

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.



PROTECTIVE
EQUIPMENT



FIRST AID
KIT



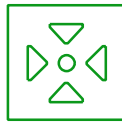
ALARM



EMERGENCY
NUMBER



EMERGENCY
EXIT



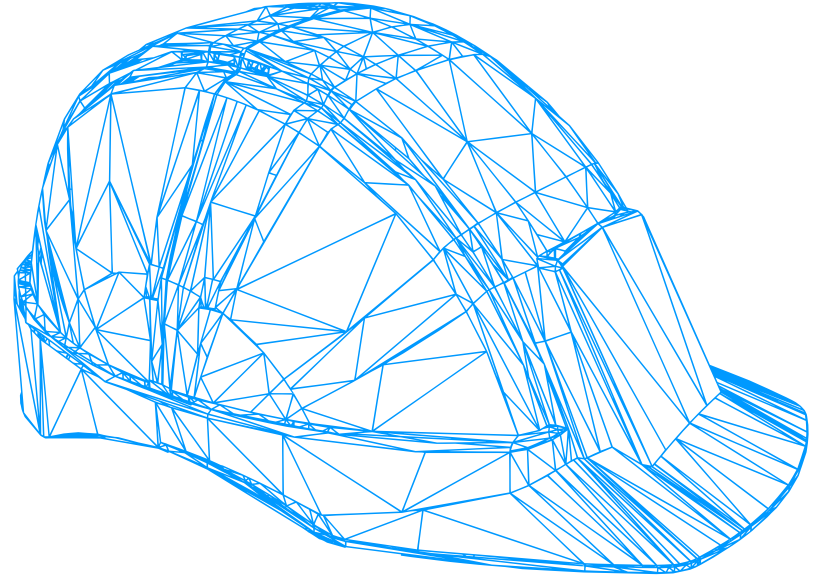
ASSEMBLY
POINT



PSYCHOLOGICAL
SAFETY



HEALTH &
WELL-BEING



A BUSINESS GEARED FOR GROWTH

FORECASTED MARKET GROWTH 2019-2025, CAGR

~3%



SANDVIK MINING & ROCK SOLUTIONS

2.5-3%



SANDVIK ROCK PROCESSING SOLUTIONS

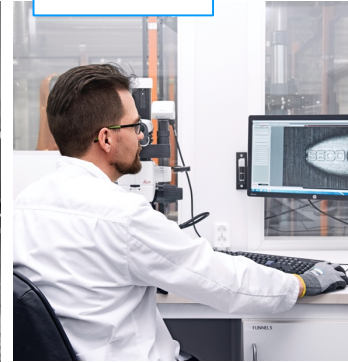
