

Epiroc

Return to earnings growth at milder valuation

- Q4 results due on 30 January at 11:30 CET
- We expect orders +4%, margin of 19.4% (20.7%)
- Good entry point, we upgrade to BUY (Hold)

Q4 expectations

We estimate organic order growth of 4% against a fairly challenging comparison and still weighed down by Tools & Attachments (-2%). However, margins should now have stabilised on an underlying basis. We forecast an adjusted EBIT margin of 19.4% (20.7%), weighed down by 1pp y-o-y from acquisitions. Adj. EBIT, according to our estimates, should be flat y-o-y. We believe that the company will continue to say that mining markets will remain at a high level, but construction remains soft. We expect DPS of SEK 4.20 (4.00).

Estimate changes

Currency has become more supportive, which means an upgrade of adj. EBIT'25-26 of 3%.

Share price view

We continue to see the sub-sector as attractive, with metal prices up and larger orders seemingly returning. After four flattish quarters, this paves the way for a return to mid-single-digit organic sales growth from Q1'25. In addition, we think that the long period of margin slippage may now be behind us as cost cuts offset the weak market in Tools and Attachments; in fact we believe that group underlying margins will be flat already in Q4 after five quarters of declines. While there is still temporarily high initial dilution from the Stanley acquisition, an end to destocking in US construction markets as well as synergies have the potential to add to margin expansion from H2'25. The stock has been among the sector's bottom performers over the past 3 months and although the stock is seldom cheap, it is now at the low end of its historical ranges both for absolute valuation (EV/EBITA 16x versus a 2022-23 range of 17-19x) and relative (premium of ~40% versus mining equipment peers versus a range of 40-60%). We adjust our target price to SEK 220 (215) and see the current level as a good entry point. We upgrade our rating to BUY (Hold).

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SEKm	2022	2023	2024e	2025e	2026e
Sales	49,694	60,343	62,229	67,956	71,586
EBITDA	13,277	15,846	15,579	17,334	18,466
EBITDA margin (%)	26.7	26.3	25.0	25.5	25.8
EBIT adj.	11,755	13,117	12,359	13,993	15,046
EBIT adj. margin (%)	23.7	21.7	19.9	20.6	21.0
Pretax profit	10,778	12,235	11,234	13,147	14,440
EPS	6.92	7.77	7.09	8.30	9.12
EPS adj.	7.71	8.27	8.31	9.20	10.02
Sales growth (%)	25.3	21.4	3.1	9.2	5.3
EPS growth (%)	18.3	12.3	-8.7	17.1	9.9

Source: ABG Sundal Collier, Company Data

Reasons:

Recommendation change Preview of results



Capital Goods

Estimate changes (%)

	2024e	2025e	2026e
Sales	-0.8	1.6	1.6
EBIT	-1.0	2.6	2.5
EPS	-1.0	2.8	2.6

Source: ABG Sundal Collier

EPIA-SE/EPIA SS

Share price (SEK)	13/1/2025	191.80
Target price	(215.0)	220.0

MCap (SEKm)	224,606
MCap (EURm)	19,539
No. of shares (m)	1,213.7
Free float (%)	74.0
Av. daily volume (k)	619

Next event Q4 Report 30 January 2025

Performance



	2024e	2025e	2026e
P/E (x)	27.1	23.1	21.0
P/E adj. (x)	23.1	20.8	19.1
P/BVPS (x)	5.70	5.06	4.48
EV/EBITDA (x)	15.9	14.1	12.9
EV/EBIT adj. (x)	20.1	17.4	15.8
EV/sales (x)	3.98	3.59	3.32
ROE adj. (%)	26.9	26.4	25.4
Dividend yield (%)	2.1	2.2	2.3
FCF yield (%)	-0.7	4.1	5.0
Le. adj. FCF yld. (%)	-1.0	3.8	4.7
Net IB debt/EBITDA (x)	0.9	0.6	0.3
Le. adj. ND/EBITDA (x)	0.8	0.5	0.1

Company description

Epiroc was formed from Atlas Copco's mining and rock excavation business and distributed to shareholders in June 2018. It provides machinery for rock drilling and loading, as well as services, spare parts and consumables. Customers are mostly found in underground and open-pit mining, but also in infrastructure construction. Its head office is in Stockholm, Sweden.

[Sustainability information](#)

Risks

Demand volatility due to metal prices and access to capital. Price pressure on wear parts. Shifts to competing mining technologies.

