

INTERIM REPORT FIRST QUARTER 2022



SUMMARY Q1

5th CONSECUTIVE QUARTER WITH DOUBLE-DIGIT GROWTH IN ORDERS

- Solid broad-based demand across the business, with strong contribution from acquisitions
- Organic order intake growth was 13%. Total order intake growth was 37%, and at fixed exchange rates 30%
- Revenues grew organically by 9%. Total revenue growth was 35% and at fixed exchange rates 27%

RESILIENCE IN EARNINGS DESPITE COST INFLATION HEADWINDS

- Adjusted EBITA increased by 27%, with margin at 20.2% (21.4)
- Adjusted profit for the period improved by 21% to SEK 3.4 Bn (2.8)
- Gearing at 0.31 and free cash flow generation of SEK 2.3 Bn

CONTINUED EXECUTION ON MAKING THE SHIFT

- Continued pace in customer-focused innovations, good customer traction for our digital and sustainable solutions
- The Board of Directors has proposed the split and distribution of Sandvik Materials Technology
- Ongoing efforts to mitigate inflationary pressure and geopolitical challenges

30%

Order intake growth at
fixed exchange rates

20.2%

Adjusted EBITA margin

2.3 Bn

Free operating cash flow, SEK

STAYING AHEAD THROUGH INNOVATION

OSPREY® 2507

- Sandvik is the first company in the world to succeed with 3D-printing in super-duplex stainless steel, Osprey® 2507
- Powder-based technologies like additive manufacturing are labeled “recognized green technologies” – and offer many sustainability advantages
- Minimal waste, reduced inventories, fewer process steps and reduced energy consumption, to mention a few
- Sandvik has recently, together with energy giant Equinor and Eureka Pumps, presented a 3D-printed “impeller reinvented” – a lighter, faster, and more efficiently manufactured offshore essential



STAYING AHEAD THROUGH INNOVATION

SANDVIK TH665B

65 TONNE PAYLOAD, WORLD'S LARGEST
BATTERY-ELECTRIC UNDERGROUND
TRUCK

SELF-SWAPPING BATTERY

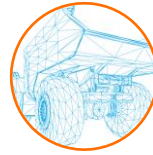


20-30% FASTER THAN
CLASS-LEADING DIESEL

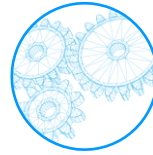
ZERO CO2 AND DIESEL
PARTICULATE
EMISSIONS

UP TO 90% REDUCTION IN
ENERGY USE, NOISE AND
HEAT

YOY MARKET DEVELOPMENT



Mining
41%



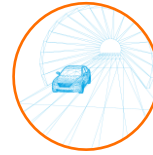
Engineering
23%



Automotive
8%



Energy
8%









Infrastructure
9%



Aerospace
4%

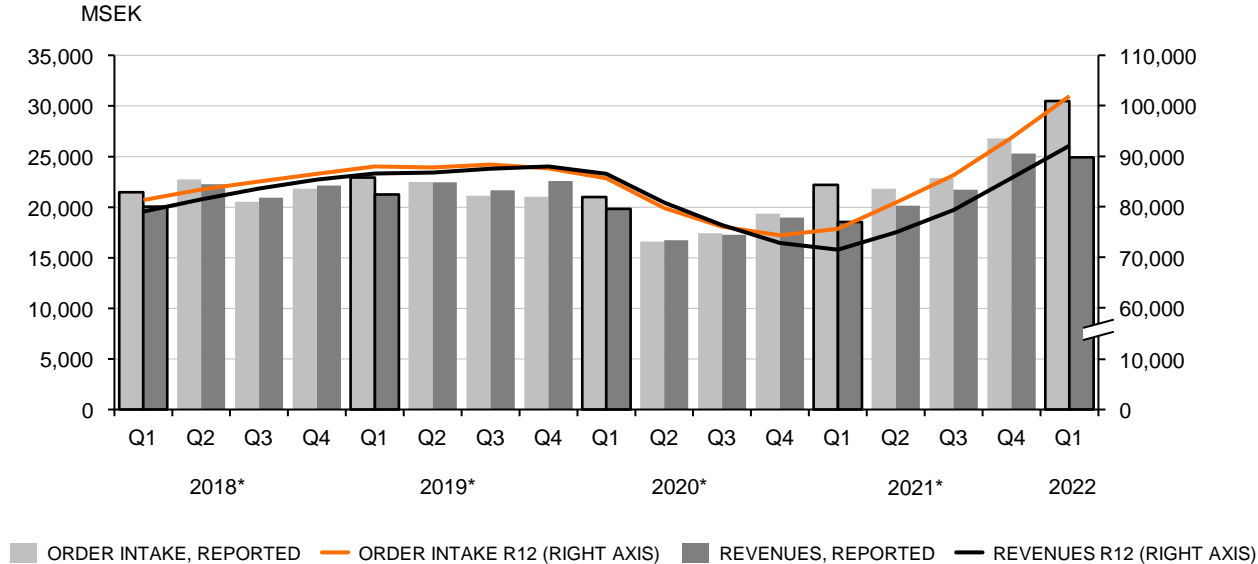
Percent of Group
revenue 2021

	Percent of Group revenue 2021	Q1 YY order intake	Mining	Engineering	Automotive	Energy	Infrastructure	Aerospace
 EUROPE	31%	+4%	↗	↗	↘	↗	↗	↗
 NORTH AMERICA	23%	+37%	↗	↗	→	↗	↗	↗
 ASIA	17%	+16%	↗	↗	↘	↗	↗	↗
 AFRICA AND MIDDLE EAST	12%	+12%	↗	→	↗	↗		
 AUSTRALIA	9%	+38%	↗					
 SOUTH AMERICA	6%	+5%	→					



(% of Group revenues 2021. Other e.g., consumer goods, electronics, chemical and miscellaneous accounted for 7%.)

