



Q4 2020

January 26, 2021

Helena Hedblom, President and CEO
Anders Lindén, CFO



Agility in a challenging 2020

Key highlights FY 2020

- Significant Covid-19 impact
 - Priorities: Health, safety and customer support
 - Orders received down 7%, flat organic
 - Revenues down 12%, down 5% organic, strong growth in service
- Quick adaption and efficiency initiatives
- Solid profit and resilient profitability
 - Operating margin improved to 20.4% (19.9)
- Improved operating cash flow
- Proposed distribution to shareholders of SEK 5.50 per share:
 - A dividend of SEK 2.50 (2.40) per share
 - A distribution of SEK 3.00 per share through mandatory redemption
- Sustainability goals for 2030 and improvements in 2020



Organic order growth in all businesses

Key highlights Q4 2020

- Organic order growth in all businesses
 - Highest growth in Equipment & Service
- Organic revenue growth
 - Solid growth in aftermarket
- Record operating margin
- Technology leadership and high demand for automation, digitalization and electrification solutions
- Acquisition of MineRP

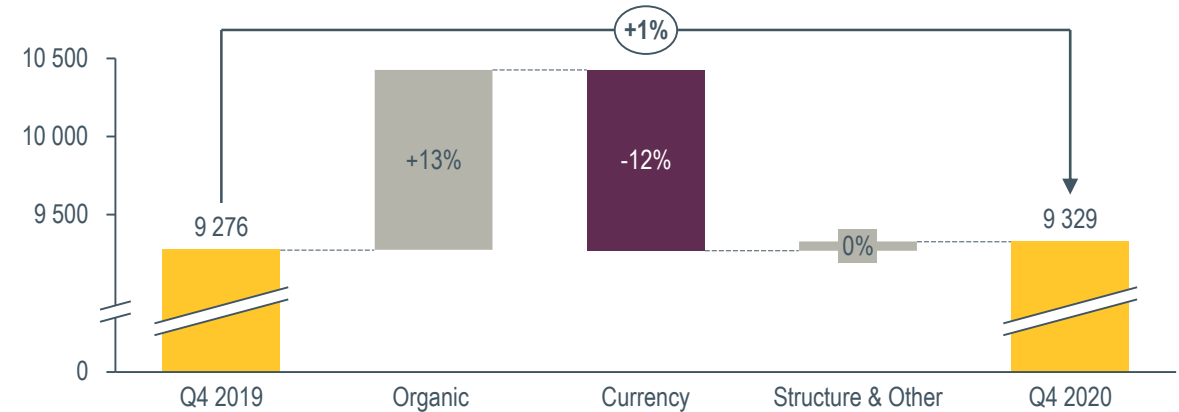


Key financials

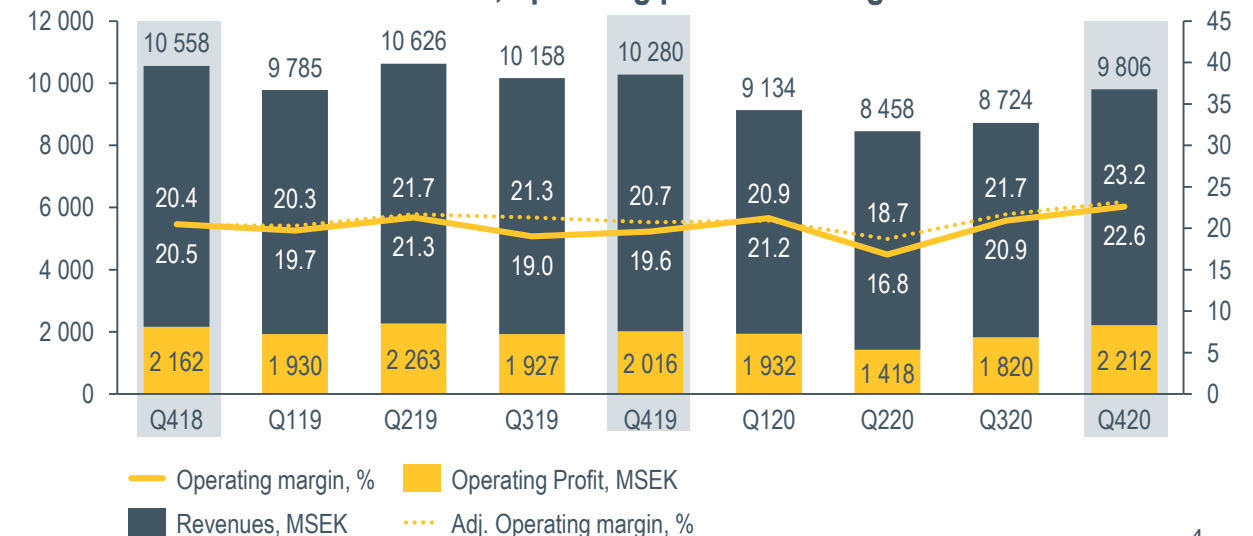
Q4 2020

- Order intake up 1% to 9 329, +13% organic
 - Equipment +26% organic
 - Service +9% organic
 - Tools & Attachments +5% organic
- Organic revenue growth of 6%
- Operating profit increased 10% to MSEK 2 212
 - Items affecting comparability of MSEK -67 (-115)
- Margin improved to 22.6% (19.6)
 - Adjusted margin 23.2% (20.7)
- Operating cash flow at MSEK 2 156 (2 827)

