

Strategy and targets



Strategy

Sandvik is a decentralized Group with leading global positions within selected segments in our targeted industries: mining, manufacturing and infrastructure. The Group strategy is rooted in industry-leading innovation capabilities, high customer focus, value-creating premium solutions, a skilled and engaged workforce, and flexible manufacturing. We are at the forefront of advanced materials, automation, digitalization and electrification, all powerful drivers in creating customer value.

The Sandvik strategy aims to create benefits for all our stakeholders – customers, employees, and communities, ultimately leading to shareholder value. It rests on our core values, explicit target setting and a decentralized way of working. In 2025, we concluded the Shift Strategy, and from 2026 we are operating under a new updated strategy, Advancing to 2030, with our long-term financial targets reconfirmed.

Global trends

There are major global trends that impact Sandvik and consequently shape our strategic priorities. The evolution of digitalization, automation and AI creates substantial opportunities to accelerate productivity, safety and resource efficiency across the mining, manufacturing and infrastructure industries. Further enhanced by AI, there are growing opportunities to capture and utilize data to power solutions for real-time decisions and smarter operations across our industries. This trend also puts increasing emphasis on cybersecurity and the need for protection of both our own and our customers' data, being a core asset of business operations.

Urbanization is a key global trend that increases the long-term demand for infrastructure, metals, and sustainable construction materials. Building the smart cities of the future also drives investments in energy-efficient

solutions and recycled solutions for the construction and infrastructure segments.

Increased regionalization impacts Sandvik and our industries, with geopolitical tensions raising the level of trade barriers globally. This development underpins reshoring (bringing production back to the home country) and an increasing demand for localized production and local supply chains. Coupled with protectionism, this trend also drives demand for automated solutions to ensure competitiveness and resilience.

Many regions across the globe are facing skills shortage in the workforce. This development is accelerated by demographic shifts and an aging workforce combined with the trends of manufacturing reshoring and rapid development of new technologies. Addressing these challenges requires an increased level of automation in all our customer industries, and a need for reskilling/upskilling of the current workforce to stay competitive in the future.

The global energy transition and electrification of our societies is driving a rising need for metals and minerals, essential to enable a low-carbon future. This trend also reinforces the need for energy-efficient solutions and smarter processes that are able to deliver more with fewer resources utilized.

Driving growth

Driving growth is a key strategic priority for Sandvik, essential to create value for our stakeholders and ensure successful business results in the long term. The solutions we deliver are crucial for our customers' processes, and help them become more productive, efficient, safe, and sustainable. With our global reach and strong local presence close to the customers, we are a trusted partner who can respond quickly to changing demand. A large and expanding aftermarket business assures that we can serve our customers in the best way in their everyday operations. We continuously seek to optimize our business portfolio to ensure we have the right exposure to structurally faster-growing segments and regions.

We have a target of 7 percent annual revenue growth over a business cycle. The growth is supported by world-class R&D, technology leadership, and complementing acquisitions to accelerate our positions within targeted regions and segments. Investment in R&D is crucial and normally amounts to about 4 percent of annual revenues. In 2025, we welcomed acquisitions strengthening our portfolio in areas such as 3D metrology software, Computer Aided Manufacturing (CAM) solutions, demolition, and recycling.

Prioritized regions for inorganic expansion are, for example, the US, China, and India, and we made good progress

increasing our footprint in markets with strong structural growth over the strategy period. Within business area Machining, we strive to become the clear leader in round tools – a faster-growing area where several acquisitions over the past years have contributed to us now sharing the global number one position. Sandvik also continues to look for opportunities to grow within segments such as aerospace, medical, defense and consumer electronics, that are underpinned by structural demand trends. Within business areas Mining and Intelligent Manufacturing, the focus is on digital solutions complementing the strong existing platforms, whereas business area Rock Processing is targeting niches in downstream mining and infrastructure, such as demolition and recycling.

Strategic growth areas within Mining are surface drilling solutions, where we aim for double-digit growth in 2025–2030, and to accelerate growth within automation and mining software. Within automation and software, we have a strong foundation through AutoMine® – the leading mining automation platform – and the mine planning software business in Deswik. We also aim to advance our market-leading positions in underground mining and aftermarket.

