





# Sandvik Mining and Rock Solutions

Record levels of order intake and revenues contributed to a strong year for Sandvik Mining and Rock Solutions. Growth was driven by progress in key strategic focus areas such as electrification, surface drilling and automation, as well as product launches in core areas.

Sandvik Mining and Rock Solutions is a global leading supplier of equipment and tools, parts, service, digital solutions and sustainability-driving technologies for the mining and infrastructure industries. We provide high-performing products and services that increase our customers' productivity and safety, extend uptime, and reduce costs and environmental impact. Our product offering includes equipment for rock drilling, rock cutting, loading and hauling, tunneling and quarrying.

We are shaping the sustainable mine of the future through fully electric and mine automation solutions and end-to-end optimization via connected digital services, including remote monitoring services. Our mine automation systems cover all aspects of automation, from single pieces of equipment to full fleet control.

## Market overview

The global mining industry was stable at high levels throughout 2023. The need for more minerals and metals for the green transition and global GDP growth continued to drive strong demand and high commodity prices. Inflationary pressures and energy costs did not impact global mining demand. The market continues to show strong interest in the sustainable solutions and digital technologies necessary for the mine of the future. Infrastructure demand was soft, particularly in Europe.

## Shift to growth

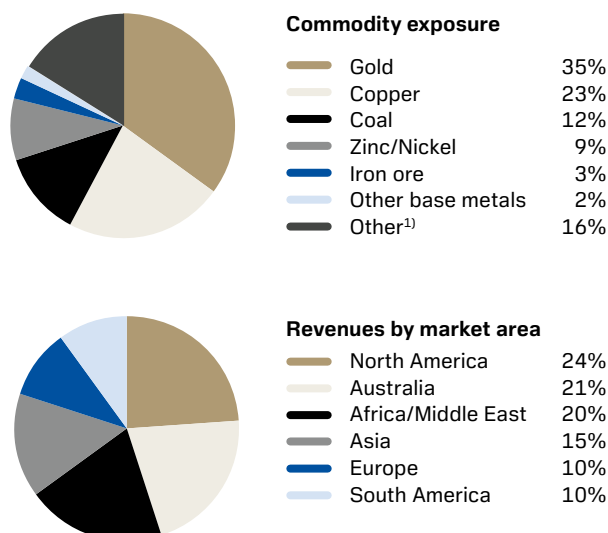
Sandvik Mining and Rock Solutions experienced strong momentum and record orders within automation, surface drilling and electric mining equipment. We introduced several innovations, including a higher-capacity battery for battery-electric (BEVs) loaders and trucks.

We continued to build an extensive surface drilling portfolio and introduced Sandvik® DR413i, a surface drill rig in our intelligent rotary blasthole range, Ranger® DX910, a powerful drill rig with intelligent features and a concept surface drill rig. We also acquired a new testing facility in Finland to develop and prove future surface drilling technologies and received our largest-ever order for surface drilling, valued at SEK 248 million.

The leveraging of acquisitions made in previous years, such as Deswik (mine planning software), contributed to double digit growth for the eleventh consecutive quarter in our Digital Mining Technologies division. In 2023 we acquired Poly-mathian Industrial Mathematics, an Australia-based provider of advanced mine optimization software and services and we strengthened our presence in South America with the acquisition of MCB Services and Minerals, a mining software and services provider.

Sandvik received an order from Canadian mining company Torex Gold Resources for a 35-unit mining equipment fleet

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	62,895	64,527
Revenues, MSEK	56,843	65,690
Adjusted EBITA <sup>2)</sup> , MSEK	11,643	13,716
Adjusted EBITA margin <sup>2)</sup> %	20.5	20.9
Return on capital employed, %	22.6	24.6
Number of employees <sup>3)</sup>	16,206	17,019
Gender balance (men/women), %	82/18	81/19
Women in managerial positions, %	18.7	20.1
Lost Time Injury Frequency Rate (LTIFR)	0.9	0.9
Total Recordable Injury Frequency Rate (TRIFR)	3.5	3.3

1) Platinum, diamonds and other.

2) Adjusted for items affecting comparability of SEK 67 million (-1,264).

3) Full-time equivalent.

valued at SEK 650 million and an order from a customer in Australia for underground equipment valued at SEK 460 million. We celebrated the delivery of our one thousandth Toro™ TH551 and TH663 large trucks.

The parts, services and consumables business accounted for 66 percent (69) of revenues. We invested SEK 260 million to increase our rock drill production capacity in Tampere (Finland).

#### Digital shift

We have a unique end-to-end ecosystem of digital solutions, including automation solutions, mine planning software and an AI-enabled Remote Monitoring Service, used by customers for predictive maintenance. Through our mining simulation tools, we are partnering with customers and generating sales by, for example, illustrating the type and size of fleet needed in an electric mine.

Sandvik became the first OEM to introduce a unified traffic management system for drills, loaders and trucks with AutoMine® tele-remote solution that enables operators to remotely and simultaneously control and supervise multiple automated Sandvik underground drills.

We made progress in our aim to bring automation to surface drilling, supplying Leopard® DI650i down-the-hole (DTH) drill rigs and AutoMine® surface drilling systems to a large European customer. We also launched My Sandvik Onsite, a monitoring solution that transforms data from Sandvik iSeries surface drill rigs into actionable insights for productivity improvements.

Sandvik received major orders from the Swedish mining company LKAB to supply automated loaders for use at the Kiruna mine in northern Sweden, the world's largest underground iron ore mine. The orders are valued at approximately SEK 250 million and SEK 120 million, respectively.

#### Sustainability shift

We help our customers reduce their environmental impact primarily through our product offering. There is a strong demand for battery-electric vehicles (BEVs), which now account for approximately 15 percent of load and haul order intake. Electrification helps mine operators reach their sustainability targets and we have a unique electric product portfolio, which we are expanding to meet future needs. We take full end-to-end responsibility for batteries, including battery design and we now provide battery recycling options in areas where our BEVs operate. To further support electrification we invested in a new production unit in Malaysia for the manufacture of electric underground loaders and trucks and announced plans to expand our battery center of excellence in California, USA.

Our Charging While Drilling innovation received the 2023 Sandvik Sustainability Award in Memory of Sigrid Göransson. The technology for battery-electric drilling equipment in mines utilizes the drilling cycle to simultaneously charge the battery, removing approximately 1.2 tons of CO<sub>2</sub> emissions per drill rig per year.

Sandvik has run carbide recycling programs for many years and in 2023 we rolled out an industry-first 'opt-out' recycling program for carbide drill bits, aiming to collect 90 percent of our own used drill bits by 2025. Other manufacturers' used bits can also be recycled within the scope of the new initiative.

We signed a letter of intent with steelmaker SSAB, securing their fossil-free steel for the future production of Sandvik loaders and trucks.

#### Customer's first choice

A strong focus on high service levels helped us achieve good order levels in the parts, services and consumables business. We work to ensure that parts and services are available on a timely basis and develop tools, such as the predictive maintenance

Remote Monitoring Service, to help customers optimize uptime.

Sandvik continued to leverage the ground support capabilities that came with the acquisition of DSI Underground in 2021. In 2023 we acquired Norgalv, a state-of-the-art galvanizing plant based in Canada to strengthen the overall supply offered by DSI Underground within the North American market. To better serve mining customers in North America, we are also investing over USD 50 million in a facility in Elko, Nevada, our largest US facility to date. We invested in warehouse management systems globally to support our customers in a faster and more efficient way.

We understand our customers' needs and partner with our customers on their digitalization, automation and electrification journeys. We secured several large orders, including an order from Codelco, the world's largest copper producer, to supply AutoMine® fleet automation system and six autonomous loaders to Chile. This is a continuation of our long-standing partnership with Codelco on automation solutions and supports their goal to operate the world's most automated and digitalized mine. The 19-unit BEV fleet, ordered for Rana Gruber's mine in northern Norway, will support its goal to operate the world's first carbon-free iron ore mine by the end of 2025.

#### Agile through cycle

Despite inflation and logistical challenges, we maintained profitability through our ability to be agile and we mitigated inflation with price compensation. A large share of our production is outsourced, for increased flexibility, and we have been very cautious about increasing employment costs in general. The restructuring program initiated in 2022 is progressing according to plan and will lead to annualized savings of SEK 100 million with a full run-rate in 2025.

