



## Q2 2022

July 20, 2022

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# Highlights Q2 2022

- High demand
  - Order intake at MSEK 13 377
  - Strong growth in service
- Best quarter ever for electrification
- Record revenues and adjusted operating margin
- Agility and resilience
- Building for the future

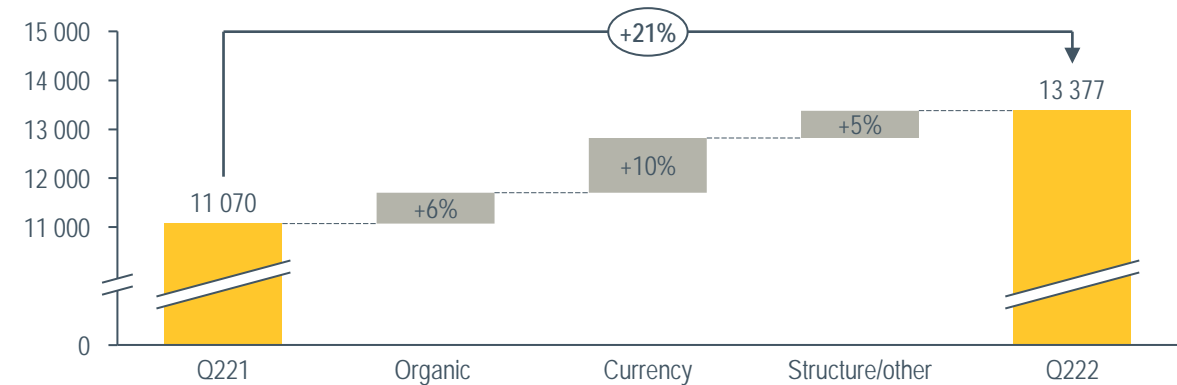




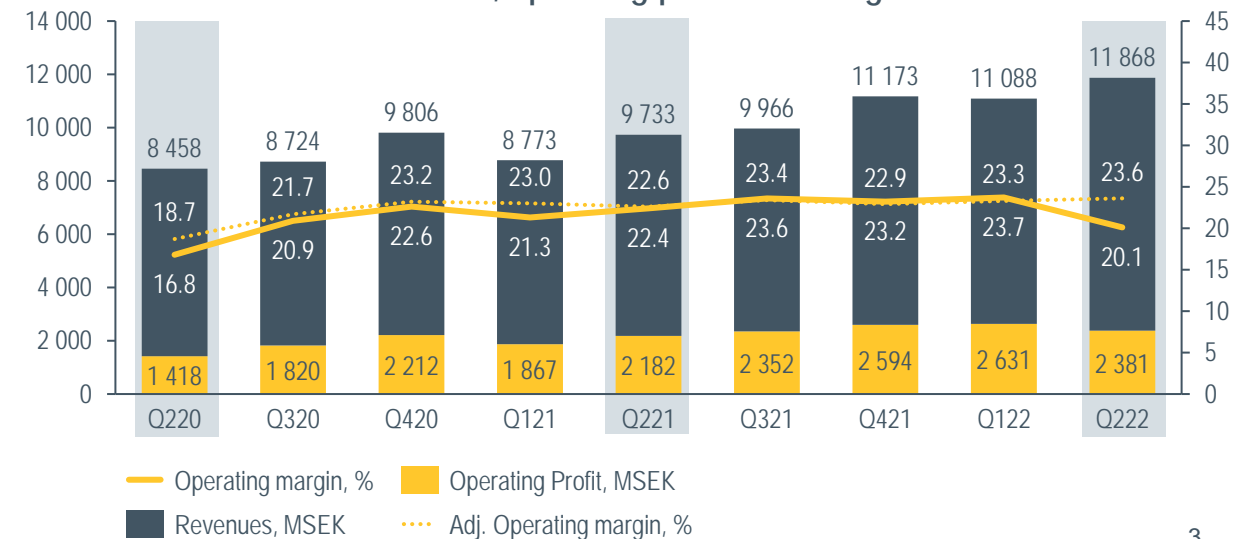
# Key financials

- Orders received up 21% to 13 377, +6% organic
  - Excluding Russia, +18% organic
    - Cancellations of MSEK 480
- Revenues of MSEK 11 868, +9% organic
- Operating profit increased 9% to MSEK 2 381
  - Items affecting comparability MSEK -420 (-15)
  - Russia -400, Japan -95, LTI +75 (-15)
- Adjusted margin 23.6% (22.6)
  - Reported margin 20.1% (22.4)
- Operating cash flow of MSEK 1 462 (1 229)

