



## Q3 2021

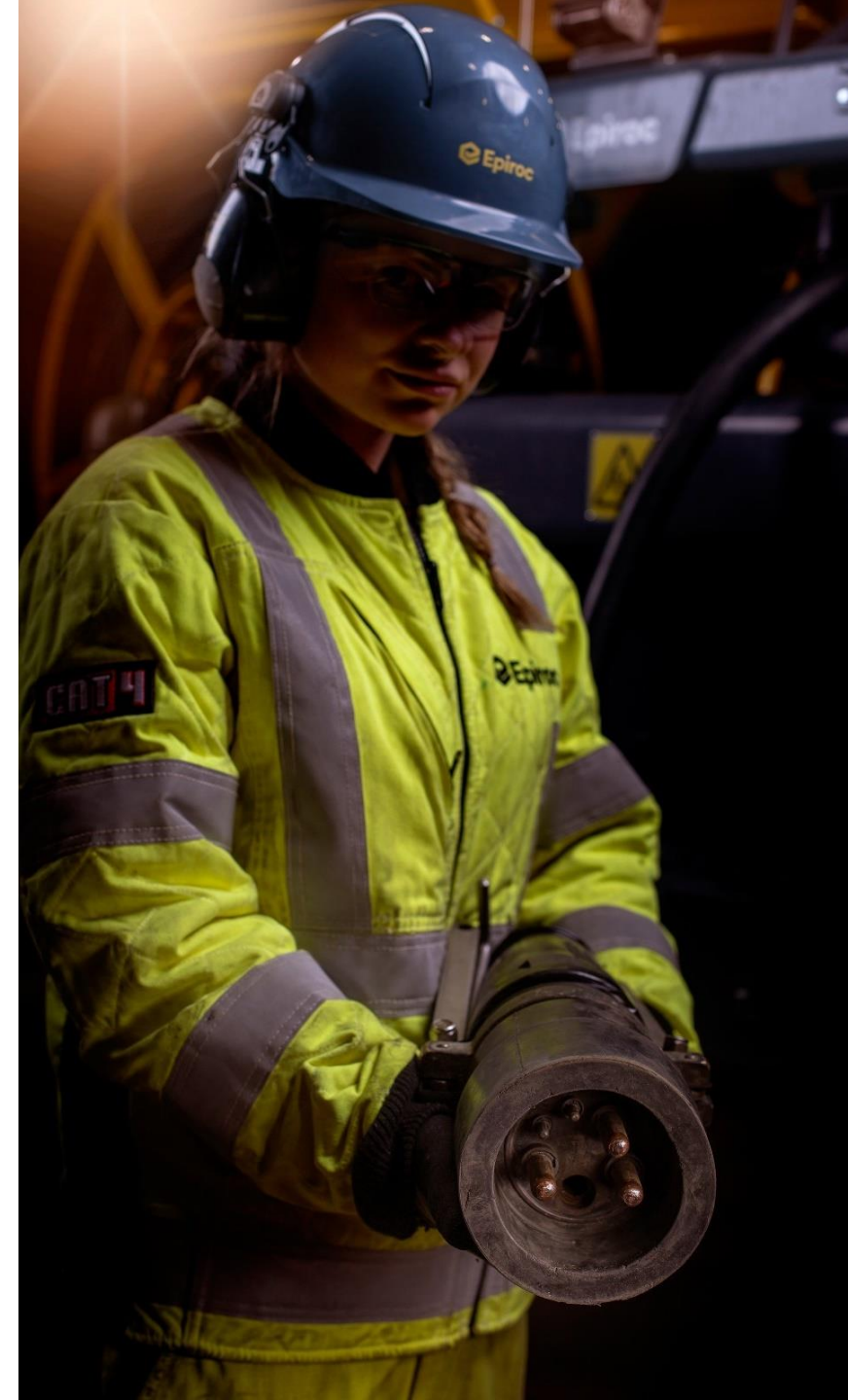
October 21, 2021

Helena Hedblom, President and CEO  
Anders Lindén, CFO



# Highlights Q3 2021

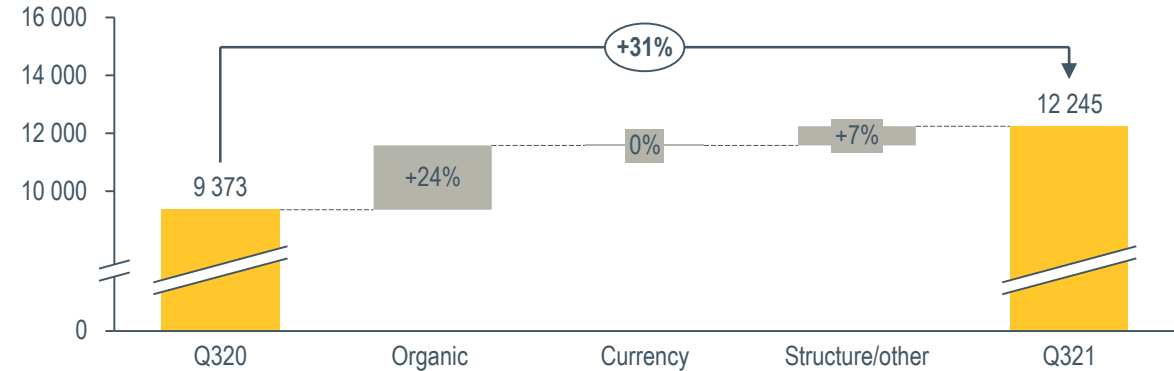
- Strong demand and record orders received
  - High customer activity
  - Investment willingness remains
  - Several large orders
  - Acquisitions
- Increased revenues and profit
  - Supply-chain challenges increased, but limited financial impact
- Automation gaining traction
- Actions to improve diversity and inclusion
- Creating options for the future – Acquisitions



