

October 22, 2024

Göran Björkman, President & CEO
Olof Bengtsson, CFO

Interim report

Third quarter 2024



Safety first

At Alleima our objective is zero harm to our people, the environment we work in, our customers and our suppliers.



Protective equipment



Emergency number



Psychological safety



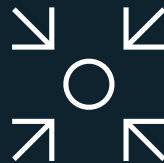
First aid kit



Emergency exit



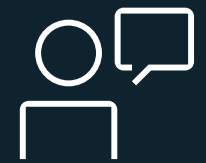
Alarm



Assembly point



Health & well-being



Speak Up

Q3 highlights

Mixed market sentiment

- Backlog remains solid
- Well positioned for market rebound

Diversified segment exposure

- Solid Q3 earnings
- FX headwind

Increasing production capacity

- Re-opening of steam generator tubing facility for the Nuclear segment
- Footprint expansion for Medical segment

Revenues
(SEK M)

4,498

Organic revenue
growth

3%

Adj. EBIT
(SEK M)

314

Adj. EBIT margin

7.0%

Free op. cash flow
(SEK M)

411

Adj. EPS
(Diluted, SEK)

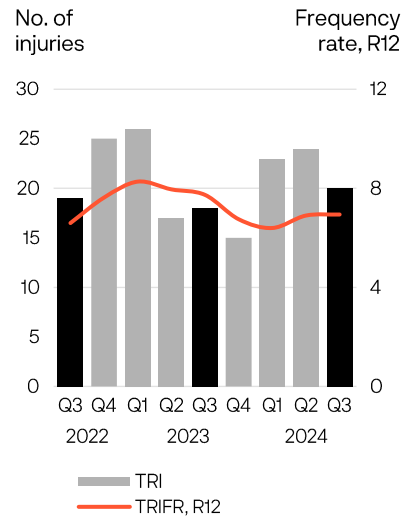
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Leading sustainability

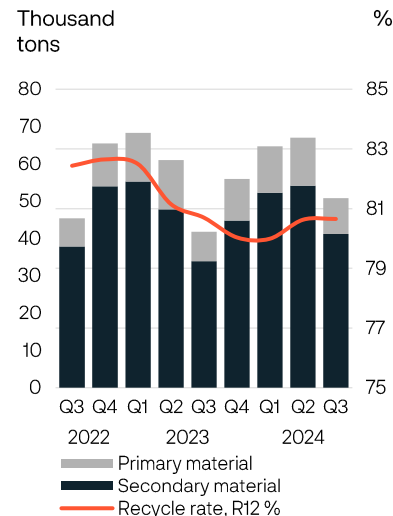
Making an impact through our operations

- Prioritizing safety performance
- Share of recycled steel remains high
- Reducing R12 CO₂ emissions
- Dedicated to increase the share of female managers



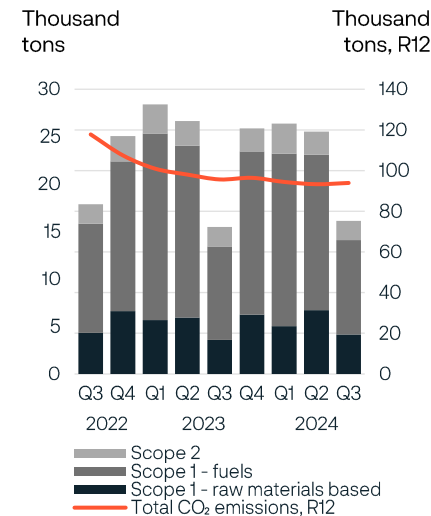
Health and safety

- R12 total recordable injury frequency rate, TRIFR, was 6.9 (7.7). The quarterly outcome was 7.1 (7.0).



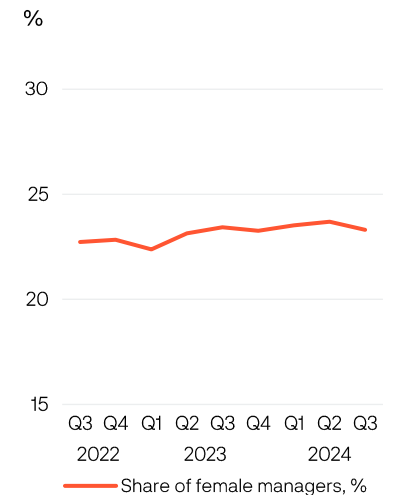
Recycled steel

- R12 share of recycled steel in the steel manufacturing amounted to 80.7%. The quarterly figure improved to 81.0% (80.9).



CO₂ emissions

- R12 CO₂ emissions amounted to 94 kton (96), a reduction of 2%. Emissions for the quarter increased to 16.1 kton (15.5), an increase of 4%.



Share of female managers

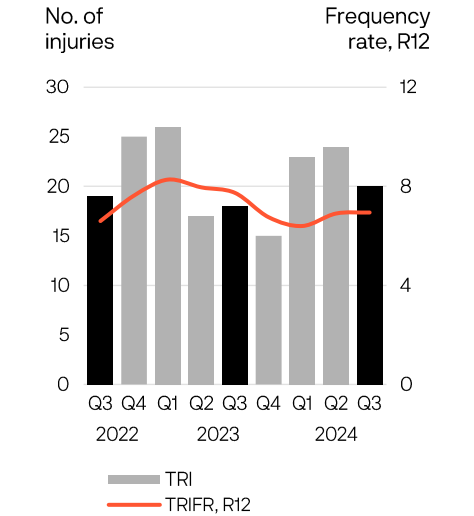
- The share of female managers amounted to 23.3% (23.4) during the quarter.