Orders received, MSEK and change, %



Revenues, operating profit and margin



# Leading productivity and sustainability partner



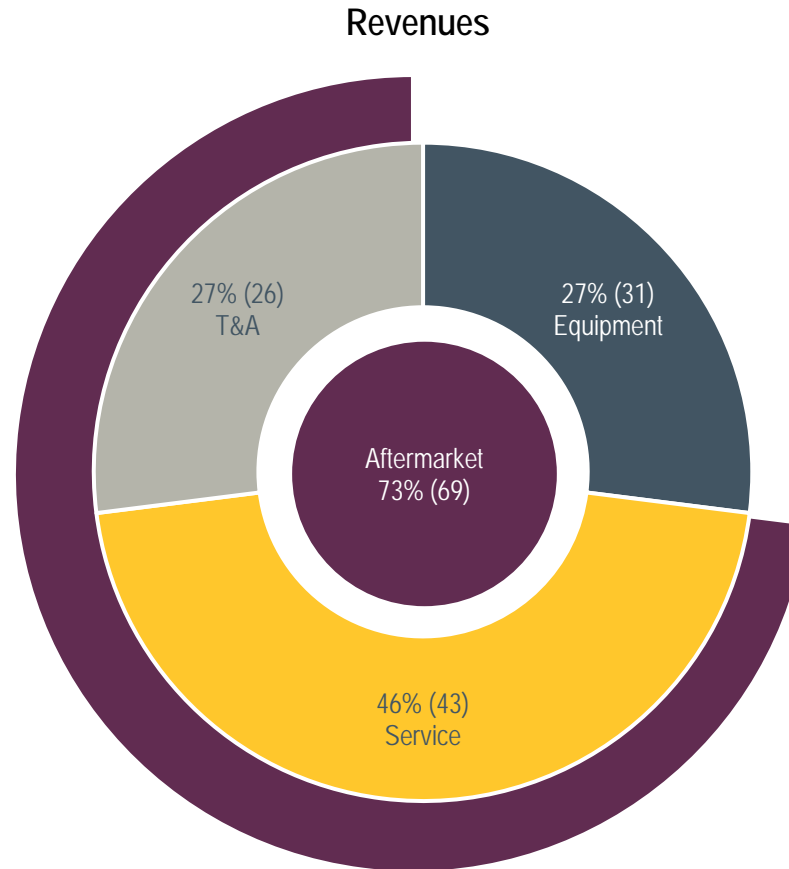
## Innovations, acquisitions and partnerships strengthen Epiroc's position

- Innovations
  - Digital solutions for tunneling construction
  - Trial of first ever battery-electric surface drill rig
- Successful partnerships
- Acquisitions
  - JTMEC, Australia, electrical infrastructure
  - RNP Mexico, rock drills



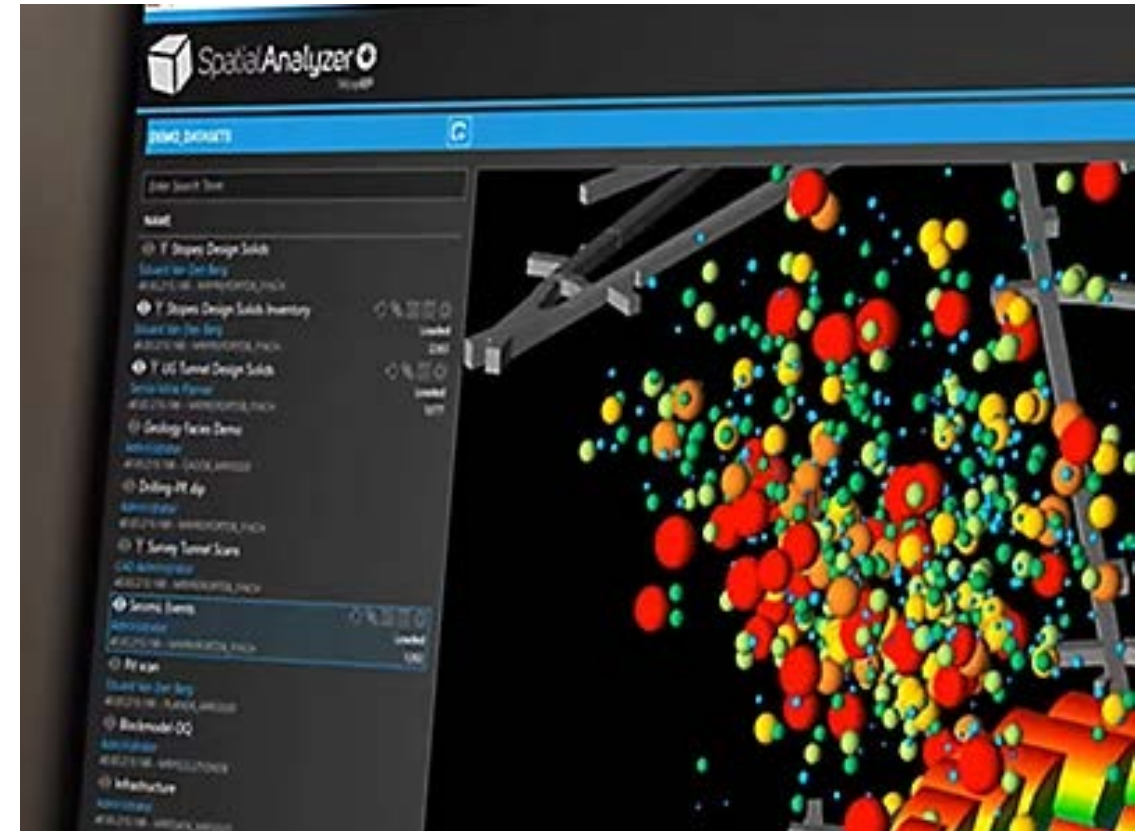
# Aftermarket

- High customer activity and strong orders received
- Innovations
  - V Cutter
  - Diamond drill bits
- Connected fleet growing
- Continuous investments in our aftermarket operations



# Operational excellence

- Relocation of manufacturing from Japan to China
- Creation of a Digital Solutions division
- Appointment of a Chief Technology Officer (CTO)



- People
  - Increased share of women
    - Women employees 17.9%
    - Women managers 22.4%
  - Several activities to reduce injuries



- Planet
  - Lower CO<sub>2</sub>e from operations
    - More renewable energy and installation of solar panels
  - Higher CO<sub>2</sub>e from transport due to higher volumes

