Q1 2024

April 23, 2024

Helena Hedblom, President and CEO
Håkan Folin, CFO

Epiroc

Highlights Q1 2024

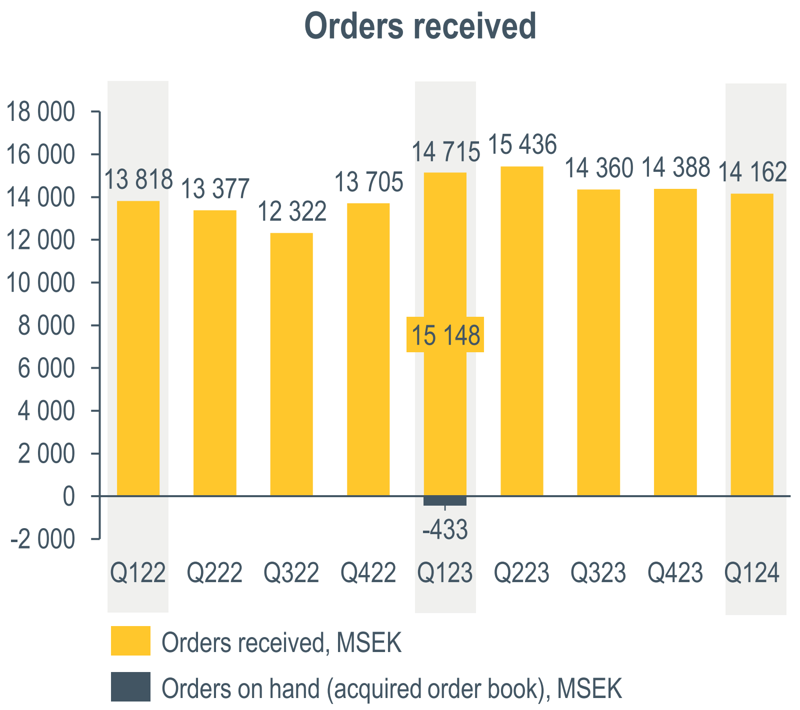
- Mixed demand, with solid mining activity
  - High mining activity and strong service
  - Large orders MSEK 400 (900)
  - Construction weak (hydraulic attachments)
- Increasing the focus on profitability
  - Higher costs year-on-year
  - Sequential structural savings achieved in SG&A
- Improved cash flow
- Positioning for growth in infrastructure attachments with the Stanley Infrastructure acquisition

Group orders received: Mixed demand, solid mining activity

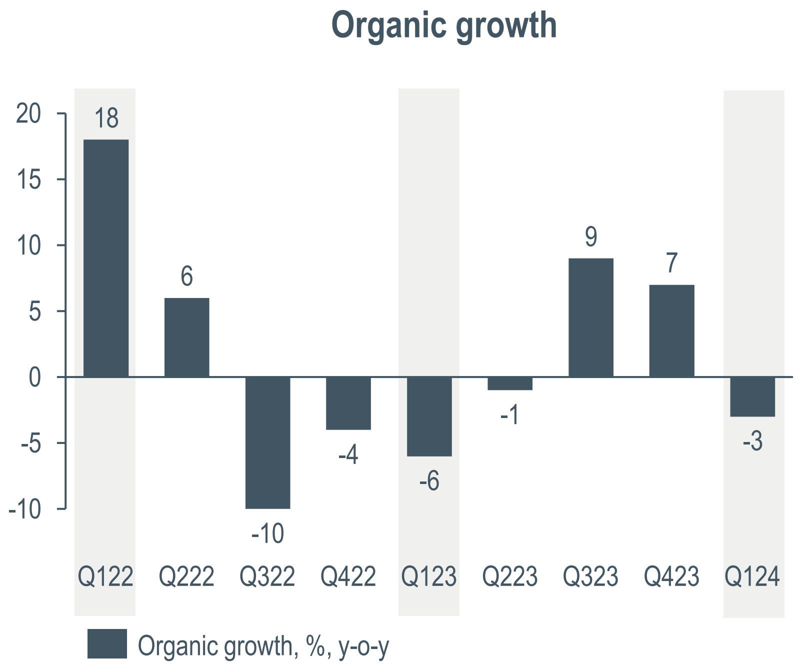
- Orders received -4%
- MSEK 14 162 (14 715)

- Strong mining (service & tools)
- High demand for larger rebuilds and mixed-fleet automation
- Weak construction (attachments)

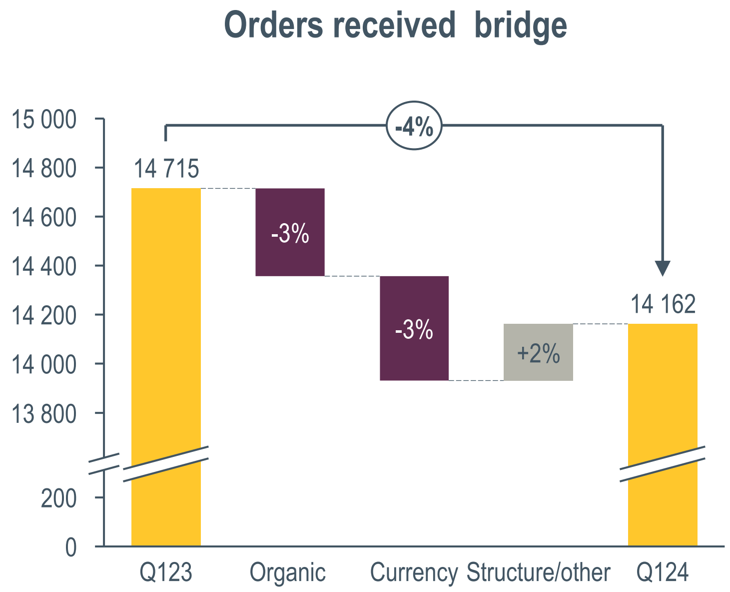
- -3% organic growth
- +2% acquisition growth



Reported OR in Q123 was MSEK 15 148 and includes acquired order book of MSEK 433, which has been excluded. Figures for 2022 have not been restated.



Organic growth adjusted for Russia in 2022. I.e excluding Russia



Innovation

- Purpose-built training facility in Australia
- Batteries with Service
- Safety leader
  - Order for Collision Avoidance System 9 (CAS9) of MSEK 36
  - CAS 9 + Real-time positioning = Safer and more productive operations

3.2%
R&D expenses of revenues

Leveraging innovation

Focused R&D (Research & Development)	**Collaboration for success**
Supplier Innovation	**Acquisitions to gain speed**

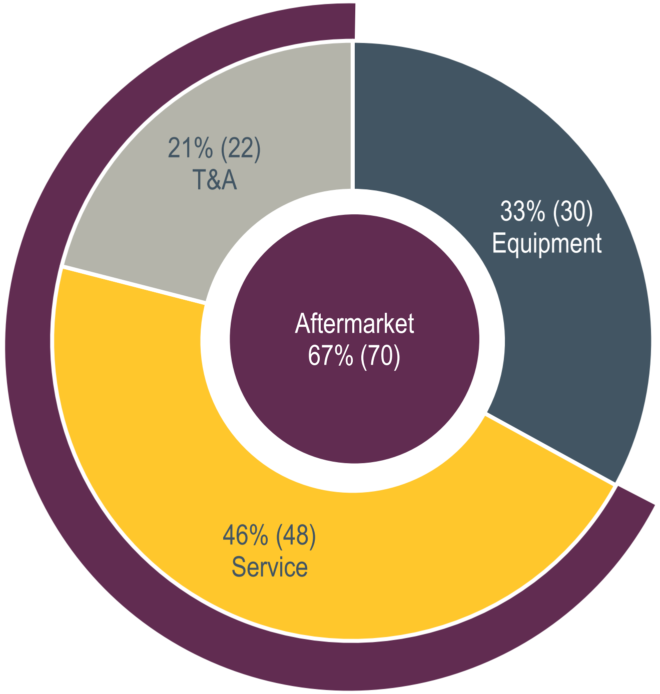
R&D rolling 12 months


Epiroc
Titan
Collision Avoidance System

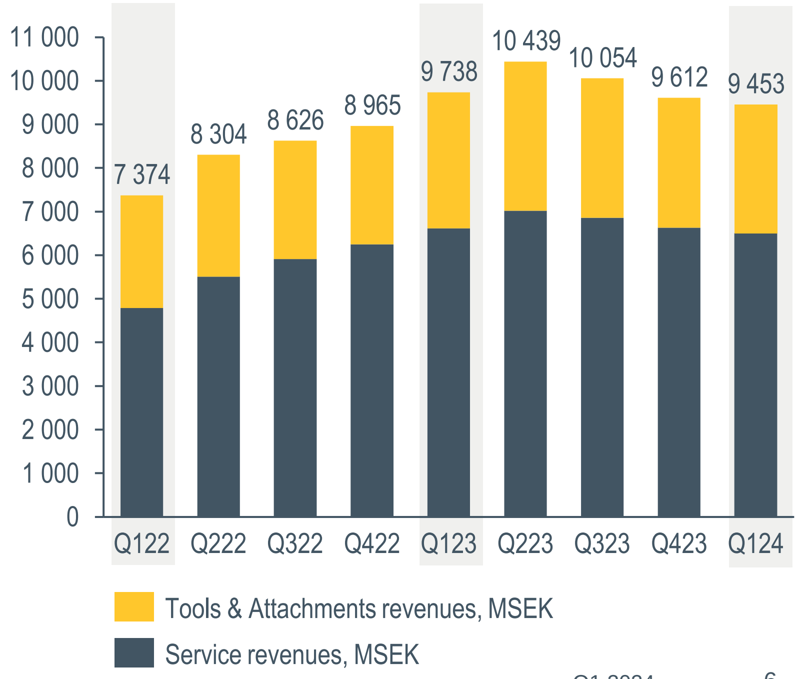
Aftermarket

- Solid customer activity in mining
- Strong demand for service (larger rebuilds, automation) and tools
- Construction weak (attachments)

