



# Interim report Q1 2021

April 28, 2021



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Cover: "Mining from a new perspective". The launch of Boomer M20 in March 2021.  
See the full movie here: [www.epiroc.com/en-au/campaigns/boomer-m20-launch](http://www.epiroc.com/en-au/campaigns/boomer-m20-launch)

## Epiroc interim report Q1

- Orders received increased 9% to MSEK 10 690 (9 772), organic increase of 21%.
- Revenues decreased 4% to MSEK 8 773 (9 134), organic increase of 6%.
- Operating profit decreased 3% to MSEK 1 867 (1 932), including items affecting comparability of MSEK -149 (21)\*.
- Operating margin was 21.3% (21.2) and the adjusted operating margin was 23.0% (20.9).
- Basic earnings per share was SEK 1.15 (1.18).
- Operating cash flow was MSEK 1 610 (1 532).
- Agreement to acquire Meglab, a Canadian company with expertise in providing electrification infrastructure solutions to the mining industry and DandA Heavy Industries, a South Korean manufacturer of hydraulic breakers for the construction industry.

## Financial overview

MSEK	2021 Q1	2020 Q1	Δ,%
Orders received	10 690	9 772	9
Revenues	8 773	9 134	-4
Operating profit	1 867	1 932	-3
<i>Operating margin, %</i>	<i>21.3</i>	<i>21.2</i>	
Profit before tax	1 834	1 886	-3
<i>Profit margin, %</i>	<i>20.9</i>	<i>20.6</i>	
Profit for the period	1 390	1 422	-2
Operating cash flow	1 610	1 532	5
Basic earnings per share, SEK	1.15	1.18	-3
Diluted earnings per share, SEK	1.15	1.18	-3
<i>Return on capital employed, %, 12 months</i>	<i>20.9</i>	<i>26.2</i>	
Net debt/EBITDA, ratio	-0.64	-0.12	

\* Information on items affecting comparability, see page 6.

## CEO comments

### High customer activity and record orders received

The Covid-19 pandemic is still affecting our every-day lives and the main priority in the quarter has been to keep employees, customers and partners safe.

Despite the pandemic, the customer activity was high and we saw good demand for our aftermarket offering. On the equipment side, our customers continued to take investment decisions and we won several medium/large equipment orders.

The orders received increased 9% to a record high of MSEK 10 690, corresponding to 21% organic growth. Sequentially, i.e. compared to the previous quarter, the orders increased 16% organically.

We expect that the demand, both for equipment and aftermarket, will remain at a stable high level in the near term.

### Improved profitability and stable cash flow

Revenues increased 6% organically to MSEK 8 773 with organic growth for both equipment and aftermarket.

The adjusted operating margin was positively impacted by increased volumes and cost savings and improved to 23.0% (20.9%).

The operating cash flow was stable at MSEK 1 610.

### Strong demand for autonomous solutions

The demand for autonomous solutions both for surface and underground applications remained high in the quarter. It is clear that our globally deployed and proven solutions have increased our customers' willingness to invest in these technologies. We see similar trends in digitalization and electrification.

### We dare to think new

In the beginning of the year, we introduced our new vision - Dare to think new - highlighting our relentless focus on providing innovations that improve efficiency and safety for our customers.

One innovation presented in the quarter is the Boomer M20. It is a new generation of one of our most sold underground drill rigs and it has unique features, such as protected hydraulics, electronics and sensors.

Another innovation is the battery retrofit for existing equipment, in which the diesel engine is replaced with a battery-electric driveline. The ST1030 loader, which is one of our most popular loaders, is the first model for which the retrofit solution will be available.

### Creating options for the future

In addition to investing in innovation to support organic growth, we also grow through acquisitions. This year, we have announced two acquisitions. In March, we announced the acquisition of Meglab, a Canadian company with expertise in providing electrification infrastructure solutions to the mining industry. In April, we announced the acquisition of DandA Heavy Industries, a South Korean manufacturer of hydraulic breakers for the construction industry. Both companies will strengthen our offering and contribute to profitable growth.

### Strengthen customer relationships

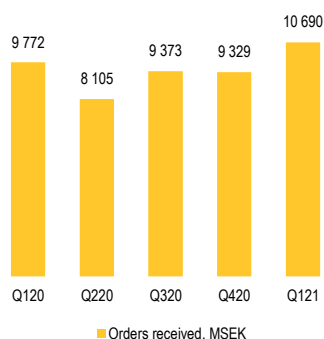
Financial results are of course important and a good measurement of our success, but just as important is how we achieve these results. Therefore, in February, we launched an updated version of our Code of Conduct, which supports us to walk the talk. By conducting our business in an ethical and socially responsible manner while offering the best products, solutions and services, we will strengthen our customer relationships further.



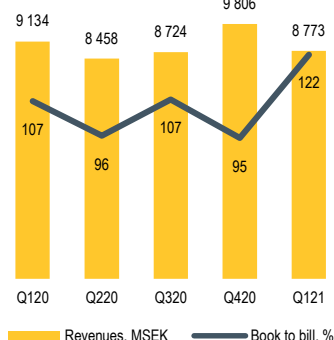
**Helena Hedblom**  
President and CEO

## Orders and revenues

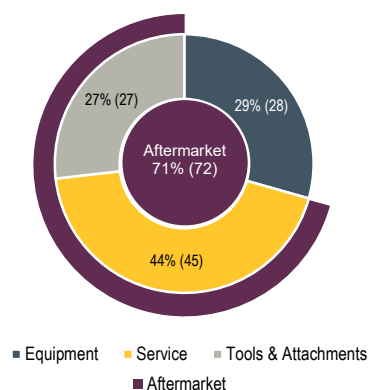
Orders received



Revenues and book to bill



Revenues by business type



### Orders and revenues

	2021	2020	
MSEK	Q1	Q1	Δ, %
Orders received	10 690	9 772	9
Revenues	8 773	9 134	-4
Operating profit	1 867	1 932	-3
Operating margin, %	21.3	21.2	

### Orders received

Orders received for the Group increased 9% to MSEK 10 690 (9 772), corresponding to an organic growth of 21%. Currency impacted orders with -12%. Growth was achieved in all businesses, with a particularly strong growth in Equipment. Sequentially, orders received increased 16% organically.

