

Hitachi Construction Machinery invests \$10m AUD into Envirosuite, signs Collaboration Agreement to pursue ESG and Net Zero opportunity in Mining

ASX: EVS

3 September 2024



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All amounts are in Australian dollars unless otherwise stated.



Speakers



Jason Cooper
CEO



Justin Owen
CFO



Andrew Barron
Head of Product



Jeremy Gaedtke
Director of Marketing
& Communications

HITACHI

Reliable Solutions

Motohiro Narao
Senior Officer, General Manager
Global Strategy Promotion office
Hitachi Construction Machinery

Akio Hoshi
General Manager, Digital Solution
Promotion Division
Mining Business Unit
Hitachi Construction Machinery

Eric Winsborrow
General Manager, New Business
Strategy
Mining Business Unit
Hitachi Construction Machinery



Revolutionise the management of ESG and GHG emissions in Mining

A comprehensive, site-wide approach to GHG emissions optimisation



 **envirosuite**



HITACHI

Reliable Solutions



An environmental technology company at our roots





A world where people, planet, and industry can prosper in partnership

Trusted by leading operators across the Aviation, Mining, Industrial, Waste and Wastewater sectors, Envirosuite combines evidence-based science and industry expertise to build category-leading technology that helps customers manage complex operational challenges, reducing risk and improving productivity while protecting and strengthening social license and community relationships.



HITACHI

Reliable Solutions

A global leader in Mining

Tokyo-listed Hitachi Construction Machinery is one of the world's largest construction machinery manufacturers.

- Revenues of 1,405.9 billion yen (\$14b AUD)
- Serves more than 400 mining sites
- Employing more than 26,000 people globally

Company vision clearly focused on contributing toward prosperity, safety and sustainability for both land and society.

Core growth strategy to provide enhanced solutions at every contact with customers, with a focus on **Net Zero emissions for Mining**¹

1 - <https://www.hitachicm.com/content/dam/hitachicm/global/en/ir/library/results/docs/20220114-HCM-Explanatory-meeting-material-E.pdf>





ESG and Net Zero represents a significant growth opportunity

4% to 7%

Metals & Mining industry contribution to worldwide GHG emissions in 2021¹

Up to 80%

Direct emissions from a mine site attributed to operating diesel-powered vehicles in 2022²

Only 0.5%

Mining equipment that was fully electric in 2020³

\$800b USD

Capital investment in mining needed to meet critical minerals demand to achieve Net Zero by 2050⁴

1 - <https://www.globaldata.com/data-insights/mining/total-ghg-emissions-of-major-metals-and-mining-companies-worldwide-by-revenue-2090961/>
2 - <https://www.icmm.com/en-gb/stories/2022/accelerating-implementation-of-zero-emission-vehicles>
3 - <https://www.mckinsey.com/capabilities/sustainability/our-insights/climate-risk-and-decarbonization-what-every-mining-ceo-needs-to-know>
4 - <https://www.iea.org/reports/global-critical-minerals-outlook-2024/executive-summary>

20 of the world's top 30 mining companies have publicly stated GHG reduction goals¹

\$679.17b¹ Total market cap (\$USD) of these 20 Mining companies

BHP

VALE

Teck

Fortescue
The New Force in Iron Ore

Newmont

AngloAmerican

RioTinto

Cameco

GLENCORE

vedanta
transforming for good

HINDUSTAN ZINC

AGNICO EAGLE

NEWCREST
MINING LIMITED

ANTOFAGASTA PLC

SOUTH32

MA'ADEN
Saudi Arabian Mining Company

AngloAmerican PLATINUM

Pilbara Minerals
Powering sustainable energy future

WHEATON
PRECIOUS METALS

BARRICK

Climate goal

BHP has said it will reduce operational greenhouse gas emissions by 30% by 2030 and net-zero Scope 3 emissions by 2050¹

Vale has committed to reduce emissions from its value chain by 15% by 2035 and achieve net-zero emissions by 2050¹

Rio Tinto has said it will reduce Scope 1 and Scope 2 emissions by 50% by 2030 and reach net-zero emissions by 2050¹