~2%



SANDVIK MANUFACTURING & MACHINING SOLUTIONS

SANDVIK MACHINING SOLUTIONS

>10%



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

ROCK PROCESSING



CRUSHING

GRINDING

SEPARATION

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

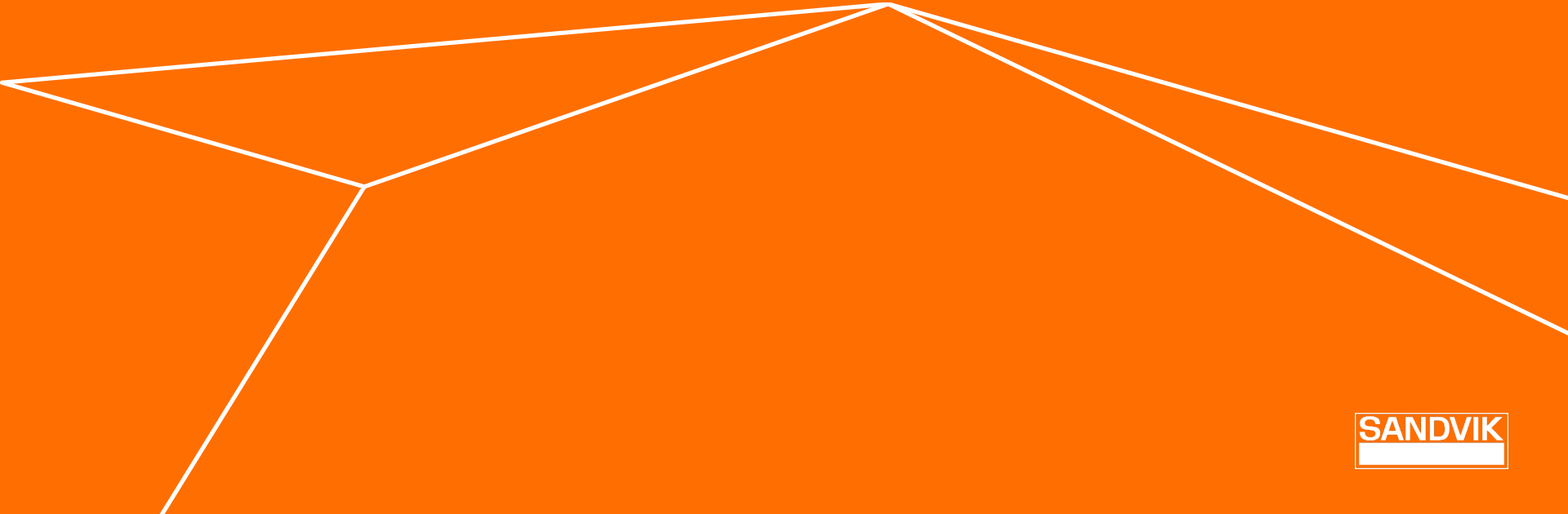
Accelerate Mergers and Acquisitions



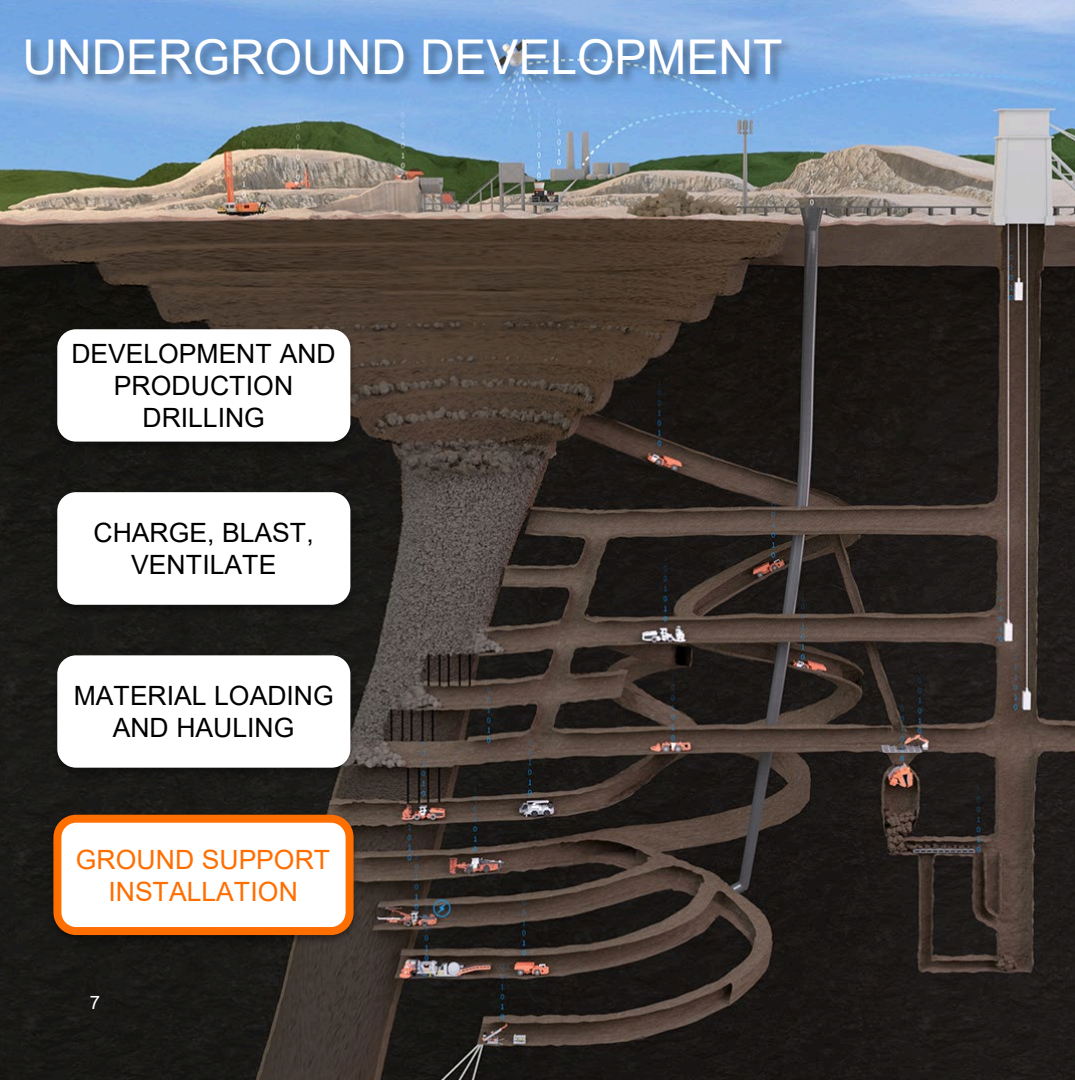
Sandvik DS422i is a rock support drill specialized for cable-bolt installation in underground mines and tunnels



