

2025-09-24 14:04

Dear Epiroc analyst,

I hope all is well. Please find some already communicated information to consider (checklist) when preparing your pre-results analysis. **Black text = new.** Grey text = from previous pre-results e-mail. [You can find all financial publications here.](#)

Report details:

- We plan to publish the results at **08:30 CET** on Wednesday, October 29.
- The **webcast** is planned for 10:00 CET.
- [Webcast link here.](#)
- [Telco numbers can be found here.](#)
- We enter silent period on October 3.

Company-compiled consensus:

As always, we gather company-compiled consensus and share with those analysts contributing. See form attached. Please add your estimates and send it back no later than **Wednesday, October 15.**

Pre-call?

By sending this e-mail, I hope that you get all your questions answered. However, if anything is unclear, please reach out as soon as you can.

Demand comment in CEO comment:

- In the near term, we expect mining demand to remain at a high level, while demand from construction customers is expected to remain weak.
 - *Comments from the Q2 report.*

Demand comment for construction? 21% of group orders in Q225.

- Construction was weak, which impacted demand for attachments.

- On the infrastructure side, things were moving along well in the quarter, and the projects are normally long term in nature and rather stable.
- “Do you see any signs of potential inventory build in H2, late 2025? No, I wouldn’t say that.”
- When it comes to the dealers, we have seen – step-by-step, that this destocking has come to an end and that we get, let's say, the true demand into the factories. So I would say that hopefully, we are in a more normalized level when it comes to demand, and it's not this bullwhip effect that is causing a challenge for us in our production sites.
 - *Comments from the Q2 results call.*

Details on mining demand? 79% of group orders in Q225.

- There is a strong underlying demand and the business cooking looks very good.
- Mining customers’ willingness to invest has increased lately.
- We were awarded our largest contract ever, SEK 2.2 billion over five years from Fortescue (a fleet of

fully autonomous and electric surface mining equipment). Only MSEK 100 booked in Q2.

- Automation is, as you know, another strong trend for our customers as is exploration. And we have a unique offering within exploration, and we had strong growth in the quarter. In total, our exploration offering represents roughly 5% of our orders.
 - *Comments from the Q2 results call and from the Q2 report.*

Large (mining) orders?

- The customer activity within mining was high and large mining equipment orders, which are lumpy in nature, amounted to MSEK 500 (950). These include MSEK 100 from Fortescue in Australia, which in April awarded Epiroc our largest contract ever, SEK 2.2 billion over five years. We will deliver a fleet of fully autonomous and electric surface mining equipment to Fortescue.
 - *From the Q2 report. See also our key figures file, sheet “large orders”.*

Quarter	Sum of externally announced large orders (press release)	Comment in results presentation
Q325	NA	NA
Q225	100	500
Q125	380	600
Q424	245	820
Q324	Approx 200	1 400
Q224	215	950

How would Epiroc be affected by potential US tariffs?

- And while on the tariffs, they have a financial effect on our results, not significantly, but the cost of the tariffs, the increased workload, the rerouting and the longer lead times come with a price, and there is some effect on EBIT from this in the quarter.
- The tariffs create some net working capital, or I would say, inventory buildup when we shift from supplying from U.S. to Canada, for example, now we supply it from India to Canada. So of course, it has an impact, but I would say a smaller impact.
- We didn't quantify it in numbers. We said it does have some impact. It's not significant and material, but it's slightly negative to the result.
- Net working capital then. Here, we saw a decrease year-over-year of 9% to SEK 22.7 billion. However, before being too cheerful and happy about this, the main explanation here is currency. If we adjust for FX and acquisitions, we are slightly higher, which is partly explained by the strong equipment order growth we've had in the last few quarters, but also as an effect of the tariff situation. In total, the net working capital ratio was 37.5%, which is down from 37.8% last year.
- We are rerouting things, but we haven't specifically shipped a lot of things into the U.S. or out of the U.S. ahead of tariffs, given that at least we don't think that we know exactly how it's going to be in the end.
 - *Comments from the Q2 results call.*
- **Group revenues from US?** 13% in 2024.

