

Q3

Interim report Q3 and the first nine months 2023

Strong resilience in the quarter

- Total order intake amounted to SEK 28,927 million (29,231), corresponding to a decline of 1%. At fixed exchange rates, orders declined by 4%, and organically by 7%
- Total revenues amounted to SEK 31,476 million (29,267), a total growth of 8%. At fixed exchange rates growth was 4%, of which organic 1%
- Adjusted EBITA grew by 7% and amounted to SEK 6,312 million (5,889), corresponding to a margin of 20.1% (20.1)¹⁾
- Profit for the period amounted to SEK 3,900 million (3,396) and earnings per share, diluted were SEK 3.10 (2.71). Adjusted earnings per share, diluted were SEK 3.14 (3.12)^{2, 3)}
- Free operating cash flow amounted to SEK 5,830 million (3,634)

20.1%

Adj. EBITA margin

4%

Revenue growth at fixed exchange rates

1.31

Financial net debt/EBITDA

Financial overview continuing operations

MSEK	Q3 2022	Q3 2023	CHANGE %	Q1-Q3 2022	Q1-Q3 2023	CHANGE %
Order intake	29,231	28,927	-1	88,445	94,949	7
Revenues	29,267	31,476	8	81,238	94,687	17
Adjusted EBITA ¹⁾	5,889	6,312	7	16,073	19,030	18
Adjusted EBITA margin	20.1	20.1	-	19.8	20.1	-
Adjusted EBIT ²⁾	5,519	5,815	5	15,043	17,562	17
Adjusted EBIT margin	18.9	18.5	-	18.5	18.5	-
Adjusted profit before tax ^{1, 2)}	5,336	5,056	-5	14,579	15,570	7
Profit for the period	3,396	3,900	15	9,419	11,043	17
Adjusted profit for the period ^{2, 3)}	3,913	3,949	1	10,994	11,889	8
Earnings per share, diluted, SEK	2.71	3.10	15	7.50	8.79	17
Adjusted earnings per share, diluted, SEK ^{2, 3)}	3.12	3.14	1	8.76	9.46	8
Free operating cash flow	3,634	5,830	60	5,878	14,119	140

¹⁾ Adjusted for items affecting comparability (IAC) on EBITA of SEK -51 million in Q3 2023 (-509) and SEK -901 million YTD 2023 (-1,611). ²⁾ IAC on EBIT of SEK -51 million in Q3 2023 (-509) and SEK -1,073 million YTD 2023 (-1,611). ³⁾ Adjusted for IAC regarding tax of SEK 3 million in Q3 2023 (-7) and SEK 227 million YTD 2023 (36). For full details on IAC, see page 20–21.

N/M = not meaningful

Comments and numbers in the report relate to continuing operations, unless otherwise stated. Tables and calculations in the report do not always agree exactly with the totals due to rounding. Alternative performance measures and definitions used in this report are explained on page 24. For more information see home.sandvik.



CEO's comment

I am pleased with the performance in the quarter. Despite moderating volumes, we demonstrated resilience with solid leverage and strong operating cash flow, clear evidence of the transformation we have made as a company. We continued to make progress in important strategic areas, expanded our CAM offering and kept a good innovation pace. Innovation is at the core of what we do, and a lever to gain strong leadership positions. The introduction of our new rotary drill rig and our new CoroCut2 tool concept are examples of how we successfully improve productivity and sustainability for our customers.

Total order intake, at fixed exchange rates declined by 4%, and organically by 7%. Revenues, at fixed exchange rates, grew by 4%, of which 1% organic. Adjusted EBITA margin was 20.1%. Free operating cash flow amounted to SEK 5.8 billion.

Underlying demand in Sandvik Mining and Rock Solutions was similar to the first half year. The structural growth drivers mid- and long-term are unchanged, while a more uncertain macro environment may lead to a slightly more cautious market short-term. Organic order intake was negative 7% year on year, mainly due to timing of larger orders. A strong backlog continued to support revenues, which grew, at fixed exchange rates by 9%, of which 8% organic. Continued solid momentum was noted in our surface division, where Sandvik was selected to supply automated drill-rigs to a big European customer. During the quarter we also launched a new rotary drill rig with properties that further increase productivity, and with automation ready capabilities for a safer, reliable, and high-yielding production environment. Our Digital Mining Technologies division continued its growth momentum, with double-digit organic growth year on year.



Sandvik Rock Processing Solutions experienced solid demand in aftermarket in the mining business while the infrastructure market remained soft. Strong contribution from the acquisition SP Mining led to total order intake growth, at fixed exchange rates, of 26%. Organic order intake and revenues decreased by 8% year on year. During the quarter we introduced a fully electric heavy jaw crusher demonstrating a clear step up in customer productivity gains.

“...we demonstrated resilience with solid leverage and strong operating cash flow, clear evidence of the transformation we have made as a company”

The organic order intake in Sandvik Manufacturing and Machining Solutions decreased by 8% year on year. The cutting tool divisions reported a mid-single digit decline, while software within Manufacturing Solutions grew by high single digits. Organic revenues held up slightly better than orders, explained by our powder business, that noted both weaker demand and changed order pattern. We continued to see solid and broad-based demand in aerospace with a positive outlook from the industry. The development in automotive was stable, while the demand in general engineering was subdued, a combination of a softer market and de-stocking dynamics. The daily order intake in the first two weeks of October was stable compared to the third quarter. In August, we acquired Postability, a CAM post processing software developer that complements our current CAM solutions offering.

In summary, we have seen weakening market dynamics in some of our customer segments leading to lower volumes. In this environment we have shown strong resilience and delivered good results with a solid leverage, and a profit margin within our target range. Looking beyond the quarter, we cannot predict how macroeconomics will develop, but we have shown that we are well equipped to handle short-term headwinds. In accordance with our decentralized operating model, contingency plans are in place in all divisions and activated as appropriate. And for the longer term, our strong market positions, firm execution on our shift to growth strategic areas and agile ways of working, position us well to capture the structural drivers of growth ahead of us.

Stefan Widing
President and CEO



Order intake and revenues

GROWTH Q3, %	ORDER INTAKE	REVENUES
Organic	-7	1
Structure	3	3
Organic & structure	-4	4
Currency	3	3
Total	-1	8

Change compared to same quarter last year. The table is multiplicative.

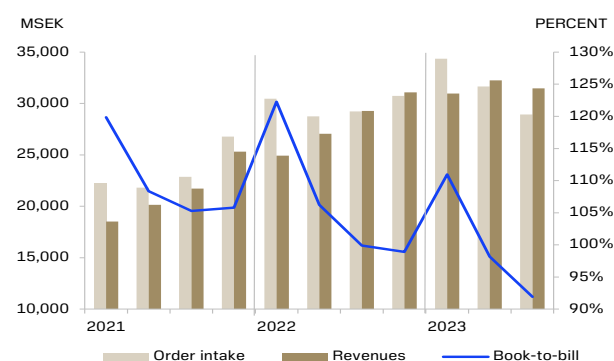
Total order intake declined 1% year on year, and by 4% at fixed exchange rates, and 7% organically. Total revenues grew by 8%, and at fixed exchange rates by 4%, of which 1% was organic.

Pricing for the major commodities remained on healthy levels in the quarter. Demand in mining held up well. Timing of larger sized orders had a negative impact on the order intake development in Sandvik Mining and Rock Solutions. The positive momentum related to Sandvik's mine automation solutions continued to be prevalent, driven by customers' prioritization to improve safety and productivity in the mines. Demand in infrastructure remained weak, with macroeconomic factors continuing to weigh on construction activity. Both Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions noted the strongest growth in Africa, Middle East, and in particular India in the Asia region.

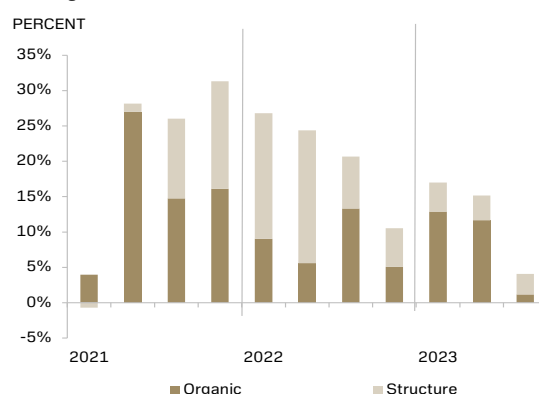
Demand in aerospace remained positive with strongest growth in North America. Automotive noted solid demand in North America driven by strong backlogs, off-set by the weakness in China, and also a slight down-tick in Europe. Demand in general engineering was lower compared to the year earlier period, a consequence of a generally weaker market and de-stocking dynamics, particularly in Europe. Sandvik Manufacturing and Machining Solutions noted the most negative development in Asia, China, followed by Europe.

From a Group perspective, Africa, Middle East developed positively. Europe, North America and Asia declined at a similar pace year on year. India was the strongest major market in Asia with high single-digit growth.

