

# Interim report second quarter 2024



# Summary Q2

## Stable development with mixed demand picture

- Robust demand in mining and aerospace. General engineering and automotive declined, and infrastructure remained subdued, with regional variations
- Total order intake growth of 2%, of which organic 3%
- Total revenue declined by 3%, of which organic -2%

## Profit margin level resilient on challenging volumes

- Adjusted EBITA decreased by 7%, corresponding to a margin of 19.6% (20.5), adjusted EBITA margin R12 at 19.4 (20.2)
- Savings from restructuring programs amounted to SEK 275 M in the quarter, corresponding to a bridge effect of SEK 243 M
- Adjusted profit for the period amounted to SEK 3.9 Bn (4.1)

## Solid strategic progress

- Expanded in the Chinese local premium market. Further strengthened offering in North America
- Double digit growth in our software businesses
- Launched new solutions linked to our digital- and sustainability shift ambitions

**-2%**

Revenue growth at fixed exchange rates

**19.6%**

Adjusted EBITA margin

**1.5**

Financial net debt/EBITDA



# Staying ahead through innovation: Manufacturing Copilot

- Sandvik launches AI in the manufacturing software in partnership with Microsoft
- Trained on proprietary knowledge, unique to each brand
- Available for Cimatron, GibbsCAM and SigmaNEST in September





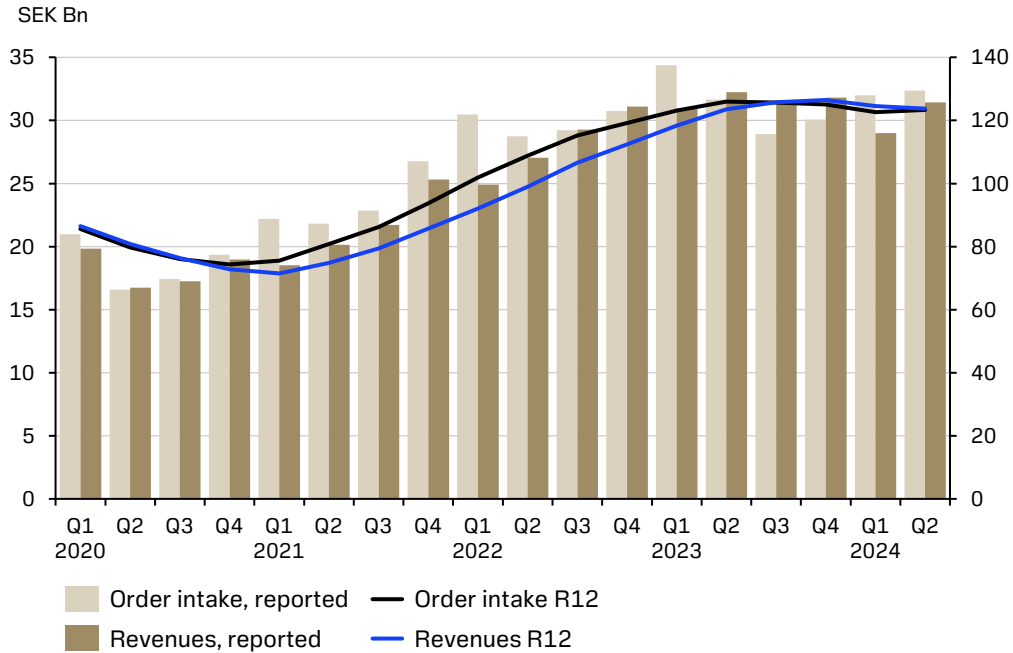
# YoY market development

Percent of revenue 2023	Order intake Y/Y Q2 24	Mining	Engineering	Infrastructure	Automotive	Aerospace	Other	% of revenue 2023
		51%	20%	10%	7%	4%	8%	
		→	↘	↘	↘	↗	→	
Europe	27%	0%	→	↘	↘	↘	↗	↘
North America	25%	-4%	→	↘	→	↘	↗	↗
Asia	17%	25%	→	↗	↘	↗	→	→
Africa and Middle East	12%	15%	→		↘			
Australia	13%	-14%	→		↘			
South America	7%	4%	→		↘			

Other includes mainly energy, die and mould, electronics, medical, pump and valve, rail and defense.