While recent supply chain issues have started to normalize, we remain very focused on this area. We chartered a RoRo vessel in Finland, for example, to secure customer deliveries.

#### Employer of choice

We are focused on improving openness and communication to ensure that all employees understand where we are heading.

Through a six-month reverse mentoring program, several members of the extended business area management team were matched with a younger, less experienced employee, to challenge their way of thinking and encourage new ideas. A number of female employees were selected to participate in the International Women in Mining mentorship program, designed to empower women to overcome professional challenges and build confidence for achievement and industry leadership. Through the program, our employees partner with senior industry leaders (male and female) from the global mining industry.

There is a shortage of mining engineers in the industry and we need more skills related to electrification, digitalization and automation. We are attracting such competencies through close cooperation with universities and schools, particularly at locations near our operations.

Safety is our number one priority and we improved our safety performance through a number of local initiatives in our efforts to ensure zero harm.

Psychological safety is also high on our agenda, and was one of the topics included in the 2023 Global Learning Network program agenda. The safety leadership handbook at our Tampere (Finland) facility includes a section on psychological safety and mental wellbeing. The Load and Haul division received the 2023 Diamond (Diversity & Inclusion) Award for their project, a psychological safety film.

## Meet our employees



Haley Blinn, electric vehicle applications engineer, is passionate about battery-electric vehicles and even writes a blog about battery solutions and electrification.

**Find out more about Haley Blinn in this film and article:**



[home.sandvik/haley-blinn/](https://home.sandvik/haley-blinn/)

## Overview

### Product portfolio

Equipment for drilling, bolting, cutting, loading and hauling. Drilling consumables (rock tools), service, spare and wear parts. Comprehensive digital solutions to drive efficiency and process optimization.

### Market characteristics

#### Mining

Consolidated customer base of some 200 global major and junior miners. Remote locations, decreasing ore grades and deeper mines as well as safety requirements drive volume output and the need for semi-automated to fully automated solutions. Significant parts, services and consumables business.

#### Infrastructure

Sandvik is active in the niche area of rock excavation. The customer base is fragmented with more than 25,000 individual customers. Localized offering and local competition.

### Demand drivers

#### Mining

- GDP growth rate and resource-intensive industry development
- A growing middle class
- Metal and mineral prices
- Electrification
- Production levels in existing mines and expansion projects (greenfield and brownfield)
- Productivity improvements and new technology, for example automation and electrification
- Demand in the areas of environment, health and safety

#### Infrastructure

- GDP growth/urbanization
- Infrastructure investments and spending
- Government stimulus programs
- Aggregates production
- Cement consumption

### Competitive landscape/Major competitors

#### Mining

Mainly global competitors such as Epiroc, Caterpillar and Komatsu Mining.

#### Infrastructure

Some global competitors present in several niches: Epiroc, Caterpillar and Furukawa. Many local players.

### Go-to-market model

#### Mining

Direct sales approximately 95 percent with worldwide service network.

#### Infrastructure

Due to a fragmented customer base, 50 percent of sales is via distributors. Global sales and service organization.

### Growth strategy

Grow the parts, services and consumables business on the installed base. Expand market share in surface drilling. Climb the service ladder by data-driven productivity and advanced services. Automation, electrification and exploring complementary technologies and offerings through mergers and acquisitions.

### Strategic risk management

Various forms of business environment risk with an impact on the mining and infrastructure market in general, such as increased market competition with new technological developments and the emergence of new competitors, fluctuations in commodity prices and compliance-related risks. Political uncertainty in some parts of the world.

## Innovations creating customer value

We are partnering with our customers on their electrification, digitalization and automation journeys. Our expanding portfolio of products and solutions ensures that our customers can use the latest technologies to transition to a safer, more efficient and more sustainable mine of the future.

We introduced several new electrification innovations, including a higher-capacity battery that enables our largest underground BEV loaders and trucks to operate 36 percent longer between battery swaps. The increased capacity also improves charge acceptance, enabling faster downhill speeds, better efficiency and a lower cost per amp-hour compared to current generation Artisan® battery packs. We successfully tested the Sandvik® TH665B battery-electric truck in Australia, our largest capacity BEV truck for underground applications and the industry's only battery-electric powered underground truck with a 65-ton capacity.

Additions to our digital portfolio included Toro® LH518iB and Toro® LH514iE, automation-ready electric underground loaders with AutoMine® compatibility. xCell Cyclops™ is a digital convergence system for ground support that provides wire-

less, continuous, remote and real-time measurement of ground movements. My Sandvik Onsite is a monitoring solution that transforms data from Sandvik iSeries surface drill rigs into actionable insights for productivity improvements. AutoMine® AutoLoad 2.0 is a new feature that increases loading cycle consistency while reducing equipment idle time and operating costs.

The new Sandvik Alpha™ 340 drilling tools for mining and tunneling use a new innovative asymmetric thread design. The design reduces stress in critical areas, boosts fatigue strength, is easier to uncouple and reduces costs per meter advanced drilling. Digital simulations helped perfect the design, while digital control in machining enabled the more advanced geometries.



## Future opportunities with our offering

Sandvik is shaping the sustainable mine of the future. With our solutions, our customers become more productive and can run safer, more sustainable operations. We aim to have a fully electric underground hard rock offering by 2030, and by then we believe that more than 50 percent of our equipment sales in underground hard rock mining will be electrified. Battery-electric vehicles are estimated to have higher lifecycle revenue potential than conventional diesel-powered vehicles.

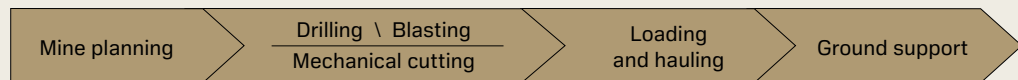
We are driving the development and adoption of mining solutions for electrification, automation and process optimization. Mining is essential for the electrification of our society and enabling the energy transition.

With our solutions we have extensive exposure to electrification metals, such as copper, creating solid fundamentals. Additionally, the long-term trend of declining ore grades is forcing mines to move deeper and

deeper, where temperatures are higher. This increases the demand for our high-performing electric equipment. It emits much less heat and no exhaust emissions, improving safety, the working environment and cost efficiency.

Our already leading position in underground mining is being leveraged to surface drilling and we aim to more than double revenues from 2022 to 2028. In addition to a strong position in battery-electric vehicles and fleet automation systems, we are a leading provider of mine planning software. This enables a full range of digital offerings throughout the value chain, with mine planning directly linked to safer operations planning, monitoring and execution. These new capabilities will help us build and develop even better products and solutions, and help our customers design mines that are optimized for automation and electrification.

## Rock excavation



## Our offering

- Underground drilling
- Loading and hauling
- Surface drilling
- Rotary drilling
- Rock tools and systems
- Continuous mining and tunnelling
- Ground support
- Digital mining technologies
- Parts and services



New drilling tools for mining and tunneling with an asymmetric thread design were launched in 2023.



The battery-electric truck Sandvik® TH665B was successfully tested in Australia.





# Sandvik Rock Processing Solutions

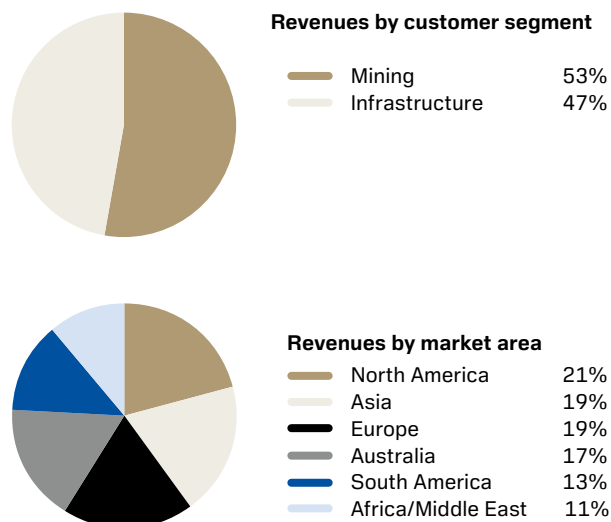
Sandvik Rock Processing Solutions experienced a mixed demand picture during the year. Demand in mining remained robust, driven by the need for parts, services and consumables, while investments in infrastructure were subdued. The strong contribution from acquisitions led to double-digit revenue growth in 2023.

