

# Q3 2024

October 25, 2024

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## Highlights Q3 2024

- Strong mining demand
  - MSEK 1 400 (1 000) in large equipment orders
  - Organic equipment order growth 11%
  - Organic service order growth 6%
- Weak construction demand, impacting mainly attachments
  - Demand softened in the US
- CMD: Strategy for resilient, recurring and profitable growth
  - Update on progress on financial and sustainability goals
- Showcasing innovations at MINExpo

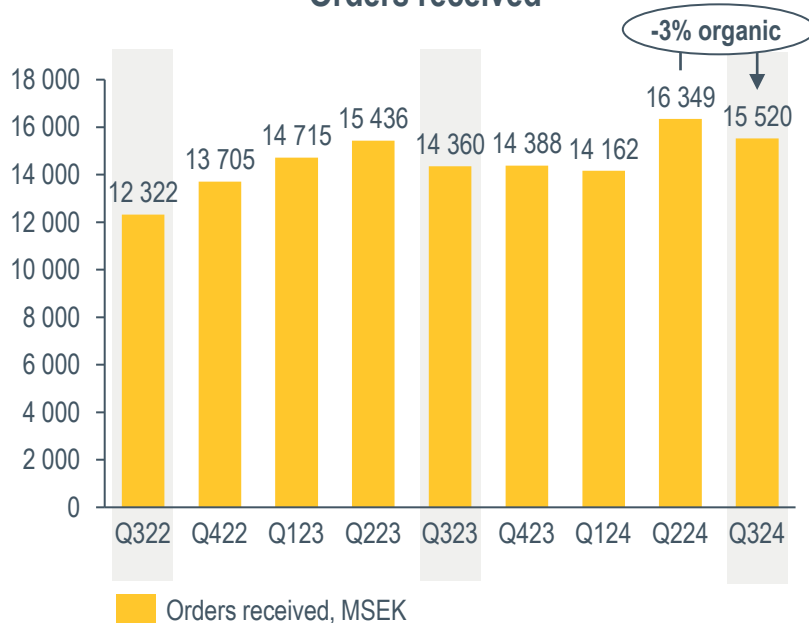
# Group orders received: Strong mining, weak construction

- Orders received +8%
- MSEK 15 520 (14 360)

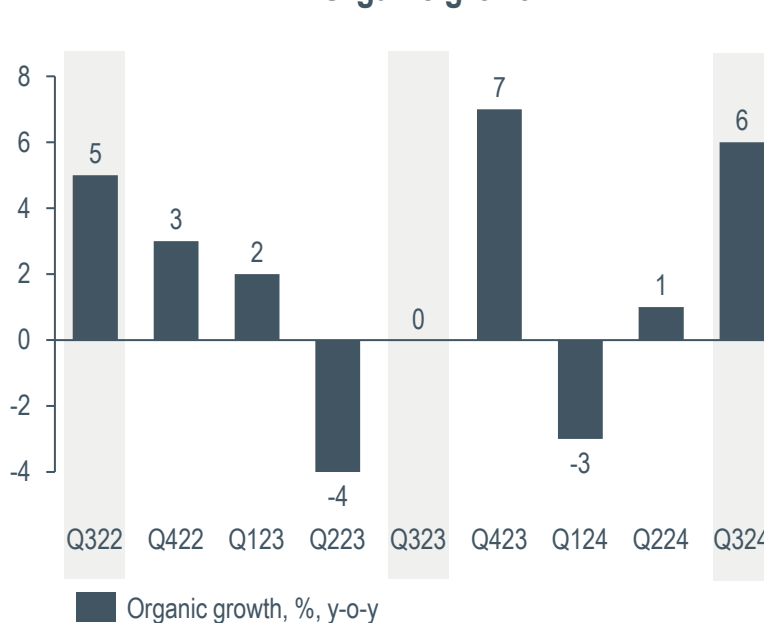
- Strong mining
  - Large equipment orders
  - High demand for mixed-fleet automation and larger rebuilds
- Weak construction

- +6% organic growth
- +6% acquisition growth

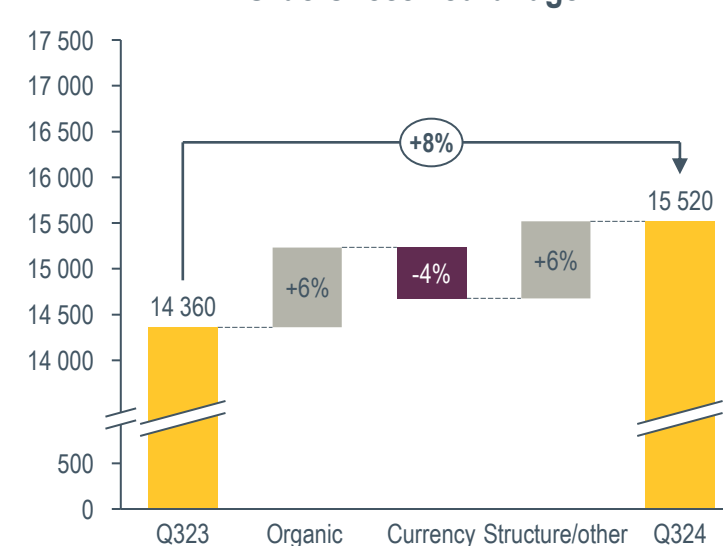
Orders received



Organic growth



Orders received bridge

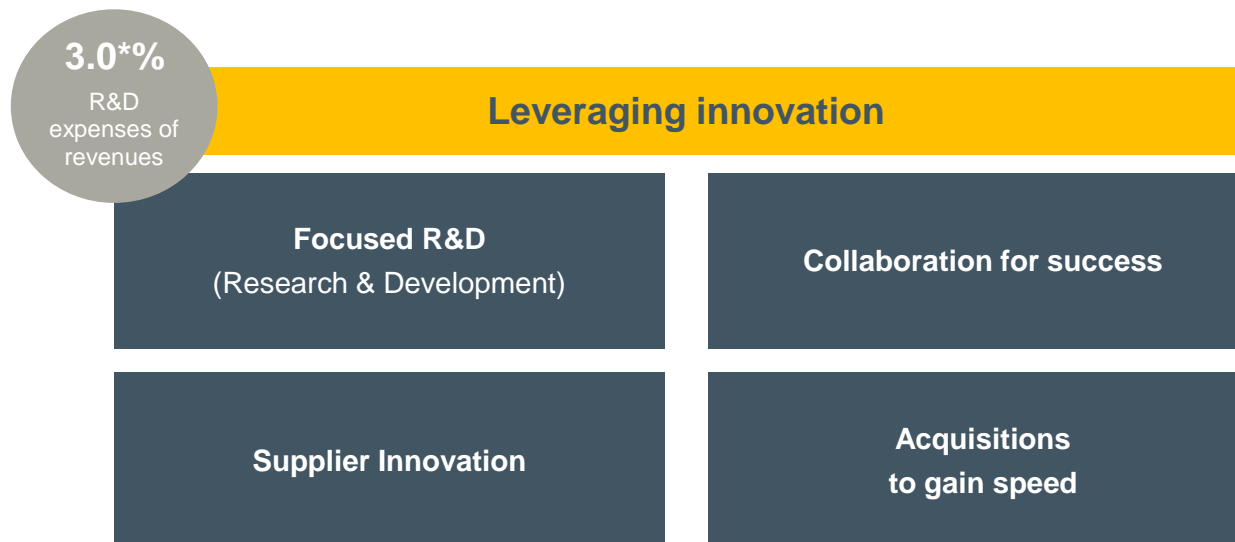


Organic growth adjusted for Russia in 2022 and 2023. I.e actual. excluding Russian adjustments.



# Innovation

- Innovation highlights at MINExpo
  - Minetruck MT66 S eDrive – Hybrid
  - Pit Viper 271 E – 100% lower emissions
  - Automatic Bit Changer – Safer and more efficient
  - Powerbit X – The world’s most durable drill bit

