

INTERIM REPORT FIRST QUARTER 2023



SUMMARY Q1

CONTINUED ROBUST PERFORMANCE WITH 18% REVENUE GROWTH

- Good momentum and solid execution with strong revenue growth and record order intake level
- Total order intake growth was 13%, and at fixed exchange rates 6%, of which organic 2%
- Total revenue growth was 24% and at fixed exchange rates 18%, of which organic 13%
- Excluding impact from Russia, orders and revenues grew organically by 5% and 16% respectively

HEALTHY UNDERLYING MARGIN AND COST INFLATION FULLY OFF-SET BY PRICING

- Adjusted EBITA increased by 21%, corresponding to a margin of 19.8% (20.2)
- Items affecting comparability of SEK -45 million, mainly related to M&A activities
- Adjusted profit for the period improved by 13% to SEK 3.9 Bn (3.4)

HIGHLIGHTS ON SHIFT TO GROWTH PRIORITIES

- Strong organic and acquisitive growth in the quarter
- Positive momentum for Sandvik's automation, and battery electric vehicle solutions
- Two acquisitions completed, and one post the quarter, leading to expansion in Latin America (mining software) and higher exposure to the medical segment (machining solutions)

18%

Revenue growth at
fixed exchange rates

19.8%

Adjusted EBITA margin

1.30

Financial net debt/EBITDA
Group total



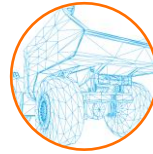
STAYING AHEAD THROUGH INNOVATION

Y-AXIS TURNING

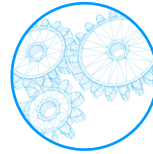
- Possibility to machine several features with one tool
- Significantly reduced tool change time
- The cutting forces are directed into the tool holder, which provides high process stability
- A constant, fixed entering angle drastically improves chip control
- Evenly distributed insert wear increases tool life
- The combination of Sandvik Coromant PrimeTurning™ and Y-axis turning with the new CoroPlex® YT tools is fully supported in GibbsCAM



YOY MARKET DEVELOPMENT



Mining
48%



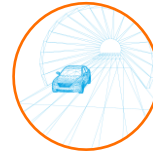
Engineering
22%



Automotive
7%



Energy
2%









Infrastructure
11%



Aerospace
3%

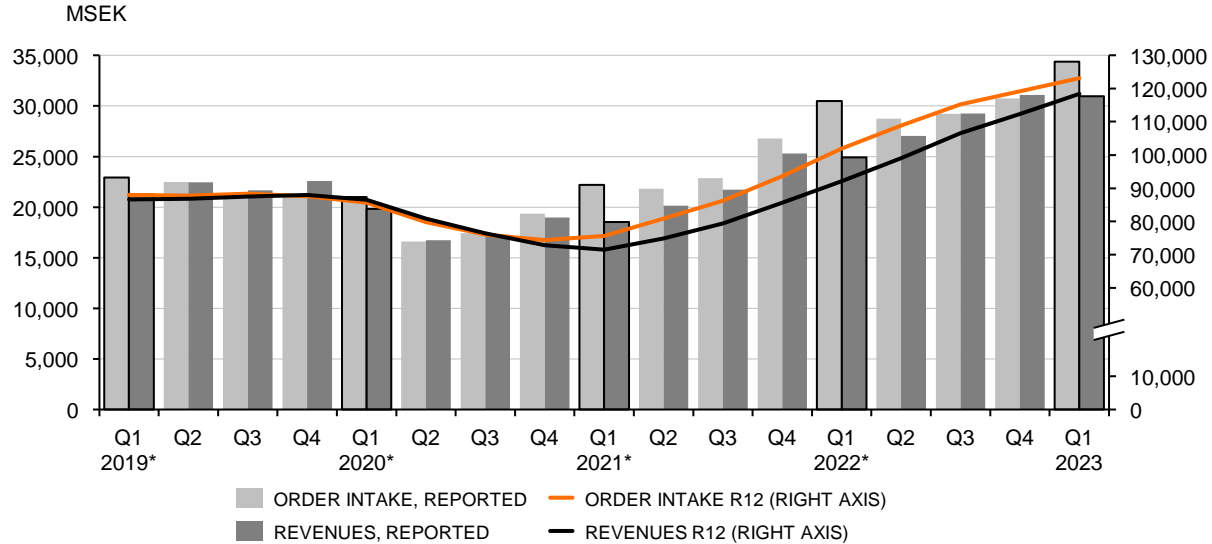
Percent of
revenue 2022

	Percent of revenue 2022	Q1 Y/Y* order intake	Mining	Engineering	Automotive	Energy	Infrastructure	Aerospace
 EUROPE	27%	+21%	→	→	→	↗	↘	↗
 NORTH AMERICA	25%	+2%	→	→	→	→	→	↗
 ASIA	19%	-6%	→	↘	↘	→	↘	↗
 AFRICA AND MIDDLE EAST	12%	+11%	↗	↗	↗	↗		
 AUSTRALIA	12%	-16%	↘					
 SOUTH AMERICA	7%	+24%	↗					



