



THIRD QUARTER 2024

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engcon[®]

PRESENTERS



CEO Krister Blomgren

Tel +46 70 529 92 65

E-mail: krister.blomgren@engcon.com



CFO Marcus Asplund

Tel +46 72 601 37 17

E-mail: marcus.asplund@engcon.com

Q3 BUSINESS HIGHLIGHTS

- Strong EBIT margin of 22% (14,1%) from high gross margin 46% (40%) and a scalable business model.
- Order intake and net sales driven by continued strong performance in Europe with organic order intake increase of 39% and organic net sales increase of 42%.
- engcon winner of the Carnegie Sustainability Award 2024 in the category of Best Newcomer.
- Stig Engström appointed Entrepreneur of the Year in Strömsund - The heart of engcon.

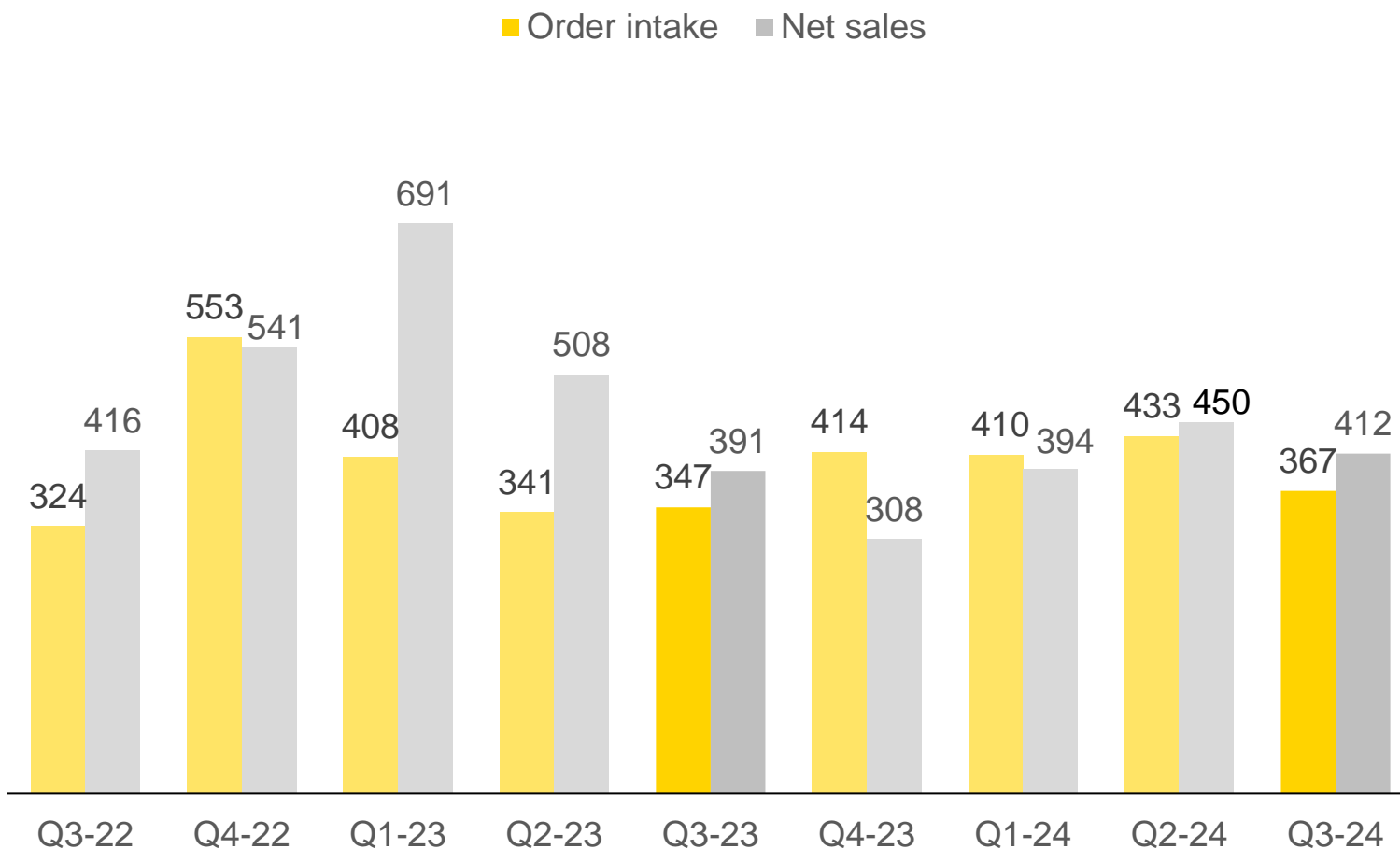


Q3 FIGURES IN BRIEF



CONTINUED STABLE DEVELOPMENT