Sandvik Rock Processing Solutions provides high-performing products and services to customers primarily in the mining and infrastructure industries. We have world-leading products and services for applications in crushing, screening, feeding, train loading, breaking, demolition and recycling. Our products, services and flexible maintenance programs increase productivity, safety and uptime and reduce costs. Thanks to our strong innovation capabilities, in combination with a deep knowledge of our customers' processes and needs, we continue to introduce products, energy-efficient solutions and new digital technologies that enable our customers to run more sustainable operations. An important strategic priority is to continue to leverage on our fine crushing technology, with the aim of reducing the high energy usage in the industry.

## Market overview

Demand in the mining sector remained robust, driven by favorable mineral price levels, in particularly for copper and gold, and consequently high mining activity. Due to a challenging macro environment, with rising interest rates and inflationary pressure, the infrastructure demand remained weak. In addition, elevated stock levels, due to supply chain disturbances, also impacted the order levels negatively during 2023. The decarbonization ambitions, in combination with declining ore grades enforce the need to extract more material at a deeper depth. These are trends that play in our favor to capture growth ahead.

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	9,874	11,238
Revenues, MSEK	9,587	11,472
Adjusted EBITA <sup>1)</sup> , MSEK	1,530	1,661
Adjusted EBITA margin <sup>1)</sup> %	16.0	14.5
Return on capital employed, %	16.7	8.6
Number of employees <sup>2)</sup>	2,919	2,946
Gender balance (men/women), %	85/15	82/18
Women in managerial positions, %	19.2	20.8
Lost Time Injury Frequency Rate (LTIFR)	5.1	2.8
Total Recordable Injury Frequency Rate (TRIFR)	7.9	7.0

1) Adjusted for items affecting comparability of SEK -144 million (-201).

2) Full-time equivalent.

### Shift to growth

Despite the organic decline in revenues, mainly due to the soft infrastructure market, we delivered double-digit revenue growth, driven by our acquired business SP Mining. By the end of the year, we were well on track to deliver on our CAGR growth target of 10 percent for the period 2019-2025.

The acquisition of SP Mining, completed at the end of 2022, was an important step in our shift to growth strategy. With SP Mining's complementary offering of high-capacity screening solutions, we have been able to expand our offering to the mining segment. This in turn has strengthened our parts, services and consumables business. Increasing sales in parts, services and consumables is a key part of our growth strategy and in 2023 it accounted for 59 percent (55) of total revenues. Part of our strategy is to leverage our leading offer and close customer relationships by expanding in the customer value chain. An example of this was the introduction of a wider range of attachment tools for the US market.

### Digital shift

We are on track towards our target to have 60 percent of our customers utilizing our automated and digital solutions by 2025, primarily through connecting more equipment. Throughout the year we continued to develop and release new functionality for our digital assistant platform SAM™. This gives customers operational insights and performance-enhancing information to increase crushing and screening productivity.

New features were introduced during the year, for example parts recommendations and strengthened data resolution, which helps to improve the analysis of the operation of crushers to find areas for improvement. We also launched DeckMapp, a digital solution for conducting wear scanning of screen media panels.

### Sustainability shift

We help our mining and infrastructure customers make their operations more sustainable. Sustainability is integrated into our product development and we continuously make improvements to our offering to reduce the energy used per ton of material crushed at the customer site and extend service intervals.

Through the electrification of our offering we help customers reduce their CO<sub>2</sub> emissions. We already provide a fully electrified stationary crushing equipment offer and aim to have an electric option for 90 percent of the mobile offering by 2025. New electric mobile products launched in 2023 included the UJ443E heavy jaw crusher and the QA442 2-deck sizing screen.

We have the ambition to expand in the value chain and reduce downstream high energy consuming processes by replacing grinding with fine crushing solutions. With our optimized crushing and screening circuits we can halve the size of a normal mill feed, providing higher mill throughput.

We continuously work with our own processes at our manufacturing sites to reduce our emissions and improve recycling and reuse in the factories. At our operations in Ballygawley (Northern Ireland) we adapted and automated the oven doors to reduce gas consumption, reducing the CO<sub>2</sub> emissions by approximately 15 percent.

Across our operations we continue to replace natural gas with biogas and conduct heat recovery to reuse excessive heat. At our manufacturing facility in Svedala (Sweden) we use

recycled steel in an innovative process of producing manganese wear parts for cone crushers.

### Customer's first choice

By understanding our customers' specific needs, we develop solutions that bring them value through increased productivity, safety, sustainability and reduced costs. We adapt our ways of working and prioritize product development based on concrete feedback from customers and the close interaction between our account managers, product owners and development engineers. When needed, we establish dedicated teams of people who regularly meet customers on different levels and openly share views and proposals.

During the year, for example, we located engineering and R&D resources close to a customer, placed a service resource permanently on site and developed customized crushing chambers for the customer's specific application. We modified parts to suit other customers' needs and manufactured locally to shorten lead times and reduce development cycles and environmental impact. In Finland, we prioritized the development of our hammer product as a result of customer feedback. We also made adaptations to our mobile equipment based on customer feedback.

### Agile through cycle

Being agile through the cycle includes driving measures to improve resilience, both on revenues and operating margins. The acquisition of SP Mining, with high parts, services and consumables sales, is an example of how we have improved revenue resilience. During the year we also worked actively to mitigate inflation with price compensation.

To protect the margins in downturns, we focus on operational efficiency and reducing our fixed cost base, but we also instill a mindset of preparedness and are ready to act in the event of business changes.

The softening demand in the infrastructure segment resulted in activation of contingency plans and a reduction of employees in all our divisions. We used non-replacement and natural attrition, reduced temporary contracted employees and implemented flexible working hours. We have conversely been employing contractors in Australia where the demand continued to be on a high level. The restructuring program initiated in 2022 is progressing according to plan and will lead to annualized savings of SEK 140 million with a full run-rate in 2025.

Another example of insourcing was the investment in a foundry in India in 2023. This enables a greater control of our supply chain for a much higher proportion of our key wear components for crushing chambers and jaw crushers.

### Employer of choice

We actively work to improve our diversity and gender balance, in both internal and external recruitments, to ensure a good mix of people in leading positions in our company.

In relation to work balance, and to adapt to respective individual needs, we accommodate flexible solutions such as location and working at home possibilities.

Attracting technicians where our customers operate is an increasing challenge. We address this by working with local schools to sponsor, encourage and educate young people to be able to work with us and operate equipment at customer sites.

## Meet our employees



Latifa Melk, originally from Morocco, moved to Svedala (Sweden) to work as a materials development expert. It opened many doors for her, including the opportunity to take to the skies.

### Learn more about Latifa Melk:



[home.sandvik/latifa-melk/](https://home.sandvik/latifa-melk/)

## Overview

### Product portfolio

Equipment for crushing, screening, feeding, train loading, breaking, demolition, tools, service, spare parts, wear parts, digital solutions and sustainability-driving technologies for rock processing.

### Market characteristics

#### Mining

Consolidated customer base of some 200 global major and junior mining companies. Remote locations, decreasing ore grades as well as increased safety requirements drive volume output and the need for eco-efficient comminution as customers focus on energy and water conservation. Significant business in parts, services and consumables.

#### Infrastructure

Sandvik is active in the rock processing areas of crushing, screening, feeding, demolition and recycling. The customer base is fragmented with thousands of individual customers. However, there is an ongoing consolidation towards larger capacity quarries driven by productivity, cost per ton, sustainability and safety. Regional offerings and regional competition.

### Demand drivers

#### Mining

- GDP growth rate and resource-intensive industry development
- A growing middle class
- Metal and mineral prices
- Declining ore grades (fewer minerals extracted per ton)
- Production levels in existing mines and expansion projects (greenfield and brownfield)
- Productivity improvements and new technology, for example digital solutions and electrification
- Demand in the areas of environment, health and safety, for example eco-efficient comminution, energy and water conservation.