(Continuing operations % of revenues 2022. Other e.g., consumer goods, electronics, chemical and miscellaneous accounted for 7% * Excluding Russia)

ORDER INTAKE AND REVENUES



ORDER INTAKE

REPORTED (SEK M)

34,363

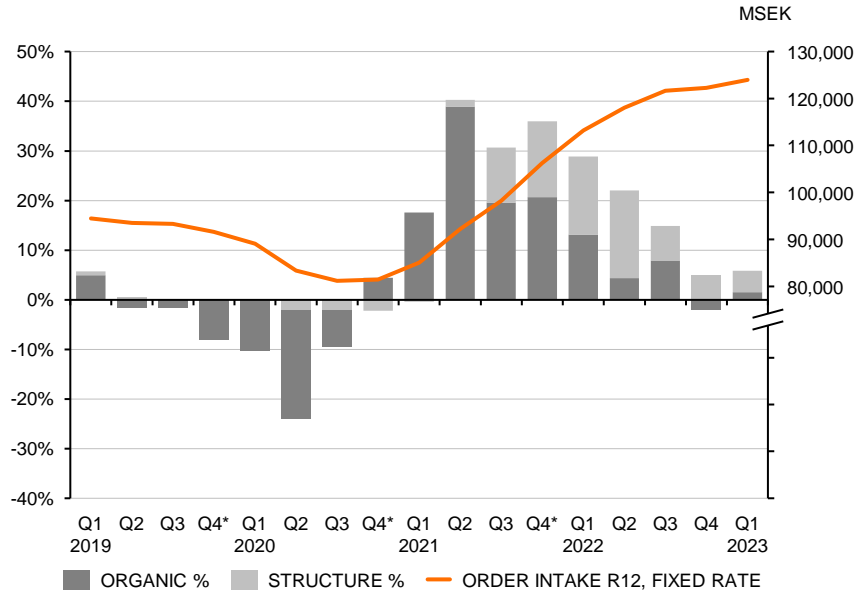
REVENUES

REPORTED (SEK M)

