

July 19, 2024

Göran Björkman, President & CEO
Olof Bengtsson, CFO



Interim report

Second 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



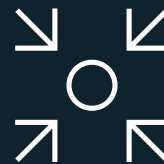
First aid kit



Emergency exit



Alarm



Assembly point



Health & well-being



Speak Up

Q2 highlights

Flat organic revenue growth on high comparables

- Improved market sentiment
- Solid and growing backlog

Resilient earnings

- Broader EBIT contribution
- Strong cash flow

Staying with our strategy

- Price leadership
- Organizational flexibility
- Sustainable trends continue to generate business

Revenues
(SEK M)

5,359

Organic revenue
growth

0%

Adj. EBIT
(SEK M)

592

Adj. EBIT margin

11.1%

Free op. cash flow
(SEK M)

486

Adj. EPS
(Diluted, SEK)

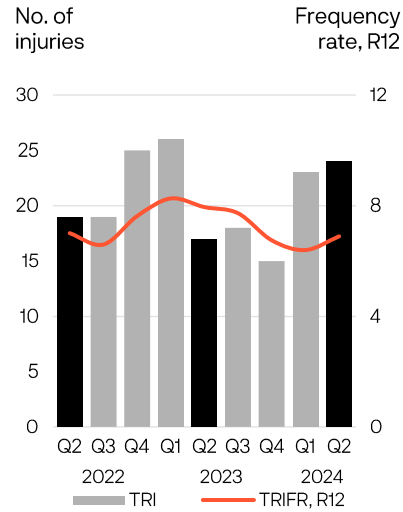
2.23



Leading sustainability

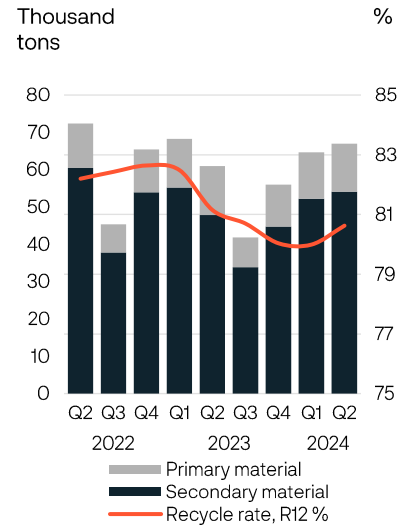
Making an impact through our operations

- Prioritizing safety performance
- Share of recycled steel remains high
- Reducing CO₂ emissions
- Increasing share of female managers



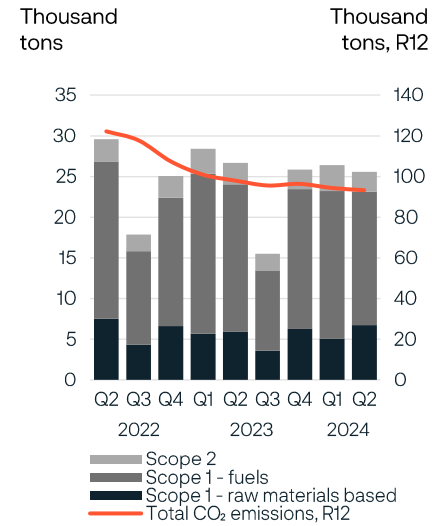
Health and safety

— R12 total recordable injury frequency rate, TRIFR, was 6.9 (8.0). The quarterly outcome was 7.8 (5.9).



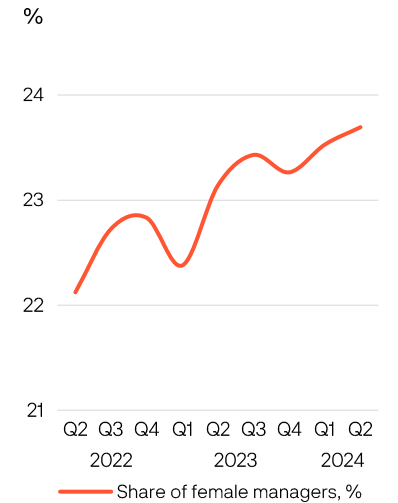
Recycled steel

— R12 share of recycled steel in the steel manufacturing amounted to 80.6% (81.1). The quarterly figure improved to 80.8% (78.4).



CO₂ emissions

— R12 CO₂ emissions amounted to 93 kton (98), a reduction of 5%. Emissions for the quarter decreased to 26 kton (27), a reduction of 4%.



Share of female managers

— The share of female managers increased to 23.7% (23.1) during the quarter.



Enabling the sustainable transition

Making an impact through our products

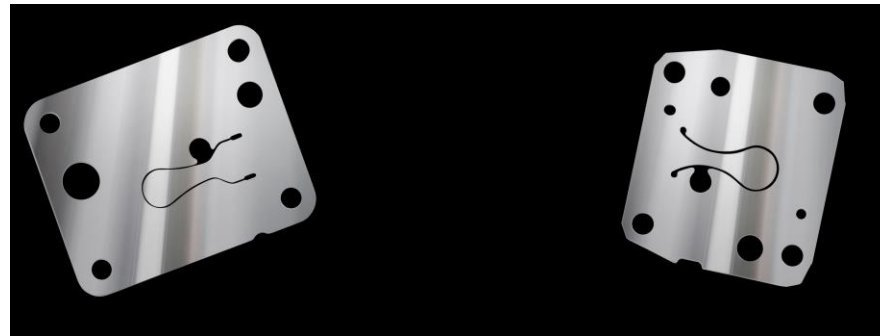
Strategic partnership for process gas direct-heating solution

- Key to enable zero-emission DRI plants
- Sustainable steel production
- Compatible with hydrogen, natural gas and combinations