- **COGS from within the US vs. COGS imported?** We do not share this data, but Epiroc produces more in value in the US, than Epiroc invoices in the US.
- **Main production sites / countries?** Our main production countries (numbers of headcounts) are in Sweden, South Africa, US, China and Australia. Largest production sites are: Örebro, Sweden (underground and surface equipment), Johannesburg South Africa (Rock reinforcement and ground support), Garland, US (Surface drill rigs), Fagersta, Sweden (Rock drilling Tools).
 - *IR comment. The Epiroc Annual report 2024, page 150, lists all facilities and entities. In addition, Epiroc has another 10+ facilities in the US that came into Epiroc with the acquisition of Stanely Infrastructure in 2024.*

Demand for automation solutions? Position within automation?

- We have added automation features to our exploration offering, automated rod magazine for the Diamec exploration rig, keeping the operator away from danger while boosting productivity.
 - *Comments from the Q2 results call and from the Q2 report.*
- Automation is, as you know, another strong trend for our customers as is exploration.
- In April when we announced our largest ever order contract. And this is not only a large contract. This is the future of mining making its entry in full scale. We will provide a fleet of more than 50 machines fully autonomous and electric to Fortescue in Australia.
 - *Comments from the Q1 results call.*
- We increased the number of driverless machines by 21% in 2024 and automated mixed fleet number now exceeds 3 450 machines. It is pleasing to see that our customers trust our abilities, which have translated into a strong demand for solutions for mixed fleet automation for all types of driverless machines. And the demand has been strong for teleremote solutions for fully automated drill rigs as well as for mixed fleet solutions within load and haul, which is very much fleets consisting of other OEMs machines.
 - *Comments from the Q4 results call*
- Market leader in mixed-fleet automation with +3 100 driverless machines. We have more than 1300 machines with tele-remote capabilities. We have 1100 fully autonomous drill rigs – and this number is both underground and surface – and we have more than 850 fully autonomous load/haul machines using our software systems. To our knowledge, this makes Epiroc the largest provider of automation in the mining and construction industry.

- *Comments from the CMD presentation.*

Size of electric business? BaaS? Impact on Balance sheet?

- We have had great success for our BEV trolley truck solution with Boliden, which increases productivity by 23%.
- On the topic of electrification, in Q3 2022, a fleet of underground BEV machines began production at the Assmang Black Rock Mine in South Africa. This is the largest BEV underground fleet in the Southern Hemisphere. And since then, tons of ore excavated per hour have increased by 11% and the ventilation need has decreased by 42% and energy cost has decreased by 18% and CO2e savings have exceeded 8,200 tonnes, and this is corresponding to around 2,000 cars with a combustion engine. And this mine primarily use fossil fuel-generated electricity, demonstrating that Epiroc's battery electric fleet can reduce CO2e emissions even without renewable electricity.

- *Comments from the Q2 results call*

- We will provide a fleet of more than 50 machines fully autonomous and electric to Fortescue in Australia. The machines, we will provide are cable-electric Pit Vipers 271 E and battery-electric SmartROC D65 BE.
- In 2024, the electrification revenues of group total were 4.2% and we have noticed that our first movers are happy with their BEV fleet with utilization more than doubling in 2024. In total, 39 mining sites globally have ordered battery electric equipment since we launched our 2018 generation of BEVs. And of the sites with BEVs in operation, 28% have already ordered more. And let me be clear, our electric trucks, loaders and drill rigs are designed and purposely built to exceed the productivity of the diesel versions.

- *Comments from the Q4 results call.*

Working capital? Supply-chain issues? Lead times? Time to translate equipment orders to equipment revenues?

- Net working capital. Here, we saw a decrease year-over-year of 9% to SEK 22.7 billion. However, before being too cheerful and happy about this, the main explanation here is currency. If we adjust for FX and acquisitions, we are slightly higher, which is partly explained by the strong equipment order growth we've had in the last few quarters, but also as an effect of the tariff situation. In total, the net working capital ratio was 37.5%, which is down from 37.8% last year.

- *Comments from the Q2 results call.*
- Lead times for equipment is at normal levels; about 6-9 months (from booked orders to invoicing)
 - *IR comment.*

What about EBIT-margins?

