



Interim report Q4 2020

January 26, 2021



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Epiroc interim report Q4

- Orders received increased 1% to MSEK 9 329 (9 276), organic increase of 13%
- Revenues decreased 5% to MSEK 9 806 (10 280), organic increase of 6%
- Operating profit increased 10% to MSEK 2 212 (2 016), including items affecting comparability of MSEK -67 (-115)*
- Operating margin improved to 22.6% (19.6). Adjusted operating margin was 23.2% (20.7)*
- Basic earnings per share was SEK 1.35 (1.23)
- Operating cash flow was MSEK 2 156 (2 827)
- Agreement to acquire the mining software company MineRP
- The Board proposes a distribution to shareholders of SEK 5.50 per share through
 - Dividend for 2020 of SEK 2.50 (2.40) per share to be paid in two equal installments
 - A distribution of SEK 3.00 per share through mandatory redemption of shares

Key figures

MSEK	2020 Q4	2019 Q4	Δ	2020 FY	2019 FY	Δ
Orders received	9 329	9 276	1%	36 579	39 492	-7%
Revenues	9 806	10 280	-5%	36 122	40 849	-12%
Operating profit	2 212	2 016	10%	7 382	8 136	-9%
Operating margin, %	22.6	19.6		20.4	19.9	
Profit before tax	2 090	1 922	9%	7 087	7 843	-10%
Profit margin, %	21.3	18.7		19.6	19.2	
Profit for the period	1 637	1 489	10%	5 410	5 884	-8%
Operating cash flow	2 156	2 827	-24%	7 006	6 688	5%
Basic earnings per share, SEK	1.35	1.23	10%	4.48	4.89	-8%
Return on capital employed, 12 months, %				21.7	27.6	
Net debt/EBITDA, ratio				-0.45	0.05	

* Information on items affecting comparability, see page 6.

CEO comments

Agility in a challenging 2020

The Covid-19 pandemic affected us significantly in 2020, yet we managed to adapt our way of working, lower our costs, prioritized innovation, show resilience in our profitability, and deliver a solid result. We did this while prioritizing health and safety and supporting our customers in this unique and challenging situation. I am proud to see the way our organization has been able to adapt to the situation.

The demand recovered in the second half of the year and for the full year 2020, our organic order intake was unchanged and amounted to MSEK 36 579. Revenues, however, declined 5% organically to MSEK 36 122, mainly due to lower equipment volumes. Our service business showed resilience throughout the year. This in combination with our efficiency measures supported our operating margin, which improved to 20.4%. We also had a solid operating cash flow of MSEK 7 006. The Board proposes a distribution to shareholders of SEK 5.50 per share; a dividend of SEK 2.50 and SEK 3.00 through mandatory redemption.

Organic order growth in all businesses in Q4

The customer demand remained largely at the same level as in Q3. Both our customers' and our own operations were, with few exceptions, up and running. We continued to see that our customers took decisions to invest in new equipment and we achieved organic order growth in all our businesses, with the highest growth achieved in Equipment & Service. Orders received for the Group were MSEK 9 329, corresponding to 13% organic growth compared to last year and to 2% organic growth sequentially.

We expect that the demand, both for equipment and aftermarket, will remain stable in the near term. Uncertainty, however, still remains regarding the Covid-19 development and any further related restrictions.

Organic revenue growth and improved profitability

Revenues were MSEK 9 806, up 6% organically with solid growth for our aftermarket business. Service performed particularly well and had an organic revenue growth of 13%. This in combination with cost savings contributed to an improved operating margin, despite a negative currency effect. The adjusted margin improved to 23.2%, with strong contribution from Tools & Attachments.

Technology leadership

Automation, digitalization and electrification solutions are in high demand and we connect more and more machines. We continue to win orders and we are proud of our market-leading solutions that are globally deployed and proven. They enable increased productivity, safety and sustainability for our customers.

We invest heavily in research and development to remain the technology leader. In Q4 we agreed to acquire MineRP that supports large and medium-sized mines in optimizing their operational efficiency by providing a leading software platform solution that integrates all technical mining data.

Engaged employees and improved sustainability results

Our employee survey showed that the engagement level rose in 2020, despite the pandemic, and remained well above the external benchmark. We also achieved improved sustainability results, with a significant reduction in lost-time injury frequency rate and decreased CO₂ emissions, both from operations and from transport.

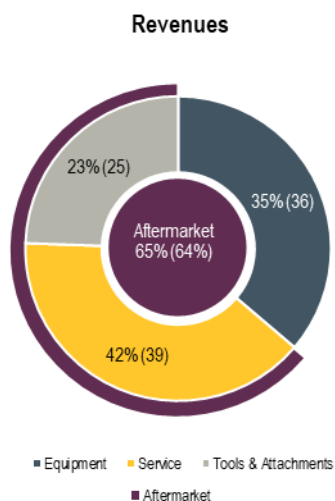
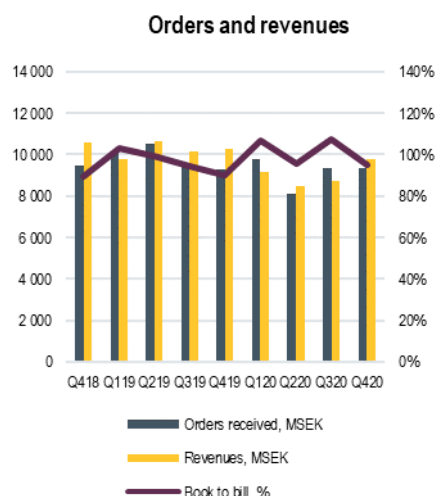
Strategy for profitable growth

Our strategy is to be the market leader in our selected niches and we continue to prioritize innovation, after-market, operational excellence and sustainability. Our innovation agenda goes hand-in-hand with our customers' sustainability agenda, which creates many opportunities for us. I see Epiroc as an enabler in the transition towards sustainable mining and infrastructure. By offering best-in-class solutions – with automation, digitalization and electrification – and always being close to our customers, we will further strengthen the relationships with our customers and make Epiroc even stronger.



