

INTERIM REPORT SECOND QUARTER 2022



SUMMARY Q2

DELIVERING ON THE SHIFT, 25% IN REVENUE GROWTH AT FIXED FX

- Overall solid underlying demand across the business and strong contribution from acquisitions
- Total order intake growth was 32%, and at fixed exchange rates 22%, of which organic 4%
- Total revenue growth was 34% and at fixed exchange rates 25%, of which organic 6%
- Both orders and revenues grew organically by 10% excluding impact from Russia

INCREASED EARNINGS, SHORT-TERM PRESSURE FROM COST INFLATION

- Adjusted EBITA increased by 23%, corresponding to a margin of 19.0% (20.8).
- Reported items affecting comparability of SEK -1.1 billion, mainly related to wind-down in Russia
- Adjusted profit for the period improved by 23% to SEK 3.7 Bn (3.0)

AGILE EXECUTION AND STRENGTHENED OFFERING

- Price management on top of the agenda to mitigate cost inflation
- New savings initiative announced in the quarter
- Five acquisitions announced that further strengthen our core offering and increase the aftermarket business

25%

Revenue growth at
fixed exchange rates

19.0%

Adjusted EBITA margin

1.23

Financial Net Debt/EBITDA
Group total

STAYING AHEAD THROUGH INNOVATION

3D INSPECTION SOLUTION COMBINING ZEROTOUCH® AND METROLOG X4®

- New solution combining DWFritz ZeroTouch® machine with Metrologic software Metrolog X4®
- 3D measurement of mechanical parts integrated on the shop floor to validate and adjust the manufacturing process. Address the need to measure every part
- >10 times faster inspection time and measure complex features using an accurate 3D point cloud solution
- First order received this quarter from renowned global watch maker



STAYING AHEAD THROUGH INNOVATION

ELECTRIC CONCEPT RIG

- Demonstrating the sustainable future of surface drilling at Vei og Anlegg 2022 exhibition
- Commando™ DC300Ri top hammer drill rig used as platform for the concept drill rig
- CO₂ free drilling, meeting customers needs with possibility to operate on direct electric-power, battery-power as well as hybrid-power
- Significantly lower noise levels in urban areas
- Higher productivity and increased efficiency and accuracy



YOY MARKET DEVELOPMENT



Mining
47%



Engineering
21%



Automotive
8%



Energy
3%



Infrastructure
10%



Aerospace
4%

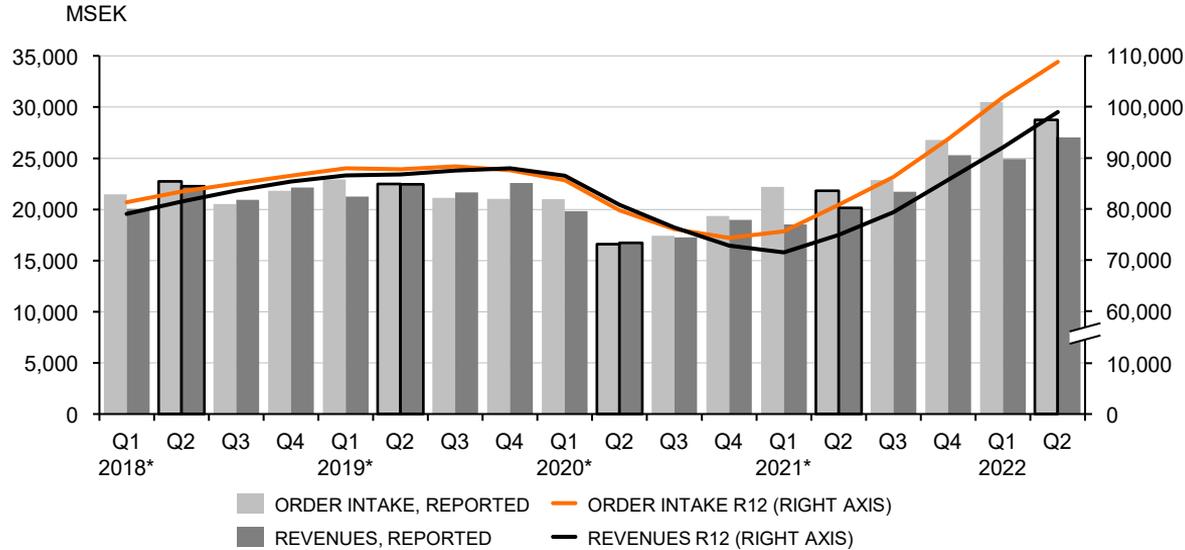
Percent of
revenue 2021

	Percent of revenue 2021	Q2 Y/Y* order intake	Mining	Engineering	Automotive	Energy	Infrastructure	Aerospace
 EUROPE	31%	+2%	↗	↗	→	↗	→	↗
 NORTH AMERICA	21%	+21%	↗	↗	↗	↗	→	↗
 ASIA	20%	-4%	→	↗	↘	↗	→	↗
 AFRICA AND MIDDLE EAST	11%	+32%	↗	↗	↘	↗		
 AUSTRALIA	11%	+12%	↗					
 SOUTH AMERICA	6%	+20%	↗					



(Continuing Operations % of revenues 2021. Other e.g., consumer goods, electronics, chemical and miscellaneous accounted for 7% * Excluding Russia)

ORDER INTAKE AND REVENUES



ORDER INTAKE

REPORTED (SEK M)