Order intake and net sales development per quarter, MSEK



Key comments

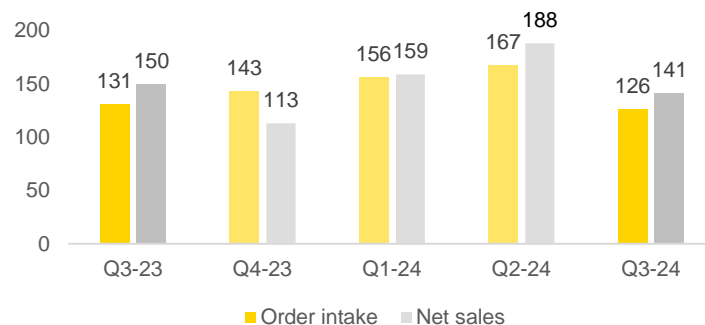
- Net sales increased 5%, organic 8%, negative currency effect of 9 MSEK.
- Order intake increased 6%, organic 8%, negative currency effect of 9 MSEK.
- Order intake increase is driven by strong development in Europe.

NORDICS

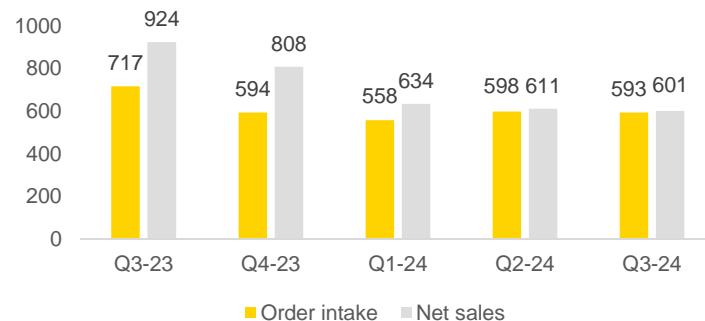
Q3 2024, Order intake and net sales, MSEK



Per quarter



R12



Key comments

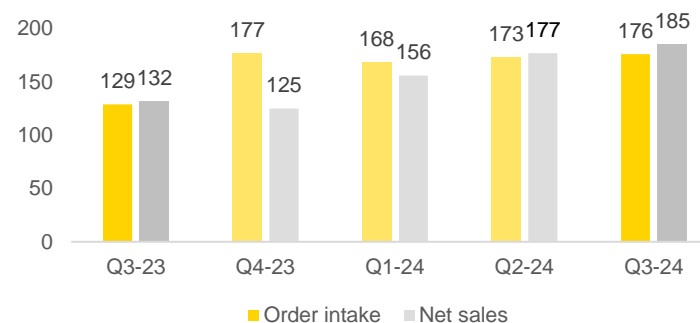
- Order intake declined organic 1%.
- Net sales decreased organic 4%.
- Soft demand continues in the third quarter.
- Further positive signals on macro-level are required for stronger recovery.

EUROPE

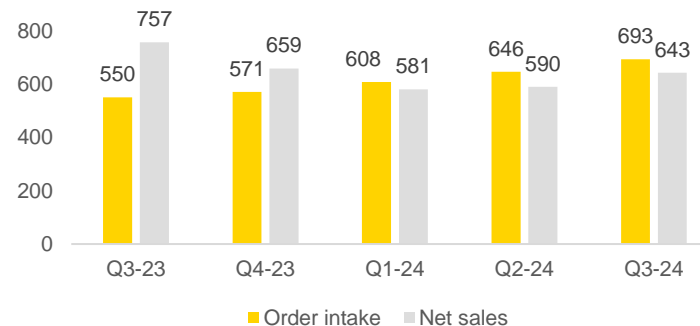
Q3 2024, Order intake and net sales, MSEK



