Q4

2018

Epiroc interim report Q4

October – December 2018 in brief

- Orders received increased 17% to SEK 9,468 million (8,058), organic growth of 11%
- Revenues increased 25% to SEK 10,558 million (8,464), organic growth of 19%
- Operating profit was SEK 2,162 million (1,528), including costs related to the split from Atlas Copco and change in provision for long-term incentive programs of net SEK +8 million (-50)
- Operating margin was 20.5% (18.1) and adjusted for split costs and change in provision for long-term incentive programs the margin was 20.4% (18.6)
- Basic earnings per share were SEK 1.35 (0.91)
- Operating cash flow of SEK 2,242 million (944)
- Agreements regarding four acquisitions
- The Board proposes a dividend of SEK 2.10 per share to be paid in two installments

Key figures

SEK million	**2018 Q4**	**2017* Q4**	**Δ**	**2018 Full year**	**2017* Full year**	**Δ**
Orders received	9,468	8,058	17%	39,400	33,831	16%
Revenues	10,558	8,464	25%	38,285	31,364	22%
Operating profit	2,162	1,528	41%	7,385	5,930	25%
Operating margin, %	*20.5*	*18.1*		*19.3*	*18.9*	
Profit before tax	2,116	1,443	47%	7,201	5,793	24%
Profit margin, %	*20.0*	*17.0*		*18.8*	*18.5*	
Profit for the period	1,623	1,104	47%	5,437	4,298	27%
Operating cash flow	2,242	944	138%	3,884	4,610	-16%
Basic earnings per share, SEK	1.35	0.91	48%	4.50	3.55	27%
Diluted earnings per share, SEK	1.35	-		4.49	-	
Return on capital employed, %				32.0	27.4	
Net debt/EBITDA ratio				0.14	0.75	

*Financial statements prior to 2018 are combined. See page 14.

CEO comments

A solid finish in Q4…
In the fourth quarter, orders received were SEK 9,468 million, corresponding to an organic growth of 11% compared to Q4 2017, and largely unchanged sequentially. We have been able to ramp up our capacity in manufacturing and service to support our customers, and revenues reached a record SEK 10,558 million, up 19% organically. Our operating profit increased by 41% to SEK 2,162 million. The profitability improved with support from both organic growth and currency. For Tools & Attachments, the margin improved reinforced by our efficiency actions. The costs related to the split from Atlas Copco are gradually decreasing as planned, and including a positive change in provision for long-term incentive programs the impact was, net, SEK +8 million. The operating margin was 20.4% (18.6) excluding these items. We had a strong cash flow in the quarter, supported by the strong operating profit and a reduction of working capital.

…and a strong first year for Epiroc
In our first year as Epiroc we achieved strong growth in both top and bottom line, in parallel to a successful split and introduction of the new company. Reported orders and revenues increased 16% and 22%, respectively. Our operating profit increased by 25% and the operating margin, adjusted for split costs and provision for long-term incentive programs, increased from 19.4% to 20.3%.

Demand expected to remain at a good level
The customer demand for our equipment, services and tools remained at a good level during the quarter. In mining we continue to see that the majority of the equipment orders are for expansion, including also some orders for greenfield projects. The demand remained robust in infrastructure. Our aftermarket business was supported by the high activity among our customers and achieved strong growth. The mineral prices did not change materially during the quarter and our customers seem reasonably confident about the future. While we expect the demand to continue to remain at the current level in the near-term, there are uncertainties related to the development of the economic cycle and global trade tensions.

We continue to innovate and develop our business
We launched the second generation of battery-operated equipment in November at an event in Örebro, Sweden. It created strong interest from our customers and we have started to see orders coming in. Our customers are ready for a major technology shift towards more automation, digitalization and battery power. While the complete transition will take time, it is exciting to already now see the positive customer reactions. During the quarter, we acquired a minority position in ASI Mining. The capabilities of ASI are highly complementary to our existing portfolio of digital solutions and we will further strengthen our automation and digital offerings.

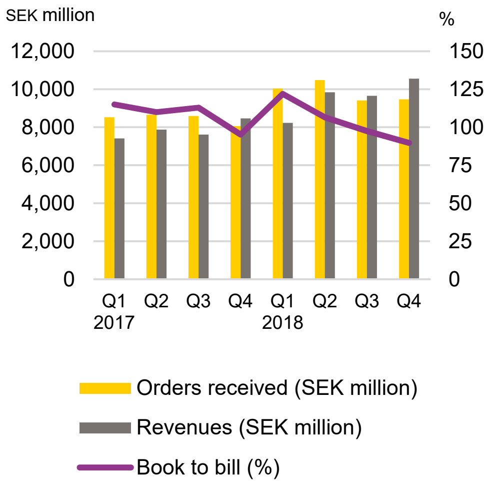
Acquisitions strengthen our positions
Our target is to grow at least 8% per year on average over a business cycle. While we grew well beyond that in Q4 and in 2018, we believe we continuously need to make acquisitions to secure long-term growth as well as access to new technologies, markets and geographies. In addition to the ASI acquisition, we agreed to acquire Fordia, New Concept Mining and Sautec. This will strengthen our position in exploration, rock reinforcement and service, and add some SEK 1.2 billion in annual revenues. We welcome our new colleagues to the Epiroc family. Noteworthy also is that we have signed a cooperation agreement with leading communications technology provider Ericsson to jointly help mining companies achieve optimal wireless connectivity in their operations through 5G technologies.

Looking ahead
We have built a solid base for Epiroc during 2018 and our target is set on further value creation. Looking into 2019, we will continue to focus on improving our customer offerings, our efficiency, agility and resilience. These are, and will continue to be, the strengths of Epiroc.

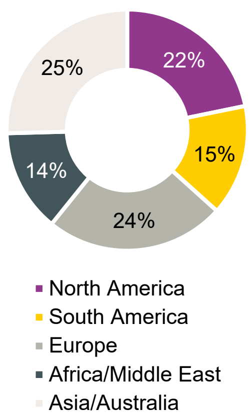
Per Lindberg
President and CEO

Q4 review

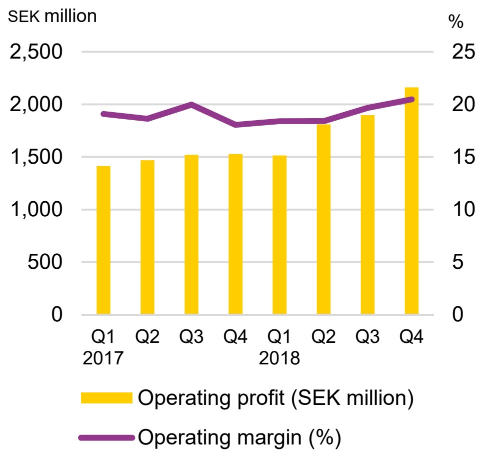
Orders and revenues



Geographic distribution of revenues



Operating profit and margin



Epiroc Group

SEK million	2018 Q4	2017 Q4	Δ	2018 Full year	2017 Full year	Δ
Orders received	9,468	8,058	17%	39,400	33,831	16%
Revenues	10,558	8,464	25%	38,285	31,364	22%
Operating profit	2,162	1,528	41%	7,385	5,930	25%
Operating margin, %	*20.5*	*18.1*		*19.3*	*18.9*	
Return on capital employed, 12 months, %				32.0	27.4	

Market development and orders received
The demand for products and services remained strong in the fourth quarter 2018. Orders received increased 17% to SEK 9,468 million (8,058), corresponding to 11% organic growth. Sequentially, the orders received for the Group remained largely flat.

The largest increase in orders received took place in North America, followed by South America, where a large order was received in Peru for the Quellaveco open-pit mine. Orders in Europe were down compared to the same period last year.

