

# TEREX®

## Q2 2025 Earnings Conference Call

July 31, 2025

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# Forward Looking Statements

Certain information in this presentation includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995) regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent reports we file with the U.S. Securities and Exchange Commission from time to time, in the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contingencies and Uncertainties." In addition, when included in this presentation, the words "may," "expects," "should," "intends," "anticipates," "believes," "plans," "projects," "estimates," "will" and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- the imposition of new, postponed or increased international tariffs;
- our business is sensitive to general economic conditions, government spending priorities and the cyclical nature of markets we serve;
- we have a significant amount of debt outstanding and need to comply with covenants contained in our debt agreements;
- our ability to generate sufficient cash flow to service our debt obligations and operate our business;
- our ability to access the capital markets to raise funds and provide liquidity;
- our consolidated financial results are reported in United States ("U.S.") dollars while certain assets and other reported items are denominated in the currencies of other countries, creating currency exchange and translation risk;
- the financial condition of customers and their continued access to capital;
- exposure from providing credit support for some of our customers;
- we may experience losses in excess of recorded reserves;
- we may be unable to successfully integrate acquired businesses, including the Environmental Solutions Group business;
- we may not realize expected benefits for any acquired businesses within the timeframe anticipated or at all;
- our ability to successfully implement our strategy and the actual results derived from such strategy;
- our industry is highly competitive and subject to pricing pressure;
- our operations are subject to a number of potential risks that arise from operating a multinational business, including political and economic instability and compliance with changing regulatory environments;
- changes in the availability and price of certain materials and components, which may result in supply chain disruptions;
- consolidation within our customer base and suppliers;
- our business may suffer if our equipment fails to perform as expected;
- a material disruption to one of our significant facilities;
- increased cybersecurity threats and more sophisticated computer crime;
- issues related to the development, deployment and use of artificial intelligence technologies in our business operations, information systems, products and services;
- increased regulatory focus on privacy and data security issues and expanding laws;
- litigation, product liability claims and other liabilities;
- our compliance with environmental regulations and failure to meet sustainability requirements or expectations;
- our compliance with the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws;
- our ability to comply with an injunction and related obligations imposed by the U.S. Securities and Exchange Commission ("SEC");
- our ability to attract, develop, engage and retain qualified team members;
- possible work stoppages and other labor matters; and
- other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and material factors. The forward-looking statements contained herein speak only as of the date of this presentation. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this presentation to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Non-GAAP Measures: Terex from time to time refers to various non-GAAP (generally accepted accounting principles) financial measures in this presentation. Terex believes that this information is useful to understanding its operating results and the ongoing performance of its underlying businesses without the impact of special items. See the appendix at the end of this presentation as well as the Terex second quarter 2025 earnings release on the Investor Relations section of our website [www.terex.com](http://www.terex.com) for a description and/or reconciliation of these measures.

Total amounts in tables of this presentation may not add due to rounding.

# Q2 2025 Financial Highlights and FY Outlook



**\$1.5B**

Sales



**11.0%**

Adj. Operating  
Margin\*



**12.2%**

Adj. EBITDA  
Margin\*



**108%**

Free Cash Flow  
Conversion\*



**\$1.49**

Adj. EPS\*



**Maintaining 2025 FY EPS Outlook of \$4.70 - \$5.10**

# Made in the USA for the USA

~75% of Terex products sold in America are made in America\*

## Environmental Solutions

**100%  
MADE IN  
THE USA**



## Aerials

**~70%  
MADE IN  
THE USA**

**~90%  
Incl. USMCA**



## Materials Processing

**~40%  
MADE IN  
THE USA**

**~45%  
MADE IN THE UK**



## Tariff Assumptions

### Q1-2025 Outlook

(May 2, 2025)

- China tariffs to ease from 145%
- Other tariffs to remain at May 2nd levels, including UK and ROW reciprocal at ~10%, and section 232 steel at 25%
- USMCA qualified goods remain exempt
- Demand not impacted by trade actions

### Q2-2025 Outlook

(July 31, 2025)

- Tariffs broadly remain at current rates and reasonable deals are made with key countries
- USMCA qualified goods remain exempt
- Demand not further impacted by trade actions

# Market Strength in Waste & Recycling, Utilities and Infrastructure



## Waste & Recycling



\$4 Billion addressable equipment market<sup>1</sup> characterized by steady growth, low cyclicality



## Utilities



Electrification and transmission investments continue to ramp up



## Infrastructure



Significant IIJA & public spending continues to flow



## General Construction



Mega project activity remains strong, uncertainty and interest rates impacting private construction



## Industrial & Commercial



Resilient U.S. industrial activity. Commercial and manufacturing construction weaker, data centers positive



