

## Epiroc interim report Q1

- Operations impacted by Covid-19 pandemic, but limited effects on Q1 results
- Orders received decreased 3% to MSEK 9 772 (10 063), organic decline of 4%
- Revenues decreased 7% to MSEK 9 134 (9 785), organic decline of 8%
- Operating profit was MSEK 1 932 (1 930) including items affecting comparability of MSEK +21 (-59)\*
- Operating margin was 21.2% (19.7). Adjusted operating margin increased to 20.9% (20.3)\*
- Basic earnings per share were SEK 1.18 (1.14)
- Operating cash flow of MSEK 1 532 (472)
- Helena Hedblom new President and CEO as from March 1, 2020
- Epiroc sets sustainability goals for 2030
- Epiroc's Board proposes to the Annual General Meeting to decide only on the first installment of the dividend of SEK 1.20 per share

### Key figures

MSEK	2020 Q1	2019 Q1	Δ
Orders received	9 772	10 063	-3%
Revenues	9 134	9 785	-7%
Operating profit	1 932	1 930	0%
<i>Operating margin, %</i>	21.2	19.7	
Profit before tax	1 886	1 830	3%
<i>Profit margin, %</i>	20.6	18.7	
Profit for the period	1 422	1 374	3%
Operating cash flow	1 532	472	225%
Basic earnings per share, SEK	1.18	1.14	4%
Return on capital employed, %	26.2	31.0	
Net debt/EBITDA, ratio	-0.12	0.39	

\* Information on items affecting comparability, see page 4.

## CEO comments

### Challenging start in 2020

The Covid-19 pandemic has significantly impacted the world in the beginning of 2020. For Epiroc, our first priority is to ensure the health and well-being of our colleagues, customers and business partners, and their families as well as the local communities we are a part of. Our next priority is to ensure business continuity and to support our customers with spare parts, rock drilling tools, and other essential products and services to keep their operations running. The whole organization has adjusted the way of working to reflect this new situation.

Our business in China was impacted by the pandemic in February, but the situation has since improved. During March however, the impacts of the growing pandemic created a rapidly changing global situation, as restrictions from various governments and authorities started to disrupt the supply of components, transportation systems and manufacturing facilities. Some customers stopped or reduced the activity. As most of the impact was towards the end of the quarter, the financial impact in Q1, however, was limited. We expect that the demand both for equipment and in the aftermarket will be lower and that the effects of the pandemic will have a significant negative impact on revenues and profit in Q2.

### Strong growth for service

The activity level at our customers was high in Q1 and orders received for our service business increased 12% organically compared to the previous year. Orders for equipment, rock drilling tools and attachments, however, decreased. Total orders received for the Group were MSEK 9 772, down 4% organically. Sequentially, orders received increased by 5%.

### Improved operating margin

Revenues declined 8% organically to MSEK 9 134, mainly because of lower equipment revenues, and partly as Covid-19 caused some delays in deliveries. The service business was, again, strong, which contributed to the resilience in our profitability. The adjusted operating margin improved to 20.9% (20.3).

### Actions to reduce costs and adapt operations

Epiroc has an agile business model where we continuously adapt to the market. Due to the expected negative development going forward, we have implemented contingency measures to reduce operating costs. Actions with short-term effects include reduction of temporary workforce and consultants, work-time reduction, and reduction of discretionary

spending and travelling. Actions with long-term impact were initiated in 2019 and additional actions have been added this year. The long-term actions are expected to lower costs with more than MSEK 500 annually with full effect in the second half of 2020.

### Innovative autonomous trucks to Australia

Even in this challenging time, we continue to invest in innovations, such as automation, digitalization and electrification, and to support our customers to the best of our ability. In the quarter, we entered into a partnership with Australian mining company Roy Hill to convert its fleet of haul trucks to autonomous mode. This solution will boost safety and productivity for Roy Hill.

### Sustainability goals for 2030

In the quarter, we established long-term sustainability goals supporting the Paris Agreement and the UN 2030 Agenda for Sustainable Development. Our ambition is to halve CO<sub>2</sub> emissions from operations, transport and, most importantly, from use of Epiroc equipment. We have also set ambitious targets to further support health and safety, improve gender diversity and strengthen our commitment to the Code of Conduct.

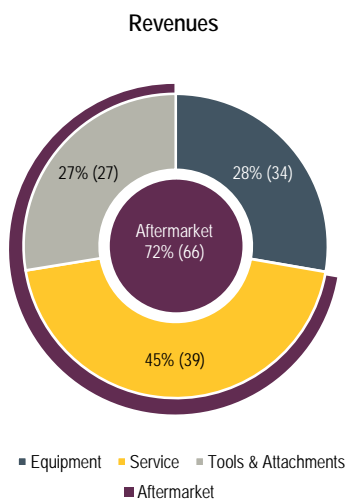
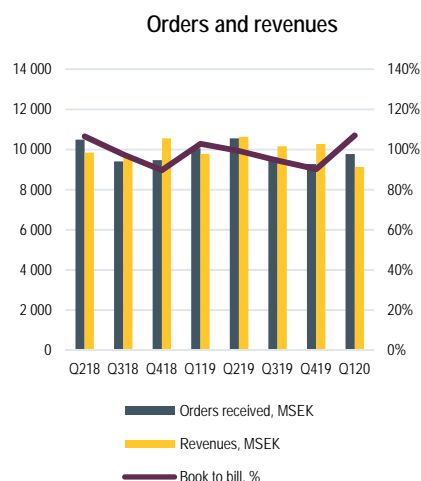
### Building a stronger Epiroc

In the near term, we will focus on our aftermarket business, supporting our customers' operations, while health and safety remains our first priority. We will keep investing in innovations while taking the necessary actions to reduce costs and adapt our operations. Epiroc will deal with the short-term challenges, and at the same time, take advantage of the opportunities to strengthen our customer relations and build an even stronger company for the future.



**Helena Hedblom**  
President and CEO

## Orders and revenues



MSEK	2020 Q1	2019 Q1	Δ
Orders received	9 772	10 063	-3%
Revenues	9 134	9 785	-7%
Operating profit	1 932	1 930	0%
Operating margin, %	21.2	19.7	

### Orders received

Orders received decreased 3% to MSEK 9 772 (10 063), corresponding to an organic decline of 4%, year-on-year. Currency contributed positively with 1%. Sequentially, i.e. compared to the previous quarter, orders received increased 5%.