Helena Hedblom
President and CEO

Orders and revenues



Orders and revenues MSEK	2020 Q4	2019 Q4	Δ	2020 FY	2019 FY	Δ
Orders received	9 329	9 276	1%	36 579	39 492	-7%
Revenues	9 806	10 280	-5%	36 122	40 849	-12%
Operating profit	2 212	2 016	10%	7 382	8 136	-9%
Operating margin, %	22.6	19.6		20.4	19.9	

Orders received

Orders received increased 1% to MSEK 9 329 (9 276) year-on-year, corresponding to an organic growth of 13%. Currency impacted negatively with 12%. Sequentially, i.e. compared to the previous quarter, orders received increased 2% organically.

Compared to the previous year, orders received in local currency increased in all regions. Double-digit growth was achieved in South America, Europe and Asia/Australia.

Mining customers represented 75% (76) of orders received in the quarter and infrastructure customers 25% (24).

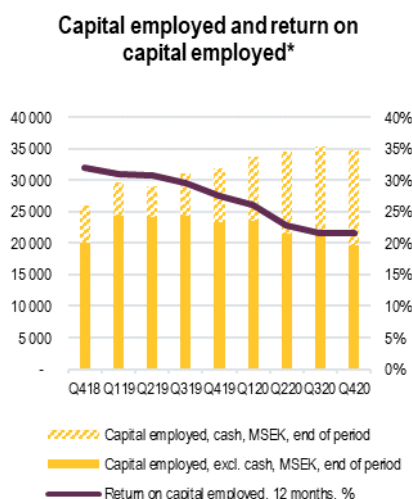
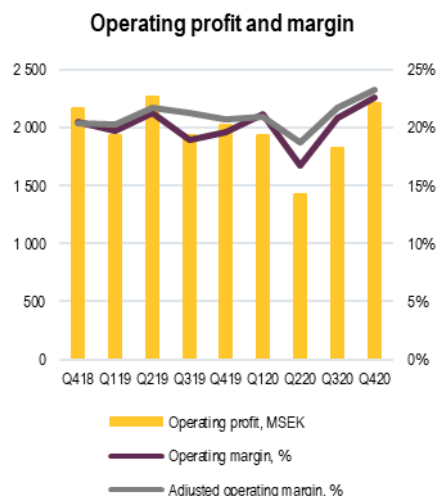
Revenues

Revenues decreased 5% to MSEK 9 806 (10 280). Organically, revenues increased 6%, but currency had a negative impact of 11%. The book to bill ratio was 95% (90).

The aftermarket represented 65% (64) of revenues in the quarter.

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q4 2019	9 276	10 280
Organic	+13	+6
Currency	-12	-11
Structure and other	0	0
Total	+1	-5
Q4 2020	9 329	9 806

Profits and returns



*Numbers for 2018 are not restated for IFRS 16.

Profit bridge	Operating profit	
	MSEK, Δ	Margin, %, Δ, pp
Q4 2019	2 016	19.6
Organic	+436	+3.1
Currency	-318	-0.9
Structure and other*	+78	+0.8
Total	+196	+3.0
Q4 2020	2 212	22.6

*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).

The operating profit increased 10% to MSEK 2 212 (2 016), including items affecting comparability of MSEK -67 (-115). These items include restructuring costs of MSEK -15 (-45) and change in provision for share-based long-term incentive programs of MSEK -52 (-42). The previous year also included costs of MSEK -28 related to the agreement with the departing President and CEO. The operating profit was positively impacted by increased revenue volumes and cost savings, but negatively impacted by currency. The operating margin increased to 22.6% (19.6). Excluding the items affecting comparability, the margin was 23.2% (20.7).

Net financial items were MSEK -122 (-94). Interest net was MSEK -29 (-35).

Profit before tax was MSEK 2 090 (1 922), corresponding to a margin of 21.3% (18.7). Income tax expense amounted to MSEK -453 (-433), corresponding to an effective tax rate of 21.7% (22.5).

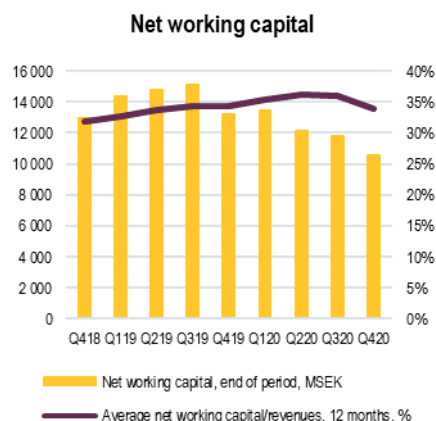
Profit for the period totaled MSEK 1 637 (1 489). Basic earnings per share were SEK 1.35 (1.23).

The return on capital employed during the last 12 months was 21.7% (27.6), affected by increased capital employed, mainly from accumulation of cash. Return on equity was 22.7% (28.3).

Employees

On December 31, 2020, the number of employees was 13 840 (14 268). The number of consultants/external workforce was 1 109 (1 366). For comparable units, the total workforce decreased with 686 compared to the previous year. The reduction is mainly related to manufacturing, administration and marketing, while the workforce in service and research and development has been stable.

Balance sheet

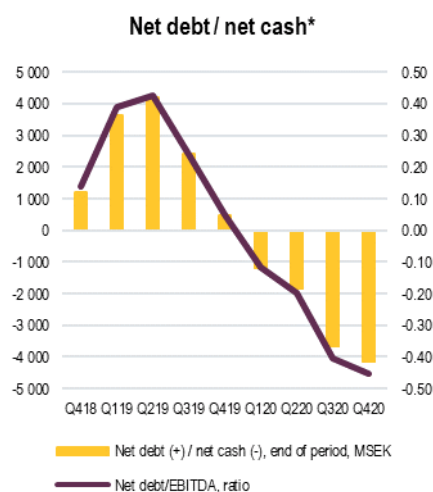


Net working capital

Compared to the previous year, the net working capital decreased 20%, of which 13% related to currency, to MSEK 10 571 (13 153). As a percentage of revenues the last 12 months, the average net working capital was 33.8% (34.4).

Efficiency improvements

- The cost-savings program of more than MSEK 500 annually has been completed, with full impact in the quarter.
- Additional savings from planned actions, including the reduction of staff in Sweden, was achieved partly in Q4. The remaining savings are expected in 2021.
- Savings from short-term actions were maintained at a good level in the quarter.
- The supply-chain improvement program for parts and consumables continues to be implemented according to plan, with some delays in positive effects coming through due to the pandemic.