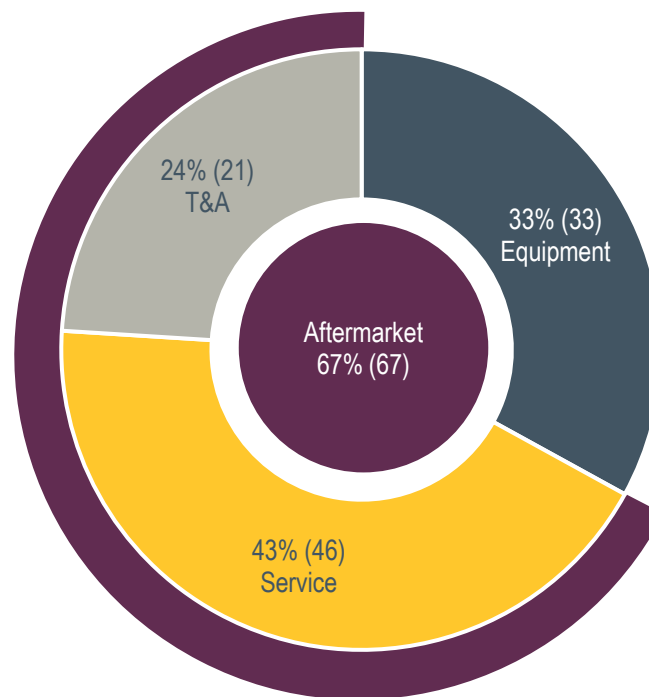




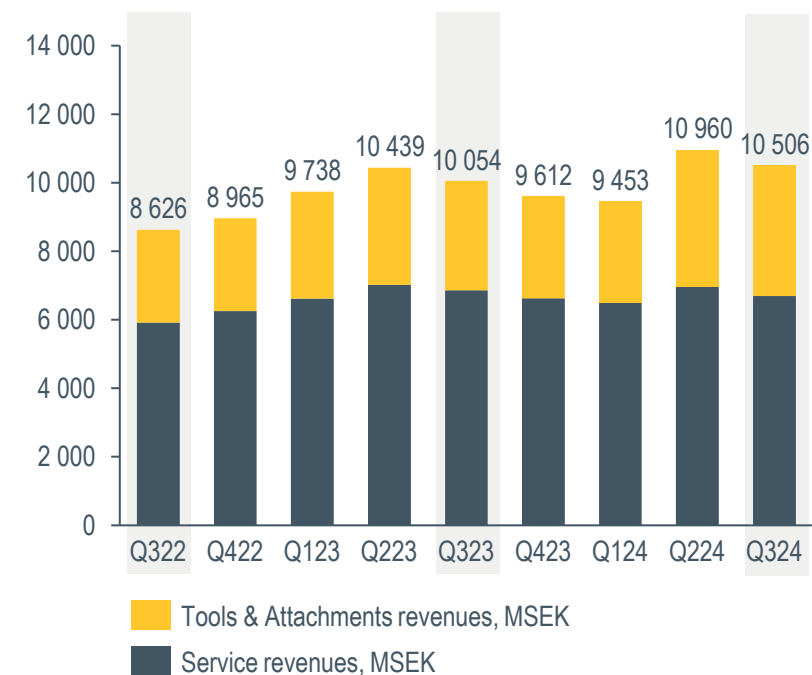
# Aftermarket

- High mining activity level and a good demand for digital solutions, including mixed-fleet automation solutions, as well as high demand for mid-life upgrades and ground engaging tools (GET)
- Weak construction impacting mainly Attachments, but also Tools

Revenue split



Recurring aftermarket revenues





# Operational excellence

- Ongoing actions to improve profitability
  - Efficiency measures carried out as planned – and more ongoing
  - Sequential reduction of workforce by around -450\*
  - YTD reduction of workforce by around -1 000\*
  - Lower cost level in Marketing and Administration sequentially
- Reduction of inventory by BSEK 1.2
  - Targeting inefficiencies in final modifications, leading to higher deliveries

*\*Comparable units*



## Sustainability: People

- Improved safety
  - Focus on a strong safety culture – also for customers
  - Total recordable injury frequency rate decreased to 4.4 (5.1)
- Employees up 4% to 18 908 (18 146)
  - Acquisitions
- Increased number and proportion of women
  - Employees 19.6% (18.8)
  - Managers 24.0% (23.4)
- Achievements in India
  - Epiroc expands manufacturing facility for rock drilling tools and opened new innovation and technology center in Hyderabad
  - India's first all-women mine rescue team triumphs with 2nd place in the XIII International Mine Rescue Competition in Colombia

# Film: India's 1st All Women Underground Mine Rescue Team

1min 14s







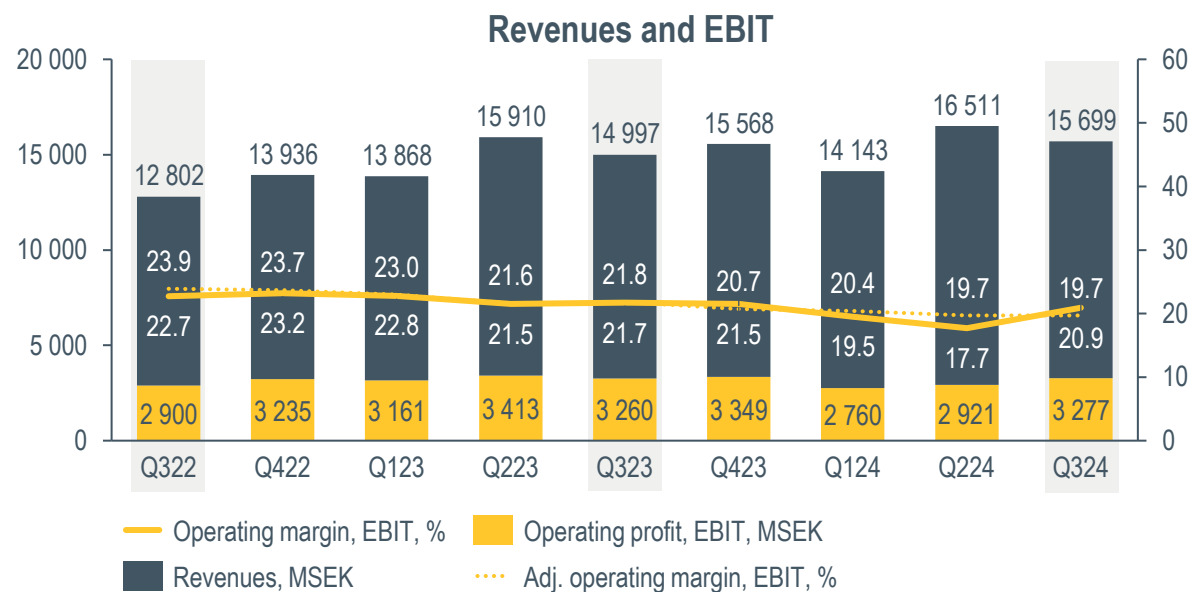
## Sustainability: Planet

- CO2e emissions from operations -24% to 16 295 (21 531) tonnes
  - Higher share of renewable energy purchased and installation of solar panels
- CO2e emissions from transport +18% to 106 070 (89 881) tonnes
- Silver medal in EcoVadis sustainability rating



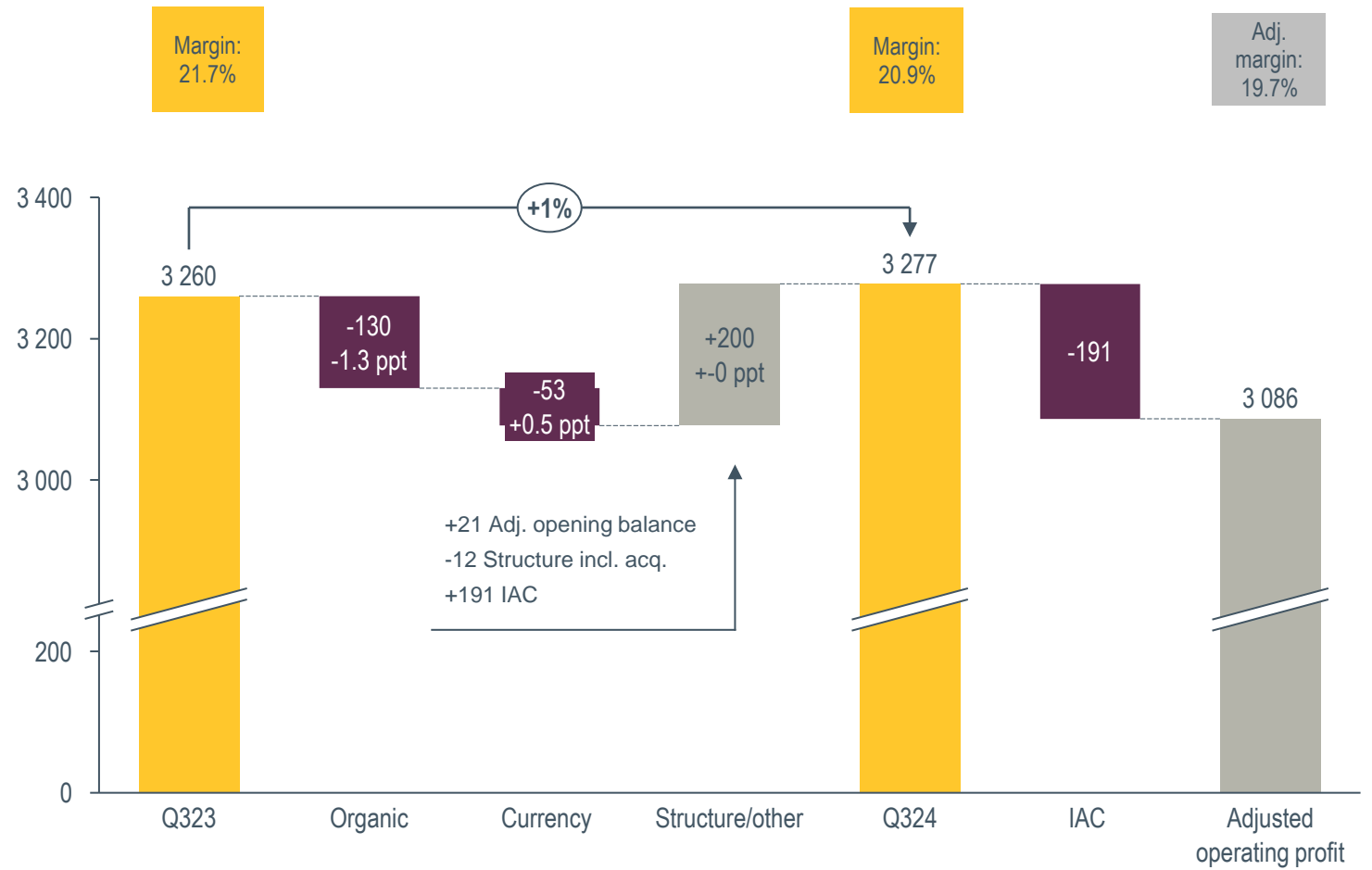
# Group revenues and EBIT

- Revenues increased 5% to MSEK 15 699, +3% organic
- Operating profit MSEK 3 277 (3 260), incl. IAC of MSEK 191 (-12)
  - Positive revaluation effect of the shares held prior to the acquisition of ASI Mining and impairment of acquisition-related intangible assets in E&S (net effect MSEK 208), as well as change in provision for LTIP -17 (-19)
- Adjusted operating profit MSEK 3 086 (3 272)
  - Adj. EBIT margin 19.7% (21.8)
  - Dilution from acquisitions (-1.3 ppt), negative mix effects and inefficiencies





