

November 14,
2023

Capital
Markets Day



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



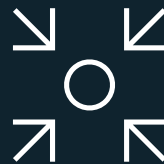
First aid kit



Emergency exit



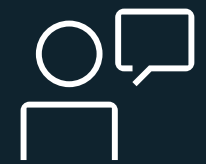
Alarm



Assembly point



Health & well-being



Speak Up



Agenda

14:00 – 15:00	Alleima – Advancing together
15:00 – 15:30	Financial performance
15:30 – 16:00	Break
16:00 – 16:30	Division Kanthal
16:30 – 17:00	Q&A
17:00 – 18:00	Mingle

Göran Björkman, President and CEO
Olof Bengtsson, CFO

Robert Stål, President Kanthal



A large, dynamic splash of clear water is the background of the page, with various droplets and ripples creating a sense of movement and freshness.

 **Alleima**



1 Alleima – Advancing together

A world-leading manufacturer of advanced stainless steels, special alloys and heating systems for the most demanding industries

Göran Björkman, President and CEO



Well-positioned for profitable growth and continued improvements

Today's key messages

Niche-player with a premium offering based on leading metallurgy



- Strong market positions and critical solutions engineered for specific customer applications
- Fully integrated value chain enable technology and price leadership
- Diversified customer segment exposure reduce volatility and risk
- Improved financial foundation

Significant profitable growth opportunities in high-value markets



- Leveraging global megatrends continuing to build in more profitable and less cyclical segments
- Profitable growth through business development and growth investments
- M&A head room to accelerate capability and capacity expansion

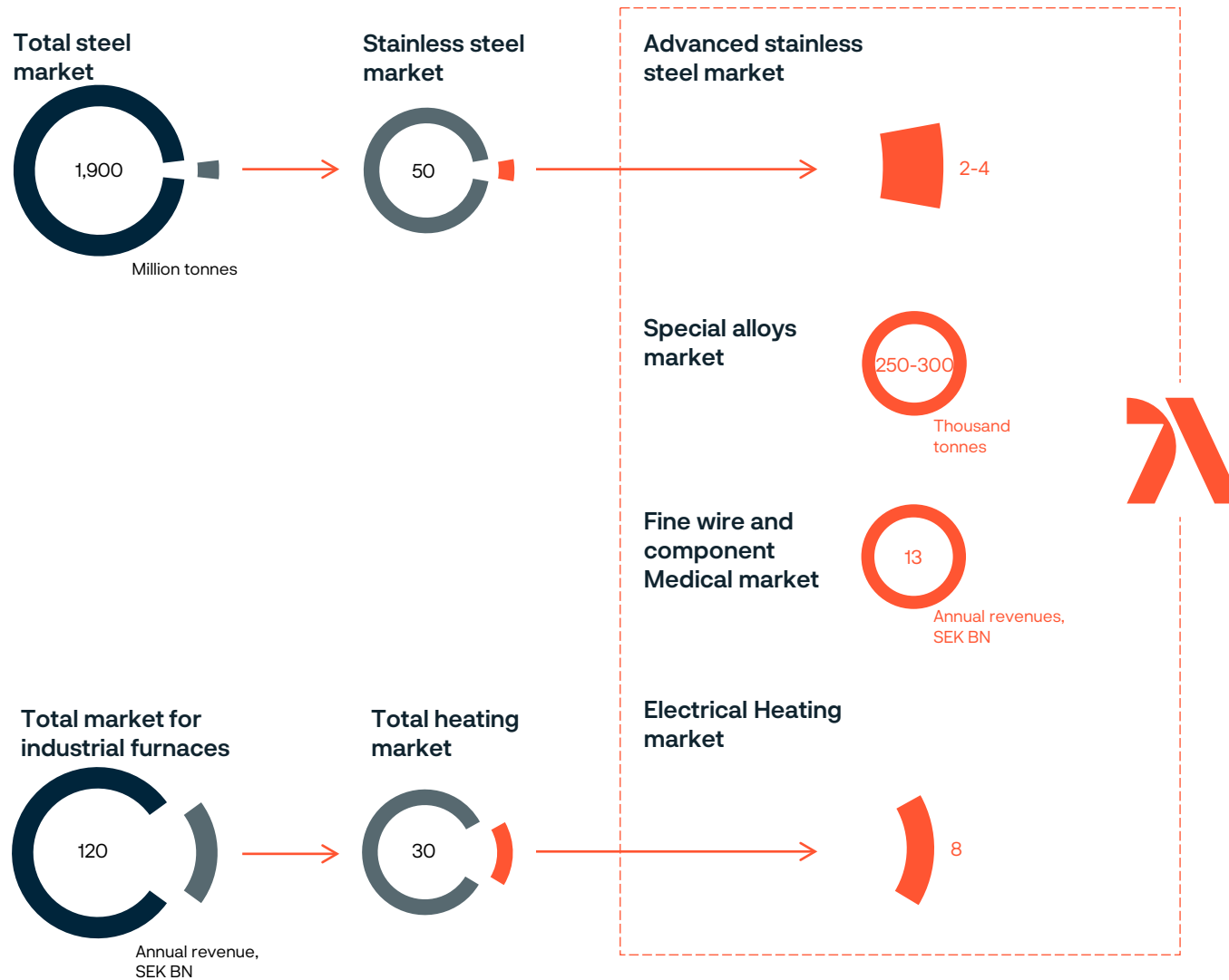
Cash generation and capital allocation fuel shareholder return



- Multiple levers to generate cash and contra-cyclical cash flow profile
- Debt free and strong balance sheet
- Value creating capital allocation strategy
- Clear actions for value creation



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



Diversified customer segment exposure reduces volatility

Serving ten customer segments



25%

Industrial



17%

Oil and Gas



16%

Chemical and Petrochemical



12%

Industrial Heating



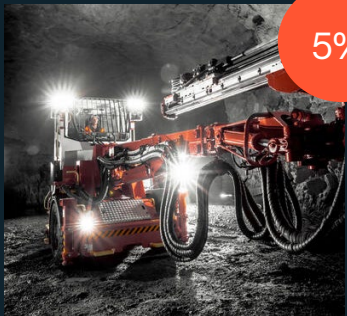
10%

Consumer



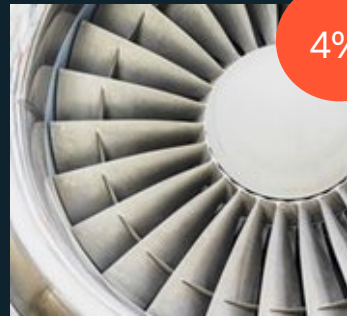
7%

Nuclear



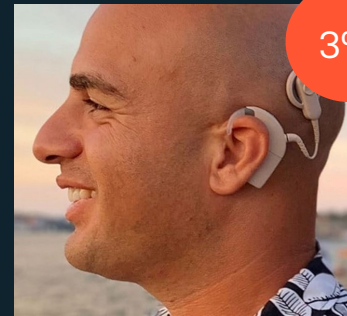
5%

Mining and Construction



4%

Transportation



3%

Medical



1%

Hydrogen and Renewable Energy



Market leading positions

Critical components in our customers processes and applications

#1

Industrial Heating solutions



#2

Medical wire and components



#1

Umbilical tubing



#1

Steam generator tubing



#1

Titanium tubing for aerospace



Applications



Note: Market positions refers to market share of Alleima's addressable market. Source: Market study by Arthur D. Little on behalf of Alleima



What makes our offering world-class?

The premium offering is based on industry-leading metallurgy



With technology leadership comes price leadership

Alleima products are often a small share of total cost for the customers

Key selling points:

- 1 Quality and product performance
Demands on safe and reliable operation is extremely high
- 2 Service and technical support
- 3 Delivery performance

Integrated value chain

From industry-leading metallurgy expertise and global footprint to global sales force with application knowledge

Advanced materials

High value-add products in advanced stainless steels and special alloys, as well as products for Industrial Heating and Medical solutions.

Premium products

Proven high quality track record for highest reliability in critical service conditions

R&D

Innovative and knowledge driven, offering technical customer support and developing new solutions through technology leadership

Customer focus

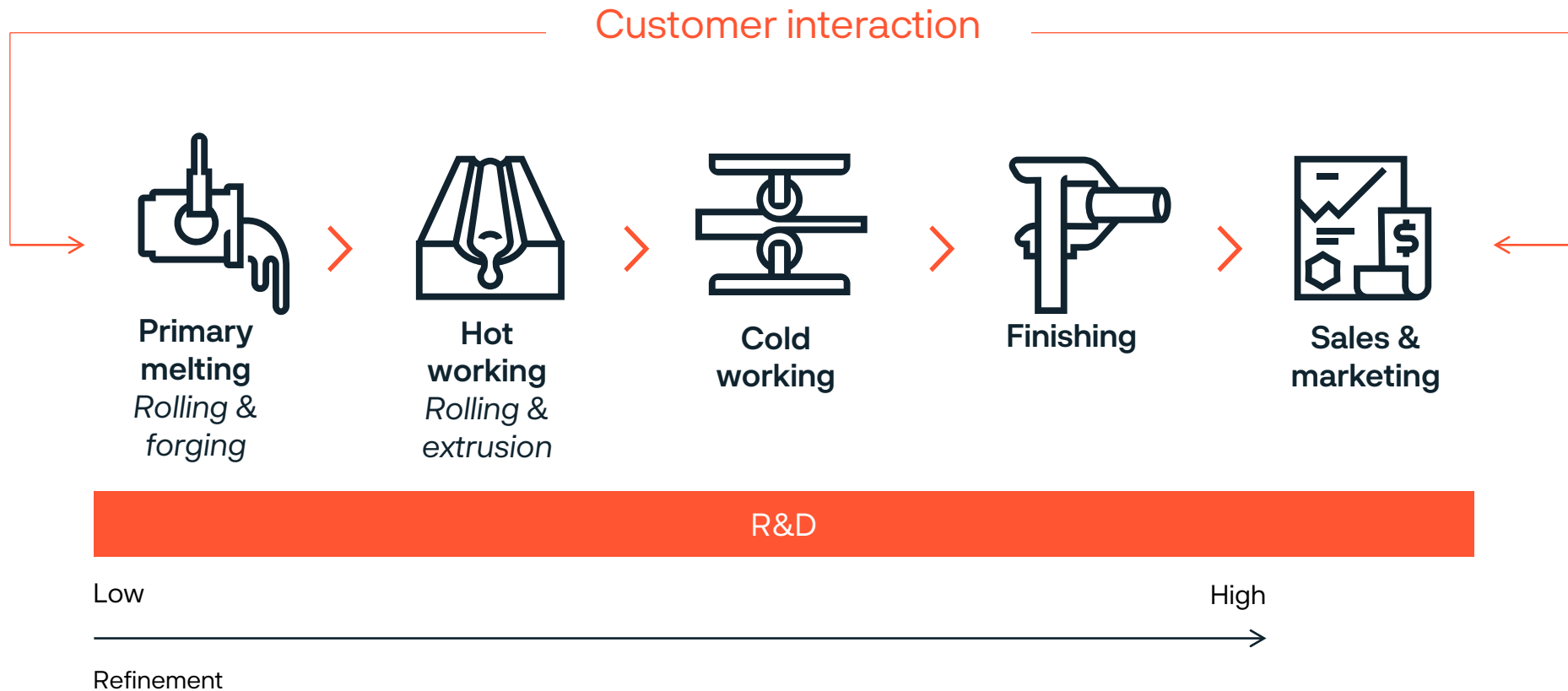
Key account approach to support long term customers and business partners



The integrated value chain

High level of refinement means high profitability

~85%
Self-sufficient through own primary melting



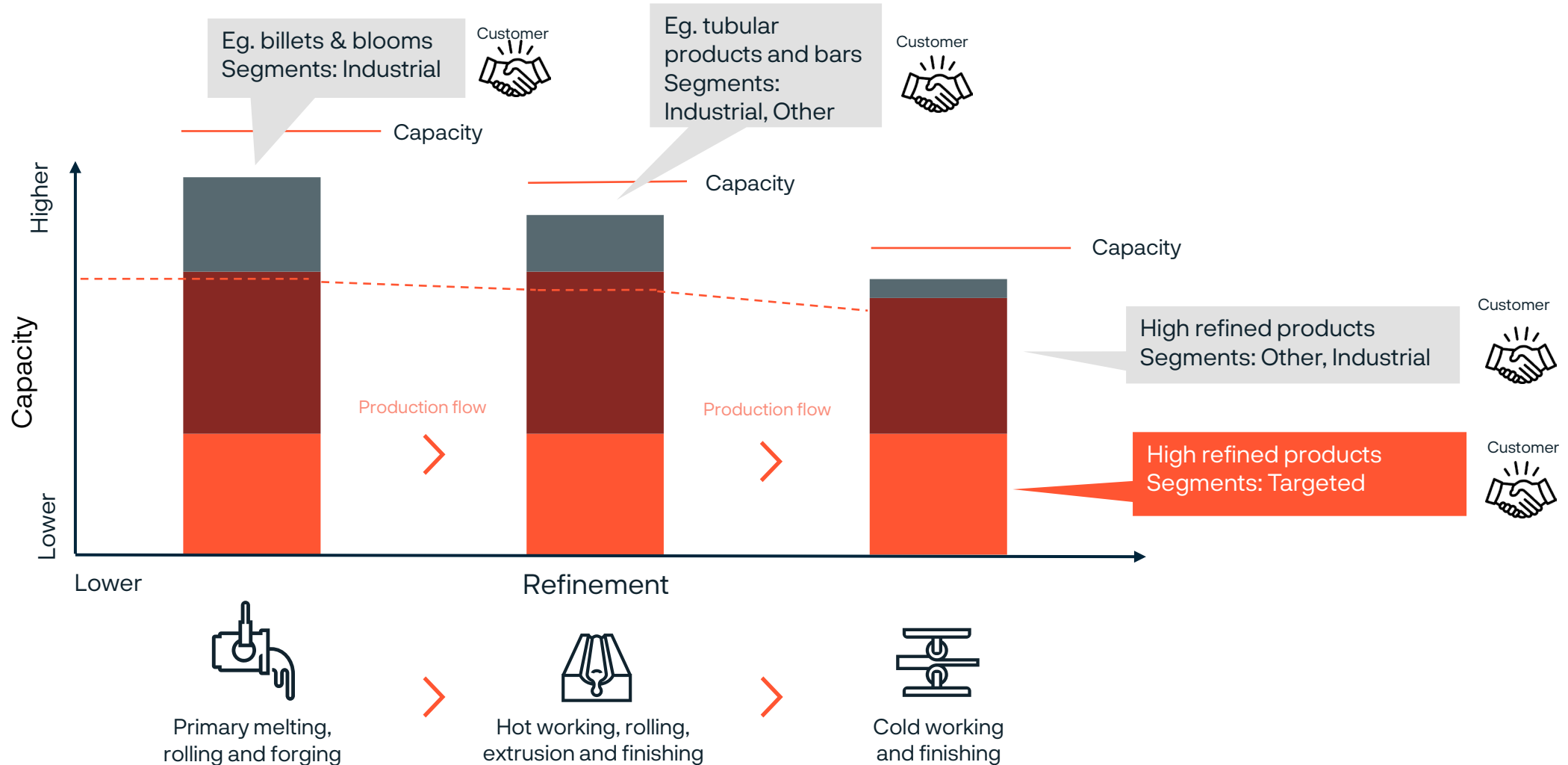


Production flow

Capacity prioritization to maximize value

Illustrated production flow for customer segments

- Targeted segments
- Other segments
- Contribution business, mainly Industrial segment





A solid financial development

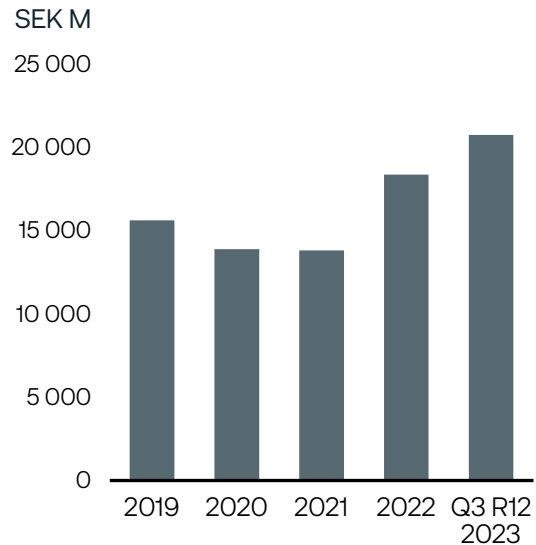
REVENUES
20,790
SEK M, Q3 R12 2023

ADJ. EBIT MARGIN, %
10.2%
Q3 R12 2023

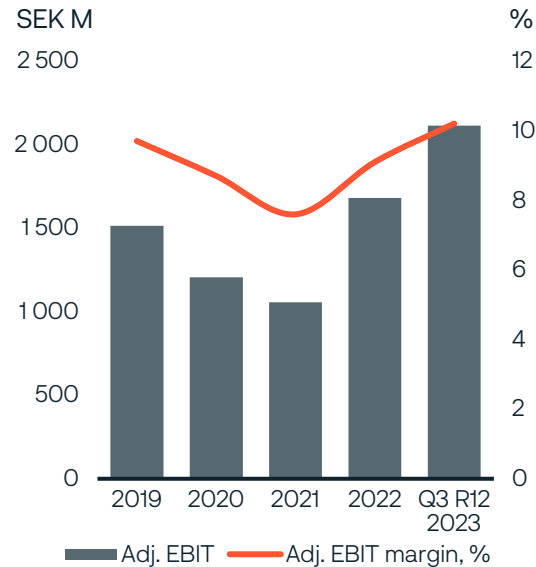
FREE OPERATING CASH FLOW
2,089
SEK M, Q3 R12 2023

NWC, % OF REVENUES
34.3%
Q3 R12 2023

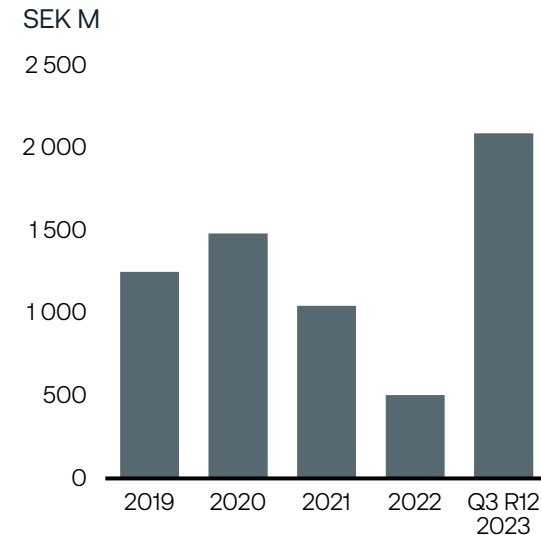
Revenues



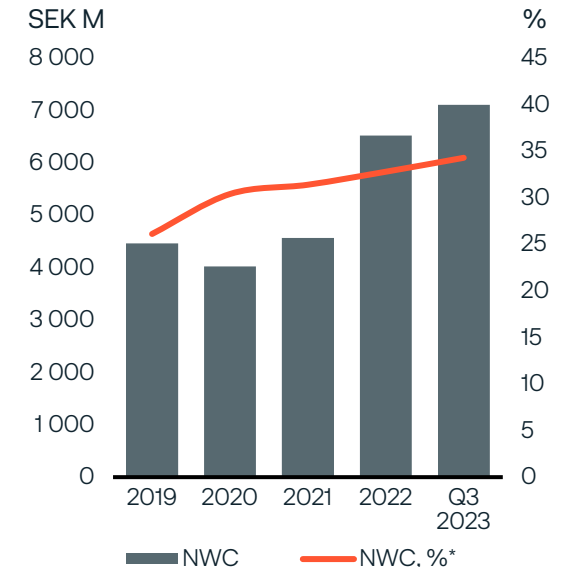
Adj. EBIT



Free operating cash flow



Net working capital

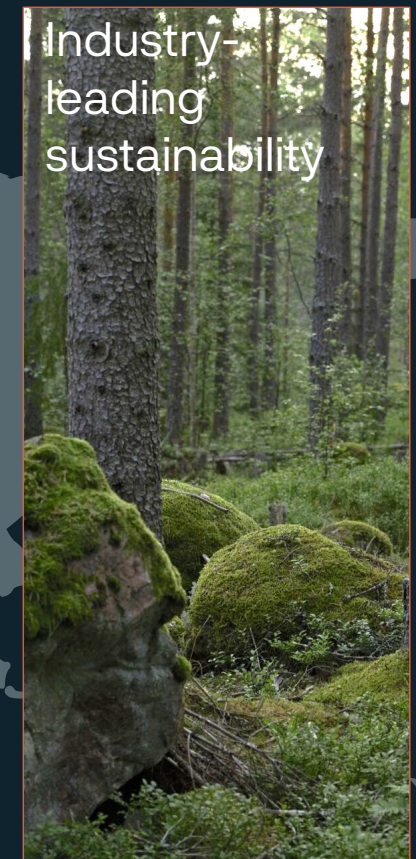


Note: R12 Q3 NWC, % is based on rolling 12 months and a four-quarter average.