# Creating Value by Achieving Synergies



**Digital** - 3rd Eye Digital Applications Launched for Advance Mixer and Terex Utilities



**Commercial** - ESG Customer Relationships Leveraged to Win Utility Vehicle Orders



**Sourcing** - Combined Scale Leveraged to Achieve Savings across Multiple Spend Categories



**Impact** - On pace to over-drive our \$25M synergy target



# Q2 Financial Performance

USD Millions, except Earnings per Share	Q2 2025 <sup>1</sup>		Q2 2024 <sup>2</sup>	
<b>Net Sales</b>	<b>\$</b>	<b>1,487</b>	<b>\$</b>	<b>1,382</b>
Operating Profit*		164		195
% Margin*		11.0%		14.1%
EBITDA %*		12.2%		15.2%
<b>Earnings per Share*</b>	<b>\$</b>	<b>1.49</b>	<b>\$</b>	<b>2.16</b>
<b>Free Cash Flow*</b>	<b>\$</b>	<b>78</b>	<b>\$</b>	<b>43</b>
<b>Free Cash Flow Conversion*</b>		<b>108%</b>		<b>30%</b>

<sup>1</sup> Includes ESG business

<sup>2</sup> Does not include ESG business

Q2 2025 Net Sales Bridge		
<b>Q2 2024</b>	<b>\$1,382</b>	
Legacy, FX-Neutral Change	(179)	(13.0)%
FX Impact	13	0.9%
ESG Change	271	
<b>Q2 2025</b>	<b>\$1,487</b>	<b>7.6%</b>

Q2 2025 Financial Call-Outs	EPS
<b>GAAP</b>	<b>\$1.09</b>
Restructuring and Other	0.14
Deal related	0.05
Purchase price accounting	0.23
Equity security related	(0.05)
Tax	0.03
<b>Adjusted</b>	<b>\$1.49</b>

# Aerials Financial Highlights



	Q2 2025	Q2 2024
<b>Sales</b>	607	732
% Change vs 2024	(17.1)%	
% FX Neutral Change vs 2024	(17.8)%	
<b>Operating Margin*</b>	8.0%	15.7%

- Overall Q2 sales in line with expectations primarily driven by replacement demand
- Sequential margin improvement of 500 b.p. impacted by unfavorable customer mix and tariffs
- Continued focus on tariff mitigation and cost actions
- Bookings up 70% YOY



# MP Financial Highlights



	Q2 2025	Q2 2024
<b>Sales</b>	454	499
<i>% Change vs 2024</i>	(9.0)%	
<i>% FX Neutral Change vs 2024</i>	(10.6)%	
<b>Operating Margin*</b>	12.7%	15.6%

- Sequential sales growth of 19% and 270 b.p. margin improvement
- European market remains challenging. High fleet utilization and dealer de-stocking continues in the U.S.
- YOY bookings up 24%, led by Aggregates

# ES Financial Highlights



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	Q2 2025*	Q2 2024 <sup>1</sup>
<b>Sales</b>	430	381
% Change vs 2024	12.9%	
<b>Operating Margin</b>	19.1%	16.8%

*<sup>1</sup> Shown on a pro forma basis*

- Continued strong execution in ESG and Terex Utilities
- Growth across major product areas including Refuse Collection Vehicles (RCVs), Utility Vehicles, Compactors, Parts & Services, and Digital
- Synergies and ESG financial performance exceeding acquisition model

*Figures in USD Millions*

*\*Refer to the appendix for GAAP to non-GAAP reconciliation*

# Continue to Return Value to Shareholders and Invest in Capex to Support Future Growth

✓ **\$24M** Capital Expenditures to support future growth

✓ **\$21M** Share Repurchases, announcing new \$150M authorization

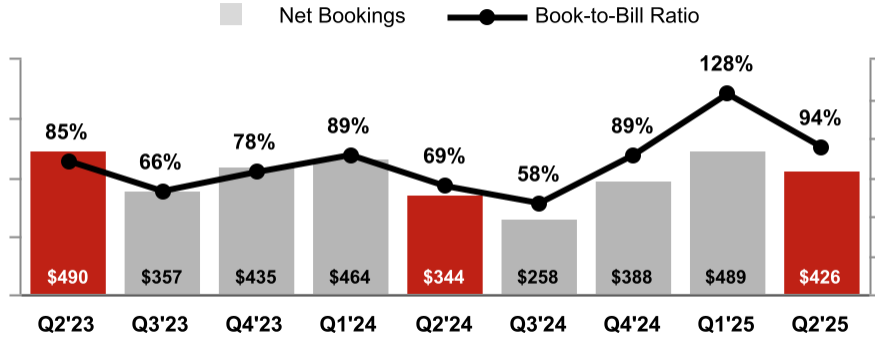
✓ **\$11M** Dividends Paid, ~1.5% dividend yield



