S&P Global Ratings

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Epiroc AB

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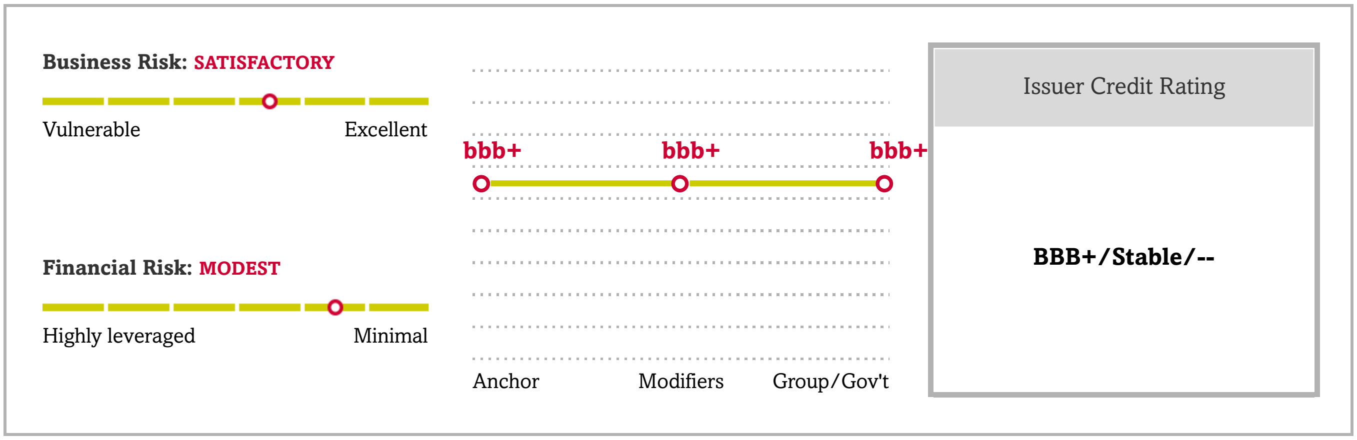


Credit Highlights

Overview

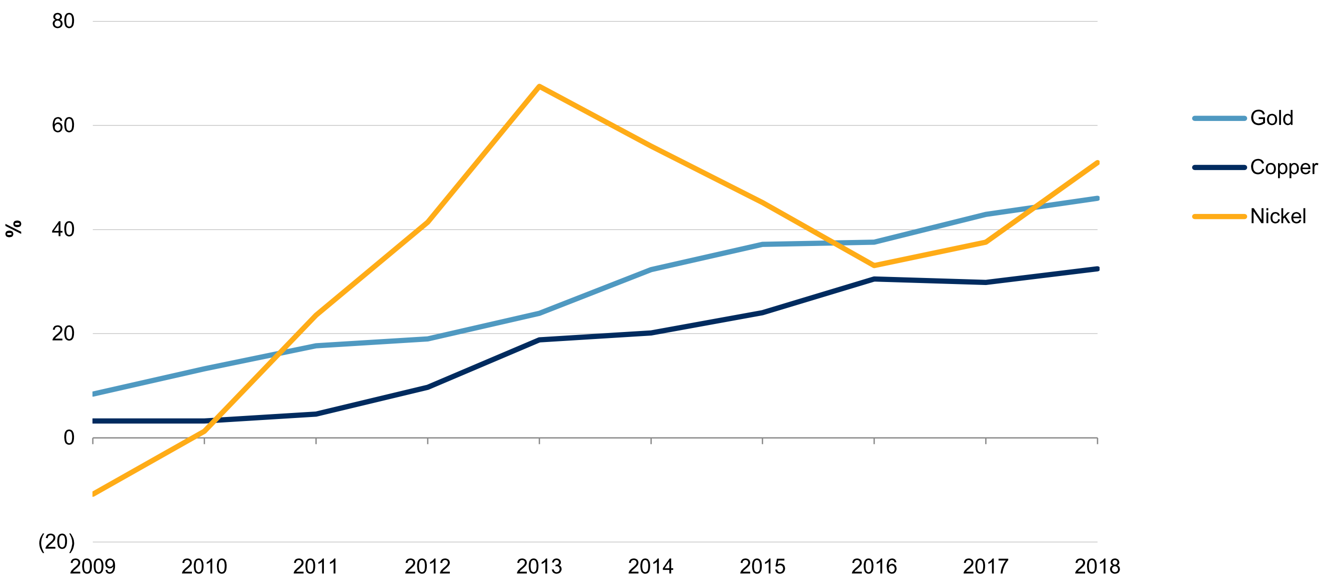
Key strengths	Key risks
Global market leading position as the No.1 or No.2 provider of rock drilling and excavation equipment, with a very high share of stable and recurring after-market sales (about 70% of revenue).	Equipment sales to the highly cyclical mining industry, representing about 30% of group sales, tend to be cyclical
Industry leading profitability with adjusted EBITDA margin of 24.4% in 2019, which we expect to deteriorate but remain above 20% despite the difficult operating environment in 2020.	Narrow scope of operations compared with capital goods peers in the 'BBB' rating category.
Robust cash flow generation with discretionary cash flow above Swedish krona (SEK) 1 billion expected per year in 2020-2021.	Still limited track record as a stand-alone corporation.
Conservative financial policy and strong balance sheet. We expect Epiroc AB (Epiroc) will remain in a net cash position in 2020-2021 as at year-end 2019.	Risk of meaningful dividend payments in light of low financial debt, which could weaken credit metrics.