Forecast changes

Forecast changes									
Order intake	Old			New			Change		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Equipment & Service	47,560	50,934	53,870	47,472	52,226	55,239	0%	3%	3%
<i>Equipment</i>	20,372	21,938	23,135	20,165	22,419	23,643	-1%	2%	2%
<i>Service</i>	27,188	28,995	30,735	27,308	29,808	31,596	0%	3%	3%
Tools & Attachments	14,373	16,013	16,653	14,354	16,358	17,012	0%	2%	2%
Corporate	93	120	120	93	120	120			
Group	62,026	67,066	70,643	61,919	68,704	72,371	0%	2%	2%
Orders y-o-y	5%	8%	5%	4%	11%	5%	0%	3%	0%
<i>Organic</i>	2%	7%	5%	2%	7%	5%	0%	0%	0%
Sales									
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Equipment & Service	48,178	50,677	53,595	48,404	52,127	55,129	0%	3%	3%
<i>Equipment</i>	21,215	22,192	23,402	21,322	22,834	24,078	1%	3%	3%
<i>Service</i>	26,963	28,484	30,193	27,082	29,293	31,051	0%	3%	3%
Tools & Attachments	14,520	16,103	16,748	13,794	15,709	16,337	-5%	-2%	-2%
Corporate	31	120	120	31	120	120			
Group	62,729	66,900	70,463	62,229	67,956	71,586	-1%	2%	2%
Sales y-o-y	4%	7%	5%	3%	9%	5%	-1%	3%	0%
<i>Organic</i>	1%	5%	5%	0%	5%	5%	-1%	0%	0%
EBIT									
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Equipment & Service	11,123	11,851	12,657	11,105	12,227	13,056	0%	3%	3%
Tools & Attachments	1,499	2,184	2,420	1,400	2,166	2,390	-7%	-1%	-1%
Corporate	-378	-400	-400	-378	-400	-400			
Group EBIT	12,244	13,635	14,678	12,128	13,993	15,046	-1%	3%	3%
IAC	-261	0	0	-231	0	0			
Group adj. EBIT	12,505	13,635	14,678	12,359	13,993	15,046	-1%	3%	3%
Adj. EBIT y-o-y	-5%	9%	8%	-6%	13%	8%	-1%	4%	0%
EBIT margin									
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Equipment & Service	23.1%	23.4%	23.6%	22.9%	23.5%	23.7%	-0.1%	0.1%	0.1%
Tools & Attachments	10.3%	13.6%	14.5%	10.2%	13.8%	14.6%	-0.2%	0.2%	0.2%
Group EBIT	19.5%	20.4%	20.8%	19.5%	20.6%	21.0%	0.0%	0.2%	0.2%
Group adj. EBIT	19.9%	20.4%	20.8%	19.9%	20.6%	21.0%	-0.1%	0.2%	0.2%
Net financials	-894	-846	-606	-894	-846	-606			
PTP	11,350	12,789	14,072	11,234	13,147	14,440	-1%	3%	3%
Taxes	-2,635	-2,941	-3,237	-2,608	-3,024	-3,321			
<i>Tax rate</i>	23%	23%	23%	23%	23%	23%			
Non-controlling interest	-20	-44	-44	-20	-44	-44			
Net profit	8,696	9,803	10,791	8,606	10,079	11,075	-1%	3%	3%
EPS	7.16	8.08	8.89	7.09	8.30	9.12	-1%	3%	3%
DPS	4.00	4.20	4.50	4.00	4.20	4.50	0%	0%	0%

Source: ABG Sundal Collier

Quarterly earnings

SEKm												
Order intake	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Equipment & Service	11,539	12,276	11,311	11,551	11,025	12,388	11,830	12,229	12,491	13,639	12,946	13,150
