

Epiroc to acquire STANLEY Infrastructure

-

Leading manufacturer
of attachments and
infrastructure tools

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Acquisition of STANLEY Infrastructure

Summary

What?

- Acquisition of STANLEY Infrastructure, a global manufacturer of excavator attachments and handheld hydraulic and battery-operated tools used in infrastructure, construction, scrap recycling, demolition and railroad applications

Why?

- Strengthen and diversify Epiroc's long-term presence in the attachments business in infrastructure and construction, especially in the United States
- STANLEY Infrastructure is a perfect fit for Epiroc
 - Industry-leading brands – complementing and filling gaps in Epiroc's offering
 - Strong people culture and solid customer relationships
 - Epiroc gains access to long-standing OEM relationships and a broad indirect sales network
 - Increase exposure to attractive tailwinds such as the US IRA bill

Financials

- STANLEY Infrastructure
 - 2023 expected revenues of approximately MUS\$ 450 - 470 (BSEK 4.6 - 4.8)
 - Adjusted EBITDA margins in the mid-to-high teens
- Financing and valuation
 - Purchase price of MUS\$ 760 (BSEK 7.8). All-cash transaction with secured financing through a bridge facility.
 - Epiroc Group Q3 2023 proforma Net Debt/EBITDA: <1.0

Timing

- Transaction is subject to regulatory approvals and is expected to close at the end of Q1 2024
 - The business will be integrated into Epiroc's Tools and Attachments segment

STANLEY Infrastructure is a perfect fit for Epiroc's strategy for profitable growth



Focus on attractive niches

Innovation

Aftermarket

**Operational
excellence**

Outperformance

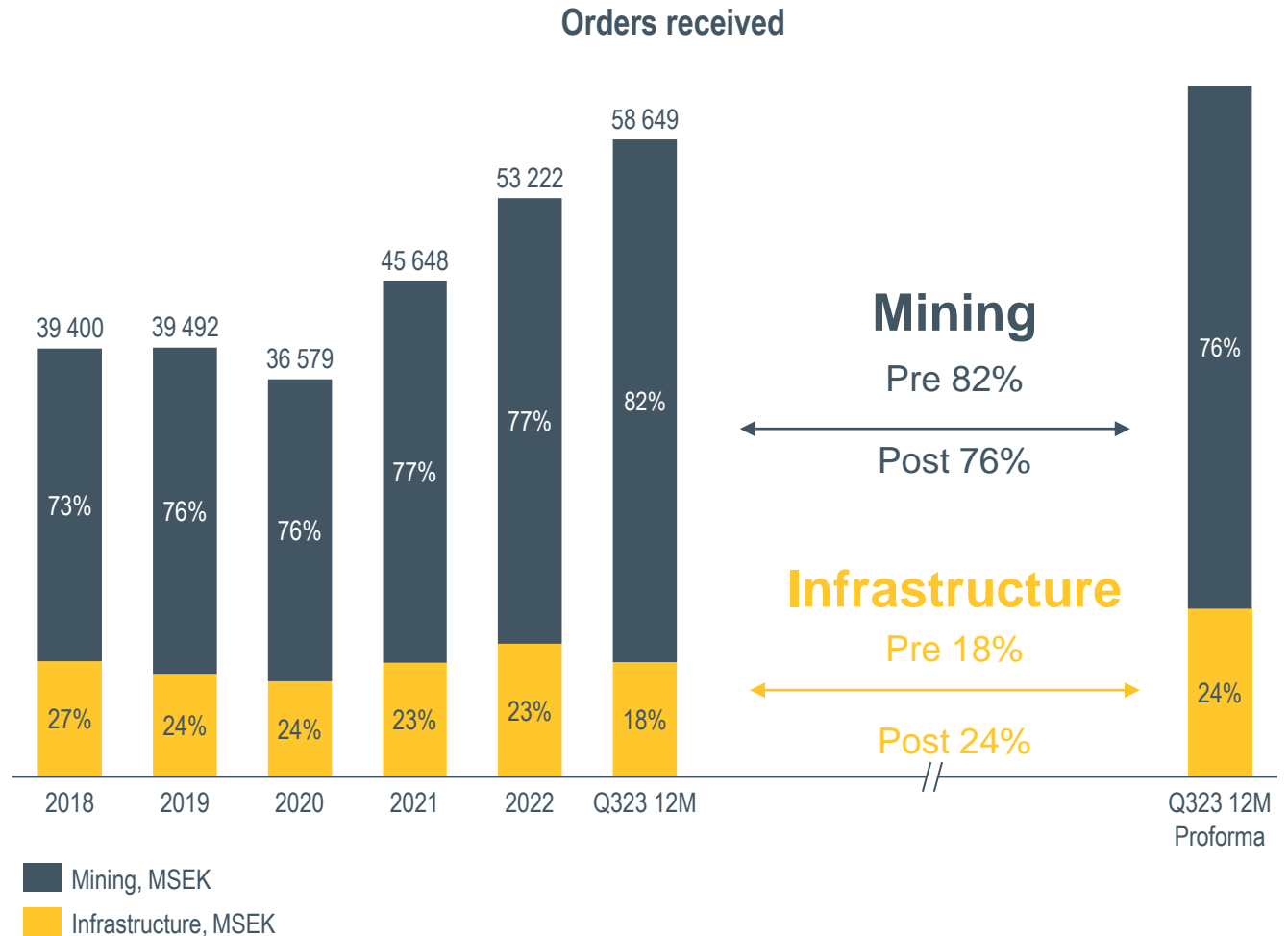
**Strong corporate culture
Sustainability mindset**

