

Epiroc interim report Q2

April - June 2019 in brief

- Orders received were SEK 10,553 million (10,483), organic decline of 4%
- Revenues increased 8% to SEK 10,626 million (9,843), organic growth of 3%
- Operating profit increased 25% to SEK 2,263 million (1,810)
- Operating margin was 21.3% (18.4). Adjusted operating margin was 21.7%*
- Basic earnings per share were SEK 1.40 (1.09)
- Operating cash flow of SEK 1,506 million (199)

Key figures

SEK million	2019 Q2	2018** Q2	Δ	2019 Q1-Q2	2018** Q1-Q2	Δ
Orders received	10,553	10,483	1%	20,616	20,519	0%
Revenues	10,626	9,843	8%	20,411	18,076	13%
Operating profit	2,263	1,810	25%	4,193	3,325	26%
Operating margin, %	21.3	18.4		20.5	18.4	
Profit before tax	2,225	1,766	26%	4,055	3,224	26%
Profit margin, %	20.9	17.9		19.9	17.8	
Profit for the period	1,680	1,321	27%	3,054	2,402	27%
Operating cash flow	1,506	199	657%	1,978	865	129%
Basic earnings per share, SEK	1.40	1.09	28%	2.54	1.98	28%
Diluted earnings per share, SEK	1.40	1.09		2.54	1.97	
Return on capital employed, %	30.8	29.6		30.8	29.6	
Net debt/EBITDA ratio	0.43	0.40		0.43	0.40	

*Information on change in provision for share-based long-term incentive programs can be found on page 3.

**Numbers for 2018 are not restated for IFRS 16. See pages 13-14.

CEO comments

Record-breaking quarter

The second quarter 2019 continued with positive development for revenues and profit. Revenues increased 8% to an all-time high at SEK 10,626 million with an organic growth of 3%. The operating profit reached a record of SEK 2,263 million, up 25% compared to the previous year. The operating margin was 21.3% and excluding change in provision for long-term incentive programs, the operating margin was 21.7%. The organic growth and our efficiency actions had positive effects on our operating profit and margin, and our flow-through improved. We also continue to have tailwind from currency. Operating cash flow improved both compared to the previous quarter and year-on-year.

Demand expected to remain at a good level

The activity and production in the mining industry continued to be robust at a high level and our customers are investing in new equipment, even if they continue to be cautious on larger investments. The demand from the infrastructure industry was also healthy.

Orders received were record high at SEK 10,553 million, supported by acquisitions and currency. Organic order intake declined 4% compared to the strong Q2 2018. As expected, the order volumes for Epiroc's equipment remained at a similar level as in the last three quarters, but did not reach the high level of Q2 2018. The aftermarket business continued to be strong, reflecting the activity level in the market, both in mining and infrastructure. The service business had an organic order growth of 7% and Tools & Attachments had a solid order intake.

Going forward, we do not see any clear signs that the current market situation will change. Hence, we reiterate our view that the demand will remain at the current level in the near term, however noting that Q3 in general is slightly weaker than Q2.

Actions to improve performance

We are saddened by a tragic work-related fatal accident in India. Safety is always a priority and the injury frequency rate is decreasing. To further improve, we have launched a global safety awareness initiative.

In Tools & Attachments, we continued to see positive effects from our efficiency actions. In line with our stated ambition to continuously prune our product portfolio and exit non-core areas, we have signed an agreement to divest our geotechnical consumables product line. Our supply-chain program for parts and consumables is progressing according to plan with gradual improvement of availability, transport costs and inventory levels. In the quarter, we decided to invest in a new heat treatment plant for rock drills in Örebro, Sweden, to ensure that we continue to improve rock drill quality and performance. The plant will also increase capacity and reduce costs.

Leadership in automation and battery-electric vehicles

We have a market-leading offering in automation, connectivity and battery-electric vehicles and the customer interest in, and demand for these solutions is growing quickly. In the quarter, we launched 6th Sense. This is our new offering of solutions to enable customers to optimize processes by connecting machines, systems and people using automation, information management and system integration, and to achieve higher production at lower operating costs.

Currently we have more than 2,500 connected machines, a number that is increasing rapidly. For example, for production drill rigs, the number of connected machines have doubled in the last year. We also see that connectivity is an enabler for increased utilization. In underground drilling more than 550 of our drill rigs are equipped for complete automation of the drilling process. In surface drilling, we have the largest installed base of autonomous rotary drill rigs, and the world's first fully autonomous SmartROC D65 down-the-hole drill rig is now operating in Canada. Also, the interest in our next generation underground battery-electric vehicles continues to be strong and we received more orders for these machines in the quarter.

First anniversary

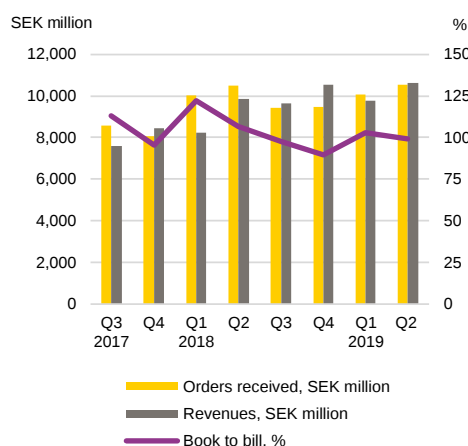
On June 18, we celebrated our 1-year anniversary as a listed company. We recently concluded our first employee survey, which showed that our employees are engaged and view Epiroc as a great place to work. I am proud of the drive and commitment of our organization as we continue to strengthen our customer offerings and improve our efficiency, agility and resilience.

Per Lindberg
President and CEO

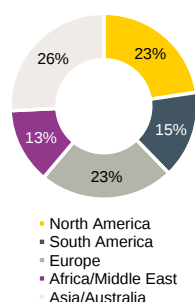


Orders received, revenues and profits

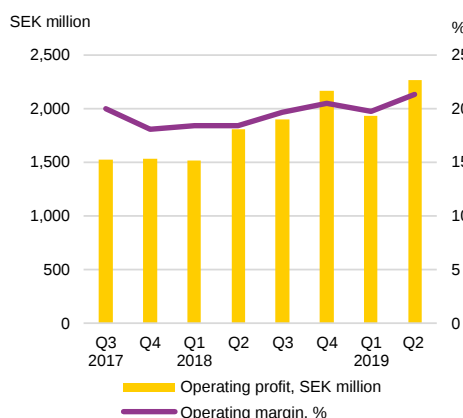
Orders and revenues



Geographic distribution of revenues



Operating profit and margin



Epiroc Group

	2019	2018		2019	2018	
SEK million	Q2	Q2	Δ	Q1-Q2	Q1-Q2	Δ
Orders received	10,553	10,483	1%	20,616	20,519	0%
Revenues	10,626	9,843	8%	20,411	18,076	13%
Operating profit	2,263	1,810	25%	4,193	3,325	26%
Operating margin, %	21.3	18.4		20.5	18.4	
Return on capital employed, 12 months, %	30.8	29.6		30.8	29.6	

Orders received

Orders received increased 1% to SEK 10,553 million (10,483), corresponding to an organic decline of 4% year-on-year. Acquisitions and structural changes contributed positively to orders received with 3% and currency with 2%. Compared to the previous quarter, orders received increased 5%, with positive contribution from acquisitions and currency.

