

Q2 2024

July 19, 2024

Helena Hedblom, President and CEO
Håkan Folin, CFO





Highlights Q2 2024



- Strong mining, weak construction
 - Large equipment orders MSEK 950 (550)
 - Strong organic service growth
 - Construction weakened
- Building position for future growth
 - Closed the acquisition of Stanley Infrastructure
 - Announced acquisition of ACB+
- Actions to improve profitability
- Accelerated leadership within automation
- Battery-electric trolley truck system for underground mining

Group orders received: Strong mining, weak construction

- Orders received +6%
- MSEK 16 349 (15 436)

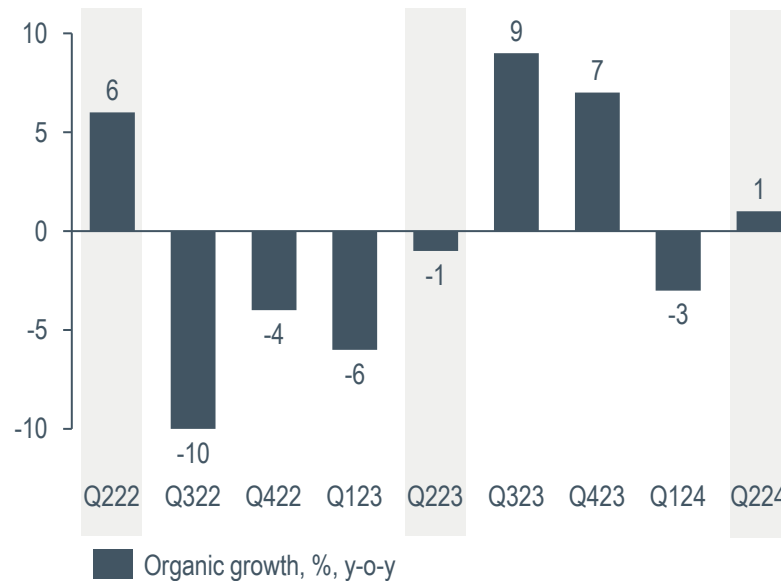
- Strong mining
- High demand for larger rebuilds and mixed-fleet automation
- Weakened construction

- +1% organic growth
- +7% acquisition growth

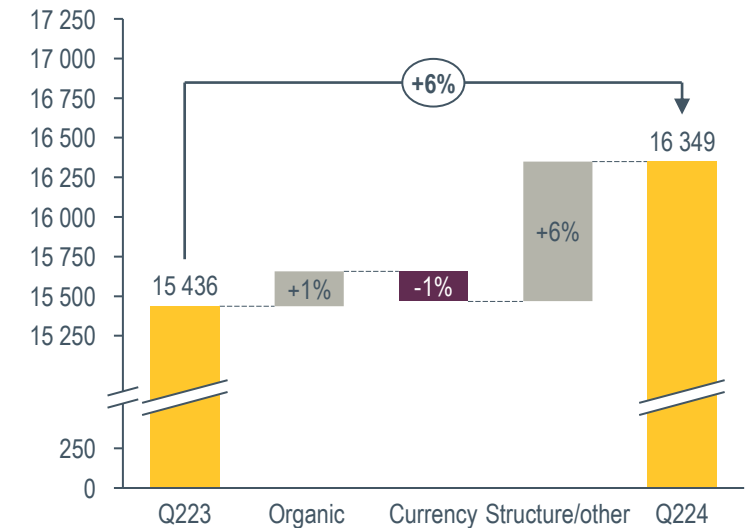
Orders received



Organic growth



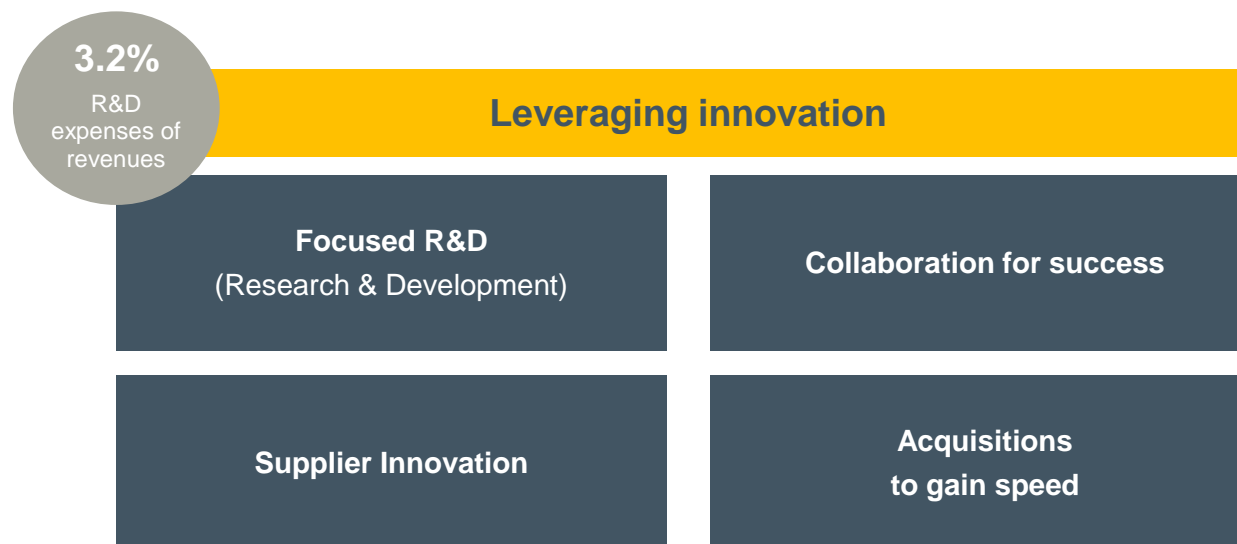
Orders received bridge





Innovation

- Accelerated leadership within automation
 - Strong demand for mixed-fleet automation
 - Acquisition of remaining shares of ASI Mining (66%)
 - One-stop shop for mixed-fleet automation and remote-control solutions
- Program for recycled steel and carbides
- Battery-electric trolley truck system for underground mining

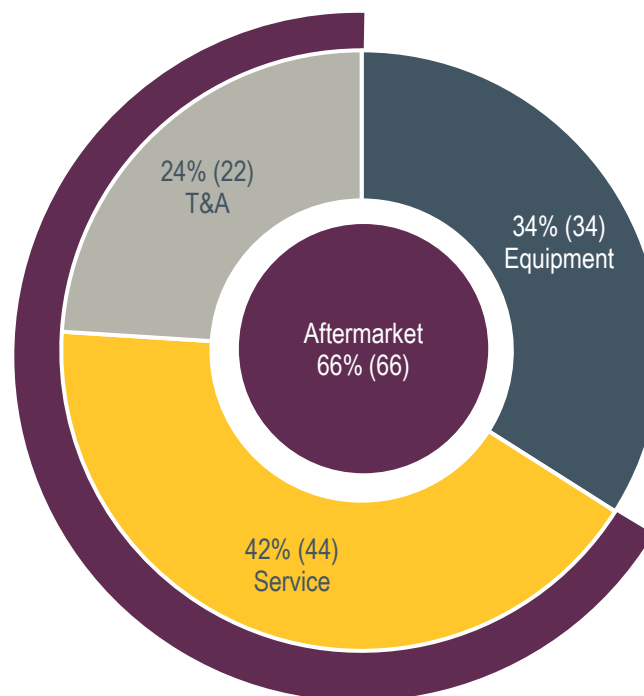




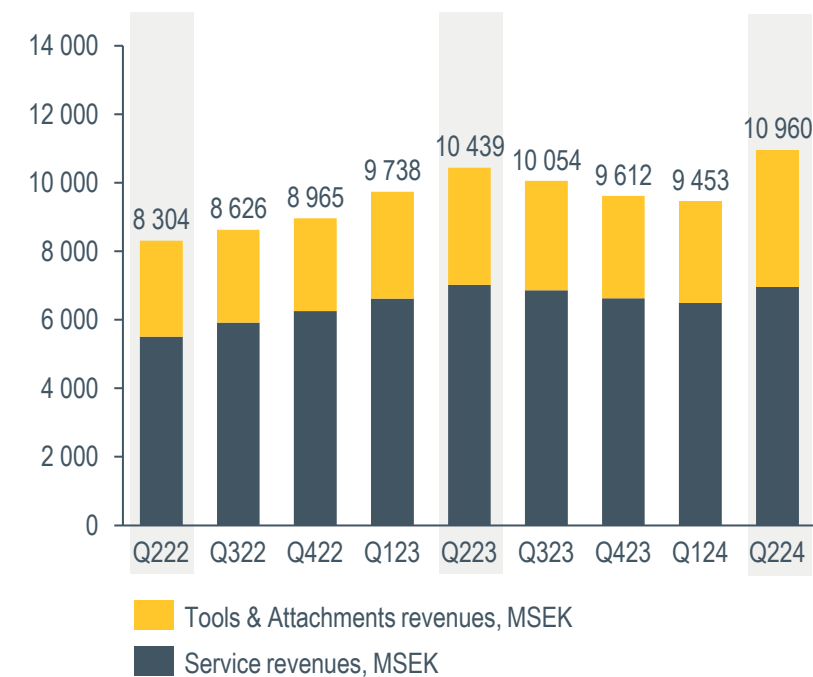
Aftermarket

- Strong demand for service (larger rebuilds and automation)
- Construction weakened, impacting aftermarket negatively