Epiroc is a very established provider of rock drilling, excavation equipment, consumables and services, with industry leading margins. Epiroc is the No.1 or No.2 in each of its product offerings globally. The company mainly competes with Sandvik AB (A-/Stable/A-2), which is the only player of similar size and market share in the rock drilling and excavation equipment business. We expect margins to deteriorate as a result of the difficult operating conditions caused by the coronavirus, but nevertheless, we believe Epiroc's EBITDA margins will remain industry-leading, at above 20% in 2020-2021 thanks to limited competition and still relatively stable earnings from aftermarket services. In 2018-2019, Epiroc's margins were in the 22%-25% range.

The company's high share of aftermarket revenue complements revenue visibility and earnings stability, in our opinion. Most of Epiroc's products are linked to customers' operational expenditure, rather than capital expenditure (capex). Epiroc's earning are therefore not directly correlated to raw material prices, as production tends to be stable and instead rather linked to GDP growth (see chart 1), which provides earnings stability. This is further supported by the highly consumable nature of the particular type of mining equipment offered, and the frequent servicing needed to avoid costly standstills for operators. About 66% of overall revenue in 2019 related to aftermarket services. The service operations also support profitability. We believe the long-term growth fundamentals for Epiroc are good. Although openings of new greenfield mines are very limited, the demand for metals is likely to increase. We also believe the low amount of new mines will increase drilling need in existing mines. The market is also seeing more underground mines, which have a higher equipment intensity, and increased automation and electrification. Moreover, 24% of existing drilling equipment is older than 10 years, which should support demand for equipment in the coming years. In our opinion, Epiroc is well advanced in these areas, and we expect it to capitalize on general trends.

Chart 1

Growth In Mineral Production Levels (Base 2008) Supports Long-term Demand For Epiroc's Products
Mineral production levels 2008-2018