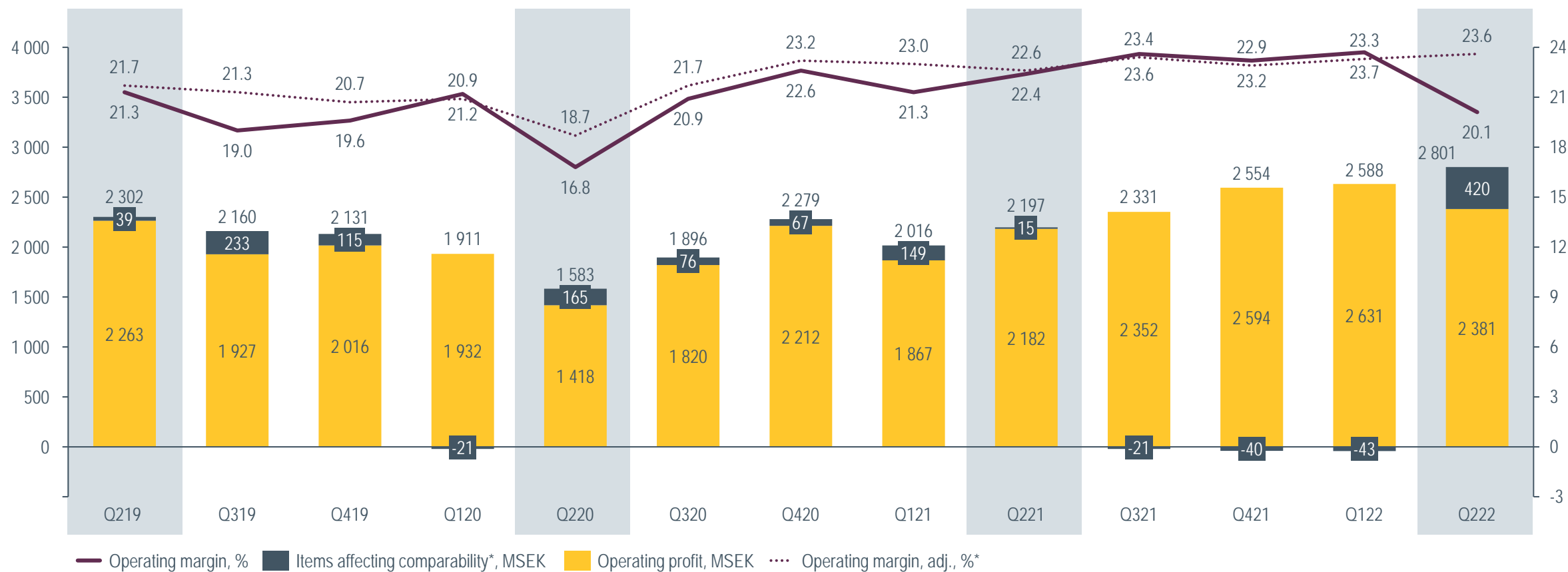
# Ukraine and Russia

## General Information

- Focus on the safety and well-being of our colleagues
- Financials and exposure
  - Provision of MSEK 400 in the quarter
  - Assets
    - Approx. MSEK 1 000 – June 30, 2022
    - Mainly cash
  - Orders on hand
    - Approx. MSEK 1 400 – June 30, 2022
    - More than halved in local currency
    - No deliveries to Russia since March 1
  - Revenues full year 2021: MSEK 2 715, 6.8% of Group
  - No manufacturing, no major direct suppliers