Fortescue has committed to real zero terrestrial emissions across iron ore operations by 2030 and to net-zero Scope 3 by 2040¹

Stated investment in GHG reduction

BHP: Up to \$4 billion in spend and commitments over the decade to FY2030 to execute decarbonisation plans²

Vale: Plan to invest between \$4-6 billion in emission reduction initiatives across operations through 2030³

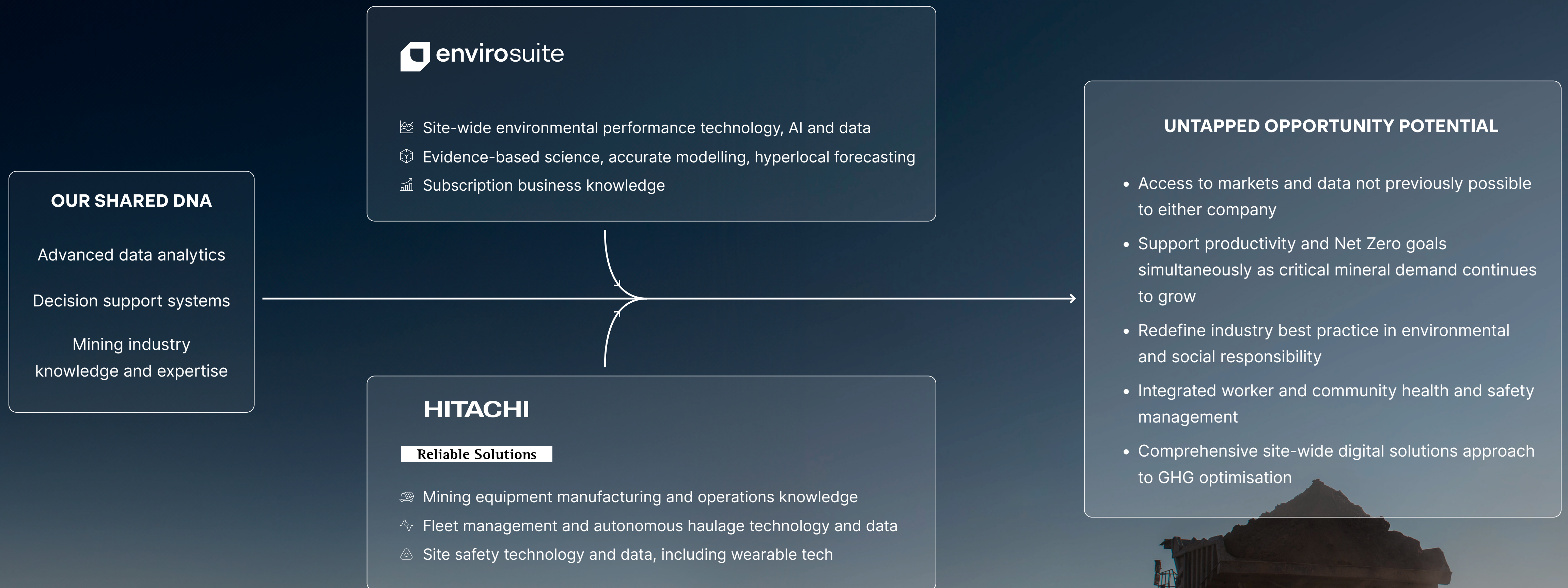
Rio Tinto: Capital expenditure of \$5-6 billion in decarbonization over the period 2022-2030⁴

Fortescue: Capital investment of \$6.2 billion for decarbonization, with most of the investment to occur between FY2024-2028⁵

1 - <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/path-to-net-zero-miners-look-for-partners-to-achieve-renewables-goals-72752730>
2 - https://www.bhp.com/-/media/documents/investors/annual-reports/2024/240827_bhpcimatetransitionactionplan2024.pdf
3 - <https://cdn-rio.dataweavers.io/-/media/content/documents/invest/reports/climate-change-reports/rt-climate-report-2023.pdf?rev=9ccb7b1a67a149b4a08ae92d8be223be>
4 - https://fortescue.com/docs/default-source/announcements-and-reports/climate-transition-plan.pdf?sfvrsn=45690705_11
5 - <https://vale.com/esg/decarbonization-strategy-and-management>