28,740

REVENUES

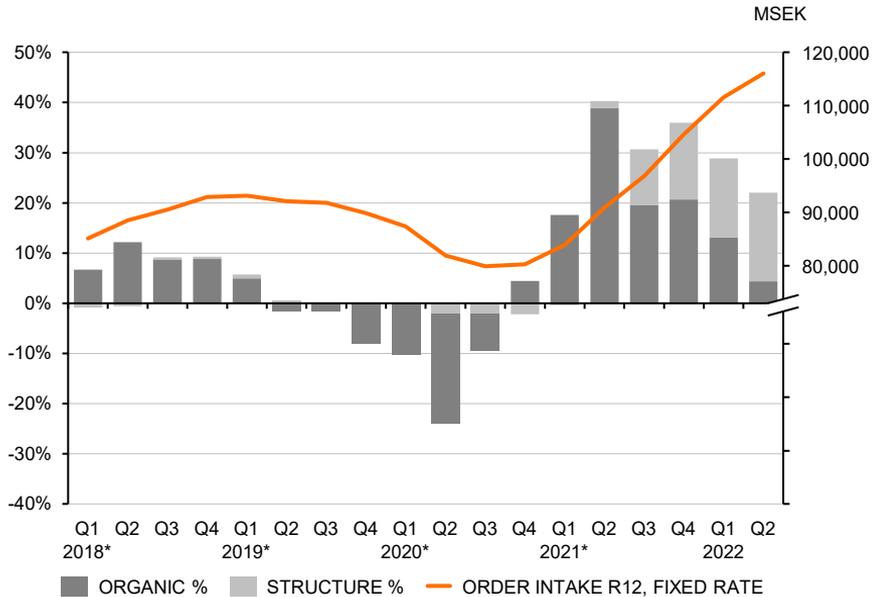
REPORTED (SEK M)

27,050

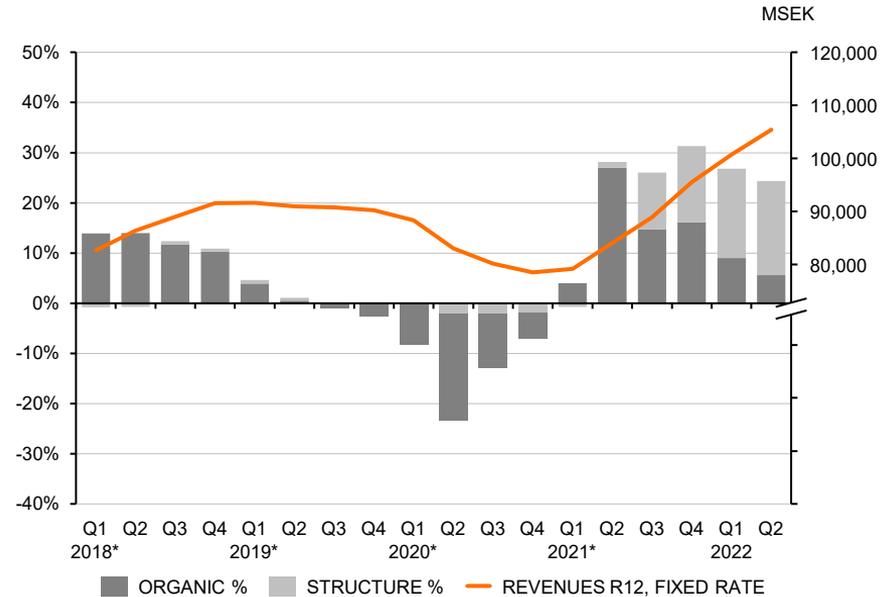
* Best estimates excluding SMT

GROWTH IN ORDER INTAKE AND REVENUES

ORDER INTAKE



REVENUES



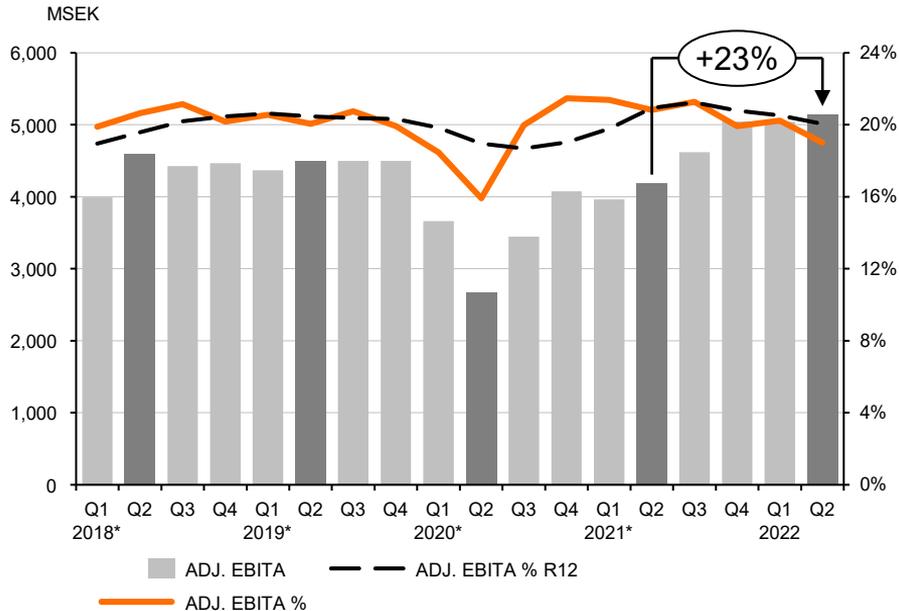
* Best estimates excluding SMT



ADJUSTED EBITA DEVELOPMENT

Adj. EBITA margin:

19.0%



- Adj. EBITA SEK 5,141 M (4,192)
- Margin 19.0% (20.8)
- Leverage:
 - Weak leverage due to cost inflation not yet fully mitigated by pricing, higher share of air freight, and impact from Russia
 - Diluting impact from structure of -110 bps, offset by currency which had an accretive impact of 200 bps on margin
- R12 adj. EBITA 20.0% (20.9)

* Best estimates excluding SMT

* Adjusted for items affecting comparability

MINING AND ROCK SOLUTIONS

ORDER INTAKE

- Solid demand with particularly strong development in aftermarket
- Total order intake growth was 46% and at fixed exchange rates, growth was 35%, of which organic 9%
- Two larger-sized BEV orders totaling SEK 243 million and the second highest automation order ever received of SEK 86 million
- Excluding Russia, order intake grew by 17% and revenues by 15%

ADJUSTED EBITA

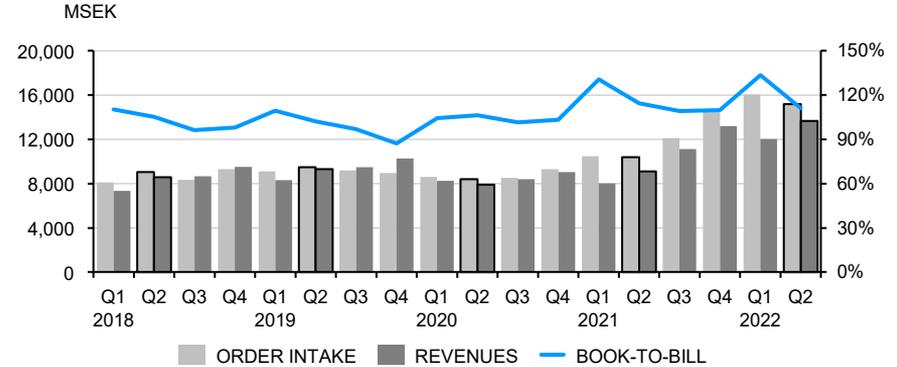
- Adjusted EBITA margin was 19.2% (20.6), cost inflation not yet fully mitigated by pricing, higher share of air freight, as well as dilution from underlying structure negatively impacted the margin

SHIFT TO GROWTH

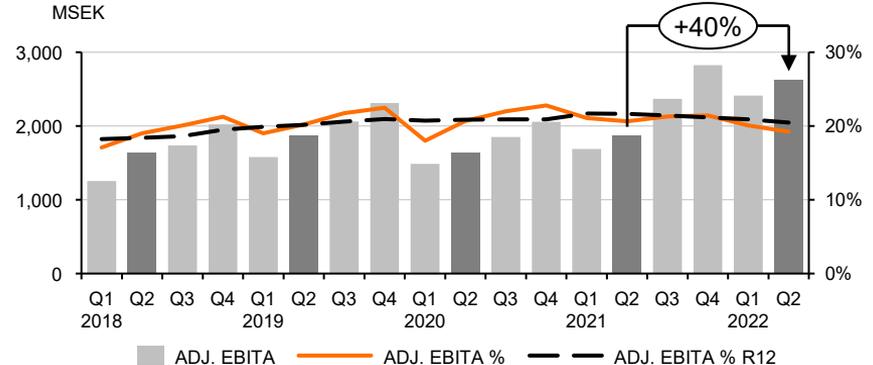
- High interest for Sandvik's battery-electric vehicles and automation solutions
- Acquisition of Akkurate, a frontrunner in holistic battery management, providing remote battery diagnostic- and prognostic platforms

42%
SHARE OF
REVENUES 2021

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



ROCK PROCESSING SOLUTIONS

ORDER INTAKE

- Continued solid demand driven by aftermarket
- Total order intake grew by 17% and at fixed exchange rates, by 7%, of which organic was 0%
- Excluding Russia, organic growth in orders was 7%

ADJUSTED EBITA

- Adj. EBITA margin of 16.0% (17.1) negatively impacted by cost inflation not yet fully mitigated by pricing, and negative mix due to lower volumes from Russia and China

SHIFT TO GROWTH

- Acquisition of SP Mining, a global provider of high-capacity screening solutions with a strong aftermarket business
- Announced new President of SRP to continue execute on Shift to growth priorities

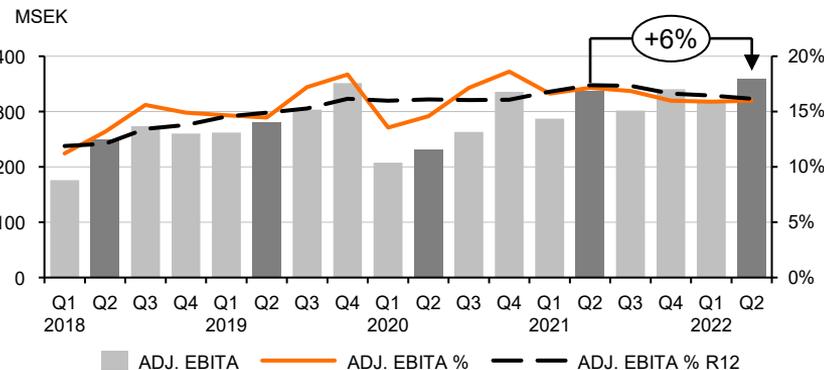


8%
SHARE OF
REVENUES 2021

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



MANUFACTURING AND MACHINING SOLUTIONS

ORDER INTAKE

- Solid underlying demand. Excluding Russia, 5% growth in orders for the core cutting tool brands driven by aerospace and general engineering
- Total order intake growth of 19%, at fixed exchange rates growth was 12%, of which organic was 1%. Russia had a -3% impact on top line
- Stable demand was noted into the first two weeks of July

