

Q1

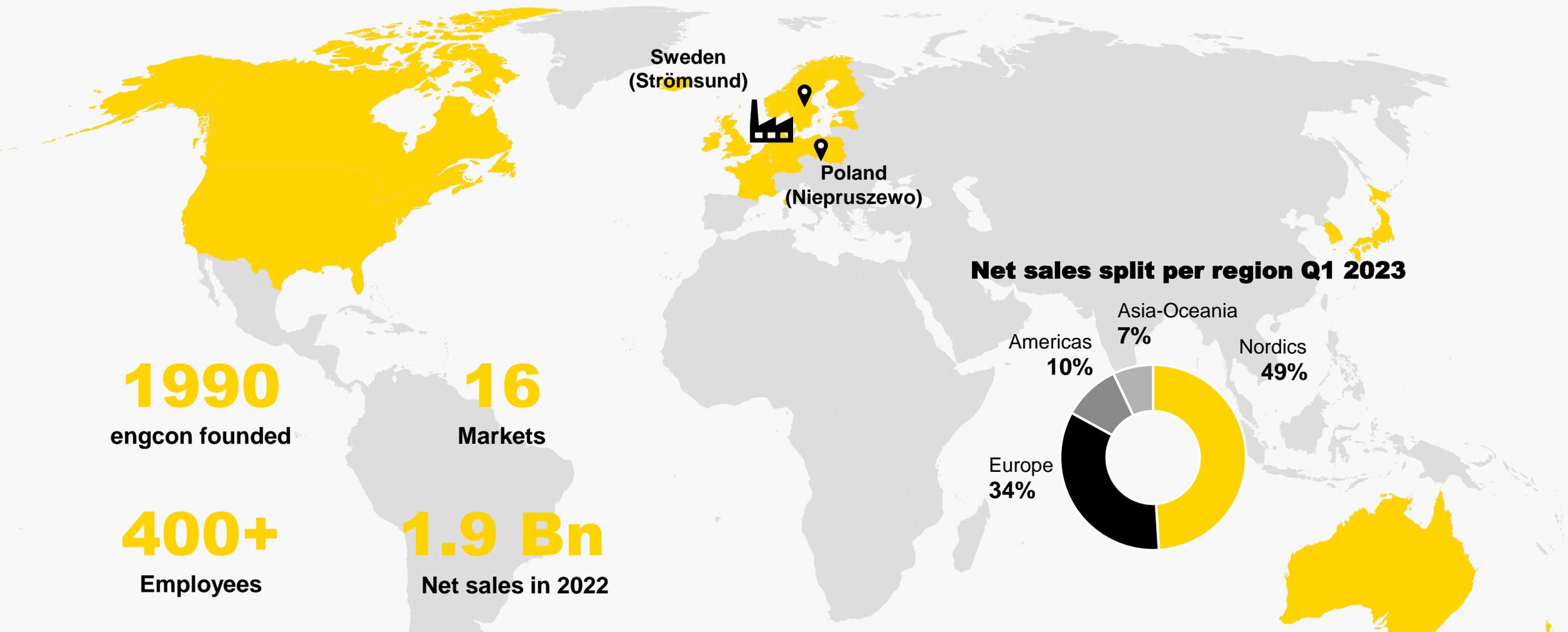
FIRST QUARTER 2023

Krister Blomgren, CEO and Jens Blom, CFO

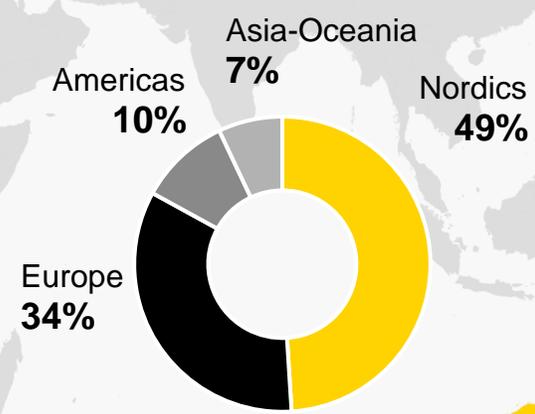
28 April 2023

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ENGCON – GLOBAL MARKET LEADER IN TILTROTATORS



Net sales split per region Q1 2023



1990
engcon founded

16
Markets

400+
Employees

1.9 Bn
Net sales in 2022

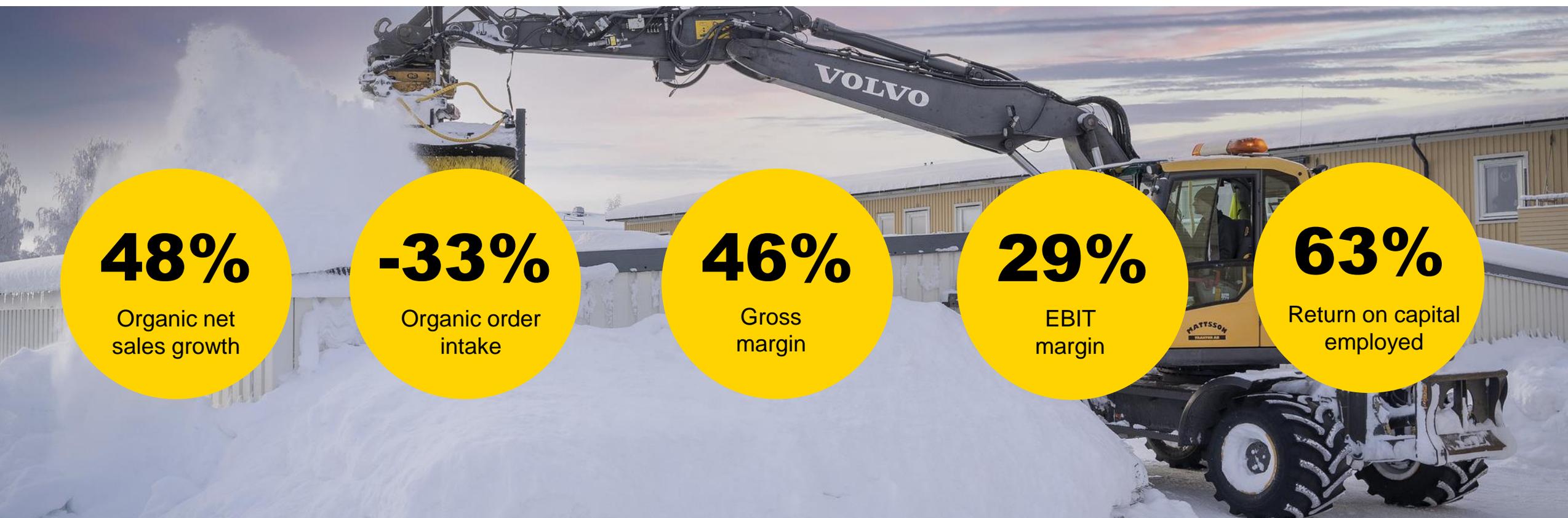
Q1 BUSINESS HIGHLIGHTS

- Record net sales with strong contribution from all regions and record high profitability.
- Improved production capacity with a strong orderbook provided favorable conditions for high net sales.
- Full effect from price increases and stabilized material costs resulted in strong gross margin.
- Participation at Conexpo in Las Vegas in March.
- Macroeconomic uncertainties and shortened lead times generated pending purchasing behaviour in the Nordic and European regions.
- Commitment to Science Based Targets initiative (SBTi).