Orders received, MSEK and change, %

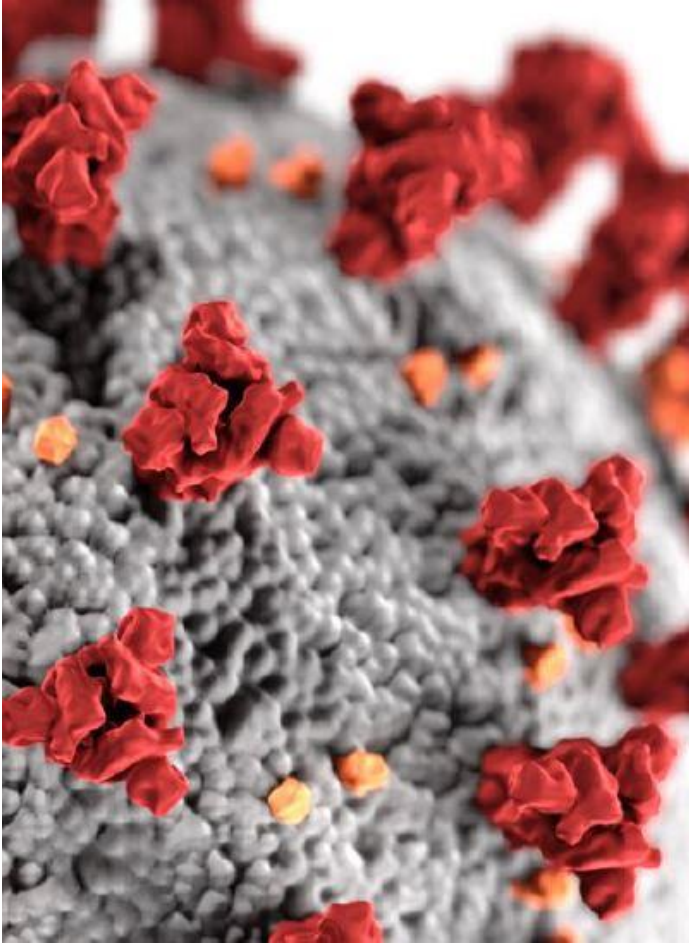


Revenues, operating profit and margin



Covid-19

Current status



- Despite the deteriorating situation, customers' operations are, with few exceptions, up and running
- All Epiroc distribution centers and manufacturing facilities are operational
- The uncertainty regarding the Covid-19 development and related restrictions remains with concerns for disruptions in supply chain and transportation

Driving the future in intelligent mining and infrastructure



Q4 2020

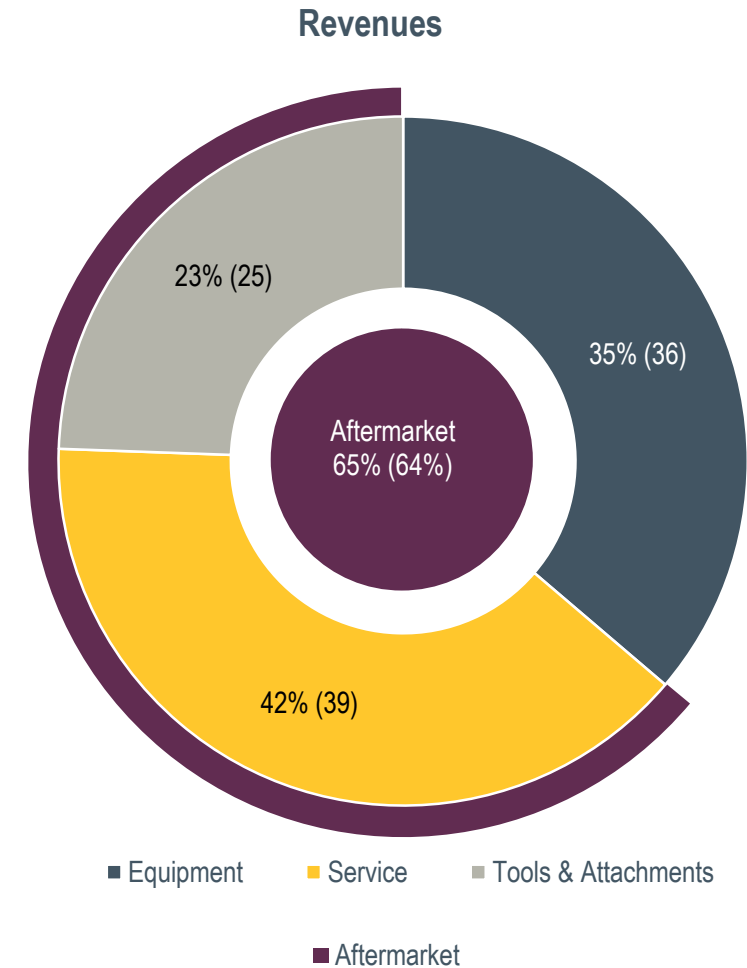
- High demand for automation, digitalization and electrification solutions
 - Market-leading solutions deployed and proven
 - Increased productivity, safety and sustainability for our customers
- Innovations
 - Avatel: Advanced underground charging system
 - Extension of successful SB breaker range
 - New drill string for production drilling
 - Upgrade of RCS - rig control system
- Acquisition of MineRP
 - Software platform that integrates all types of technical mining data and optimizes efficiency



Strong aftermarket

Q4 2020

- Strong focus on safeguarding customers' continuous operations
- Strengthening of our offering and presence
- Increased customer share
- Connecting the fleet enables proactivity



Actions for operational excellence

Q4 2020

- Cost-savings program of MSEK +500 annually
 - Implemented with full impact as from Q3 2020
- Additional savings achieved at the end of the quarter, including savings from planned layoffs
- Supply-chain program continues to be implemented according to plan
- Savings from short-term actions maintained at a good level in the quarter



Engaged employees and improved sustainability results



Q4 2020

- Appreciated employer with highly engaged employees
- Sustainability performance improving
 - SafeStart builds a safety culture
 - Significant reduction in lost-time injury frequency rate
 - Supply-chain program leads to less air freight
 - Reduced CO₂ emissions in operations