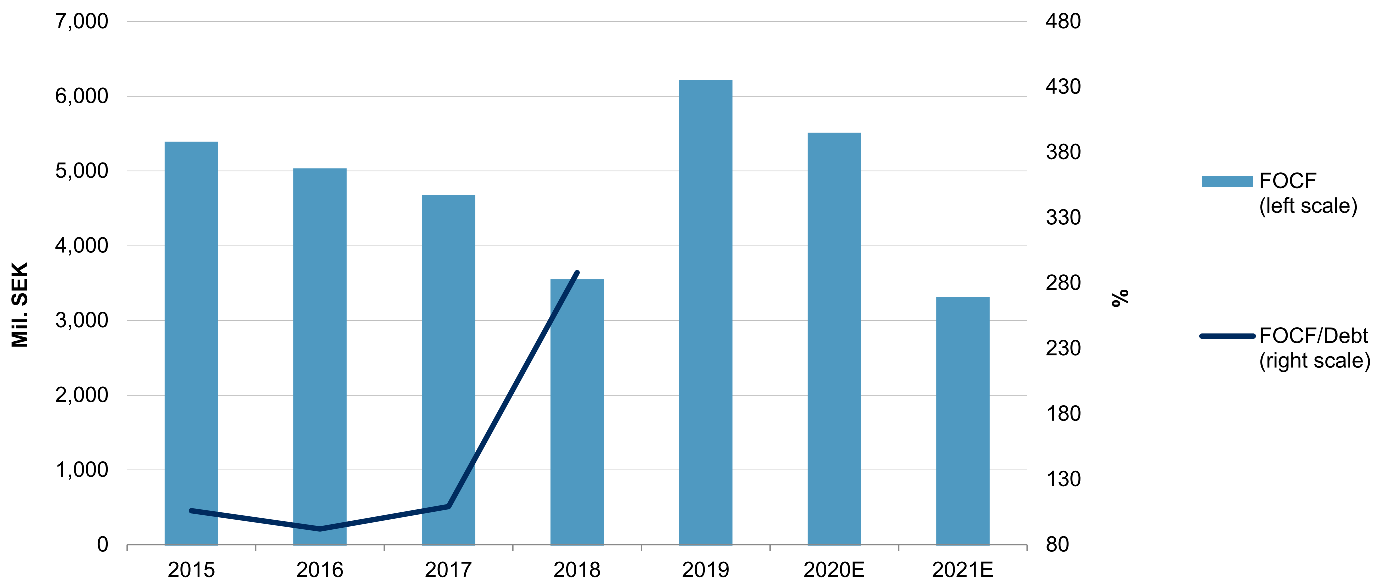


Source: S&P Global Ratings.

The combination of strong cash flow and low debt supports the rating. We view Epiroc's balance sheet as very conservative, demonstrated by low leverage. Epiroc was in a net cash position at year-end 2019 and first-quarter 2020, and we expect the company to remain so near term. Capex requirements are low, at less than 2% of sales, which also translates into strong free operating cash flow (FOCF) and discretionary cash flow (DCF) ratios. FOCF has been well above SEK3.0 billion over the past four years (see chart 2). We expect moderate negative impact on cash flow generation as a result of lower volumes caused by COVID-19, but expect working capital release and somewhat lower capex will partly mitigate the negative impact, and FOCF to remain around SEK4 billion–SEK6 billion over 2021-2021. We therefore believe the company has headroom to accommodate higher dividend payments and acquisitions as well as a moderate industry downturn, without affecting the rating.

Chart 2

Repetedely High FOCF, Leading To Lower Debt And Increasing FOCF/Debt Ratio



E--Estimate. SEK--Swedish krona. FOCF--Free operating cash flows. Source: S&P Global Ratings.

Epiroc has limited diversity and concentrated end-market exposure to the cyclical mining industry. Compared with peers in the broader capital goods industry, we believe Epiroc has limited scale and end-market diversity. For example, Sandvik has four large business units, with various end-market exposures. Beside Sandvik Mining and Rock Technology, which is the key unit competing with Epiroc, Sandvik Machining Solutions is a global market leader in advanced metal-cutting tools, and Sandvik Materials Technology is a leading producer of advanced stainless steel and special alloys. Alfa Laval AB (BBB+/Negative/--) is somewhat similar in size to Epiroc, but is exposed to several end markets such as oil and gas, shipping and food, and water treatment.

Outlook: Stable

The stable outlook reflects our view that the company's flexible and highly profitable production system and low debt should allow it to remain fairly resilient to industry volatility, with FFO to debt significantly above 45% at the bottom of the cycle, complemented by positive FOCF. We expect Epiroc to continue to withstand the volatility in its end markets, and the EBITDA margin to remain above 18%, even though sales are likely to show some volatility over the cycle.

Downside scenario

We could downgrade Epiroc if its FFO to debt fell below 45% for an extended period. This could follow significant debt-financed acquisitions or shareholder returns, which we consider unlikely at this stage. If the industry conditions weakened, we expect management to lower its dividend payment, in line with its policy to pay 50% of net income over the cycle.

We could also lower the rating if Epiroc's profitability materially deteriorates from historical levels, specifically if its EBITDA margins dropped below 18% without near-term prospects for recovery. This could stem from substantial restructuring expenses as a result of a substantial weakening of market demand, resulting in declining sales volumes, and order intake.

Upside scenario

We see no upside potential in the near term, given Epiroc's lower business diversification compared with companies in our 'A' rating category, as well as the company's financial policy, which we think will lead to occasional acquisitions. An upgrade could be supported by a clearer commitment from management toward its financial policy leverage targets. However, given that the financial policy was recently communicated, at the creation of the company, we believe this is unlikely in the near term.

Our Base-Case Scenario

Assumptions

- Due to the COVID-19 pandemic we have recently marked down our global GDP growth to 0.4% this year, with a rebound to 4.9% in 2021. The decline in activity will be very steep this year.
- We forecast Eurozone GDP will likely fall by 2.0% this year as the constraints on consumption and the sharp downward revision to U.S. growth (the EU's biggest export market) weigh on activity. We expect a solid rebound in 2021, with 3% growth.