DSI UNDERGROUND



UNDERGROUND DEVELOPMENT



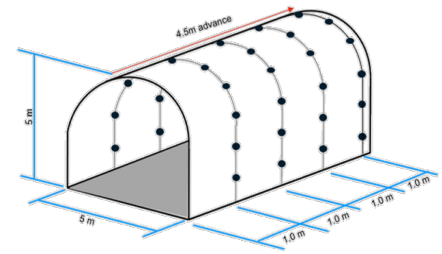
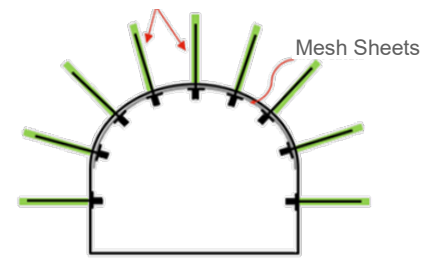
DEVELOPMENT AND PRODUCTION DRILLING

CHARGE, BLAST, VENTILATE

MATERIAL LOADING AND HAULING

GROUND SUPPORT INSTALLATION

Bolts, plates, bars

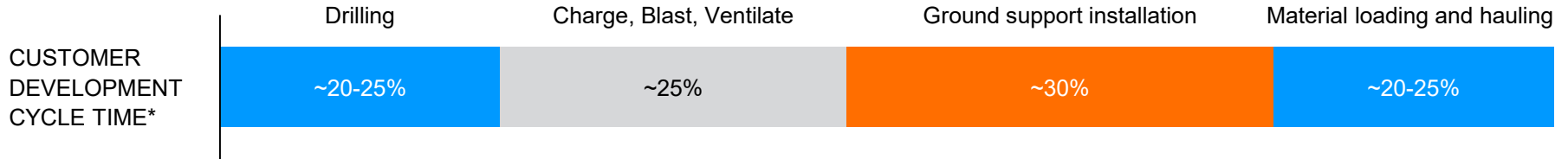


WHAT IS GROUND SUPPORT?

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



SMR OFFERING

CURRENT
MAIN SCOPE

DSI
SCOPE

NOT IN
CURRENT
SCOPE

EXAMPLE DSI UNDERGROUND'S PRODUCTS

BOLTS



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

CHEMICALS



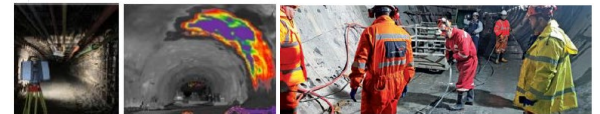
Resin capsules, injection chemicals, accessories

OTHER SUPPORT



Umbrella systems, plates, bars, mesh, installation accessories

SERVICES



Digital / monitoring, technical support, training

DSI UNDERGROUND: #1 GROUND SUPPORT SUPPLIER

FULL YEAR 2020F

SALES*	EBIT MARGIN	EMPLOYEES (incl. JV:s)	PRODUCTION FACILITIES (incl. JV:s)	JOINT VENTURES	COUNTRIES
518 MEUR	12-13%	~2,000	22	4	70