Geographically and compared to the previous year, orders received in local currency increased in Asia/Australia and in North America, but decreased in the other regions.

Mining customers represented 75% of orders received in the quarter.

The book to bill ratio was 99% (107).

Revenues

Revenues increased 8% to SEK 10,626 million (9,843), corresponding to 3% organic growth. Acquisitions and structural changes contributed positively to revenues with 2% and currency with 3%.

Sales & profit bridge

Epiroc Group

	Orders received	Revenues	Operating profit	
	SEK million, Δ, %	SEK million, Δ, %	SEK million, Δ	Margin, %, Δ, pp
Q2 2018	10,483	9,843	1,810	18.4
Organic	-4	+3	+144	+0.8
Currency	+2	+3	+170	+1.2
Structure and other*	+3	+2	+139	+0.9
Total	+1	+8	+453	+2.9
Q2 2019	10,553	10,626	2,263	21.3

*Includes operating profit/loss from acquisitions, contract manufacturing, one-time items, and change in provision for share-based long-term incentive programs. Contract manufacturing of road construction equipment was discontinued at year-end 2018.

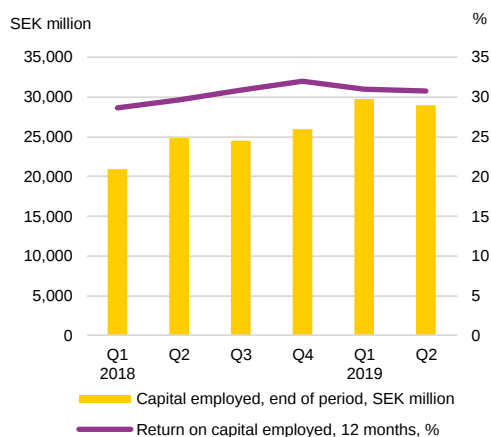
Profits and returns

Operating profit increased 25% to SEK 2,263 million (1,810) with positive contribution mainly from currency and organic growth. Change in provision for share-based long-term incentive programs was SEK -39 million (-77%).

The operating margin increased to 21.3% (18.4), positively affected by currency and organic revenue growth, but diluted by acquisitions. Excluding change in provision for long-term incentive programs, the margin was 21.7% (19.2).

Net financial items were SEK -38 million (-44). Net interest was SEK -57 million (-38).

Capital employed and return on capital employed*



*Numbers for 2018 not restated for IFRS 16.

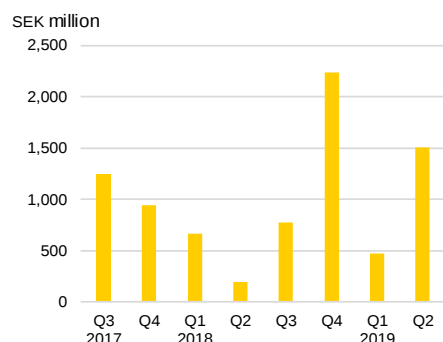
Profit before tax was SEK 2,225 million (1,766), corresponding to a margin of 20.9% (17.9). Income tax expense amounted to SEK -545 million (-445), corresponding to an effective tax rate of 24.5% (25.2).

Profit for the period totaled SEK 1,680 million (1,321). Basic earnings per share were SEK 1.40 (1.09).

The return on capital employed during the last 12 months was 30.8% (29.6). Return on equity was 32.3% (30.8).

Cash flow and Balance sheet

Operating cash flow



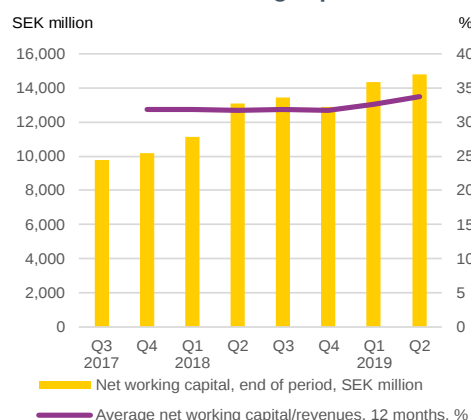
Operating cash flow

The operating cash flow improved to SEK 1,506 million (199). The main reason for the improvement is related to working capital. In Q2 2019, working capital increased by SEK 131 million. Receivables increased following strong invoicing, while inventories and payables decreased. In Q2 2018, working capital increased by SEK 1,226 following strong volume growth.

Acquisitions

Cash flow from acquisitions were SEK -578 million (-), see pages 20 and 24.

Net working capital



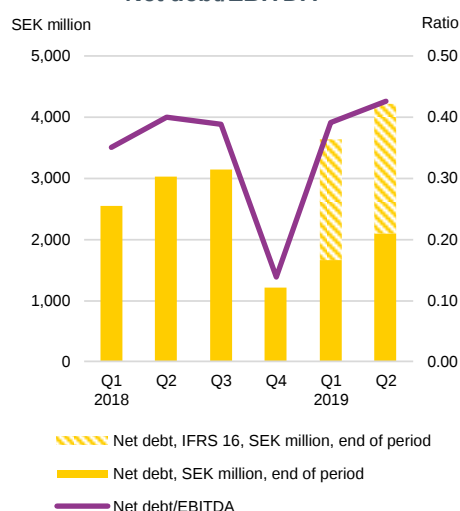
Net working capital

Net working capital was SEK 14,791 million (13,102) at the end of the period, an increase of 13%. The increase compared to last year is mainly explained by increased trade receivables and inventories following the increased volumes and a reduction of trade payables. Acquisitions and currency have also contributed to the increase. As a percentage of revenues last 12 months, the average net working capital was 33.8% (31.7).

Supply-chain program

The supply-chain improvement program for parts and consumables that was initiated in the first quarter 2018, with the aim to improve delivery service to customers, reduce costs, e.g. for transport, and reduce capital tied-up in inventories, continued according to plan with gradual improvements. The program, expected to run until 2021, is being rolled out in selected markets.