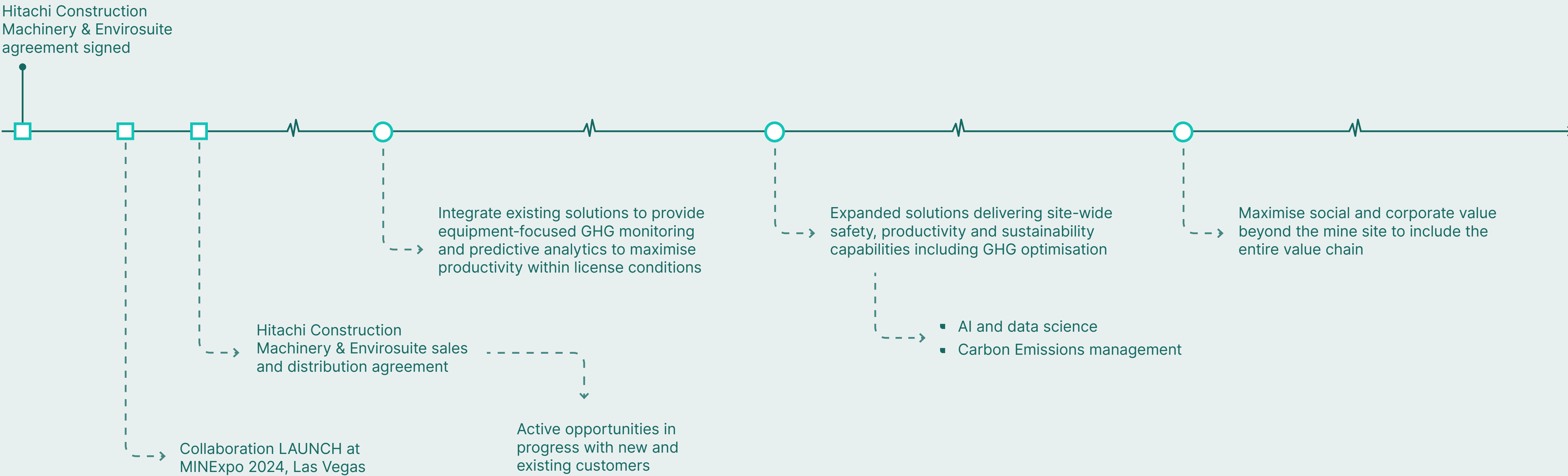


Collaboration partners well-positioned to redefine best practices in Mining





Long-term digital strategy, short-term growth opportunities





Steel making coal operations located in British Columbia

GLENCORE

Source: Business Intelligence for B.C.

Envirosuite 3 September 2024



OPERATIONS STATISTICS

- 85% of Canada's steelmaking coal
- \$6.3b (CAD) of Canada's GDP
- 21.5 million tonnes of steelmaking coal produced (in 2022)
- 4 steelmaking coal operations actively mined

ENVIROSUITE PROVIDES

- 50+ on-site sensors
- Digital TARP support
- Emissions SourceID
- Weather prediction
- Emissions trajectories
- Dust prediction
- Omnis platform

HITACHI CONSTRUCTION MACHINERY PROVIDES

- Wencomine FMS (fleet management system)
- BenchManager (machine guidance)
- Dynamic Dispatch (automated dispatching)
- PitNav (turn-by-turn navigation)
- TPMS (Tire Pressure Monitoring System)



Strategic Investment & Commercial Partnership

- Hitachi Construction Machinery investing \$10m to acquire approx. 12% equity holding in Envirosuite

- Shares to be acquired at \$0.058
- 29% premium to latest closing price, 32% premium to 7-day VWAP

- Strategic collaboration agreement and funding to pursue the ESG and Net Zero related market opportunities in Mining
- Envirosuite collaboration is a cornerstone of Hitachi Construction Machinery's growth strategy

- Focus on environmental performance and social license
- A comprehensive site-wide approach to GHG emissions optimisation

- Hitachi Construction Machinery's significant global footprint expected to accelerate Envirosuite growth and gross margin improvement