Per quarter



R12



Key comments

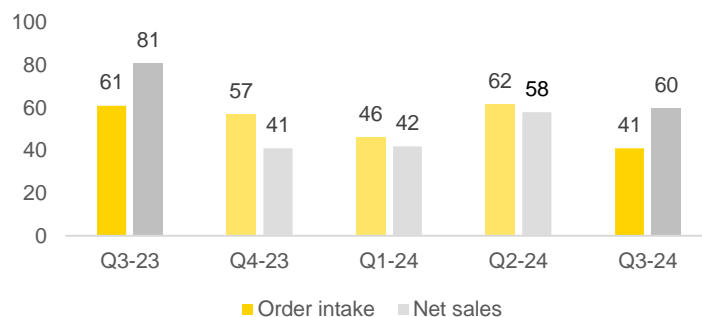
- Order intake increased organic 39%.
- Net sales increased organic 42%.
- Established organization and greater awareness of the tiltrotator concept.
- Strong contribution from partnerships in the DACH region.

AMERICAS

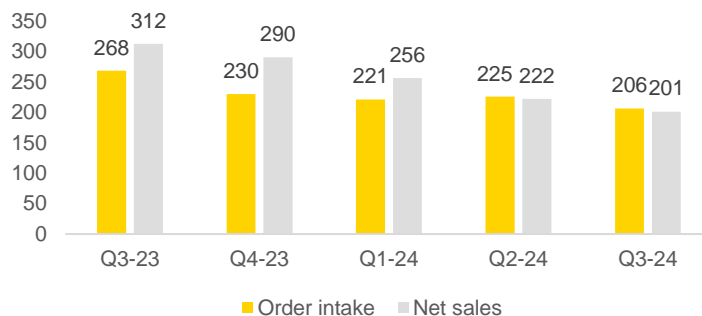
Q3 2024, Order intake and net sales, MSEK



Per quarter



R12

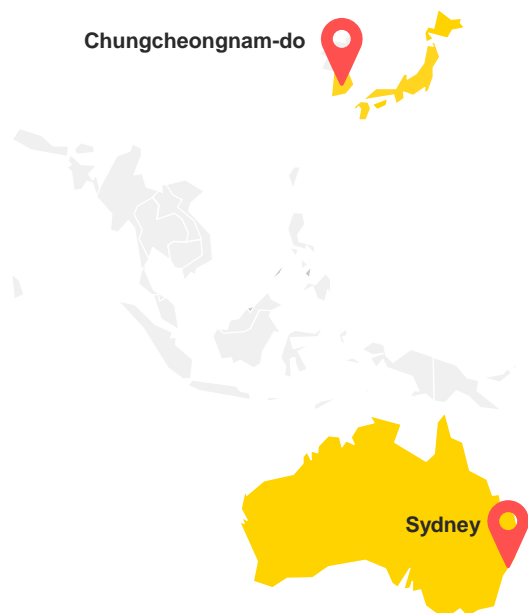


Key comments

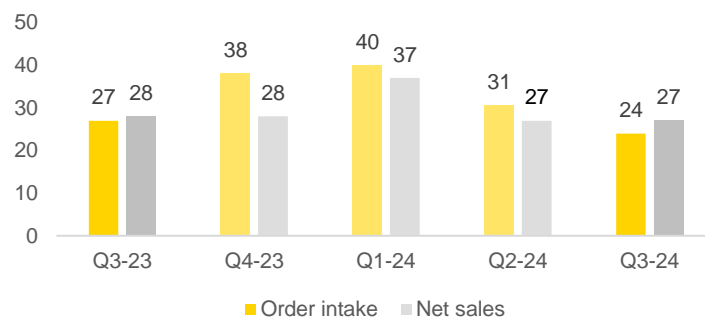
- Order intake decreased organic 29%.
- Net sales decreased organic 24%.
- High interest rates, cooler economy and uncertainties before the election dampens demand.
- Continued challenges within sales organization.