- We do not provide guidance (on margin).
- **Group:** In total for the group, we ended up with a margin of 18.7% (17.7) and with an adjusted operating margin of 19.7% (19.7). It was supported by currency, while the organic contribution was slightly negative.
- **E&S:** 22.5% (22.1) in EBIT margin. The adjusted operating margin, when we exclude items affecting comparability, was 23.0% (23.2%), supported by currency. The organic contribution was negative.
- **T&A:** The margin was 10.3% (7.1). The adjusted operating margin was 12.9% (11.2), supported by increased efficiency and cost savings.
 - *All margin comments above from the Q2 results call and from the Q2 report.*
- In May, Epiroc announced the consolidation of a drilling tools manufacturing site from Canada to Mexico (Tools Division). It will begin in the third quarter 2025 and the consolidation will be completed by the first quarter 2027. Around 65 employees will be affected and Epiroc will have restructuring costs of approximately MSEK 70 (excluding tax impacts) in the second quarter 2025.
 - [Press release](#)
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Interest cost?

- The average tenor of Epiroc's long-term debt was 4.2 years (4.5). The average interest duration was 18 months (21) and the average interest rate at the end of the quarter was 4.06% (4.64).
 - *From the Q2 report.*

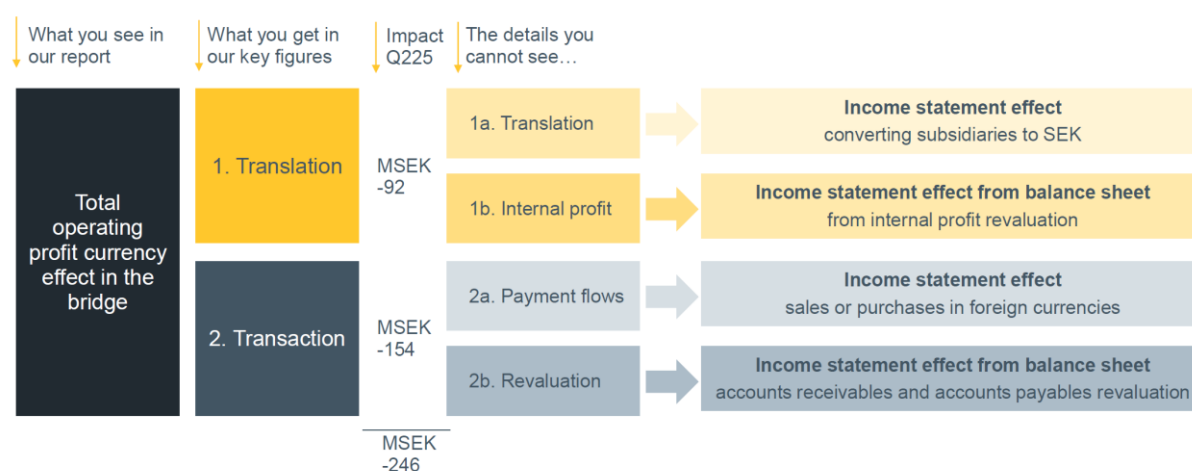
Cash generation?

- Our operating cash flow came in at SEK 1.1 billion, lower than in previous year, but mainly explained by a buildup of working capital and also slightly lower operating profit.
- Our cash conversion rate is 94%, which is an increase compared to last year at the same period when we were at 90%.
- We have reduced our net debt to SEK 13.3 billion, which is driven by the strong cash flow generation we have seen in the last year. And with this, we have a strong financial position with a net debt-to-EBITDA ratio of 0.82 (1.04).
 - *Comments from the Q2 results call.*

FX?

- The FX impact was negative 9% in the quarter on orders received.
- Currency, on the other hand, contributed positively to the margin, explained mainly then by revaluation on internal profit.

The profit bridge currency effect



Q2 2025 32

- *Comments and picture from Q2 results presentation*
- The “easy one”: Transaction is very much related to revaluation of outstanding accounts receivables and payables meaning that if we sell something, for example, from Sweden in U.S. dollar and then the krona strengthened as it has during this quarter, and we have outstanding accounts receivables. They become worth less in Swedish krona, and therefore, we get a negative impact.
- The “more complicated one”: Translation and internal profit. If we sell something, let's say, a spare part from Sweden to a distribution center in another part of the world and it's sold in U.S. dollar. We do have a profit in

Sweden, but since we haven't sold it yet to the external market, we need to eliminate at the group level, of course. And then if that's a different currency in SEK, we have an FX impact. And if then the currency moves as it has done. And in this case, the SEK has strengthened, there is less profit that we need to eliminate and therefore, we get the positive impact in the quarter on the balance sheet.