### Aggregates

- GDP growth/urbanization
- Infrastructure investments and spending
- EHS and sustainability trend for premium technology
- Aggregates and cement production
- Growth in emerging markets.

### Demolition and recycling

Laws and regulations, transformation in customers' demand, focus on recycle and reuse.

### Competitive landscape/Major competitors

#### Mining

Mainly global competitors such as Metso, FLSmidth, WEIR and Terex.

#### Infrastructure

Some global competitors present in several niches: Metso, Terex, Keestrack, Furukawa and Epiroc. Many regional players.

### Go-to-market model

#### Mining

Direct sales approximately 90 percent with worldwide service network.

Infrastructure: Due to a fragmented customer base, approximately 75–80 percent of sales is via distributors.

### Growth strategy

Grow sales of parts, services and consumables on the installed base and new offerings. Sales channel optimization, direct sales, distributor sales and OEM. Eco-efficient rock processing offering, automation, digitalization, electrification and exploring complementary technologies and offerings through mergers and acquisitions.

### Strategic risk management

Various forms of business environment risks with an impact on the mining and infrastructure market in general, such as increased market competition with new technological developments and the emergence of new competitors, fluctuations in commodity prices and compliance-related risks. Political uncertainty in some parts of the world.

## Innovations creating customer value

Sandvik Rock Processing Solutions continuously develops services and solutions that help our customers in the mining and infrastructure industries improve their productivity and sustainability.

In 2023 we introduced the UJ443E heavy jaw crusher. Built upon a new fully electric track, the jaw crusher is designed for hard and abrasive rock applications. It has been designed with an increased focus on sustainability, productivity and durability and can be powered by an external electricity supply, HVO or diesel from the onboard genset.

The QA442 2-deck sizing screen is the latest evolution of our doublescreen technology. It was developed with sustainability, productivity and lower cost of ownership in mind. A high performing processing solution, the screen is ideal for producing massive volumes of high specification products for the mineral, aggregate and recycling industries.

DeckMapp is our new digital solution for conducting wear scanning of screen media panels. Using computer vision algorithms and AI models, it allows personnel to measure apertures, estimate wear, detect failure modes and recommend panel replacements. It provides complete wear data and analytics to reduce human error, enable transparency of a screen's panel performance and replacement decisions and provide additional safety and efficiency benefits.

Our new range of compact hydraulic hammers is designed with versatility in mind and features a customizable body structure. The three compact models can be adapted to suit various customer needs and applications.



The UJ443E heavy jaw crusher is fully electric and designed with an increased focus on sustainability productivity and durability.

## Future opportunities with our offering

Our vision is to be the recognized leader in sustainable rock processing solutions. The mining sector is an energy-intensive industry and a significant part of the energy is consumed in the comminution process. This means there is great potential to impact our customers' sustainability footprint and productivity by providing smart, eco-efficient solutions.

Our offering covers the mining and infrastructure industries. These industries have solid long-term fundamentals, with mining being essential for electrifying our society, while declining ore grades require higher volumes of rock to be crushed. Sustainability is also a major driver for the infrastructure industry, with urbanization increasing the need for new and upgraded infrastructure. These factors require continuous optimization of production processes, improved productivity and energy efficiency.

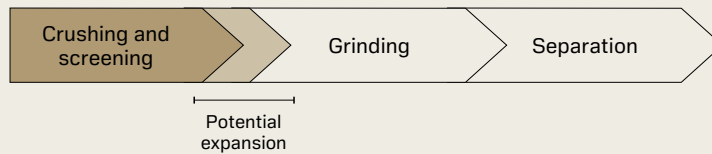
In the mining business our largest exposure is towards electrification metals and minerals. On the infrastructure side our largest exposure is towards aggregate materials, a key ingredient for a wide range of infrastructure projects, from buildings to highways. Here, optimized processes for recycling

and reducing waste are crucial. Our approach addresses the lifecycle of the equipment we provide.

The mining sector represents about 6 percent of the world's total energy consumption and 40 percent of it is consumed in the grinding phase. We have the ambition to expand in the value chain by replacing grinding with fine crushing solutions, which are ten times more efficient than grinding.

We are electrifying our offering. Our entire stationary offering is already electrified and more than 90 percent of our mobile offering will be available as an electric option by 2025. We help automate our customers' production processes to maximize their uptime and productivity, with our digital solutions enabling condition monitoring and data-driven insights for continuous improvements. We expand our offering of parts, services and consumables, and we place a high priority on developing circular offerings, ensuring optimized resource efficiency throughout the product lifecycle. Sandvik Reborn is one example where we restore customers' crushers to their original condition or even apply the latest upgrades to the units.

## Rock processing

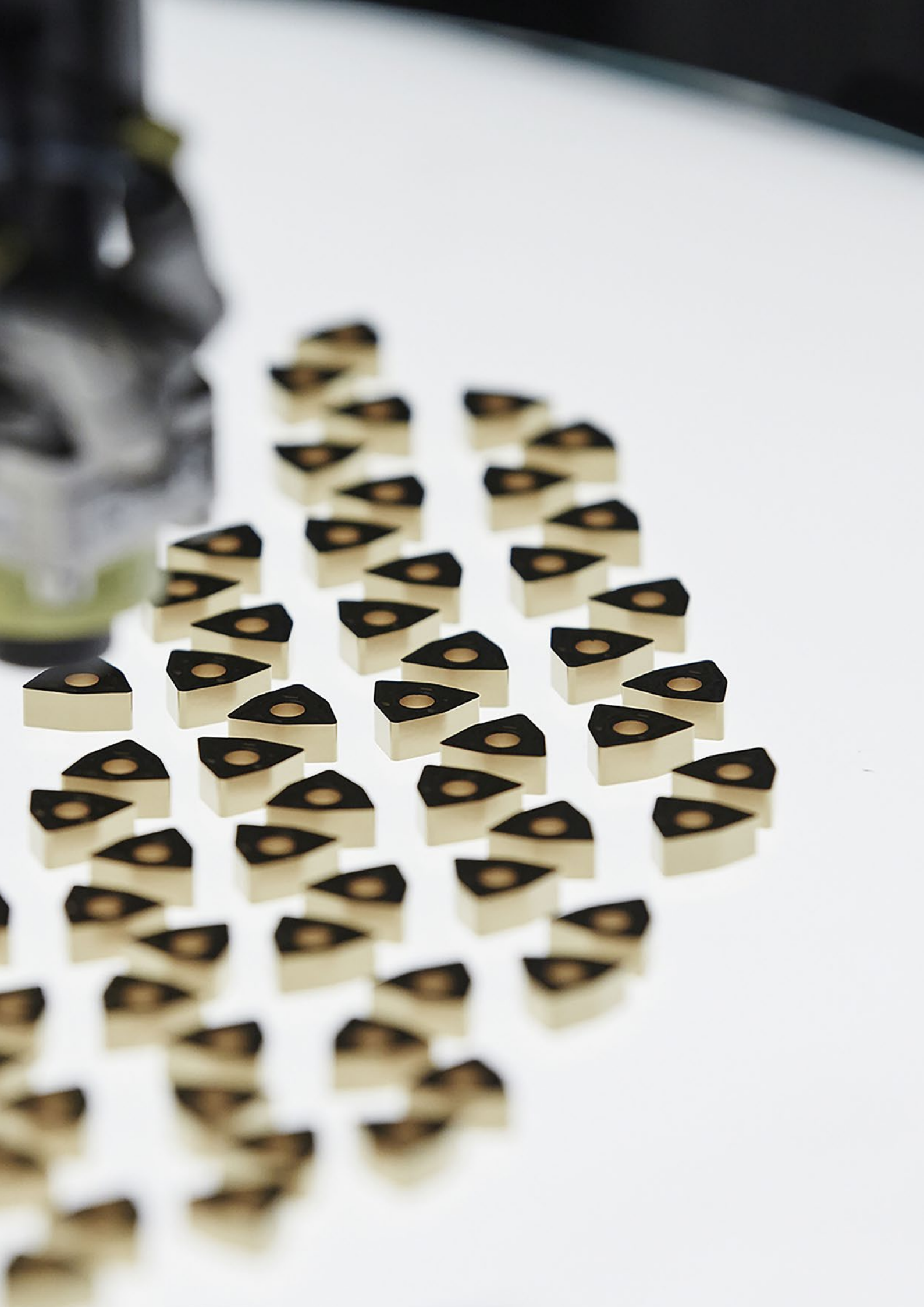


## Our offering

- Stationary crushing and screening
- Mobile crushing and screening
- Hydraulic breakers, booms and demolition tools
- Parts, services and consumables
- Digital services and solutions



Sandvik® 800i cone crusher series with automation system coupled with the SAM™ digital assistant platform gives customers operational insights and information for increased productivity.