Revenue split



Recurring aftermarket revenues





Operational excellence

- Actions to improve profitability
 - Adjusted operating margin, EBIT, 19.7% (21.6)
 - Efficiency measures were carried out as planned
 - Reduction of employees by around -450 sequentially (comparable units)
- Taking sourcing to the next level
 - Cross-functional effort, incl. R&D and Marketing
 - Increase sourcing and delivery resilience
 - Improve cost efficiency
 - Ensure sourcing compliance (ESG)
- Split of “Tools & Attachments division” from May 1, 2024. New divisions:
 - Tools division
 - Attachments division
 - The Tools & Attachments reporting segment remains unchanged



Sustainability: People

- Improved safety
 - Focus on a strong safety culture
 - Total recordable injury frequency rate decreased to 4.7 (5.5)
- Employees up 6%* to 19 081 (18 056)
 - Core values - Innovation, commitment and collaboration
- Increased number of women
 - Employees 19.2% (18.8)
 - Managers 23.6% (23.1)

* The number of employees were down -283 for comparable units year-on-year and down -450 sequentially (comparable units, incl. additional workforce).



Sustainability: Planet

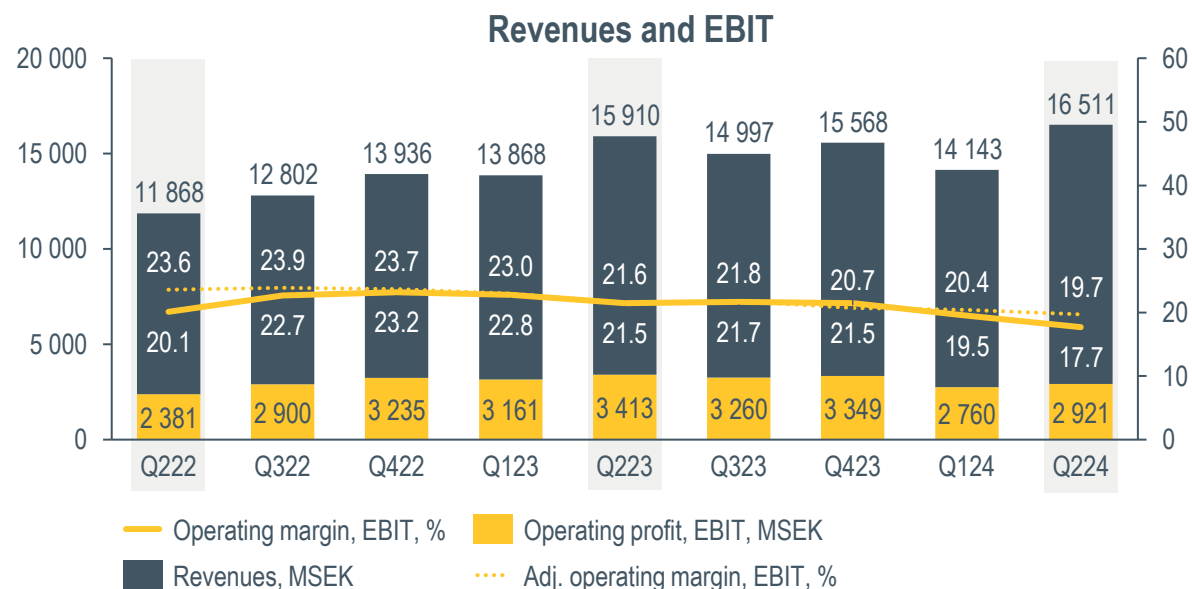


- CO2e emissions from operations -32% to 15 692 (23 026) tonnes
 - Higher share of renewable energy purchased and installation of solar panels
- CO2e emissions from transport +11% to 102 310 (91 822) tonnes
 - Higher volumes delivered
- The world's 95th most sustainable company
 - Among manufacturing and industrial production companies, TIME Magazine listed Epiroc as the world's 7th most sustainable company
 - TIME reviewed more than 5 000 companies



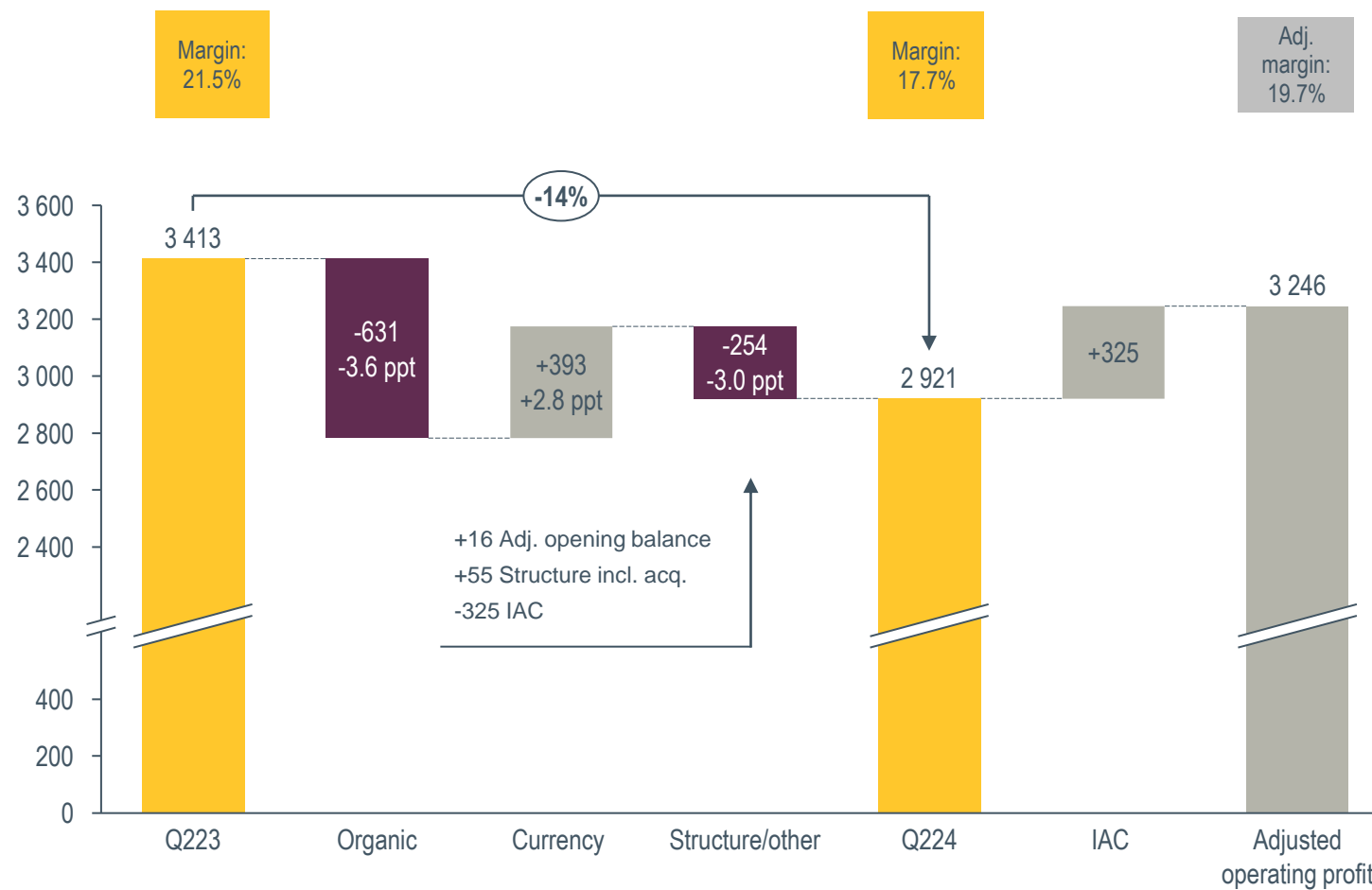
Group revenues and EBIT

- Revenues -1% organic to MSEK 16 511
- Operating profit MSEK 2 921, incl. IAC of MSEK -325 (-16)
 - Transaction and integration costs MSEK -130, restructuring costs MSEK -104, earn-out MSEK -73 and change in provision for LTIP -18 (-16)
- Adjusted operating profit MSEK 3 246 (3 429)
 - Adj. EBIT margin 19.7% (21.6)
 - Higher costs, negative mix effects and dilution from acquisitions (-0.9 ppt)





