



Interim report Q1 2019

April 30, 2019

Per Lindberg, President and CEO

Anders Lindén, CFO



Key highlights

Q1 2019

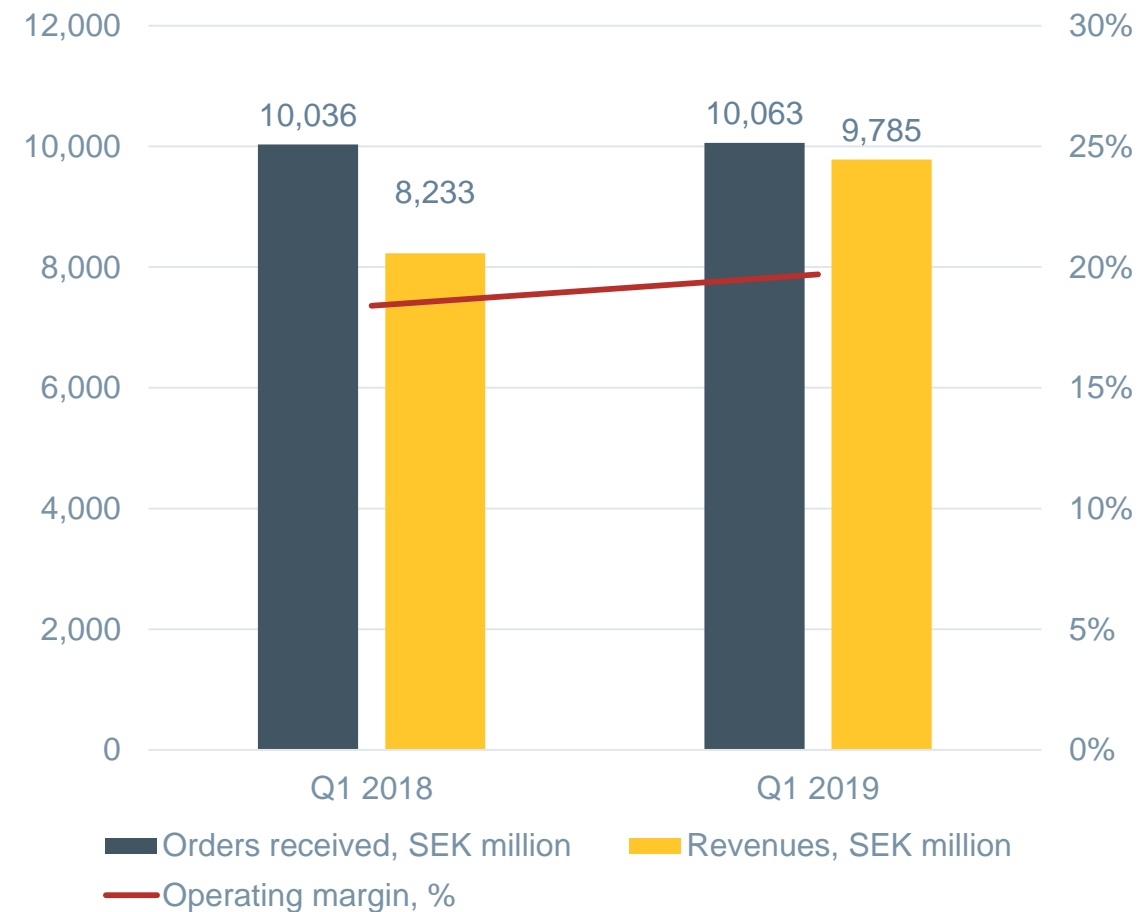
- Good customer demand
 - Strong development in service
 - Order intake of equipment in line with Q4 2018, but lower than strong Q1 2018
- Strong revenue and profit growth
- Improved operating margin
- Fordia acquisition closed in January
 - New Concept Mining closed in April
- Efficiency actions