Compared to the previous year, orders received in local currency increased in Africa/Middle East, were unchanged in Europe, and decreased in Asia/Australia and in North and South America.

Mining customers represented 76% (74) of orders received in the quarter.

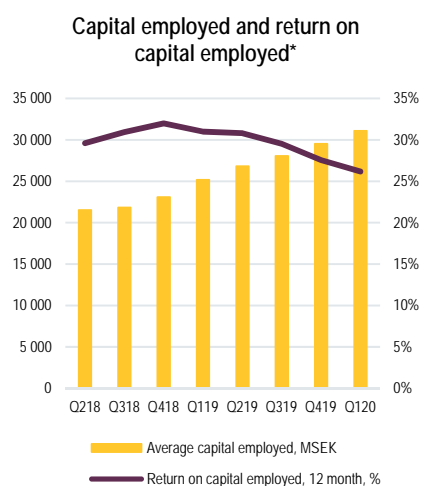
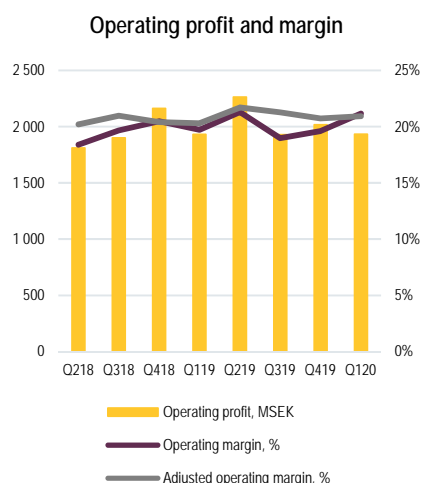
### Revenues

Revenues decreased 7% to MSEK 9 134 (9 785), corresponding to an organic decline of 8%. Currency contributed positively with 1%. The book to bill ratio was 107% (103). The estimated effect on revenues of delays in deliveries due to the coronavirus was approximately MSEK 400, mainly related to equipment.

The aftermarket represented 72% (66) of revenues in the quarter.

Sales Bridge	Orders received	Revenues
	MSEK, Δ %	MSEK, Δ %
<b>Q1 2019</b>	<b>10 063</b>	<b>9 785</b>
Organic	-4	-8
Currency	+1	+1
Structure and other	-0	-0
Total	-3	-7
<b>Q1 2020</b>	<b>9 772</b>	<b>9 134</b>

## Profits and returns



\*Numbers for 2018 are not restated for IFRS 16.

	Operating profit	
	MSEK, Δ	Margin, %, Δ, pp
<b>Q1 2019</b>	<b>1 930</b>	<b>19.7</b>
Organic	-222	-0.9
Currency	+133	+1.3
Structure and other*	+91	+1.1
Total	+2	+1.5
<b>Q1 2020</b>	<b>1 932</b>	<b>21.2</b>

\*Includes operating profit/loss from acquisitions and divestments, items affecting comparability, one-time items, and change in provision for share-based long-term incentive programs.

Operating profit was MSEK 1 932 (1 930), including items affecting comparability of MSEK +21. These items include costs related to efficiency improvements of MSEK -44 and change in provision for share-based long-term incentive programs of MSEK +65 (-59). The operating profit was negatively impacted by the organic revenue decline, but supported by currency. The operating margin was 21.2% (19.7). Excluding the items affecting comparability, the margin was 20.9% (20.3), positively impacted by currency and mix, but diluted by lower revenue volume.

Net financial items were MSEK -46 (-100). Previous year was negatively impacted by exchange rate differences. Interest net was MSEK -33 (-39).

Profit before tax was MSEK 1 886 (1 830), corresponding to a margin of 20.6% (18.7). Income tax expense amounted to MSEK -464 (-456), corresponding to an effective tax rate of 24.6% (24.9).

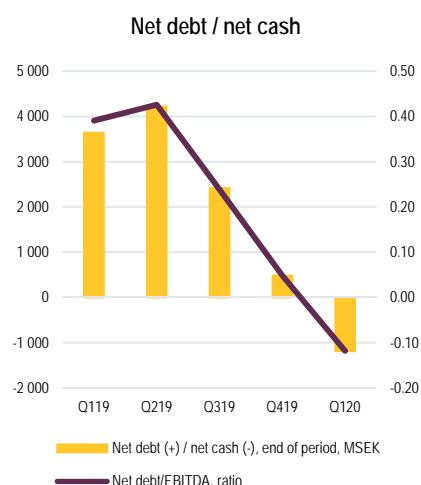
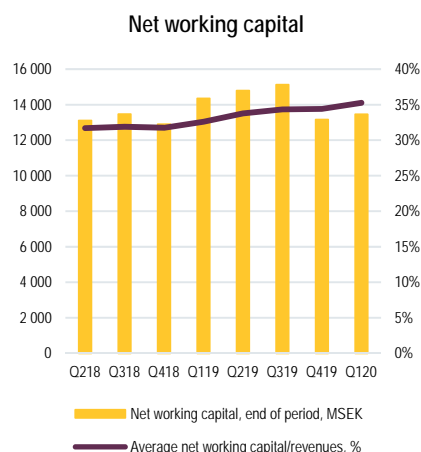
Profit for the period totaled MSEK 1 422 (1 374). Basic earnings per share were SEK 1.18 (1.14).

The return on capital employed during the last 12 months was 26.2% (31.0), affected by accumulation of cash, acquisitions, and by the implementation of IFRS 16 Leases. Return on equity was 27.0% (31.7).

## Employees

On March 31, 2020, the number of employees was 14 177 (13 939). The number of consultants/external workforce was 1 332 (1 531). For comparable units, the total workforce decreased with 447 compared to the previous year.

## Balance sheet



### Net working capital

Net working capital decreased 6% to MSEK 13 457 (14 348) compared to the previous year. As a percentage of revenues last 12 months, the average net working capital was 35.3% (32.6).

### Supply chain program

The supply chain improvement program for parts and consumables continued in the quarter. The program has contributed to improved availability of parts and consumables, but the Covid-19 pandemic has had negative effects, including increased transport costs.

### Net cash / net debt

The Group's net cash position amounted to MSEK 1 191 (previous year: net debt of 3 641). The net debt/EBITDA ratio was -0.12 (0.39).