Revenue split



Recurring aftermarket revenues



Operational excellence

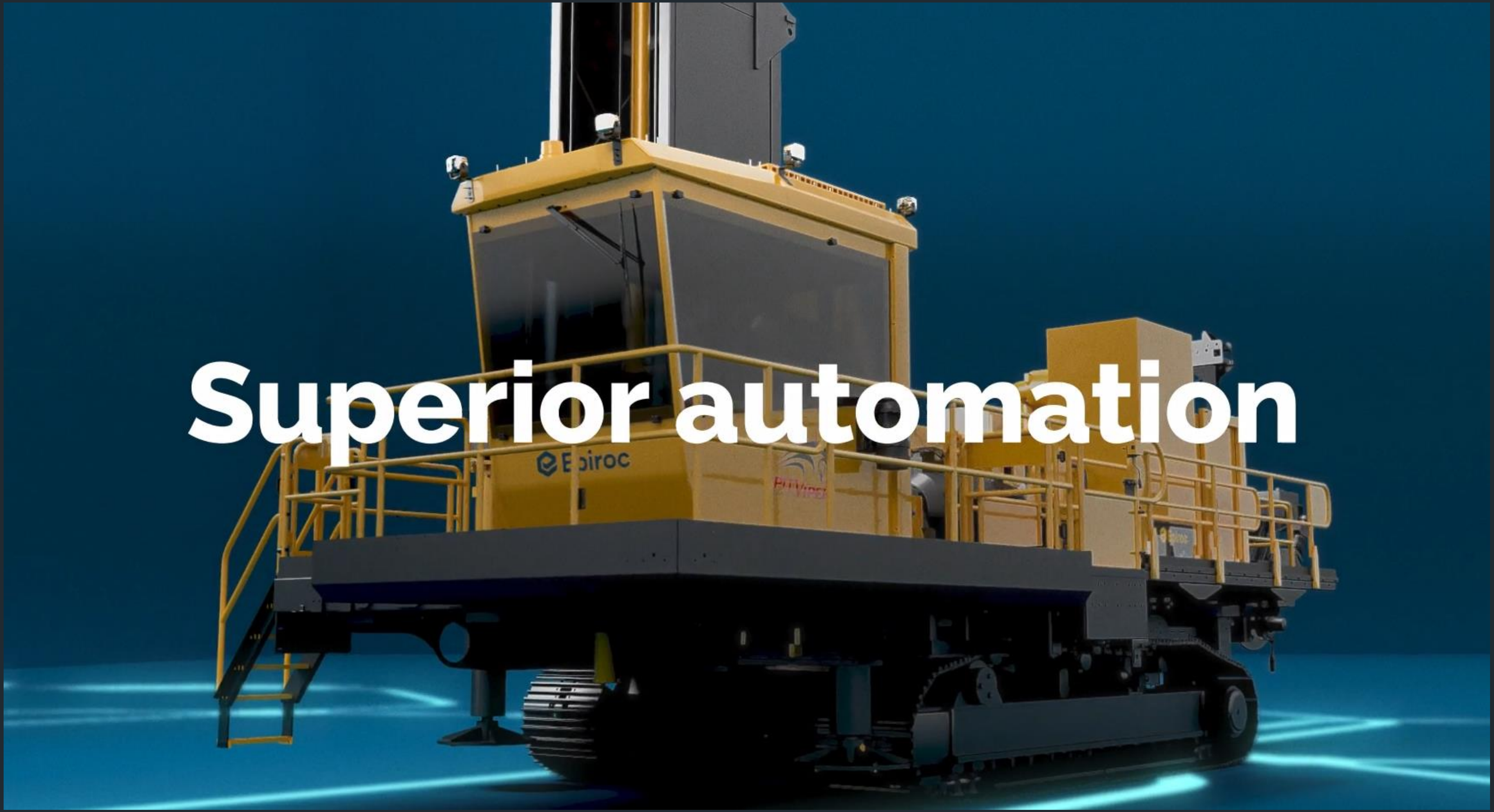
- Increasing the focus on profitability
  - Focus on costs and efficiency
  - Lower number of employees sequentially
  - Lower cost in SG&A sequentially
- Increased production capacity in Örebro, Sweden
- Split of “Tools & Attachments division” from May 1, 2024 to increase customer focus. New divisions:
  - Tools division
  - Attachments division
  - The Tools & Attachments reporting segment will remain unchanged

Sustainability: People

- Improved safety
  - Total recordable injury frequency rate decreased to 4.6 (6.2)
  - Focusing on a safety culture is yielding results
- 18 157 (17 586) employees
  - +377 for comparable units year-on-year
  - Down ~100 sequentially (incl. additional workforce)
- Increased number of women
  - Employees 19.0% (18.6)
  - Managers 23.5% (23.5)

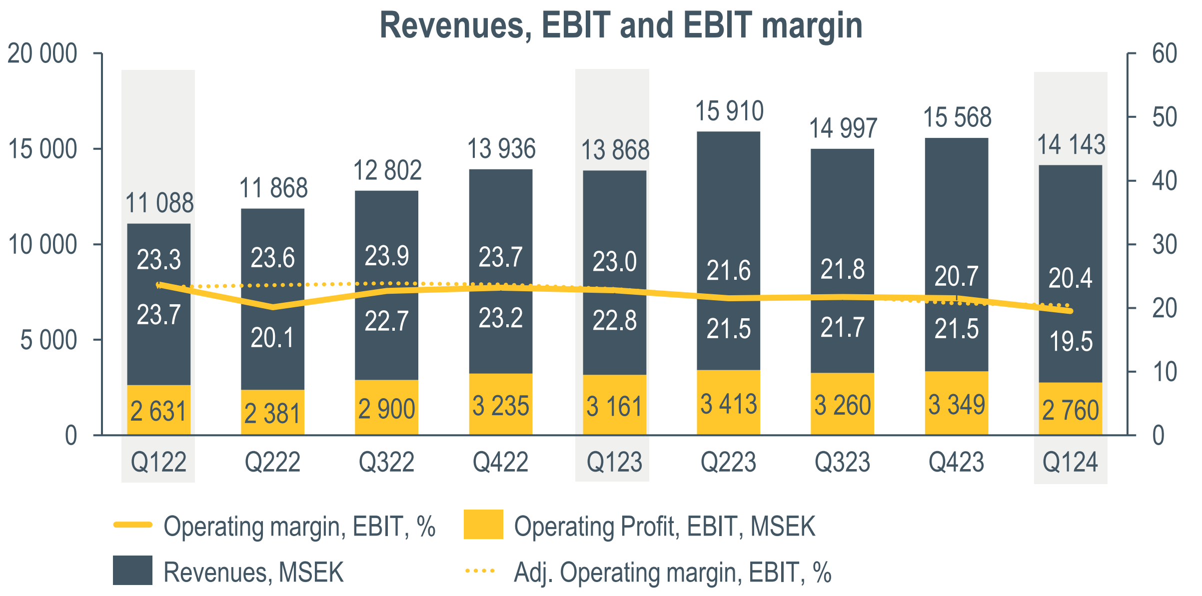
Sustainability: Planet

- CO2e emissions from operations -28% to 17 266 (23 957) tonnes
  - Solar panels and a higher share of renewable electricity
- CO2e emissions from transport +5% to 96 987 (91 948) tonnes
  - Higher volumes delivered
- Decarbonization progress (Scope 3)
  - Batteries with Service
  - First fully battery-electric underground trolley truck system (Collaboration with Boliden and ABB)
  - Three all-new electric Pit Viper drills models launched

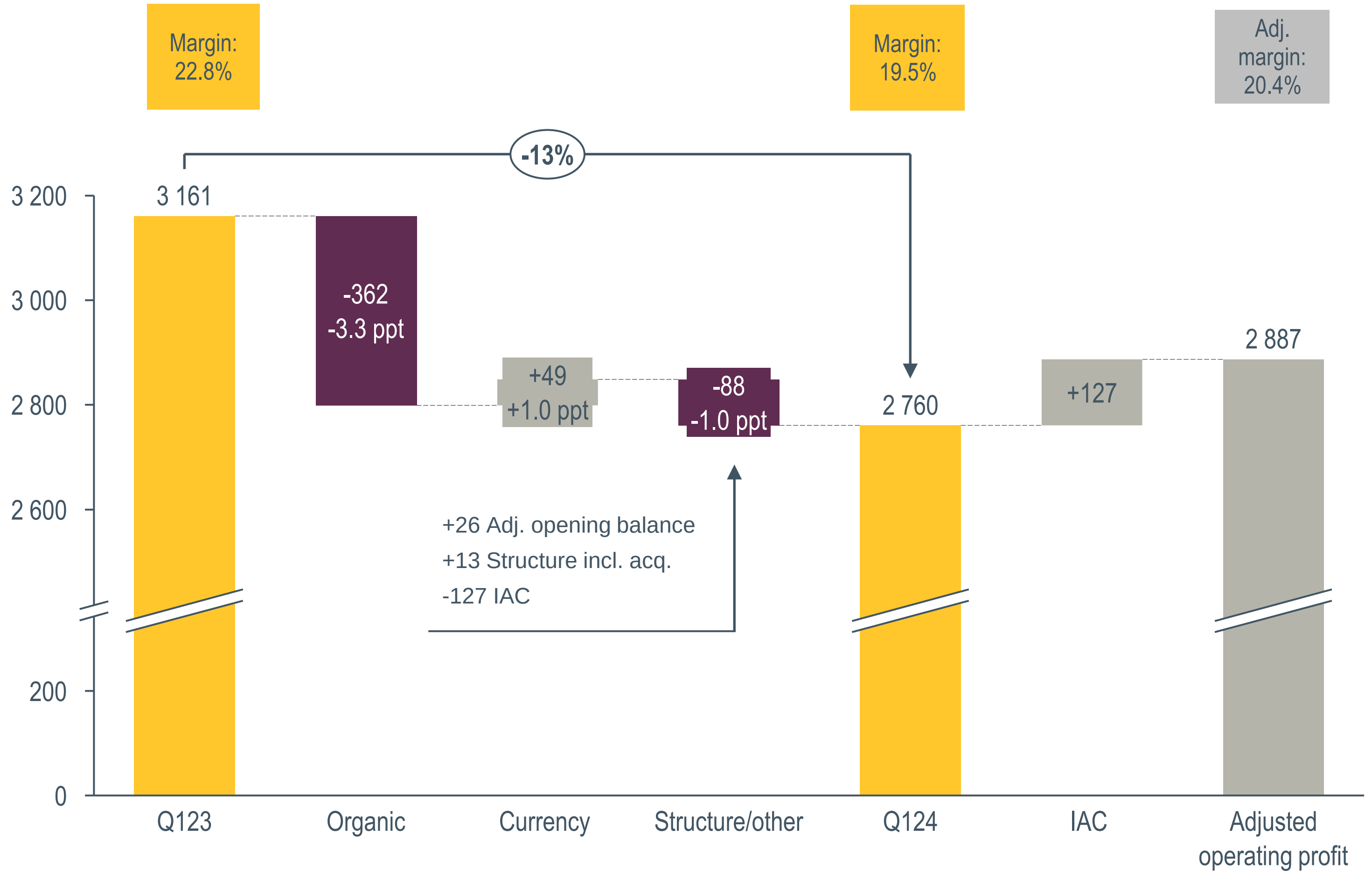

Superior automation

Group revenues and EBIT

- Revenues MSEK 14 143 (13 868), +3 organic
- Operating profit, EBIT, MSEK 2 760 (3 161)
  - IAC MSEK -127 (-26), whereof M&A transaction and integration costs: MSEK -125
- Adjusted operating profit, EBIT, MSEK 2 887 (3 187)
  - Negative mix effects (Service and T&A), higher costs, and dilution from acquisitions
  - Adj. EBIT margin 20.4% (23.0)