Q1 FIGURES IN BRIEF

Record high net sales and profitability



48%

Organic net sales growth

-33%

Organic order intake

46%

Gross margin

29%

EBIT margin

63%

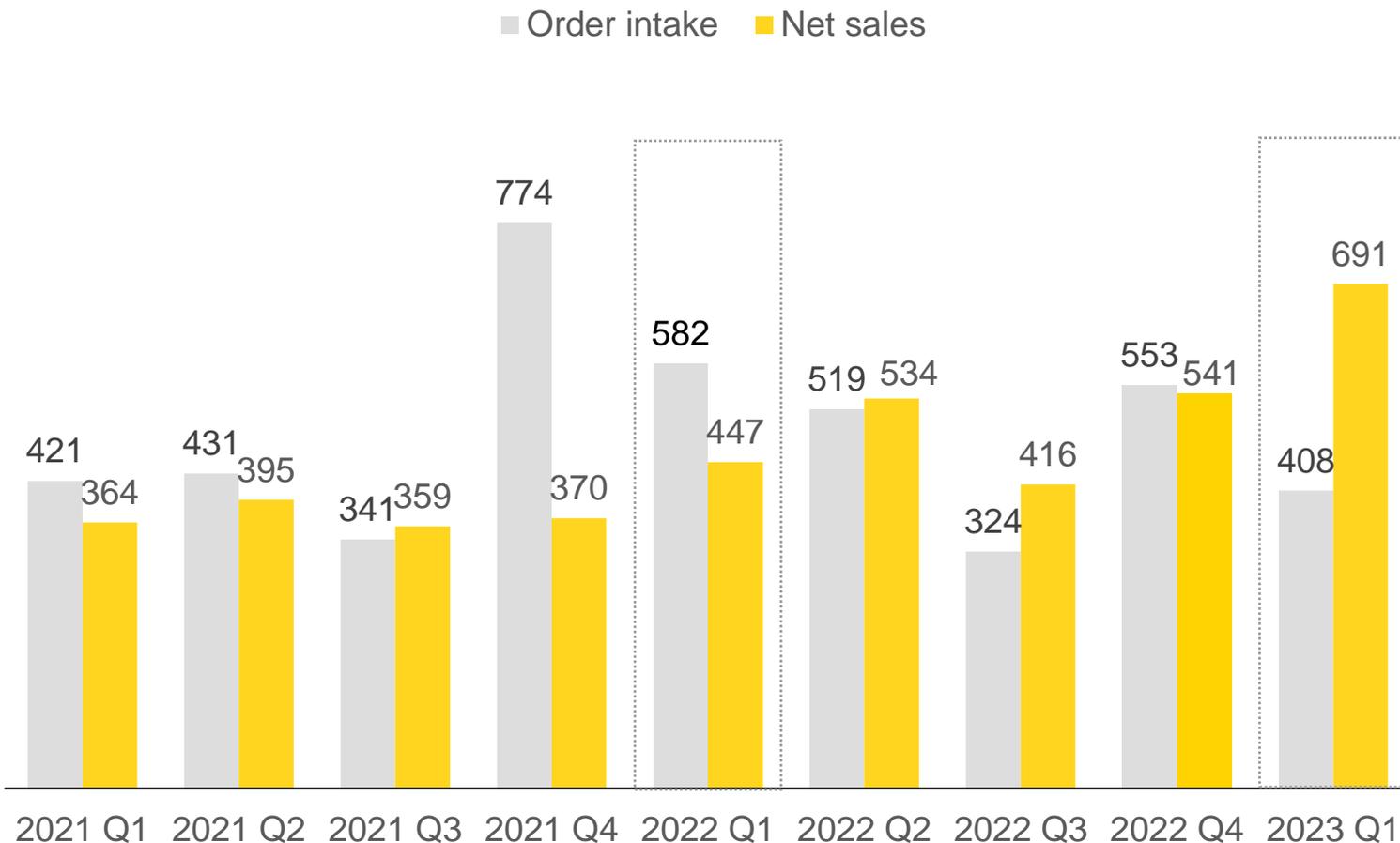
Return on capital employed



BUSINESS AND FINANCIAL DEVELOPMENT

RECORD HIGH NET SALES IN Q1

Order intake and net sales development per quarter, MSEK

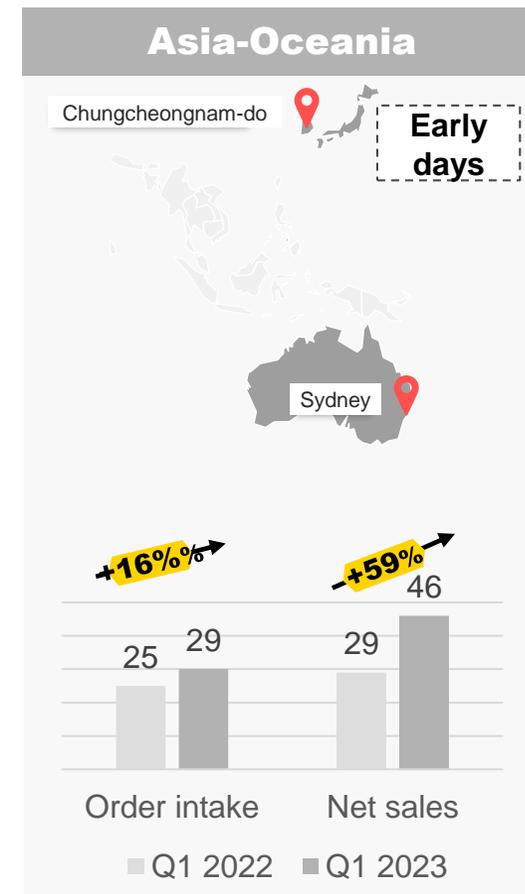
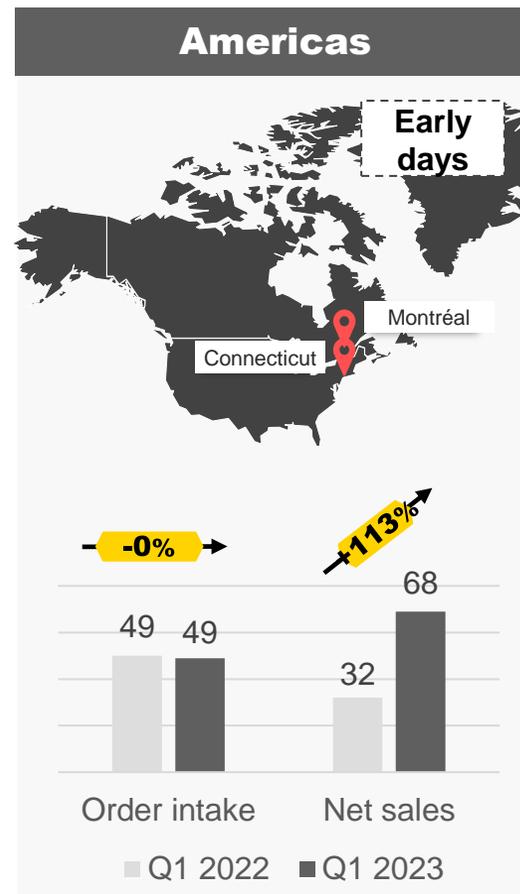