Compared to the previous year, orders received in local currency increased in double digits in all regions except South America, which grew single digit. The highest growth was achieved in Africa/Middle East.

Mining customers represented 72% (76) of orders received in the quarter and infrastructure customers 28% (24).

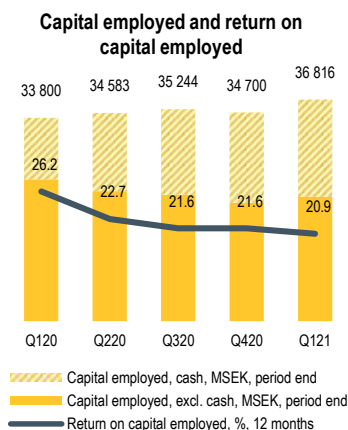
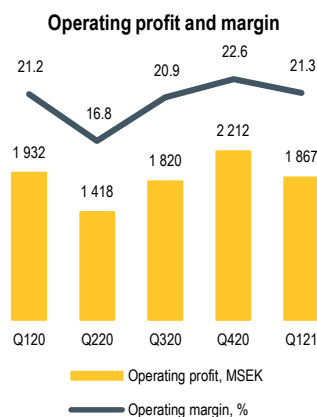
### Revenues

Revenues decreased 4% to MSEK 8 773 (9 134), corresponding to an organic growth of 6%. Currency impacted revenues with -10%. The book to bill ratio was 122% (107).

The aftermarket represented 71% (72) of revenues in the quarter.

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
<b>Q1 2020</b>	<b>9 772</b>	<b>9 134</b>
Organic	21	6
Currency	-12	-10
Structure/other	0	0
<b>Total</b>	<b>9</b>	<b>-4</b>
<b>Q1 2021</b>	<b>10 690</b>	<b>8 773</b>

## Profits and returns



Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
<b>Q1 2020</b>	<b>1 932</b>	<b>21.2</b>
Organic	307	2.2
Currency	-192	0.0
Structure/other*	-180	-2.1
<b>Total</b>	<b>-65</b>	<b>0.1</b>
<b>Q1 2021</b>	<b>1 867</b>	<b>21.3</b>

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

Operating profit decreased 3% to MSEK 1 867 (1 932), including items affecting comparability of MSEK -149 (21). These items include change in provision for share-based long-term incentive programs of MSEK -149 (65). The previous year included restructuring costs of MSEK -44. Operating profit was positively impacted by increased revenue volumes and cost savings, but negatively impacted by currency. The operating margin increased to 21.3% (21.2). Excluding items affecting comparability, the margin was 23.0% (20.9).

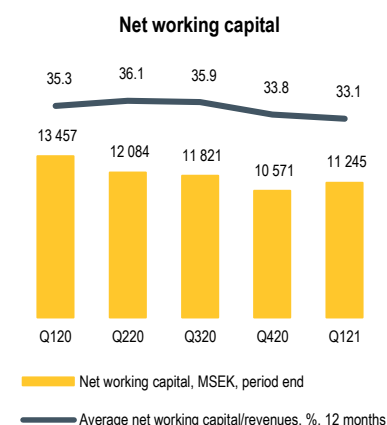
Net financial items amounted to MSEK -33 (-46) and the interest net was MSEK -20 (-33).

Profit before tax was MSEK 1 834 (1 886). Income tax expense amounted to MSEK -444 (-464), corresponding to an effective tax rate of 24.2% (24.6).

Profit for the period totaled MSEK 1 390 (1 422). Basic earnings per share were SEK 1.15 (1.18).

Return on capital employed, 12 months, was 20.9% (26.2), affected by increased capital employed, mainly from accumulation of cash. The return on equity was 21.9% (27.0).

## Balance sheet

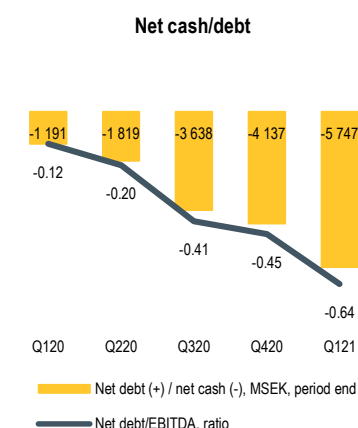


### Net working capital

Compared to the previous year, the net working capital decreased 16%, of which 6% related to currency, to MSEK 11 245 (13 457). As a percentage of revenues the last 12 months, the average net working capital was 33.1% (35.3).

### Efficiency improvements

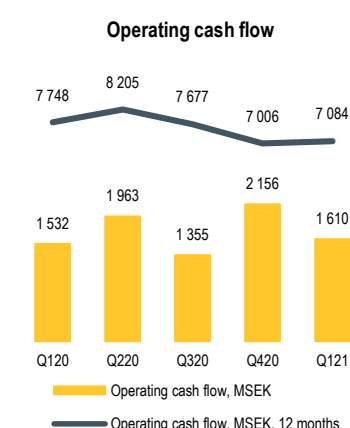
- The cost-savings program of more than MSEK 500 annually was completed in 2020, with full impact from the third quarter 2020. In the quarter, discretionary savings remained at a good level and savings from planned actions, including reduction of staff, has had some positive effect on the costs.
- The supply-chain improvement program for parts and consumables continues to be implemented according to plan, with some delays in positive effects due to the pandemic.



### Net cash / net debt

The Group's net cash position amounted to MSEK 5 747 (1 191) and the net debt/EBITDA ratio was -0.64 (-0.12).

## Cash flow



### Operating cash flow

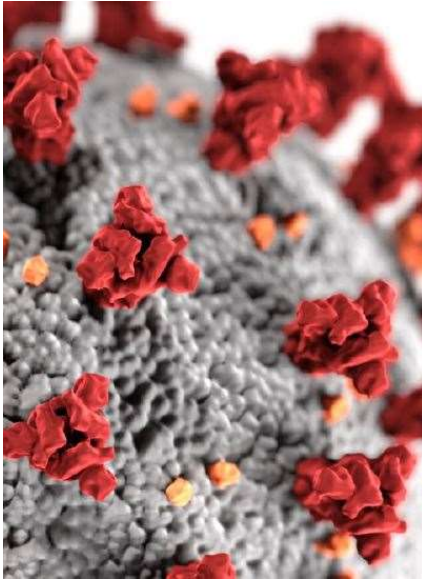
Operating cash flow was MSEK 1 610 (1 532), negatively impacted by higher taxes paid and lower operating profit. Cash flow from change in working capital was MSEK -156 (-519), which was less negative than in the previous year.

