

2026-06-15

Dear Epiroc analyst,

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 **11:30 CEST** on Friday, July 17, 2026.
- The webcast is planned for **14:00 CEST**.
- Presentation: <https://epiroc.events.inderes.com/q2-report-2026/>
- Telco: <https://events.inderes.com/epiroc/q2-report-2026/dial-in>.
- We enter the silent period on June 18.

**Company-compiled consensus:**

As always, we gather company-compiled consensus and share it with those analysts contributing. Please add your estimates and send them back **no later than Wednesday, July 8.**

- Please note, we also gather post-results consensus. **We will allocate time for roadshows and conferences based on how well you contribute**, pre- and post, to consensus.

**No pre-results call:**

By sending this e-mail, we hope that you get all your questions answered. We do not organize a pre-results call. However, if anything is unclear, please reach out, and we will try to clarify.

**Demand comment in CEO comment:**

- In the near term, we expect mining demand to remain high, while demand from construction customers is expected to increase somewhat from a low level.
  - *From the Q1 report.*

**Details on mining demand? 79% of Group orders in Q126.**

- Customer activity remained at a high level, supported by historically high mineral prices in segments to which we have a large exposure, such as copper and gold.
- The strong demand was seen in all regions and was mainly related to replacement and expansion in brownfield mines.
- The demand for exploration equipment and tools continued to increase, with double-digit organic order growth. The organic growth in orders received was 44% for equipment, 12% for service and 9% for in Tools & Attachments.
  - *From the Q1 report and presentation.*

- In 2025, Nickel represented 1% of Group orders. In 2025, we lost roughly half of this business, which was tilted towards service. The comps are easing throughout 2026.
  - *IR comment.*

### **Service demand? What are deciding factors when Epiroc captures more customer share?**

- The order intake for service increased by 12% organically, with especially strong demand for circular solutions, such as mid-life upgrades.
  - *From the Q1 report*
- At the CMD, BA President Jess Kindler E&S gave these supporting factors for service growth (condensed)
  - Fleet utilization: Automation as a service multiplier, just because machines are running those extra hours and not stopping.
  - Electrification adding new service layers, such as the batteries, the infrastructure (chargers and then the life cycle management of those batteries), including the end of life and recycling of them. So, we see at least 15% more service revenue on electrified machines over 5 years, all else being equal.
  - Fleet age: About 37% of the machines in our installed fleet are older than 10 years... So we'll see more midlife upgrades and end-of-life rebuilds... And that's why we see that kind of consistent order growth over time, because as the fleet ages and then the boom comes, or the downturn comes, you're always working on the equipment.
  - Service agreements: Today, about 33% of our addressable fleet is covered by some type of service agreement... Machines under agreement generate twice the revenue compared to machines not under agreement. So how high do we want to go?... I would like to see us within a few years, be up at the 40% coverage rate.
  - Deep customer relationships: The top 10 customers at Epiroc represent 18% of the group revenues, and they're growing faster than the group average. And so that's not a coincidence. It's the way that we work with those customers... This is exactly what we aim to scale, more service agreements and then that kind of deeper customer intimacy and relationship, driving the quality of our growth and earnings going forward.
  - Over 50% of fleet is still an opportunity: More than 50% of our fleet was serviced in some form in 2025. So, there's still half of that fleet out there that is opportunity for us to go after.
  - People and technician talent as a foundation: We have 7 800 service employees across the globe... (IR comment: not only technicians, but hired in the service operations)
  - *Comments from CMD 2026*

## Large (mining) orders?

- The large orders amounted to MSEK 1 280 (MSEK 280). Please note, as from Q126, we say that large orders are MSEK +150, compared to MSEK +100 previously.
  - *From the Q1 presentation*

See also our key figures file, sheet "large orders".

Quarter	Sum of externally announced large orders (press release)	Actual / Comment in results presentation
Q226 (large = 150)	0	N/A
Q126 (New definition: large = 150)	560	1 280
Q425 (large = 100)	0	670
Q325 (large = 100)	115	600
Q225 (large = 100)	100	500

## Demand comment for infrastructure? 21% of Group orders in Q126.

- The infrastructure demand improved somewhat, although geopolitical instability creates uncertainty.
- On T&A: The organic growth was 9%, driven by a high activity in mining, as well as an initial recovery in the demand for attachments used in construction.
  - *From the Q1 report and Q1 results presentation.*

## How is Epiroc affected by US tariffs?

- The net impact on Group EBIT from tariffs amounted to just below -0.5 percentage points in Q1. We continue to mitigate tariff impacts, via supply-chain and sourcing adjustments to reduce exposure and targeted pricing and surcharges.
  - *From the Q1 presentation*
- **Tariff communication to date?**
  - Q225: Tariffs acknowledged as affecting working capital.
  - Q325: First quantified margin impact disclosed: ~50 basis points net tariff impact on operating margin in the quarter.
  - Q425 and Q126: ~50 bps net tariff drags on operating margin in each quarter.
- **Group revenues from the US?** 14% in 2025 = 2nd largest market after Australia 17%.