Group EBIT profit bridge



Equipment & Service orders received: Good demand

- Orders received +1%
- MSEK 12 388 (12 276)

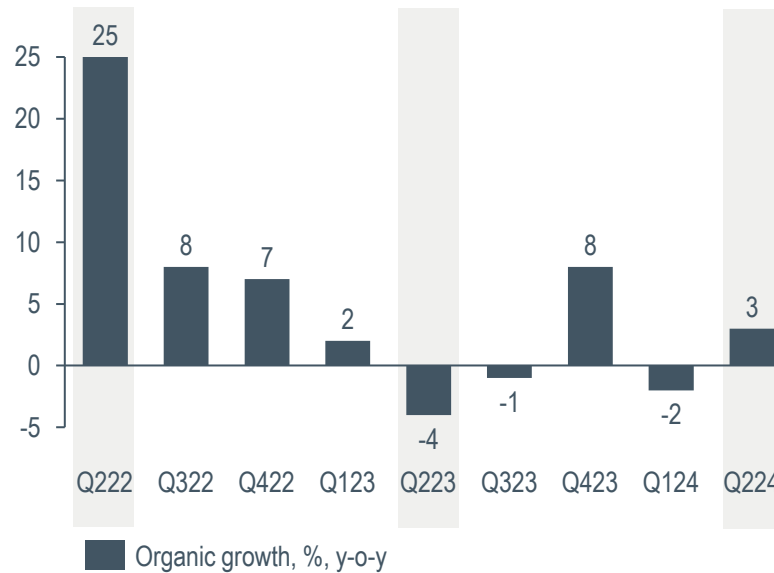
- High mining activity
- Large orders MSEK 950 (550)
- Strong demand for mixed-fleet automation and midlife upgrades