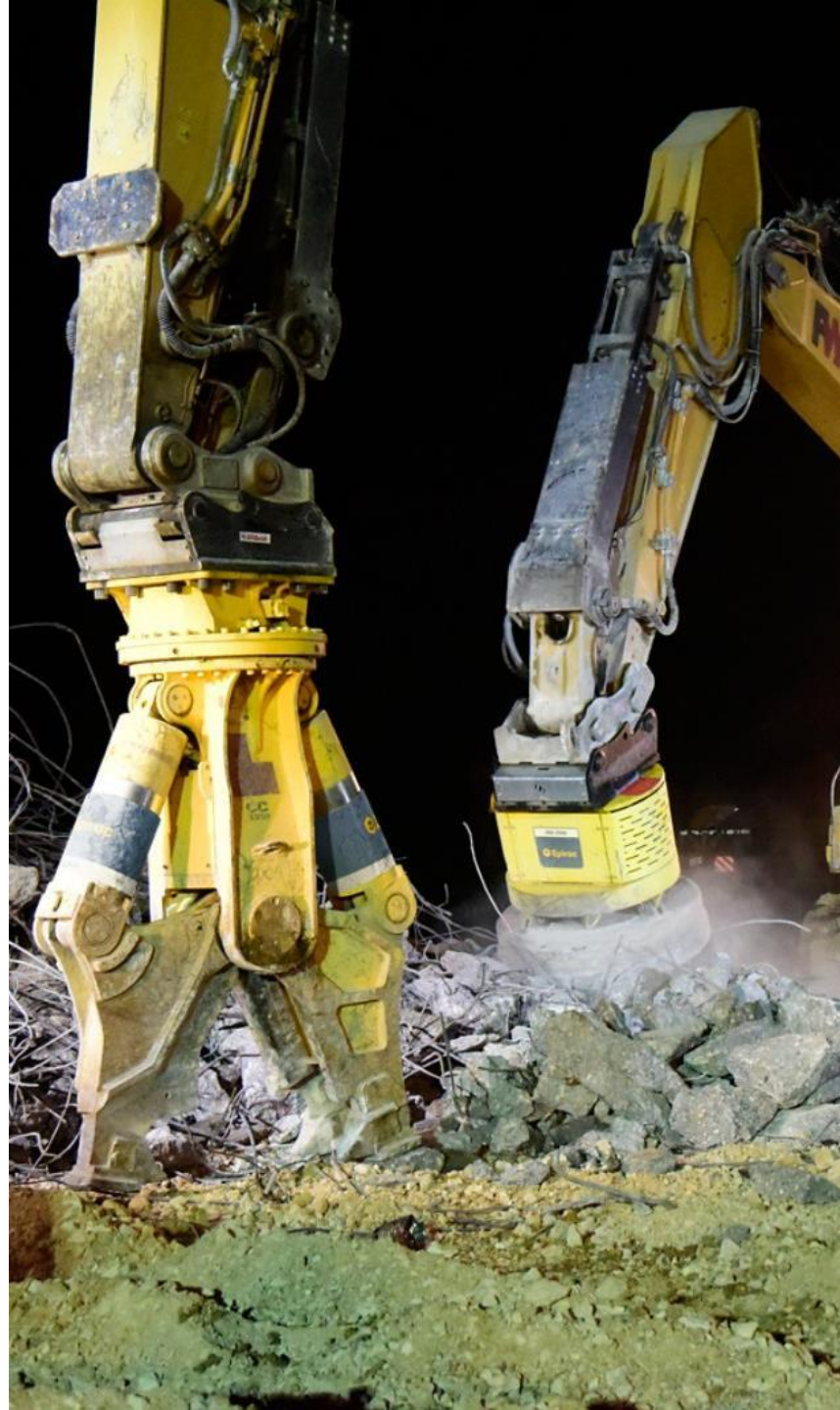
Attractive niches with structural underlying growth