A solid long-term strategy that remains intact

Four strategic pillars



Common operating model

In-house R&D — Fully integrated value chain — Decentralized organization

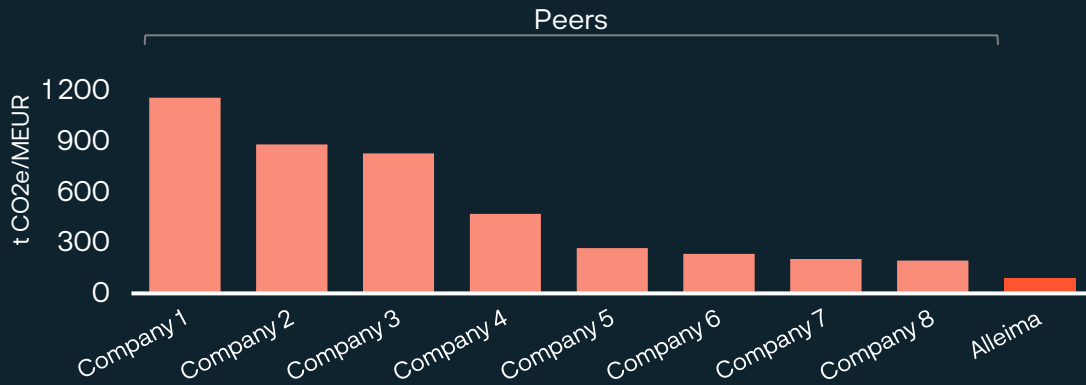


2 Sustainability is fully integrated in the strategy

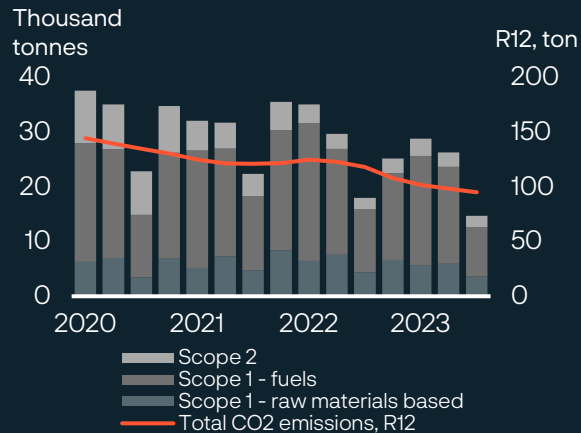


Lowering our environmental footprint

Low greenhouse gas intensity compared to peers



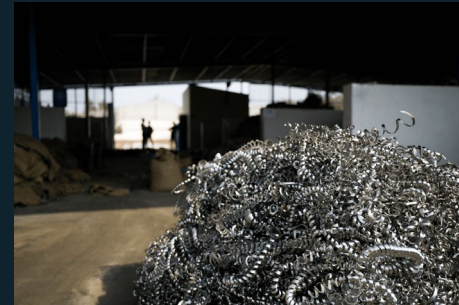
Climate - CO2 emissions



Target to reduce CO2 emissions by 50% from 2019 to 2030

Note: peers' process based on blast furnace process. Includes Scope 1 and 2.

From scrap to product

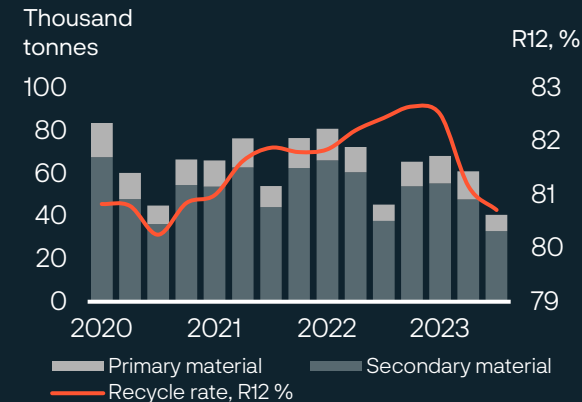


Scrap steel



Alleima products

Circularity - high degree of recycled steel



Share of recycled steel in our production 80+%

A large, dynamic splash of water in shades of grey and white fills the background, creating a sense of movement and fluidity. The water droplets and ripples are captured in mid-air, surrounding the central logo.

 **Alleima**



A sustainable product portfolio

Innovation advancing sustainability

Advanced material serving a sustainable development in the society



Hydrogen

Solutions for the growing green hydrogen society



Energy transition

Solutions for renewable or fossil free energy applications such as solar, carbon capture and storage etc.



Electrification of industry

Solutions for the transition from gas-powered to electrical heating



Life-changing innovations

Medical wire and components for life-support and treatment



3 Clear building blocks for continued value creation



Key pillars in the strategy for profitable growth

In targeted end markets



Grow Industrial heating



Accelerate Medical business growth



Strengthen position in Chemical and Petrochemical



Take position in Hydrogen and Renewable Energy

And other important “must wins” in core business



Maintain leadership in Oil and Gas



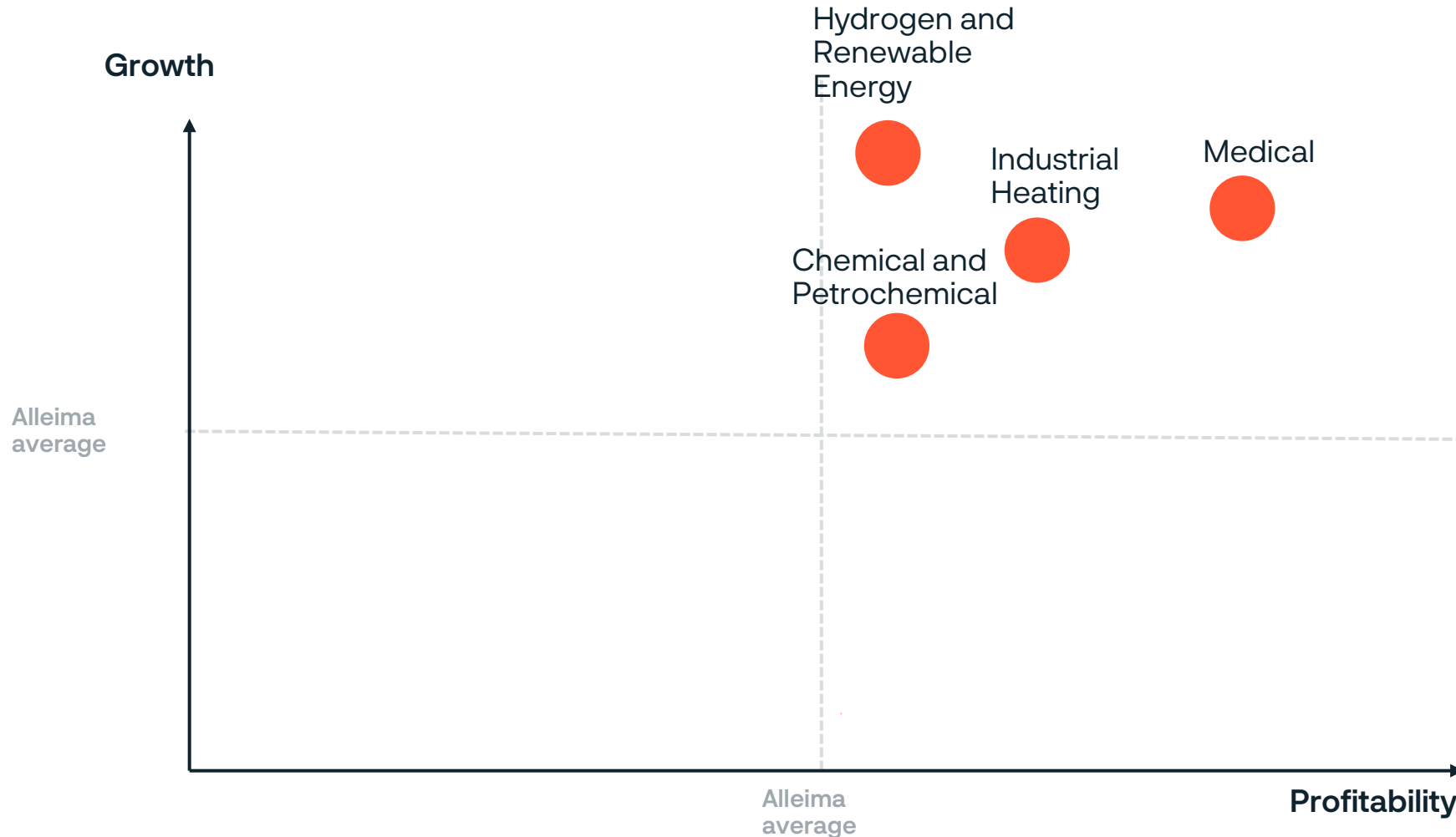
Growth and **mix** focus in other segments



Manage contribution business

● 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



Capital allocation

+ Better Alleima average

= Alleima average

Focus segments in investment decision model

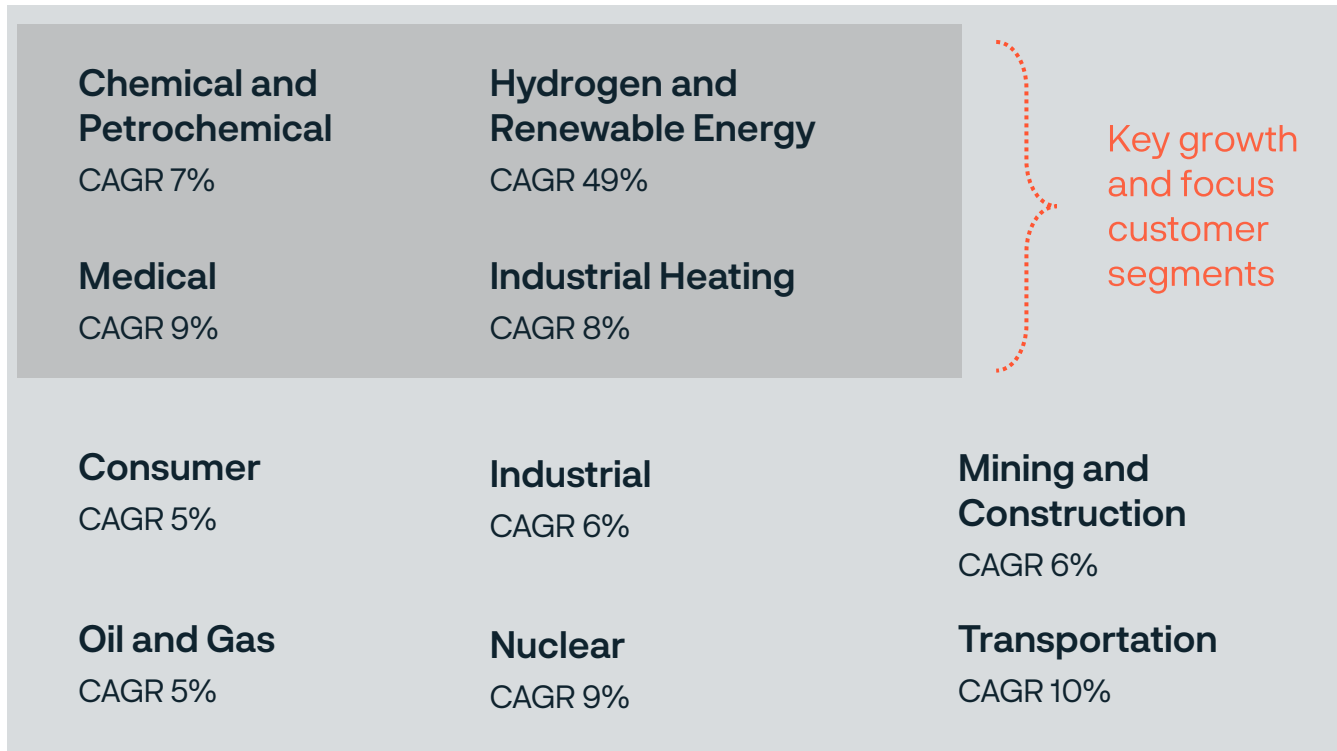
	Industrial Heating	Medical	Chemical & Petrochemical	Hydrogen & Renewable Energy
Market position and growth	+	+	+	+
Profit level	+	+	+	+
Capital efficiency	+	+	=	=
Resilience	+	+	=	+



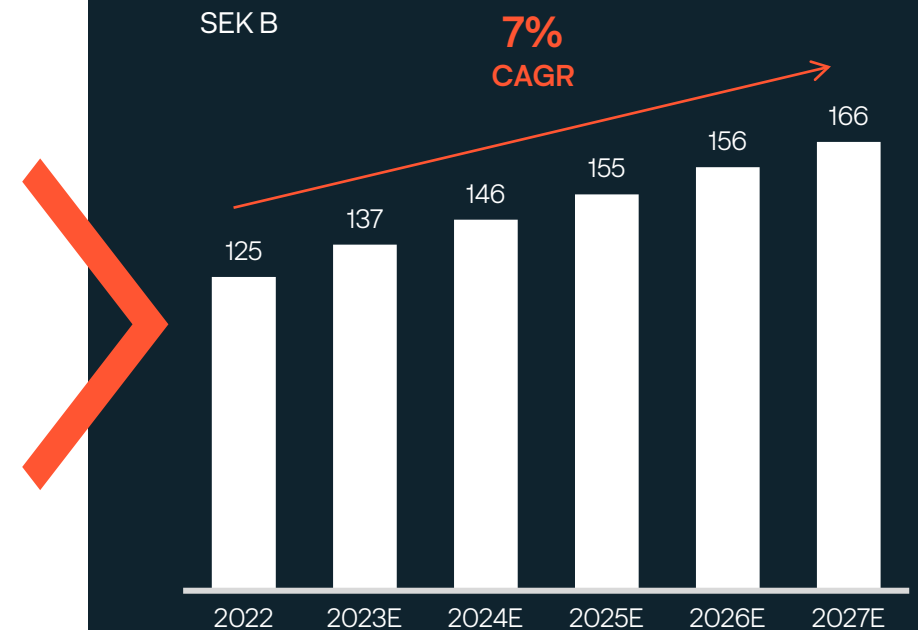
Our markets are expected to grow at 7% CAGR until 2027...

Customer segments growth

CAGR 2022-2027 *



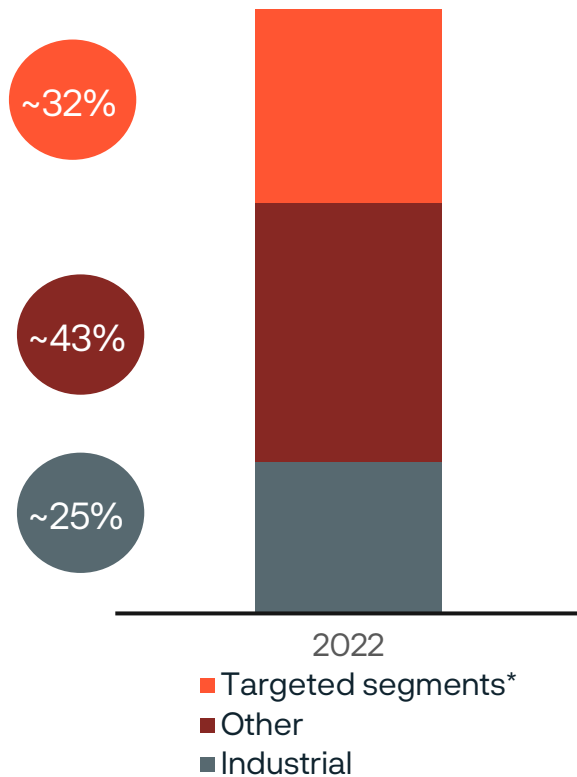
Serviceable addressable market (SAM) size and growth



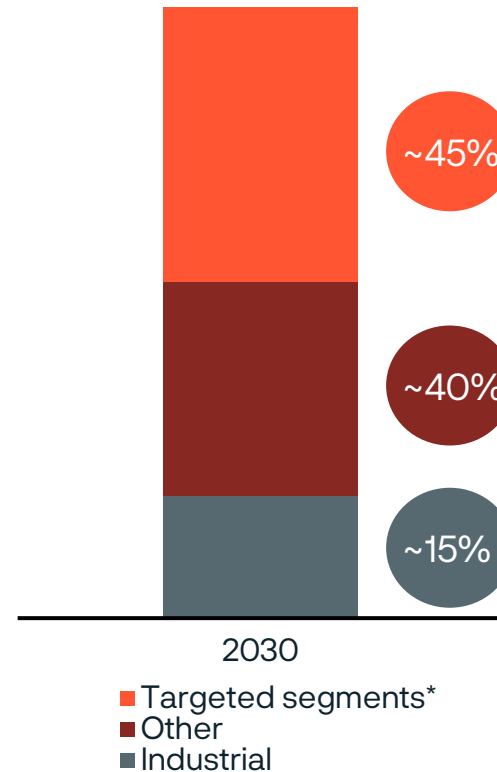
*Note: The estimated aggregated serviceable addressable market (SAM) and growth is based on the aggregated size and growth of all 10 customer segments. Source: Market Report Conducted by Arthur D. Little on behalf of Alleima.

...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

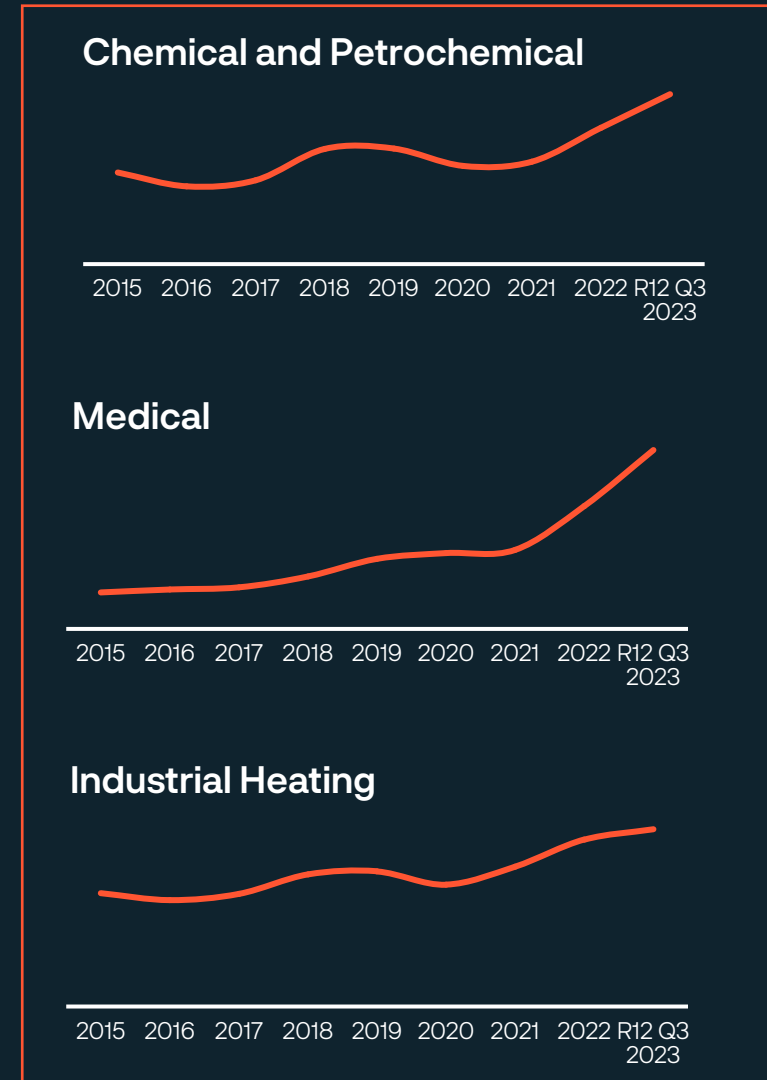
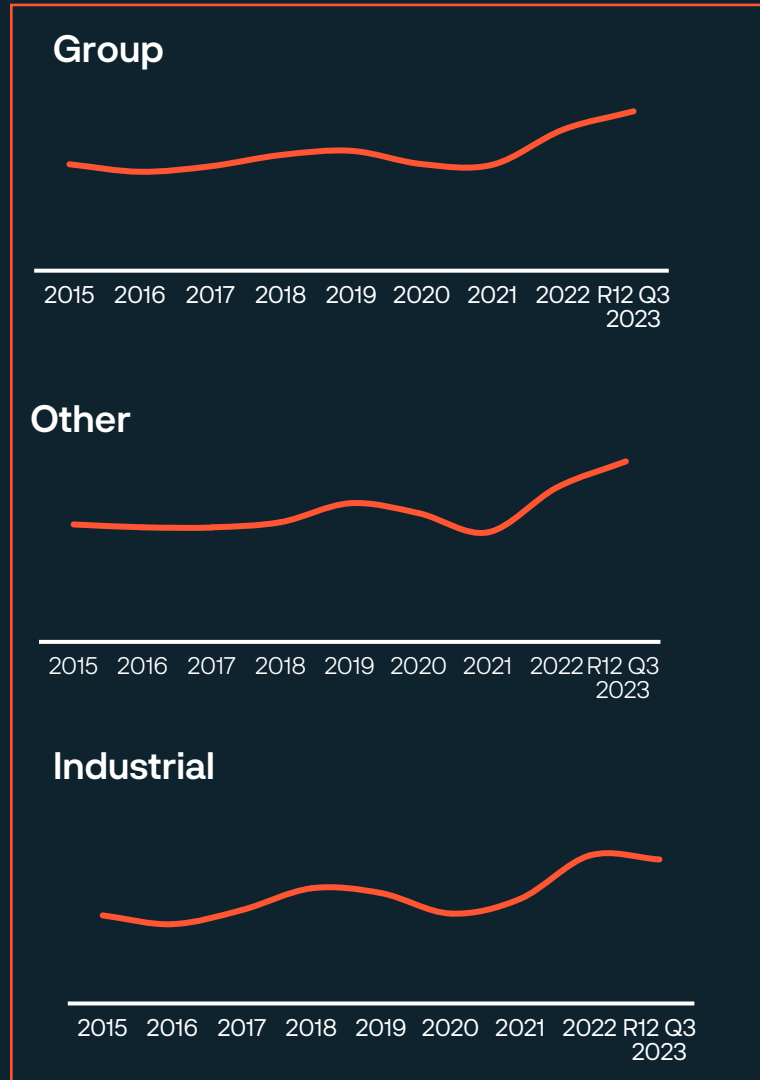
Other: Oil and Gas, Nuclear, Transportation, Consumer, Mining and Construction

**Excluding M&A



Illustrative

...and reduced cyclicality...