Order intake and revenues



Revenue growth



Q3 Underlying market development

Continuing operations	Mining 48% of 2022 revenues	General engineering 22%	Automotive 7%	Energy 2%	Infrastructure 11%	Aero 3%	Other 7%
	→	↘	↘	↘	↘	↗	↘
	% of 2022 Group revenue	Order intake Y/Y (excl. large orders)					
Europe	27%	-8% (-8%)	→	↘	↘	↗	↘
North America	25%	-11% (-7%)	→	↘	↘	↗	↘
Asia	19%	-13% (-13%)	→	↘	↘	→	↘
Africa/Middle East	12%	+15% (+15%)	→		↘		
Australia	12%	-4% (-4%)	→		→		
South America	7%	-16% (-16%)	→		↘		

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

For additional information, please call Sandvik Investor Relations +46 8 456 11 00 or visit [home.sandvik](https://www.home.sandvik)



Earnings

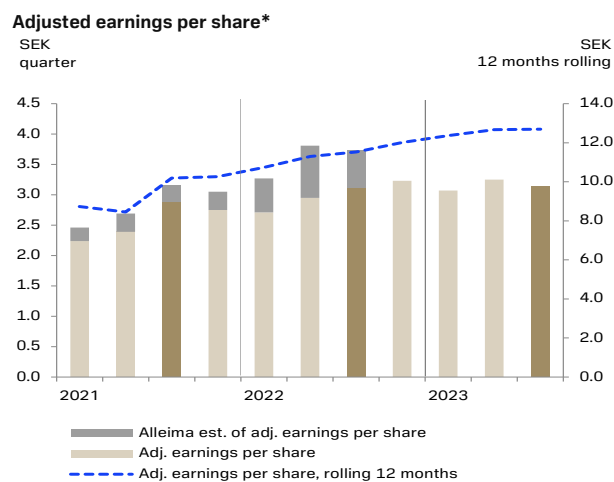
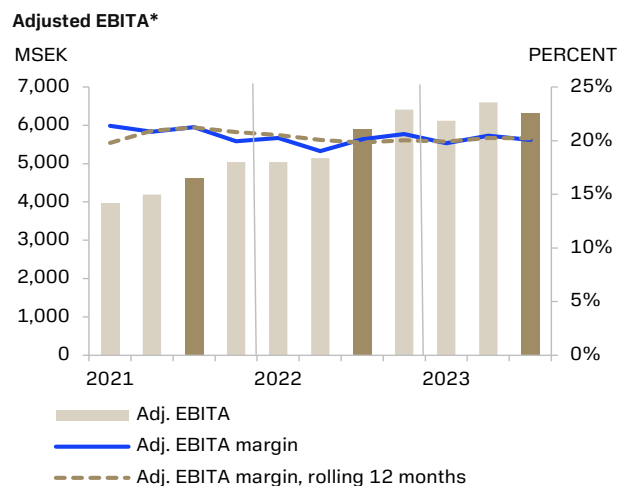
Adjusted gross profit amounted to SEK 12,924 million (11,842), corresponding to a margin of 41.1% (40.5). Adjusted sales and administration costs increased by 12% to SEK 7,019 million (6,270). The ratio to revenues increased to 22.3% (21.4).

Adjusted EBITA increased by 7% to SEK 6,312 million (5,889), with a margin of 20.1% (20.1). Pricing, reduced freight costs and savings contributed positively to the margin, offset by lower volumes. Savings from the restructuring program communicated in May 2022 amounted to approximately SEK 79 million in the quarter, corresponding to a realized annualized run rate of 40% of total savings of SEK 785 million. The impact from transaction and translation exchange rates was positive SEK 31 million year on year, but had a negative margin impact of 60 basis points. Acquisitions were dilutive to the margin by 10 basis points. Items affecting comparability amounted to SEK -51 million on EBITA, related to M&A.

The interest net increased to SEK -374 million (-231) due to higher interest rates compared to the year earlier period and decreased sequentially due to a lower debt level (-411). Net financial items increased compared to the year earlier period to SEK -760 million (-183). The increase is explained by the higher interest net and temporarily negative revaluation effects from hedging of currencies on orders. Temporary positive revaluation effects on hedges in the year earlier period also had a negative impact on the year on year increase.

The tax rate, excluding items affecting comparability, for continuing operations was 21.9% (26.7). The reported tax rate for continuing operations was 22.1% (29.6). The normalized tax rate was 23.9% (23.9), in line with guidance.

Profit for the period amounted to SEK 3,900 million (3,396), corresponding to earnings per share, diluted, of SEK 3.10 (2.71) and adjusted earnings per share, diluted, of SEK 3.14 (3.12). Adjusted earnings per share, diluted, excluding surplus values, amounted to SEK 3.48 (3.37).



*Best estimate for 2021 as effects of the separations of Alleima are not fully reconciled



Balance sheet and cash flow

To facilitate underlying capital employed and free operating cash flow analysis, the comparative period has been adjusted to exclude Alleima for the following KPIs: Capital employed, return on capital employed, net working capital, net working capital in relation to revenues, investments and free operating cash flow, also applicable to the full time period in the graphs.

Capital employed increased year on year to SEK 142.1 billion (139.0), mainly due to acquisitions and higher net working capital. Sequentially, capital employed decreased from SEK 145.1 billion mainly driven by amortizations and exchange rates. Return on capital employed increased year on year to 16.5% (16.0) and sequentially (15.3).

Net working capital increased year on year to SEK 38.1 billion (34.1) mainly explained by higher inventories and a decrease of accounts payables. Sequentially (38.8), net working capital decreased driven by exchange rates and decrease of inventory. Net working capital in relation to revenues of 30.5% (27.9) increased year on year and sequentially (28.8).

Investments in tangible and intangible assets increased to SEK 1.3 billion (1.0), compared to the preceding year and sequentially (1.2). The investments corresponded to 144% of scheduled depreciations. The increase is mainly related to increased investments in ERP systems and Sandvik Mining and Rock Solutions capacity increases.

The financial net debt of SEK 38.4 billion (35.6) increased year on year and decreased sequentially (42.6). The financial net debt/EBITDA ratio was 1.31 (1.30), representing a decrease sequentially (1.50).

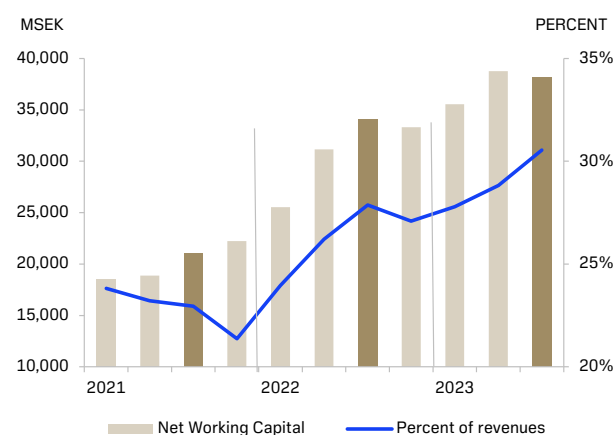
The net pension liability increased year on year to SEK 2.2 billion (1.7). Higher discount rates was the main explanation to the sequential (2.5) decrease. Total net debt increased year on year to SEK 46.2 billion (41.9) and decreased sequentially (50.4).

Free operating cash flow increased year on year to SEK 5.8 billion (3.6), due to higher earnings and lower net working capital build up.

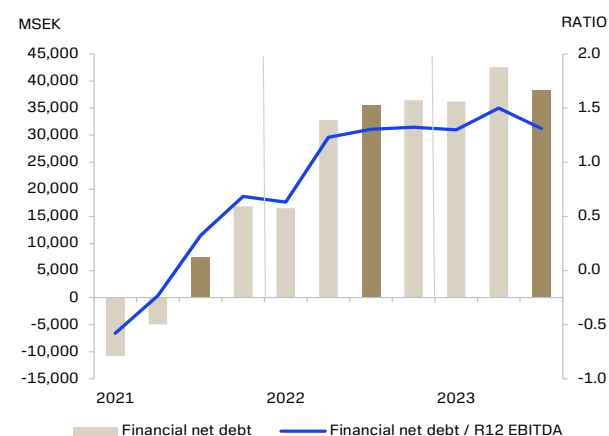
FREE OPERATING CASH FLOW, MSEK	Q3 2022	Q3 2023
EBITDA, adj. ¹⁾	6,314	7,123
Non cash items	-300	132
Net Working Capital change	-1,263	-156
Capex ²⁾	-1,117	-1,269
FREE OPERATING CASH FLOW³⁾	3,634	5,830

¹⁾ Adjusted for cash items related to certain acquisitions costs ²⁾ Including investments and disposals of rental equipment of SEK -126 million (-197) and tangible and intangible assets of SEK -1,142 million (-920). ³⁾ Free operating cash flow before acquisitions and disposals of companies, financial items and paid taxes.

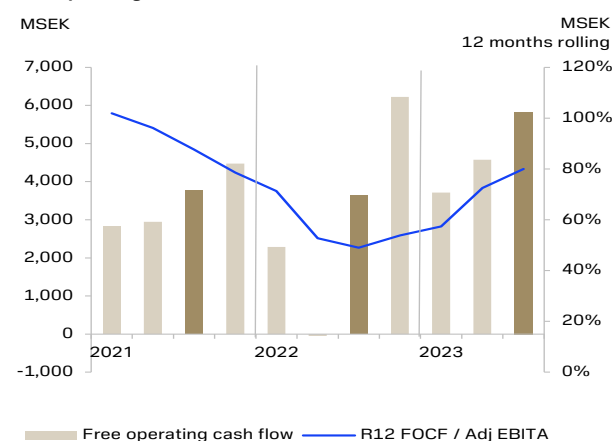
Net working capital*



Financial net debt/EBITDA*



Free operating cash flow*



*Best estimate for 2021 as effects of the separations of Alleima are not fully reconciled



Sandvik Mining and Rock Solutions

- Solid revenue and leverage
- Launch of new rotary drill rig
- Strong growth in Digital Mining Technologies



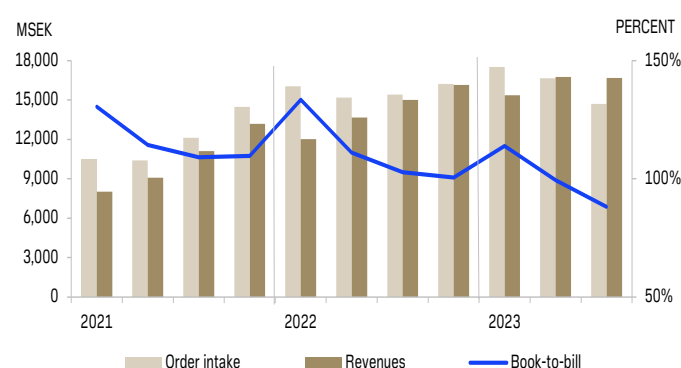
GROWTH Q3, %	ORDER INTAKE	REVENUES
Organic	-7	8
Structure	0	0
Organic & structure	-7	9
Currency	2	2
TOTAL	-5	11

Change compared to same quarter last year. The table is multiplicative.