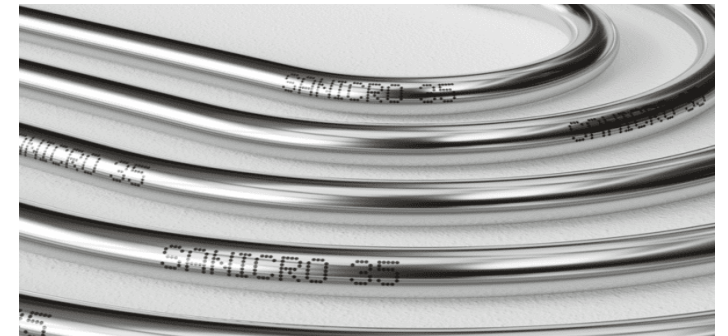
New compressor valve steel boost energy efficiency

- Increased demand for more sustainable cooling systems
- Enables energy savings



Orders of tubes to renewable biofuel industry

- Momentum in the biofuel market
- Introducing Sanicro® 35 to biofuel producers in China and Europe
- Renewable diesel refinery in North America





Market development

- Improving market sentiment
- Cautiously improved macro environment

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

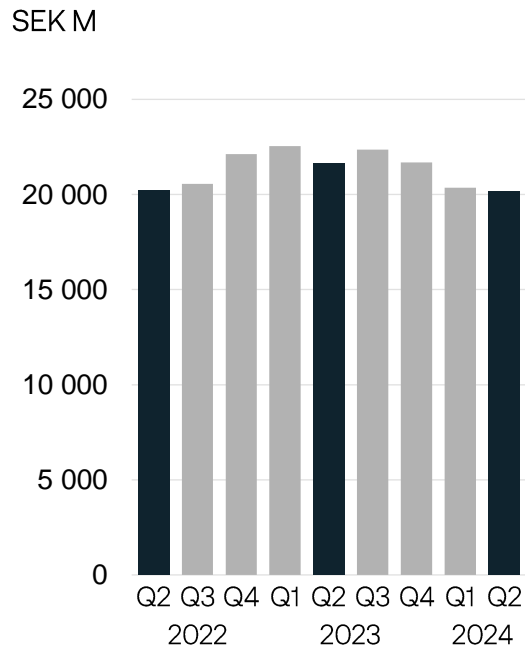
Order intake R12
(SEK M)

20,135

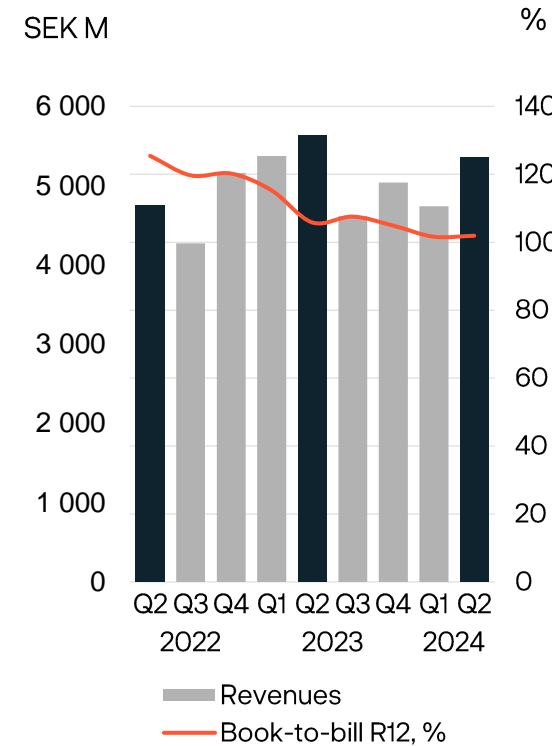
Revenues
(SEK M)

5,359

Order intake R12



Revenues and book-to-bill



- Organic order intake growth of -4% for rolling 12 months
- Organic revenue growth of 0%
- R12 book-to-bill 102%
- Order backlog remains solid with good product mix



Earnings

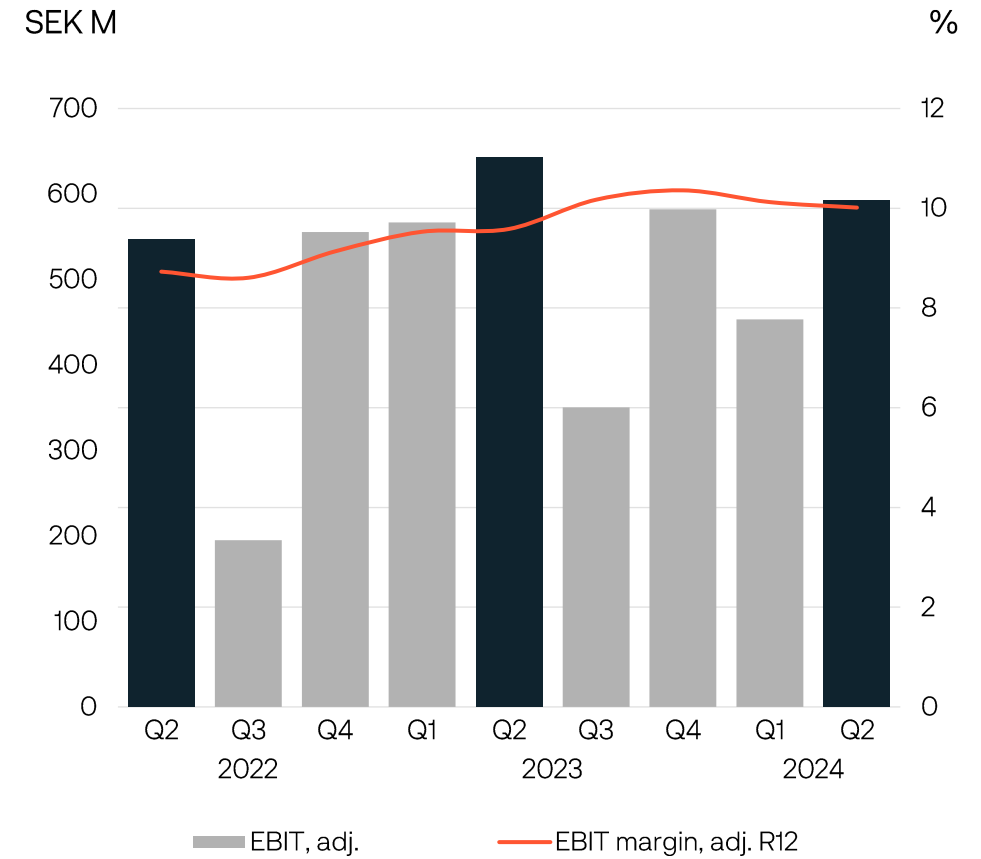
Adjusted EBIT at SEK 592 million (642)