SALES BY MARKET AREA

AMERICAS



31%

EMEA



21%

ASIA PACIFIC

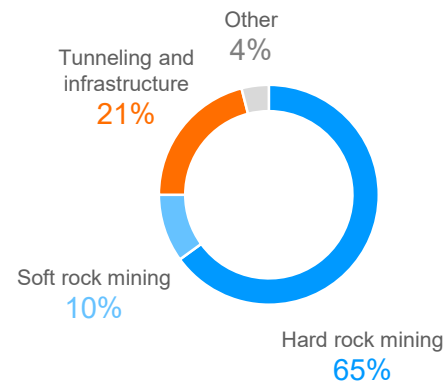


48%

COMPANY OVERVIEW

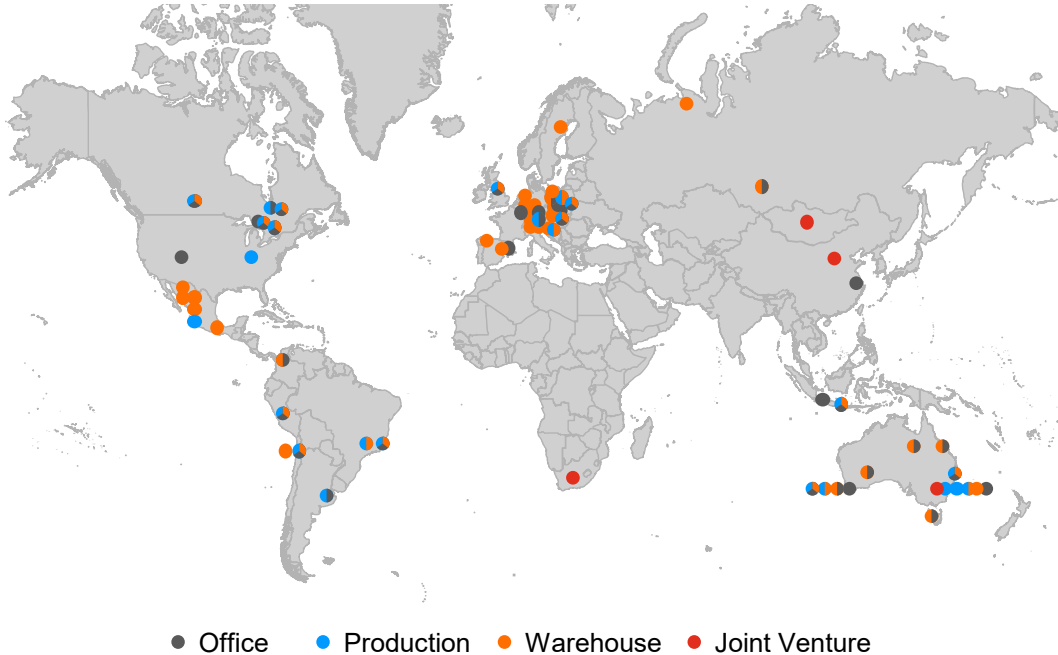
- Leading supplier of ground support and reinforcement products, systems and solutions
- Leading profitability among peers
- Broadest offering in segment with unique application know-how
- Reliable, local and rapid supply chain
- High safety standards
- Long standing client relationships with global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

SALES BY END MARKET



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

1

COMPLEMENTARY OFFERING

Drive safety and productivity across the full underground mining cycle. Leverage combination of equipment and consumables to improve customer safety and productivity

2

STRONG PERFORMANCE

Leading profitability vs. peers. Stronger EBITDA margin and sales growth vs. competition with favourable exposure to faster growing commodities and applications

3

100% AFTERMARKET

Consumables business. 100% of DSI Underground's sales is ground support systems required for mining and tunneling operations

4

THE MARKET LEADER

#1 provider of Ground Support within HR and Tunnelling. Leading market share for ground support systems in Hard Rock and Tunneling

5

UNIQUE TECHNOLOGY PLATFORM

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

SMR VISION AND STRATEGIC FOCUS AREAS

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



SAFE AND
SUSTAINABLE

DSI UNDERGROUND
OFFERING



DELIVER
CUSTOMER VALUE



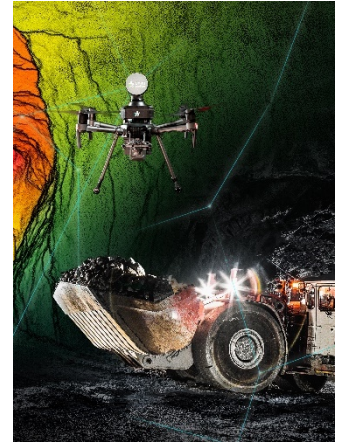
SHAPE THE INDUSTRY
ECOSYSTEM

GROUND SUPPORT
AUTOMATION AND
DIGITALIZATION



AGILE EXECUTION WITH
EXCEPTIONAL PEOPLE

R&D AND PRODUCT
MANAGEMENT UPLIFT



EVOLVE PORTFOLIO
AND PARTNERSHIPS

CONTINUED
GROWTH

TRANSACTION OVERVIEW & FINANCIAL IMPACT

TRANSACTION OVERVIEW

TRANSACTION CONSIDERATIONS

- **Enterprise value:** 943 million EUR.
- **Sellers:** Triton Partners.
- **Estimated closing:** Mid-2021, subject to customary regulatory approvals.

IMPACT ON KEY METRICS

- **Funding:** Cash deal. No need to increase gross debt.
- Group **gearing** by Q3 was 0.05 and **net debt/EBITDA** 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.

IMPACT ON P&L

- **EPS:** estimated to be slightly positive to EPS including PPA amortization.
 - **EBIT margin:** pro-forma **2020** EBIT margin dilutive with approximately 50 bps to Sandvik Group and <200 bps to SMR.
 - Strong synergy case going forward.
-

SUMMARY

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

QUESTIONS & ANSWERS