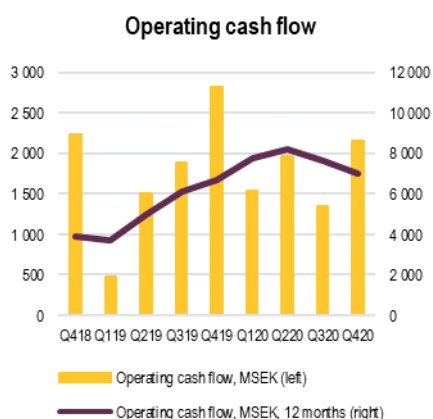


Net cash / net debt

The Group's net cash position amounted to MSEK 4 137 (previous year: net debt of 483). A second dividend was paid in December 2020 and amounted to MSEK 1 447 (1 263). The net debt/EBITDA ratio was -0.45 (0.05).

*Numbers for 2018 are not restated for IFRS 16.

Cash flow



Operating cash flow

Cash was released from working capital, mainly due to lower inventories, but to a lesser extent than in the previous year. The working capital decreased by MSEK 687 (decreased 1 062), impacting the operating cash flow, which decreased 24% to MSEK 2 156 (2 827).

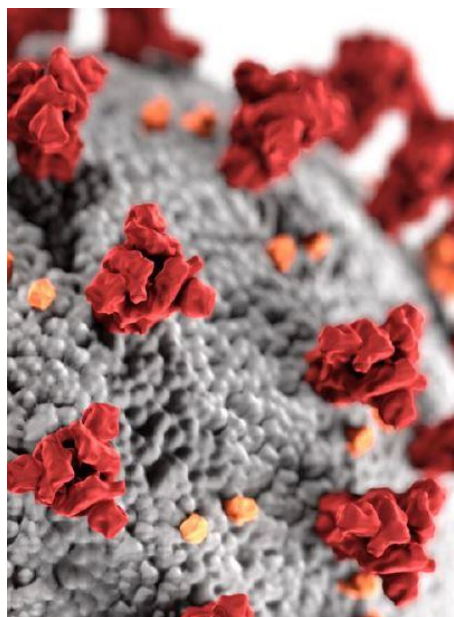
Acquisitions and divestments

Cash flow from acquisitions and divestments was MSEK -1 (+10).

Dividend and mandatory redemption of shares

Epiroc has generated significant cash flows in recent years and the Group's financial position is strong. The Board of Directors therefore proposes to the Annual General Meeting a distribution to shareholders of SEK 5.50 per share, equal to MSEK 6 633, through

- A dividend of SEK 2.50 (2.40) per share, equal to MSEK 3 015 (2 887). The dividend is proposed to be paid in two equal installments with record dates April 30 and October 28, 2021.
- A distribution of SEK 3.00 per share, equal to MSEK 3 618, through a mandatory share redemption procedure, in which each share is split into one ordinary share and one redemption share. The redemption share is then automatically redeemed at SEK 3.00 per share. The proposed preliminary record day for the share redemption split is May 17, 2021. The payment of the redemption shares would, if approved, be made around June 15, 2021.

Covid-19**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. The availability of components and transports is currently stable.

The number of customers that have temporarily stopped operations or are working with reduced capacity is considerably lower than in the second quarter and also decreased somewhat during the fourth quarter.

Equipment

The manufacturing facilities for equipment are operational and the capacity is being adapted to the demand. Deliveries and commissioning of equipment are, by and large, being carried out as planned, even if they are sometimes impacted by the restrictions related to Covid-19.

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.

In brief

- Orders increased 16% organically
- Agreement to acquire the mining software company MineRP
- Operating margin improved to 26.4%

Orders and revenues MSEK	2020 Q4	2019 Q4	Δ	2020 FY	2019 FY	Δ
Orders received	6 954	6 710	4%	27 252	28 509	-4%
Revenues	7 455	7 740	-4%	26 927	29 891	-10%
Operating profit	1 966	1 844	7%	6 639	7 435	-11%
Operating margin, %	26.4	23.8		24.7	24.9	

Orders received

The orders received for Equipment & Service increased by 4% to MSEK 6 954 (6 710), corresponding to an organic growth of 16%. Currency impacted negatively with 12%. Sequentially, orders received increased 1% organically.

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

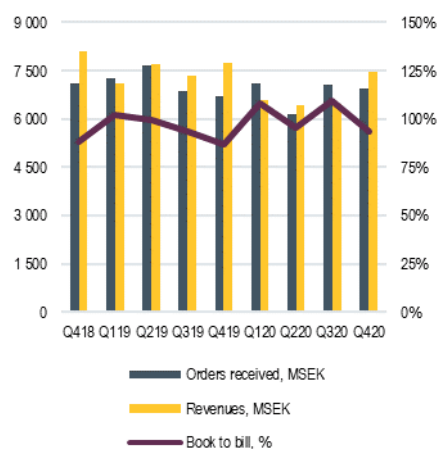
For service, the orders received increased 9% organically to MSEK 3 987 (4 104), supported by a combination of a high customer activity and a strong service offering. The share of orders from service was 57% (61).

For equipment, the orders received increased 26% organically to MSEK 2 967 (2 606). The bulk of the orders were small and medium sized, and the order intake increased both for underground and surface equipment. The share of orders from equipment was 43% (39).

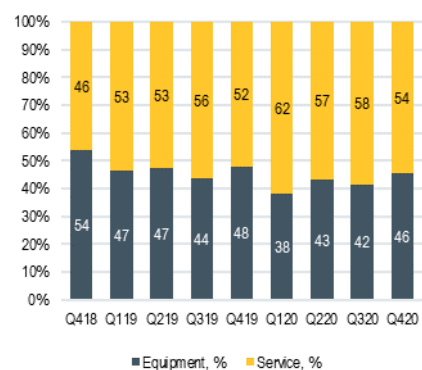
Revenues

Revenues decreased 4% to MSEK 7 455 (7 740), mainly due to a large negative impact from currency of 11%. Organically, revenues increased 7%, with an increase of 13% in service. The share of revenues from service was 54% (52). The book to bill ratio was 93% (87).