Structural underlying growth...
Increased need for mining and construction

... with increasing challenges for customers to meet demand...
Increased demand for productivity solutions

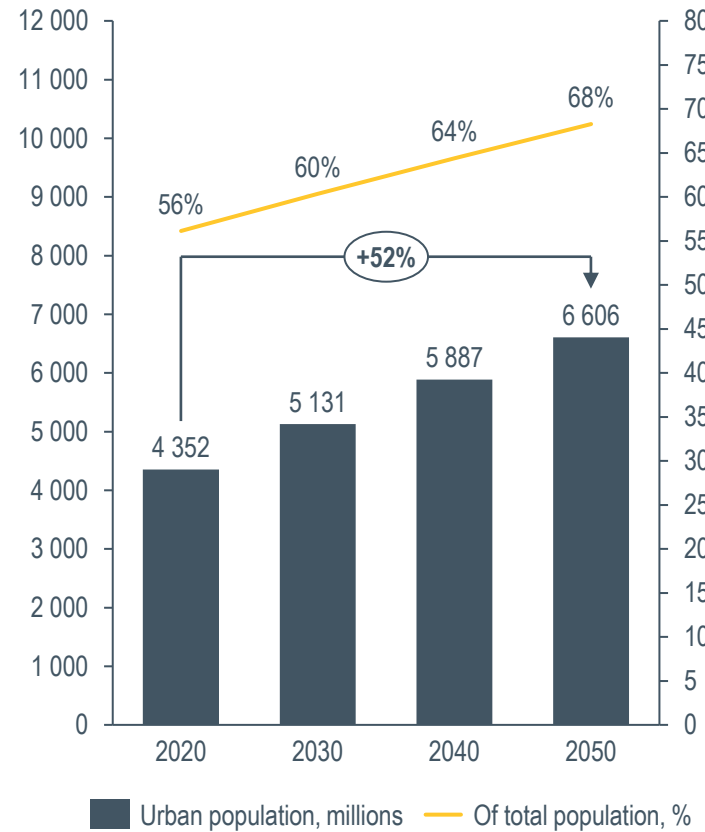
...and strong focus on safety and sustainability
Increased demand for new types of solutions





Urbanization drives demand

Strong urbanization trend



Epiroc's exposure towards the construction market is expected to grow

4-5%

p.a. until 2030

- Urbanization trends strong across the globe
 - 1.2 million km² of new urban built-up area needed by 2030
- Excavation needed to create stable foundations or space