# Group EBIT profit bridge



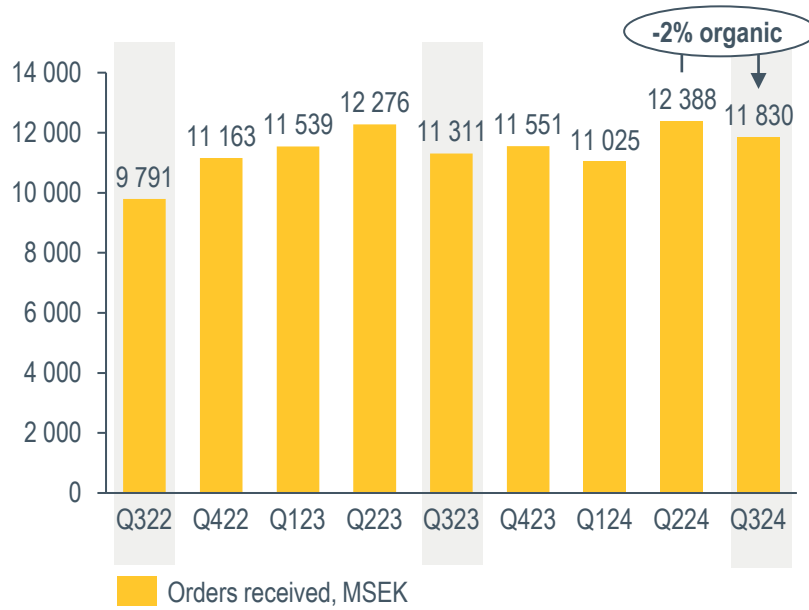
# Equipment & Service orders received: Strong mining

- Orders received +5%
- MSEK 11 830 (11 311)

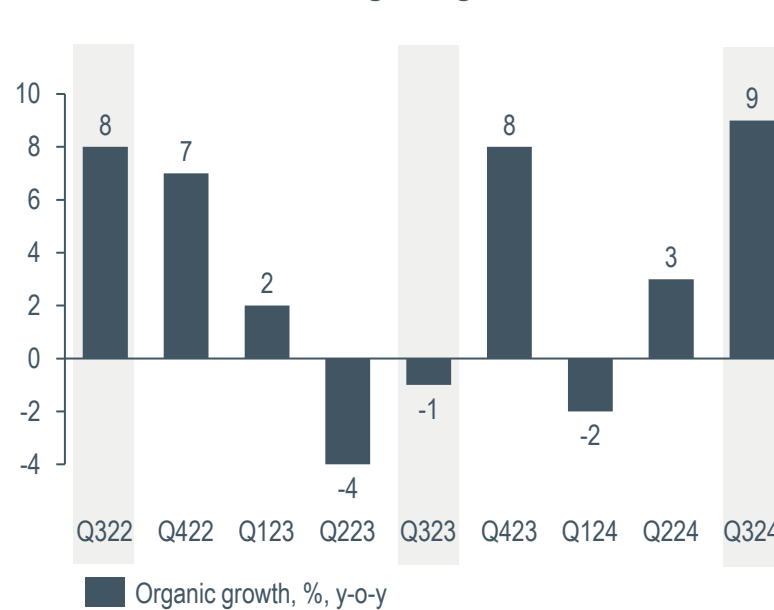
- High mining activity
- Large orders MSEK 1 400 (1 000)
- Strong demand for mixed-fleet automation and midlife upgrades

- +9% organic growth

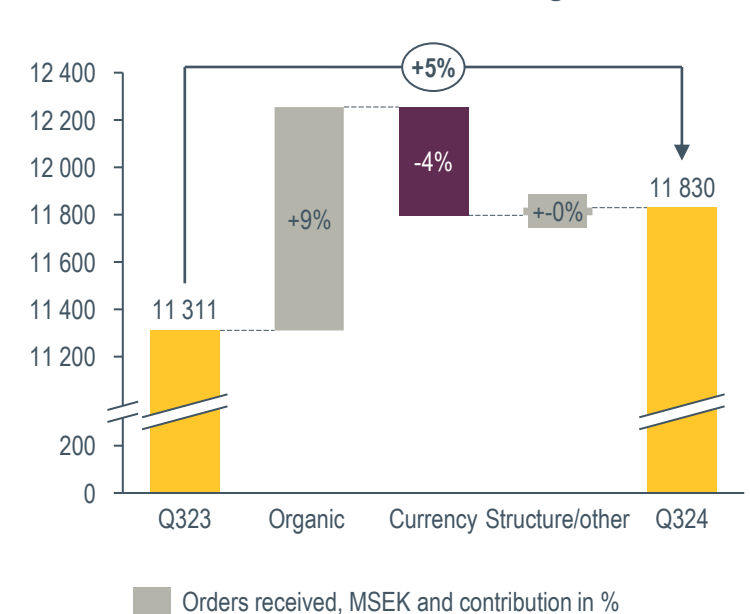
Orders received



Organic growth



Orders received bridge

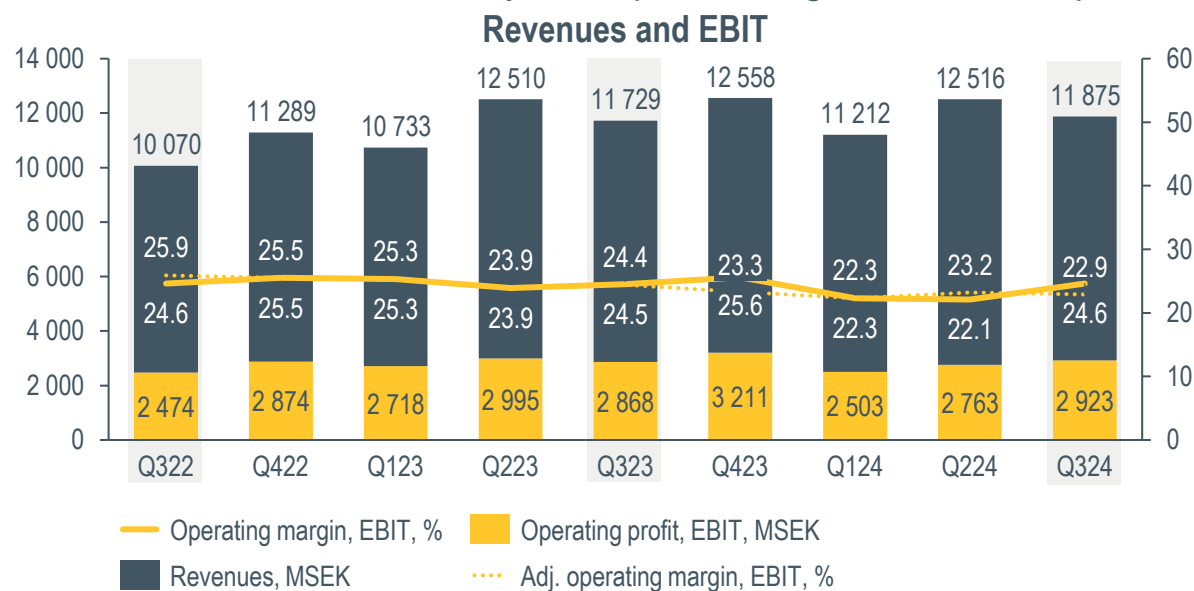


Organic growth adjusted for Russia in 2022 and 2023. I.e actual. excluding Russian adjustments.