ASIA-OCEANIA

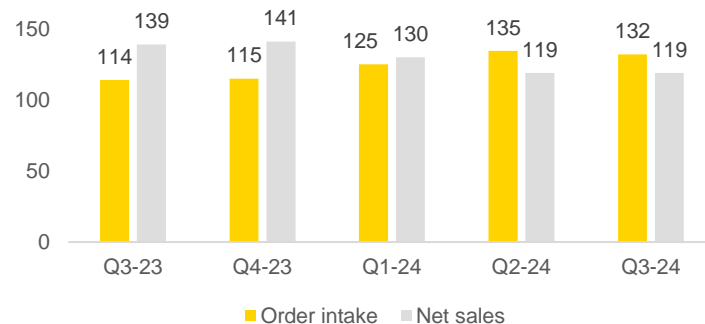
Q3 2024, Order intake and net sales, MSEK



Per quarter



R12



Key comments

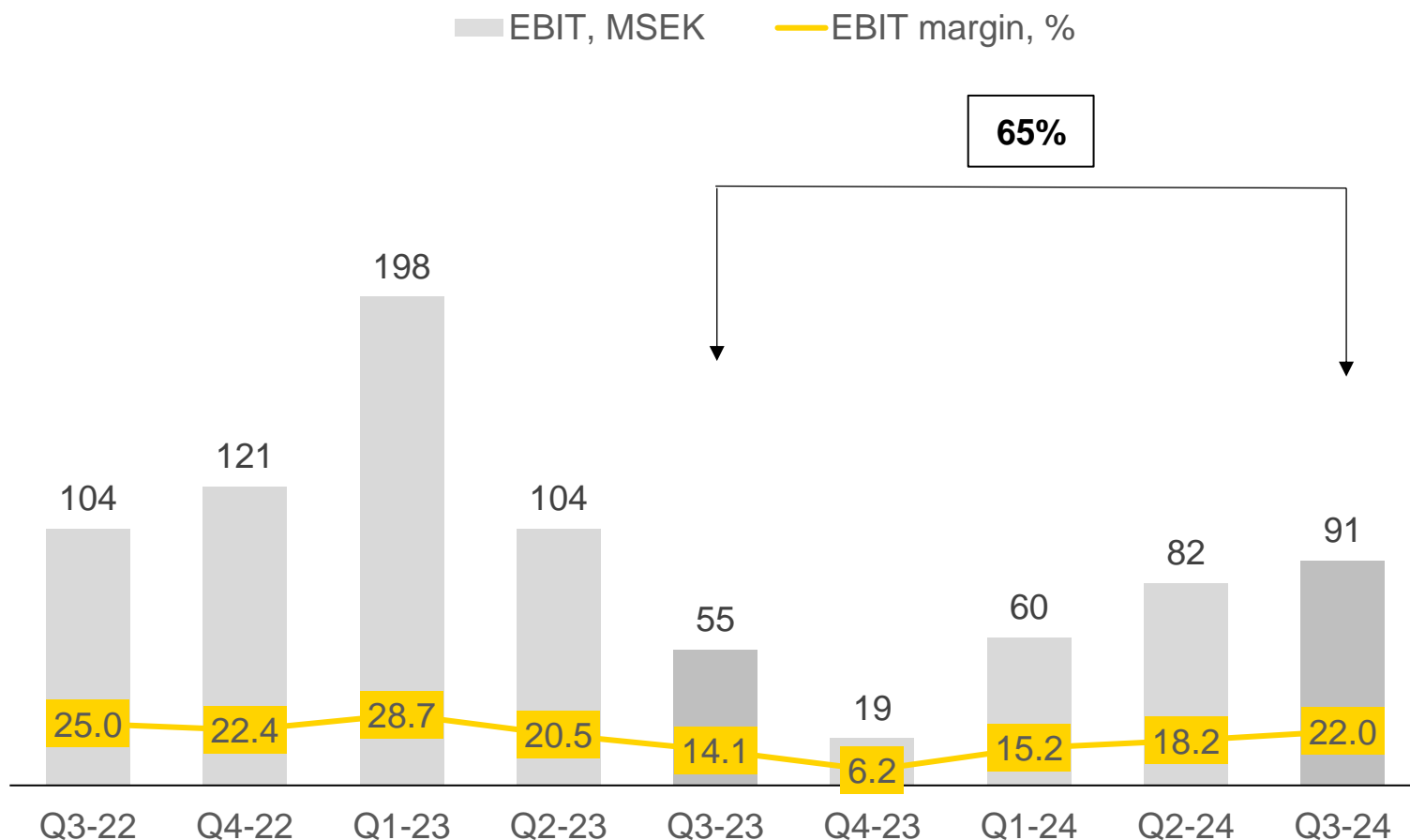
- Order intake decreased organic 6%.
- Net sales decreased organic 1%.
- Low volume in the region results in fluctuations connected to individual orders from OEM.