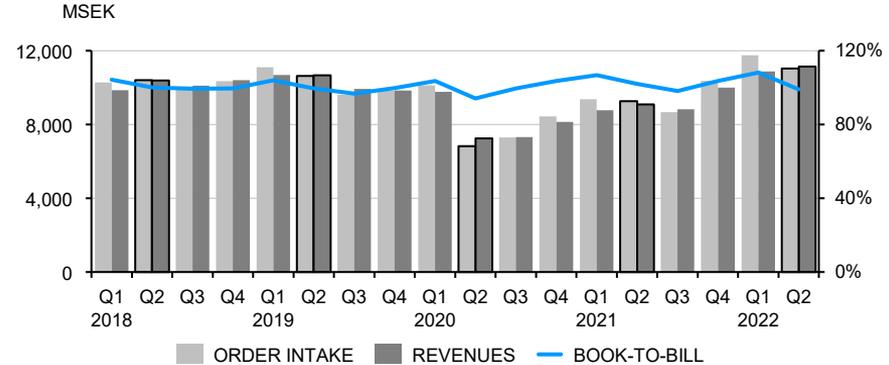
ADJUSTED EBITA

- Adjusted EBITA margin was 21.5% (23.8), negatively impacted by cost inflation not yet fully mitigated by pricing and mix effect from Russia

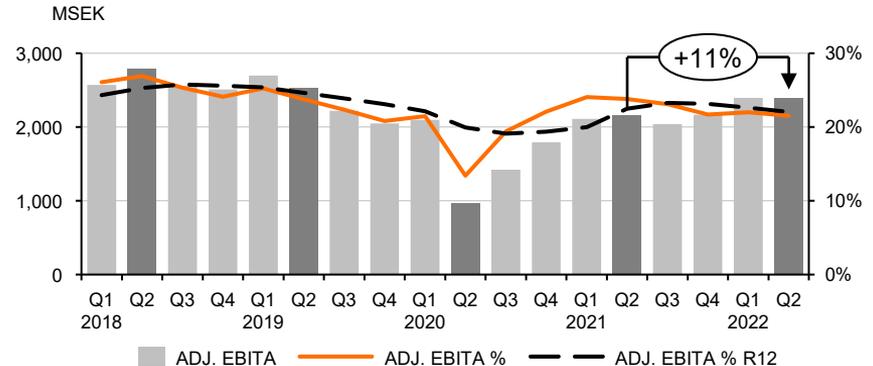
SHIFT TO GROWTH

- Three round tools acquisitions announced, Peterson Tool Company Inc., Preziss and Frezite

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



DISCONTINUED OPERATIONS

MATERIALS

TECHNOLOGY

13%
SHARE OF
REVENUES 2021

ORDER INTAKE

- Continued solid demand across all segments, with record high order intake levels driven mainly by Energy and Industrial Heating
- Total order intake growth at 56%, and at fixed exchange rates growth was 30%. Organic growth was 26% year on year. Alloys had a 20% impact on order development
- One major order received at a total of SEK 0.2 B, organic order intake growth excluding major orders was 21%

ADJUSTED EBITA

- Strong underlying margin at 11.9%(10.4), excluding metal price impact. Including metal price impact margin was 26.0% (11.9)
- Cost inflation mitigated by pricing

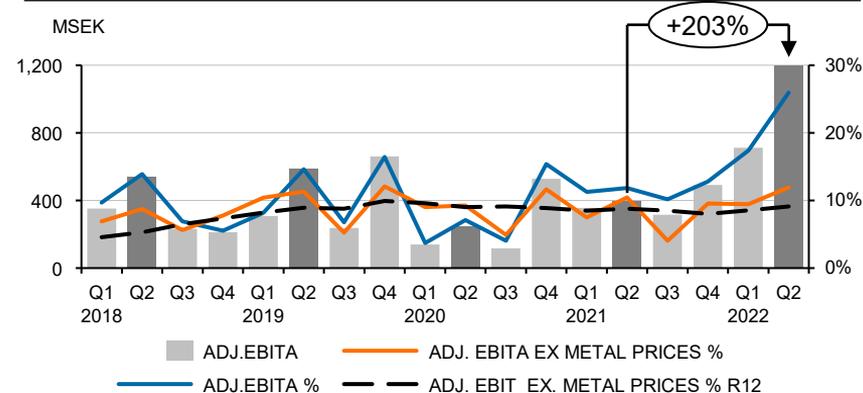
SHIFT TO GROWTH

- On April 27, AGM decided to distribute and list Sandvik Materials Technology (Alleima)

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



CECILIA FELTON
CFO

A blurred background image showing a pen writing on a document. The document contains several mathematical equations, including $x_1 = 13$, $x_2 = 7$, $x_3 = -10$, and $x_4 = 7$. The pen is positioned over the equation $x_2 = 7$.