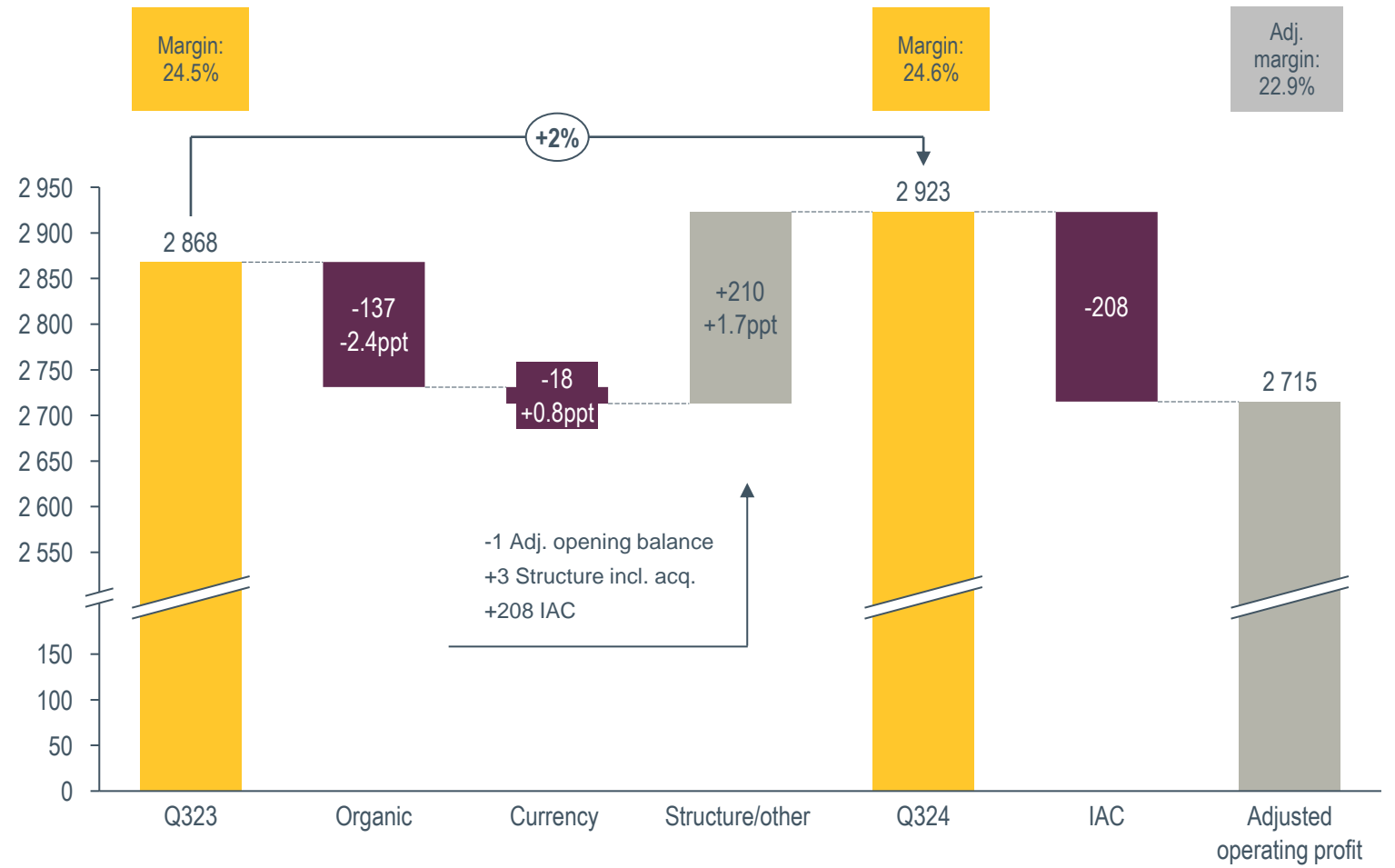
# E&S revenues and EBIT

- Revenues +5% organic to MSEK 11 875 (11 729)
- Operating profit MSEK 2 923, incl. IAC of MSEK 208 (7)
  - Revaluation effect of the shares held prior to the acquisition of ASI Mining of MSEK +554 and impairment of acquisition-related intangibles assets of MSEK -346
- Adj. EBIT MSEK 2 715 (2 861) and Adj. EBIT margin 22.9% (24.4)
  - Higher proportion of equipment invoiced, as well as a negative mix effects within service. Cost measures yielded positive organic results sequentially.





# E&S profit bridge



# Tools & Attachments orders received: Mixed demand

- Orders received +25%
  - Acquisitions of Stanley Infrastructure and ACB+
- MSEK 3 656 (2 924)

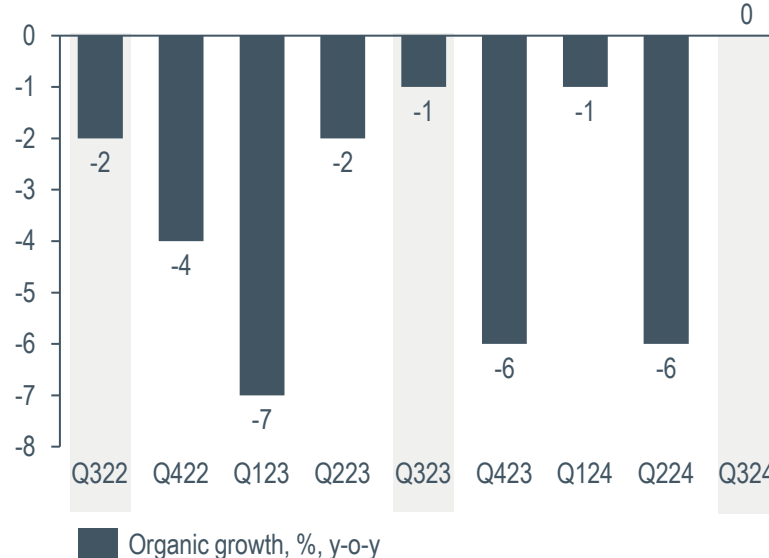
- Construction weak, impacting mainly attachments but also tools
- Softened demand in the US
- Good demand for ground engaging tools

- +-0% organic growth
- +28% acquisition growth

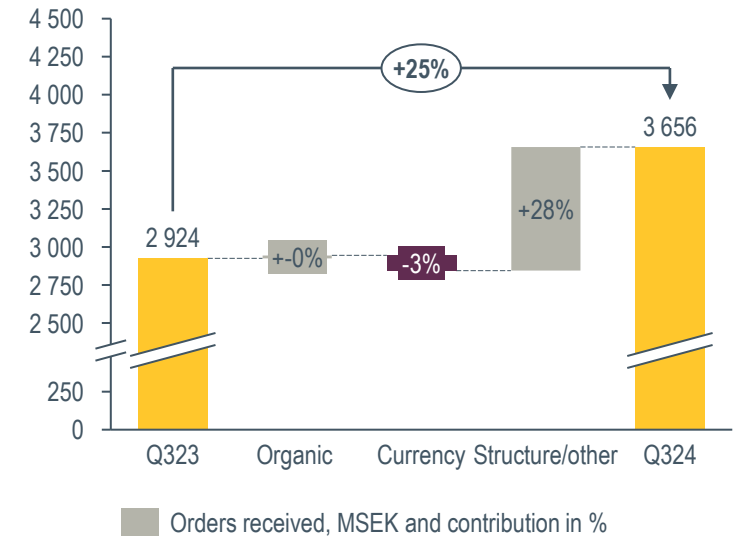
Orders received



Organic growth



Orders received bridge

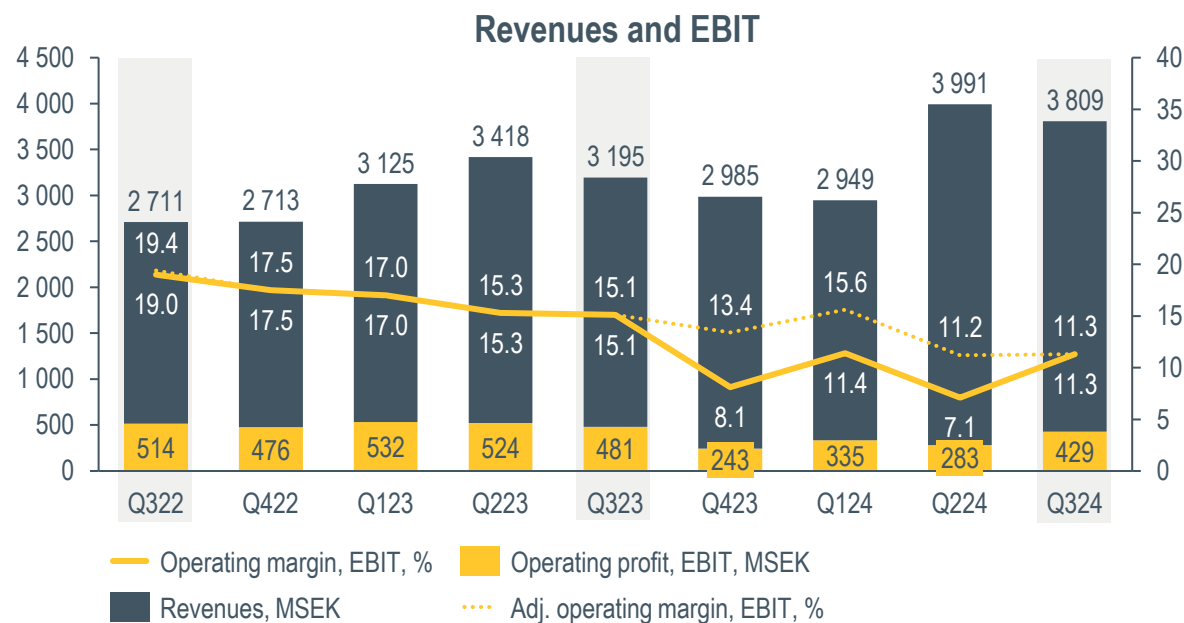


Organic growth adjusted for Russia in 2022 and 2023. I.e actual. excluding Russian adjustments.



