SANDVIK TO ACQUIRE UNDERGROUND SAFETY SOLUTIONS COMPANY DSI UNDERGROUND
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

FORECASTED MARKET GROWTH 2019-2025, CAGR

~3%  2.5-3%  ~2%  >10%

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

≥5%
Through an economic cycle organic and M&A
STRENGTHENING OUR POSITION AS WORLD-LEADER IN UNDERGROUND MINING

ROCK EXTRACTION

EXPLORE & PLAN

DRILL & BLAST

MATERIALS HAULAGE

CRUSHING

GRINDING

SEPARATION

ROCK PROCESSING

SANDVIK MINING AND ROCK SOLUTIONS (SMR)

SANDVIK ROCK PROCESSING SOLUTIONS (SRP)

POTENTIAL EXPANSION
SMR SETTING UP FOR GROWTH

- Focus on fast growing commodities
- Grow share in core
- Expand aftermarket offering
- Lead automation, digitalization and electrification
- Accelerate Mergers and Acquisitions

*Sandvik DS422i* is a rock support drill specialized for cable-bolt installation in underground mines and tunnels.
WHAT IS GROUND SUPPORT?

Ground support is mission-critical safety systems in mines and tunnels that keep rock stable and prevent potentially lethal rockfall or collapse.
TOWARDS A FULL-SERVICE PROVIDER UNDERGROUND

CUSTOMER DEVELOPMENT CYCLE TIME*

<table>
<thead>
<tr>
<th>Drilling</th>
<th>Charge, Blast, Ventilate</th>
<th>Ground support installation</th>
<th>Material loading and hauling</th>
</tr>
</thead>
<tbody>
<tr>
<td>~20-25%</td>
<td>~25%</td>
<td>~30%</td>
<td>~20-25%</td>
</tr>
</tbody>
</table>

EXAMPLE DSI UNDERGROUND’s PRODUCTS

- **BOLTS**
  - Friction, cable, inflatable, mechanical, self-drilling, fiberglass

- **CHEMICALS**
  - Resin capsules, injection chemicals, accessories

- **OTHER SUPPORT**
  - Umbrella systems, plates, bars, mesh, installation accessories

- **SERVICES**
  - Digital / monitoring, technical support, training

* Average UG mine
DSI UNDERGROUND: #1 GROUND SUPPORT SUPPLIER

**FULL YEAR 2020F**

<table>
<thead>
<tr>
<th></th>
<th>SALES*</th>
<th>EBIT MARGIN</th>
<th>EMPLOYEES (incl. JV:s)</th>
<th>PRODUCTION FACILITIES (incl. JV:s)</th>
<th>JOINT VENTURES</th>
<th>COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>518 MEUR</td>
<td>12-13%</td>
<td>~2,000</td>
<td>22</td>
<td>4</td>
<td>70</td>
</tr>
</tbody>
</table>

**SALES BY MARKET AREA**

<table>
<thead>
<tr>
<th>MARKET AREA</th>
<th>SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMERICAS</td>
<td>31%</td>
</tr>
<tr>
<td>EMEA</td>
<td>21%</td>
</tr>
<tr>
<td>ASIA PACIFIC</td>
<td>48%</td>
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</tbody>
</table>

**COMPANY OVERVIEW**

- Leading supplier of ground support and reinforcement products, systems and solutions
- Leading profitability among peers
- Broadest offering in segment with unique application know-how
- Reliable, local and rapid supply chain
- High safety standards
- Long standing client relationships with global mining and tunneling companies

**SALES BY END MARKET**

- Hard rock mining: 65%
- Soft rock mining: 10%
- Tunneling and infrastructure: 21%
- Other: 4%

* 518 MEUR sales is for DSI Underground standalone, not consolidated with JV:s
CLOSE PROXIMITY TO CUSTOMERS