Electrification is another key focus area where we continue to foresee a strong long-term growth trend. Whereas the overall development in this area was slower in 2025, we received the biggest order ever for battery-electric mining equipment for a critical mineral project in the US.

We see an emerging trend towards automation also among our customers within component manufacturing, a trend that is expected to accelerate in the coming years with the rapid developments in AI. We continue to invest in technology and customer channels, and our unique combination of a strong digital portfolio and leading machining process expertise provides a solid platform to meet these evolving demands.

Within Rock Processing, we maintain our focus on developing eco-efficient solutions, addressing the need for improved productivity, and reduced energy and water consumption, within the highly energy-intensive comminution processes.

Building resilience through continuous improvement

We consistently strive to become a more resilient and flexible company to help us adapt faster to cyclical demand swings

and better capture growth opportunities. Growing our aftermarket business is an important focus area and from 2019–2025, our aftermarket share of revenues grew from 31 to 40 percent. A strong aftermarket base is important since this business is typically more stable and predictable than equipment revenue. It also strengthens customer relationships and deepens our insights into customer operations.

It is also critical for the Group to continuously improve the way we do things and strengthen operational efficiency. In recent years we have implemented group-wide efficiency measures that support the strategy execution. In 2025 we announced a multi-year plan of restructuring initiatives within Machining, aimed at strengthening efficiency and competitiveness, and optimizing our manufacturing footprint. These measures are expected to generate annual savings of SEK 1 billion by 2030, and during the year we initiated the first phase of this overall plan.

We strive to have localized manufacturing, service coverage and supply chains wherever it makes business sense, as it brings resilience and enables us to quickly react to changing market conditions.

Targets and results

Strategic objective	2025 targets	2025 key results
Shift to growth	<ul style="list-style-type: none"> – Total growth of 7 percent (CAGR) at fixed exchange rates over a business cycle – New Sales Ratio of 30–35 percent, defined as share of sales of products younger than 5 years 	<ul style="list-style-type: none"> – Total growth was 6 percent (7), CAGR vs 2019 at fixed exchange rates – New Sales Ratio of 25 percent (24)
Digital shift	<ul style="list-style-type: none"> – Software and digital sales (rolling 12M) of SEK 6.5 billion – 70 percent of our sites to have modern Enterprise Resource Planning (ERP) platforms implemented to enable a seamless flow 	<ul style="list-style-type: none"> – Software and digital sales amounted to SEK 5.5 billion (5.1) – 57 percent (52) of our sites had implemented modern seamless flow platforms
Sustainability shift	<ul style="list-style-type: none"> – Reduce greenhouse gas emissions in scope 1–2 by 25 percent, compared to baseline 2019 – 80 percent waste circularity 	<ul style="list-style-type: none"> – Compared to the baseline 2019, GHG emissions in scope 1–2 have decreased by 37 percent (comparable data) – Waste circularity amounted to 72 percent (74)
Agile through cycle	<ul style="list-style-type: none"> – Adjusted EBITA margin within the range of 20–22 percent over a business cycle 	<ul style="list-style-type: none"> – Adjusted EBITA margin amounted to 19.3 percent (19.2)
Customer's first choice	<ul style="list-style-type: none"> – 100 percent of our divisions measure customer satisfaction and show verified improvements 	<ul style="list-style-type: none"> – All divisions have established methods to measure customer satisfaction and the majority have processes to work with improvements
Employer of choice	<ul style="list-style-type: none"> – 21.2 percent female managers – Employee engagement rate at 7.7 – Total Recordable Injury Frequency Rate (TRIFR) at 2.7 	<ul style="list-style-type: none"> – At year-end, 20.8 percent (20.5) of our managers were women – The employee engagement score was 7.8 (7.7) of a maximum 10 – The Total Recordable Injury Frequency Rate was 2.3 (3.0). Compared to the baseline 2019 it has decreased by 28 percent

A leading digital offering

Sandvik aims for digital leadership across our industries, and we have rapidly expanded our portfolio of digital solutions in recent years. Total software revenues increased by double digits during the year but did not reach the SEK 6.5 billion revenue target, mainly due to a significant negative currency impact. We are now targeting digital revenues of SEK 13 billion in 2030.

