

January 2024

Q4 roadshow



Q4 highlights

Continued solid order backlog

- Mixed market demand
- Strong underlying market trends in some customer segments
- Negative organic order intake growth on high comparables
- Solid backlog provides confidence for near-time deliveries
- Slight revenue decline mainly due to low demand in low-refined short cycle business

Earnings growth

- Adj. EBIT growth of 5%
- Positive product mix
- Successful price increases

Consistent strategy execution

- Inaugurated final production line in the Mehsana plant, India
- Sustainable trends generate business



Market development

- Continued mixed market development
- Signs of stabilization in the short-cycle business
- Solid underlying demand in several customer segments

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%



Tube

Backlog remained solid

- Organic order intake growth of -7 % excluding major orders
- Book-to-bill of 111% R12m
- Strong momentum in Oil and Gas and Nuclear
- Organic revenue growth of -1% mainly due to lower volumes in the industrial segment

Significant earnings improvement

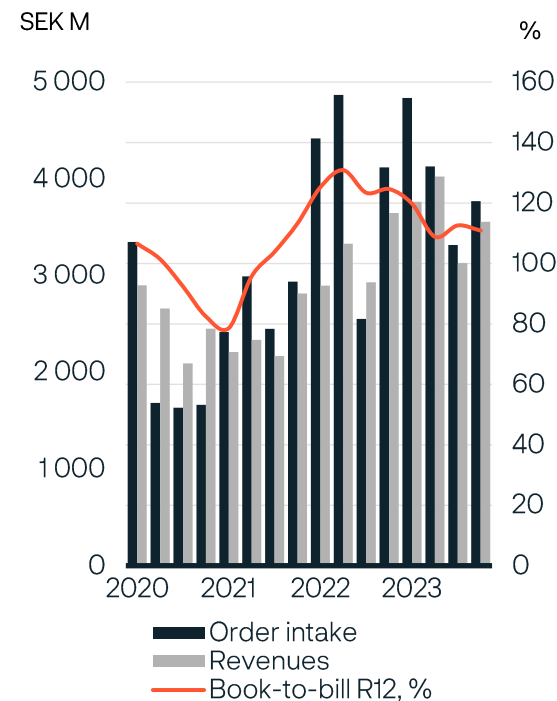
- Adj. EBIT margin increased to 12.1% (10.2)
- Positive product mix and price increases
- Positive FX impact of SEK 64 million yoy
- Dilution from under-absorption and productivity issues

Geared-up for growth in Asia

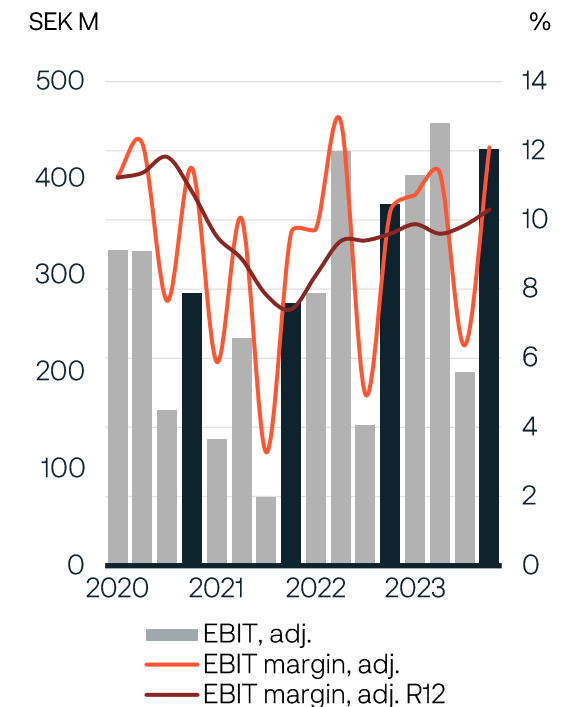
- Finalized and inaugurated the build-out of plant in Mehsana, India

SEK M	Q4 2023	Q4 2022	FY 2023	FY 2022
Order intake	3,770	4,119	16,052	15,959
Organic growth, %	-7	19	-3	25
Revenues	3,557	3,647	14,475	12,804
Organic growth, %	-1	12	9	14
Adj. EBIT	430	374	1,491	1,229
Margin, %	12.1	10.2	10.3	9.6

Order intake and revenues



Adjusted EBIT, (%)





Kanthal

Order intake growth ex. major orders of 5 %

- Lower demand for Industrial Heating yoy on high levels
- Strong underlying demand for Medical
- Organic revenue growth of 6%
- Record-high revenues in Medical