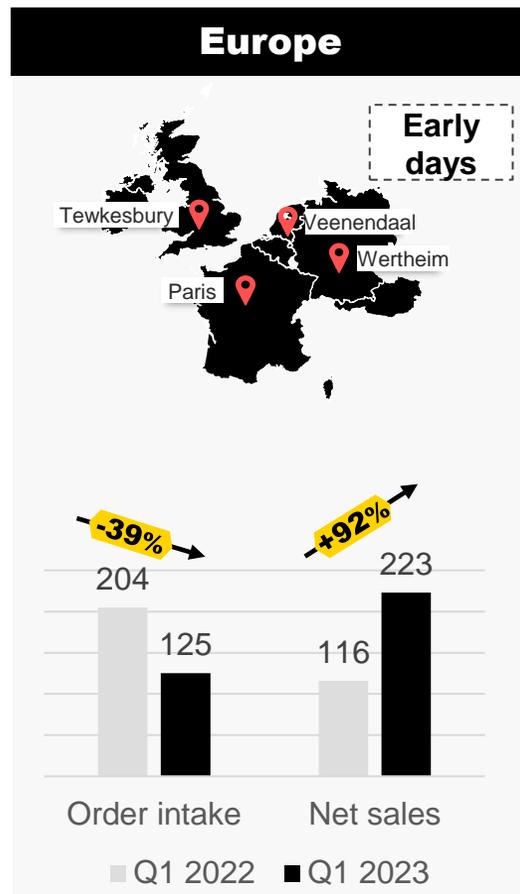
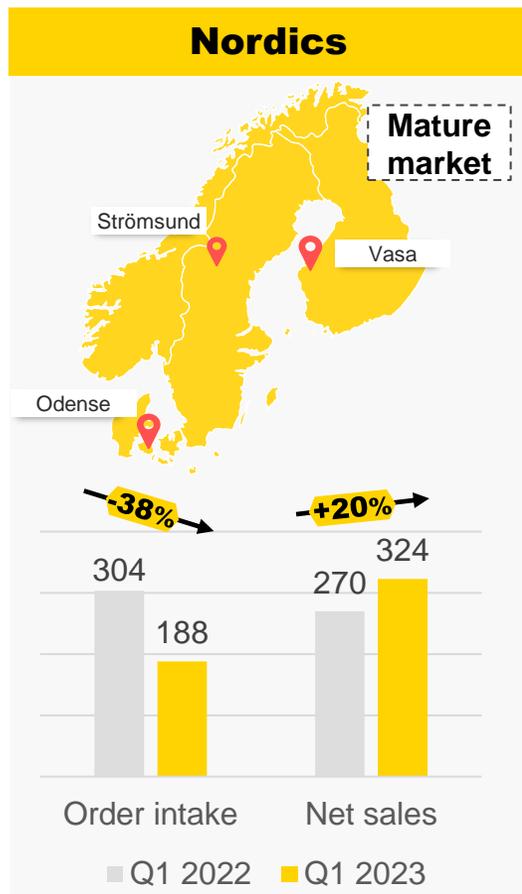


Key comments

- Net sales increased 55%, organic 48%, currency effect of 30 MSEK.
- Order intake decreased -30%, organic -33%, currency effect of 17 MSEK.
- Record high net sales.
- Macroeconomic uncertainties and shorter lead times generates pending purchasing behavior.
- Orderbook is returning to levels reflecting normal lead times.