Leading sustainability

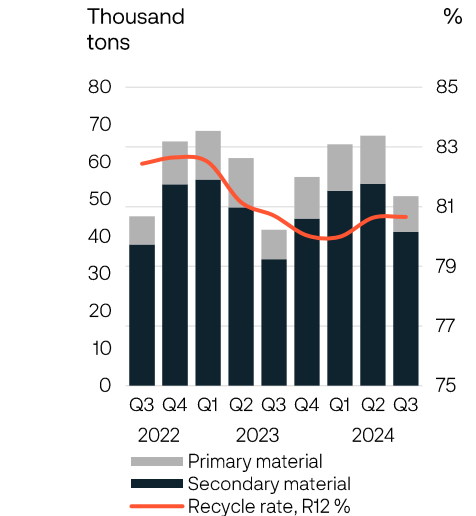
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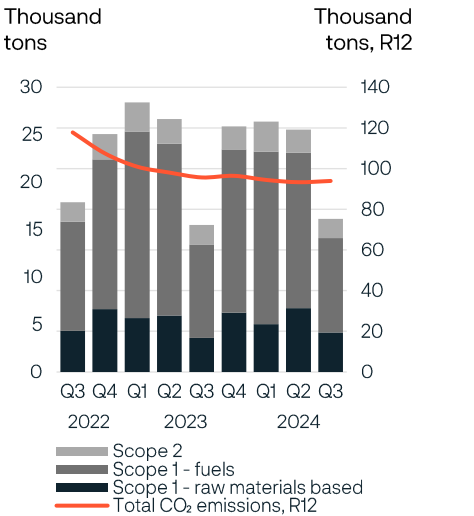
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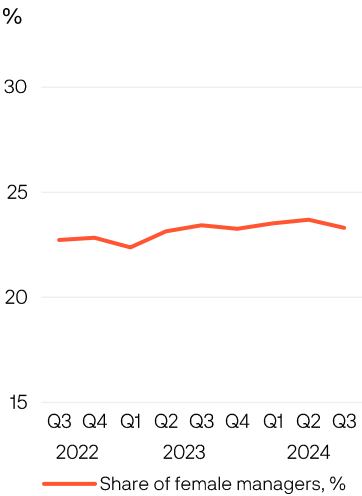
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Share of female managers

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Enabling the sustainable transition

Making an impact through our products

Increasing capacity to meet growing demand in nuclear

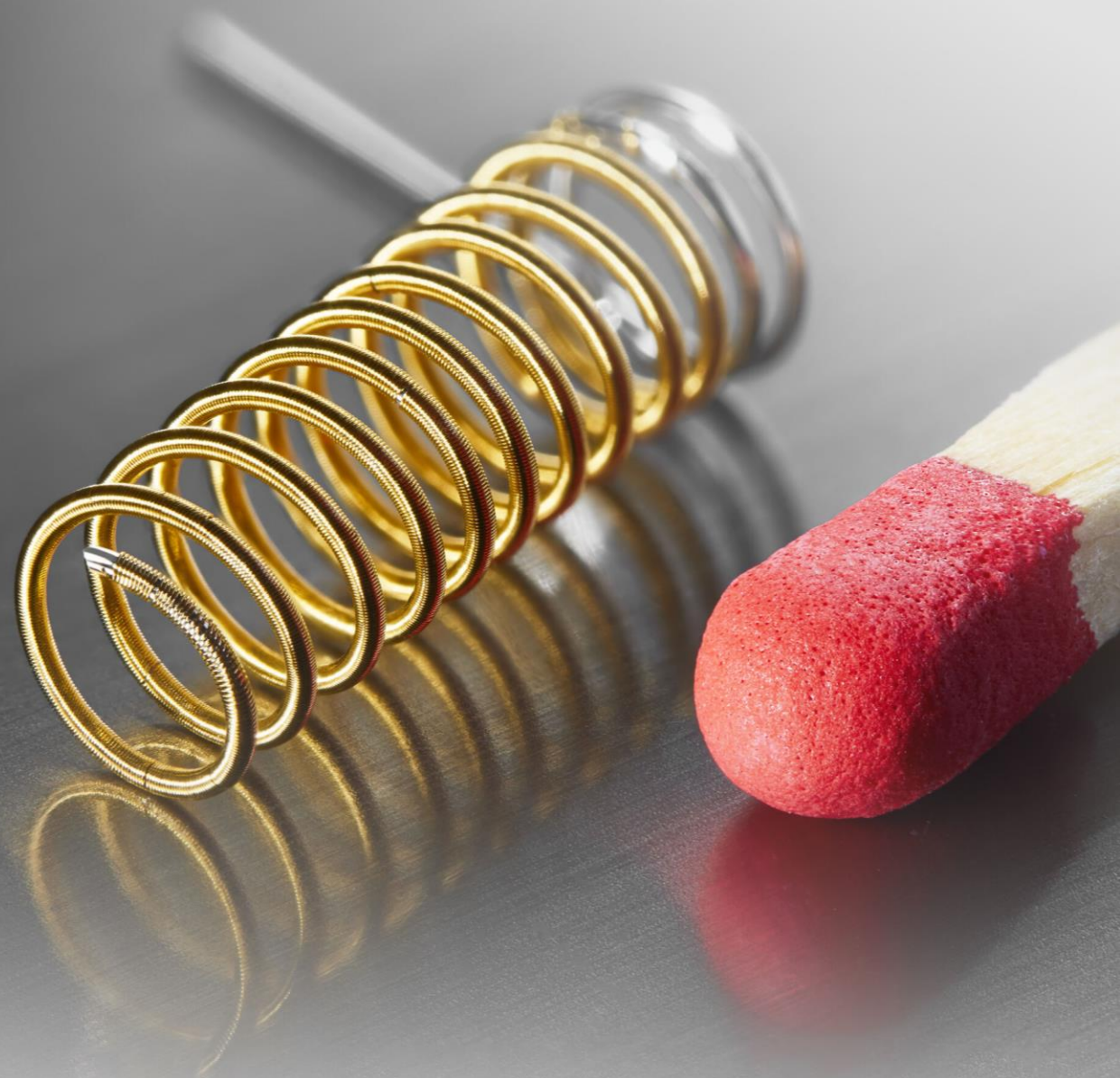
- Leading market positions for over 50 years
- Adding ~60% capacity for steam generator tubing
- Serving both conventional power plants and SMR:s



Footprint expansion for the Medical segment

Increasing capacity to meet growing demand in the Medical segment

- Establishing a production footprint in Asia
- Strengthens Kanthal's medical wire manufacturing capacity
- Site preparations will start at the end of 2024, with first commercial deliveries in 2026.















Market development

- Mixed market sentiment
- Broad exposure reduces volatility

Perceived year on year underlying market demand trend

	OIL AND GAS	INDUSTRIAL	CHEMICAL AND PETROCHEMICAL	INDUSTRIAL HEATING	CONSUMER
Year on year underlying demand trend					
% of Group revenues 2023	21%	21%	18%	11%	8%
	MINING AND CONSTRUCTION	MEDICAL	NUCLEAR	TRANSPORTATION	HYDROGEN AND RENEWABLE ENERGY
Year on year underlying demand trend					
% of Group revenues 2023	5%	5%	5%	4%	2%