Continued earnings growth

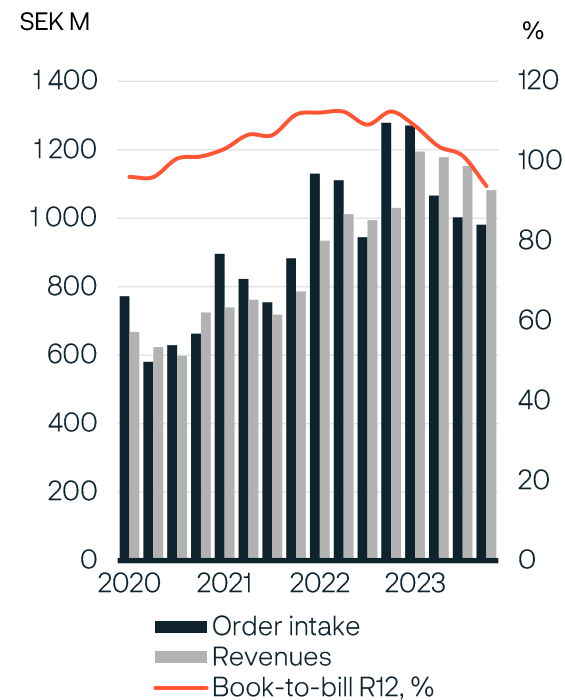
- Adjusted EBT margin at 19.1%
- Increased revenues and a strong product mix
- Price increases

Increasing capacity

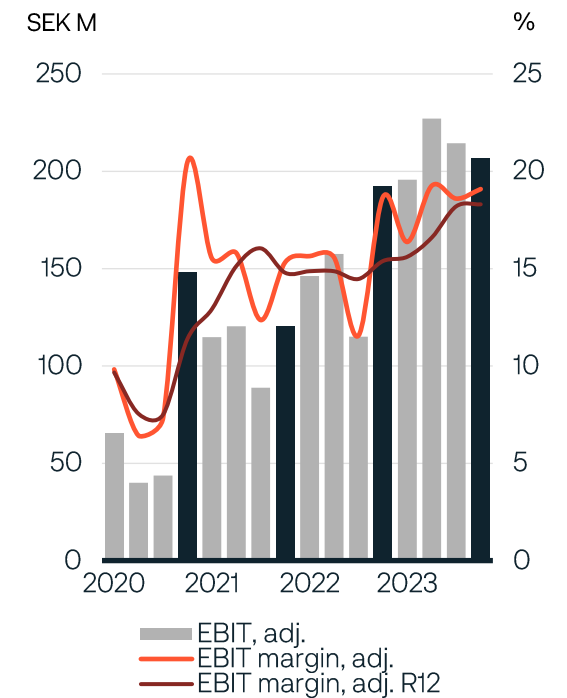
- Increasing capacity for silicone carbide heating elements

SEK M	Q4 2023	Q4 2022	FY 2023	FY 2022
Order intake	981	1,279	4,321	4,466
Organic growth, %	-23	23	-7	9
Revenues	1,082	1,031	4,609	3,972
Organic growth, %	6	13	11	9
Adj. EBIT	207	193	844	611
Margin, %	19.1	18.7	18.3	15.4

Order intake and revenues



Adjusted EBIT, (%)





Strip

Continued soft market demand

- Continued weak consumer segment
- Organic order intake growth of -5%
- Organic revenue growth of -15%

Adjusted EBIT margin at 7.3%

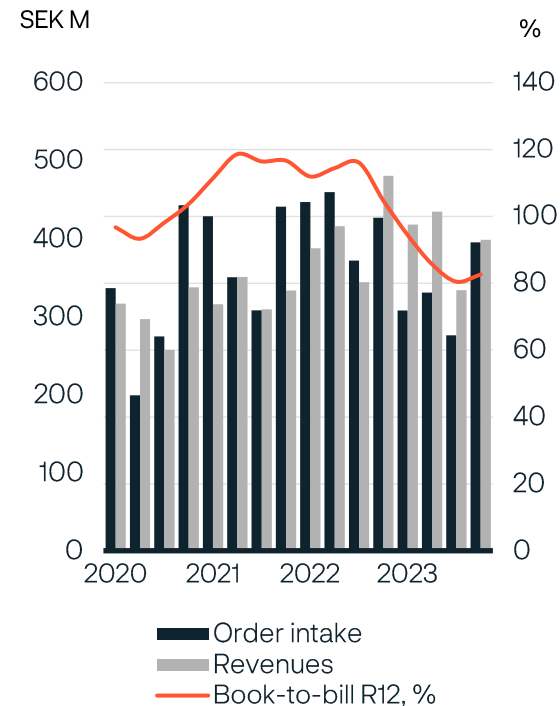
- Continued under-absorption effects from lower production volumes
- Price increases

Mitigating actions

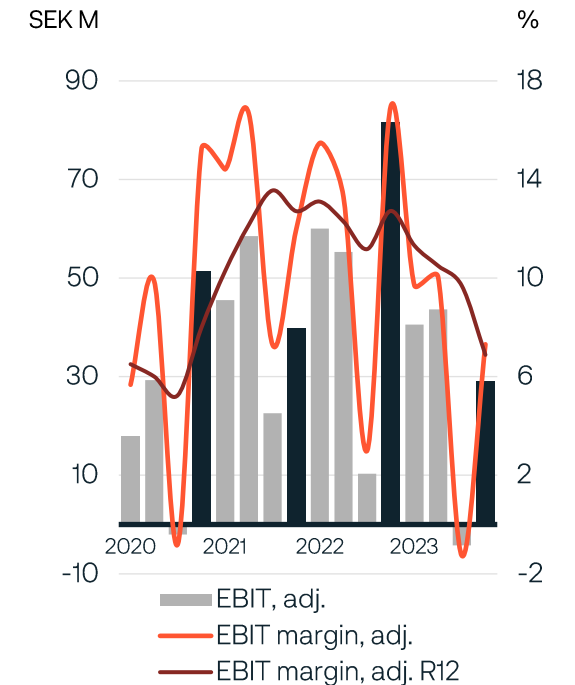
- Actions to adjust capacity and reduce costs are ongoing