Key Metrics

	2018A	2019A	2020F	2021
EBITDA margin (%)	23.4	24.4	19-20	21.5-23.5
EBITDA (mil. SEK)	8,958	9,961	6,000-6,500	7,300-7,800
Debt to EBITDA (x)	0.1	N.M.	<0.5x	<0.5x
FFO to debt (%)	540.3	N.M.	>100	>100
DCF (mil. SEK)	2,233	3,540	>1,000	>1,000

A--Actual. E--Estimate. F--Forecast. FFO--Funds from operations. DCF--Discretionary cash flow.

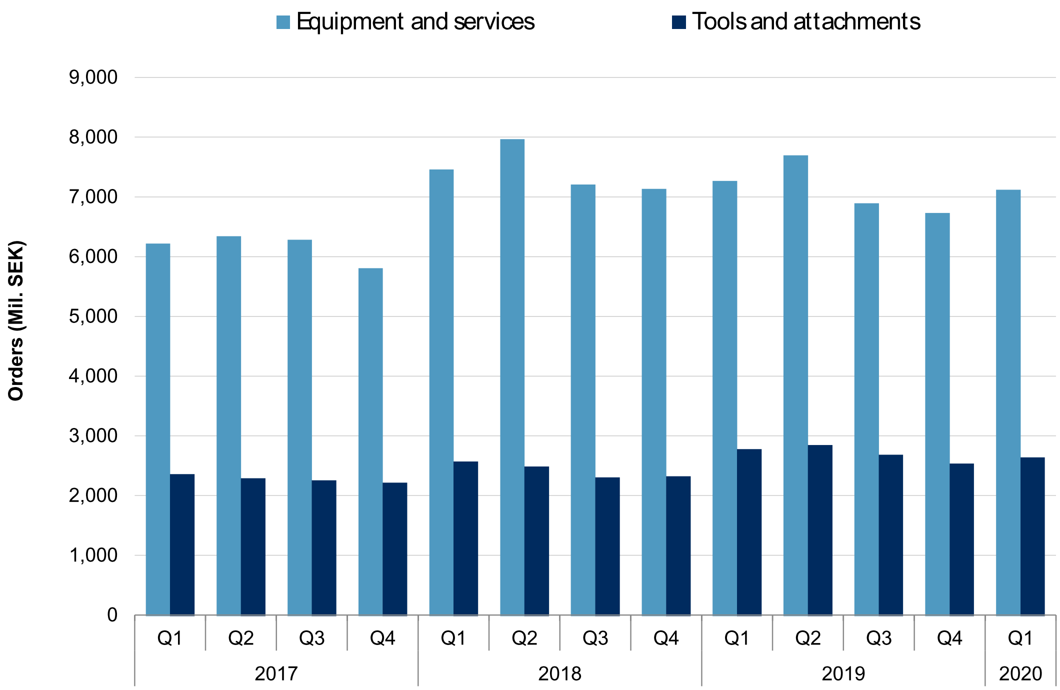
• In the U.S., we forecast a record downturn in the second quarter of 2020, with a recovery taking hold in the second half of the year and into 2021. Our revised GDP growth forecast for all of 2020 is a contraction of 1.3%, including a 12% decline in the second quarter, from the first. Growth will likely rebound to 3.2% in 2021. • We forecast this will translate to a revenue contraction for Epiroc in 2020, in the area of 20%-25%, before improving to 7%-12% growth in 2021. • EBITDA margins to decline to 19%-21% in 2020, and 21.5%-23.5% in 2021, compared with about 24.4% in 2019. • Cash inflow of about SEK0.5 billion–SEK 1.5 billion from lower working capital in 2020, and some build-up of SEK1.5 billion–SEK2.5 billion driven by growing sales. • We expect somewhat lower capex spending at around SEK800 million in 2020, normalizing to around SEK1 billion in 2021. • Somewhat lower acquisitions spending in 2020 of about SEK500 million, increasing to about SEK1.5 billion annually thereafter. • Dividend payment of about SEK2.9 billion in 2020, and 50% of net income over the cycle thereafter in line with the company's financial policy.	SEK--Swedish krona. N.M.--Not meaningful.

Base-case projections

We expect Epiroc's margins to remain strong at about 20% despite a sharp revenue decline in 2020. Despite the operational difficulties caused by COVID-19 in 2020, and the lower economic growth expectations, we believe Epiroc will be able to sustain strong margins. This is despite a sharp decline in sales of new equipment, and thanks to a high share of recurring and relatively stable aftermarket operations which has higher margins than sales of new equipment, which now constitute over two-thirds of the company's revenue base, and a flexible manufacturing set up. Overall, we believe Epiroc will be able to maintain an adjusted EBITDA margin of about 20% in 2020. The first quarter of 2020 remained strong for the company, given the current market uncertainty. Orders were down 3% year-on-year and revenue was down 8% organically in the quarter, but profitability remained stable thanks to the resilience of the service business. We expect a material negative impact in the second quarter of 2020, before a gradual recovery towards the end of the year.