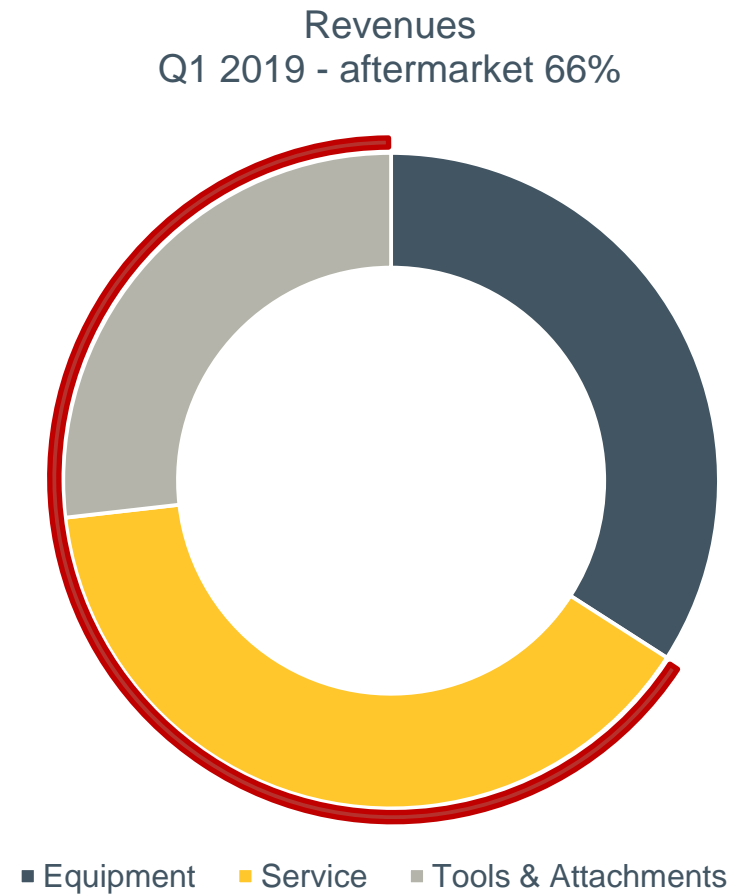
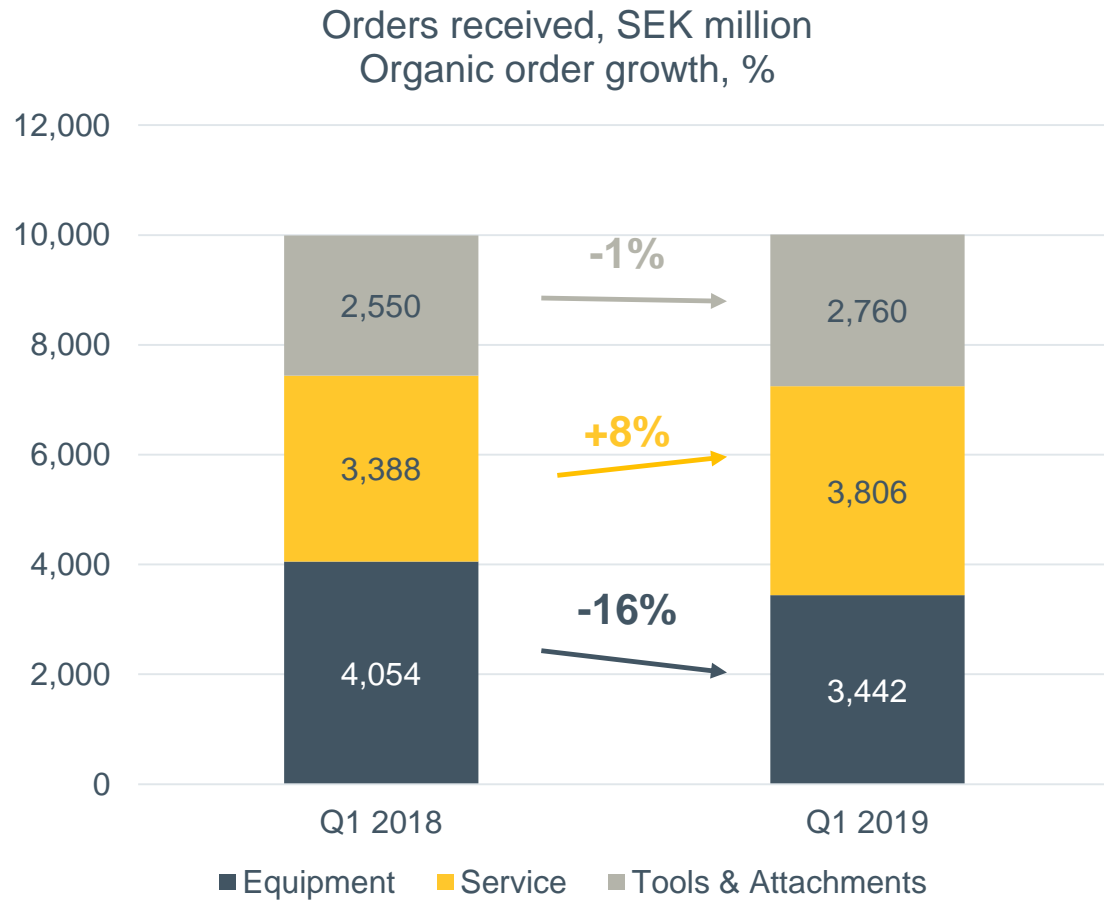
Key financials

Q1 2019

- Organic order decline of 5%
- Organic revenue growth of 14%
- Reported operating profit SEK 1,930 million (1,515)
 - Change in provision for long term incentive programs (LTI) SEK -59 million (0)
 - Split cost SEK 17 million (95)
- Margin at 19.7% (18.4)
 - Operating margin adjusted for LTI 20.3%
- Basic earnings per share SEK 1.14 (0.89)
- Operating cash flow SEK 472 million (666)