DSI UNDERGROUND GEOGRAPHIC PRESENCE

SUPPLY CHAIN

• DSI Underground recognized by customers as having best in class service levels
• Local presence gives high reliability and supply security
• Relatively low share of products tied up on long transportation routes keep net working capital down
• Proximity of production and customers enable rapid product customization
• Further opportunities to streamline logistics and globalize products
# DSI UNDERGROUND IS A GOOD STRATEGIC FIT

<table>
<thead>
<tr>
<th><strong>1. COMPLEMENTARY OFFERING</strong></th>
<th>Drive safety and productivity across the full underground mining cycle. Leverage combination of equipment and consumables to improve customer safety and productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. STRONG PERFORMANCE</strong></td>
<td>Leading profitability vs. peers. Stronger EBITDA margin and sales growth vs. competition with favourable exposure to faster growing commodities and applications</td>
</tr>
<tr>
<td><strong>3. 100% AFTERMARKET</strong></td>
<td>Consumables business. 100% of DSI Underground’s sales is ground support systems required for mining and tunneling operations</td>
</tr>
<tr>
<td><strong>4. THE MARKET LEADER</strong></td>
<td>#1 provider of Ground Support within HR and Tunnelling. Leading market share for ground support systems in Hard Rock and Tunneling</td>
</tr>
<tr>
<td><strong>5. UNIQUE TECHNOLOGY PLATFORM</strong></td>
<td>Sandvik uniquely positioned to develop integrated automated bolting. Combining the global leader in bolter equipment (Sandvik) with the leading consumables supplier (DSI Underground) creates a unique platform for developing automated and digitalized ground support solutions</td>
</tr>
</tbody>
</table>
SMR VISION AND STRATEGIC FOCUS AREAS

To be the preferred solutions partner in our customers’ journey to performance leadership

SAFE AND SUSTAINABLE

DELIVER CUSTOMER VALUE

SHAPE THE INDUSTRY ECOSYSTEM

AGILE EXECUTION WITH EXCEPTIONAL PEOPLE

EVOLVE PORTFOLIO AND PARTNERSHIPS

DSI UNDERGROUND OFFERING

GROUND SUPPORT AUTOMATION AND DIGITALIZATION

R&D AND PRODUCT MANAGEMENT UPLIFT

CONTINUED GROWTH
TRANSACTION OVERVIEW & FINANCIAL IMPACT
## TRANSACTION OVERVIEW

<table>
<thead>
<tr>
<th>TRANSACTION CONSIDERATIONS</th>
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<tbody>
<tr>
<td>• <strong>Enterprise value</strong>: 943 million EUR.</td>
</tr>
<tr>
<td>• <strong>Sellers</strong>: Triton Partners.</td>
</tr>
<tr>
<td>• <strong>Estimated closing</strong>: Mid-2021, subject to customary regulatory approvals.</td>
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</table>

<table>
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<tr>
<th>IMPACT ON KEY METRICS</th>
</tr>
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<tbody>
<tr>
<td>• <strong>Funding</strong>: Cash deal. No need to increase gross debt.</td>
</tr>
<tr>
<td>• Group <strong>gearing</strong> by Q3 was 0.05 and <strong>net debt/EBITDA</strong> was not measurable. The deal will increase the gearing with around 15 bps but we will still be way below our financial target of 0.5. Net debt/EBITDA will also be well below 1.5.</td>
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<th>IMPACT ON P&amp;L</th>
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<td>• <strong>EPS</strong>: estimated to be slightly positive to EPS including PPA amortization.</td>
</tr>
<tr>
<td>• <strong>EBIT margin</strong>: pro-forma <strong>2020</strong> EBIT margin dilutive with approximately 50 bps to Sandvik Group and &lt;200 bps to SMR.</td>
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<tr>
<td>• Strong synergy case going forward.</td>
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</table>
IMPORTANT STEP IN OUR GROWTH AMBITION

- Strong strategic fit with a complementary offering
- Adding a solid aftermarket business
- Strengthens our world leading position in underground mining