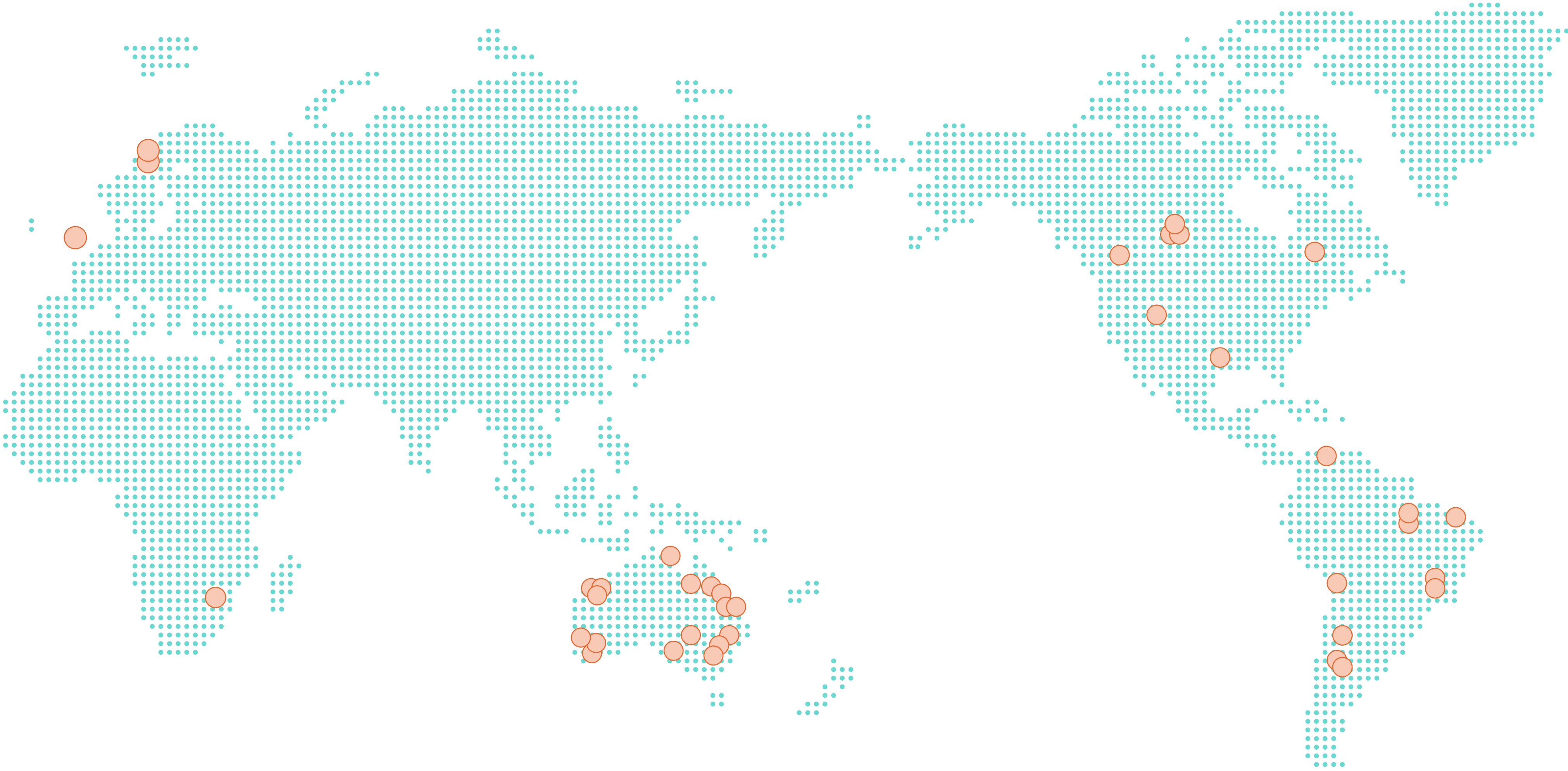
- Combined solutions expected to deliver insights into environmental and safety intelligence not previously possible

Partnership set to redefine industry best practice in environmental and social responsibility while helping Mining customers achieve their productivity goals