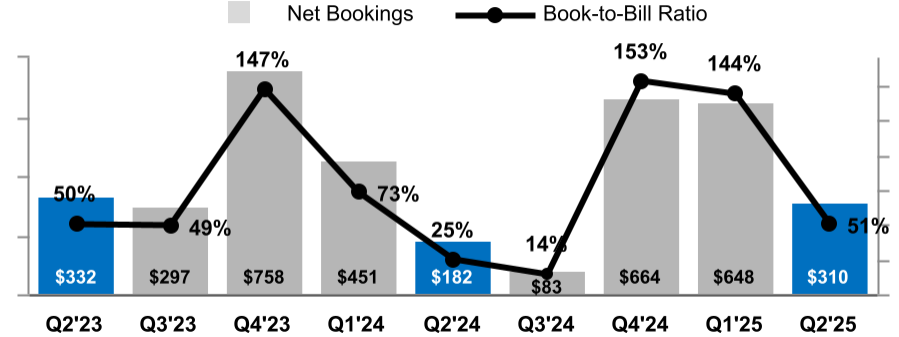
*Investing to expand ESG Heil Refuse Collection Vehicle capacity in Ft. Payne Alabama (left) and Franna Pick-and-Carry capacity in India (right)*

# Segment Bookings

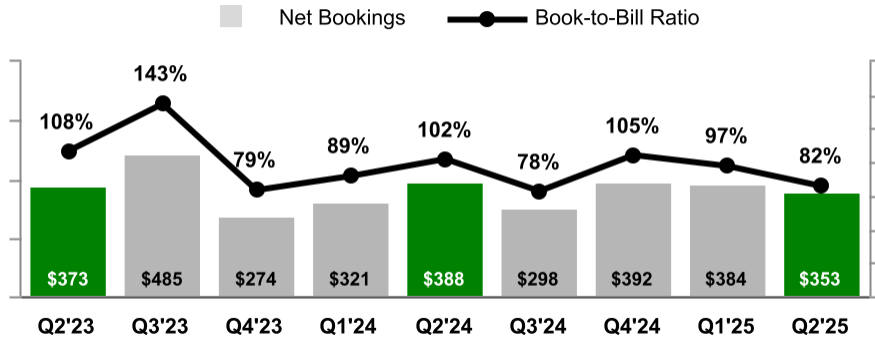
## Material Processing



## Aerials



## Environmental Solutions\*



## Bookings at \$4.7B LTM

- Q2 pro forma bookings up 19% YOY
- Reflects return to normal seasonality
- Supports 2025 second half outlook



# Maintaining 2025 FY EPS Outlook of \$4.70 - \$5.10

## Terex Outlook<sup>5,6,7,9</sup>

USD Millions, except Earnings per Share

Net Sales <sup>8</sup>	\$5,300 - \$5,500
Segment Operating Margin <sup>1,2</sup>	~12%
EBITDA <sup>1</sup>	~\$640
EPS <sup>1,3</sup>	\$4.70 - \$5.10
Free Cash Flow <sup>1,4</sup>	\$300 - \$350
FCF Conversion <sup>1</sup>	>120%

1 Presented as Adjusted. Refer to the appendix for definitions and/or reconciliations.

2 Excludes Corp & Other OP of ~(\$75M)

3 Share Count ~66M.

4 Capital expenditures, net of proceeds from sale of capital assets ~\$120M

5 Depreciation / Amortization of ~\$160M, inclusive of ~\$80M pertaining to purchase price accounting

6 Interest / Other Expense ~\$170M

7 Tax Rate ~17.5%

8 Legacy sales expected to decline by 8%-12% vs. 2024

9 Outlook assumes that tariffs broadly remain at current rates and reasonable deals are made with key countries

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## Segment Sales Outlook

### Aerials



(LDD)

### Materials Processing



(HSD)

### Environmental Solutions



LDD

2024 comparable revenue:

Aerials: \$2,410M

MP: \$1,902M

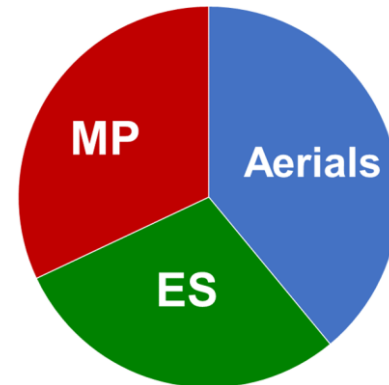
ES Proforma: \$1,500M

(LDD) = down low double-digits

(HSD) = down high single-digits

LDD = up low double-digits

## Sales Mix



# Positioned to Deliver Long-Term Value

- ✓ Portfolio of market leading businesses
- ✓ Reduced cyclicalality through ESG acquisition
- ✓ Three balanced segments with strong synergies, well positioned for growth
- ✓ New Terex Operating System to drive Operational Excellence
- ✓ Team with deep industry experience and proven ability to create value



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## Appendix

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# Q2 YOY Sales by Geography

## North America

Actual

Legacy\*



*\*Legacy excludes ESG*

## Western Europe

Actual

FX-Adj.