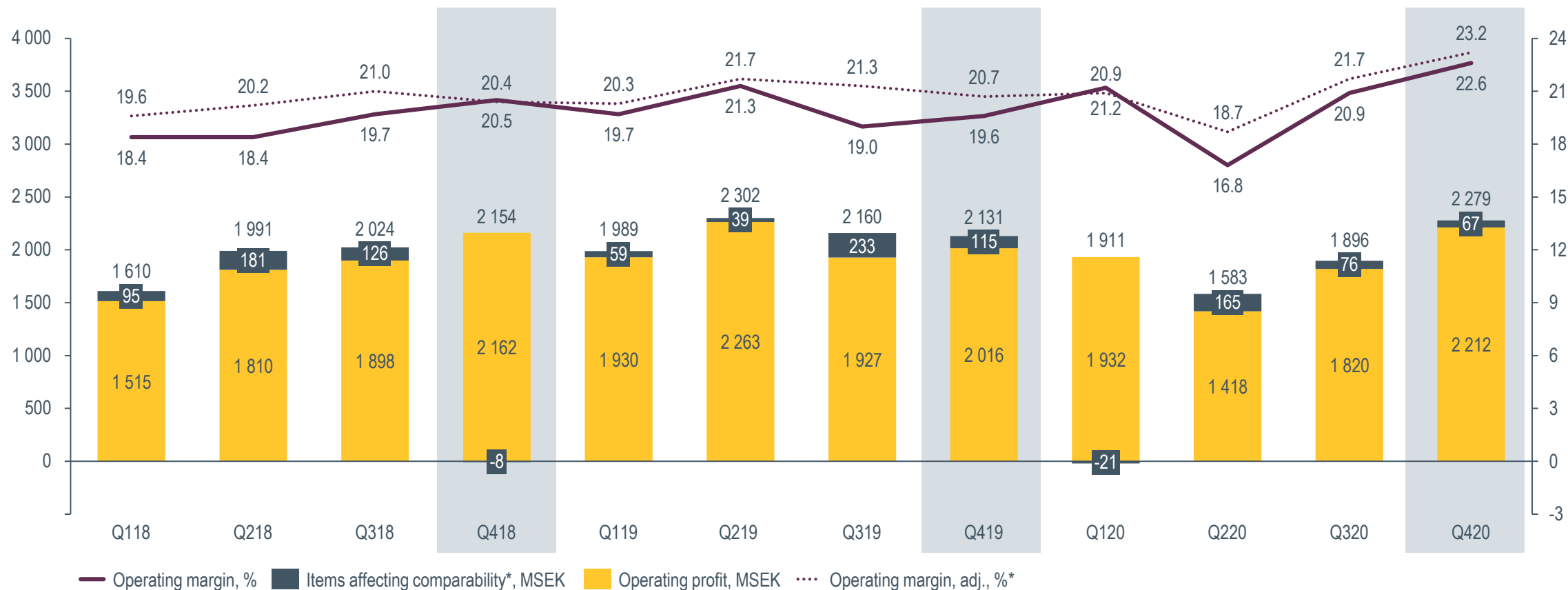
Financials



Operating profit and margin

Q4 2020

Operating profit and margin

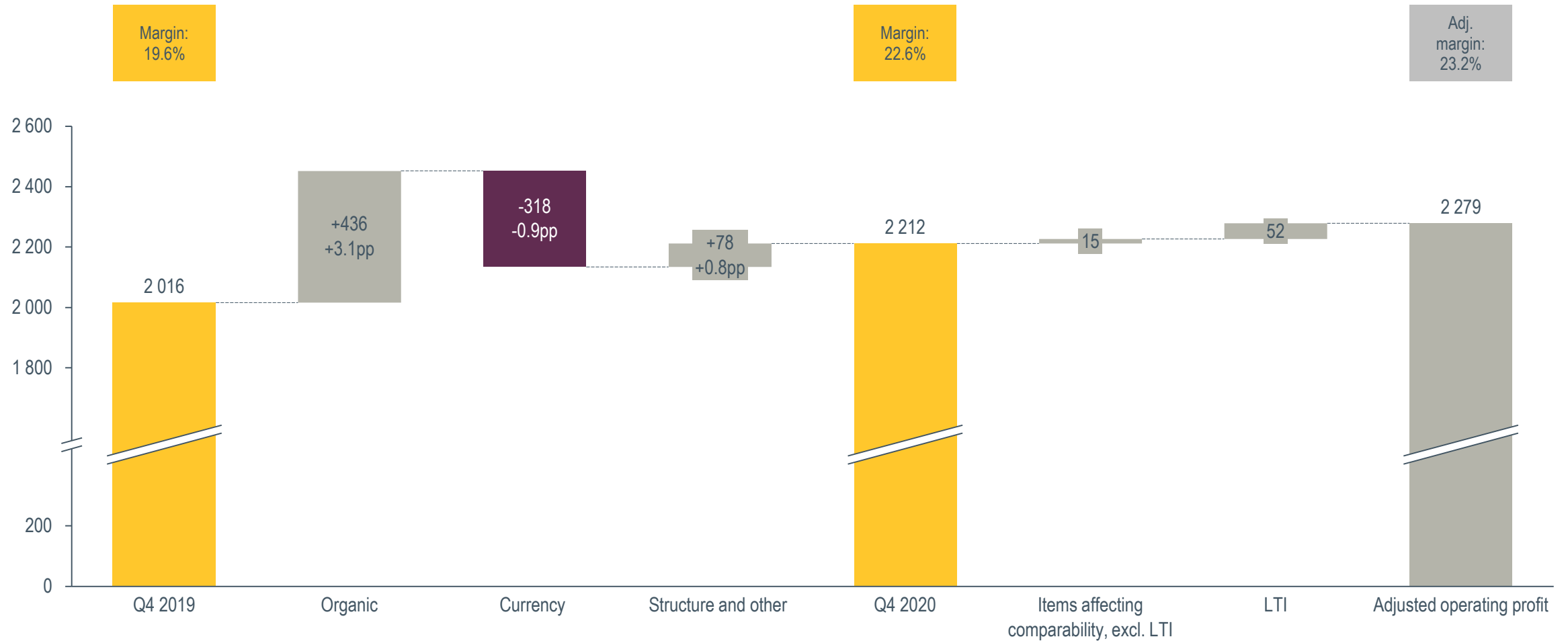


* Q1 2018-Q4 2018 includes costs related to the split from Atlas Copco.

* Q4 2020 includes items affecting comparability of MSEK -67. Restructuring costs of MSEK -15 and change in provision for long-term incentive plans of MSEK -52. All details can be found in the quarterly report.

Epiroc Group – Profit bridge

Q4 2020



Structure and other includes operating profit/loss from acquisitions and divestments, items affecting comparability, one-time items, and change in provision for share-based long-term incentive programs.

Items affecting comparability includes change in provision for long-term incentive programs MSEK 52 and restructuring costs of MSEK 15.