*"Other" includes the segments Transportation, Consumer, Nuclear, Mining & construction, Hydrogen & Renewable Energy, and Oil & Gas

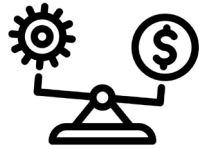


....and unlocked potential for margin improvement



Improved mix within most segments and efficiency

Operational and commercial excellence



Leverage on increased topline



Higher margins in targeted segments



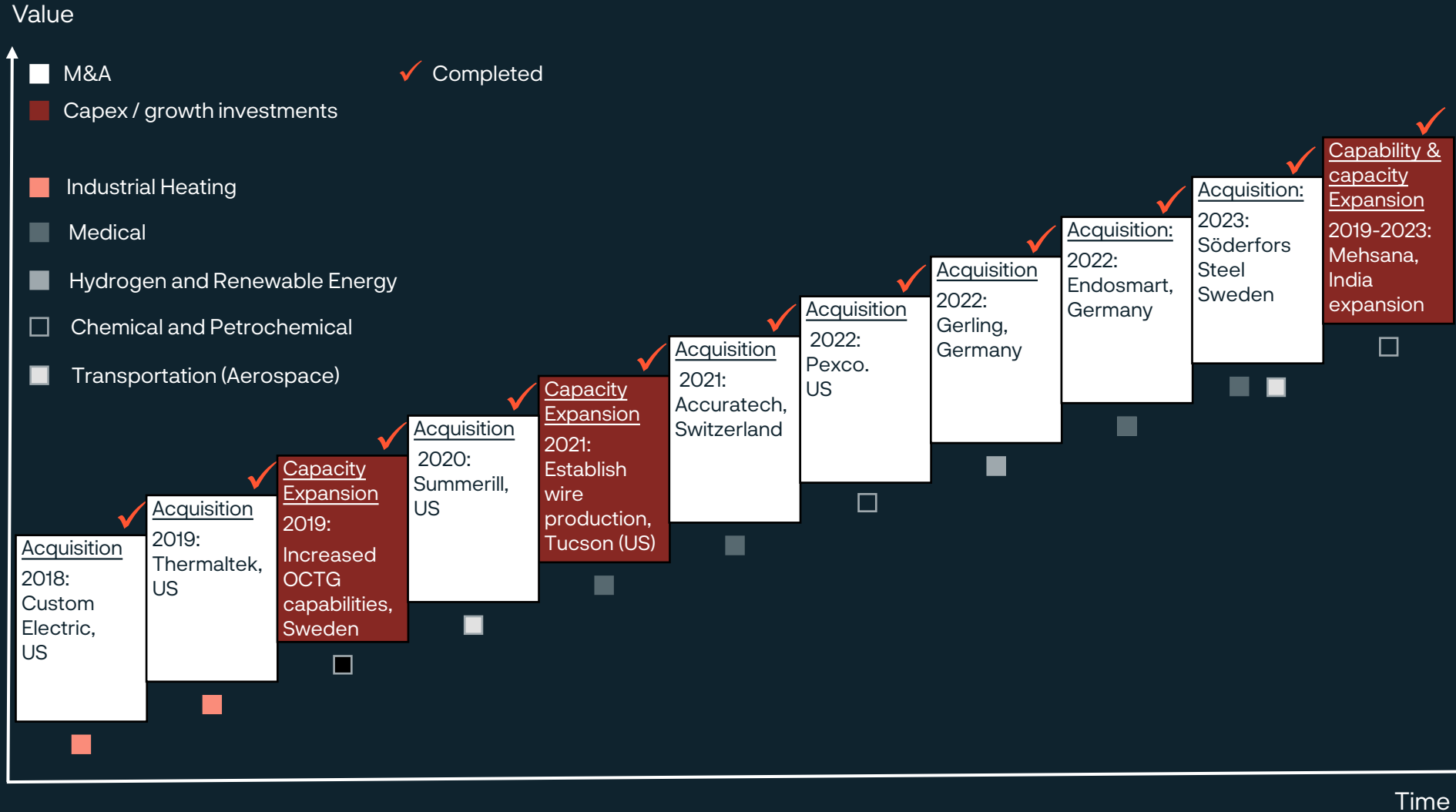
Growth will mainly be organic...

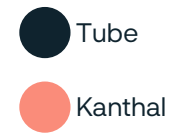
...with business development, growth investments and M&A focused towards targeted segments





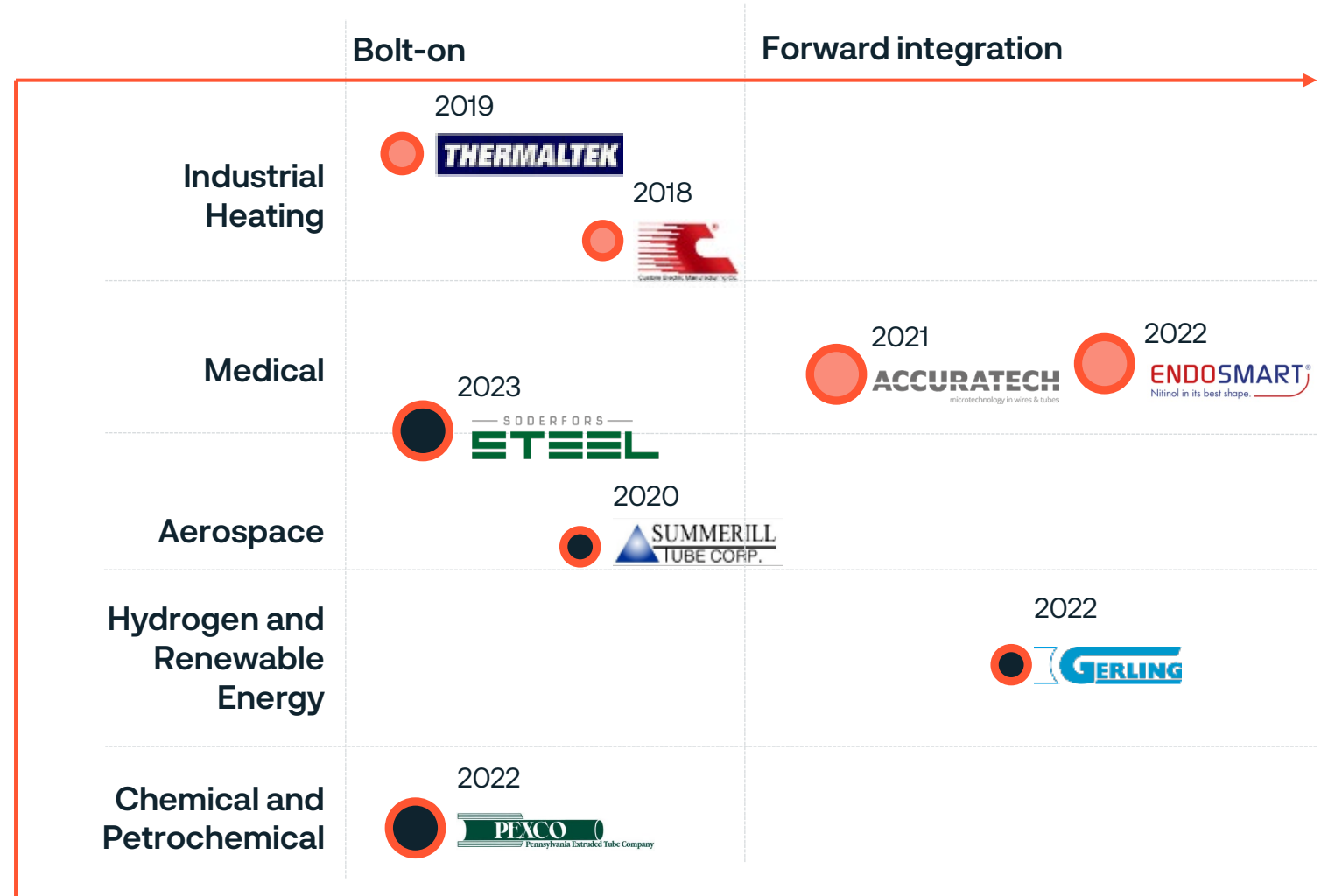
Growth investments and acquisitions continue to strengthen the company





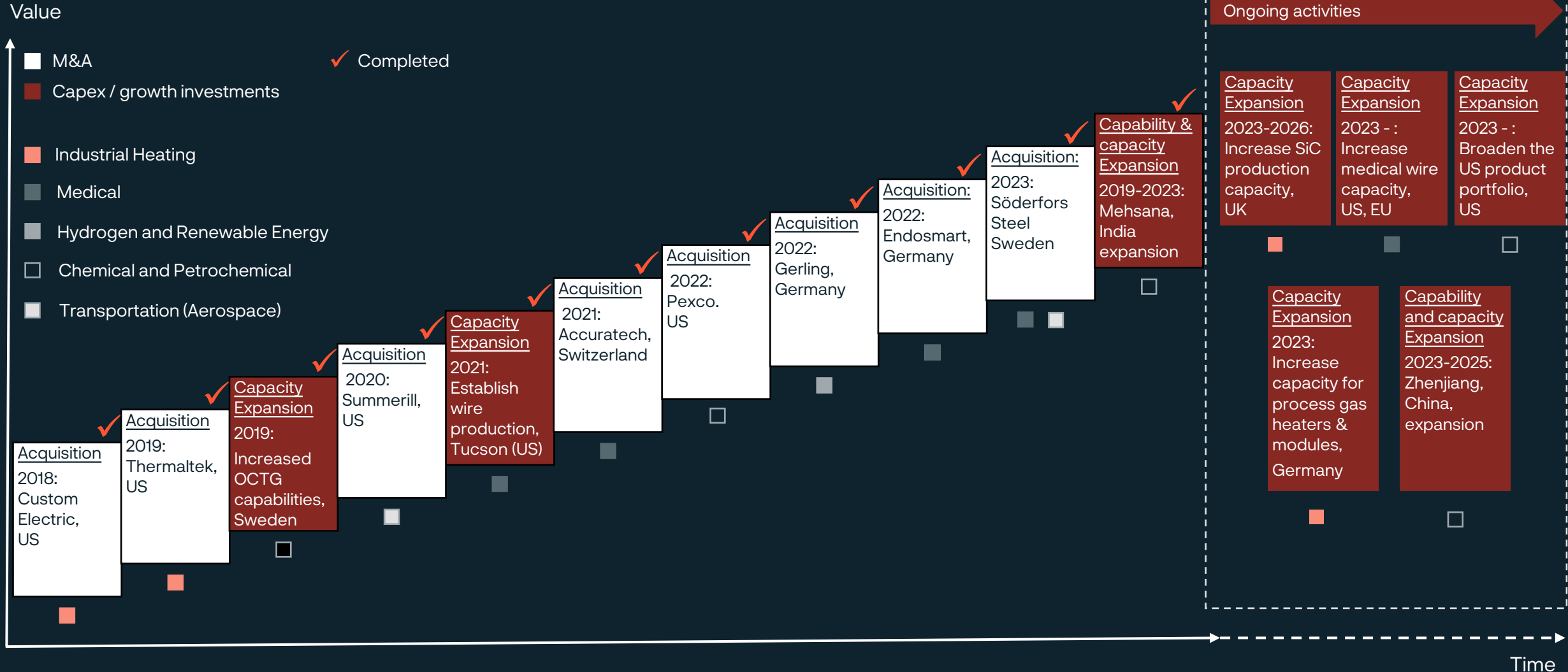
M&A agenda is based on continued growth in our targeted segments

Continued focus on bolt-on and forward integrating acquisitions within our targeted end markets, adding clear business synergies, geography, products or capabilities





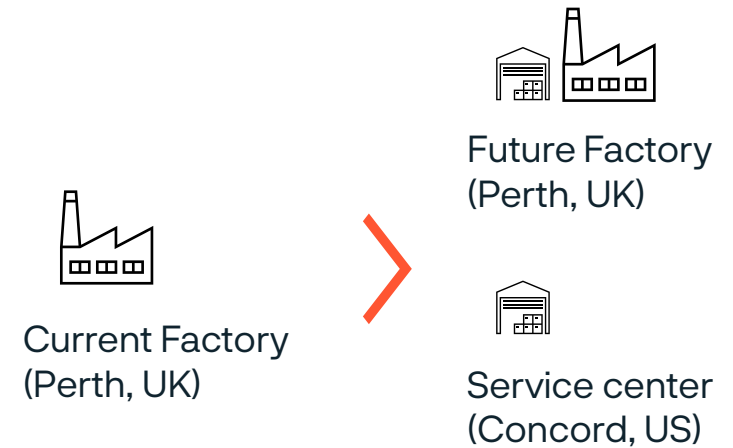
Growth investments and acquisitions continue to strengthen the company





Increasing SiC capacity will drive further business in Industrial Heating

- Growing demand of electric vehicles and digitalization drives market demand of Li-ion battery and electronics components
- Increasing existing silicon carbide heating element (SiC) capacity in Perth, UK
- Service center in US to conduct finishing operations for SiC for US market
- Investment of SEK ~100 million between 2024-2025 and fully operational by 2026
- Increases existing production capacity of SiC heating element by ~40%

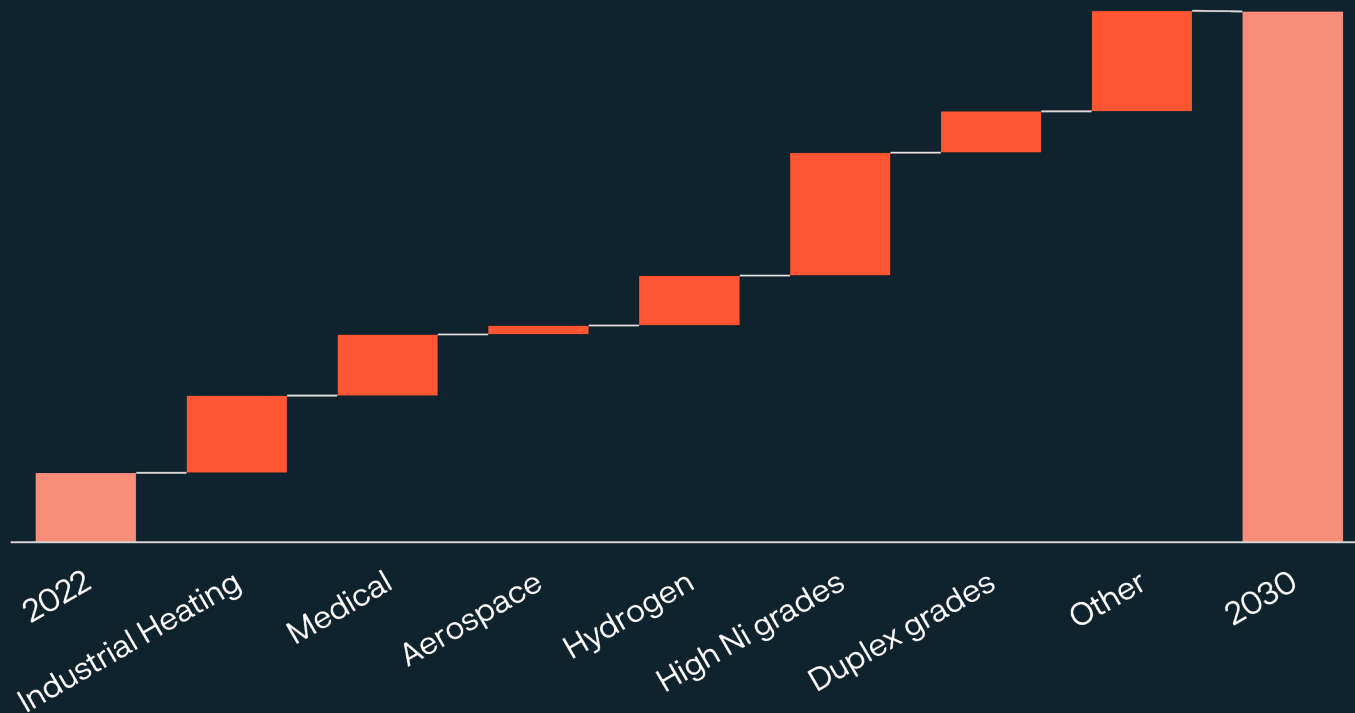




Business development and R&D strengthens the product portfolio

Contribution to new sales by 2030

Illustrative



Note: (1) Industrial heating excl. electric process gas heater ('ePGH') sales and sales to petrochemical industry on gas to electric. (Kanthal)

R&D budget focused mainly focused on targeted segments

- Industrial Heating
 - Silicon carbide elements, high power applications, modules and cassettes development
- Medical
 - Stainless and Titanium bars (Söderfors Steel), medical wire and components
- Transportation (Aerospace)
 - Stainless and Titanium bars (Söderfors Steel)
- Hydrogen
 - New products for hydrogen applications as HRS and further develop coating capabilities
- High nickel grades
 - Chemical and Petrochemical, Oil and Gas, Nuclear, Transportation (Aerospace), Hydrogen and Renewable Energy
- Duplex grades
 - Chemical and Petrochemical and Oil and Gas
- Other
 - Other applications in Tube, Kanthal and Strip

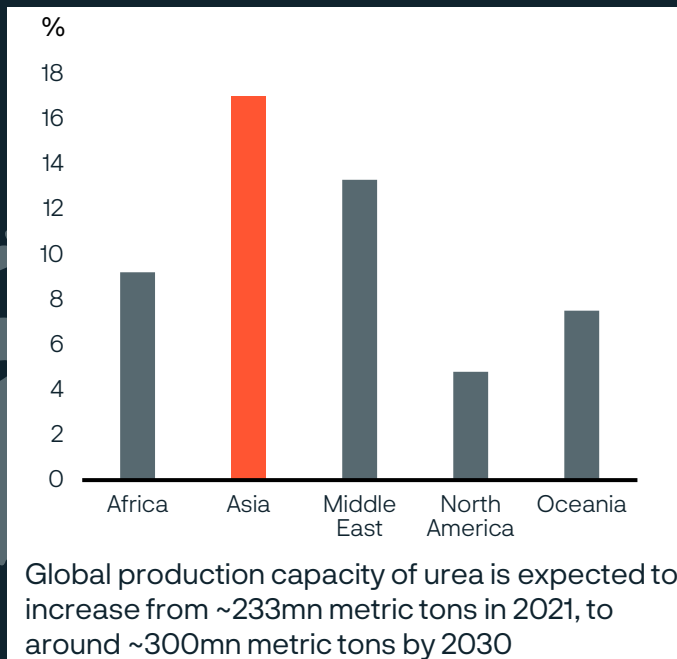


3.1 Chemical and Petrochemical

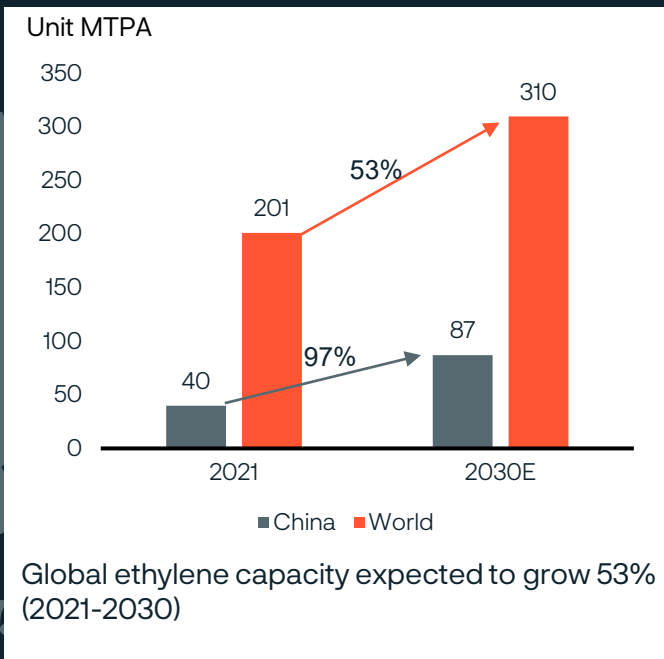


Demand for Chemical and Petrochemical growing significantly

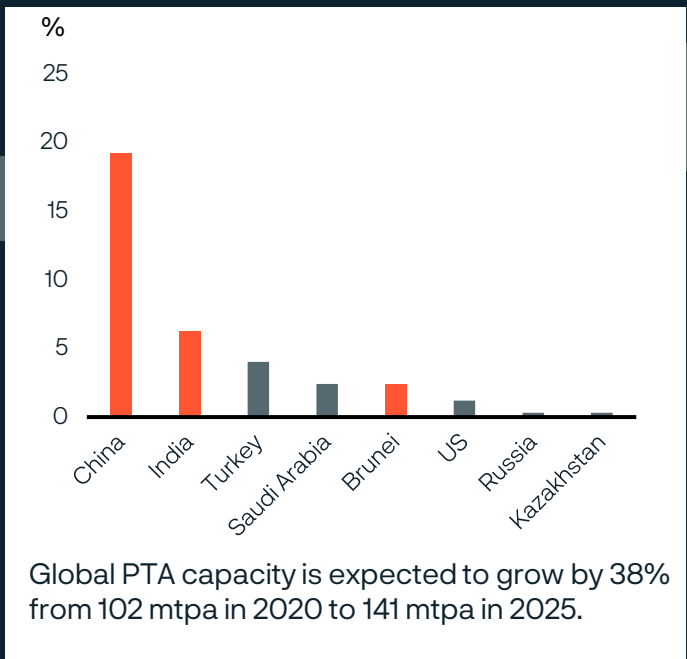
Urea production increase to 2030¹



Ethylene production to 2030²



PTA production increase to 2025³



Drivers for growth

Agriculture and increased food demand for growing populations

Consumer products, plastics for growing middle class

Polyester, clothing etc.