## Asia-Pacific

Actual

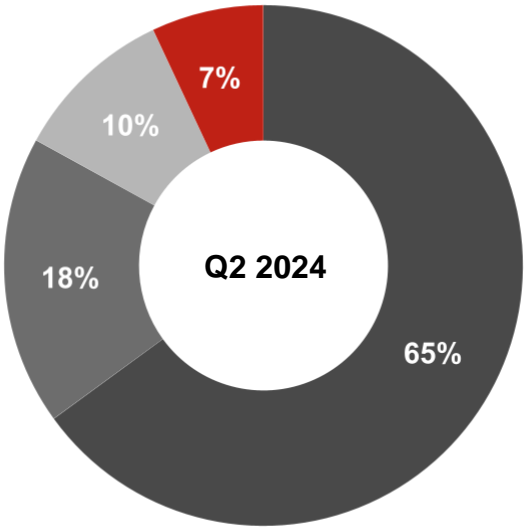
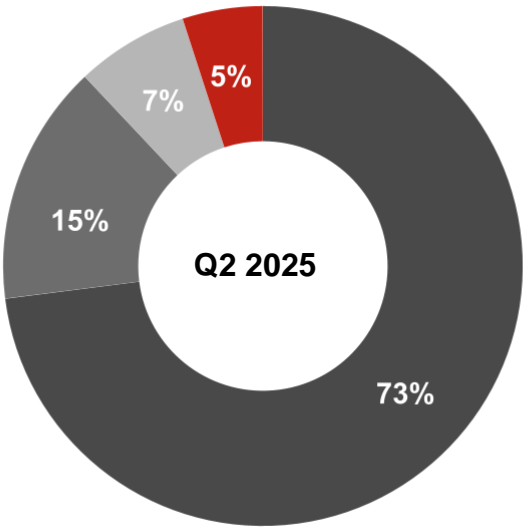
FX-Adj.



## Rest of World

Actual

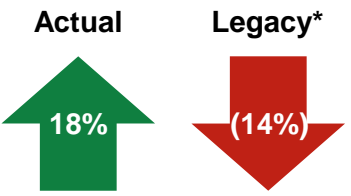
FX-Adj.





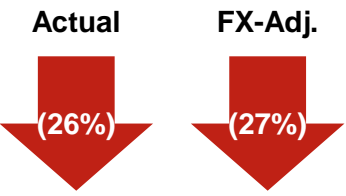
# YTD Q2 YOY Sales by Geography

## North America

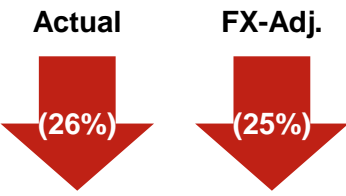


*\*Legacy excludes ESG*

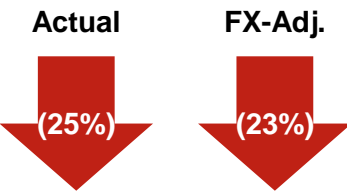
## Western Europe



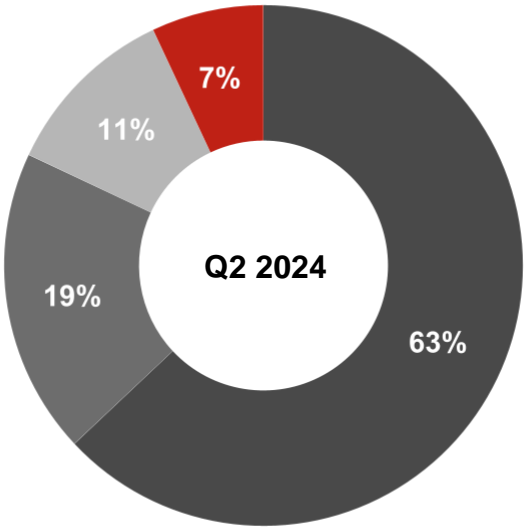
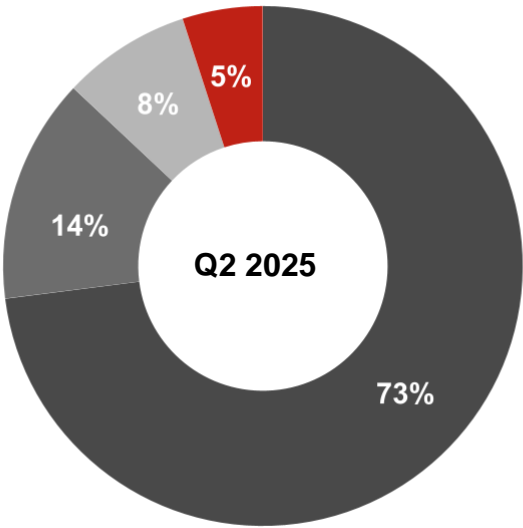
## Asia-Pacific