<i>Equipment</i>	5,151	5,404	4,739	4,924	4,404	5,406	5,170	5,185	5,175	5,952	5,687	5,605
<i>Service</i>	6,388	6,872	6,572	6,627	6,621	6,982	6,660	7,045	7,316	7,687	7,259	7,545
Tools & Attachments	3,133	3,180	2,924	2,827	3,122	3,947	3,656	3,629	4,407	4,188	3,948	3,814
Corporate	43	-20	125	10	15	14	34	30	30	30	30	30
Group	14,715	15,436	14,360	14,388	14,162	16,349	15,520	15,888	16,928	17,857	16,925	16,994
Orders y-o-y	10%	15%	17%	5%	-7%	6%	8%	10%	20%	9%	9%	7%
<i>Organic</i>	-6%	-1%	9%	7%	-3%	1%	6%	4%	9%	8%	6%	6%
Sales	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Equipment & Service	10,733	12,510	11,729	12,558	11,212	12,516	11,875	12,801	12,165	13,419	12,892	13,651
<i>Equipment</i>	4,120	5,489	4,870	5,931	4,708	5,547	5,178	5,889	5,108	5,885	5,592	6,248
<i>Service</i>	6,613	7,021	6,859	6,627	6,504	6,969	6,697	6,912	7,057	7,533	7,300	7,403
Tools & Attachments	3,125	3,418	3,195	2,985	2,949	3,991	3,809	3,045	4,161	4,234	4,114	3,200
Corporate	10	-18	73	25	-18	4	15	30	30	30	30	30
Group	13,868	15,910	14,997	15,568	14,143	16,511	15,699	15,876	16,356	17,683	17,036	16,881
Sales y-o-y	25%	34%	17%	12%	2%	4%	5%	2%	16%	7%	9%	6%
<i>Organic</i>	8%	17%	7%	8%	3%	-1%	3%	-4%	5%	6%	6%	5%
EBIT	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Equipment & Service	2,718	2,995	2,868	3,211	2,503	2,763	2,923	2,916	2,817	3,176	3,020	3,214
Tools & Attachments	532	524	481	243	335	283	429	353	679	521	551	415
Corporate	-89	-106	-89	-105	-78	-125	-75	-100	-100	-100	-100	-100
Group EBIT	3,161	3,413	3,260	3,349	2,760	2,921	3,277	3,170	3,396	3,597	3,471	3,529
IAC	-26	-16	-12	120	-127	-325	191	30	0	0	0	0
Group adj. EBIT	3,187	3,429	3,272	3,229	2,887	3,246	3,086	3,140	3,396	3,597	3,471	3,529
EBIT margin	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Equipment & Service	25.3%	23.9%	24.5%	25.6%	22.3%	22.1%	24.6%	22.8%	23.2%	23.7%	23.4%	23.5%
Tools & Attachments	17.0%	15.3%	15.1%	8.1%	11.4%	7.1%	11.3%	11.6%	16.3%	12.3%	13.4%	13.0%
Group EBIT	22.8%	21.5%	21.7%	21.5%	19.5%	17.7%	20.9%	20.0%	20.8%	20.3%	20.4%	20.9%
Group adj. EBIT	23.0%	21.6%	21.8%	20.7%	20.4%	19.7%	19.7%	19.8%	20.8%	20.3%	20.4%	20.9%
Net financials	-197	15	-331	-435	-116	-265	-264	-249	-234	-219	-204	-189
PTP	2,964	3,428	2,929	2,914	2,644	2,656	3,013	2,921	3,162	3,378	3,267	3,340
Taxes	-671	-775	-685	-646	-634	-612	-690	-672	-727	-777	-751	-768
<i>Tax rate</i>	23%	23%	23%	22%	24%	23%	23%	23%	23%	23%	23%	23%
Non-controlling interest	-3	-8	-9	-7	-2	-2	-5	-11	-11	-11	-11	-11
Net profit	2,290	2,645	2,235	2,261	2,008	2,042	2,318	2,238	2,424	2,590	2,505	2,561
EPS	1.89	2.18	1.84	1.86	1.65	1.68	1.91	1.84	2.00	2.13	2.06	2.11