### Acquisitions and divestments

Cash flow from acquisitions and divestments was MSEK 0 (15).

## Covid-19

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### Aftermarket

Epiroc continues to focus on safeguarding the availability and the supply of spare parts, rock drilling tools and other essential products in order to support customers' operations.

The distribution centers and manufacturing facilities are operational. Transports are relatively stable, even if there are disruptions caused by the Covid-19 pandemic and related impact on freight lanes by air, road and sea. The impact from these disruptions was limited in the first quarter.

A few customers are working with reduced capacity, but the number is considerably lower than in the second quarter 2020, and has gradually decreased since then.

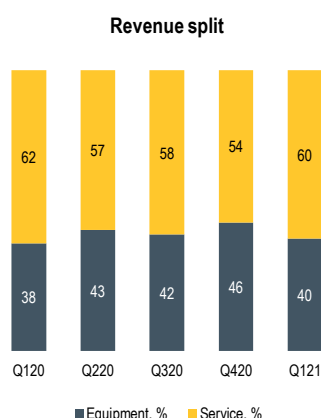
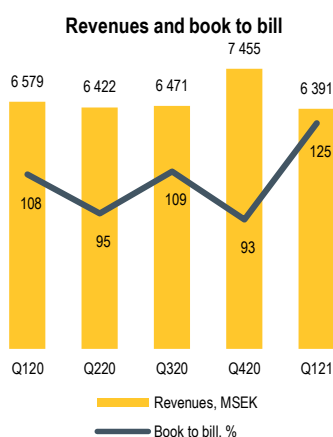
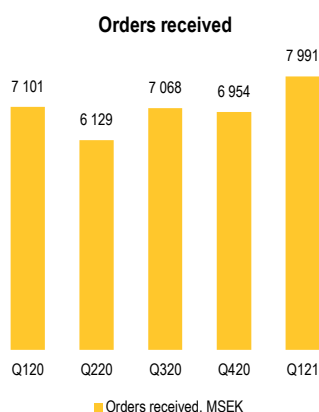
### Equipment

The manufacturing facilities are operational. Deliveries and commissioning of equipment are, by and large, being carried out as planned even if they are sometimes impacted by disturbances related to the Covid-19 pandemic.



## Equipment & Service

Equipment & Service 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.



### Orders and revenues

	2021	2020	
MSEK	Q1	Q1	Δ, %
Orders received	7 991	7 101	13
Revenues	6 391	6 579	-3
Operating profit	1 696	1 586	7
Operating margin, %	26.5	24.1	

### Orders received

Orders received for Equipment & Service increased by 13% to MSEK 7 991 (7 101), corresponding to an organic growth of 25%. Currency impacted negatively with -12%. The growth was particularly strong for equipment. Sequentially, orders received increased 16% organically.

Compared to the previous year, orders received in local currency increased double digit in all regions, with the highest growth rate achieved in Africa/Middle East.

For service, the orders received was MSEK 3 963 (4 251), corresponding to 4% organic growth. The growth was supported by a combination of a high customer activity and a strong service offering. The share of orders from service was 50% (60) in the segment.

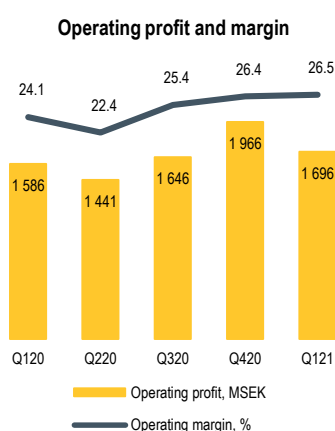
For equipment, the orders received increased 55% organically to MSEK 4 028 (2 850). A good underlying demand for equipment as well as several medium/large orders in the quarter led to a strong growth in equipment orders. The order intake increased both for underground and surface equipment. The share of orders from equipment was 50% (40) in the segment.

### Revenues

Revenues decreased 3% to MSEK 6 391 (6 579), corresponding to an organic growth of 7%. Currency impacted negatively with -10%. For service and equipment, the revenues increased 5% and 11% organically, respectively. The share of revenues from service was 60% (62). The book to bill ratio was 125% (108).

## Equipment & Service

Sales Bridge	Equipment & 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 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>
Organic	25	7	55	11	4	5
Currency	-12	-10	-14	-9	-11	-11
Structure/other	0	0	0	0	0	0
Total	13	-3	41	2	-7	-6
<b>Q1 2021</b>	<b>7 991</b>	<b>6 391</b>	<b>4 028</b>	<b>2 562</b>	<b>3 963</b>	<b>3 829</b>



The Boomer M20 is the world's first face drill rig with protected hydraulics, electronics and sensors.

### Operating profit and margin

Operating profit increased 7% to MSEK 1 696 (1 586). The previous year included restructuring costs of MSEK -34. The operating profit was positively impacted by increased volumes and cost savings, while currency had a negative impact. The operating margin improved to 26.5% (24.1), supported by increased volumes and cost savings. The adjusted operating margin was 26.5% (24.6).

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
<b>Q1 2020</b>	<b>1 586</b>	<b>24.1</b>
Organic	262	2.3
Currency	-186	-0.4
Structure/other	34	0.5
Total	110	2.4
<b>Q1 2021</b>	<b>1 696</b>	<b>26.5</b>

### Innovation

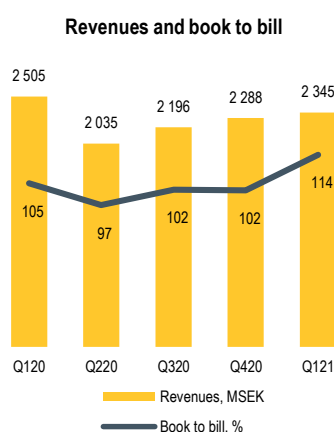
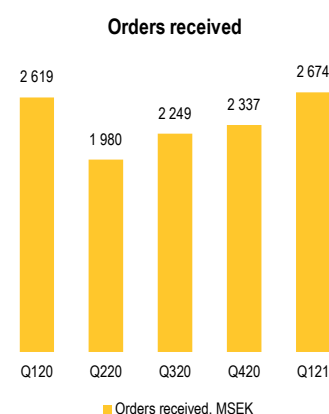
The Boomer M20 – the world's first face drill rig with protected hydraulics, electronics and sensors – was presented in the quarter. It minimizes unplanned maintenance and maximizes uptime and performance. The underground drill rig is available with a battery electric driveline and can operate by cable while the battery is charging, enabling full drift cycle.