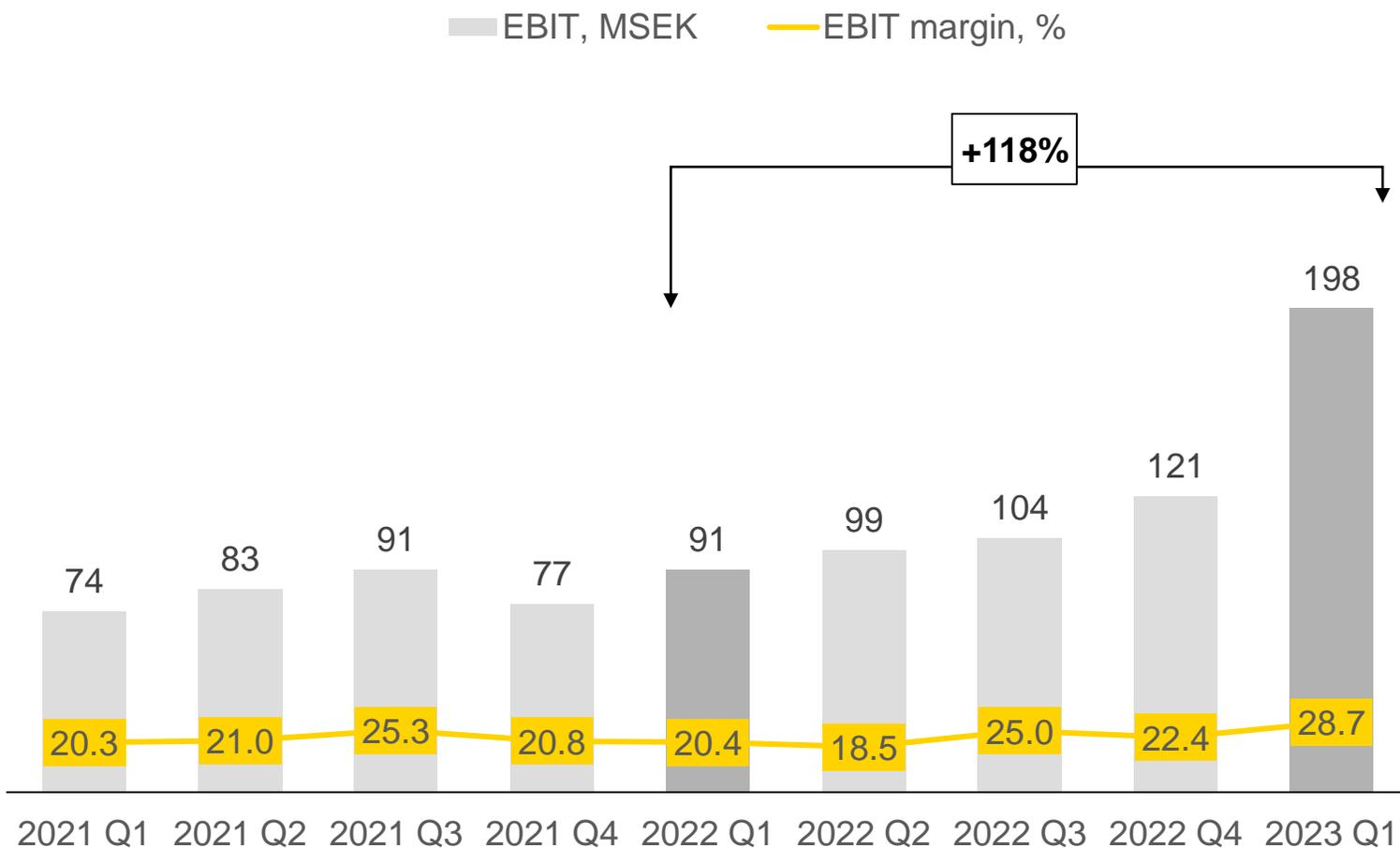
STRONG NET SALES GROWTH IN ALL REGIONS

Organic order intake and net sales per geographic region, MSEK



STRONG EBIT FROM RECORD NET SALES

EBIT and EBIT margin per quarter



Key comments

- Record high EBIT, improved by 118% to 198 (91) MSEK.
- EBIT margin of 28.7% (20.4%).
- Record high results driven by high net sales and price increases combined with less disruptions in the supply chain.