# Order intake and revenues



Order intake  
Reported (MSEK)

**32,354**

Revenues  
Reported (MSEK)

**31,419**

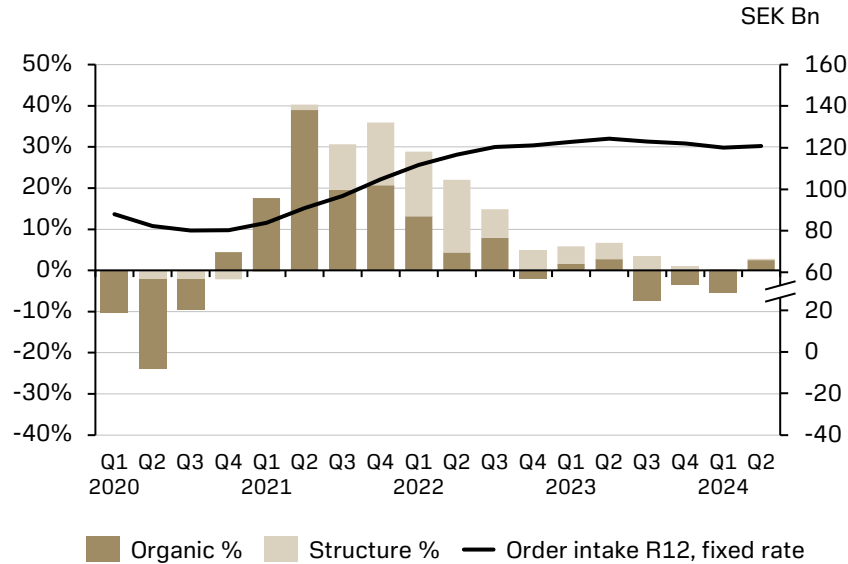
Book-to-bill

**103%**

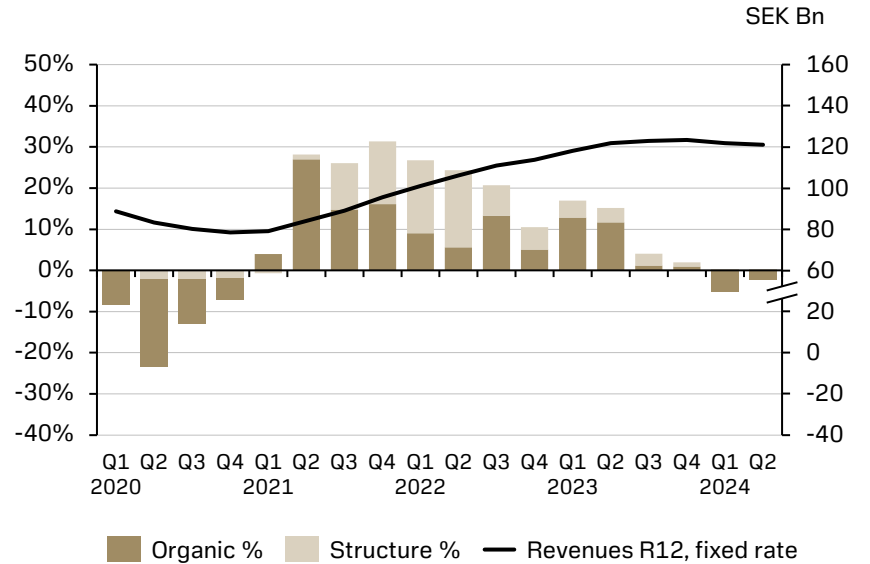


# Growth in order intake and revenues

## Order intake

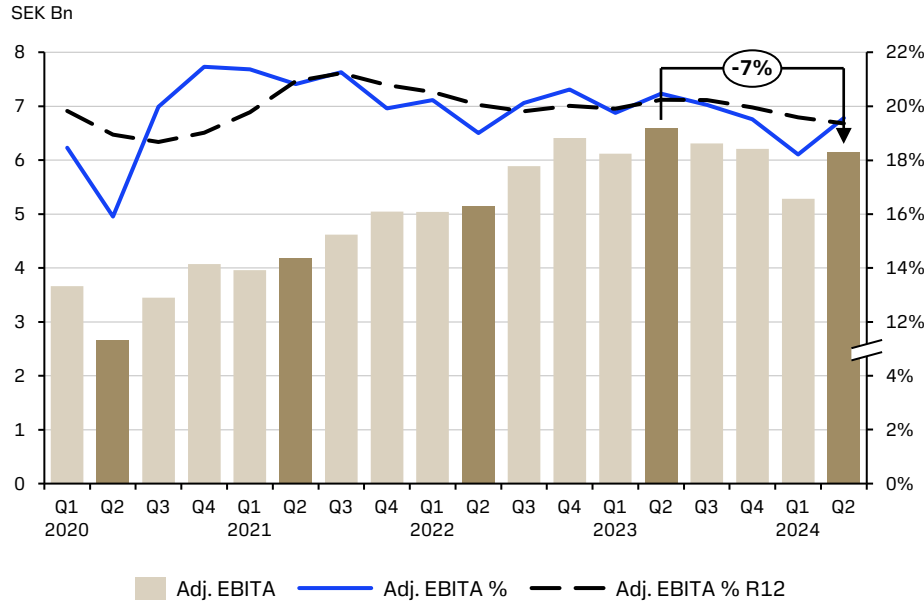


## Revenue





# Adjusted EBITA development



Adj. EBITA margin:

# 19.6%

- Adj. EBITA SEK 6,149 M (6,599)
- Lower volumes partly off-set by savings and cost control
- Cost inflation was off-set by pricing in the quarter, but dilutive year on year
- Currency accretion of 20 basis points
- R12 adj. EBITA 19.4% (20.2)



# Mining and Rock Solutions

## Order intake

- Continued solid demand, and the quarter reached the second highest order intake ever
- Good momentum in automation with double digit growth in Digital Mining Technologies. Strong growth in Parts & Services, Underground Drilling and Surface Drilling
- Total order intake increased by 2%, and at fixed exchange rates, by 3%, of which organic 4%
- Excluding major orders of SEK 1.5 billion (1.1), organic order intake grew by 1%