SEK M	Q4 2023	Q4 2022	FY 2023	FY 2022
Order intake	395	427	1,310	1,705
Organic growth, %	-5	-11	-24	2
Revenues	399	481	1,585	1,628
Organic growth, %	-15	33	-5	14
Adj. EBIT	29	82	109	207
Margin, %	7.3	17.0	6.9	12.7

Order intake and revenues



Adjusted EBIT, (%)





Outlook for the first quarter 2024

- Despite mixed demand in our markets during the quarter, underlying megatrends are expected to continue to mitigate the impact of uncertainties in the macroeconomic environment in the coming year.
- With our solid backlog, we have good visibility in our near-term deliveries.
- We are continuously taking measures to mitigate potential impact from cost inflation and under-absorption of costs from the lower production volumes in certain segments.
- The product mix is expected to be similar to that of the fourth quarter.
- Cash flow is normally lower in the first half-year compared with the second half.



Summary

- A well executed year with record-high revenues and earnings
- Solid backlog
- Momentum from underlying tailwinds
- Continued soft market conditions in some segments
- Successful price increases
- Consistent strategy execution towards profitable growth



Company presentation

A world-leading advanced materials company

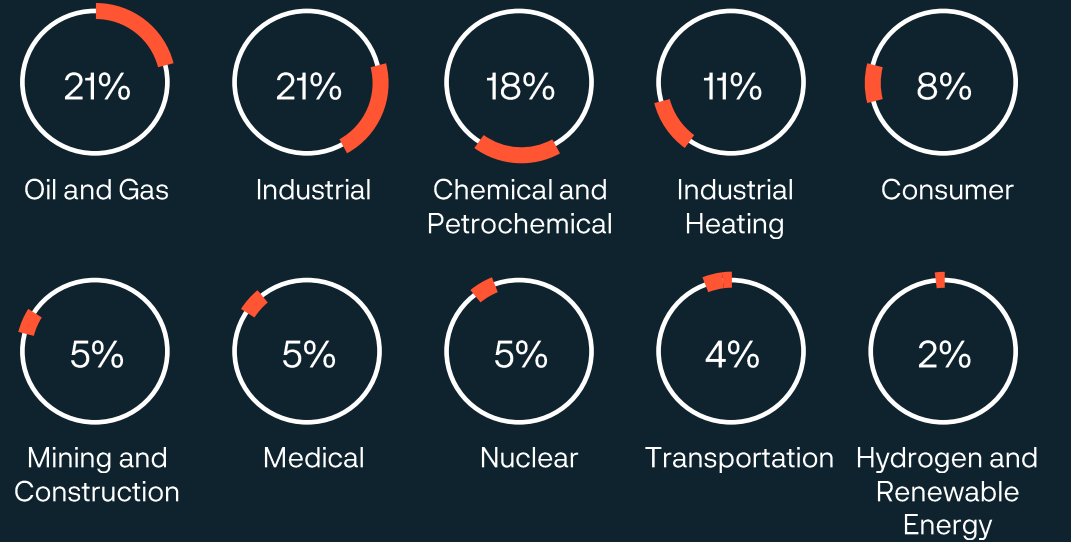
- High value-added products in advanced stainless steels and special alloys as well as products for industrial heating
- Strong market positions across a wide range of niche end-markets, serving ten customer segments
- Fully integrated value chain, from industry-leading R&D capabilities to finishing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

REVENUE 20,669 SEK M, FY 2023	ADJ. EBIT 2,141 SEK M, FY 2023	ADJ. EBIT % 10.4% FY 2023	# FTE's 6,110 Dec 2023
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Three divisions...

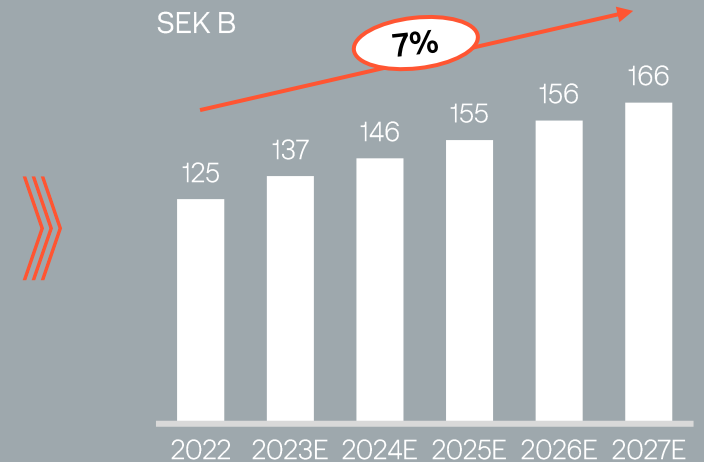


...serving ten customer segments



Sales by customer segment 2023

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





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

2023

14.5bn

Revenues (SEK)