Strong recycling and demolition trend



Moving from a linear to a circular economy

- Environmental concerns
- Resource scarcity
- Regulatory requirements

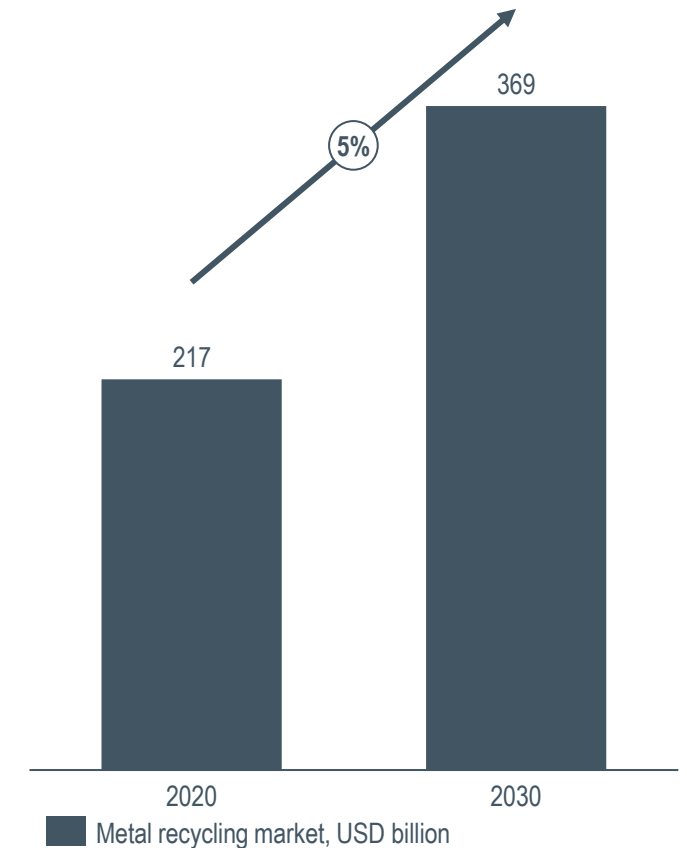
Steel

- 36% of global crude steel produced from secondary raw materials
- Using steel scrap in the production process reduces CO₂ emissions by 58%

Copper

- 70% of copper in End-of-Life products is recycled
- Using copper scrap in the production process reduces CO₂ emissions by 65%

Global metal recycling market



The perfect match for performance

Tools & Attachments

The best
equipment



The best
service



The best rock
drilling tools



The best
performance



The best
equipment



The best
service



**STANLEY
Infrastructure**

The best
attachment



The best
performance



Adding capability through M&A

<p>1. Automation</p>	<p>Making (OEM agnostic) automation work at scale – including automation kits for mixed fleets, wireless communication, and control systems to manage it all</p>						
<p>2. Digitalization</p>	<table border="1"> <tr> <td data-bbox="394 554 738 706"> <p>Situational awareness and fleet management</p> </td> <td data-bbox="738 554 1758 706"> <p>Ensuring real-time knowledge of where all assets are</p> </td> </tr> <tr> <td data-bbox="394 706 738 859"> <p>Ore body knowledge</p> </td> <td data-bbox="738 706 1758 859"> <p>Using new technology to understand the ore body and rock conditions better, helping customers optimize their operations</p> </td> </tr> <tr> <td data-bbox="394 859 738 999"> <p>Mine process optimization</p> </td> <td data-bbox="738 859 1758 999"> <p>Managing data across the value chain and optimizing decision making in the mining operations</p> </td> </tr> </table>	<p>Situational awareness and fleet management</p>	<p>Ensuring real-time knowledge of where all assets are</p>	<p>Ore body knowledge</p>	<p>Using new technology to understand the ore body and rock conditions better, helping customers optimize their operations</p>	<p>Mine process optimization</p>	<p>Managing data across the value chain and optimizing decision making in the mining operations</p>
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<p>Mine process optimization</p>	<p>Managing data across the value chain and optimizing decision making in the mining operations</p>						
<p>3. Electrification</p>	<p>Accelerating the electrification journey – including conversion kits, power network infrastructure, charging infrastructure, etc.</p>						

STANLEY Infrastructure

Closing product gaps

Expanding existing product segments – consolidation / new customer segments / new value propositions etc.

STANLEY Infrastructure fulfills Epiroc's acquisition criteria

Standalone Attractiveness

- Broad product range to meet diverse customer demand
- Attractive margins and strong growth trajectory
- Strong innovation capabilities and unique patents



Strategic Fit & Synergies

- Complementary products
- Strong exposure to North America
- Further reach of Epiroc's innovation
- Cross-selling leveraging brands and channels



Market-Leading Position

- Leading brands with established market position
- Expanding and deepening customer relationships
- Increase scale to create a leading Tools & Attachments platform



Overview of STANLEY Infrastructure



~1 380 employees

MUSD 450 - 470 2023e revenues

EBITDA margins in the mid-to-high teens

100% Infrastructure and construction

~90% North American revenues

Attachments (~85% of revenues)

Handheld (~15% of revenues)