## Adjusted EBITA

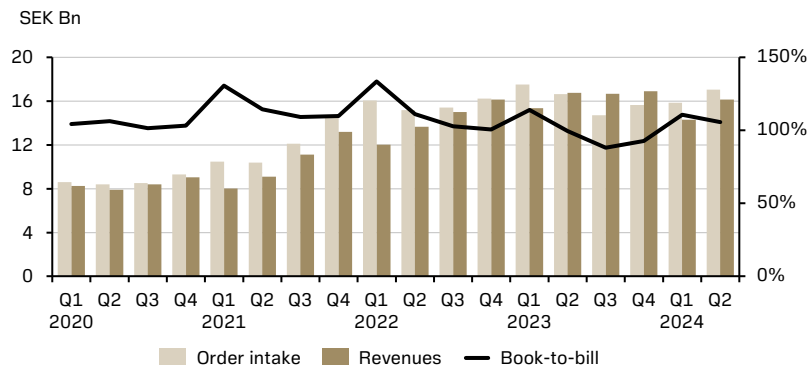
- The adjusted EBITA margin at 20.8% (21.6), impacted by lower volumes
- Savings from restructuring programs had a year on year bridge effect of SEK 64 million
- Exchange rates had an accretive impact of 40 basis points

## Shift to growth

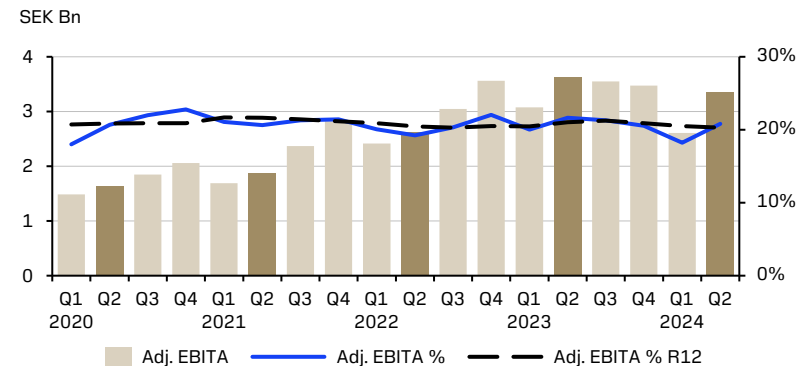
- Introduced new AutoMine® solutions
- Started a collaboration with a large customer related to deployment of a second-life battery energy storage system
- Launched a new electric rotary blasthole drill

## Order intake and revenues

52% share of revenues 2023



## Adjusted EBITA development







# Rock Processing Solutions

## Order intake

- Stable demand in mining. Infrastructure remained weak, although with regional variations
- Total order intake declined by 8%, and at fixed exchange rates by 8%, of which organic was -8%
- Organic order intake grew by 3% in North America and decreased by 7% in Europe. Asia was down 4%, with strong growth in India negatively off-set by decline in China