- **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 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 & Sustainability Report 2025, page 224-226, lists all facilities and entities. In addition, Epiroc has another 10+ facilities in the US that came into Epiroc with the acquisition of Stanley Infrastructure in 2024.*

### **How is Epiroc impacted by the conflict in Iran/Middle East? And the increased oil price?**

- We have no revenues or employees in Iran. Revenues in the Middle East region represent less than 1% of Group total and we have 20 employees in the region. The business in the region is well diversified across countries and customers.
- Regarding the oil price, we see no direct impact. Any potential effect would likely be indirect and more long term in nature, depending on customers' investment appetite and activity levels.
  - *IR comments in meetings*

### **Main messages at CMD in Örebro, Sweden June 8-9, 2026**

- Market-leading position in OEM mixed-fleet automation with 3 900+ driverless machines in operation. High customer interest. Driverless mixed-fleet also expands into quarries.
- Exploration orders, 12m, amounted to SEK 3.1 billion per March 31, 2026, or about 4.7% of Group orders and has had a CAGR of 17% in the last three years.
- How Epiroc combines premium positioning with broader market reach through multi-brand, different value propositions and sales channels as well as R&D synergies. One example of this approach is the successful GIA brand in China.
- Commitment to profitable growth and market leading margins.
- Continuous innovation of electrification solutions, with outstanding infrastructure offering. Customers with installed electric solutions make repeat orders.
- Strong position in safety solutions and large opportunities to scale digitalization business.
- [Partnership with Heidelberg Materials, autonomy in quarries.](#)

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

- Electrification revenues represented 3.8% (4.2) of Group revenues in 2025.
- 40 mines globally have ordered our BEVs, battery electric vehicles, and the majority of our BEV orders in 2025 came from these pre-existing customers.
  - *From the Q4 results call*

## What about EBIT margins?

- We do not provide guidance on margins. Our goal is to have the industry-best operating margin.
- **Group:** The operating margin, EBIT, was 19.8% (19.9). The adjusted operating margin, excluding items affecting comparability, was 20.0% (19.9). The organic contribution was positive, explained by efficiency measures taken in previous quarters as well as positive revenue mix. The net impact from tariffs amounted to just below - 0.5 percentage points. Currency impacted the margin with -0.6 percentage points.
- **E&S:** The operating margin, EBIT, as well as the adjusted operating margin was 24.0% (23.3). The organic contribution was positive, explained by disciplined execution in measures taken, as well as a positive revenue mix, with more service invoiced. The currency impacted the margin negatively with -0.4 percentage points. Following a period of strong order intake, we are ramping up production and will see increased output and deliveries in the coming quarters.
- **T&A:** The operating margin, EBIT, as well as the adjusted operating margin decreased to 11.3% (12.1). Measures taken to increase efficiency yielded results, although currency and increased input costs for tungsten impacted the margin negatively. The currency impacted with -0.7 percentage points.
- *On Tungsten: Q1 expected to be the most severe quarter for tungsten impact, with the negative effect anticipated to reduce gradually throughout the year, though not disappearing in Q2. Mitigation measures in place, such as intensified collaboration with suppliers, surcharges and drill-bit recycling program. Tungsten prices also inflating inventory levels, creating a headwind for working capital improvement.*
  - *All margin comments above from the Q1 results call and from the Q1 report.*
- Since January 26, 2026, when we reported Q4, the tungsten price has increased further. It is fair to assume that the negative effect can be higher than previously said. Partly as the input price is higher, but also, as it is unlikely that we in the short term can compensate. Please note: We are treating the increase in tungsten prices by adding a specific surcharge to the normal price for the drill bit. The surcharge offset increased COGS. In other words, we will not compensate with price, but with lower COGS.
- The tungsten is used predominantly in the “drill bits” within the Tools business. In this division (which is one of two in the business area T&A), we also provide drill strings, hammers and ground support. We mainly purchase the tungsten from China.
  - *IR comment in meetings*

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

- The average net working capital in relation to revenues in the last 12 months was 37.4% (36.9).
  - *Comments from the Q1 results call.*