50+ years

LABOUNTY



The inventor of the mobile shear and global market leader of mobile shears for the recycling industry plus hydraulic demolition attachment tools for the demolition industry

70+ years

PENGO



Industry leader in auger drilling attachments

75+ years

PALADIN



One of the largest independent manufacturers of coupler systems and attachment tools for carriers from small compact tool carriers to large excavators

70+ years

DUBUIS



Global hydraulic and battery hand tool manufacturer with products for electrical utilities and railroad industries

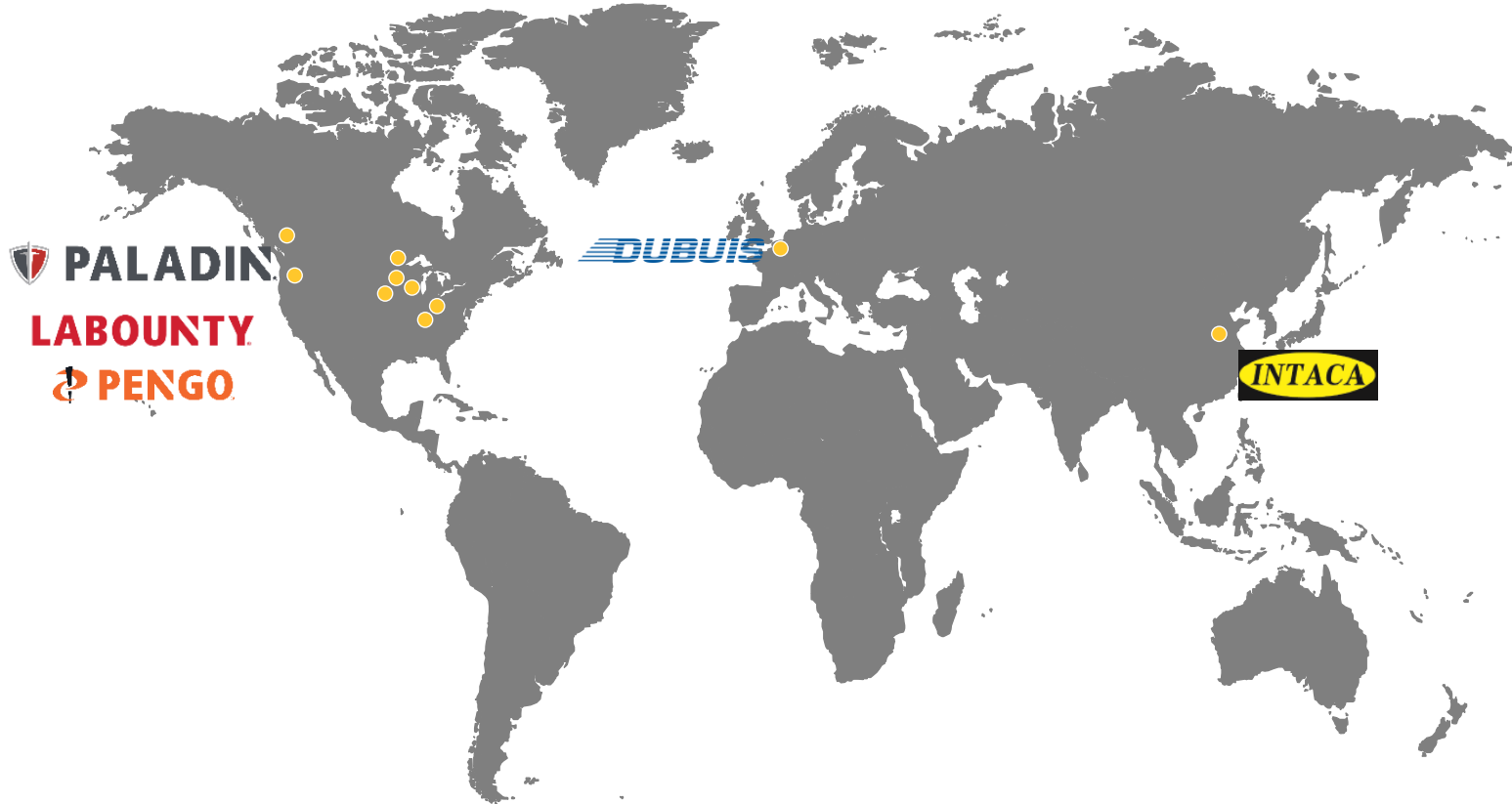
25+ years

INTACA



Leading manufacturer of hydraulic handheld tools and auxiliary equipment for railroad infrastructure and utilities in China