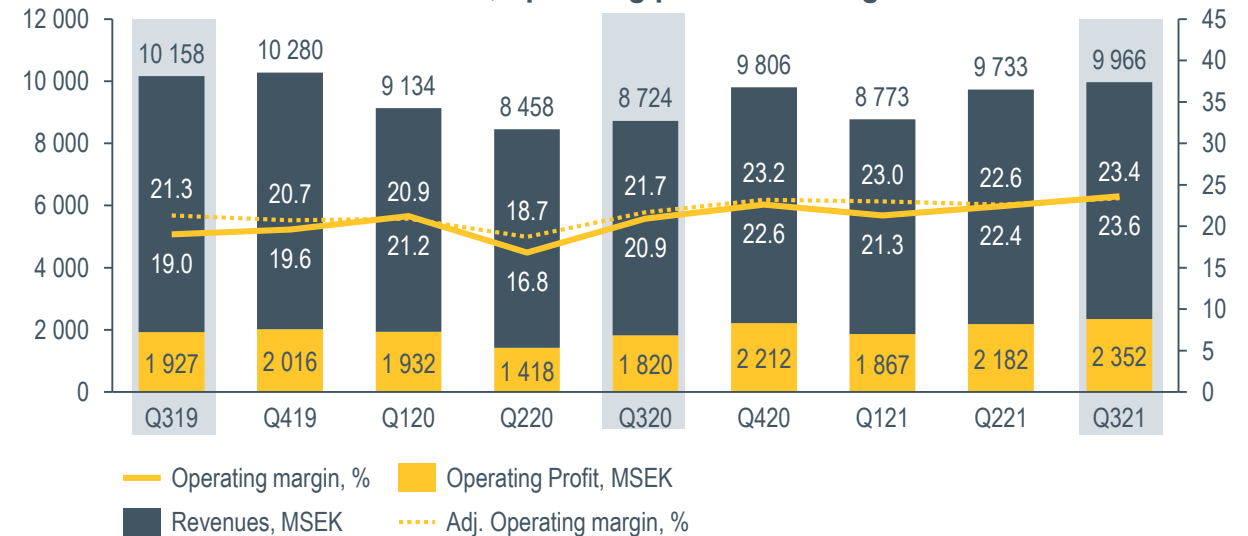
# Key financials

- Orders received up 31% to 12 245, +24% organic
  - Equipment +43% organic
  - Service +13% organic
  - Tools & Attachments +14% organic
- Organic revenue growth of 11%
- Operating profit increased 29% to MSEK 2 352 (1 820)
  - MSEK +21 (-76) affecting comparability
- Adjusted margin improved to 23.4% (21.7)
  - Reported margin 23.6% (20.9)
- Operating cash flow of MSEK 1 613 (1 355)

Orders received, MSEK and change, %



Revenues, operating profit and margin



# Leading productivity and sustainability partner



## Innovations, acquisitions and partnerships strengthen Epiroc's position

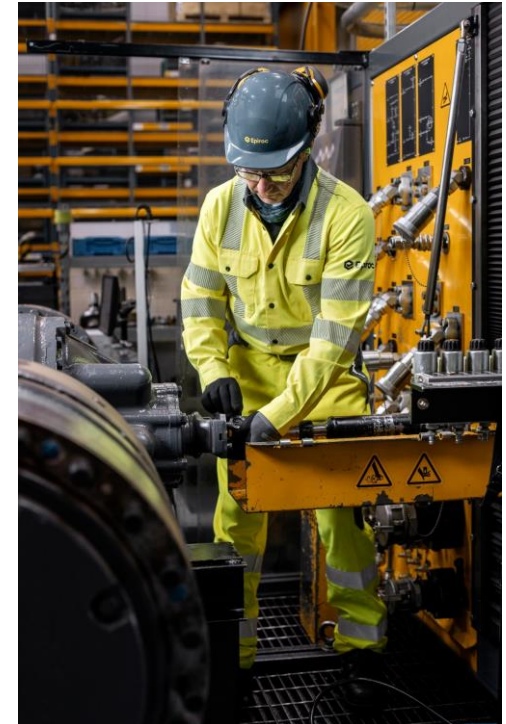
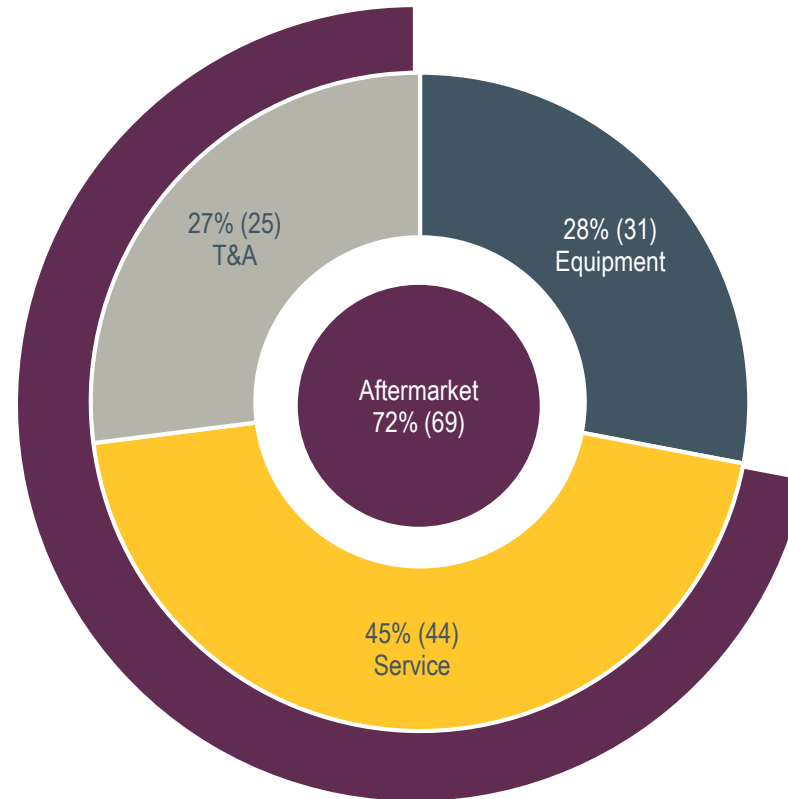
- Innovations
  - Pit Viper 291
  - Automatic Bit Changer
  - Avatel
  - The Reman Program
- Acquisitions
  - FVT Research
  - DandA Heavy Industries
  - Mining Tag
  - Meglab
- Partnership – Epiroc, Boliden and ABB
  - Jointly developing an electric trolley truck system for fossil-free underground mining



# Solid aftermarket

- High customer activity
- Strong and increasing offering
- Connected fleet growing
- Improved availability, despite supply-chain challenges

Revenues



# Actions for operational excellence

- Production excellence
  - Ramping up
  - Lead times somewhat longer
- Supply-chain excellence
  - improvement program continues with higher availability and lower emissions
  - Positive financial effect offset by increased transport costs
  - Organization managing supply-chain challenges well with limited financial impact

