

SANDVIK MACHINING & MANUFACTURING SOLUTIONS CAPITAL MARKETS DAY 2020



STEFAN WIDING

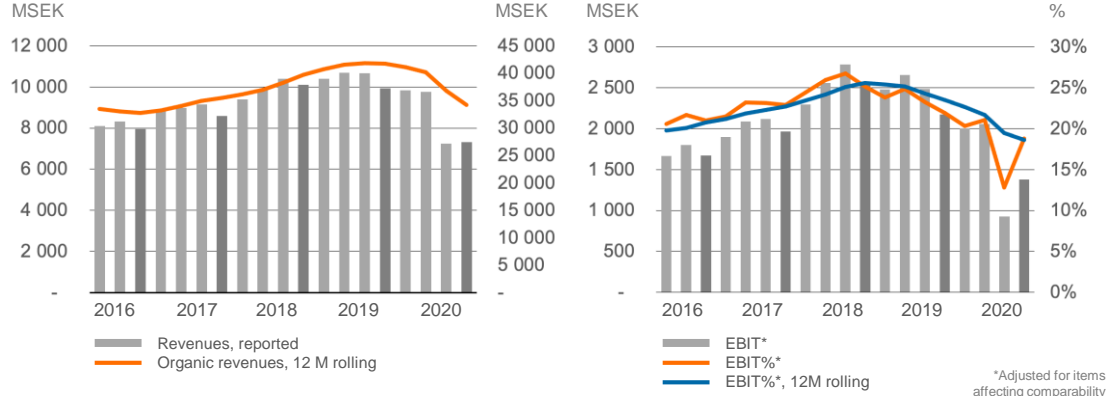
President

November 3, 2020



SMM IN BRIEF

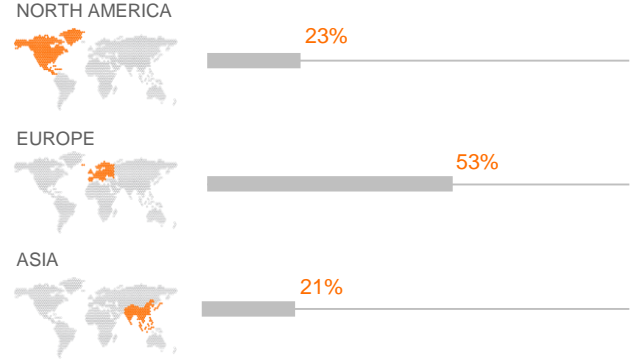
SALES AND EBIT DEVELOPMENT



SALES BY SEGMENTS



GEOGRAPHY



Rolling 12 months Sept 2020



DEMAND DRIVERS

ADDRESSING THE POTENTIAL

To stay competitive, component manufacturers need to rely on more digitized processes and less manual interaction. Automation and machine connectivity close the knowledge gap. “To know how” in a broader sense will be the future competitive edge.

COMPONENTS

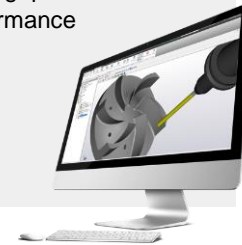
- Complex shapes
- Advanced multi axis CNC machines
- Additive manufactured near net shape

BUSINESS PLATFORMS

- End-to-end software suites
- eCommerce in B2B supporting the procurement processes