ORDER INTAKE AND REVENUES



ORDER INTAKE

REPORTED (SEK M)

30,474

REVENUES

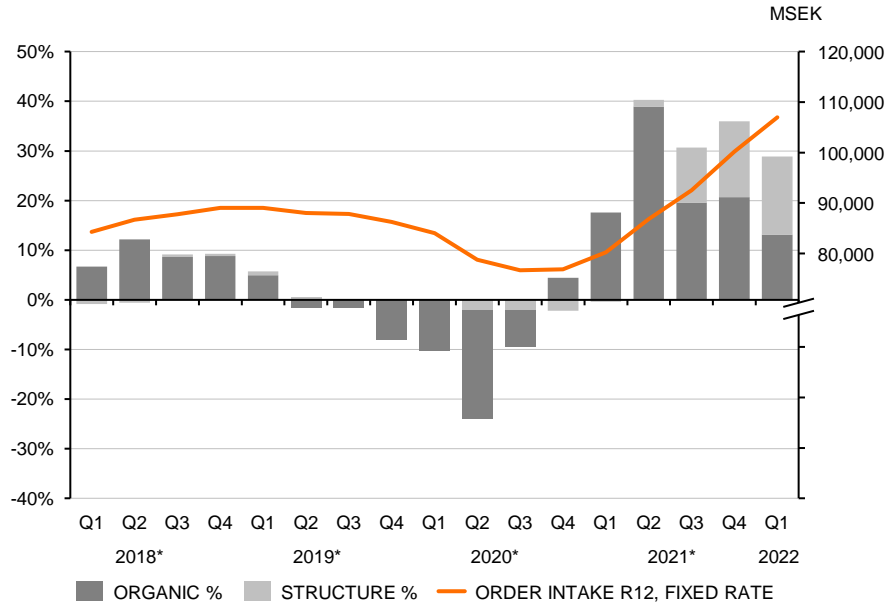
REPORTED (SEK M)