— Margin of 11.1% (11.4)

- Solid product mix
- Price leadership

Free operating cash flow of SEK 486 million (72)

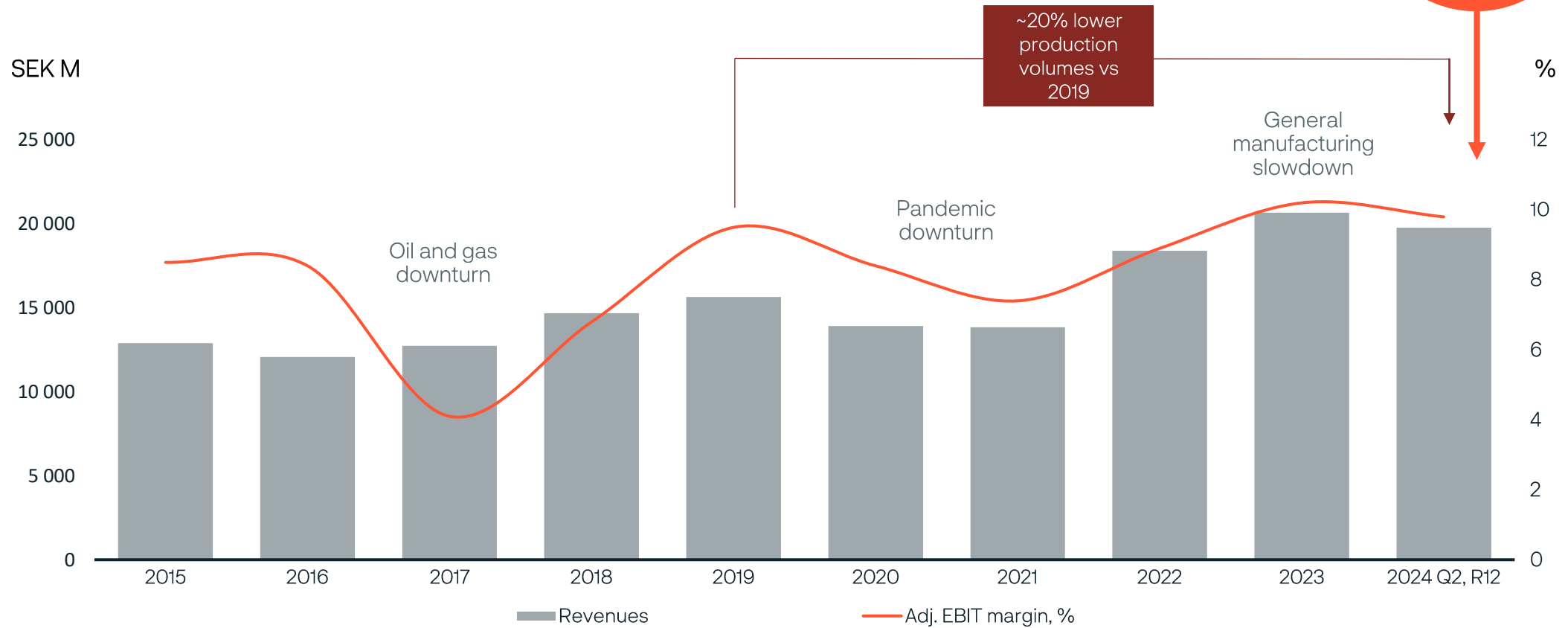
Adjusted EBIT





Improved margin resilience

Revenues and adj. EBIT margin



Note: Historical numbers are restated for divested or discontinued businesses, as well as treating Sandvik as an external customer.



Tube

Improved market sentiment

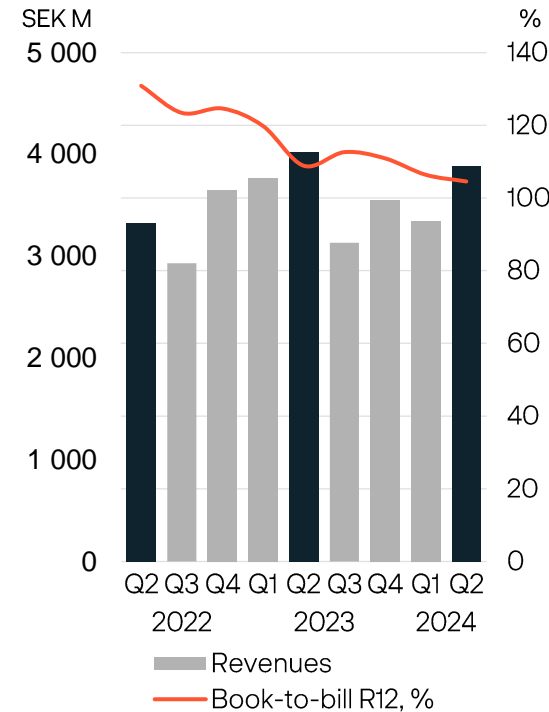
- Organic order intake growth of -4% R12
- Book-to-bill of 105% R12
- Organic revenue growth of 1%