Mining customers represented 73% of orders received in 2018.

Revenues
Revenues increased 25% to SEK 10,558 million (8,464), corresponding to 19% organic increase. Revenues from acquisitions and contract manufacturing of road construction equipment contributed with 3% and currency with 3%.The book to bill ratio was 90%. Asia/Australia had the Group's highest revenue share in the quarter.

Sales & profit bridge

Epiroc Group

	Orders received SEK million, Δ, %	Revenues SEK million, Δ, %	Operating profit SEK million, Δ	Margin, %, Δ, pp
Q4 2017	**8,058**	**8,464**	**1,528**	**18.1**
Organic	+11	+19	+407	+1.0
Currency	+3	+3	+143	+1.0
Structure and other	+3	+3	+84*	+0.4
Total	+17	+25	+634	+2.4
Q4 2018	**9,468**	**10,558**	**2,162**	**20.5**

*Includes operating profit/loss from acquisitions, contract manufacturing, one-time costs, and change in provision for share-based long-term incentive programs.

Profits and returns
The operating profit increased to SEK 2,162 million (1,528) and includes costs related to the split from Atlas Copco and change in provision for long-term incentive programs of net SEK +8 million (-50). Costs related to the split were SEK 59 million and change in provision for share-based long-term incentive programs was SEK +67 million (-50). The costs for Epiroc Group's corporate functions were SEK 52 million in the quarter.

The operating margin was 20.5% (18.1), affected positively by organic growth and currency. Adjusted for split costs and change in provision for long-term incentive programs the margin was 20.4% (18.6).

Net financial items were SEK -46 million (-85). Net interest was SEK -37 million (-109).

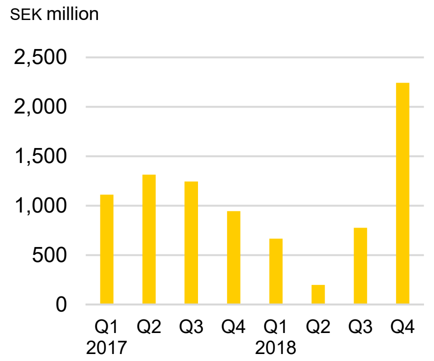
Profit before tax amounted to SEK 2,116 million (1,443), corresponding to a margin of 20.0% (17.0). Income tax expense amounted to SEK -493 million (-339), corresponding to an effective tax rate of 23.3% (23.5).

Profit for the period totaled SEK 1.623 million (1,104). Basic earnings per share were SEK 1.35 (0.91).

The return on capital employed during the last 12 months was 32.0%. Return on equity was 33.2%.

Cash flow and Balance sheet

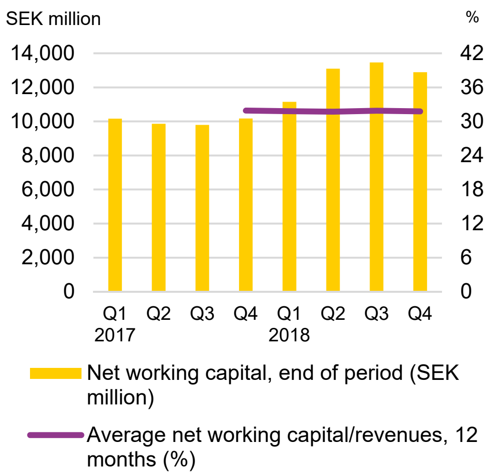
Operating cash flow



Operating cash flow
Operating cash flow improved to SEK 2,242 million (944) in the quarter. Net cash flow from operating activities was SEK 2,487 million (1,016). Net financial items paid was SEK -24 million (-279). Taxes paid in the quarter was SEK -326 million (-180). Working capital decreased by SEK 415 million (increased by 157), mainly due to reduction in inventories. Net investments in rental equipment were SEK 13 million (112). Net investments in property, plant and equipment were SEK 149 million (76) and investments in intangible assets were SEK 146 million (73).

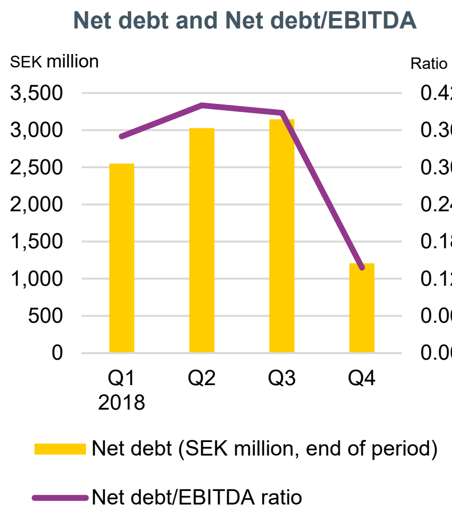
Acquisitions and other investments
Acquisitions impacted cash flow by SEK -64 million (-). Other investments, net, including divestment of some Payment Solutions credit portfolios, gave a positive cash flow of MSEK 118.

Net working capital



Net working capital
Net working capital was SEK 12,897 million (10,173) at the end of the period, an increase of 27% compared to last year, mainly driven by higher volumes and the related increase in inventories and receivables, partly offset by higher payables. As a percentage of revenues last 12 months, the average net working capital was 31.8%. Sequentially the average net working capital as percentage of revenues remained at approximately the same level as in Q3 2018.

Supply-chain program
The supply-chain improvement program that was initiated in the first quarter, with the aim to improve delivery service to customers, reduce costs, e.g. for transport, and reduce capital tied-up in inventories, continued according to plan.



Net debt
The Group's net debt amounted to SEK 1,208 million, of which SEK 283 million was attributable to post-employment benefits. The net debt/EBITDA ratio was 0.14. The net debt/equity ratio was 6.4%.

Credit rating
In the beginning of December 2018 S&P Global Ratings assigned Epiroc a BBB+ long-term issuer credit rating with a stable outlook.

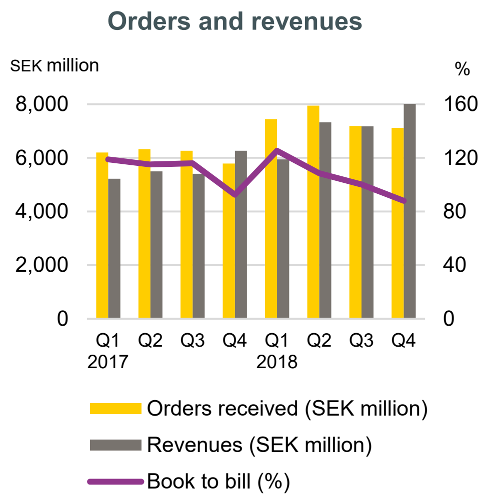
Refinancing
In December 2018 a major part, SEK 4,000 million of the utilized amount of SEK 5,000 million, of the bridge facility was replaced with long-term financing. The refinancing was made through capital market borrowings of SEK 2,000 million and a bilateral loan facility of SEK 2,000 million. The remaining SEK 1,000 million of the bridge facility will be replaced in the beginning of 2019.

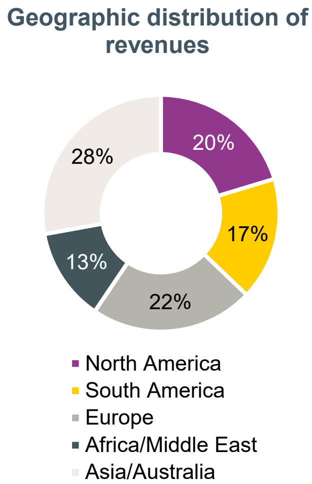
Dividend
The Board of directors proposes to the Annual General Meeting a dividend of SEK 2.10 per share, equal to SEK 2,519 million. The dividend is proposed to be paid in two equal installments with record dates May 13 and October 30 2019.