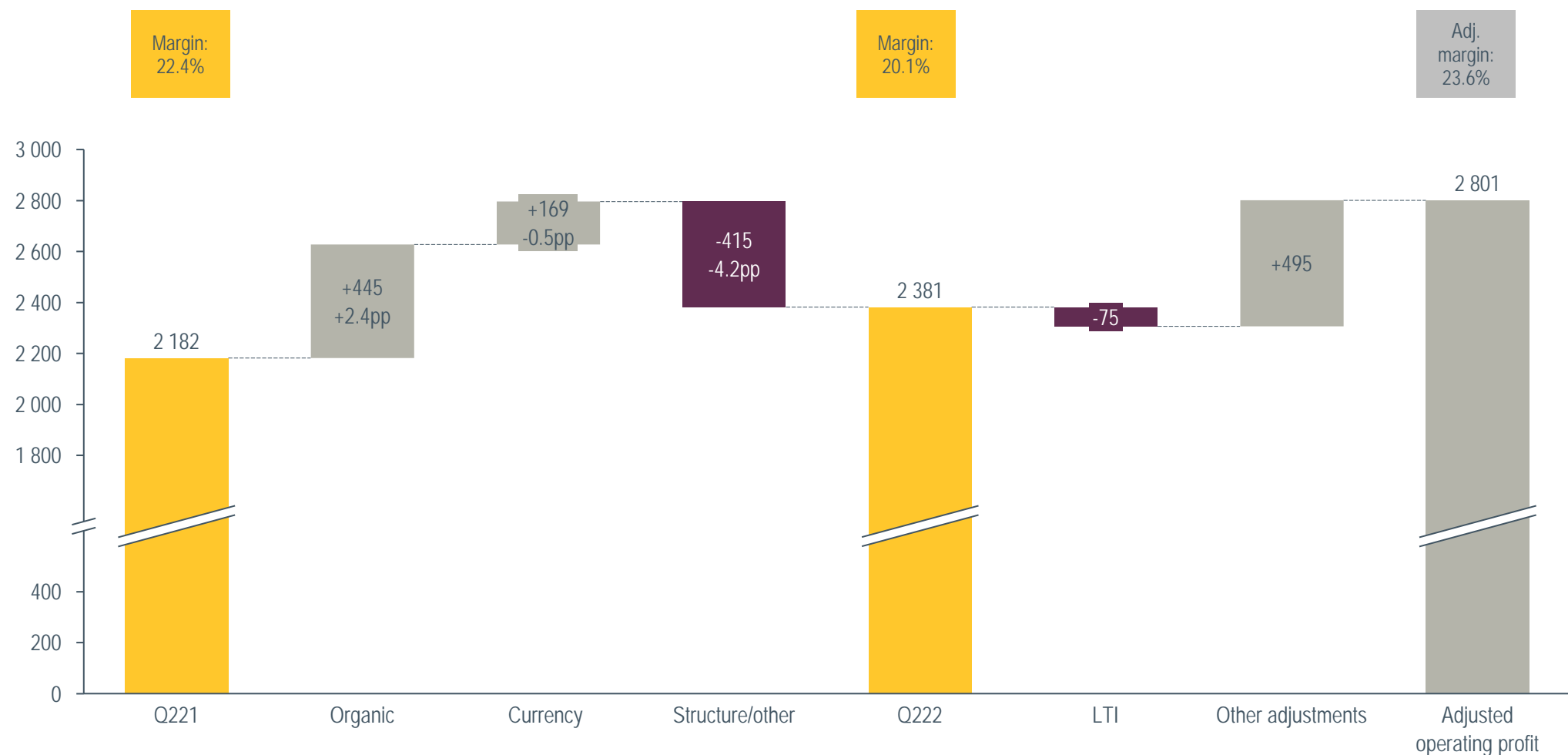


# Operating profit and margin



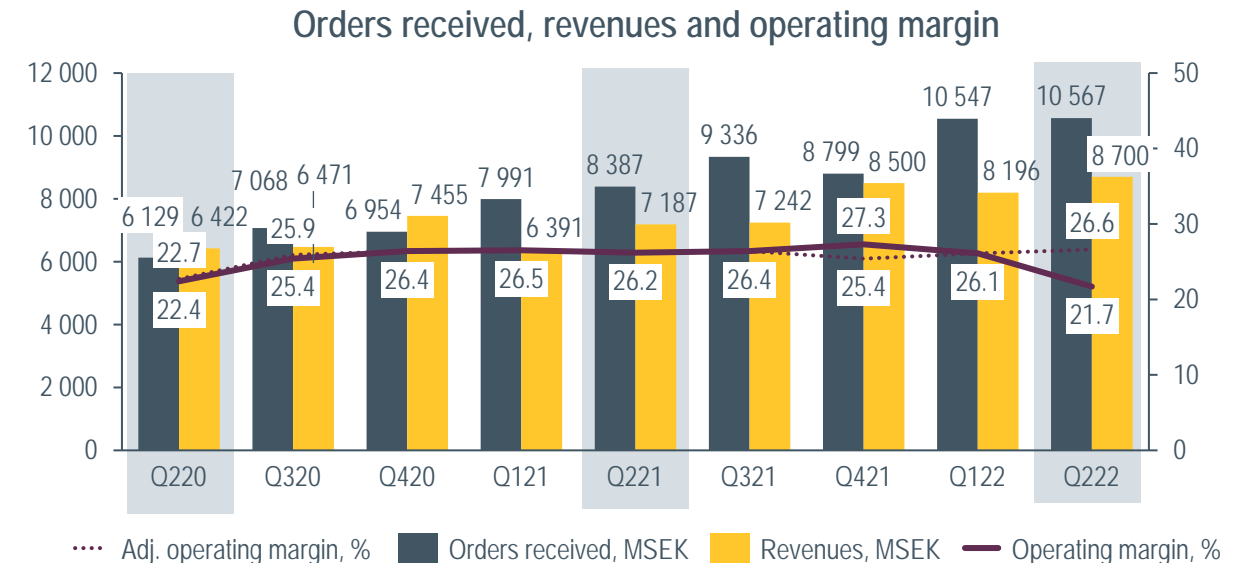
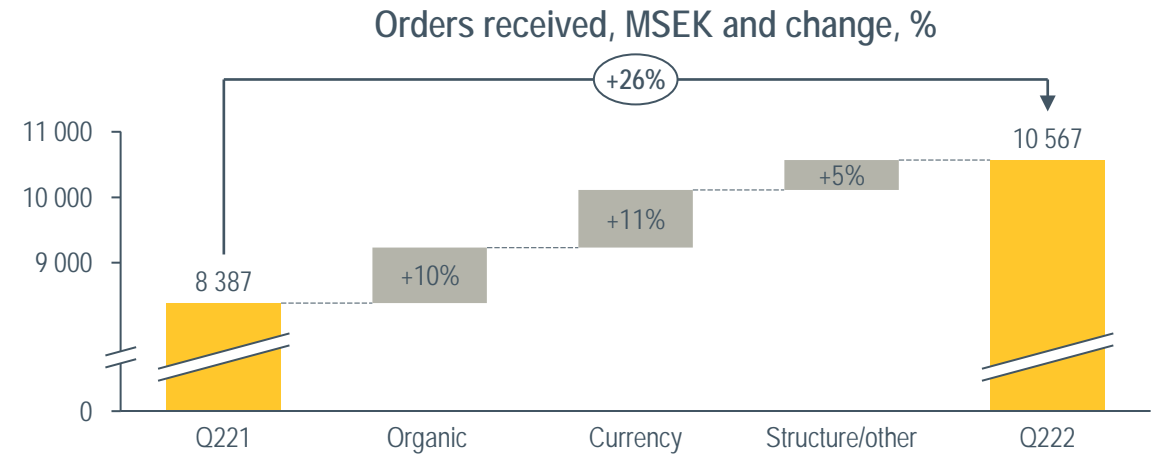
\*Q2 2022 items affecting comparability include provisions related to Russia of MSEK -400 and restructuring costs related to the relocation of manufacturing from Japan of MSEK -95. and change in provision for the share-based long-term incentive programs of MSEK +75 (-15)

# Epiroc Group: Profit bridge



# Segment: Equipment & Service

- Orders received up 10% organic
  - Excluding Russia, +25% organic
    - Cancellations of MSEK 430
- Revenues up 8% organic
- Adjusted operating profit MSEK 2 313
  - Adjusted margin at 26.6% (26.2)
  - Support from organic growth and mix, dilution from currency and acquisitions
- Reported operating profit MSEK 1 891 (1 880)
  - Operating margin 21.7% (26.2)
  - Provision (Russia) of MSEK -327
  - Restructuring costs in Japan of MSEK -95
  - Capital gain of MSEK 350 in 2024