- +3% organic growth

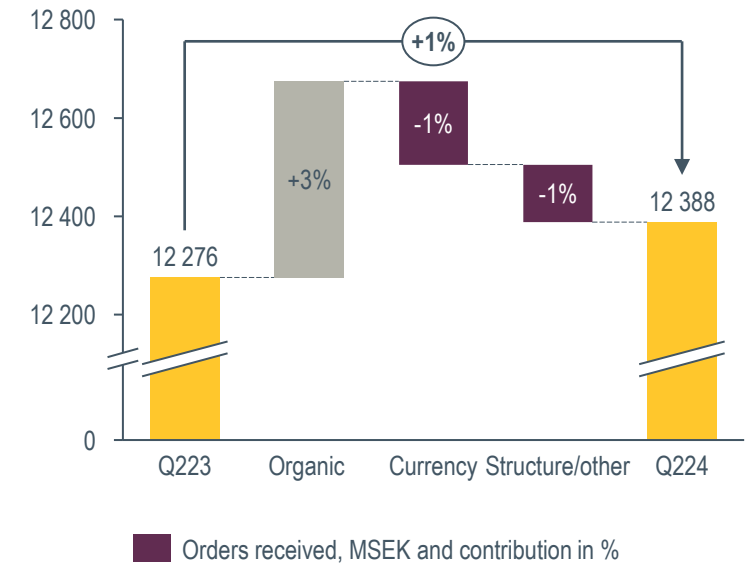
Orders received



Organic growth



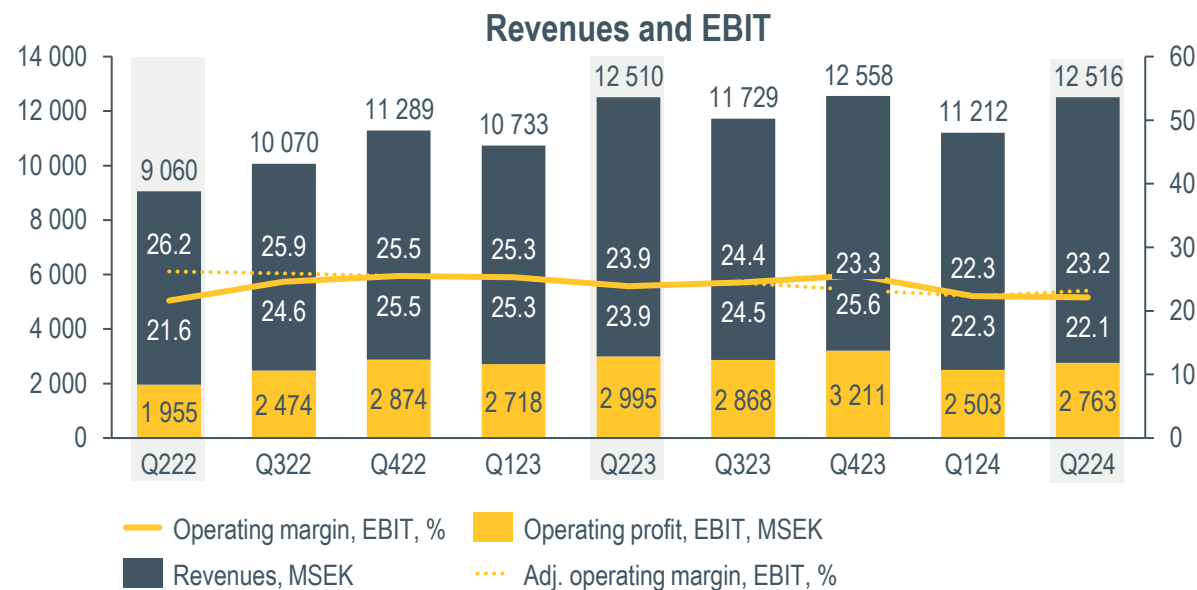
Orders received bridge





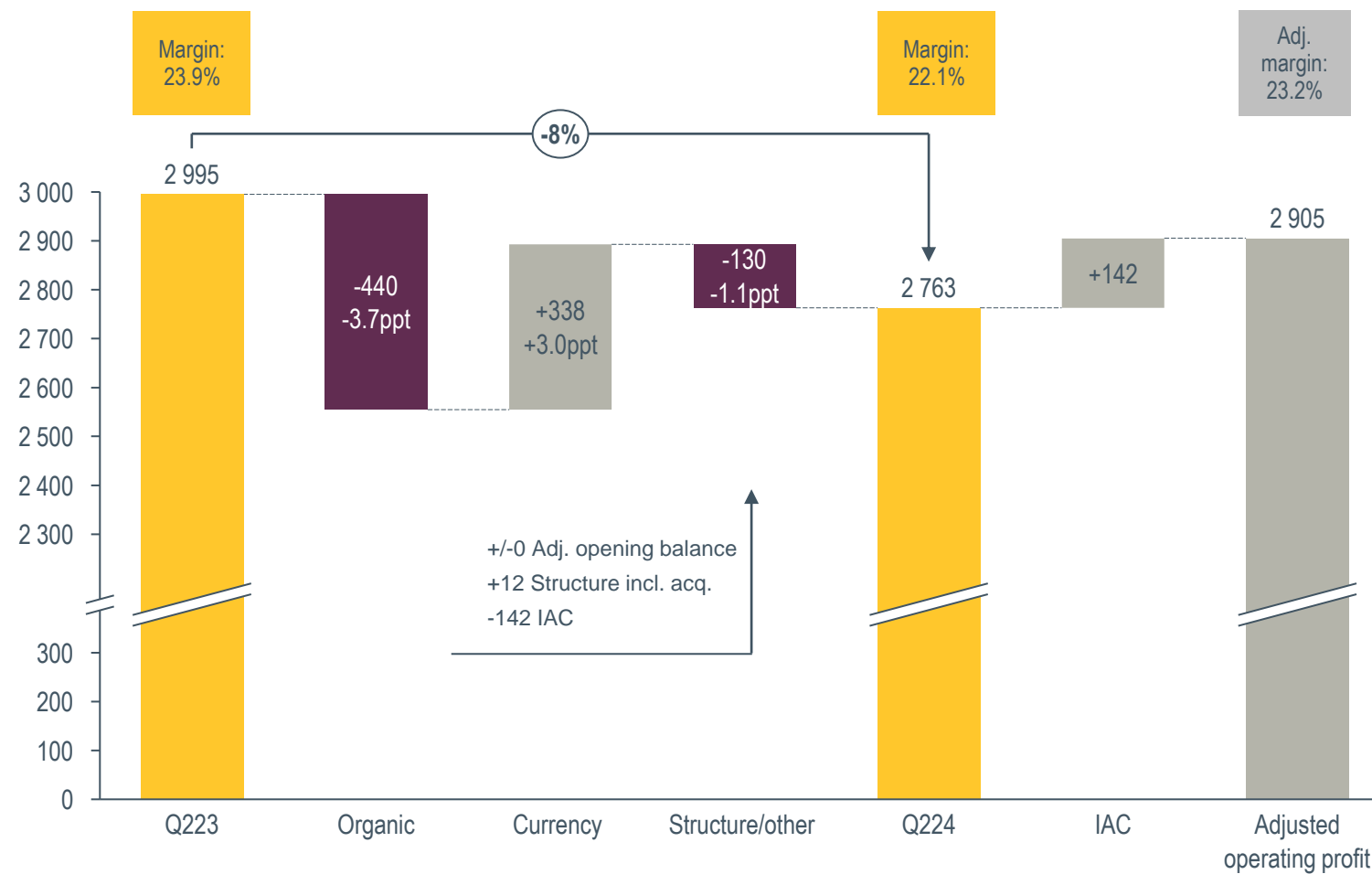
E&S revenues and EBIT

- Revenues +1% organic to MSEK 12 516
- Operating profit MSEK 2 763, incl. IAC of MSEK -142 (0)
 - Earn-out of MSEK -73 for RCT and restructuring costs of MSEK -69
- Adjusted operating profit MSEK 2 905 (2 995)
 - Adj. EBIT margin 23.2% (23.9)
 - Higher costs and negative mix effects within service





E&S profit bridge



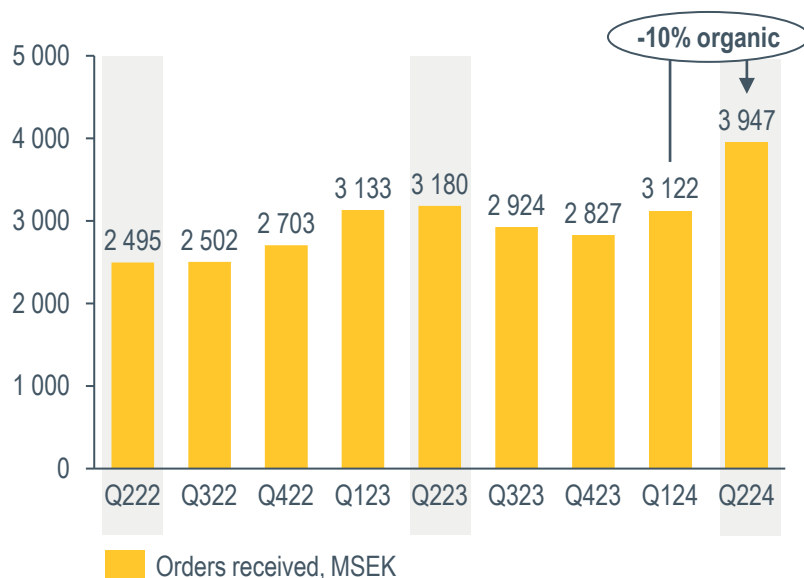
Tools & Attachments orders received: Mixed demand

- Orders received +24%
 - Acquisition of Stanley infrastructure
- MSEK 3 947 (3 180)

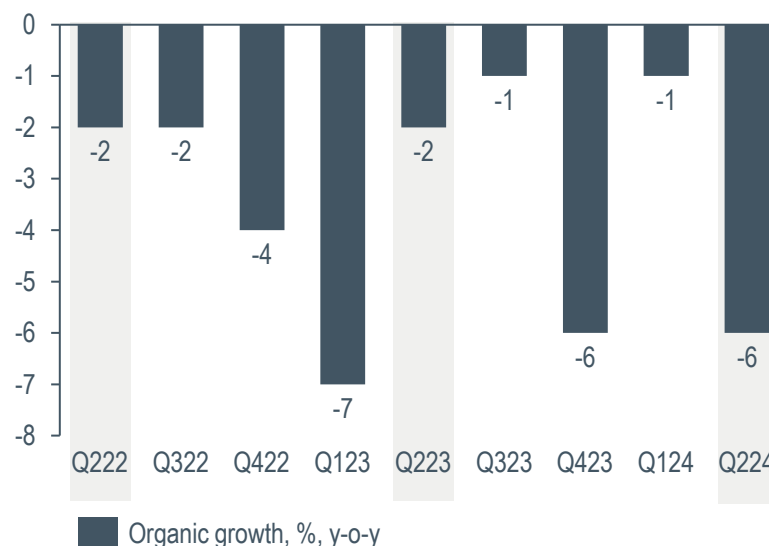
- Construction weak, impacting both attachments and tools
- Weakened demand in important markets such as the United States and Europe