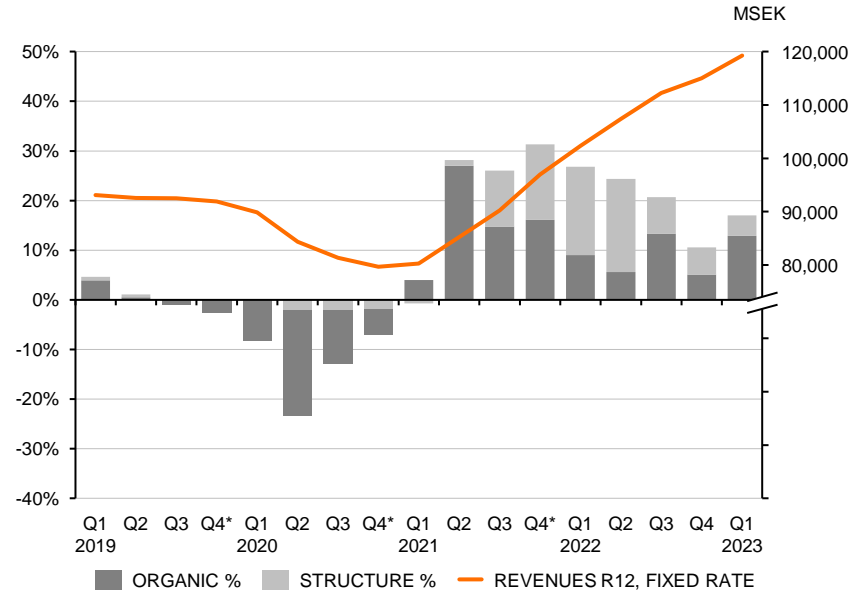
30,968

GROWTH IN ORDER INTAKE AND REVENUES

ORDER INTAKE



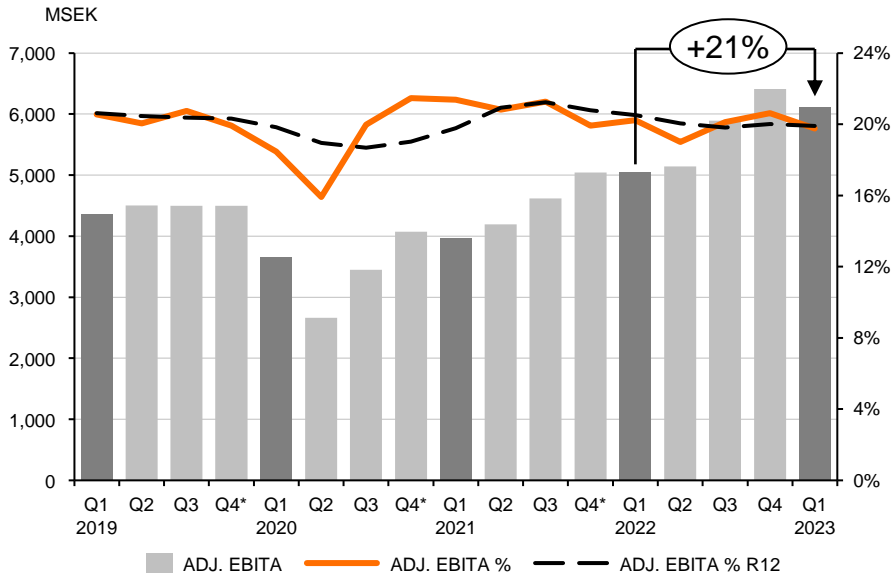
REVENUES



ADJUSTED EBITA DEVELOPMENT

Adj. EBITA margin:

19.8%



- Adj. EBITA SEK 6,119 M (5,043)
- Margin 19.8% (20.2)
 - Negative currency effect of 100 basis points from revaluation on unhedged balance sheet items
- Leverage:
 - Price mitigated cost inflation
 - Positive impact from higher volumes and FX tailwind
- R12 adj. EBITA 19.9% (20.5)

* Best estimates excluding SMT

† Adjusted for items affecting comparability

MINING AND ROCK SOLUTIONS

ORDER INTAKE

- All-time high order intake level achieved. Particularly strong growth in Load and Haul, Parts and Services and Digital Mining Technologies
- Total order intake growth was 9% and at fixed exchange rates, growth was 2%, of which organic 1%. Excluding Russia, organic order intake growth was 6%
- Excluding three major orders booked in the quarter of SEK 1,150 million (1,300), organic order intake grew by 2%

ADJUSTED EBITA

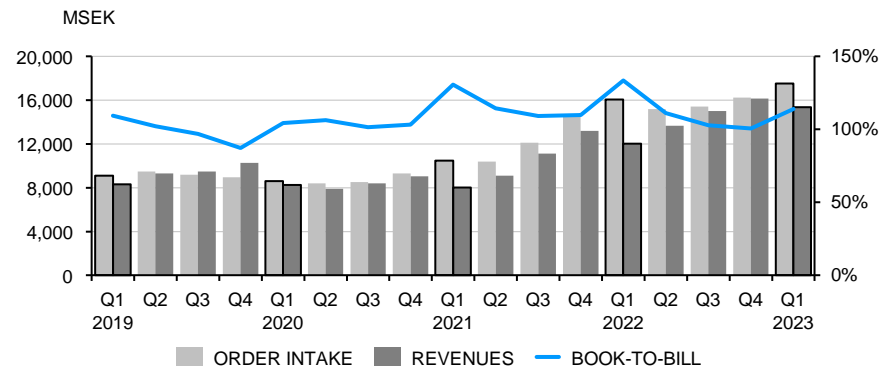
- Adjusted EBITA margin at 20.0% (20.1). Cost inflation was offset by pricing
- Dilution of 150 basis points from currency effects of revaluation on unhedged balance sheet items

SHIFT TO GROWTH

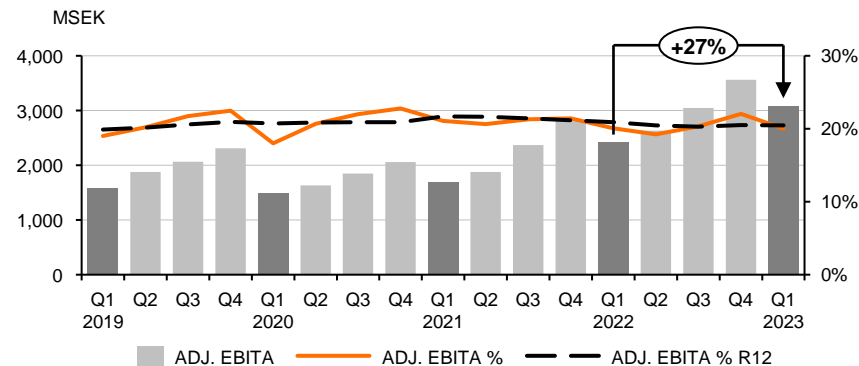
- Received two of the largest BEV orders to date
- Acquisitions of Polymathian and Deswik Brazil