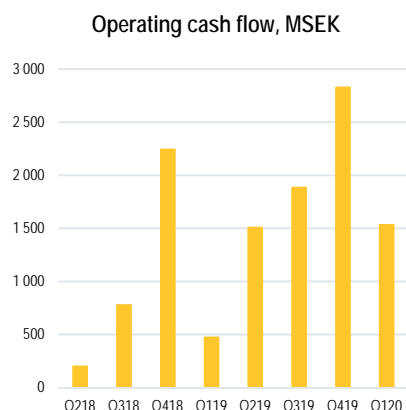
### Dividend proposal changed

The Board of Directors of Epiroc AB proposes to Epiroc's Annual General Meeting that will take place on May 12, 2020, to decide on the first installment of the dividend and postpone the decision on the planned second installment.

Epiroc has a strong financial position and the Board's assessment of the dividend capacity has not changed. Therefore, the Board proposes to pay the first installment of the dividend of SEK 1.20 per share. However, due to the Covid-19 pandemic and the increased economic uncertainty, the Board proposes that the decision on the planned second installment of the dividend will be postponed. If the situation allows, the Board of Directors plans to call for an extraordinary general meeting later this year to decide on the second dividend installment for the 2019 fiscal year.

For more information about the AGM see [www.epirocgroup.com/agm](http://www.epirocgroup.com/agm).

## Cash flow



### Operating cash flow

The operating cash flow improved to MSEK 1 532 (472). The working capital increased by MSEK 519 (720), mainly due to an increase in inventories.

### Acquisitions and divestments

Cash flow from acquisitions and divestments was MSEK -15 (-449).

**Covid-19**

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**Impact of Covid-19****Aftermarket**

Epiroc's focus is to support customers with service, spare parts and rock drilling tools. Epiroc will prioritize deliveries for aftermarket requirements above deliveries for equipment manufacturing should any shortages of components exist. Manufacturing facilities for consumables in India, South Africa, and Canada (Quebec) are closed temporarily, since the end of March.

Mining is deemed essential in many countries, which means that most mines continue to operate, but in some cases mines have temporarily stopped operations or operate at reduced capacity due to restrictions from governments and authorities. Also the construction industry is impacted by restrictions. As a consequence, Epiroc estimates that revenues from the aftermarket will be negatively impacted in Q2. The magnitude of the impact will depend on how the restrictions will develop during the quarter.

**Equipment**

The majority of Epiroc's equipment manufacturing facilities are operational, except the facilities in India and Italy. Work-time reduction has been implemented in several entities. Deliveries and commissioning of equipment are currently restricted due to limitations in transport and travelling. Epiroc estimates this to have a material negative impact on revenues in Q2.

## 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 and infrastructure industries.

### Q1 in brief

- Orders received in service increased by 12% organically
- Equipment orders decreased 17% organically
- Operating margin at 24.2% (24.2)

MSEK	2020 Q1	2019 Q1	Δ
<b>Orders received</b>	7 101	7 248	-2%
<b>Revenues</b>	6 579	7 115	-8%
<b>Operating profit</b>	1 595	1 719	-7%
<b>Operating margin, %</b>	24.2	24.2	

### Orders received

The orders received for Equipment & Service decreased 2% to MSEK 7 101 (7 248), corresponding to an organic decline of 3%. Currency contributed positively with 1%. Compared to the previous quarter, orders received increased 6%.

Compared to the previous year, orders received in local currency increased in North America and Africa/Middle East, but decreased in Asia/Australia, South America and Europe.

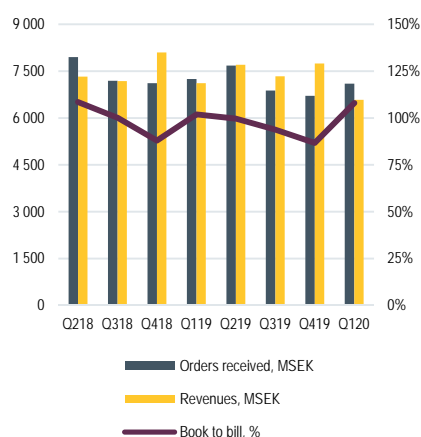
The orders received for service increased 12% organically to MSEK 4 251 (3 806). Compared to the previous year, service orders in local currency increased in all regions with the highest growth rate in Africa/Middle East. The share of orders from service in the segment was 60% (53).

Equipment orders decreased 17% organically compared to the previous year and amounted to MSEK 2 850 (3 442). Orders for both underground and surface equipment decreased. Compared to the previous year, equipment orders in local currency increased in North America, but decreased in all other regions. The share of orders from equipment in the segment was 40% (47).

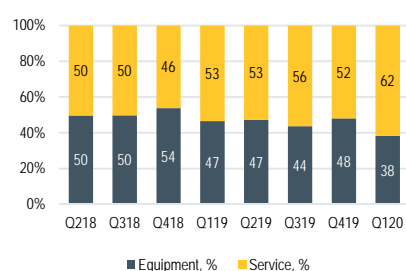
### Revenues

Revenues decreased to MSEK 6 579 (7 115), corresponding to an organic decline of 8%. Revenues for service increased 7% while revenues for equipment declined 25% organically. The share of revenues from service in the segment was 62% (53). The book to bill ratio was 108% (102).

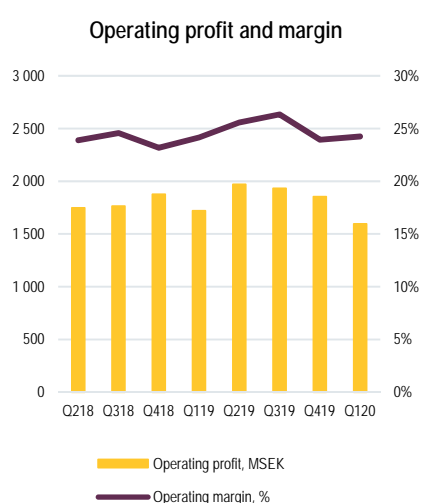
Orders and revenues



Revenue split, %



Sales Bridge	Equipment and Service		Equipment		Service	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
	MSEK, Δ %	MSEK, Δ %	MSEK, Δ %	MSEK, Δ %	MSEK, Δ %	MSEK, Δ %
<b>Q1 2019</b>	<b>7 248</b>	<b>7 115</b>	<b>3 442</b>	<b>3 313</b>	<b>3 806</b>	<b>3 802</b>
Organic	-3	-8	-17	-25	+12	+7
Currency	+1	+0	+1	+1	+0	+0
Structure and other	-0	-0	-1	-0	+0	+0
Total	-2	-8	-17	-24	+12	+7
<b>Q1 2020</b>	<b>7 101</b>	<b>6 579</b>	<b>2 850</b>	<b>2 519</b>	<b>4 251</b>	<b>4 060</b>



### Operating profit and margin

Operating profit decreased 7% to MSEK 1 595 (1 719), including costs of MSEK -34 related to efficiency improvements. The operating profit was negatively impacted by the organic revenue decline, but was supported by currency. The operating margin was 24.2% (24.2), positively impacted by currency and mix, but negatively impacted by lower volumes and costs related to efficiency improvements.