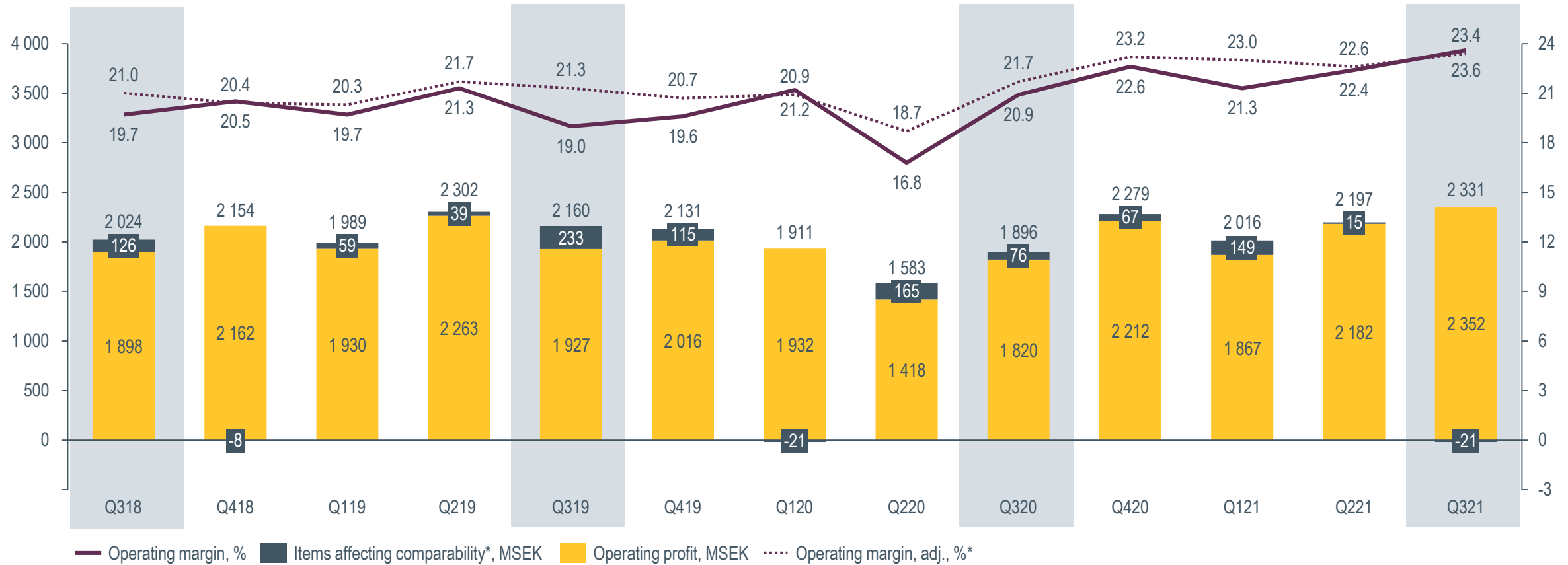


# Sustainability: People & planet

- People
  - +15 000 employees
  - Increased share of women
  - Initiatives to improve diversity and inclusion
- Planet
  - Increased energy consumption in operations
  - Lower CO<sub>2</sub> from transport



# Operating profit and margin

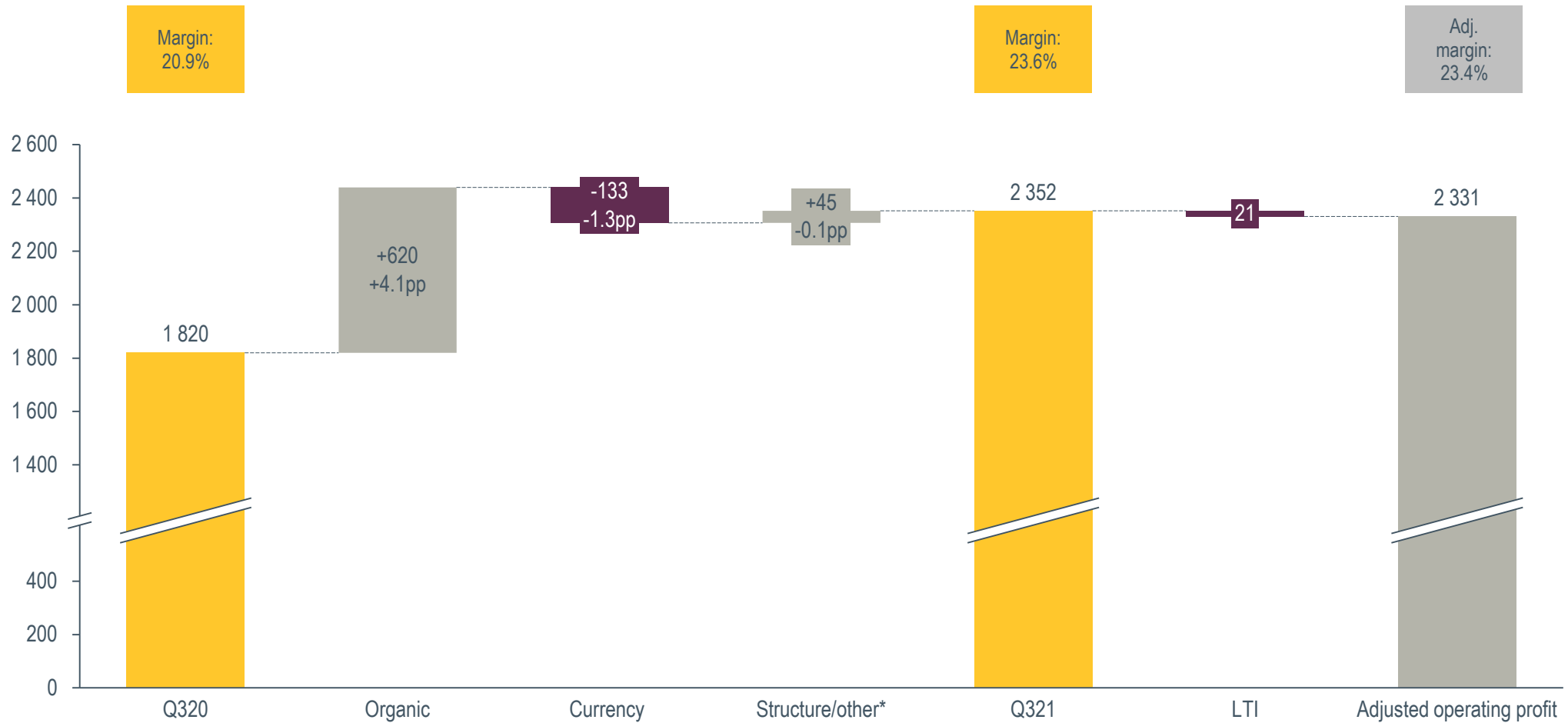


\* Q1 2018-Q4 2018 includes costs related to the split from Atlas Copco.

