process

04
Healthy and profitable customer base

05
Utilize CAM position to improve offerings

CAMBRIO IS AN ADVANCED AND WELL-POSITIONED PLAYER IN THE STRATEGICALLY IMPORTANT PRODUCTION PREPARATION STEP WITHIN THE MANUFACTURING VALUE CHAIN
TRANSACTION OVERVIEW AND FINANCIAL IMPACT
TRANSACTION OVERVIEW
CAMBRIO

TRANSACTION CONSIDERATIONS

- **Enterprise value**: Not disclosed
- **Sellers**: Battery Ventures
- **Estimated closing**: Expected to close during the second half of 2021, subject to customary regulatory approvals

FINANCIAL IMPACT

- **Financial profile**: Margin slightly dilutive to Sandvik Manufacturing and Machining Solutions
- **EPS impact**: Neutral to EPS
- **Impact on the Group balance sheet**: Group gearing by March 31 was -0.02 and net debt/EBITDA was not measurable. The deal will have an impact on the net debt KPI:s as it is a 100% cash deal, but they remain well under control after the closure of this transaction.
A STRATEGIC ACQUISITION IN CAM
PLAYING A VITAL ROLE IN THE DIGITAL MANUFACTURING PROCESS

Strong strategic fit
Market share in high growth CAM market
Another step towards industry 4.0

The manufacturing value chain:

CAM is a vital component to create an offer of automated solutions from component design to machining.