Net debt and Net debt/EBITDA*



Net debt

The Group's net debt amounted to SEK 4,217 million (3,027), of which SEK 460 million (176) was attributable to post-employment benefits. The implementation of IFRS 16 has increased the net debt by SEK 2,037 million as of June 30, 2019. In the quarter, payments for the first installment of the annual dividend was made of SEK 1,260 million. The second installment will be paid in November 2019 and is recorded as a liability. The net debt/EBITDA ratio was 0.43 (0.40). The net debt/equity ratio was 21.2% (17.3).

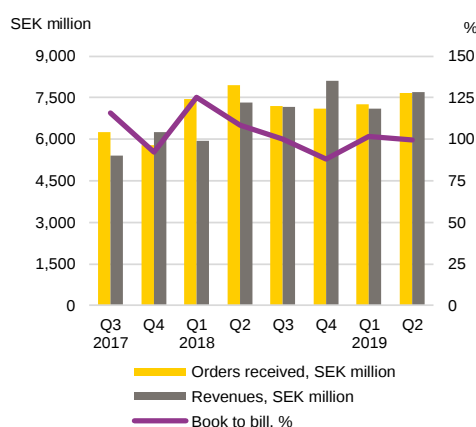
* Numbers for 2018 not restated for IFRS 16.

Equipment & Service

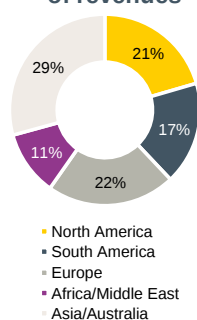
The Equipment & Service segment provides rock drilling equipment, equipment for mechanical rock excavation, rock reinforcement, loading and haulage, ventilation systems, drilling equipment for exploration, water, oil and gas, as well as related spare parts and service for the mining and infrastructure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

- Organic order growth of 7% in service
- Orders received for equipment decreased 15% organically compared to the strong Q2 2018
- Operating margin increased to 25.6% (23.9), supported by currency and organic revenue growth

Orders and revenues



Geographic distribution of revenues



Equipment & Service

	2019	2018		2019	2018	
SEK million	Q2	Q2	Δ	Q1-Q2	Q1-Q2	Δ
Orders received	7,677	7,947	-3%	14,925	15,389	-3%
Revenues	7,702	7,325	5%	14,817	13,268	12%
Operating profit	1,970	1,747	13%	3,689	3,111	19%
Operating margin, %	25.6	23.9		24.9	23.4	

Orders received

The orders received for Equipment & Service decreased 3% to SEK 7,677 million (7,947), corresponding to an organic decline of 4%. Currency contributed positively to orders received with 2%, while acquisitions and structural changes had a net negative impact of 1%. Compared to the previous quarter, orders received increased 6% with positive contribution from currency.

The book to bill ratio was 100% (108). The share of orders from equipment in the segment was 47% (53) and the share of service was 53% (47).

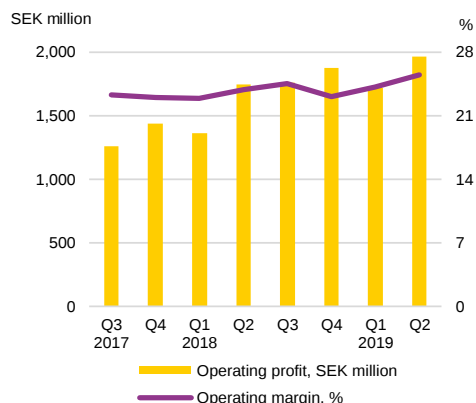
Equipment orders decreased 15% organically compared to the previous year and amounted to SEK 3,580 million (4,234). Orders for both underground and surface equipment were lower compared to last year. Geographically and compared to the previous year, orders received in local currency increased in Asia/Australia, but decreased in the other regions. A large order was won in Chile and orders for battery-electric vehicles were won in Finland and in Canada. Most of the equipment orders from mining customers continued to relate to expansion in or adjacent to existing mines rather than to replacement. Compared to Q1 2019, orders were sequentially up 4%.

The orders received for service increased 10% to SEK 4,097 million (3,713), corresponding to an organic growth of 7%. Geographically and compared to the previous year, orders received in local currency increased in all regions.

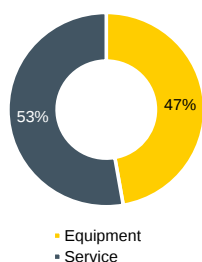
Revenues

Revenues increased 5% to SEK 7,702 million (7,325), corresponding to an organic growth of 3%. Equipment accounted for 47% (50) of the revenues in the segment and service for 53% (50).

Operating profit and margin



Revenues Q2 2019



Sales & profit bridge

Equipment & Service

	Orders received	Revenues	Operating profit	
	SEK million, Δ, %	SEK million, Δ, %	SEK million, Δ	Margin, %, Δ, pp
Q2 2018	7,947	7,325	1,747	23.9
Organic	-4	+3	+80	+0.3
Currency	+2	+3	+153	+1.4
Structure and other*	-1	-1	-10	+0.0
Total	-3	+5	+223	+1.7
Q2 2019	7,677	7,702	1,970	25.6

*Includes operating profit/loss from acquisitions and contract manufacturing. Contract manufacturing of road construction equipment was discontinued at year-end 2018.

Sales bridge

	Equipment		Service	
	Orders received	Revenues	Orders received	Revenues
	SEK million	SEK million	SEK million	SEK million
Q2 2018	4,234	3,640	3,713	3,685
Organic, %	-15	-1	+7	+8
Currency, %	+2	+3	+2	+2
Structure and other, %*	-2	-2	+1	+0
Total, %	-15	+0	+10	+10
Q2 2019	3,580	3,638	4,097	4,064

*Includes orders received and revenues from acquisitions and contract manufacturing. Contract manufacturing of road construction equipment was discontinued at year-end 2018.

Operating profit and margin

Operating profit increased 13% to SEK 1,970 million (1,747), corresponding to a margin of 25.6% (23.9). The margin was supported by currency and organic revenue growth.

Business development

A decision to invest in a new heat treatment plant for rock drills in Örebro, Sweden, was made in the quarter. The plant, which is expected to be up and running by late 2020, will safeguard continuous improvement of rock drill quality and performance, and at the same time increase capacity and reduce costs.

Innovations

In the quarter, 6th Sense was launched. This is Epiroc's offering to optimize customers' processes by connecting machines, systems and people using automation, information management and system integration. 6th Sense brings additional value to the customers as it combines multiple solutions of digitalization and automation to boost customers' performance.