Group EBIT profit bridge

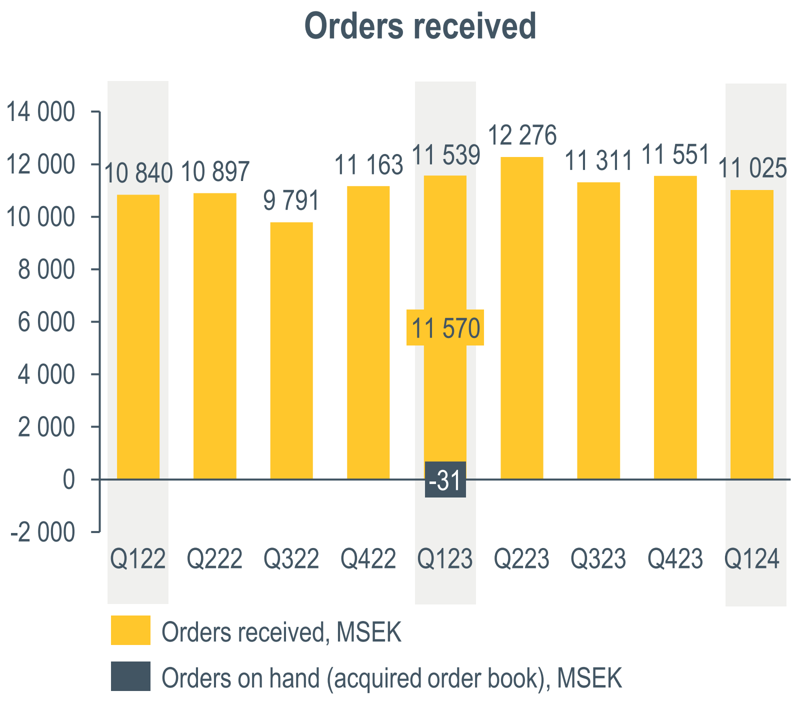


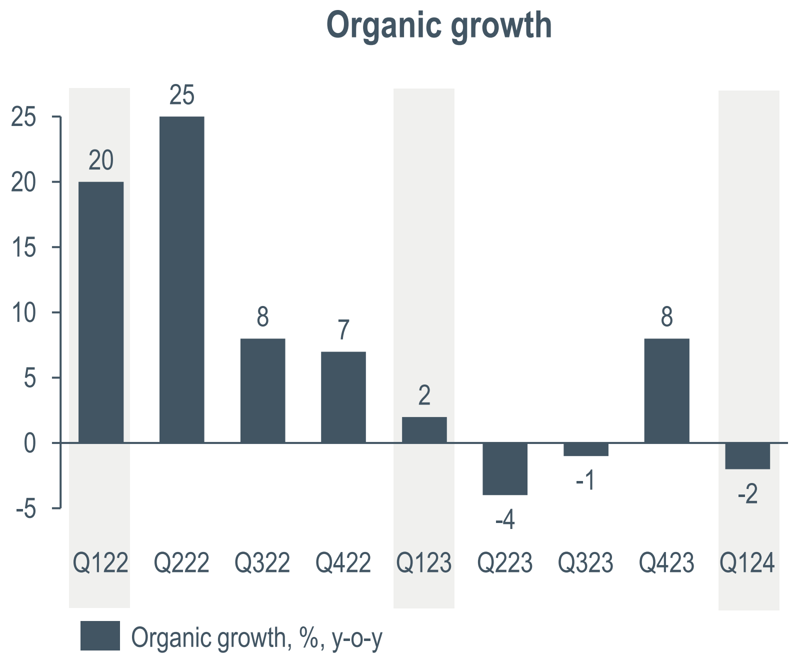
Equipment & Service orders received: Strong demand

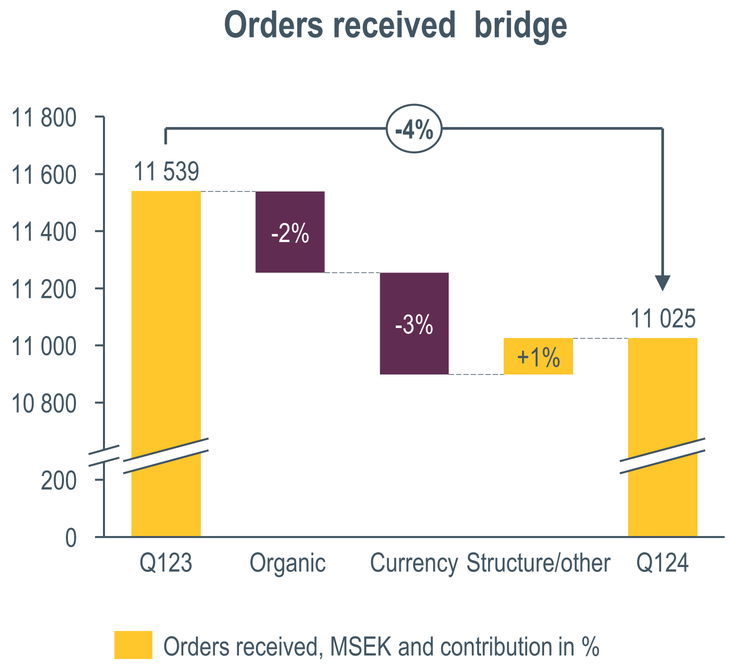
- Orders received -4%
- MSEK 11 025 (11 539)

- High mining activity
- Large orders MSEK 400 (900)
- Strong demand for mixed-fleet automation and midlife upgrades