Order intake and revenues

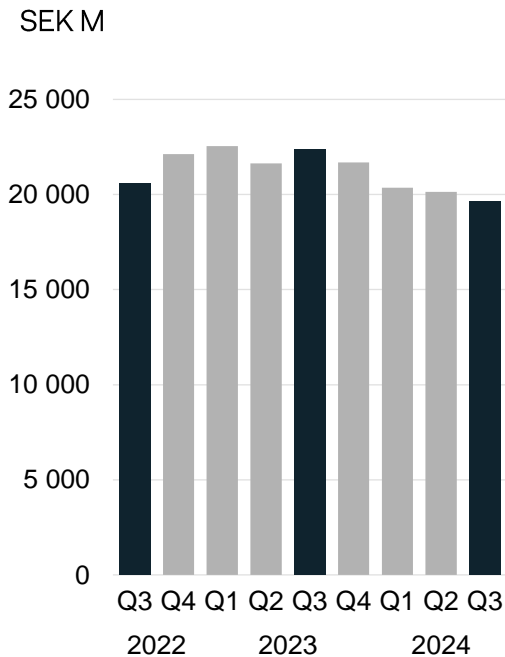
Order intake R12
(SEK M)

19,646

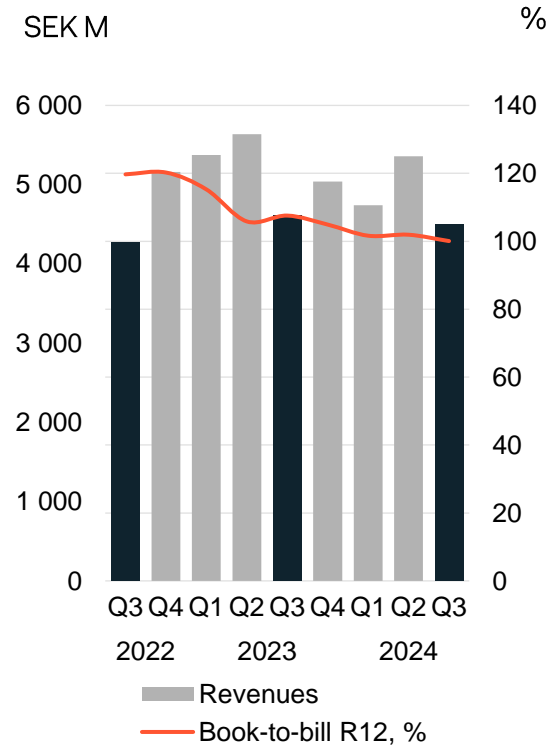
Revenues
(SEK M)

4,498

Order intake R12



Revenues and book-to-bill



- Organic order intake growth of -8% for rolling 12 months
- Organic revenue growth of 3%
- R12 book-to-bill 100%
- Order backlog remains solid with good product mix



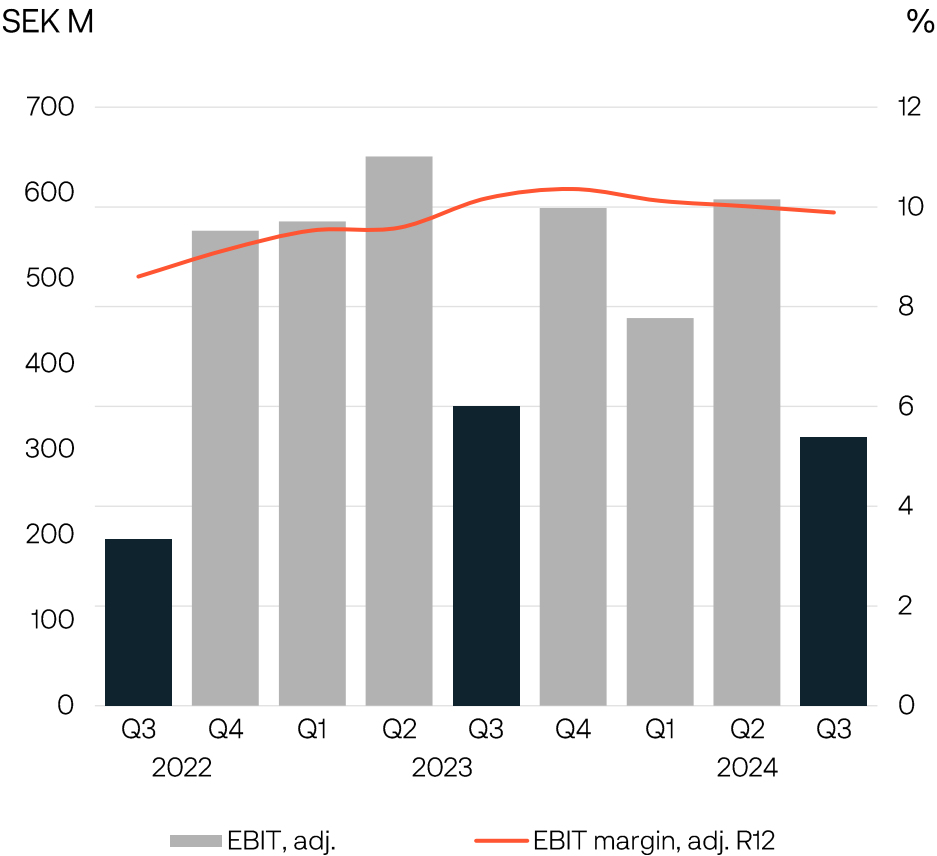
Earnings

Adjusted EBIT at SEK 314 million (350)

- Margin of 7.0% (7.6)
- FX headwind
- Diversified product mix contribution
- Staying with our strategy

Free operating cash flow of SEK 411 million (812)