24,921

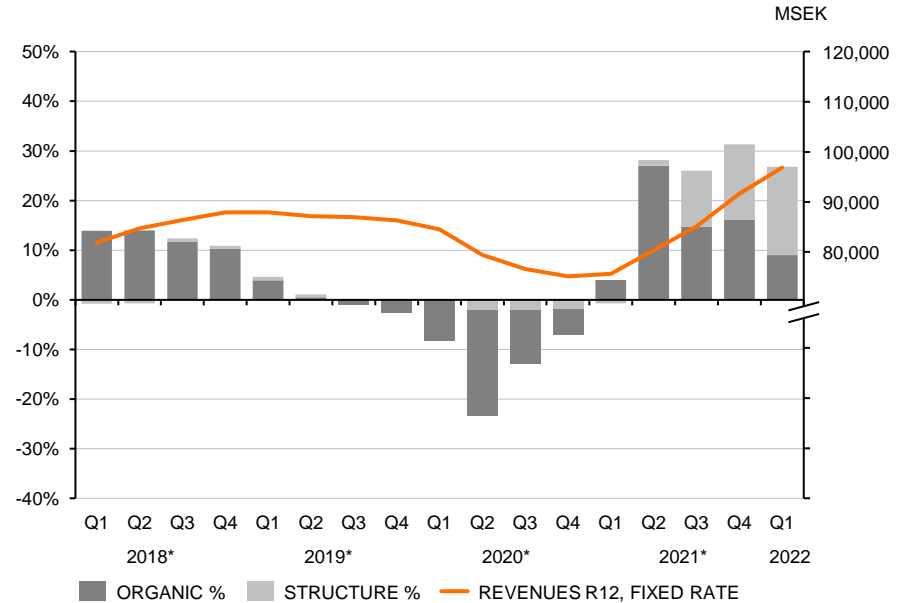
* Best estimates excluding SMT

GROWTH IN ORDER INTAKE AND REVENUES

ORDER INTAKE



REVENUES

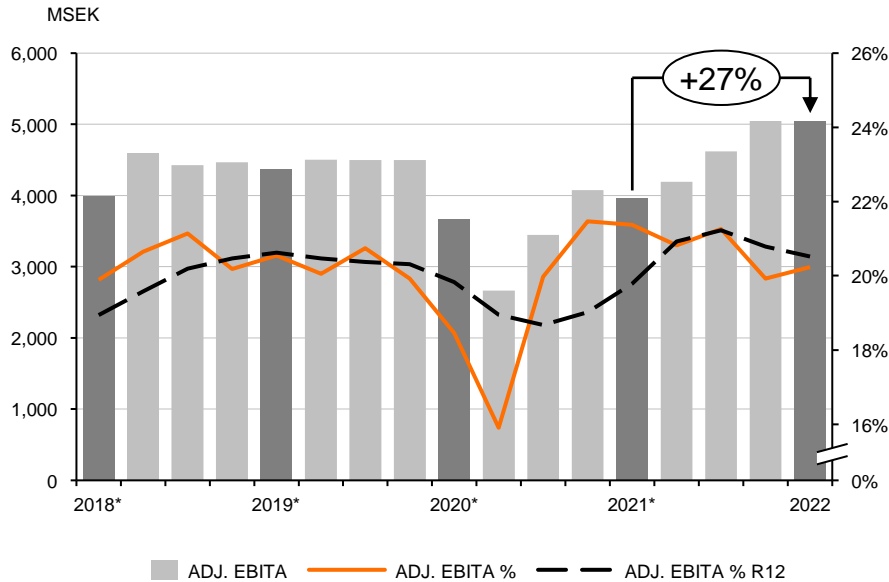


* Best estimates excluding SMT



ADJUSTED EBITA DEVELOPMENT

Adj. EBITA margin:
20.2%



- Adj. EBITA SEK 5,043 M (3,960)
- Margin 20.2% (21.4)
- Group leverage 5%
 - Lower leverage on tough comparable and increased inflationary pressure
 - Diluting impact from structure of -110 bps, offset by currency which had an accretive impact of 130 bps on margin
- R12 adj. EBITA 20.5% (19.8)

* Best estimates excluding SMT

† Adjusted for items affecting comparability



MINING AND ROCK SOLUTIONS

ORDER INTAKE

- Continued strong momentum, with aftermarket and consumables businesses on all-time high, continued record levels for our major equipment divisions
- Order intake increased organically by 22%. Total order intake growth was 53% and at fixed exchange rates, growth was 45%
- Four major orders secured at a value of SEK 1.3 Bn

ADJUSTED EBITA

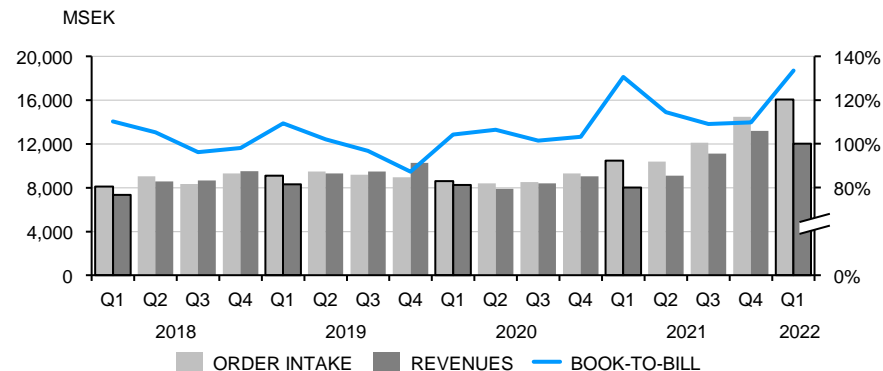
- Adjusted EBITA margin was 20.1% (21.0), positively impacted by higher volumes, offset by dilution from underlying structure
- Pricing not yet off-setting cost inflation and freight costs

SHIFT TO GROWTH

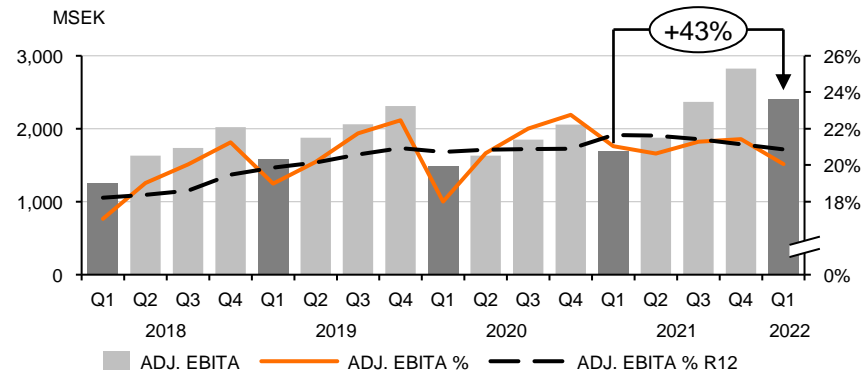
- Driving customers' sustainable mining by introduction of the largest capacity battery-electric truck for underground mining
- Acquisition of Deswik completed

42%
SHARE OF REVENUES 2021

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



ROCK PROCESSING SOLUTIONS

ORDER INTAKE

- Solid underlying demand, especially in mining
- Record-high order intake level
- Organic order intake growth of 1% on tough comparables, total order intake grew by 12% and at fixed exchange rates, by 4%

ADJUSTED EBITA

- Adj. EBITA margin of 15.9% (16.6) negatively impacted by inflation and higher freight costs, partly offset by higher volumes and currency
- Pricing not yet off-setting cost inflation and freight costs

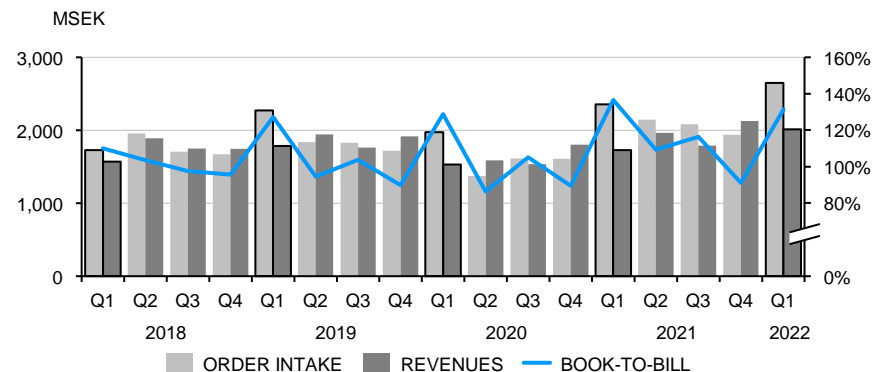
SHIFT TO GROWTH

- Strong performance by the acquisition Kwatani
- A new aftermarket offering for mobile impact crushers, Half hammers, designed to offer customers a more sustainable solution