Critical components for the Chemical and Petrochemical process

Products and applications

Fertilizer



High-pressure parts of the urea or other fertilizer tubing production processes

Hydraulic and instrumentation



Critical applications of control, monitoring and measuring

High temperature tube and pipe



Applications with temperature above 500 degrees Celsius

Heat exchanger



Heat exchangers; seawater coolers, condensers, evaporators, heaters and reheaters

Differentiation and value-add to customers

Premium and high-quality offering

Safety, reliability and performance of the chemical process

R&D supporting next generation product and process developments

Supporting chemical industries sustainability objectives

Increasing performance while decreasing capex through material solutions

Production proximity to the market to enable shorter lead-times

Technical support and customer partnerships





Growth in Chemical and Petrochemical is supported and enabled by the following key levers

Premium portfolio development

- Premium alloy qualification in all regional production units will enable growth in nickel and higher alloys
- Process improvements for stability and operational excellence key for profitability

Strengthening regional footprint

- Improved lead times and premium products closer to the customer
- Expansions underway in Asia and in North America

Strengthening customer partnerships and development

- Developing long-term customer partnerships, enabling and participating in their growth
- Strengthening engagements in the value chain

Realizing growth segment opportunities relies on aligning with global trends and industry drivers



— Lithium battery demand



— Plastic consumption



— Decarbonisation



— Urea production growth



— Energy savings




— Environmentally friendly plastic



Strengthening regional footprint to capture profitable growth in Chemical and Petrochemical



Expansion in India

- Investment in existing site Mehsana 
 - Adding cold- finishing capabilities
- Ramp-up ongoing and fully operational by 2024
- Investment of 180 MSEK between 2019-2023
- Serving Indian market and other parts of Asia



Expansion in China

- Investment in greenfield facility in Zhenjiang 
 - Adding cold-finishing capabilities and capacity for growth
- Investment is In China for China
- Local premium
- Operations will ramp up from end 2025
- Investment of 250 MSEK between 2023-2025



Broadening offering in US

- Broaden American production capabilities 
 - Grow market shares in North America
 - Broaden product portfolio through process development for hydraulic & instrumentation and heat exchanger tube
 - PECXO acquisition as enabler

Capacity and capability investments will enable growth in high nickel alloys and super austenitic alloys in all regions

Strengthening the Chemical and Petrochemical position

Strong demand from underlying tailwinds

- Growth of domestic consumption and increased spend
- Asian chemical market as main driver

Premium portfolio and high value-added offering

- Portfolio development for growth in nickel and higher alloys

Strengthened regional footprint to capture growth

- Completed and ongoing footprint initiatives in India, China, US to build capacity and capability

Strengthening customer partnerships and development

Strong historical growth for total Chemical and Petrochemical segment...

Revenues 2015-2023

Illustrative

Year	2015	2016	2017	2018	2019	2020	2021	2022	R12 Q3 2023
Revenue	Low	Low	Medium	High	Medium	Low	Medium	High	Very High

...targeting an annual growth of

7%

or more



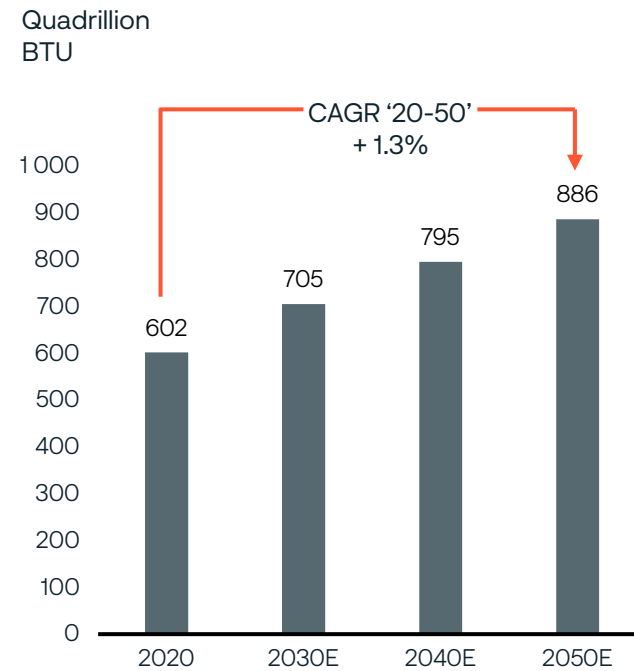
3.2 Hydrogen and Renewable Energy



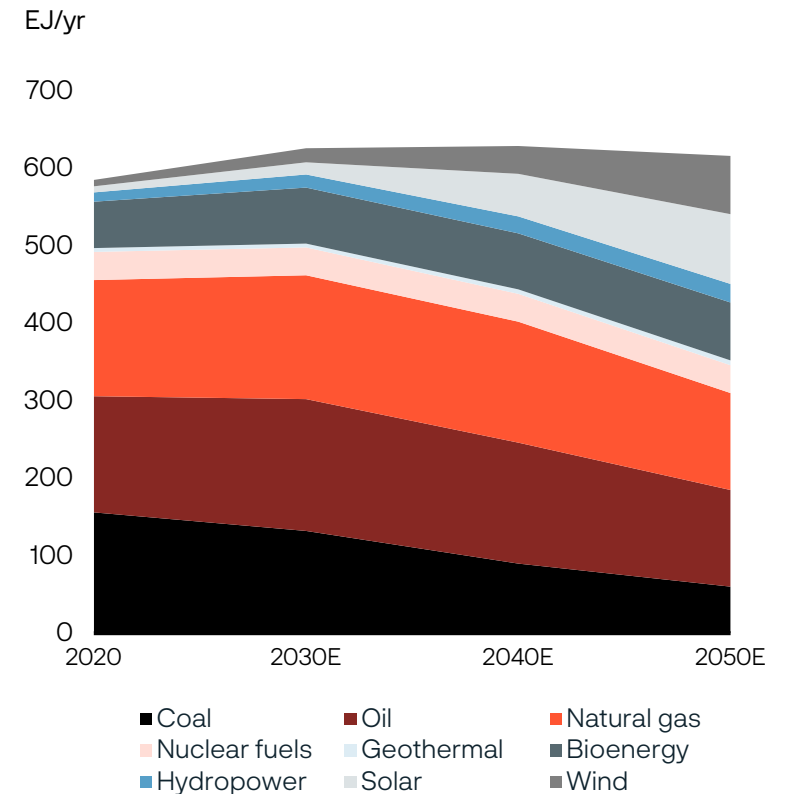
The need for energy is increasing and the global energy landscape is changing

- Well positioned through Renewable Energy as well as existing Oil and Gas and Nuclear offering
- A change in the energy mix is inevitable
- Global CO2 emission pathway calls for reduction of fossile energy

Worldwide energy consumption¹



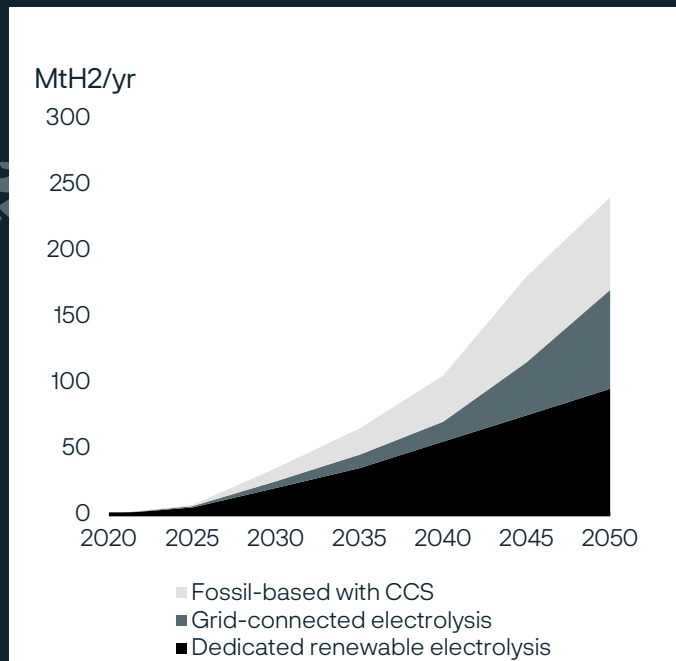
World primary energy supply by source²





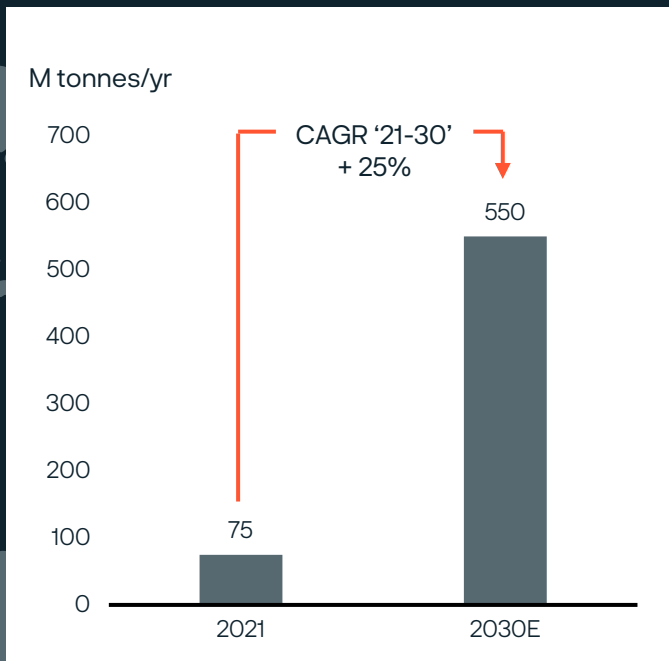
Demand is growing significantly

Hydrogen – global production¹



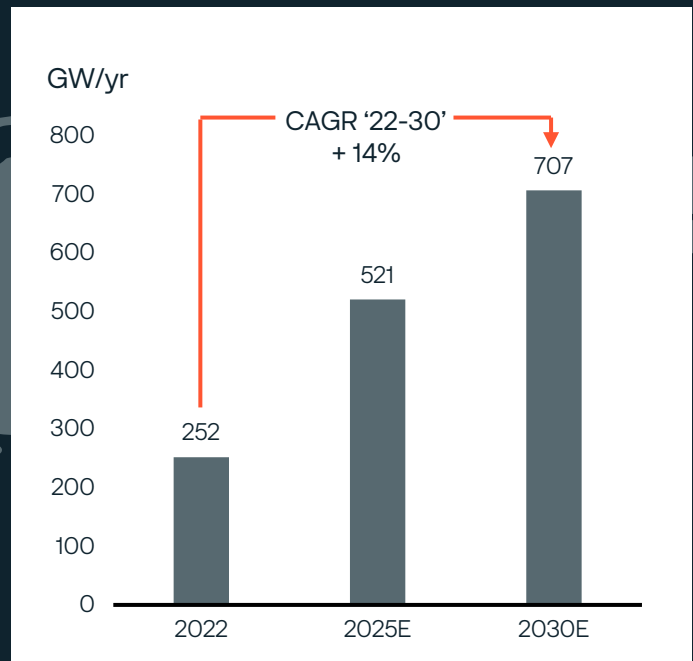
Requirements of high integrity, light and strong materials, and special materials solutions for the production of green hydrogen

Carbon capture and storage capacity²



Require safe operating materials, building on existing knowledge from traditional fossil energy operations

Solar – global photovoltaic installations³



High growth in production of solar panels drives increased demand of necessary raw materials and production equipment

Alleima materials solutions an enabler in the transition towards a more sustainable energy landscape



What makes our offering fit for purpose?

- In existing portfolio
- Ongoing further development
- Application demand not applicable

Alleima relevant core competences vs. application demands

	Corrosion resistance	Mechanical strength	High temperature properties	Hydrogen tolerant	Low temperature performance	Surface performance	
Hydrogen — HRS — Coated strip steel — Electrolysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	On-site tube manufacturing for hydrogen refueling stations and capabilities for engineered solutions. Fully industrialized plant for coated strip steel for hydrogen fuel cells
CCS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	-	-	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	-	Long term alliance in downhole tubing supply chain
Solar — CSP — Solar PV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	-	-	-	Knowledge of high temperature applications in full value chain for tubular products and industrial heating solutions
Biopower/Biofuels	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	-	-	-	Transfer of expertise in Chemical and Petrochemical applications to new and emerging biotechnologies
Geothermal	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-	-	Capabilities matched with existing oil and gas requirements
Wind	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-	<input checked="" type="checkbox"/>	-	Expertise in materials for offshore environments

← Alleima is operative across the value chain and is succeeding in capturing energy transition growth...
 ...with a large and increasing share of R&D budget geared towards the green transition →

Note: Solar PV in Kanthal is reported in the Industrial Heating segment

Taking a position in Hydrogen and Renewable Energy

Well positioned for the energy segment in total

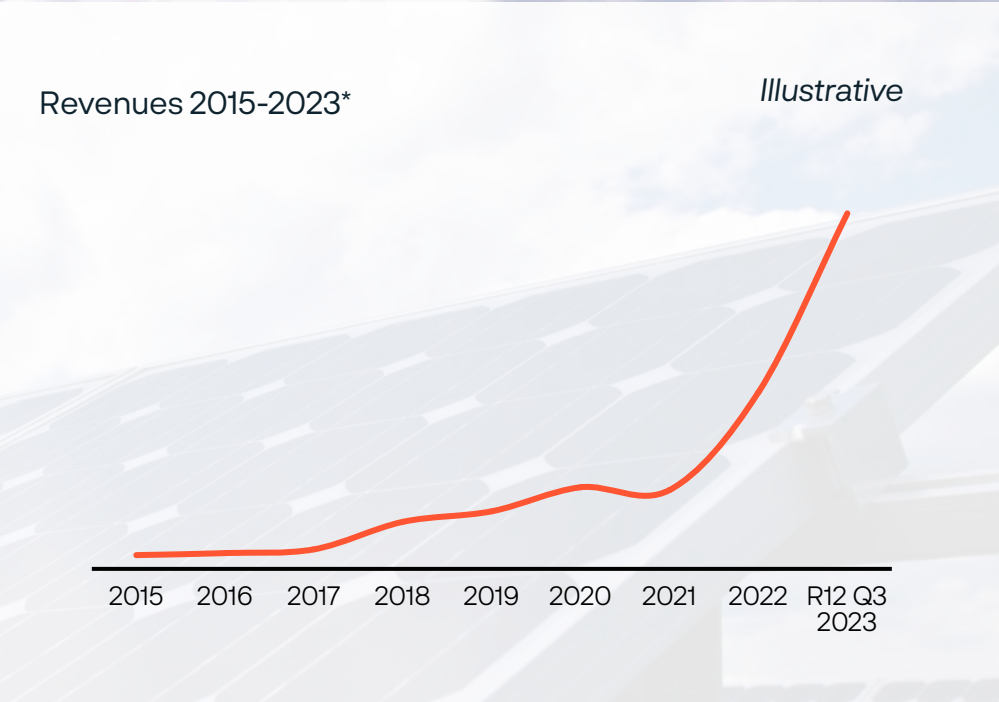
- Good positioned in the value chain for Hydrogen and Renewable Energy as well as Oil and Gas and Nuclear
- Unique solution for coated strip steel for hydrogen fuel cells
- Current capabilities and footprint well aligned with market demands

Ongoing shift

- All IEA future scenarios will drive investments in identified renewable energy segments
- Ambition to take #1-2 position in all targeted segments of Hydrogen and Renewable Energy

Revenues 2015-2023*

Illustrative



Year	Revenue (Relative)
2015	Low
2016	Low-Mid
2017	Mid
2018	Mid-High
2019	High
2020	High
2021	High
2022	Very High
R12 Q3 2023	Extremely High

Targeting an annual revenues of

1

BSEK

..by 2030

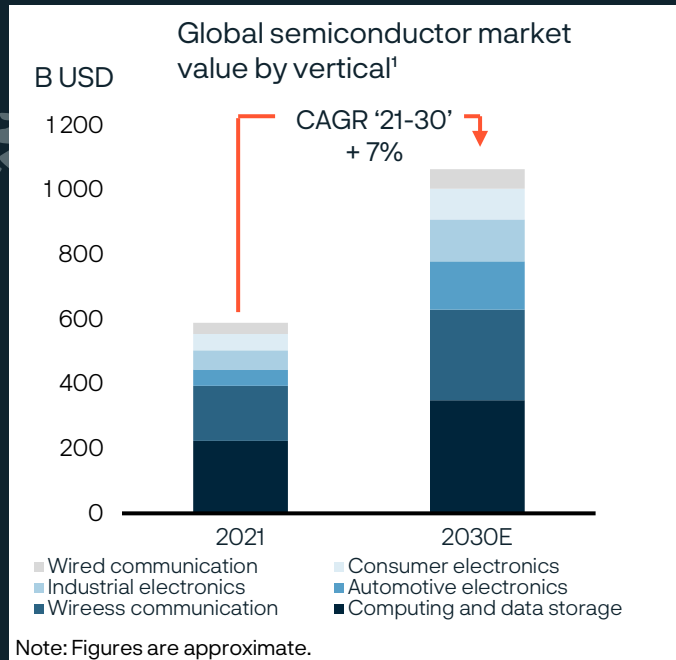


3.3 Industrial Heating



Demand for electrical heating solutions closely connected with significant growth in several end-markets

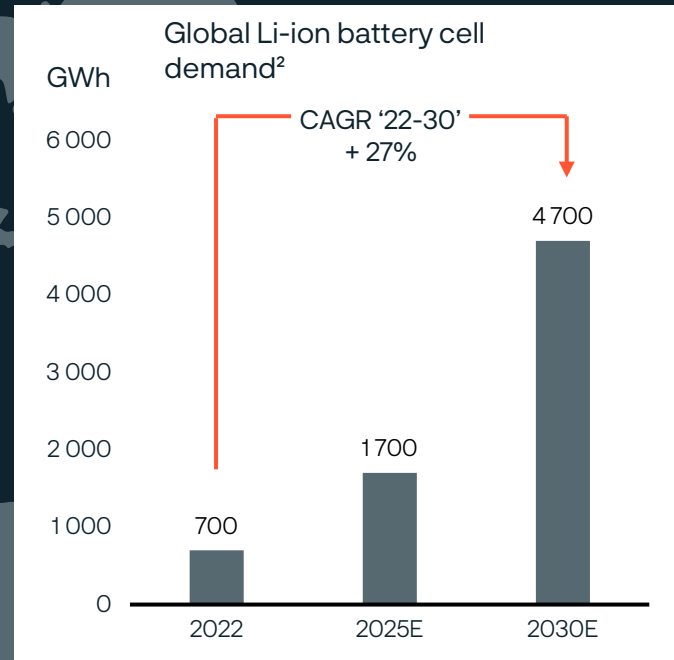
Semiconductors



Drivers for growth

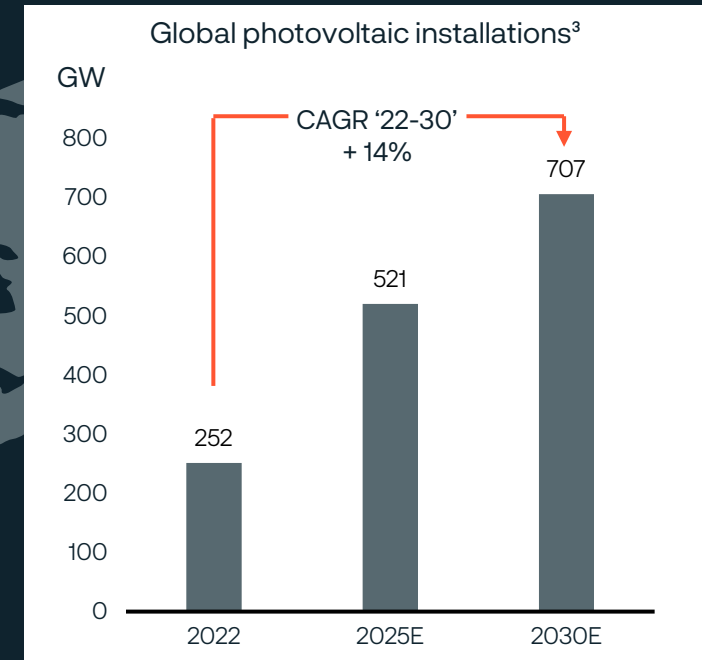
Automotive, data storage, and wireless industries

Li-ion



Mobility, stationary storage, and consumer electronics

Solar



Global focus on green energy, government incentives etc.



Growing Industrial Heating

Ongoing growth investments

- Capacity expansion of silicon carbide heating element (SiC)
- Capacity expansion of process gas heaters and heating modules

Business development opportunities

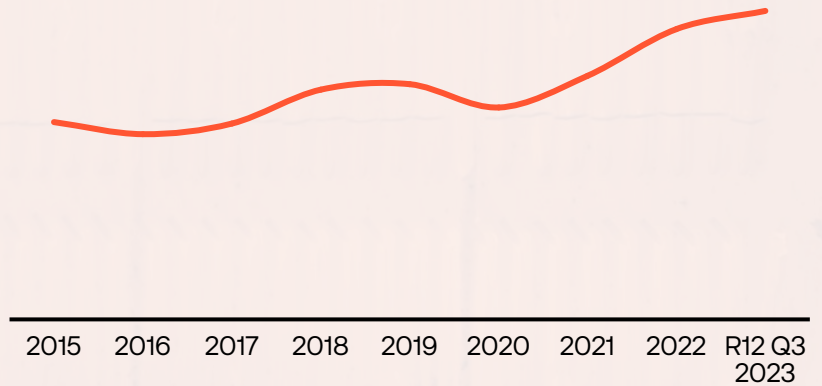
- Develop MW-scale heating solution for electric process gas heating ('ePGH')

Inorganic growth

- M&A: technology and geography expansion

Revenues 2015-2023*

Illustrative



...targeting an annual growth of

8%

or more

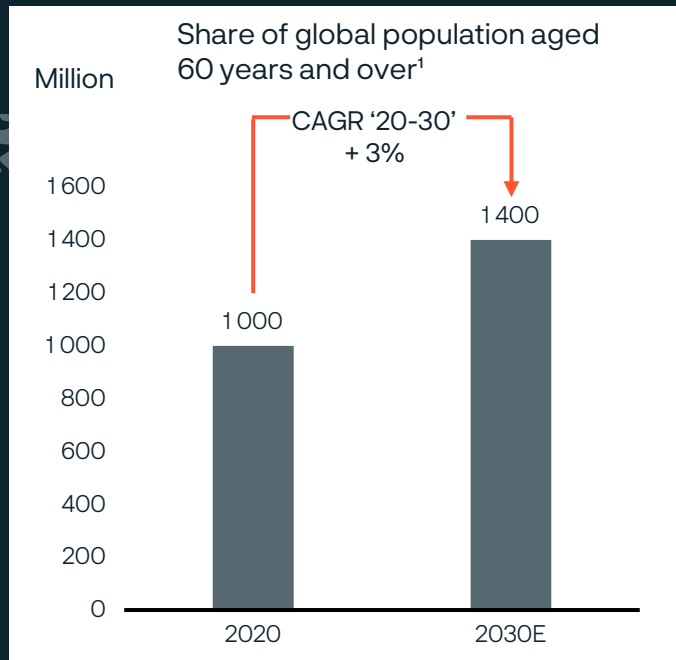


3.4 Medical



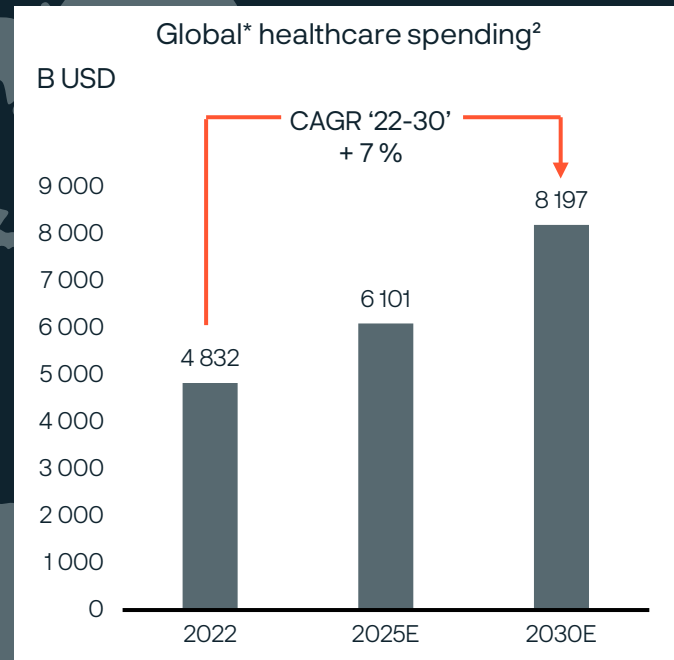
The medical business have several drivers for growth

Global aging population



Need for health care is increasing...