$x_1 = 13$

$x_2 = 7$

$x_3 = -10$

$x_4 = 7$

FINANCIAL SUMMARY

MSEK	Q2 2021*	Q2 2022
ORDER INTAKE	21,816	28,740
REVENUES	20,136	27,050
ADJUSTED EBITA	4,192	5,141
ADJUSTED EBITA MARGIN	20.8%	19.0%
NET FINANCIAL ITEMS	-128	18
TAX RATE EXCLUDING IAC	24.4%	23.5%
NWC % ¹	23.2%	26.2%
FREE OPERATING CASH FLOW ²	2,945	-49
ROCE % ¹	22.7%	13.4%
ADJUSTED EPS, DILUTED	2.39	2.95

* 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	4%	6%
STRUCTURE	18%	19%
ORG + STR	22%	25%
CURRENCY	9%	9%
TOTAL	32%	34%

BRIDGE ANALYSIS

MSEK	Q2 2021*	ORGANIC	CURRENCY**	STRUCTURE	Q2 2022
REVENUES	20,136	1,079	2,054	3,781	27,050
ADJUSTED EBITA	4,192	-349	779	519	5,141
ADJUSTED EBITA MARGIN	20.8%	N/A			19.0%
ACCRETION/DILUTION		-2.7%	2.0%	-1.1%	

* Best estimates excluding SMT

** Currency effect net of structure component

NET FINANCIALS

MSEK	Q2 2021	Q2 2022
INTEREST NET	-68	-154
PENSION	-26	-18
BANK CHARGES	-11	-20
OTHER FINANCIAL INCOME AND COST	-5	10
LEASES IFRS16	-23	-37
FX AND OTHER ASSET CLASSES	4	236
TOTAL	-128	18

- Interest net increase due to increased borrowed volumes
- Increase in FX and other class effects mainly due to temporarily positive effects from hedge of electricity prices and hedge in foreign currencies

* Best estimates excluding SMT

TAX RATE

	Q2 2021*	Q2 2022
REPORTED	26.0%	29.2%
EXCLUDING IAC	24.4%	23.5%

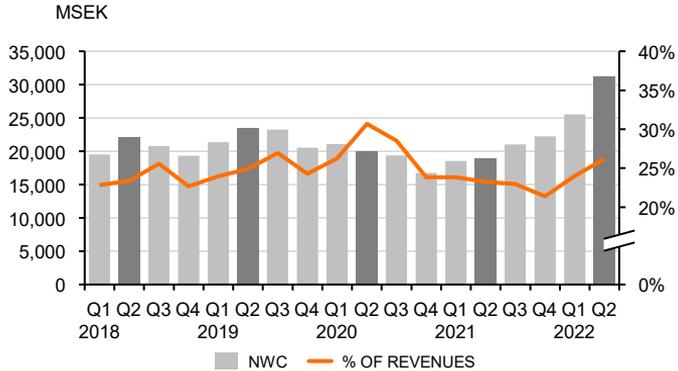
For continuing operations.

IN LINE WITH 22-24% GUIDANCE FOR 2022

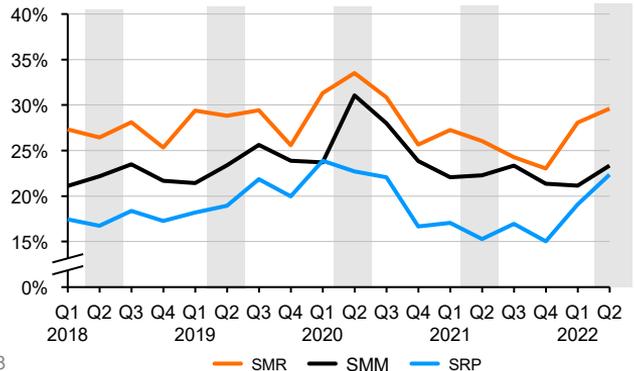
* Best estimates excluding SMT

NET WORKING CAPITAL

NET WORKING CAPITAL

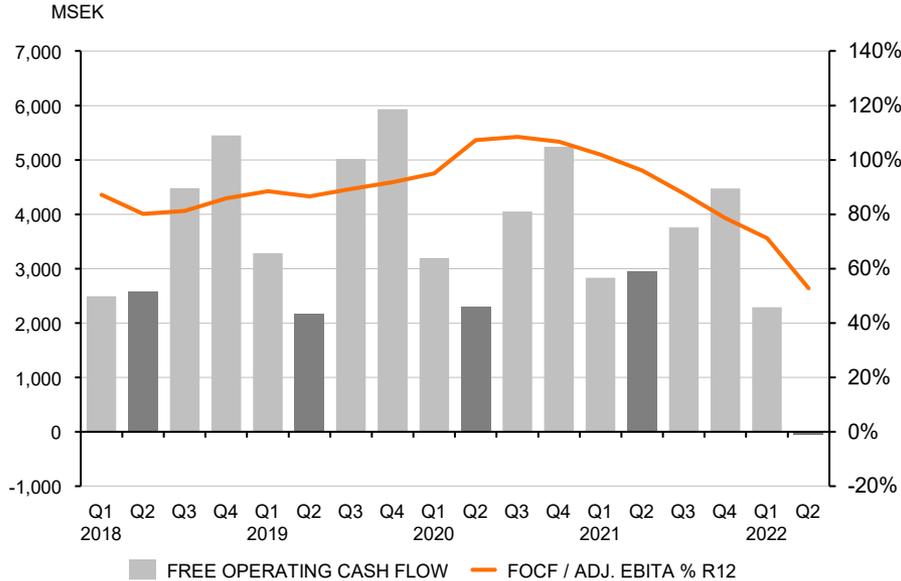


PER BA, % OF REVENUES



- Ramp up for growth
- Seasonality
- Logistics issues
- Supply chain challenges

FREE OPERATING CASH FLOW



MSEK	Q2 2021	Q2 2022
EBITDA *	5,218	5,265
NON-CASH ITEMS	-465	-597
NWC CHANGE	-968	-3,633
CAPEX **	-840	-1,083
FOCF ***	2,945	-49