OVERVIEW OF COSTS AND EBIT

MSEK	2023 Q1	2022 Q1	2023 R12	2022 FY
Net sales	691	447	2,182	1,938
COGS	-376	-267	-1,214	-1,105
<i>Gross margin</i>	45.6%	40.3%	44.4%	43.0%
Selling expenses	-76	-54	-255	-235
<i>% of net sales</i>	-11.0%	-12.1%	-11.7%	-12.1%
Administrative expenses	-32	-31	-151	-150
<i>% of net sales</i>	-4.6%	-6.9%	-6.9%	-7.7%
R&D expenses	-8	-6	-30	-28
<i>% of net sales</i>	-1.2%	-1.3%	-1.4%	-1.4%
Fair value of derivatives	4	0	-4	-7
<i>% of net sales</i>	0.6%	0.0%	-0.2%	-0.4%
Other operating income and expenses	-5	2	-6	2
<i>% of net sales</i>	-0.7%	0.4%	-0.3%	0.1%
EBIT	198	91	522	415
<i>EBIT margin</i>	28.7%	20.4%	24.0%	21.4%
EBIT pre-IPO	198	96	534	432
<i>EBIT margin pre-IPO</i>	28.7%	21.5%	24.5%	22.3%

Key comments

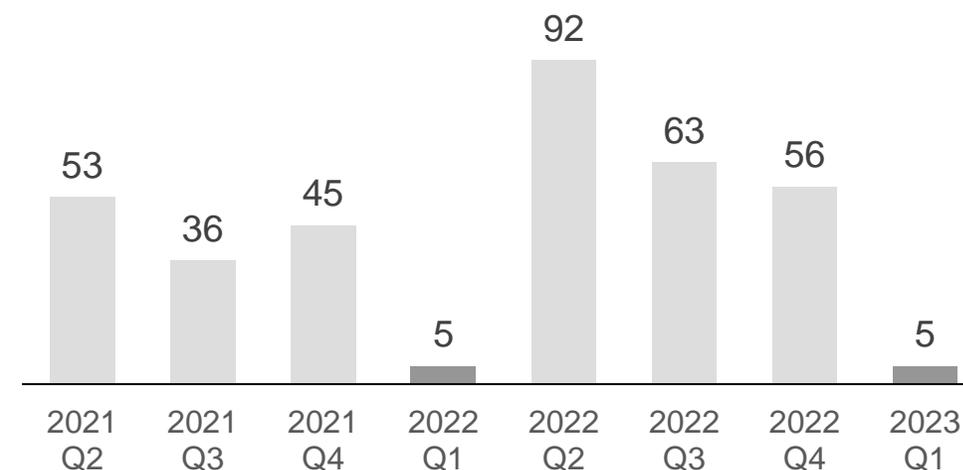
- Strong gross margin of 45.6% (40.3%) and 44.4% in R12.
- Price increases reached full effect in Q1.
- Shorter lead times resulted in high net sales.
- Strategic expansion of sales organization in growth markets.
- R&D expenses 8 (6) MSEK including activated cost of 16 MSEK.
- Expenses for Group Business System (ERP): 9 (4) MSEK.

STABLE CASH FLOW

Cash flow and net working capital overview, MSEK

MSEK	2023 Q1	2022 Q1	FY 2022
Cash flow before changes in working capital	107	82	449
Inventories	437	367	443
Accounts receivables	523	319	347
Other receivables	17	20	29
Accounts payables	159	163	146
Other payables	61	39	42
Net working capital	757	504	631
<i>% of net sales, 12 months</i>	34.7%	32.1%	32.6%
Cash flow from operating activities	5	5	216
Investing activities	-18	-12	-45