- -2% organic growth
- +1% acquisition growth

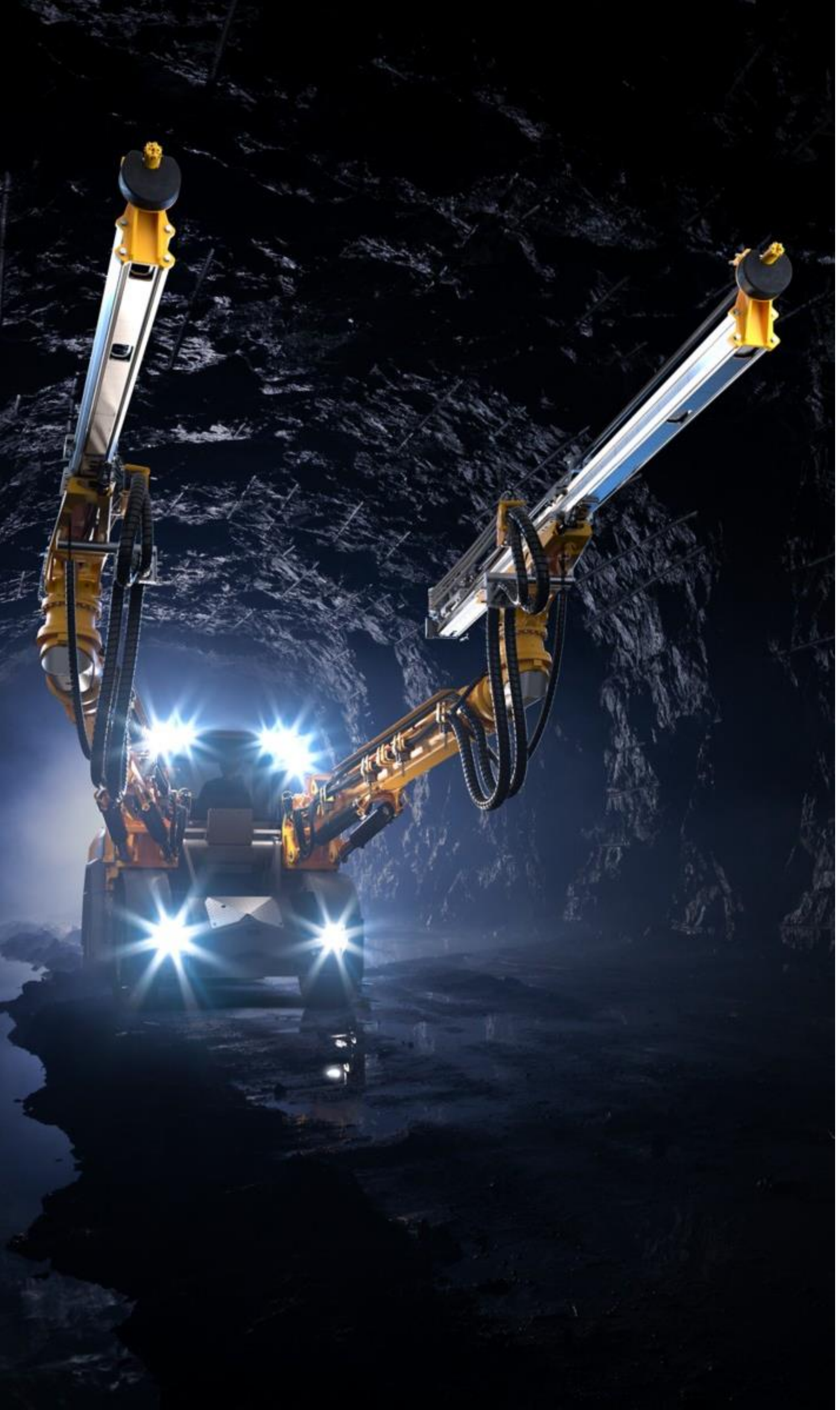






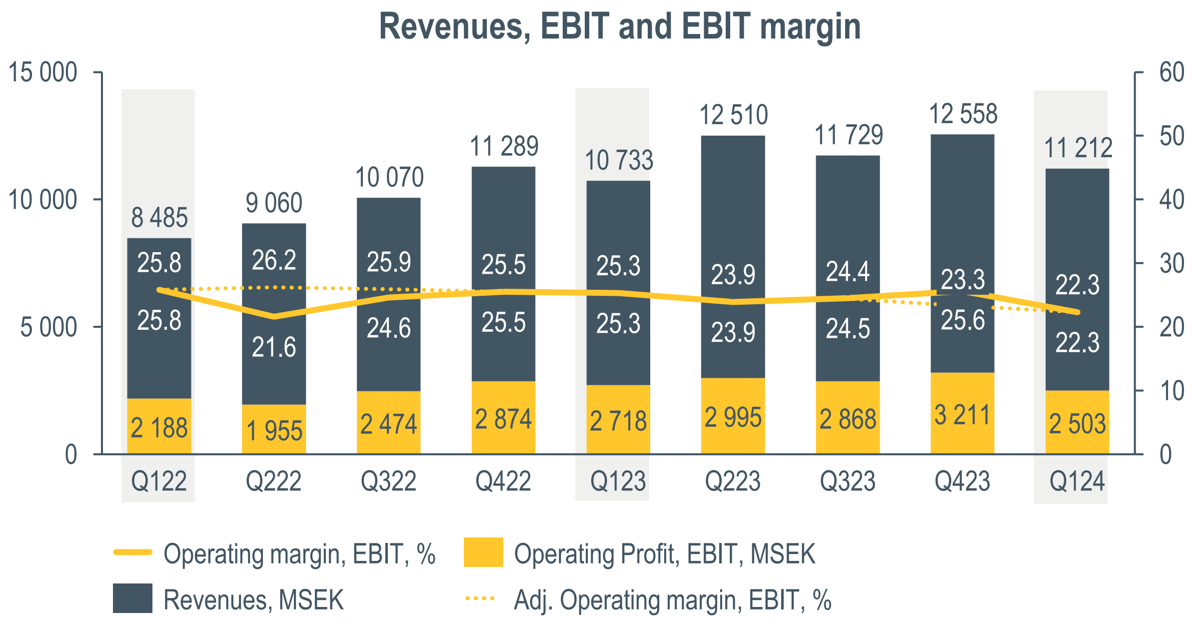
Reported OR in Q123 was MSEK 11 570 and includes acquired order book of MSEK 31, which has been excluded. Figures for 2022 have not been restated.

Organic growth adjusted for Russia. I.e excluding Russia in 2022

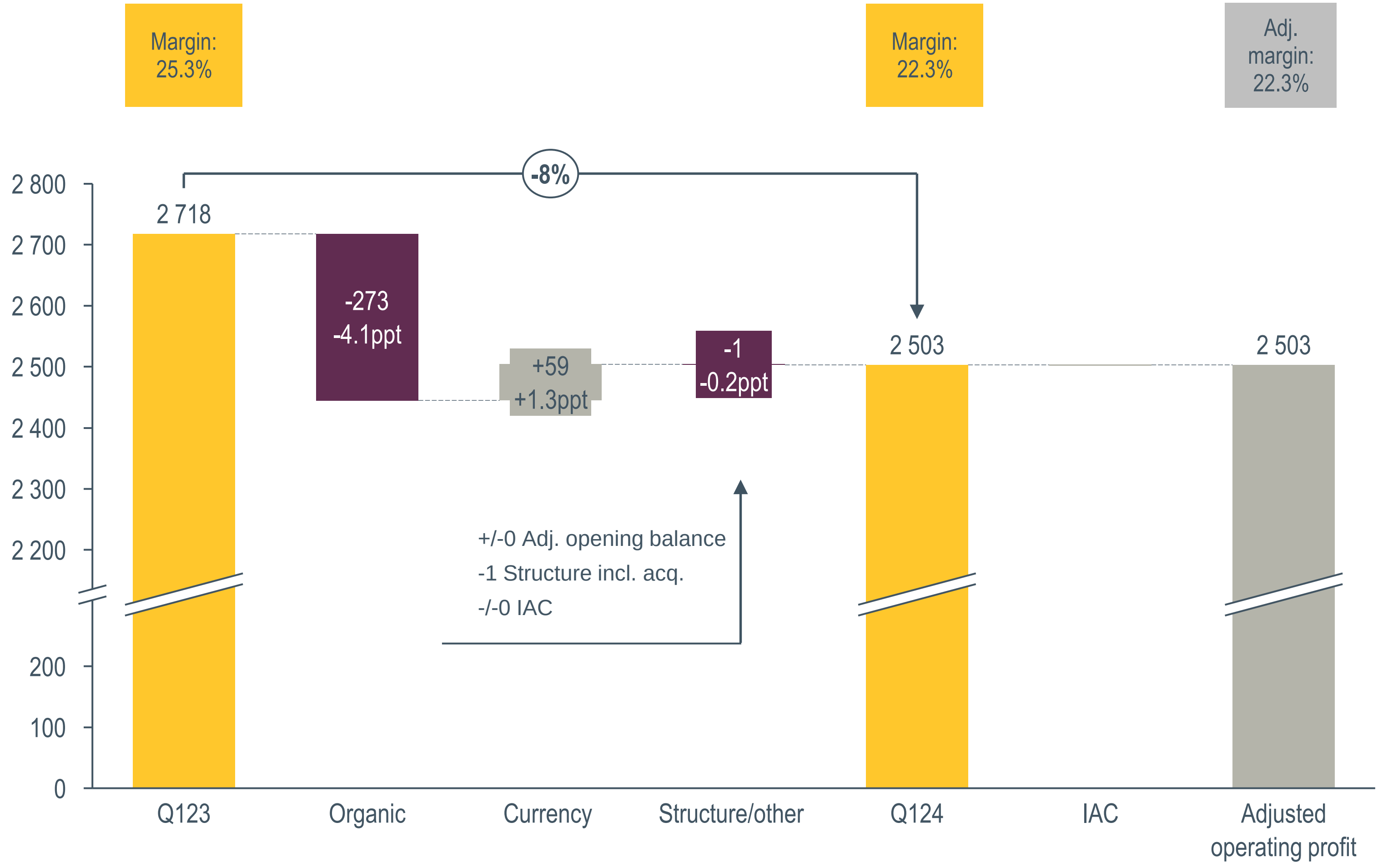


E&S revenues and EBIT

- Revenues MSEK 11 212 (10 733)
  - Strong invoicing for equipment
  - 42% (38) equipment revenues
- Operating profit, EBIT, MSEK 2 503 (2 718)
  - Higher share of equipment, a negative mix effect within Service, and higher costs
  - EBIT margin 22.3% (25.3)



E&S profit bridge

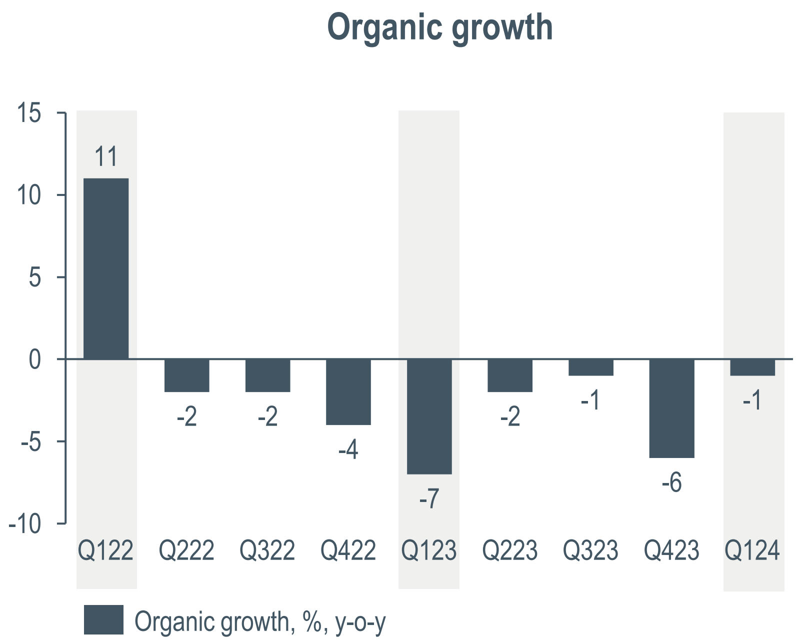


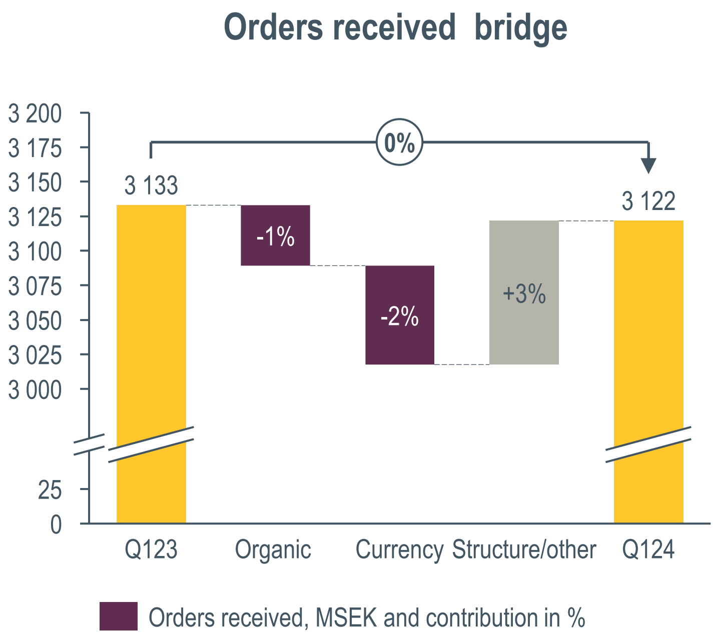
Tools & Attachments orders received: Mixed demand

- Orders received +/-0%
- MSEK 3 122 (3 133)

- Mining demand strong for rock drilling tools
- Construction weak, impacting hydraulic attachments

- -1% organic growth
- +3% acquisition growth



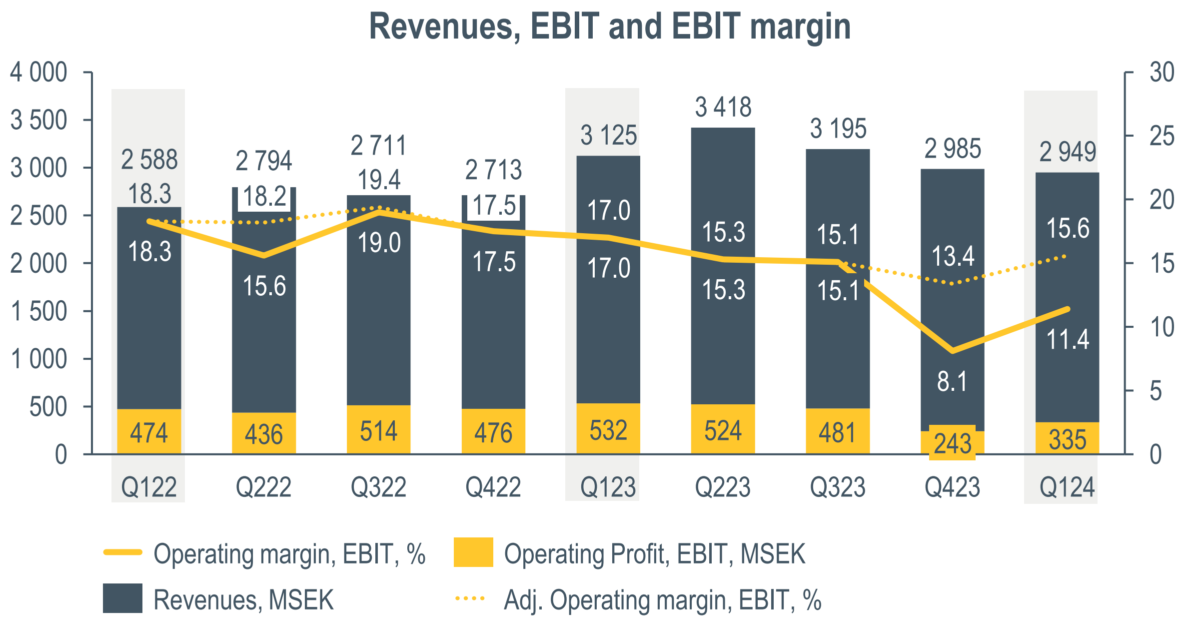


Reported OR in Q123 was MSEK 3 535 and includes acquired order book of MSEK 402, which has been excluded. Figures for 2022 have not been restated.