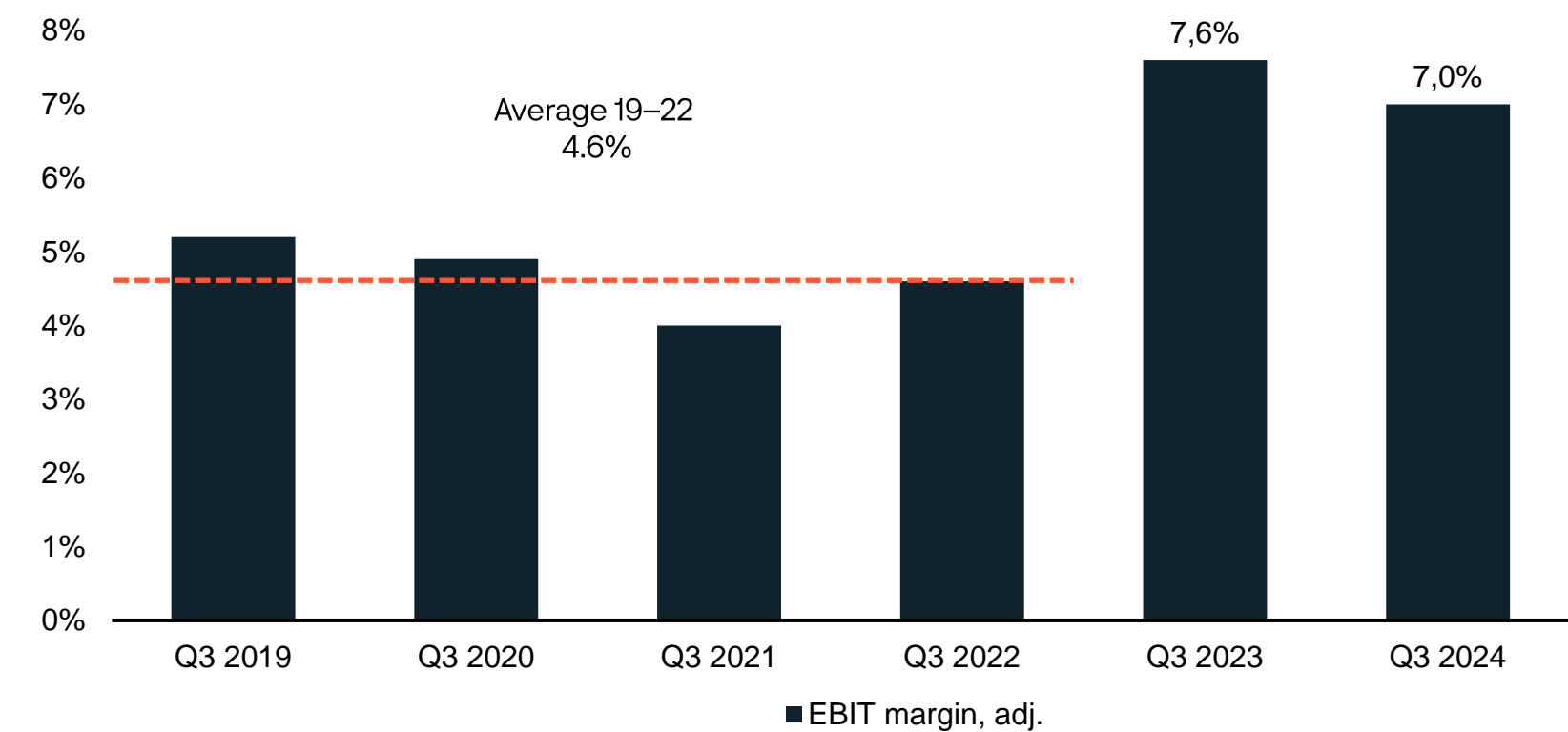
Adjusted EBIT





Improved margin resilience

Historically strong Q3 EBIT margin...



Note: The graph shows adj. EBIT margin development of the business area Sandvik Materials Technology within Sandvik for the quarters during the period 2019-2021. Alleima's business largely mirrors that of Sandvik Materials Technology and it is the company's assessment that Sandvik Materials Technology is a good indicator of how Alleima would have trended during the same period. It should be noted, however, that acquisitions, divestments and reorganizations have an impact when comparing individual years. Quarterly segment reporting for Sandvik Materials Technology as per financials published in Sandvik's quarterly reports in the period 2019-2021.



Tube

Organic revenue growth

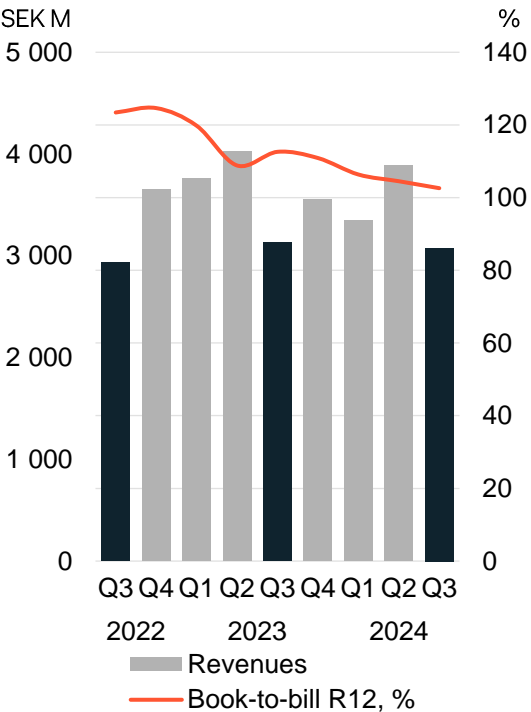
- Organic order intake growth of -9% R12
- Book-to-bill of 103% R12
- Organic revenue growth of 3%

Product mix shift supporting margin

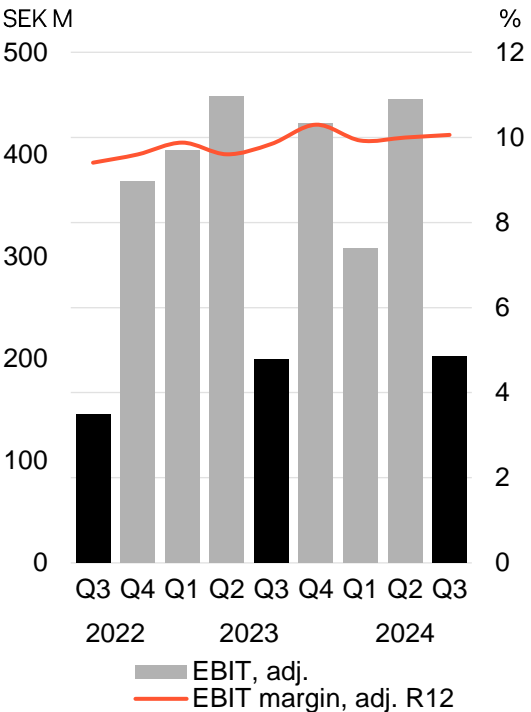
- Adj. EBIT margin increased to 6.6% (6.4)
- Positive product mix
- FX headwind of SEK -15 million yoy

SEK M	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Order intake, R12	14,232	16,401	-	-
Organic growth, R12, %	-9	2	-	-
Revenues	3,077	3,130	10,314	10,917
Organic growth, %	3	4	1	13
Adj. EBIT	202	199	965	1,060
Margin, %	6.6	6.4	9.4	9.7

Revenues and Book-to-bill



Adjusted EBIT, (%)