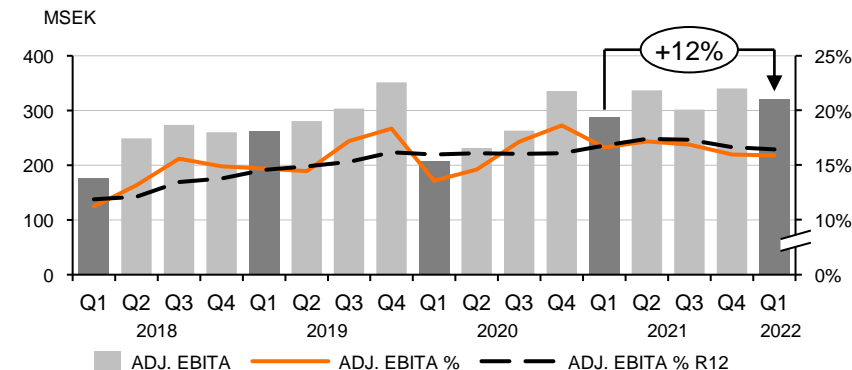


8%
SHARE OF
REVENUES 2021

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



MANUFACTURING AND MACHINING SOLUTIONS

ORDER INTAKE

- Total order intake growth of 25%, at fixed exchange rates growth was 19%. Organic order intake growth was 6%, driven by general engineering and aerospace
- Continued positive demand trend in all segments improving sequentially. Daily order intake pace on a positive trajectory into first two weeks of April

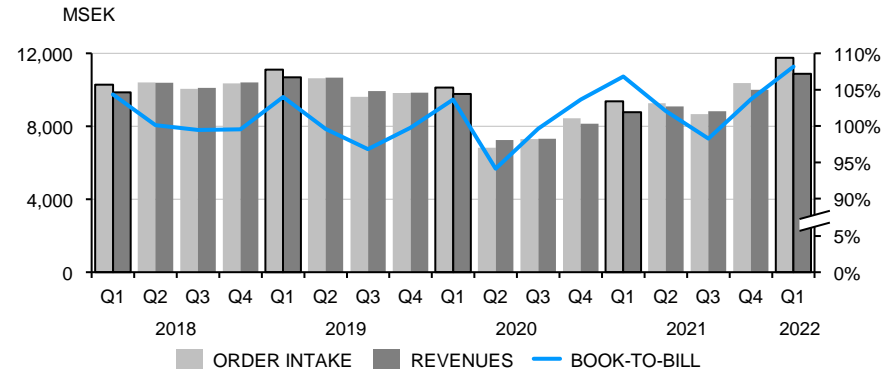
ADJUSTED EBITA

- Adjusted EBITA margin was 22.0% (24.0), negatively impacted by increased sales and administration costs, partly offset by savings. Inflation was fully offset by price
- Impact from savings program 2020 was SEK 100 M
- Margin impacted by underlying temporary weakness in acquisitions

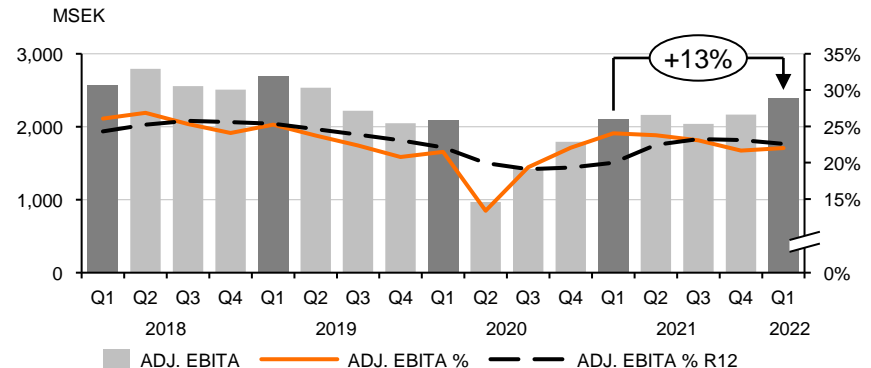
SHIFT TO GROWTH

- Innovations in sustainable driven/friendly products and solutions; Osprey super-duplex alloy and new Seco milling cutters
- Strong customer traction within the CAM business

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



DISCONTINUED OPERATIONS

MATERIALS

TECHNOLOGY

13%
SHARE OF
REVENUES 2021

ORDER INTAKE

- Strong market demand across all segments, especially strong order intake growth in Tube and Kanthal
- Total order intake growth at 61%, and at fixed exchange rates growth was 45%. Organic growth was 41% year on year
- Three major orders of SEK 1.3 B, organic order intake growth excluding major orders was 6%