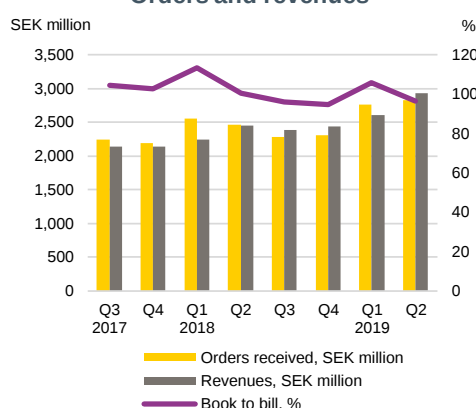
The automation package for the Simba long-hole underground drill rigs was complemented with a system that enables teleremote electric tramming of the rig. It enables the operator to move and position the drill from a remote location, which increases both productivity and safety.

Tools & Attachments

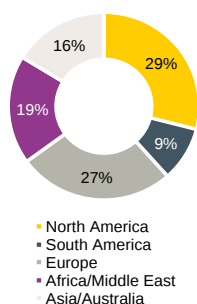
The Tools & Attachments segment provides rock drilling tools and hydraulic attachments that are attached to machines used mainly for drilling, deconstruction and recycling as well as rock excavation. It also provides related service and spare parts and serves the mining and infrastructure industries.

- Orders received increased 14%, supported by acquisitions
- 19% revenue growth, of which 4% organic
- Operating margin increased to 14.6% (12.4)

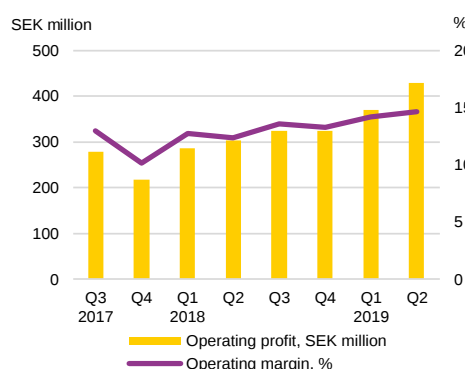
Orders and revenues



Geographic distribution of revenues



Operating profit and margin



Tools & Attachments

	2019	2018		2019	2018	
SEK million	Q2	Q2	Δ	Q1-Q2	Q1-Q2	Δ
Orders received	2,826	2,470	14%	5,586	5,020	11%
Revenues	2,926	2,452	19%	5,531	4,697	18%
Operating profit	429	304	41%	800	591	35%
Operating margin, %	14.6	12.4		14.5	12.6	

Orders received

The orders received for Tools & Attachments increased 14% to SEK 2,826 million (2,470) corresponding to an organic decline of 2%. Acquisitions contributed to the increase with 14% and currency with 2%. The order intake of rock drilling tools was impacted by optimization of the product offering and as such decreased somewhat organically. The orders received for hydraulic attachment tools increased organically compared to the previous year.

The book to bill ratio was 97% (101).

Geographically and compared to the previous year, orders received in local currency increased in all regions, with a positive contribution from acquisitions.

Revenues

Revenues increased 19% to SEK 2,926 million (2,452), corresponding to an organic growth of 4%. Acquisitions contributed to the increase with 12% and currency with 3%.

Sales & profit bridge

Tools & Attachments

	Orders received	Revenues	Operating profit	
	SEK million,	SEK million,	SEK million,	Margin, %,
	Δ, %	Δ, %	Δ	Δ, pp
Q2 2018	2,470	2,452	304	12.4
Organic	-2	+4	+70	+1.9
Currency	+2	+3	+25	+0.6
Structure and other*	+14	+12	+30	-0.3
Total	+14	+19	+125	+2.2
Q2 2019	2,826	2,926	429	14.6

*Includes operating profit/loss from acquisitions.

Operating profit and margin

Operating profit increased 41% to SEK 429 million (304), corresponding to a margin of 14.6% (12.4). The margin was positively affected by organic revenue growth, currency and the efficiency actions carried out in rock drilling tools, but diluted by acquisitions.



Business development

The acquisition of Innovative Mining Products, commonly known as New Concept Mining, was closed on April 2. The company has about 900 employees and had revenues of SEK 645 million in 2018.

In June, an agreement was signed to divest the geotechnical consumables product line. The products consist mainly of large down-the-hole hammers and related drill bits and casing advancement systems. The business had revenues of SEK 275 million in 2018 and has about 40 employees. The transaction is expected to be completed in Q3 2019.

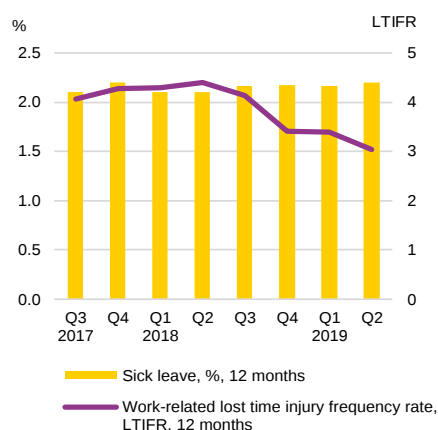
Innovations

Epiroc Bio chisel paste is supplied with all new hydraulic breakers as from the second quarter. It is used to grease the wear bushings in the breaker, is biodegradable, and prolong working tool life.

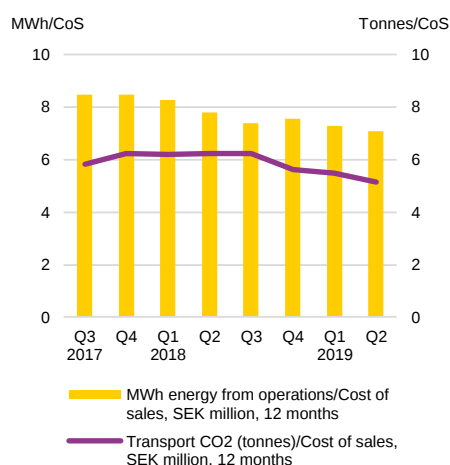
Sustainability development

- A work-related fatal accident occurred in India
- Lost time injury frequency rate decreased
- CO₂ emissions from transport improved

Sick leave and LTIFR



Energy and CO₂



Sustainability measurements

	2019 Q2	2018 Q2	2018 Full year
Work-related lost time injury frequency rate, LTIFR, 12 months	3.0	4.4	3.4
Sick leave, %, 12 months	2.2	2.1	2.2
MWh energy from operations/Cost of sales, SEK million, 12 months	7.1	7.8	7.6
Transport CO ₂ (tonnes)/Cost of sales, SEK million, 12 months	5.2	6.3	5.6

Lost time injury frequency rate

The number of work-related lost time injuries per million working hours (LTIFR), decreased compared to the 12-month period ending June 30, 2018. Preventive measures and a continued focus on training and activities contributed to the reduction. A work-related fatal accident occurred in India.

Epiroc held the annual Safety Day in April to further emphasize the importance of safety at work and to reinforce the Group's safety and health culture. On the Safety Day, the Group launched the SAFESTART® globally. The initiative has the goal to increase each employee's safety awareness.