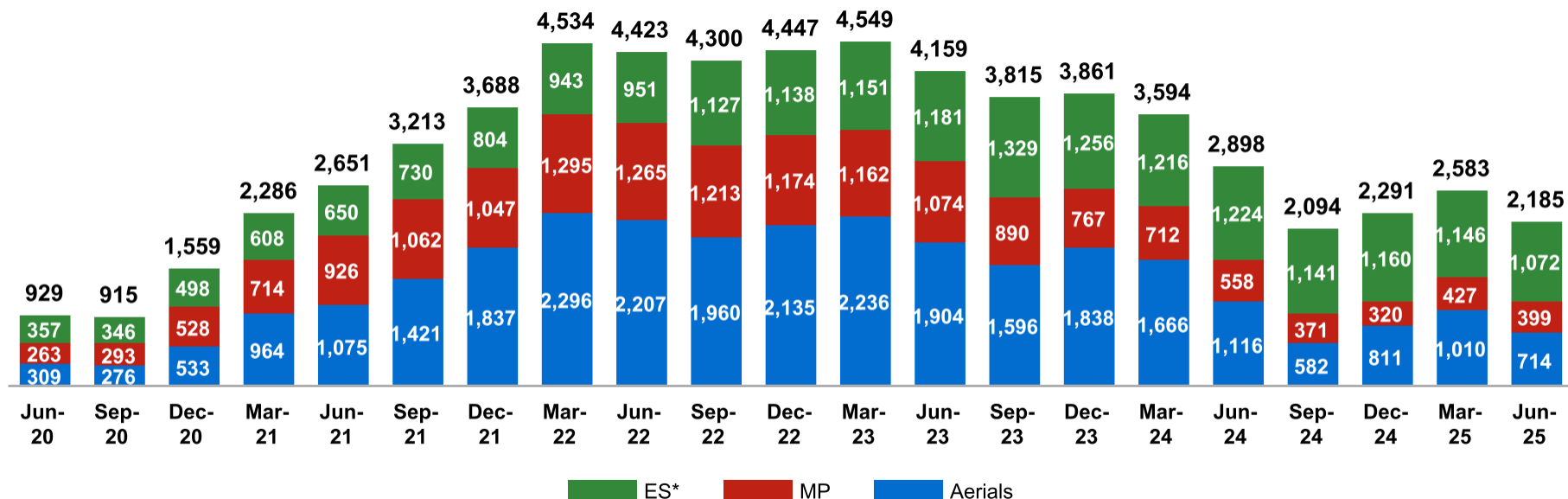
## Rest of World



- North America
- Western Europe
- Asia / Pacific
- Rest of World



# Backlog Trend



	Sequential		Year on Year	
ES*	\$(74)	(6%)	\$(152)	(12%)
MP	(28)	(7%)	(159)	(28%)
Aerials	(296)	(29%)	(402)	(36%)
<b>Total</b>	<b>\$(398)</b>	<b>(15%)</b>	<b>\$(713)</b>	<b>(25%)</b>

# Glossary

In an effort to provide investors with additional information regarding the Company's results, Terex refers to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures which management believes provides useful information to investors. These non-GAAP measures may not be comparable to similarly titled measures being disclosed by other companies. In addition, the Company believes that non-GAAP financial measures should be considered in addition to, and not in lieu of, GAAP financial measures. Terex believes that this non-GAAP information is useful to understanding its operating results and the ongoing performance of its underlying businesses. Management of Terex uses both GAAP and non-GAAP financial measures to establish internal budgets and targets and to evaluate the Company's financial performance against such budgets and targets.

The amounts described below are unaudited, are reported in millions of U.S. dollars (except per share data and percentages), and are as of or for the period ended June 30, 2025, unless otherwise indicated.

## 2025 Outlook

Terex's 2025 outlook for segment operating margin, earnings per share, EBITDA and free cash flow conversion are non-GAAP financial measures because they exclude the impact of potential future acquisitions, divestitures, restructuring, tariffs, trade policies and other unusual items. The Company is not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts because the Company is unable to predict with a reasonable degree of certainty the exact timing and impact of such items. The unavailable information could have a significant impact on the Company's full-year 2025 GAAP financial results. This forward looking information provides guidance to investors about the Company's 2025 Outlook excluding unusual items that the Company does not believe is reflective of its ongoing operations.