Significantly increase Envirosuite's addressable market

Hitachi Construction Machinery serves 400 customer sites globally





Eric Winsborrow appointed as director of Envirosuite



Eric Winsborrow
GM New Business Strategy
Hitachi Construction Machinery

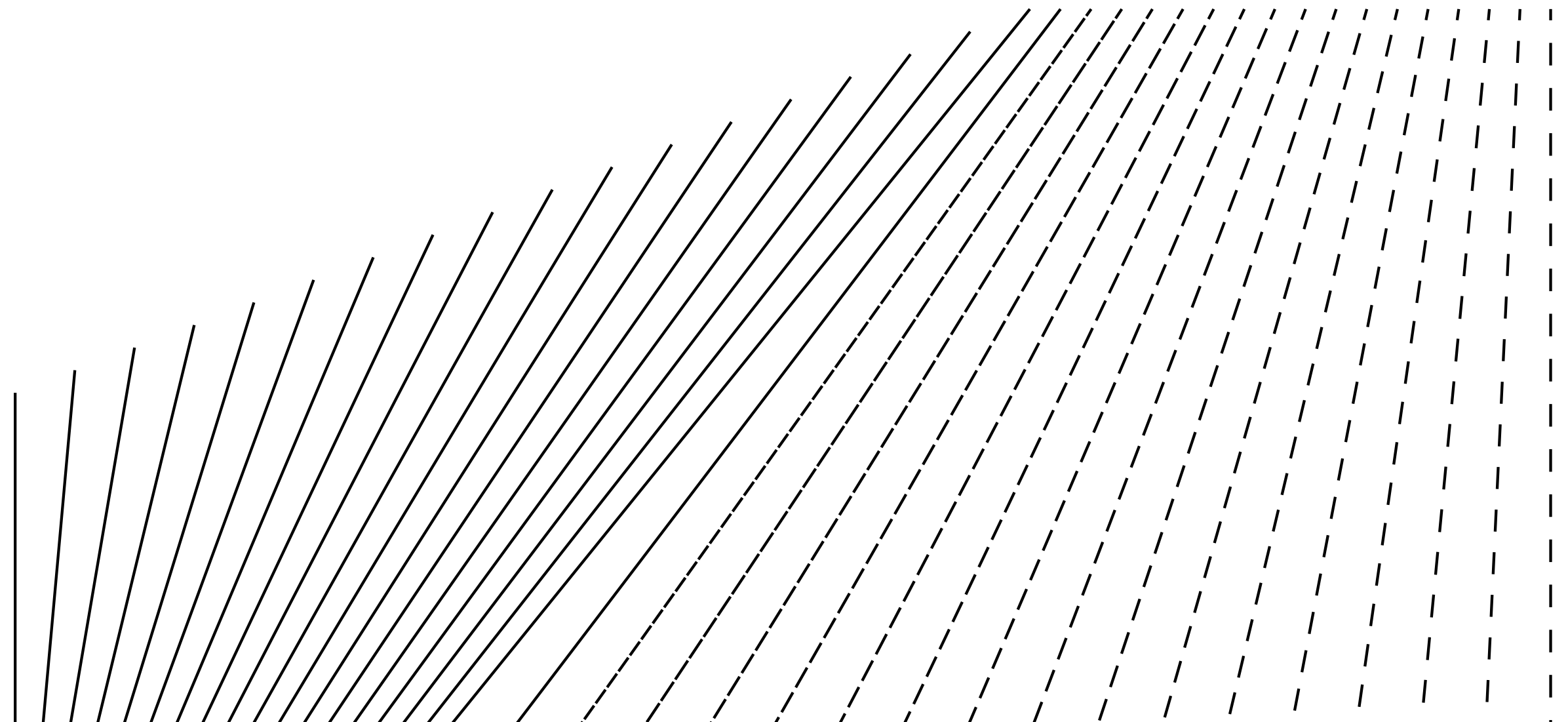
- Brings over 30 years' Silicon Valley experience, introducing next generation technology solutions to global markets for Networking, Cyber Security and Industrial IoT
- Currently helps create and execute long-term digital strategy for Hitachi Construction Machinery and group companies, including ecosystem partners, M&A, and new solution introduction and testing
- Served in senior product leadership positions of leading technology companies including Cisco Systems, Symantec and McAfee and senior executive positions with several start-ups
- CEO experience in cyber security and industrial IoT technology companies, venture capital investment and independent board member and advisor positions for technology companies