# Sandvik Manufacturing and Machining Solutions

A broad set of focused activities throughout the year enabled Sandvik Manufacturing and Machining Solutions to achieve solid business momentum and a strengthened market position. Acquisitions, innovations and the integration of software solutions across the business area supported positive order intake developments and revenue growth.

Sandvik Manufacturing and Machining Solutions provides world-leading tools and tooling systems for advanced component manufacturing as well as digital manufacturing, additive manufacturing and metrology solutions. Our uniquely combined hardware and software solutions are being integrated to further increase our customers' productivity and efficiency and we are aiming towards so called closed-loop manufacturing.

The business area consists of two business area segments: Sandvik Machining Solutions and Sandvik Manufacturing Solutions. Sandvik Machining Solutions provides tools, tooling systems, software and services that optimize machining operations such as turning, milling and drilling as well as tool management solutions. We address the component manufacturing market through our market-leading brands Sandvik Coromant, Walter, Seco and Dormer Pramet, which operate independently to optimize market opportunities. We offer metal powders such as high-quality tungsten carbide and various powders for additive manufacturing.

Sandvik Manufacturing Solutions provides digital manufacturing and software solutions for design and planning

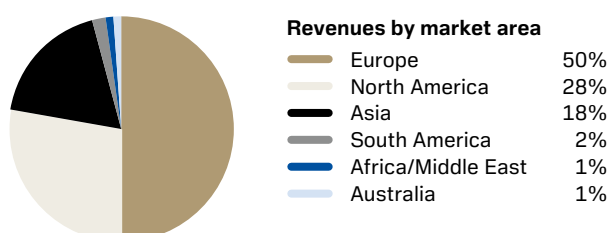
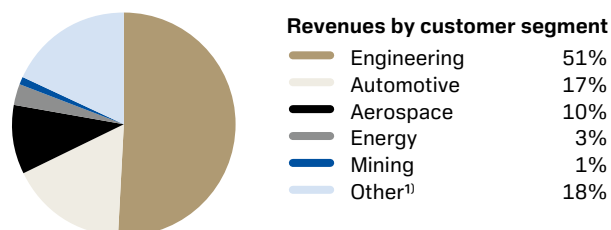
automation and industrial metrology. Through our end-to-end agnostic digital offering, we automate and connect the component manufacturing value chain, from design and planning to preparation, production and verification.

## Market overview

Aerospace provided strong growth throughout the year, together with solid demand from automotive, driven by strong backlogs and the removal of supply chain bottlenecks. Europe and North America saw stable momentum. These factors offset a slower than expected recovery in China and in Asia overall, and soft general engineering demand.

Key trends affecting our customer base included the slowing down of globalization. This means that manufacturing is becoming more local, and an ageing workforce is leading to less talent movement and therefore skill shortages, prompting a need for new solutions. Increasing material and component complexity means our customers require more advanced and customized machine tooling solutions. Sustainability and digitalization continue to be important market drivers.

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	46,428	49,247
Revenues, MSEK	45,901	49,340
Adjusted EBITA <sup>2)</sup> , MSEK	10,023	10,597
Adjusted EBITA margin <sup>2)</sup> , %	21.8	21.5
Return on capital employed, %	13.8	13.7
Number of employees <sup>3)</sup>	20,802	20,326
Gender balance (men/women), %	79/21	79/21
Women in managerial positions, %	19.2	19.6
Lost Time Injury Frequency Rate (LTIFR)	1.5	1.1
Total Recordable Injury Frequency Rate (TRIFR)	2.3	2.3

1) Mainly die and mould, electronics, medical, pump and valve, rail and defense.

2) Adjusted for items affecting comparability of SEK -552 million (-935).

3) Full-time equivalent.

### Shift to growth

We strengthened our market position in both the premium- and mid-market. Through leveraging earlier acquisitions, we increased our market share in round tools and micro tools. The acquisition of 95 percent of the shares of Premier Machine Tools Limited, an Irish medical machining solutions provider, supported our growth in the medical segment. With the acquisition of Buffalo Tungsten Inc. (BTI), a leading US-based manufacturer of tungsten metal powder and tungsten carbide powder, we increased our presence in North America.

A number of acquisitions strengthened our software offering. Postability, a Canadian company that develops post processors for Mastercam (acquired by Sandvik in 2021), strengthens our Computer Aided Manufacturing (CAM) portfolio. Esco GmbH, a German supplier of software solutions for power skiving, a gear machining technology, gives us a position in a high-growth premium niche market driven by increasing automotive electrification. We acquired a minority stake in up2parts, a German closed loop manufacturing software start-up that aims to commercialize software which optimizes manufacturing processes. Sandvik also signed an agreement to acquire pro-micron GmbH, a German-based supplier of sensorized tools and automation software.

We continued to introduce new innovations which improved our New Sales Ratio (NSR). We launched CoroCut® 2, a precision system which offers a new level of process security and productivity for machining, and new steel turning grades, tailored to capture opportunities within the mid-market and strengthen our position in inserts. Software sales grew in line with the market.

### Digital shift

By continuing to integrate the products from previously acquired brands, we have continued to enhance our already world-leading solutions. We began leveraging our strong market presence in tools hardware and software solutions to provide combined offerings. CoroCut® QD for Y-axis parting, for example, combines modern CNC machines and challenging conventional machining directions for productivity and tool life gains, and is now integrated into some of our CAM software solutions. We also integrated the CoroPlus® Tool Library from Sandvik Coromant into our CAM softwares Cimatron™, Mastercam® and GibbsCAM™, creating a more seamless user experience.

We saw high demand for our software solutions through both license and maintenance contracts that provide customers with up-to-date products and the necessary training and support. With new technologies and Artificial Intelligence (AI) we can capture a lot of data to improve processes and make forecasts and we have started working with proof of concept solutions to enable further automation in the industry.

### Sustainability shift

In our cutting tools offering we introduce on average eight new products a day, each of which helps our customers reduce energy and raw material waste. We continuously invest in R&D to make our tools more efficient and to reduce the environmental impact of producing and distributing them. We continue to buy back used tools from our customers and recycle them to make new tools. We started the development of tools using our Bergla® tungsten carbide powder, made entirely of recycled material, this year. We increased the circularity rate in our powders generally and made progress with the reconditioning of solid carbide tools.

Our software solutions and industrial metrology applications help customers reduce waste and increase efficiency by ensuring more predictable outcomes and quickly eliminating

deviations in the machining phase. We are developing a CO<sub>2</sub> tracking software tool that will help customers reduce their carbon emissions.

### Customer's first choice

Through our decentralized business model, we stay close to our customer base and distributor network. Our sales representatives often work closely with our customers' production and our solutions are developed based on feedback that we receive from our customers.

Our larger customers have come a long way with their digitalization capabilities and require specific solutions from us. We see an increased need for fully integrated solutions from small and medium-sized enterprises. Our Lighthouse Program is designed to support small and medium-sized component manufacturers. In return, they provide continuous feedback on digital processes and solutions, giving us a deep understanding of customer needs. Two customers joined the program this year, a German-based contract manufacturer and a US research institute.

We ensure that we can be a partner in our customer's digital journey, regardless of the stage they are at, and offer relevant solutions and expertise to support them.

### Agile through cycle

Our ability to leverage our resilience in a challenging year, with large variations in market and segment development, ensured good continuity through the cycle. The market has still not fully recovered since 2019. We worked actively to offset inflation with price implementation in our various business verticals and shifted capabilities towards growth areas and adapted to business situations when and where needed. A higher share of software sales increased recurring revenues.