Our strategy is to combine hardware and software to create optimized end-to-end solutions for the mining, manufacturing, and infrastructure industries, future-proofing Sandvik and creating customer value. This also entails continued investing in digitalization and the adoption of new technology throughout Sandvik, creating more automated, efficient, and intelligent operations to leverage our workforce's expertise and strengthen resilience.

A strong people-centric culture

Our people are our greatest asset and it's crucial for Sandvik to retain, develop and attract a skilled workforce to deliver on our strategic objectives. We have a strong safety-first performance culture, where we drive and measure employee safety and engagement. For 2025, the Total

Recordable Injury Frequency Rate was improved to 2.3 (3.0) and the engagement rate was 7.8 (7.7). We invest in the continuous learning and development of our people and aspire to have an inclusive culture that is characterized by empowerment and accountability. We also invest in long-term competence sourcing with schools, universities and inhouse Sandvik academies.

In 2024, we introduced a parental leave benefit, offering 14 weeks of paid leave for all employees, and in 2025 the benefit was rolled out in more than 50 countries.

Sustainable business

Sustainability is embedded in the way we drive our business, and we always seek to develop solutions that help our customers to operate in a more resource-efficient, safe, productive and sustainable way. About 65 percent of the emissions in our value chain derive from the use of our products, so the largest contribution we can make is to develop the best solutions and processes on the market. We have an increasing number of products that offer sustainability benefits to our customers, for example significant improvements in energy or resource efficiency, circular business models and enhanced safety features. Some of these examples include

battery-electric mining vehicles, buyback programs of used materials in both Mining and Machining, and solutions to optimize resource efficiency through our software and cutting tools offering.

We have set targets for greenhouse gas (GHG) emissions that have been validated by the Science Based Targets initiative (SBTi), committing to reaching net-zero emissions by 2050 and reducing absolute emissions from our own operations (scope 1 and 2) by 50 percent by 2030, and 90 percent by 2040. We will also reduce absolute emissions from customers, suppliers and transport (scope 3) by 30 percent by 2030.

Advancing to 2030 strategy

Sandvik has presented an updated Group strategy – Advancing to 2030. The strategy is centered around five strategic objectives, focusing on growth, innovation, digitalization, profitability, and high-performing teams, with sustainability embedded in all operations.

Drive growth

Driving growth is the principal way that Sandvik creates value for stakeholders and increases returns for shareholders. The existing growth target of 7 percent through a business cycle, organically and through acquisitions, will continue until 2030.

Empower high-performing teams

Targets related to health and safety, employee engagement, and inclusion. The Total Recordable Injury Frequency Rate target for 2030 is 2.1.

Accelerate digital

Sandvik needs to accelerate digitalization to stay competitive and seize the opportunities that comes with new technologies. Digitalization will increase customer productivity and automation, and make Sandvik

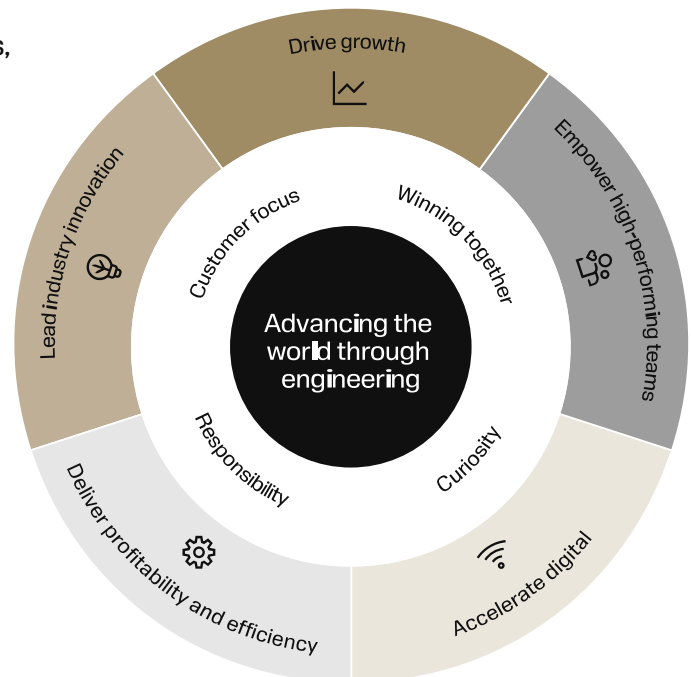
more efficient in its end-to end processes. The 2030 digital revenue target is SEK 13 billion.