# Equipment & Service: Profit bridge

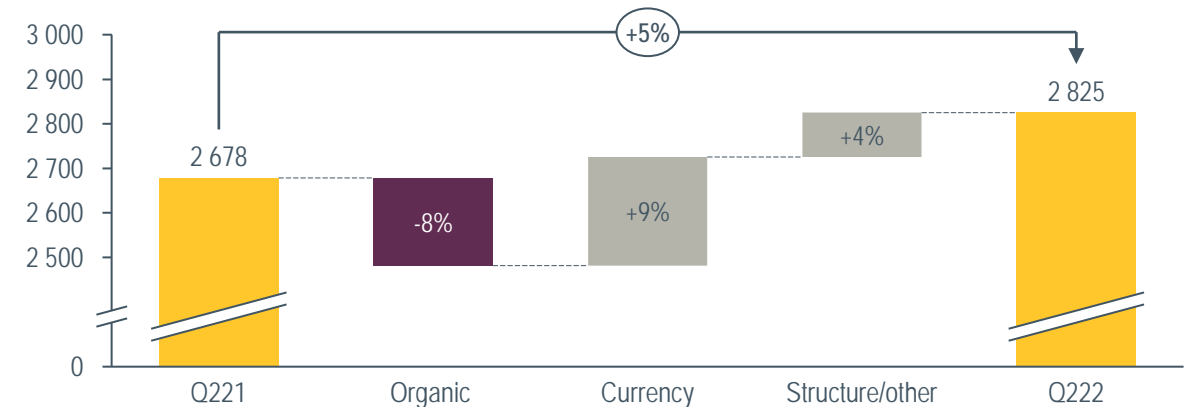




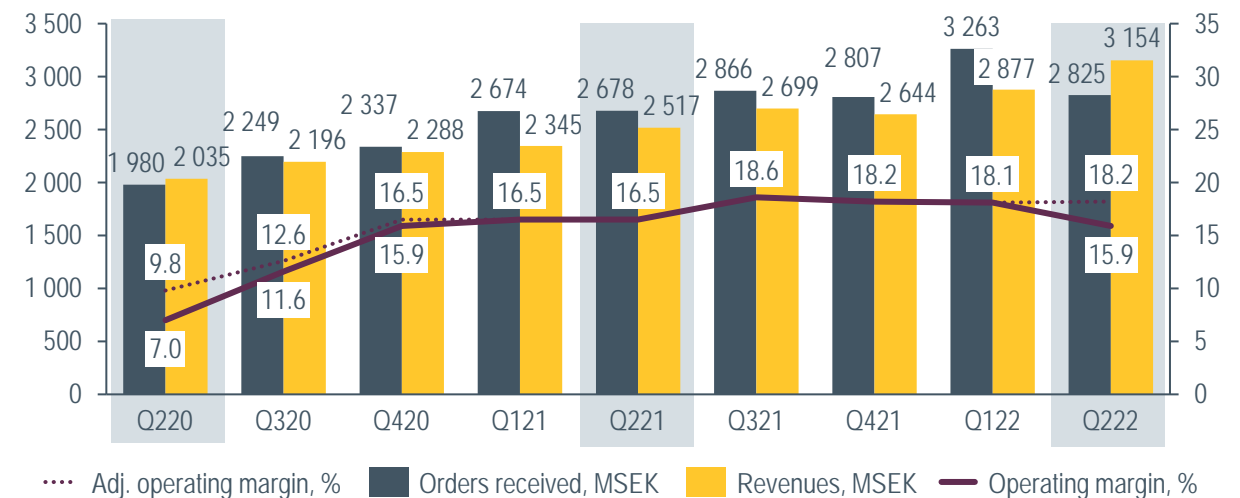
# Segment: Tools & Attachments

- Orders received -8% organic
  - Excluding Russia, -2% organic
    - Cancellations of MSEK 50
  - Orders for both hydraulic attachments and rock drilling tools decreased
- Revenues up 11% organically
- Adjusted operating profit MSEK 573
  - Adjusted margin at 18.2% (16.5)
  - Support from organic growth and currency
- Operating profit was MSEK 500 (416)
  - Operating margin of 15.9% (16.5)
  - Provision (Russia) of MSEK -73