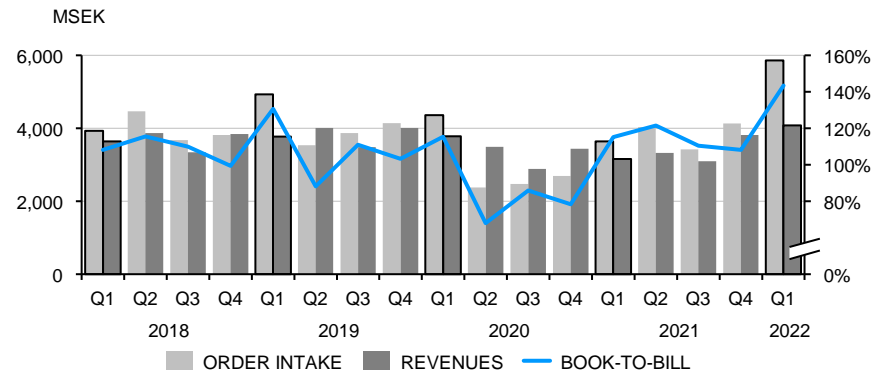
ADJUSTED EBIT

- Strong underlying margin 9.4% (7.5) supported by higher volumes, favorable mix and currency
- Alloys diluted the margin by 0.8 ppt
- Cost inflation not yet mitigated by pricing and energy surcharges

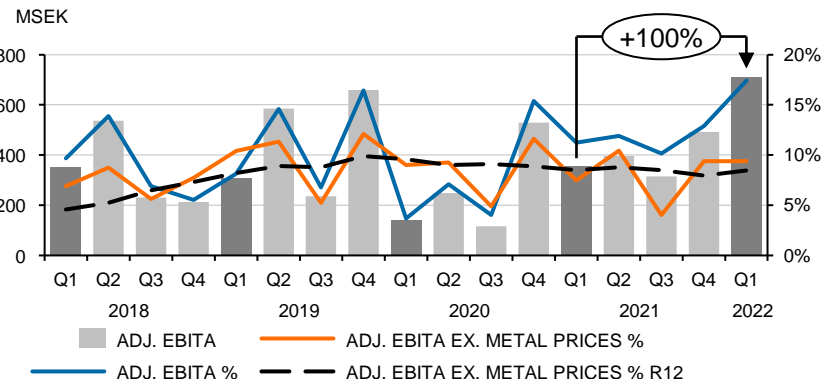
SHIFT TO GROWTH

- Board of Directors proposed distribution and listing of SMT to AGM, April 27, 2022

ORDER INTAKE AND REVENUES



ADJUSTED EBITA DEVELOPMENT



OTHER EVENTS

- Following media reports focusing on past sales to companies in Russia's military industry, Sandvik immediately initiated an investigation, supported by external legal advisors
- In the investigation we have not identified any violations of sanctions
- Before 2018 we identified cases lacking adherence to our internal policies, processes, and controls, regarding required documentation confirming civil product end-use
 - Consequently, given the insufficient documentation, we can in these cases not rule out that we may have failed to live up to an obligation to notify the relevant EU export control authority
- After 2018, as our trade compliance program was reinforced for Russia, we see clear improved adherence to documentation requirements

CECILIA FELTON
CFO

= 13

= 7

= -10

= 7

FINANCIAL SUMMARY

MSEK	Q1 2021*	Q1 2022
ORDER INTAKE	22,206	30,474
REVENUES	18,528	24,921
ADJUSTED EBITA	3,960	5,043
ADJUSTED EBITA MARGIN	21.4%	20.2%
NET FINANCIAL ITEMS	-267	-299
TAX RATE EXCLUDING IAC	21.7%	23.2%
NWC % ¹	23.8%	24.0%
FREE OPERATING CASH FLOW ²	2,830	2,292
ROCE,% ¹	19.7%	17.9%
ADJUSTED EPS, DILUTED	2.24	2.71

* 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	13%	9%
STRUCTURE	16%	18%
ORG + STR	30%	27%
CURRENCY	7%	7%
TOTAL	37%	35%

BRIDGE ANALYSIS

GROUP LEVERAGE:

5%

MSEK	Q1 2021*	ORGANIC	CURRENCY**	STRUCTURE	Q1 2022
REVENUES	18,528	1,638	1,465	3,290	24,921
ADJUSTED EBITA	3,960	75	541	466	5,043
ADJUSTED EBITA MARGIN	21.4%	5%			20.2%
ACCRETION/DILUTION		-1.4%	1.3%	-1.1%	

* Best estimates excluding SMT

** Currency effect net of structure component

NET FINANCIALS

MSEK	Q1 2021*	Q1 2022
INTEREST NET	-71	-74
PENSION	-25	-42
BANK CHARGES	-16	-20
OTHER FINANCIAL INCOME AND COST	2	-14
LEASES IFRS16	-22	-35
FX AND OTHER ASSET CLASSES	-135	-113
TOTAL	-267	-299