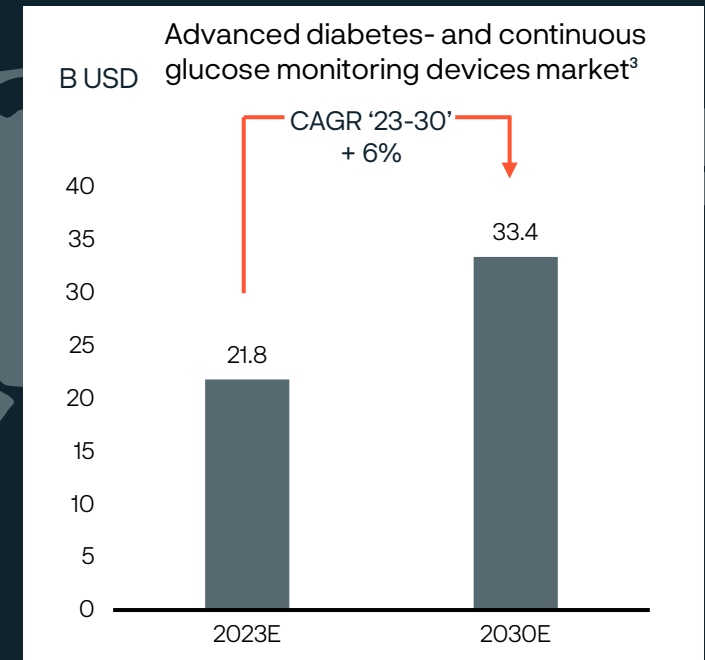
Health care spending



Note: *The data represents approximately 92% of the global health care spending

...and so is the expected health care spending

Remote patient monitoring



...and the need market for continuous glucose monitoring application



Accelerating growth in Medical

Organic growth

- Establish rapid prototyping labs
- Increase production capacity to meet future demand for medical markets

Business development opportunities

- Leverage technology synergies of acquisitions to provide new solutions to the medical market
- Develop new products for remote patient monitoring applications

Inorganic growth

- M&A: Capabilities and geography expansion

Revenues 2015-2023*

Illustrative

Year	Revenue (Illustrative)
2015	Low
2016	Low-Mid
2017	Mid
2018	Mid-High
2019	High
2020	High
2021	High
2022	Very High
2023	Very High

2015 2016 2017 2018 2019 2020 2021 2022 R12 Q3 2023

...target to outgrow the annual market growth of

9%

or more

Clear building blocks

- Advanced materials and know-how as enabler
- Megatrends play in our favour
- Targeted segments in focus for growth and capital allocation
- Reduced volatility and increased earnings





4 Financial performance

Olof Bengtsson, CFO



Financial development

Increased revenues and improved resilience



- Average organic revenue growth 2% p.a.
- Rebound in 2022 and 2023 YTD with organic revenue growth of 13% and 12%
- Average adj. EBIT margin 8.3%
- Improving adj. EBIT margin of 9.1% in 2022 and 10.2% R12 Q3 2023

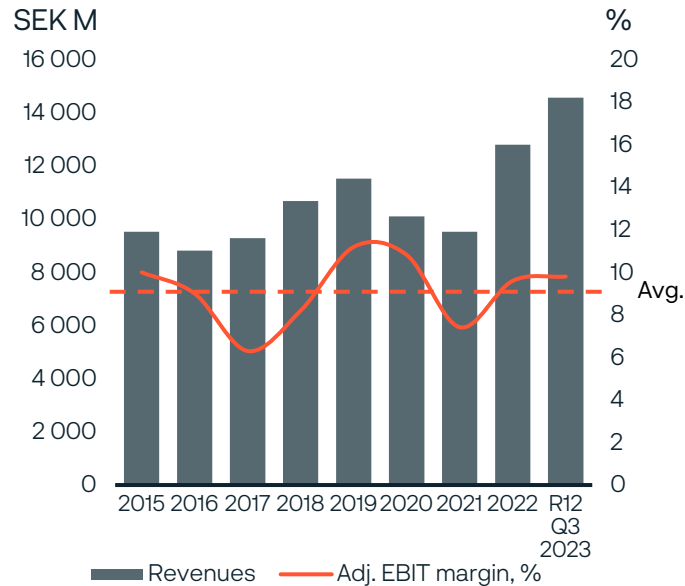


Financial development divisions

Increased revenues and improved resilience

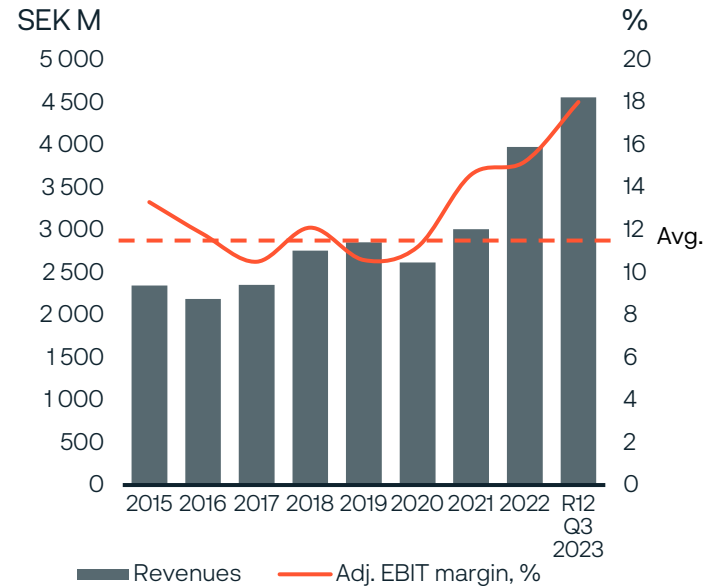
- Average organic revenue growth 3%*
- Average adj. EBIT margin 9.3%

Tube revenues



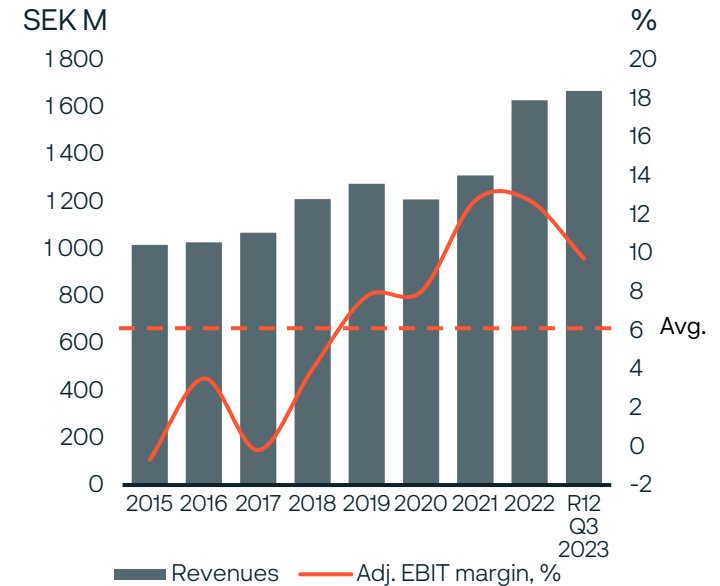
- Average organic revenue growth 6%*
- Average adj. EBIT margin 11.7%

Kanthal revenues



- Average organic revenue growth 6%*
- Average adj. EBIT margin 6.2%

Strip revenues



Note 1: Average organic revenue growth as calculated for the period between Q1 2017 and Q3 R12 2023

Note 2: Note: Historical numbers are restated for divested or discontinued businesses, as well as treating Sandvik as an external customer.

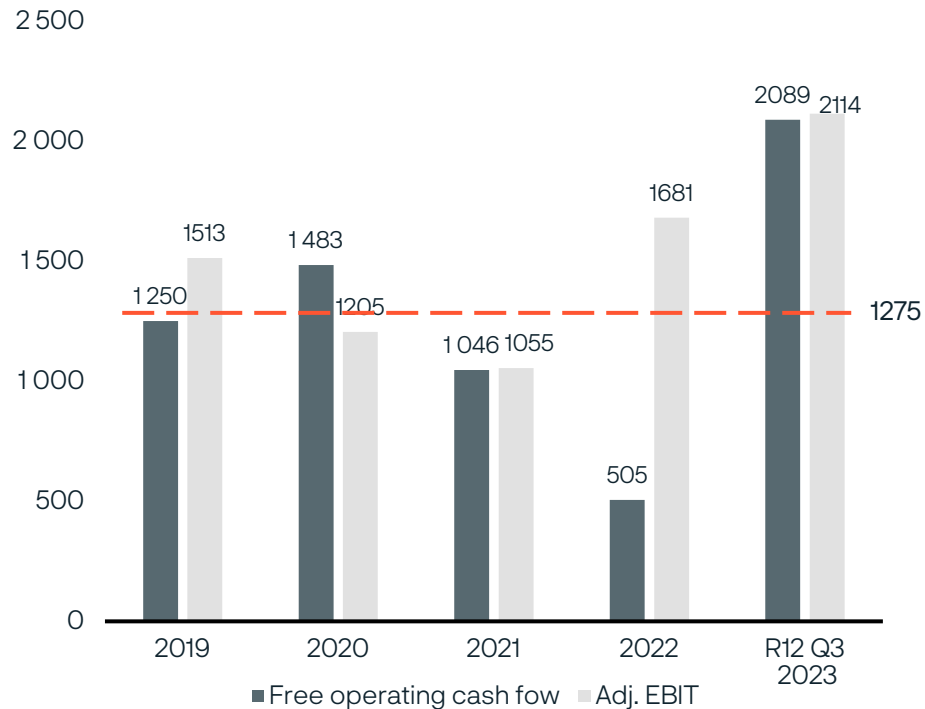


Long-term cash generation

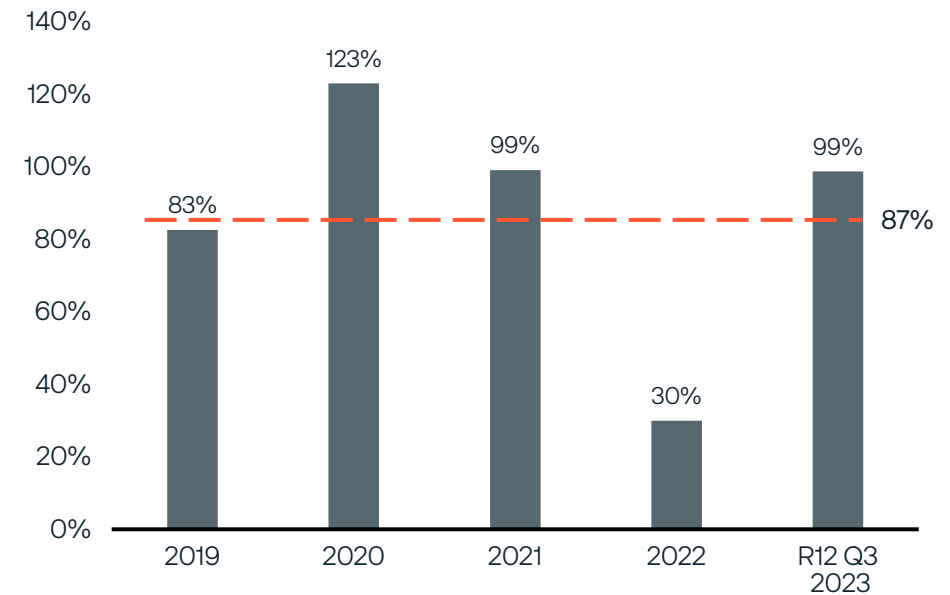
Foundation for our future growth

- Track record of good cash flow generation but metal prices have a significant impact
- Contra-cyclical cash flow profile

Free operating cash flow, SEK M



Cash conversion



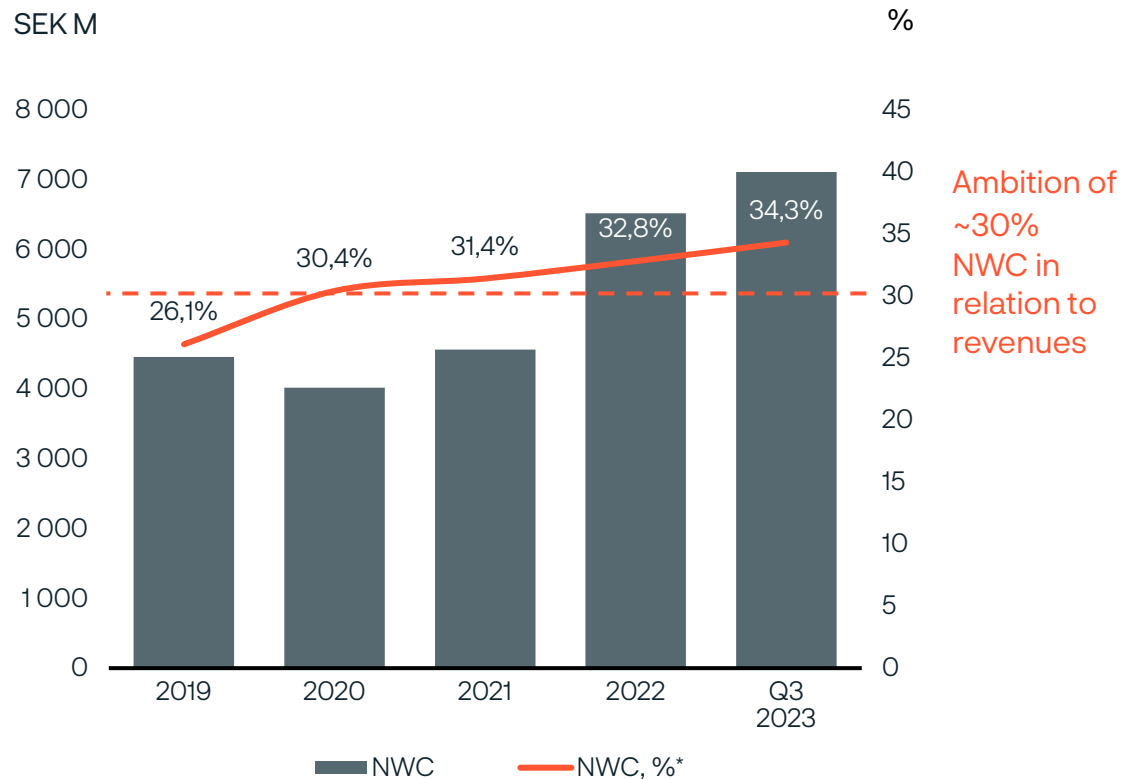
*Cash conversion based on adj. EBIT



Capital efficiency

Net working capital

Net working capital



Note: R12 Q3 NWC, % is based on rolling 12 months and a four-quarter average.

- Net working capital increase due to metal prices and currency rates
- Continuous focus to improve trough:
 - Inventory management
 - Max stock targets
 - Visualizing the supply chain
 - Accounts payable
 - Favorable payment terms with large suppliers
 - Accounts receivable
 - Constant tracking of payment terms and overdues

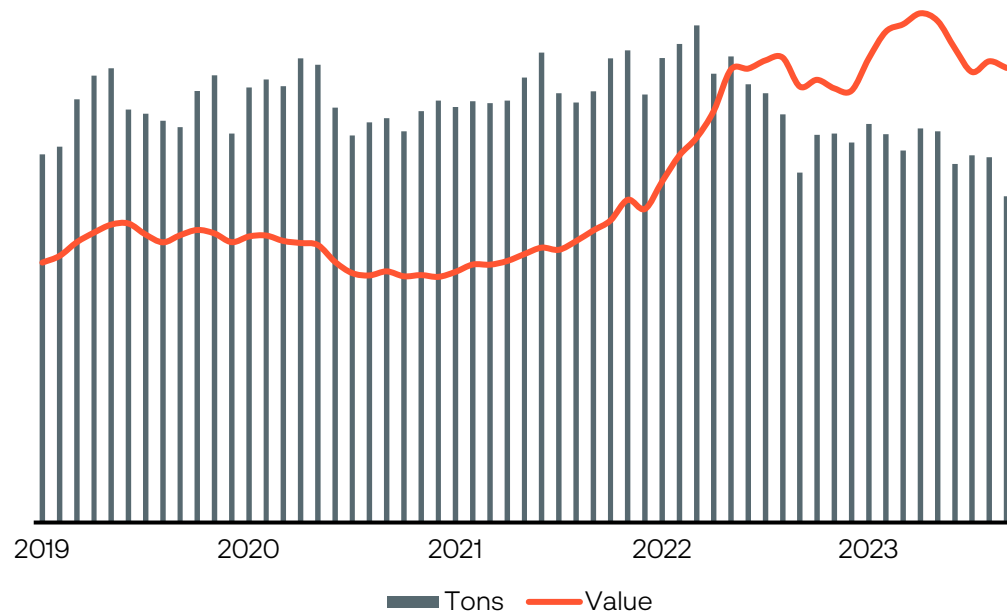


Capital efficiency

Tube example

Inventory

Tons & value



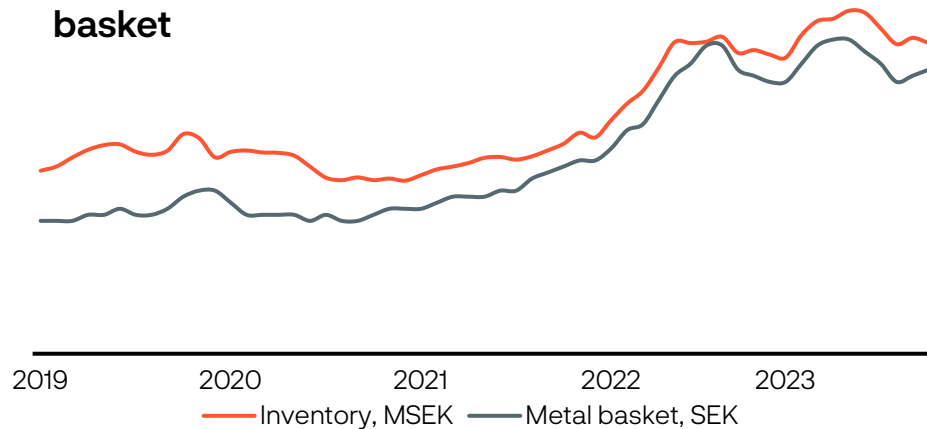
- Successful volume reduction of inventories in Tube division
- Metal prices and currencies impact value
- Ongoing initiatives to reduce physical inventory in every part of the supply chain:
 - Raw material inventory
 - Work in progress
 - Inventory for shipment
 - Goods in transit



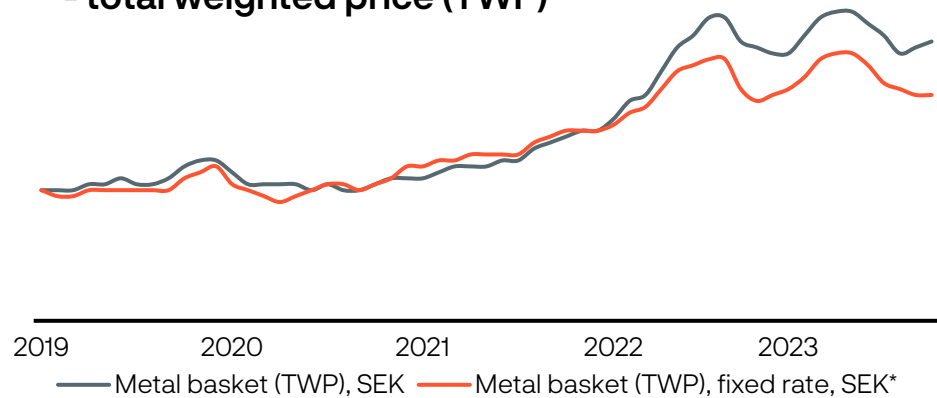
Capital efficiency

Diving into inventories

Inventory and metal basket



Metal basket - total weighted price (TWP)