Organic growth adjusted for Russia. I.e excluding Russia

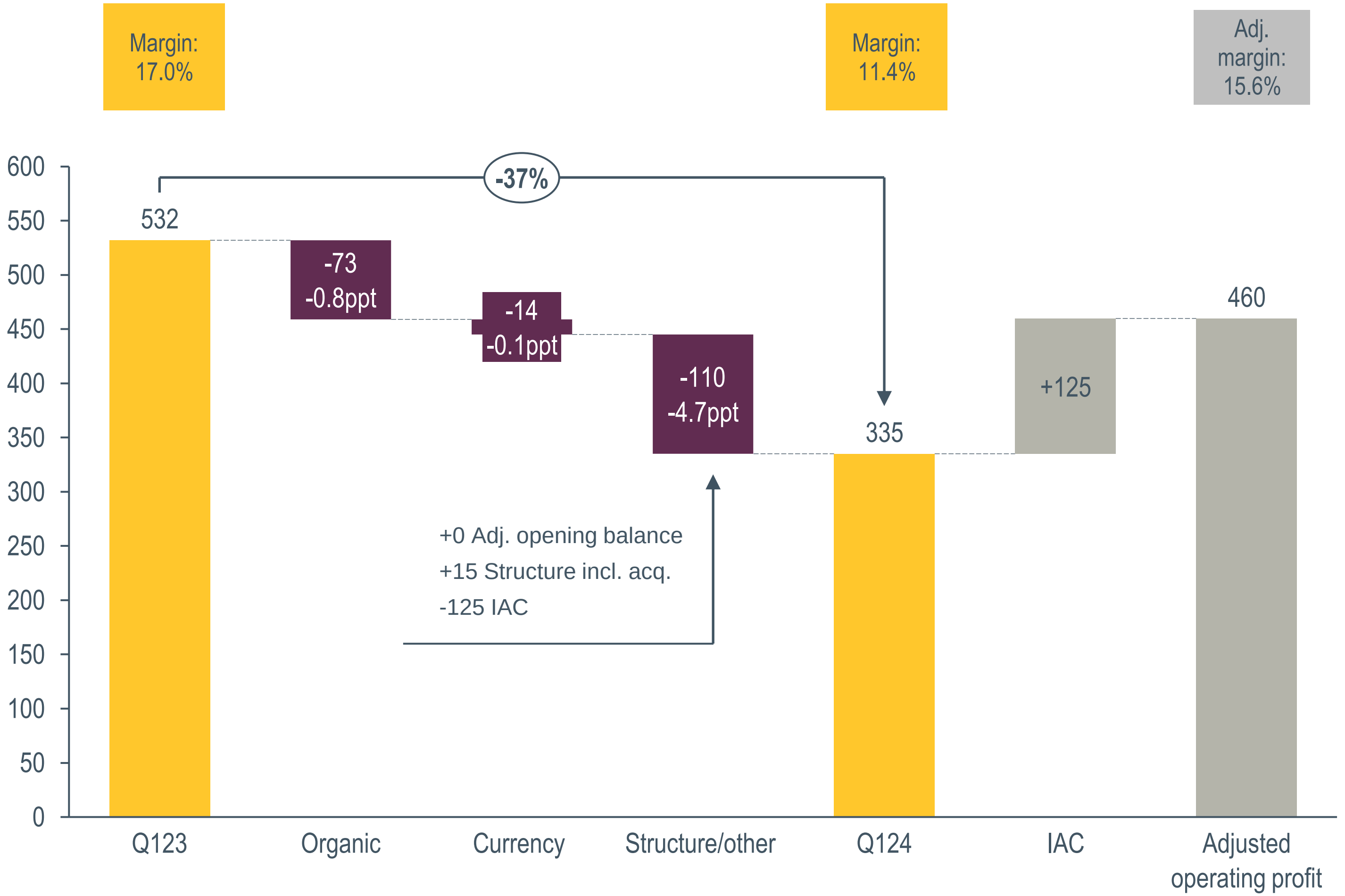
T&A revenues and EBIT

- Revenues MSEK 2 949 (3 125)
- Operating profit, EBIT, MSEK 335 (532)
  - Items affecting comparability MSEK -125 (0)
- Adjusted operating profit, EBIT, MSEK 460 (532)
  - Adj. EBIT margin 15.6% (17.0)
  - Higher share of rock drilling tools and weak hydraulic attachments (underabsorption)