## Adjusted EBITA

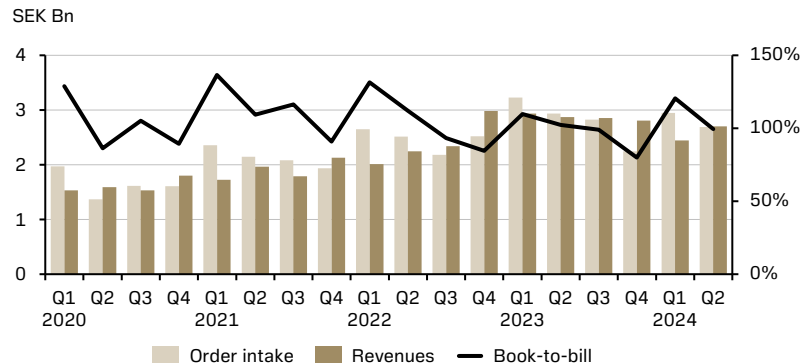
- The adjusted EBITA margin at 15.1% (13.7)
- Savings from restructuring programs had a year on year bridge effect of SEK 41 million
- Exchange rates had a dilutive impact on the margin of 10 basis points

## Shift to growth

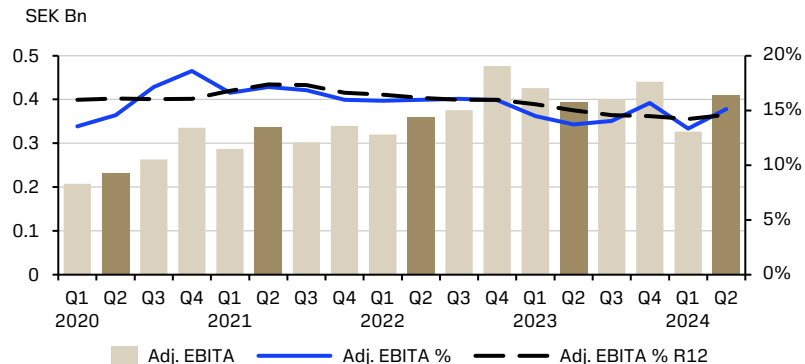
- Introduction of magnetic drum separators for mobile screens, reducing tear of the equipment and enabling metal recycling into valuable sellable products

## Order intake and revenues

9% share of revenues 2023



## Adjusted EBITA development





# Manufacturing and Machining Solutions

## Order intake

- Software business grew by double digits, the powder business had a strong development, and cutting tools declined by 1%
- Solid demand in aerospace while automotive and general engineering declined
- Total order intake increased by 5%, and at fixed exchange rates by 5%, of which organic was 4%
- Daily order intake in the first two weeks of July was stable compared to the second quarter

## Adjusted EBITA

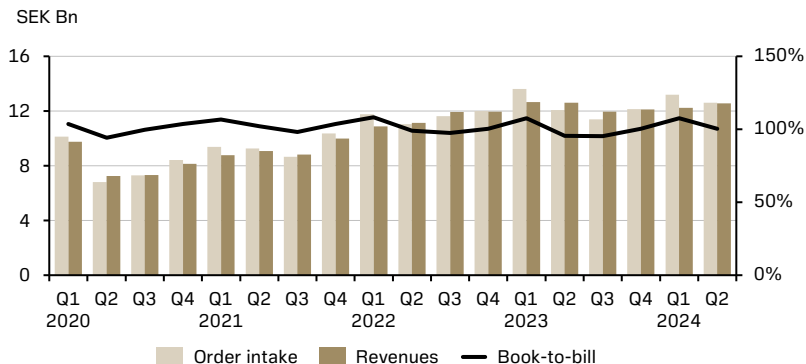
- Adjusted EBITA margin at 20.5% (22.3). Volumes impacted the margin negatively year on year. Cost inflation was off-set by pricing in the quarter, but was dilutive year on year
- Savings from the restructuring programs had a year on year bridge effect of SEK 139 million
- Exchange rates had a dilutive impact of 20 basis points