- -6% organic growth
- +31% acquisition growth

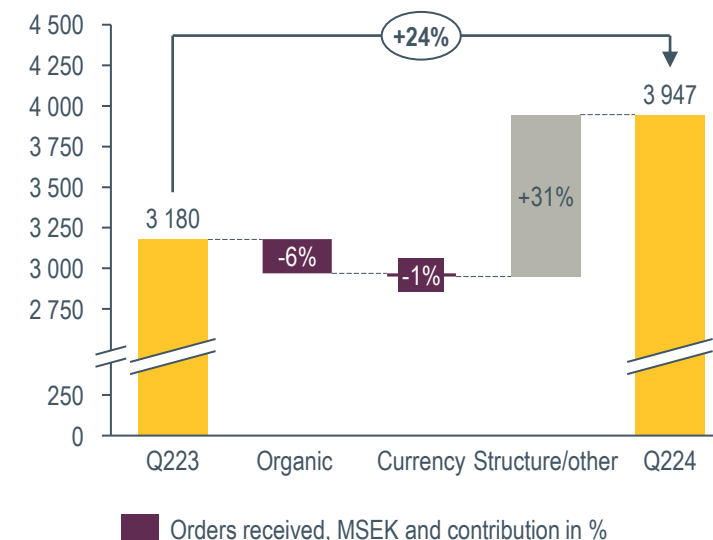
Orders received



Organic growth



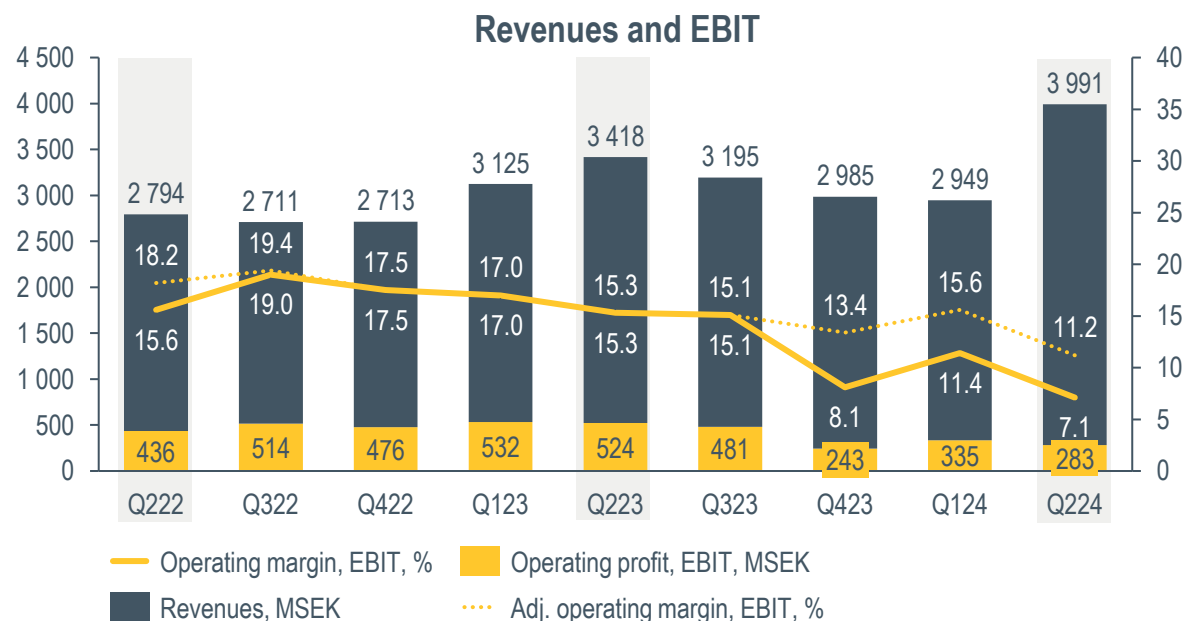
Orders received bridge





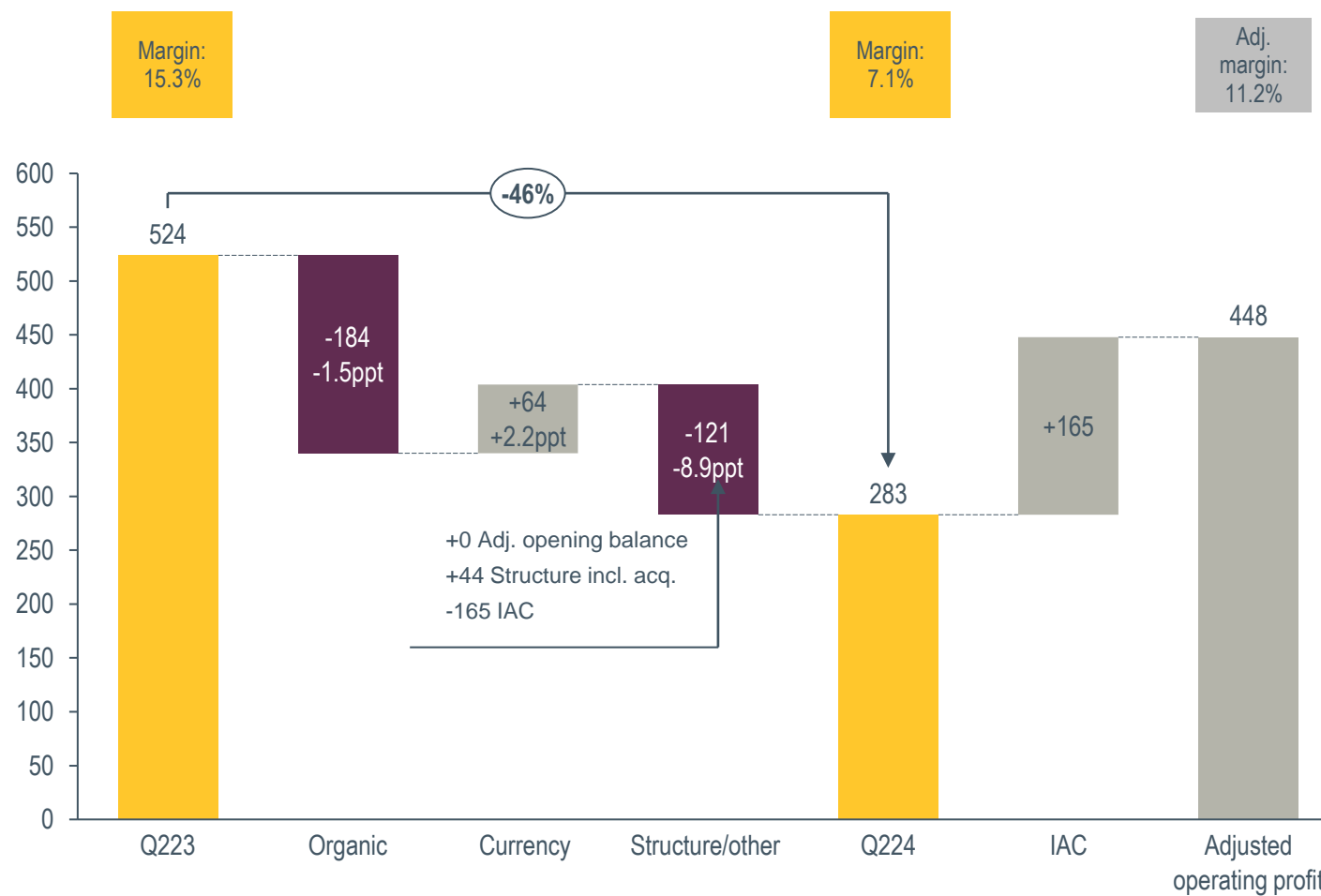
T&A revenues and EBIT

- Revenues up 17% to MSEK 3 991, -10% organic
- Operating profit MSEK 283, incl. IAC of MSEK -165 (0)
 - Transaction and integration costs for acquisitions MSEK -130 and restructuring costs MSEK -35
- Adjusted operating profit MSEK 448 (524)
 - Adj. EBIT margin 11.2% (15.3)
 - Underabsorption and product mix