Energy and CO₂ emissions

MWh energy from operations/Cost of sales has continued to decrease in the last 12 months, supported by several initiatives to increase energy efficiency.

CO₂ emissions from transport improved compared to the 12-months period ending in June 2018. During 2018 and in the beginning of 2019, actions have been initiated to reduce CO₂ emissions from transportation. Examples of this are combined transport of products, reduction in imports and development of local suppliers substituting imports, and increased pre-planning of orders enabling a higher share of sea shipments instead of air freights.

Employees

On June 30, 2019, the number of employees was 14,620 (13,572). The number of consultants/external workforce was 1,576 (1,603). For comparable units, the total workforce decreased with 217 from June 30, 2018. Sick leave continued to stay on a low level.

In the quarter, Epiroc's first employee survey was carried out. The response rate was 85% and more than 15,000 comments were given. The survey showed that the employees are engaged and view Epiroc as a great place to work. The survey also showed that there is room for improvement in certain areas.

January – June 2019 in summary

Orders received in the first half year of 2019 were SEK 20,616 million (20,519), corresponding to an organic decline of 5%. Revenues increased 13% to SEK 20,411 million (18,076), corresponding to 8% organic increase. Acquisitions and structural changes contributed positively to revenues with 2% and currency with 3%.

Operating profit was SEK 4,193 million (3,325) with positive contribution from currency and organic growth. Change in provision for share-based long-term incentive programs was SEK -98 million (-77). The operating margin was 20.5% (18.4). Excluding change in provision for long-term incentive programs, the margin was 21.0% (18.8).

Sales & profit bridge

Epiroc Group

	Orders received	Revenues	Operating profit	
	SEK million, Δ, %	SEK million, Δ, %	SEK million, Δ	Margin, %, Δ, pp
Q1-Q2 2018	20,519	18,076	3,325	18.4
Organic	-5	+8	+332	+0.4
Currency	+3	+3	+393	+1.3
Structure and other*	+2	+2	+143	+0.4
Total	+0	+13	+868	+2.1
Q1-Q2 2019	20,616	20,411	4,193	20.5

*Includes operating profit/loss from acquisitions, contract manufacturing, one-time items, and change in provision for share-based long-term incentive programs. Contract manufacturing of road construction equipment was discontinued at year-end 2018.

Profit before tax was SEK 4,055 million (3,224), corresponding to a margin of 19.9% (17.8). Profit for the period totaled SEK 3,054 million (2,402). Basic earnings per share were SEK 2.54 (1.98). Operating cash flow was SEK 1,978 million (865).

Risks and uncertainty factors

The Group's and Parent Company's significant risks and uncertainty factors include market and external risks, financial risks, operational and commercial risks, and legal risks. Further information on risks and risk management can be found in Epiroc's Annual and Sustainability Report 2018. See www.epirocgroup.com/en/investors.

The Board of Directors and President 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, July 18, 2019
Epiroc AB

Ronnie Leten
Chairman

Lennart Evrell
Board member

Johan Forssell
Board member

Jeane Hull
Board member

Ulla Litzén
Board member

Astrid Skarheim Onsum
Board member

Anders Ullberg
Board member

Per Lindberg
Board member
President and CEO

Bengt Lindgren
Board member
Employee representative

Kristina Kanestad
Board member
Employee representative

Auditors' Review Report

Introduction

We have reviewed the interim report for Epiroc AB for the period January 1 – June 30, 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Nacka, July 18, 2019
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Accounting principles

The consolidated financial statements of the Epiroc Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in Epiroc's "Annual and Sustainability Report 2018" in note 1 Significant accounting principles except for the adoption of new standards effective as of January 1, 2019, which comply with the accounting principles presented below. The interim report is prepared in accordance with IAS 34 Interim financial reporting.

IFRS 16 Leases

IFRS 16 Leases is effective from January 1, 2019 and replaced the lease standard IAS 17 Leases and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The changes relate mainly to the accounting treatment of the lessee. IFRS 16 introduces a single accounting model for leases and requires the recognition of substantially all leases in the balance sheet and the separation of depreciation of right-of-use assets from interest of lease liabilities in the income statement.

The Epiroc Group as Lessee under IFRS 16

The Epiroc Group as lessee recognizes a right-of-use asset in the balance sheet as well as a lease liability. On commencement date, the lease liability is initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments due to the exercise of any options in the contract, if the Group is reasonably certain to use the option. The lease liability is subsequently measured at amortized cost adjusted for any remeasurement.

The right-of use assets comprise of the initial measurement of the corresponding lease liability with the addition of any lease payments made at or before the commencement day and any initial direct costs. The leased asset is subsequently measured at cost less accumulated depreciation and impairment and adjusted for any remeasurement. The leased asset is depreciated over the lease term on a straight-line basis or over its useful life of the underlying asset if it is assessed to be reasonably certain that the Group will obtain ownership at the end of the lease term. The depreciation starts at the commencement date of the lease. The depreciation is recognized within operating profit and interest expense on the lease liability within net financial items. The right-of-use asset is tested for impairment following the principle described in Epiroc's "Annual and Sustainability Report 2018" in Note 1 under section "Impairment of non-financial assets".

If the lease contract is considered to include a low value asset or has a lease term that is less than 12 months, or includes non-lease components such as cost for maintenance, such payments are recognized as an expense on a straight-line basis over the lease term. The Group has leases of certain office equipment (i.e. personal computers, printing and photocopying machines) that are considered leases of low value.

Transition to IFRS 16

The standard has been applied by the Epiroc Group from January 1, 2019, using the modified retrospective approach. Comparative information has therefore not been restated. The Group has chosen the option to set the right-of-use asset equal to the lease liability at transition and the lease liability is calculated based on the incremental borrowing rate (IBR) at transition. The Group has at transition further decided to apply the practical expedient that permits not to reassess whether a contract is, or contains, a lease at the date of initial application. The Group has also applied a practical expedient to exclude leases that ends within 12 months of initial application, and leases for which the underlying asset is of low value. IFRS 16 has not resulted in any changes for the Epiroc Group as lessor compared to the accounting under IAS 17.

At the date of initial application of IFRS 16 the Group recognized a right-of-use asset of SEK 2,158 million within "Other property, plant and equipment" and a corresponding lease liability amounted to SEK 2,153 million, whereof SEK 1,760 million reported as "non-current interest bearing liability" and SEK 393 million as "current interest bearing liability". The transition to IFRS 16 has no impact on the Group's equity. The table below presents the difference between operating lease commitments under IAS 17 at December 31, 2018 and the initial measurement of lease liabilities under IFRS 16 at January 1, 2019:

Reconciliation of operating lease commitment and lease liabilities as of January 1, 2019:

SEK million	
Operating lease commitment at December 31, 2018 (IAS 17)	1,550
Discounting effect	-77
Operating lease commitment at December 31, 2018 (discounted)	1,473
Adjusted for	
Low-value and short-term leases	-62
Costs attributable to extension option (discounted)	636
Lease liability as a result of initial application of IFRS 16 of previous operating leases at January 1, 2019	2,047
Finance lease liabilities at December 31 2018	106
Total lease liability at January 1, 2019	2,153

The weighted average Incremental borrowing rate (IBR) as of January 1, 2019 was approximately 1.5%. Epiroc Group has established the IBR at the date of transition based on the different contract currencies and lease terms.