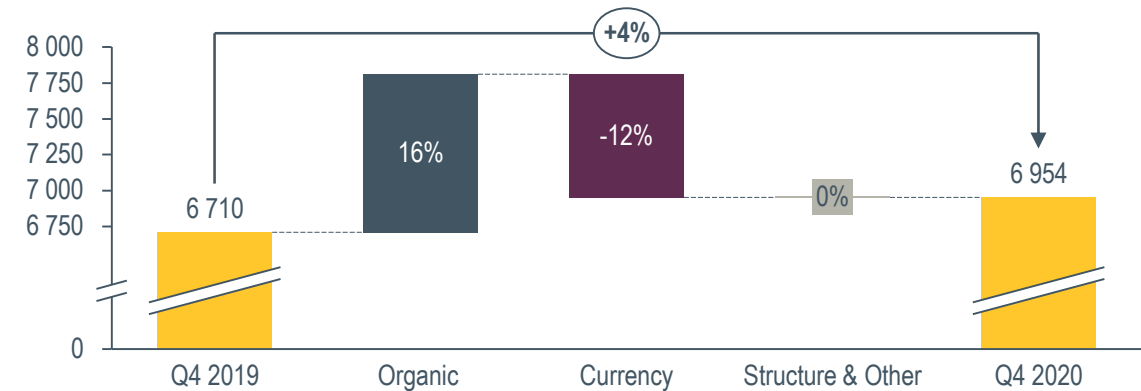
Segment: Equipment & Service



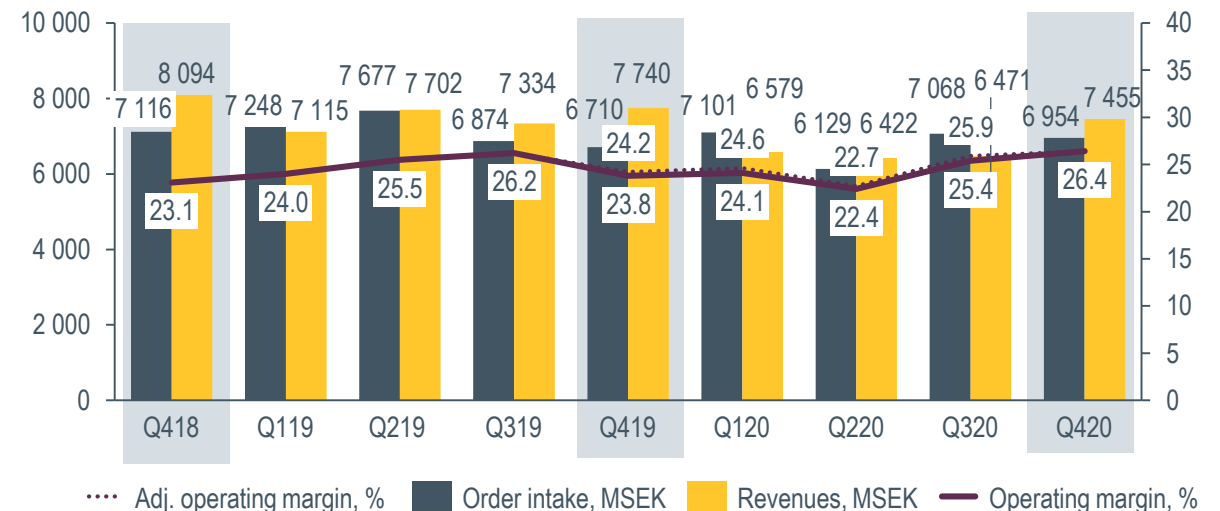
Q4 2020

- Orders received up 16% organic
 - Equipment +26% and Service +9%
- Revenues up 7% organic
 - Equipment flat and Service +13%
- Operating profit up 7% to MSEK 1 966 (1 844)
 - Operating margin 26.4% (23.8)
 - Positive impact from growth, efficiency actions and mix, negative impact from currency

Orders received, MSEK and change, %



Orders received, revenues and operating margin



As from Q2 2020, the Epiroc IT-function is included in the segment E&S instead of in common group functions. Figures for 2019 have been restated and are not material.