Equipment & Service

The Equipment & Service segment provides rock drilling equipment, equipment for mechanical rock excavation, rock reinforcement, loading and haulage, ventilation systems, drilling equipment for exploration, water, oil and gas, as well as related spare parts and service for the mining, infrastructure and natural resources industries.

- Organic order growth of 17%
- Strong output - organic revenue growth of 22%
- Operating margin was 23.2% (23.0)





Equipment & Service

SEK million	2018 Q4	2017 Q4	Δ	2018 Full year	2017 Full year	Δ
Orders received	7,116	5,788	23%	29,695	24,574	21%
Revenues	8,094	6,262	29%	28,540	22,383	28%
Operating profit	1,876	1,438	30%	6,751	5,107	32%
Operating margin, %	*23.2*	*23.0*		*23.7*	*22.8*	

Market development and orders received

The orders received for Equipment & Service increased by 23% to SEK 7,116 million (5,788), corresponding to 17% organic growth.

Geographically, North and South America had very strong order growth, while Europe had a slightly negative development. A large order was received in Peru for the Quellaveco open-pit mine.

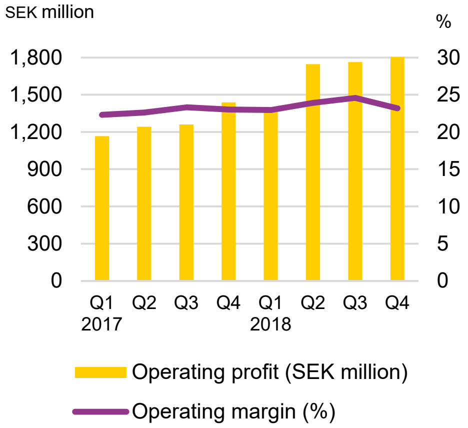
Equipment had an organic growth of 17% and orders received amounted to SEK 3,355 million (2,676). The demand for equipment from mining and infrastructure customers was good. Orders for underground equipment had a strong growth, while orders for surface equipment were largely unchanged. Most of the orders from mining customers continued to relate to expansion in or adjacent to existing mines rather than to replacement.

The service business continued to perform well and orders received increased by 21% to SEK 3,761 million (3,112). The organic growth was 16%, supported by a continued positive market development and additional marketing and sales activities. Acquisitions contributed with 3%.

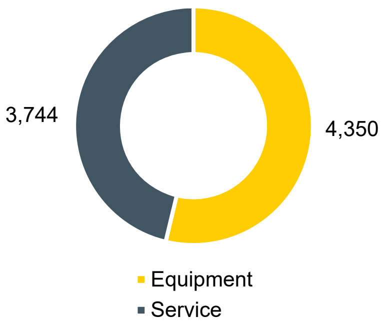
Revenues

Revenues increased by 29% to SEK 8,094 million (6,262), corresponding to an organic growth of 22%. The measures taken to ramp up the production had a positive impact. Currency contributed with 3% and revenues from acquisitions and contract manufacturing of road construction equipment contributed with 4% growth. The book to bill ratio was 88%. Equipment accounted for 54% (51) of the revenues in the segment and service 46% (49). Asia/Australia had the segment's highest revenue share in the quarter.

Operating profit and margin



Revenues Q4 2018
(SEK million)



Sales & profit bridge

Equipment & Service

	Orders received SEK million, Δ, %	Revenues SEK million, Δ, %	Operating profit SEK million, Δ	Margin, %, Δ, pp
Q4 2017	**5,788**	**6,262**	**1,438**	**23.0**
Organic	+17	+22	+308	-0.3
Currency	+3	+3	+105	+0.9
Structure and other	+3	+4	+25*	-0.4
Total	+23	+29	+438	+0.2
Q4 2018	**7,116**	**8,094**	**1,876**	**23.2**

*Includes operating profit/loss from acquisitions and contract manufacturing.

Sales bridge

	Equipment		Service	
	Orders received SEK million, Δ, %	**Revenues** SEK million, Δ, %	**Orders received** SEK million, Δ, %	**Revenues** SEK million, Δ, %
Q4 2017	**2,676**	**3,174**	**3,112**	**3,088**
Organic,%	+17	+29	+16	+16
Currency,%	+4	+3	+2	+2
Structure and other,%	+4	+5	+3	+3
Total,%	+25	+37	+21	+21
Q4 2018	**3,355**	**4,350**	**3,761**	**3,744**

Operating profit and margin
Operating profit was SEK 1,876 million (1,438), corresponding to a margin of 23.2% (23.0). The margin was supported by currency, while investments in marketing and R&D, mix effects as well as acquisitions and contract manufacturing diluted the margin.

Business development
Two acquisitions were completed in the quarter:

- 34% of ASI Mining, a US-based provider of technology solutions for autonomous operation of mining vehicles.
- Sautec, an Estonian company that distributes underground mining equipment and construction demolition tools.

In February 2019 Noland Drilling Equipment, a US distributor of water well drilling equipment and related parts, services and consumables was acquired.

A cooperation agreement was signed with communications technology provider Ericsson, to jointly provide mining customers with LTE (Long-Term Evolution) and 5G mobile technology solutions to help the customers to build the ecosystem required for automation and digitalization.

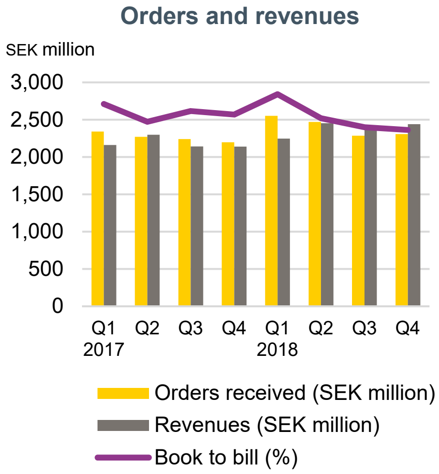
The contract manufacturing of road construction equipment was discontinued in the end of 2018.

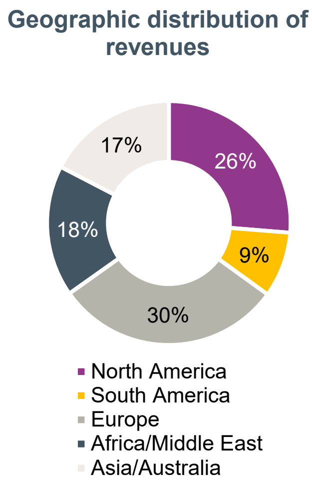
Innovations launched in the quarter
The second generation of battery-operated machines was launched consisting of larger underground equipment, 14 and 18-ton loaders, a 42-ton truck and a range of mid-sized drilling rigs. The battery-driven vehicles will create a number of benefits for the customers.

Tools & Attachments

The Tools & Attachments segment provides rock drilling tools and hydraulic attachments that are attached to machines used mainly for drilling, deconstruction and recycling as well as rock excavation. It also provides related service and spare parts and serves the mining, infrastructure and natural resources industries.

- Orders received increased 1% organically
- Organic revenue growth of 10% and improved operating margin
- Agreements signed to acquire tools manufacturers in Canada and South Africa





Tools & Attachments

SEK million	2018 Q4	2017 Q4	Δ	2018 Full year	2017 Full year	Δ
Orders received	2,306	2,197	5%	9,611	9,047	6%
Revenues	2,440	2,139	14%	9,519	8,738	9%
Operating profit	324	218	49%	1,239	1,146	8%
Operating margin, %	*13.3*	*10.2*		*13.0*	*13.1*	

Market development and orders received
The business environment in both the infrastructure and mining industry continued to be good for Tools & Attachments. The orders received increased by 5% to SEK 2,306 million (2,197), corresponding to an organic growth of 1%. The hydraulic attachment tools business achieved solid growth. The rock drilling tools business recorded a lower order intake, which was impacted by product mix and efficiency actions.