\* Q3 2021 includes items affecting comparability of MSEK +21 related to change in provision for long-term incentive programs. (LTI)

All details can be found in the quarterly report.

# Epiroc Group – Profit bridge

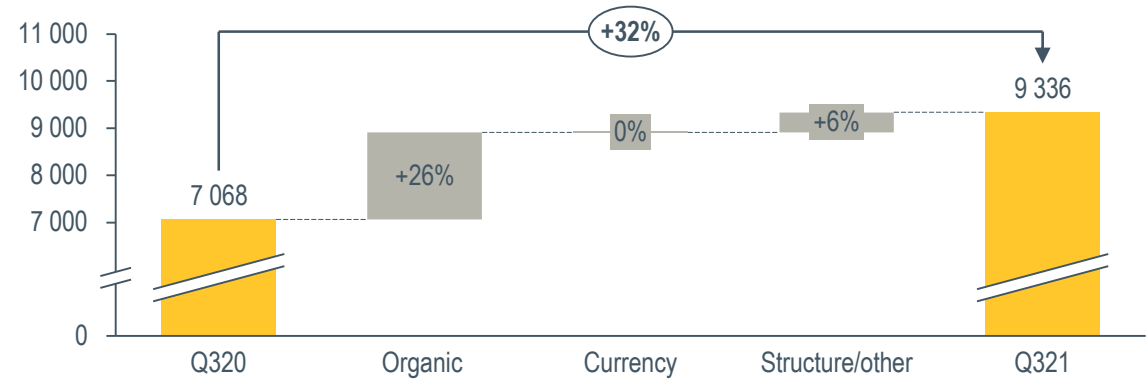


# Segment: Equipment & Service

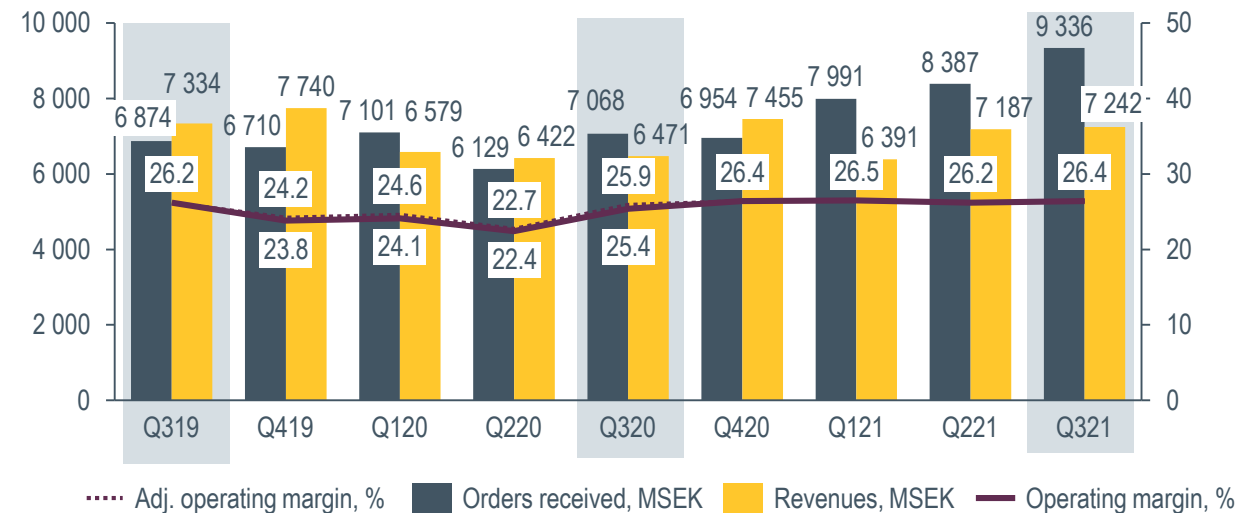


- Orders received up 26% organic
  - Equipment +43%, several large orders
  - Service +13%, high customer activity and strong service offering
- Revenues up 9% organic
- Operating profit up 16% to MSEK 1 909 (1 646)
  - Operating margin 26.4% (25.4)
  - Positive impact from higher volumes, mix and cost control, but diluted by currency and acquisitions
- Acquisitions of Meglab and Mining Tag completed
- Agreement to acquire FVT Research