Kanthal

Continued mixed market demand

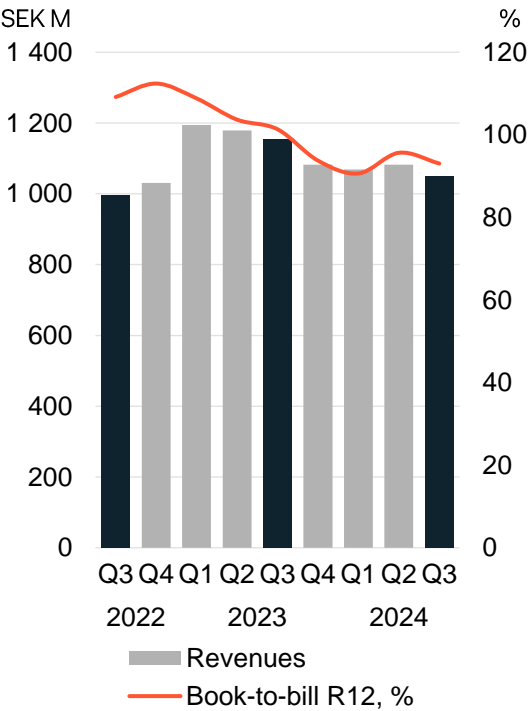
- Organic order intake growth of -8% R12
- Organic revenue growth of -3%
- Book-to-bill of 93% R12

Solid underlying margin

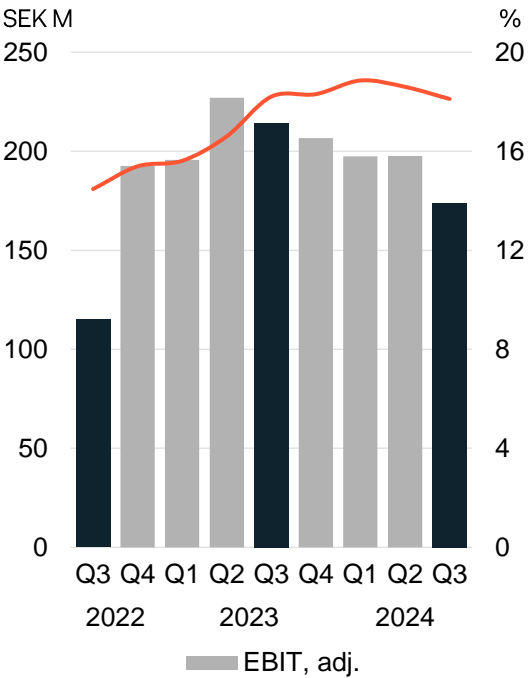
- Adjusted EBIT margin at 16.6% (18.6)
- Negative product mix in certain segments
- FX headwind of SEK -32 million yoy

SEK M	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Order intake, R12	3,986	4,619	-	-
Organic growth, R12, %	-8	4	-	-
Revenues	1,049	1,153	3,201	3,527
Organic growth, %	-3	13	-2	13
Adj. EBIT	174	214	569	637
Margin, %	16.6	18.6	17.8	18.1

Revenues and Book-to-bill



Adjusted EBIT, (%)





Strip

Stabilized market conditions

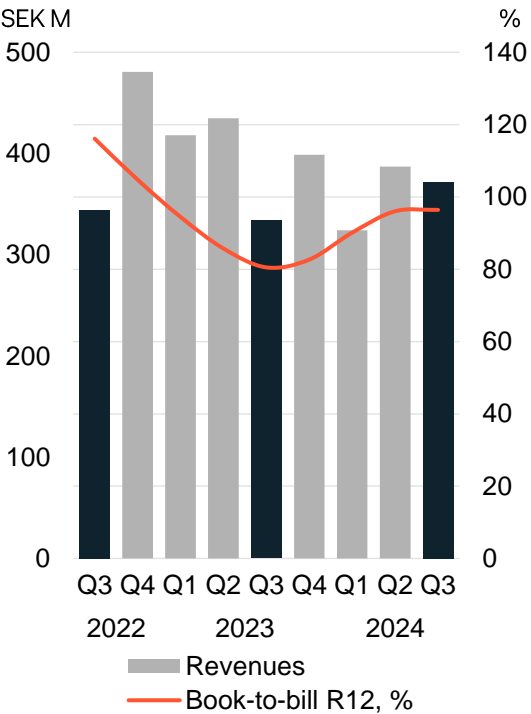
- Organic order intake growth of 11% R12
- Organic revenue growth of 16%
- Book-to-bill of 96% R12

Underlying margin improvement

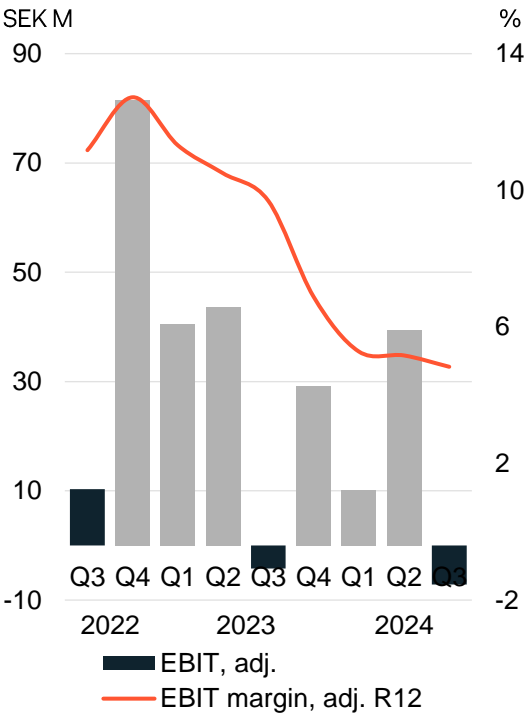
- Seasonality
- One-off related to scrapping
- FX headwind of SEK -5 million yoy

SEK M	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Order intake, R12	1,428	1,342	-	-
Organic growth, R12, %	11	-25	-	-
Revenues	372	334	1,083	1,187
Organic growth, %	16	-3	-5	0
Adj. EBIT	-7	-4	42	80
Margin, %	-1.9	-1.3	3.9	6.7

Revenues and Book-to-bill



Adjusted EBIT, (%)





Financial summary

SEK M	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Order intake, R12	19,646	22,362	-	-
Revenues	4,498	4,617	14,597	15,631
Adj. EBIT	314	350	1,360	1,559
Adj. EBIT margin, %	7.0	7.6	9.3	10.0
Metal price effects	-24	-144	-255	42
Items affecting comparability	0	0	0	0
EBIT	290	206	1,105	1,601
EBIT margin, %	6.5	4.5	7.6	10.2
Net financial items	0	-15	95	-52
Normalized tax rate, %	23.1	25.1	23.7	24.4
NWC, % ¹	38.8	40.2	35.5	34.3
Free operating cash flow	411	812	1,064	1,288
ROCE excl. cash, % ²	9.9	12.5	9.9	12.5
Adj. EPS, diluted	1.02	0.99	4.49	4.53