Due to the adoption of IFRS 16, the Group's tangible assets and interest-bearing liabilities have increased. The Group's leased properties in Sweden contributes to a large extent to the right-of-use asset and lease liability. There is no material impact on the Groups income statement. The lease expenses for previous operating leases in operating profit have been replaced by depreciation on the right-of-use asset and interest expense on the lease liability, the latter is presented in net financial items. EBITDA has increased after transition to IFRS 16 due to that lease expenses being replaced by depreciation and interest expense. Average capital employed increases while return on capital employed (%) decreases, due to a larger amount of leased assets within the Group. Net debt and the net debt/EBITDA ratio has increased due to additional interest-bearing liabilities.

The timing of cash flows are not impacted by the new standard. However, the amortization portion of Epiroc's lease payment is reported as a financing cash flow instead of operating cash flow. Lease payments for low value and short term leases will continue to be reported as operating cash flows together with interest payments on the lease liability.

In the first half-year 2019, the new accounting standard IFRS 16 impacted EBITDA positive with approximately SEK 208 million (SEK 100 million in the second quarter), net debt increased with SEK 2,037 million (SEK 55 million in the second quarter) and capital employed with SEK 2,020 million (SEK 4 million in the second quarter) compared to accounting under IAS 17. Operating cash flow during the first six months increased with SEK 189 million (SEK 85 million in the second quarter) due to the shift of lease payments from operating activities to financing activities.

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 used in this interim report are the same as those described in Epiroc's "Annual and Sustainability Report 2018" in Note A1 in the Parent Company accounts. As from 2019, no changed accounting standards and interpretations are considered to have any material effect on the Parent Company's financial statements. The Parent Company will recognize leases in accordance with the exemption rule for IFRS 16 provided in RFR 2, which results in no change compared to previous year (2018).

Condensed consolidated income statement

SEK million	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2
Revenues	10,626	9,843	20,411	18,076
Cost of sales	-6,550	-6,275	-12,739	-11,501
Gross profit	4,076	3,568	7,672	6,575
Marketing expenses	-710	-676	-1,373	-1,276
Administrative expenses	-803	-713	-1,587	-1,277
Research and development expenses	-271	-257	-546	-479
Other operating income and expenses	-29	-112	27	-218
Operating profit	2,263	1,810	4,193	3,325
Net financial items	-38	-44	-138	-101
Profit before tax	2,225	1,766	4,055	3,224
Income tax expense	-545	-445	-1,001	-822
Profit for the period	1,680	1,321	3,054	2,402
Profit attributable to				
- owners of the parent	1,678	1,319	3,050	2,398
- non-controlling interests	2	2	4	4
Basic earnings per share, SEK	1.40	1.09	2.54	1.98
Diluted earnings per share, SEK	1.40	1.09	2.54	1.97

Key ratios

SEK million	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2
Operating margin, %	21.3	18.4	20.5	18.4
Return on capital employed, %	30.8	29.6	30.8	29.6
Return on equity, %	32.3	30.8	32.3	30.8
Net debt/EBITDA ratio	0.43	0.40	0.43	0.40
Net debt/equity ratio, period end, %	21.2	17.3	21.2	17.3
Equity/assets ratio, period end, %	49.5	50.1	49.5	50.1
Equity per share, period end, SEK	16.5	14.4	16.5	14.4
Basic number of shares outstanding, millions	1,200	1,214	1,200	1,214
Diluted number of shares outstanding, millions	1,200	1,214	1,200	1,214
Number of employees, period end	14,620	13,572	14,620	13,572

Note: Numbers for 2018 are not restated for IFRS 16. See pages 13-14.

Condensed consolidated statements of comprehensive income

	2019	2018	2019	2018
SEK million	Q2	Q2	Q1-Q2	Q1-Q2
Profit for the period	1,680	1,321	3,054	2,402
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-65	-28	-158	2
Income tax relating to items that will not be reclassified	15	5	35	-3
Total items that will not be reclassified to profit or loss	-50	-23	-123	-1
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	15	97	612	346
Cash flow hedges	6	-	-19	-
Income tax relating to items that may be reclassified	-1	-	4	-
Total items that may be reclassified subsequently to profit or loss	20	97	597	346
Other comprehensive income for the period, net of tax	-30	74	474	345
Total comprehensive income for the period	1,650	1,395	3,528	2,747
Total comprehensive income attributable to				
- owners of the parent	1,648	1,392	3,522	2,742
- non-controlling interests	2	3	6	5

Note: Numbers for 2018 are not restated for IFRS 16. See pages 13-14.

Condensed consolidated balance sheet

	2019	2018	2018
SEK million	Jun 30	Jun 30	Dec 31
Intangible assets	4,224	3,637	3,620
Rental equipment	1,363	1,300	1,233
Other property, plant and equipment	4,746	2,455	2,473
Investments in associates and joint ventures	204	93	208
Financial assets and other receivables	1,124	1,399	1,119
Deferred tax assets	668	501	543
Total non-current assets	12,329	9,385	9,196
Inventories	11,285	10,664	10,516
Trade receivables	8,757	7,898	8,005
Other receivables	1,386	1,259	1,289
Income tax receivables	431	385	333
Financial assets	1,077	1,228	944
Cash and cash equivalents	4,883	4,205	5,872
Total current assets	27,819	25,639	26,959
Total assets	40,148	35,024	36,155
Share capital	500	500	500
Retained earnings	19,340	16,989	18,297
Total equity attributable to equity holders of the parent	19,840	17,489	18,797
Non-controlling interest	49	48	50
Total equity	19,889	17,537	18,847
Interest bearing liabilities	7,848	1,179	5,095
Post-employment benefits	460	176	283
Other liabilities and provisions	452	325	412
Total non-current liabilities	8,760	1,680	5,790
Interest bearing liabilities	803	5,931	1,702
Trade payables	4,536	4,749	4,711
Income tax liabilities	493	761	605
Other liabilities and provisions	5,667	4,366	4,500
Total current liabilities	11,499	15,807	11,518
Total equity and liabilities	40,148	35,024	36,155

Note: Numbers for 2018 are not restated for IFRS 16. See pages 13-14.

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 2018, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions.