Geographically all regions had a positive growth, except North America which had a slight decrease. Europe had the highest growth.

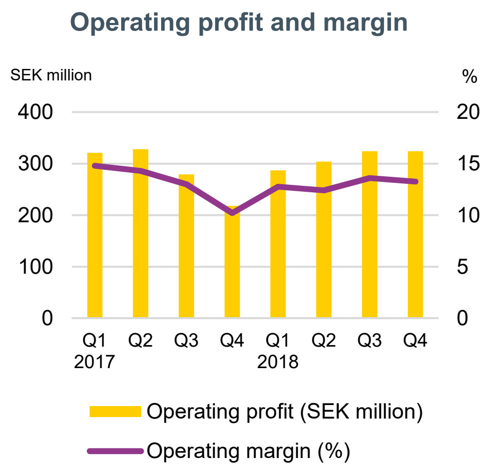
Revenues
Revenues increased to SEK 2,440 million (2,139), corresponding to an organic growth of 10%. Currency contributed with 3% and acquisitions with 1%. The book to bill ratio was 95%. Europe had the segment's highest revenue share in the quarter.

Sales & profit bridge

Tools & Attachments

	Orders received SEK million, Δ,%	Revenues SEK million, Δ, %	Operating profit SEK million, Δ	Margin, %, Δ, pp
Q4 2017	**2,197**	**2,139**	**218**	**10.2**
Organic	+1	+10	+71	+2.0
Currency	+3	+3	+34	+1.1
Structure and other	+1	+1	+1*	+0.0
Total	+5	+14	+106	+3.1
Q4 2018	**2,306**	**2,440**	**324**	**13.3**

*Includes operating profit/loss from acquisitions.



Operating profit and margin
Operating profit was SEK 324 million (218), corresponding to a margin of 13.3% (10.2). The margin was positively affected by organic growth, efficiency actions and currency.

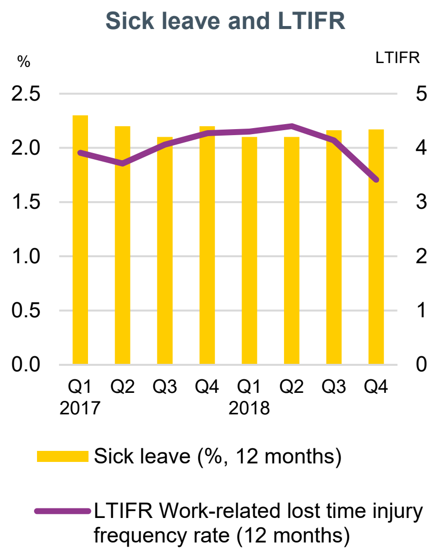
Business development
In the quarter, two acquisition agreements were made:

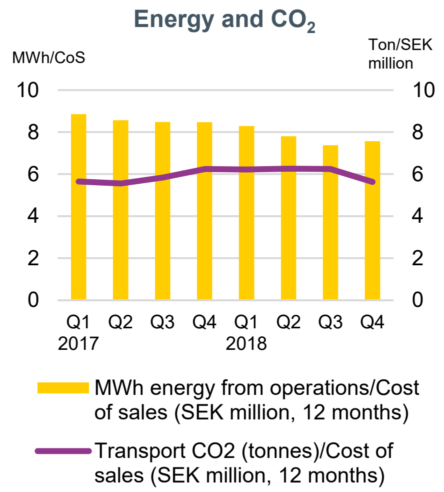
- Fordia Group, a Canadian manufacturer of exploration drilling tools. The company has about 250 employees and annual revenues of about CAD 85 million (SEK 580 million). The acquisition was completed in January 2019.
- Innovative Mining Products, also known as New Concept Mining, a South African manufacturer of rock reinforcement products for underground mining. The company has about 900 employees and annual revenues of about ZAR 950 million (SEK 600 million). The acquisition is expected to be completed in the first quarter 2019.

Innovations launched in the quarter
Three new ranges of drum cutters were introduced. The new drum cutters are allowing even higher accuracy and productivity in challenging applications, and narrow trenching. The auger drive units are suitable for challenging soil and soft rock drilling applications. The new models deliver high reliability and productivity for a wide range of excavation and demolition tasks.

Sustainability development

- Lost time injury frequency rate improved
- CO_2 emissions from transport improved
- Energy savings from concentration of production





Sustainability measurements

	2018 Q4 and full year	2017 Q4 and full year
Wokrelated lost time injury frequency rate, LTIFR (12 months)	3.4	4.3
Sick leave (%, 12 months)	2.2	2.2
MWh energy from operations/Cost of sales (SEK million, 12 months)	7.6	8.5
Transport CO_2 (tonnes)/Cost of sales (SEK million, 12 months)*	5.6	6.2

Lost time injury frequency rate
The number of work-related lost time injuries per million working hours (LTIFR), improved compared to the 12-month period ending December 31, 2017. Preventive measures and a continued focus on training and activities contributed to the reduction.

Energy and CO_2 emissions
MWh energy from operations/Cost of sales has continued to decrease in the last 12 months from concentration of production to fewer entities in US and China.

CO_2 emissions from transport improved compared to the 12-months period ending in December 2017. During 2018, actions have been initiated to reduce CO_2 emissions from transportation. Examples of this are combined transport of products and material, reduction in and development of local suppliers substituting imports, and increased pre-planning of orders enabling a higher share of sea shipments instead of air freights.

Employees
At year end, the number of employees was 13,847 (12,948). The number of consultants/external workforce was 1,610 (1,397). For comparable units, the total workforce increased by 6.8% from December 31, 2017. The increase of the workforce mainly took place in service. Sick leave continued to stay on a low level.

Sustainability actions
As part of Epiroc's safety culture, a number of safety commitments that all employees are required to follow have been introduced. The commitments are both about physical and behavioral safety. For example, everyone is responsible to perform a risk assessment before commencing any kind of common work task like welding, assembling, moving equipment etc and report hazardous observations and occurrences. The commitments will be included in trainings.

*Restatement of previous year's Transport CO_2 / Cost of sales ratio has been made due to refinement of calculation methods. Previous stated result for Q4 2017 was 5.8. Key ratios for all quarters of 2018 are impacted by this restatement.

January - December 2018 in summary

Orders received in the full year of 2018 increased to SEK 39,400 million (33,831) corresponding to an organic growth of 13%. Revenues were SEK 38,285 million (31,364), corresponding to 18% organic increase.

Epiroc Group	Orders received SEK million, Δ, %	Revenues SEK million, Δ, %	Operating profit SEK million, Δ	Margin, %, Δ, pp
2017	**33,831**	**31,364**	**5,930**	**18.9**
Organic	+13	+18	+1,500	+1.1
Currency	+1	+1	+132	+0.2
Structure and other	+2	+3	-177	-0.9
Total	+16	+22	+1,455	+0.4
2018	**39,400**	**38,285**	**7,385**	**19.3**

Operating profit was SEK 7,385 million (5,930) including costs for the split from Atlas Copco of SEK 328 million and change in provision for share-based long-term incentive programs of SEK -66 million (-163). The operating margin was 19.3% (18.9). Excluding split and incentive program costs, the operating margin was 20.3% (19.4).

Profit before tax was SEK 7,201 million (5,793), corresponding to a margin of 18.8% (18.5). Profit for the period totaled SEK 5,437 million (4,298). Basic earnings per share were SEK 4.50 (3.55). Operating cash flow amounted to SEK 3,884 million (4,610).