Source: Company data, ABG Sundal Collier

Annual earnings

SEKm											
Order intake	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Equipment & Service	19,413	24,574	29,695	28,509	27,252	34,513	42,691	46,677	47,472	52,226	55,239
<i>Equipment</i>	<i>8,506</i>	<i>12,246</i>	<i>15,244</i>	<i>12,355</i>	<i>11,326</i>	<i>16,403</i>	<i>18,314</i>	<i>20,218</i>	<i>20,165</i>	<i>22,419</i>	<i>23,643</i>
<i>Service</i>	<i>10,907</i>	<i>12,328</i>	<i>14,451</i>	<i>16,154</i>	<i>15,926</i>	<i>18,110</i>	<i>24,377</i>	<i>26,459</i>	<i>27,308</i>	<i>29,808</i>	<i>31,596</i>
Tools & Attachments	7,947	9,047	9,611	10,768	9,185	11,025	10,670	12,064	14,354	16,358	17,012
Corporate	274	210	94	215	142	110	-139	591	93	120	120
Group	27,634	33,831	39,400	39,492	36,579	45,648	53,222	59,332	61,919	68,704	72,371
Orders y-o-y	0%	22%	16%	0%	-7%	25%	17%	11%	4%	11%	5%
<i>Organic</i>	<i>3%</i>	<i>20%</i>	<i>13%</i>	<i>-5%</i>	<i>0%</i>	<i>27%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>7%</i>	<i>5%</i>
Sales	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Equipment & Service	18,898	22,383	28,540	29,891	26,927	29,320	38,904	47,530	48,404	52,127	55,129
<i>Equipment</i>	<i>7,710</i>	<i>10,278</i>	<i>14,238</i>	<i>13,861</i>	<i>11,382</i>	<i>11,919</i>	<i>16,441</i>	<i>20,410</i>	<i>21,322</i>	<i>22,834</i>	<i>24,078</i>
<i>Service</i>	<i>11,188</i>	<i>12,105</i>	<i>14,302</i>	<i>16,030</i>	<i>15,545</i>	<i>17,401</i>	<i>22,463</i>	<i>27,120</i>	<i>27,082</i>	<i>29,293</i>	<i>31,051</i>
Tools & Attachments	7,925	8,738	9,519	10,799	9,024	10,205	10,806	12,723	13,794	15,709	16,337
Corporate	279	243	226	159	171	120	-16	90	31	120	120
Group	27,102	31,364	38,285	40,849	36,122	39,645	49,694	60,343	62,229	67,956	71,586
Sales y-o-y	-5%	16%	22%	7%	-12%	10%	25%	21%	3%	9%	5%
<i>Organic</i>	<i>-3%</i>	<i>14%</i>	<i>19%</i>	<i>1%</i>	<i>-5%</i>	<i>12%</i>	<i>11%</i>	<i>10%</i>	<i>0%</i>	<i>5%</i>	<i>5%</i>
EBIT	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Equipment & Service	3,802	5,107	6,751	7,435	6,639	7,808	9,491	11,792	11,105	12,227	13,056
Tools & Attachments	937	1,146	1,239	1,252	1,097	1,784	1,900	1,780	1,400	2,166	2,390
Corporate	-191	-323	-605	-551	-354	-597	-244	-389	-378	-400	-400
Group EBIT	4,548	5,930	7,385	8,136	7,382	8,995	11,147	13,183	12,128	13,993	15,046
IAC	0	-163	-394	-446	-287	-103	-608	66	-231	0	0
Group adj. EBIT	4,548	6,093	7,779	8,582	7,669	9,098	11,755	13,117	12,359	13,993	15,046
Adj. EBIT y-o-y	-12%	34%	28%	10%	-11%	19%	29%	12%	-6%	13%	8%
EBIT margin	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Equipment & Service	20.1%	22.8%	23.7%	24.9%	24.7%	26.6%	24.4%	24.8%	22.9%	23.5%	23.7%
Tools & Attachments	11.8%	13.1%	13.0%	11.6%	12.2%	17.5%	17.6%	14.0%	10.2%	13.8%	14.6%
Group EBIT	16.8%	18.9%	19.3%	19.9%	20.4%	22.7%	22.4%	21.8%	19.5%	20.6%	21.0%
Group adj. EBIT	16.8%	19.4%	20.3%	21.0%	21.2%	22.9%	23.7%	21.7%	19.9%	20.6%	21.0%
Net financials	-137	-137	-184	-293	-295	-31	-369	-948	-894	-846	-606
PTP	4,411	5,793	7,201	7,843	7,087	8,964	10,778	12,235	11,234	13,147	14,440
Taxes	-1,180	-1,495	-1,764	-1,959	-1,677	-1,895	-2,367	-2,777	-2,608	-3,024	-3,321
<i>Tax rate</i>	<i>27%</i>	<i>26%</i>	<i>24%</i>	<i>25%</i>	<i>24%</i>	<i>21%</i>	<i>22%</i>	<i>23%</i>	<i>23%</i>	<i>23%</i>	<i>23%</i>
Non-controlling interest	4	0	-7	-10	-11	-11	-14	-27	-20	-44	-44
Net profit	3,235	4,298	5,430	5,874	5,399	7,058	8,397	9,431	8,606	10,079	11,075
EPS		3.55	4.50	4.89	4.47	5.85	6.92	7.77	7.09	8.30	9.12
DPS			2.10	2.40	5.50	3.00	3.40	3.80	4.00	4.20	4.50