* Adjusted for cash items related to certain acquisition costs, not considered operational

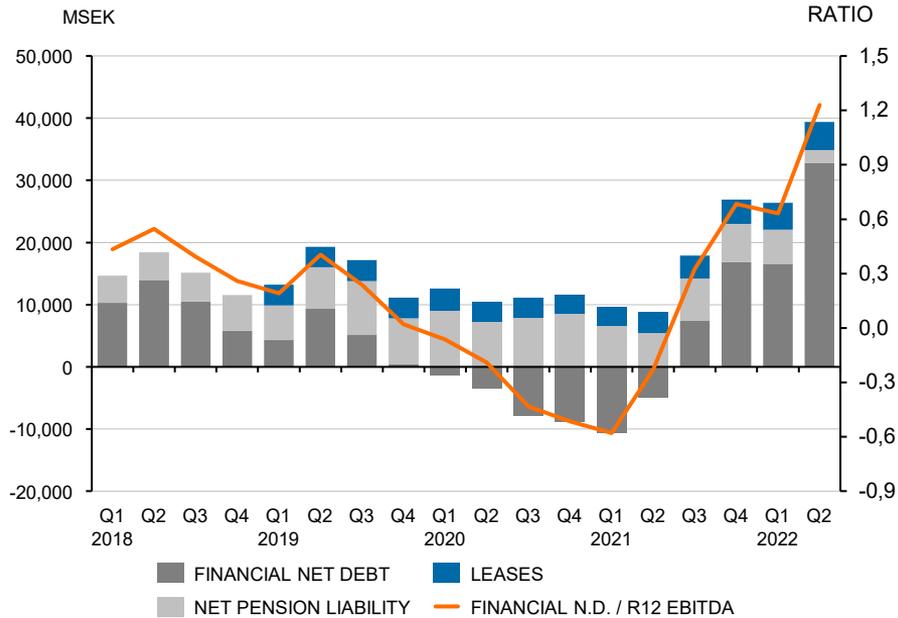
** Including investments and disposals of rental equipment and tangible and intangible assets

*** Free operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes

* Best estimates excluding SMT

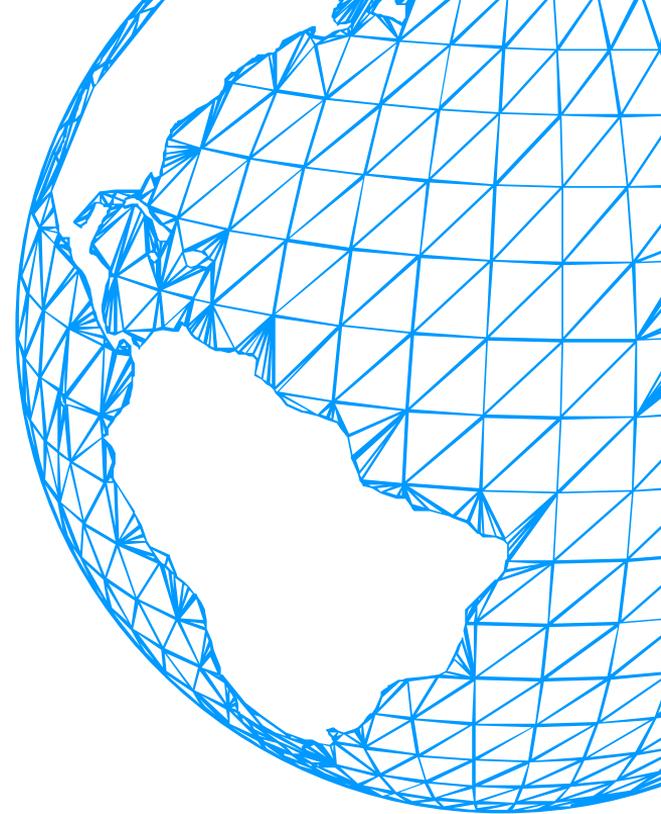
NET DEBT

GROUP TOTAL



- Financial net debt / R12 EBITDA 1.23
- Financial net debt SEK 32.8 billion
- Net debt SEK 39.4 billion

OUTCOME VERSUS GUIDANCE



	Outcome	Guidance
Underlying currency yoy effect (MSEK)	918	600
<i>whereof SMT</i>	139	
Metal price effect in quarter (MSEK)	649	700
Capex (BSEK)	-0.9	
Interest net (BSEK)	-0.2	
Normalized tax rate (%)	23.5%	

GUIDANCE Q3 AND FY 2022

CAPEX (CASH)	Estimated to approx. SEK 4.0 B for 2022. <i>(Alleima to provide guidance on their CMD)</i>
CURRENCY EFFECTS	Given currency rates at end of June 2022 the effect on operating profit from transaction and translation would be SEK +1,050 M for Q3 2022 <i>(Alleima to provide guidance on their CMD)</i>
INTEREST NET	Underlying interest net is estimated to SEK <-0.7 B for 2022
TAX RATE	The normalized tax rate is estimated to 22% - 24% for 2022