SEK M	Order intake, Q3 R12	Revenues Q3
Q3 2023	22,362	4,617
Organic, %	-8	3
Structure, %	0	-
Currency, %	-1	-3
Alloys, %	-4	-2
Total growth, %	-12	-3
Q3 2024	19,646	4,498

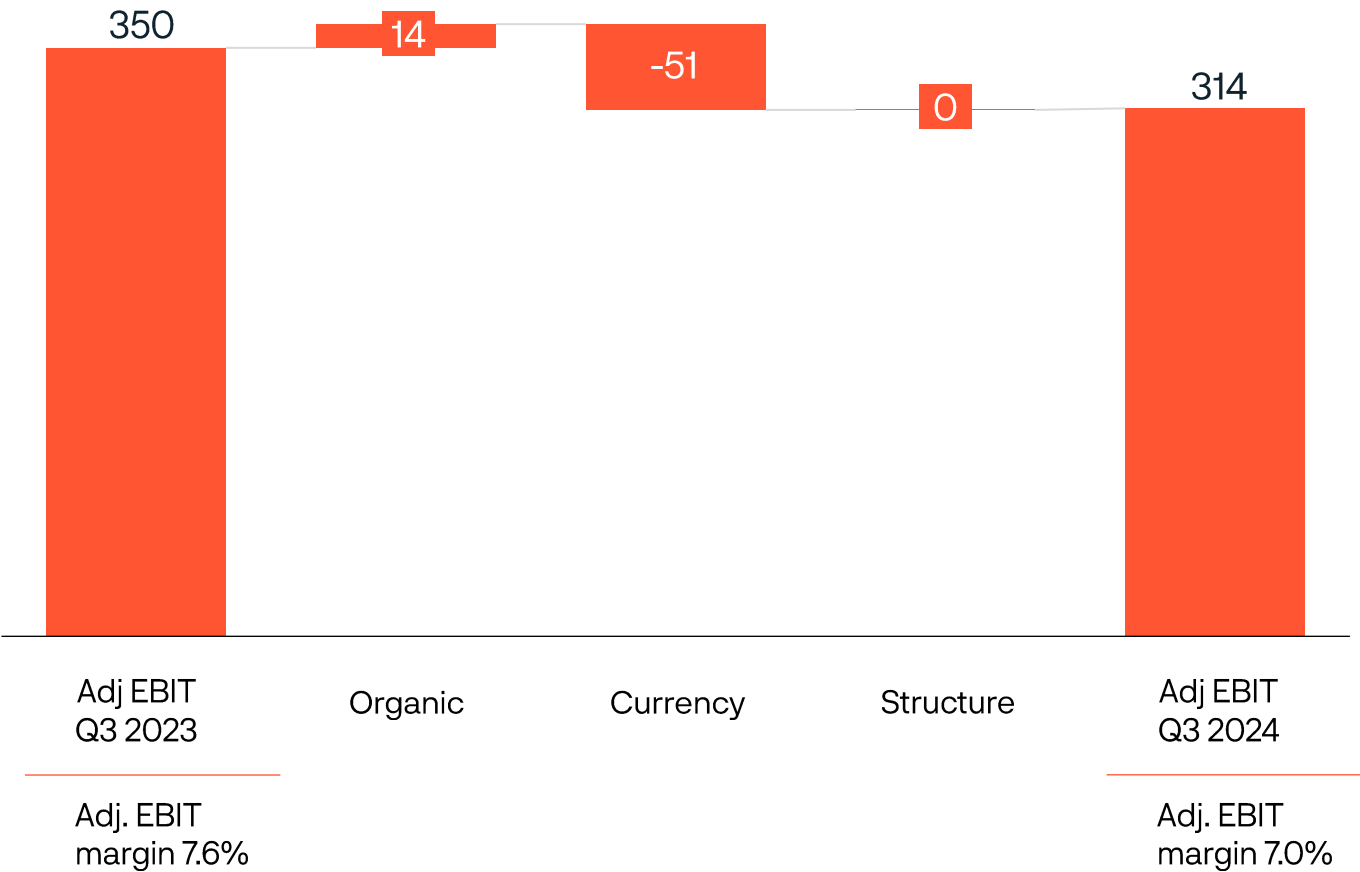
Change compared to the same quarter last year

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) Based on rolling 12 months and a four-quarter average.



Bridge analysis, adjusted EBIT



Leverage:
12%

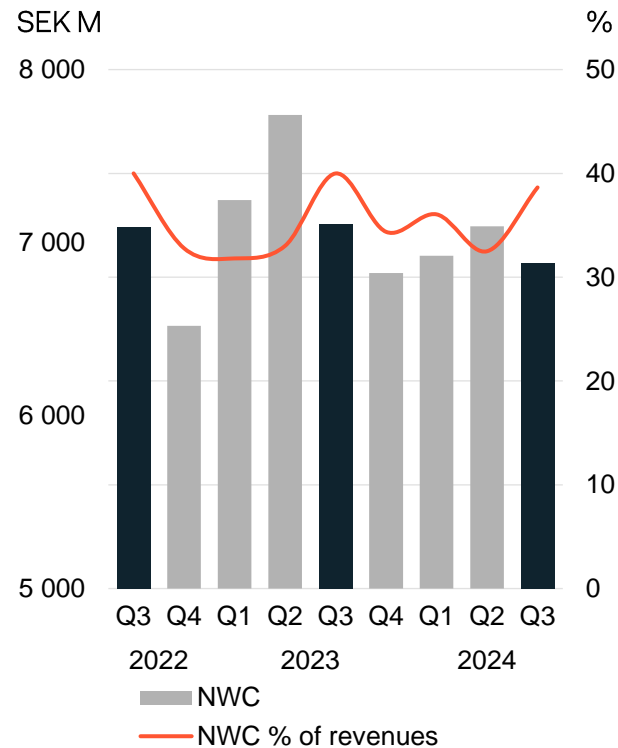
- Positive organic development
- FX had a negative impact of SEK 51 million yoy