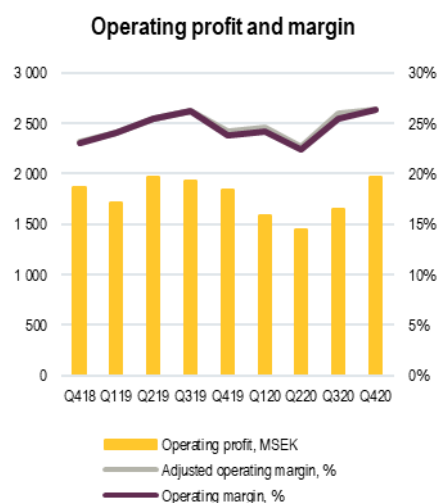
Orders and revenues



Revenue split, %



Sales Bridge	Equipment and Service		Equipment		Service	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
	MSEK,Δ,%	MSEK,Δ,%	MSEK,Δ,%	MSEK,Δ,%	MSEK,Δ,%	MSEK,Δ,%
Q4 2019	6 710	7 740	2 606	3 712	4 104	4 028
Organic	+16	+7	+26	0	+9	+13
Currency	-12	-11	-12	-8	-12	-13
Structure and other	0	0	0	0	0	0
Total	+4	-4	+14	-8	-3	+0
Q4 2020	6 954	7 455	2 967	3 407	3 987	4 048



Operating profit and margin

The operating profit increased 7% to MSEK 1 966 (1 844). The previous year included restructuring costs of MSEK -28. The operating profit was positively impacted by increased volumes and cost savings, while currency had a negative impact. The operating margin improved to 26.4% (23.8), supported by increased volumes, mix and cost savings.

Profit bridge	Operating profit	
	MSEK,Δ	Margin,%,Δ,pp
Q4 2019	1 844	23.8
Organic	+290	+2.2
Currency	-200	0.0
Structure and other	+32	+0.4
Total	+122	+2.6
Q4 2020	1 966	26.4

Innovations

Epiroc together with commercial explosives provider Orica have innovated the most advanced underground development charging unit ever designed, called Avatel. It increases productivity and safety through automated solutions that control the full charging cycle. Avatel will be launched this year.

Epiroc has introduced the RCS 4.20, a software update to its successful and proprietary Rig Control System. It includes a range of general improvements and major features like Real-Time Data, AutoDrill optimizations and Time Usage Model, which improves tracking of asset utilization against targets.

Acquisition

Epiroc has agreed to acquire MineRP, a mining software company specializing in increasing productivity for mines through integrated planning, execution and analytics. MineRP has about 200 employees and had revenues of about MUSD 16 (MSEK 135) for the 12 months ending June 30, 2020. The purchase price is not material for the Group and is not disclosed.



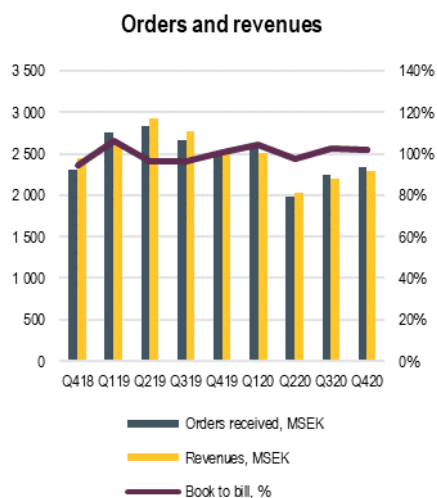
Avatel: a game changer in safe and productive development charging.

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.

In brief

- Orders increased 5% organically
- Orders increased for both rock drilling tools and hydraulic attachments
- Operating margin improved to 15.9%



Orders and revenues MSEK	2020 Q4	2019 Q4	Δ	2020 FY	2019 FY	Δ
Orders received	2 337	2 517	-7%	9 185	10 768	-15%
Revenues	2 288	2 503	-9%	9 024	10 799	-16%
Operating profit	363	295	23%	1 097	1 252	-12%
Operating margin, %	15.9	11.8		12.2	11.6	

Orders received

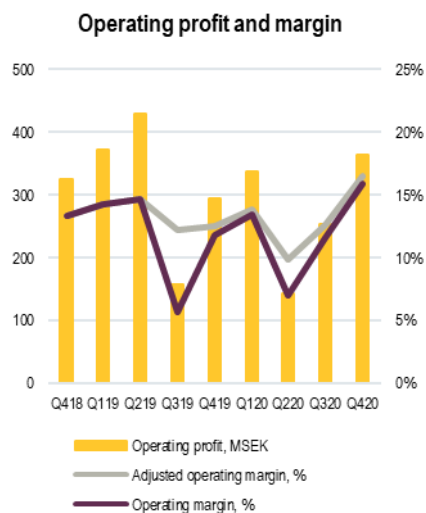
The orders received for Tools & Attachments decreased 7% to MSEK 2 337 (2 517), corresponding to an organic increase of 5%. Currency and structure impacted negatively with 11% and 1% respectively. Orders received increased both for hydraulic attachments and for rock drilling tools. Sequentially, orders received increased 5% organically.

Compared to the previous year, orders received in local currency increased in Europe and South America, but decreased in the other regions. Depending on restrictions following the Covid-19 pandemic, the order intake varied among countries and regions.

Revenues

Revenues decreased 9% to MSEK 2 288 (2 503), corresponding to an organic increase of 3%. Currency and structure impacted negatively with 11% and 1%, respectively. The book to bill ratio was 102% (101).

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q4 2019	2 517	2 503
Organic	+5	+3
Currency	-11	-11
Structure and other	-1	-1
Total	-7	-9
Q4 2020	2 337	2 288



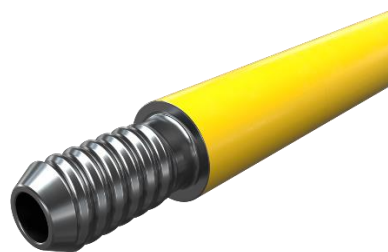
Operating profit and margin

The operating profit increased 23% to MSEK 363 (295), including restructuring costs of MSEK -15 (-17). The operating margin improved to 15.9% (11.8), supported by cost savings and increased volumes, while currency impacted negatively. The adjusted margin was 16.5% (12.5).

Profit bridge	Operating profit	
	MSEK,Δ	Margin,%,Δ,pp
Q4 2019	295	11.8
Organic	+160	+6.3
Currency	-113	-3.3
Structure and other	+21	+1.1
Total	+68	+4.1
Q4 2020	363	15.9



The popular tunnel version of the Epiroc SB breakers has been extended on both ends of the range.



The new tube drilling system ET51 has features that support autonomous drilling.