CONCLUSION

CONTINUED SOLID DEMAND AND STRONG CONTRIBUTION FROM ACQUISITIONS

- 6th consecutive quarter with strong growth driven by solid underlying demand and acquisitions
 - High interest and good development for Sandvik's automation and digital solutions as well as battery-electric vehicles
 - Growth development impacted by the wind-down in Russia
-

AGILE EXECUTION TO SUPPORT RESILIENCE

- Market-leading products and solutions enabling price-mitigating actions
 - Savings program announced in the quarter for further optimization
 - Macro-economic risks due to the geopolitical situation, decentralized set-up enabling quick responses to changing market-conditions
-

MAKING THE SHIFT WITH INCREASED AMBITIONS

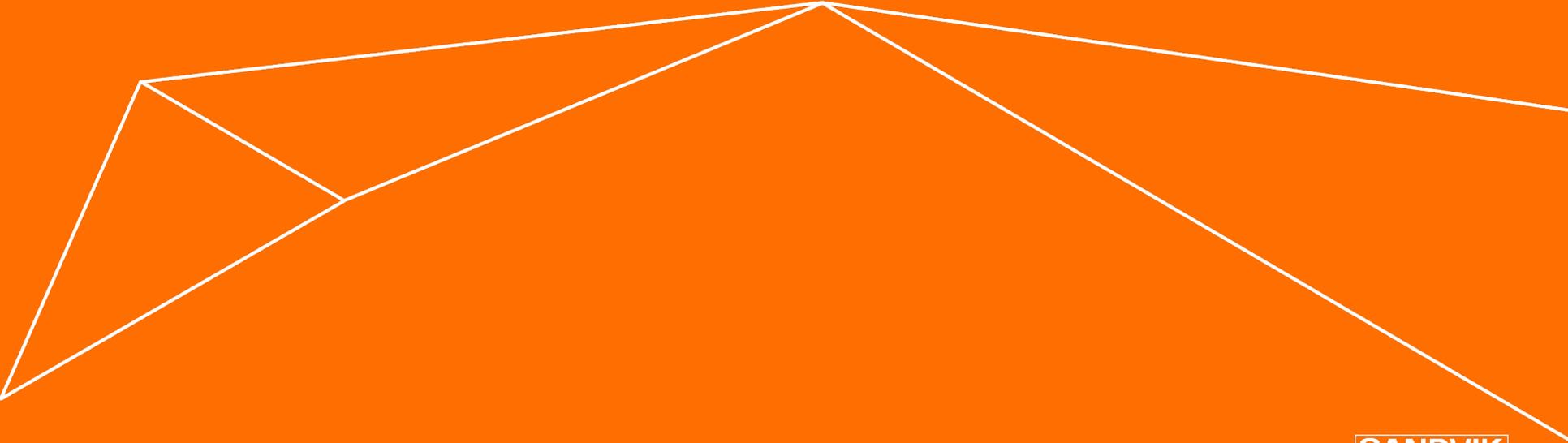
- New Financial targets announced, growth of 7%, EBITA margin corridor of 20-22% and Financial Net Debt/EBITDA <1.5
- Strong commitment to deliver on shift to growth strategic priorities
- Sandvik Materials Technology planned to be listed on August 31, 2022





Q&A

BACK-UP SLIDES



MSEK	Q2 2021	ORGANIC	CURRENCY	STRUCTURE/ METALS SMT*	Q2 2022
MINING AND ROCK SOLUTIONS					
REVENUES	9,090	835	1,112	2,621	13,658
ADJUSTED EBITA	1,876	-74	460	366	2,628
ADJUSTED EBITA MARGIN	20.6%				19.2%
ROCK PROCESSING SOLUTIONS					
REVENUES	1,964	-7	212	78	2,247
ADJUSTED EBITA	337	-85	87	20	359
ADJUSTED EBITA MARGIN	17.1%				16.0%
MANUFACTURING AND MACHINING SOL.					
REVENUES	9,083	251	730	1,082	11,145
ADJUSTED EBITA	2,161	-124	224	133	2,394
ADJUSTED EBITA MARGIN	23.8%				21.5%
MATERIALS TECHNOLOGY					
REVENUES	3,324	424	250	611	4,608
ADJUSTED EBITA	396	60	139	603	1,198
ADJUSTED EBITA MARGIN	11.9%				26.0%