Order intake and revenues

- Demand in mining held up well, driven by aftermarket. Timing of orders had a negative impact on the order intake development
- Total order intake declined by 5%, and at fixed exchange rates, by 7%, and organically by 7%. No major order received in the quarter. Excluding major orders in the year earlier period, of SEK 350 million, organic order intake declined by 5%
- Organic order intake grew by 11% in Africa, Middle East, and declined in Australia by 2%, Europe by 5% and North America by 13% (excluding major orders in the year earlier period, North America declined by 5%)
- Organic order intake for equipment and aftermarket declined by 16% and 3%, respectively
- Revenues at second highest level ever with organic growth of 8%
- The aftermarket business accounted for 66% (70) of revenues while the equipment business accounted for 34% (30)

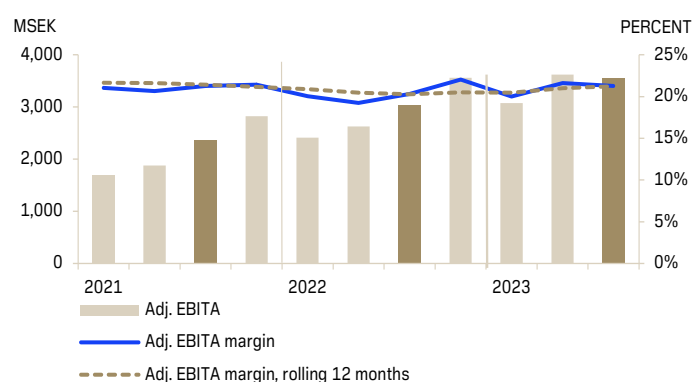
Order intake, revenues and book-to-bill



Adjusted EBITA

- The adjusted EBITA amounted to SEK 3,548 million (3,046), corresponding to a margin of 21.3% (20.3). Pricing and reduced freight costs was positive to the margin
- Savings from the 2022 restructuring program had a positive impact of SEK 10 million
- Exchange rates had a negative impact of SEK 85 million year on year corresponding to a dilution of 100 basis points

Adjusted EBITA



Shift to growth

During the quarter Sandvik introduced a new drill rig (DR413i) in its intelligent rotary blast hole range. Consistency and durability combined with features that reduce fuel burn and CO₂ footprint are some of the customer benefits. It also has automation ready capabilities for a safer, reliable, high-yielding production environment. Sandvik was selected by one of the largest European mine customers, to supply Leopard™ DI650i down-the-hole (DTH) drill rigs and AutoMine® Surface Drilling systems, enabling fully autonomous surface drilling. During the quarter Sandvik has made successful testing of TH665B, the largest battery-electric underground mining truck, at the Sunrise Dam mine in Australia.

FINANCIAL OVERVIEW, MSEK	Q3 2022	Q3 2023	CHANGE %	Q1-Q3 2022	Q1-Q3 2023	CHANGE %
Order intake	15,419	14,702	-5	46,660	48,866	5
Revenues	15,001	16,674	11	40,688	48,796	20
Adjusted EBITA ¹⁾	3,046	3,548	16	8,087	10,244	27
Adjusted EBITA margin	20.3	21.3	-	19.9	21.0	-
Return on capital employed ²⁾	18.8	23.8	-	22.6	24.6	-
Number of employees ³⁾	15,988	16,994	6	15,988	16,994	6

¹⁾ EBITA adjusted for items affecting comparability of SEK -34 million in Q3 2023 (-616) and SEK -179 million YTD (-1,260). For more information see page 20-21. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent.



Sandvik Rock Processing Solutions

- Demand in mining held up well
- Weak demand in infrastructure
- Strong contribution from SP Mining



GROWTH Q3, %	ORDER INTAKE	REVENUES
Organic	-8	-8
Structure	34	26
Organic & structure	26	18
Currency	3	4
TOTAL	29	22

Change compared to same quarter last year. The table is multiplicative.

Order intake and revenues

- Demand in mining held up well, while infrastructure continued to be weak across the major regions
- Strong order intake contribution from the acquisition SP Mining, with a major order received of SEK 150 million
- Total order intake grew by 29%, and at fixed exchange rates, by 26%. Organically order intake declined by 8%
- Organic order intake for equipment decreased by 26% and increased for aftermarket by 4%
- Africa, Middle East noted strong organic order intake growth of 79%. Australia declined by 26%. Asia and Europe both declined by 10%
- The aftermarket business accounted for 67% (57) of revenues while the equipment business accounted for 33% (43)

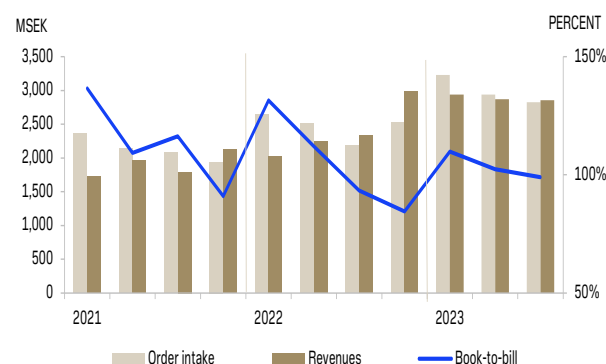
Adjusted EBITA

- The adjusted EBITA amounted to SEK 401 million (376), corresponding to a margin of 14.1% (16.1)
- Lower volumes, integration costs as well as the final part of IT investments, had a negative impact on the margin
- Savings from the 2022 restructuring program had a positive impact of SEK 13 million
- Exchange rates had a positive impact of SEK 3 million year on year, corresponding to a dilution of 50 basis points

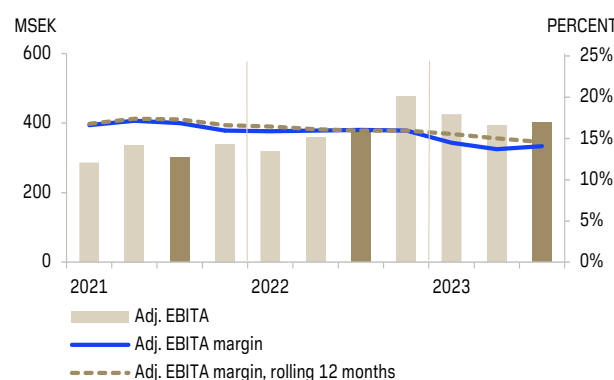
Shift to growth

Sandvik Rock Processing Solutions continued to drive the sustainability shift in the crushing and screening industry with the launch of a fully electric heavy jaw crusher. The crusher reduces fuel consumption by up to 30% while increasing throughput by up to 30% compared to the existing generation. It can be powered either by an external electricity supply, hydrated vegetable oil or diesel. Connected to an external electric source means several advantages: lower running costs, prolonged service intervals, and reduced on-site emissions and noise levels. The electric track drives and final drives also decrease the use of hydraulic oil by up to 91%. The new crusher also comes with Sandvik's new Optik TM automation system, offering a more intuitive user experience, simplified operation control and total integration with the My Fleet telematics solution.

Order intake, revenues and book-to-bill



Adjusted EBITA



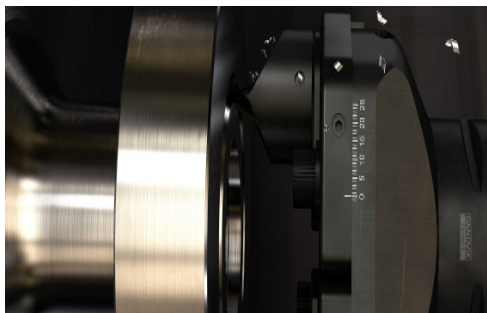
FINANCIAL OVERVIEW, MSEK	Q3 2022	Q3 2023	CHANGE %	Q1-Q3 2022	Q1-Q3 2023	CHANGE %
Order intake	2,184	2,824	29	7,351	8,990	22
Revenues	2,340	2,854	22	6,602	8,665	31
Adjusted EBITA ¹⁾	376	401	7	1,054	1,221	16
Adjusted EBITA margin	16.1	14.1	–	16.0	14.1	–
Return on capital employed ²⁾	23.9	9.0	–	25.7	8.2	–
Number of employees ³⁾	2,191	2,973	36	2,191	2,973	36

¹⁾ EBITA adjusted for items affecting comparability of SEK 0 million in Q3 2023 (-22) and SEK -155 million YTD (-60). For more information see page 20-21. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent.



Sandvik Manufacturing and Machining Solutions

- Solid margin resilience on lower volumes
- Strong demand in aerospace
- Acquisition of Postability, reinforcing CAM solutions



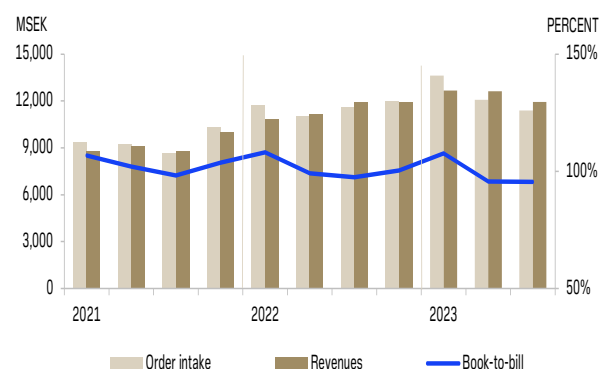
GROWTH Q3, %	ORDER INTAKE	REVENUES
Organic	-8	-6
Structure	2	2
Organic & structure	-7	-5
Currency	5	5
TOTAL	-2	0

Change compared to same quarter last year. The table is multiplicative.