Orders received, MSEK and change, %



Orders received, revenues and operating margin



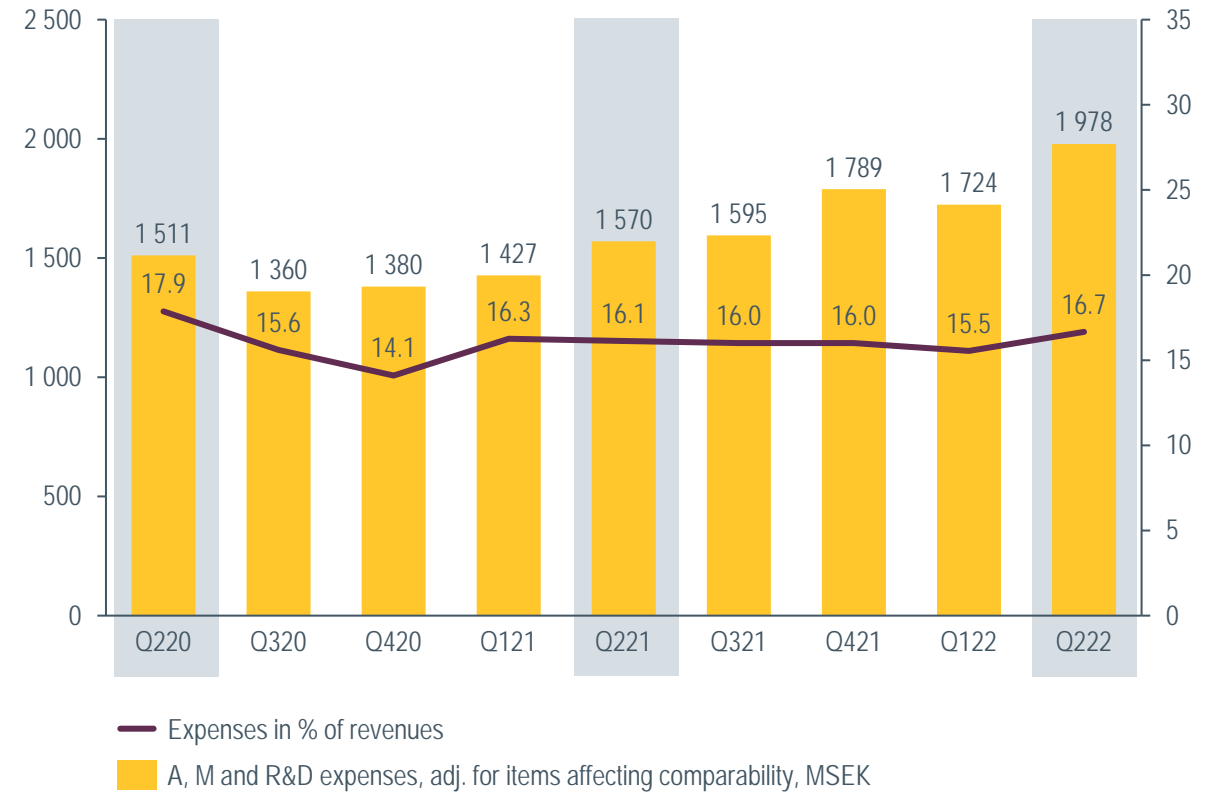
# Tools & Attachments: Profit bridge



# Costs, net financials and tax

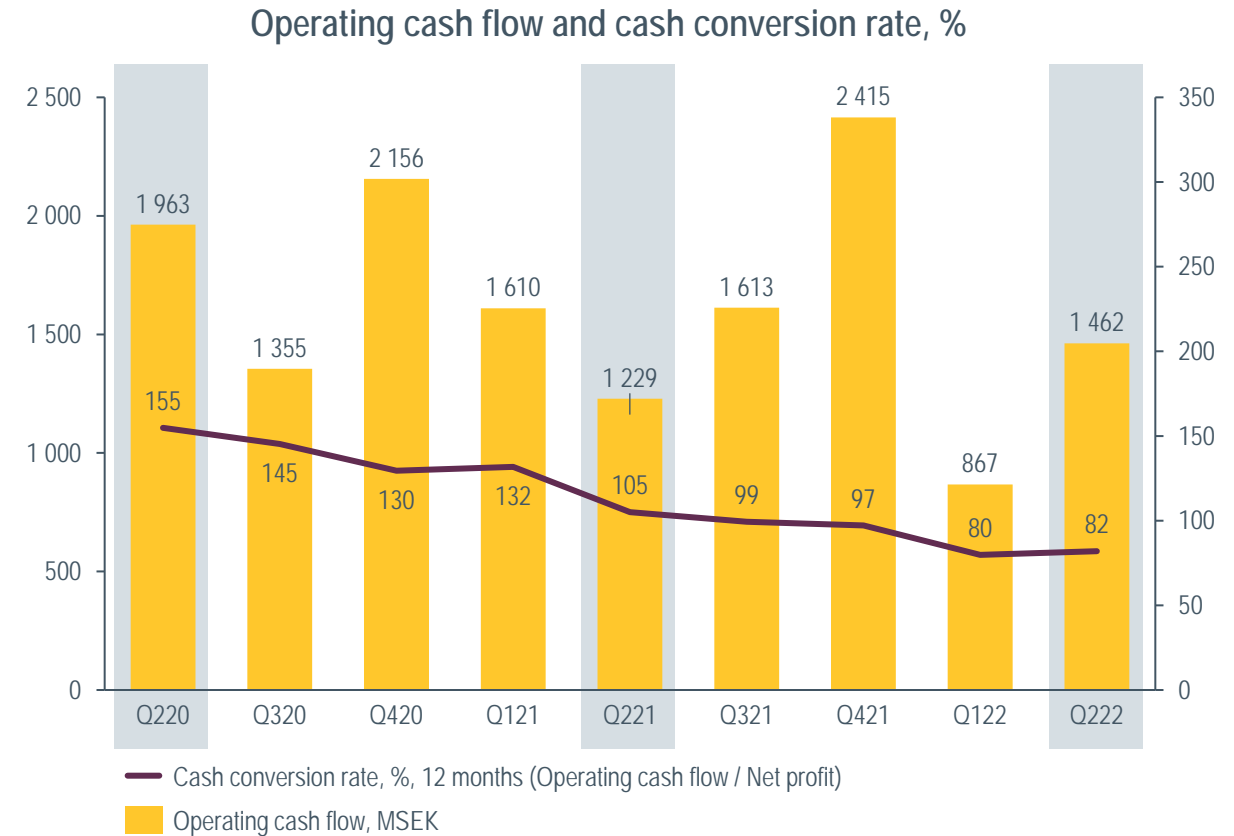
- Higher costs
  - Growth, increased activity, R&D, and acquisitions
- Net financial items MSEK -89 (-44)
  - Interest net MSEK -23 (-19)
- Tax expense MSEK -519 (-445)
  - Effective tax rate 22.6% (20.8)