Product mix shift supporting margin

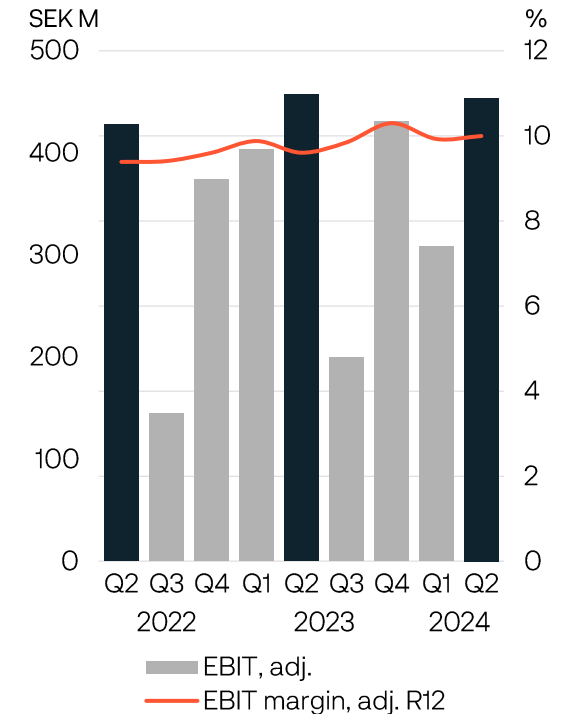
- Adj. EBIT margin increased to 11.7% (11.4)
- Solid product mix and price increases
- Positive FX impact of SEK 30 million yoy

SEK M	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023
Order intake, R12	14,552	15,637	-	-
Organic growth, R12, %	-4	-5	-	-
Revenues	3,890	4,025	7,237	7,787
Organic growth, %	1	20	0	17
Adj. EBIT	454	457	762	861
Margin, %	11.7	11.4	10.5	11.1

Revenues and Book-to-bill



Adjusted EBIT, (%)





Kanthal

Mixed market demand

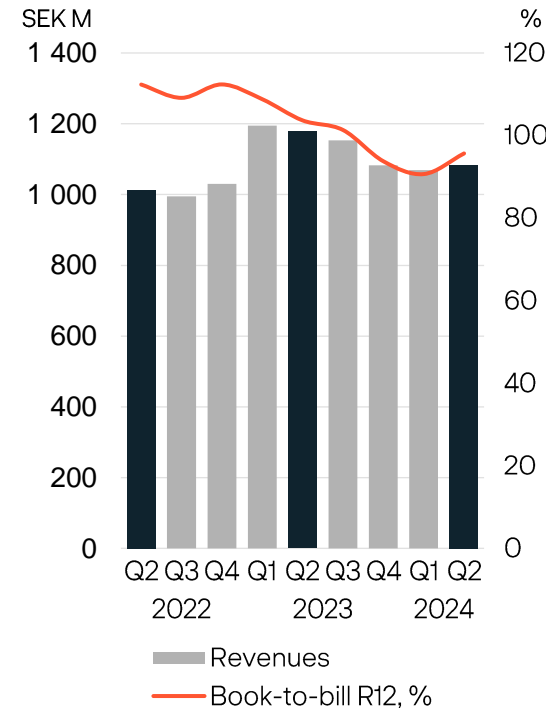
- Organic order intake growth of -4% R12
- Organic revenue growth of -3%
- Book-to-bill of 96% R12

Solid margin

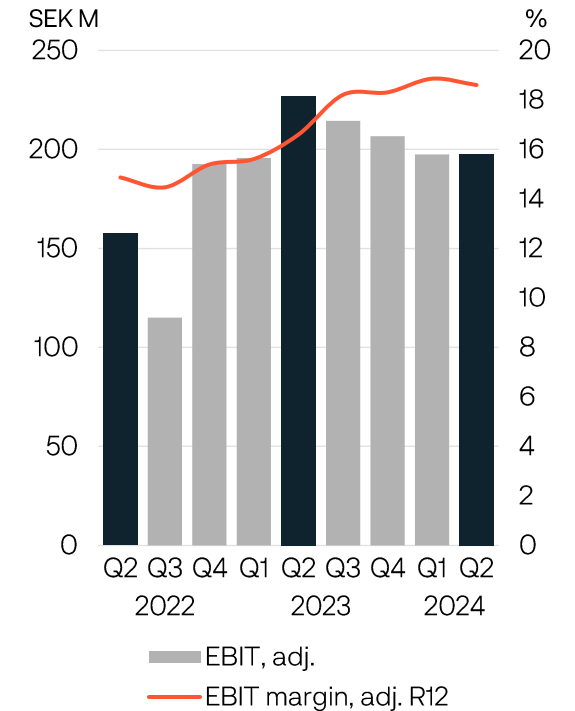
- Adjusted EBIT margin at 18.3% (19.3)
- Lower volumes from Industrial Heating
- FX headwind of SEK -2 million yoy

SEK M	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023
Order intake, R12	4,196	4,561	-	-
Organic growth, R12, %	-4	4	-	-
Revenues	1,082	1,179	2,151	2,374
Organic growth, %	-3	15	-1	13
Adj. EBIT	198	227	395	423
Margin, %	18.3	19.3	18.4	17.8

Revenues and Book-to-bill



Adjusted EBIT, (%)