# GAAP to Non-GAAP Reconciliation: Q2 2025

	Q2 2025 GAAP	Restructuring and Other	Deal Related	Purchase Price Accounting	Equity Security Related	Tax	Q2 2025 Adjusted (non- GAAP)
Net Sales	\$1,487	—	—	—	—	—	\$1,487
Gross Profit	291	7	—	20	—	—	318
<i>% of Sales</i>	<i>19.6%</i>						<i>21.4%</i>
SG&A	(162)	5	3	—	—	—	(154)
<i>% of Sales</i>	<i>(10.9%)</i>						<i>(10.4%)</i>
Operating Profit	\$129	12	3	20	—	—	\$164
<i>Operating Margin</i>	<i>8.7%</i>						<i>11.0%</i>
Net Interest Income (Expense)	(42)	—	—	—	—	—	(42)
Other Income (Expense) - Net	2	—	1	—	(5)	—	(2)
Income (Loss) Before Income Taxes	89	12	4	20	(5)	—	120
(Provision for) Benefit From Income Taxes	(17)	(3)	(1)	(5)	2	2	(22)
<i>Effective Tax Rate</i>	<i>18.5%</i>						<i>18.3%</i>
Net Income (Loss)	\$72	9	3	15	(3)	2	\$98
Earnings (Loss) per Share	\$1.09	\$ 0.14	\$ 0.05	\$ 0.23	\$ (0.05)	0.03	\$1.49



# GAAP to Non-GAAP Reconciliation: Q2 2024

	Q2 2024 GAAP	Accelerated Vesting / Severance	Deal Related	Mark-to- Market	Q2 2024 Adjusted (non-GAAP)
Net Sales	\$1,382	—	—	—	\$1,382
Gross Profit	329	—	—	—	329
<i>% of Sales</i>	23.8%				23.8%
SG&A	(136)	2	—	—	(134)
<i>% of Sales</i>	(9.8%)				(9.6%)
Operating Profit	\$193	2	—	—	\$195
<i>Operating Margin</i>	14.0%				14.1%
Net Interest Income (Expense)	(13)	—	—	—	(13)
Other Income (Expense) - Net	(6)	—	2	2	(2)
Income (Loss) Before Income Taxes	174	2	2	2	180
(Provision for) Benefit From Income Taxes	(33)	—	—	(1)	(34)
<i>Effective Tax Rate</i>	19.2%				19.3%
Net Income (Loss)	\$141	2	2	1	\$146
Earnings (Loss) per Share	\$2.08	\$ 0.03	\$ 0.03	\$ 0.02	\$2.16

# GAAP to Non-GAAP Reconciliation: YTD Q2 2025

	YTD Q2 2025 GAAP	Restructuring and Other <sup>1</sup>	Deal Related	Purchase Price Accounting	Litigation Related	Equity Security Related	Tax	YTD Q2 2025 Adjusted (non- GAAP)
Net Sales	\$2,716	—	—	—	—	—	—	\$2,716
Gross Profit	521	9	—	41	—	—	—	571
<i>% of Sales</i>	19.2%							21.0%
SG&A	(323)	9	8	1	10	—	—	(295)
<i>% of Sales</i>	(11.9%)							(10.9%)
Operating Profit	\$198	18	8	42	10	—	—	\$276
<i>Operating Margin</i>	7.3%							10.1%
Net Interest Income (Expense)	(83)	—	—	—	—	—	—	(83)
Other Income (Expense) - Net	—	—	2	—	—	(5)	—	(3)
Income (Loss) Before Income Taxes	115	18	10	42	10	(5)	—	190
(Provision for) Benefit From Income Taxes	(22)	(4)	(2)	(10)	(2)	1	2	(37)
<i>Effective Tax Rate</i>	18.9%							19.3%
Net Income (Loss)	\$93	14	8	32	8	(4)	2	\$153
Earnings (Loss) per Share	\$1.40	\$ 0.22	\$ 0.12	\$ 0.48	\$ 0.12	\$ (0.06)	0.03	\$2.31

# GAAP to Non-GAAP Reconciliation: YTD Q2 2024

	YTD Q2 2024 GAAP	Accelerated Vesting / Severance	Deal Related	Mark-to- Market	YTD Q2 2024 Adjusted (non-GAAP)
Net Sales	\$2,674	—	—	—	\$2,674
Gross Profit	626	—	—	—	626
<i>% of Sales</i>	23.4%				23.4%
SG&A	(275)	7	—	—	(268)
<i>% of Sales</i>	(10.3%)				(10.0%)
Operating Profit	\$351	7	—	—	\$358
<i>Operating Margin</i>	13.1%				13.4%
Net Interest Income (Expense)	(24)	—	—	—	(24)
Other Income (Expense) - Net	(16)	—	2	8	(6)
Income (Loss) Before Income Taxes	311	7	2	8	328
(Provision for) Benefit From Income Taxes	(62)	(1)	—	(2)	(65)
<i>Effective Tax Rate</i>	19.8%				19.8%
Net Income (Loss)	\$249	6	2	6	\$263
Earnings (Loss) per Share	\$3.68 \$	0.08 \$	0.03 \$	0.10	\$3.89