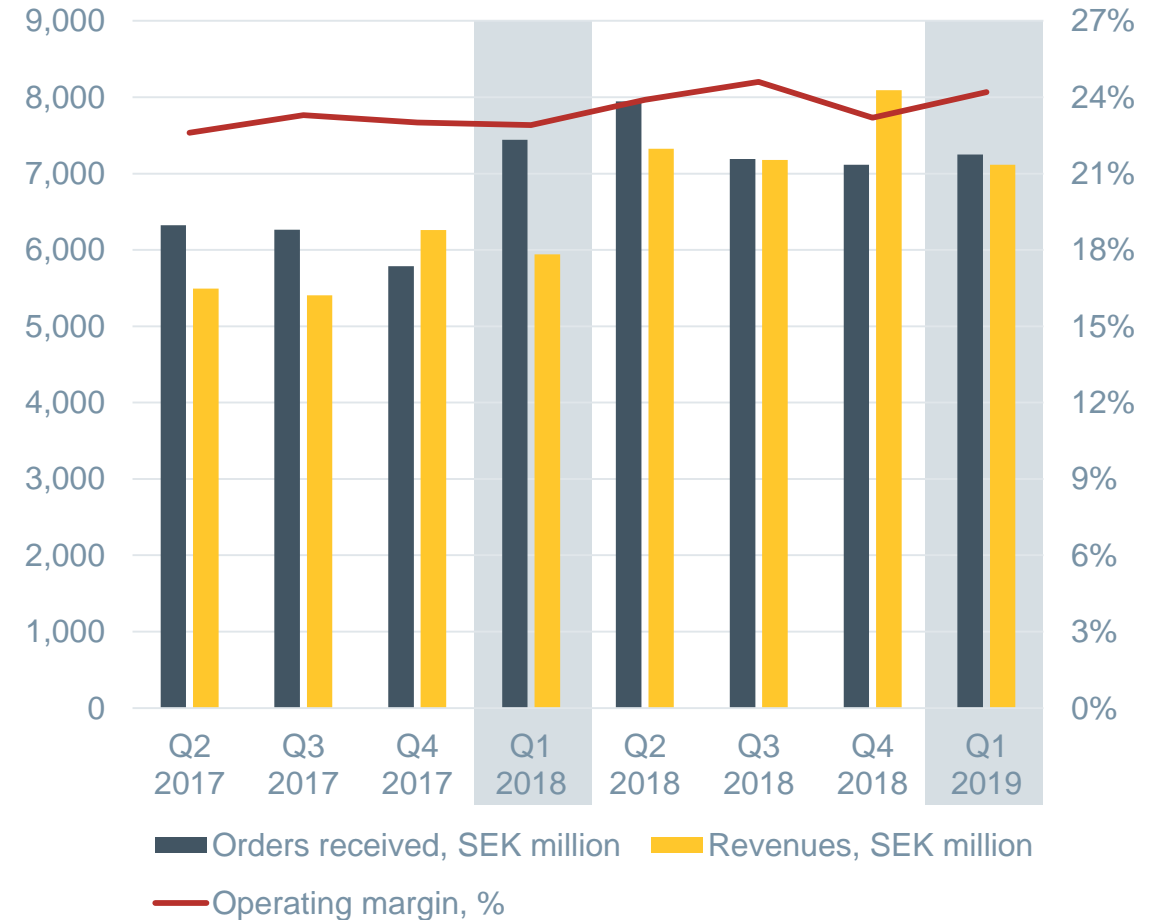


Segments



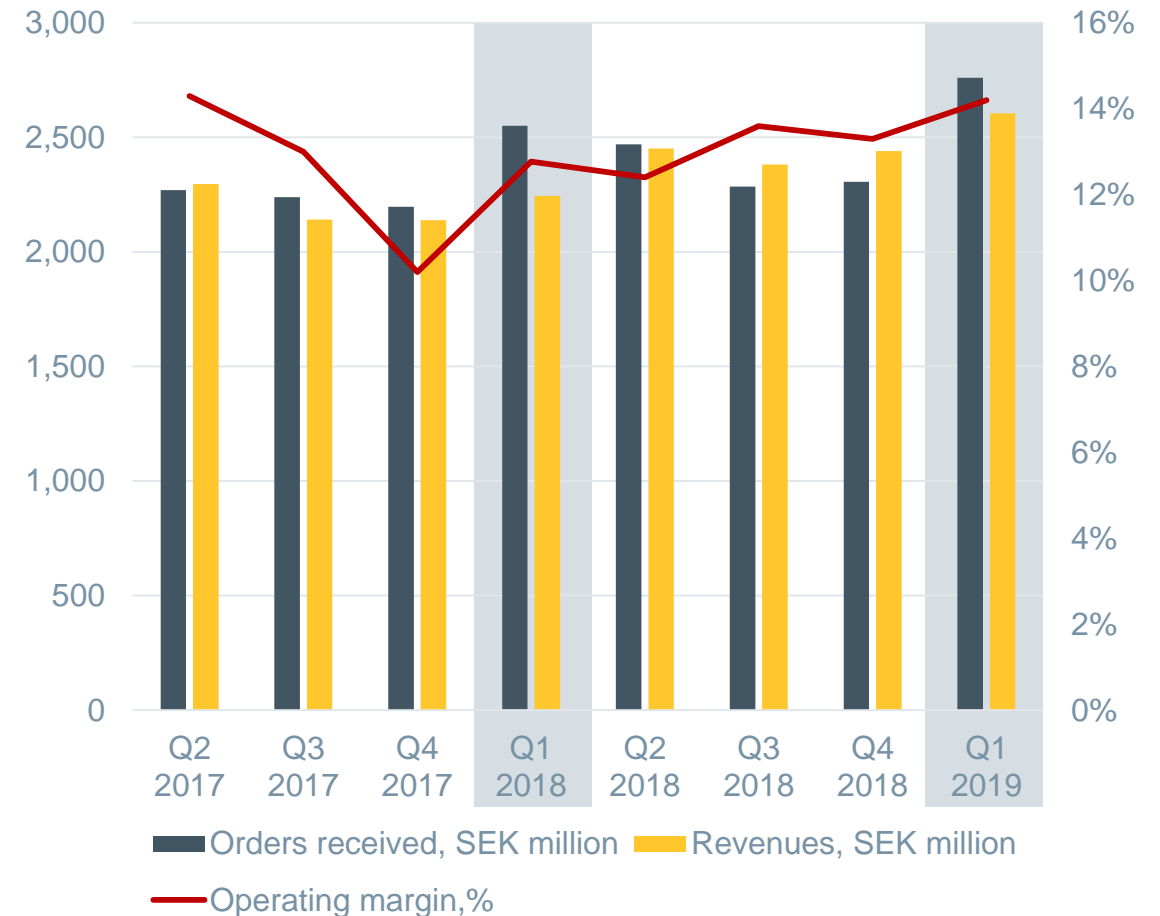
Equipment & Service

- Good activity
- Organic order decline 5% vs. strong Q1 2018
 - Equipment -16%
 - Service +8%
- Organic revenue growth of 17%
- Operating margin increased to 24.2% (22.9)
- Business development in battery
- Innovations
 - Automation ready SmartROC D65
 - My Epiroc – digital fleet management