CUSTOMER BEHAVIOR

- Knowledge gap
- Price/performance
- Remote monitoring

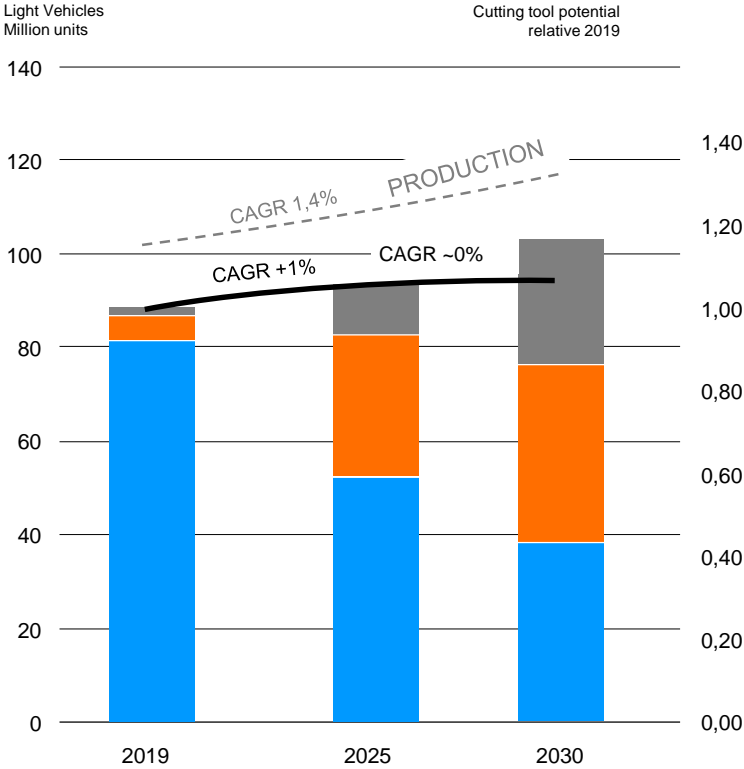


MARKET DEVELOPMENT

- Automotive – electrification of vehicles
- Asia
- Process automation
- Aerospace



AUTOMOTIVE – A HEADWIND LONG-TERM



- BEV (Battery Electric Vehicle - Electric motor)
- HEVx (Hybrid Electric Vehicle - Combustion Engine + Electric Motor)
- ICE (Internal Combustion Engine)
- Cutting Tool Potential Relative 2019

4 Source: Forecast < 2030: IHS Markit, LMC Automotive, IEA Global EV Outlook



wolfram

APPLIED
MANUFACTURING
TECHNOLOGIES



DORMER PRAMET

ADDITIVE
MANUFACTURING



SANDVIK MACHINING SOLUTIONS (SMS)*

Premium market



Mid-market



SANDVIK MANUFACTURING SOLUTIONS (SMF)

DESIGN & PLANNING
AUTOMATION

ADDITIVE
MANUFACTURING

METROLOGY

ADDRESSABLE
MARKET 2019

180B

120B

Premium-market

60B

Mid-market

MARKET
GROWTH, CAGR

~2%

ADDRESSABLE
MARKET 2019

120B

50B

Serviceable
market

MARKET
GROWTH, CAGR

>10%

Serviceable market

SANDVIK MACHINING SOLUTIONS

CAPITAL MARKETS DAY 2020



NADINE CRAUWELS

President

November 3, 2020



OUR DIVISIONS



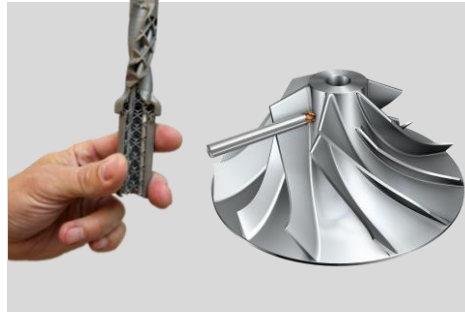
MARKET DEVELOPMENT TO 2025

CHALLENGES

- Slow recovery in automotive and aerospace
- Headwinds in automotive due to electrification
- Increased data transparency

OPPORTUNITIES

- Sustainability driving new materials
- Complex components, including additive manufacturing
- Strong growth in Asia and mid-market
- Demand for integrated manufacturing solutions



STRATEGIC DIRECTION

growth
above & beyond

Expand and take lead in the
machining solutions business

agile
business

Lean and flexible operations
throughout the business cycle

leading
position today & tomorrow

Offer the best customer value and
take lead for a sustainable industry

SETTING UP FOR GROWTH

Assortment – application & technology leadership

Market – expansion

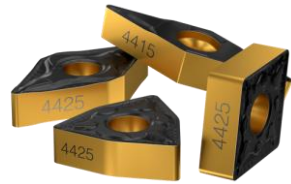
Digitalization – expanded offer & reach

Acquisitions & partnerships



Assortment – application & technology leadership

- Grow market share in light weight material components
- Take leading position in round tools
- Strengthen leadership in inserts