# Segment Operating Profit and Adjusted Operating Profit: Q2 2025 and 2024

Three Months Ended June 30,

	2025			2024		
	Aerials	MP	ES	Aerials	MP	ES
Operating Profit	\$ 46	\$ 49	\$ 61	\$ 115	\$ 77	\$ 19
Restructuring and Other	3	9	—	—	1	—
Purchase Price Accounting	—	—	21	—	—	—
Litigation Related	—	—	—	—	—	—
Adjusted Operating Profit	\$ 49	\$ 58	\$ 82	\$ 115	\$ 78	\$ 19
Net Sales	\$ 607	\$ 454	\$ 430	\$ 732	\$ 499	\$ 152
OP Margin %	7.6 %	10.8 %	14.2 %	15.7 %	15.4 %	12.5 %
Adjusted OP Margin %	8.0 %	12.7 %	19.1 %	15.7 %	15.6 %	12.5 %



# Segment Operating Profit and Adjusted Operating Profit: YTD Q2 2025 and 2024

Six Months Ended June 30,

	2025			2024		
	Aerials	MP	ES	Aerials	MP	ES
Operating Profit	\$ 49	\$ 85	\$ 117	\$ 207	\$ 149	\$ 34
Restructuring and Other	3	11	—	1	1	—
Purchase Price Accounting	—	—	42	—	—	—
Litigation Related	10	—	—	—	—	—
Adjusted Operating Profit	\$ 62	\$ 96	\$ 159	\$ 208	\$ 150	\$ 34
Net Sales	\$ 1,057	\$ 836	\$ 829	\$ 1,355	\$ 1,019	\$ 303
OP Margin %	4.6 %	10.2 %	14.1 %	15.3 %	14.6 %	11.2 %
Adjusted OP Margin %	5.9 %	11.5 %	19.2 %	15.3 %	14.8 %	11.2 %

# Free Cash Flow

The Company calculates non-GAAP measures of free cash flow and free cash flow conversion. The Company defines free cash flow as Net cash provided by (used in) operating activities less Capital expenditures, net of proceeds from sale of capital assets and free cash flow conversion as free cash flow divided by GAAP net income. The Company believes that these measures provide management and investors further useful information on cash generation or use in our primary operations and the efficiency with which the Company converts earnings into cash.

	<i>Three Months Ended June 30,</i>		<i>Year Ended December 31,</i>
	2025	2024	2025 Outlook
Net cash provided by (used in) operating activities	\$ 102	\$ 67	\$ 445
Capital expenditures, net of proceeds from sale of capital assets	(24)	(24)	(120)
Free cash flow (use)	\$ 78	\$ 43	\$ 325
Net income (loss)	72	141	
Free cash flow conversion	108 %	30 %	

# EBITDA

**EBITDA** is defined as earnings, before interest, other non-operating income (loss), income (loss) attributable to non-controlling interest, taxes, depreciation and amortization. The Company calculates this by subtracting the following items from Net income (loss): (Gain) loss on disposition of discontinued operations- net of tax; and (Income) loss from discontinued operations – net of tax. Then adds the Provision for (benefit from) income taxes; Interest & Other (Income) Expense; the Depreciation and Amortization amounts reported in the Consolidated Statement of Cash Flows less amortization of debt issuance costs that are recorded in Interest expense. Adjusted EBITDA is defined as EBITDA plus certain SG&A and other income/expenses.

Terex believes that disclosure of EBITDA and Adjusted EBITDA will be helpful to those reviewing its performance, as EBITDA provides information on Terex's ability to meet debt service, capital expenditure and working capital requirements, and is also an indicator of profitability.

# EBITDA and Adjusted EBITDA

	<i>Three Months Ended June 30,</i>	
	<i>2025</i>	<i>2024</i>
Net income (loss)	\$ 72	\$ 141
Interest & Other (Income) Expense	40	19
Provision for (benefit from) income taxes	17	33
Operating profit	129	193
Depreciation	17	14
Amortization	22	1
Non-Cash Interest Costs	(2)	—
EBITDA	\$ 166	\$ 208
Restructuring and Other	12	2
Deal Related	3	—
Purchase Price Accounting	1	—
Litigation Related	—	—
Adjusted EBITDA	\$ 182	\$ 210
Net Sales	\$ 1,487	\$ 1,382
EBITDA Margin %	11.2 %	15.1 %
Adjusted EBITDA Margin %	12.2 %	15.2 %

# ROIC

ROIC and other Non-GAAP Measures (as calculated below) assist in showing how effectively we utilize capital invested in our operations. ROIC is determined by dividing the sum of NOPAT for each of the previous four quarters by the average of Debt less Cash and cash equivalents plus Stockholders' equity for the previous five quarters. NOPAT for each quarter is calculated by multiplying Operating profit by one minus the full year 2024 effective tax rate as adjusted. Debt is calculated using amounts for Current portion of long-term debt plus Long-term debt, less current portion. We calculate ROIC using the last four quarters' NOPAT as this represents the most recent 12-month period at any given point of determination. In order for the denominator of the ROIC ratio to properly match the operational period reflected in the numerator, we include the average of five quarters' ending balance sheet amounts so that the denominator includes the average of the opening through ending balances (on a quarterly basis) thereby providing, over the same time period as the numerator, four quarters of average invested capital.