- "So as growth accelerates, working capital will also increase. Also, the regions where we have seen the most growth over the last few years is in faraway markets and remote areas. And that has led to **somewhat higher lead times** and inventory levels. And that's not only for equipment, but it goes just as much for our spare parts and for our tools. And for us, focus is not on minimizing working capital, but focus is rather on making sure we have the right working capital for the current working conditions."
  - *Comment from CMD 2026*

#### **Interest cost?**

- The average tenor of Epiroc's long-term debt was 3.7 years (4.5). The average interest duration was 15 months (19) and the average interest rate at the end of the quarter was 3.9% (4.1).
  - *From the Q1 report.*

#### **Cash generation?**

- Operating cash flow was BSEK 1.3 compared with 1.6 million in the previous year. The main explanation is the lower profit level and net financial items. The cash conversion rate, 12 months, was 88% (100).
  - *From the Q1 presentation.*

#### **Financial position?**

- Epiroc's financial position is strong with a net debt/EBITDA ratio of 0.71 (0.76).
- Return on capital employed was 18.5%, down from 20.3%, explained by lower profit.
  - *Comments from the Q1 report and results call.*

#### **FX?**

- Currency was a headwind and had a negative impact in Q1. Currency reduced orders received by -12% and revenues by -10%.
- The EBIT impact from currency was negative in absolute terms, MSEK -387, it was negative -0.6 percentage points on the margin.
  - *Comments from the Q1 report and results call.*
- Over time, a strong USD vs SEK and EUR are beneficial for Epiroc, and vice versa. A large portion of our business is conducted in USD. However, due to accounting rules, we need to consolidate in local currency, which makes the FX impact hard to model. More color regarding FX was provided at the [2024 Capital Markets Day](#), see slides 165 – 167. You can also see more information in our Key figures file on sheet "Adjusted bridges".
  - *IR comment*

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

- In Q1 2026, items affecting comparability amounted to MSEK -22 (-11), fully explained by the change in provision for the share-based long-term incentive programs.
  - *From the Q1 report*
- No IAC announced for Q2 2026.

#### **Other M&A comments?**

- Eventspec acquisition announced but not finalized (expected in Q3). The company manufactures parts for drill rigs, mine trucks and loaders, and provides related rebuilds, repairs and services. Eventspec is based in Johannesburg, South Africa and has around 120 employees and had revenues in 2025 of around MZAR 280 (MSEK 160).
- [You can always find an updated M&A list here.](#)

#### **Other relevant announcements for the quarter?**

- 2026-06-08 [Epiroc Capital Markets Day: Innovation and global presence for profitable growth](#)
- 2026-06-03 [Epiroc wins order for LinkOA, extending its autonomous haulage system to aggregates sector](#)
- 2026-05-26 [Epiroc and SANY Group sign global partnership agreement](#)
- 2026-05-05 [Epiroc to utilize mandates to repurchase and sell shares](#)
- 2026-05-05 [Epiroc's Annual General Meeting 2026](#)

#### **Seasonality?**

- Historically, Q2 has somewhat higher revenues than Q1. Attachments are generally strong in H1.
  - *IR comments to financial markets in key figure file, sheet OIB.*

#### **Capital allocation priorities?**

- Continuously invest in organic profitable growth.
- Invest in acquisitions that support our organic efforts.
  - Complementary core, aftermarket, and digital.
- Cash distribution.
- *"We are constantly looking into the opportunities that are out there. If I look at the different segments that we explore, it is complementary to core and what is complementary to core, it is very much adjacent. It's products that fit well into our offering and where we can leverage the synergies in cross-selling these products across the globe. So, I would say that it's in closing gaps of products. Its strength in the aftermarket, could be companies that could do consumables. They could be service providers that has a strong regional footprint, for example, or a regional*

*business somewhere where we want to expand, but also then technology companies. So, it's also towards technology... it will be close to what we know where we know that we can leverage the strength of Epiroc."*

- *"Where we see the biggest untapped potential given what we have today and of course, our strength and our history, I would still say it is within mining, even though, of course, an uptick — a strong uptick in infrastructure will, of course, support us greatly because we have the foundation and we have the products."*
  - *From CMD 2026*

### **Capex needs?**

- We produce only the core components where we want to safeguard our own innovation, and we want to have a manufacturing — flexible manufacturing setup. And actually, as much as 70% of the product cost for equipment is purchased from our suppliers. And it enables us to be fast, both up when demand goes up, but also to adjust costs when demand goes down. It also results in quite low CapEx needs. We have said our need is between 2% to 3%. Actually, if you look at the last few years, it has been lower than that. But as we heard Helena talk about before, we are looking to expand more in growth markets now in the coming few years.

- *From CMD 2026*

### **Tax rate guidance?**

- Between 22% and 24%.

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

BR Karin, Alexander & Gustaf