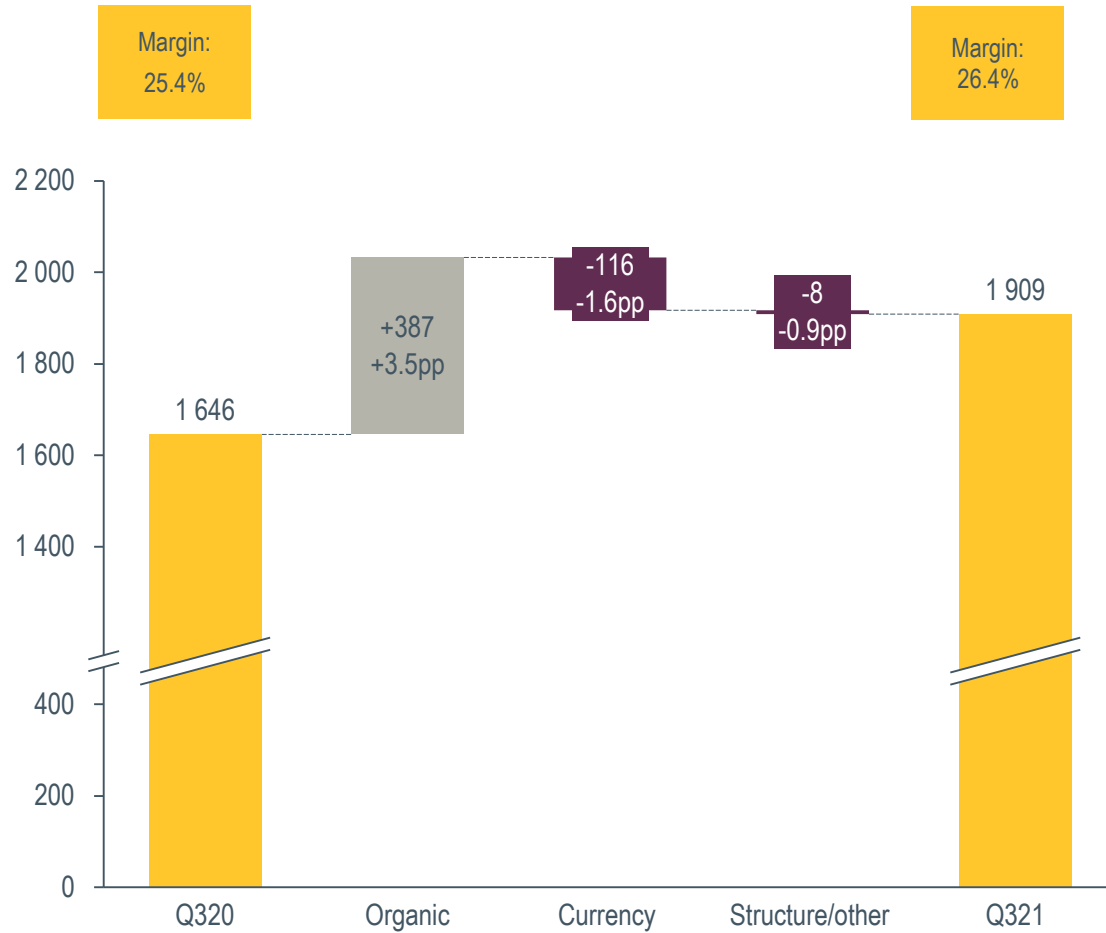
Orders received, MSEK and change, %



Orders received, revenues and operating margin



# Equipment & Service – Profit bridge

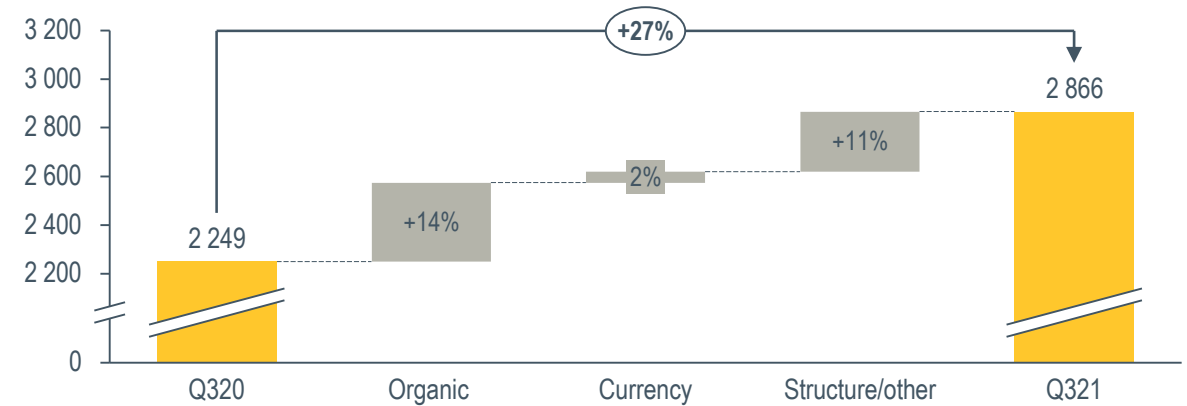


# Segment: Tools & Attachments

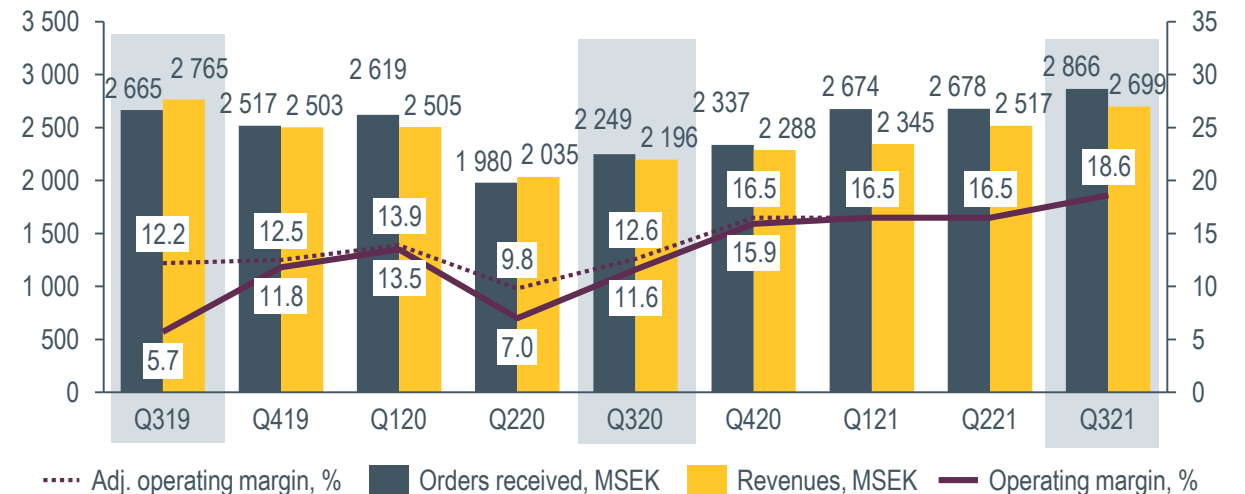


- Orders received up 27%
  - 14% organic growth
  - Orders for both hydraulic attachments and consumables increased
  - Strong growth in exploration consumables
  - 11% acquisition growth, of which ~2/3 orders-on-hand
- Revenues up 21% organic
- Operating profit up 98% to MSEK 502 (254)
  - Adj. operating margin of 18.6% (12.6)
  - Strong volume growth and good cost control
  - Dilution by currency