### Acquisition

Epiroc has agreed to acquire Meglab, a Canadian company with expertise in providing electrification infrastructure solutions to the mining industry. The company has about 240 employees and had revenues in 2020 of about MCAD 49 (MSEK 335). The acquisition is expected to be completed in Q2 2021.

## Tools & Attachments

*Tools & Attachments 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.*



### Orders and revenues

	2021	2020	
MSEK	Q1	Q1	Δ, %
Orders received	2 674	2 619	2
Revenues	2 345	2 505	-6
Operating profit	386	337	15
Operating margin, %	16.5	13.5	

### Orders received

Orders received for Tools & Attachments increased 2% to MSEK 2 674 (2 619), corresponding to an organic increase of 14%. Currency impacted the orders received with -12%. Orders received increased both for hydraulic attachments and for consumables, with the highest growth rate achieved for exploration drilling tools. Sequentially, orders received increased 16% organically.

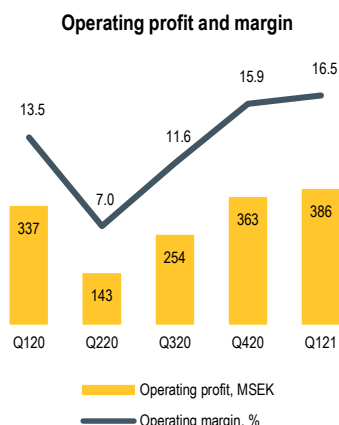
Compared to the previous year, orders received in local currency increased in all regions with the highest growth rates in Asia/Australia and Europe.

### Revenues

Revenues decreased 6% to MSEK 2 345 (2 505), corresponding to an organic increase of 4%. Currency impacted the revenues with -10%. The book to bill ratio was 114% (105).

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
<b>Q1 2020</b>	<b>2 619</b>	<b>2 505</b>
Organic	14	4
Currency	-12	-10
Structure/other	-	-
Total	2	-6
<b>Q1 2021</b>	<b>2 674</b>	<b>2 345</b>

## Tools & Attachments



The Smart Inventory Management system, designed to offer 24/7 self-serviced storage on site, will launch in even more countries.

### Operating profit and margin

Operating profit increased 15% to MSEK 386 (337), supported by increased volumes and cost savings. Currency on the contrary impacted the profit negatively. The previous year included restructuring costs of MSEK -10. The operating margin improved to 16.5% (13.5), supported by increased volumes, cost savings and currency. The adjusted margin was 16.5% (13.9).

Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
<b>Q1 2020</b>	<b>337</b>	<b>13.5</b>
Organic	74	2.5
Currency	-18	0.8
Structure/other	-7	-0.3
Total	49	3.0
<b>Q1 2021</b>	<b>386</b>	<b>16.5</b>

### Innovation

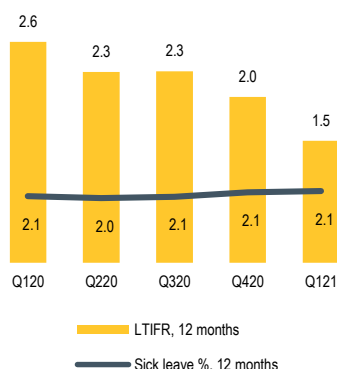
Epiroc's valued Smart Inventory Management system, designed to offer 24/7 self-serviced storage on consumables on site, will launch in even more countries. It helps customers save time, reduce cost per drilled meter and have full control of consumption per machine and/or operator.

### Acquisition

In April, Epiroc agreed to acquire DandA Heavy Industries, a South Korean manufacturer of hydraulic breakers. The company has about 60 employees and had revenues in 2020 of about MSEK 210. The acquisition is expected to be completed at the end of Q2 2021.

## Sustainability: People & Planet

### Sick leave and LTIFR



### Employees

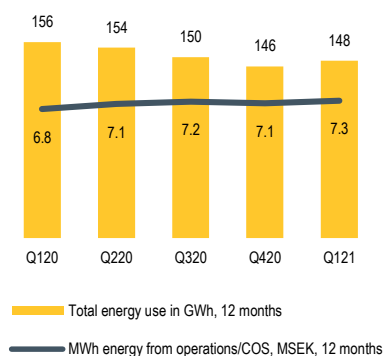
On March 31, 2021, the number of employees was 13 947 (14 177). External workforce amounted to 1 200 (1 332). For comparable units, the total workforce changed with -364 compared to the previous year. The reduction is mainly related to production, administration and marketing, sales and support, while the workforce in service & supply chain has increased somewhat.

The proportion of women employees and women managers at the end of the period was 15.8% (15.5) and 21.3% (20.1) respectively.

### Safety and health

The number of work-related lost-time injuries per million working hours (LTIFR) the last 12 months decreased to 1.5 (2.6). A continued focus on safety and several preventive measures contributed to the reduction. Sick leave was 2.1 (2.1).

### Energy



### Energy

The MWh energy from operations decreased 5% to 147 994 (156 164). Several initiatives to increase energy efficiency supported the improvement. The ratio, MWh energy from operations in relation to cost of sales (COS) was 7.3 (6.8).