Profit bridge	Operating profit	
	MSEK, Δ	Margin, %, Δ, pp
<b>Q1 2019</b>	<b>1 719</b>	<b>24.2</b>
Organic	-185	-0.8
Currency	+94	+1.3
Structure and other	-33	-0.5
Total	-124	+0.0
<b>Q1 2020</b>	<b>1 595</b>	<b>24.2</b>

### Business development

Epiroc, in partnership with automation specialist ASI Mining, will convert Australian mining company Roy Hill's haul trucks from manned to autonomous use. The project will have a phased implementation, with testing and production verification of up to eight trucks in the initial phase prior to the second phase of full fleet expansion from mid-2021.

In January 2020, it was announced that Epiroc will consolidate the dimension stone industry manufacturing to its existing production facility in Nashik, India. The manufacturing at Epiroc Stonetec in Bagnolo, Italy, will be closed by mid-2020, affecting about 40 employees.

### Innovations

Epiroc has introduced the DM30 II SP rotary blasthole drill for quarrying and small mining operations. The crawler-mounted rig offers faster hole-to-hole drilling and a lower cost per ton through single-pass capability.



The DM30 II SP, with single-pass capability, reduces the overall cost of production per ton.

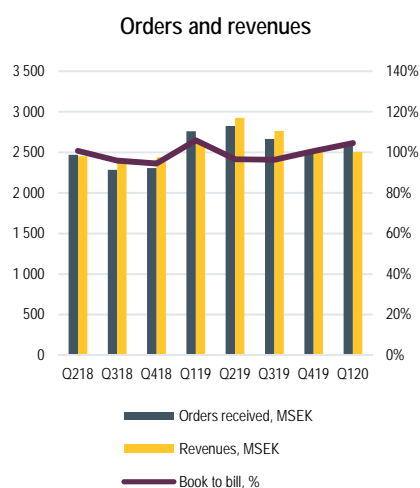


## Tools & Attachments

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 and infrastructure industries.

### Q1 in brief

- Orders received decreased 7% organically.
- Revenues declined 5% organically
- Operating margin was 13.5% (14.2)



MSEK	2020 Q1	2019 Q1	Δ
Orders received	2 619	2 760	-5%
Revenues	2 505	2 605	-4%
Operating profit	337	371	-9%
Operating margin, %	13.5	14.2	

### Orders received

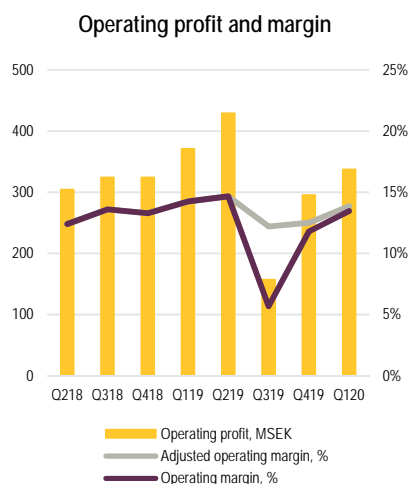
The orders received for Tools & Attachments decreased 5% to MSEK 2 619 (2 760), corresponding to an organic decline of 7%. Currency contributed positively to the orders received with 2%. Both rock drilling tools and hydraulic attachments had negative organic order growth. Sequentially, orders received for Tools & Attachments increased 4%.

Compared to the previous year, orders received in local currency increased in Africa/Middle East and Europe, while they decreased in all other regions, most significantly in North America.

### Revenues

Revenues decreased 4% to MSEK 2 505 (2 605), corresponding to an organic decline of 5%. Currency contributed positively to the revenues with 2%, while the net effect of acquisitions and divestments was -1%. The book to bill ratio was 105% (106).

Sales Bridge	Orders received	Revenues
	MSEK, Δ %	MSEK, Δ %
<b>Q1 2019</b>	<b>2 760</b>	<b>2 605</b>
Organic	-7	-5
Currency	+2	+2
Structure and other	+0	-1
Total	-5	-4
<b>Q1 2020</b>	<b>2 619</b>	<b>2 505</b>



HATCON, here mounted on an HB 5800 breaker, is a remote monitoring device for breakers and drum cutters that improves safety and efficiency.

### Operating profit and margin

Operating profit was MSEK 337 (371), including costs of MSEK -10 related to efficiency improvements. The operating profit was negatively impacted by the organic revenue decline, but was supported by currency. The operating margin was 13.5% (14.2).

	Operating profit	
	MSEK, Δ	Margin, %, Δ, pp
<b>Q1 2019</b>	<b>371</b>	<b>14.2</b>
Organic	-69	-2.0
Currency	+46	+1.7
Structure and other	-11	-0.4
Total	-34	-0.7
<b>Q1 2020</b>	<b>337</b>	<b>13.5</b>

### Business development

On April 22, it was announced that Epiroc will consolidate the production of exploration drilling tools in Canada. The production will gradually move from North Bay to Montréal during 2020, affecting about 65 employees in North Bay.

### Innovations

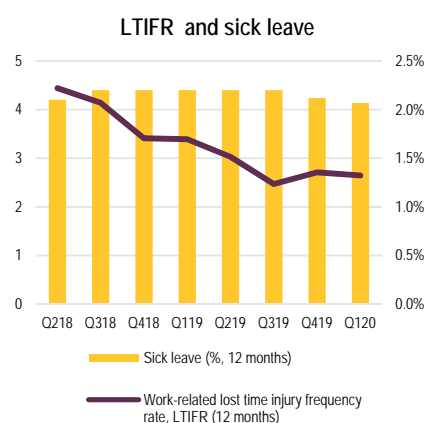
In the quarter, Epiroc introduced HATCON, a remote monitoring device for attachments such as breakers and drum cutters that keeps track of location and operating hours to improve efficiency and safety. The attachment is monitored through the cloud based platform My Epiroc where customers have access to all data and get notifications when the equipment is due for service.