Source: Company data, ABG Sundal Collier

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	31,364	38,285	40,849	36,122	39,645	49,694	60,343	62,229	67,956	71,586
COGS	-20,101	-24,317	-25,547	-22,418	-24,192	-30,675	-37,197	-39,646	-42,006	-43,955
Gross profit	11,263	13,968	15,302	13,704	15,453	19,019	23,146	22,583	25,950	27,631
Other operating items	-4,079	-5,214	-5,188	-4,576	-4,712	-5,742	-7,300	-7,005	-8,615	-9,164
EBITDA	7,184	8,754	10,114	9,128	10,741	13,277	15,846	15,579	17,334	18,466
Depreciation and amortisation	-915	-961	-1,507	-1,368	-1,312	-1,501	-1,824	-1,781	-1,946	-2,025
of which leasing depreciation	0	0	-447	-459	-461	-510	-617	-633	-658	-685
EBITA	6,269	7,793	8,607	7,760	9,429	11,776	14,022	13,798	15,388	16,441
EO Items	-163	-394	-446	-287	-103	-608	66	-231	0	0
Impairment and PPA amortisation	-339	-408	-471	-378	-434	-629	-839	-1,670	-1,395	-1,395
EBIT	5,930	7,385	8,136	7,382	8,995	11,147	13,183	12,128	13,993	15,046
Net financial items	-137	-184	-293	-295	-31	-369	-948	-894	-846	-606
Pretax profit	5,793	7,201	7,843	7,087	8,964	10,778	12,235	11,234	13,147	14,440
Tax	-1,495	-1,764	-1,959	-1,677	-1,895	-2,367	-2,777	-2,608	-3,024	-3,321
Net profit	4,298	5,437	5,884	5,410	7,069	8,411	9,458	8,626	10,123	11,119
Minority interest	0	-7	-10	-11	-11	-14	-27	-20	-44	-44
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	4,298	5,430	5,874	5,399	7,058	8,397	9,431	8,606	10,079	11,075
EPS	3.55	4.50	4.87	4.47	5.85	6.92	7.77	7.09	8.30	9.12
EPS adj.	3.87	5.02	5.46	4.90	6.19	7.71	8.27	8.31	9.20	10.02
Total extraordinary items after tax	-127	-307	-348	-224	-80	-474	51	-180	0	0
Leasing payments	0	0	-447	-457	-444	-470	-573	-633	-658	-685
<i>Tax rate (%)</i>	<i>25.8</i>	<i>24.5</i>	<i>25.0</i>	<i>23.7</i>	<i>21.1</i>	<i>22.0</i>	<i>22.7</i>	<i>23.2</i>	<i>23.0</i>	<i>23.0</i>
<i>Gross margin (%)</i>	<i>35.9</i>	<i>36.5</i>	<i>37.5</i>	<i>37.9</i>	<i>39.0</i>	<i>38.3</i>	<i>38.4</i>	<i>36.3</i>	<i>38.2</i>	<i>38.6</i>
<i>EBITDA margin (%)</i>	<i>22.9</i>	<i>22.9</i>	<i>24.8</i>	<i>25.3</i>	<i>27.1</i>	<i>26.7</i>	<i>26.3</i>	<i>25.0</i>	<i>25.5</i>	<i>25.8</i>
<i>EBITA margin (%)</i>	<i>20.0</i>	<i>20.4</i>	<i>21.1</i>	<i>21.5</i>	<i>23.8</i>	<i>23.7</i>	<i>23.2</i>	<i>22.2</i>	<i>22.6</i>	<i>23.0</i>
<i>EBIT margin (%)</i>	<i>18.9</i>	<i>19.3</i>	<i>19.9</i>	<i>20.4</i>	<i>22.7</i>	<i>22.4</i>	<i>21.8</i>	<i>19.5</i>	<i>20.6</i>	<i>21.0</i>
<i>Pre-tax margin (%)</i>	<i>18.5</i>	<i>18.8</i>	<i>19.2</i>	<i>19.6</i>	<i>22.6</i>	<i>21.7</i>	<i>20.3</i>	<i>18.1</i>	<i>19.3</i>	<i>20.2</i>
<i>Net margin (%)</i>	<i>13.7</i>	<i>14.2</i>	<i>14.4</i>	<i>15.0</i>	<i>17.8</i>	<i>16.9</i>	<i>15.7</i>	<i>13.9</i>	<i>14.9</i>	<i>15.5</i>
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>15.7</i>	<i>22.1</i>	<i>6.7</i>	<i>-11.6</i>	<i>9.8</i>	<i>25.3</i>	<i>21.4</i>	<i>3.1</i>	<i>9.2</i>	<i>5.3</i>
<i>EBITDA growth (%)</i>	<i>24.6</i>	<i>21.9</i>	<i>15.5</i>	<i>-9.7</i>	<i>17.7</i>	<i>23.6</i>	<i>19.3</i>	<i>-1.7</i>	<i>11.3</i>	<i>6.5</i>
<i>EBITA growth (%)</i>	<i>29.6</i>	<i>24.3</i>	<i>10.4</i>	<i>-9.8</i>	<i>21.5</i>	<i>24.9</i>	<i>19.1</i>	<i>-1.6</i>	<i>11.5</i>	<i>6.8</i>
