

2024

Q4 roadshow



# Full year 2024 highlights

## Another successful year

- Mixed demand
- Continued organic revenue growth
- Stable earnings
- Strong financial position

## Initiatives for a strengthened company

- Nuclear (SGT) capacity expansion
- Industrial Heating expansion in Japan
- Establishing Asian footprint for Medical
- Acquisition of Endox

## Proposed dividend of SEK 2.30 per share (2.00)

- Corresponds to 37% of profit for the period (adjusted for metal price effects)

Revenues  
(SEK M)

19,691

Organic revenue  
growth

1%

Adj. EBIT  
(SEK M)

1,944

Adj. EBIT margin

9.9%

Free op. cash flow  
(SEK M)

1,266

Adj. EPS  
(Diluted, SEK)

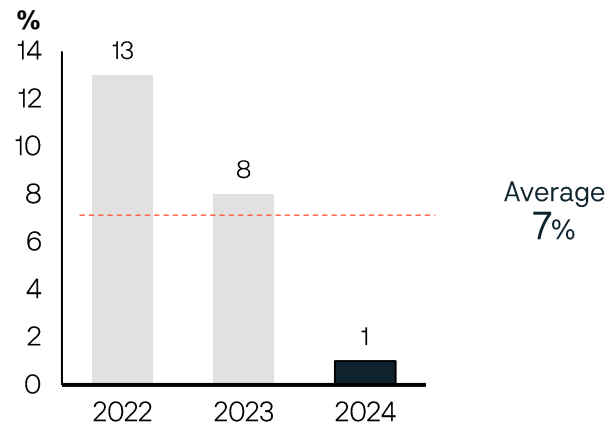
6.27



# Performance vs. financial targets

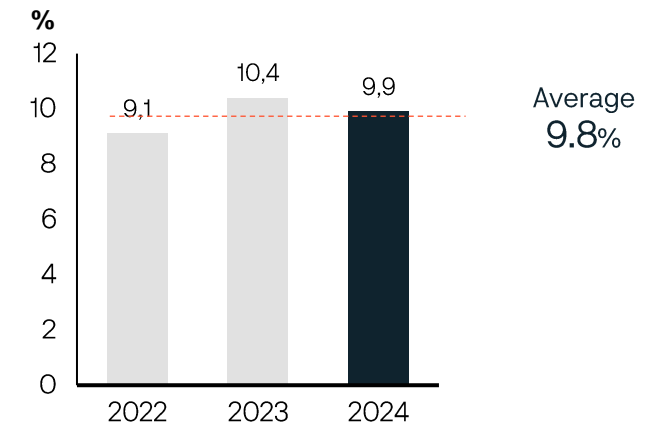
## Organic growth

Deliver profitable organic revenue growth in line with or above growth in targeted end-markets over a business cycle



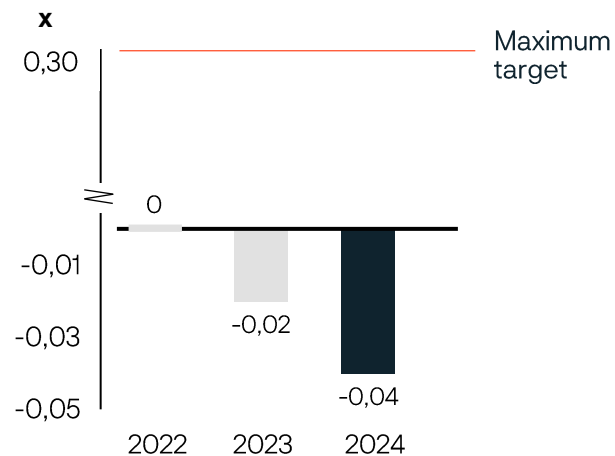
## Earnings

Adjusted EBIT margin (excluding items affecting comparability and metal price effects) to average above 9% over a business cycle



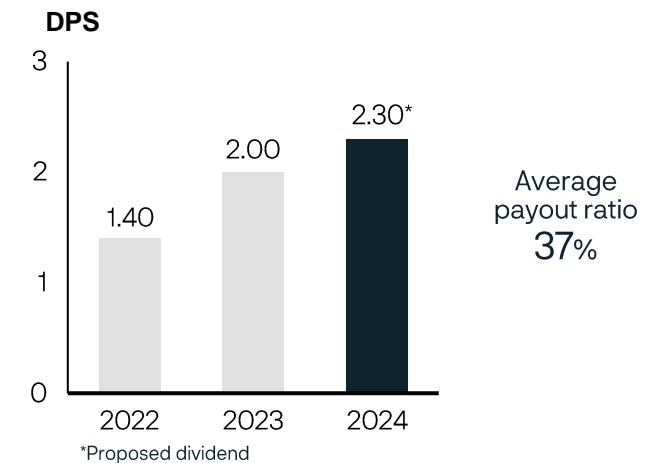
## Capital Structure

A net debt to equity ratio below 0.3x



## Dividend

Dividend on average 50% of net profit (adjusted for metal price effects) over a business cycle. Dividend to reflect financial position, cash flow and outlook



## Q4 highlights

### Solid financial performance

- Delivering from a solid backlog
- Revenue growth

### Stability through mix shift

- Reducing volatility
- Increasing profitability long-term

### Ongoing growth initiatives

- Acquisition of Endox
- Foundation for further growth

Revenues  
(SEK M)

5,094

Organic revenue  
growth

3%

Adj. EBIT  
(SEK M)

584

Adj. EBIT margin

11.5%

Free op. cash flow  
(SEK M)

202

Net debt  
(SEK M)

-631



# Market development

- Mixed marked demand
- Soft European market, solid development in Asia, slight recovery in North America

## Perceived year on year underlying market demand trend

	OIL AND GAS	CHEMICAL AND PETROCHEMICAL	INDUSTRIAL	INDUSTRIAL HEATING	CONSUMER
Year on year underlying demand trend					
% of Group revenues 2024	23%	17%	17%	11%	8%
	MEDICAL	MINING AND CONSTRUCTION	NUCLEAR	TRANSPORTATION	HYDROGEN AND RENEWABLE ENERGY
Year on year underlying demand trend					
% of Group revenues 2024	6%	6%	6%	5%	1%



# Order intake and revenues

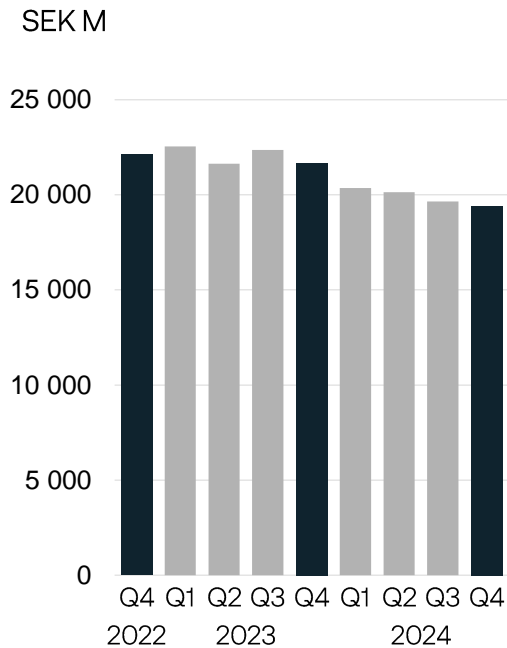
**Order intake R12**  
(SEK M)