Equipment & Service – Profit bridge

Q4 2020

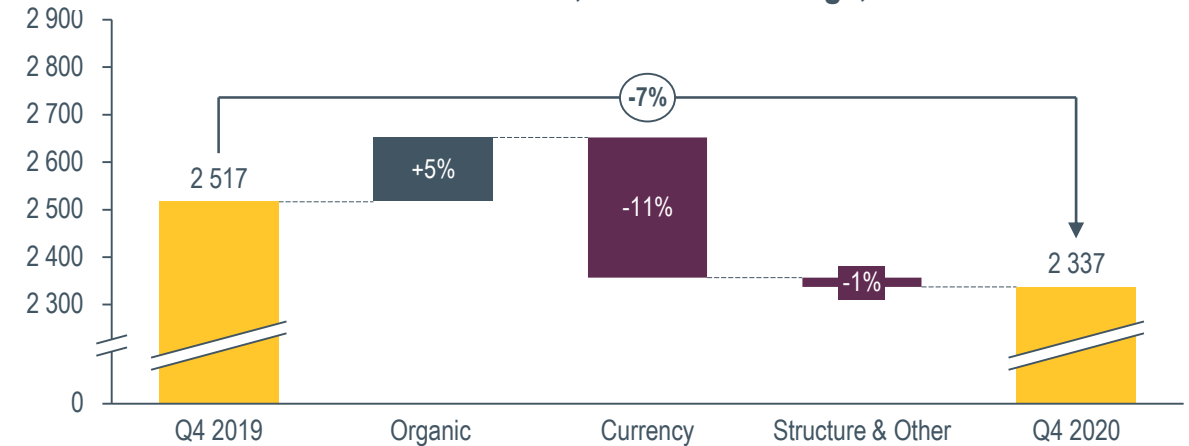


Segment: Tools & Attachments

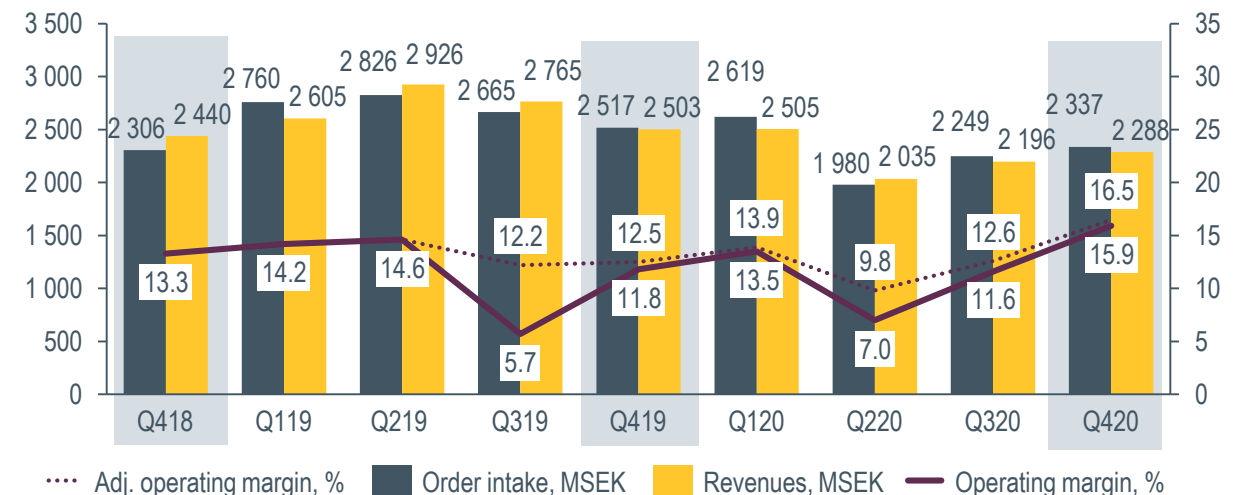
Q4 2020

- Orders received up 5% organic
 - Orders for both hydraulic attachments and rock drilling tools increased
 - Strong growth in Europe
- Revenues up 3% organic
- Operating profit up 23% to MSEK 363 (295)
 - Successful actions but negative currency
 - Reported margin of 15.9% (11.8)
 - Adjusted margin 16.5% (12.5)
 - Restructuring costs of MSEK -15 (-17)

Orders received, MSEK and change, %

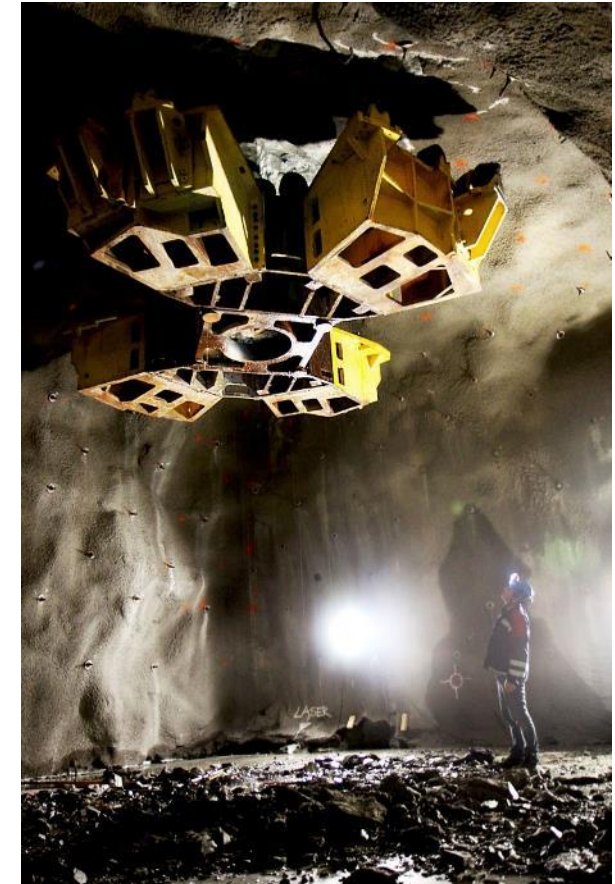
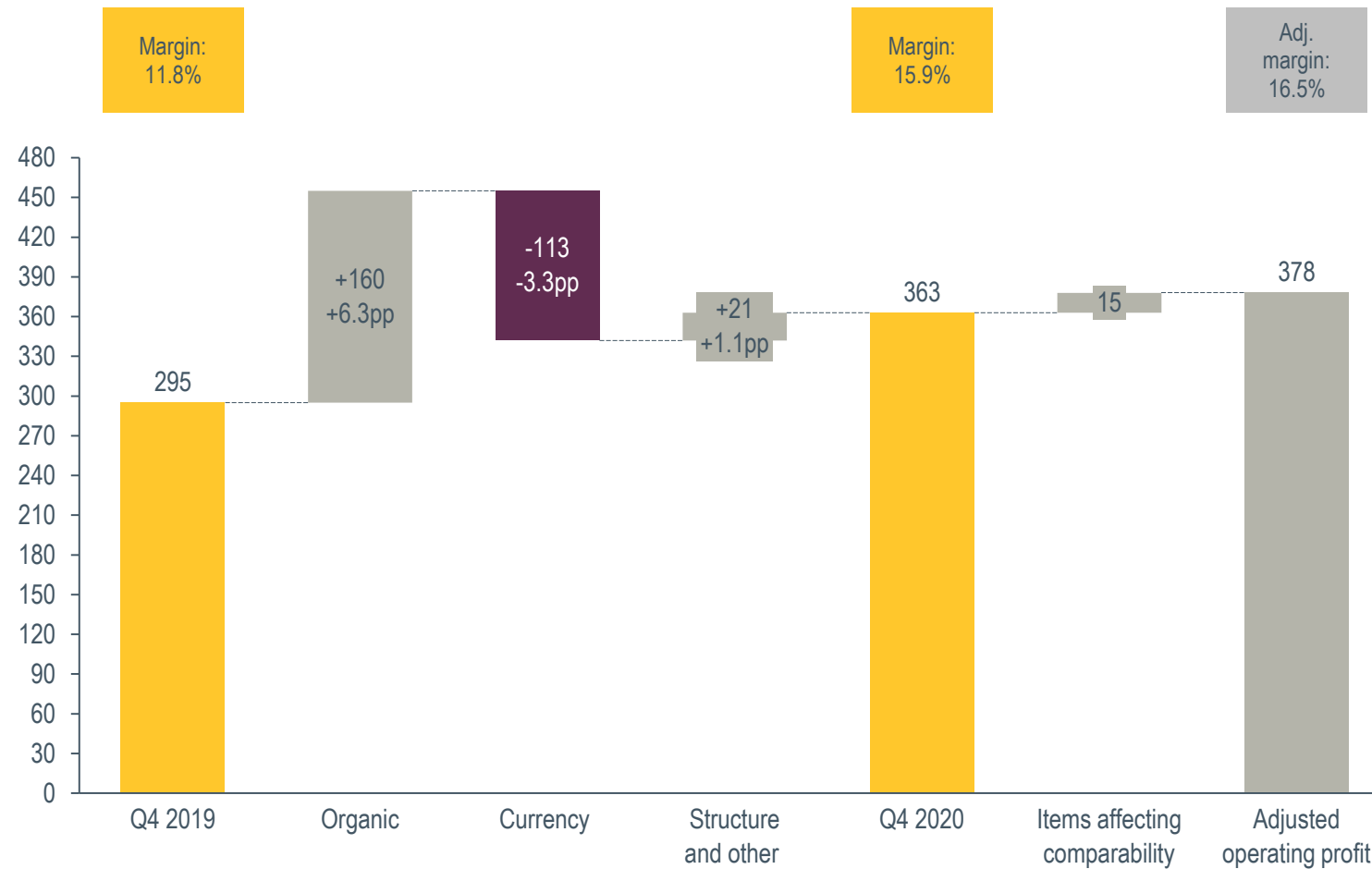