Chart 3

Slowing Order Activity
Epiroc's order activity by segment 2017-2020 Q1

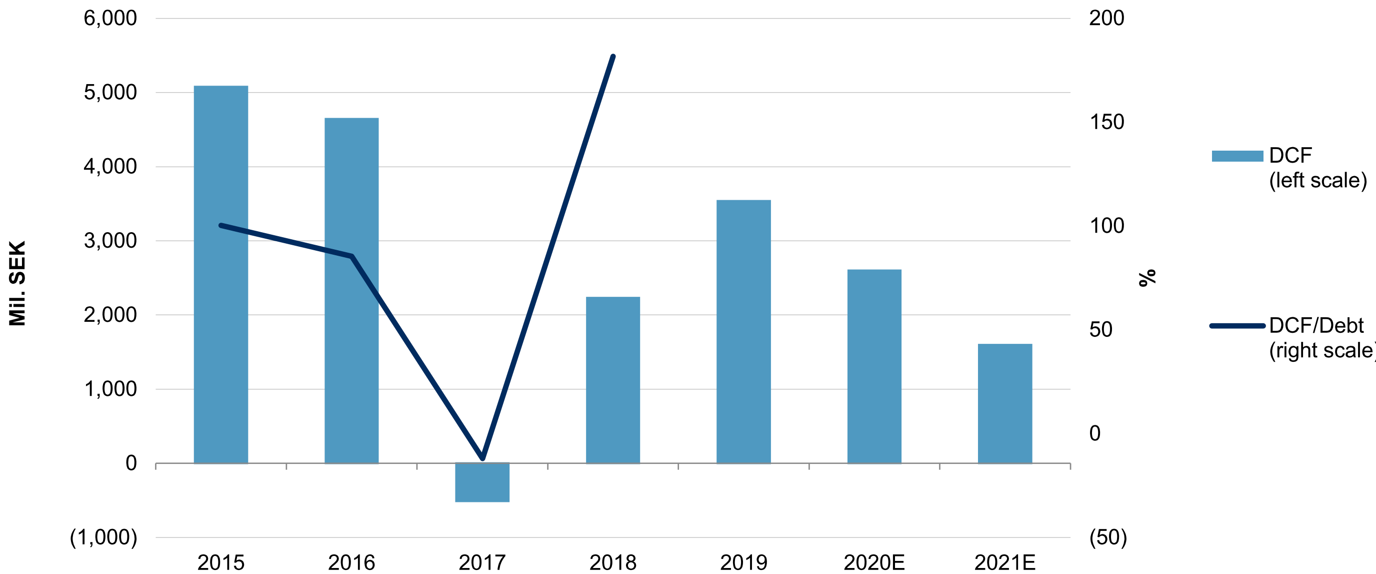


SEK--Swedish krona. Source: S&P Global Ratings.

Epiroc will continue to demonstrate robust cash-flow generation over the next two years, in our opinion. We continue to expect Epiroc to generate positive DCF of about SEK1 billion, per year in 2020-2021. Despite lower earnings, we believe that lower working capital related to lower volumes, coupled with flexibility to scale back capex, will allow the company to maintain healthy cash generation also in 2020. We expect a buildup of working capital in 2021, when we expect volumes to recover. We also take into account the company's dividend policy, which could lead to sizeable payouts in the future. Despite this, we continue to expect positive DCF.

Chart 4

Discretionary Cash Flow Generation--S&P Global Ratings' Expectations For 2019-2021
Positive discretionary cash-flows expected



SEK--Swedish krona. DCF--Discretionary cash flows. E--Estimate. Source: S&P Global Ratings.

Company Description

Sweden-based Epiroc AB is a leading provider of equipment, consumables, and services for use in mining, infrastructure, and well drilling. It operates in two segments:

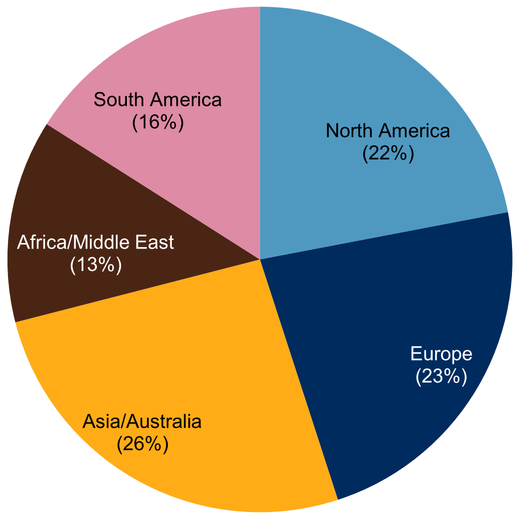
- Equipment and services (73% of fiscal 2019 revenue) provides equipment for rock drilling, mining, excavation, exploration, and related spare parts and services for the mining and infrastructure industries.
- Tools and attachments (27% of fiscal 2019 revenue) provides drilling tools and hydraulic attachments for machines, and related services and spare parts.