**19,419**

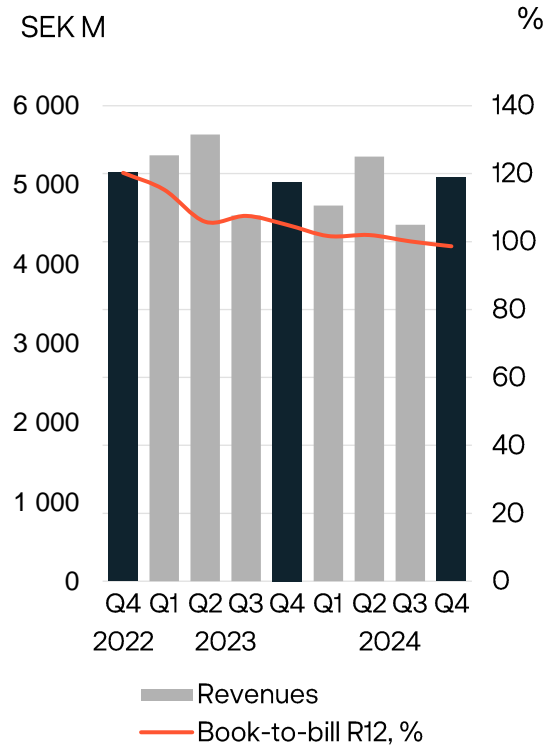
**Revenues**  
(SEK M)

**5,094**

**Order intake R12**



**Revenues and book-to-bill**



- Organic order intake growth of -6% for rolling 12 months
- Organic revenue growth of 3%
- R12 book-to-bill 99%



# Earnings

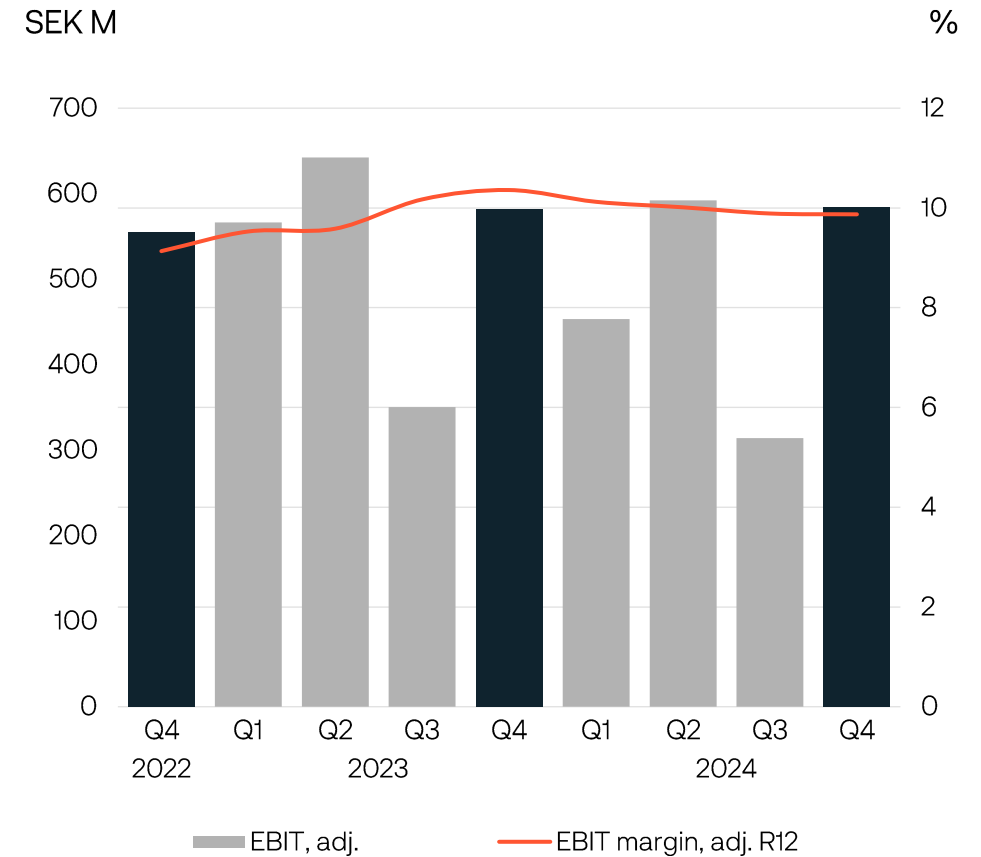
Adjusted EBIT at SEK 584 million (582)

- Margin of 11.5% (11.6)
- Diversified product mix contribution

Free operating cash flow of SEK 202 million (400)

- Impacted by higher capex

## Adjusted EBIT







# Tube

## Organic revenue growth

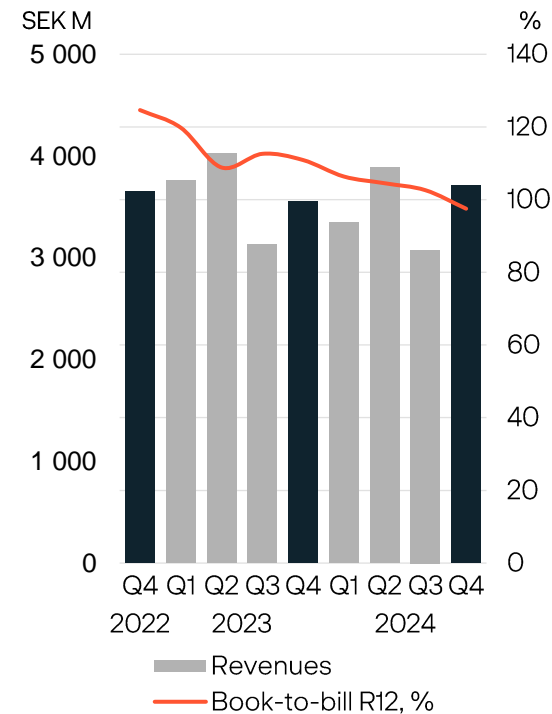
- Organic order intake growth of -10% R12
- Book-to-bill of 98% R12
- Organic revenue growth of 7%

## Product mix shift supporting margin

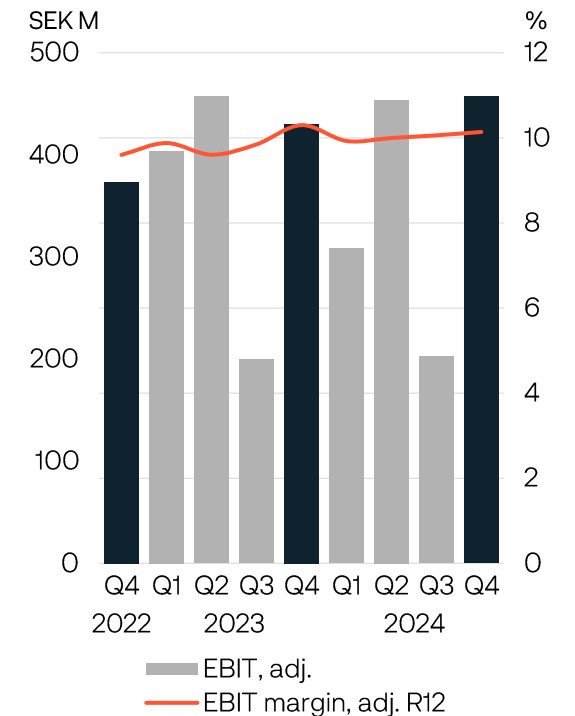
- Adj. EBIT margin increased to 12.3% (12.1)
- Positive product mix
- FX headwind of SEK -3 million yoy