# T&A revenues and EBIT

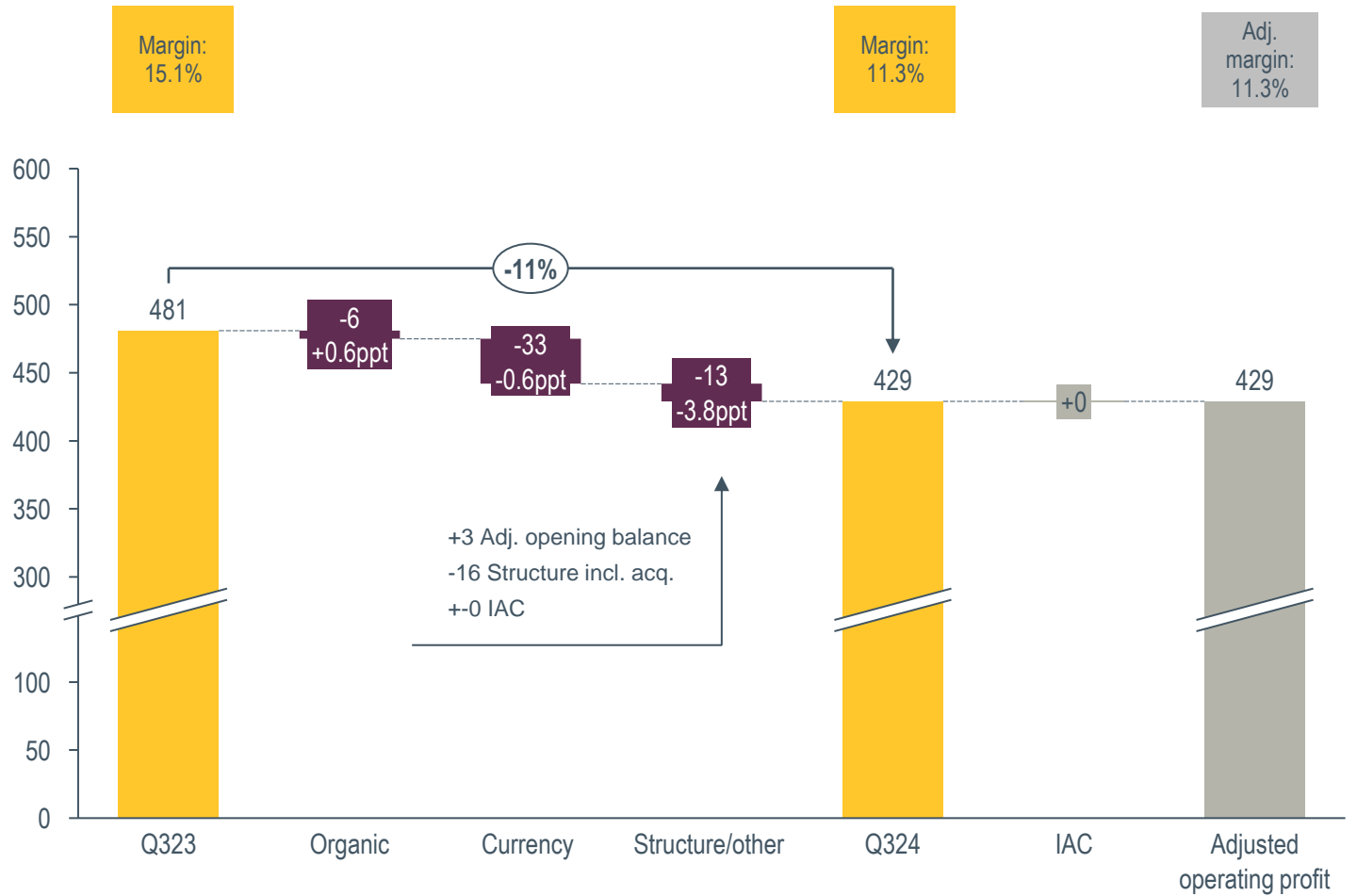
- Revenues up 19% to MSEK 3 809, -5% organic
- Operating profit MSEK 429 (481)
  - EBIT margin 11.3% (15.1)
  - Acquisitions impacting negatively (dilution -3.9 ppt)
  - Comparable units had improvements in profitability







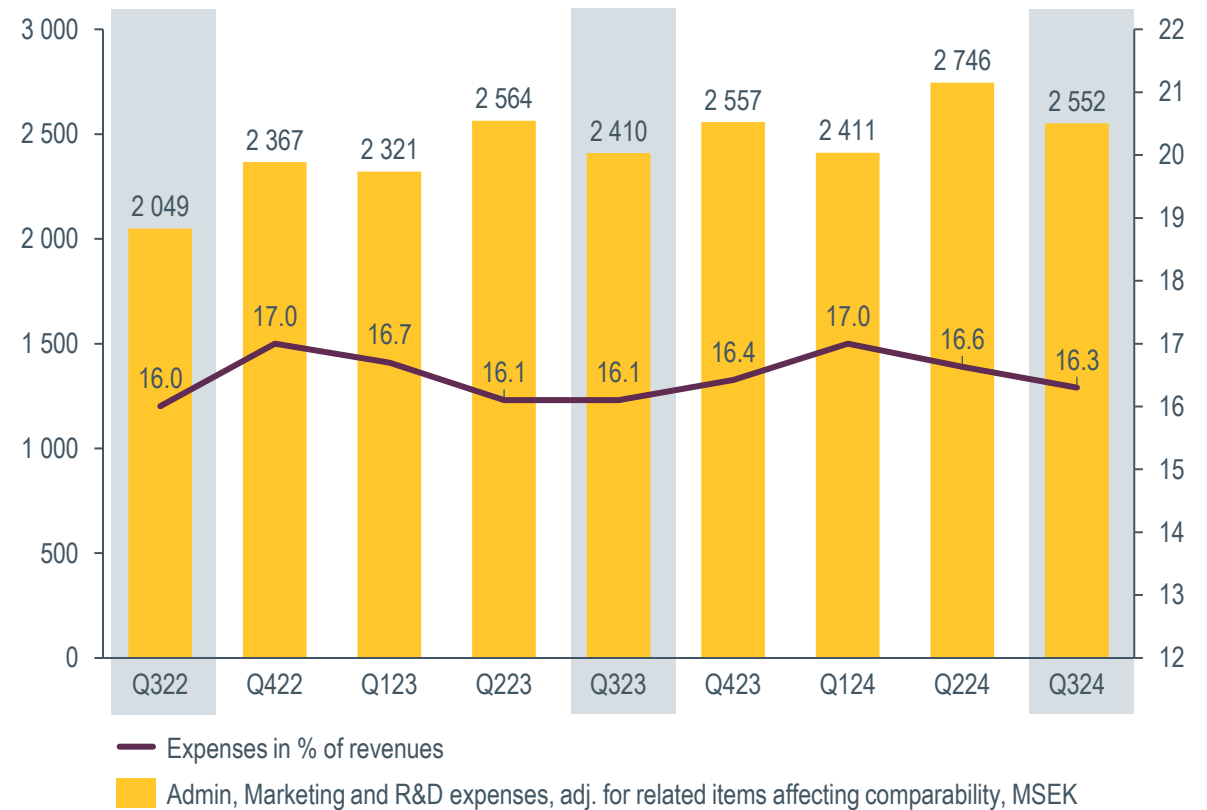
# T&A profit bridge



# Costs, net financials and tax

- Admin, marketing and R&D
  - Higher costs compared to previous year
  - Reported R&D: MSEK 771 (517), of which 346 is acquisition-related impairment of intangible assets
  - Sequential improvement 16.3% (16.6)
- Net financial items MSEK -264 (-331)
  - Interest net MSEK -250 (-146)
- Tax expense MSEK -690 (-685)
  - Effective tax rate 22.9% (23.4)

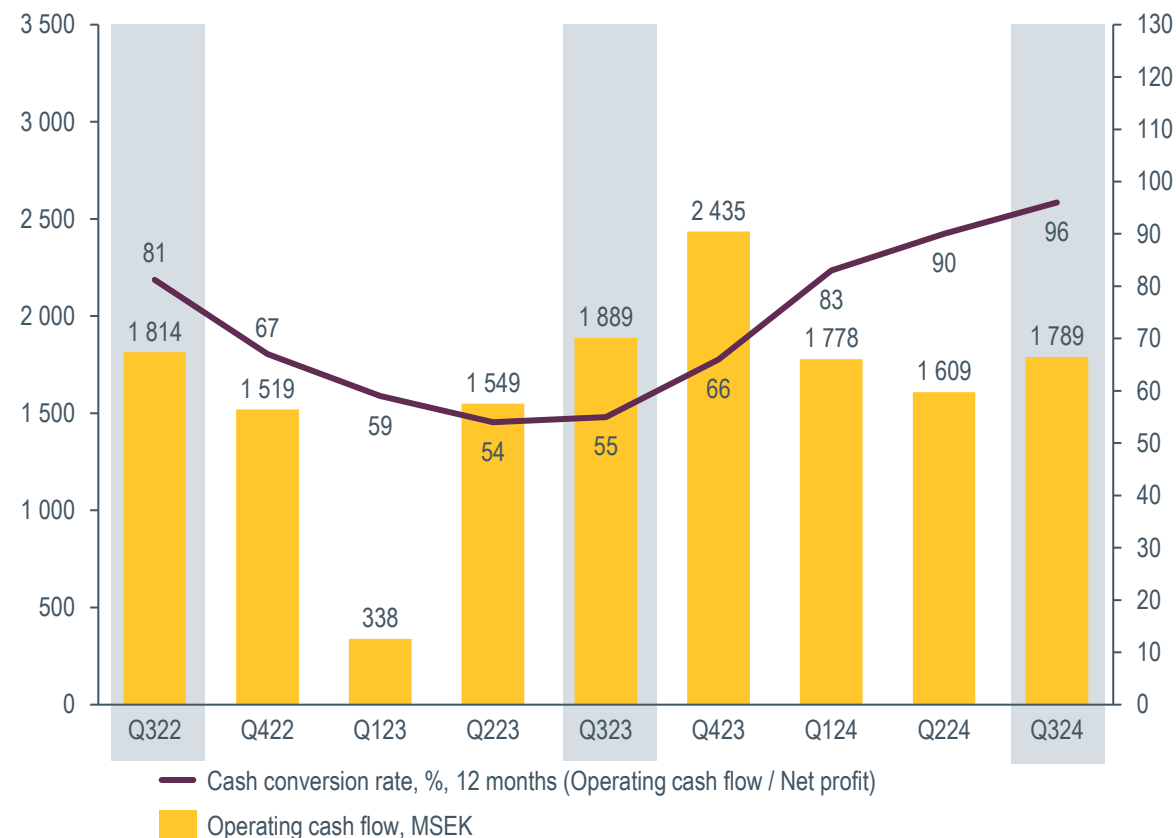
Administration, marketing and R&D expenses