Tools & Attachments

- Continued good business environment
- Organic order decline of 1%
 - Rock drilling tools – order growth, but continued impact of efficiency actions
 - Hydraulic attachments – lower order intake than last year
- Organic revenue growth +7%
- Operating margin improved to 14.2% (12.8)
- Closing of Fordia acquisition in January
 - Closing of New Concept Mining in April
- Innovation
 - Bucket screeners for sorting and recycling of material on demolition sites



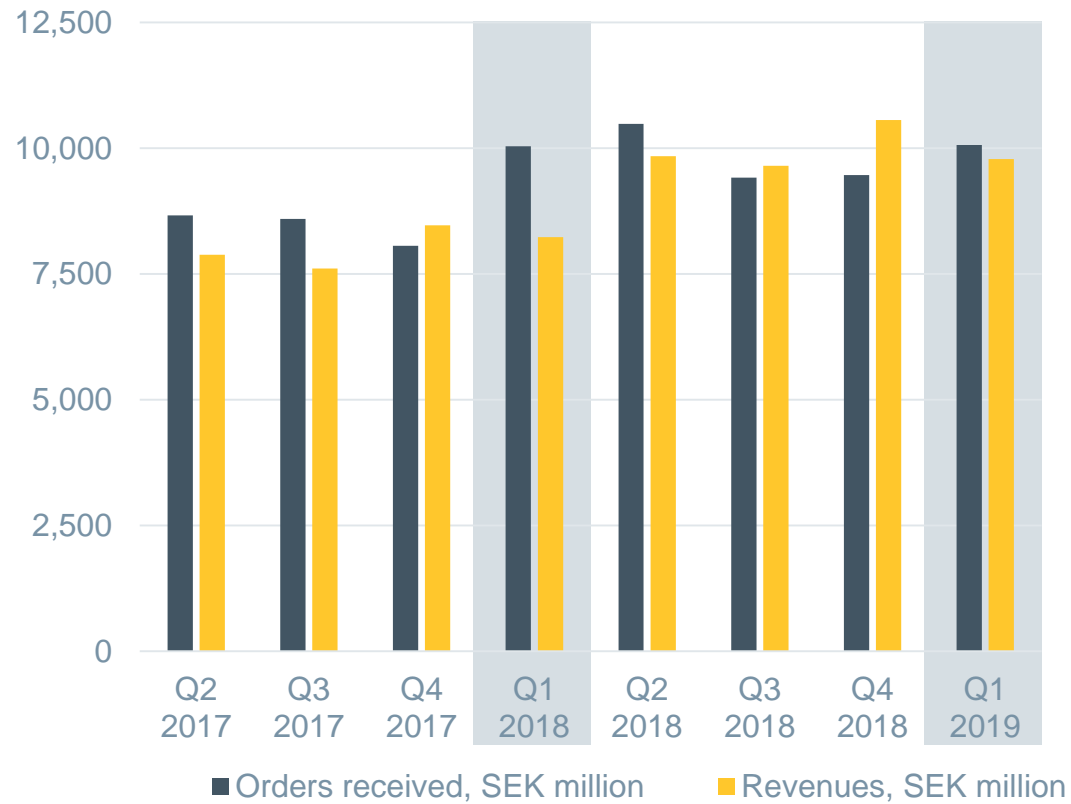


Financials



Orders received and revenues

Q1 2019

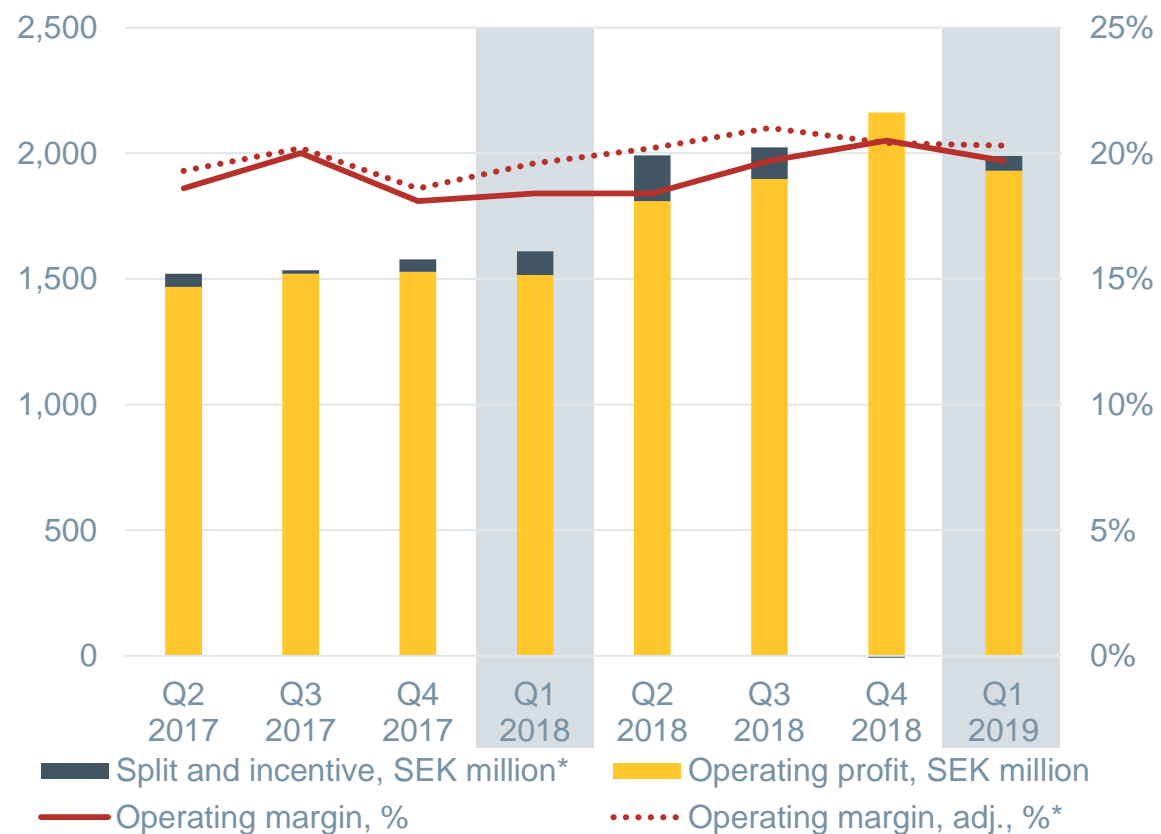


Sales bridge

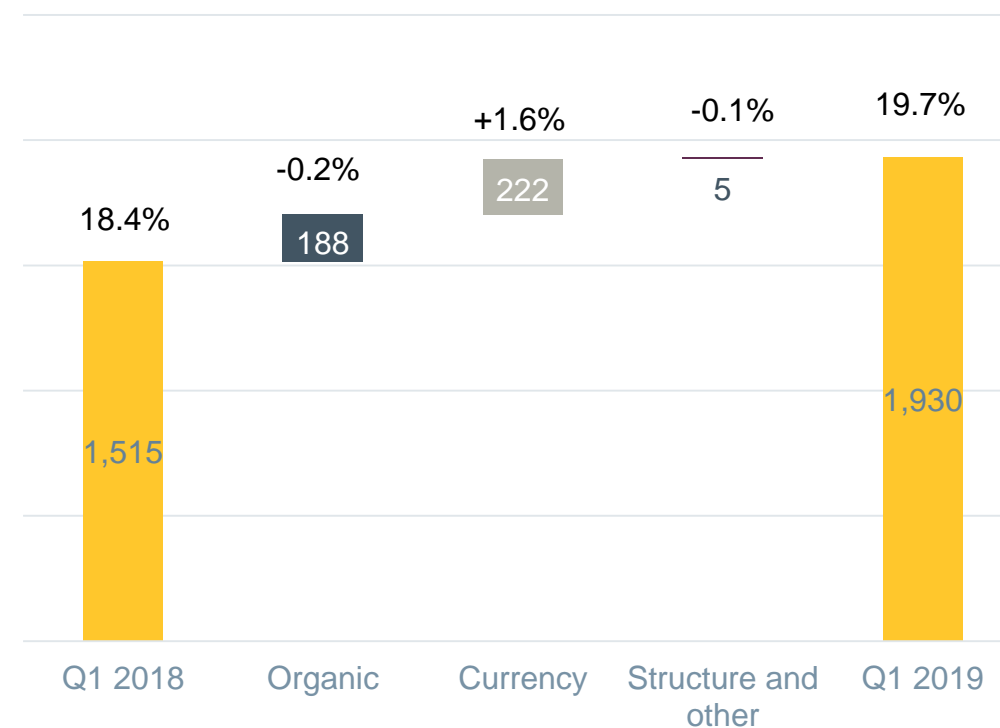
	Orders received SEK million Δ , %	Revenues SEK million Δ , %
Q1 2018	10,036	8,233
Organic	-5	+14
Currency	+4	+4
Structure and other	+1	+1
Total	0	+19
Q1 2019	10,063	9,785