- Interest net slightly increased due to higher interest on currency hedges

* Best estimates excluding SMT

TAX RATE

	Q1 2021*	Q1 2022
REPORTED	21.0%	23.4%
EXCLUDING IAC	21.7%	23.2%
NORMALIZED	23.6%	23.2%

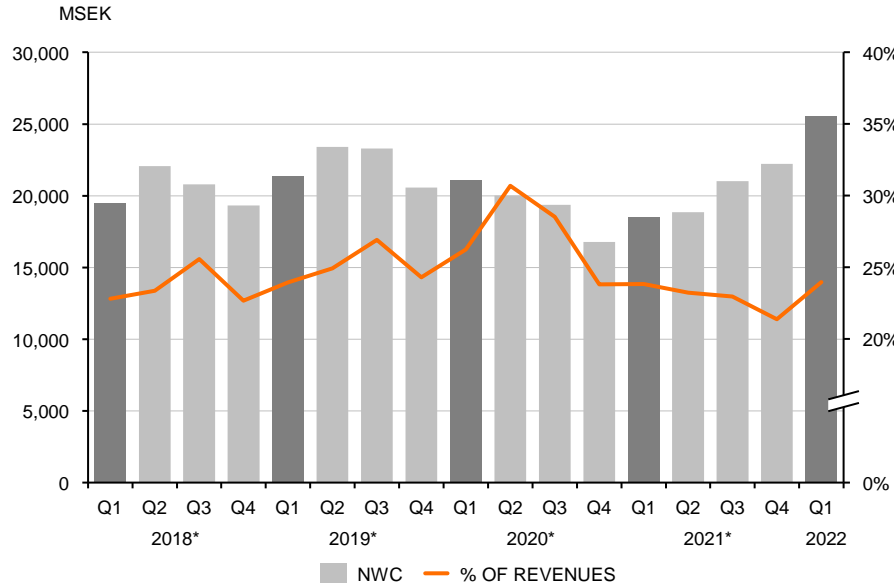
For continuing operations.