SEK M	Q4 2024	Q4 2023	FY 2024	FY 2023
Order intake, R12	13,677	16,052	13,677	16,052
Organic growth, R12, %	-10	-3	-10	-3
Revenues	3,713	3,557	14,027	14,475
Organic growth, %	7	-1	2	9
Adj. EBIT	457	430	1,422	1,491
Margin, %	12.3	12.1	10.1	10.3

### Revenues and Book-to-bill



### Adjusted EBIT, (%)







# Kanthal

## Mixed market demand

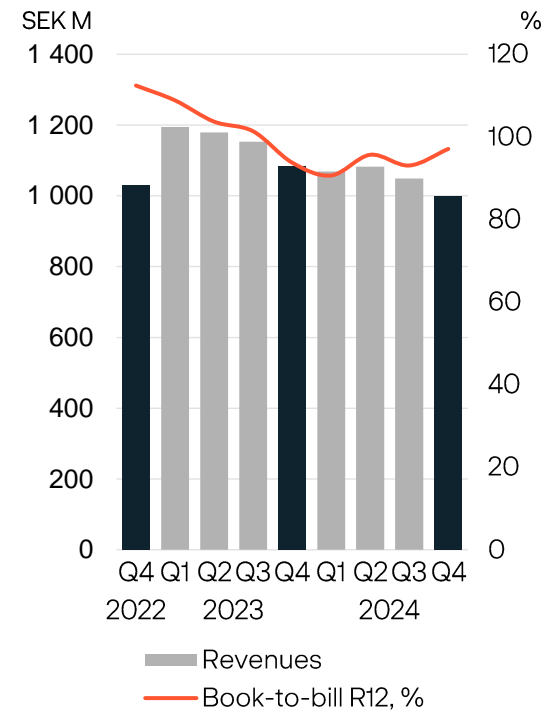
- Flat organic order intake growth R12
- Organic revenue growth of -6%
- Book-to-bill of 97% R12

## Solid underlying margin

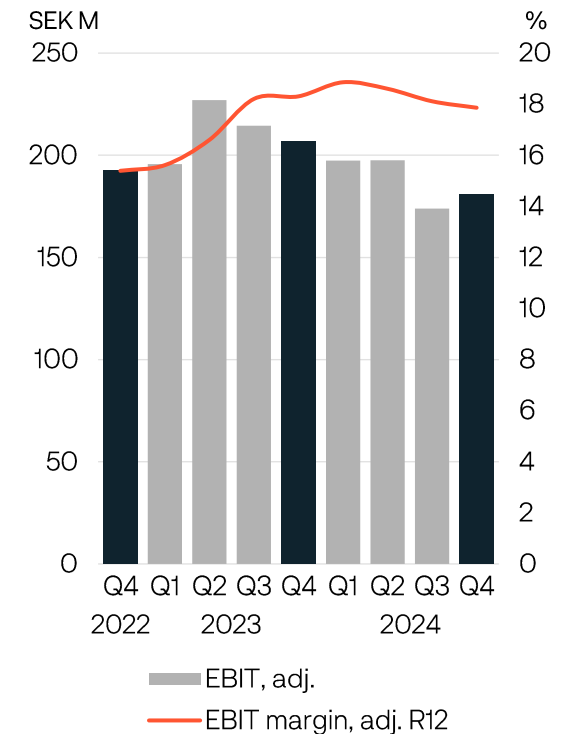
- Adjusted EBIT margin at 18.1% (19.1)
- Negative product mix in certain segments
- Positive effect from FX of SEK 1 million yoy

SEK M	Q4 2024	Q4 2023	FY 2024	FY 2023
Order intake, R12	4,077	4,321	4,077	4,321
Organic growth, R12, %	0	-7	0	-7
Revenues	999	1,082	4,200	4,609
Organic growth, %	-6	6	-3	11
Adj. EBIT	181	207	750	844
Margin, %	18.1	19.1	17.9	18.3

### Revenues and Book-to-bill



### Adjusted EBIT, (%)





# Strip

## Strong order intake growth

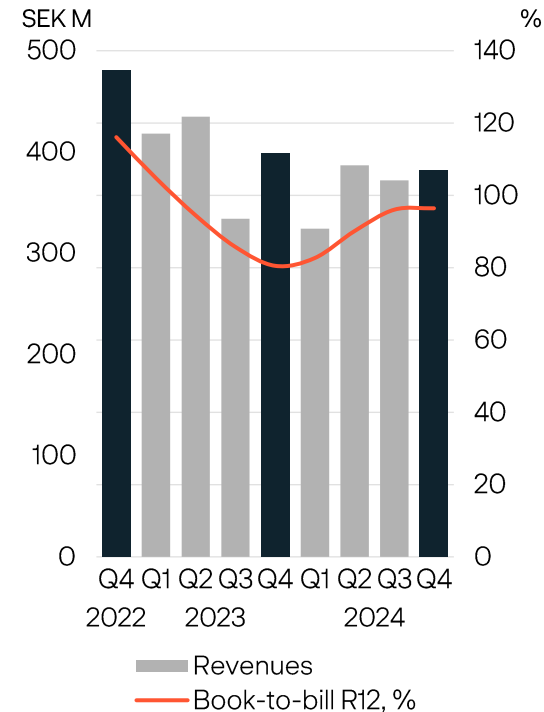
- Organic order intake growth of 32% R12
- Organic revenue growth of -3%
- Book-to-bill of 114% R12

## Continued market rebound

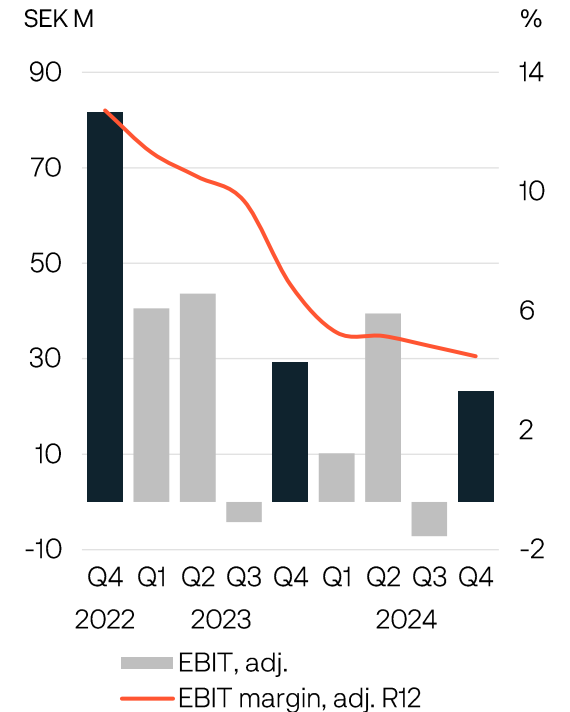
- Large order of pre-coated strip steel
- Adjusted EBIT margin of 6.1% (7.3)
- FX headwind of SEK -8 million yoy