On June 18, 2018, Epiroc entered into two credit facility agreements with a group of banks, a revolving credit facility of SEK 4,000 million (not utilized) and a bridge facility of SEK 6,000 million, of which SEK 5,000 million was utilized. The revolving credit facility has a maturity of five years with two one-year extension options. The bridge facility has a maturity of twelve months with two six-month extension options. In addition, Epiroc has been granted a bilateral loan of EUR 100 million from the European Investment Bank with a maturity of four years. In December, SEK 4,000 million, of the utilized bridge facility, was replaced with long-term financing. SEK 2,000 million was refinanced through capital market borrowings with a maturity of five years. SEK 2,000 million was refinanced by a bilateral loan facility with a maturity of five years with two one-year extension options. The remaining SEK 1,000 million of the bridge facility will be replaced in the beginning of 2019.

Other key events

Martin Hjerpe was appointed Senior Vice President M&A and Strategy, starting March 1, 2019. Martin Hjerpe will be a member of Epiroc's Group Management.

Key events after the end of the period

Fordia Group, a Canadian manufacturer of exploration drilling tools was acquired in January 2019. The company has about 250 employees and annual revenues of about CAD 85 million (SEK 580 million).

Noland Drilling Equipment, a US distributor of water well drilling equipment and related parts, services and consumables was acquired in February 2019. The company operates in several states mainly in the southeastern United States.

Risk and uncertainty factors

The Group's and Parent Company's significant risks and uncertainty factors include market and external risks, financial risks, operational and commercial risks, and legal risks. Further information on risks and risk management can be found in the prospectus "Admission to trading of shares in Epiroc AB on Nasdaq Stockholm" published in May 2018. See www.epirocgroup.com/en/investors.

Nacka, February 5, 2019

Epiroc AB

Per Lindberg
President and CEO

This report has not been audited.

Accounting principles

The consolidated financial statements of the Epiroc Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in the prospectus “Admission to trading of shares in Epiroc AB on Nasdaq Stockholm” in note 1 Significant accounting in the combined financial statements except for the adoption of new standards effective as of January 1, 2018, which comply with the accounting principles presented in note 2 Changes in accounting policies in the combined financial statements. The interim report is prepared in accordance with IAS 34 Interim financial reporting.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. Comparative information was not restated. Among other things, IFRS 9 introduced a new model for impairment of financial assets. The purpose of the model is to recognize credit losses earlier than IAS 39. Additionally, the classification of some financial instruments have changed. For Epiroc there were no material effects due to the implementation of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts and IAS 18 Revenue. The standard has been applied by Epiroc Group from January 1, 2018, using the full retrospective method. The same accounting principle for revenue recognition has therefore been applied for all periods presented in the interim report. For further details regarding the effects on the timing of revenue recognition due to the implementation of IFRS 15, see note 2 Changes in accounting policies in the combined financial statements in the prospectus “Admission to trading of shares in Epiroc AB on Nasdaq Stockholm”.

IFRS 15 impact on the financial statement

Balance sheet

SEK million	Dec 31, 2017 Before restatement	Restatement	Dec 31, 2017 After restatement
Deferred tax assets	407	18	425
Inventory	8,272	152	8,424
Trade and other receivables	7,633	16	7,649
Equity	12,108	-61	12,047
Other liabilities	3,053	247	3,300

Income statement

SEK million	Q4 2017 Before restatement	Restatement	Q4 2017 After restatement
Revenue	31,440	-76	31,364
Cost of sales	-20,157	56	-20,101
Income tax expense	-1,500	5	-1,495

IFRS 16 Leases

IFRS 16 Leases is effective from January 1, 2019 and replaces the existing lease standard IAS 17 Leases and related interpretations. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Lessor accounting is substantially unchanged compared to current accounting under IAS 17. IFRS 16 also requires additional disclosures for both lessee and lessor.

Epiroc Group has during the year performed a detailed analysis of the impact on the financial statements. In transition the modified retrospective approach will be applied. Comparative information will therefore not be restated. At the date of initial application of IFRS 16 the right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Thus, there is no impact on the Group’s equity. The lease liability is measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate (IBR). Epiroc Group has established the incremental borrowing rate (IBR) at the date of transition based on the different contract currencies and lease terms. Lease contracts for property, equipment, vehicles and machinery used in manufacturing facilities is been recognized in the balance sheet as a non-current asset and financial liability. The main effect is related to Epiroc’s property leases. Non-lease components such as cost for maintenance is excluded from the amount of right of use asset and lease liability for the Groups property leases.

The Group has applied the practical expedient that permits not to reassess whether a contract is, or contains, a lease at the date of initial application. The Group also has applied a practical expedient to exclude leases that ends within 12 months of initial application, and leases for which the underlying asset is of low value. Such leases are recognized as an expense on a straight-line basis over the lease term. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. There is no material impact on the Groups income statement.

The lease expenses for previous operating leases in operating profit has been replaced by depreciation on the right of use asset and interest expense on the lease liability, the latter is presented in net financial items. The timing of current cash flows are not impacted by the new standard. However, the amortization portion of Epiroc's lease payment will be reported as a financing cash flow instead of operating cash flow. Lease payments for low value and short term leases will continue to be reported as operating cash flows together with interest payments on the lease liability. The expected effect on relevant lines are presented in the table below.

Impact on the statement of financial position as of 1 January 2019:

SEK billion	
Assets	
Right-of-use assets	2.0
Liabilities	
Lease liabilities, interest bearing	2.0
Net impact on equity	-

Combined financials

The term "combined financial statements" refers to financial information prepared by aggregating financial information for entities under common control that do not meet the definition of a group according to IFRS 10. The formation of the Epiroc Group comprised transactions between entities that are under common control. Since these transactions are not covered by any IFRS standard, a suitable accounting principle has been applied in accordance with IAS 8. A suitable and established method is to use the previous carrying amount (predecessor basis of accounting), which is the principle that the Epiroc Group has applied.

The accounting principles are also available in the prospectus "Admission to trading of shares in Epiroc AB on Nasdaq Stockholm" published in May 2018. See www.epirocgroup.com/en/investors.

Accounting principles of the parent company

The interim financial statements of Epiroc AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, accounting for legal entities. The most recent annual financial statements of Epiroc AB have been prepared in accordance with the Annual Accounts Act and the standard from the Swedish Accounting Standards Board BFNAR 2012:1 Annual report and consolidated accounts (K3). The transition did not have an impact on the parent company.

Subsidiaries

Participations in subsidiaries are accounted for by the Parent Company at historical cost. The carrying amounts of participations in subsidiaries for the group are reviewed for impairment in accordance with IAS 36, Impairment of Assets. Transaction costs incurred in connection with a business combination are accounted for by the Parent Company as part of the acquisition costs and are not expensed.

Employee benefits

Defined benefit plans are not accounted for in accordance with IAS 19. In the Parent Company defined benefit plans are accounted for according to the Swedish law regarding pensions, "Tryggandelagen" and regulations issued by the Swedish Financial Supervisory Board. The primary differences as compared to IAS 19 are the way discount rates are fixed, that the calculation of defined benefit obligations is based on current salary levels, without consideration of future salary increases and that all actuarial gains and losses are included in profit or loss as they occur.

Financial guarantees

Financial guarantees issued by the Parent Company for the benefit of subsidiaries are not valued at fair value. They are reported as contingent liabilities, unless it becomes probable that the guarantees will lead to payments. In such case, provisions will be recorded.

Group and shareholders' contributions

In Sweden, Group contributions are deductible for tax purposes but shareholders' contributions are not. Group contributions are recognized as appropriations in the income statement. Shareholders' contributions are recognized as an increase of Shares in Group companies and tested for impairment.