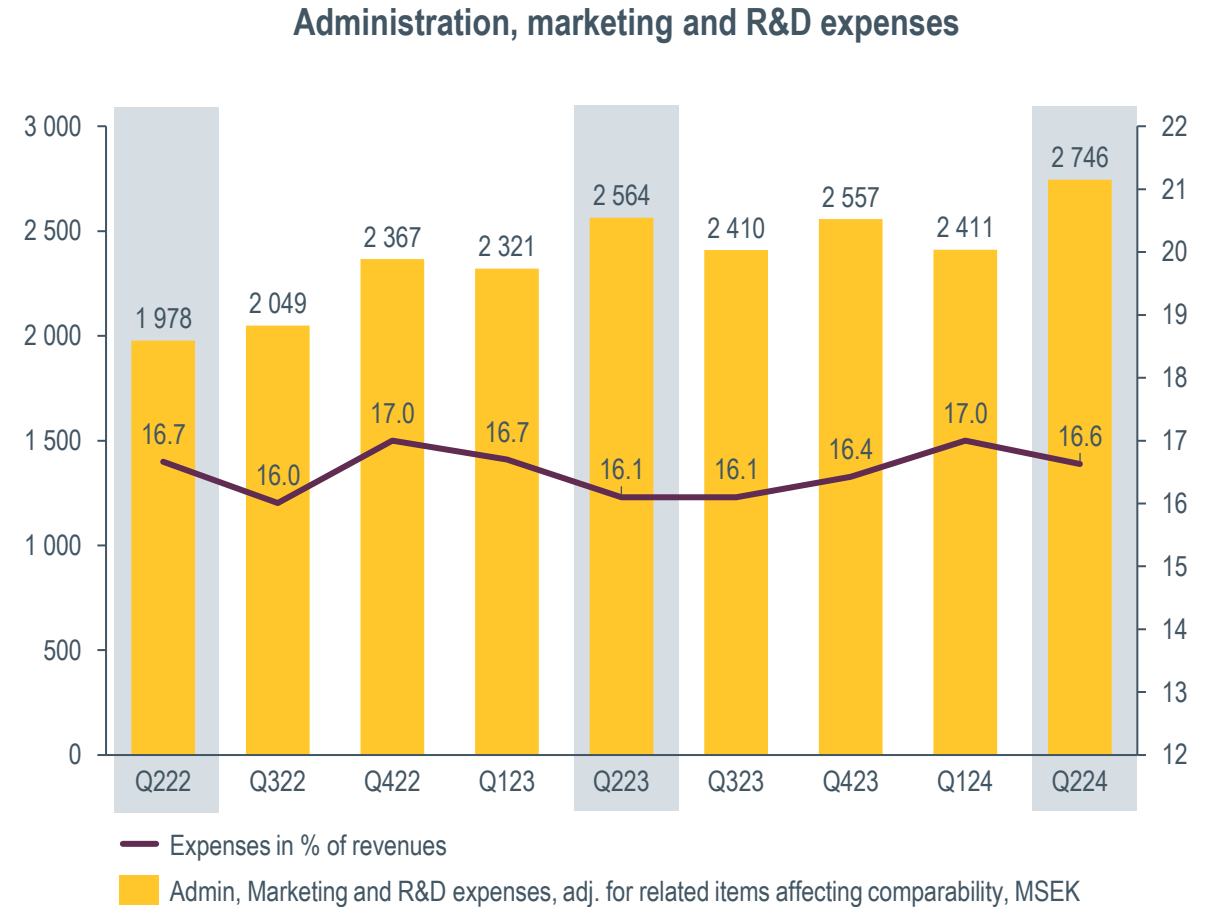


T&A profit bridge



Costs, net financials and tax

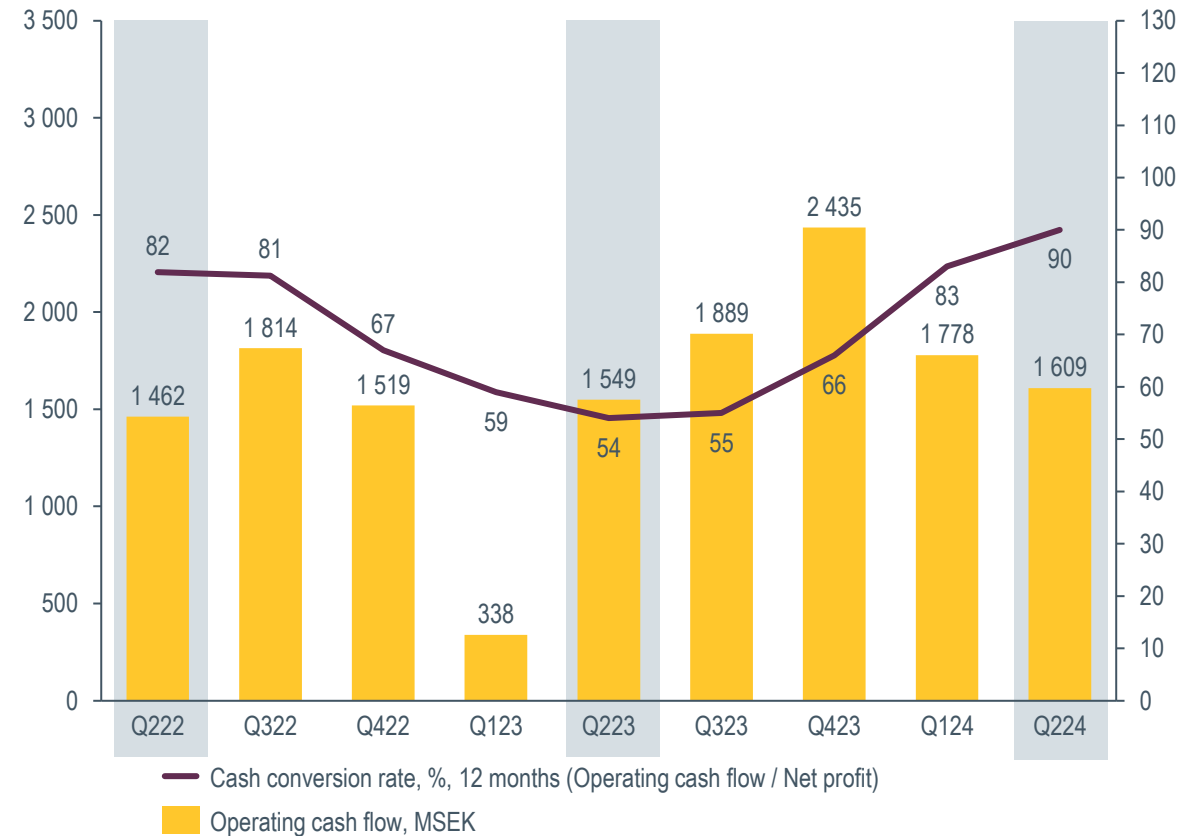
- Administration, marketing and R&D expenses
 - Acquisitions explaining increase both y-o-y and sequentially
 - Down as percent of revenues, sequentially, to 16.6% (17.0)
- Net financial items MSEK -265 (15)
 - Interest net MSEK -231 (-131)
- Tax expense MSEK -612 (-775)
 - Effective tax rate 23.0% (22.6)



Operating cash flow

MSEK	Q224	Q223
Operating profit	2 921	3 413
Depreciation, amortization and impairment	788	644
Capital gain/loss and other non-cash items	28	-254
Net financial items received/paid	-511	-189
Taxes paid	-1 040	-1 078
Change in working capital	-285	-640
Investments, incl. rental equipment*	-635	-597
Pension funding and other**	343	250
Operating cash flow	1 609	1 549
Acquisitions and divestments	-8 294	-38

Operating cash flow and cash conversion rate, %



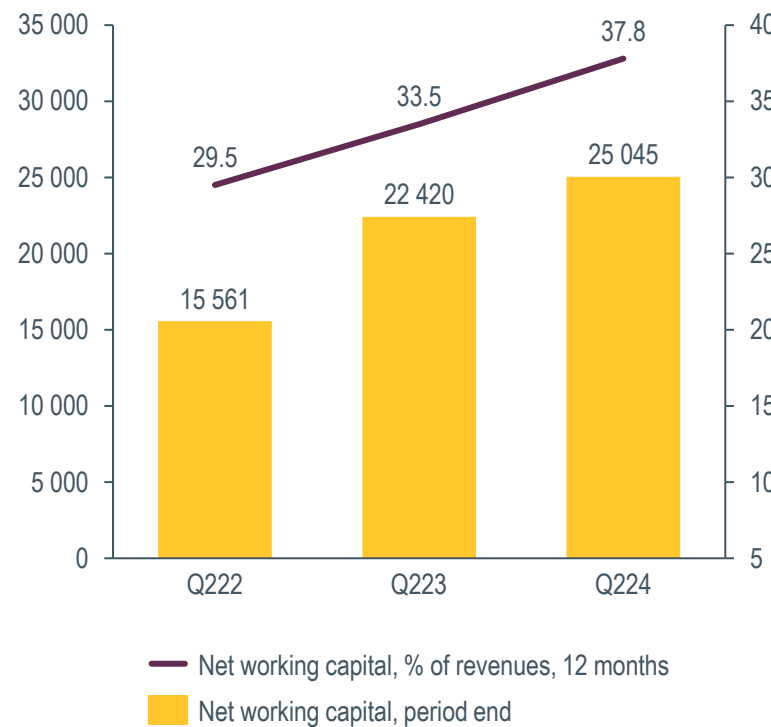
* Investments include rental investments, net, other PPE, net, and intangible assets, net.

** Other includes adjustments for currency hedges of loans and proceeds to/from other financial assets, adjusted for divestment of Financial Solutions credit portfolios.

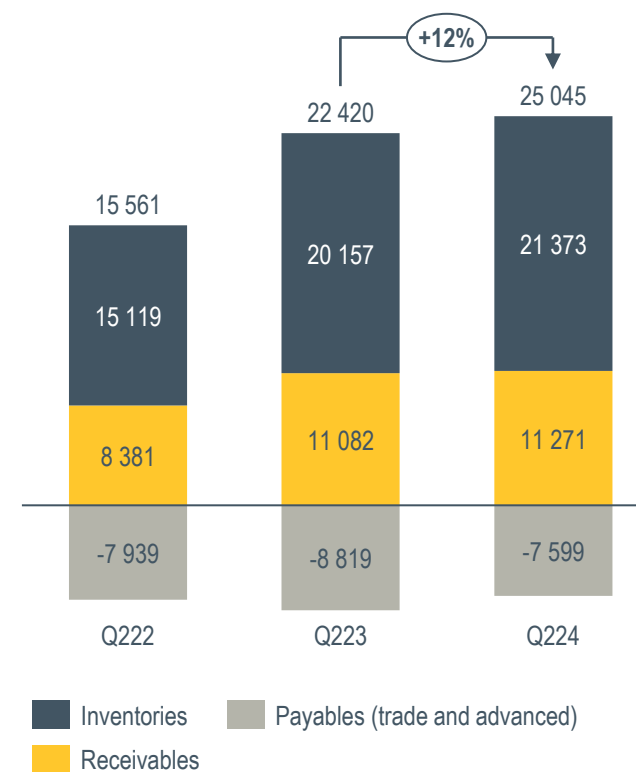
Working capital

- Net working capital +12%
MSEK 25 045
 - Acquisitions and lower payables
 - 37.8% (33.5) of revenues