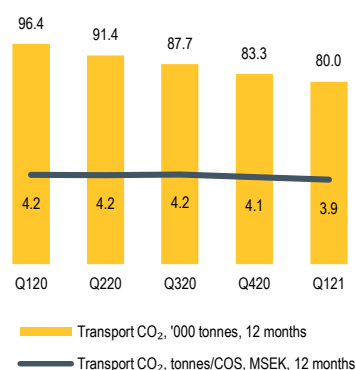
### CO<sub>2</sub> emissions from transport

The CO<sub>2</sub> emissions from transport the last 12 months decreased 17% to 79 967 (96 411) tonnes. The reduction was achieved mainly due to lower volumes and a higher share of shipments by sea instead of air. The ratio, CO<sub>2</sub> from transport in relation to COS, decreased to 3.9 (4.2).

### Walk the talk: New Code of Conduct

In February, an updated version of Epiroc Code of Conduct was launched. It is based on applicable law and internationally recognized principles for how companies should conduct business responsibly. Some of the topics included are highest ethical standards, integrity, diversity and inclusion as well as collaboration. All employees in the Group are required to adhere to the Code of Conduct.

### CO<sub>2</sub> transport



## Key risks

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Epiroc is exposed to strategic, operational, legal and compliance as well as financial risks. The key risks include market, competition, product development, supply chain, employee, environment and climate, reputation, corruption and fraud, safety and health. Further information on risks, opportunities and risk management can be found in Epiroc's Annual and Sustainability Report 2020.

## Signature of the President

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The President and CEO of Epiroc AB declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Nacka, April 28, 2021

**Helena Hedblom**

President and CEO, Epiroc AB

*This report has not been audited nor reviewed.*

## Financial Statements

### Condensed consolidated income statement

MSEK	2021 Q1	2020 Q1	2020 FY
Revenues	8 773	9 134	36 122
Cost of sales	-5 433	-5 571	-22 418
<b>Gross profit</b>	<b>3 340</b>	<b>3 563</b>	<b>13 704</b>
Administrative expenses	-819	-667	-2 817
Marketing expenses	-528	-664	-2 225
Research and development expenses	-229	-271	-1 032
Other operating income and expenses	103	-29	-248
<b>Operating profit</b>	<b>1 867</b>	<b>1 932</b>	<b>7 382</b>
Net financial items	-33	-46	-295
<b>Profit before tax</b>	<b>1 834</b>	<b>1 886</b>	<b>7 087</b>
Income tax expense	-444	-464	-1 677
<b>Profit for the period</b>	<b>1 390</b>	<b>1 422</b>	<b>5 410</b>
Profit attributable to			
- owners of the parent	1 387	1 420	5 399
- non-controlling interests	3	2	11
Basic earnings per share, SEK	1.15	1.18	4.48
Diluted earnings per share, SEK	1.15	1.18	4.48

### Condensed consolidated statement of comprehensive income

MSEK	2021 Q1	2020 Q1	2020 FY
<b>Profit for the period</b>	<b>1 390</b>	<b>1 422</b>	<b>5 410</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit pension plans	278	77	-147
Income tax relating to items that will not be reclassified	-58	-17	32
<b>Total items that will not be reclassified to profit or loss</b>	<b>220</b>	<b>60</b>	<b>-115</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation differences on foreign operations	811	322	-1 812
- realized and reclassified to profit and loss	-	-	-33
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>811</b>	<b>322</b>	<b>-1 845</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>1 031</b>	<b>382</b>	<b>-1 960</b>
<b>Total comprehensive income for the period</b>	<b>2 421</b>	<b>1 804</b>	<b>3 450</b>
Total comprehensive income attributable to			
- owners of the parent	2 415	1 800	3 447
- non-controlling interests	6	4	3

## Condensed consolidated balance sheet

	2021	2020	2020
	Mar 31	Mar 31	Dec 31
<b>Assets, MSEK</b>			
Intangible assets	4 249	4 341	4 111
Rental equipment	1 015	1 187	999
Other property, plant and equipment	4 342	4 534	4 150
Investments in associated companies and joint ventures	191	208	188
Other financial assets and other receivables	802	949	751
Deferred tax assets	1 359	1 383	1 374
<b>Total non-current assets</b>	<b>11 958</b>	<b>12 602</b>	<b>11 573</b>
Inventories	9 808	10 933	8 930
Trade receivables	6 391	7 300	6 045
Other receivables	1 397	1 553	1 414
Current tax receivables	213	144	189
Financial assets	893	932	682
Cash and cash equivalents	16 191	10 225	15 053
<b>Total current assets</b>	<b>34 893</b>	<b>31 087</b>	<b>32 313</b>
<b>Total assets</b>	<b>46 851</b>	<b>43 689</b>	<b>43 886</b>
<b>Equity and liabilities, MSEK</b>			
Share capital	500	500	500
Retained earnings	25 654	24 157	23 193
Total equity attributable to owners of the parent	26 154	24 657	23 693
Non-controlling interest	52	55	46
<b>Total equity</b>	<b>26 206</b>	<b>24 712</b>	<b>23 739</b>
Interest bearing liabilities	9 585	7 730	9 491
Post-employment benefits	553	540	806
Other liabilities and provisions	511	327	377
Deferred tax liabilities	560	730	606
<b>Total non-current liabilities</b>	<b>11 209</b>	<b>9 327</b>	<b>11 280</b>
Interest bearing liabilities	470	819	664
Trade payables	4 172	4 108	3 605
Current tax liabilities	447	465	391
Other liabilities and provisions	4 347	4 258	4 207
<b>Total current liabilities</b>	<b>9 436</b>	<b>9 650</b>	<b>8 867</b>
<b>Total equity and liabilities</b>	<b>46 851</b>	<b>43 689</b>	<b>43 886</b>



## Condensed consolidated statement of changes in equity

	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
<b>Opening balance, Jan 1, 2021</b>	<b>23 693</b>	<b>46</b>	<b>23 739</b>
Total comprehensive income for the period	2 415	6	2 421
Dividend	-	0	0
Acquisition and divestment of own shares	44	-	44
Share-based payments, equity settled	2	-	2
<b>Closing balance, Mar 31, 2021</b>	<b>26 154</b>	<b>52</b>	<b>26 206</b>
<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, 2020</b>	<b>22 761</b>	<b>52</b>	<b>22 813</b>
Total comprehensive income for the period	3 447	3	3 450
Dividend	-2 892	-9	-2 901
Acquisition and divestment of own shares	370	-	370
Share-based payments, equity settled	7	-	7
<b>Closing balance, Dec 31, 2020</b>	<b>23 693</b>	<b>46</b>	<b>23 739</b>