Orders received, revenues and operating margin



Tools & Attachments – Profit bridge

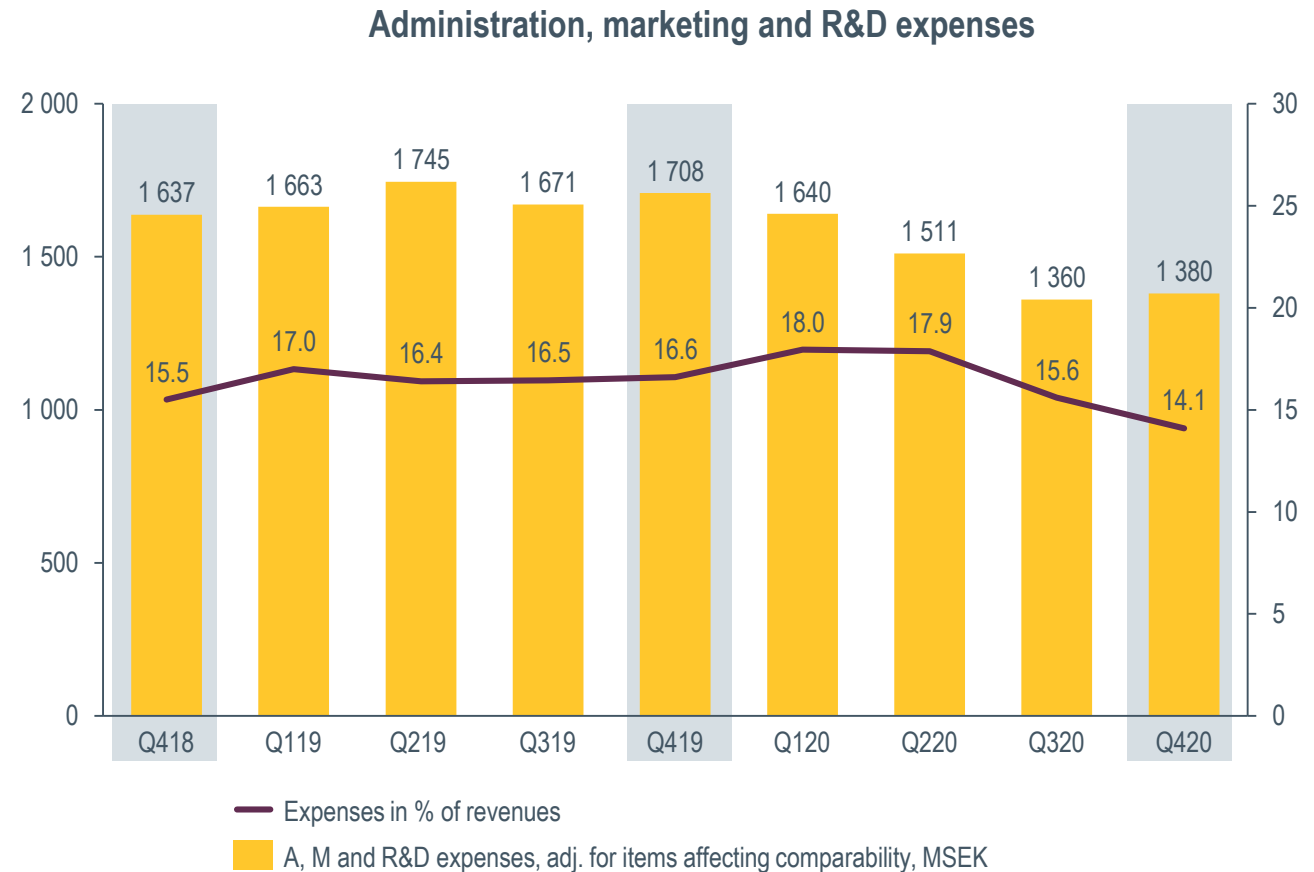
Q4 2020



Costs, net financials and tax

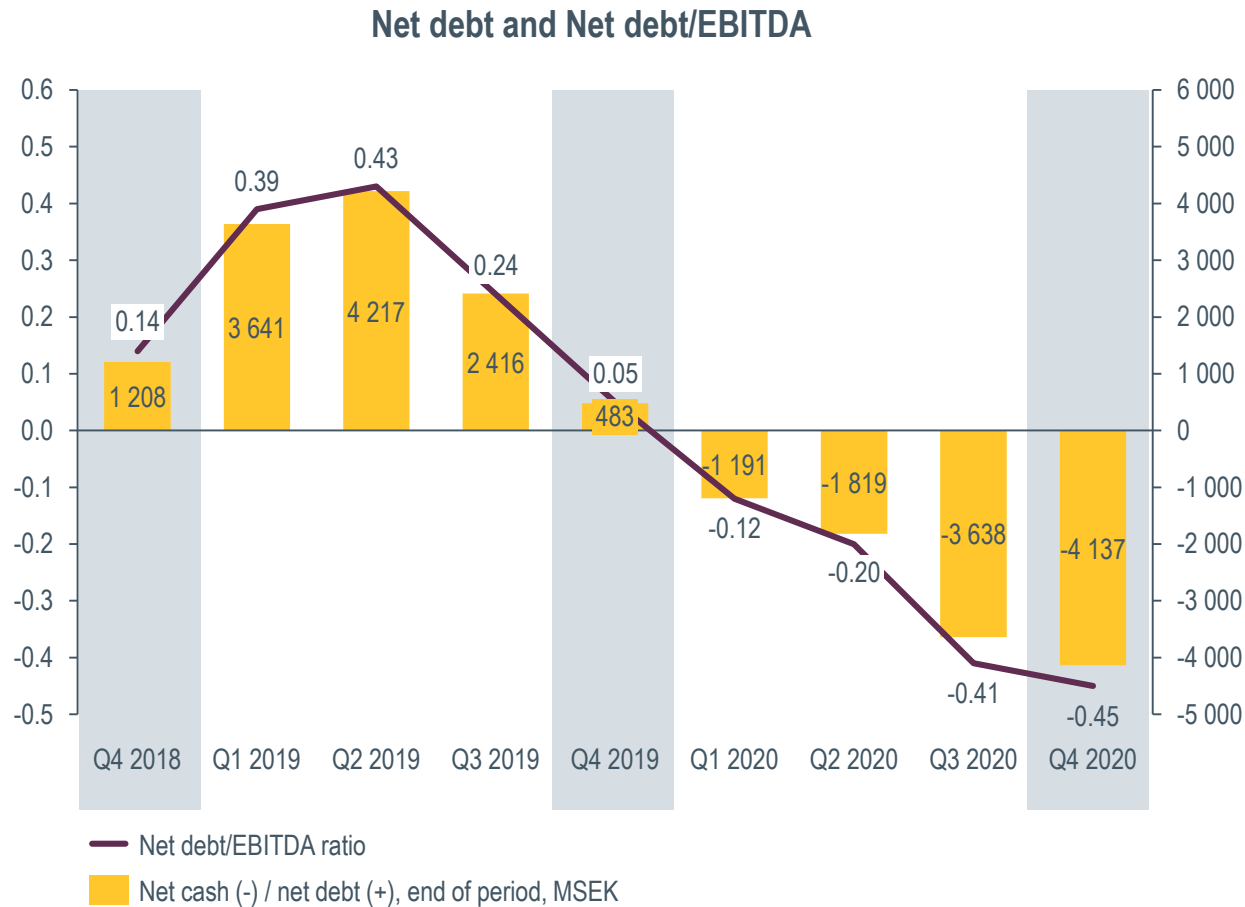
Q4 2020

- Lower costs
 - Full effect from savings program (MSEK +500 p.a.)
 - Successful adjustment to the situation
 - Short-term actions maintained
- Net financial items MSEK -122 (-94)
 - Interest net MSEK -29 (-35)
- Tax expense MSEK -453 (-433)
 - Effective tax rate 21.7% (22.5)