Innovation

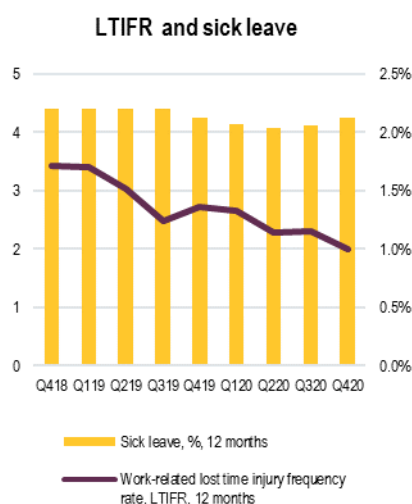
The development of the [SB breaker](#) concept has continued with the introduction of a lighter SB 202, weighing in at 200 kg, and a powerful SB 552, with a service weight of 560 kg. They offer features such as extended lifetime, overall cost reductions and energy recovery.

A new tube drilling system, ET51, primarily for underground production drilling has been introduced. It offers features such as longer service life, straighter and deeper drilling and enables better service planning.

Sustainability

Epiroc has four prioritized areas within sustainability: We live by the highest ethical standards; We invest in safety and well-being; We grow together with passionate people and courageous leaders; We use resources responsibly and efficiently. For each area there are several targets and key performance indicators, including the long-term goals for 2030 that further advance the Group's ambitions on e.g. climate change and diversity.

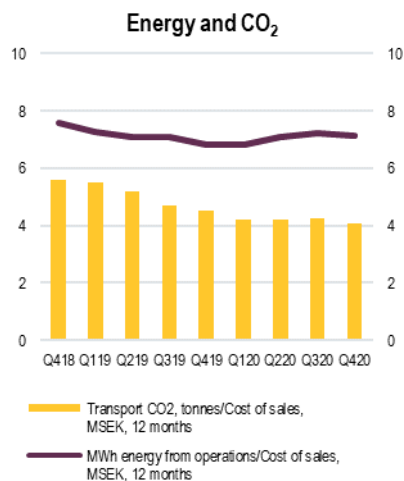
	2020 Q4	2019 Q4
MSEK, 12 months		
Work-related lost-time injury frequency rate, LTIFR	2.0	2.7
Sick leave, %	2.1	2.1
MWh energy from operations/Cost of sales	7.1	6.8
Transport CO ₂ , tonnes/Cost of sales	4.1	4.5



Lost-time injury frequency rate and sick leave

The number of work-related lost-time injuries per million working hours (LTIFR) the last 12 months decreased compared to the period ending December 31, 2019. A continued focus on safety and several preventive measures contributed to the reduction.

Sick leave continued to stay on a low level, but was negatively impacted by the Covid-19 pandemic. A number of measures have been implemented and maintained to minimize the risk for employees and others getting infected.



Energy and CO₂ emissions

CO₂ emissions from transport the last 12 months improved compared to the period ending in December 31, 2019, mainly due to lower volumes and a higher share of shipments by sea instead of air freight.

MWh energy from operations has decreased, supported by several initiatives to increase energy efficiency. The ratio, MWh energy from operations as percentage of Cost of Sales, has however increased, as Cost of Sales has decreased to a larger extent and energy from operations is only partly correlated with Cost of Sales.

Full year 2020 in summary

Orders received decreased 7% to MSEK 36 579 (39 492), corresponding to a flat organic development. Revenues decreased 12% to MSEK 36 122 (40 849), corresponding to 5% organic decline.

Sales Bridge	Orders received	Revenues
	MSEK,Δ,%	MSEK,Δ,%
Full year 2019	39 492	40 849
Organic	0	-5
Currency	-7	-6
Structure and other	0	-1
Total	-7	-12
Full year 2020	36 579	36 122

Operating profit decreased 9% to MSEK 7 382 (8 136). The profit was negatively impacted mainly by lower volumes and currency, partly compensated by cost savings. Operating profit includes items affecting comparability of MSEK -287 (-446). This includes change in provision for long-term incentive programs of MSEK -99 (-194) and restructuring costs of MSEK -188 (-224). The previous year also included costs of MSEK -28 related to the agreement with the departing President and CEO. The operating margin improved to 20.4% (19.9), affected positively by cost savings, mix and currency, but negatively by volume. Excluding items affecting comparability, the margin was 21.2% (21.0).

Profit bridge	Operating profit	
	MSEK,Δ	Margin,%,Δ,pp
Full year 2019	8 136	19.9
Organic	-651	-0.8
Currency	-352	+0.5
Structure and other	+249	+0.8
Total	-754	+0.5
Full year 2020	7 382	20.4

Profit before tax was MSEK 7 087 (7 843), corresponding to a margin of 19.6% (19.2). Profit for the period totaled MSEK 5 410 (5 884). Basic earnings per share were SEK 4.48 (4.89). Operating cash flow was MSEK 7 006 (6 688).

Other information

- Epiroc has not received any material government grants related to Covid-19 and Epiroc has not utilized governmental support for short-time work in Sweden.
- This report has not been audited.

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

Epiroc AB - Nacka, January 26, 2021

Helena Hedblom
President and CEO

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 2019, in note 1 Significant accounting principles. New and revised standards and interpretations effective from January 1, 2020, have not had any material impact on the financial reports.

Accounting principles of the Parent Company

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

Condensed consolidated income statement

MSEK	2020 Q4	2019 Q4	2020 FY	2019 FY
Revenues	9 806	10 280	36 122	40 849
Cost of sales	-6 069	-6 377	-22 418	-25 547
Gross profit	3 737	3 903	13 704	15 302
Marketing expenses	- 517	- 690	-2 225	-2 797
Administrative expenses	- 687	- 848	-2 817	-3 261
Research and development expenses	- 243	- 262	-1 032	-1 035
Other operating income and expenses	- 78	- 87	- 248	- 73
Operating profit	2 212	2 016	7 382	8 136
Net financial items	- 122	- 94	- 295	- 293
Profit before tax	2 090	1 922	7 087	7 843
Income tax expense	- 453	- 433	-1 677	-1 959
Profit for the period	1 637	1 489	5 410	5 884
Profit attributable to				
- owners of the parent	1 633	1 485	5 399	5 874
- non-controlling interests	4	4	11	10
Basic earnings per share, SEK	1.35	1.23	4.48	4.89
Diluted earnings per share, SEK	1.35	1.22	4.48	4.89