In the short perspective, business is changing fast and it is critical to have a good planning system. In 2023 we worked with workforce flexibility and outsourcing. We increased our productivity efficiency in our own operations, actively worked with procurement and increased our supply chain ownership. We revised staffing models throughout the year, depending on needs, taking active decisions about where we need our own competences and where to outsource.

We also worked on our fixed assets and footprint optimization within the long-term structural measures announced in 2022. The program will deliver SEK 540 million in annualized savings with a full run rate in 2025.

### Employer of choice

We undertake systematic activities to increase diversity and inclusion in our workforce and we are constantly focusing on increasing the share of female employees at all levels in the workforce.

There is a great value in having development plans for all employees and we achieved a 90 percent completion rate in 2023. For following up employee engagement, we undertake quarterly surveys. The results are an important tool for continuous improvement. This year we focused on including acquired entities in our quarterly engagement survey. Health and wellbeing is also measured in the quarterly surveys. We have local health and wellbeing programs at all our major sites.

We are working to attract capabilities needed for the future, including for cloud-based solutions, AI, and full-stack development. To encourage cross-learning we have established mentorship programs across our businesses and we are ensuring that our acquired businesses utilize the vast number of training programs within Sandvik.

## Meet our employees



Shin Voeks, president for CGTech has digital manufacturing at heart. He explains how adding software solutions to component manufacturing will create vast opportunities.

**Listen to the podcast with Shin Voeks:**



[home.sandvik/podcast](https://home.sandvik/podcast)

## Overview

### **Product portfolio**

Providing customers with a leading and sustainable offer delivered via multiple divisions and brands in the form of metal cutting tools, digital manufacturing and software solutions, additive manufacturing and industrial metrology.

### **Market characteristics**

Cutting tools represent a small share of the total manufacturing cost for customers, however they are significant for productivity and quality. Service levels and product solutions are the main differentiators for the premium market. The mid-market is more price sensitive but requires a lower degree of service.

### **Demand drivers**

- Manufacturing volumes
- Material evolution
- New manufacturing technologies
- Complex component designs and functionalities
- Sustainability
- Automation
- Flexibility in manufacturing
- Shortage of skilled labor

### **Competitive landscape/Major competitors**

- Competitors in the premium market: IMC Group (ISCAR brand), Kennametal (Kennametal brand)
- Fragmented in the mid-market including global premium players present with their mid-market brands: Mitsubishi, IMC Group (TaeguTec brand), Kennametal (Widia brand), Zhuzhou
- Hexagon, Autodesk, Open Mind, Tebis and Dassault Systèmes within CAM. A mix of larger competitors and smaller niche players within additive manufacturing and industrial metrology.

### **Go-to-market model**

Direct sales approximately 55–60 percent. Distribution sales are predominant in North America, whereas direct sales are predominant in Europe. In Asia, mainly distribution sales with a limited service offering in the mid-market segment and direct sales, with a high service level in the premium market.

### **Growth strategy**

Expansion through organic growth, innovation and focused acquisitions, strengthen our position in the fast-growing sub-segments of our core business. Expansion into digital and software solutions, additive manufacturing and industrial metrology, supporting customer value chains.

### **Strategic risk management**

Systematic management and mitigation of business environment risks with an impact on the metal cutting market in general, including changes in customer behavior, acquisition-related risks, trade/geopolitical risks, structural changes in our industry, information security risks and compliance-related risks.

## Innovations creating customer value

The manufacturing of the future is digitalized and automated, from design to finished product – supporting the transition to a sustainable world. Our tooling and software solutions enable a component manufacturing industry that is more productive, energy efficient and less resource intensive.

We offer integrated hardware and software solutions to increase productivity and value for our customers. The tool concept CoroCut® QD for Y-axis parting combines modern CNC machines and challenging conventional machining directions for productivity and tool life gains. It is designed with the insert pocket rotated 90 degrees, providing more than six times higher blade stiffness in turning centers and multi-task machines with Y-axis. The combination of Sandvik Coromant Y-axis turning and PrimeTurning™ with the new CoroPlex® YT tools is fully supported in our CAM software GibbsCAM™.

Dormer Pramet developed new steel turning grades with a tailored assortment to capture opportunities within the mid-market. The all-round performance and versatility across multiple inserts and applications eliminates the need for several grades for price-sensitive customers.

The CoroPlus® Tool Library from Sandvik Coromant was integrated into our CAM software Cimatron™, Mastercam® and GibbsCAM™. With this tool library, users can access an extensive database of Sandvik Coromant tools, 3D tool assemblies

and cutting data by importing the information directly into CAM. Users get a unified interface and can manage tools and create toolpaths efficiently, reducing programming time and increasing overall efficiency. Users experience a quick and easy way of creating cutters, holders and machining parameters by importing data directly from CoroPlus® Tool Library.

Developed to meet the specific needs of parting and grooving applications, the CoroCut® 2 precision system offers a new level of process security and productivity for machining. The tool concept gives customers the stability they need while keeping down cost per component and raising metal cutting efficiency.

Our Vericut® simulation tool from CGTech was also integrated with our CAM software GibbsCAM™, Mastercam® and Cimatron™. With the new interface, users can launch Vericut from their CAM system to help create accurate and efficient NC tool path programs.



## Future opportunities with our offering

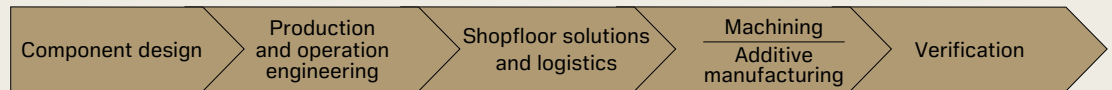
Our vision is to become the global leader in closed loop component manufacturing solutions. As the worldwide number one company in metal-cutting tools, with more than 100,000 direct customers and 400,000 software licensees in our selected key manufacturing software offerings, we have a unique foundation to build on.

The manufacturing industry is going through a transformational shift, with production processes increasingly automated, digitalized, and dependent on actionable insights from operational data. While making this shift will be essential to remain competitive, many of the industries that Sandvik services are generally remain at the beginning of their digitalization journey, meaning there is a big potential to help customers of all sizes. With our world-leading cutting tools offering, unparalleled machining expertise and a growing portfolio of digital solutions and services, we improve the productivity and sustainability of our customers.

We envision the future of component manufacturing as closed loops, where a digital thread runs through the different process steps in the customers' manufacturing value chain, seamlessly connected and automated, enabling a feedback loop that puts data to use to efficiently manage operations and for continuous improvement. We are building the strongest possible solutions portfolio we can in key parts of this value chain – from design and planning to preparation, production and verification.

With this approach we aim to develop solutions to help our customers as they move towards more autonomous processes over time, enabling improved efficiency, performance and reduced waste. We will do this with a flexible approach, catering to customer needs irrespective of where they are in their development, leveraging a comprehensive portfolio of brand-agnostic solutions and a robust ecosystem of partners.

## Manufacturing and machining



## Our offering

- Metal cutting (milling, turning and drilling)
- CAD/CAM software
- Tool management solutions
- Additive manufacturing
- Metal powder
- Industrial metrology



The precision system CoroCut® 2 is developed to meet the specific needs of parting and grooving applications.



Dormer Pramet has developed new steel turning grades with a tailored assortment to capture opportunities within the mid-market.

# Our share

During 2023, the share price increased by 16 percent, while the OMXS30 index on Nasdaq Stockholm increased by 17 percent.

Sandvik shares are listed on Nasdaq Stockholm, Sweden. At year-end 2023, the share price was quoted at SEK 218.10 (188.4), corresponding to a market capitalization of SEK 274 billion, placing Sandvik as the 12th (12) largest company on Nasdaq Stockholm.

## Share trading

In 2023, a total of 2.1 billion shares (2.5) were traded for a total value of SEK 433 billion (470). Trading in Sandvik shares on Nasdaq Stockholm accounted for 25 percent (24) of the total volume of shares traded. Other markets, for example, BATS Chi-X and Turquoise, accounted for 75 percent (76). The Sandvik share can be traded in the US in the form of American Depositary Receipts (ADRs), a process handled by Deutsche Bank Trust Company Americas as a depository bank. In 2023, the average daily ADR trading volume was 86,364 (145,756). At the end of 2023 there were 22,700,848 ADRs outstanding (21,518,410).