IN LINE WITH 22-24% GUIDANCE FOR 2022

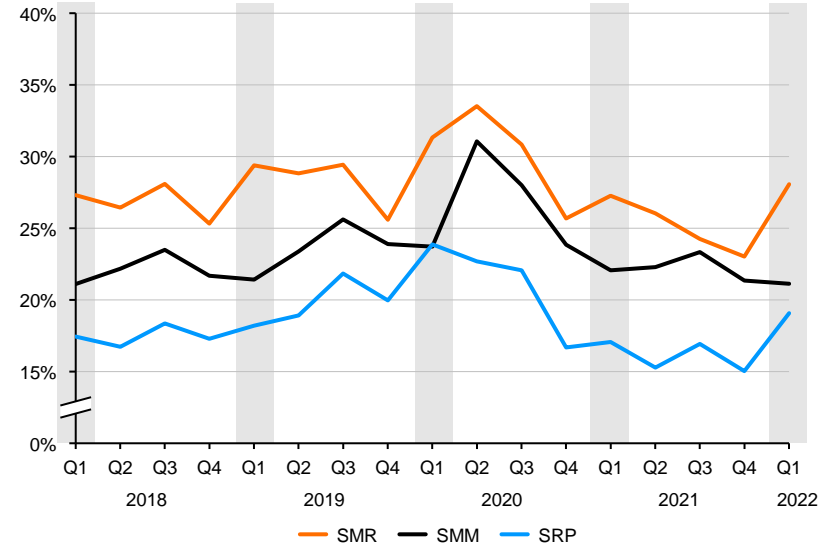
* Best estimates excluding SMT

NET WORKING CAPITAL

NET WORKING CAPITAL

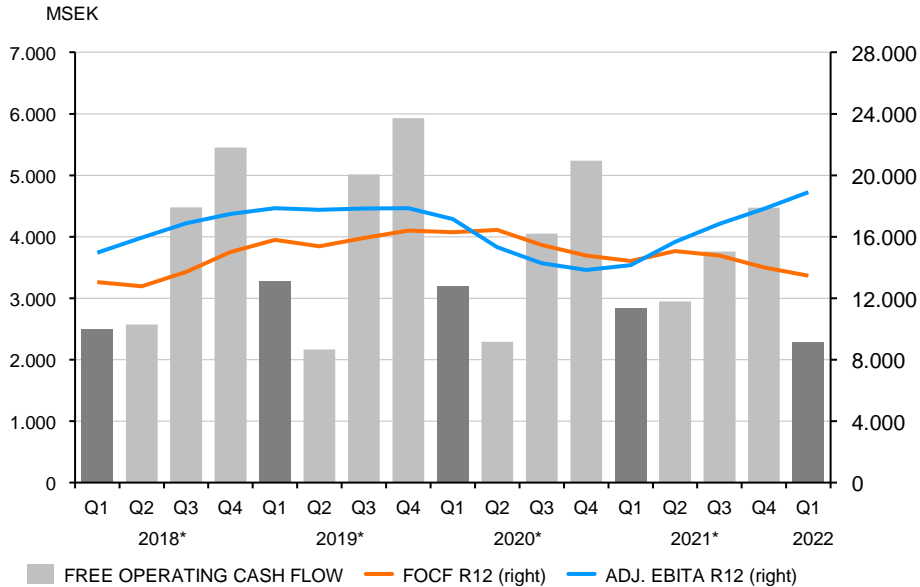


PER BA, % OF REVENUES



* Best estimates excluding SMT

FREE OPERATING CASH FLOW



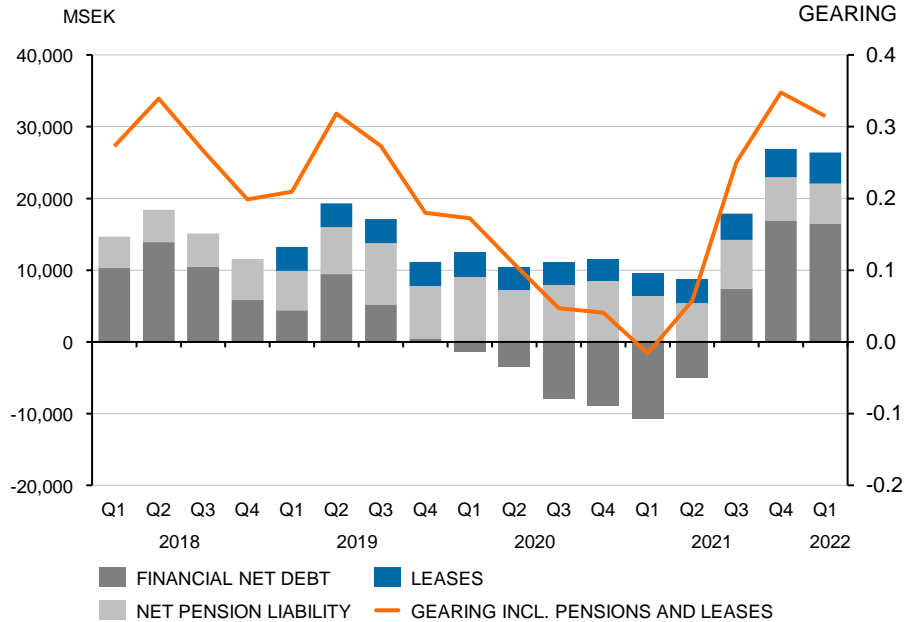
MSEK	Q1 2021	Q1 2022
EBITDA *	4,703	5,847
NON-CASH ITEMS	-276	-269
NWC CHANGE	-851	-3,034
CAPEX **	-746	-251
FOCF ***	2,830	2,292

* 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

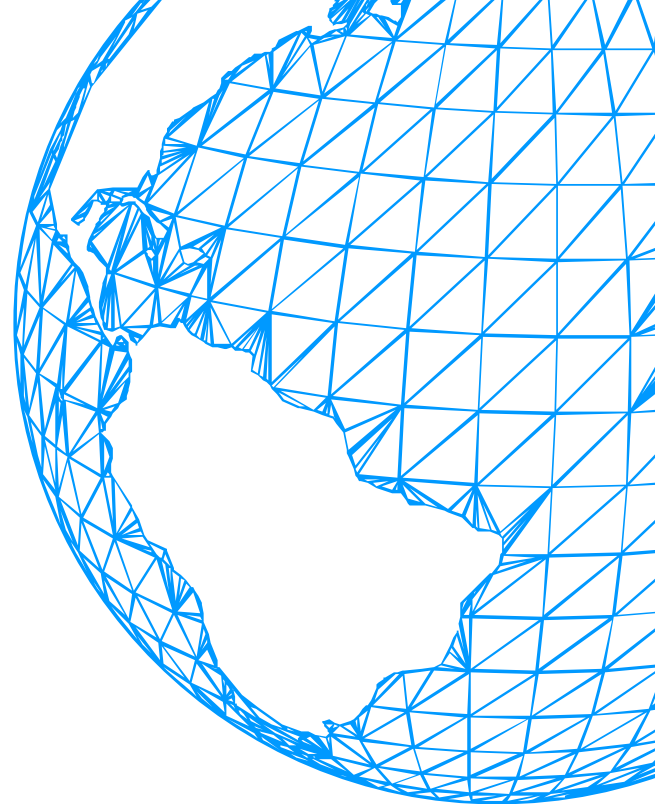
NET DEBT

GROUP TOTAL



- Net gearing at 0.31
- Financial net debt SEK 16.5 billion
- Net debt SEK 26.4 billion

OUTCOME VERSUS GUIDANCE



	Outcome	Guidance
Underlying currency yoy effect (MSEK)	636	400
<i>whereof SMT</i>	75	
Metal price effect in quarter (MSEK)	327	80
Capex (BSEK)	-0.8	
Interest net (BSEK)	-0.1	
Normalized tax rate (%)	23.2%	

GUIDANCE Q2 AND FY 2022

CAPEX (CASH)	Estimated to <SEK 5.0 B for 2022
CURRENCY EFFECTS	Given currency rates at end of March 2022 the effect on operating profit from transaction and translation would be SEK +600 M for Q2 2022 (of which SEK +50 M is estimated to be attributable to SMT)
INTEREST NET	Underlying interest net is estimated to SEK <-0.4 B for 2022
TAX RATE	The normalized tax rate is estimated to 22% - 24% for 2022
METAL PRICE EFFECTS	Given currency rates, stock levels and metal prices at the end of March 2022, it is estimated that effect on operating profit in Q2 2022 will be SEK +700 M for SMT

SOLID DEMAND AND BUSINESS MOMENTUM

SOLID UNDERLYING DEMAND AND BUSINESS MOMENTUM

- Another strong growth-quarter delivered with order intake levels remaining on record-high levels
 - Solid demand for Sandvik's sustainable and digital solutions with good innovation pace
 - Strong performance from acquisitions, and good traction in new CAM business
-

PROVEN RESILIENCE AND STRONG MARKET LEADING POSITIONS

- Stable profitability level despite high-cost inflation pressure
 - Market-leading products and solutions enabling price-mitigating actions
 - Sandvik Materials Technology well-equipped for listing
-

CONTINUED AGILE EXECUTION

- Increased macro-economic risks due to the geopolitical situation
- Decentralization set-up enabling quick responses to changing market-conditions
- Solid foundation for continued strategy execution