## – Administration, marketing and R&D expenses



# Operating cash flow

MSEK	Q2 2022	Q2 2021
Operating profit	2 381	2 182
Depreciation, amortization and impairment	487	411
Capital gain/loss and other non-cash items	-129	1
Net financial items received/paid	-6	-172
Taxes paid	-661	-581
Change in working capital	-436	-223
Investments, incl. rental equipment*	-467	-386
Pension funding and other**	293	-3
<b>Operating cash flow</b>	<b>1 462</b>	<b>1 229</b>
Acquisitions and divestments	-257	-1 282

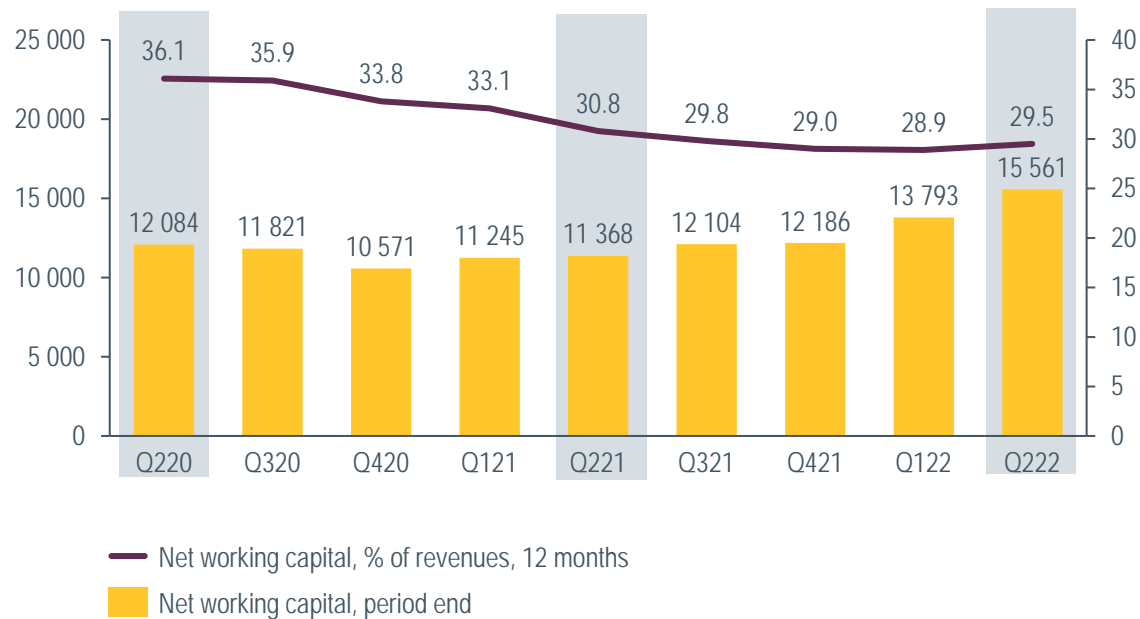




# Capital efficiency

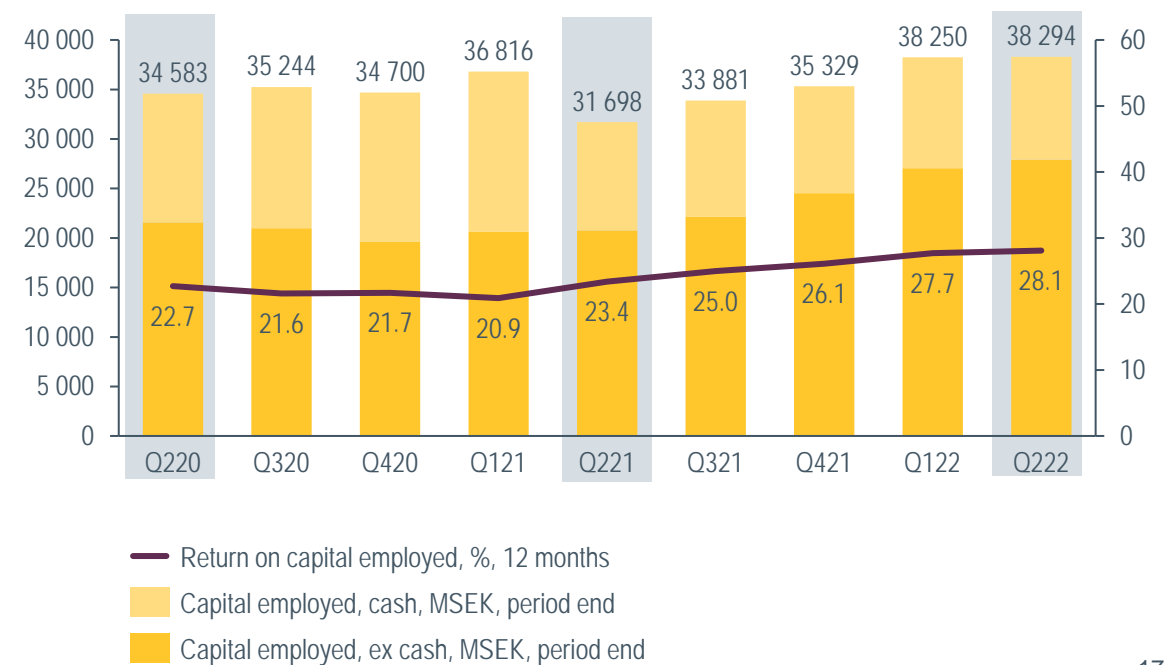
- Net working capital up 37% to MSEK 15 561
  - Up 18%, excluding acquisitions and currency
  - Improved to 29.5% (30.8) of revenues