Order intake and revenues

- Demand in general engineering was down year on year due to a weaker market and de-stocking dynamics, especially noted in Europe
- Order intake development in automotive was stable overall. Solid broad-based demand in aerospace
- Total order intake declined by 2%, and at fixed exchange rates by 7%, of which organic decline was 8%
- The cutting tool divisions declined organically by mid-single digits, while software within Sandvik Manufacturing Solutions grew by high-single digits
- Organic order intake development increased in Africa, Middle East by 4% and declined in Europe by 8%. North America was down 7% overall, while cutting tools were down 2% in North America
- Revenues held up slightly better than orders explained by softer demand and changed order pattern in the powder business
- The number of working days had approximately -1% impact on orders and revenues
- Daily order intake in the first two weeks of October was stable compared to the third quarter

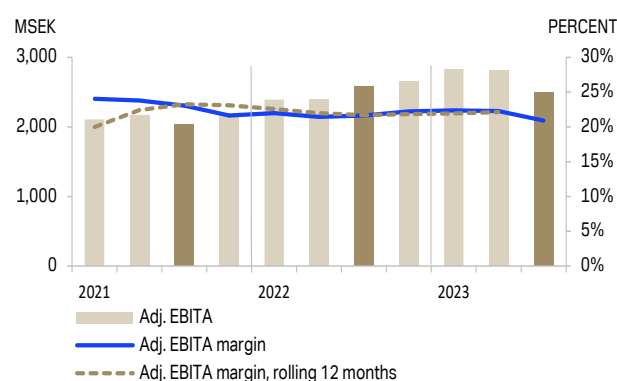
Order intake, revenues and book-to-bill



Adjusted EBITA

- The adjusted EBITA amounted to SEK 2,499 million (2,580), corresponding to a margin of 20.9% (21.6).
- Solid margin resilience on lower volumes. Acquisitions were neutral to the margin
- Savings from the 2022 restructuring program had a positive impact of SEK 56 million
- Exchange rates had a positive impact of SEK 95 million year on year, corresponding to a dilution of 30 basis points

Adjusted EBITA



Shift to growth

During the quarter Sandvik acquired Postability, a Canadian-based global software company that develops NC (numerical control) post processors for Mastercam. Postability's offering will complement and strengthen Sandvik's existing portfolio of Computer Aided Manufacturing (CAM) solutions. Sandvik launched the CoroCut® 2, developed to meet the specific needs of parting and grooving applications. It offers a new level of process security and productivity for machining. With this versatile tool concept, customers get the stability they need while keeping cost per component down and metal cutting efficiency up..

FINANCIAL OVERVIEW, MSEK	Q3 2022	Q3 2023	CHANGE %	Q1-Q3 2022	Q1-Q3 2023	CHANGE %
Order intake	11,629	11,401	-2	34,434	37,093	8
Revenues	11,926	11,948	0	33,948	37,226	10
Adjusted EBITA ¹⁾	2,580	2,499	-3	7,366	8,145	11
Adjusted EBITA margin	21.6	20.9	-	21.7	21.9	-
Return on capital employed ²⁾	15.0	13.4	-	15.6	13.1	-
Number of employees ³⁾	20,836	20,352	-2	20,836	20,352	-2

¹⁾ EBITA adjusted for items affecting comparability of SEK -17 million in Q3 2023 (-2) and SEK -486 million YTD (-352). For more information see page 20-21. ²⁾ Quarter is quarterly annualized and the year to date numbers are based on a four quarter average. ³⁾ Full-time equivalent



Making the sustainability shift

- Serious accident with fatal outcome
- SBTi targets validated
- Waste circularity improved by 5%



During the quarter

A serious accident occurred at a production unit in Perth, Australia, which tragically led to a fatality. The incident is under investigation. Sandvik continuously work to improve the safety performance within our operations. Injury rates developed favorably and the Total Recordable Injury Frequency Rate (TRIFR) improved by 2%. Lost time injury frequency rate (LTIFR) improved by 12%.

Analysis for identifying circular solutions for complex waste streams continued in the quarter and waste circularity improved by 5% year on year.

Sandvik launched an updated sustainability strategy. The strategy includes six focus areas, Sustainable solutions, Net zero, Circularity, Responsible business, People and communities and Ecosystems.

A new website feature was launched to easier facilitate reconditioning of customers solid round tools. The process includes inspection, reparation, and restoration of worn or damaged tools, and each tool is ensured to be optimized for maximum operational efficiency, preventing unnecessary waste and promoting sustainability. Currently there are nine reconditioning centers across the globe, each one dedicated to extending the life of the tools.

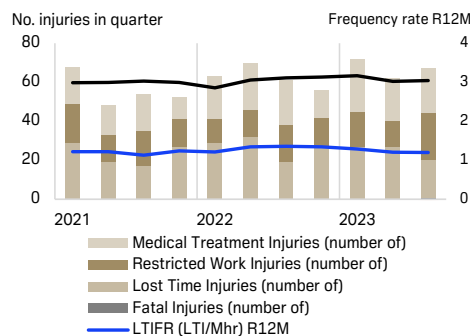
Third quarter 2023

- TRIFR improved to 3.0 (3.1) compared to the same period last year
- LTIFR improved to 1.2 (1.4) compared to the same period last year
- Greenhouse gas emissions (GHG) increased to 33 kton (32) the quarter, due to higher emissions within own operations
- The share of circular waste improved to 74% (71)
- The share of female managers improved to 20.0 (19.7)

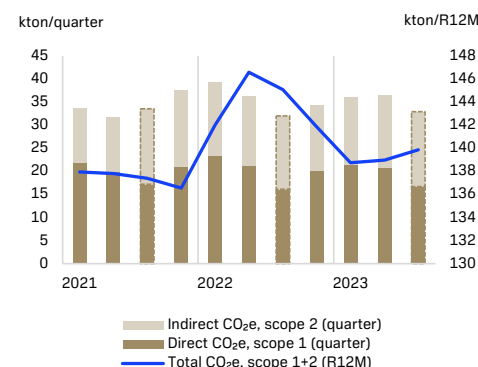
Working towards net zero

Sandvik's targets for reducing greenhouse gas (GHG) emissions have been validated by the Science Based Targets initiative (SBTi) as aligned with the latest climate science and consistent with the goals of the Paris Agreement. Sandvik committed to set targets in line with SBTi's criteria in December 2021 and submitted the new targets for validation in November 2022. With the new targets Sandvik commits to reach net-zero GHG emissions by 2050 at the latest. Sandvik also commits to reducing absolute scope 1 and 2 GHG emissions by 50% by 2030 with 2019 as the base year, and to reduce absolute scope 3 emissions by 30%. In addition, Sandvik commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2040.

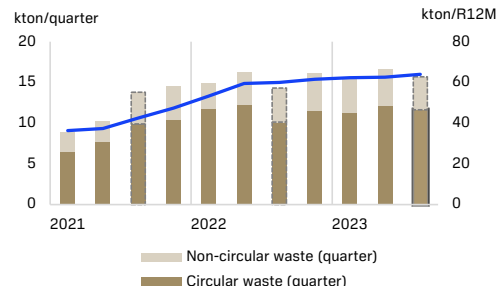
Zero harm



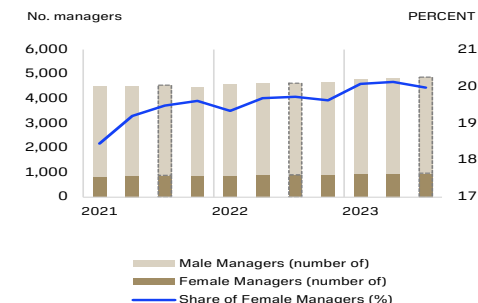
GHG emissions



Circularity



Diversity



Sustainability overview	Q3 2022 ¹⁾	Q3 2023	Change %	Rolling 12 months
Total waste, thousand tonnes ²⁾	14.3	15.7	9.6	64.0
Waste circularity, % of total	70.8	74.3	5.0	72.9
Total CO ₂ , thousand tonnes ²⁾	32.0	32.9	2.7	139.9
Total recordable injury frequency rate, R12M frequency / million working hours	3.1	3.0	-2.3	3.0
Lost time injury frequency rate, R12M frequency / million working hours	1.4	1.2	-11.7	1.3
Share of female managers, %	19.7	20.0	1.3	19.9

¹⁾ Comparative figures excluding Alleima ²⁾ Excluding tailings, digestion sludge and slag to disposal For definitions see home.sandvik



Acquisitions and divestments

Acquisitions during the last 12 months

Business area	Company/unit	Acquisition date	Revenues	No. of employees
2022				
Sandvik Rock Processing Solutions	SP Mining	October 31, 2022	1,967 MSEK in 2022	630
2023				
Sandvik Manufacturing and Machining Solutions	Premier Machine Tools	February 1, 2023	120 MSEK in 2022	14
Sandvik Mining and Rock Solutions	Polymathian	February 1, 2023	100 MSEK 12M Q321-Q222	50
Sandvik Mining and Rock Solutions	MCB Services and Minerals	April 1, 2023	60 MSEK in 2022	53
Sandvik Mining and Rock Solutions	Norgalv	June 1, 2023	58 MSEK MAR22-FEB23	42
Sandvik Manufacturing and Machining Solutions	Postability	August 1, 2023	30 MSEK in 2022	13

The acquisitions were made through the purchase of 100% of shares and voting rights except for MCB and Premier Machine Tools (PMT). Sandvik acquired 95% of PMT and for MCB Sandvik purchased the remaining 70% of the shares and voting rights. Prior to the acquisition of MCB in April, Sandvik owned 30% of the shares. Sandvik received control over the operations on the date of closing. No equity instruments have been issued in connection with the acquisitions. The acquisitions have been accounted for using the acquisition method.