Condensed consolidated income statement

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Revenues	10,558	8,464	38,285	31,364
Cost of sales	-6,721	-5,563	-24,317	-20,101
Gross profit	**3,837**	**2,901**	**13,968**	**11,263**
Marketing expenses	-668	-597	-2,574	-2,280
Administrative expenses	-621	-569	-2,589	-2,121
Research and development expenses	-281	-232	-977	-795
Other operating income and expenses	-105	25	-443	-137
Operating profit	**2,162**	**1,528**	**7,385**	**5,930**
Net financial items	-46	-85	-184	-137
Profit before tax	**2,116**	**1,443**	**7,201**	**5,793**
Income tax expense	-493	-339	-1,764	-1,495
Profit for the period	**1,623**	**1,104**	**5,437**	**4,298**
Profit attributable to				
- owners of the parent	1,622	1,104	5,430	4,298
- non-controlling interests	1	0	7	0

Key ratios

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Basic earnings per share, SEK	1.35	0.91	4.50	3.55
Diluted earnings per share, SEK	1.35	-	4.49	-
Basic number of shares outstanding, millions	1,201	1,212	1,206	1,212
Diluted number of shares outstanding, millions	1,201	-	1,206	-
Operating margin, %	20.5	18.1	19.3	18.9
Equity per share, period end, SEK			15.63	9.94
Return on capital employed, %			32.0	27.4
Return on equity, %			33.2	29.1
Net debt/EBITDA ratio			0.14	0.75
Net debt/equity ratio, period end, %			6.4	45.0
Equity/assets ratio, period end, %			52.1	43.7
Number of employees, period end			13,847	12,948

Condensed consolidated statements of comprehensive income

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Profit for the period	**1,623**	**1,104**	**5,437**	**4,298**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-93	4	-122	65
Income tax relating to items that will not be reclassified	20	0	25	-14
Total items that will not be reclassified to profit or loss	**-73**	**4**	**-97**	**51**
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	79	291	8	-756
Cash flow hedges	22	-	22	-
Income tax relating to items that may be reclassified	-5	-	-5	-
Total items that may be reclassified subsequently to profit or loss	**96**	**291**	**25**	**-756**
Other comprehensive income for the period, net of tax	**23**	**295**	**-72**	**-705**
Total comprehensive income for the period	**1,646**	**1,399**	**5,365**	**3,593**
Total comprehensive income attributable to				
- owners of the parent	1,643	1,400	5,358	3,594
- non-controlling interests	3	-1	7	-1

Condensed consolidated balance sheet

SEK million	2018 Dec 31	2017 Dec 31
Intangible assets	3,620	3,121
Rental equipment	1,233	1,215
Other property, plant and equipment	2,473	2,271
Investments in associates	208	94
Financial assets and other receivables	1,119	1,101
Deferred tax assets	543	425
Total non-current assets	**9,196**	**8,227**
Inventories	10,516	8,440
Trade receivables	8,005	6,271
Other receivables	1,289	1,362
Income tax receivables	333	287
Financial assets	944	1,152
Cash and cash equivalents	5,872	1,808
Total current assets	**26,959**	**19,320**
Total assets	**36,155**	**27,547**
Share capital	500	21
Retained earnings	18,297	12,020
Total equity attributable to equity holders of the parent	**18,797**	**12,041**
Non-controlling interest	50	6
Total equity	**18,847**	**12,047**
Interest bearing loans	5,095	2,250
Post-employment benefits	283	181
Other liabilities and provisions	412	289
Total non-current liabilities	**5,790**	**2,720**
Interest bearing loans	1,702	4,808
Trade payables	4,711	3,966
Income tax liabilities	605	436
Other liabilities and provisions	4,500	3,570
Total current liabilities	**11,518**	**12,780**
Total equity and liabilities	**36,155**	**27,547**

Fair value of derivatives and borrowings

The carrying value and fair value of the Group's outstanding derivatives and borrowings are shown in the tables below. Fair values are calculated based on market rates and present value of future cash flows. The fair values of bonds are based on level 1 and the fair values of derivatives and other loans are based on level 2 in the fair value hierarchy. Compared to 2017, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions.

Outstanding derivative instruments recorded to fair value

SEK million	2018 Dec 31	2017 Dec 31
Non-current assets and liabilities		
Assets	0	-
Liabilities	-	-
Current assets and liabilities		
Assets	108	193
Liabilities	7	21

Carrying value and fair value of borrowings

SEK million	2018 Dec 31	2018 Dec 31	2017 Dec 31	2017 Dec 31
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Bonds	1,996	2,010	-	-
Other loans	4,801	4,852	7,058	7,058
	6,797	**6,862**	**7,058**	**7,058**

Condensed consolidated statement of changes in equity

SEK million	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2018	**12,041**	**6**	**12,047**
Impact of change in accounting policy	1	-	1
Restated balance January 1, 2018	12,042	6	12,048
Changes in equity for the period			
Total comprehensive income for the period	5,358	7	5,365
Transactions with shareholders	2,693	37	2,730
Acquisition and divestment of own shares	-1,308	-	-1,308
Share-based payments, equity settled	12	-	12
Closing balance, December 31, 2018	**18,797**	**50**	**18,847**
Opening balance, January 1, 2017	**15,813**	**-**	**15,813**
Impact of change in accounting policy	-47	-	-47
Restated balance January 1, 2017	15,766	-	15,766
Changes in equity for the period			
Total comprehensive income for the period	3,594	-1	3,593
Dividends to Atlas Copco	-5,178	-	-5,178
Transactions with shareholders	-2,096	7	-2,089
Share-based payments, equity settled	-45	-	-45
Closing balance, December 31, 2017	**12,041**	**6**	**12,047**

Financing activities and transactions with shareholders

Transaction with shareholders represents the shareholder contribution from Atlas Copco of SEK 4.4 billion, offset by the acquisition of subsidiaries owned by Atlas Copco of SEK 1.6 billion and other cash transfers between Atlas Copco and Epiroc, totaling SEK 2.7 billion net as cash transfer between Epiroc and Atlas Copco.

Consolidated condensed statement of cash flow

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Cash flow from operating activities				
Operating profit	2,162	1,528	7,385	5,930
Depreciation, amortization and impairment	350	341	1,369	1,254
Capital gain/loss and other non-cash items	-81	-112	101	-134
Net financial items received/paid	-24	-279	-483	-344
Taxes paid	-326	-180	-1,747	-666
Pension funding and payment of pension to employees	4	-13	-52	-90
Change in working capital	415	-157	-1,875	-403
Investments in rental equipment	-238	-243	-896	-793
Sale of rental equipment	225	131	522	422
Net cash from operating activities	**2,487**	**1,016**	**4,324**	**5,176**
Cash flow from investing activities				
Investments in property, plant and equipment	-151	-115	-577	-424
Sale of property, plant and equipment	2	39	26	70
Investments in intangible assets	-146	-73	-459	-289
Acquisition of subsidiaries and associated companies	-64	-	-546	-137
Other investments, net	118	3,011	219	6,323
Net cash from investing activities	**-241**	**2,862**	**-1,337**	**5,543**
Cash flow from financing activities				
Dividend to/from Atlas Copco	-	-1,222	-	-5,178
Acquisition of non-controlling interest	-	-	-	6
Sale/ Repurchase own shares	-207	-	-1,307	-
Change in interest-bearing liabilities	-110	56	2,367	-889
Net cash from financing activities	**-317**	**-1,166**	**1,060**	**-6,061**
Net cash flow for the period	**1,929**	**2,712**	**4,047**	**4,658**
Cash and cash equivalents, beginning of the period	3,949	728	1,808	481
Exchange differences in cash and cash equivalents	-6	8	17	-39
Other cash flow from transactions with shareholders	-	-1,640	-	-3,292
Cash and cash equivalents, end of the period	**5,872**	**1,808**	**5,872**	**1,808**

Operating cash flow				
Net cash flow from operating activities	2,487	1,016	4,324	5,176
Net cash from investing activities	-241	2,862	-1,337	5,543
Acquisition of subsidiaries and associated companies	64	-	546	137
Other adjustments	-68**	-2,934*	351**	-6,246*
Operating cash flow	**2,242**	**944**	**3,884**	**4,610**

*Mainly changes in cash-pool with Atlas Copco prior to the split and currency hedges of loans.
**Mainly currency hedges of loans and divestment of Payment Solutions portfolios.