- *Comments from the Q1 results presentation.*
- *IR comment: More color regarding FX was provided on the [2024 Capital Markets Day](#), see slides 165 – 167. You can also see more information in our Key figures file on sheet “Adjusted bridges”.*

Items affecting comparability, including for change in provision for share-based long-term incentive (LTI) programs?

- In Q2 2025, items affecting comparability amounted to MSEK -153 (-325), relating to efficiency actions and a change in provision for the sharebased long-term incentive programs of MSEK -6 (-18). Equipment & Service included items affecting comparability of MSEK -49 (-142) relating to efficiency actions. Tools & Attachments included items affecting comparability of MSEK -98 (-165), relating to efficiency actions of which MSEK -70 relates to the closure of the tools manufacturing site in Langley, Canada
 - *From the Q2 report*

Other M&A comments?

- [Radlink](#) (remaining share). On April 2, 2025 Epiroc completed the acquisition of the minority share of the mine connectivity provider Radlink. Epiroc acquired a majority shareholding of Radlink, 53%, already in 2022, and now owns 100%. Radlink has approximately 415 employees and had revenues in 2024 of about MSEK 1 330.
- [ACB+](#) manufactures attachments and quick couplers used on excavators for construction as well as related areas such as scrap recycling and deconstruction. Quick couplers are used with carriers, typically excavators, to enable safe and efficient change of attachments, such as buckets and hydraulic tools. The

company is market leading in France and has customers throughout Europe. The company has approximately MSEK 325 in annual revenues and 140 employees. The acquisition was announced on May 24 and was completed on September 4, 2024. Revenues from the acquisition are reported in “Tools & Attachments”.

- [ASI Mining](#) (new product name: LinkOA) provides mining automation systems, such as remote control, teleoperation, and fully autonomous solutions. Its solutions are OEM agnostic, meaning they work regardless of machine brand and fit well for mixed fleets. The company has approximately MSEK 300 in annual revenues. Epiroc already owned 34% of ASI Mining, which it acquired in 2018. The acquisition of the remaining 66% of the company was completed on July 3, 2024. Revenues from the acquisition are reported in “Equipment”. The transaction has led to a positive revaluation effect of the ownership held prior to the acquisition in the segment Equipment & Service. The gain has been reported as an item affecting comparability of MSEK +554 in the third quarter 2024.
- [You can always find an updated M&A list here.](#)

Other relevant announcements for the quarter?

- 2025-09-18 [Epiroc breaks ground on new global distribution center in Sweden](#)
- [2025-09-02 Epiroc awarded Gold Medal by sustainability ratings firm EcoVadis](#)
- [2025-08-29 Epiroc partners with Hindustan Zinc on digital collision-avoidance solution to strengthen safety in Indian mines](#)
- [2025-08-26 Epiroc breaks ground on new production and R&D facility in India](#)
- [2025-08-06 Epiroc announces changes to Group Management and implements Business Areas](#)

Seasonality?

- Historically Q3 has somewhat lower orders and revenues than Q2.
 - *IR comments to financial markets in key figure file, sheet OIB.*

Capital allocation priorities?

- Our priorities are to continuously invest in profitable organic growth, do acquisitions that support our organic efforts, and pay dividend (goal of 50% pay-out ratio). Thanks to the asset light business model, we have low investment needs.

Capex needs?

- Roughly 75% of the product cost for equipment is purchased, and we produce equipment to order, and that means that we can go quite quickly up and down in our demand depending on how the demand changes. And we only produce the core components, and those ones we want to produce ourselves to safeguard, that we actually keep the innovations internally. All in all, this results in quite low CapEx needs, **roughly 2% to 3%** of revenues over a cycle.
 - From CMD 2024-09-24

Tax rate guidance?

- Between 22% and 24%.

Please let us know if anything is unclear – or if there is anything we can improve. We are happy to help.

BR Karin, Alexander & Gustaf