MSEK	Purchase price on cash and debt free basis	Preliminary goodwill and other surplus values
Acquisitions 2023	1,780	1,668

Fair value recognized in the Group 2023¹⁾

MSEK	Polymathian
Property, plant and equipment	0
Receivables	22
Cash and cash equivalents	12
Other liabilities and provisions	-14
Deferred tax assets/liabilities, net	26
Net identifiable assets and liabilities	46
Goodwill and surplus values	1,067
Purchase consideration	-1,113
Cash and cash equivalents in the acquired business	12
Net cash outflow	-1,101

1) The purchase price allocations are preliminary.

Contributions from companies acquired in 2023

MSEK	
Contributions as of acquisition date	
Revenues	213
Profit for the year	22
Contributions if the acquisition date would have been January 1, 2023	
Revenues	316
Profit for the year	22

Divestments during last 12 months

No significant divestments have been made during the past 12 months.



Significant events

During the third quarter

- On August 1, Sandvik announced the acquisition of Postability, a Canadian-based global software firm developing NC (numerical control) post processors for Mastercam. Postability's offering will complement and strengthen Sandvik's existing portfolio of Computer Aided Manufacturing (CAM) solutions. Postability will be a part of business unit Mastercam and be reported within business area segment Sandvik Manufacturing Solutions.
- On September 14, Sandvik announced that the Nomination Committee has now been appointed for the Annual General Meeting 2024.
- On September 21, Sandvik introduced new logotype and visual identity. It highlights the company's commitment to lead the shift towards digitally driven and automated industries, and it is developed to suit the current position of the company as a technology leader enabling improved productivity, efficiency and sustainability for its customers.

After the third quarter

No significant events after the third quarter.

First nine months

The first nine months of 2023 was characterized by a mixed demand picture. Stable underlying demand was noted within the mining business, driven by solid momentum in aftermarket, while equipment came down from high levels. Weakness due to macro economic conditions has been noted in the infrastructure segment in all Sandvik's major regions. The slow-down in manufacturing activities, also signaled in the global PMIs, have had a negative impact on volumes in general engineering. Demand in aerospace was positive with solid growth, while demand within the automotive segment was lower compared to the year earlier period.

Total order intake grew by 7% and, at fixed exchange rates, 2%. Organically order intake declined by 1%. Total revenue grew by 17%, at fixed exchange rates, by 12%, of which organic was 8%.

Adjusted EBITA increased by 18% year on year to SEK 19,030 million (16,073) and the adjusted EBITA margin was 20.1% (19.8). The reported EBITA increased by 25% to SEK 18,129 million (14,463) resulting in a margin of 19.1% (17.8). Net financial items amounted to SEK -1,993 million (-464) and profit before tax was SEK 14,496 million (12,968).

The tax rate, excluding items affecting comparability, for continuing operations was 23.6% (24.6). The reported tax rate for continuing operations was 23.8% (27.4). The normalized tax rate for continuing operations was 24.0% (24.1).

Profit for the period amounted to SEK 11,043 million (9,419). Earnings per share, diluted amounted to SEK 8.79 (7.50).

For the Group total, financial net debt increased year-on-year to SEK 38.4 billion (35.6) resulting in a financial net debt to EBITDA ratio of 1.31 (1.30).

During the first nine months five acquisitions were completed. Sandvik acquired 95% of the shares in PMT Premier Machine Tools Limited. In addition, Sandvik acquired Polymathian, Norgalv and the remaining 70% of MCB Services and Minerals (MCB). MCB and Deswik, which Sandvik acquired in April 2022, have previously operated on a joint venture basis and Deswik acquired 30% of the shares in 2019. In August, the acquisition of Postability was completed.



Guidance and financial targets

Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain non-operational key figures considered useful when modeling financial outcome is provided in the table below:

Capex (cash)	Estimated at approx. SEK 4.5– 5.0 billion for 2023.
Currency effects	Based on currency rates at the end of September 2023, it is estimated that transaction and translation currency effects will have an impact of about SEK -150 million on EBITA for the fourth quarter of 2023, compared with the year-earlier period
Interest net	Estimated at SEK approximately -1.6 billion in 2023.
Tax rate	Estimated at 23–25% for 2023, normalized.

Sandvik has four long-term financial targets, defined in 2022

Growth

A growth of 7% through a business cycle organic and M&A, in fixed currency.

Adjusted ebita range

An adjusted EBITA range of 20–22% through a business cycle adjusted for IAC.

Dividend payout ratio

A dividend payout ratio of 50% of EPS, adjusted for IAC, through a business cycle.

Financial net debt/ebitda

A financial net debt/EBITDA of <1.5 excl. transformational M&A.

Sustainability

The 2030 sustainability targets focus on the areas of circularity, climate, people and ethics. These targets are reported on a quarterly basis and can be found on page 9.

Accounting policies

Sandvik Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. With exception for new and revised standards and interpretations effective from January 1, 2023 the same accounting and valuation policies were applied as in Sandvik Group Annual Report 2022. There are no new accounting policies applicable from 2023 that significantly affects Sandvik Group. This report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2, Reporting for Legal Entities.

Transactions with related parties

No transactions between Sandvik and related parties that significantly affected the company's position and results took place.

Risk assessment

As an international group with a wide geographic spread, Sandvik is exposed to several strategic, business and financial risks. Strategic risk at Sandvik is defined as emerging risks affecting the business long-term, such as industry shifts, technological shifts and macroeconomic developments. The business risks can be divided into operational, sustainability, compliance, legal and commercial risks. The financial risks include currency risks, interest rates, raw material prices, tax risks and more. These risk areas can all impact the business negatively both long and short term but often also create business opportunities if managed well.

Risk management at Sandvik begins with an assessment in operational management teams where the material risks for their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated risk mitigating activities to eliminate or reduce the risks are agreed on.

For a more detailed description of Sandvik's analysis of risks and risk universe, see the Annual Report for 2022.



Financial reports summary

The Group

Income statement

MSEK	Q3 2022	Q3 2023	CHANGE %	Q1-Q3 2022	Q1-Q3 2023	CHANGE %
Continuing operations						
Revenues	29,267	31,476	8	81,238	94,687	17
Cost of goods and services sold	-17,668	-18,552	5	-48,384	-55,735	15
Gross profit	11,598	12,924	11	32,854	38,952	19
% of revenues	39.6	41.1		40.4	41.1	
Selling expenses	-3,576	-3,887	9	-10,596	-11,945	13
Administrative expenses	-1,853	-2,120	14	-5,724	-6,706	17
Research and development costs	-964	-1,048	9	-3,045	-3,332	9
Other operating income and expenses	-196	-104	-47	-57	-480	N/M
Operating profit	5,010	5,764	15	13,432	16,489	23
% of revenues	17.1	18.3		16.5	17.4	
Financial income	216	150	-30	583	644	10
Financial expenses	-398	-910	N/M	-1,047	-2,637	N/M
Net financial items	-183	-760	N/M	-464	-1,993	N/M
Profit before tax	4,827	5,004	4	12,968	14,496	12
% of revenues	16.5	15.9		16.0	15.3	
Income tax	-1,431	-1,104	-23	-3,549	-3,454	-3
Profit for the period, continuing operations	3,396	3,900	15	9,419	11,043	17
% of revenues	11.6	12.4		11.6	11.7	
Profit for the period, discontinued operations¹⁾	-3,623	0	-100	-1,645	0	-100
Profit for the period, Group total	-226	3,900	N/M	7,775	11,043	42
<i>Profit (loss) for the period attributable to</i>						
Owners of the parent company	-239	3,895	N/M	7,764	11,040	42
Non-controlling interest	12	5	-58	11	3	-75
<i>Earnings per share, SEK</i>						
Continuing operations, basic	2.71	3.11	15	7.51	8.80	17
Continuing operations, diluted	2.71	3.10	15	7.50	8.79	17
Group total, basic	-0.18	3.11	N/M	6.20	8.80	42
Group total, diluted	-0.18	3.10	N/M	6.19	8.79	42
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit (loss)</i>						
Actuarial gains (losses) on defined benefit pension plans	45	231		4,165	89	
Tax relating to items that will not be reclassified	66	-27		-786	-11	
Total items that will not be reclassified to profit (loss)	112	205		3,379	77	
<i>Items that may be reclassified subsequently to profit (loss)</i>						
Foreign currency translation differences	2,312	-1,757		8,539	3,507	
Net investments hedge	175	-101		188	-404	
Tax relating to items that may be reclassified	-36	21		-25	83	
Total items that may be reclassified subsequently to profit (loss)	2,451	-1,838		8,702	3,187	
Total other comprehensive income	2,563	-1,633		12,081	3,264	
Total comprehensive income	2,337	2,267		19,857	14,307	
<i>Total comprehensive income attributable to</i>						
Owners of the parent company	2,339	2,269		19,845	14,304	
Non-controlling interest	-3	-2		13	3	

¹⁾ Including Alleima Q1-Q3 2022.