SEK M	Q4 2024	Q4 2023	FY 2024	FY 2023
Order intake, R12	1,665	1,310	1,665	1,310
Organic growth, R12, %	32	-24	32	-24
Revenues	382	399	1,465	1,585
Organic growth, %	-3	-15	-4	-5
Adj. EBIT	23	29	66	109
Margin, %	6.1	7.3	4.5	6.9

### Revenues and Book-to-bill



### Adjusted EBIT, (%)





# Ongoing growth initiatives to strengthen the company long-term

- M&A
- Capex / growth investments
- Industrial Heating
- Medical
- Hydrogen and Renewable Energy
- Chemical and Petrochemical
- Transportation (Aerospace)
- Nuclear

Capability and capacity Expansion  
2023-2025:  
Zhenjiang, China, expansion

Capacity Expansion  
2023-2025:  
Increase capacity for process gas heaters & modules, Germany

Capacity Expansion  
2023 - :  
Increase medical wire capacity, US, EU

Capability Expansion  
2023 - :  
Broaden the US product portfolio, US

Capacity Expansion  
2023-2026:  
Increase SiC capacity, UK, US

Capacity Expansion  
2024-2025:  
Increase remelting capacity Sweden

Capacity Expansion  
2024-2025:  
Increase heating solutions capacity, Japan

Capacity Expansion  
2024-2026:  
Increase Nuclear (SGT) capacity, Sweden

Capacity Expansion  
2024-2026:  
Establish medical wire footprint in Asia, Malaysia

Acquisition:  
2025:  
Endox, Germany



Ongoing activities



# Company presentation

# A world-leading advanced materials company

- High value-added products in advanced stainless steels and special alloys as well as products for industrial heating
- Strong market positions across a wide range of niche end-markets, serving ten customer segments
- Fully integrated value chain, from industry-leading R&D capabilities to finishing and global sales force

REVENUES, FY 24

**19,691**

SEK M

ADJ. EBIT, FY 24

**1,944**

SEK M

ADJ. EBIT, FY 24

**9.9%**

# FTE's, FY 24

**6,825\***

Three divisions...

TUBE



KANTHAL



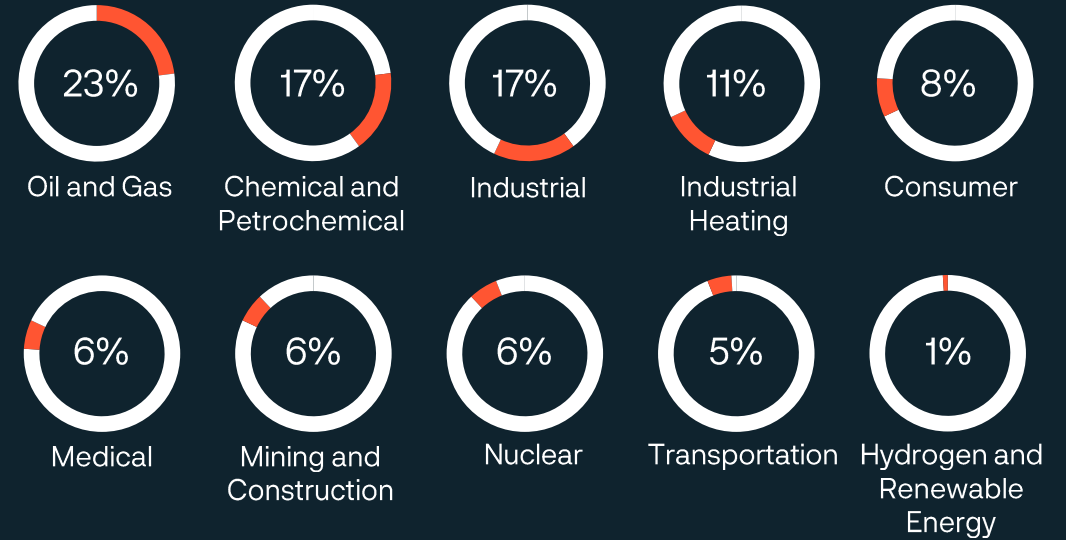
STRIP



\* Total workforce includes employees and third-party workers and is based on full-time equivalents.

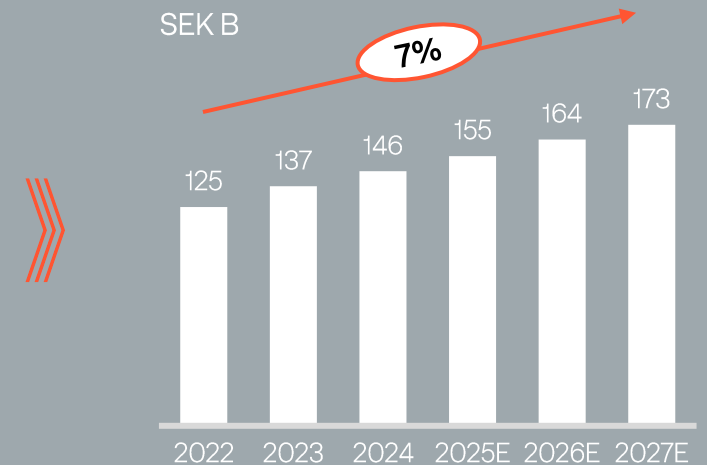


...serving ten customer segments



Sales by customer segment 2023

...adding up to a serviceable addressable market growth of 7% CAGR 2022-2027\*



\* Based on a market report conducted in 2022 by Arthur D. Little





# Premium offering across three divisions

## Tube

Seamless tubes and other long products in advanced stainless steels used in O&G, nuclear & other energy-related end-markets as well as chemicals, automotive and aerospace

FY 2024

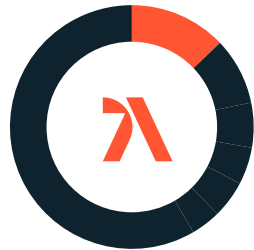
**14.0bn**

Revenues (SEK)

**10.1%**

Adj. EBIT margin

Market share



Example market positions

#1 Umbilical Tubing

#1 Aerospace Titanium Tube

#1 Steam Generator Tubing

Example products



Umbilical Tubes



High Pressure Tubes



Heat Exchanger Tubes



Hollow Bar



Round Bar



Rock Drill Steel

## Kanthal

Resistance wire for heating elements (consumer and industrial heating) as well as wire for medical devices

FY 2024

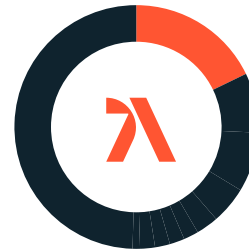
**4.2bn**

Revenues (SEK)