Deliver profitability and efficiency

The EBITA target range will remain at 20 to 22 percent, and a capital efficiency target (net working capital/ revenues) of 25 percent has been added. We will reduce scope 1 and 2 greenhouse gas emissions by 50 percent (validated by the Science Based Target initiative).

Lead industry innovation

Innovation is at the core of Sandvik and essential for organic growth. The 2030 innovation sales ratio target is 27 percent. Revenues from sustainable solutions in focus, a selection of high-impact solutions, are targeted to grow by 10 percent annually.



Financial targets

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

Growth

Target

A growth of 7 percent through a business cycle, organically and through acquisitions, excluding currency.

Outcome

A revenue growth (CAGR vs 2019) of 6 percent. Revenue growth was 4 percent over a three-year period and 10 percent over a five-year period.

EBITA margin range

Target

An adjusted EBITA margin range through a business cycle of 20–22 percent.

Outcome

The adjusted EBITA margin amounted to 19.3 percent (19.2).

Financial net debt/EBITDA

Target

A financial net debt/EBITDA ratio below 1.5.

Outcome

The financial net debt/EBITDA ratio was 0.9 (1.2).

Dividend payout ratio¹⁾

Target

A dividend payout ratio of 50 percent of earnings per share, adjusted for items affecting comparability, through a business cycle.

Outcome

A solid performance in 2025 resulted in a proposed dividend of SEK 7.5 billion (7.2) corresponding to a payout ratio of 49 percent. The average payout ratio for a three-year period amounted to 47 percent and for a five-year period to 45 percent.

Revenue growth, CAGR 2019–2025

6%

Adjusted EBITA margin 2025

19.3%

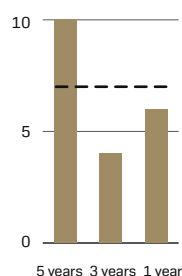
Financial net debt/EBITDA 2025

0.9

Dividend payout ratio 2025

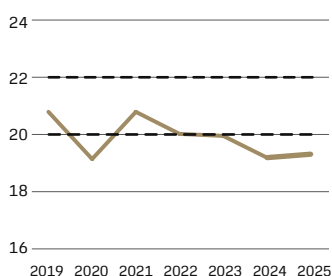
49%

Revenue growth, %



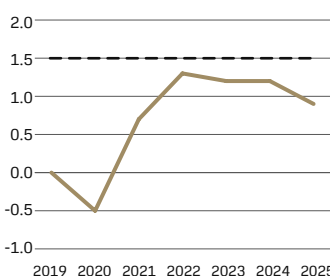
Actual
Target

Adjusted EBITA margin, %



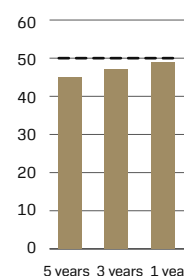
Actual
Target corridor

Financial net debt/EBITDA ratio



Financial net debt/EBITDA (R12)
Target

Dividend payout ratio, %



Actual
Target

1) The dividend payout ratio is only related to cash dividends and does not consider the distributed value from Alleima to shareholders in 2022. The ratio is calculated on adjusted earnings per share, diluted, for the total Group for all years except 2022, when it excludes earnings related to Alleima.

Sustainability targets

We have set sustainability targets in selected focus areas and report on KPIs for our operations to track progress towards targets. In addition to our own operations, we also work with customers and suppliers to achieve the targets.