Net working capital



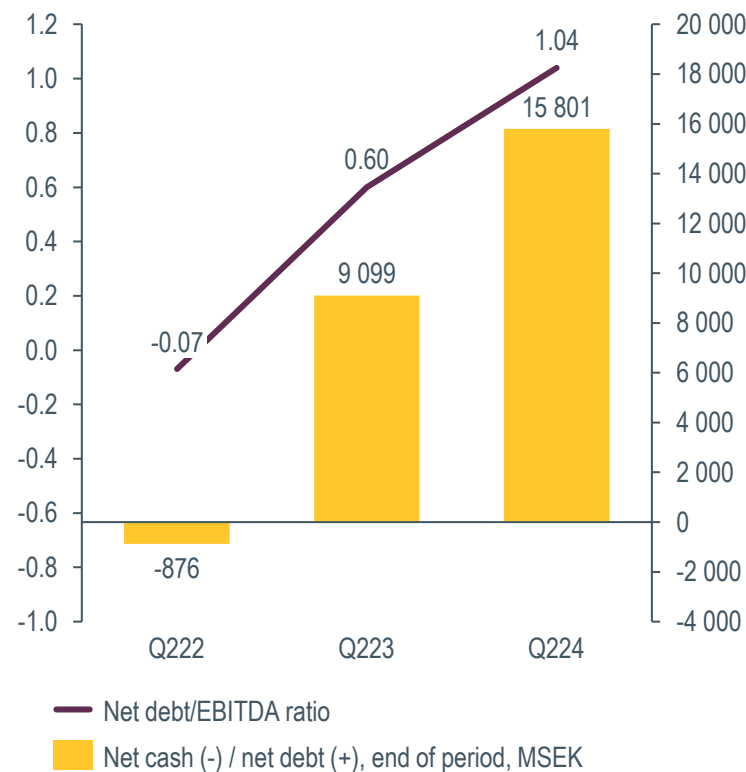
Working capital



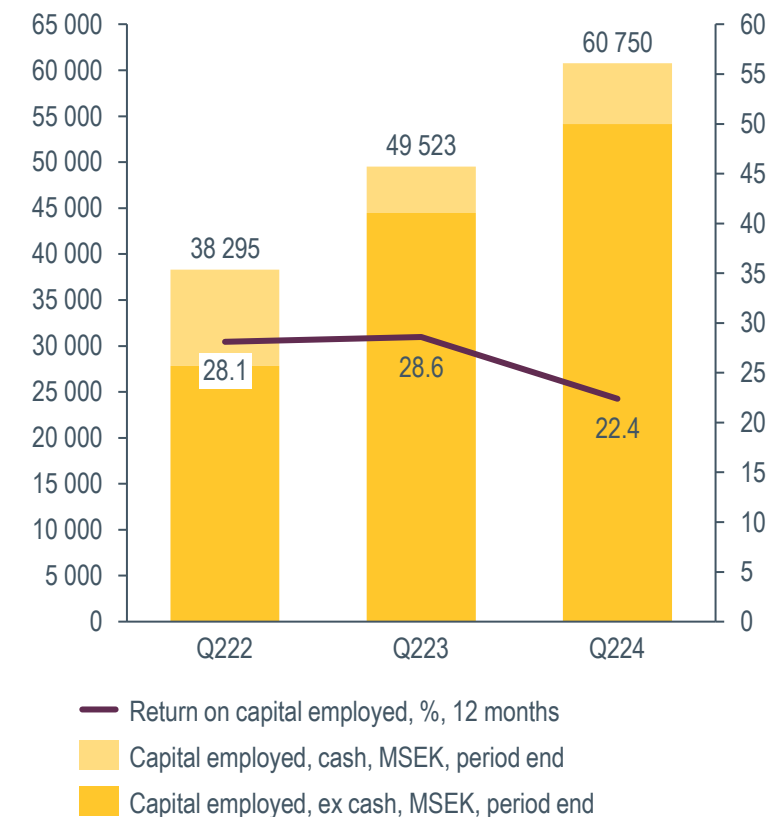
Capital efficiency

- Net debt at MSEK 15 801 (9 099)
 - Higher debt level
 - Dividend paid
- Net debt/EBITDA 1.04 (0.60)
- 37% green or sustainability-linked long-term financing
- ROCE 22.4% (28.6)
 - Higher intangible assets, such as goodwill

Net debt and Net debt/EBITDA



Capital employed and ROCE



Building position for future growth



Stanley Infrastructure

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

ACB+

Strengthen offering of attachments and quick couplers

- High quality products
- Productivity increase for customers



Financial impacts of the acquisition of Stanley Infrastructure



Deal closed	April 1, 2024
Reporting	Segment: Tools & Attachments (Attachments Division)
Employees	1 200 employees
Revenues and EBITA 2023	Revenues of MUSD 447 / MSEK 4 725*. Adjusted EBITA 16%
EBITA margin, Q2 2024	Low double digit (adjusted for items affecting comparability and step-up-value of inventory)
Market comment	Weakened demand throughout 2023 and first half 2024.
Financing	Purchase price (EV) MUSD 760 (MSEK 8 200). All-cash transaction.
Transaction and integration costs	Q124: MSEK 125. Q224: MSEK 130
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**

* At average SEK/USD rate of 10.57

** Excl. M&A transaction and integration costs, and inventory step-up

Summary



- Strong mining (77% of orders)
 - Large orders MSEK 950 (550)
 - Service growth 5% organic
- Weak construction (23% of orders)
- Actions to improve profitability
- Building position for future growth
- Accelerated leadership within automation
- Battery-electric trolley truck system for underground mining
- The world's 95th most sustainable company

Looking ahead



In the near term, we expect that the underlying mining demand, both for equipment and aftermarket, will remain at a high level, while the demand from construction customers is expected to remain weak



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Q&A

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Appendix



Investment case

We focus on attractive niches with structural growth

We accelerate the productivity and sustainability transformation in our industry

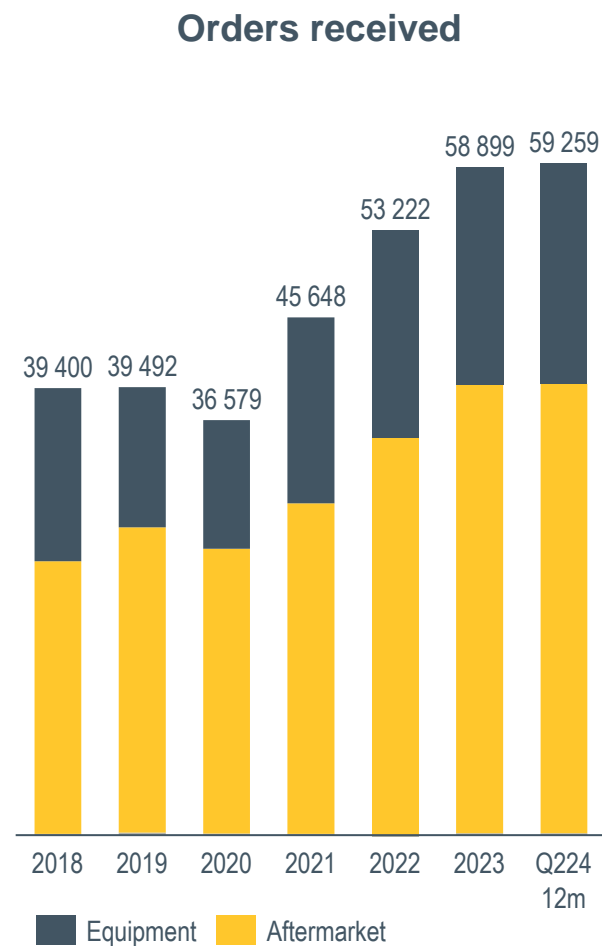
We have a high proportion of recurring business