Strong US presence and broad business partner network



- US nationwide network of over 2 700 independent and OEM-affiliated brick-and-mortar dealer locations
- Broad reach to large and diversified customer base
- Vast distribution network driving ability to cross-sell products
- Networks in Europe and China provide additional opportunities
- 10+ years relationship with top dealers



Strong cultural fit

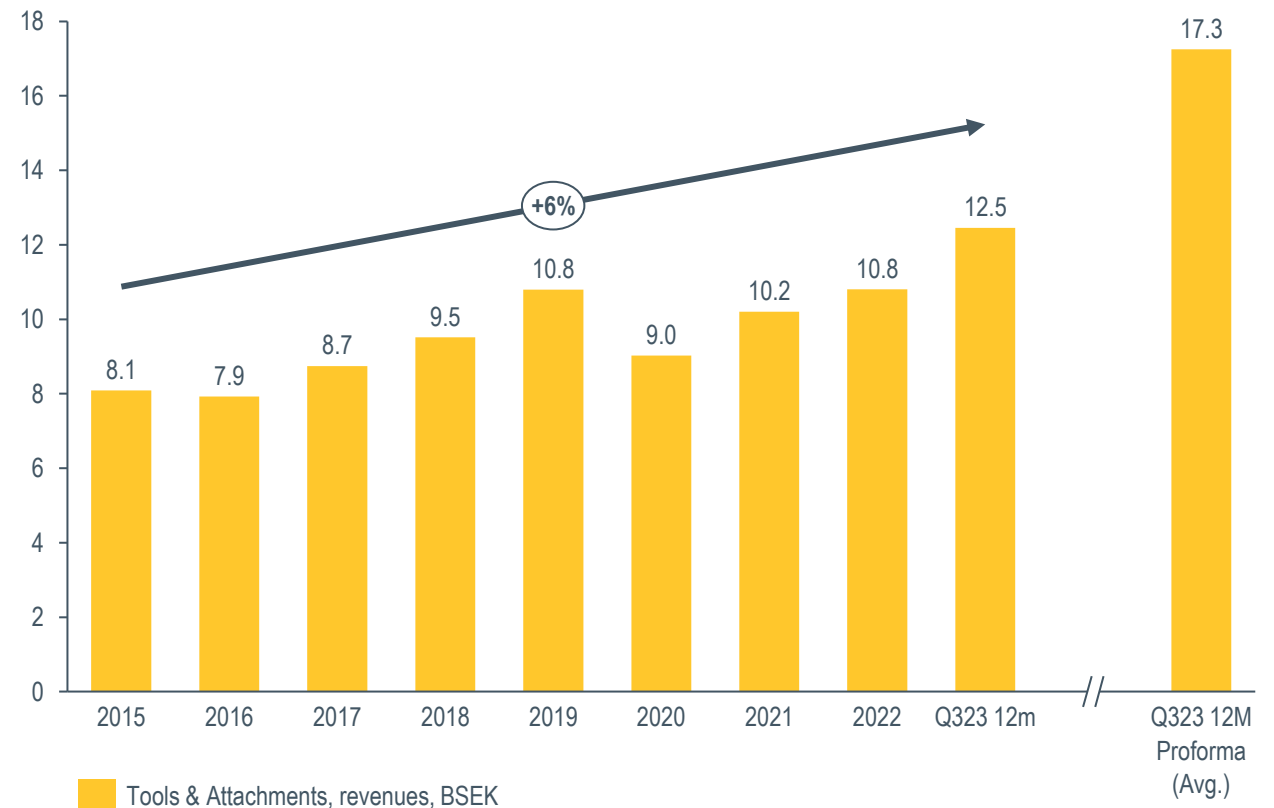
Two historical brands joining forces

- ~1 380 colleagues joining the Epiroc team
- Customer-centric mindset
 - Long-standing OEM relationships
 - Sizeable dealer network
 - Deep understanding and trust with OEMs and broad indirect sales network (dealers) provides detailed insights
- Strong and leading innovation capabilities
 - In-house laboratories to validate design expectations
 - Unique patents
 - Increased average sales price
- Highly competent, motivated and committed team with similar mindset
 - “Innovate to win”
 - “Make positive change in the world”