Market – expansion

GEOGRAPHY

- Asian market growth double vs. western world
- Increase market share in Asia



MID-MARKET

- Take a leading position in mid-market
- Grows 50% faster than premium mainly driven in Asia
- Ambition to double market share

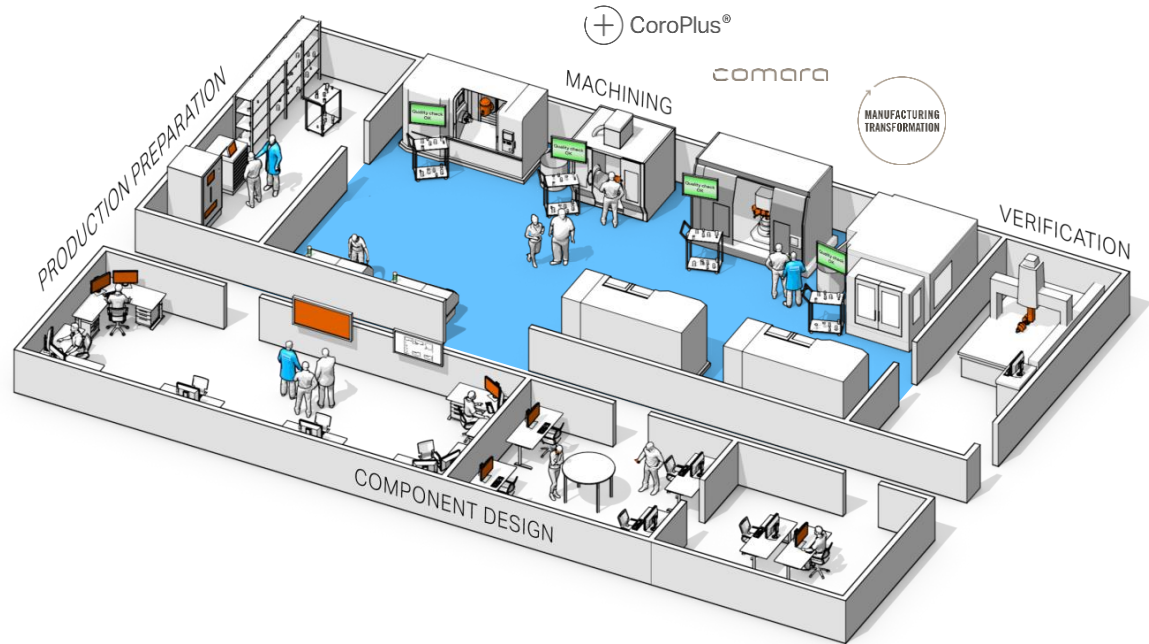


DORMER PRAMET

MIRANDA TOOLS
Premium quality cutting tools

Digitalization – expanded offer & reach

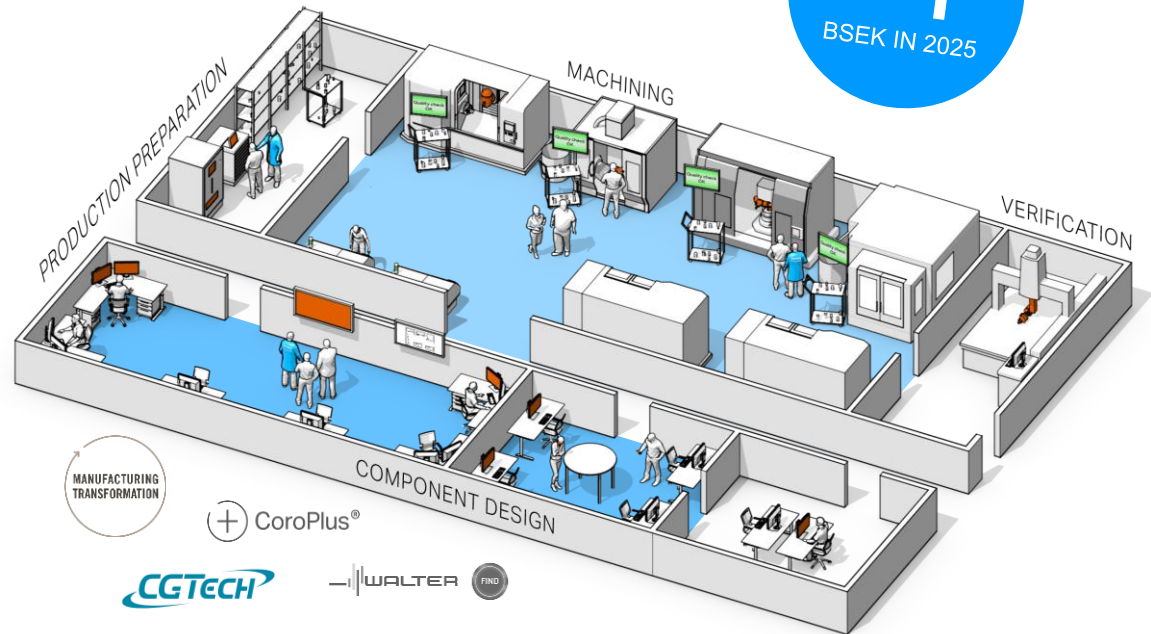
- Digitalize the customer interaction and engagement, increase reach
- Digitalize machining knowledge into machining solutions
 - Sensor embedded tools
 - Machining utilization optimization
 - Process monitoring
- Add customer value by increasing efficiency, reducing waste and cycle time