<i>EBIT growth (%)</i>	<i>30.4</i>	<i>24.5</i>	<i>10.2</i>	<i>-9.3</i>	<i>21.9</i>	<i>23.9</i>	<i>18.3</i>	<i>-8.0</i>	<i>15.4</i>	<i>7.5</i>
<i>Net profit growth (%)</i>	<i>33.0</i>	<i>26.5</i>	<i>8.2</i>	<i>-8.1</i>	<i>30.7</i>	<i>19.0</i>	<i>12.4</i>	<i>-8.8</i>	<i>17.4</i>	<i>9.8</i>
<i>EPS growth (%)</i>	<i>--</i>	<i>27.0</i>	<i>8.2</i>	<i>-8.2</i>	<i>30.7</i>	<i>18.3</i>	<i>12.3</i>	<i>-8.7</i>	<i>17.1</i>	<i>9.9</i>
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>30.9</i>	<i>35.2</i>	<i>28.3</i>	<i>23.2</i>	<i>28.6</i>	<i>28.6</i>	<i>27.0</i>	<i>22.2</i>	<i>23.2</i>	<i>22.6</i>
<i>ROE adj. (%)</i>	<i>34.2</i>	<i>39.9</i>	<i>32.2</i>	<i>25.8</i>	<i>30.6</i>	<i>32.3</i>	<i>29.3</i>	<i>26.9</i>	<i>26.4</i>	<i>25.4</i>
<i>ROCE (%)</i>	<i>27.4</i>	<i>32.7</i>	<i>28.2</i>	<i>22.2</i>	<i>25.7</i>	<i>27.9</i>	<i>27.5</i>	<i>20.7</i>	<i>20.9</i>	<i>22.0</i>
<i>ROCE adj. (%)</i>	<i>29.8</i>	<i>36.2</i>	<i>31.3</i>	<i>24.2</i>	<i>27.3</i>	<i>31.0</i>	<i>29.1</i>	<i>23.9</i>	<i>23.0</i>	<i>24.1</i>
<i>ROIC (%)</i>	<i>22.7</i>	<i>31.4</i>	<i>29.8</i>	<i>27.6</i>	<i>33.7</i>	<i>29.8</i>	<i>26.4</i>	<i>21.0</i>	<i>21.0</i>	<i>22.1</i>
<i>ROIC adj. (%)</i>	<i>23.3</i>	<i>32.9</i>	<i>31.3</i>	<i>28.6</i>	<i>34.1</i>	<i>31.3</i>	<i>26.2</i>	<i>21.3</i>	<i>21.0</i>	<i>22.1</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
<i>EBITDA adj.</i>	<i>7,347</i>	<i>9,148</i>	<i>10,560</i>	<i>9,415</i>	<i>10,844</i>	<i>13,885</i>	<i>15,780</i>	<i>15,810</i>	<i>17,334</i>	<i>18,466</i>
<i>EBITDA adj. margin (%)</i>	<i>23.4</i>	<i>23.9</i>	<i>25.9</i>	<i>26.1</i>	<i>27.4</i>	<i>27.9</i>	<i>26.2</i>	<i>25.4</i>	<i>25.5</i>	<i>25.8</i>
<i>EBITDA lease adj.</i>	<i>7,347</i>	<i>9,148</i>	<i>10,113</i>	<i>8,958</i>	<i>10,400</i>	<i>13,415</i>	<i>15,207</i>	<i>15,177</i>	<i>16,676</i>	<i>17,781</i>
<i>EBITDA lease adj. margin (%)</i>	<i>23.4</i>	<i>23.9</i>	<i>24.8</i>	<i>24.8</i>	<i>26.2</i>	<i>27.0</i>	<i>25.2</i>	<i>24.4</i>	<i>24.5</i>	<i>24.8</i>
<i>EBITA adj.</i>	<i>6,432</i>	<i>8,187</i>	<i>9,053</i>	<i>8,047</i>	<i>9,532</i>	<i>12,384</i>	<i>13,956</i>	<i>14,029</i>	<i>15,388</i>	<i>16,441</i>
<i>EBITA adj. margin (%)</i>	<i>20.5</i>	<i>21.4</i>	<i>22.2</i>	<i>22.3</i>	<i>24.0</i>	<i>24.9</i>	<i>23.1</i>	<i>22.5</i>	<i>22.6</i>	<i>23.0</i>
<i>EBIT adj.</i>	<i>6,093</i>	<i>7,779</i>	<i>8,582</i>	<i>7,669</i>	<i>9,098</i>	<i>11,755</i>	<i>13,117</i>	<i>12,359</i>	<i>13,993</i>	<i>15,046</i>
<i>EBIT adj. margin (%)</i>	<i>19.4</i>	<i>20.3</i>	<i>21.0</i>	<i>21.2</i>	<i>22.9</i>	<i>23.7</i>	<i>21.7</i>	<i>19.9</i>	<i>20.6</i>	<i>21.0</i>
<i>Pretax profit Adj.</i>	<i>6,295</i>	<i>8,003</i>	<i>8,760</i>	<i>7,752</i>	<i>9,501</i>	<i>12,015</i>	<i>13,008</i>	<i>13,135</i>	<i>14,542</i>	<i>15,835</i>
<i>Net profit Adj.</i>	<i>4,764</i>	<i>6,152</i>	<i>6,703</i>	<i>6,012</i>	<i>7,583</i>	<i>9,514</i>	<i>10,246</i>	<i>10,476</i>	<i>11,518</i>	<i>12,514</i>
<i>Net profit to shareholders adj.</i>	<i>4,764</i>	<i>6,145</i>	<i>6,693</i>	<i>6,001</i>	<i>7,572</i>	<i>9,500</i>	<i>10,219</i>	<i>10,456</i>	<i>11,474</i>	<i>12,470</i>
<i>Net adj. margin (%)</i>	<i>15.2</i>	<i>16.1</i>	<i>16.4</i>	<i>16.6</i>	<i>19.1</i>	<i>19.1</i>	<i>17.0</i>	<i>16.8</i>	<i>16.9</i>	<i>17.5</i>