Strip

Continued improved demand

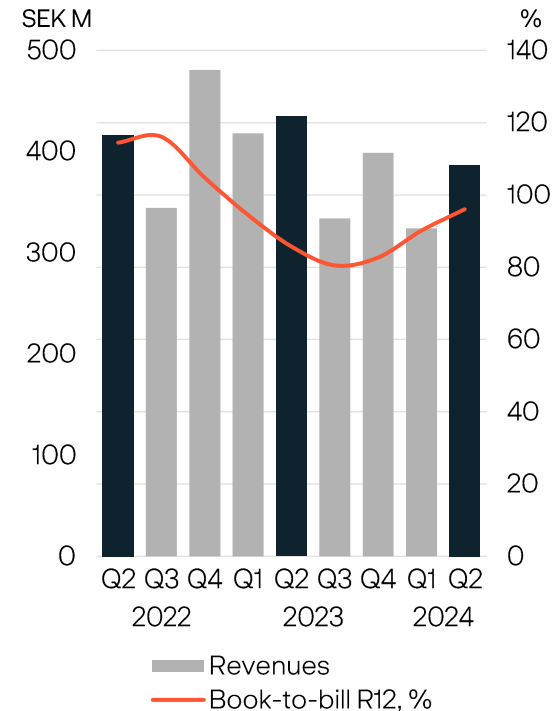
- Organic order intake growth of 0% R12
- Organic revenue growth of -6%
- Book-to-bill of 96% R12

Improved cost position

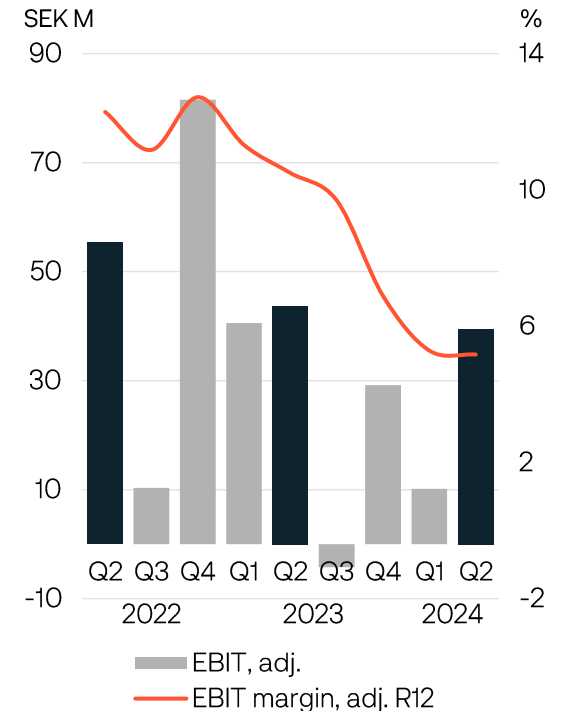
- Improved margins yoy and sequentially
- Still damped by low deliveries
- FX tailwind of SEK 2 million yoy

SEK M	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023
Order intake, R12	1,386	1,438	-	-
Organic growth, R12, %	0	-19	-	-
Revenues	387	435	711	853
Organic growth, %	-6	1	-12	1
Adj. EBIT	39	44	50	84
Margin, %	10.2	10.0	7.0	9.9

Revenues and Book-to-bill



Adjusted EBIT, (%)





Financial summary

SEK M	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023
Order intake, R12	20,135	21,636	-	-
Revenues	5,359	5,638	10,099	11,014
Adj. EBIT	592	642	1,046	1,209
<i>Adj. EBIT margin, %</i>	<i>11.1</i>	<i>11.4</i>	<i>10.4</i>	<i>11.0</i>
Metal price effects	96	-293	-231	186
Items affecting comparability	0	0	0	0
EBIT	689	350	814	1,395
<i>EBIT margin, %</i>	<i>12.8</i>	<i>6.2</i>	<i>8.1</i>	<i>12.7</i>
Net financial items	137	-39	95	-37
<i>Normalized tax rate, %</i>	<i>23.4</i>	<i>25.4</i>	<i>23.8</i>	<i>24.2</i>
<i>NWC, %¹</i>	<i>32.7</i>	<i>33.2</i>	<i>36.1</i>	<i>34.5</i>
Free operating cash flow	486	72	645	476
<i>ROCE excl. cash, %²</i>	<i>9.3</i>	<i>11.1</i>	<i>9.3</i>	<i>11.1</i>
Adj. EPS, diluted	2.23	1.79	3.46	3.54

SEK M	Order intake, Q2 R12	Revenues Q2
Q2 2023	21,636	5,638
Organic, %	-4	0
Structure, %	0	0
Currency, %	1	-1
Alloys, %	-4	-4
Total growth, %	-7	-5
Q2 2024	20,135	5,359