Digitalization – expanded offer & reach

+1
BSEK IN 2025

- Digitalize machining knowledge into machining solutions
 - Tool selection enhancement
 - Machining strategy optimization
 - Simulation and verification in operation planning
- New business models driving recurring revenues and increase cutting tool sales
- Add customer value by increasing efficiency, reducing waste and cycle time



Digitalization – CGTech



COMPANY PROFILE

Established:	1988
Offices:	US (HQ), 11 additional countries
CEO	Jon Prune
Revenue:	49MUUSD 2019A
Employees:	~180
Customers	Americas (44%), Europe (32%), Asia (23%)

MAIN CUSTOMER VERTICALS

- Aerospace & defense
- Machinery and tooling
- Automotive and transportation
- Mold and die

WORLDWIDE PRESENCE



OVERVIEW

- Market leader in providing NC code simulation, verification, optimization and programming software.
- Products are CAM, machine tool, and cutting tool neutral
- Long time partner of Sandvik Coromant and supplier of Vericut software to Sandvik Coromant production units
- Modular pricing strategy with a maintenance recurring revenue component accounting for 51% of sales.

FOCUS ON GROWTH

STANDALONE GROWTH

- Underlying market growth driven by rise in advanced manufacturing processes increasing adoption of verification software
- Pricing power through market leadership entails opportunity for price increases
- Further market penetration with machining optimization modules driven by more complex machining and search for productivity gains

CROSS-SELLING AND JOINT MARKETING SYNERGIES

MACHINING KNOWLEDGE SYNERGIES & FEEDBACK LOOPS

Acquisitions & Partnerships

- Grow market share in round tools
- Build leading position in mid-market
- Expand into new services- and software business
- Develop eco-systems



Sandvik
Manufacturing
Solutions

Major machine tool
makers



WORLD
ECONOMIC
FORUM

SANDVIK COROMANT, GIMO

“Lighthouse” site - Advanced Industry 4.0 technologies

“Green factory” – Leading in sustainability

+1 BSEK

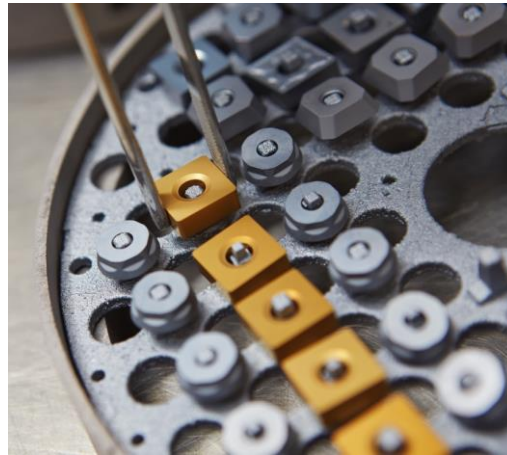
from expanded digital offer

x2

market growth

50%

from mergers & acquisitions



SANDVIK

The logo consists of the word "SANDVIK" in a bold, blue, sans-serif font. Below the text is a solid blue horizontal bar. The entire logo is enclosed within a thin blue rectangular border.