In the calculation of ROIC, we adjust Operating profit, effective tax rate, and stockholders' equity to remove the effects of the impact of certain transactions in order to create a measure that is more useful to understanding our operating results and the ongoing performance of our underlying business excluding the impact of unusual items as shown in the tables below. Our management and Board of Directors use ROIC as one measure to assess operational performance, including in connection with certain compensation programs. We use ROIC as a metric because we believe it measures how effectively we invest our capital and provides a better measure to compare ourselves to peer companies to assist in assessing how we drive operational improvement. We believe ROIC measures return on the amount of capital invested in our businesses and is an accurate and descriptive measure of our performance. We also believe adding Debt less Cash and cash equivalents to Stockholders' equity provides a better comparison across similar businesses regarding total capitalization, and ROIC highlights the level of value creation as a percentage of capital invested. As the tables below show, our ROIC at June 30, 2025 was 12.3%.



# ROIC Continued

Amounts described below are reported in millions of U.S. dollars, except for the effective tax rate. Amounts are as of and for the three months ended for the periods referenced in the tables below.

	Jun '25	Mar '25	Dec '24	Sep '24	Jun '24
Annualized effective tax rate as adjusted <sup>1</sup>	15.7 %	15.7 %	15.6 %	15.6 %	
Operating profit as adjusted	\$ 164	\$ 111	\$ 97	\$ 127	
Multiplied by: 1 minus effective tax rate as adjusted	84.3 %	84.3 %	84.4 %	84.4 %	
Net operating profit after tax as adjusted	\$ 138	\$ 94	\$ 82	\$ 107	
Debt	\$ 2,593	\$ 2,586	\$ 2,584	\$ 628	\$ 666
Less: Cash and cash equivalents	(374)	(298)	(388)	(352)	(319)
Debt less Cash and cash equivalents	2,219	2,288	2,196	276	347
Stockholders' equity as adjusted	2,094	1,947	1,899	1,974	1,830
Debt less Cash and cash equivalents plus Stockholders' equity as adjusted	\$ 4,313	\$ 4,235	\$ 4,095	\$ 2,250	\$ 2,177

<sup>1</sup> The annualized effective tax rate as adjusted for each 2024 period represents the adjusted full-year 2024 effective tax rate.

June 30, 2025 ROIC	12.3 %
NOPAT as adjusted (last 4 quarters)	\$ 421
Average Debt less Cash and cash equivalents plus Stockholders' equity as adjusted (5 quarters)	\$ 3,414

# ROIC Continued

	06/30/25	03/31/25	12/31/24	09/30/24
Reconciliation of operating profit:				
Operating profit as reported	\$ 129	\$ 69	\$ 53	\$ 122
Adjustments:				
Restructuring and Other	12	6	4	5
Purchase price accounting	20	21	38	—
Deal related	3	5	2	—
Litigation related	—	10	—	—
Operating profit as adjusted	<u>\$ 164</u>	<u>\$ 111</u>	<u>\$ 97</u>	<u>\$ 127</u>

	As of 6/30/25	As of 3/31/25	As of 12/31/24	As of 9/30/24	As of 6/30/24
Reconciliation of Stockholders' equity:					
Stockholders' equity as reported	\$ 1,965	1,844	1,832	1,957	1,824
Effects of adjustments, net of tax:					
Restructuring and Other	26	15	11	7	3
Purchase price accounting	67	50	32	—	—
Deal related	24	21	16	2	2
Litigation related	8	8	—	—	—
Equity security related	4	9	8	8	1
Stockholders' equity as adjusted	<u>\$ 2,094</u>	<u>\$ 1,947</u>	<u>\$ 1,899</u>	<u>\$ 1,974</u>	<u>\$ 1,830</u>

# ROIC *Continued*

Six Months Ended June 30, 2025	Income (loss) before income taxes	(Provision for) benefit from income taxes	Income tax rate
Reconciliation of annualized effective tax rate:			
As reported	\$ 115	\$ (22)	18.9%
Effect of Adjustments:			
Restructuring and Other	18	(4)	
Purchase price accounting	42	(10)	
Deal related	10	(2)	
Equity security related	(5)	1	
Litigation related	10	(2)	
Tax related benefit <sup>1</sup>	—	2	
Tax related to full-year effective tax rate expectation	—	3	
Tax related to Swiss deferred tax asset	—	4	
As adjusted	\$ 190	\$ (30)	15.7%

<sup>1</sup> The amount represents tax benefit arising from tax planning associated with restructuring activity.