## Shift to growth

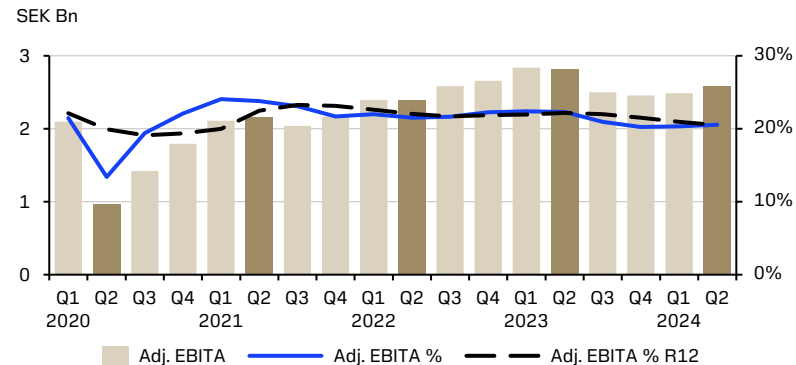
- Expansion in the Chinese local premium market with the acquisition of Suzhou Ahno
- Further enhanced position in US through the acquisition of PDQ Workholding LLC

## Order intake and revenues

39% share of revenues 2023



## Adjusted EBITA development





# Cecilia Felton

## CFO



# Financial summary

MSEK	Q2 2023	Q2 2024
Order intake	31,660	32,354
Revenues	32,243	31,419
Adjusted EBITA	6,599	6,149
Adjusted EBITA margin	20.5%	19.6%
Net financial items	-704	-563
Tax rate excluding IAC	24.4%	23.9%
NWC <sup>1</sup>	27.8%	30.2%
Free operating cash flow	4,578	4,198
ROCE <sup>1</sup>	16.0%	14.1%
Adjusted EPS, diluted	3.25	3.10

Growth	OI	Rev
Organic	3%	-2%
Structure	0%	0%
<b>Organic + structure</b>	<b>3%</b>	<b>-2%</b>
Currency	-1%	0%
<b>Total</b>	<b>2%</b>	<b>-3%</b>

<sup>1</sup> R12 revenues and R12 month average NWC / ROCE



# Bridge analysis

MSEK	Q2 2023	Organic	Currency	Structure	Q2 2024
Revenues	32,243	-775	-138	89	31,419
Adjusted EBITA	6,599	-485	22	13	6,149
Adjusted EBITA margin	20.5%	<b>-63%</b>			19.6%
Accretion/dilution		-1.0%	0.2%	0.0%	



# Good progress on the restructuring programs

	SMM	SMR	SRP	Group activities	Total	Annualized run-rate
<b>2022 Program</b>						
Savings in Q2	97	20	23	-	139	71%
Total estimated run-rate savings	540	100	140	5	785	
<b>2024 Program</b>						
Savings in Q2	74	44	18	-	136	44%
Total estimated run-rate savings	710	385	135	10	1,240	



# Net financials

MSEK	Q2 2023	Q2 2024
Interest net	-415	-397
Pension	-25	-24
Bank charges	-18	-23
Other financial income and cost	13	-18
Leases IFRS16	-52	-69
Fx and other asset classes	-208	-32
<b>Total</b>	<b>-704</b>	<b>-563</b>
Total yield cost, R12	4.2%	5.2%



# Tax rate

	Q2 2023	Q2 2024
<b>Reported</b>	<b>24.9%</b>	<b>30.6%</b>
Excluding IAC	24.4%	23.9%
Normalized	24.4%	23.9%

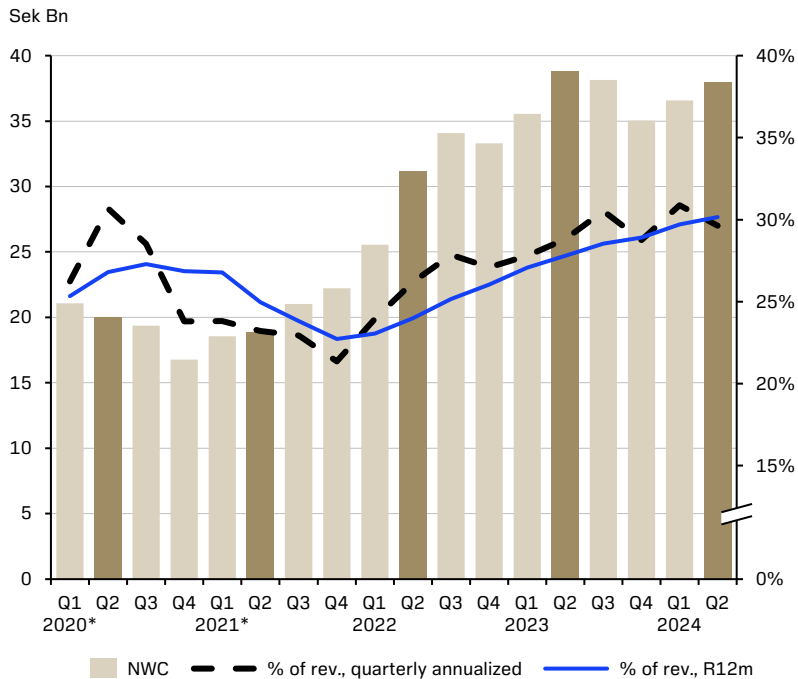
- Reported tax impacted by a provision for a tax audit related to transfer pricing in 2018 and 2019
- Normalized tax: In line with guidance for 2024 – 23-25%