SANDVIK MANUFACTURING SOLUTIONS

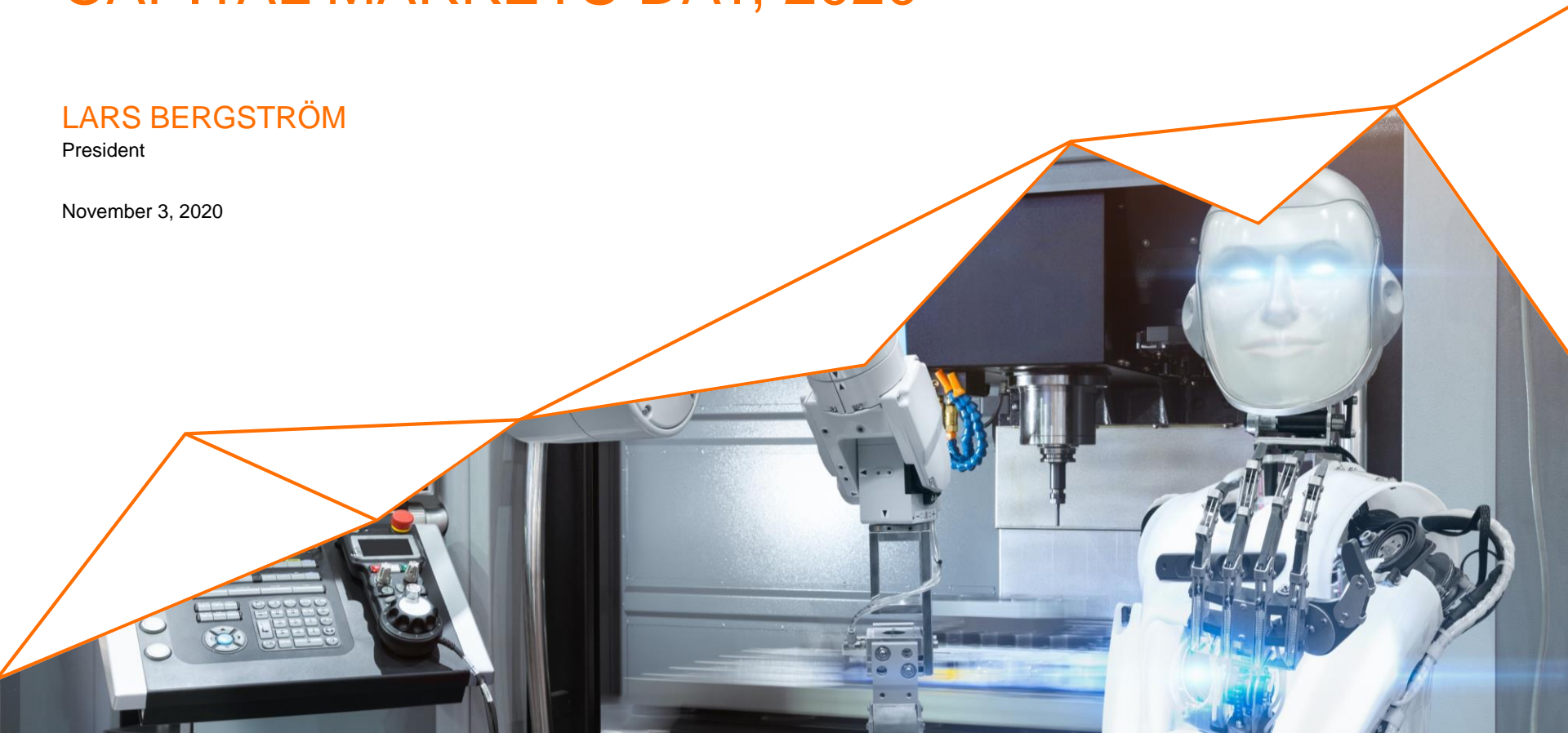
CAPITAL MARKETS DAY, 2020



LARS BERGSTRÖM

President

November 3, 2020



SET UP FOR GROWTH



DESIGN & PLANNING AUTOMATION

Base for the accelerated need of automation in the manufacturing process



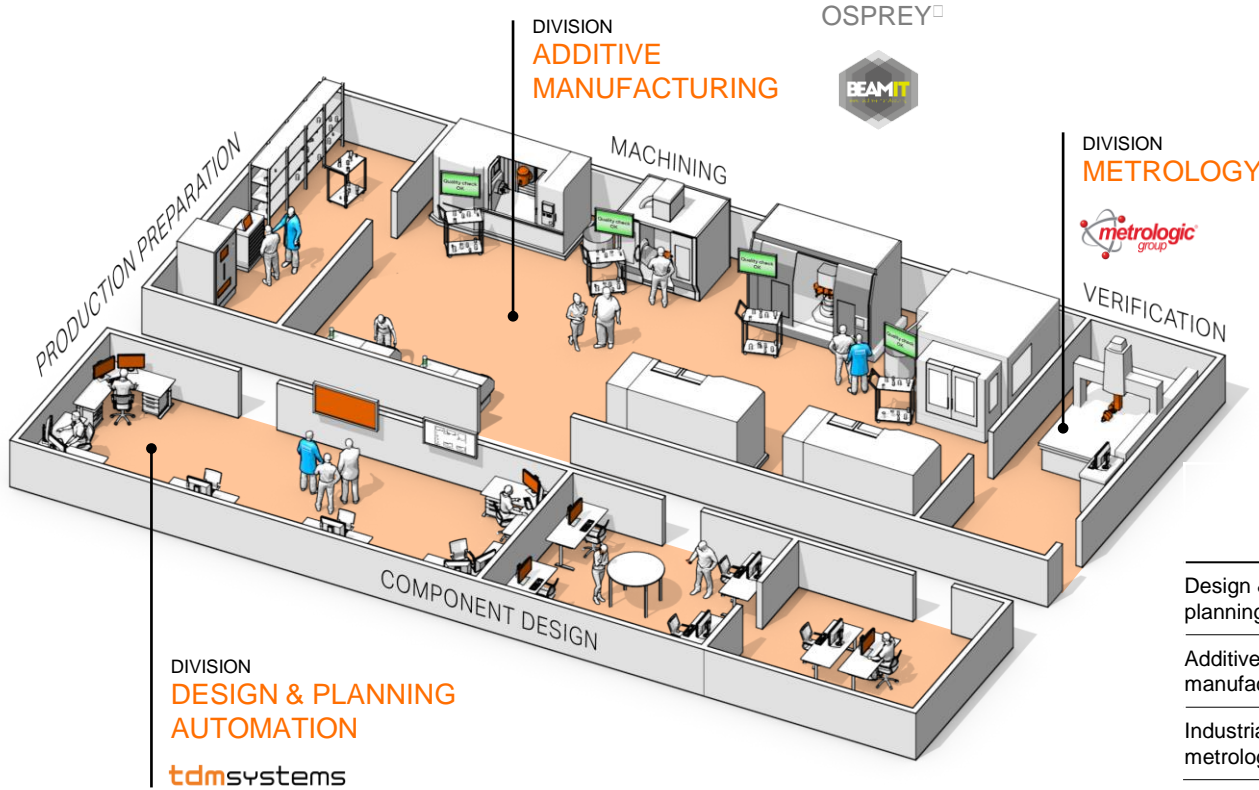
ADDITIVE MANUFACTURING

A green technology with two-digit growth in industrialization phase



METROLOGY SOFTWARE

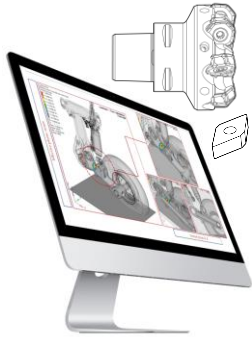
Moving towards real-time decision during the machining process



	Addressable market	Serviceable market	CAGR Serviceable market
Design & planning	25B	25B	7%
Additive manufacturing	30B	20B ^{*1}	20%
Industrial metrology	65B	5B ^{*2}	8%