**17.9%**

Adj. EBIT margin

Market share



Example market positions

#1 Industrial Heating Solutions

#2 Medical wire

Example products



Flow Heaters



Furnace Rollers



Medical wire



Heating Elements



Diffusion Cassettes



Resistance Heating Wire

## Strip

Wide range of strip steel and a variety of strip-based products mainly supplying consumer driven products within white goods, automotive, shaving and the printing industry

FY 2024

**1.5bn**

Revenues (SEK)

**4.5%**

Adj. EBIT margin

Market share



Example market positions

#1 Compressor Valve Steel

#3 Razor Blade Steel

#1 Stainless Knife Steel

Example products



Razor Blade



Printing Doctor Blade



Knife & Spring Steel



Coated Strip Steel



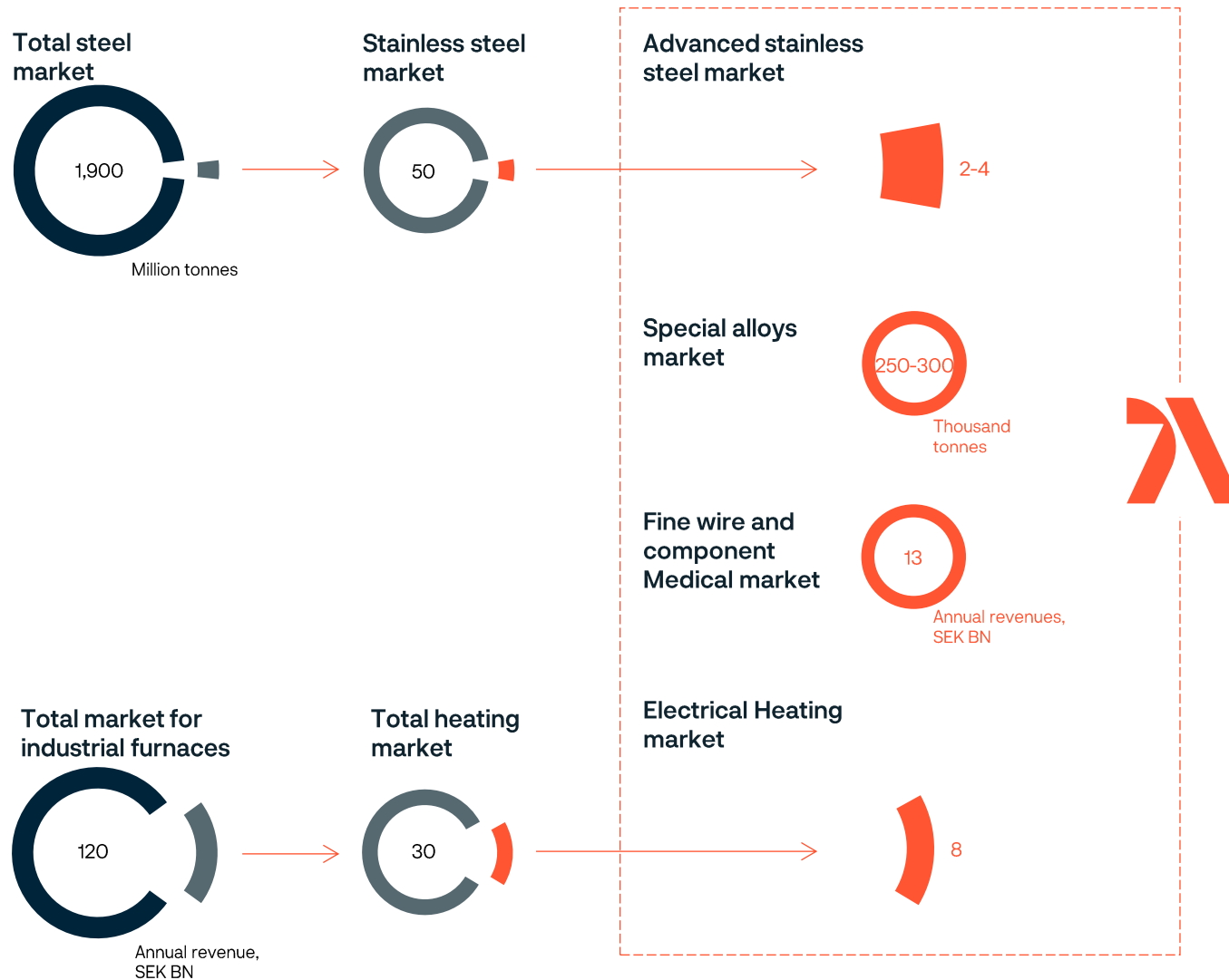
Fuel cell Materials



Compressor Valve Steel



# Who we are – a niche player in niche markets



**Niche player with large share of high refined products for several customer segments**

- Advanced stainless steel
- Special alloys
- Medical wire and components
- Industrial heating solutions with ongoing conversion from fossil fuelled industrial furnaces to electric furnaces





# Fully integrated value chain with world-class capabilities

Customer Need Identification



Research & Development



Primary Melting



Hot Working



Cold Working



Finishing



Sales & Marketing

Ensure independence and control of value chain

Enabling close customer collaboration

Secure product quality

Prerequisite for new materials and product development



# Global production footprint and go-to-market strategy



**Sandviken, Sweden**

One of Sweden's largest industrial sites in terms of ground area with c. 3,000 people working for Alleima

- Primary melting and hot rolling
- Hot extrusion (3 extrusion presses)
- Tube mills (Seamless tube and pipe, steam generator tubing, Zirconium tubing)
- Rock Drill Steels
- Precision Strip
- R&D

Sales in **80** markets

**5** R&D centers

**40+** sales offices

**25+** production sites across the globe

- Global presence and proximity to customers
- Creating flexibility and back-up
- Enabling specialization



# Focused strategy execution for profitable growth

1



## Profitable Growth

- Capitalize on the megatrends of energy transition, energy efficiency, electrification, medical growth and capture O&G rebound
- Expand through M&A within select key verticals and niches to enable accelerated growth and its diversification across products and end markets

2



## Materials Innovator and Technology Leader

- Focus R&D towards new business opportunities, defend and strengthen core and widen portfolio
- Increase pace of new product introductions

3



## Operational and Commercial Excellence

- Continuous improvements and footprint optimization
- Pricing management and mix optimization
- Strengthen employer branding and competence development

4



## Industry Leading Sustainability

- Sustainability deemed key differentiator vs. competitors
- Ongoing investments and development of sustainable offering
- Continuous efforts and process improvements to reduce impact from production and operations



# A growth strategy built to capitalize on global megatrends...



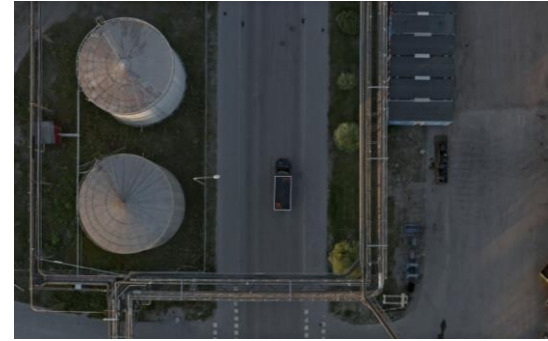
## Changing demographics

- Global population growth
- Increased consumption and energy demand
- Share of people aged +60 years is expected to increase
- Increased demand for health care and medical solutions