 - Guidance: below 25%



Capital structure

Q4 2020

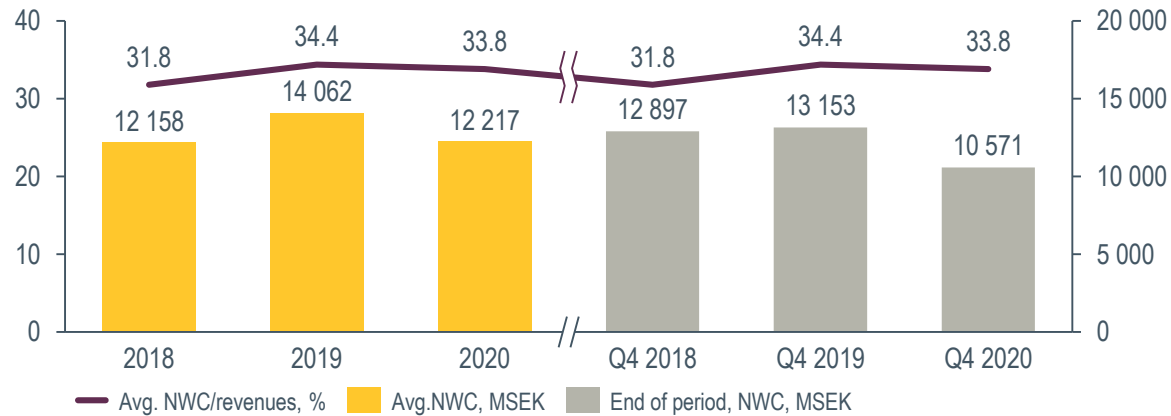


- Strong financial position
 - Net cash MSEK 4 137 (net debt 483)
- Net debt/EBITDA ratio at -0.45 (0.05)
- Proposed distribution to shareholders of SEK 5.50 per share:
 - A dividend of SEK 2.50 (2.40) per share
 - A distribution of SEK 3.00 per share through mandatory redemption

Capital efficiency

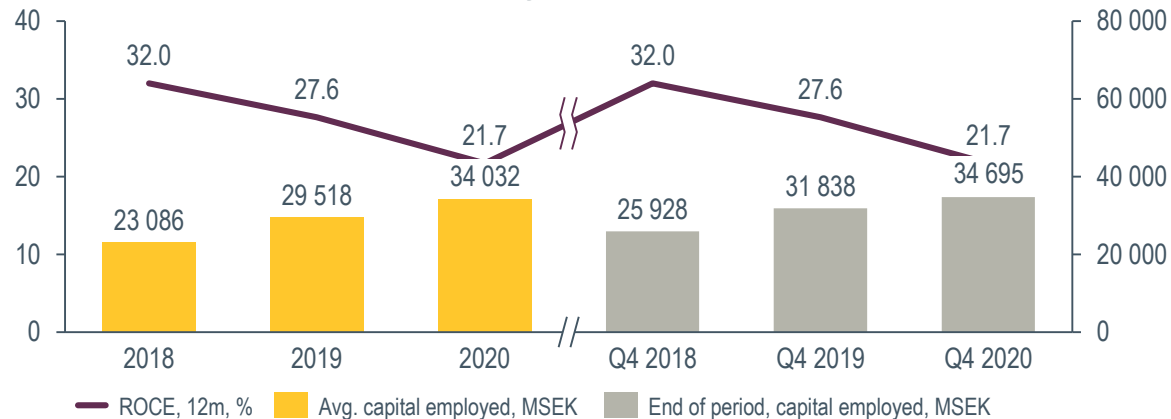
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Net working capital