The company generated revenue of SEK40.8 billion in fiscal year 2019, with about 66% from the aftermarket business.

Copper, gold, and nickel are the main metal production markets Epiroc is exposed to.

Chart 5

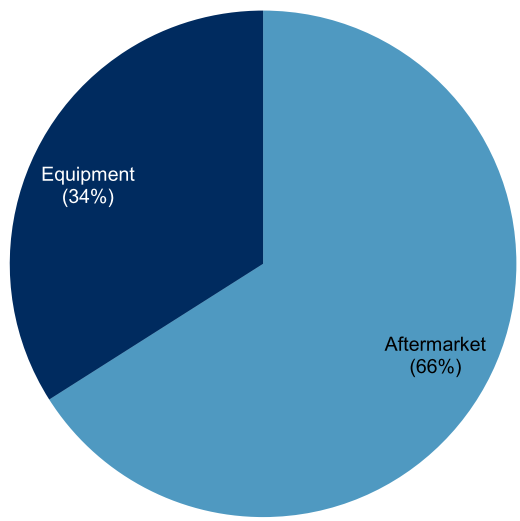
Geographically Diverse Revenue Base
Geographic distribution of Epiroc's 2019 revenues



Source: S&P Global Ratings.

Chart 6

High Share Of Aftermarket Revenues
2019 revenue breakdown by equipment and aftermarket

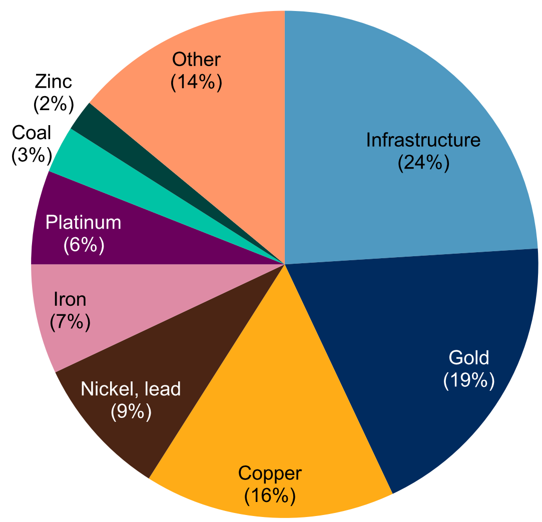


Source: S&P Global Ratings.

Chart 7

High Exposure To Mining Industry

Exposure to mining (by minerals) and infrastructure based on orders received in 2019



Source: S&P Global Ratings.