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	7,184	8,754	10,114	9,128	10,741	13,277	15,846	15,579	17,334	18,466
Net financial items	-137	-184	-293	-295	-31	-369	-948	-894	-846	-606
Paid tax	-1,495	-1,764	-1,959	-1,677	-1,895	-2,367	-2,777	-2,608	-3,024	-3,321
Non-cash items	27	-607	-971	57	-589	-1,246	-1,270	-1,200	-670	-1,039
Cash flow before change in WC	5,579	6,199	6,891	7,213	8,226	9,295	10,851	10,877	12,794	13,500
Change in working capital	-403	-1,875	337	1,121	-619	-3,737	-3,708	-1,347	-1,497	0

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	5,176	4,324	7,228	8,334	7,607	5,558	7,143	9,530	11,298	13,500
Capex tangible fixed assets	-354	-551	-426	-423	-684	-538	-991	-996	-883	-931
Capex intangible fixed assets	-289	-459	-521	-494	-437	-414	-640	-747	-815	-859
Acquisitions and Disposals	6,186	-327	-708	309	-2,352	-4,861	-3,771	-9,374	0	0
Free cash flow	10,719	2,987	5,573	7,726	4,134	-255	1,741	-1,587	9,599	11,710
Dividend paid	-5,178	0	-2,523	-2,892	-6,642	-3,619	-4,106	-4,612	-4,855	-5,098
Share issues and buybacks	6	-1,307	332	361	63	-116	279	0	0	0
Leasing liability amortisation	0	0	-447	-457	-444	-470	-573	-633	-658	-685
Other non-cash items	-3,425	2,420	-2,221	-678	-403	-960	-1,106	-0	-30	-88
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	1,638	1,876	2,185	2,185	4,089	8,275	10,222	10,222	10,222	10,222
Other intangible assets	1,483	1,744	2,041	1,926	3,144	4,798	5,621	4,698	4,118	3,582
Tangible fixed assets	3,486	3,706	3,826	3,368	3,967	4,597	5,304	15,725	16,021	16,112
Right-of-use asset	0	0	2,000	1,781	1,899	2,290	2,310	2,310	2,310	2,310
Total other fixed assets	1,620	1,870	1,838	2,313	2,582	3,345	3,207	3,207	3,207	3,207
Fixed assets	8,227	9,196	11,890	11,573	15,681	23,305	26,664	36,162	35,878	35,433
Inventories	8,440	10,516	10,508	8,930	11,861	16,945	18,747	20,536	21,746	22,192
Receivables	9,072	10,571	10,099	8,330	10,249	14,204	15,972	16,718	17,749	18,402
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	1,808	5,872	8,540	15,053	10,792	7,326	6,401	9,957	10,873	11,454
Total assets	27,547	36,155	41,037	43,886	48,583	61,780	67,784	83,373	86,246	87,481
Shareholders equity	12,041	18,797	22,761	23,693	25,729	33,020	36,822	40,816	46,040	52,017
Minority	6	50	52	46	56	488	388	408	452	496
Total equity	12,047	18,847	22,813	23,739	25,785	33,508	37,210	41,224	46,492	52,513
Long-term debt	2,250	5,095	6,084	8,049	6,976	7,035	10,014	20,401	17,262	12,003
Pension debt	181	283	596	806	356	149	251	251	251	251
Leasing liability	0	0	2,034	1,813	1,952	2,380	2,404	2,404	2,404	2,404
Total other long-term liabilities	289	412	423	983	1,442	1,867	1,498	1,498	1,498	1,498
Short-term debt	4,808	1,702	309	248	204	1,453	1,557	1,557	1,557	1,557
Accounts payable	7,972	9,816	8,778	8,248	11,868	15,388	14,850	16,038	16,782	17,254
Total liabilities and equity	27,547	36,155	41,037	43,886	48,583	61,780	67,784	83,373	86,246	87,481
Net IB debt	5,431	1,208	483	-4,137	-1,304	3,691	7,825	14,656	10,601	4,761
Net IB debt excl. pension debt	5,250	925	-113	-4,943	-1,660	3,542	7,574	14,405	10,350	4,510
Net IB debt excl. leasing	5,431	1,208	-1,551	-5,950	-3,256	1,311	5,421	12,252	8,197	2,357
Capital employed	19,286	25,927	31,836	34,655	35,273	44,525	51,436	65,837	67,966	68,729
Capital invested	17,478	20,055	23,296	19,602	24,481	37,199	45,035	55,880	57,093	57,275
Working capital	9,540	11,271	11,829	9,012	10,242	15,761	19,869	21,216	22,713	23,340
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	232,462	231,311	231,311	231,503	231,503	232,795	232,795	232,795	232,795	232,795
Net IB debt adj.	5,431	1,208	483	-4,137	-1,304	3,691	7,825	14,656	10,601	4,761
Market value of minority	6	50	52	46	56	488	388	408	452	496
Reversal of shares and participations	-94	-208	-201	-188	-106	-67	-49	-49	-49	-49
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	237,805	232,361	231,645	227,224	230,149	236,907	240,959	247,811	243,799	238,003
Total assets turnover (%)	109.0	120.2	105.8	85.1	85.7	90.1	93.1	82.3	80.1	82.4
Working capital/sales (%)	39.0	27.2	28.3	28.8	24.3	26.2	29.5	33.0	32.3	32.2
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	45.1	6.4	2.1	-17.4	-5.1	11.0	21.0	35.6	22.8	9.1
Net debt / market cap (%)	2.3	0.5	0.2	-1.8	-0.6	1.6	3.4	6.3	4.6	2.0
Equity ratio (%)	43.7	52.1	55.6	54.1	53.1	54.2	54.9	49.4	53.9	60.0
Net IB debt adj. / equity (%)	45.1	6.4	2.1	-17.4	-5.1	11.0	21.0	35.6	22.8	9.1
Current ratio	1.51	2.34	3.21	3.80	2.73	2.28	2.51	2.68	2.75	2.77
EBITDA/net interest	52.4	47.6	34.5	30.9	346.5	36.0	16.7	17.4	20.5	30.5
Net IB debt/EBITDA (x)	0.8	0.1	0.0	-0.5	-0.1	0.3	0.5	0.9	0.6	0.3
Net IB debt/EBITDA lease adj. (x)	0.7	0.1	-0.2	-0.7	-0.3	0.1	0.4	0.8	0.5	0.1
Interest coverage	45.8	42.4	29.4	26.3	304.2	31.9	14.8	15.4	18.2	27.1

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	1,212	1,206	1,206	1,207	1,207	1,214	1,214	1,214	1,214	1,214
Actual shares outstanding (avg)	1,212	1,206	1,206	1,207	1,207	1,214	1,214	1,214	1,214	1,214
Actual dividend per share	0.00	2.10	2.40	5.50	3.00	3.40	3.80	4.00	4.20	4.50
Reported earnings per share	3.55	4.50	4.87	4.47	5.85	6.92	7.77	7.09	8.30	9.12