Condensed segments quarterly

Epiroc has two reporting segments, Equipment & Service and Tools & Attachments. In addition, Epiroc reports common group functions, which includes Payment Solutions, offering financing to customers, Group management and common functions, as well as eliminations. Payment Solutions receives payments from credit arrangements, for example financial leases, which is reported as financial income. Payment Solutions also has a rental fleet generating operating lease payments, which are reported as revenue.

Orders received

SEK million	2017 Q1	Q2	Q3	Q4	2017 Full year	2018 Q1	Q2	Q3	Q4	2018 Full year
Equipment & Service	6,200	6,323	6,263	5,788	24,574	7,442	7,947	7,190	7,116	29,695
Equipment	*3,147*	*3,142*	*3,281*	*2,676*	*12,246*	*4,054*	*4,234*	*3,601*	*3,355*	*15,244*
Service	*3,053*	*3,181*	*2,982*	*3,112*	*12,328*	*3,388*	*3,713*	*3,589*	*3,761*	*14,451*
Tools & Attachments	2,341	2,270	2,239	2,197	9,047	2,550	2,470	2,285	2,306	9,611
Common group functions	-21	69	89	73	210	44	66	-62	46	94
Epiroc Group	**8,520**	**8,662**	**8,591**	**8,058**	**33,831**	**10,036**	**10,483**	**9,413**	**9,468**	**39,400**

Revenues

SEK million	2017 Q1	Q2	Q3	Q4	2017 Full year	2018 Q1	Q2	Q3	Q4	2018 Full year
Equipment & Service	5,220	5,495	5,406	6,262	22,383	5,943	7,325	7,178	8,094	28,540
Equipment	*2,219*	*2,469*	*2,414*	*3,174*	*10,276*	*2,678*	*3,640*	*3,570*	*4,350*	*14,238*
Service	*3,001*	*3,026*	*2,992*	*3,088*	*12,107*	*3,265*	*3,685*	*3,608*	*3,744*	*14,302*
Tools & Attachments	2,161	2,297	2,141	2,139	8,738	2,245	2,452	2,382	2,440	9,519
Common group functions	30	87	63	63	243	45	66	91	24	226
Epiroc Group	**7,411**	**7,879**	**7,610**	**8,464**	**31,364**	**8,233**	**9,843**	**9,651**	**10,558**	**38,285**

Operating profit and profit before tax

SEK million	2017 Q1	Q2	Q3	Q4	2017 Full year	2018 Q1	Q2	Q3	Q4	2018 Full year
Equipment & Service	1,166	1,242	1,261	1,438	5,107	1,364	1,747	1,764	1,876	6,751
Tools & Attachments	321	328	279	218	1,146	287	304	324	324	1,239
Common group functions	-73	-102	-20	-128	-323	-136	-241	-190	-38	-605
Operating profit	**1,414**	**1,468**	**1,520**	**1,528**	**5,930**	**1,515**	**1,810**	**1,898**	**2,162**	**7,385**
Net financial items	-23	-10	-19	-85	-137	-57	-44	-37	-46	-184
Profit before tax	**1,391**	**1,458**	**1,501**	**1,443**	**5,793**	**1,458**	**1,766**	**1,861**	**2,116**	**7,201**

Operating margin

SEK million	2017 Q1	Q2	Q3	Q4	2017 Full year	2018 Q1	Q2	Q3	Q4	2018 Full year
Equipment & Service	22.3%	22.6%	23.3%	23.0%	22.8%	22.9%	23.9%	24.6%	23.2%	23.7%
Tools & Attachments	14.8%	14.3%	13.0%	10.2%	13.1%	12.8%	12.4%	13.6%	13.3%	13.0%
Epiroc Group	**19.1%**	**18.6%**	**20.0%**	**18.1%**	**18.9%**	**18.4%**	**18.4%**	**19.7%**	**20.5%**	**19.3%**

Split and incentive program costs*

SEK million	2017 Q1	Q2	Q3	Q4	2017 Full year	2018 Q1	Q2	Q3	Q4	2018 Full year
Change in provision for share-based long-term incentive programs	-45	-53	-15	-50	-163	-	-77	-56	67	-66
Costs for split from Atlas Copco	-	-	-	-	-	-95	-104	-70	-59	-328
Epiroc Group	**-45**	**-53**	**-15**	**-50**	**-163**	**-95**	**-181**	**-126**	**8**	**-394**

*Split and incentive program costs are reported in common group functions. Incentive program costs are reported as administrative expenses.

Geographical distribution of orders received and revenues

Geographical distribution of orders received

SEK million % currency adjusted	2017 Q1	Q2	Q3	Q4	2017 Full year	%	2018 Q1	Q2	Q3	Q4	%	2018 Full year	%
Epiroc group	8,520	8,662	8,591	8,058	33,831	*+21*	10,036	10,483	9,413	9,468	*+15*	39,400	*+16*
North America	1,967	2,092	1,897	1,657	7,613	*+19*	2,176	2,076	2,180	2,379	*+36*	8,812	*+14*
South America	1,167	1,189	1,105	1,262	4,723	*+23*	1,488	1,844	1,236	1,657	*+29*	6,225	*+31*
Europe	2,246	2,190	1,937	2,031	8,404	*+21*	2,488	2,503	2,388	1,969	*-4*	9,349	*+11*
Africa/Middle East	1,033	990	1,339	1,220	4,582	*+14*	1,478	1,518	1,191	1,260	*+0*	5,446	*+17*
Asia/Australia	2,107	2,201	2,313	1,888	8,509	*+25*	2,406	2,542	2,418	2,203	*+16*	9,568	*+13*
Equipment & Service	6,200	6,323	6,263	5,788	24,574	*+25*	7,442	7,947	7,190	7,116	*+20*	29,695	*+20*
North America	1,371	1,349	1,179	1,008	4,907	*+25*	1,426	1,385	1,572	1,709	*+61*	6,093	*+22*
South America	928	1,015	896	1,062	3,901	*+25*	1,255	1,633	1,023	1,449	*+34*	5,360	*+36*
Europe	1,518	1,498	1,280	1,368	5,664	*+25*	1,662	1,765	1,790	1,275	*-7*	6,491	*+15*
Africa/Middle East	690	675	983	881	3,229	*+18*	1,127	1,056	811	906	*+0*	3,899	*+19*
Asia/Australia	1,693	1,786	1,925	1,469	6,873	*+28*	1,972	2,108	1,994	1,777	*+20*	7,852	*+15*
Tools & Attachments	2,341	2,270	2,239	2,197	9,047	*+12*	2,550	2,470	2,285	2,306	*+2*	9,611	*+5*
North America	646	701	623	604	2,574	*+10*	737	662	689	634	*-2*	2,721	*+4*
South America	239	174	216	201	830	*+13*	232	211	213	209	*+2*	865	*+5*
Europe	709	677	646	641	2,673	*+14*	804	715	598	691	*+7*	2,807	*+4*
Africa/Middle East	343	315	358	339	1,355	*+5*	350	462	380	354	*+1*	1,547	*+12*
Asia/Australia	404	403	396	412	1,615	*+18*	427	420	405	418	*+0*	1,671	*+4*