51%
SHARE OF
REVENUES 2022

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



ROCK PROCESSING SOLUTIONS

ORDER INTAKE

- 25% growth contribution from acquisitions and positive aftermarket development
- Total order intake grew by 22% and at fixed exchange rates 15% of which organic growth declined by 9%. Excluding Russia, organic orders declined by 6%
- Strong revenue growth, at fixed exchange rates, excluding Russia, of 43%

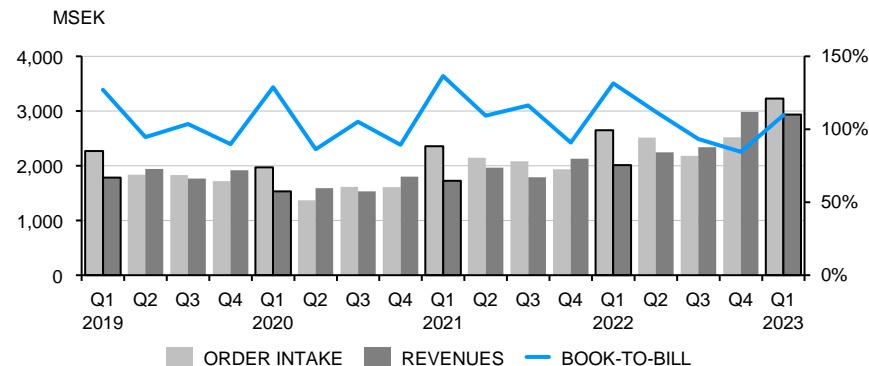
ADJUSTED EBITA

- Adj. EBITA margin of 14.5% (15.9), negatively impacted by SP Mining integration and carve-out costs with 120 basis points
- Dilution of 40 basis points from currency effect from revaluation on unhedged balance sheet items
- Anticipated integration costs for FY 2023 for SP Mining: SEK 110 million

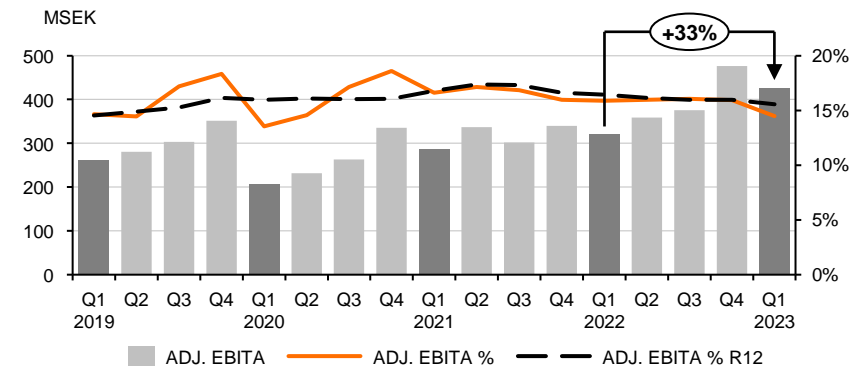
SHIFT TO GROWTH

- Strong top line contribution from SP Mining
- New innovative attachment tool range with improved efficiency and sustainability features

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



MANUFACTURING AND MACHINING SOLUTIONS

ORDER INTAKE

- Positive development in all customer segments driven by solid demand in Europe. Double-digit growth in aerospace and energy
- Total order intake growth of 16%, at fixed exchange rates growth was 9%, of which organic was 5%. Excluding Russia organic order intake grew by 7%
- Daily order intake in the first two weeks of April was slightly up compared to the first quarter

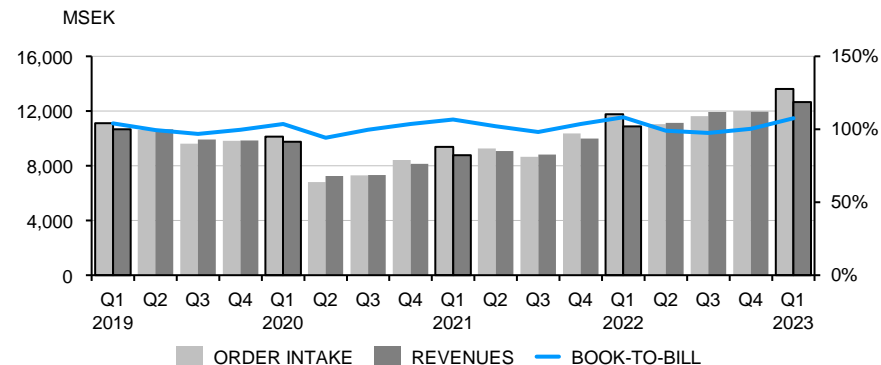
ADJUSTED EBITA

- Adjusted EBITA margin was 22.4% (22.0), with solid leverage for cutting tool divisions due to pricing and good cost control
- Acquisitions were neutral to the margin