Operating cash flow per quarter, MSEK



Inventories/Accounts payables

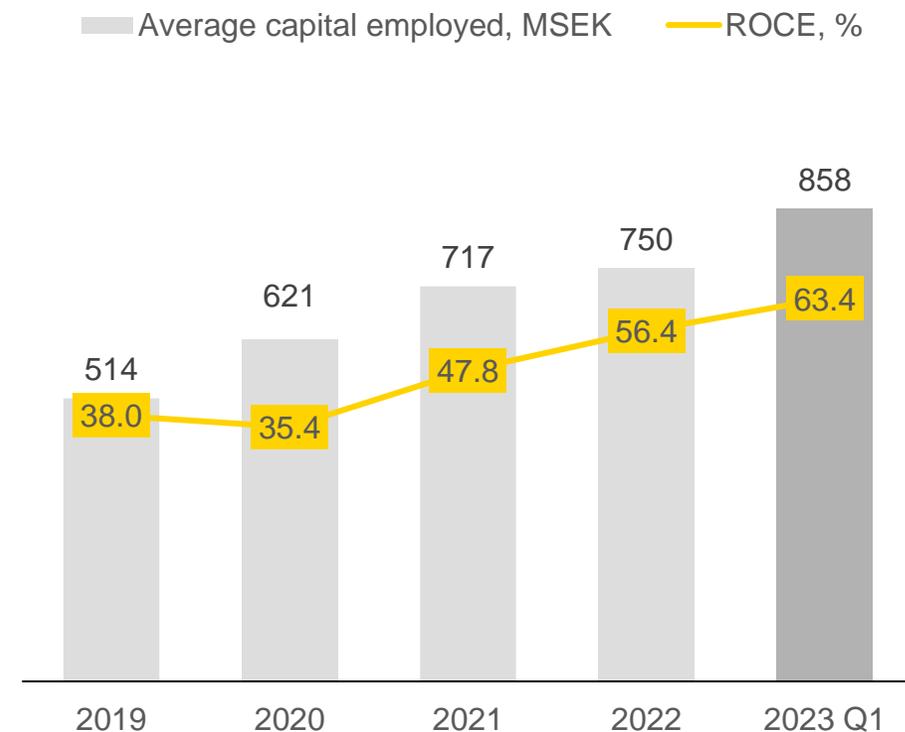
- Higher levels to secure deliveries for continued growth on geographic distant markets.
- High activity at the end of the quarter ties up more capital in accounts receivable.

RECORD HIGH ROCE LEVEL

Return on capital employed overview

MSEK	2019	2020	2021	2022	2023 Q1
EBT	192	218	341	415	191
Interest expense	3	2	2	8	7
Capital employed, beginning of period	484	543	699	735	765
Capital employed, end of period	543	699	735	765	950
Capital employed, average	514	621	717	750	858
Total assets	717	925	1,013	1,186	1,363
Non-interest-bearing liabilities	174	226	278	421	413
ROCE	38.0%	35.4%	47.8%	56.4%	63.4%

Average capital employed and ROCE



PERFORMANCE EXCEEDING FINANCIAL TARGETS

Growth

Exceed the growth in existing market through organic growth.

48%

Net sales organic growth

Profitability

Have an EBIT margin in excess of 20 per cent, measured over a business cycle.

29%

EBIT margin

Capital efficiency

Continue to achieve an industry-leading capital efficiency. ROCE to exceed 40 per cent, measured over a business cycle.

63%

Return on capital employed

Capital structure

Maintain a strong capital structure supporting further expansive organic growth and dividends to shareholders. Equity-to-asset ratio to be above 35 per cent.

48%

Equity-to-asset ratio



SUMMARY AND OUTLOOK

- Strong orderbook, high margins and shorter lead times enabled record high net sales and profitability.
- Less guidance from orderbook for coming quarters and higher dependence on order intake.
- Future order intake partly dependent on development of construction sector and excavator sales.
- Strong electrification trend at Conexpo.
- Capital efficient business model enable quick adaptations to changed market conditions.
- Commitment to Science Based Targets initiative (SBTi) to increase our sustainability focus further.
- engcon was awarded two prizes at the year IPO of the Year event by business magazine Affärsvärlden.