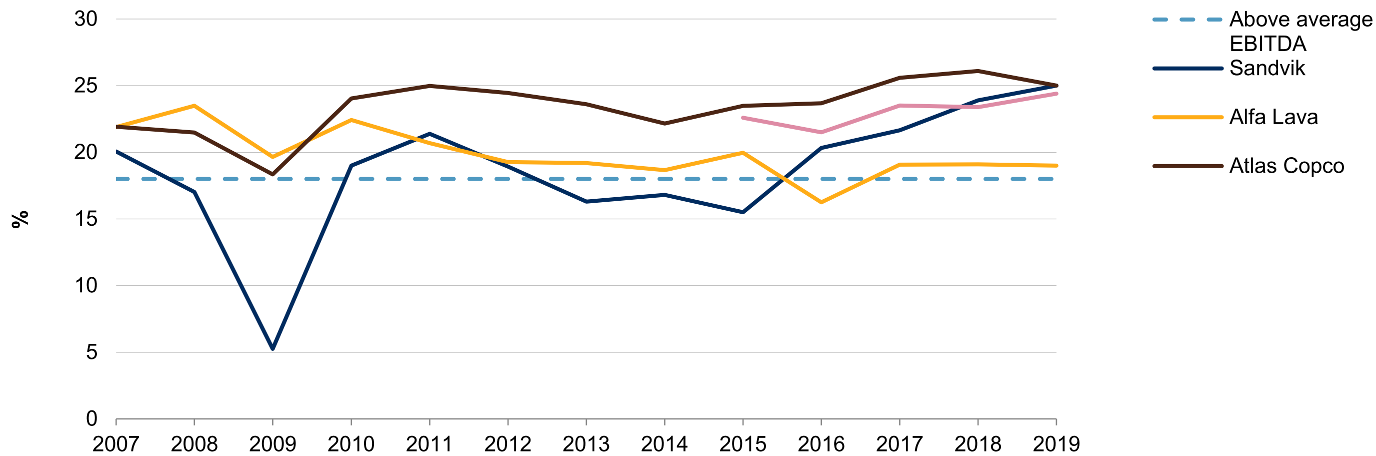
Business Risk: Satisfactory

Epiroc's business risk assessment reflects its high market share, position as the leading supplier of equipment and services for mining and infrastructure industries, strong profitability, high exposure to aftermarket business, good geographical spread, and low customer concentration.

Epiroc's solid profitability is a key differentiating factor for the rating, as it results in very strong cash flow. The company's decentralized organizational structure results in a highly flexible cost base, since it outsources manufacturing of noncore components. A very high 75% of product costs for equipment is purchased, and Epiroc only produces on orders, which implies that quick and smooth adjustments can be made to manage cyclical swings. A fairly high 85% of sales are direct to customers via the company's owned and controlled network, which suggests strong customer relationships. Furthermore, the presence of strong aftermarket exposure augments Epiroc's profitability by providing protection against volatility. Over the past five years, the company's aftermarket segment has expanded 8%.

Chart 8

EBITDA Margin Comparison



Source: S&P Global Ratings.

We see Epiroc benefitting from the mega trend of electrification and automation, both directly and indirectly, since demand for the key metals it is exposed to is likely to increase. An increasing number of mining companies are electrifying their operations, in attempt to directly lower costs and reduce their carbon footprint. Epiroc says it has a leading position in battery electrical mining vehicles, which reduce energy consumption by 70%, mainly from reduced ventilation in the mine. Moreover, rising electrification is increasing demand for copper and nickel, implying more drilling will be needed. Assuming that 30% of all cars sold in 2030 are electric, copper demand would increase by 10%, since over 3x more copper is needed compared with regular vehicles. Given Epiroc's already strong position, we believe this presents a positive upside for its products in the long term.

Epiroc's relatively small-scale operations and high end-market concentration compared with peers in the 'BBB' category are limiting rating factors. When it comes to size and diversification, we believe Epiroc is less diversified than its peers in the broader capital goods industry. Close competitors Sandvik and Alfa Laval both have a wider end-market spread and so does Danfoss A/S (BBB/CWNeg/A-2), which has four business segments. However, Epiroc compensates for this with higher profitability ratios, which stood at 16.2%, 19.0%, and 25.0% for Danfoss, Alfa Laval, and Sandvik respectively in 2019.

Peer comparison

Table 1

Epiroc AB--Peer Comparison

Industry sector: Capital goods/diversified

	Epiroc AB	Sandvik AB	Alfa Laval AB	Danfoss A/S	Caterpillar Inc.
Ratings as of May 15, 2020	BBB+/Stable/--	A-/Stable/A-2	BBB+/Negative/--	BBB/Watch Neg/A-2	A/Stable/A-1
	--Fiscal year ended Dec. 31, 2019--				

Table 1

Epiroc AB--Peer Comparison (cont.)

Industry sector: Capital goods/diversified

	Epiroc AB	Sandvik AB	Alfa Laval AB	Danfoss A/S	Caterpillar Inc.
(Mil. SEK)					
Revenue	40,849.0	103,238.0	46,517.0	65,888.1	474,151.5
EBITDA	9,961.0	25,828.0	8,830.0	10,661.6	95,185.3
Funds from operations (FFO)	7,394.0	20,916.0	6,648.0	8,889.9	75,958.2
Interest expense	152.0	1,565.0	347.0	346.0	4,051.4
Cash interest paid	410.0	1,314.0	281.0	304.0	2,949.1
Cash flow from operations	6,920.0	18,215.0	5,062.0	8,271.4	51,159.6
Capital expenditure	715.0	4,697.0	1,337.0	3,249.8	9,080.4
Free operating cash flow (FOCF)	6,205.0	13,518.0	3,725.0	5,021.5	42,079.2
Discretionary cash flow (DCF)	3,540.0	8,178.0	1,628.0	2,704.7	(15,644.8)
Cash and short-term investments	8,540.0	16,953.0	6,467.0	1,153.2	77,388.8
Debt	0.0	9,401.9	13,111.9	13,303.3	64,720.6
Equity	22,537.0	61,587.6	27,747.0	30,747.8	96,866.8
Adjusted ratios					
EBITDA margin (%)	24.4	25.0	19.0	16.2	20.1
Return on capital (%)	39.8	29.3	18.4	16.9	48.0
EBITDA interest coverage (x)	65.5	16.5	25.4	30.8	23.5
FFO cash interest coverage (x)	19.0	16.9	24.7	30.2	26.8
Debt/EBITDA (x)	0.0	0.4	1.5	1.2	0.7
FFO/debt (%)	N.M.	222.5	50.7	66.8	117.4
Cash flow from operations/debt (%)	N.M.	193.7	38.6	62.2	79.0
FOCF/debt (%)	N.M.	143.8	28.4	37.7	65.0
DCF/debt (%)	N.M.	87.0	12.4	20.3	(24.2)