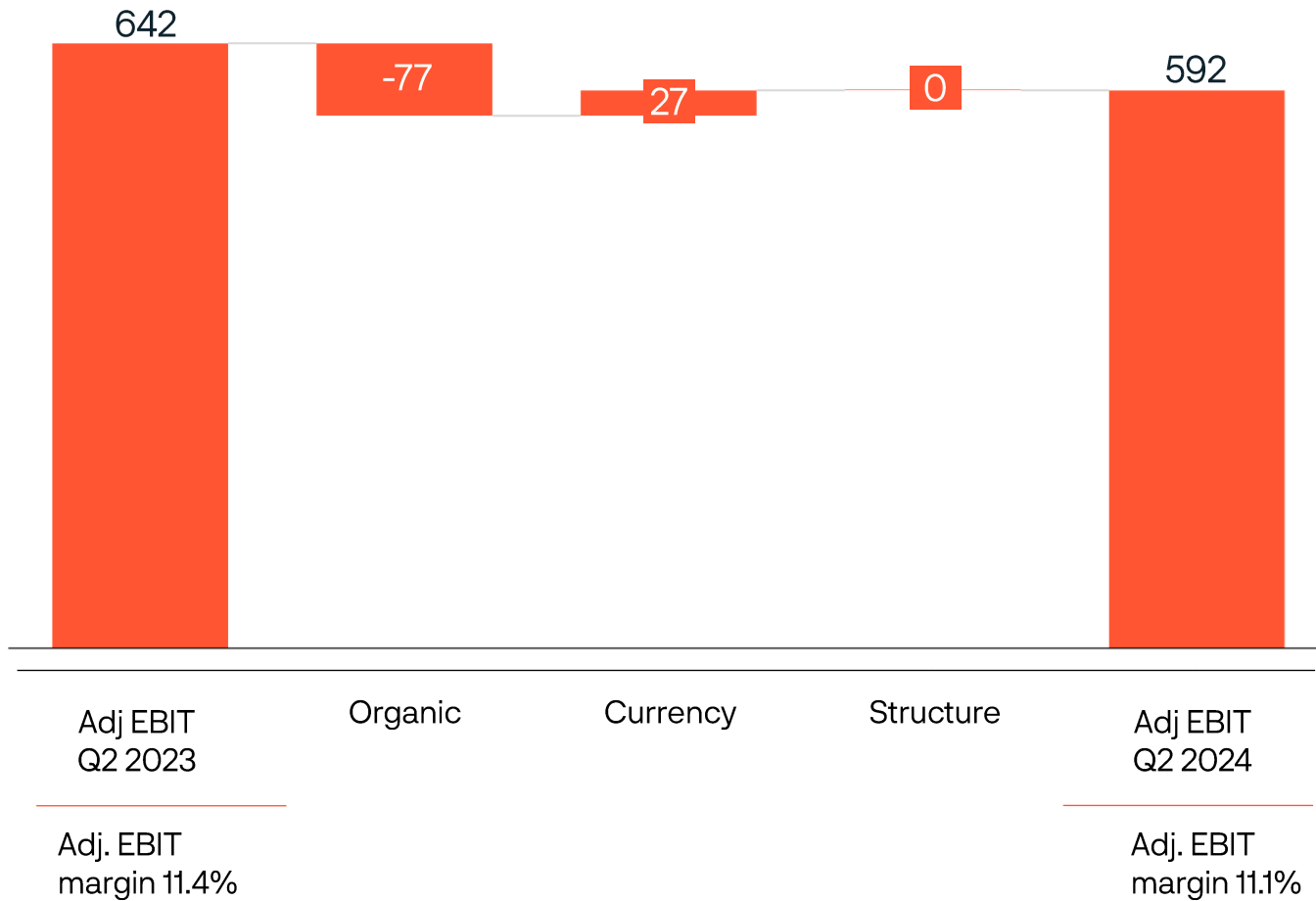
Change compared to the same quarter last year

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:
N/A

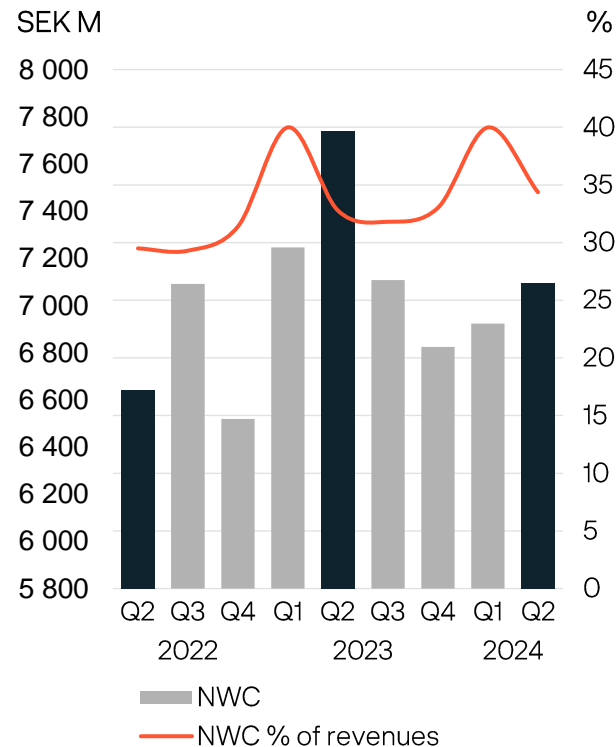
- Negative organic development driven by volume decrease
- FX had a positive impact of SEK 27 million yoy



Capital efficiency

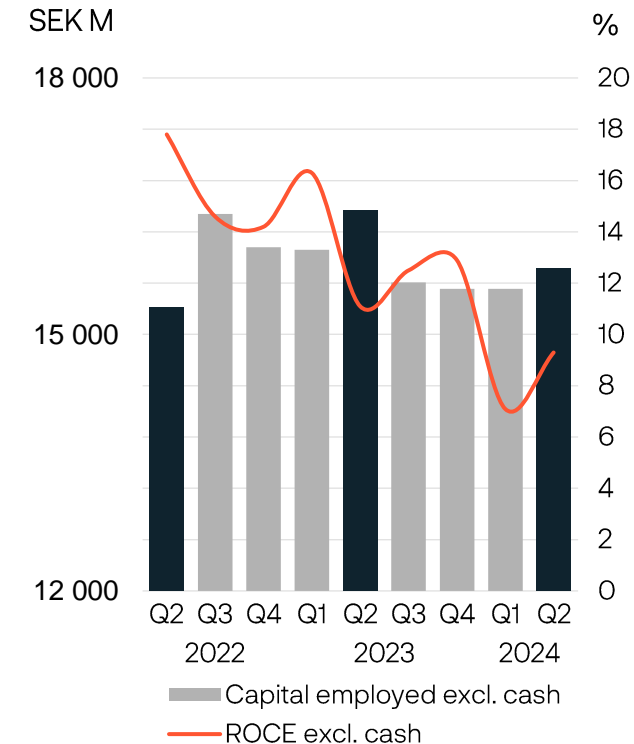
- NWC amounted to SEK 7,094 million (7,738)
- Sequential NWC increase due to seasonal inventory build up
- NWC in relation to revenues declined to 32.7% (33.2)