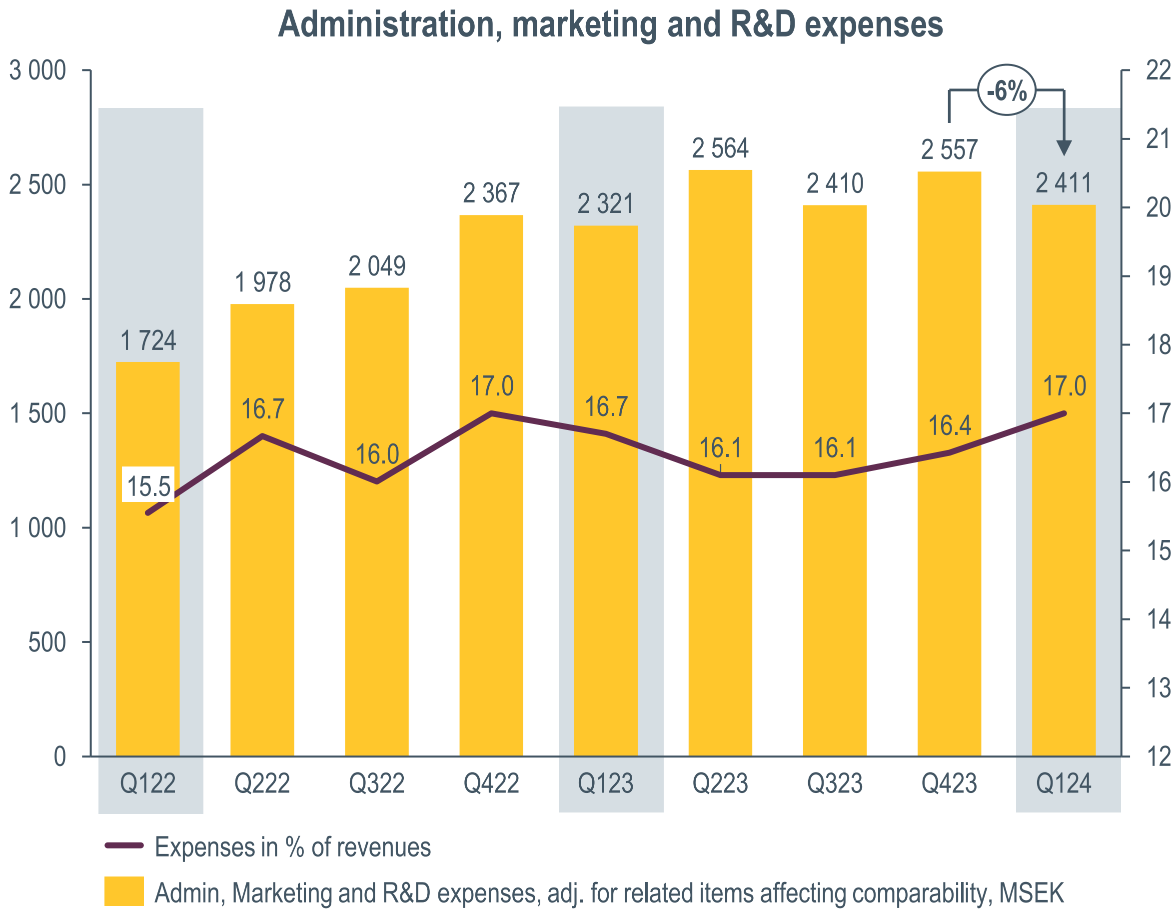
T&A profit bridge

Epiroc



Costs, net financials and tax

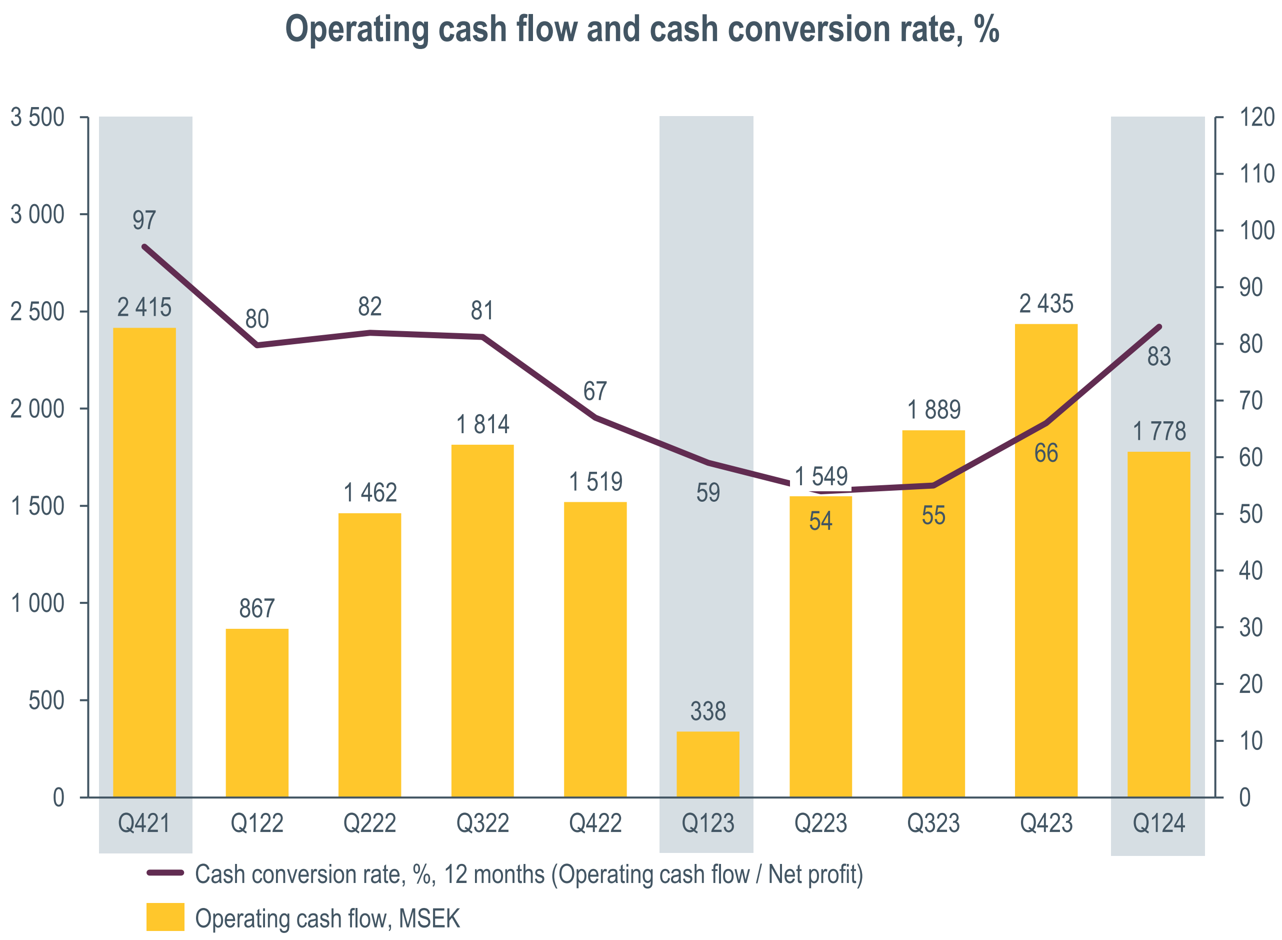
- Administration, marketing and R&D expenses
  - Year-on-year
    - Functional costs +4%
    - 17.0% (16.7) of revenues
  - Sequentially
    - R&D stable – Investing for the future
    - Functional cost -6% in absolute terms
    - Lower administration and marketing costs
- Net financial items MSEK -116 (-197)
  - Interest net MSEK -128 (-89)
- Tax expense MSEK -634 (-671)
  - Effective tax rate 24.0% (22.6)



Operating cash flow

Epiroc

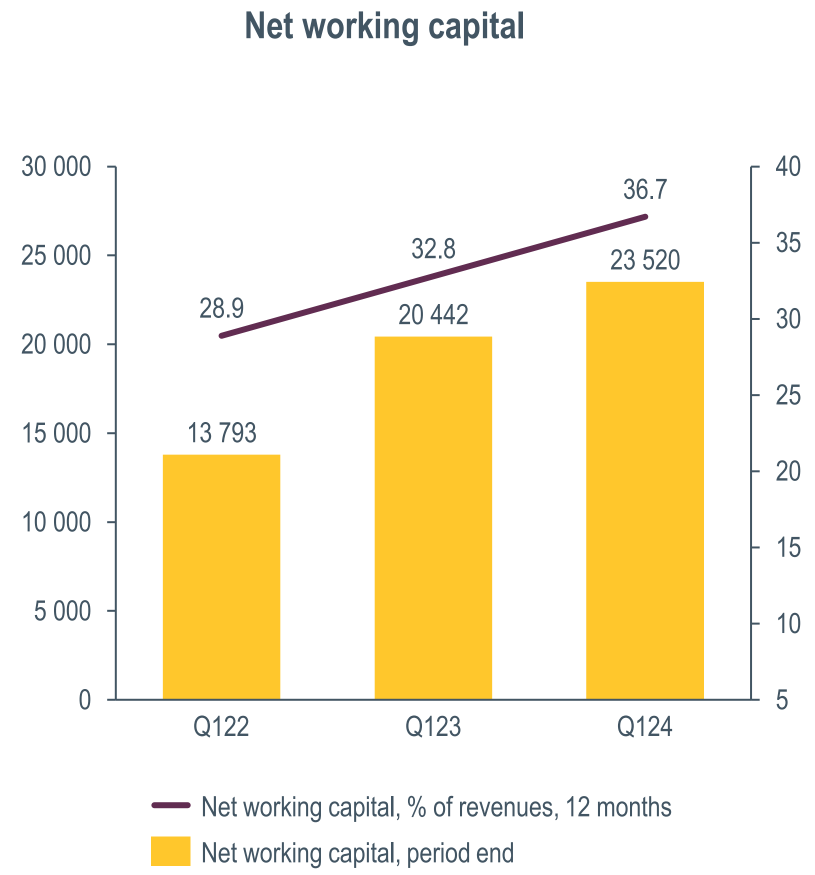
MSEK	Q124	Q123
Operating profit	2 760	3 161
Depreciation, amortization and impairment	673	635
Capital gain/loss and other non-cash items	-222	-226
Net financial items received/paid	610	42
Taxes paid	-714	-922
Change in working capital	-643	-1 839
Investments, incl. rental equipment*	-447	-430
Pension funding and other**	-239	-83
Operating cash flow	**1 778**	**338**
Acquisitions and divestments	-	-3 279

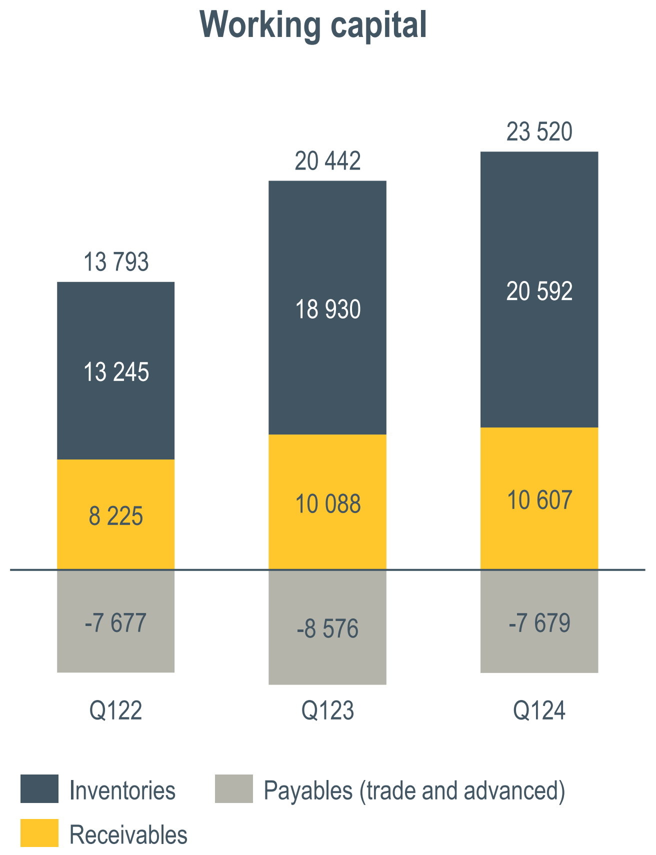


Investments include rental investments, net, other PPE, net, and intangible assets, net.
*** Other includes adjustments for currency hedges of loans and proceeds to/from other financial assets, adjusted for divestment of Financial Solutions credit portfolios.*

Working capital

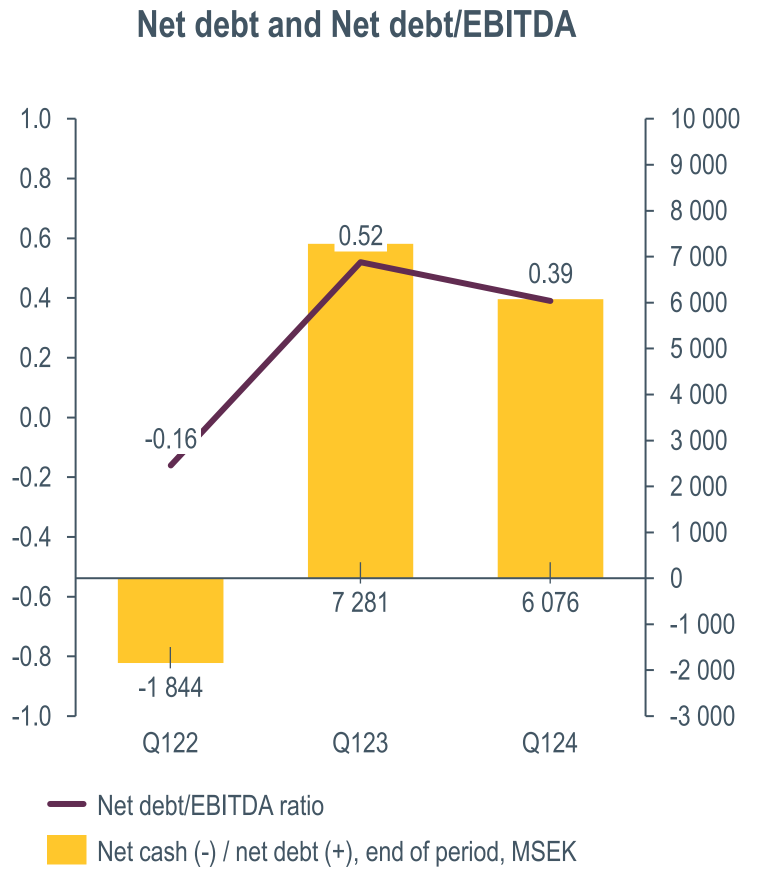
- Net working capital +15% MSEK 23 520
  - Excl. acquisitions and fx +15%
  - 36.7% (32.8) of revenues
- Higher equipment volumes / finished goods