Outstanding derivative instruments recorded to fair value

SEK million	2019 Jun 30	2018 Dec 31
Non-current assets and liabilities		
Assets	7	0
Liabilities	-	-
Current assets and liabilities		
Assets	70	108
Liabilities	48	7

Carrying value and fair value

SEK million	2019 Jun 30	2019 Jun 30	2018 Dec 31	2018 Dec 31
	Carrying value	Fair value	Carrying value	Fair value
Bonds	1,992	2,124	1,996	2,010
Other loans	6,659	6,777	4,801	4,852
	8,651	8,901	6,797	6,862

Condensed consolidated statement of changes in equity

SEK million	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2019	18,797	50	18,847
Total comprehensive income for the period	3,522	6	3,528
Dividend	-2,520	-7	-2,527
Acquisition and divestment of own shares	47	-	47
Share-based payments, equity settled	-6	-	-6
Closing balance, June 30, 2019	19,840	49	19,889
Opening balance, January 1, 2018	12,041	6	12,047
Impact of change in accounting policy	1	-	1
Restated balance January 1, 2018	12,042	6	12,048
Changes in equity for the period			
Total comprehensive income for the period	2,742	5	2,747
Transactions with shareholders	2,693	37	2,730
Acquisition and divestment of own shares	-	-	-
Share-based payments, equity settled	12	-	12
Closing balance, June 30, 2018	17,489	48	17,537
Opening balance, January 1, 2018	12,041	6	12,047
Impact of change in accounting principles	1	-	1
Restated balance January 1, 2018	12,042	6	12,048
Changes in equity for the period			
Total comprehensive income for the period	5,358	7	5,365
Transactions with shareholders	2,693	37	2,730
Acquisition and divestment of own shares	-1,308	-	-1,308
Share-based payments, equity settled	12	-	12
Closing balance, December 31, 2018	18,797	50	18,847

Consolidated condensed statement of cash flow

SEK million	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2
Cash flow from operating activities				
Operating profit	2,263	1,810	4,193	3,325
Depreciation, amortization and impairment	468	340	940	657
Capital gain/loss and other non-cash items	-36	54	-120	-17
Net financial items received/paid	-115	-512	-272	-371
Taxes paid	-690	-359	-1,341	-680
Pension funding and payment of pension to employees	-13	-11	-30	-46
Change in working capital	-131	-1,226	-851	-1,691
Increase in rental equipment	-279	-265	-545	-443
Sale of rental equipment	143	107	225	183
Net cash from operating activities	1,610	-62	2,199	917
Cash flow from investing activities				
Investments in other property, plant and equipment	-117	-161	-275	-290
Sale of other property, plant and equipment	16	6	25	16
Investments in intangible assets	-160	-108	-268	-211
Acquisition of subsidiaries and associated companies	-578	-	-1,027	-482
Proceeds to/from other financial assets, net	76	-54	-46	-191
Net cash from investing activities	-763	-317	-1,591	-1,158
Cash flow from financing activities				
Dividend	-1,260	-	-1,260	-
Dividend to non-controlling interest	-7	-	-7	-
Sale/ Repurchase of own shares	80	-	47	-
Change in interest-bearing liabilities	-161	2,294	-487	2,569
Net cash from financing activities	-1,348	2,294	-1,707	2,569
Net cash flow for the period	-501	1,915	-1,099	2,328
Cash and cash equivalents, beginning of the period	5,371	2,255	5,872	1,808
Exchange differences in cash and cash equivalents	13	35	110	69
Cash and cash equivalents, end of the period	4,883	4,205	4,883	4,205
Operating cash flow				
Net cash flow from operating activities	1,610	-62	2,199	917
Net cash from investing activities	-763	-317	-1,591	-1,158
Acquisition of subsidiaries and associated companies	578	-	1,027	482
Other adjustments*	81	578	343	624
Operating cash flow	1,506	199	1,978	865

*Changes in cash-pool with Atlas Copco prior to the split, divestments of Payment Solutions portfolios and currency hedges of loans.
Note: Numbers for 2018 are not restated for IFRS 16. See pages 13-14.

Condensed segments quarterly

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

Orders received

SEK million	2018				2018	2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Equipment & Service	7,442	7,947	7,190	7,116	29,695	7,248	7,677
Equipment	4,054	4,234	3,601	3,355	15,244	3,442	3,580
Service	3,388	3,713	3,589	3,761	14,451	3,806	4,097
Tools & Attachments	2,550	2,470	2,285	2,306	9,611	2,760	2,826
Common group functions	44	66	-62	46	94	55	50
Epiroc Group	10,036	10,483	9,413	9,468	39,400	10,063	10,553

Revenues

SEK million	2018				2018	2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Equipment & Service	5,943	7,325	7,178	8,094	28,540	7,115	7,702
Equipment	2,678	3,640	3,570	4,350	14,238	3,313	3,638
Service	3,265	3,685	3,608	3,744	14,302	3,802	4,064
Tools & Attachments	2,245	2,452	2,382	2,440	9,519	2,605	2,926
Common group functions	45	66	91	24	226	65	-2
Epiroc Group	8,233	9,843	9,651	10,558	38,285	9,785	10,626

Operating profit and profit before tax

SEK million	2018				2018	2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Equipment & Service	1,364	1,747	1,764	1,876	6,751	1,719	1,970
Tools & Attachments	287	304	324	324	1,239	371	429
Common group functions	-136	-241	-190	-38	-605	-160	-136
Operating profit	1,515	1,810	1,898	2,162	7,385	1,930	2,263
Net financial items	-57	-44	-37	-46	-184	-100	-38
Profit before tax	1,458	1,766	1,861	2,116	7,201	1,830	2,225

Operating margin

SEK million	2018				2018	2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Equipment & Service	22.9%	23.9%	24.6%	23.2%	23.7%	24.2%	25.6%
Tools & Attachments	12.8%	12.4%	13.6%	13.3%	13.0%	14.2%	14.6%
Epiroc Group	18.4%	18.4%	19.7%	20.5%	19.3%	19.7%	21.3%

Split costs and change in provision for long-term incentive programs*

SEK million	2018				2018	2019	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Change in provision for share-based long-term incentive programs	0	-77	-56	67	-66	-59	-39
Costs for split from Atlas Copco	-95	-104	-70	-59	-328	-17	-23
Epiroc Group	-95	-181	-126	8	-394	-76	-62