# Operating cash flow

MSEK	Q324	Q323
Operating profit	3 277	3 260
Depreciation, amortization and impairment	1 168	701
Capital gain/loss and other non-cash items	-480	279
Net financial items received/paid	-109	-472
Taxes paid	-773	-849
Change in working capital	-573	-840
Investments, incl. rental equipment*	-534	-465
Pension funding and other**	-187	275
<b>Operating cash flow</b>	<b>1 789</b>	<b>1 889</b>
Acquisitions and divestments	-1 080	-7

Operating cash flow and cash conversion rate, %



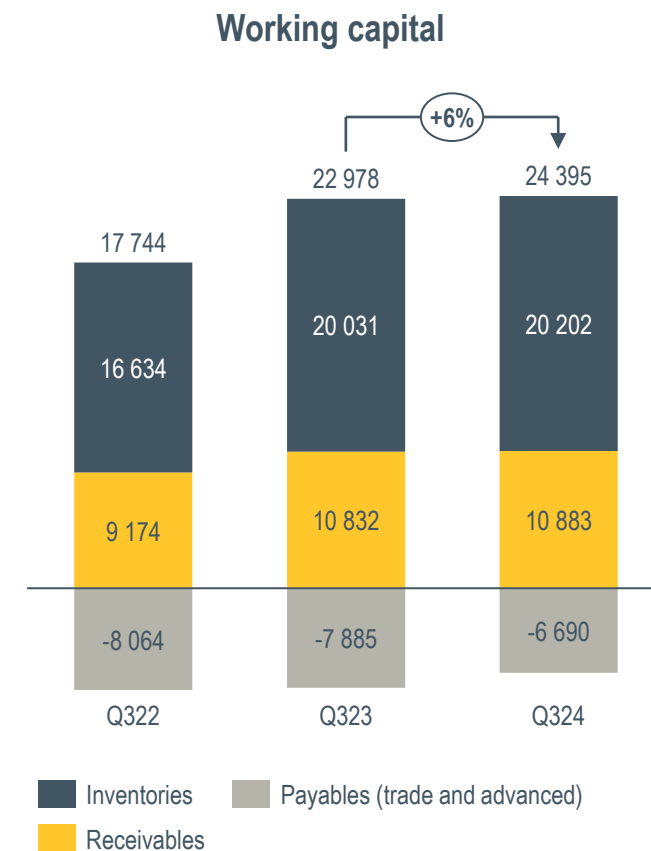
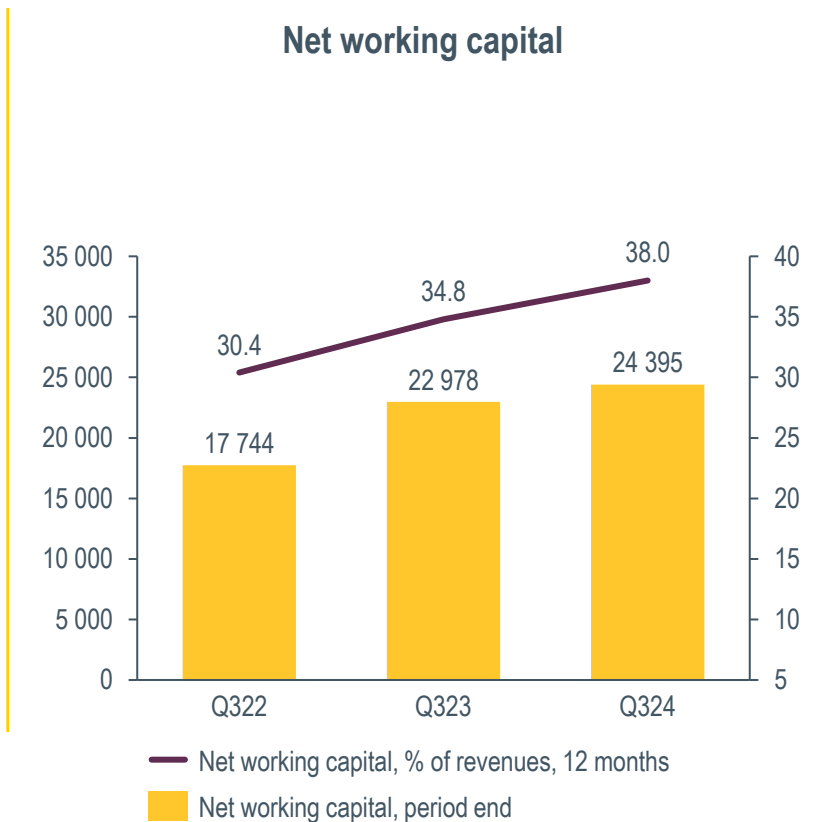
\* Investments include rental investments, net, other PPE, net, and intangible assets, net.

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

# Working capital

## Year-on-year

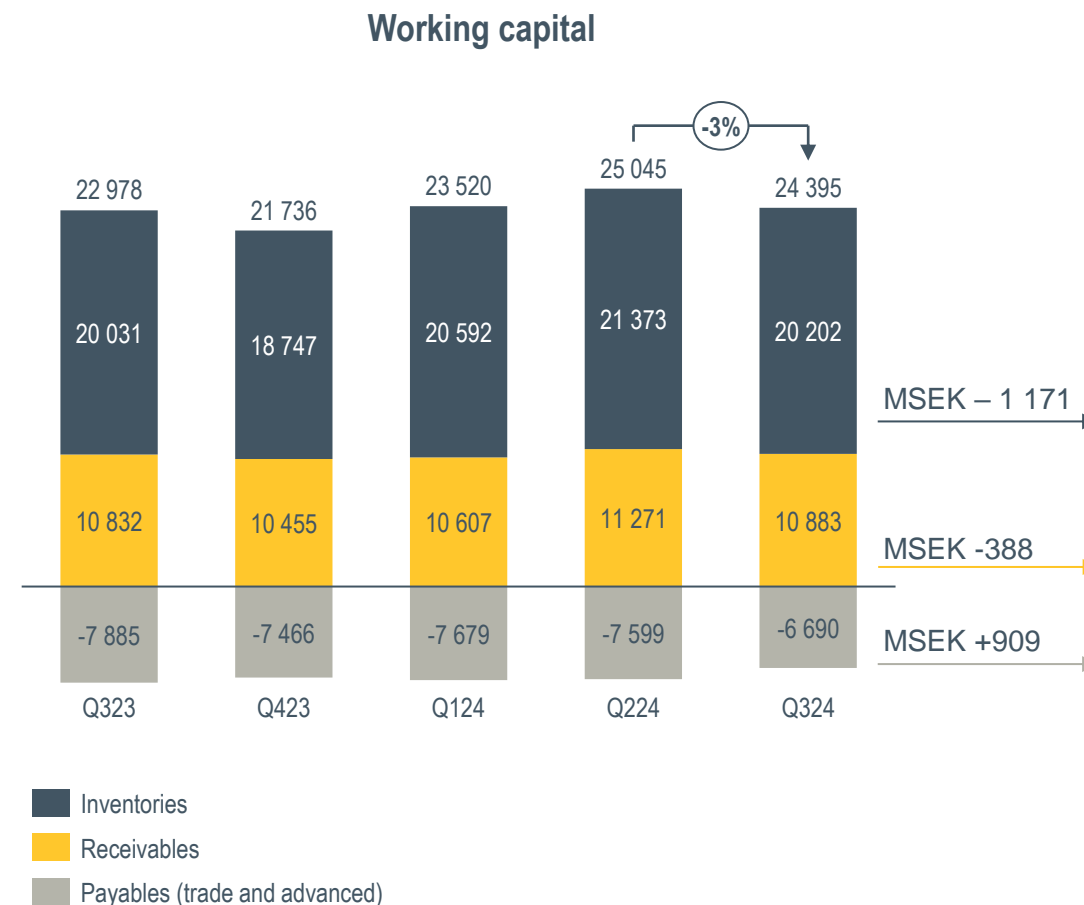
- Net working capital +6% to MSEK 24 395 (22 978)
  - Acquisitions and lower payables
  - 38.0% (34.8) of revenues



# Working capital

## Sequentially

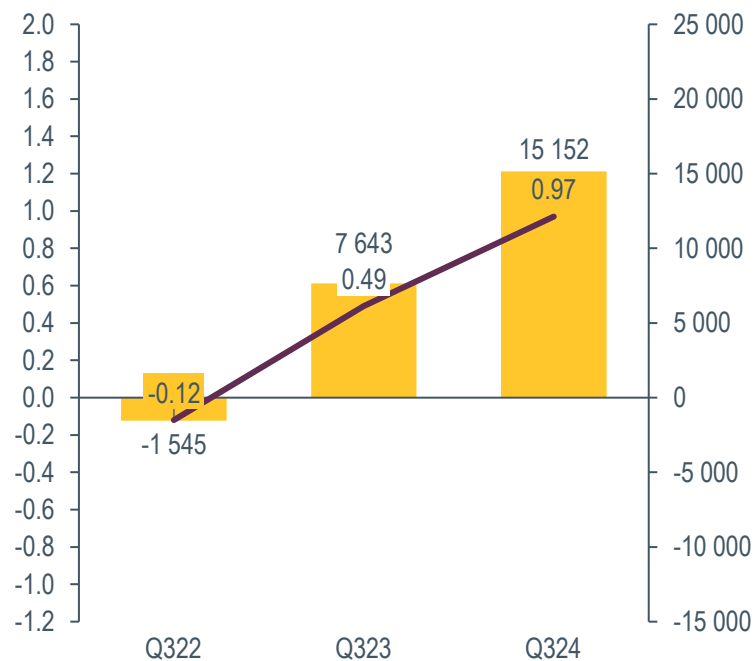
- Sequentially, the working capital has decreased
  - Inventory reduced with MSEK 1 171
  - Receivables reduced with MSEK 388
  - Payables reduced with MSEK 909