Epiroc also introduced the Epsilon premium tricone drill bit for surface mining and construction customers. With smart patented features, the bit greatly improves drilling productivity through extended bit life and faster drilling.

## Sustainability development

Epiroc has four prioritized areas within sustainability: We live by the highest ethical standards; We invest in safety and well-being; We grow together with passionate people and courageous leaders; We use resources responsibly and efficiently. For each area there are several targets and key performance indicators.

	2020 Q1	2019 Q1
Work-related lost time injury frequency rate, LTIFR (12 months)	2.6	3.4
Sick leave (% , 12 months)	2.1	2.2
MWh energy from operations/Cost of sales (MSEK, 12 months)	6.8	7.3
Transport CO2 (tonnes)/Cost of sales (MSEK, 12 months)	4.2	5.5



### Lost time injury frequency rate and sick leave

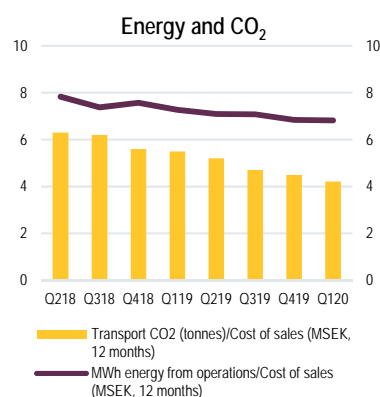
The number of work related lost time injuries per million working hours (LTIFR) decreased compared to the 12-month period ending March 31, 2019. Preventive measures and a continued focus on safety awareness, training and activities contributed to the reduction.

Sick leave continued to stay on a low level. A number of measures have been implemented to minimize the risk for our employees and others to get infected by the coronavirus.

### Energy and CO<sub>2</sub> emissions

MWh energy from operations/Cost of sales has continued to decrease, supported by the changes in the rock drilling tools business and several initiatives to increase energy efficiency.

CO<sub>2</sub> emissions from transport improved compared to the 12 months period ending in March 2019, mainly due to a higher share of shipments by sea instead of air freight.



### Sustainability goals for 2030

During 2019 work was initiated to establish long-term sustainability goals supporting the Paris Agreement and UN 2030 Agenda for Sustainable Development. New goals are set with the ambition to halve CO<sub>2</sub> emissions from operations, transport and from use of Epiroc equipment by 2030 compared to 2019. Other examples of goals include a substantial reduction of work-related injuries, to double the number of women in operational roles and have all employees sign the Code of Conduct.

## Other key events

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Helena Hedblom was appointed as new President and CEO of Epiroc AB, effective March 1, 2020.

Epiroc has appointed new members of Group Management and created a more efficient working structure. Epiroc previously had seven divisions, where the presidents reported to a business area president. The new structure has five divisions and the presidents now report directly to the President and CEO. The financial reporting setup will remain with two segments, Equipment & Service and Tools & Attachments.

Effective March 2, 2020, Epiroc's Group Management has the following members (\* = new member).

- Helena Hedblom, President and CEO
- José Manuel Sanchez, President Surface division\*
- Sami Niiranen, President Underground division\*
- Jess Kindler, President Parts & Services division\*
- Jonas Albertson, President Technology & Digital division\*
- Goran Popovski, President Tools & Attachments division\*
- Nadim Penser, Senior Vice President Human Resources\*
- Anders Lindén, Senior Vice President Controlling and Finance (CFO)
- Jörgen Ekelöv, Senior Vice President General Counsel
- Martin Hjerpe, Senior Vice President M&A and Strategy
- Mattias Olsson, Senior Vice President Corporate Communications

## Other key events after the end of the period

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On April 22, it was announced that Epiroc will consolidate the manufacturing of exploration drilling tools in Canada. The production will gradually move from North Bay to Montreal during 2020, affecting about 65 employees in North Bay.

## Risks and uncertainty factors

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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 Epiroc's Annual and Sustainability Report 2019. See [www.epirocgroup.com/en/investors](http://www.epirocgroup.com/en/investors). An update to these risks include pandemics, such as the Covid-19 pandemic, which could significantly impact Epiroc's operations related to e.g. production and supply of equipment and aftermarket services, as well as customers and suppliers. Even if Epiroc puts business continuity measures in place to support customers and adjust the way of working to mitigate any impact to the business, the effect of a pandemic may have material adverse effects on Epiroc's business and financial position.

### **Epiroc AB**

Nacka, April 22, 2020

Helena Hedblom, President and CEO

*This report has not been audited.*

## **Accounting principles**

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The consolidated financial statements of the Epiroc Group are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The interim report is prepared in accordance with IAS 34 Interim financial reporting. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in the Annual and Sustainability Report 2019, in note 1 Significant accounting principles. New and revised standards and interpretations effective from January 1, 2020, have not had any material impact on the financial reports.

### **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 recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in the Annual and Sustainability Report 2019, note A1 in the Parent Company accounts. As from 2020, no changed accounting standards and interpretations are considered to have any material effect on the Parent Company's financial statements.

## Condensed consolidated income statement

MSEK	2020 Q1	2019 Q1	2019 Full year
Revenues	9 134	9 785	40 849
Cost of sales	-5 571	-6 189	-25 547
<b>Gross profit</b>	<b>3 563</b>	<b>3 596</b>	<b>15 302</b>
Marketing expenses	- 664	- 663	-2 797
Administrative expenses	- 667	- 784	-3 261
Research and development expenses	- 271	- 275	-1 035
Other operating income and expenses	- 29	56	- 73
<b>Operating profit</b>	<b>1 932</b>	<b>1 930</b>	<b>8 136</b>
Net financial items	- 46	- 100	- 293
<b>Profit before tax</b>	<b>1 886</b>	<b>1 830</b>	<b>7 843</b>
Income tax expense	- 464	- 456	-1 959
<b>Profit for the period</b>	<b>1 422</b>	<b>1 374</b>	<b>5 884</b>
Profit attributable to			
- owners of the parent	1 420	1 372	5 874
- non-controlling interests	2	2	10
Basic earnings per share, SEK	1.18	1.14	4.89
Diluted earnings per share, SEK	1.18	1.13	4.89