Qualifications:

- Majored in Engineering Physics and Economics at McMaster University in Canada
- MBA in International Business from McMaster University and the Institute for International Studies in Japan

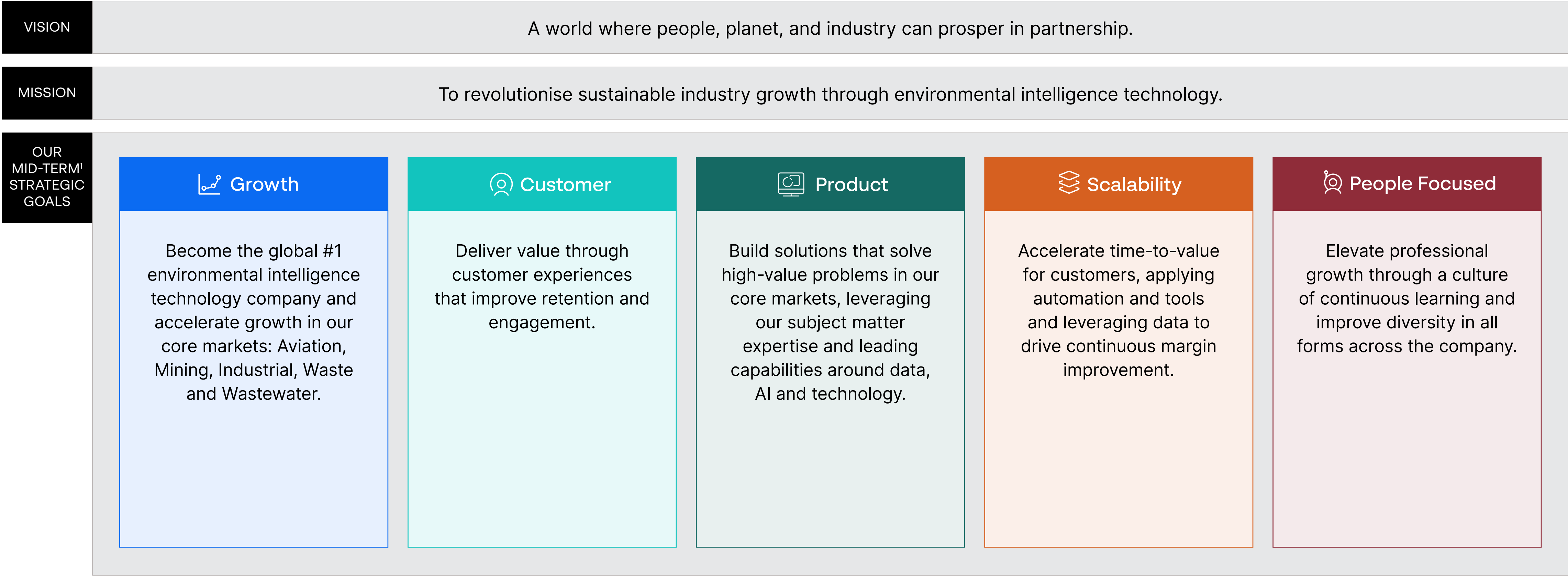


Outlook





Company strategy



Definitive industry validation at the highest level

- Accelerates Company strategy, focusing on high value core sectors and executing our Land, Expand and Scale strategy
 - Deepens customer value, solving additional high-value problems in Mining which delivers the highest Average Revenue per Site within the EVS Industrial portfolio
- Funding to help drive product development and go-to-market activity while significantly strengthening the Company's balance sheet
- Hitachi Construction Machinery and Envirosuite strongly aligned on short and long term goals
- Positions Envirosuite to pursue growth in adjacent markets, leveraging both Envirosuite's and Hitachi Construction Machinery's brands and capabilities
- Committed to delivering strong returns to shareholders





Q&A



Thank you