## Condensed consolidated statement of cash flows

MSEK	2021 Q1	2020 Q1	2020 FY
<b>Cash flow from operating activities</b>			
Operating profit	1 867	1 932	7 382
Depreciation, amortization and impairment	382	440	1 746
Capital gain/loss and other non-cash items	6	110	252
Net financial items received/paid	235	263	-94
Taxes paid	-471	-385	-1 800
Pension funding and payment of pension to employees	-10	-1	-54
Change in working capital	-156	-519	1 121
Increase in rental equipment	-113	-120	-595
Sale of rental equipment	83	61	376
<b>Net cash flow from operating activities</b>	<b>1 823</b>	<b>1 781</b>	<b>8 334</b>
<b>Cash flow from investing activities</b>			
Investments in other property, plant and equipment	-141	-120	-507
Sale of other property, plant and equipment	-1	20	84
Investments in intangible assets	-112	-120	-498
Sale of intangible assets	-	0	4
Acquisition of subsidiaries and associated companies	-	-15	-63
Sale of subsidiaries	-	0	-12
Proceeds to/from other financial assets, net	-79	35	384
<b>Net cash flow from investing activities</b>	<b>-333</b>	<b>-200</b>	<b>-608</b>
<b>Cash flow from financing activities</b>			
Dividend	-	-	-2 892
Dividend to non-controlling interest	-	-1	-9
Sale/Repurchase of own shares	44	96	370
Change in interest-bearing liabilities	-457	1	1 541
<b>Net cash flow from financing activities</b>	<b>-413</b>	<b>96</b>	<b>-990</b>
<b>Net cash flow for the period</b>	<b>1 077</b>	<b>1 677</b>	<b>6 736</b>
Cash and cash equivalents, beginning of the period	15 053	8 540	8 540
Exchange differences in cash and cash equivalents	61	8	-223
<b>Cash and cash equivalents, end of the period</b>	<b>16 191</b>	<b>10 225</b>	<b>15 053</b>
<b>Operating cash flow</b>			
Net cash flow from operating activities	1 823	1 781	8 334
Net cash flow from investing activities	-333	-200	-608
Acquisitions and divestments of subsidiaries	-	15	75
Other adjustments	120	-64	-795
<b>Operating cash flow</b>	<b>1 610</b>	<b>1 532</b>	<b>7 006</b>

## Condensed parent company income statement

	2021	2020	2020
MSEK	Q1	Q1	FY
Administrative expenses	-70	-34	-210
Marketing expenses	-5	-4	-16
Other operating income and expenses	17	1	116
<b>Operating profit/loss</b>	<b>-58</b>	<b>-37</b>	<b>-110</b>
Financial income and expenses	-4	-4	-17
Appropriations	-	-	3 463
<b>Profit/loss before tax</b>	<b>-62</b>	<b>-41</b>	<b>3 336</b>
Income tax	15	7	-702
<b>Profit/loss for the period</b>	<b>-47</b>	<b>-34</b>	<b>2 634</b>

## Condensed parent company balance sheet

	2021	2020	2020
MSEK	Mar 31	Mar 31	Dec 31
Total non-current assets	54 208	52 026	54 061
Total current assets	5 064	5 128	5 239
<b>Total assets</b>	<b>59 272</b>	<b>57 154</b>	<b>59 300</b>
Total restricted equity	503	503	503
Total non-restricted equity	50 396	50 339	50 397
<b>Total equity</b>	<b>50 899</b>	<b>50 842</b>	<b>50 900</b>
Total provisions	304	137	201
Total non-current liabilities	8 008	6 095	7 987
Total current liabilities	61	80	212
<b>Total equity and liabilities</b>	<b>59 272</b>	<b>57 154</b>	<b>59 300</b>

## Condensed segments quarterly

Epiroc has two reporting segments; Equipment & Service and Tools & Attachments. In addition, Epiroc reports common group functions, including Financial Solutions, Group management, support functions and eliminations.

	2020				2020	2021
Orders received, MSEK	Q1	Q2	Q3	Q4	FY	Q1
Equipment & Service	7 101	6 129	7 068	6 954	27 252	7 991
Equipment	2 850	2 410	3 099	2 967	11 326	4 028
Service	4 251	3 719	3 969	3 987	15 926	3 963
Tools & Attachments	2 619	1 980	2 249	2 337	9 185	2 674
Common group functions	52	-4	56	38	142	25
<b>Epiroc Group</b>	<b>9 772</b>	<b>8 105</b>	<b>9 373</b>	<b>9 329</b>	<b>36 579</b>	<b>10 690</b>
<b>Revenues, MSEK</b>						
Equipment & Service	6 579	6 422	6 471	7 455	26 927	6 391
Equipment	2 519	2 768	2 688	3 407	11 382	2 562
Service	4 060	3 654	3 783	4 048	15 545	3 829
Tools & Attachments	2 505	2 035	2 196	2 288	9 024	2 345
Common group functions	50	1	57	63	171	37
<b>Epiroc Group</b>	<b>9 134</b>	<b>8 458</b>	<b>8 724</b>	<b>9 806</b>	<b>36 122</b>	<b>8 773</b>
<b>Operating profit and profit before tax, MSEK</b>						
Equipment & Service*	1 586	1 441	1 646	1 966	6 639	1 696
Tools & Attachments	337	143	254	363	1 097	386
Common group functions	9	-166	-80	-117	-354	-215
<b>Epiroc Group</b>	<b>1 932</b>	<b>1 418</b>	<b>1 820</b>	<b>2 212</b>	<b>7 382</b>	<b>1 867</b>
Net financial items	-46	-51	-76	-122	-295	-33
<b>Profit before tax</b>	<b>1 886</b>	<b>1 367</b>	<b>1 744</b>	<b>2 090</b>	<b>7 087</b>	<b>1 834</b>
<b>Operating margin, %</b>						
Equipment & Service	24.1	22.4	25.4	26.4	24.7	26.5
Tools & Attachments	13.5	7.0	11.6	15.9	12.2	16.5
<b>Epiroc Group</b>	<b>21.2</b>	<b>16.8</b>	<b>20.9</b>	<b>22.6</b>	<b>20.4</b>	<b>21.3</b>
<b>Items affecting comparability, MSEK</b>						
Change in provision for LTI-program**	-65	91	21	52	99	149
Costs in Equipment & Service	34	17	33	0	84	-
Costs in Tools & Attachments	10	57	22	15	104	-
<b>Epiroc Group</b>	<b>-21</b>	<b>165</b>	<b>76</b>	<b>67</b>	<b>287</b>	<b>149</b>
<b>Adj. margin for items affecting comparability, %</b>						
Adjusted operating margin, E&S, %	24.6	22.7	25.9	26.4	25.0	26.5
Adjusted operating margin, T&A, %	13.9	9.8	12.6	16.5	13.3	16.5
<b>Adjusted operating margin, %</b>	<b>20.9</b>	<b>18.7</b>	<b>21.7</b>	<b>23.2</b>	<b>21.2</b>	<b>23.0</b>