N/M = Non-meaningful. For definitions see home.sandvik



The Group

Balance sheet, Continuing and discontinued operations

MSEK	DEC 31, 2022	SEP 30, 2022	SEP 30, 2023
Intangible assets	66,134	61,001	68,330
Property, plant and equipment	21,683	21,257	22,877
Right- of use assets	4,941	4,472	5,428
Financial assets	8,931	9,528	10,192
Inventories	35,019	35,236	37,918
Current receivables	29,363	29,709	31,499
Cash and cash equivalents	10,489	14,933	4,998
Assets held for sale	121	112	-
Total Assets	176,682	176,248	181,242
Total equity	81,270	79,750	89,406
Non-current interest-bearing liabilities	45,822	46,507	43,847
Non-current non-interest-bearing liabilities	6,365	5,497	6,308
Current interest-bearing liabilities	9,693	12,224	8,400
Current non-interest-bearing liabilities	33,436	32,165	33,281
Liabilities held for sale	97	106	-
Total equity and liabilities	176,682	176,248	181,242

Changes in equity

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT COMPANY	NON_CONTROLLING INTEREST	TOTAL EQUITY
Equity at January 1, 2022	77,200	132	77,332
Adjustment on correction of error	-172	-	-172
Equity at January 1, 2022	77,028	132	77,160
Total comprehensive income (loss) for the year	21,385	13	21,398
Change in fair value of put option to acquire non-controlling interest	-12	-	-12
Changes in non-controlling interest	-44	-103	-147
Share based program	-135	-	-135
Dividend	-5,955	0	-5,955
Resolved distribution of Alleima ¹⁾	-11,039	-	-11,039
Equity at December 31, 2022	81,227	43	81,270
Equity at January 1, 2023	81,227	43	81,270
Adjustment on correction of error	204	-	204
Equity at January 1, 2023	81,431	43	81,474
Total comprehensive income (loss) for the period	14,304	3	14,307
Change in fair value of put option to acquire non-controlling interest	-17	-	-17
Changes in non-controlling interest	-64	64	0
Share based program	-98	-	-98
Dividend	-6,261	0	-6,261
Equity at September 30, 2023	89,296	109	89,406

¹⁾ Including Alleima Q1-Q3, 2022. For definitions see home.sandvik



The Group

Cash flow statement, continuing and discontinued operations

MSEK	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Continuing operations				
<i>Cash flow from operating activities</i>				
Profit before tax	4,827	5,004	12,968	14,496
Adjustment for depreciation, amortization and impairment losses	1,643	1,867	4,751	5,671
Other adjustments for non-cash items	-1,195	651	-2,790	2,496
Payment to pension fund	-46	-184	-265	-433
Income tax paid	-961	-1,191	-3,935	-4,766
Cash flow from operating activities before changes in working capital	4,269	6,147	10,730	17,464
<i>Changes in working capital</i>				
Change in inventories	-1,016	435	-6,689	-1,535
Change in operating receivables	102	924	-2,601	-712
Change in operating liabilities	-350	-1,515	1,360	-1,198
Cash flow from changes in working capital	-1,263	-156	-7,931	-3,445
Investments in rental equipment	-309	-247	-715	-699
Proceeds from sale of rental equipment	112	121	298	281
Cash flow from operating activities, net	2,808	5,865	2,382	13,602
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-2,150	-112	-8,200	-1,653
Proceeds from sale of companies and shares, net of cash disposed	-61	0	-55	0
Acquisitions of tangible assets	-821	-949	-2,118	-2,657
Proceeds from sale of tangible assets	85	123	672	247
Acquisitions of intangible assets	-184	-318	-588	-999
Proceeds from sale of intangible assets	-	2	-	5
Acquisitions of financial assets	-	-101	-	-108
Other investments, net	-193	-399	-483	-1,293
Cash flow from investing activities	-3,324	-1,754	-10,774	-6,457
<i>Cash flow from financing activities</i>				
Repayment of borrowings	-1,037	-4,960	-13,179	-5,271
Proceeds from borrowings	8,777	-	30,848	41
Amortization, lease liabilities	-292	-324	-851	-931
Change in hedge option programs, net	-	-	-270	-242
Dividends paid	-	-	-5,955	-6,261
Cash flow from financing activities, net	7,448	-5,283	10,592	-12,663
Cash flow from continuing operations	6,932	-1,173	2,201	-5,519
Cash flow from discontinued operations ¹⁾	-1,347	-	-1,733	-
Cash and cash equivalents at beginning of the period	7,772	6,280	13,585	10,489
Exchange-rate differences in cash and cash equivalents	230	-109	881	28
Cash and cash equivalents at the end of the period	14,933	4,998	14,933	4,998
Group Total				
Cash flow from operations	2,204	5,865	1,756	13,602
Cash flow from investing activities	-3,429	-1,754	-11,197	-6,457
Cash flow from financing activities	6,810	-5,283	9,908	-12,663
Group total cash flow	5,585	-1,173	467	-5,519

¹⁾ Including Alleima Q1-Q3, 2022. For definitions see [home.sandvik](https://www.sandvik.com)



The Parent company

The parent company's invoiced sales after the first nine months of 2023 amounted to SEK 10,434 million (9,587) and the operating result was SEK 4,129 million (3,420). Result from shares in Group companies of SEK 3,438 million (9,193) for the first nine month

consists mainly of dividends and contributions. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 32,554 million (19,206). Investments in property, plant and machinery amounted to SEK 267 million (270).

Income statement

MSEK	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Revenues	2,949	3,006	9,587	10,434
Cost of goods and services sold	-285	-249	-1,932	-1,743
Gross profit	2,664	2,757	7,655	8,691
Selling expenses	-227	-322	-786	-986
Administrative expenses	-415	-375	-1,730	-1,773
Research and development costs	-338	-337	-1,173	-1,168
Other operating income and expenses	-204	-223	-546	-635
Operating result	1,480	1,500	3,420	4,129
Result from shares in group companies	5,978	2,949	9,193	3,438
Result from shares in associated companies	-	-2	-	-
Interest income/expenses and similar items	173	-379	343	-803
Result after financial items	7,631	4,068	12,956	6,764
Appropriations	3	-12	26	41
Income tax expenses	-757	-585	-1,256	-1,090
Result for the period	6,877	3,471	11,726	5,715

Balance sheet

MSEK	Dec 31, 2022	Sep 30, 2022	Sep 30, 2023
Intangible assets	447	482	357
Property, plant and equipment	3,022	3,066	3,048
Financial assets	71,044	70,556	85,194
Inventories	1,105	1,146	1,201
Current receivables	7,250	6,394	5,237
Cash and cash equivalents	0	-	0
Total assets	82,868	81,644	95,037
Total equity and liabilities	30,213	27,378	29,570
Untaxed reserves	1,070	1,045	1,029
Provisions	865	768	1,145
Non-current interest-bearing liabilities	30,232	30,700	27,610
Non-current non-interest-bearing liabilities	881	493	888
Current interest-bearing liabilities	16,490	18,620	31,639
Current non-interest-bearing liabilities	3,117	2,640	3,156
Total equity and liabilities	82,868	81,644	95,037
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	16,147	19,206	32,554
Investments in fixed assets	320	270	267



Market overview, the Group

Order intake by region

MSEK	Q3 2023	CHANGE *		SHARE		CHANGE *		SHARE	
		%	% ¹⁾	%	Q1-Q3 2023	%	% ¹⁾	%	
THE GROUP									
Europe	7,106	-8	-8	25	25,374	2	1	27	
North America	7,330	-11	-7	25	24,050	-4	-3	25	
South America	2,142	-16	-16	7	6,798	3	3	7	
Africa/Middle East	3,601	15	15	12	10,734	7	7	11	
Asia	5,070	-13	-13	18	15,619	-11	-9	16	
Australia	3,679	-4	-4	13	12,374	3	2	13	
Total	28,927	-7	-6	100	94,949	-1	-1	100	
SANDVIK MINING AND ROCK SOLUTIONS									
Europe	1,259	-5	-5	9	5,288	11	4	11	
North America	3,576	-13	-5	24	11,873	-3	0	24	
South America	1,458	-18	-18	10	4,733	3	3	10	
Africa/Middle East	3,087	11	11	21	9,237	6	6	19	
Asia	2,253	-15	-15	15	7,236	-14	-11	15	
Australia	3,069	-2	-2	21	10,499	4	2	21	
Total²⁾	14,702	-7	-5	100	48,866	0	0	100	
SANDVIK ROCK PROCESSING SOLUTIONS									
Europe	583	-10	-10	21	1,689	-18	-18	19	
North America	417	-25	-25	15	1,740	-18	-15	19	
South America	351	-14	-14	12	1,125	5	5	13	
Africa/Middle East	402	79	79	14	1,124	9	9	13	
Asia	549	-10	-10	19	1,697	-16	-11	19	
Australia	521	-26	-26	18	1,615	-4	-15	18	
Total	2,824	-8	-8	100	8,990	-11	-10	100	
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS									
Europe	5,264	-8	n/a	46	18,396	2	2	50	
North America	3,336	-7	n/a	29	10,437	-3	-3	28	
South America	332	-4	n/a	3	941	1	1	3	
Africa/Middle East	111	4	n/a	1	373	19	19	1	
Asia	2,268	-11	n/a	20	6,687	-6	-6	18	
Australia	89	-13	n/a	1	259	-13	-13	1	
Total	11,401	-8	n/a	100	37,093	-1	-1	100	

*At fixed exchange rates for comparable units compared with the year-earlier period

¹⁾ Excluding major orders which is defined as above SEK 200 million for Sandvik Mining and Rock Solutions and SEK 50 million for Sandvik Rock Processing Solutions. ²⁾ Includes rental fleet order intake in Q3 of SEK 170 million and SEK 503 million YTD, recognized according to IFRS 16.



Revenues by region

MSEK	Q3 2023	CHANGE*, %	SHARE %	Q1-Q3 2023	CHANGE*, %	SHARE %
THE GROUP						
Europe	8,030	0	26	25,281	5	27
North America	8,061	2	26	24,076	10	25
South America	2,219	-5	7	6,776	13	7
Africa/Middle East	3,723	14	12	11,372	20	12
Asia	5,292	-10	17	15,431	-2	16
Australia	4,153	13	13	11,751	12	12
Total	31,476	1	100	94,687	8	100
SANDVIK MINING AND ROCK SOLUTIONS						
Europe	1,771	9	11	4,945	9	10
North America	3,942	11	24	11,690	21	24
South America	1,527	-5	9	4,761	16	10
Africa/Middle East	3,316	16	20	10,067	21	21
Asia	2,574	-3	15	7,254	4	15
Australia	3,545	14	21	10,080	13	21
Total ¹⁾	16,674	8	100	48,796	15	100
SANDVIK ROCK PROCESSING SOLUTIONS						
Europe	500	-11	18	1,715	-1	20
North America	639	0	22	1,921	5	22
South America	389	1	14	1,113	12	13
Africa/Middle East	287	-4	10	928	12	11
Asia	518	-25	18	1,579	-9	18
Australia	521	19	18	1,409	2	16
Total	2,854	-8	100	8,665	2	100
SANDVIK MANUFACTURING AND MACHINING SOLUTIONS						
Europe	5,760	-2	48	18,621	4	50
North America	3,480	-6	29	10,465	0	28
South America	302	-10	3	902	0	2
Africa/Middle East	119	3	1	378	25	1
Asia	2,200	-15	18	6,598	-6	18
Australia	86	-21	1	261	-4	1
Total	11,948	-6	100	37,226	1	100

* At fixed exchange rates for comparable units compared with the year-earlier period.