10.3%

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

2023

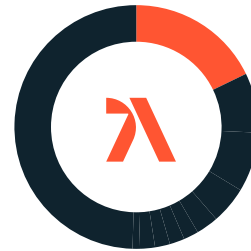
4.6bn

Revenues (SEK)

18.3%

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

2023

1.6bn

Revenues (SEK)

6.9%

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



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
90 markets
40+ sales offices

5 R&D centers
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

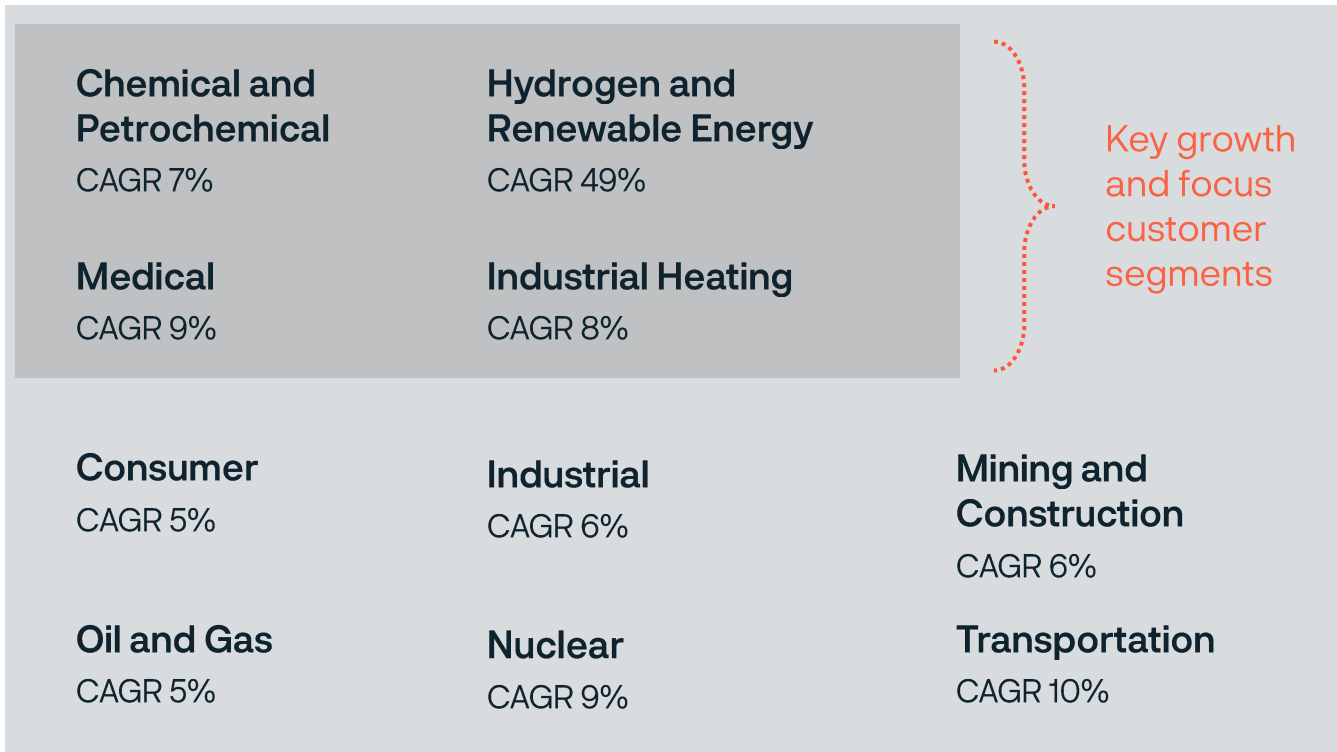


Growth in emerging markets

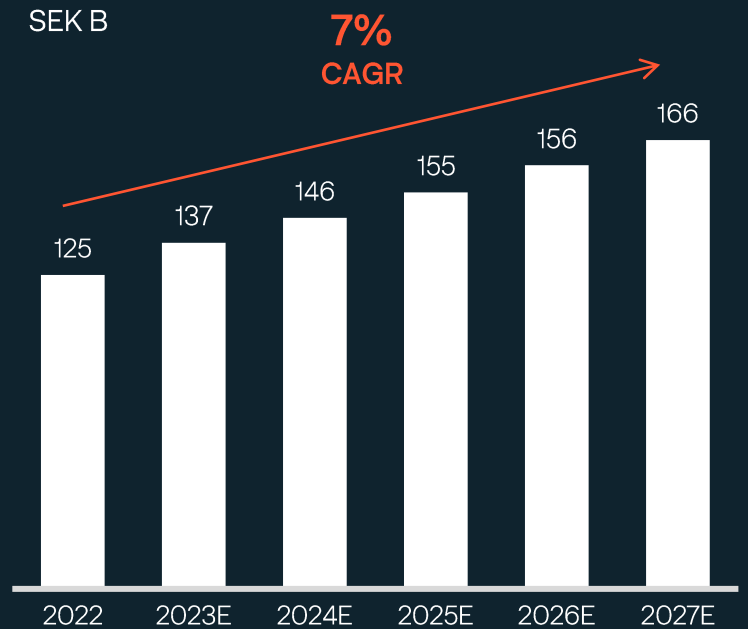
- Rising living standards
- Industrial development