^{*1} Additive printers excluded
^{*2} Only software is included

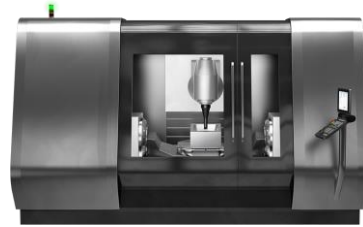
WE ARE PART OF THE INDUSTRY WE SERVE



DESIGN &
PLANNING



CUTTING
TOOLS



MACHINING KNOW-HOW
ADDITIVE MANUFACTURING



METROLOGY
VERIFICATION

building
capabilities

digitalization
for automation

network
collaboration

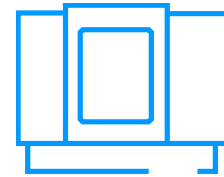
#1

NEAR-NET-SHAPE



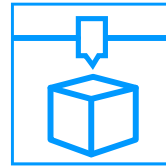
TITANIUM POWDER

OSPREY® BY SANDVIK



MACHINING

KNOWLEDGE BY SANDVIK

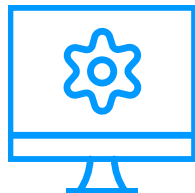


ADDITIVE MANUFACTURING

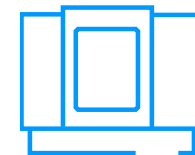
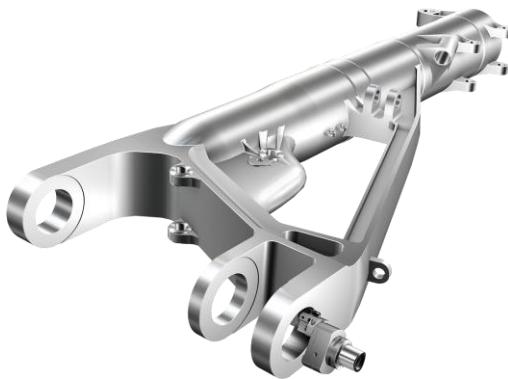
BY SANDVIK



TOOL IDENTIFICATION SYSTEM



CAM



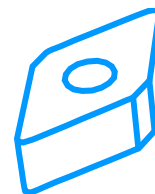
MACHINING

KNOWLEDGE BY SANDVIK



TOOL DATA MANAGEMENT

TDM SYSTEMS

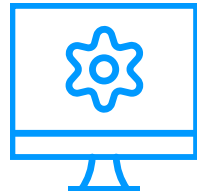


TOOL SELECTION

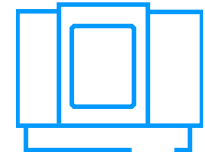
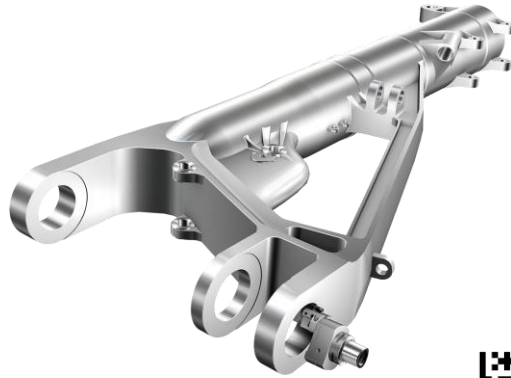
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TOOL IDENTIFICATION SYSTEM