# Capital efficiency

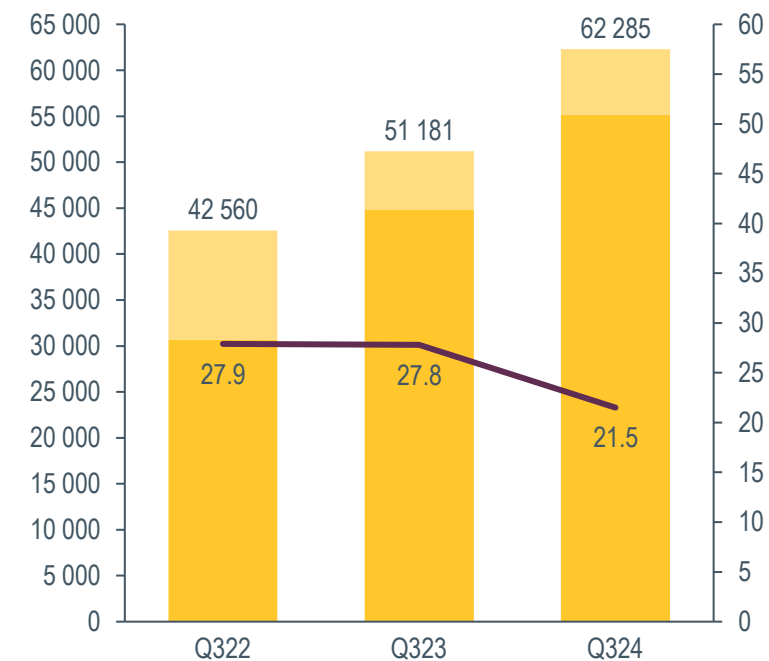
- Net debt at MSEK 15 152 (7 643)
  - Higher net debt due to acquisitions
- Net debt/EBITDA 0.97 (0.49)
- ROCE 21.5% (27.8)
  - Higher intangible assets, such as goodwill
- 38% green long-term financing
- Diversified financing after the reporting period
  - Sustainability-linked loan agreement MUSD 150

### Net debt and Net debt/EBITDA



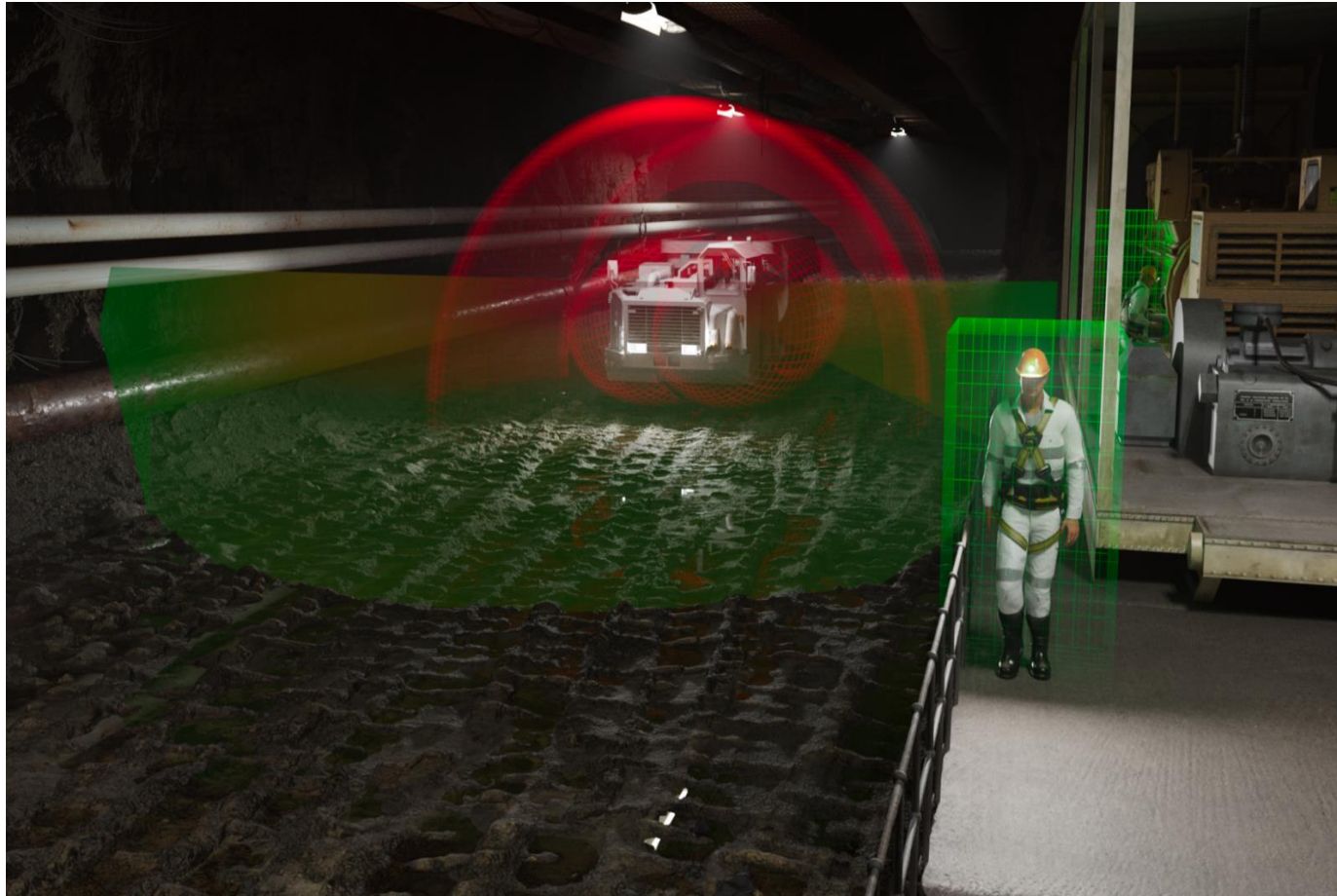
— Net debt/EBITDA ratio  
■ Net cash (-) / net debt (+), end of period, MSEK

### Capital employed and ROCE



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

# Summary



- Strong mining (78% of orders)
  - Large orders MSEK 1 400 (1 000)
  - Equipment growth 11% organic
  - Service growth 6% organic
- Weak construction (22% of orders)
- Strategy for resilient, recurring and profitable growth
- Sequential improvements
- Innovation highlights at the MINExpo
  - Leadership in safety and mixed-fleet automation
- Passionate people create exceptional things

## Looking ahead



*In the near term, we expect that the underlying mining demand, both for equipment and aftermarket, will remain at a high level, while the demand from construction customers is expected to remain weak*