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

Customer segments growth
CAGR 2022-2027 *



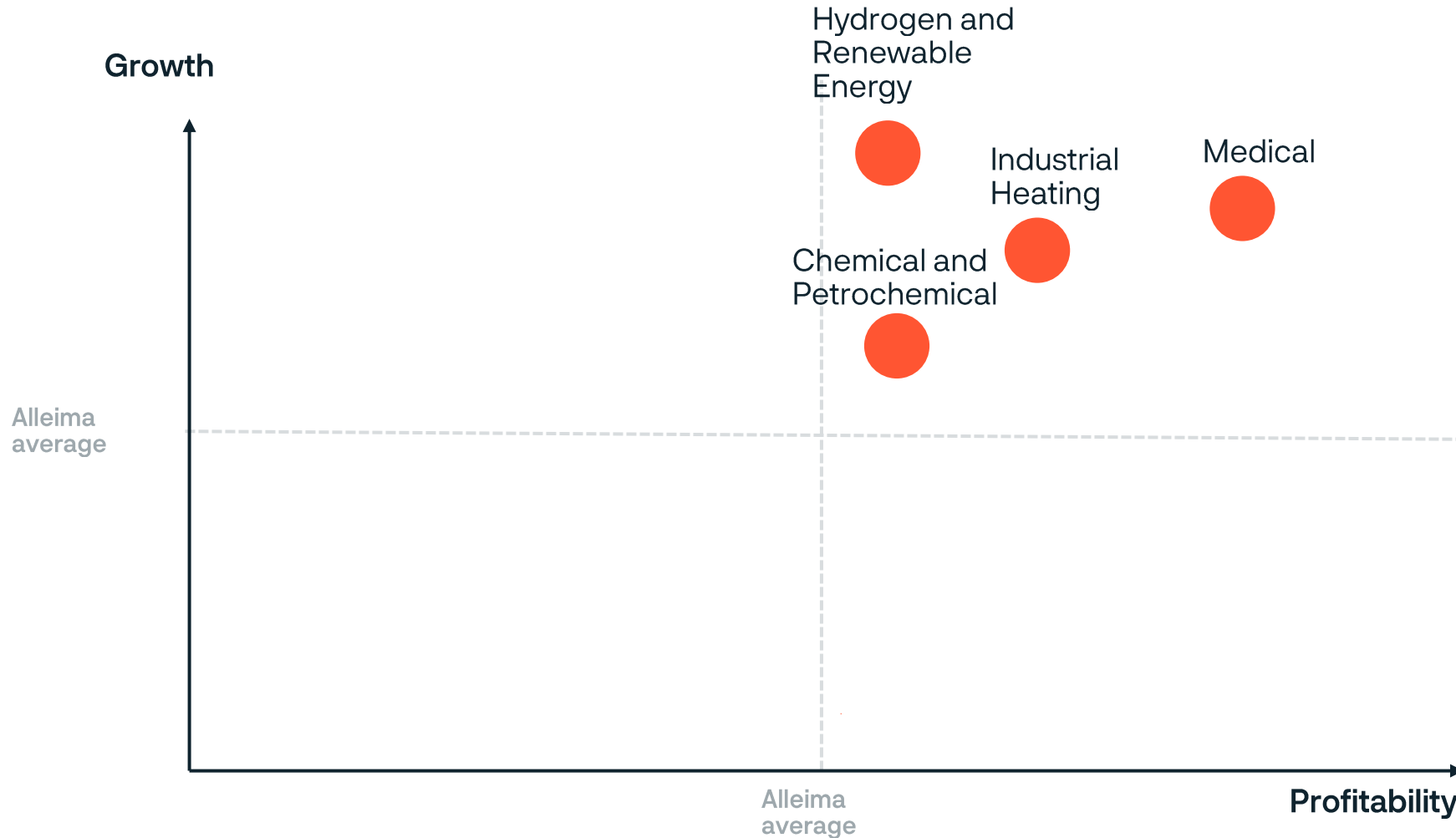
Serviceable addressable market (SAM) size and growth