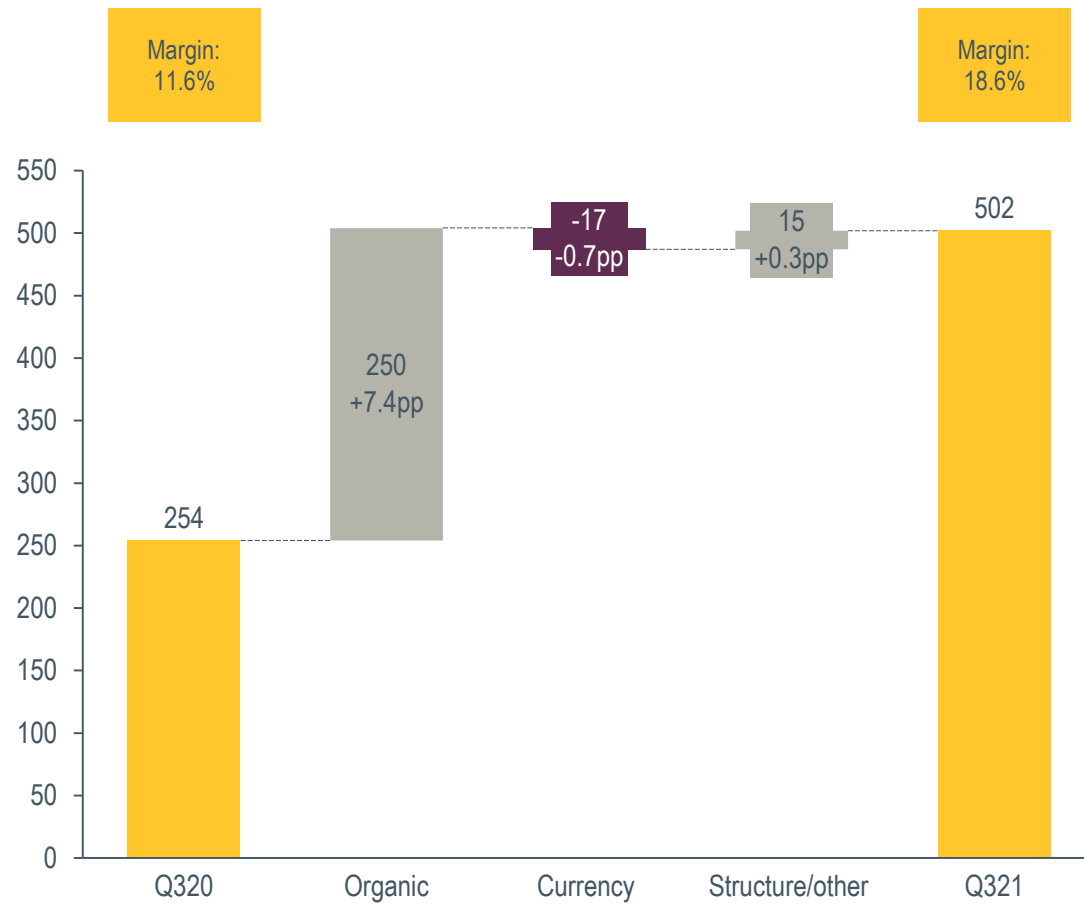
Orders received, MSEK and change, %



Orders received, revenues and operating margin

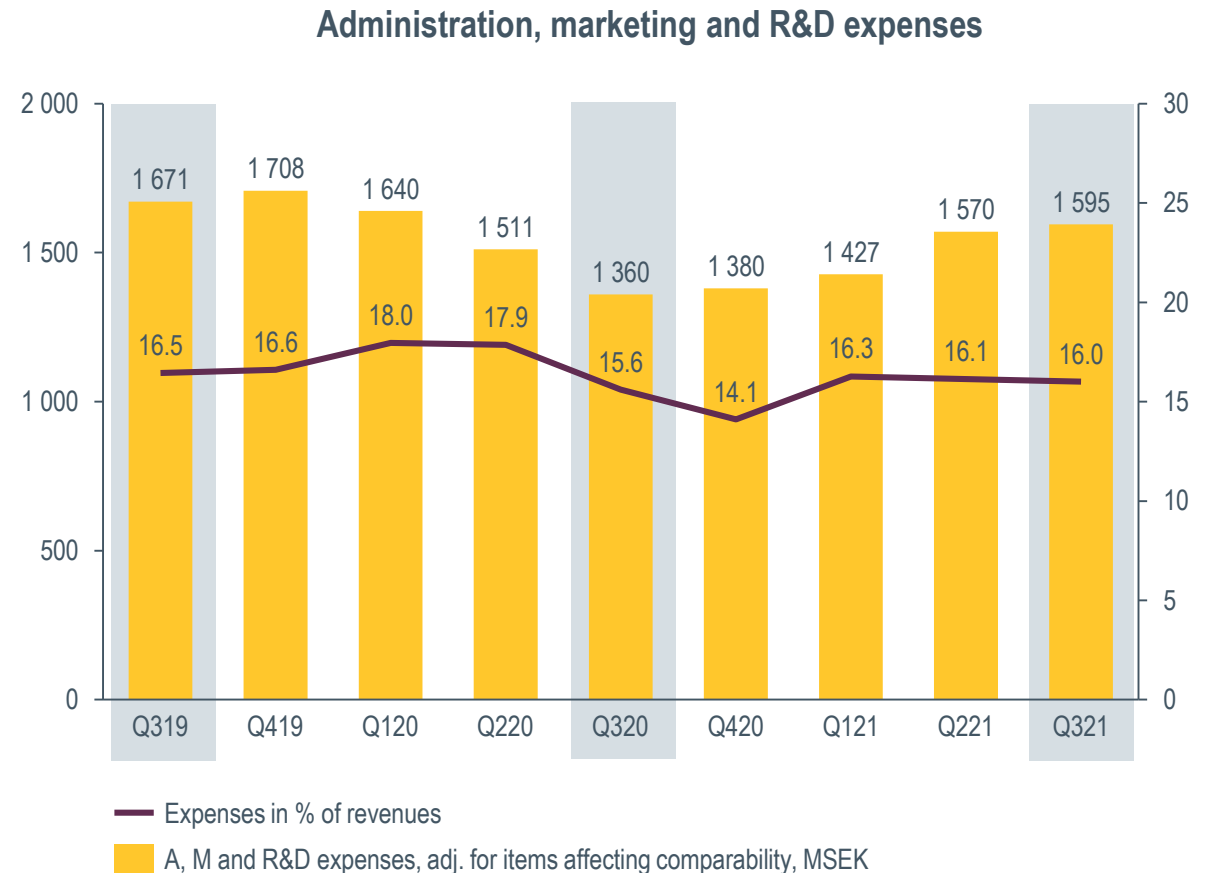


# Tools & Attachments – Profit bridge

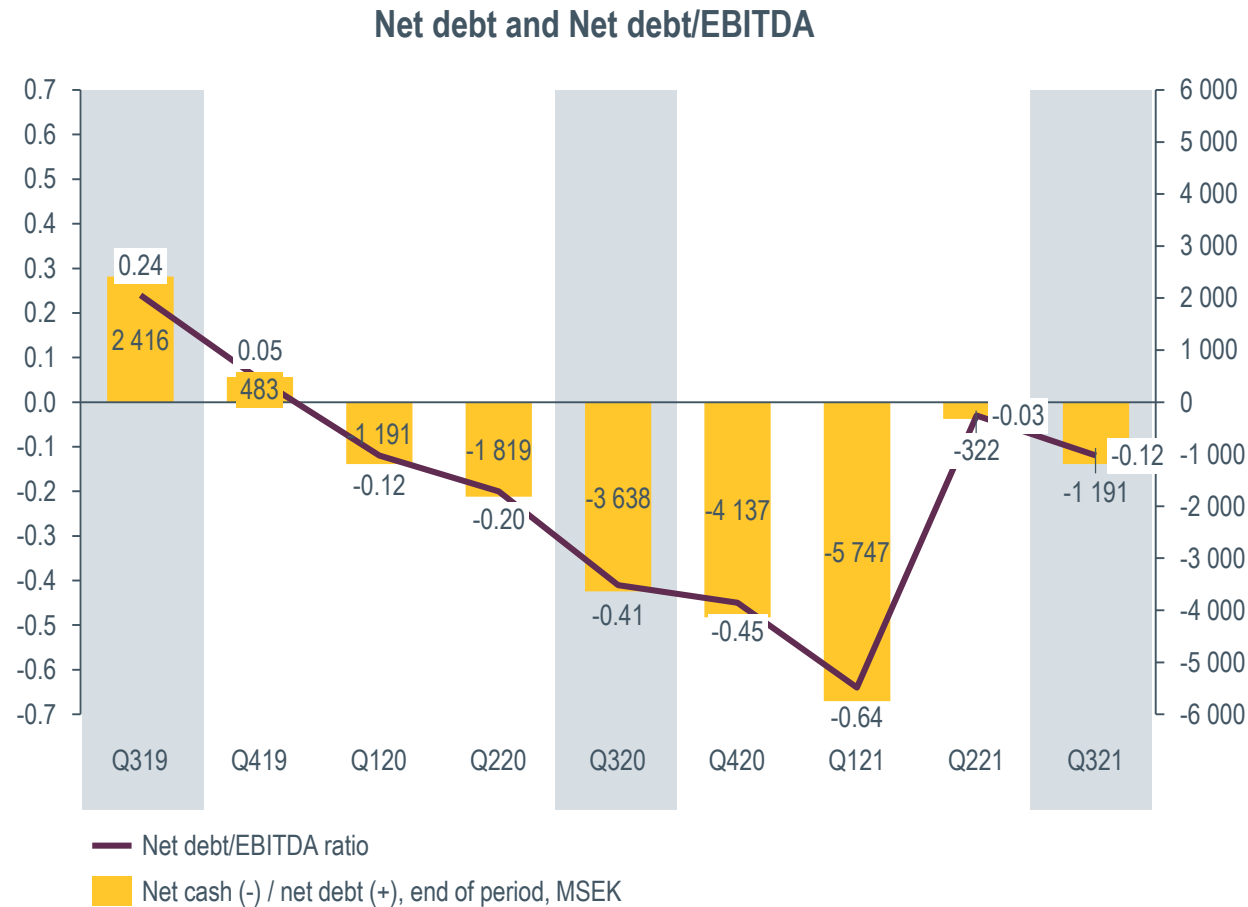


# Costs, net financials and tax

- Good cost control
  - High growth and increased activity
  - Positive effects from finalized initiatives
  - Investments for the future – R&D at all time high