FINANCIAL DEVELOPMENT

EBIT MARGIN ABOVE FINANCIAL TARGET

EBIT and EBIT margin per quarter



Key comments

- EBIT increased 65% to 91 (55) MSEK.
- EBIT margin of 22.0% (14.1%).
- EBIT margin above the financial target of >20%.

OVERVIEW OF COSTS AND EBIT

MSEK	2024 Q3	2023 Q3	2024 R12	2023 FY
Net sales	412	391	1,564	1,898
COGS	-222	-234	-882	-1,096
<i>Gross margin</i>	46.1%	40.2%	43.6%	42.3%
Selling expenses	-65	-69	-264	-271
<i>% of net sales</i>	-15.8%	-17.7%	-16.9%	-14.3%
Administrative expenses	-27	-27	-121	-120
<i>% of net sales</i>	-6.6%	-6.9%	-7.8%	-6.3%
R&D expenses	-7	-10	-48	-44
<i>% of net sales</i>	-1.7%	-2.6%	-3.1%	-2.3%
Fair value of derivatives	0	4	6	18
<i>% of net sales</i>	0.0%	1.0%	0.4%	1.0%
Other operating income and expenses	-2	0	-4	-9
<i>% of net sales</i>	-0.1%	0.0%	-0.3%	-0.5%
EBIT	91	55	251	376
<i>EBIT margin</i>	22.0%	14.1%	16.1%	19.8%

Key comments

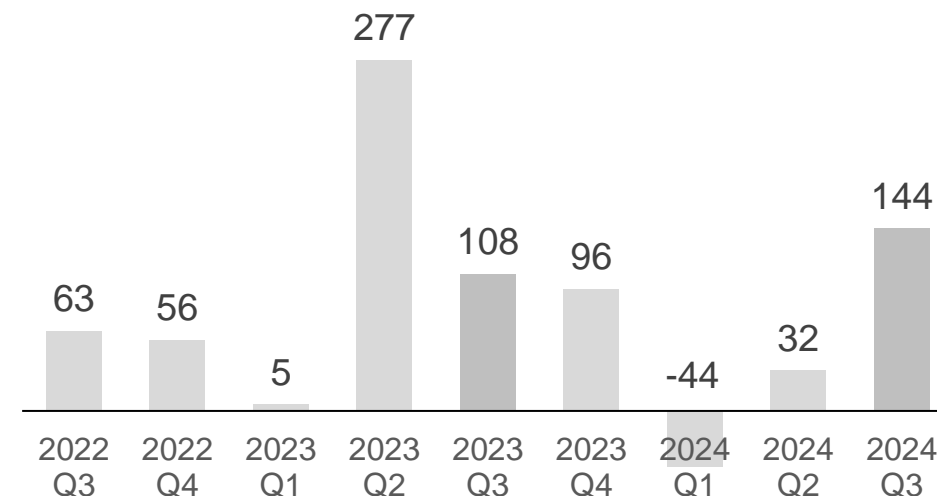
- EBIT margin of 22.0% (14.1%) and 16.1% in R12.
- Gross margin of 46.1% (40.2%) and 43.6% R12.
- Selling cost amounts to 65 (69) MSEK.
- ERP implementation cost amounts to 5 (7) MSEK.
- R&D expenses 7 (10) MSEK, 48 MSEK in R12. R&D reported in balance sheet 81 (55) MSEK.