CAM



MACHINING

KNOWLEDGE BY SANDVIK



TOOL DATA MANAGEMENT

TDM SYSTEMS



TOOL SELECTION

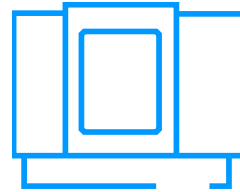
SANDVIK



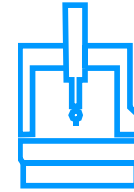
METROLOGY



TOOLS



MACHINING

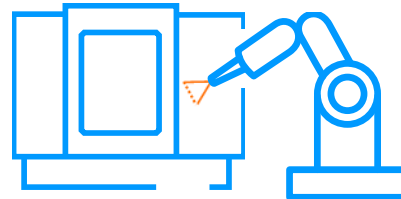


VERIFICATION

METROLOGY



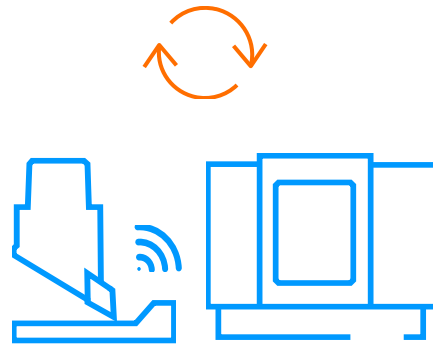
TOOLS



MACHINING



VERIFICATION



TOOLS

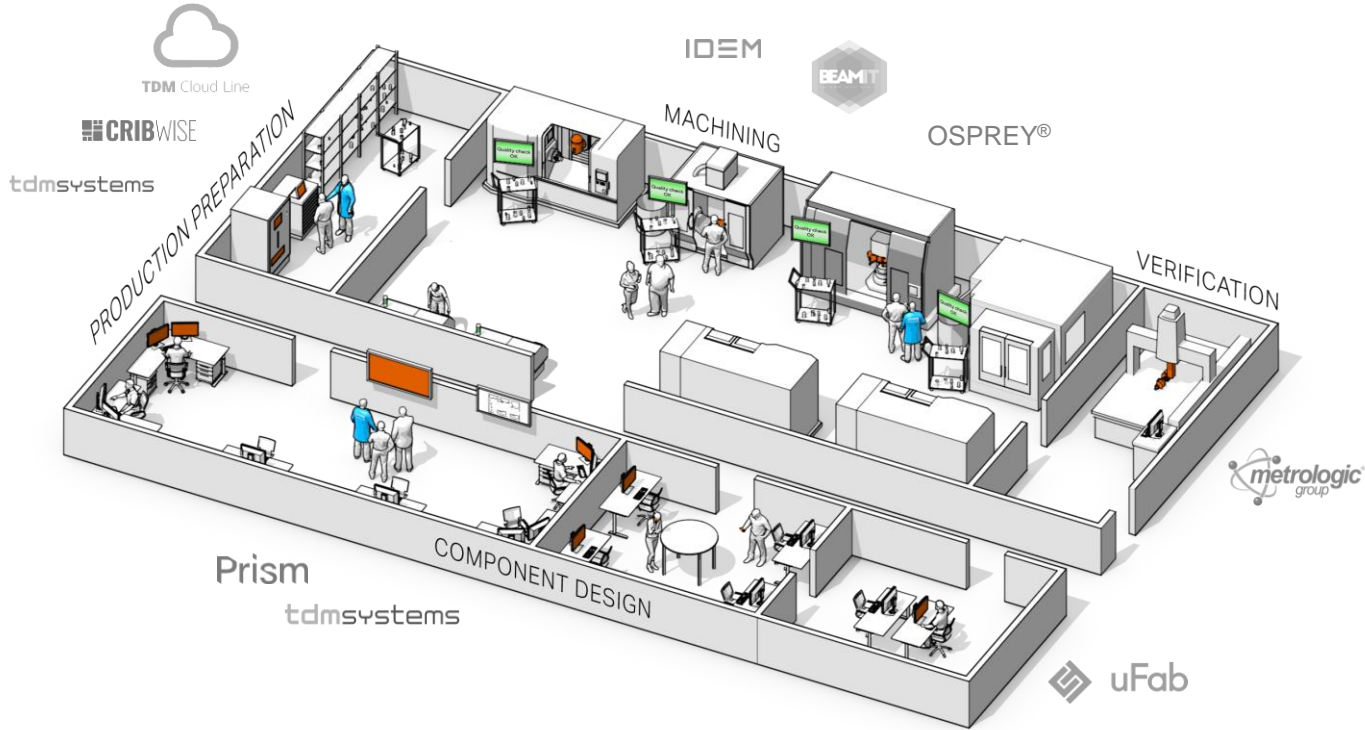
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MACHINING

+

VERIFICATION

SMF GROWTH



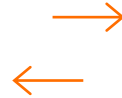
x5

SANDVIK MACHINING
SOLUTIONS (SMS)

SANDVIK MANUFACTURING
SOLUTIONS (SMF)



DESIGN & PLANNING
AUTOMATION



ADDITIVE
MANUFACTURING



METROLOGY

SANDVIK MANUFACTURING &
MACHINING SOLUTIONS (SMM)

5BSEK

from adjacent business &
expanded digital offer

x2

market growth

50%

from mergers & acquisitions



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