Net zero

Target

A 25 percent reduction of scope 1 and scope 2 greenhouse gas (GHG) emissions by 2025, compared to 2019.

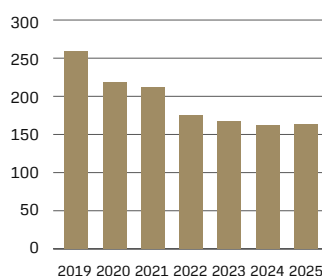
Outcome

In 2025, our GHG emissions amounted to 162.6 ktons (162.4), based on comparable data. Compared to the base year 2019, GHG emissions have been reduced by 37 percent.

Emissions reduction 2019–2025

-37%

GHG emissions, ktons (comparable data)



Circularity

Target

Increase our waste circularity¹⁾ to 80 percent by 2025.

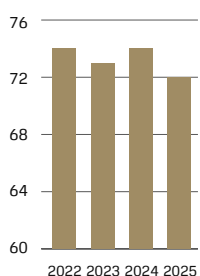
Outcome

We achieved 72 percent (74) waste circularity. The decrease in waste circularity was partly due to reduced metal waste generation.

Waste circularity 2025

72%

Waste circularity, %



Safety

Target

A 25 percent reduction of the Total Recordable Injury Frequency Rate (TRIFR) to 2.7 by 2025, compared to 2019.

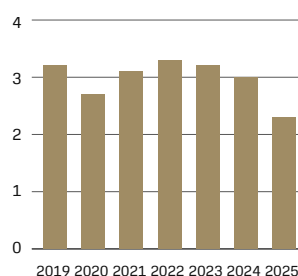
Outcome

Our safety efforts resulted in an all-time low TRIFR of 2.3 (3.0). Compared to the 2019 baseline, the TRIFR was reduced by 28 percent.

TRIFR reduction 2019–2025

-28%

Total Recordable Injury Frequency Rate (TRIFR)



1) Excluding tailings, digestion sludge, foundry sand and slag.

Purpose and core values

Our purpose, “advancing the world through engineering” captures our ambition whereby our innovative solutions make the shift in areas such as digitalization and sustainability. This creates value for customers, employees, and communities, ultimately leading to shareholder value.

We want to be a positive force in shaping the industries of the future, using our skills to solve the big challenges of our time. In each of our businesses and value chains, we have the opportunity to enable the progress that is needed by innovating sustainable solutions, collaborating with our customers and suppliers, and building in responsibility and transparency at every level.

Our revised core values of winning together, curiosity, responsibility, and customer focus capture the culture of the company and they guide us in our actions and daily business decisions.

Winning together
We take the lead with a collaborative spirit and succeed as a team.

Curiosity
We explore, challenge and innovate to shape the future.

Responsibility
We put safety first and act with integrity and responsibility for our people and our planet, building trust in everything we do.

Customer focus
We listen, create, adapt and deliver – always close to our customers.

Global commitments and indices

We support a number of international principles and commitments and are included in several sustainability indices. This is important recognition of our efforts within sustainable business. It also shows that Sandvik is a sustainable supplier, striving to make its customers more sustainable too.

World leaders have committed themselves to 17 Global Goals for Sustainable Development (SDGs). Sandvik has defined the goals that are most relevant for the company and to which we actively contribute.

We are signatories of the UN Global Compact. With our participation we commit to applying the UN Global Compact’s ten principles in our business strategy and operations around the world and to catalyze business action in support of the UN SDGs and issues with an emphasis on collective action. Sandvik has been a signatory of the Global Compact since 2013.



EcoVadis
Sandvik reports yearly through EcoVadis to share our sustainability metrics and progress. https://recognition.ecovadis.com/2Ce7B7wTmkOC_vKb_TZAwg



Science Based Targets initiative (SBTi)
Our climate targets are approved by the Science Based Targets initiative (SBTi), as aligned with the latest climate science and the goals of the Paris Agreement.



CDP
Sandvik reports its environmental impact through CDP, a global environmental disclosure platform (formerly known as the Carbon Disclosure Project).



UN Global Compact
Sandvik is a signatory of the UN Global Compact.