# Q&A

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# Appendix



# Investment case

We focus on attractive niches with structural growth

We accelerate the productivity and sustainability transformation in our industry

We have a high proportion of recurring business

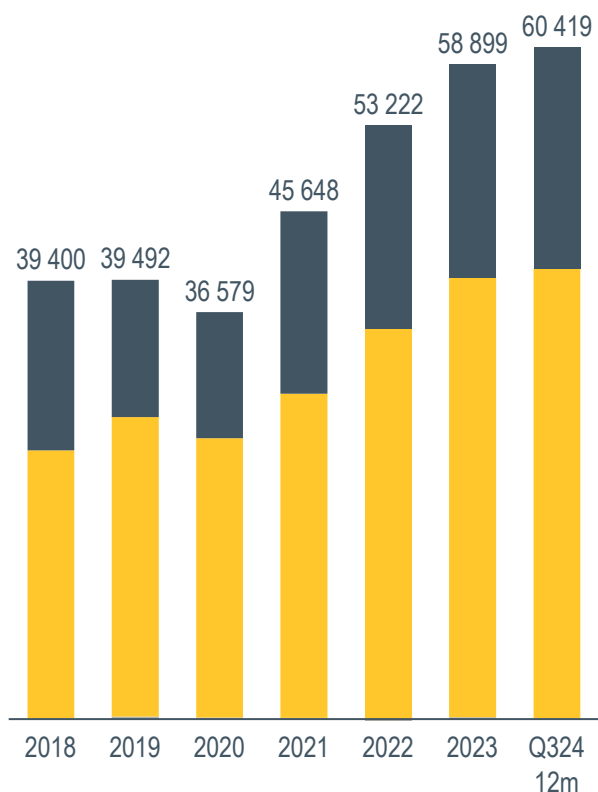
We have a well-proven business model

We create value for our stakeholders

Our success is based on sustainability and a strong corporate culture

# A 151-year old start-up company and a leading productivity and sustainability partner

Orders received



■ Equipment ■ Aftermarket

Revenues in  
~150 countries

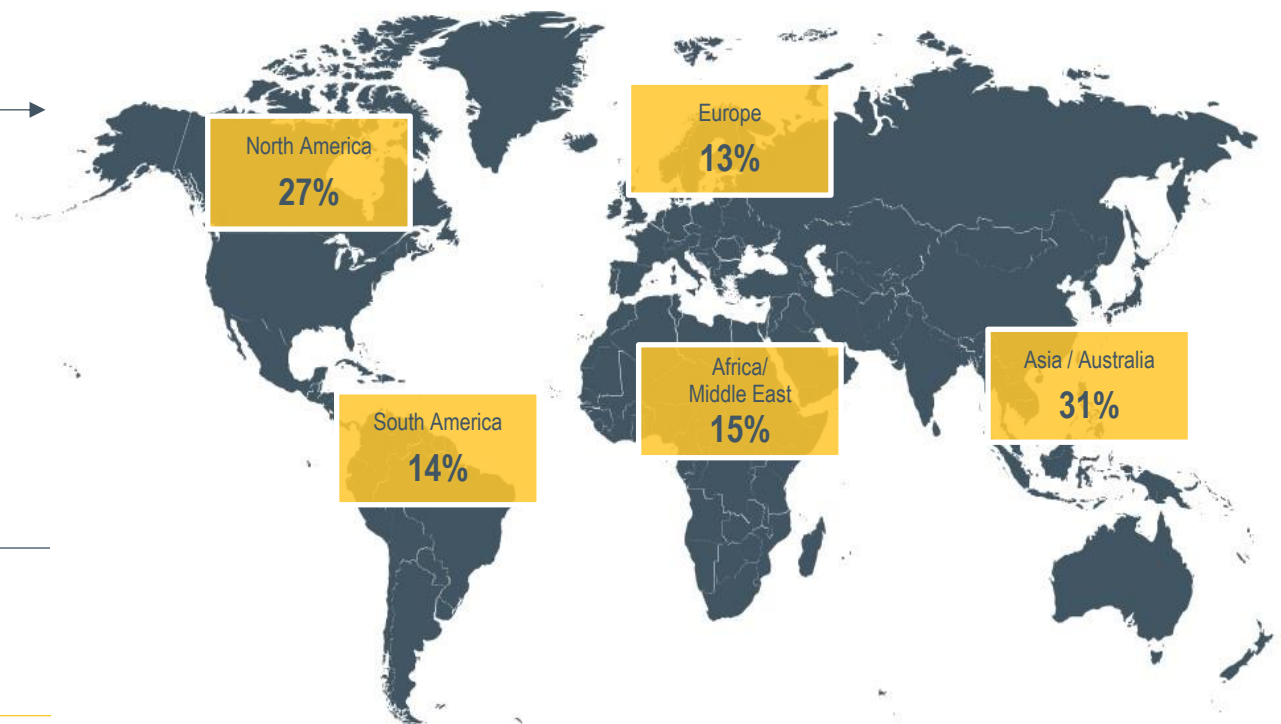
~ 19 000  
employees

EBIT margin\*  
19.9%

Equipment\*  
34%

Aftermarket\*  
66%

Orders received



Aftermarket consists of "Service" and "Tools & Attachments"  
\* 12 months Q324

# Strategy and foundations for success

**Focus on attractive niches**

**Innovation**

**Aftermarket**

**Operational  
excellence**

**Outperformance**

**Sustainability and a strong company culture**

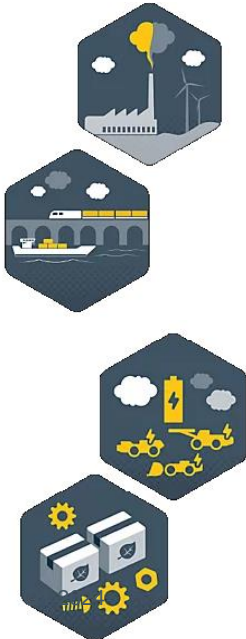
# Financial goals at a glance

Goals	Description	Q3 2024	2023	2015-2023
<b>Growth</b>	Annual revenue growth of 8% over a business cycle.	5%	21%	10%
<b>Profitability (EBIT)</b>	Industry-best operating margin, with strong resilience over the cycle.	20.9% Adj. 19.7%	21.8% Adj. 21.7%	20.4%
<b>Capital efficiency (ROCE)</b>	Improve capital efficiency and resilience. Investments and acquisitions shall create value.	21.5%	27.0%	25.9%
<b>Capital structure</b>	Have an efficient capital structure and have the flexibility to make selective acquisitions. The goal is to maintain an investment grade rating.	Rating <b>BBB+</b>		
<b>Dividend policy</b>	Provide long-term stable and rising dividends to its shareholders. The dividend should correspond to 50% of net profit over the cycle.	Dividend for 2023, paid in 2024: <b>SEK 3.80</b> in two installments		<b>50% pay out (2018-2023)</b>

# 2030 goals for people and planet



- No work-related injuries
- Balanced workforce and double the number of women in operational roles
- Have all employees and business partners comply with our Code of Conduct and Responsible Sales Assessment Process implemented



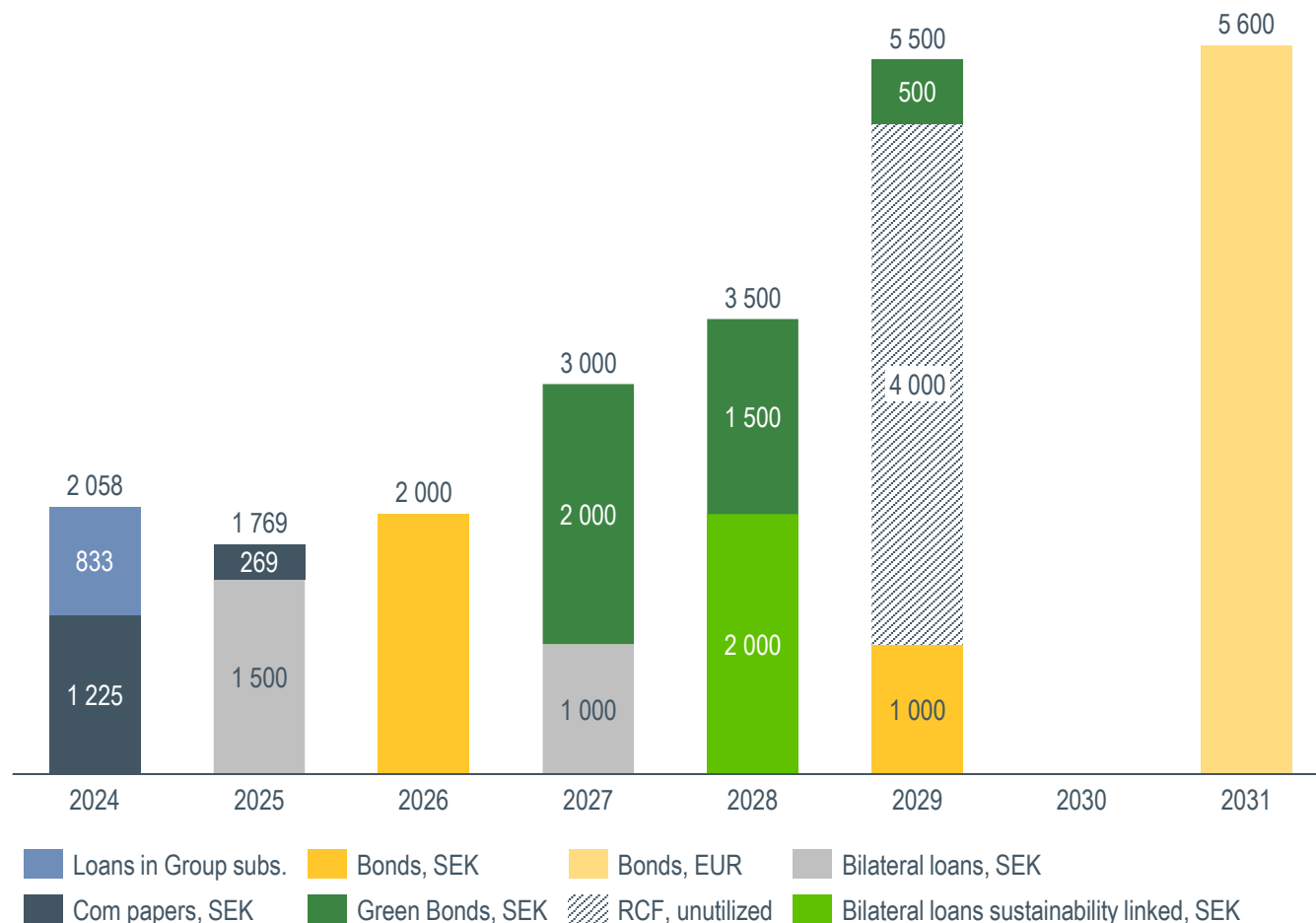
- Halve CO<sub>2</sub>e emissions in operations\*
- 90% renewable energy in own operations
- Halve transport CO<sub>2</sub>e emissions
- Offer a full range of emission-free products
- Halve CO<sub>2</sub>e emissions from machines sold\*
- Require 50% reduction of CO<sub>2</sub>e emissions from relevant suppliers

Base Year 2019



# Debt information and maturity profile

Maturity profile



- Net debt/EBITDA: 0.97
- S&P rating: BBB+ Stable outlook
- External financing: BSEK 18.6
- 84% long term financing
- 38% green or sustainability linked
- 4.3 years average tenor (long-term)
- Average interest duration: 20 months
- Average interest rate: 4.41%
- 70% SEK financing



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