Net working capital



- Capital employed excl. cash decreased to SEK 15,777 million (16,446)
- ROCE excl. cash decreased to 9.3% (11.1) in the quarter

Capital employed excl. cash





Cash flow

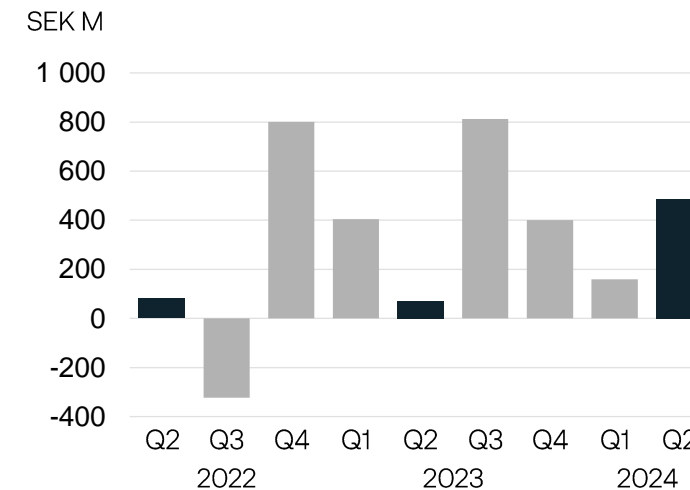
- Free operating cash flow of SEK 486 million (72)
- Higher Capex due to growth investments

Free operating cash flow

SEK M	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023
EBITDA	912	572	1,265	1,835
Non-cash items	76	-13	20	-24
Changes in working capital	-252	-310	-217	-1,012
Capex	-212	-150	-353	-267
Amortization, lease liabilities	-39	-27	-70	-55
Free operating cash flow¹	486	72	645	476

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

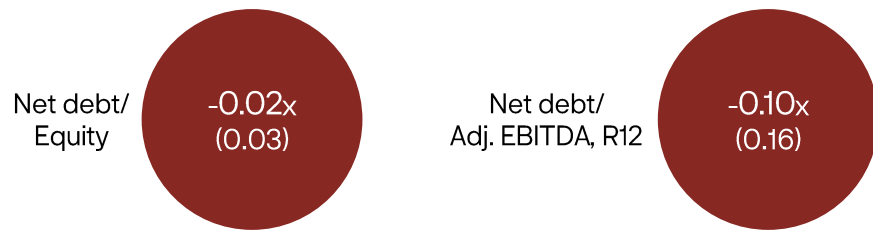
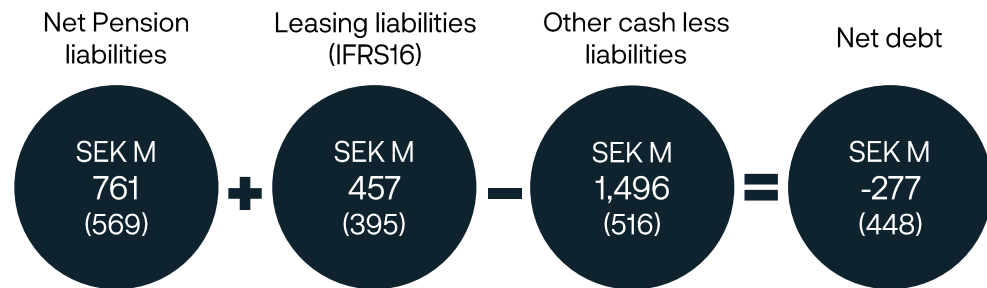
Free operating cash flow quarterly