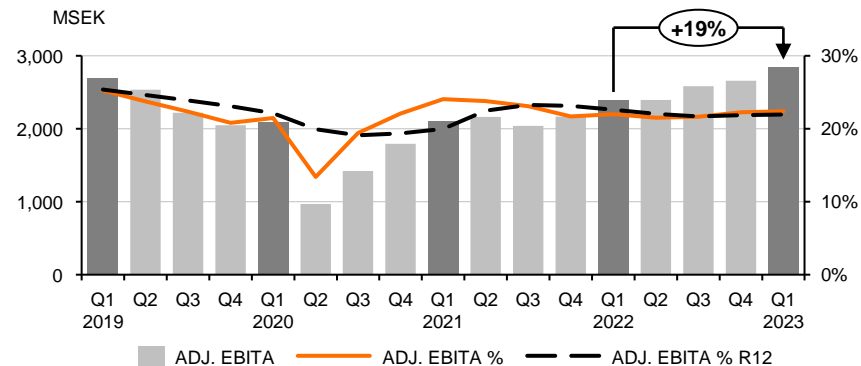
SHIFT TO GROWTH

- Acquisition of 95% of the shares in Premier Machine Tools Limited, strengthening our offering in medical machining

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



CECILIA FELTON
CFO

= 13

= 7

= -10

= 7

FINANCIAL SUMMARY

MSEK	Q1 2022*	Q1 2023
ORDER INTAKE	30,474	34,363
REVENUES	24,921	30,968
ADJUSTED EBITA	5,043	6,119
ADJUSTED EBITA MARGIN	20.2%	19.8%
NET FINANCIAL ITEMS	-299	-529
TAX RATE EXCLUDING IAC	23.2%	24.5%
NWC % ¹	24.0%	27.8%
FREE OPERATING CASH FLOW ²	2,292	3,710
ROCE % ¹	17.9%	16.6%
ADJUSTED EPS, DILUTED	2.71	3.07

* 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	2%	13%
STRUCTURE	4%	4%
ORG + STR	6%	18%
CURRENCY	7%	6%
TOTAL	13%	24%

BRIDGE ANALYSIS

MSEK	Q1 2022	ORGANIC	CURRENCY*	STRUCTURE	Q1 2023
REVENUES	24,921	3,184	1,832	1,031	30,968
ADJUSTED EBITA	5,043	234	660	182	6,119
ADJUSTED EBITA MARGIN	20.2%	7%			19.8%
ACCRETION/DILUTION		-1.5%	1.1%	-0.1%	

* Currency effect net of structure component

NET FINANCIALS

SEK	Q1 2022	Q1 2023
INTEREST NET	-74	-361
PENSION	-42	-23
BANK CHARGES	-20	-20
OTHER FINANCIAL INCOME AND COST	-14	-3
LEASES IFRS16	-35	-49
FX AND OTHER ASSET CLASSES	-113	-74
TOTAL	-299	-529

Interest net increase due to increased borrowed volumes and higher interest rates

* Best estimates excluding SMT

TAX RATE

	Q1 2022	Q1 2023
REPORTED	23.4%	24.6%
EXCLUDING IAC	23.2%	24.5%
NORMALIZED	23.2%	23.6%

For continuing operations

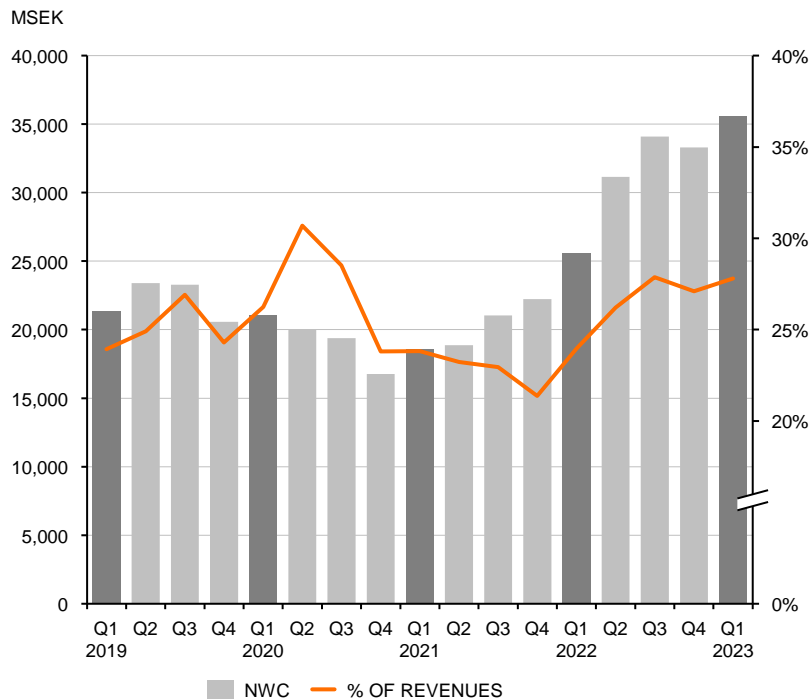
IN LINE WITH 23-25% GUIDANCE FOR 2023

- Tax rate excl. IAC – adjusted for M&A costs
- Normalized tax rate – excl. transfer price adjustment related to a prior year