Key ratios

MSEK	2020 Q4	2019 Q4	2020 FY	2019 FY
Basic number of shares outstanding, millions	1 206	1 203	1 204	1 201
Diluted number of shares outstanding, millions	1 207	1 204	1 205	1 202
Operating margin, %	22.6	19.6	20.4	19.9
Equity per share, period end, SEK	19.71	19.00	19.71	19.00
Return on capital employed, %	21.7	27.6	21.7	27.6
Return on equity, %	22.7	28.3	22.7	28.3
Net debt / EBITDA, ratio	-0.45	0.05	-0.45	0.05
Net cash/debt / equity ratio, period end, %	-17.4	2.1	-17.4	2.1
Equity/assets ratio, period end, %	54.1	55.6	54.1	55.6
Number of employees, period end	13 840	14 268	13 840	14 268

Condensed consolidated statement of comprehensive income

MSEK	2020 Q4	2019 Q4	2020 FY	2019 FY
Profit for the period	1 637	1 489	5 410	5 884
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	- 246	55	- 147	- 274
Income tax relating to items that will not be reclassified	52	- 20	32	52
Total items that will not be reclassified to profit or loss	- 194	35	- 115	- 222
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	- 860	- 602	-1 812	547
- realized and reclassified to profit and loss	0	-	- 33	- 7
Cash flow hedges	-	23	0	- 22
Income tax relating to items that may be reclassified	-	- 5	0	5
Total items that may be reclassified subsequently to profit or loss	- 860	- 584	-1 845	523
Other comprehensive income for the period, net of tax	-1 054	- 549	-1 960	301
Total comprehensive income for the period	583	940	3 450	6 185
Total comprehensive income attributable to				
- owners of the parent	584	940	3 447	6 175
- non-controlling interests	- 1	0	3	10

Condensed consolidated balance sheet

	2020	2019
Assets, MSEK	Dec 31	Dec 31
Intangible assets	4 111	4 226
Rental equipment	999	1 213
Other property, plant and equipment	4 150	4 613
Investments in associated companies and joint ventures	188	201
Financial assets and other receivables	751	1 007
Deferred tax assets	1 374	630
Total non-current assets	11 573	11 890
Inventories	8 930	10 508
Trade receivables	6 045	7 287
Other receivables	1 414	1 597
Income tax receivables	189	353
Financial assets	682	862
Cash and cash equivalents	15 053	8 540
Total current assets	32 313	29 147
Total assets	43 886	41 037
Equity and liabilities, MSEK		
Share capital	500	500
Retained earnings	23 193	22 261
Total equity attributable to owners of the parent	23 693	22 761
Non-controlling interest	46	52
Total equity	23 739	22 813
Interest bearing liabilities	9 491	7 724
Post-employment benefits	806	596
Deferred tax liabilities	606	-
Other liabilities and provisions	377	423
Total non-current liabilities	11 280	8 743
Interest bearing liabilities	664	705
Trade payables	3 605	4 050
Income tax liabilities	391	507
Other liabilities and provisions	4 207	4 219
Total current liabilities	8 867	9 481
Total equity and liabilities	43 886	41 037

Fair value of derivatives and borrowings

The carrying value and fair value of the Group's outstanding derivatives and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives and other loans are based on level 2 in the fair value hierarchy. Compared to 2019, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions.

Outstanding derivatives recorded to fair value	2020	2019
MSEK	Dec 31	Dec 31
Non-current assets and liabilities		
Assets	-	2
Liabilities	-	-
Current assets and liabilities		
Assets	167	99
Liabilities	56	74

Carrying value and fair value	2020	2020	2019	2019
MSEK	Dec 31	Dec 31	Dec 31	Dec 31
	Carrying value	Fair value	Carrying value	Fair value
Bonds	3 989	4 163	1 995	2 082
Other loans	6 166	6 269	6 434	6 504
Total interest bearing loans	10 155	10 432	8 429	8 586

Condensed consolidated statement of changes in equity

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2020	22 761	52	22 813
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
Closing balance, December 31, 2020	23 693	46	23 739
 Opening balance, January 1, 2019	 18 797	 50	 18 847
Total comprehensive income for the period	6 175	10	6 185
Dividend	-2 523	- 8	-2 531
Acquisition and divestment of own shares	340	-	340
Share-based payments, equity settled	- 28	-	- 28
Closing balance, December 31, 2019	22 761	52	22 813

Condensed consolidated statement of cash flows

MSEK	2020 Q4	2019 Q4	2020 FY	2019 FY
Cash flow from operating activities				
Operating profit	2 212	2 016	7 382	8 136
Depreciation, amortization and impairment	439	482	1 746	1 978
Capital gain/loss and other non-cash items	13	- 28	252	- 252
Net financial items received/paid	- 439	- 25	- 94	- 410
Taxes paid	- 527	- 257	-1 800	-2 157
Pension funding and payment of pension to employees	- 20	- 18	- 54	- 61
Change in working capital	687	1 062	1 121	337
Increase in rental equipment	- 132	- 189	- 595	- 915
Sale of rental equipment	118	134	376	572
Net cash from operating activities	2 351	3 177	8 334	7 228
Cash flow from investing activities				
Investments in other property, plant and equipment	- 151	- 100	- 507	- 486
Sale of other property, plant and equipment	62	17	84	60
Investments in intangible assets	- 135	- 179	- 498	- 537
Sale of intangible assets	9	15	4	16
Acquisition of subsidiaries and associated companies	- 1	- 3	- 63	-1 137
Sale of subsidiaries	0	13	- 12	153
Proceeds to/from other financial assets, net	110	244	384	276
Net cash from investing activities	- 106	7	- 608	-1 655
Cash flow from financing activities				
Dividend	-1 447	-1 263	-2 892	-2 523
Dividend to non-controlling interest	-	-	- 9	- 8
Sale/Repurchase of own shares	51	45	370	340
Change in interest-bearing liabilities	17	- 181	1 541	- 820
Net cash from financing activities	-1 379	-1 399	- 990	-3 011
Net cash flow for the period	866	1 785	6 736	2 562
Cash and cash equivalents, beginning of the period	14 250	6 814	8 540	5 872
Exchange differences in cash and cash equivalents	- 63	- 59	- 223	106
Cash and cash equivalents, end of the period	15 053	8 540	15 053	8 540
Operating cash flow				
Net cash flow from operating activities	2 351	3 177	8 334	7 228
Net cash from investing activities	-106	7	- 608	-1 655
Acquisitions and divestments of subsidiaries	1	- 10	75	984
Other adjustments	-90	- 347	- 795	131
Operating cash flow	2 156	2 827	7 006	6 688

Condensed segments quarterly

Epiroc has two reporting segments; Equipment & Service and Tools & Attachments. In addition, Epiroc reports common group functions, which includes Financial Solutions, offering financing to customers, Group management and common functions, as well as eliminations. Financial Solutions also has a rental fleet generating operating lease payments, which are reported as revenue.