*Note: Weighted value fixed per SEK/USD rate as of January 2019

- Strong correlation between metal price, currencies and inventory values
- Metals in our “standard” basket (volumes)
 - Iron ~70%
 - Chrome ~20%
 - Nickel ~10%
 - Molybdenum <1%
- Currency (weak SEK) explains continued high values in inventories in 2022 and 2023

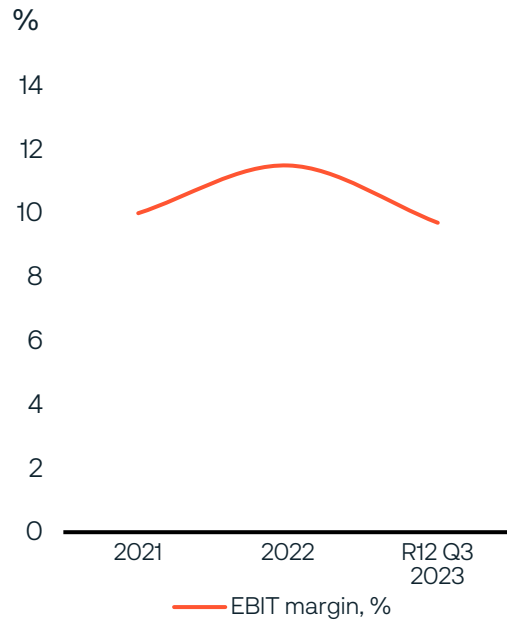
Note: mix in our metal basket varies with the product mix



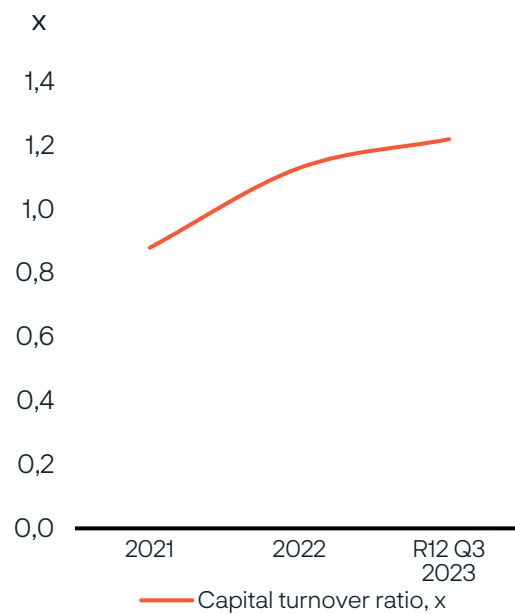
Capital efficiency

Return on capital employed

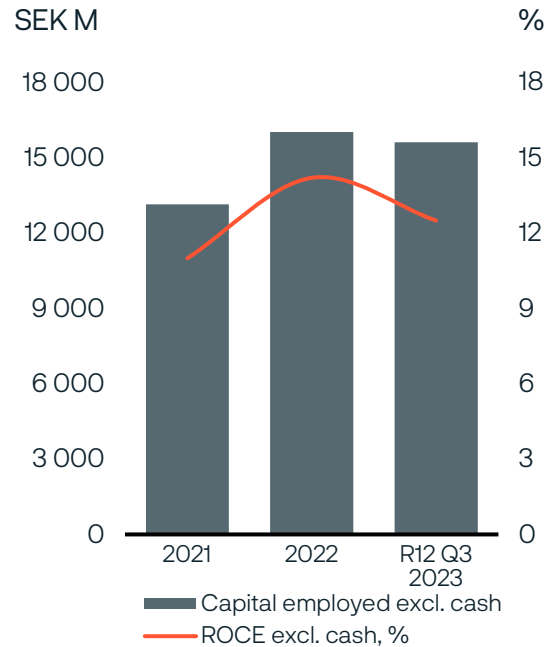
EBIT margin



Capital turnover ratio



Capital employed excl. cash and ROCE



- Capital employed excl. cash increase mainly due to metal prices and currency rates

- ROCE excl. cash 8.2% average 2015-2023 Q3 R12

- ROCE excl. cash 12.6% average 2021-2023 Q3 R12

Focused initiatives to improve ROCE

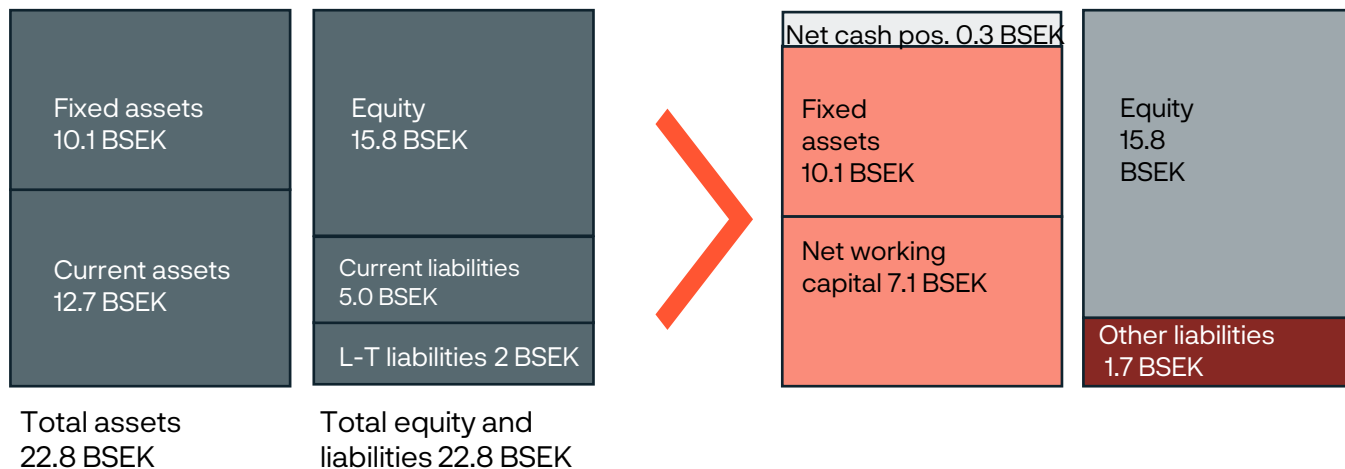
- Focus on increasing profitability and margins
- NWC and capex management
- Focus on less capital-intensive businesses

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



A strong balance sheet

- Strong balance sheet prerequisite for future growth
- Net cash position of 0.3 BSEK in of Q3 2023 o/w cash 1.2 BSEK
- Manage swings in metal prices and consequently NWC
- Net debt/equity ratio well below max target of 0.3x
- Low goodwill values at 1.7 BSEK mainly relate to Kanthal



Net debt/
Equity

-0.02x
Q3 2023

Net debt/
Adjusted EBITDA
rolling 12 months

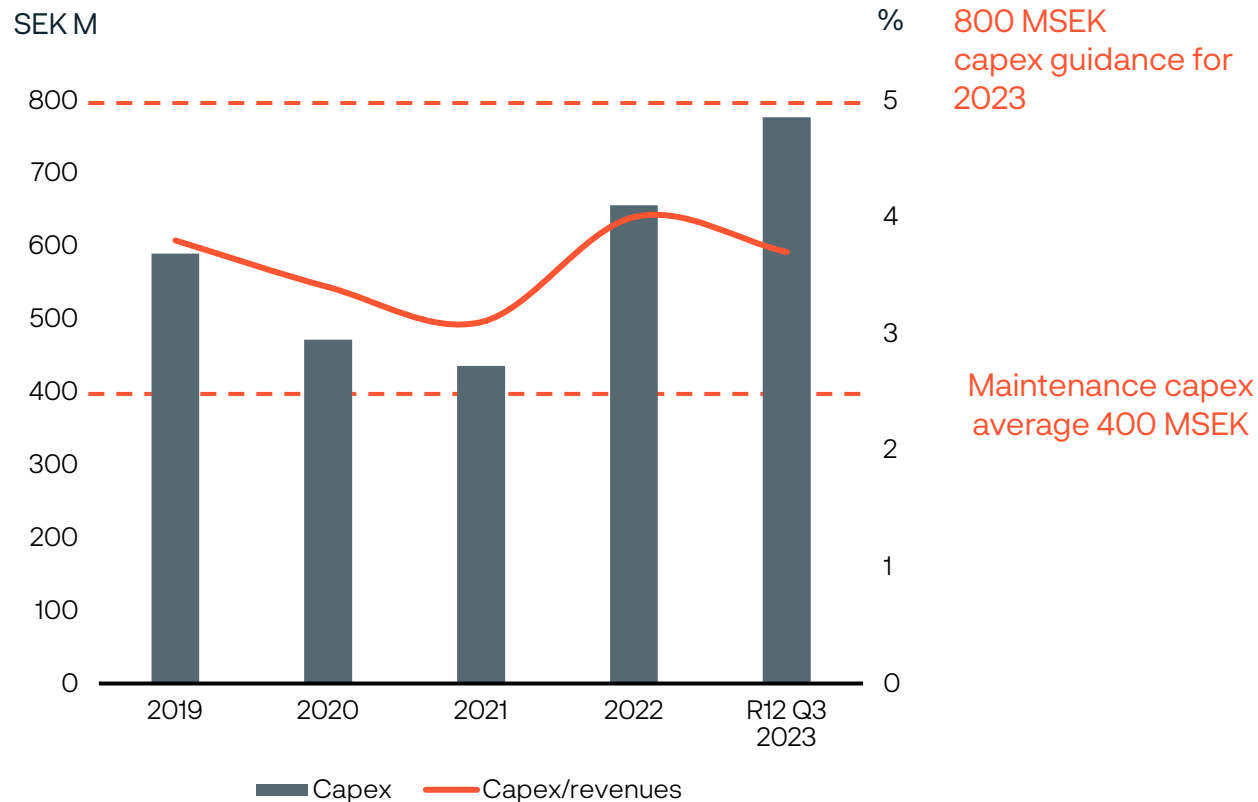
-0.10x
Q3 2023



Capital allocation

Growth investments fits into CAPEX spend

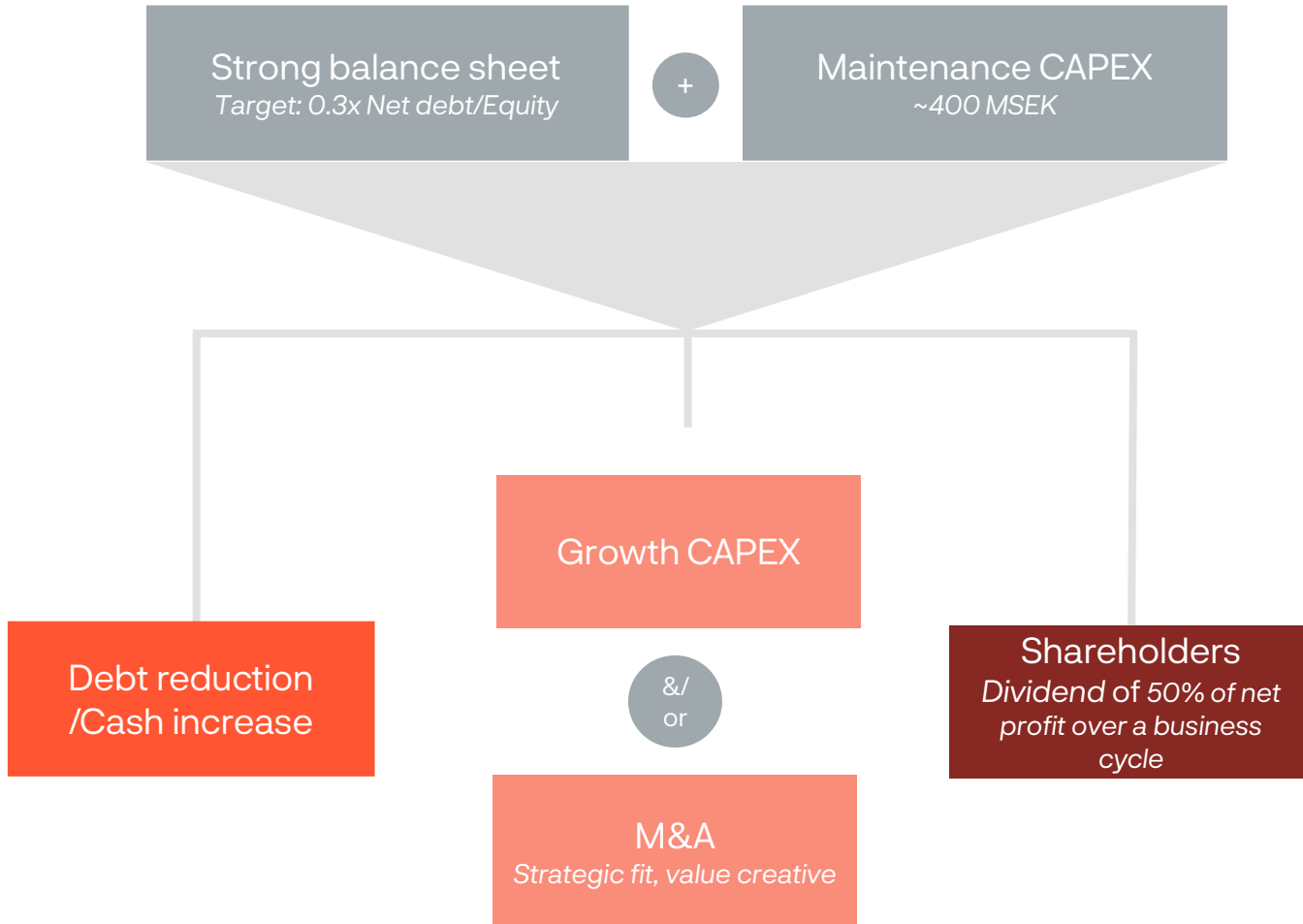
Capex



- 2015-2019 average: 750 MSEK or 5.4% of revenues
- 2019-2023 Q3 R12 average: 586 MSEK or 3.6% of revenues
- Guidance for 2023 CAPEX ~800 MSEK
 - Maintenance investments approx. 400 MSEK
 - Productivity, IT and EHS approx. 100-150 MSEK
 - Growth investments (capex) 200-250 MSEK



Capital allocation policy



- Cash flow available for M&A ~400 MSEK
- Available undrawn long term committed financing of 3 BSEK
- Net debt to equity not to exceed 0.3x



5 Nature of the business

Recap



FX and energy exposures

FX

- Main net exposed currencies vs SEK (transaction exposure)
 - USD (3 BSEK)
 - EUR (2 BSEK)
 - CZK (-1 BSEK)
- Metals normally purchased and hedged in USD



Energy

Volatile electricity prices mitigated through:

- Hedging
- Energy surcharges to customers
- Temporary shutdowns in steel mills at peak price hours

Energy cost for 2024 in line with 2023 at current spot prices

- Estimated cost of approx. 650-700 MSEK for 2023

Hedging 2024

- Electricity: 75% in Sweden
- Natural gas: 60% in Sweden
 - Targeting biogas for part replacement

Yearly energy consumption

- Total electricity: 800 GWh, o/w >600 GWh Sweden
- Natural Gas (LNG): 190 GWh, o/w 75% in Sweden
- Propane (LPG): 130 GWh, o/w majority in Sweden



Alloy surcharges and metal price effects in EBIT

Alloy surcharges on revenues

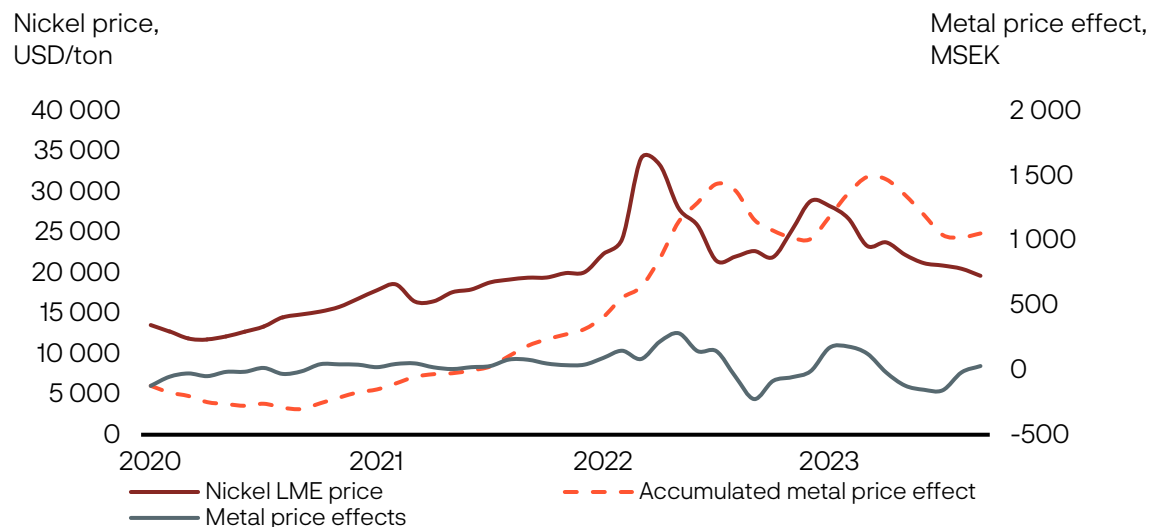
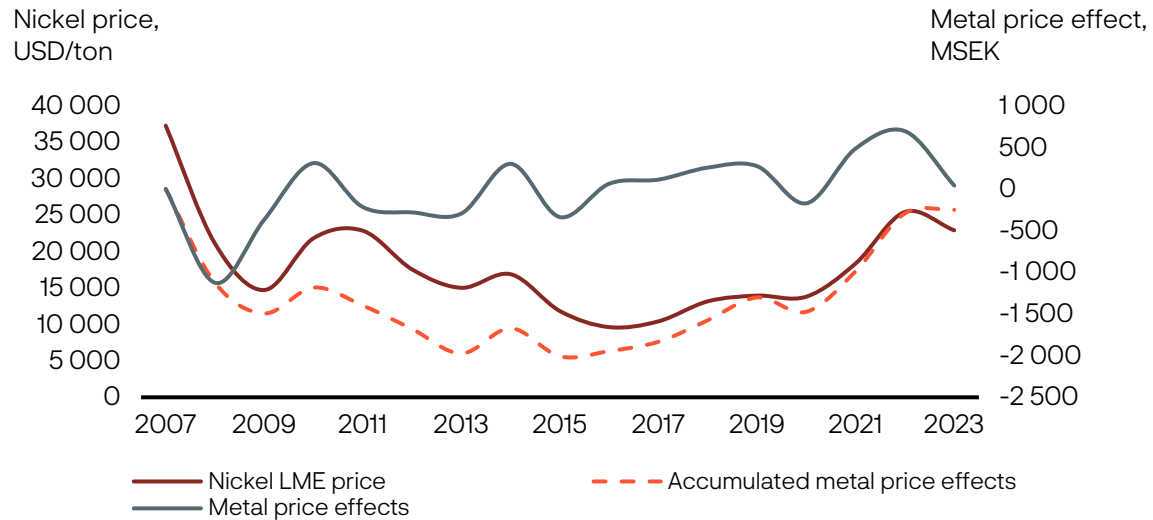
- Main approaches for covering cost for metals when setting prices
 - For large orders the metal cost is hedged when the order is signed
 - Smaller orders and orders with low metal or alloy content generally a fixed price and no hedge
 - On approx. 40% of sales an alloy surcharge clause is included
- Alloy surcharge model well established “European Model” based on official market prices
- In the alloy surcharge model price to customers is generally set based on average market price for the month preceding the revenue recognition of the product
- The alloy surcharge impact on order intake and revenues is shown in the quarterly bridge specification

Metal price effect on EBIT

- Timing difference between setting the purchase price of the metal, which is included in the Cost of Goods sold and the sales price in the alloy surcharge priced business will create a metal price effect impacting reported EBIT positively or negatively
- The timing difference can be between 3-6 months
- During increasing metal prices, Alleima will realize a gain on operating profit (a positive metal price effect), and the opposite during decreasing metal prices
- Focus on adjusted EBIT to measure our underlying performance



Nickel price as main driver





- Nickel is from a value point the most important metal in our products and has the biggest impact on the metal price effect calculation to reach the Adjusted EBIT
- Other metals like Chrome and Molybdenum can also impact the metal price effect calculation from time to time
- Nickel price in a downward trend from 2008 until 2016 – created accumulated negative metal price effects.
- Later years have shown an upturn trend in Nickel price creating positive metal price effects and reduced the accumulated negative effect
- In Q1 2022 the Nickel price peaked
- Accumulated metal price effects 2007-2023 is close to zero



Understanding the impact from changing metal prices

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

Summary financial performance

- Increased revenue and improved profitability and resilience
- Strong cash flow generation
- Solid financial position





Break

We'll start again at 4 pm CET



6 Division Kanthal

A world-leading industrial heating solution and medical wire component provider

Robert Stål, President Kanthal



A world-leading industrial heating solution and medical wire component provider

- World-leading brand in the area of resistance heating materials, industrial heating technology and medical materials
- Strong market position in niched end-markets, mainly serving four (4) customer segments.
- Global footprint staying close to customers and markets
 - 17 production facilities across the globe¹
 - Sales across approx. 60 countries

KEY LOCATIONS



Note: (1) Including two service facilities.