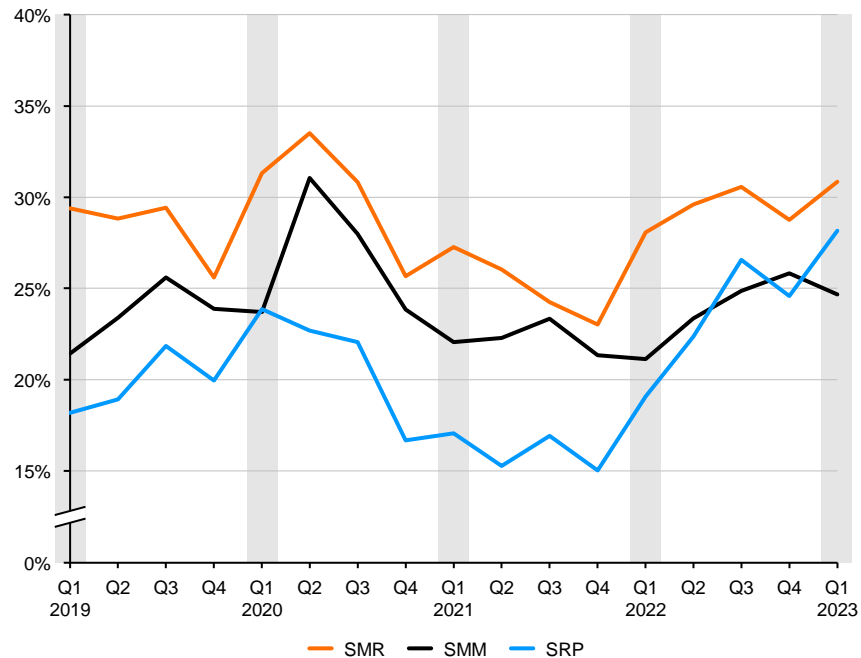
* Best estimates excluding SMT

NET WORKING CAPITAL

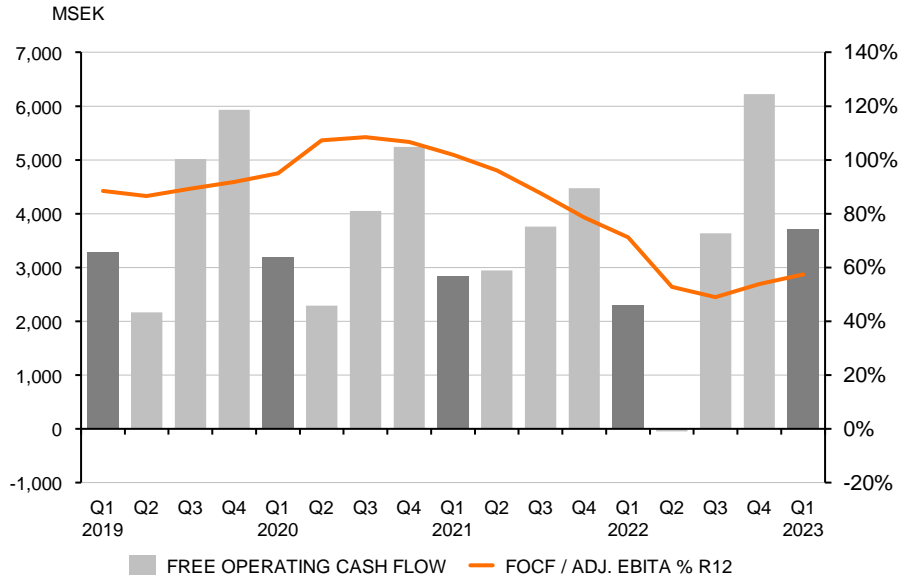
NET WORKING CAPITAL



PER BA, % OF REVENUES



FREE OPERATING CASH FLOW



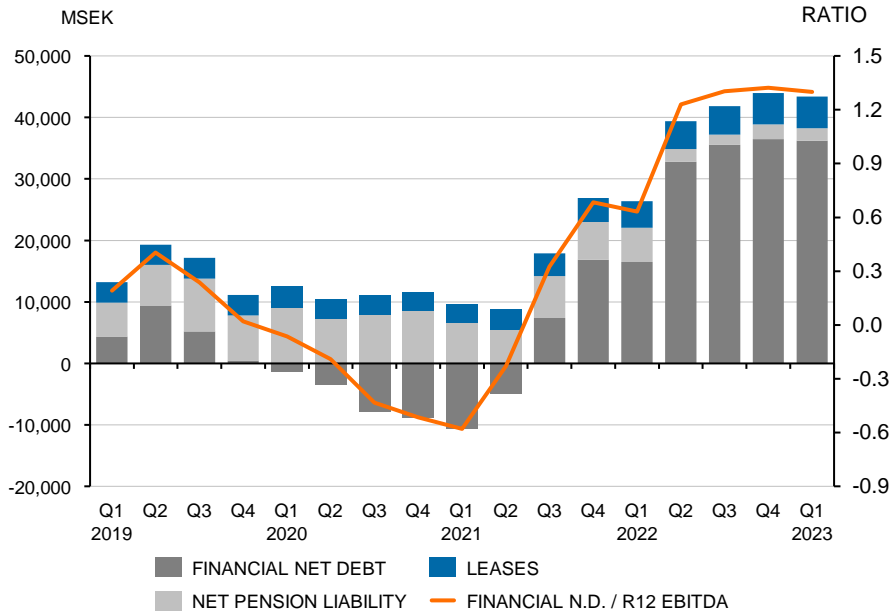
MSEK	Q1 2022	Q1 2023
EBITDA *	5,847	6,890
NON-CASH ITEMS	-269	15
NWC CHANGE	-3,034	-2,079
CAPEX **	-251	-1,116
FOCF ***	2,292	3,710

* 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 items and paid taxes

* Best estimates excluding SMT

NET DEBT

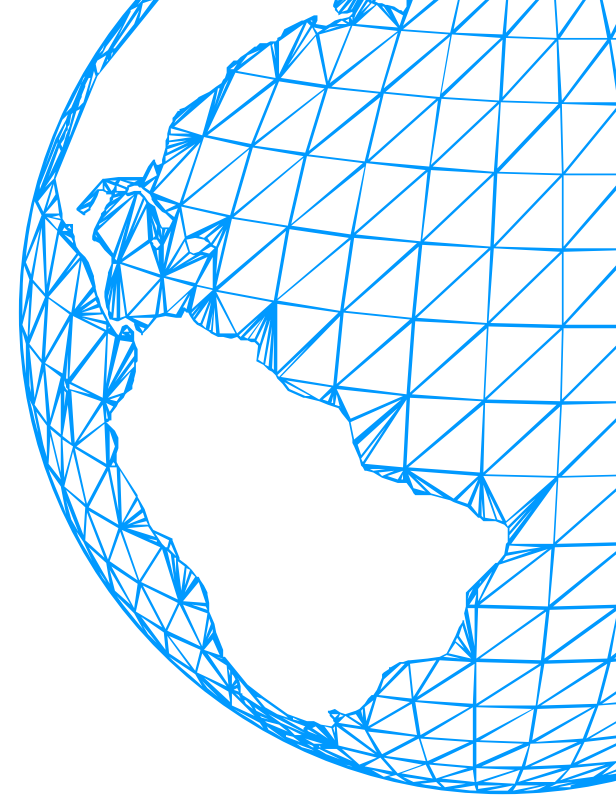
GROUP TOTAL



- Financial net debt / R12 EBITDA 1.30
- Financial net debt SEK 36.2 billion
- Net debt SEK 43.4 billion

OUTCOME VERSUS GUIDANCE

		Outcome	Guidance
Quarterly	Underlying currency yoy effect (MSEK)	660	600
	Capex (BSEK)	1.2	4.5
Annually	Interest net (BSEK)	-0.4	-1.7
	Normalized tax rate (%)	23.6%	23-25%



GUIDANCE Q2 AND FY 2023

CAPEX (CASH)	Estimated to approx. SEK 4.5 B for 2023.
CURRENCY EFFECTS	Given currency rates at end of March 2023 the effect on operating profit from transaction and translation would be SEK +200 M for Q2 2023
INTEREST NET	Underlying interest net is estimated to approximately SEK -1.7 B for 2023
TAX RATE	The normalized tax rate is estimated to 23% - 25% for 2023

CONCLUSION

EIGHT CONSECUTIVE QUARTERS WITH DOUBLE-DIGIT REVENUE GROWTH

- Continued momentum, favorable demand and solid price execution
 - Strong contribution from acquisitions
 - Strong backlogs in the long-cycle business and robust development in the short-cycle business
-

EXECUTING ON OUR SHIFT TO GROWTH STRATEGY

- High growth in strategic priority areas; solid traction in automation and battery electric vehicles
 - Expanding production capacity for battery electric vehicles to meet market demand
 - Acquisitions within mining software and towards the medical machining segment
-