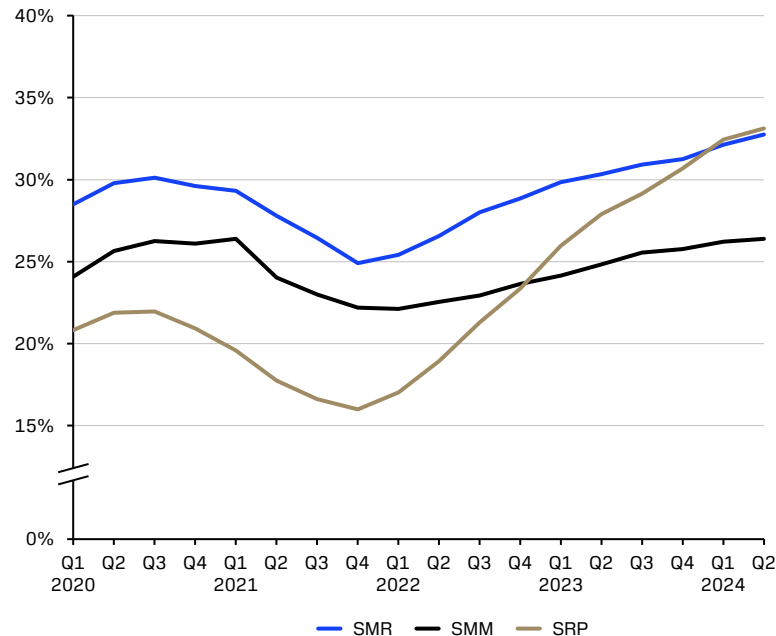


# Net working capital

## Net working capital



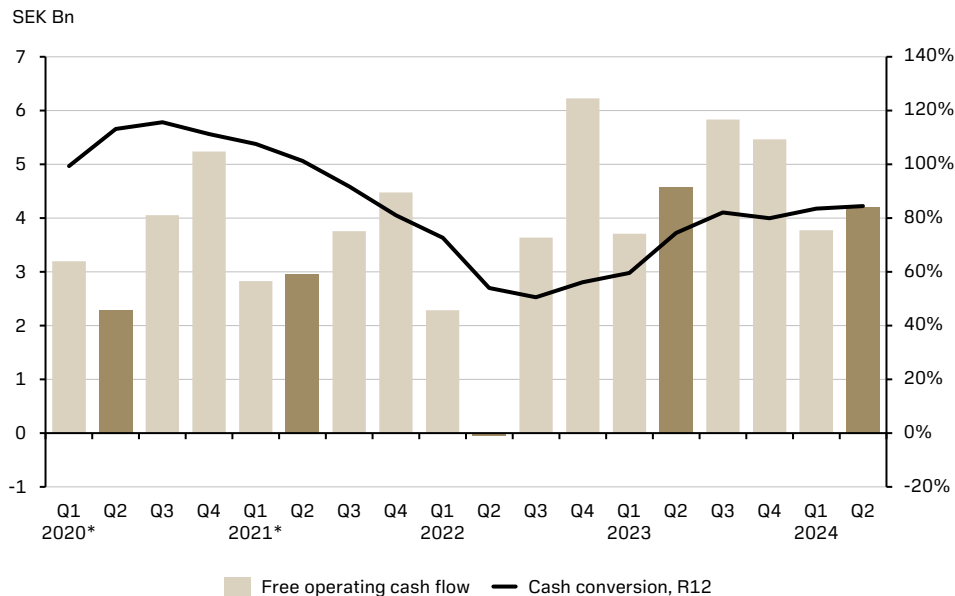
## Per BA, % of revenues



\* Best estimates excluding Alleima



# Free operating cash flow



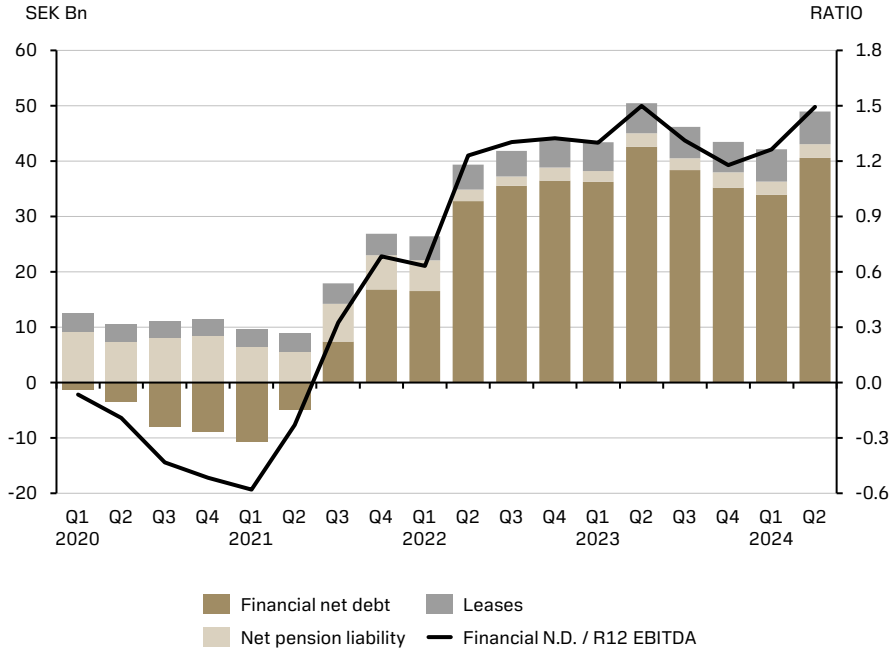
MSEK	Q2 2023	Q2 2024
EBITDA	7,185	7,489
Non-cash and other items**	-159	-506
<b>EBITDA adj for non-cash and other items</b>	<b>7,026</b>	<b>6,984</b>
Capex	-1,238	-1,110
NWC	-1,210	-1,676
<b>FOCF</b>	<b>4,578</b>	<b>4,198</b>

\* Best estimates excluding Alleima

\*\*Includes rental fleet, lease payments and proceeds from asset sales



# Net debt



Financial net debt/R12 EBITDA:

**1.5**

- Financial net debt SEK 41 billion
- Net debt SEK 49 billion



# Outcome versus guidance

	<b>Outcome Q2</b>	<b>Guidance Q2</b>
Underlying currency YoY effect (MSEK)	22	120

	<b>Outcome Q1-Q2'24</b>	<b>Q1 Guidance FY24</b>
Capex (BSEK)	2.3	5.0
Interest net (BSEK)	-0.8	-1.3
Normalized tax rate (%)	24.0%	23-25%



# Guidance Q3 and FY 2024

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Currency effect	Given currency rates at the end of June 2024 the effect on operating profit from transaction and translation would be <b>SEK -250 M for Q3 2024</b>
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CAPEX (Cash)	Estimated to approximately <b>SEK 5.0 Bn for 2024</b>
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Interest net	Underlying interest net is estimated to approximately <b>SEK -1.5 Bn for 2024</b>
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Tax rate	The normalized tax rate is estimated to <b>23% - 25% for 2024</b>
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# Conclusion

## **A good quarter with stable financial performance**

- Mixed demand picture in the quarter
  - Solid performance despite continued volume challenges in parts of our business
  - Good momentum in strategic growth areas
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## **Progress in the re-positioning of Sandvik**

- Important innovations and partnerships linked to our digital and sustainability ambitions
  - Close customer collaborations supports strong innovation pipeline
  - Further expansion in faster growing regions and segments with three acquisitions
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## **Continued strong focus on execution**

- Uncertain macroeconomic and geopolitical backdrop
- Solid financial platform and strong market positions
- Persistent focus on delivering on strategic priorities and targets