## Key ratios

	2020 Q1	2019 Q1	2019 Full year
Basic number of shares outstanding, millions	1 203	1 199	1 201
Diluted number of shares outstanding, millions	1 204	1 200	1 202
Operating margin, %	21.2	19.7	19.9
Equity per share, period end, SEK	20.56	17.14	19.00
Return on capital employed, %	26.2	31.0	27.6
Return on equity, %	27.0	31.7	28.3
Net debt/EBITDA, ratio	-0.12	0.39	0.05
Net debt/equity ratio, period end, %	-4.8	17.6	2.1
Equity/assets ratio, period end, %	56.6	52.2	55.6
Number of employees, period end	14 177	13 939	14 268

## Condensed consolidated statement of comprehensive income

MSEK	2020	2019	2019
	Q1	Q1	Full year
<b>Profit for the period</b>	<b>1 422</b>	<b>1 374</b>	<b>5 884</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit pension plans	77	- 93	- 274
Income tax relating to items that will not be reclassified	- 17	20	52
<b>Total items that will not be reclassified to profit or loss</b>	<b>60</b>	<b>- 73</b>	<b>- 222</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation differences on foreign operations	322	597	547
- realized and reclassified to profit and loss	-	-	- 7
Cash flow hedges	-	- 25	- 22
Income tax relating to items that may be reclassified	0	5	5
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>323</b>	<b>577</b>	<b>523</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>383</b>	<b>504</b>	<b>301</b>
<b>Total comprehensive income for the period</b>	<b>1 804</b>	<b>1 878</b>	<b>6 185</b>
Total comprehensive income attributable to			
- owners of the parent	1 800	1 874	6 175
- non-controlling interests	4	4	10

## Condensed consolidated balance sheet

	2020	2019	2019
	Mar 31	Mar 31	Dec 31
<b>Assets, MSEK</b>			
Intangible assets	4 341	3 865	4 226
Rental equipment	1 187	1 318	1 213
Other property, plant and equipment	4 534	4 657	4 613
Investments in associated companies and joint ventures	208	211	201
Financial assets and other receivables	949	1 183	1 007
Deferred tax assets	1 383	619	630
<b>Total non-current assets</b>	<b>12 602</b>	<b>11 853</b>	<b>11 890</b>
Inventories	10 933	11 207	10 508
Trade receivables	7 300	8 501	7 287
Other receivables	1 553	1 232	1 597
Income tax receivables	144	412	353
Financial assets	932	1 086	862
Cash and cash equivalents	10 225	5 371	8 540
<b>Total current assets</b>	<b>31 087</b>	<b>27 809</b>	<b>29 147</b>
<b>Total assets</b>	<b>43 689</b>	<b>39 662</b>	<b>41 037</b>
<b>Equity and liabilities, MSEK</b>			
Share capital	500	500	500
Retained earnings	24 157	20 131	22 261
<b>Total equity attributable to owners of the parent</b>	<b>24 657</b>	<b>20 631</b>	<b>22 761</b>
Non-controlling interest	55	54	52
<b>Total equity</b>	<b>24 712</b>	<b>20 685</b>	<b>22 813</b>
Interest bearing loans	7 730	7 828	7 724
Post-employment benefits	540	380	596
Deferred tax liabilities	730	0	0
Other liabilities and provisions	327	442	423
<b>Total non-current liabilities</b>	<b>9 327</b>	<b>8 650</b>	<b>8 743</b>
Interest bearing loans	819	827	705
Trade payables	4 108	4 575	4 050
Income tax liabilities	465	550	507
Other liabilities and provisions	4 258	4 375	4 219
<b>Total current liabilities</b>	<b>9 650</b>	<b>10 327</b>	<b>9 481</b>
<b>Total equity and liabilities</b>	<b>43 689</b>	<b>39 662</b>	<b>41 037</b>



## 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. 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 2019, 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.

<b>Outstanding derivatives recorded to fair value</b>	<b>2020</b>	<b>2019</b>		
MSEK	<b>Mar 31</b>	<b>Dec 31</b>		
<b>Non-current assets and liabilities</b>				
Assets	-	2		
Liabilities	-	-		
<b>Current assets and liabilities</b>				
Assets	114	99		
Liabilities	56	74		
<hr/>				
<b>Carrying value and fair value</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
MSEK	<b>Mar 31</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
	Carrying value	Fair value	Carrying value	Fair value
Bonds	1 995	2 095	1 995	2 082
Other loans	6 554	6 656	6 434	6 504
<b>Total interest bearing loans</b>	<b>8 549</b>	<b>8 751</b>	<b>8 429</b>	<b>8 586</b>

## Condensed consolidated statement of changes in equity

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, Jan 1, 2020</b>	<b>22 761</b>	<b>52</b>	<b>22 813</b>
Total comprehensive income for the period	1 800	4	1 804
Dividend	-	- 1	- 1
Acquisition and divestment of own shares	96	-	96
Share-based payments, equity settled	0	-	0
<b>Closing balance, Mar 31, 2020</b>	<b>24 657</b>	<b>55</b>	<b>24 712</b>
<b>Opening balance, Jan 1, 2019</b>	<b>18 797</b>	<b>50</b>	<b>18 847</b>
Total comprehensive income for the period	1 874	4	1 878
Dividend	-	-	-
Acquisition and divestment of own shares	- 33	-	- 33
Share-based payments, equity settled	- 7	-	- 7
<b>Closing balance, Mar 31, 2019</b>	<b>20 631</b>	<b>54</b>	<b>20 685</b>
<b>Opening balance, 1 Jan, 2019</b>	<b>18 797</b>	<b>50</b>	<b>18 847</b>
Total comprehensive income for the period	6 175	10	6 185
Dividend	-2 523	- 8	-2 531
Acquisition and divestment of own shares	340	-	340
Share-based payments, equity settled	- 28	-	- 28
<b>Closing balance, Dec 31, 2019</b>	<b>22 761</b>	<b>52</b>	<b>22 813</b>