¹⁾ Includes rental fleet revenues in Q3 of SEK 224 million and SEK 705 million YTD, recognized according to IFRS 16.



The Group

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023	CHANGE % % *	
Sandvik Mining and Rock Solutions	16,060	15,182	15,419	16,234	62,895	17,510	16,654	14,702	-5	-7
Sandvik Rock Processing Solutions	2,650	2,517	2,184	2,523	9,874	3,227	2,939	2,824	29	-8
Sandvik Manufacturing and Machining Solutions	11,764	11,042	11,629	11,993	46,428	13,626	12,067	11,401	-2	-8
Continuing operations	30,474	28,740	29,231	30,751	119,196	34,363	31,660	28,927	-1	-7
Discontinued operations ¹⁾	5,858	6,293	2,670	1	14,822	-	-	-	-	-
Group Total ²⁾	36,332	35,033	31,902	30,752	134,019	34,363	31,660	28,927	-9	-7

REVENUES BY BUSINESS AREA

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023	CHANGE % % *	
Sandvik Mining and Rock Solutions	12,029	13,658	15,001	16,156	56,843	15,366	16,755	16,674	11	8
Sandvik Rock Processing Solutions	2,016	2,247	2,340	2,985	9,587	2,939	2,872	2,854	22	-8
Sandvik Manufacturing and Machining Solutions	10,877	11,145	11,926	11,954	45,901	12,662	12,616	11,948	0	-6
Continuing operations	24,921	27,050	29,266	31,094	112,331	30,968	32,243	31,476	8	1
Discontinued operations ¹⁾	4,085	4,608	2,428	0	11,122	-	-	-	-	-
Group Total ²⁾	29,006	31,658	31,694	31,095	123,453	30,968	32,243	31,476	-1	1

EBITA BY BUSINESS AREA

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023	CHANGE %	
Sandvik Mining and Rock Solutions	2,508	1,889	2,430	3,553	10,379	3,056	3,494	3,514		45
Sandvik Rock Processing Solutions	360	281	354	335	1,330	421	243	401		13
Sandvik Manufacturing and Machining Solutions	2,300	2,136	2,578	2,074	9,088	2,813	2,364	2,482		-4
Group activities	-124	-267	18	-278	-651	-217	-307	-136		-870
Continuing operations	5,044	4,039	5,380	5,683	20,145	6,074	5,794	6,260		16
Discontinued operations ¹⁾	850	1,306	154	16	2,326	-	-	-		-
Group Total ²⁾	5,894	5,344	5,534	5,699	22,471	6,074	5,794	6,260		13

EBITA MARGIN BY BUSINESS AREA

%	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023
Sandvik Mining and Rock Solutions	20.8	13.8	16.2	22.0	18.3	19.9	20.9	21.1
Sandvik Rock Processing Solutions	17.8	12.5	15.1	11.2	13.9	14.3	8.5	14.0
Sandvik Manufacturing and Machining Solutions	21.1	19.2	21.6	17.3	19.8	22.2	18.7	20.8
Continuing operations	20.2	14.9	18.4	18.3	17.9	19.6	18.0	19.9
Discontinued operations ¹⁾	20.8	28.3	6.3	N/M	20.9	-	-	-
Group Total ²⁾	20.3	16.9	17.5	18.3	18.2	19.6	18.0	19.9

* Change at fixed exchange rates for comparable units compared with the year-earlier period.

¹⁾ Including Alleima Q1-Q3, 2022. ²⁾ Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.



The Group

ADJUSTED EBITA BY BUSINESS AREA

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023	CHANGE %
Sandvik Mining and Rock Solutions	2,413	2,628	3,046	3,557	11,643	3,075	3,621	3,548	16
Sandvik Rock Processing Solutions	320	359	376	476	1,530	426	394	401	7
Sandvik Manufacturing and Machining Solutions	2,392	2,394	2,580	2,657	10,023	2,835	2,810	2,499	-3
Group activities	-82	-239	-113	-277	-711	-217	-226	-136	21
Continuing operations	5,043	5,141	5,889	6,413	22,486	6,119	6,599	6,312	7
Discontinued operations ¹⁾	710	1,195	64	16	1,984	-	-	-	-
Group Total²⁾	5,752	6,336	5,953	6,429	24,470	6,119	6,599	6,312	6

ADJUSTED EBITA MARGIN BY BUSINESS AREA

%	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023
Sandvik Mining and Rock Solutions	20.1	19.2	20.3	22.0	20.5	20.0	21.6	21.3
Sandvik Rock Processing Solutions	15.9	16.0	16.1	16.0	16.0	14.5	13.7	14.1
Sandvik Manufacturing and Machining Solutions	22.0	21.5	21.6	22.2	21.8	22.4	22.3	20.9
Continuing operations	20.2	19.0	20.1	20.6	20.0	19.8	20.5	20.1
Discontinued operations ¹⁾	17.4	25.9	2.6	N/M	17.8	-	-	-
Group Total²⁾	19.8	20.0	18.8	20.7	19.8	19.8	20.5	20.1

ITEMS AFFECTING COMPARABILITY ON EBITA

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4 2022	Q1 2023	Q2 2023	Q3 2023
Sandvik Mining and Rock Solutions	95	-739	-616	-4	-1,264	-19	-127	-34
Sandvik Rock Processing Solutions	40	-78	-22	-141	-201	-5	-151	0
Sandvik Manufacturing and Machining Solutions	-92	-259	-2	-583	-935	-22	-447	-17
Group activities	-42	-28	131	-1	60	0	-81	0
Continuing operations	1	-1,103	-509	-730	-2,341	-45	-805	-51
Discontinued operations ¹⁾	140	111	90	-	341	-	-	-
Group Total	142	-992	-419	-730	-1,999	-45	-805	-51

1) Including Alleima Q1-Q3 2022. 2) Internal transactions had negligible effect on business area profits.

N/M = Non-meaningful.



Items affecting comparability on EBITA

Continuing operations

Q1 2022– IAC of SEK 1 million, comprising of a capital gain from divestment of property where the write-down was taken as an IAC last year of SEK 137 million allocated on SMR and Sandvik Rock Processing Solutions (SRP). Offset by a total of SEK -112 million M&A related costs, mainly SMM and costs related to the separation of Alleima of SEK -24 million.

Q2 2022– IAC of SEK -1,103 million, mainly comprising of SEK -1 billion in charges related to the wind down of operations in Russia of which SEK -0.7 billion in write-downs and SEK -0.3 billion in provisions mainly relating to personnel costs. This mainly relates to SMR and SMM and with a smaller portion for SRP. Also, M&A costs totaling SEK -63 million, primarily SRP and SMM, FX revaluation of SEK -55 million (Group) on a tax provision related to a property sale where the write-down was taken as an IAC last year, changes in earn-out and retention bonus provisions of SEK -66 million, mainly SMR. These were partially offset by a positive impact from an earn-out release of SEK 56 million (SMM), Alleima separation costs of SEK 27 million which have been re-invoiced to Alleima, and capital gain of SEK 8 million from a property divestment (SMM) where the write-down was taken as an IAC last year.

Q3 2022– IAC of SEK -509 million, mainly comprising of approximately SEK -560 million in charges related to the wind-down of operations in Russia of which approximately SEK -320 million in write-downs and approximately SEK -240 million in provisions. This mainly relates to SMR and SMM and with a smaller portion for SRP. Also, M&A costs totaling SEK -68 million, primarily SMM and SRP, and Alleima separation costs of SEK -7 million. These were partially offset by a positive impact from a released provision of SEK +138 million (Group) related to a property sale where the provision was taken as an IAC last year.

Q4 2022– IAC of SEK -730 million, mainly comprising of structural measures to support resilience ambitions announced in May at a net cost of SEK -670 million, mainly SMM, M&A costs totaling SEK -174 million primarily SRP and SMM with a smaller portion for SMR, offset by a reversal of provisions related to the wind-down of the operations in Russia of SEK +55 million, mainly SMM and SMR, and releases related to structural initiatives announced in 2020 and 2019 for SMM and SRP of SEK +56 million.

Q1 2023– IAC of SEK -45 million comprising mainly of M&A costs related to SMM and SMR.

Q2 2023– IAC of SEK -805 million, whereof SEK -728 million relates to structural measures to support resilience ambitions announced in May 2022, applicable for all Business Areas as well as Group, with the main portion related to SMM and SRP. IAC of SEK -77 million consists of M&A costs primarily related to SMR and SMM.

Q3 2023– IAC of SEK -51 million comprising of M&A costs related to SMR and SMM.

Discontinuing operations

Q1 2022– Alleima reported IAC of SEK 140 million, comprising of SEK 215 million adjustment related to depreciations on assets being added back for operational follow up (in accordance with IFRS 5 no assets are being depreciated when treated as asset held for distribution), offset by separation costs of SEK -75 million.

Q2 2022– Alleima reported IAC of SEK 111 million, comprising of SEK 201 million adjustment related to depreciations on assets being added back for operational follow up (in accordance with IFRS 5 no assets are being depreciated when treated as asset held for distribution), offset by separation costs of SEK -89 million.

Q3 2022– Alleima reported IAC of SEK 90 million, comprising of SEK 137 million adjustment related to depreciations on assets being added back for operational follow up (in accordance with IFRS 5 no assets are being depreciated when treated as asset held for distribution), offset by separation costs of SEK -47 million.