	2019				2019	2020				2020
Orders received, MSEK	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Equipment & Service	7 248	7 677	6 874	6 710	28 509	7 101	6 129	7 068	6 954	27 252
Equipment	3 442	3 580	2 727	2 606	12 355	2 850	2 410	3 099	2 967	11 326
Service	3 806	4 097	4 147	4 104	16 154	4 251	3 719	3 969	3 987	15 926
Tools & Attachments	2 760	2 826	2 665	2 517	10 768	2 619	1 980	2 249	2 337	9 185
Common group functions	55	50	61	49	215	52	- 4	56	38	142
Epiroc Group	10 063	10 553	9 600	9 276	39 492	9 772	8 105	9 373	9 329	36 579

Revenues, MSEK	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Equipment & Service	7 115	7 702	7 334	7 740	29 891	6 579	6 422	6 471	7 455	26 927
Equipment	3 313	3 638	3 198	3 712	13 861	2 519	2 768	2 688	3 407	11 382
Service	3 802	4 064	4 136	4 028	16 030	4 060	3 654	3 783	4 048	15 545
Tools & Attachments	2 605	2 926	2 765	2 503	10 799	2 505	2 035	2 196	2 288	9 024
Common group functions	65	- 2	59	37	159	50	1	57	63	171
Epiroc Group	9 785	10 626	10 158	10 280	40 849	9 134	8 458	8 724	9 806	36 122

Operating profit and profit before tax, MSEK	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Equipment & Service*	1 707	1 961	1 923	1 844	7 435	1 586	1 441	1 646	1 966	6 639
Tools & Attachments	371	429	157	295	1 252	337	143	254	363	1 097
Common group functions	- 148	- 127	- 153	- 123	- 551	9	- 166	- 80	- 117	- 354
Epiroc Group	1 930	2 263	1 927	2 016	8 136	1 932	1 418	1 820	2 212	7 382
Net financial items	- 100	- 38	- 61	- 94	- 293	- 46	- 51	- 76	- 122	- 295
Profit before tax	1 830	2 225	1 866	1 922	7 843	1 886	1 367	1 744	2 090	7 087

Operating margin, %	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Equipment & Service	24.0	25.5	26.2	23.8	24.9	24.1	22.4	25.4	26.4	24.7
Tools & Attachments	14.2	14.6	5.7	11.8	11.6	13.5	7.0	11.6	15.9	12.2
Epiroc Group	19.7	21.3	19.0	19.6	19.9	21.2	16.8	20.9	22.6	20.4

Items affecting comparability, MSEK	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Change in provision for LTI-program	59	39	54	42	194	-65	91	21	52	99
Agreement with previous CEO	-	-	-	28	28	-	-	-	-	-
Restructuring costs in E&S	-	-	-	28	28	34	17	33	0	84
Restructuring costs in T&A	-	-	179	17	196	10	57	22	15	104
Epiroc Group	59	39	233	115	446	-21	165	76	67	287

Adj. margin for items affecting comparability, %	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Adjusted operating margin, %	20.3	21.7	21.3	20.7	21.0	20.9	18.7	21.7	23.2	21.2
Adjusted operating margin, E&S, %	24.0	25.5	26.2	24.2	25.0	24.6	22.7	25.9	26.4	25.0
Adjusted operating margin, T&A, %	14.2	14.6	12.2	12.5	13.4	13.9	9.8	12.6	16.5	13.3

Split and incentive program costs, MSEK**	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Change in provision for LTI-program	59	39	54	42	194	-65	91	21	52	99
Costs for split from Atlas Copco	17	23	11	11	62	6	11	1	0	18
Epiroc Group	76	62	65	53	256	-59	102	22	52	117

* 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.

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

Geographical distribution of orders received

MSEK % currency adjusted	2019 Q1	Q2	Q3	Q4	2019 FY	2020 Q1	Q2	Q3	Q4	Δ,% Y-o-Y	2020 FY	Δ,% Y-o-Y
Epiroc group	10 063	10 553	9 600	9 276	39 492	9 772	8 105	9 373	9 329	12%	36 579	-1%
North America	2 160	2 262	2 360	1 962	8 744	2 168	1 654	2 002	1 869	6%	7 693	-8%
South America	1 344	1 481	1 451	1 120	5 396	1 284	1 175	1 157	1 264	29%	4 880	2%
Europe	2 430	2 399	2 063	2 165	9 057	2 381	1 891	2 092	2 210	15%	8 574	0%
Africa/Middle East	1 311	1 409	1 274	1 474	5 468	1 409	943	1 411	1 295	4%	5 058	4%
Asia/Australia	2 818	3 002	2 452	2 555	10 827	2 530	2 442	2 711	2 691	12%	10 374	0%
Equipment & Service	7 248	7 677	6 874	6 710	28 509	7 101	6 129	7 068	6 954	16%	27 252	3%
North America	1 265	1 444	1 529	1 278	5 516	1 427	1 108	1 355	1 290	13%	5 180	-1%
South America	1 041	1 207	1 189	884	4 321	1 011	982	960	1 052	35%	4 005	5%
Europe	1 690	1 655	1 436	1 474	6 255	1 623	1 320	1 461	1 467	13%	5 871	0%
Africa/Middle East	893	863	716	959	3 431	934	641	955	880	9%	3 410	12%
Asia/Australia	2 359	2 508	2 004	2 115	8 986	2 106	2 078	2 337	2 265	14%	8 786	2%
Tools & Attachments	2 760	2 826	2 665	2 517	10 768	2 619	1 980	2 249	2 337	4%	9 185	-9%
North America	867	783	797	665	3 112	714	524	616	597	-1%	2 451	-18%
South America	303	274	262	236	1 075	273	193	197	211	8%	874	-7%
Europe	724	738	613	675	2 750	745	600	618	733	19%	2 696	3%
Africa/Middle East	418	547	557	515	2 037	475	302	457	414	-6%	1 648	-9%
Asia/Australia	448	484	436	426	1 794	412	361	361	382	-3%	1 516	-11%