## Condensed consolidated statement of cash flows

MSEK	2020 Q1	2019 Q1	2019 Full year
<b>Cash flow from operating activities</b>			
Operating profit	1 932	1 930	8 136
Depreciation, amortization and impairment	440	472	1 978
Capital gain/loss and other non-cash items	110	- 84	- 252
Net financial items received/paid	263	- 157	- 410
Taxes paid	- 385	- 651	-2 157
Pension funding and payment of pension to employees	- 1	- 17	- 61
Change in working capital	- 519	- 720	337
Increase in rental equipment	- 120	- 266	- 915
Sale of rental equipment	61	82	572
<b>Net cash from operating activities</b>	<b>1 781</b>	<b>589</b>	<b>7 228</b>
<b>Cash flow from investing activities</b>			
Investments in other property, plant and equipment	- 120	- 158	- 486
Sale of other property, plant and equipment	20	9	60
Investments in intangible assets	- 120	- 108	- 537
Sale of intangible assets	0	0	16
Acquisition of subsidiaries and associated companies	- 15	- 449	-1 137
Sale of subsidiaries	0	0	153
Proceeds to/from other financial assets, net	35	- 122	276
<b>Net cash from investing activities</b>	<b>- 200</b>	<b>- 828</b>	<b>-1 655</b>
<b>Cash flow from financing activities</b>			
Dividend	0	0	-2 523
Dividend to non-controlling interest	- 1	0	- 8
Sale/Repurchase of own shares	96	- 33	340
Change in interest-bearing liabilities	1	- 326	- 820
<b>Net cash from financing activities</b>	<b>96</b>	<b>- 359</b>	<b>-3 011</b>
<b>Net cash flow for the period</b>	<b>1 677</b>	<b>- 598</b>	<b>2 562</b>
Cash and cash equivalents, beginning of the period	8 540	5 872	5 872
Exchange differences in cash and cash equivalents	8	97	106
<b>Cash and cash equivalents, end of the period</b>	<b>10 225</b>	<b>5 371</b>	<b>8 540</b>
<b>Operating cash flow</b>			
Net cash flow from operating activities	1 781	589	7 228
Net cash from investing activities	- 200	- 828	-1 655
Acquisitions and divestments of subsidiaries	15	449	984
Other adjustments	- 64	262	131
<b>Operating cash flow</b>	<b>1 532</b>	<b>472</b>	<b>6 688</b>

## 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.

	2019				2019	2020
Orders received, MSEK	Q1	Q2	Q3	Q4	Full year	Q1
Equipment & Service	7 248	7 677	6 874	6 710	28 509	7 101
<i>Equipment</i>	3 442	3 580	2 727	2 606	12 355	2 850
<i>Service</i>	3 806	4 097	4 147	4 104	16 154	4 251
Tools & Attachments	2 760	2 826	2 665	2 517	10 768	2 619
Common group functions	55	50	61	49	215	52
<b>Epiroc Group</b>	<b>10 063</b>	<b>10 553</b>	<b>9 600</b>	<b>9 276</b>	<b>39 492</b>	<b>9 772</b>
<b>Revenues, MSEK</b>						
Equipment & Service	7 115	7 702	7 334	7 740	29 891	6 579
<i>Equipment</i>	3 313	3 638	3 198	3 712	13 861	2 519
<i>Service</i>	3 802	4 064	4 136	4 028	16 030	4 060
Tools & Attachments	2 605	2 926	2 765	2 503	10 799	2 505
Common group functions	65	- 2	59	37	159	50
<b>Epiroc Group</b>	<b>9 785</b>	<b>10 626</b>	<b>10 158</b>	<b>10 280</b>	<b>40 849</b>	<b>9 134</b>
<b>Operating profit and profit before tax, MSEK</b>						
Equipment & Service	1 719	1 970	1 932	1 853	7 474	1 595
Tools & Attachments	371	429	157	295	1 252	337
Common group functions	- 160	- 136	- 162	- 132	- 590	0
<b>Epiroc Group</b>	<b>1 930</b>	<b>2 263</b>	<b>1 927</b>	<b>2 016</b>	<b>8 136</b>	<b>1 932</b>
Net financial items	- 100	- 38	- 61	- 94	- 293	- 46
<b>Profit before tax</b>	<b>1 830</b>	<b>2 225</b>	<b>1 866</b>	<b>1 922</b>	<b>7 843</b>	<b>1 886</b>
<b>Operating margin, %</b>						
Equipment & Service	24.2	25.6	26.3	23.9	25.0	24.2
Tools & Attachments	14.2	14.6	5.7	11.8	11.6	13.5
<b>Epiroc Group</b>	<b>19.7</b>	<b>21.3</b>	<b>19.0</b>	<b>19.6</b>	<b>19.9</b>	<b>21.2</b>
<b>Items affecting comparability, MSEK</b>						
Change in provision for LTI-program	59	39	54	42	194	- 65
Agreement with CEO	-	-	-	28	28	-
Costs for split from Atlas Copco	-	-	-	-	-	-
Costs in Equipment & Service	-	-	-	28	28	34
Costs in Tools & Attachments	-	-	179	17	196	10
<b>Epiroc Group</b>	<b>59</b>	<b>39</b>	<b>233</b>	<b>115</b>	<b>446</b>	<b>- 21</b>
<b>Adj. margin for items affecting comparability, %</b>						
Adjusted operating margin, %	20.3	21.7	21.3	20.7	21.0	20.9
Adjusted operating margin, E&S, %	24.2	25.6	26.3	24.3	25.1	24.8
Adjusted operating margin, T&A, %	14.2	14.6	12.2	12.5	13.4	13.9
<b>Split and incentive program costs, MSEK*</b>						
Change in provision for LTI-program	59	39	54	42	194	- 65
Costs for split from Atlas Copco	17	23	11	11	62	6
<b>Epiroc Group</b>	<b>76</b>	<b>62</b>	<b>65</b>	<b>53</b>	<b>256</b>	<b>- 58</b>

\* Reported in Common group functions. Change in provision for long-term incentive programs is reported as administrative expenses.

## Geographical distribution of orders received

MSEK	2019				2019	2020	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	Full year	Q1	Y-o-Y
<b>Epiroc group</b>	<b>10 063</b>	<b>10 553</b>	<b>9 600</b>	<b>9 276</b>	<b>39 492</b>	<b>9 772</b>	<b>-4%</b>
North America	2 160	2 262	2 360	1 962	8 744	2 168	-4%
South America	1 344	1 481	1 451	1 120	5 396	1 284	0%
Europe	2 430	2 399	2 063	2 165	9 057	2 381	-4%
Africa/Middle East	1 311	1 409	1 274	1 474	5 468	1 409	9%
Asia/Australia	2 818	3 002	2 452	2 555	10 827	2 530	-11%
<b>Equipment &amp; Service</b>	<b>7 248</b>	<b>7 677</b>	<b>6 874</b>	<b>6 710</b>	<b>28 509</b>	<b>7 101</b>	<b>-2%</b>
North America	1 265	1 444	1 529	1 278	5 516	1 427	8%
South America	1 041	1 207	1 189	884	4 321	1 011	3%
Europe	1 690	1 655	1 436	1 474	6 255	1 623	-6%
Africa/Middle East	893	863	716	959	3 431	934	6%
Asia/Australia	2 359	2 508	2 004	2 115	8 986	2 106	-11%
<b>Tools &amp; Attachments</b>	<b>2 760</b>	<b>2 826</b>	<b>2 665</b>	<b>2 517</b>	<b>10 768</b>	<b>2 619</b>	<b>-6%</b>
North America	867	783	797	665	3 112	714	-22%
South America	303	274	262	236	1 075	273	-8%
Europe	724	738	613	675	2 750	745	1%
Africa/Middle East	418	547	557	515	2 037	475	16%
Asia/Australia	448	484	436	426	1 794	412	-9%