- Net working capital was MSEK 10 571 (13 153)
 - Down 20%, of which 13% currency

Capital employed and ROCE



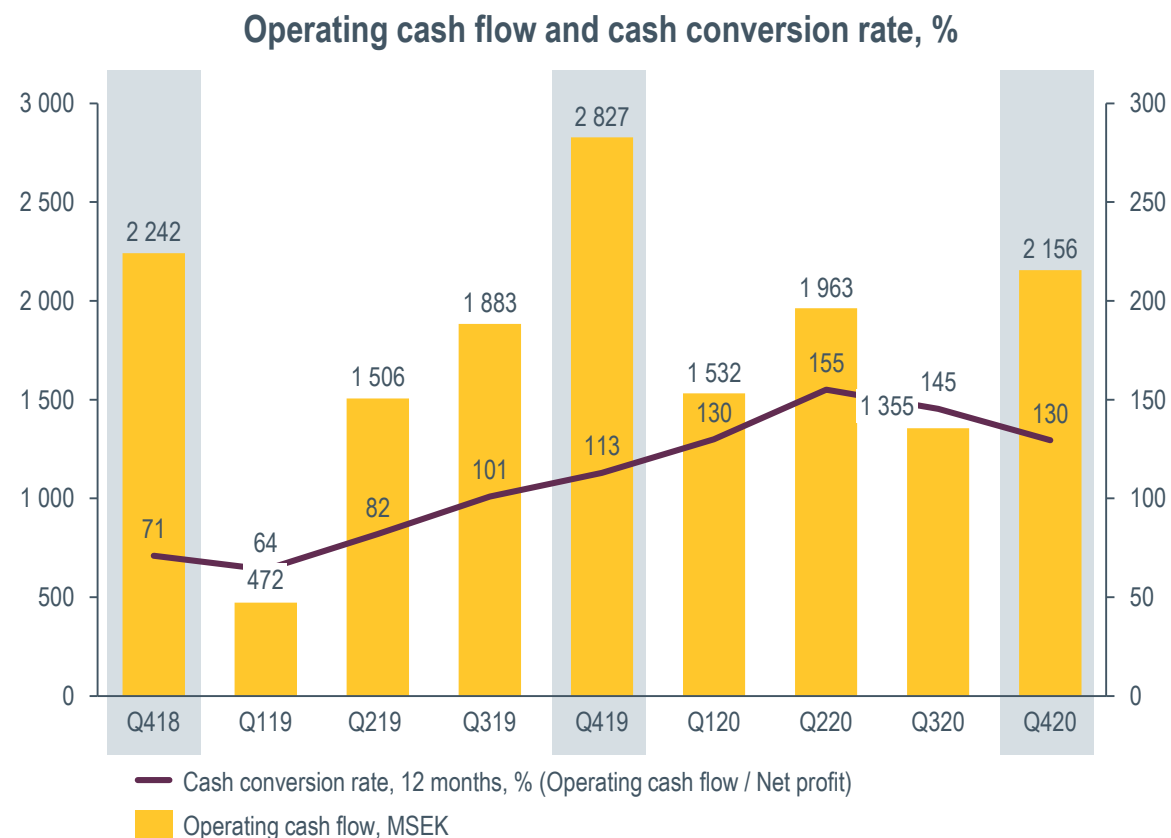
- ROCE at 21.7% (27.6)
 - Increased capital employed mainly due to accumulation of cash

Solid operating cash flow

Q4 2020



MSEK	Q4 2020	Q4 2019
Operating profit	2 212	2 016
Depreciation, amortization and impairment	439	482
Capital gain/loss and other non-cash items	13	-28
	2 664	2 470
Net financial items received/paid	-439	-25
Taxes paid	-527	-257
Change in working capital	687	1 062
Investments, incl. rental equipment*	-229	-302
Pension funding and other**	0	121
Operating cash flow	2 156	2 827
Acquisitions and divestments	-1	10



* 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.

Financial goals for value creation

Goals	Description		2015 – 2020	2020
Revenue growth	Annual revenue growth of 8% over a business cycle and to grow faster than the market.	Compound annual growth rate	5%	-12%
Margin	Industry-best operating margin, with strong resilience over the cycle.	Average operating margin	18.9%	20.4%*
Capital efficiency	Improve capital efficiency and resilience. Investments and acquisitions shall create value.	Average ROCE	25.4%	21.7%
Capital structure	Have an efficient capital structure and have the flexibility to make selective acquisitions. The goal is to maintain an investment grade rating.	Rating BBB+		
Dividend	Provide long-term stable and rising dividends to its shareholders. The dividend should correspond to 50% of net profit over the cycle.	The proposed dividend for 2020 corresponds to 56%** of net profit		

* Operating margin as reported, including change in provision for share-based long-term incentive programs and restructuring costs. (Adj. margin in 2020 was 21.2%)

** As proposed by the Board (SEK 2.50 per share). In addition, the Board proposes an additional distribution of SEK 3.00. See the quarterly report for more information.

Organic order growth in all businesses

Q4 summary

Order growth in all businesses

Improved profitability and record margin

Solid cash flow

Technology leadership with high demand for automation, digitalization and electrification solutions

Agreement to acquire MineRP

Engaged employees and improved sustainability results

Board proposes a distribution of SEK 5.50 per share



“We expect that the demand, both for equipment and aftermarket, will remain stable in the near term.

Uncertainty, however, still remains regarding the Covid-19 development and any further related restrictions.”



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.

epiroc.com





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