## Dividend and total shareholder return

Our target is that the dividend will amount to 50 percent of adjusted earnings per share, through a business cycle. The Board has proposed a dividend of SEK 5.50 per share (5.00) to the 2024 Annual General Meeting, corresponding to approximately SEK 6.9 billion (6.3) and a dividend return of 2.5 percent based on the share price at year-end. The dividend proposal corre-

sponds to 43 percent of adjusted earnings per share after dilution for continuing operations.

## Share capital

The number of Sandvik shares amounts to 1,254,385,923. Each share has a nominal value of SEK 1.2 and the share capital amounts to SEK 1,505,263,108. Sandvik's share capital comprises one series of shares, with each share carrying equal voting rights and equal rights to a dividend. Sandvik does not hold any shares in treasury.

## Authorization on acquisition of the company's own shares

The 2023 Annual General Meeting resolved to authorize the Board of Directors, for the period until the next Annual General Meeting, to decide on acquisitions of Sandvik shares, on one or more occasions, up to a maximum of 10 percent of all the shares in the company. The purpose of the authorization is to enable the Board of Directors to continuously adapt the company's capital structure and thereby contribute to increased shareholder value.

## Sustainability indices

Sandvik is included in several sustainability indices, such as FTSE4Good, Ethibel Excellence Europe and CDP. These are international indices analyzing global companies that assume their responsible

business practices. Inclusion in these indices confirms the Group's achievements in relation to sustainable business practices.

## Owners

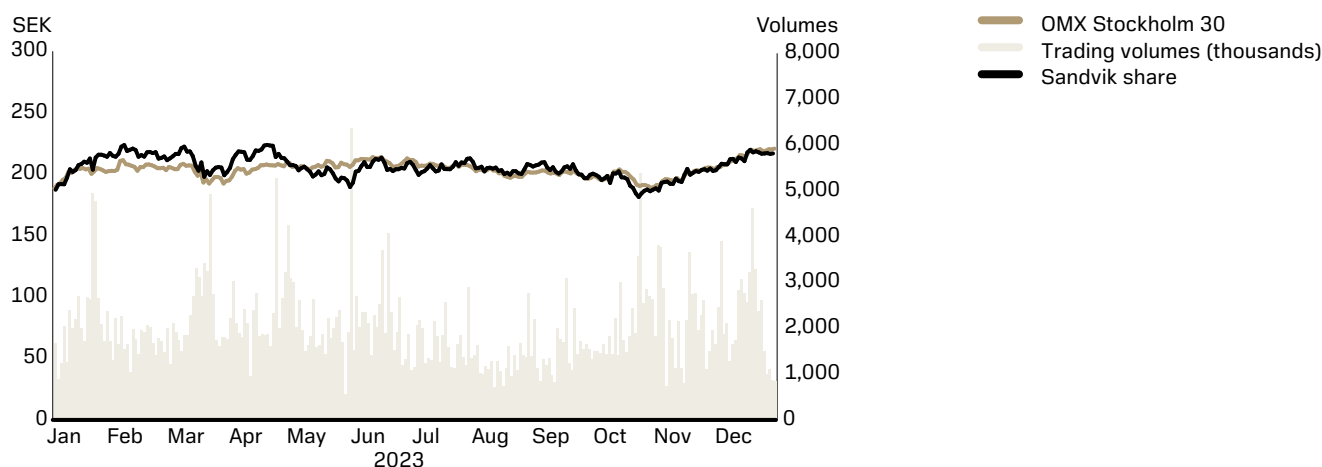
In 2023 the number of shareholders decreased to 138,399 (143,065). There are shareholders in 79 (76) countries, and the total ownership outside of Sweden amounted to 40 percent (41) at year-end. The ten largest individual shareholders accounted for 39 percent of the share capital on the same date. As of December 31, 2023, members of the Group Executive Management owned a total of 138,147 shares in Sandvik. Members of the Board of Directors owned a total of 1,034,343 shares in Sandvik (including deputy board members, excluding the CEO). Total ownership of Group Executive Management and the Board corresponds to about 0.09 percent of the capital and voting rights.

# 5.50

Proposed dividend per share, SEK



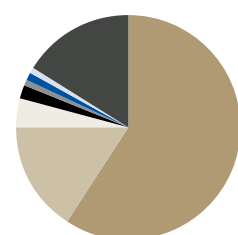
### The Sandvik share, 2023



Key figures	2022	2023
Number of shares at year-end, million	1,254	1,254
Market capitalization at year-end, billion	236	274
Number of shareholders	143,065	138,399
Share price at year-end, SEK	188.4	218.1
Earnings per share after dilution, SEK <sup>1)</sup>	10.24	12.18
Adjusted earnings per share, after dilution, SEK <sup>1)</sup>	11.98	12.69
P/E ratio at year-end <sup>1)</sup>	18.4	17.9
Change in share price during the year, %	-23.5	15.8
Dividend, SEK/share	5.00	5.50 <sup>2)</sup>
Dividend payout ratio, <sup>1)</sup> %	42 <sup>3)</sup>	43 <sup>2)</sup>
Total return (price increase + dividend), %	-22	18
Proportion of shares in Sweden, %	59	60
Proportion of shares owned by the ten largest shareholder groups, %	41	39

1) Continuing operations. 2) Proposed dividend. 3) The dividend payout ratio is only related to cash dividends and does not take into consideration the distributed value from Alleima to shareholders. Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

### Distribution of shareholding by country, December 31, 2023



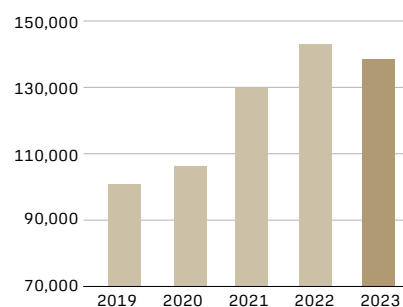
Sweden	60%
US	16%
UK	4%
Norway	2%
Germany	1%
Finland	1%
Japan	1%
Other countries	15%

### The ten largest shareholder groups, as of December 31, %

	2022	2023
AB Industrivärden	13.7	14.1
Alecta Pension Insurance	4.8	4.5
Swedbank Robur Funds	3.9	4.3
Vanguard	3.0	3.2
Lundbergföretagen AB	2.8	2.9
BlackRock	2.8	2.9
Handelsbanken Funds	1.5	2.4
SEB Funds	1.7	1.9
Norges Bank	1.4	1.7
Fidelity International (FIL)	-	1.4

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

### Number of shareholders, December 31, 2019–2023



# Sandvik as an investment

Sandvik has world leading positions and brands in the market segments where we operate. Through solid strategy execution we have built a leading digital and software platform and with our expertise, innovative offerings, and close customer relationships, we continue to support in our customers' transition to a more digital, automated and sustainable business. Sustainability is embedded in our business model and our solutions support mines to run safer and more efficient; rock processing to extract maximum value with less energy consumption; and the manufacturing industry to be more productive and resource efficient. Innovation is at the core of our culture and strategy and a lever to maintaining our leading positions. It supports organic growth and value-based pricing. We have accelerated our R&D investments in recent years, and in 2023 investments amounted to SEK 4.8 billion.

Our ambition is to deliver profitable growth by staying agile throughout the cycle and executing on our shift to growth priorities. To reach our growth target of 7 percent, we will continue to expand and strengthen our positions in fast-growing regions and segments and in our customer's value chain. Today's important shifts towards digitalization, automation and sustainability, are an integral part of our strategy for growth and we will continue to be at the forefront of digitalization and offering sustainable solutions. We have set out to expand our digital offering to SEK 6.5 billion in revenue by 2025 and during 2023 Sandvik's targets for reducing greenhouse gas (GHG) emissions was validated by the Science Based Targets initiative (SBTi) as aligned with the latest climate science and consistent with the goals of the Paris Agreement.