Capital efficiency

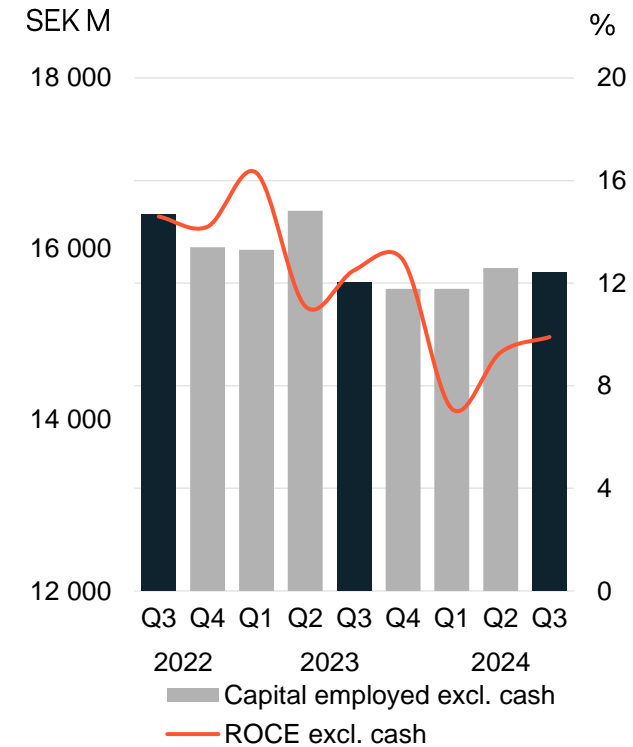
- NWC amounted to SEK 6,884 million (7,108)
- Sequential NWC decrease due to seasonal inventory release
- NWC in relation to revenues declined to 38.8% (40.2)

Net working capital



- Capital employed excl. cash increased to SEK 15,720 million (15,610)
- ROCE excl. cash decreased to 9.9% (12.5) in the quarter

Capital employed excl. cash



Note: Based on rolling 12 months and a four-quarter average. Historical ROCE excl. cash figures are not available prior to Q4 2022.



Cash flow

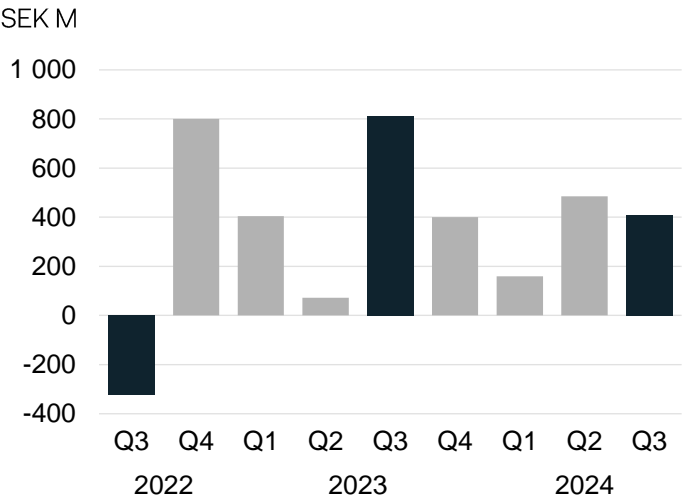
- Free operating cash flow of SEK 411 million (812)
- Higher capex due to growth investments
- Large AR reduction in Q3 last year

Free operating cash flow

SEK M	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023
EBITDA	514	438	1,779	2,272
Non-cash items	77	25	96	1
Changes in working capital	105	567	-112	-445
Capex	-249	-187	-602	-453
Amortization, lease liabilities	-36	-31	-98	-87
Free operating cash flow¹	411	812	1,064	1,288

1) Free operating cash flow before acquisitions and disposals of companies, net financial items and paid taxes.