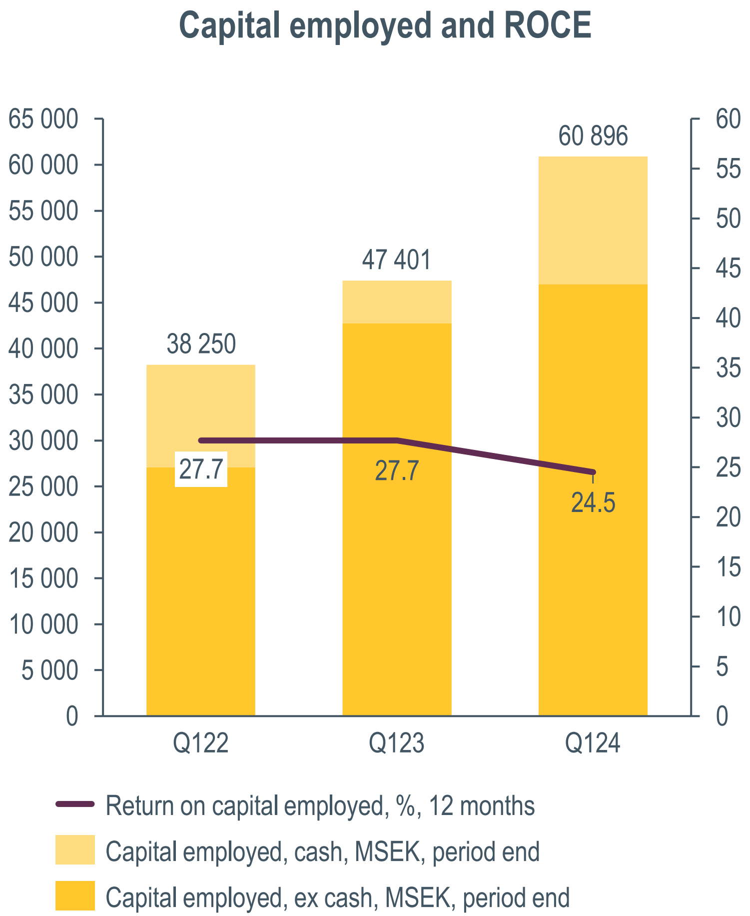




Capital efficiency

- Net debt at MSEK 6 076 (7 281)
- MEUR 500 bond issuance
- Net debt/EBITDA 0.39 (0.52)
- 41% green or sustainability-linked long-term financing
- ROCE 24.5% (27.7)
  - Higher cash prior to payment of Stanley Infrastructure





Stanley Infrastructure: a perfect fit for Epiroc

Epiroc

Supports our growth strategy

- Construction and deconstruction market growth 4-5% p.a
- Outgrow market
- IRA tailwind

Expands our high-end attachments portfolio

- Value creation for customers
- Industry-leading brands

Significant sales synergies

- Stronger presence in the US
- Access to a broad indirect sales network
- Leverage global sales efforts

Excellent cultural fit

- Strong focus on innovation
- Solid customer relationships
- Humble and ambitious employees

Preliminary financial impacts of the acquisition

Epiroc

Deal closed	April 1, 2024
Reporting	Segment: Tools & Attachments (Attachments Division) President: Goran Popovski
Employees	1 380
Revenues and EBITA 2023	Revenues of MUSD 447 / MSEK 4 725* Adjusted EBITA 16%
Market comment	The demand weakened throughout 2023. Destocking among distributors ongoing at end Q124.
Financing	Purchase price MUSD 760 (BSEK 8.2). All-cash transaction.
Purchase price allocation (PPA)	Not finalized, but mainly intangible assets and goodwill.
M&A transaction and integration costs	Q124: MSEK 125 Q224 estimated: MSEK 135
Expected margin impact full year 2024	0.5-0.7 ppt dilution on Group adj. EBITA margin** 0.5-0.7 ppt dilution on T&A adj. EBITA margin**
Other financial impact 2024	Net Debt/EBITDA below 1.0 after the acquisition
Epiroc average debt cost	End Q124: 4.80%

* At average SEK/USD rate of 10.57

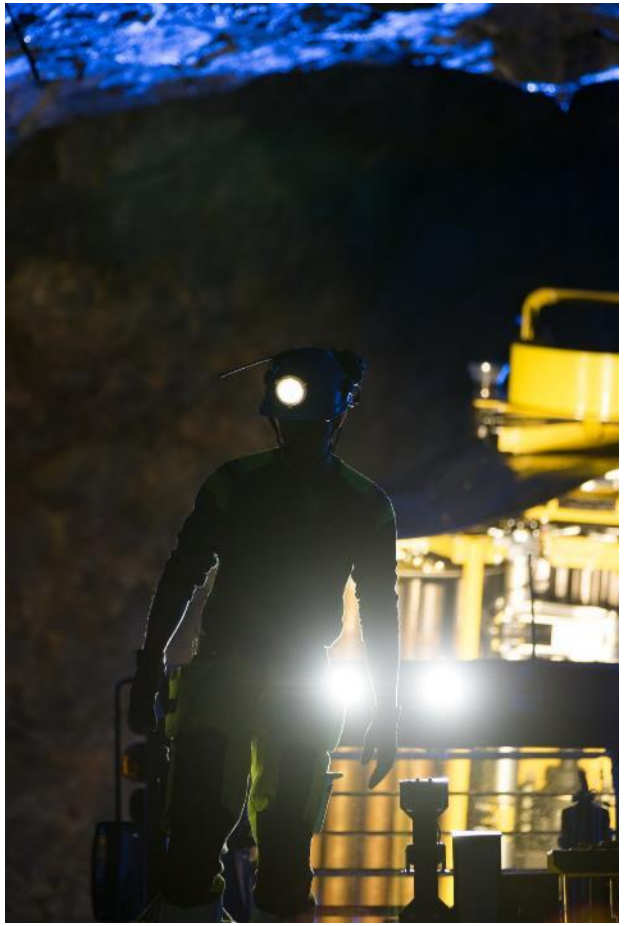
** Excl. M&A transaction and integration costs

Summary

Epiroc

- High mining activity
  - Strong service
  - Strong rock drilling tools
  - Lumpy large orders
- Safety leadership
- Construction weak
- Negative mix effects on margin
- Increasing the focus on profitability
- Improved cash flow
- Positioned for growth in infrastructure attachments

Looking ahead



“In the near term, we expect that the underlying mining demand, both for equipment and aftermarket, will remain at a high level. Demand from construction customers is expected to be soft.”

CAPITAL MARKETS DAY

Join us in Las Vegas + MinEXPO

Tuesday September 24, 2024

www.epirocgroup.com/en/cmd-2024

Q&A

Appendix

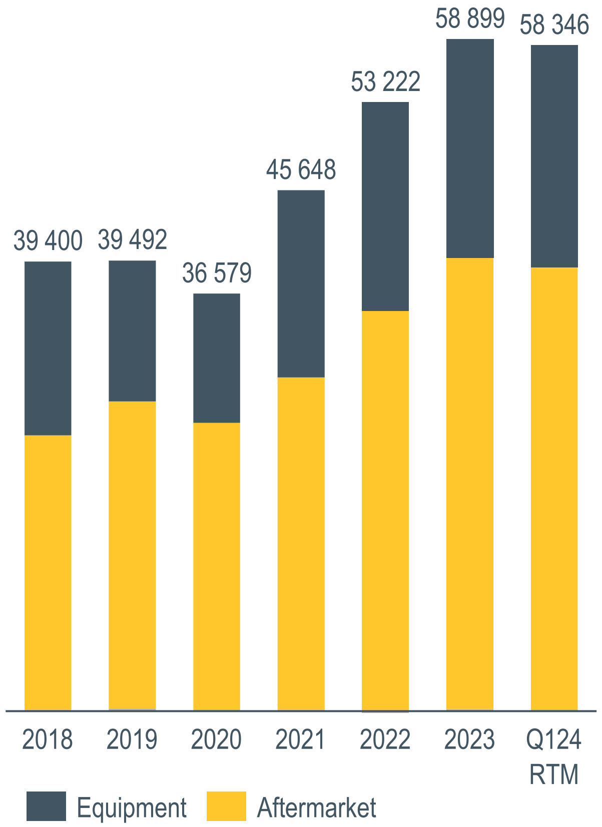
Epiroc

Investment case

- We focus on attractive niches with structural growth
- We accelerate the productivity and sustainability transformation in our industry
- We have a high proportion of recurring business
- We have a well-proven business model
- We create value for our stakeholders
- Our success is based on sustainability and a strong corporate culture

A 151-year old start-up company and a leading productivity and sustainability partner

Orders received



Aftermarket consists of "Service" and "Tools & Attachments"

Revenues in ~150 countries

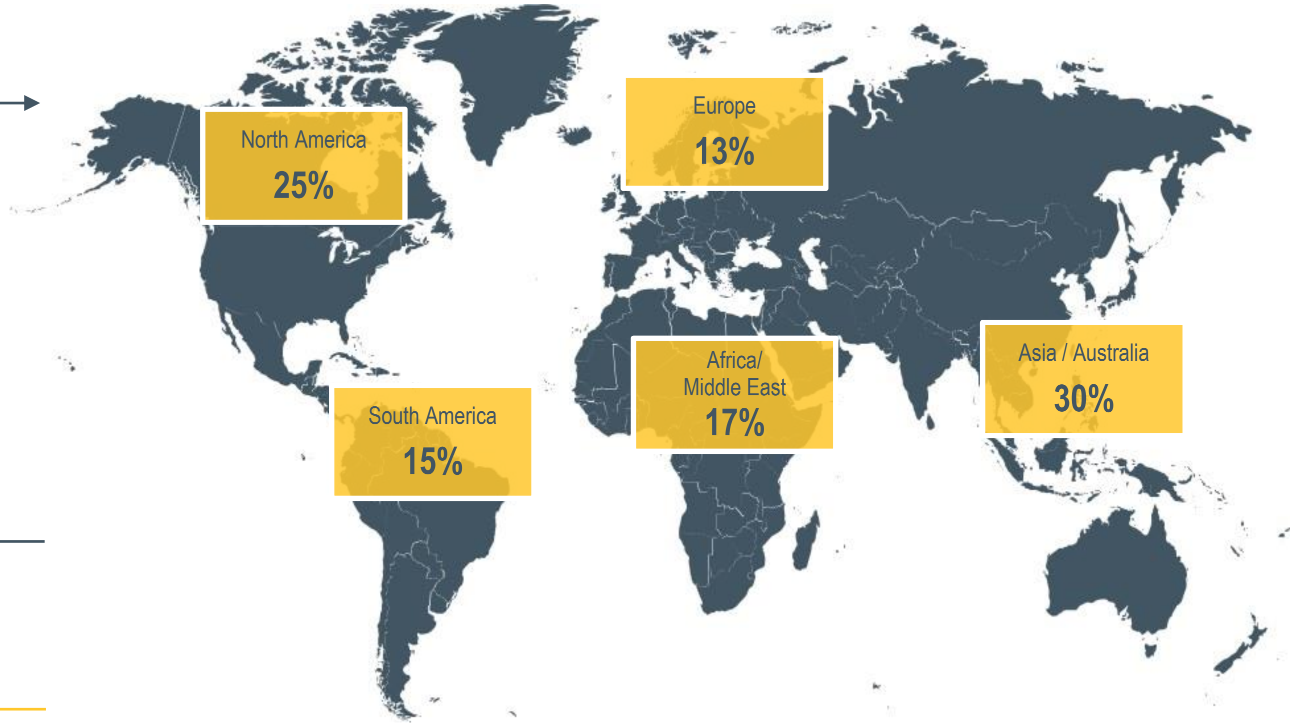
+18 000 employees

EBIT margin 21.1%

Equipment 33%

Aftermarket 67%

Orders received



Strategy and foundations for success

Epiroc

Focus on attractive niches

Innovation

Aftermarket

Operational excellence

Outperformance

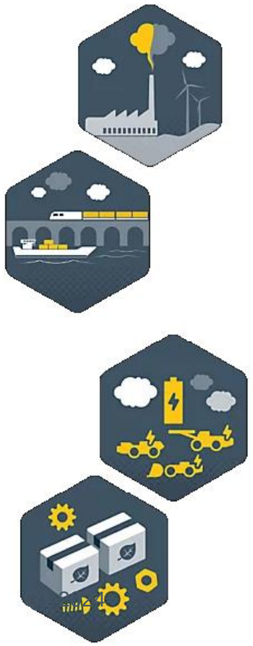
Sustainability and a strong company culture