# Q&A



# Backup slides





# Adjusted EBITA bridge, per BA

MSEK	Q2 2023	Organic	Currency	Structure	Q2 2024
<b>Mining &amp; Rock Solutions</b>					
Revenues	16,755	-434	-78	-92	16,151
Adjusted EBITA	3,621	-326	55	6	3,356
Adjusted EBITA margin	21.6%				20.8%
<b>Rock Processing Solutions</b>					
Revenues	2,872	-156	-12	-	2,704
Adjusted EBITA	394	20	-5	-	409
Adjusted EBITA margin	13.7%				15.1%
<b>Manufacturing &amp; Machining Sol.</b>					
Revenues	12,616	-185	-48	182	12,564
Adjusted EBITA	2,810	-208	-31	7	2,579
Adjusted EBITA margin	22.3%				20.5%



# Loan and duration profile

MSEK	Amount	Duration
Bonds MTN	24,345	4.1 years
Bank Loans	7,477	6.6 years
Commercial papers	10,137	0.2 years
Bonds MTN	3,194	0.6 years
Bank Loans	766	0.0 years
<b>Total</b>	<b>45,919</b>	<b>3.3 years</b>

Long term:

**69%**

Short term:

**31%**

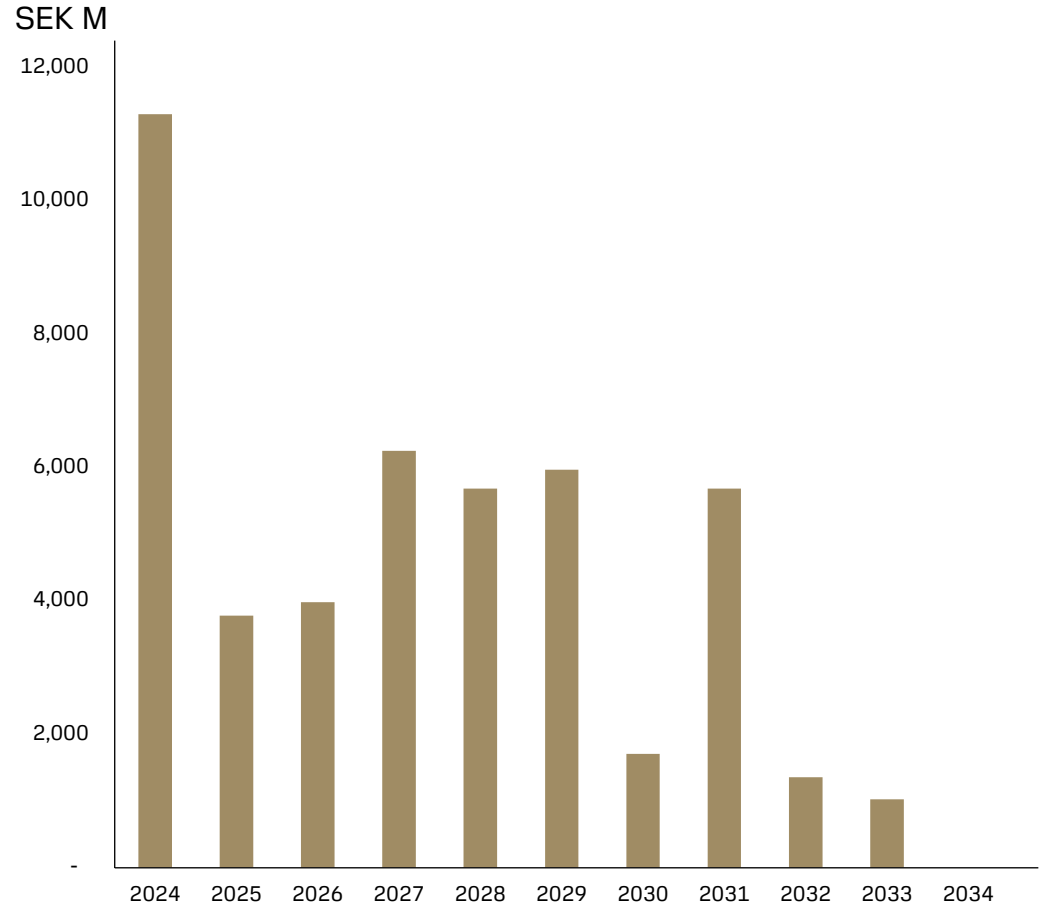
Committed Credit facilities **SEK 11,100 million**



# Loan maturity profile

Average interest rate:

**~3.8%**



# 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, commercialization and technological difficulties, supply disturbances, and the major customer credit losses.