*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

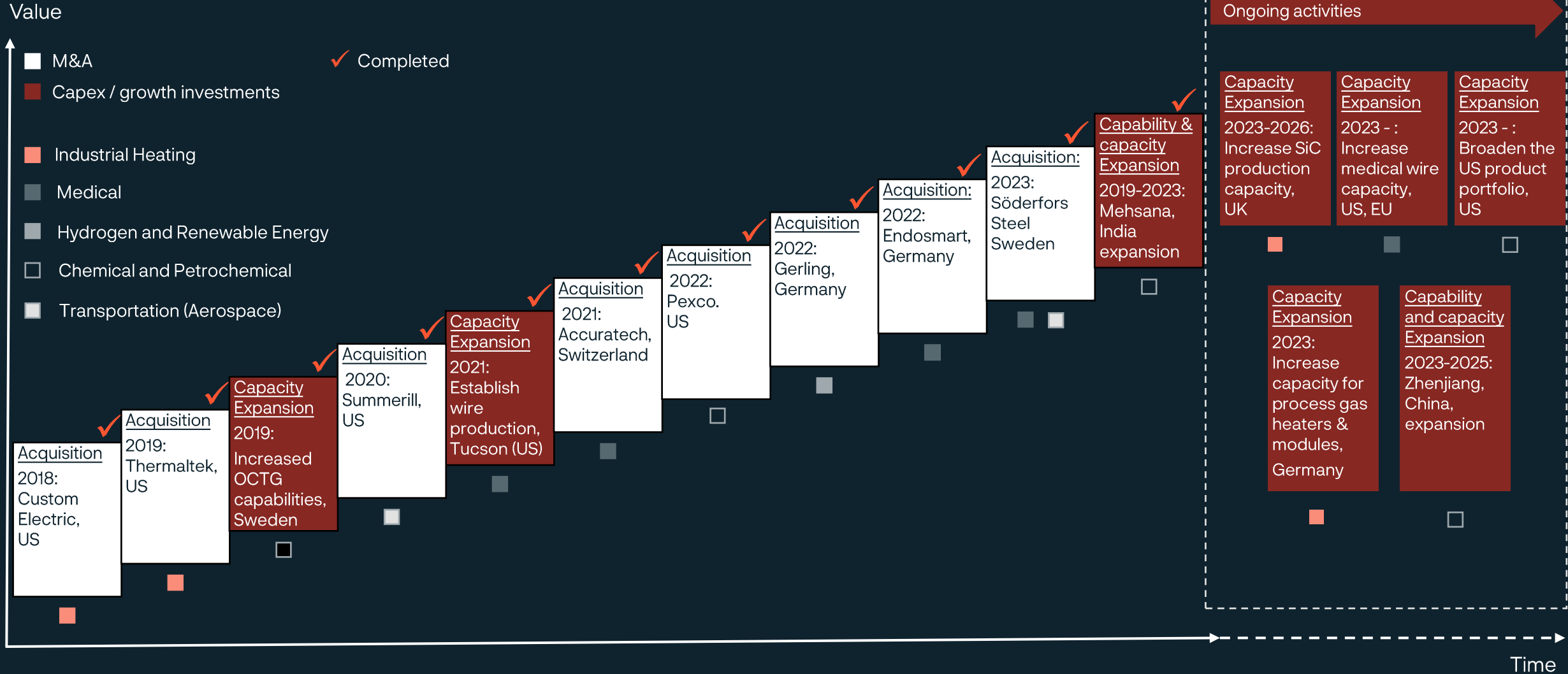
- Chemical and Petrochemical
- Hydrogen and Renewable Energy
- Medical
- Industrial Heating

Principles for capital allocation decisions

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



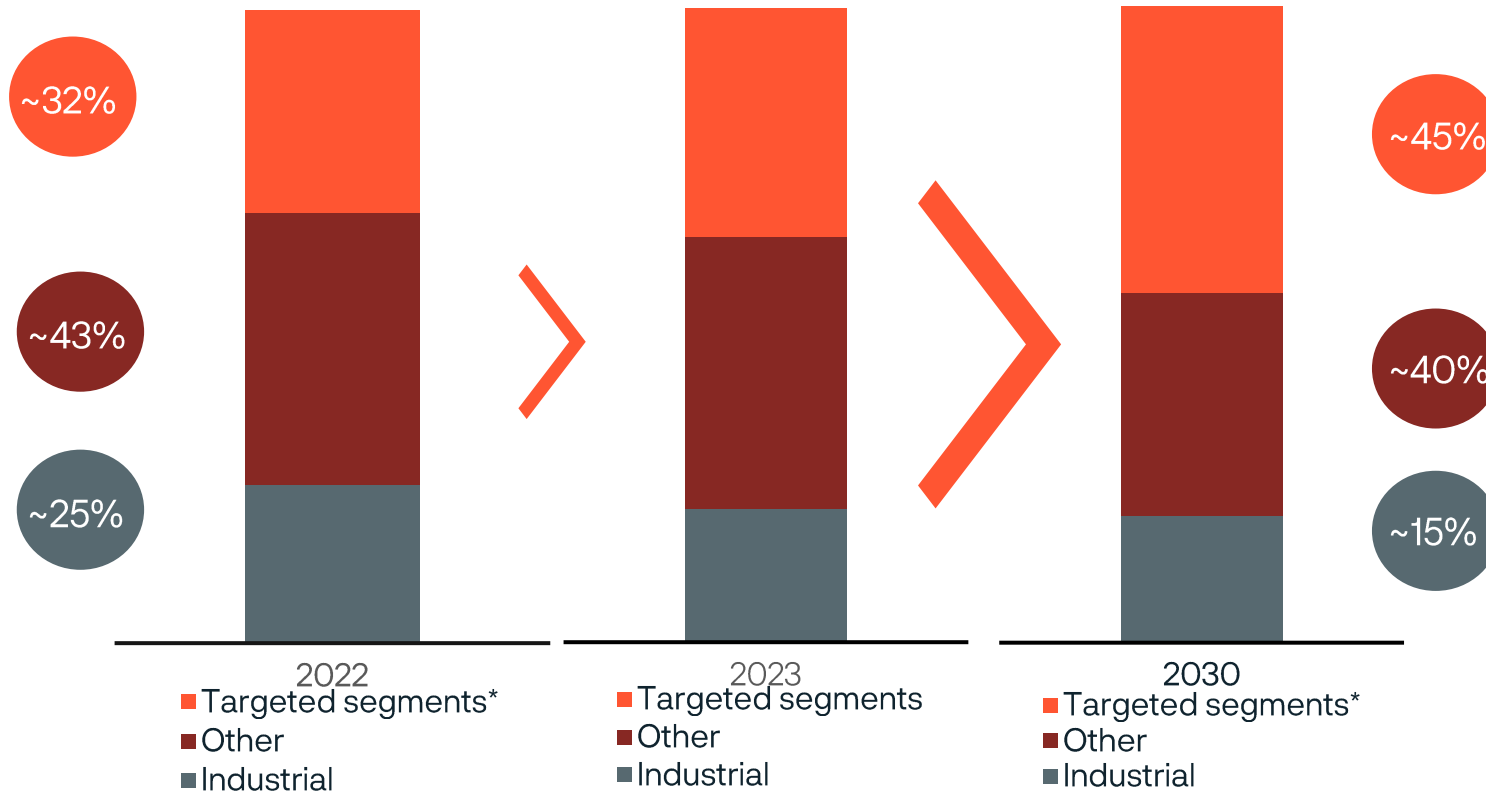
Growth investments and acquisitions continue to strengthen the company