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	1,212	1,206	1,206	1,207	1,207	1,214	1,214	1,214	1,214	1,214
Diluted shares adj.	1,212	1,206	1,206	1,207	1,207	1,214	1,214	1,214	1,214	1,214
EPS	3.55	4.50	4.87	4.47	5.85	6.92	7.77	7.09	8.30	9.12
Dividend per share	0.00	2.10	2.40	5.50	3.00	3.40	3.80	4.00	4.20	4.50
EPS adj.	3.87	5.02	5.46	4.90	6.19	7.71	8.27	8.31	9.20	10.02
BVPS	9.93	15.59	18.87	19.63	21.32	27.21	30.34	33.63	37.93	42.86
BVPS adj.	7.36	12.58	15.37	16.22	15.32	16.43	17.28	21.34	26.12	31.48
Net IB debt/share	4.48	1.00	0.40	-3.43	-1.08	3.04	6.45	12.08	8.73	3.92
Share price	191.80	191.80	191.80	191.80	191.80	191.80	191.80	191.80	191.80	191.80
Market cap. (m)	232,462	231,311	231,311	231,503	231,503	232,795	232,795	232,795	232,795	232,795
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	54.1	42.6	39.4	42.9	32.8	27.7	24.7	27.1	23.1	21.0
EV/sales (x)	7.58	6.07	5.67	6.29	5.81	4.77	3.99	3.98	3.59	3.32
EV/EBITDA (x)	33.1	26.5	22.9	24.9	21.4	17.8	15.2	15.9	14.1	12.9
EV/EBITA (x)	37.9	29.8	26.9	29.3	24.4	20.1	17.2	18.0	15.8	14.5
EV/EBIT (x)	40.1	31.5	28.5	30.8	25.6	21.3	18.3	20.4	17.4	15.8
Dividend yield (%)	0.0	1.1	1.3	2.9	1.6	1.8	2.0	2.1	2.2	2.3
FCF yield (%)	4.6	1.3	2.4	3.3	1.8	-0.1	0.7	-0.7	4.1	5.0
Le. adj. FCF yld. (%)	4.6	1.3	2.2	3.1	1.6	-0.3	0.5	-1.0	3.8	4.7
P/BVPS (x)	19.31	12.31	10.16	9.77	9.00	7.05	6.32	5.70	5.06	4.48
P/BVPS adj. (x)	26.06	15.24	12.48	11.82	12.52	11.67	11.10	8.99	7.34	6.09
P/E adj. (x)	49.6	38.2	35.1	39.1	31.0	24.9	23.2	23.1	20.8	19.1
EV/EBITDA adj. (x)	32.4	25.4	21.9	24.1	21.2	17.1	15.3	15.7	14.1	12.9
EV/EBITA adj. (x)	37.0	28.4	25.6	28.2	24.1	19.1	17.3	17.7	15.8	14.5
EV/EBIT adj. (x)	39.0	29.9	27.0	29.6	25.3	20.2	18.4	20.1	17.4	15.8
EV/CE (x)	12.3	9.0	7.3	6.6	6.5	5.3	4.7	3.8	3.6	3.5
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	2.1	2.6	2.3	2.5	2.8	1.9	2.7	2.8	2.5	2.5
Capex/depreciation	0.7	1.1	0.9	1.0	1.3	1.0	1.4	1.5	1.3	1.3

Source: ABG Sundal Collier, Company Data

Analyst Certification

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ABG Sundal Collier Ratings and Investment Banking by 1/14/2025

Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
BUY	65.50%	17%	7.00%
HOLD	29.92%	4%	3.60%
SELL	3.77%	0%	0.00%

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BUY = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

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Stock price, company ratings and target price history

Company: Epiroc

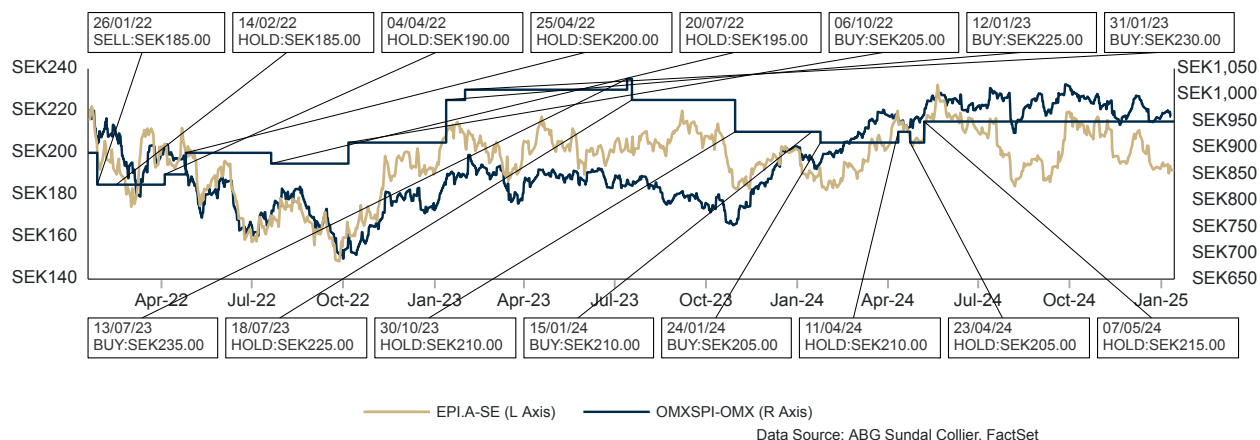
Currency: SEK

Current Recommendation: BUY

Date: 13/1/2025

Current Target price: 220.0

Current Share price: 191.80



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Production of recommendation: 1/14/2025 05:32.

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