We see several global trends in our favor. The growing middle class and rapid urbanization drives the need for metals, minerals, and infrastructure investments. The need for infrastructure in turn, drives the demand for industrial production and manufacturing. The green transition requires electrification minerals and machining of lightweight materials. Demand for increased productivity, efficiency and sustainability through new technology, digitalization and automation is in line with our purpose and strategy. Our growth target of 7 percent will come from organic growth and acquisitions. Sandvik has made good progress and has since 2019 added SEK 19 billion in revenues through strategic acquisitions. In 2023 revenues grew by 13 percent, of which 6 percent was organic. To achieve profitable growth we need to stay agile. Our decentralized organization enables us to respond faster to market trends, economic fluctuations and customer needs. We work continuously with improving our own operational efficiency and have increased the share of variable costs to reduce earnings volatility. Cash-flow generation is strong in the Group, and for the year 2023 free operating cash-flow amounted to SEK 19.6 billion. With a solid balance sheet, good cash flow generation and margin resilience Sandvik has a strong platform to build from and is well positioned to capture future growth opportunities.

Our purpose is to advance the world through our engineering capabilities, creating value for all our stakeholders – customers, employees and communities – ultimately leading to shareholder value. For 2023, the Board of Directors suggested a dividend of SEK 5.50 per share, corresponding to a payout ratio of 43 percent, well-aligned with our ambition to distribute 50 percent of adjusted EPS through a business cycle.

## The customer's first choice

- By focusing on improving customers' productivity and sustainability we secure market-leading positions and can maintain value-based pricing
- Strategic and long-term relationships with our customers combined with a decentralized decision model enable us to adapt faster to current and future needs
- About 4 percent of our annual revenues are spent on R&D to ensure a leading product offering
- High barriers to entry, resulting from leading technology position, capital intensity, materials know-how and customer relationships

## Shift to growth

- A solid balance sheet, good cash-flow generation
- Growth target of at least 7 percent through a business cycle to come from organic and acquired growth
- Capex at <SEK 5.4 billion in 2023, for 2024 approximately SEK 5.0 billion
- Investments in product development
- Acquisitions to broaden our value-creating offering, lead digitalization and automation and expand geographically in fast-growing markets



# Dialogue with analysts

Twentyfive analysts cover Sandvik on a continuous basis. Below are some of the most frequent questions discussed in 2023, and our answers.

**Q: Sandvik has a market-leading position in underground mining. During the year you talked about your strong position in automation and batteri-electric vehicles (BEVs) and the advantage of having an integrated digital platform throughout the customers' value chain. Could you elaborate on your progress in these areas?**

A: We have a clear number one position in tele-remote and autonomous underground mining solutions, with over 65 percent market share, and we have continued to increase the number of sites connected to our Automine® platform during 2023. With over 20 years experience in this field, Sandvik is the only original equipment manufacturer (OEM) that can provide large-scale underground automation. During the fourth quarter of 2023, Sandvik enhanced the already well-proven Automine® platform for trucks and loaders, with the introduction of Automine® for underground drills. With this, we became the first OEM to offer a unified traffic management system for mining equipment underground.

The progress on battery-electric vehicles has also been significant. Sandvik won 75 percent of the total BEV tenders in 2023. Our more than 10 years of experience in learning, developing and improving the technology, combined with our dedication in integrating BEVs into customer operations (site preparation, business case, simulation studies, and service), are key factors to this success. With our BEVs, we provide value in terms of improved working environment, higher productivity and lower CO<sub>2</sub> emissions.

With our strong automation and operational planning offering, combined with our recent software acquisitions, Deswik and Polymathian, Sandvik now has a fully integrated digital platform in underground mining. Being a full end-to-end solutions provider to our customers, digitalizing and automating their value chain further strengthens our position in underground mining.

**Q: While the shift to electric vehicles (EVs) will contribute positively to the mining business, it is a headwind for your cutting tools business in terms of less cutting tools potential for EV than traditional internal combustion engines (ICEs). During the fall**

**you provided a slightly more positive view on this development than previously, and that you will actually grow your automotive business?**

A: By 2030, the cutting tool potential mix will change significantly with different vehicle types, while keeping the overall potential almost at the 2022 level. The machining intensity, i.e., the amount of cutting tools required to produce one vehicle, as compared to one ICE-powered light vehicle, varies by vehicle type, leading to different requirements for cutting tools by each sub segment. The cutting tool requirements in medium and heavy commercial vehicles (MHCV) compared to light vehicles (LVs) are almost five times greater. This is positive for Sandvik, taken into consideration the expected CAGR growth of LVs and MHCVs of 2 percent and 3 percent, respectively, as well as our exposure (60 percent towards LVs and 40 percent towards MHCVs). In addition, Sandvik will continue to expand its capabilities into lightweight/aluminum cutting tools, which has a greater potential in the manufacturing of components in electric vehicles. To conclude, Sandvik will continue to grow our automotive business until 2030.

**Q: During the year, Sandvik updated the financial targets specifically for Sandvik Manufacturing Solutions (SMF). Why, and are you lowering your ambitions here?**

A: After having built a solid platform of software assets, identified as key levers to grow our business in the component manufacturing area, we are taking the next step. One of these steps was to change the organizational set-up slightly with, for example, the move of the powder business closer to the core: from the Sandvik Manufacturing Solutions business area segment to the Sandvik Machining Solutions business area segment. With these changes, there will be a sharper focus on developing the software business with enabling hardware in SMF. For that reason, the previous SMF revenue target SEK 6 billion in 2025, of which 60 percent was coming from software, was revised to a new target of having software revenues of SEK 4 billion in 2025. With a more concentrated share of software in the SMF portfolio, we also increased our margin target from 20.0 percent to 22.0 percent.

## Agile through cycle

- Solid adjusted EBITA margin in 2023 of 20.0 percent, within our target range of 20–22 percent
- Strengthened margin resilience and reduced sales cyclicality by growing our parts, services and consumable businesses including software offerings
- Flexible cost structures to ensure resilience in downturns
- Continuous work to improve cost structures and operational efficiency

## Shareholders rewarded

- Responsible and value-creating capital allocation
- Dividend payout policy of 50 percent of adjusted earnings per share through a business cycle
- Payout ratio of 43 percent for the year, with the average payout ratio for a three-year period amounting to 42 percent and for a five-year period to 39 percent
- Adjusted earnings per share growth of 6 percent over one year, 14 percent over three years and 5 percent over five years

# Annual General Meeting

## Annual General Meeting

The Annual General Meeting will be held on Monday, April 29, 2024, in Sandviken, Sweden.

Shareholders who wish to participate in the Meeting must:

- be recorded as a shareholder in the share register maintained by Euroclear Sweden AB on Friday, April 19, 2024, and
- give notice of their intention to participate in the Meeting, not later than Tuesday, April 23, 2024.

Shareholders whose shares are registered in the name of a nominee must, to be entitled to participate in the Meeting, temporarily have re-registered the shares in their own name so that the shareholder is registered in the share register as of Friday, April 19, 2024.

Further information on the right to participate and notice of participation will be available in the formal notice convening the Meeting. The information will also be available on the company's website, [home.sandvik](http://home.sandvik).

## Dividend

The Board of Directors proposes that the 2024 Annual General Meeting declare a dividend of SEK 5.50 per share.

The proposed record date is Thursday, May 2, 2024. If the proposal is adopted by the Annual General Meeting, it is expected that dividends will be paid on Tuesday, May 7, 2024. Dividends will be sent to those who on the record date are entered in the share register or on the separate list of assignees, etc. To facilitate the distribution of dividends, shareholders who have changed address should report this change to their bank in sufficient time prior to the record date.

## Annual Report

The Annual Report is available at [home.sandvik](http://home.sandvik), where a printed copy can also be ordered.

# Financial targets

Sandvik has long-term financial targets focusing on growth, profitability, dividend and financial position.

Financial targets are excluding discontinued operations, unless otherwise stated.

## Growth 7 percent

A growth of 7 percent through a business cycle, organically and through acquisitions, in fixed currency

## Adjusted EBITA margin range: 20–22 percent

An EBITA margin range of 20–22 percent through a business cycle, adjusted for items affecting comparability

## Dividend payout ratio: 50 percent

A dividend payout ratio of 50 percent of EPS through a business cycle, adjusted for items affecting comparability, (Group total)

## Financial net debt / EBITDA: <1.5

A financial net debt / EBITDA <1.5, excluding transformational acquisitions (Group total)