Net working capital

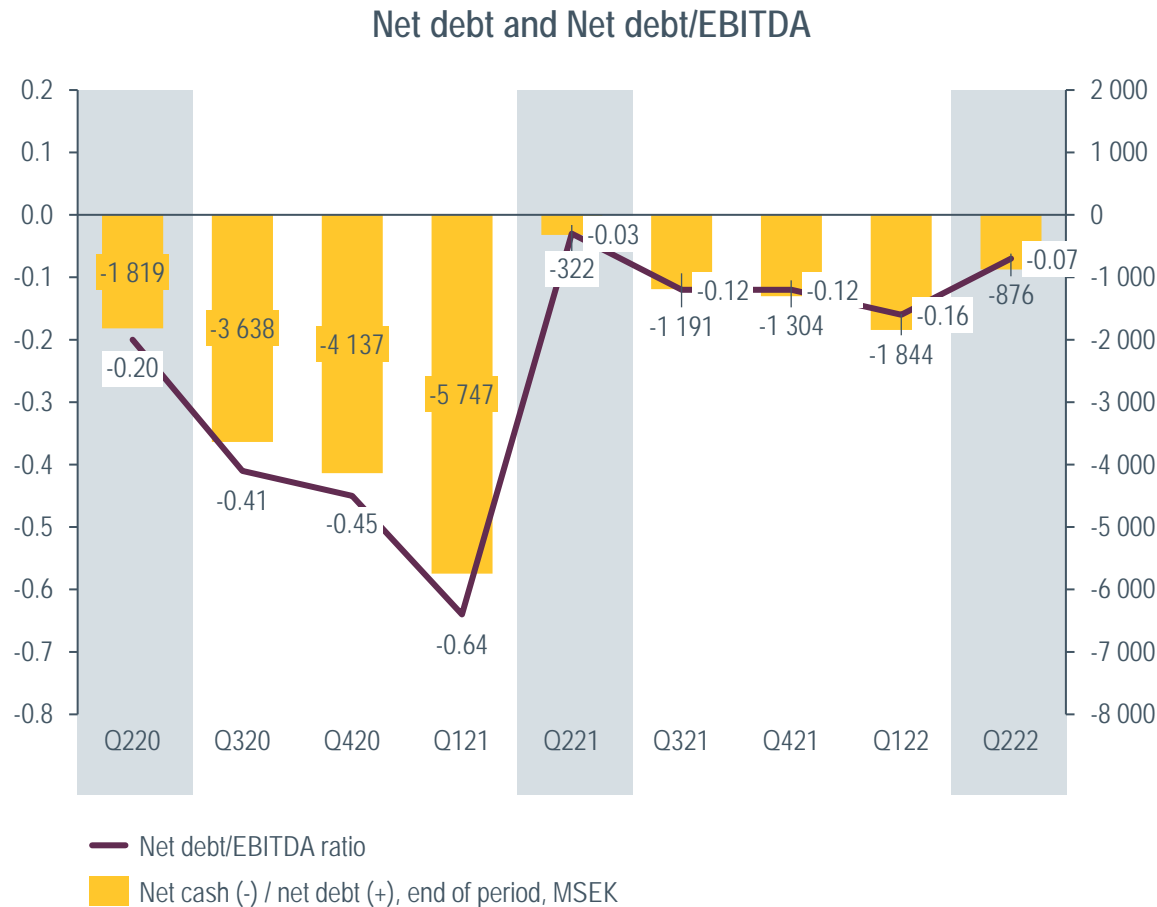


- ROCE improved to 28.1% (23.4)

Capital employed and ROCE



# Capital structure



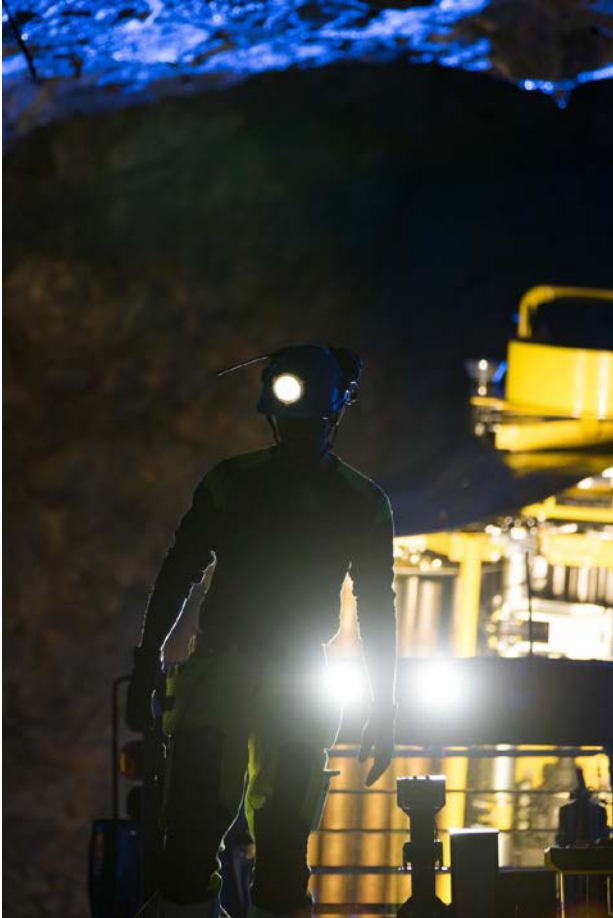
- Strong financial position
  - Net cash MSEK 876 (322)
- Net debt/EBITDA ratio at -0.07 (-0.03)
- MSEK 1 810 dividend paid
  - First installment of SEK 1.50 per share
  - Second installment of SEK 1.50 per share with record date October 24

# Summary



- High demand
- Best quarter ever for electrification
- Record revenues and record adjusted operating margin
- Agility and resilience
- Building for the future
- Epiroc 4 years!

# Looking ahead



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



Q&A



# United. Inspired.

Performance unites us, innovation inspires us,  
and commitment drives us to keep moving forward.  
Count on Epiroc to deliver the solutions you need  
to succeed today and the technology to lead tomorrow.

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