Operating profit and margin

Q1 2019



Profit bridge

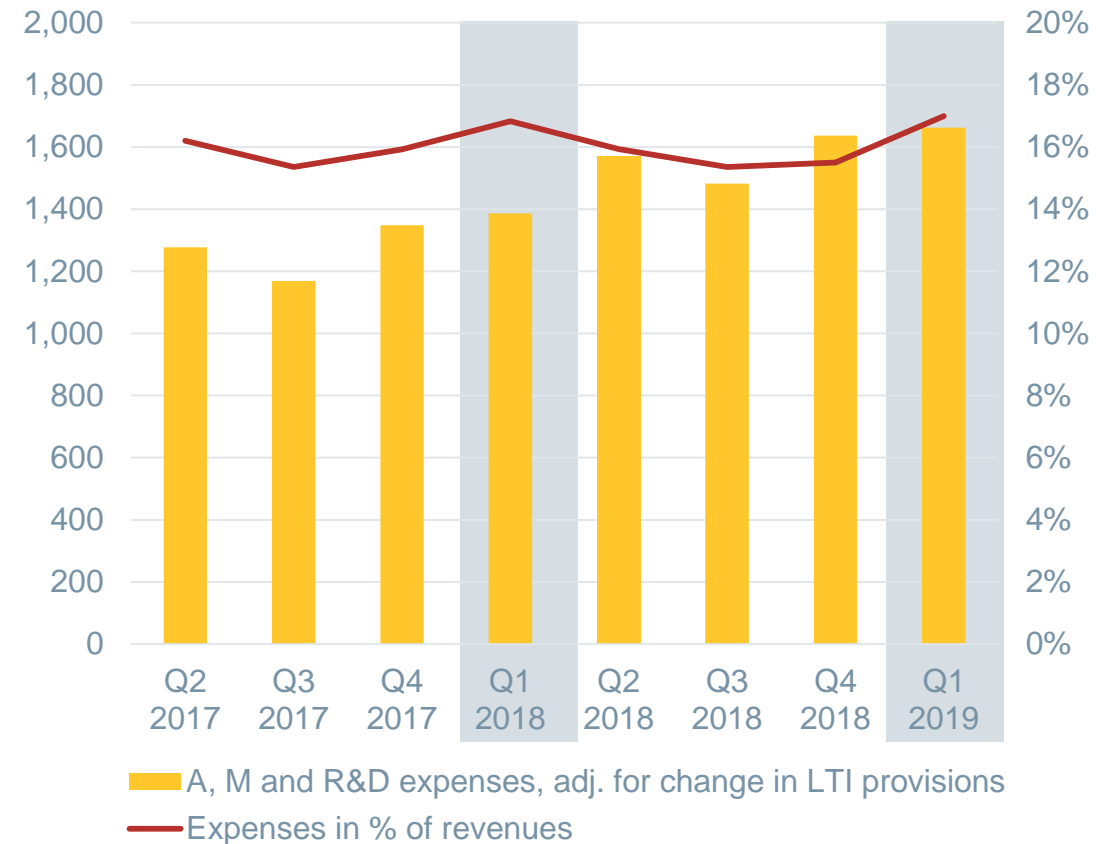


* Includes change in provision for share-based long-term incentive programs and costs related to the split from Atlas Copco. Split costs not included as from 2019.

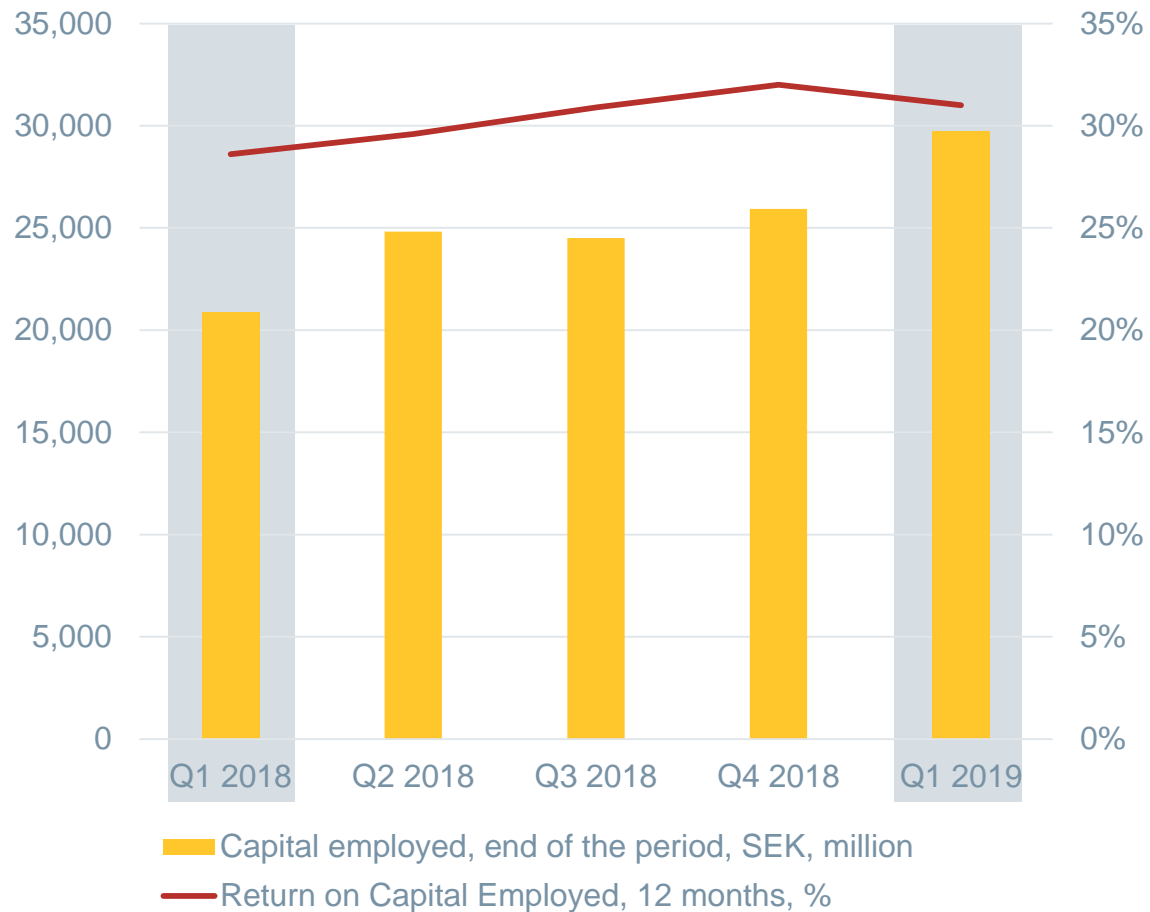
Costs, net financials and tax

- Marketing and administration expenses
 - Provisions for LTI, SEK -59 million
 - Higher costs for IT and logistics
- Increased investments in R&D
- Net financial items SEK -100 million (-57)
 - Zimbabwe
 - Interest net SEK -39 million
- Tax rate 24.9% (25.9)