...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

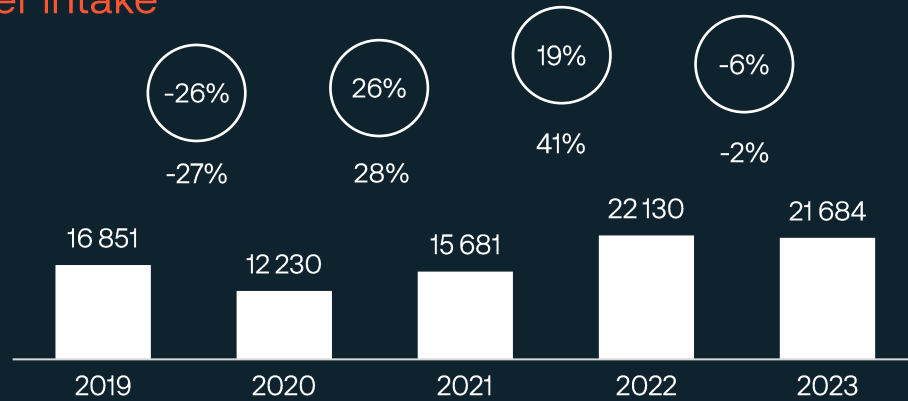


Financial background – focus on resilience

Organic growth (%)