## Increasing and changing energy demand

- Global energy demand driven by
  - Population growth
  - Economic growth
- Electricity price fluctuations
- Shift toward renewable energy production sources



## Electrification of industry and transportation

- Electrification of vehicles
- Adoption of renewable energy
- Increasing connectivity

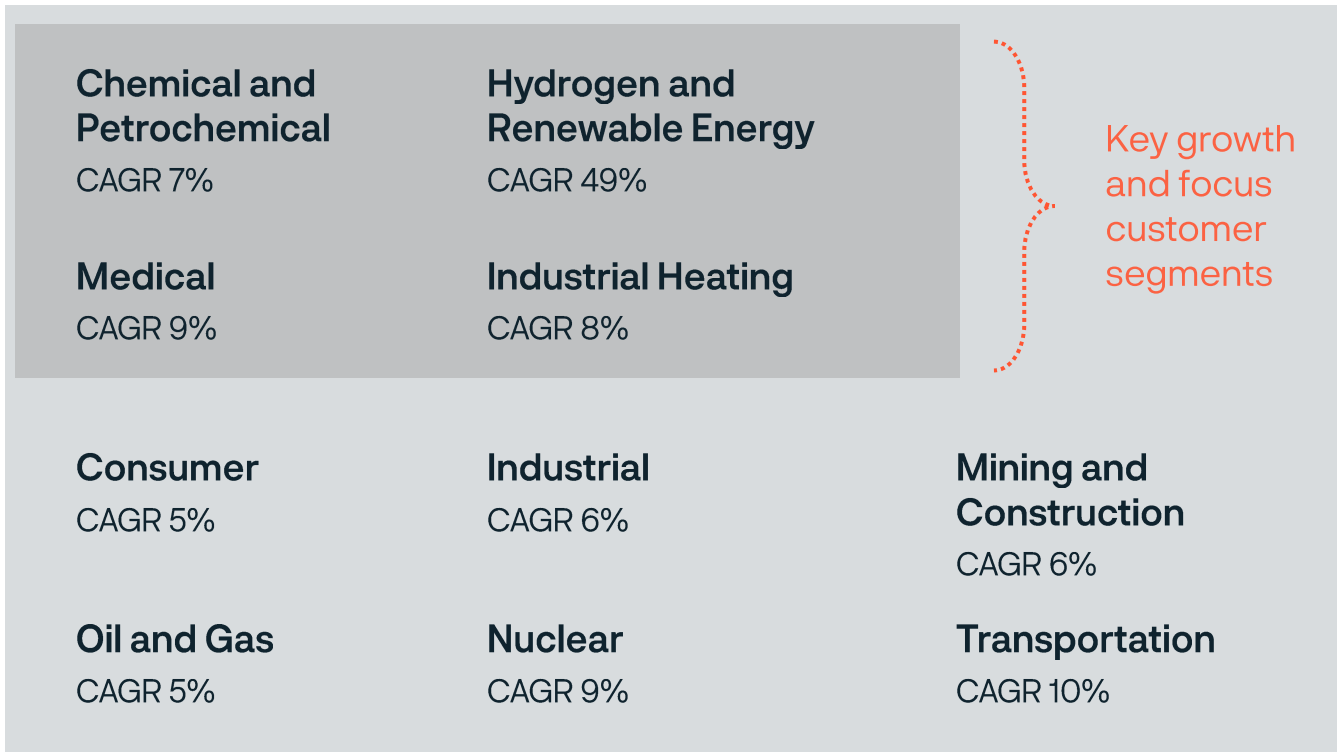


## Growth in emerging markets

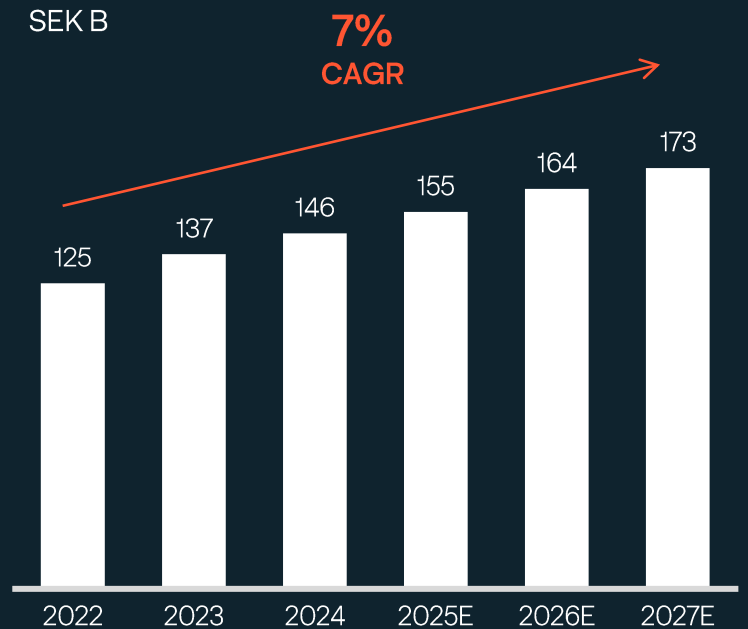
- Rising living standards
- Industrial development