## Geographical distribution of revenues

MSEK	2019				2019	2020	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	Full year	Q1	Y-o-Y
<b>Epiroc group</b>	<b>9 785</b>	<b>10 626</b>	<b>10 158</b>	<b>10 280</b>	<b>40 849</b>	<b>9 134</b>	<b>-7%</b>
North America	2 227	2 403	2 191	2 119	8 940	2 099	-10%
South America	1 571	1 616	1 646	1 547	6 380	1 116	-25%
Europe	2 432	2 473	2 154	2 372	9 431	2 132	-14%
Africa/Middle East	1 182	1 396	1 351	1 504	5 433	1 369	18%
Asia/Australia	2 373	2 738	2 816	2 738	10 665	2 418	2%
<b>Equipment &amp; Service</b>	<b>7 115</b>	<b>7 702</b>	<b>7 334</b>	<b>7 740</b>	<b>29 891</b>	<b>6 579</b>	<b>-8%</b>
North America	1 425	1 580	1 362	1 477	5 844	1 332	-10%
South America	1 327	1 341	1 356	1 271	5 295	875	-30%
Europe	1 674	1 682	1 469	1 697	6 522	1 427	-16%
Africa/Middle East	787	847	792	1 003	3 429	923	19%
Asia/Australia	1 902	2 252	2 355	2 292	8 801	2 022	6%
<b>Tools &amp; Attachments</b>	<b>2 605</b>	<b>2 926</b>	<b>2 765</b>	<b>2 503</b>	<b>10 799</b>	<b>2 505</b>	<b>-5%</b>
North America	773	848	802	637	3 060	735	-10%
South America	244	276	290	274	1 084	241	2%
Europe	733	777	669	658	2 837	703	-6%
Africa/Middle East	395	549	559	501	2 004	446	15%
Asia/Australia	460	476	445	433	1 814	380	-18%

## Condensed parent company income statement

MSEK	2020 Q1	2019 Q1	2019 Full year
Administrative expenses	- 34	- 62	- 258
Marketing expenses	- 4	- 5	- 18
Other operating income and expenses	1	0	109
<b>Operating profit/loss</b>	<b>- 37</b>	<b>- 67</b>	<b>- 167</b>
Financial income and expenses	- 4	- 3	- 13
Appropriations	-	-	3 887
<b>Profit/loss before tax</b>	<b>- 41</b>	<b>- 70</b>	<b>3 707</b>
Income tax	7	14	- 772
<b>Profit/loss for the period</b>	<b>- 34</b>	<b>- 56</b>	<b>2 935</b>

## Condensed parent company balance sheet

MSEK	2020 Mar 31	2019 Mar 31	2019 Dec 31
Total non-current assets	52 026	51 898	52 016
Total current assets	5 128	4 369	5 106
<b>Total assets</b>	<b>57 154</b>	<b>56 267</b>	<b>57 122</b>
Total restricted equity	503	503	503
Total non-restricted equity	50 339	49 457	50 277
<b>Total equity</b>	<b>50 842</b>	<b>49 960</b>	<b>50 780</b>
Total provisions	137	201	216
Total non-current liabilities	6 095	6 038	6 029
Total current liabilities	80	68	97
<b>Total equity and liabilities</b>	<b>57 154</b>	<b>56 267</b>	<b>57 122</b>

## Acquisitions and divestments

Date	Acquisitions	Divestments	Segment	Revenues*	Employees
2019 Oct 23		Consumables manufacturing facility	T&A		-40
2019 Sep 3		Geotechnical consumables	T&A	-275	-40
2019 Apr 2	New Concept Mining		T&A	645	900
2019 Feb 1	Noland Drilling Equipment		E&S		8
2019 Jan 3	Fordia		T&A	580	250

\* Annual revenues, MSEK, and number of employees at time of acquisition/divestment. For distributors, revenues are not disclosed.

## Transactions with related parties

Significant related-party transactions are described in Note 28 to the consolidated accounts in Epiroc's Annual and Sustainability Report 2019. No material changes have taken place in relations or transactions with related parties compared with the description in Epiroc's Annual and Sustainability Report 2019.

## 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 Epiroc's Annual and Sustainability Report 2019, see [www.epirocgroup.com/en/investors](http://www.epirocgroup.com/en/investors). In the quarter, Epiroc divested 819 912 A shares for SEK 95 910 682 in accordance with mandates granted. As of March 31, 2020, Epiroc AB held 9 966 767 shares class A. The total numbers of issued Epiroc shares at the end of the period 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, <https://www.epirocgroup.com/en/investors/financial-publications>. Non-IFRS measures are also presented in this report since they are considered to be important supplemental measures of the company's performance. Information on how these measures have been calculated can also be found on the website.

## Financial calendar

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### Webcast & conference call

At 10.00 AM CEST on April 23, 2020, Epiroc will host a report presentation and conference call for investors, analysts and media. The report will be presented by President and CEO Helena Hedblom and CFO Anders Lindén. Please see [www.epirocgroup.com](http://www.epirocgroup.com) under Investor Relations for the webcast link and presentation material.

Dial-in numbers for the conference call:

- Sweden: +46 8 566 42651
  - United Kingdom: +44 333 300 0804
  - United States: +1 631 913 1422
- PIN: 21094988#

### Upcoming investor events

- May 12, 2020: Annual General Meeting in Stockholm
- July 23, 2020: Q2 2020
- October 23, 2020: Q3 2020

## Further information

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### Epiroc in brief

Epiroc is a leading productivity partner for the mining and infrastructure industries. With ground-breaking 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 BSEK 41 in 2019 and has more than 14 000 passionate employees supporting and collaborating with customers in more than 150 countries.

*This information is information that Epiroc AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 19:45 CEST on April 22, 2020.*