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

Geographical distribution of orders received and revenues

Geographical distribution of orders received

SEK million	2018				2018	2019		
Δ, % currency adjusted	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Δ, %
Epiroc group	10,036	10,483	9,413	9,468	39,400	10,063	10,553	-1
North America	2,176	2,076	2,180	2,379	8,812	2,160	2,262	+2
South America	1,488	1,844	1,236	1,657	6,225	1,344	1,481	-21
Europe	2,488	2,503	2,388	1,969	9,349	2,430	2,399	-5
Africa/Middle East	1,478	1,518	1,191	1,260	5,446	1,311	1,409	-5
Asia/Australia	2,406	2,542	2,418	2,203	9,568	2,818	3,002	+16
Equipment & Service	7,442	7,947	7,190	7,116	29,695	7,248	7,677	-5
North America	1,426	1,385	1,572	1,709	6,093	1,265	1,444	-2
South America	1,255	1,633	1,023	1,449	5,360	1,041	1,207	-28
Europe	1,662	1,765	1,790	1,275	6,491	1,690	1,655	-7
Africa/Middle East	1,127	1,056	811	906	3,899	893	863	-16
Asia/Australia	1,972	2,108	1,994	1,777	7,852	2,359	2,508	+17
Tools & Attachments	2,550	2,470	2,285	2,306	9,611	2,760	2,826	+12
North America	737	662	689	634	2,721	867	783	+12
South America	232	211	213	209	865	303	274	+28
Europe	804	715	598	691	2,807	724	738	+2
Africa/Middle East	350	462	380	354	1,547	418	547	+21
Asia/Australia	427	420	405	418	1,671	448	484	+13

Geographical distribution of revenues

SEK million	2018				2018	2019		
Δ, % currency adjusted	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Δ, %
Epiroc group	8,233	9,843	9,651	10,558	38,285	9,785	10,626	+6
North America	1,888	2,118	2,141	2,300	8,447	2,227	2,403	+7
South America	1,024	1,199	1,230	1,573	5,026	1,571	1,616	+33
Europe	1,864	2,471	2,224	2,545	9,104	2,432	2,473	-1
Africa/Middle East	1,103	1,350	1,444	1,456	5,353	1,182	1,396	+5
Asia/Australia	2,354	2,705	2,612	2,684	10,355	2,373	2,738	-0
Equipment & Service	5,943	7,325	7,178	8,094	28,540	7,115	7,702	+3
North America	1,173	1,410	1,412	1,644	5,639	1,425	1,580	+5
South America	813	981	1,020	1,361	4,175	1,327	1,341	+35
Europe	1,235	1,696	1,488	1,807	6,225	1,674	1,682	-3
Africa/Middle East	766	972	1,054	1,031	3,823	787	847	-12
Asia/Australia	1,956	2,266	2,204	2,251	8,678	1,902	2,252	-2
Tools & Attachments	2,245	2,452	2,382	2,440	9,519	2,605	2,926	+17
North America	700	681	703	641	2,725	773	848	+17
South America	211	218	210	212	851	244	276	+25
Europe	607	750	688	738	2,783	733	777	+3
Africa/Middle East	337	378	390	425	1,530	395	549	+48
Asia/Australia	390	425	391	424	1,630	460	476	+10

Condensed parent company income statement

	2019	2018	2019	2018
SEK million	Q2	Q2	Q1-Q2	Q1-Q2
Administrative expenses	-52	-34	-114	-70
Marketing expenses	-4	-4	-9	-6
Other operating income and expenses	25	-19	25	-73
Operating profit/loss	-31	-57	-98	-149
Financial income and expenses	-2	-3	-5	-3
Appropriations	-	-	-	-
Profit/loss before tax	-33	-60	-103	-152
Income tax	6	16	20	36
Profit/loss for the period	-27	-44	-83	-116

Condensed parent company balance sheet

	2019	2018	2018
SEK million	Jun 30	Jun 30	Dec 31
Total non-current assets	51,937	46,838	50,823
Total current assets	3,138	7,432	5,553
Total assets	55,075	54,270	56,376
Total restricted equity	503	503	503
Total non-restricted equity	46,992	47,464	49,553
Total equity	47,495	47,967	50,056
Total provisions	217	193	167
Total non-current liabilities	6,040	1,042	5,023
Total current liabilities	1,323	5,068	1,130
Total equity and liabilities	55,075	54,270	56,376

Acquisitions

Date	Company	Segment	Revenues SEK million*	Number of employees*
2019 Apr 2	New Concept Mining	Tools & Attachments	645	900
2019 Feb 1	Noland Drilling Equipment	Equipment & Service		8
2019 Jan 3	Fordia	Tools & Attachments	580	250
2018 Nov 2	Sautec	Equipment & Service		6
2018 Oct 30	ASI Mining (34%)**	Equipment & Service	55	
2018 Feb 1	Hy-Performance Fluid Power	Equipment & Service	50	26
2018 Jan 3	Rock Drill Services Australia	Equipment & Service	90	37
2018 Jan 3	Cate Drilling Solutions	Equipment & Service		35
2018 Jan 2	Renegade Drilling Supplies	Tools & Attachments		22

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

**Included as an associated company.

As per June 30, the acquisitions of Fordia and New Concept Mining have had a total cash flow effect of SEK -1,006 million. According to the preliminary purchase price allocation, intangible assets amount to SEK 241 million and goodwill amounts to SEK 215 million. Fordia and New Concept Mining have contributed to revenues with SEK 416 million and to operating profit with SEK 31 million since their respective dates of acquisition.

Fair value of acquired assets and liabilities

SEK million	Group recognized values, June 30, 2019
Net assets identified	607
Intangible assets	241
Goodwill	215
Total consideration	1,063
Net cash outflow	1,006

Transactions with related parties

Significant related-party transactions are described in Note 28 to the consolidated accounts in Epiroc's Annual and Sustainability Report 2018. No material changes have taken place in relations or transactions with related parties compared with the description in Epiroc's Annual and Sustainability Report 2018.

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 2018, see www.epirocgroup.com/en/investors. In the second quarter, Epiroc divested 826,097 A shares for SEK 79,892,338 in accordance with mandates granted. As of June 30, 2019, Epiroc AB held 13,565,457 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, www.epirocgroup.com/en/investors/financial-data. 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

Webcast & conference call

At 14.00 CEST on the report issue date, Epiroc will host a combined presentation and conference call for investors, analysts and media. The presentation, which will be conducted in English, will be held in Epiroc's office, Sickla Industriväg 19, Nacka, Sweden. The report will be presented by President and CEO Per Lindberg and CFO Anders Lindén.

Link to the webcast: <https://edge.media-server.com/mmc/p/3bmeo4kr>

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: 69672000#

Upcoming investor events

- October 25, 2019: Q3 2019
- October 29, 2019: Shares trade excluding right to dividend of SEK 1.05
- November 4, 2019, Dividend payment date (prel.)
- November 14, 2019: Capital Markets Day
- January 31, 2020: Q4 2019

Further information

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Epiroc in brief

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

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 12:00 CEST on July 18, 2019.