- Net financial items MSEK 73 (-76)
  - Interest net MSEK -24 (-36)
- Tax expense MSEK -496 (-420)
  - Effective tax rate 20.5% (24.1)
  - Guidance: below 25%



# Capital structure

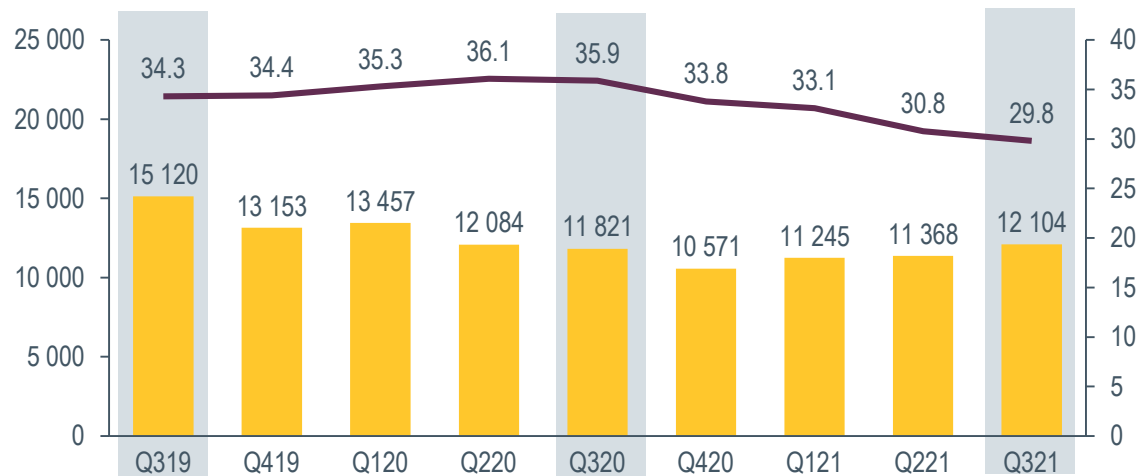


- Strong financial position
  - Net cash MSEK 1 191 (3 638)
- Net debt/EBITDA ratio at -0.12 (-0.41)
- Second part of the annual dividend will be paid in November
  - SEK 1.25 per share
  - MSEK 1 508 in total