Items affecting comparability on net profit

During Q3, 2022 Sandvik reported IAC on net profit of SEK 4.5 billion comprising of the capital loss recognized as a result of the distribution of Alleima on August 31, 2022.



Adjusted EBIT and Adjusted EBITA per business area

Q3 2023, MSEK	Reported EBIT	Reported EBIT, %	IAC ¹⁾	Adjusted EBIT	Adjusted EBIT, %	Amortizations ²⁾	Adjusted EBITA	Adjusted EBITA, %
Sandvik Mining and Rock Solutions	3,370	20.2	-34	3,404	20.4	-144	3,548	21.3
Sandvik Rock Processing Solutions	328	11.5	0	329	11.5	-72	401	14.1
Sandvik Manufacturing and Machining Solutions	2,202	18.4	-17	2,219	18.6	-280	2,499	20.9
Group activities	-136	-	0	-136	-	-	-136	-
Group Total	5,764	18.3	-51	5,815	18.5	-496	6,312	20.1

1) Adjusted for amortization, impairment and other accounting effects arising from business combinations.

Taxes excluding items affecting comparability

Q3 2022, MSEK	Reported tax	Reported tax, %	IAC	IAC, %	Tax excluding IAC	Tax excluding IAC, %
Continuing operations	-1,431	29.6	-7	-1.4	-1,424	26.7
Discontinued operations ¹⁾	-263	7.8	-25	-0.6	-238	3.1
Group total	-1,693	115.4	-32	-0.7	-1,661	26.2
Q3 2023, MSEK						
Continuing operations	-1,104	22.1	3	5.0	-1,107	21.9
Group total	-1,104	22.1	3	5.0	-1,107	21.9

1) Including Alleima Q1-Q3 2022.

Adjusted earnings per share diluted

Q3 2022	Reported EPS, diluted	IAC on net profit, MSEK	Adjusted EPS, diluted	Adjustment for surplus values, MSEK	Adj EPS, diluted excluding surplus values
Continuing operations	2.71	-516	3.12	-318	3.37
Group total¹⁾	-0.18	-4,911	3.73	-319	3.99
Q3 2023					
Continuing operations	3.10	-49	3.14	-423	3.48
Group total	3.10	-49	3.14	-423	3.48

1) Including Alleima Q1-Q3 2022.

NET DEBT, continuing operations and Group total

MSEK	SEP 30, 2022	DEC 31, 2022	MAR 31, 2023	JUN 30, 2023	SEP 30, 2023
Interest-bearing liabilities excluding pension and lease liabilities	50,493	46,954	45,449	48,853	43,349
Less cash and cash equivalents	-14,933	-10,489	-9,214	-6,280	-4,998
Financial net debt (net cash)	35,559	36,466	36,236	42,573	38,351
Net pensions liabilities	1,666	2,384	1,990	2,469	2,162
Leases liabilities	4,635	5,102	5,155	5,397	5,663
Net debt	41,861	43,952	43,381	50,439	46,177
<i>Group total</i>					
Financial net debt/ net cash	35,559	36,466	36,236	42,573	38,351
Net debt	41,861	43,952	43,381	50,439	46,177
Financial net debt/EBITDA	1.30	1.32	1.30	1.50	1.31



Net working capital & capital employed continuing operations

MSEK	SEP 30, 2022	DEC 31, 2022	MAR 31, 2023	JUN 30, 2023	SEP 30, 2023
Inventories	35,239	35,022	36,956	39,066	37,918
Trade receivables	18,620	18,685	20,270	21,351	20,125
Account payables	-11,230	-11,746	-11,968	-11,794	-10,548
Other receivables	6,427	6,417	6,421	6,919	6,743
Other liabilities	-14,967	-15,077	-16,123	-16,770	-16,103
Net working capital	34,088	33,302	35,558	38,772	38,135
Tangible assets	21,257	21,683	21,805	22,949	22,877
Intangible assets	61,002	66,134	66,625	69,367	68,330
Other assets (incl. cash and cash equivalents)	93,881	88,746	92,129	94,000	90,035
Other liabilities	-37,161	-39,373	-40,309	-41,205	-39,171
Capital employed	138,979	137,190	140,250	145,111	142,072

Key figures

Continuing Operations	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Return on capital employed, % ¹⁾	16.0	16.5	16.7	16.1
Net working capital, % ¹⁾	27.9	30.5	25.2	28.6
Earnings per share, basic, SEK	2.71	3.11	7.51	8.80
Earnings per share, diluted, SEK	2.71	3.10	7.50	8.79
EBITDA, MSEK	6,653	7,631	18,183	22,160
Cash flow from operations, MSEK	2,808	5,865	2,382	13,602
Number of employees ²⁾	39,571	40,884	39,571	40,884

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ Full-time equivalent.

Group total	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Return on capital employed, % ¹⁾	15.5	16.5	17.3	16.1
Return on total equity, % ¹⁾	-1.2	17.7	15.1	17.1
Shareholders' equity per share, SEK	63.5	71.2	63.5	71.2
Financial net debt / EBITDA	1.30	1.31	1.30	1.31
Net working capital, % ¹⁾	28.4	30.5	25.5	28.6
Earnings per share, basic, SEK	-0.18	3.11	6.20	8.80
Earnings per share diluted, SEK	-0.18	3.10	6.19	8.79
EBITDA, MSEK	6,805	7,631	20,493	22,160
Cash flow from operations, MSEK	2,204	5,865	1,756	13,602
Number of employees ²⁾	39,571	40,884	39,571	40,884
No. of shares outstanding at end of period ('000)	1,254,386	1,254,386	1,254,386	1,254,386
Average no. of shares, ('000)	1,254,386	1,254,386	1,254,386	1,254,386
Average no. of shares, diluted, ('000)	1,255,130	1,256,161	1,255,335	1,255,871

¹⁾ Quarter is quarterly annualized and the annual number is based on a four quarter average. ²⁾ Full-time equivalent.



Definitions of alternative performance measures

Sandvik presents below definitions of certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures have an important purpose of providing useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS.

Adjusted EBITA

Earnings before interest and tax adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations.

Adjusted EBITA margin

Earnings before interest and tax adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations in relation to sales.

Adjusted EPS

Profit/loss for the period adjusted for items affecting comparability attributable to equity holders of the parent company divided by the average number of shares outstanding during the year.

Adjusted EPS, diluted

Profit/loss for the period adjusted for items affecting comparability attributable to equity holders of the parent company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive programs.

Adjusted EPS, diluted excluding surplus values

Profit for the period adjusted for items affecting comparability excluding amortizations and other accounting effects, net of tax, arising from business combinations attributable to equity holders of the parent company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive programs.

Adjusted profit before tax

Profit before tax adjusted from items affecting comparability.

Capital employed

Capital employed is defined as total net working capital plus tangible and intangible assets, including those classified as asset held for sale, other current assets (incl. cash and cash equivalents) less other current liabilities.

EBITA

Earnings before interest and tax excluding amortizations and other accounting effects arising from business combinations.

EBITDA

Operating profit (EBIT) less depreciation, amortization and impairments.

Financial net debt/EBITDA

Interest-bearing current and non-current liabilities, excluding net pension liabilities and leases, less cash equivalents divided by rolling 12 months EBITDA.

Free operating cash flow

Earnings before interest, taxes and depreciation adjusted for non-cash items and adjusted for cash items related to acquisitions not considered operational plus the change in net working capital minus investments and disposals of rental equipment and tangible and intangible assets.

Items affecting comparability (IAC)

Sandvik reports EBITA, EBIT, profit before tax and earnings per share adjusted for items affecting comparability. IAC includes capital gains and losses from divestments and larger restructuring initiatives, impairments, capital gains and losses from divestments of financial assets, M&A related costs as well as other material items having a significant impact on the comparability.

Net debt

Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents.

Net Working Capital (NWC)

Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as assets and liabilities held for sale/distribution, but excluding tax assets and tax liabilities and provisions.

Order intake

Order intake for a period refers to the value of all orders received for immediate delivery and those orders for future delivery for which delivery dates and quantities have been confirmed. General sales agreements are included only when they have been finally agreed upon and confirmed. Service contracts are included in the order intake with the full binding contract amount upon signing.

Organic growth

Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions. Sandvik generates the majority of its revenues in currencies other than in the reporting currency (i.e. SEK, Swedish Krona). Organic growth is used to analyze the underlying sales performance in the Group.

Return on capital employed (Roce)

Earnings before interest and taxes plus financial income, as a percentage of a four quarter average capital employed.

Disclaimer statement

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

Stockholm October 23, 2023
Sandvik Aktiebolag (publ)

Stefan Widing
 President & CEO

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 11:30 AM CEST on October 23, 2023.

Additional information may be obtained from Sandvik Investor Relations on +46 70 782 63 74 (Louise Tjeder).

A webcast and telephone conference will be held on October 23, 2023 at 1:00 PM CEST. Information is available at home.sandvik.ir

Calendar

November 28, 2023	Capital Markets Day
January 25, 2024	Report fourth quarter, 2023
April 22, 2024	Report, first quarter, 2024
April 29, 2024	Annual General Meeting
July 19, 2024	Report, second quarter, 2024
October 21, 2024	Report, third quarter, 2024

For additional information, please call Sandvik Investor Relations +46 8 456 11 00 or visit home.sandvik

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Annual General Meeting

The Board of Directors has decided that the 2024 Annual General Meeting will be held in Sandviken, Sweden on April 29, 2024. The notice to convene the Annual General Meeting will be made in the prescribed manner.

Auditors' report

Introduction

We have reviewed the condensed interim financial information (interim report) of Sandvik AB as of September 30, 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 23, 2023
 PricewaterhouseCoopers AB

Peter Nyllinge
 Authorized Public Accountant
 Auditor-in-charge

Anna Rosendal
 Authorized Public Accountant