\* As from Q2 2020, the Epiroc IT-function is part of the segment E&S instead of in common group functions. Previous periods have been restated and the amounts are not material.

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

## Geographical distribution of orders received

MSEK	2020				2020	2021	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Y-o-Y
<b>Epiroc Group</b>	<b>9 772</b>	<b>8 105</b>	<b>9 373</b>	<b>9 329</b>	<b>36 579</b>	<b>10 690</b>	<b>22%</b>
North America	2 168	1 654	2 002	1 869	7 693	2 226	16%
South America	1 284	1 175	1 157	1 264	4 880	1 177	5%
Europe	2 381	1 891	2 092	2 210	8 574	2 623	24%
Africa/Middle East	1 409	943	1 411	1 295	5 058	1 629	35%
Asia/Australia	2 530	2 442	2 711	2 691	10 374	3 035	28%
<b>Equipment &amp; Service</b>	<b>7 101</b>	<b>6 129</b>	<b>7 068</b>	<b>6 954</b>	<b>27 252</b>	<b>7 991</b>	<b>26%</b>
North America	1 427	1 108	1 355	1 290	5 180	1 489	18%
South America	1 011	982	960	1 052	4 005	911	2%
Europe	1 623	1 320	1 461	1 467	5 871	1 824	27%
Africa/Middle East	934	641	955	880	3 410	1 190	50%
Asia/Australia	2 106	2 078	2 337	2 265	8 786	2 577	30%
<b>Tools &amp; Attachments</b>	<b>2 619</b>	<b>1 980</b>	<b>2 249</b>	<b>2 337</b>	<b>9 185</b>	<b>2 674</b>	<b>14%</b>
North America	714	524	616	597	2 451	726	14%
South America	273	193	197	211	874	267	15%
Europe	745	600	618	733	2 696	787	18%
Africa/Middle East	475	302	457	414	1 648	440	5%
Asia/Australia	412	361	361	382	1 516	454	19%

## Geographical distribution of revenues

MSEK	2020				2020	2021	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Y-o-Y
<b>Epiroc Group</b>	<b>9 134</b>	<b>8 458</b>	<b>8 724</b>	<b>9 806</b>	<b>36 122</b>	<b>8 773</b>	<b>7%</b>
North America	2 099	1 841	1 962	1 829	7 731	1 915	3%
South America	1 116	1 251	994	1 275	4 636	1 156	17%
Europe	2 132	1 959	2 096	2 491	8 678	1 992	5%
Africa/Middle East	1 369	1 063	1 283	1 305	5 020	1 208	4%
Asia/Australia	2 418	2 344	2 389	2 906	10 057	2 502	10%
<b>Equipment &amp; Service</b>	<b>6 579</b>	<b>6 422</b>	<b>6 471</b>	<b>7 455</b>	<b>26 927</b>	<b>6 391</b>	<b>8%</b>
North America	1 332	1 261	1 343	1 244	5 180	1 233	5%
South America	875	1 073	789	1 061	3 798	930	19%
Europe	1 427	1 362	1 472	1 813	6 074	1 308	4%
Africa/Middle East	923	761	868	875	3 427	825	7%
Asia/Australia	2 022	1 965	1 999	2 462	8 448	2 095	10%
<b>Tools &amp; Attachments</b>	<b>2 505</b>	<b>2 035</b>	<b>2 196</b>	<b>2 288</b>	<b>9 025</b>	<b>2 345</b>	<b>5%</b>
North America	735	575	588	577	2 475	659	0%
South America	241	177	205	214	838	227	12%
Europe	703	614	611	666	2 594	672	6%
Africa/Middle East	446	302	415	431	1 594	384	-2%
Asia/Australia	380	367	377	400	1 524	403	14%

## Group notes

### Note 1: Accounting principles

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 2020, in note 1 Significant accounting principles. No new and revised standards and interpretations effective from January 1, 2021, are considered to have any material impact on the financial statements.

#### 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 2020, note A1 in the Parent Company accounts. No new and revised standards and interpretations effective from January 1, 2021, are considered to have any material impact on the Parent Company's financial statements.

### Note 2: Acquisitions and divestments

Date	Acquisitions	Segment	Revenues*	Employees
2020 Aug 26	ItalParts	E&S		2

\* For distributors, revenues are not disclosed.

- Epiroc has agreed to acquire MineRP, a mining software company specializing in increasing productivity for mines through integrated planning, execution and analytics. The company has about 200 employees and had revenues of about MUSD 16 (MSEK 135) for the 12 months ending June 30, 2020. The acquisition is expected to be completed, after regulatory approvals, in the first half 2021.
- Epiroc has agreed to acquire Meglab, a Canadian company with expertise in providing electrification infrastructure solutions to mines. The company has about 240 employees and had revenues in 2020 of about MCAD 49 (MSEK 335). The acquisition is expected to be completed in Q2 2021.
- Epiroc has agreed to acquire DandA Heavy Industries, a South Korean manufacturer of hydraulic breakers. The company has about 60 employees and had revenues in 2020 of about MSEK 210. The acquisition is expected to be completed at the end of Q2 2021.

The purchase prices for the acquisitions are not material for the Group and are not disclosed.