Administration, marketing and R&D expenses

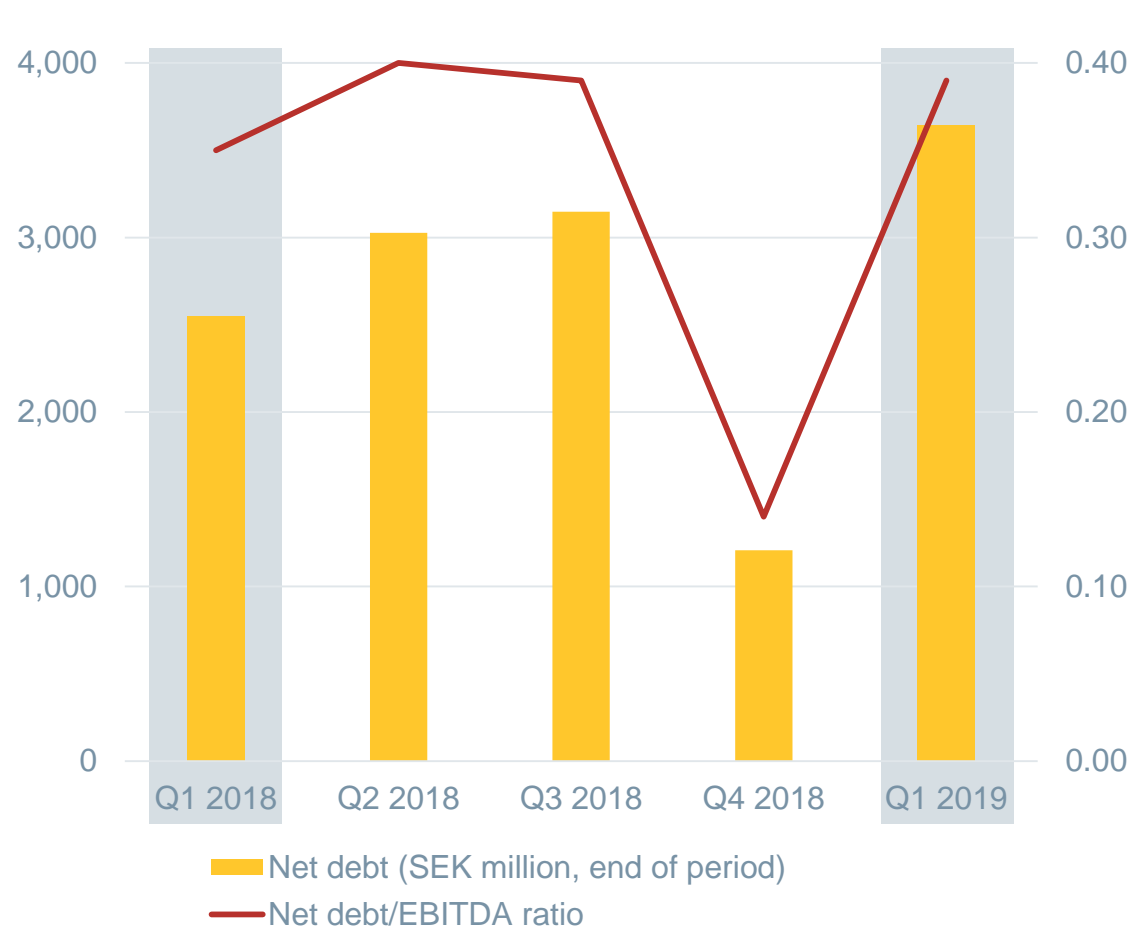


Return on Capital Employed



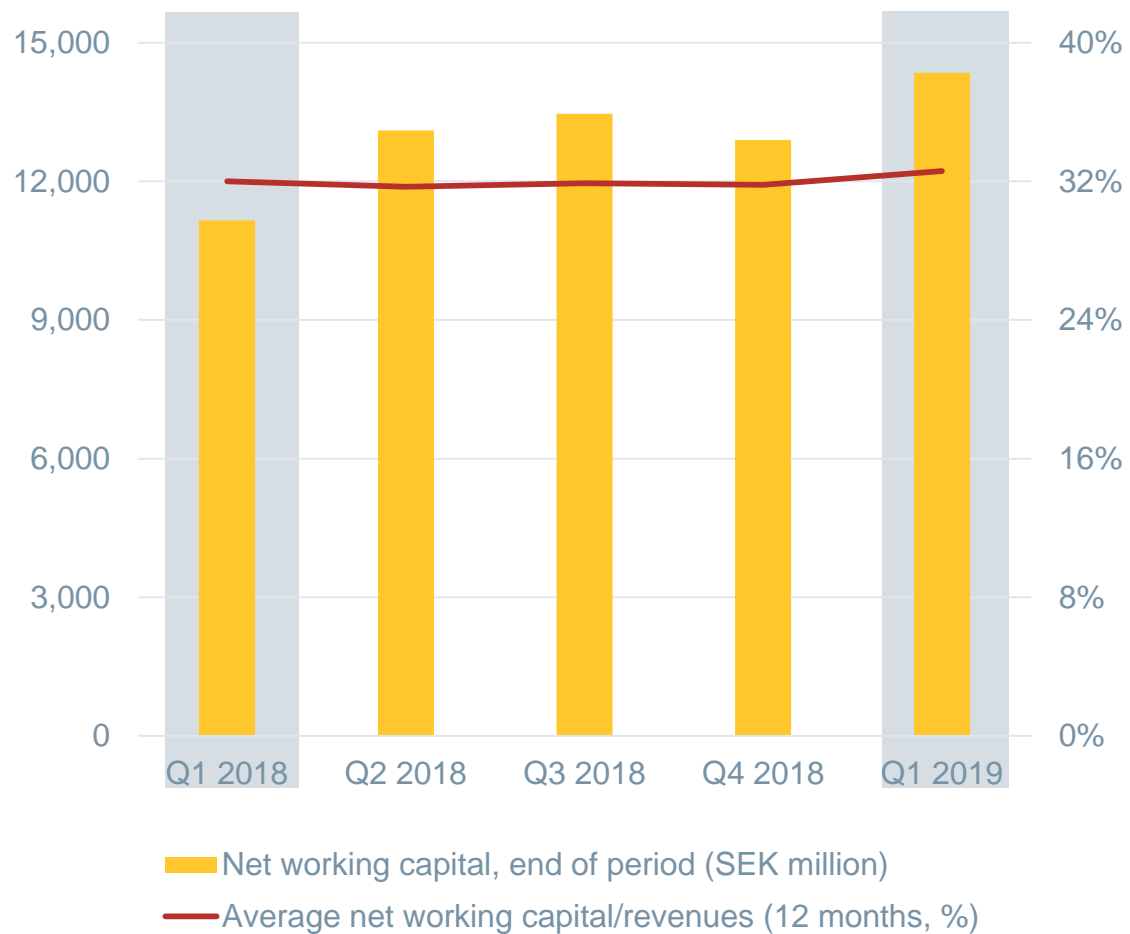
- Capital employed increased
 - Acquisitions
 - Currency
 - IFRS 16 added SEK 2.0 billion
- Return on Capital Employed increased to 31.2% (29.2)