STANLEY Infrastructure supports long-term growth journey for Tools & Attachments

- Short term
 - Construction to remain weak in housing and aggregates
 - Infrastructure, incl. tunneling to develop well
- Long term
 - Boarder offering to customers
 - Creating a stronger company to benefit from strategic long-term growth

T&A revenues



Line/circle with figure = CAGR
 Exploration moved from T&A to E&S (Equipment) in Q1 2023. Figures for 2022 have been restated.

Financial impact

Purchase price

- MUSD 760 (BSEK 7.8)

Revenues and EBITDA

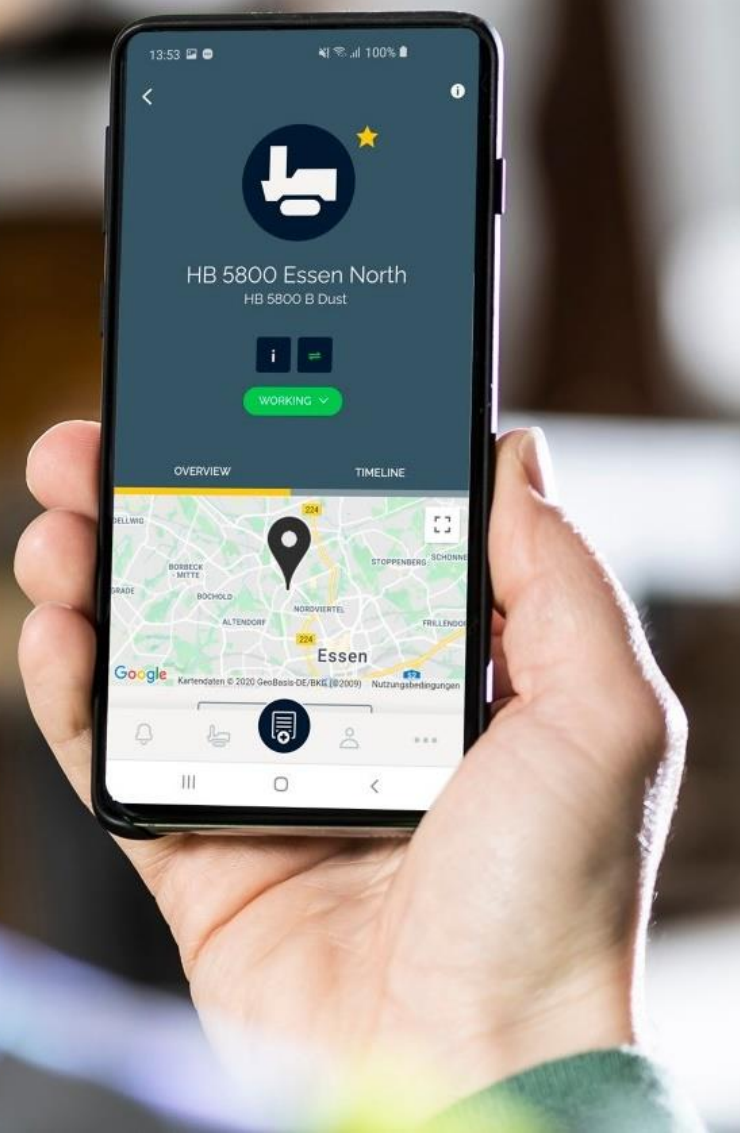
- STANLEY Infrastructure expected revenues for 2023 of MUSD 450-470 (BSEK 4.6 - 4.8)
- STANLEY Infrastructure EBITDA margin in the mid-to-high teens
- Epiroc Group Q3 2023 12 months EBITDA: MSEK 15 697 / 26.7%
 - Expected dilution on Group EBITDA ~1 percentage point

Funding

- All-cash transaction with secured financing through a bridge facility
- Epiroc Q323 reported net debt: BSEK 7.6
- Epiroc Q323 reported net debt pro forma: BSEK 15.4

Net Debt/EBITDA

- Epiroc Group Q323 reported: 0.49
- Epiroc Group Q323 pro forma: <1.0



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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.

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