Q&A

BACK-UP SLIDES



MSEK	Q1 2021	ORGANIC	CURRENCY	STRUCTURE/ METALS SMT*	Q1 2022
MINING AND ROCK SOLUTIONS					
REVENUES	8,019	1,071	713	2,225	12,029
ADJUSTED EBITA	1,687	67	289	370	2,413
ADJUSTED EBITA MARGIN	21.0%				20.1%
ROCK PROCESSING SOLUTIONS					
REVENUES	1,727	82	149	57	2,016
ADJUSTED EBITA	287	-23	49	7	320
ADJUSTED EBITA MARGIN	16.6%				15.9%
MANUFACTURING AND MACHINING SOL.					
REVENUES	8,782	485	602	1,008	10,877
ADJUSTED EBITA	2,110	1	191	90	2,392
ADJUSTED EBITA MARGIN	24.0%				22.0%
MATERIALS TECHNOLOGY					
REVENUES	3,162	377	183	363	4,084
ADJUSTED EBITA	355	62	75	220	712
ADJUSTED EBITA MARGIN	11.2%				17.4%

MSEK	Q1 2021	ORGANIC	CURRENCY	STRUCTURE/ METALS SMT*	Q1 2022
MINING AND ROCK SOLUTIONS					
REVENUES	8,019	1,071	713	2,225	12,029
ADJUSTED EBIT	1,655	68	285	315	2,324
ADJUSTED EBIT MARGIN	20.6%				19.3%
ROCK PROCESSING SOLUTIONS					
REVENUES	1,727	82	149	57	2,016
ADJUSTED EBIT	287	-23	49	5	318
ADJUSTED EBIT MARGIN	16.6%				15.8%
MANUFACTURING AND MACHINING SOL.					
REVENUES	8,782	485	602	1,008	10,877
ADJUSTED EBIT	2,041	9	181	-60	2,170
ADJUSTED EBIT MARGIN	23.2%				20.0%
MATERIALS TECHNOLOGY					
REVENUES	3,162	377	183	363	4,084
ADJUSTED EBIT	355	62	75	218	710
ADJUSTED EBIT MARGIN	11.2%				17.4%

LOAN AND DURATION PROFILE

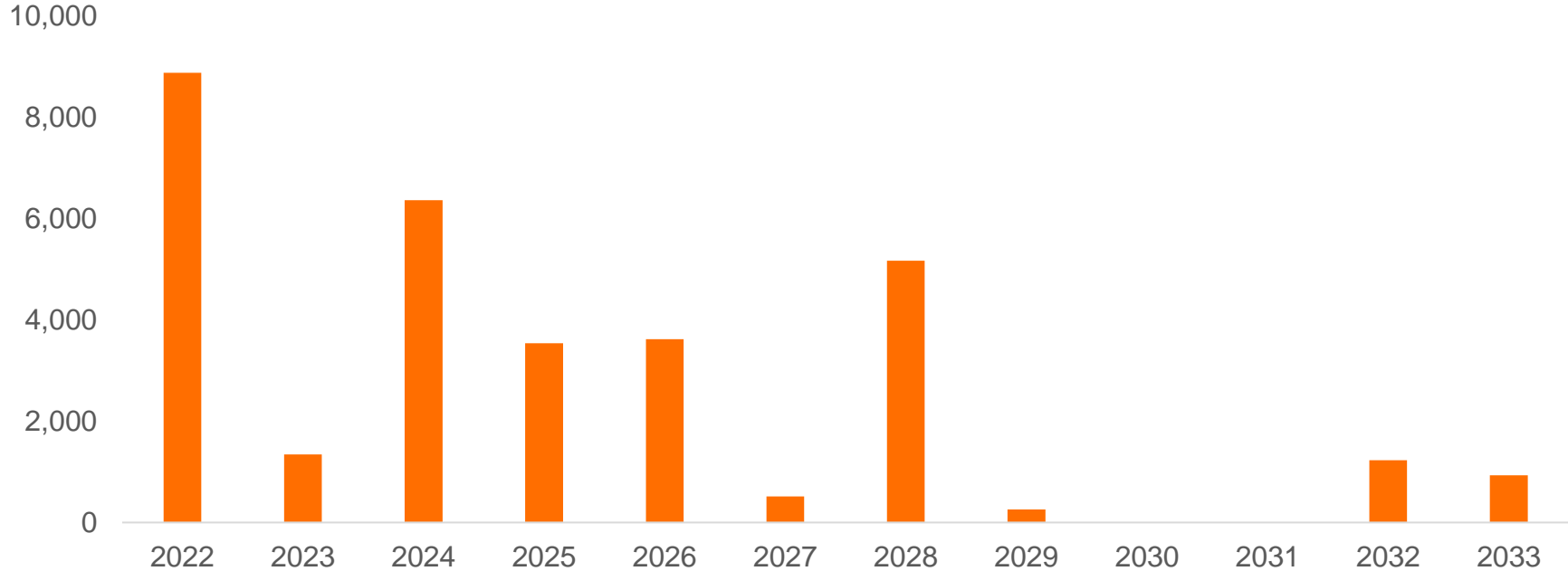
		AMOUNT	DURATION
LONG TERM 68%	Swedish MTN	-1,000	1.8 Years
	European MTN	-16,242	4.9 Years
	Bank Loans	-5,676	2.6 Years
	<hr/>		
SHORT TERM 32%	Commercial Paper	-8,685	0.3 Years
	Swedish MTN	0	0.0 Years
	European MTN	0	0.0 Years
	Bank Loans	-197	0.0 Years
	<hr/>		
TOTAL		13,799	3.1 Years

Committed Credit facilities **SEK 9,100 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.”