### Note 3: 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 2020, 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 derivatives recorded to fair value		2021	2020
MSEK		Mar 31	Dec 31
<b>Non-current assets and liabilities</b>			
Assets		-	-
Liabilities		-	-
<b>Current assets and liabilities</b>			
Assets		12	167
Liabilities		149	56

Carrying value and fair value		2021	2021	2020	2020
MSEK		Mar 31	Mar 31	Dec 31	Dec 31
	Carrying value		Fair value	Carrying value	Fair value
Bonds		3 988	4 148	3 989	4 163
Other loans		6 067	6 142	6 166	6 269
<b>Total interest bearing loans</b>		<b>10 055</b>	<b>10 290</b>	<b>10 155</b>	<b>10 432</b>

### Note 4: Share-buy backs

The Board of Directors has been authorized to purchase, transfer and sell Epiroc shares in relation to Epiroc's share-based long-term incentive programs.

MSEK	A share	B share	Total
Total number of shares	823 765 854	389 972 849	1 213 738 703
Whereof shares held by Epiroc	7 570 886		
Divestments in the quarter, number	243 327		
Divestment value, SEK	44 067 886		

### Note 5: Transactions with related parties

In the quarter, no material changes have taken place and no significant related-party transactions were made.

## Key figures

	2021 Q1	2020 Q1	2020 FY
<b>Growth</b>			
Orders received, MSEK	10 690	9 772	36 579
Revenues, MSEK	8 773	9 134	36 122
*Total revenue growth, %	-4	-7	-12
*Organic revenue growth, %	6	-8	-5
<b>Profitability</b>			
*Gross margin, %	38.1	39.0	37.9
*EBITDA margin, %	25.6	26.0	25.3
*Adjusted operating margin, %	23.0	20.9	21.2
*Operating margin, %	21.3	21.2	20.4
*Profit margin, %	20.9	20.6	19.6
<b>Capital efficiency</b>			
*Return on capital employed, %	20.9	26.2	21.7
*Net debt / EBITDA, ratio	-0.64	-0.12	-0.45
*Net debt / equity ratio, period end	-21.9	-4.8	-17.4
*Average net working capital / revenues, %	33.1	35.3	33.8
<b>Cash generation</b>			
*Operating cash flow, MSEK	1 610	1 532	7 006
*Cash conversion rate, %, 12 months	132	130	130
<b>Equity information</b>			
Basic number of shares outstanding, millions	1 206	1 203	1 204
Diluted number of shares outstanding, millions	1 208	1 204	1 205
*Equity per share, SEK, period end	21.7	20.6	19.7
Earnings per share, SEK	1.15	1.18	4.48
*Return on equity, %	21.9	27.0	22.7
*Operating cash flow per share, SEK	1.34	1.27	5.82
<b>People &amp; Planet</b>			
Employees, period end	13 947	14 177	13 840
Lost-time injury frequency rate, LTIFR, 12 months	1.5	2.6	2.0
Women employees, period end, %	15.8	15.5	15.7
MWh energy from operations/COS, MSEK, 12 months	7.3	6.8	7.1
Transport CO2, tonnes/COS, MSEK, 12 months	3.9	4.2	4.1

Several key figures in this report are not defined according to IFRS. The alternative performance measures are marked with a \*. They provide complementary information aiming to help readers to analyze the company's operations and facilitate an evaluation of the performance. Since not all companies calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS. For a full list of financial definitions, non-IFRS measures and calculations, visit the Epiroc website.



## Epiroc in brief

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Epiroc is a vital part of a sustainable society and a global productivity partner for mining and infrastructure customers. With ground-breaking technology, Epiroc develops and provides innovative and safe equipment, such as drill rigs, rock excavation and construction equipment and tools for surface and underground applications. The company also offers world-class service and other aftermarket support as well as solutions for automation, digitalization and electrification. Epiroc is based in Stockholm, Sweden, had revenues of SEK 36 billion in 2020, and has 14 000 passionate employees supporting and collaborating with customers in about 150 countries.

### Financial goals

- To achieve annual revenue growth of 8% over a business cycle and to grow faster than the market. Growth will be organic and supported by selective acquisitions.
- To have an industry-best operating margin, with strong resilience over the cycle.
- To improve capital efficiency and resilience. Investments and acquisitions shall create value.
- To have an efficient capital structure and the flexibility to make selective acquisitions. The goal is to maintain an investment grade rating.
- To provide long-term stable and rising dividends to its shareholders. The dividend should correspond to 50% of net profit over the cycle.

### Sustainability ambition and KPIs

Epiroc has four prioritized areas within sustainability:

- We live by the highest ethical standards.
- We invest in safety and health.
- 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, including the long-term goals for 2030 that further advance the Group's ambitions on e.g. climate change and diversity.

### Our vision

Dare to think new.

### Our mission

Drive the productivity and sustainability transformation in our industry.

### Our core values

Innovation, Commitment and Collaboration.

### Strategy

By being in attractive niches and prioritizing innovation, aftermarket and operational excellence, we strive to achieve outperformance. Our success is reinforced by our strong company culture and our integrated approach to sustainability.

### Our strengths (Investment case)

- We are a leading productivity and sustainability partner in attractive niches.
- We have a high proportion of recurring business.
- We drive the future in intelligent mining and infrastructure.
- We have a strong and proven operating model.
- We create value for our stakeholders.

See Epiroc's Annual and Sustainability report for more information.

## About this report

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### Forward-looking statements

Some statements in this report are forward looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes.

### Language

In the event of inconsistency or discrepancy between the English and the Swedish version of this publication, the Swedish version shall prevail.

### Totals and roundings

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

*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 on page 26, at 12:00 noon CEST on April 28, 2021.*

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## Financial calendar

### Webcast & conference call:

At 14.00 CEST on April 28, 2021, 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 find webcast link and presentation material here:  
[www.epirocgroup.com/en/investors/financial-publications](http://www.epirocgroup.com/en/investors/financial-publications)

Dial-in numbers for the conference call:

- Sweden: +46 8 5055 8354
- United Kingdom: +44 333 3009 263
- United States: +1 833 526 8383

### Upcoming investor events:

- July 20, 2021: Q2 2021 report
- October 21, 2021: Q3 2021 report
- December 1, 2021: Capital Markets Day

## United in performance. Inspired by innovation.

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](http://epiroc.com)**