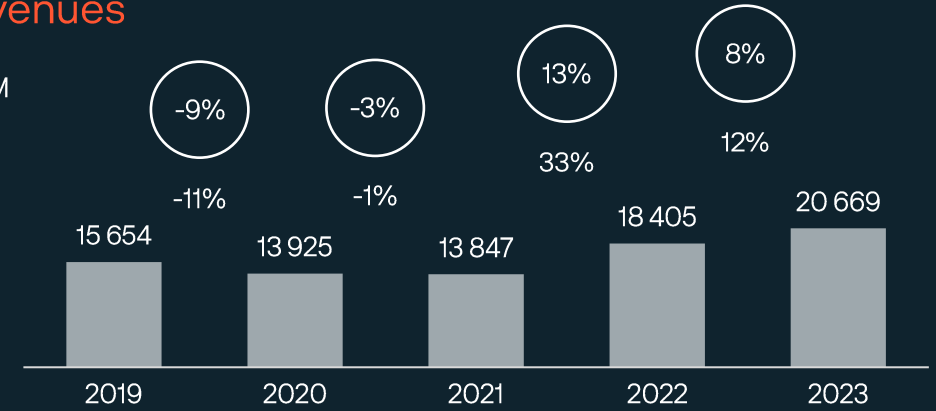
Order intake

SEK M



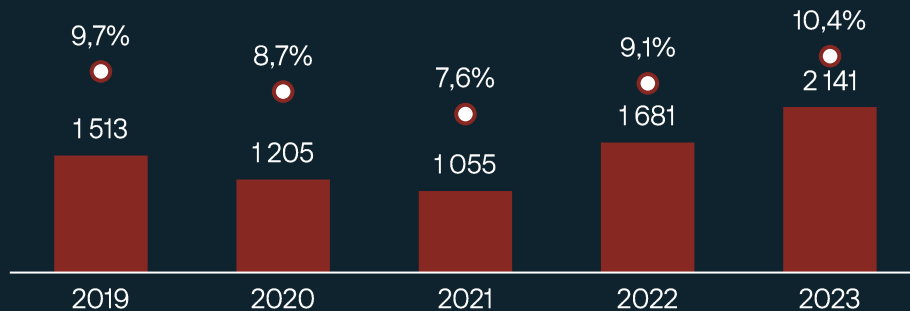
Revenues

SEK M



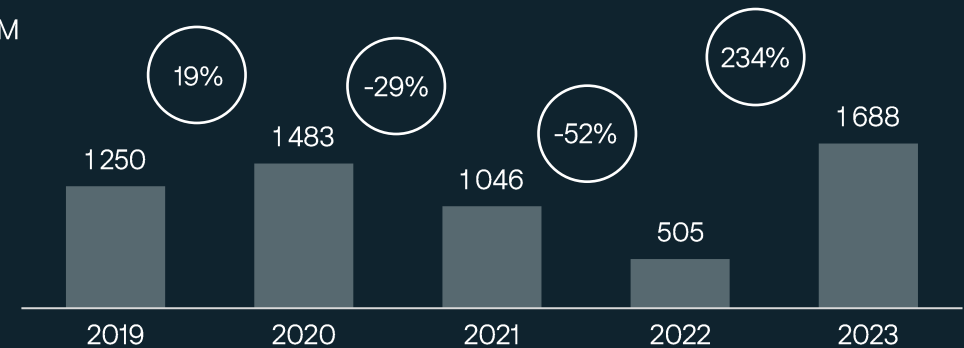
Adj. EBIT and margin %

SEK M



Free operating cash flow¹

SEK M



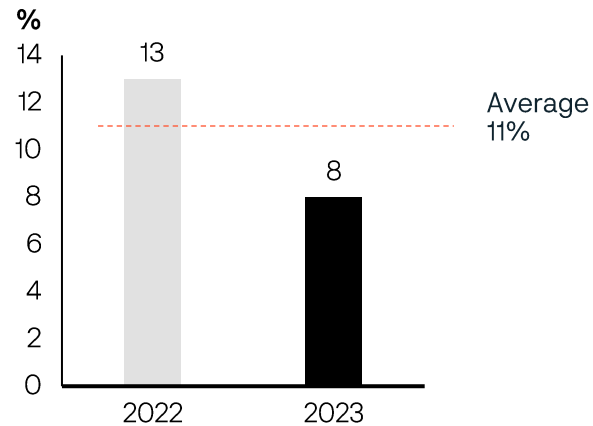
¹) Free operating cash flow defined as EBITDA adjusted for non-cash items plus changes in net working capital less acquisitions and divestments of tangible and intangible assets and less amortization of lease liabilities



Performance vs. financial targets

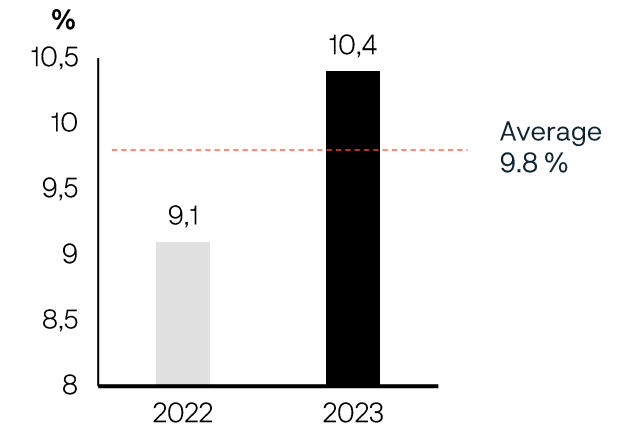
Organic growth

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



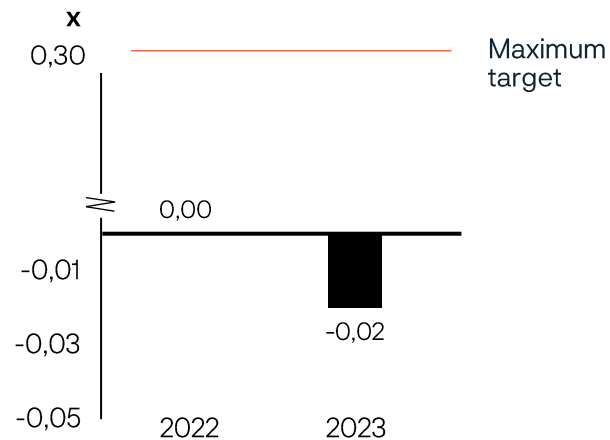
Earnings

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



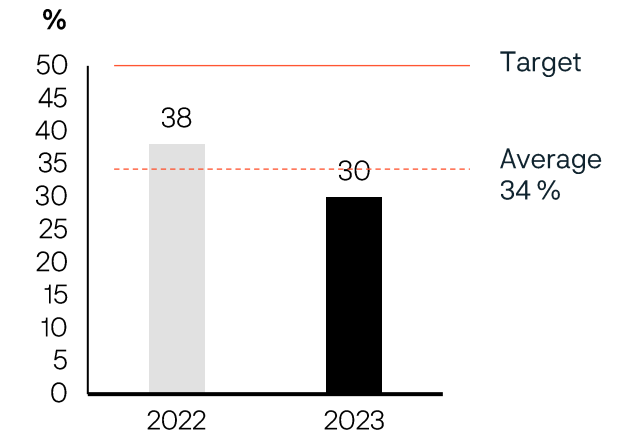
Capital Structure

A net debt to equity ratio below 0.3x



Dividend

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







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
Rising market price 	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
Decreasing market price 	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



Thank you
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