Geographical distribution of revenues

MSEK % currency adjusted	2019 Q1	Q2	Q3	Q4	2019 FY	2020 Q1	Q2	Q3	Q4	Δ,% Y-o-Y	2020 FY	Δ,% Y-o-Y
Epiroc group	9 785	10 626	10 158	10 280	40 849	9 134	8 458	8 724	9 806	6%	36 122	-6%
North America	2 227	2 403	2 191	2 119	8 940	2 099	1 841	1 962	1 829	-4%	7 731	-9%
South America	1 571	1 616	1 646	1 547	6 380	1 116	1 251	994	1 275	-7%	4 636	-18%
Europe	2 432	2 473	2 154	2 372	9 431	2 132	1 959	2 096	2 491	17%	8 678	-3%
Africa/Middle East	1 182	1 396	1 351	1 504	5 433	1 369	1 063	1 283	1 305	2%	5 020	4%
Asia/Australia	2 373	2 738	2 816	2 738	10 665	2 418	2 344	2 389	2 906	13%	10 057	-2%
Equipment & Service	7 115	7 702	7 334	7 740	29 891	6 579	6 422	6 471	7 456	7%	26 928	-4%
North America	1 425	1 580	1 362	1 477	5 844	1 332	1 261	1 343	1 245	-6%	5 181	-7%
South America	1 327	1 341	1 356	1 271	5 295	875	1 073	789	1 061	-6%	3 798	-20%
Europe	1 674	1 682	1 469	1 697	6 522	1 427	1 362	1 472	1 813	19%	6 074	-1%
Africa/Middle East	787	847	792	1 003	3 429	923	761	868	875	2%	3 427	12%
Asia/Australia	1 902	2 252	2 355	2 292	8 801	2 022	1 965	1 999	2 462	14%	8 448	0%
Tools & Attachments	2 605	2 926	2 765	2 503	10 799	2 505	2 035	2 196	2 288	2%	9 025	-11%
North America	773	848	802	637	3 060	735	575	588	577	0%	2 475	-16%
South America	244	276	290	274	1 084	241	177	205	214	-8%	838	-12%
Europe	733	777	669	658	2 837	703	614	611	666	12%	2 594	-4%
Africa/Middle East	395	549	559	501	2 004	446	302	415	431	0%	1 594	-11%
Asia/Australia	460	476	445	433	1 814	380	367	377	400	0%	1 524	-12%

Condensed parent company income statement

MSEK	2020 Q4	2019 Q4	2020 FY	2019 FY
Administrative expenses	- 62	- 85	- 210	- 258
Marketing expenses	- 5	- 5	- 16	- 18
Other operating income and expenses	35	73	116	109
Operating profit/loss	- 32	- 17	- 110	- 167
Financial income and expenses	- 6	- 4	- 17	- 13
Appropriations	3 463	3 887	3 463	3 887
Profit/loss before tax	3 425	3 866	3 336	3 707
Income tax	- 729	- 820	- 702	- 772
Profit/loss for the period	2 696	3 046	2 634	2 935

Condensed parent company balance sheet

MSEK	2020 Dec 31	2019 Dec 31
Total non-current assets	54 061	52 016
Total current assets	5 239	5 106
Total assets	59 300	57 122
Total restricted equity	503	503
Total non-restricted equity	50 397	50 277
Total equity	50 900	50 780
Total provisions	201	216
Total non-current liabilities	7 987	6 029
Total current liabilities	212	97
Total equity and liabilities	59 300	57 122

Acquisitions and divestments

Date	Acquisitions	Divestments	Segment	Revenues*	Employees
2020 Aug 26	ItalParts		E&S		2
2019 Oct 23		Consumables manufacturing facility	T&A		-40
2019 Sep 3		Geotechnical consumables	T&A	-275	-40
2019 Apr 2	New Concept Mining		T&A	645	900
2019 Feb 1	Noland Drilling Equipment		E&S		8
2019 Jan 3	Fordia		T&A	580	250

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

Transactions with related parties

In the quarter, no material changes have taken place and no significant related-party transactions were made. More information on related parties can be found in Note 28 "Related parties" in [Epiroc's Annual and Sustainability Report 2019](#).

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. More information can be found in [Epiroc's Annual and Sustainability Report 2019](#) and on [Epiroc's website](#).

Share information	A share	B share	Total
Total number of shares	823 765 854	389 972 849	1 213 738 703
Whereof shares held by Epiroc	7 814 213		
Divestments in the quarter, number	357 905		
Divestment value, SEK	51 902 877		

Financial definitions

Financial definitions, non-IFRS measures and calculations can be found on [Epiroc's website](#).

Epiroc in brief

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. Learn more at www.epirocgroup.com.

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 goals and KPIs

For each focus area, see page 13, there are a number of key performance indicators to ensure that Epiroc's business stays competitive, innovative and ethically sound. Epiroc has also adopted sustainability goals for 2030 that further advance the Group's ambitions on e.g. climate change and diversity:

Safety and Health

- Substantially reduce work-related injuries.

Balanced workforce*

- Double the number of women in operational roles.

Ethical: Walk the talk

- Have all employees and business partners comply with Epiroc's Code of Conduct.
- Responsible Sales Assessment Process implemented.

Halve CO₂ emissions*

- Halve CO₂ emissions in operations.
- 90% renewable energy in own operations.
- Halve CO₂ emissions from transport.
- Offer a full range of emission-free products.
- Halve CO₂ emissions from equipment sold.
- Require 50% reduction of CO₂ emissions from relevant suppliers.

*Base year 2019.

More information about Epiroc's sustainability work can be found on [Epiroc's website](http://www.epiroc.com).

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 28, at 12:00 noon CET on January 26, 2021.

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Financial calendar

Webcast & conference call:

At 14.00 CET on January 26, 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

Dial-in numbers for the conference call:

- Sweden: +46 8 5055 8354
- United Kingdom: +44 333 3009 263
- United States: +1 833 823 0587

Upcoming investor events:

- April 28, 2021: Q1 2021 report
- April 28, 2021: AGM in Nacka at 16:00 CET
- July 20, 2021: Q2 2021 report
- October 21, 2021: Q3 2021 report

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.

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