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



Revenues in
~150 countries

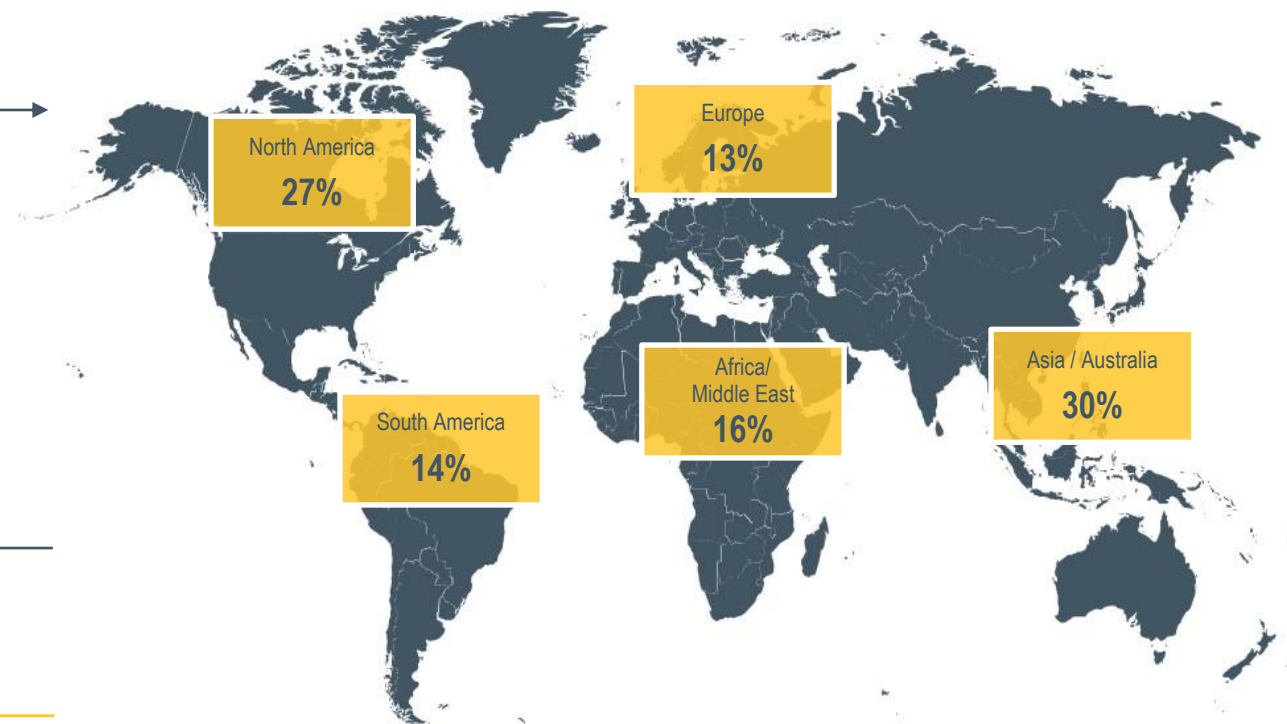
~ 19 000
employees

EBIT margin*
20.1%

Equipment
33%

Aftermarket
67%

Orders received



Strategy and foundations for success

Focus on attractive niches

Innovation

Aftermarket

**Operational
excellence**

Outperformance

Sustainability and a strong company culture

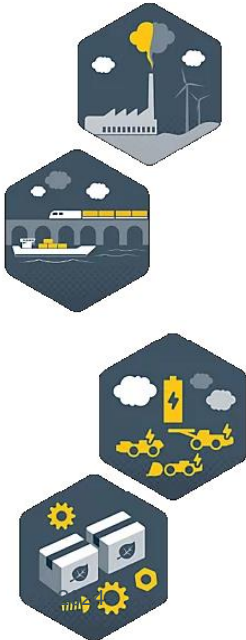
Financial goals at a glance

Goals	Description	Q2 2024	2023	2015-2023
Growth	Annual revenue growth of 8% over a business cycle.	4%	21%	10%
Profitability (EBIT)	Industry-best operating margin, with strong resilience over the cycle.	17.7% Adj. 19.7%	21.8% Adj. 21.7%	20.4%
Capital efficiency (ROCE)	Improve capital efficiency and resilience. Investments and acquisitions shall create value.	22.4%	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.	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



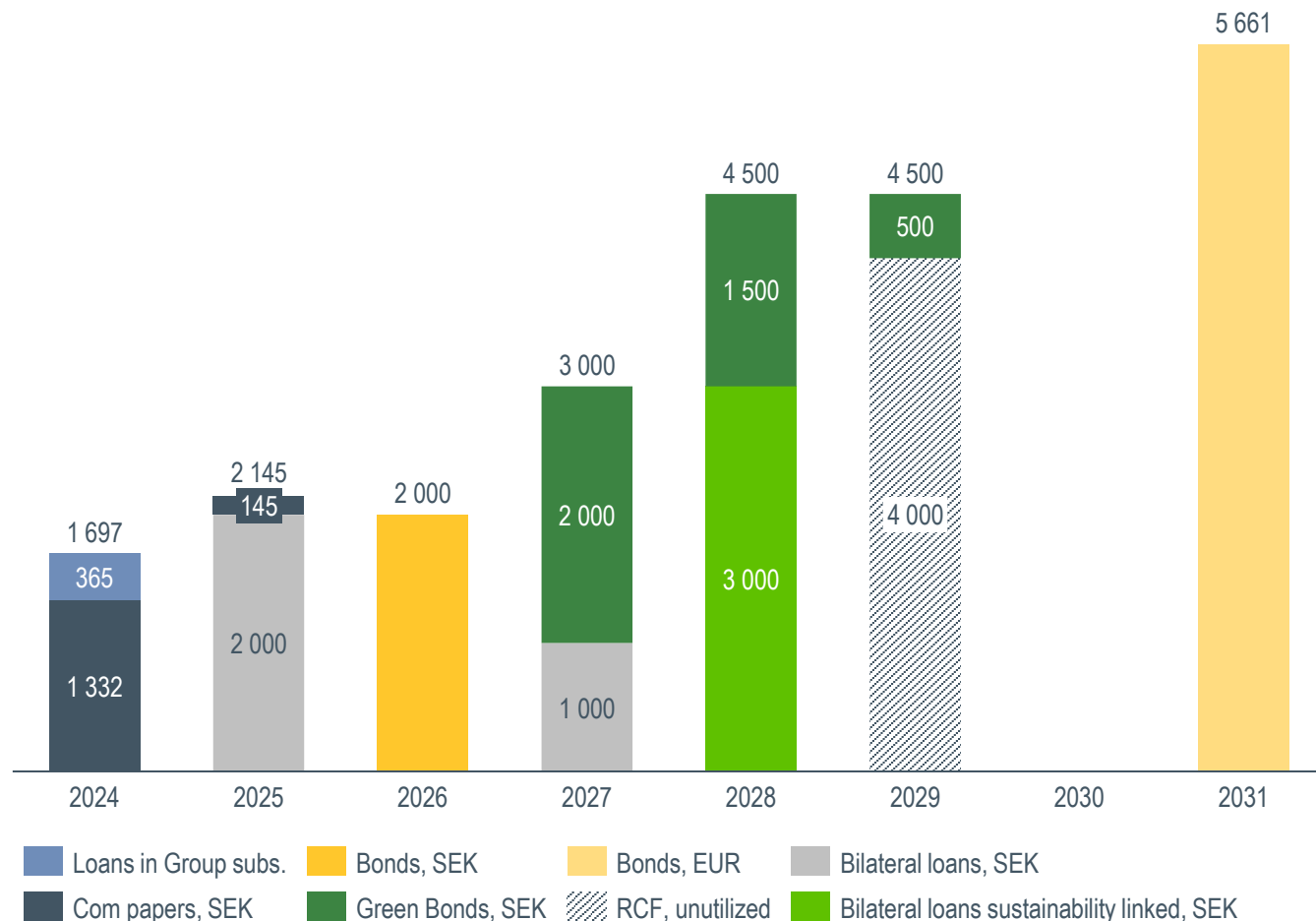
- Halve CO₂e emissions in operations*
- 90% renewable energy in own operations
- Halve transport CO₂e emissions
- Offer a full range of emission-free products
- Halve CO₂e emissions from machines sold*
- Require 50% reduction of CO₂e emissions from relevant suppliers

Base Year 2019



Debt information and maturity profile

Maturity profile



- Net debt/EBITDA: 1.04
- S&P rating: BBB+ Stable outlook
- External financing: BSEK 19.1
- 82% long term financing
- 37% green or sustainability linked
- 4.5 years average tenor (long-term)
- Average interest duration: 21 months
- Average interest rate: 4.64%
- 70% SEK financing

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