Net debt



- Net debt SEK 3,641 million
- IFRS 16
 - Net debt increased with SEK 2.0 billion
- Net debt/EBITDA 0.39
- Last SEK 1,000 million of the bridge facility refinanced through an 8-year bilateral loan facility

Net working capital



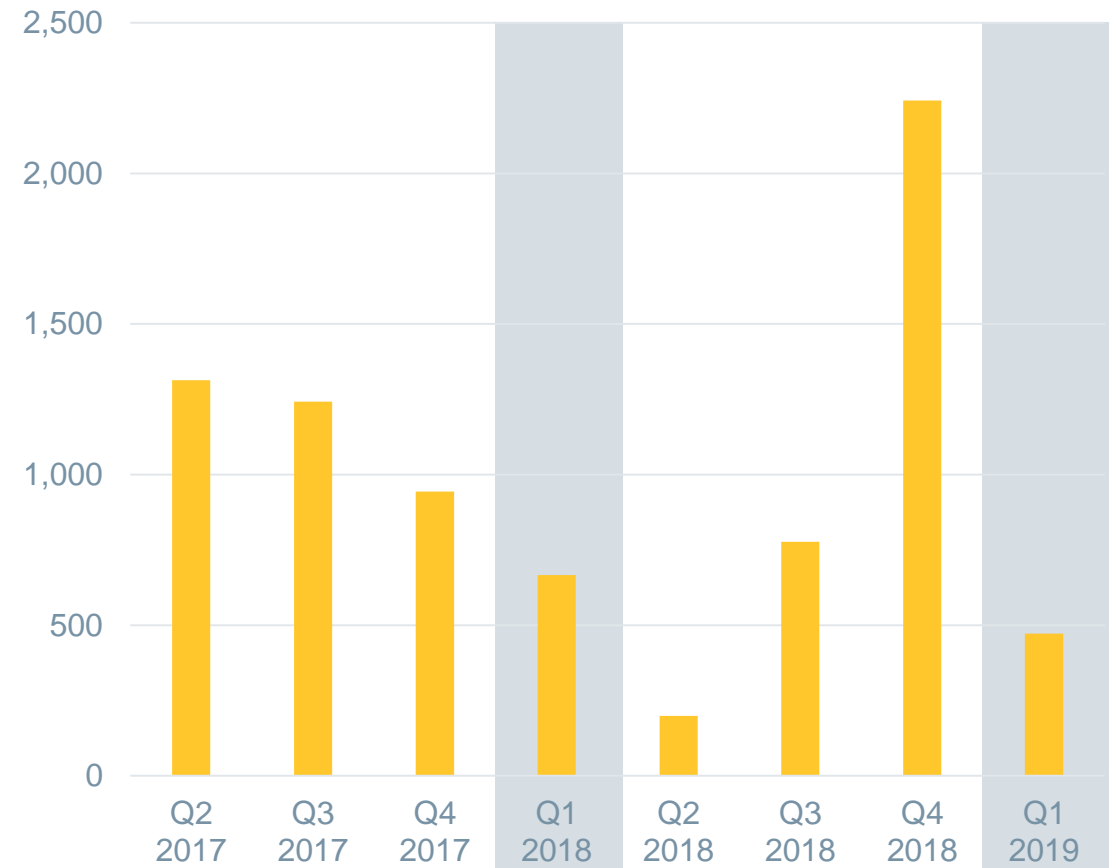
- Net working capital increased
 - Volume, currency and acquisitions
- Average net working capital/revenues 32.6% (31.8)

Operating cash flow

SEK million	Q1 2019	Q1 2018
Operating profit	1,930	1,515
Depreciation, amortization and impairment	472	317
Capital gain/loss and other non-cash items	-84	-71
	2,318	1,761
Net financial items received/paid	-157	141
Taxes paid	-651	-321
Change in working capital	-720	-456
Investments*	-563	-461
Pension funding and other**	245	11
Operating cash flow	472	666
Acquisitions of subsidiaries	-449	-482

* Investments include rental investments, net, other PPE, net, intangibles and other investments.

** Other includes currency hedges of loans and changes in cash-pool with Atlas Copco prior to the split in 2018.



■ Operating cash flow, SEK million



Summary



Key highlights

Q1 2019

- Good customer demand
 - Strong development in service
 - Order intake of equipment in line with Q4 2018, but lower than strong Q1 2018
- Strong revenue and profit growth
- Improved operating margin
- Fordia acquisition closed in January
 - New Concept Mining closed in April
- Efficiency actions
- Demand expected to remain at current level in the near term





Q&A





Epiroc

United. Inspired.

Performance unites us, innovation inspires us,
and commitment drives us to keep moving forward.

Count on Epiroc to deliver the solutions you need
to succeed today and the technology to lead tomorrow.

[epiroc.com](https://www.epiroc.com)