REVENUES

4,557

SEK M Q3 2023 R12

ADJ. EBIT

827

SEK M Q3 2023 R12

ADJ. EBIT margin

18.2%

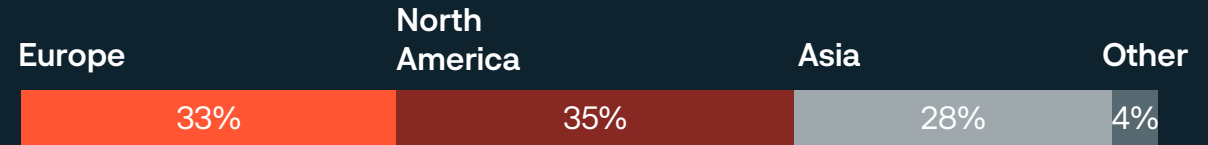
Q3 2023 R12

FTE's

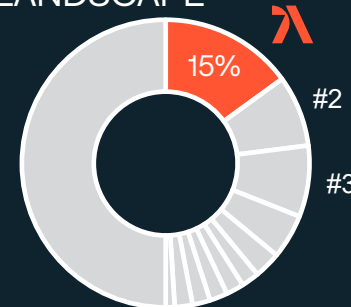
1,287

Q3 2023

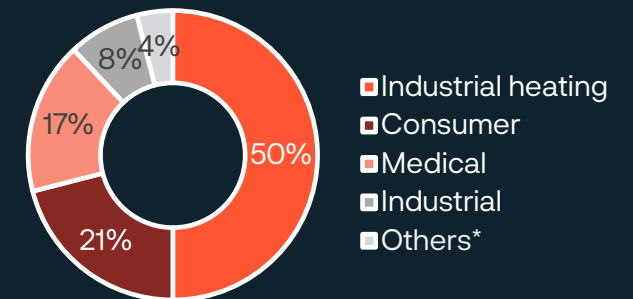
GEOGRAPHY



COMPETITIVE LANDSCAPE



REVENUE BY CUSTOMER SEGMENT²



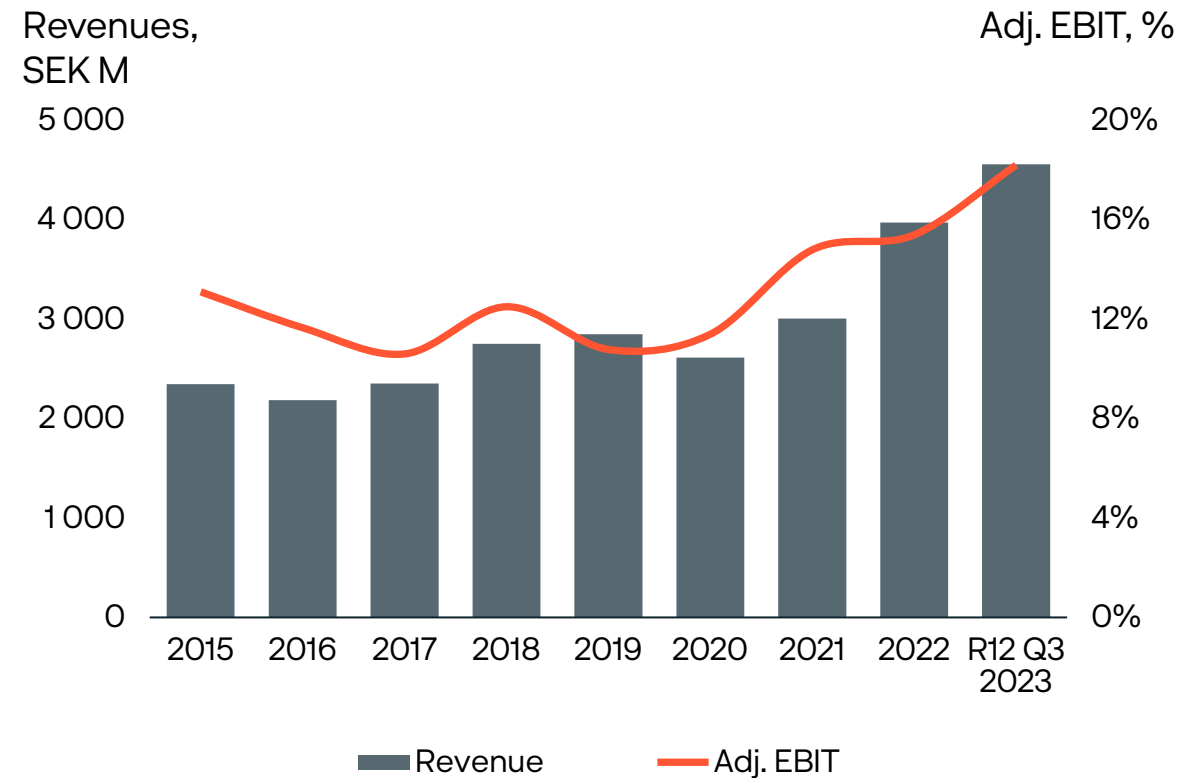
Note: (2) revenues by customer segment R12 Q3 2023.
*incl., nuclear and transportation customer segment.



A resilient and evolving business

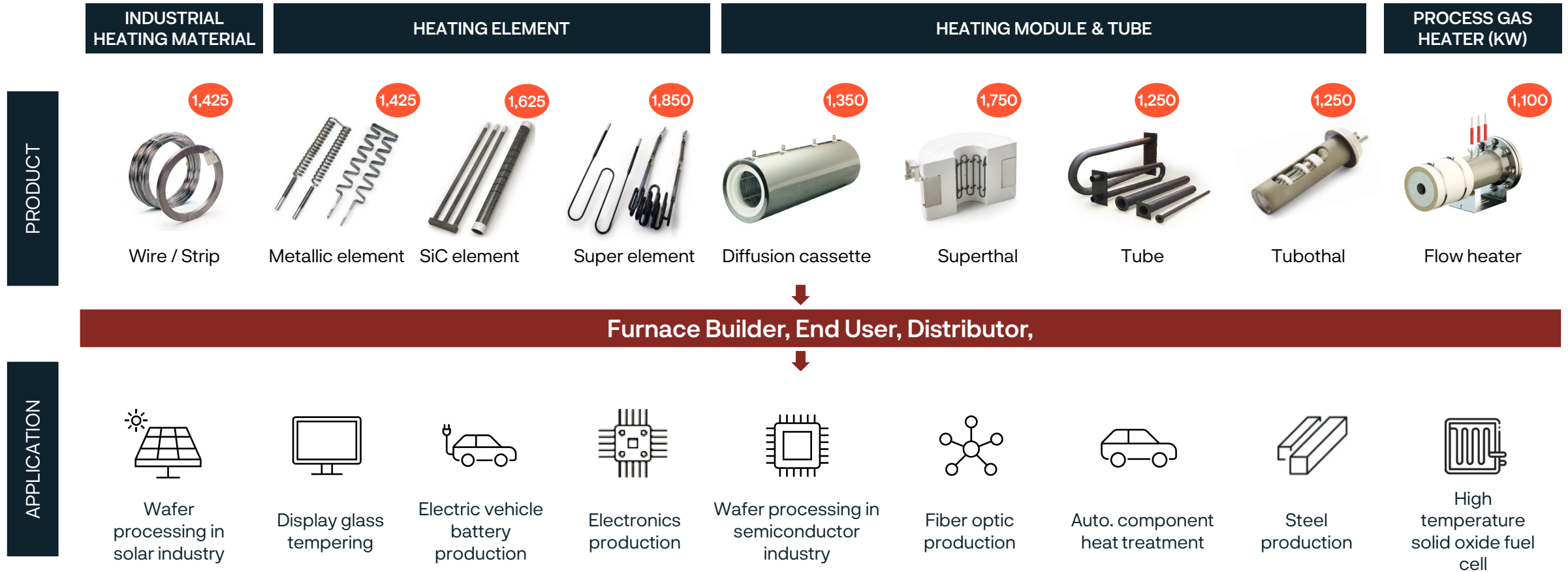
- Strong growth over the last years
- Improved profit development
- Delivered on structural growth
- Earnings resilience over the cycle
- Acquisitions to fortify capabilities and geographical presence

Revenues and adjusted EBIT margin





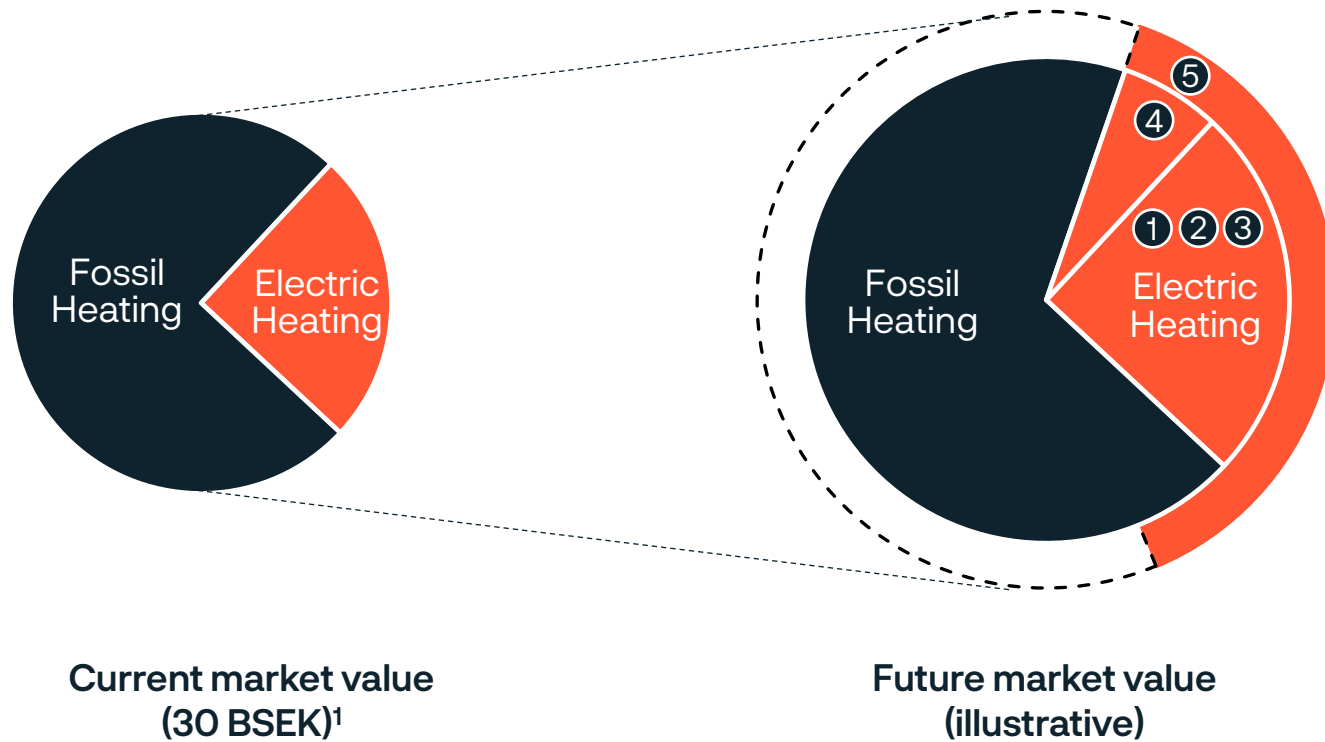
A broad industrial heating product portfolio serving various applications



xx Max. operating temperature (°C)



Favorable trends amplify the industrial heating market and fuel the future demands



Market driven by

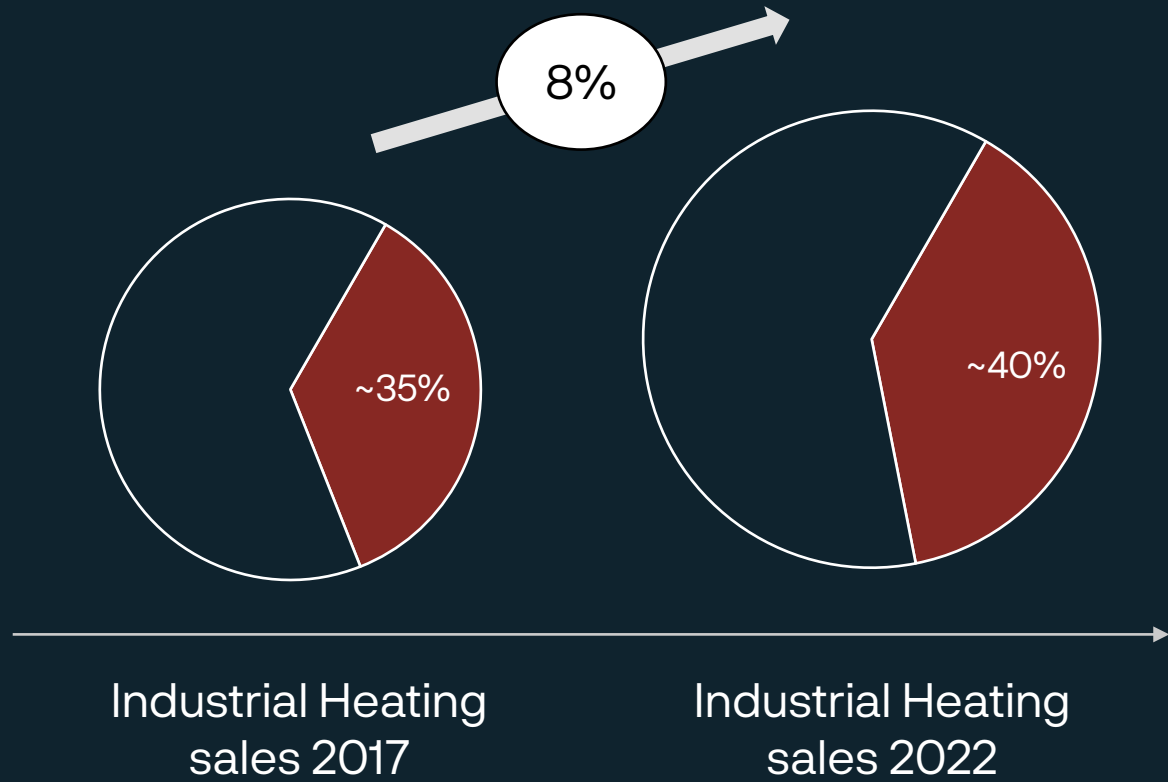
- 1 Shift to sustainable source of energy
- 2 Sustainable transportation
- 3 Increased automation and digitalization

Transforming trends

- 4 Industry decarbonization through electrification
- 5 MW solutions for large-scale electrification



Growing CAPEX business providing future OPEX sales



■ CAPEX driven sales

Note: CAPEX shown as in percentage of total industrial heating sales.





Kanthal well positioned to accelerate industry towards green transition

Iron and steel

~7%

...of global CO2 emission

Chemical & Petrochemical

~4%

...of global CO2 emission

Cement

~3%

...of global CO2 emission

Other heavy industries

~8%

...of global CO2 emission

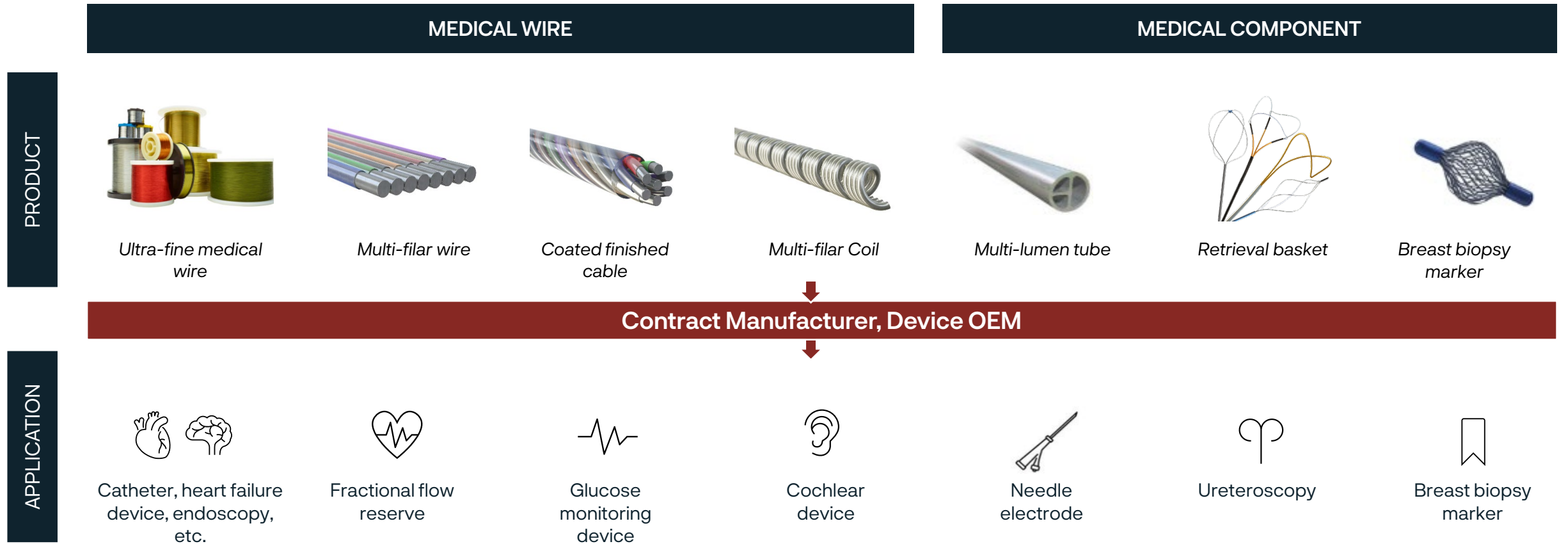


Process gas heater
(MW) under
development



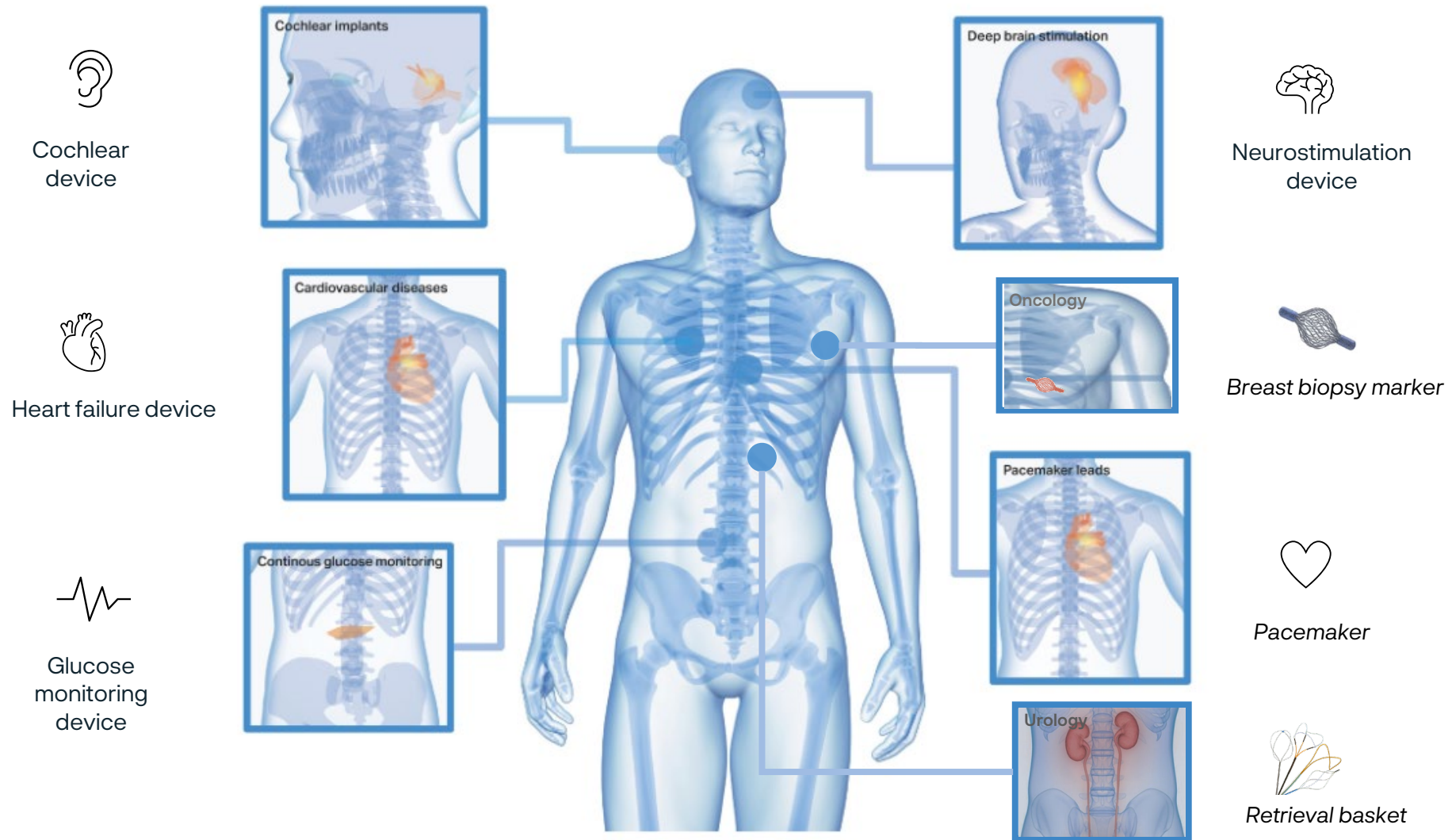


Medical wire and application



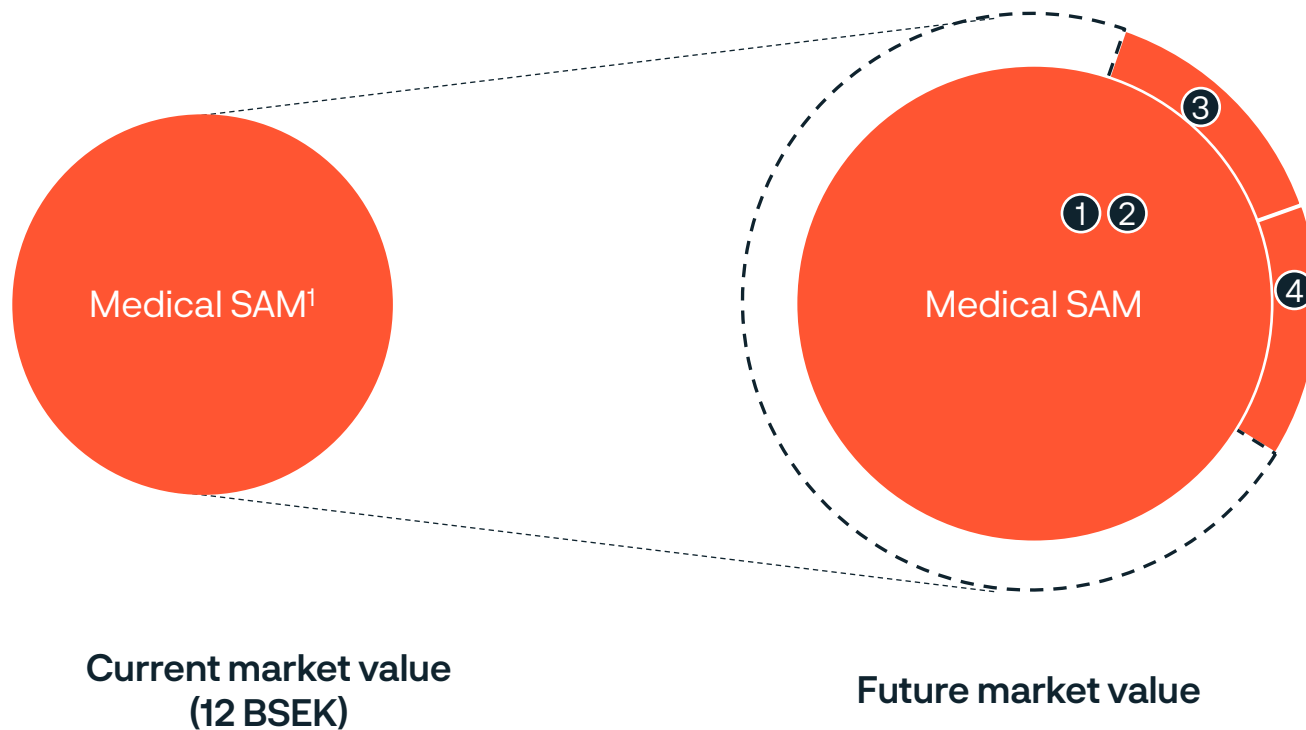


Alleima in the medical application





Favorable trends amplify the medical market and fuel the future demands



Market driven by:

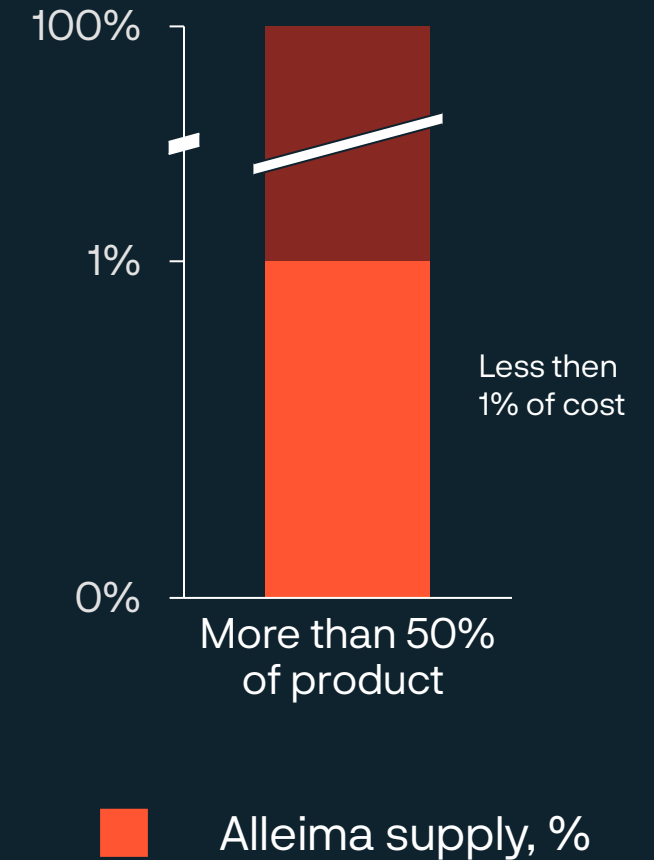
- 1 Aging global demography
- 2 Increasing insurance coverage in healthcare spending
- 3 Growth in remote patient monitoring
- 4 Increased usage of minimally invasive surgery and soft robotics

Note: (1) Medical market defined as 'ultra-fine wire material and wire component for medical application such as general surgery, cardiovascular, neurovascular, oncology, etc.' Market reach defined as serviceable addressable market ('SAM').



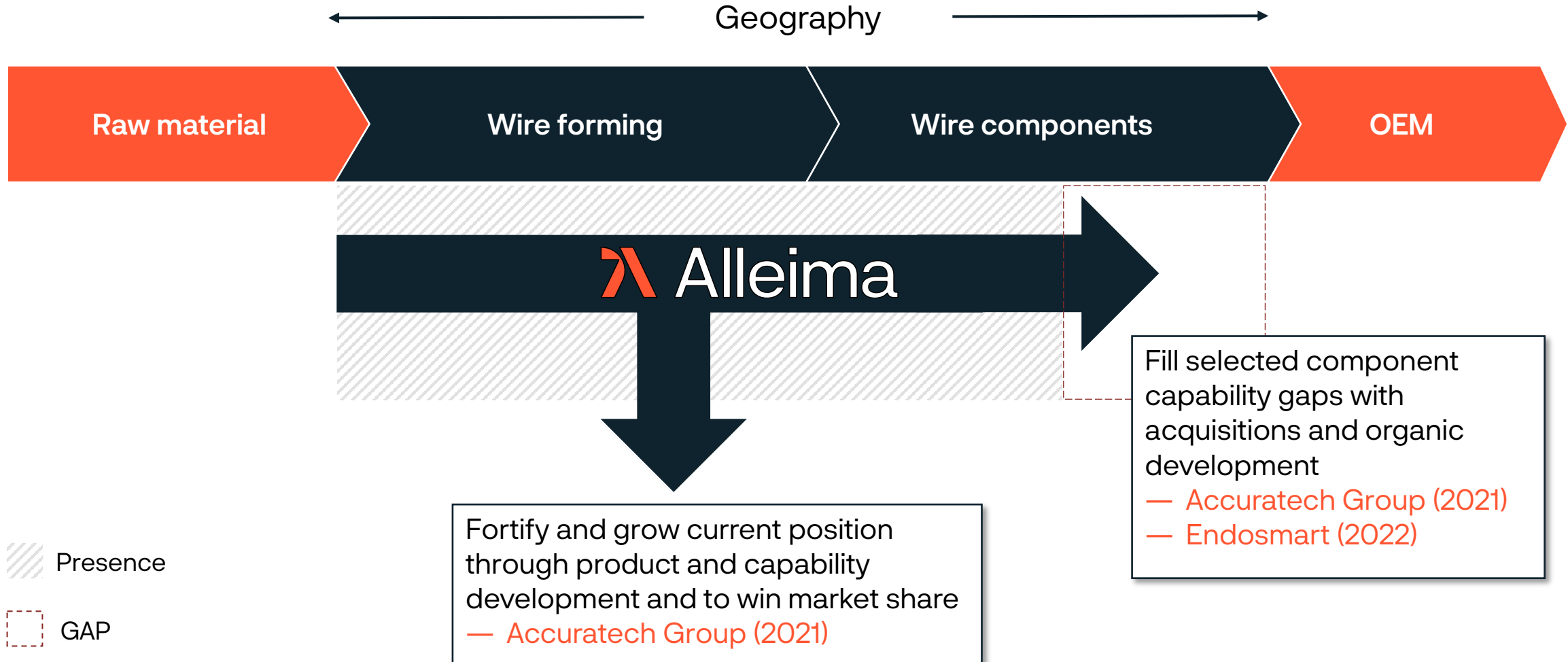
Share of total product cost and mission critical application

- Critical in application with early involvement from device development phase
- Only small part of the total device cost
- Good position to drive price leadership
- One-time use or consumable devices provide for re-occurring revenues



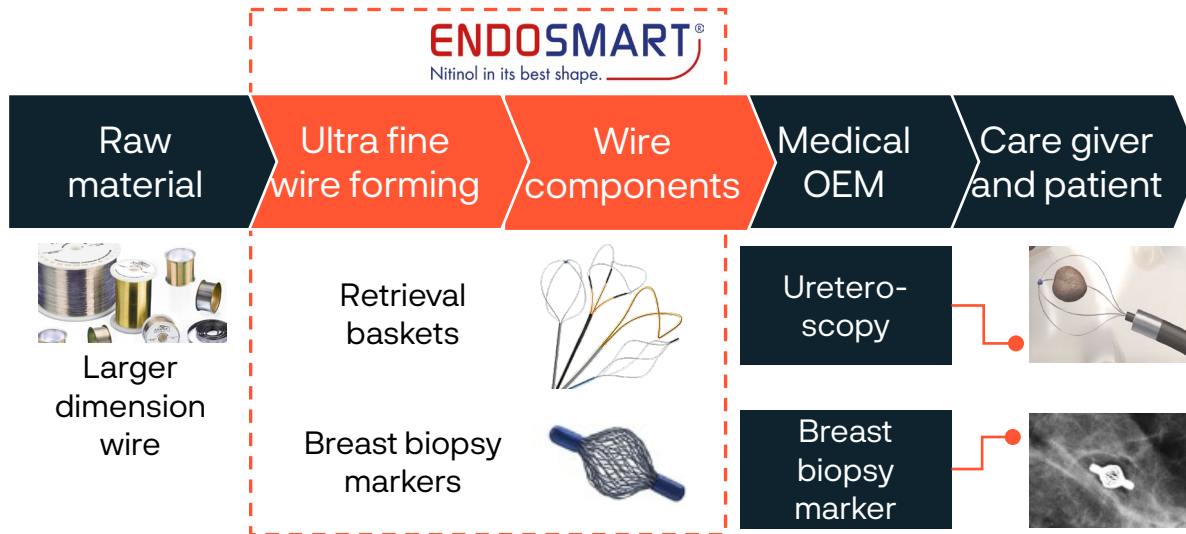


Medical MA strategy

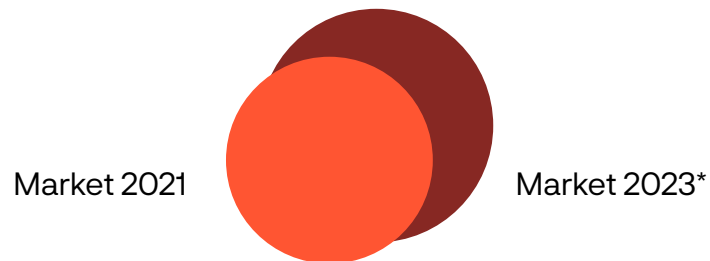


Endosmart acquisition

Forward-integration in the value chain...



Significant expansion of the addressable market enable further growth...



**Illustrative example*



Endosmart in brief

- Germany based manufacturer of medical devices and components made of the shape memory alloy nitinol
- Provides medical device companies with solutions and services in the fields of urology, oncology and cardiology.
- Revenues of ~100 MSEK in 2022

Strategic rationale for the acquisition

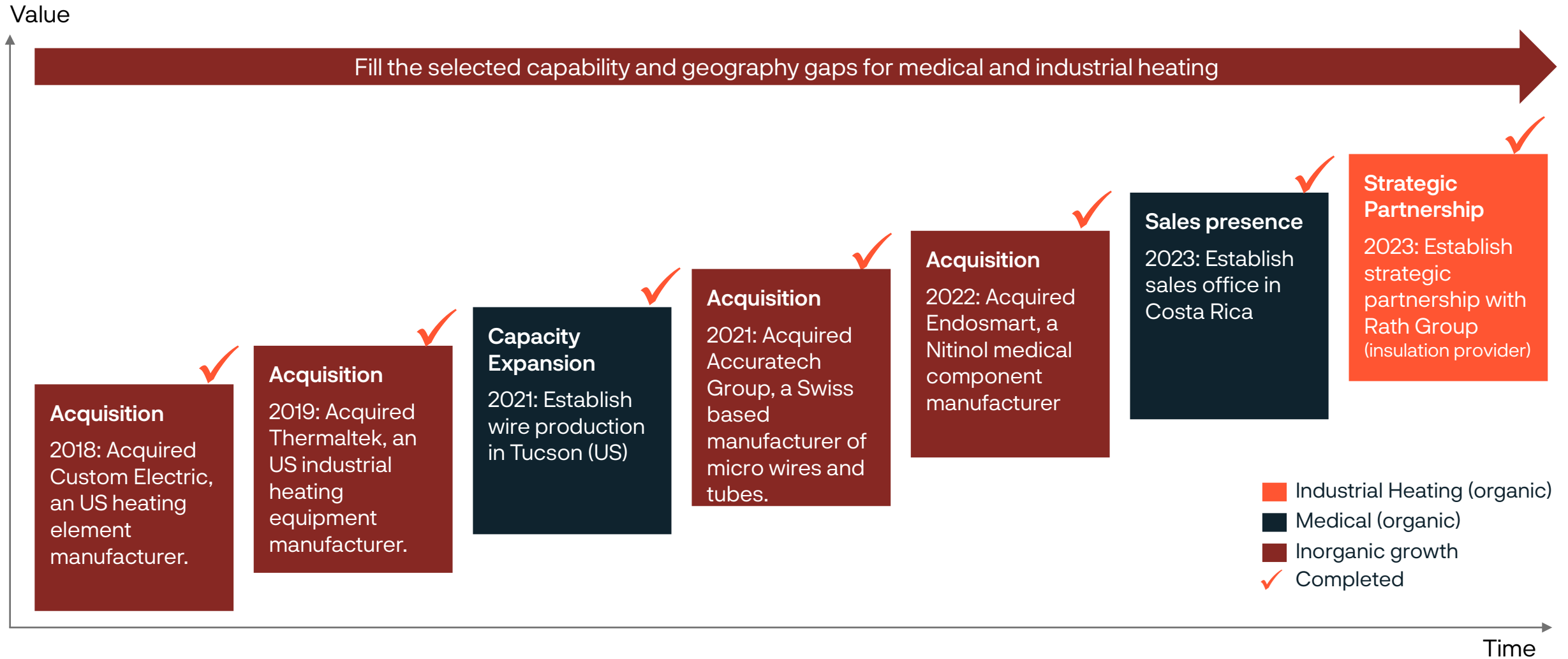
- Expand current addressable market by adding new products and materials
- Supports the forward-integration strategy into medical components
- Serve as a medical R&D platform and center of excellence for nitinol products
- Accelerates product development phasing

Forward looking

- Integration of technologies from traditional business into nitinol devices provides unique and desirable solutions to medical market
- Accelerates sales channel cross selling opportunities to key global regions

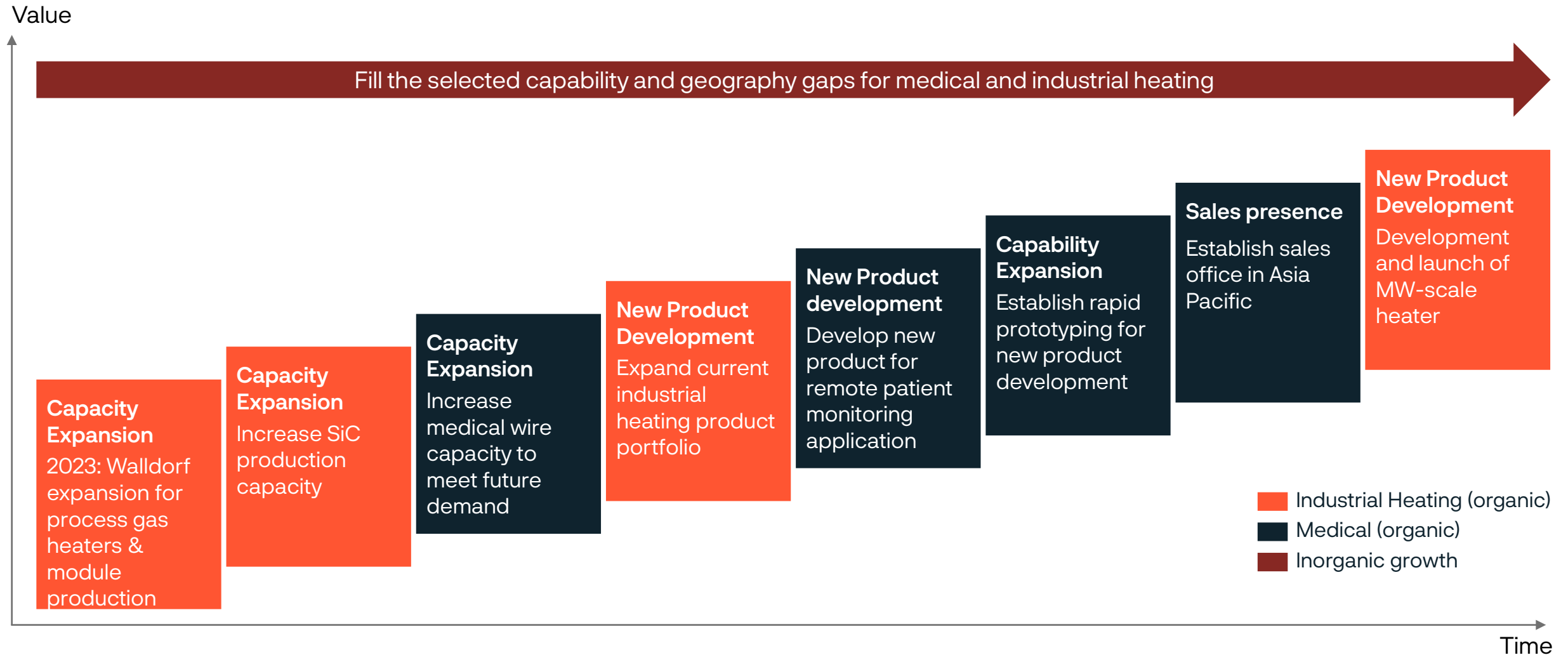


Activities from the last 5 years has supported the growth of business





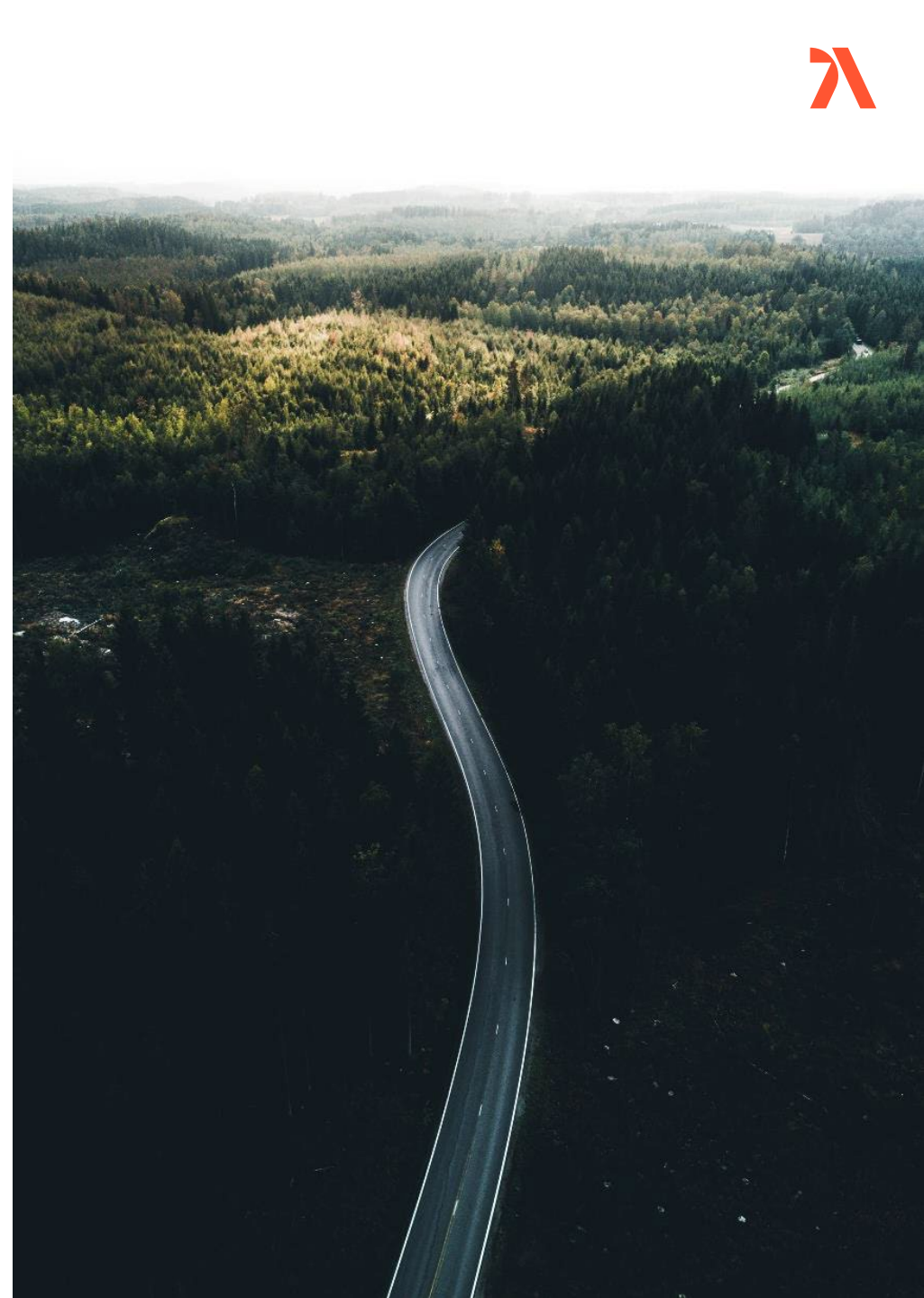
Solid activities to grow the business in the coming years





Summary Kanthal

- Market leader with unique product offerings in attractive market niches
- Proven financial profile with strong profit growth
- Well position in global megatrends
- Customer-centric products and solutions
- Clear growth agenda both organically and inorganically





Q&A

Göran Björkman, President and CEO
Olof Bengtsson, CFO
Robert Stål, President Kanthal



7 Closing remarks

Göran Björkman, President and CEO



A clear agenda for profitable growth

Focus on our target segments

> tailwind from global megatrends

Business development
and R&D

Growth investments
(Capex)

Value creating acquisitions



Growth and strengthened
market positions

Increased profits and
reduced cyclicality

Improved capital efficiency

Thank you
alleima.com