# Capital efficiency

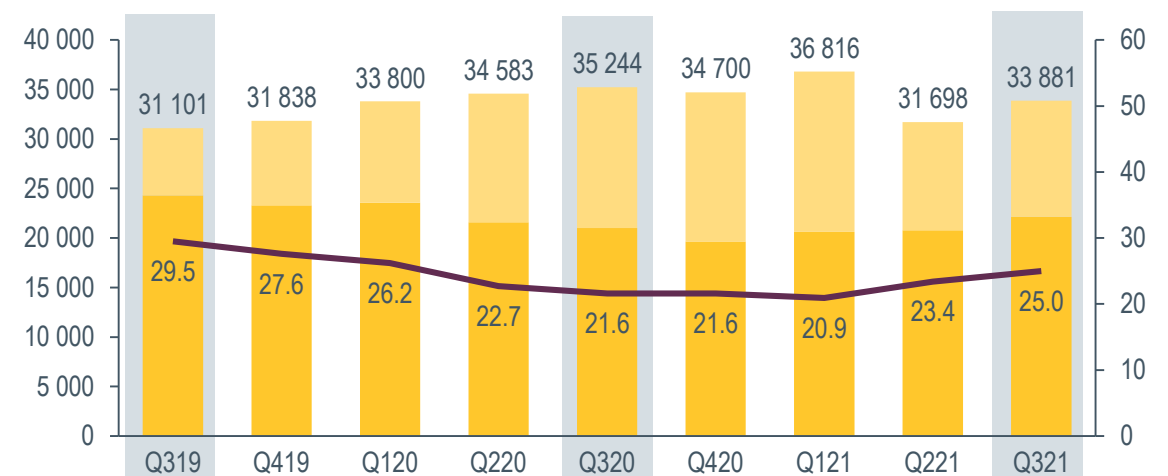
- Net working capital up 2% to MSEK 12 104 (11 821)
  - Down 1% when excluding acquisitions and currency
  - Improved ratios
- ROCE improved to 25.0% (21.6)

### Net working capital



— Net working capital, % of revenues, 12 months  
■ Net working capital, period end

### Capital employed and ROCE

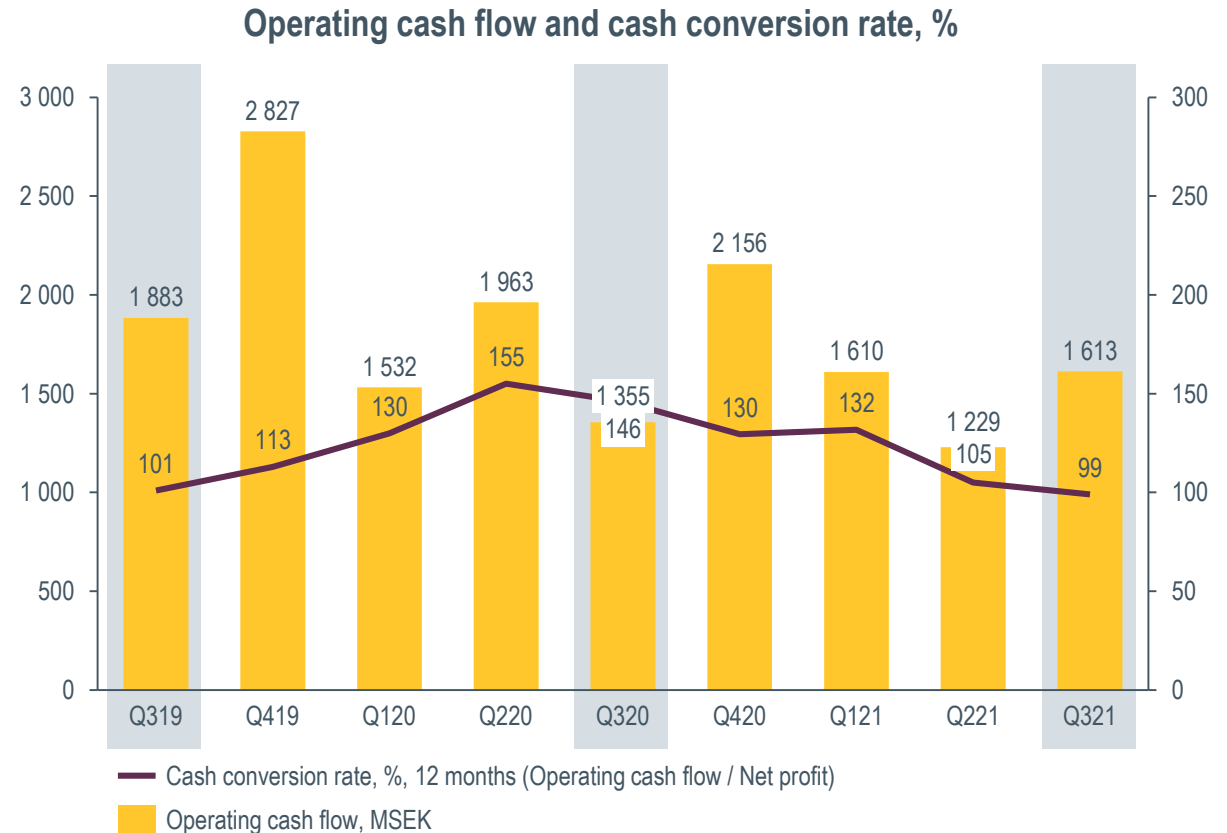


— Return on capital employed, %, 12 months  
■ Capital employed, cash, MSEK, period end  
■ Capital employed, ex cash, MSEK, period end

# Operating cash flow



MSEK	Q3 2021	Q3 2020
Operating profit	2 352	1 820
Depreciation, amortization and impairment	462	426
Capital gain/loss and other non-cash items	-51	80
	2 763	2 326
Net financial items received/paid	93	114
Taxes paid	-456	-544
Change in working capital	-487	-32
Investments, incl. rental equipment*	-325	-284
Pension funding and other**	25	-225
<b>Operating cash flow</b>	<b>1 613</b>	<b>1 355</b>
Acquisitions and divestments	-492	-31



Q3 2021

\* Investments include rental investments, net, other PPE, net, and intangible assets, net.

\*\* Other includes adjustments for currency hedges of loans and proceeds to/from other financial assets, adjusted for divestment of Financial Solutions credit portfolios.

# Summary



- Strong demand
- Record orders
- Increased revenues, profit and margin
- Automation gaining traction
- Sustainable innovations
- Improved diversity
- Acquisitions

# Looking ahead



*“We expect that demand, both for equipment and aftermarket, will remain at a high level in the near term.”*

[www.epirocgroup.com/en/cmd2021](http://www.epirocgroup.com/en/cmd2021)

**Registration open**

# **Capital Markets Day**

**December 1, 15:00 CET**

***See you online!***



Q&A



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