LOAN AND DURATION PROFILE

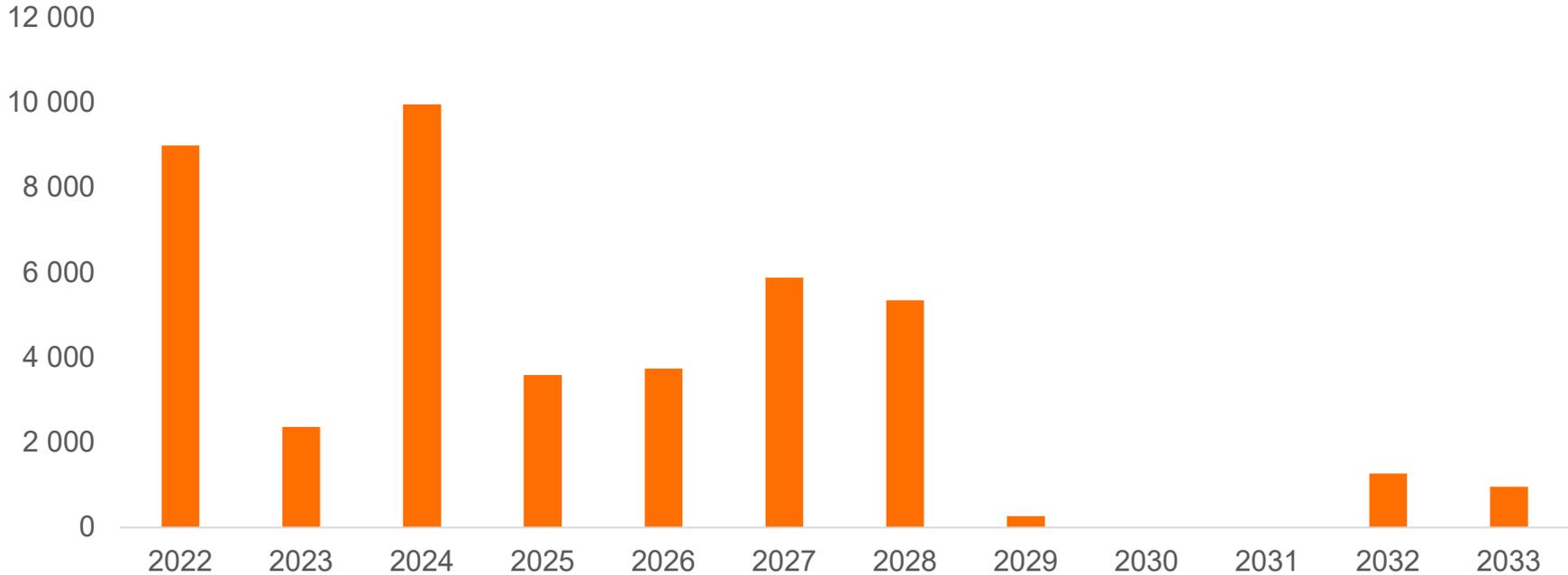
		AMOUNT	DURATION
LONG TERM 77%	Swedish MTN	-1,000	1.5 Years
	European MTN	-25,135	4.8 Years
	Bank Loans	-6,223	2.1 Years
	<hr/>		
SHORT TERM 23%	Commercial Paper	-8,545	0.3 Years
	Swedish MTN	0	0.0 Years
	European MTN	0	0.0 Years
	Bank Loans	-957	0.0 Years
	TOTAL	-41,860	3.3 Years

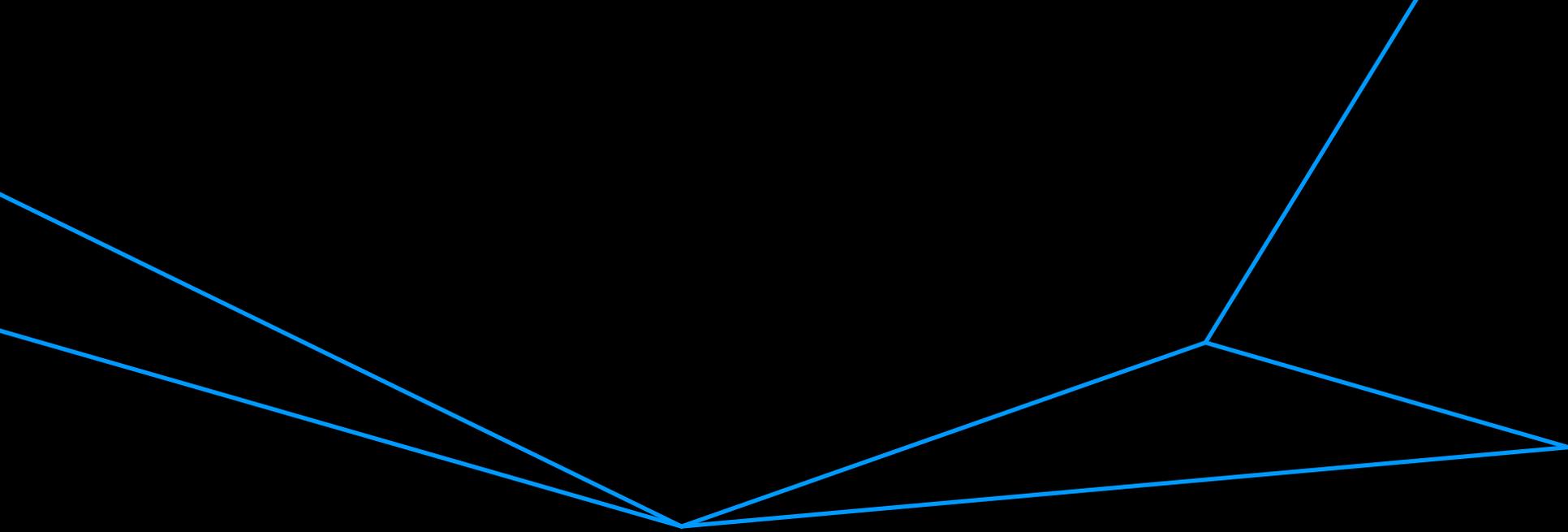
Committed Credit facilities **SEK 11,100 M**

LOAN MATURITY PROFILE

AVERAGE
INTEREST RATE:
~2%

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.”