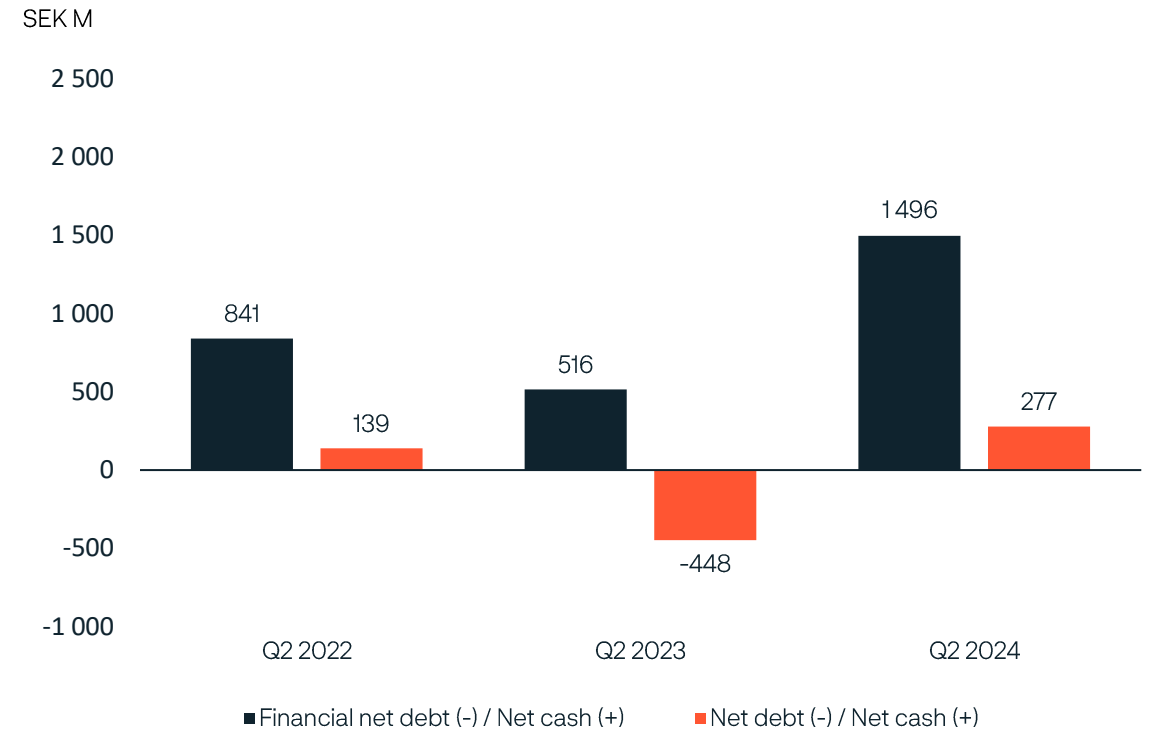


Strong financial position

Capital structure



Net debt and Financial net debt





Guidance ahead of the quarter and outcome

	Outcome Q2 2024	Guidance ahead of Q2 2024
Capex (Cash)	SEK 212 million Q2 2024	Approximately SEK 950 million in FY 2024
Currency translation and transaction effect	SEK 23 million	SEK 25 million in Q2
Total currency effect	SEK 27 million	-
Metal price effect	SEK 96 million	SEK -100 million in Q2
Tax rate, normalized	23.8% Q1-Q2 2024	24-26% in FY 2024



Guidance Q3 2024 and FY 2024

Capex (cash)

- Estimated to approximately SEK 950 million for FY 2024

Currency effects (transaction and translation)

- SEK -15 million on operating profit (EBIT) for Q3 2024, compared to the corresponding period last year

Metal price effects

- SEK -50 million on operating profit (EBIT) for Q3 2024

Tax rate

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



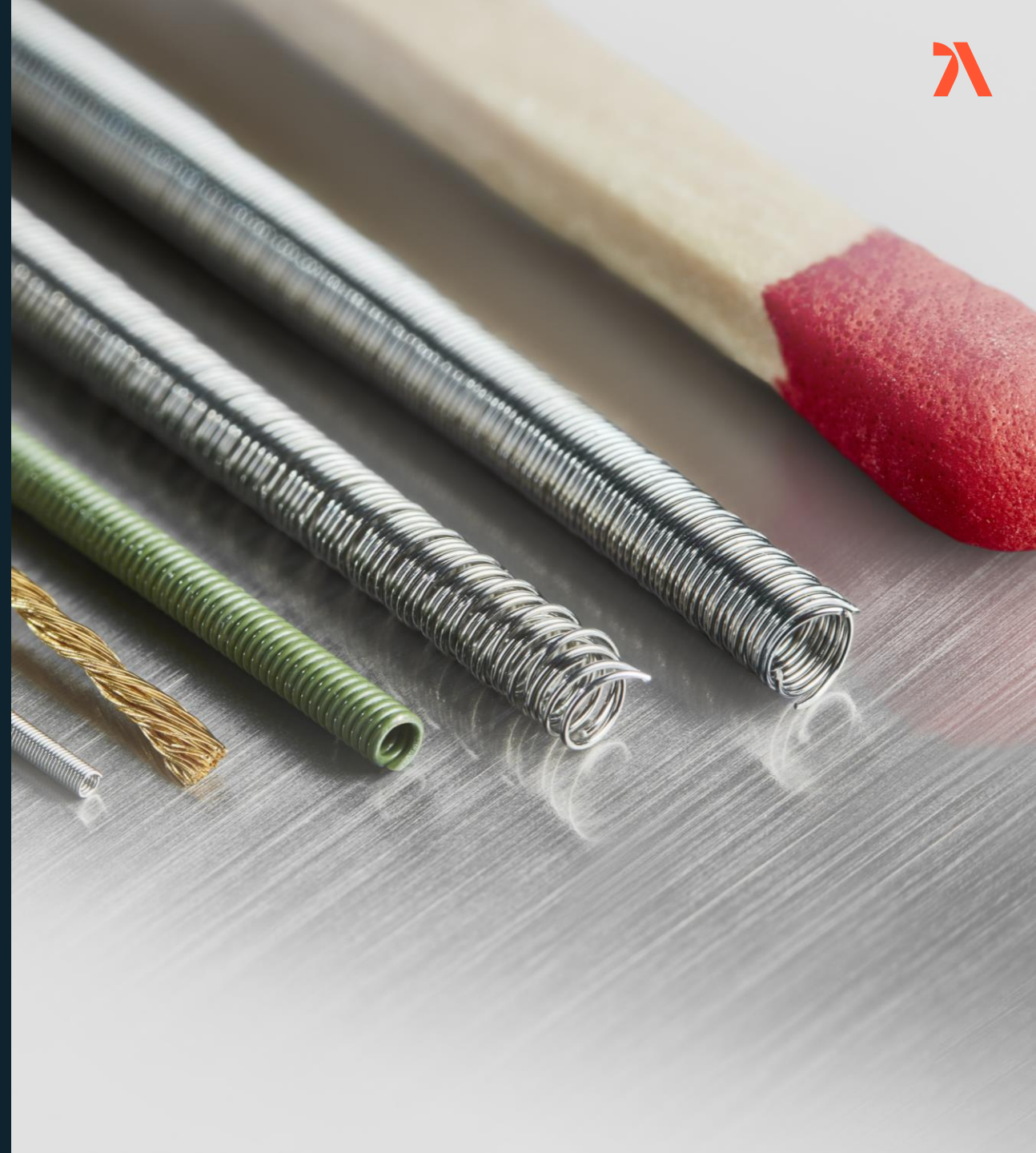
Outlook for the third quarter 2024

- Improving market sentiment in a somewhat cautious economic environment
- Solid backlog in key segments
- The product mix is expected to be similar to Q2
- Normally seasonally lower order intake, revenues and adjusted EBIT-margin
- Cash flow is normally higher in the H2 than in H1.



Summary

- Improved market sentiment
- Flexibility in our organization
- Improved resilience
- Order backlog remains solid
- Consistent strategy execution towards profitable growth





Q&A

Thank you
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