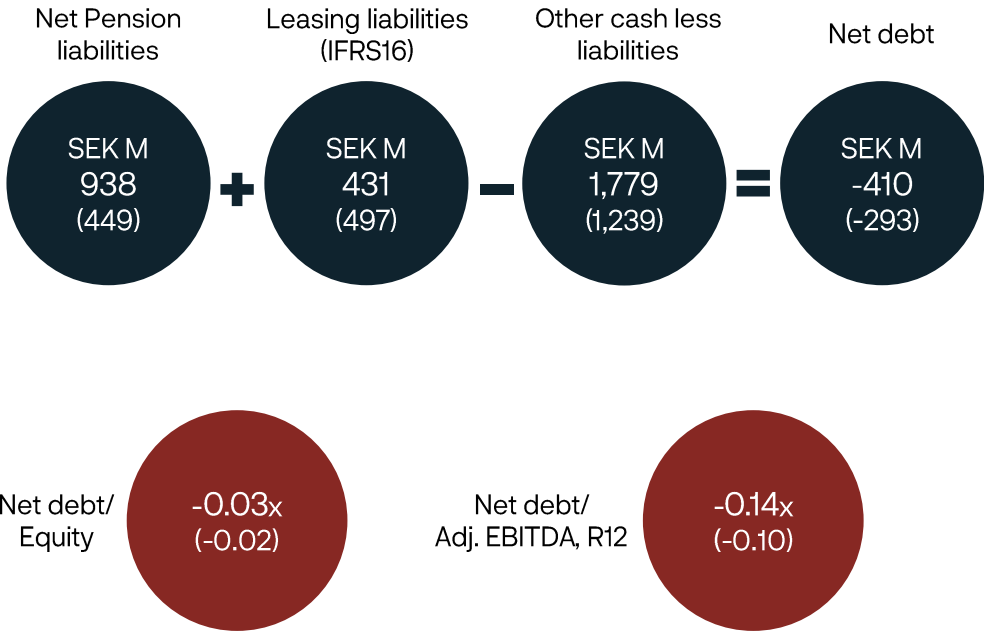
Free operating cash flow quarterly



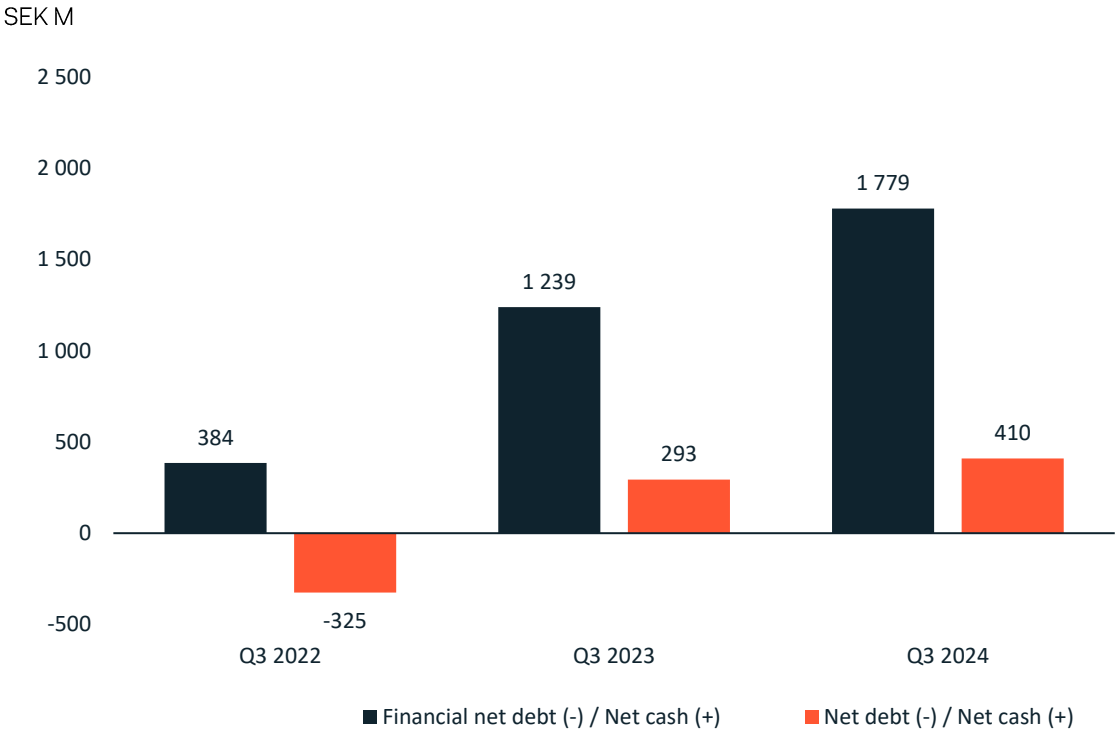


Strong financial position

Capital structure



Net debt and Financial net debt





Guidance ahead of the quarter and outcome

	Outcome Q3 2024	Guidance ahead of Q3 2024
Capex (Cash)	SEK 602 million Q1-Q3 2024	Approximately SEK 950 million in FY 2024
Currency translation and transaction effect	SEK -52 million in Q3	SEK -15 million in Q3
Total currency effect	SEK -51 million in Q3	-
Metal price effect	SEK -24 million in Q3	SEK -50 million in Q3
Tax rate, normalized	23.7% Q1-Q3 2024	24-26% in FY 2024



Guidance Q4 2024 and FY 2024

Capex (cash)

- Estimated to approximately SEK 1,050 million for FY 2024

Currency effects (transaction and translation)

- SEK -40 million on operating profit (EBIT) for Q4 2024, compared to the corresponding period last year

Metal price effects

- SEK -200 million on operating profit (EBIT) for Q4 2024

Tax rate

- The normalized tax rate is estimated to 24-26% for FY 2024



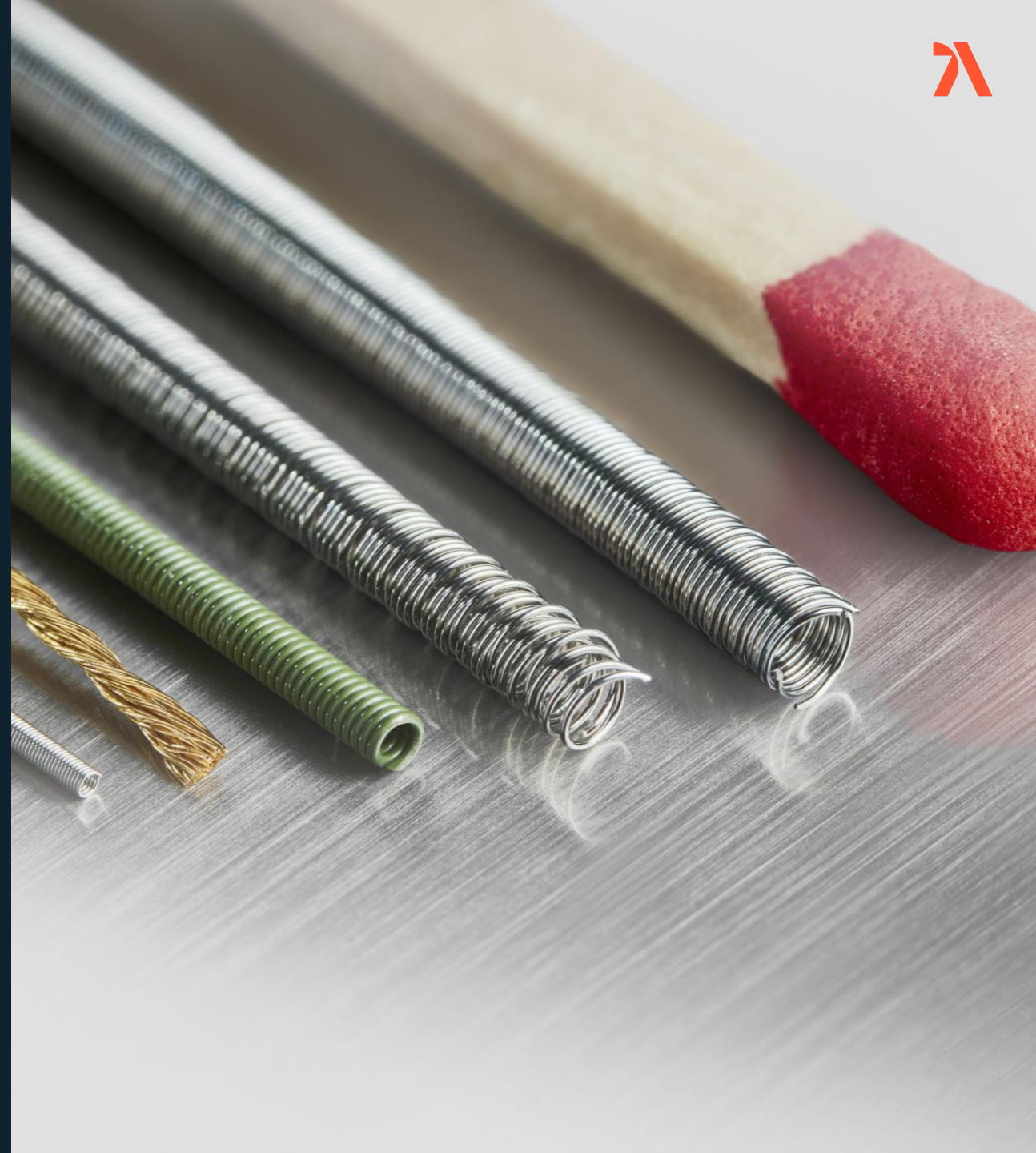
Outlook for the fourth quarter 2024

- Mixed market sentiment and slightly more difficult to assess
- Positive development expected to mitigate effects from the cautious economic environment
- Solid backlog in key segments
- The product mix is expected to be similar to Q3
- Cash flow is normally higher in the second half of the year



Summary

- Mixed market sentiment and a solid backlog
- Organic revenue growth
- Solid EBIT margin
- Improved flexibility in the organization and strengthened resilience
- Strong financial position
- Capacity increases towards profitable growth





Q&A

Thank you
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