# Our markets are expected to grow at 7% CAGR until 2027...

Customer segments growth  
CAGR 2022-2027 \*



## Serviceable addressable market (SAM) size and growth

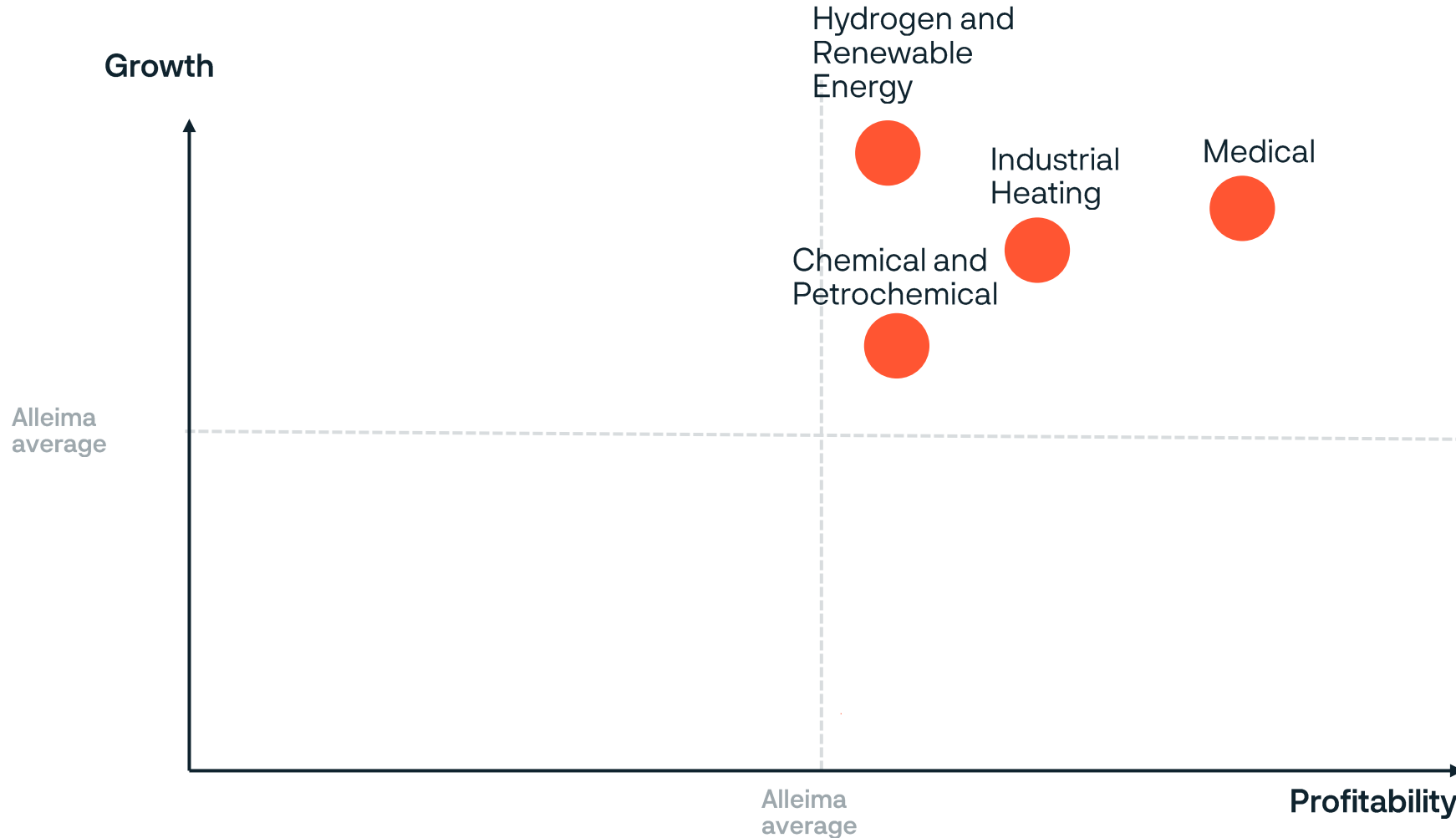


\*Note: The estimated aggregated serviceable addressable market (SAM) and growth is based on the aggregated size and growth of all 10 customer segments. Source: Market Report Conducted by Arthur D. Little on behalf of Alleima.



● Prioritized segment

# Prioritized segments in focus for capital allocation



Note: Low volumes in Hydrogen and Renewable Energy

## Four prioritized segments

- Chemical and Petrochemical
- Hydrogen and Renewable Energy
- Medical
- Industrial Heating

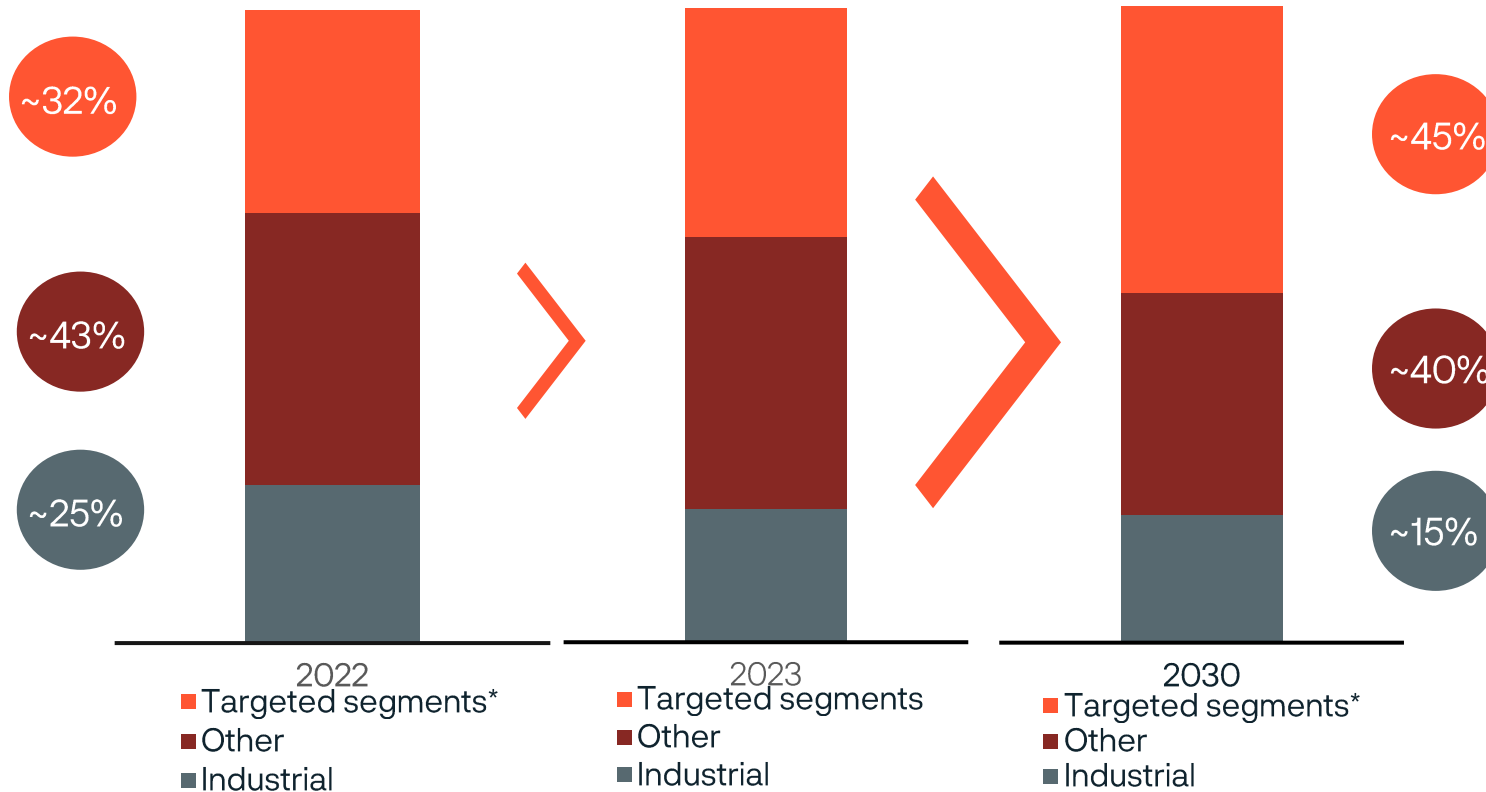
## Principles for capital allocation decisions

- Market position and growth
- Profitability
- Capital efficiency
- Resilience

...indicating an improved product mix with higher revenues from targeted segments...