LEVERAGING ON OUR LEADING GLOBAL POSITIONS

- Leading the way through strong positions and broad, customer-focused offerings
- Strengthening foothold in the customer value chain through complementary acquisitions
- Price leadership enabling all business areas to compensate for cost inflation





Q&A

BACK-UP SLIDES



MSEK	Q1 2022	ORGANIC	CURRENCY	STRUCTURE	Q1 2023
MINING AND ROCK SOLUTIONS					
REVENUES	12,029	2,238	895	205	15,366
ADJUSTED EBITA	2,413	296	320	45	3,075
ADJUSTED EBITA MARGIN	20.1%				20.0%
ROCK PROCESSING SOLUTIONS					
REVENUES	2,016	334	144	446	2,939
ADJUSTED EBITA	320	-14	69	51	426
ADJUSTED EBITA MARGIN	15.9%				14.5%
MANUFACTURING AND MACHINING SOL.					
REVENUES	10,877	612	794	380	12,662
ADJUSTED EBITA	2,392	99	259	86	2,835
ADJUSTED EBITA MARGIN	22.0%				22.4%

LOAN AND DURATION PROFILE

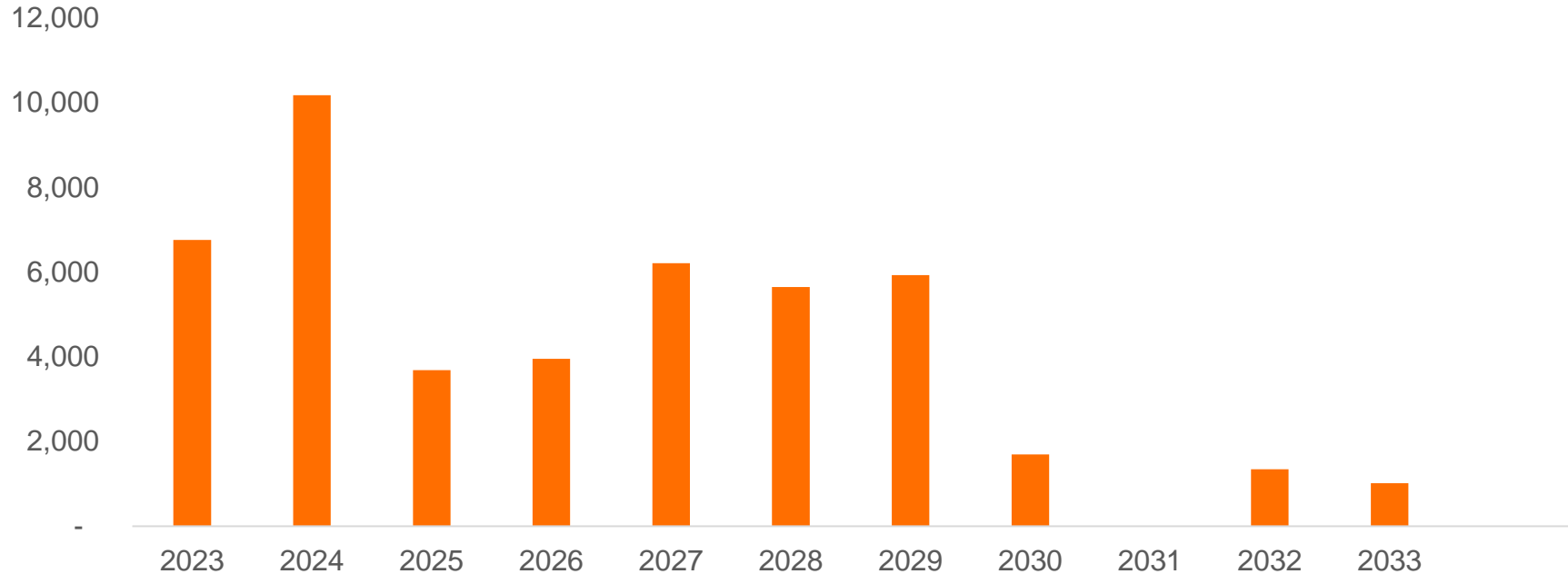
		AMOUNT	DURATION
LONG TERM 84%	Bonds MTN	30,176	4.6 years
	Bank Loans	8,033	2.9 years
	<hr/>		
SHORT TERM 16%	Commercial Paper	5,383	0.1 years
	Bonds MTN	1,791	0.6 years
	Bank Loans	66	0.5 years
	TOTAL	45,449	3.6 years

Committed Credit facilities **SEK 16,750 M**

LOAN MATURITY PROFILE

AVERAGE
INTEREST RATE:
~3.3%

MSEK



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.”