SUSTAINABILITY FOCUS DRIVEN BY INNOVATION

Environmental and safety benefits



~25% efficiency gains



~2.2 number of tools or machines that can be replaced



~6,000 litres fuel saved per year

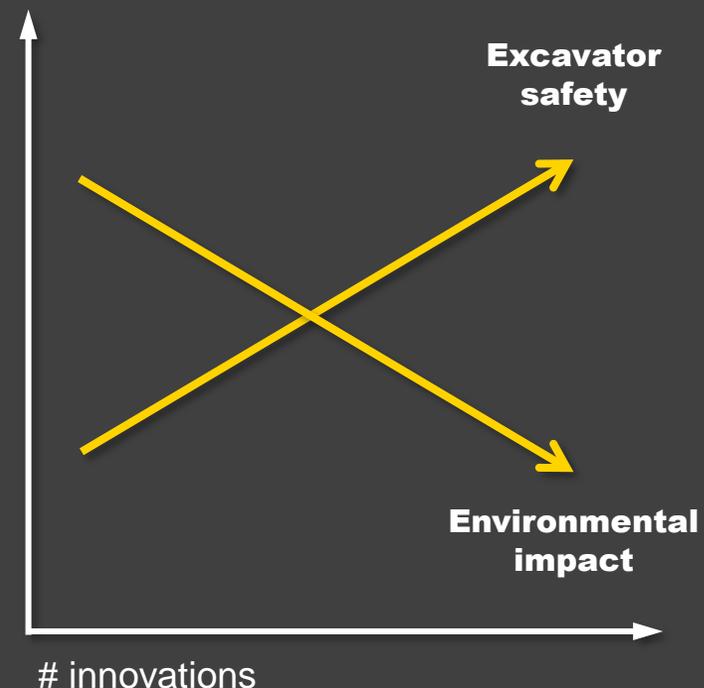


~113,000 kg CO₂ saved over excavator lifetime (7 years)



~61% owners perceive safety as main benefit

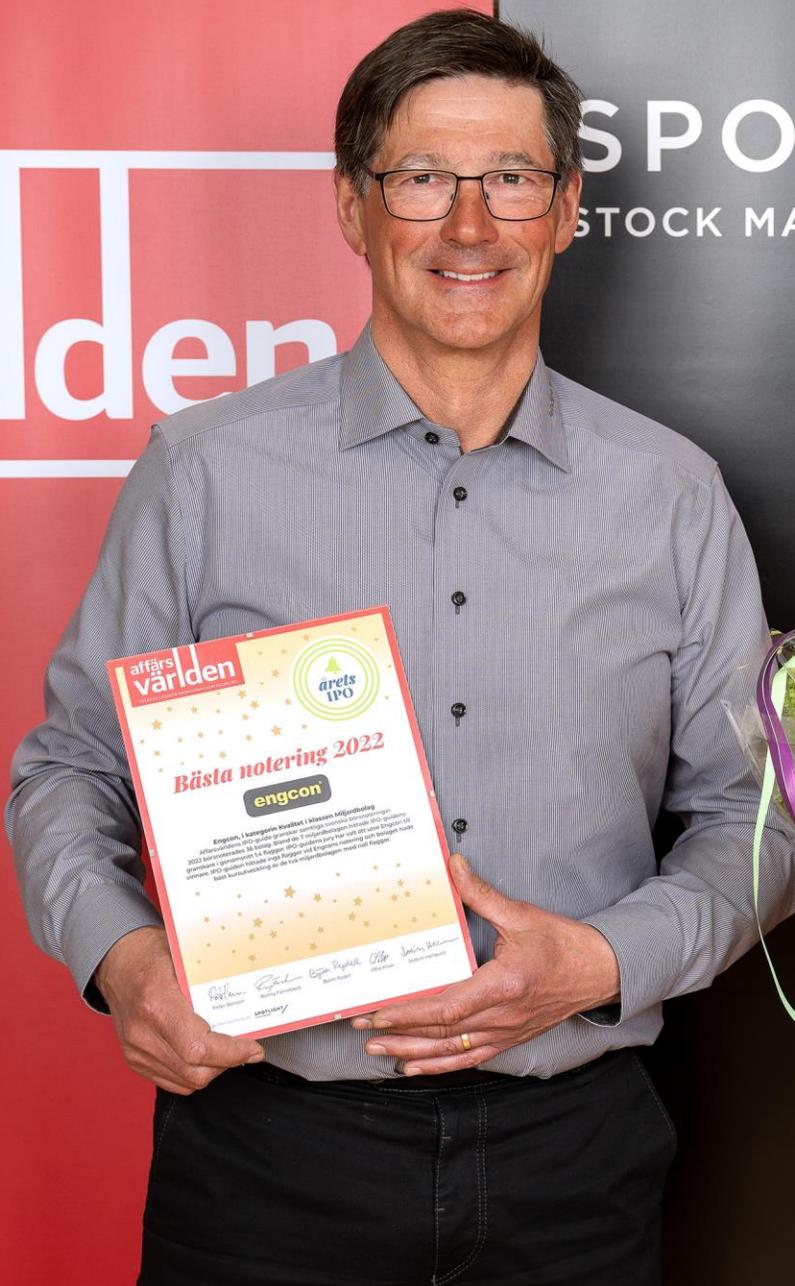
Continuous product development



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SPOTLIGHT
STOCK MARKET

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