Current revenue split

Revenue split ambition\*\*



- Grow in line with or above targeted end markets
- Includes targeted segments as well as attractive niches across the business
- Increased share of revenues from the targeted segments

Targeted segments: Chemical and Petrochemical, Industrial Heating, Medical and Hydrogen and Renewable Energy

Other: Oil and Gas, Nuclear, Transportation, Consumer, Mining and Construction

\*\*Excluding M&A



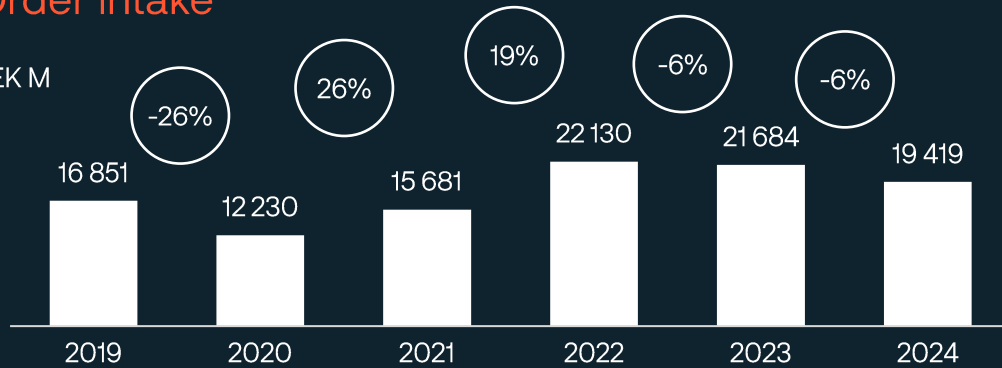


# Financial background – focus on resilience

Organic growth (%)

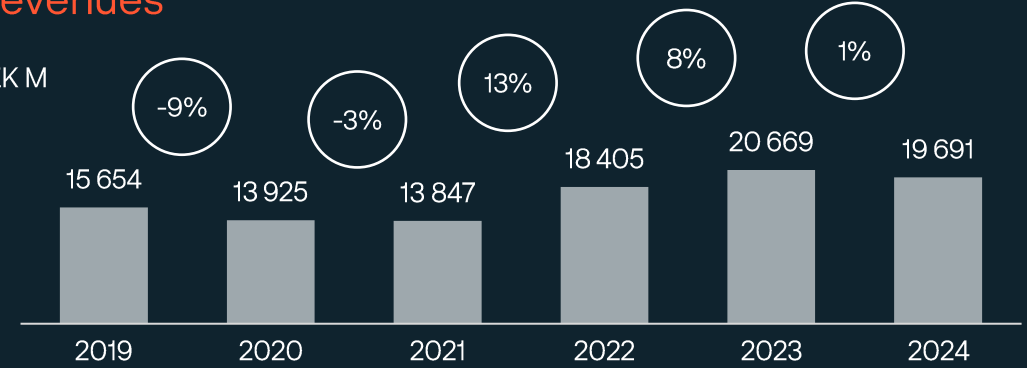
## Order intake

SEK M



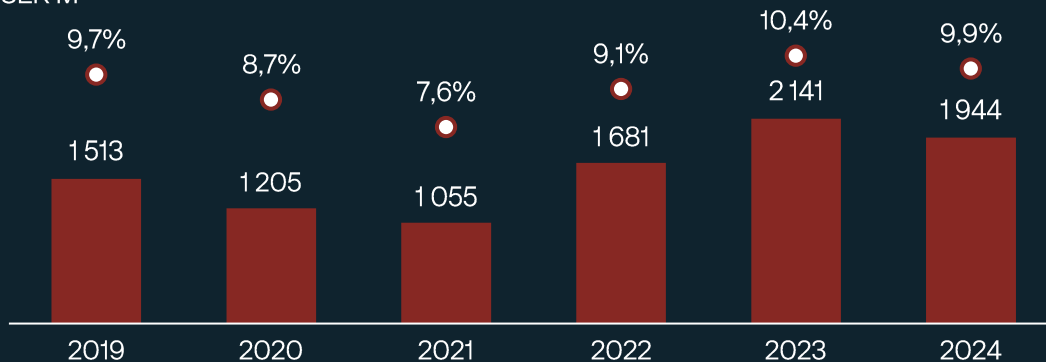
## Revenues

SEK M



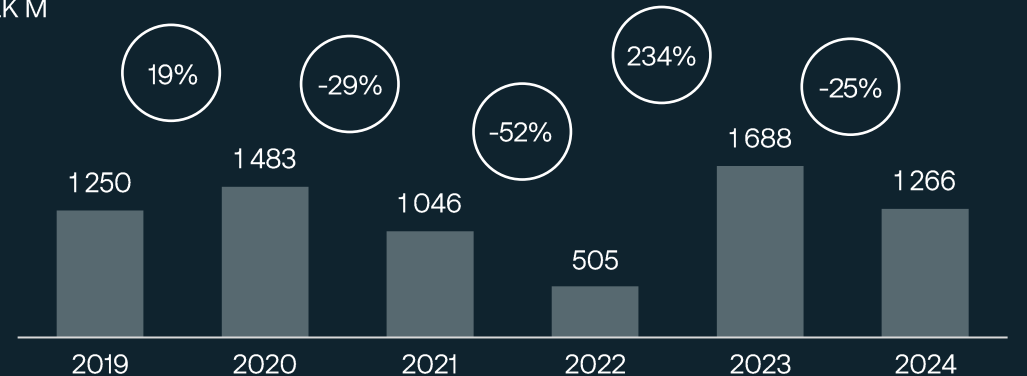
## Adj. EBIT and margin %

SEK M



## Free operating cash flow<sup>1</sup>

SEK M





<sup>1</sup>) Free operating cash flow defined as EBITDA adjusted for non-cash items plus changes in net working capital less acquisitions and divestments of tangible and intangible assets and less amortization of lease liabilities



# Nature of the business – metal price effect

## Metal price trend and how it affects different measures

- Isolating the effect from metal price changes in the business where market price for metal has a direct impact on pricing.
- At constant volumes, mix and lead time the effects can be described as follows:

Metal price trend	Order intake	Revenues	Profitability	Inventory	Accounts payable	Accounts receivable	Cash flow
<b>Rising market price</b> 	Increase in value – higher prices	Increase in value – higher prices	Positive - raw material bought cheaper in earlier periods will be sold in current period at higher price.	Higher value - due to higher price for the last added metals when continuously replacing inventory	Increase - higher price on metals from suppliers	Increase due to higher metal price to customers	The conversion of profitability to cash will be affected negatively by cash being tied up in net working capital due to higher metal prices
<b>Decreasing market price</b> 	Decrease in value – lower prices	Decrease in value – lower prices	Negative – raw material bought at higher price in earlier periods will be sold at lower price in current period	Lower value - due to lower price for the last added metals when continuously replacing inventory	Decrease - lower price on metals from suppliers	Decrease due to lower metal price to customers	Cash will be released from net working capital offsetting the cash negative impact from lower profitability



# Winning platform set to unlock shareholder value

- 1 Premium offering with solid market positions and diverse customer segment exposure
- 2 Fully integrated value chain with prominent metallurgy expertise and global footprint
- 3 Multiple and tangible levers to deliver profitable growth, capitalizing on global megatrends including the transition to renewable energy
- 4 Solid foundation with attractive and resilient earnings and cash-flow profile



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