Financial goals at a glance

Goals	Description	Q1 2024	2023	2015-2023
Growth	Annual revenue growth of 8% over a business cycle.	**2%**	**21%**	**10%**
Profitability (EBIT)	Industry-best operating margin, with strong resilience over the cycle.	**19.5%**	**21.8%**	**20.4%**
Capital efficiency (ROCE)	Improve capital efficiency and resilience. Investments and acquisitions shall create value.	**24.5%**	**27.0%**	**25.9%**
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 policy	Provide long-term stable and rising dividends to its shareholders. The dividend should correspond to 50% of net profit over the cycle.	Proposed dividend for 2023, to be paid out in 2024: **SEK 3.80** in two installments		**50% pay out (2018-2023)**

2030 goals for people and planet

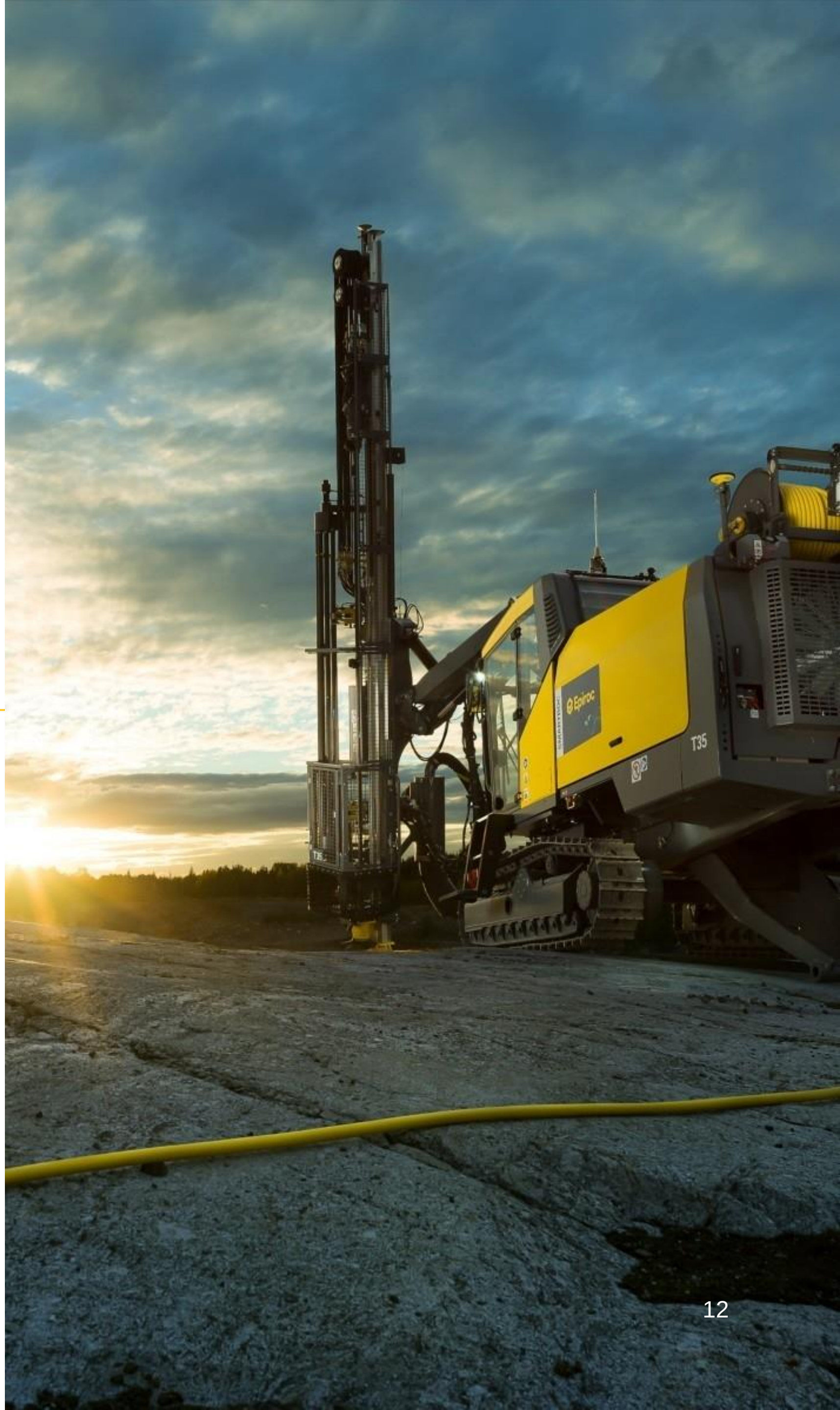
- No work-related injuries
- Balanced workforce and double the number of women in operational roles
- Have all employees and business partners comply with our Code of Conduct and Responsible Sales Assessment Process implemented



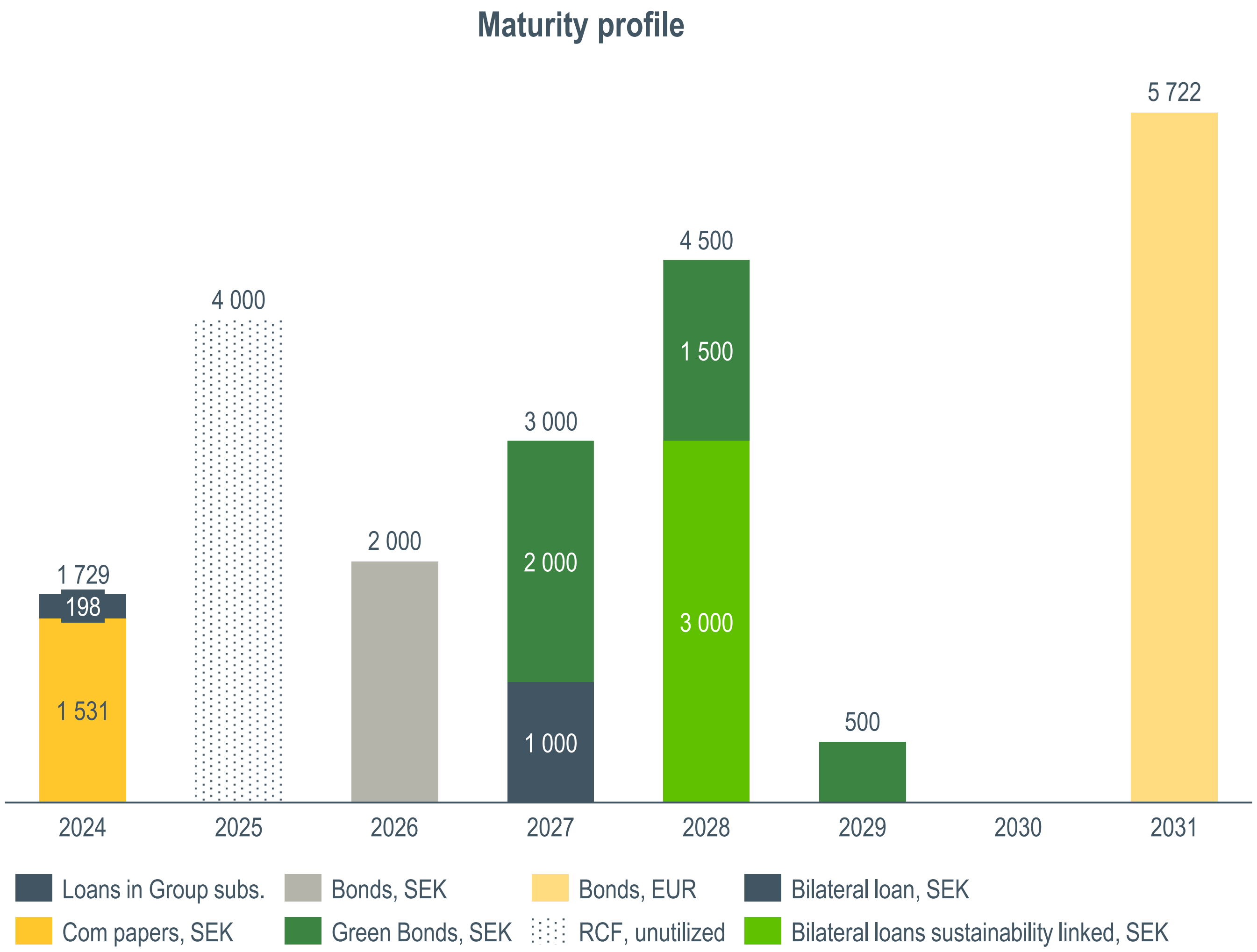
- Halve CO_2e emissions in operations*
- 90% renewable energy in own operations
- Halve transport CO_2e emissions
- Offer a full range of emission-free products
- Halve CO_2e emissions from machines sold*
- Require 50% reduction of CO_2e emissions from relevant suppliers

* SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Base Year 2019



Debt information and maturity profile



- Net debt/EBITDA: 0.39
- S&P rating: BBB+ Stable outlook
- External financing: BSEK 17.2
- 91% long term financing
- 41% green or sustainability linked
- 4.8 years average tenor (long-term)
- Average interest duration: 25 months
- Average interest rate: 4.80%
- 67% SEK financing

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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