Geographical distribution of revenues

SEK million % currency adjusted	2017 Q1	Q2	Q3	Q4	2017 Full year	%	2018 Q1	Q2	Q3	Q4	%	2018 Full year	%
Epiroc group	7,411	7,879	7,610	8,464	31,364	*+14*	8,233	9,843	9,651	10,558	*+21*	38,285	*+20*
North America	1,806	1,722	1,785	1,823	7,136	*+14*	1,888	2,118	2,141	2,300	*+19*	8,447	*+16*
South America	1,100	1,104	969	1,103	4,276	*+18*	1,024	1,199	1,230	1,573	*+39*	5,026	*+16*
Europe	1,758	2,109	1,977	2,148	7,992	*+14*	1,864	2,471	2,224	2,545	*+17*	9,104	*+13*
Africa/Middle East	997	1,003	1,037	1,048	4,085	*+2*	1,103	1,350	1,444	1,456	*+34*	5,353	*+28*
Asia/Australia	1,750	1,941	1,842	2,342	7,875	*+19*	2,354	2,705	2,612	2,684	*+12*	10,355	*+31*
Equipment & Service	5,220	5,495	5,406	6,262	22,383	*+17*	5,943	7,325	7,178	8,094	*+21*	28,540	*+21*
North America	1,126	958	1,084	1,189	4,357	*+17*	1,173	1,410	1,412	1,644	*+26*	5,639	*+23*
South America	827	880	745	859	3,311	*+21*	813	981	1,020	1,361	*+49*	4,175	*+18*
Europe	1,323	1,564	1,484	1,710	6,081	*+20*	1,235	1,696	1,488	1,807	*+0*	6,225	*-2*
Africa/Middle East	615	647	691	685	2,638	*+1*	766	972	1,054	1,031	*+40*	3,823	*+36*
Asia/Australia	1,329	1,446	1,402	1,819	5,996	*+21*	1,956	2,266	2,204	2,251	*+17*	8,678	*+39*
Tools & Attachments	2,161	2,297	2,141	2,139	8,738	*+9*	2,245	2,452	2,382	2,440	*+10*	9,519	*+6*
North America	649	683	635	546	2,513	*+11*	700	681	703	641	*+9*	2,725	*+5*
South America	189	184	196	213	782	*+7*	211	218	210	212	*-3*	851	*+6*
Europe	638	694	641	620	2,593	*+8*	607	750	688	738	*+17*	2,783	*+5*
Africa/Middle East	319	324	320	334	1,297	*+3*	337	378	390	425	*+22*	1,530	*+13*
Asia/Australia	366	412	349	426	1,553	*+12*	390	425	391	424	*-3*	1,630	*+4*

Condensed parent company income statement

SEK million	2018 Q4	2017 Q4	2018 Full year	2017 Full year
Administrative expenses	-26	-8	-143	-8
Marketing expenses	-4	-	-13	-
Other operating income and expenses	-9	-4	-43	-6
Operating profit/loss	**-39**	**-12**	**-199**	**-14**
Financial income and expenses	-8	0	-17	0
Appropriations	4,424	14	4,424	14
Profit/loss before tax	**4,377**	**2**	**4,208**	**0**
Income tax	-963	0	-927	0
Profit/loss for the period	**3,414**	**2**	**3,281**	**0**

Condensed parent company balance sheet

SEK million	2018 Dec 31	2017 Dec 31
Total non-current assets	50,823	45,574
Total current assets	5,553	4,555
Total assets	**56,376**	**50,129**
Total restricted equity	503	24
Total non-restricted equity	49,553	43,886
Total equity	**50,056**	**43,910**
Total provisions	167	0
Total non-current liabilities	5,023	-
Total current liabilities	1,130	6,219
Total equity and liabilities	**56,376**	**50,129**
Assets pledged	4	0
Contingent liabilities	81	-

Acquisitions

Date	Company	Segment	Revenues SEK million*	Number of employees*
2019 Feb 1	Noland Drilling Equipment	Equipment & Service		8
2019 Jan 3	Fordia	Tools & Attachments	580	250
2018 Nov 2	Sautec	Equipment & Service		6
2018 Oct 30	ASI Mining (34%)**	Equipment & Service	55	
2018 Feb 1	Hy-Performance Fluid Power	Equipment & Service	50	26
2018 Jan 3	Rock Drill Services Australia	Equipment & Service	90	37
2018 Jan 3	Cate Drilling Solutions	Equipment & Service		35
2018 Jan 2	Renegade Drilling Supplies	Tools & Attachments		22
2017 Jul 4	Mobilaris MCE AB (34%)**	Equipment & Service	30	
2017 Feb 2	Erkat	Tools & Attachments	110	38

*Annual revenues and number of employees at time of acquisition. For distributors, revenues are not disclosed.
**Included as an associated company

Transactions with related parties

During 2018 there have been transactions between Atlas Copco Group and Epiroc Group related to lending and allocation of net debt between the groups. These transactions have been classified as transactions with shareholders and been carried out via equity and are presented in the consolidated statement of changes in equity. On March 31, 2018 Epiroc AB received an unconditional shareholder's contribution of SEK 4,150 million from Atlas Copco AB. As of April 26, 2018 the foreign exchange derivatives between Epiroc Treasury AB and Atlas Copco AB matured and was cash settled. On June 18, 2018 Epiroc AB repaid the borrowing of SEK 3,752 million to Atlas Copco AB. Receivables and payables between Atlas Copco and Epiroc from the period when Atlas Copco AB was the parent company, have been included in the balance sheet as external balances. The balances between Atlas Copco and Epiroc are not material. Since the distribution of the Epiroc shares from Atlas Copco on June 18, 2018, Atlas Copco is no longer a related party.

In the combined financial statements for the 2017 accounts receivables and accounts payables include receivables and payables that will be collected and paid by another Group entity than the entity included in the combined financial statements.

Share buy-backs

The Board of Directors of Epiroc has been authorized to purchase, transfer and sell own shares in relation to Epiroc's performance based personnel option plans. More information regarding the option plans can be found in the prospectus "Admission to trading of shares in Epiroc AB on Nasdaq Stockholm" published in May 2018. See www.epirocgroup.com/en/investors.

In the fourth quarter, Epiroc purchased 2,650,000 shares class A at SEK 208,179,228 and divested 4,002 shares class A at SEK 251,655 in accordance with mandates granted. As of December 31, 2018, Epiroc AB held 13,991,877 shares class A.

The total numbers of issued Epiroc shares as of December 31, 2018 were 1,213,738,703 shares, whereof 823,765,854 shares class A and 389,972,849 shares class B.

Financial definitions

Financial definitions can be found on Epiroc's website www.epirocgroup.com/en/investors. Non-IFRS measures are also presented in the report since they are considered to be important supplemental measures of the company's performance. Further information on how these measures have been calculated can also be found on www.epirocgroup.com/en/investors.

Further information

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Financial calendar

March 13, 2019	Annual report 2018 (available on www.epirocgroup.com)
April 30, 2019	Q1 2019
May 9, 2019	Annual General Meeting 2019
July 19, 2019	Q2 2019
October 25, 2019	Q3 2019
January 31, 2020	Q4 2019

This information is information that Epiroc AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 13:00 CET on February 5, 2019.

Epiroc in brief

Epiroc is a leading productivity partner for the mining and infrastructure industries. With cutting-edge technology, Epiroc develops and produces innovative, safe and sustainable drill rigs, rock excavation and construction equipment and tools. The company also provides world-class service solutions for automation and interoperability. The company is based in Stockholm, Sweden, and had revenues of SEK 38 billion in 2018 and has more than 14,000 passionate employees supporting and collaborating with customers in more than 150 countries. Learn more at www.epirocgroup.com.

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