CASH FLOW

Cash flow and net working capital overview, MSEK

MSEK	2024 Q3	2023 Q3	2023 FY
Cash flow before changes in working capital	108	29	275
Inventories	333	324	302
Accounts receivables	297	270	193
Other receivables	21	9	27
Accounts payables	122	87	82
Other payables	117	104	34
Net working capital	412	412	406
<i>% of net sales, 12 months</i>	26%	20%	21%
Cash flow from operating activities	144	108	486
Investing activities	-5	-13	-61

Operating cash flow per quarter, MSEK



Key comments

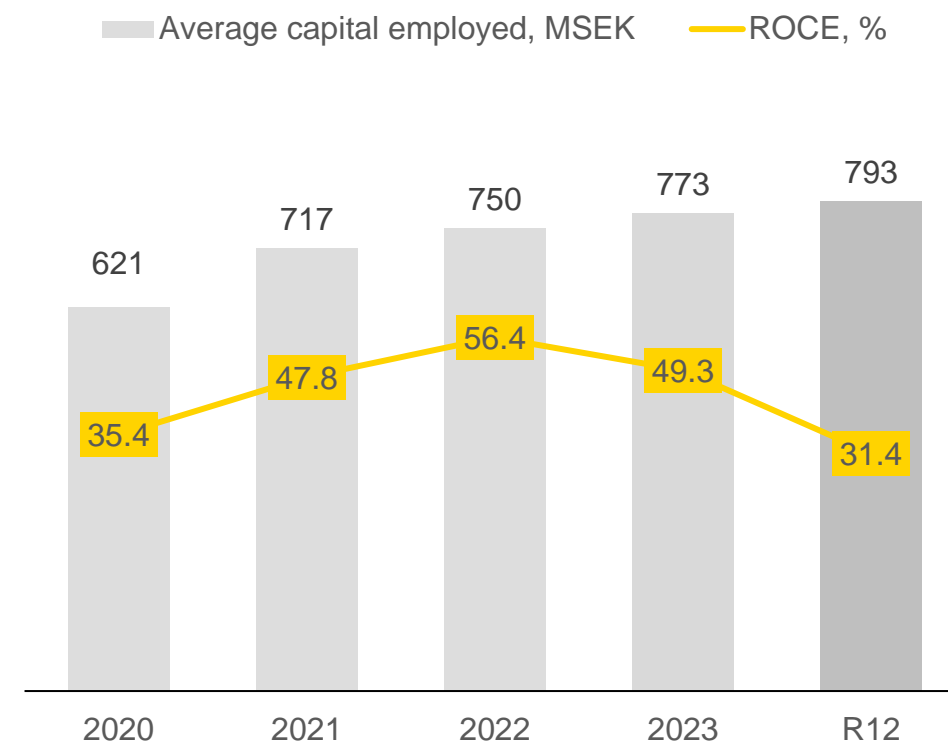
- Higher operating cash flow due to higher operating profit.
- Net working capital is equal to last year's third quarter.
- Unutilized total liquidity of 417 (440) MSEK.

ROCE LEVEL

Return on capital employed overview

MSEK	2020	2021	2022	2023	R12
EBT	218	341	415	365	232
Interest expense	2	2	8	16	17
Capital employed, beginning of period	543	699	735	765	792
Capital employed, end of period	699	735	765	781	795
Capital employed, average	621	717	750	773	793
Total assets	925	1,013	1,186	1,012	1,168
Non-interest-bearing liabilities	226	278	421	231	373
ROCE	35.4%	47.8%	56.4%	49.3%	31.4%

Average capital employed and ROCE



FINANCIAL TARGETS

Growth

Exceed the growth in existing market through organic growth.

8%

Net sales organic growth

Profitability

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

22%

EBIT margin

Capital efficiency

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

31%

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.

58%

Equity-to-asset ratio

SUMMARY AND UPDATE

- Strong EBIT margin from high gross margin.
- Scalable and capital efficient business model enable profitability above our financial target despite lower turnover.
- European region continues to serve as the growth engine, weaker development in the Nordic and American regions.
- Sustainability is a future growth driver.



LOOKING AHEAD

"In the short term, we expect stable development with continued growth. In the fourth quarter, we anticipate insignificant pre-purchase effects, as only marginal price increases have been announced.

For 2025, we foresee increased demand in the Nordic region."



Q & A

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