N.M.--Not meaningful. SEK--Swedish krona.

Financial Risk: Modest

We expect Epiroc's credit metrics will remain strong over the next two years, supported by stable earnings performance and robust cash-flow generation. The company generated SEK6.2 billion in FOCF in 2019, and has been in net cash position since the end of the year, which indicates significant headroom for the metrics.

We expect Epiroc to pursue acquisitions of about SEK1.5 billion and continue with shareholder rewards, in line with its policy of paying out 50% of net income as dividends. We don't fully exclude that this policy could result in a larger dividend payment for one or two years in the future. However, we do believe that Epiroc will be cautious and take necessary steps to preserve strong credit metrics in line with the existing rating.

Epiroc's gross debt of SEK6.4 billion comprises SEK2.0 billion of notes under the medium-term notes program, bilateral borrowings of about SEK3.0 billion and MEUR100 million, and other loans. At March 31, 2020, the company had a cash balance of SEK10.2 billion. We adjust the reported debt with its captive finance operation (about SEK2.0 billion at Dec. 31, 2019) because we have concluded that the operation does not weigh on the financial risk profile or carry any significant risk, since it remains well diversified. Furthermore, less than 30% of the portfolio constitutes finance lease receivables, so we believe potential residual value losses could be handled without a major effect. Furthermore, we note the low historical loss ratio of typically below 1%, even during periods with softer industry conditions. The company also has reported lease liabilities of SEK2.0 billion, and we add unfunded pension obligations of SEK528 million.

Financial summary

Table 2

Epiroc AB--Financial Summary					
Industry sector: Capital goods/diversified					
	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
(Mil. SEK)					
Revenue	40,849.0	38,285.0	31,440.0	27,102.0	28,663.0
EBITDA	9,961.0	8,957.5	7,404.0	5,837.0	6,486.0
Funds from operations (FFO)	7,394.0	6,639.1	6,331.8	5,223.8	6,002.8
Interest expense	152.0	262.4	332.2	295.2	499.2
Cash interest paid	410.0	571.4	406.2	102.2	189.2
Cash flow from operations	6,920.0	4,290.1	5,201.8	5,359.8	5,677.8
Capital expenditure	715.0	750.0	537.0	336.0	299.0
Free operating cash flow (FOCF)	6,205.0	3,540.1	4,664.8	5,023.8	5,378.8
Discretionary cash flow (DCF)	3,540.0	2,233.1	(513.2)	4,643.8	5,079.8
Cash and short-term investments	8,540.0	5,872.0	1,808.0	481.0	461.0
Gross available cash	8,540.0	5,872.0	1,808.0	481.0	461.0
Debt	0.0	1,228.8	4,265.9	5,438.6	5,066.3
Equity	22,537.0	17,802.0	11,753.0	15,369.5	14,526.5
Adjusted ratios					
EBITDA margin (%)	24.4	23.4	23.5	21.5	22.6
Return on capital (%)	39.8	44.2	33.9	23.4	27.2
EBITDA interest coverage (x)	65.5	34.1	22.3	19.8	13.0
FFO cash interest coverage (x)	19.0	12.6	16.6	52.1	32.7
Debt/EBITDA (x)	0.0	0.1	0.6	0.9	0.8
FFO/debt (%)	N.M.	540.3	148.4	96.1	118.5
Cash flow from operations/debt (%)	N.M.	349.1	121.9	98.6	112.1
FOCF/debt (%)	N.M.	288.1	109.4	92.4	106.2
DCF/debt (%)	N.M.	181.7	(12.0)	85.4	100.3

SEK--Swedish krona. N.M.--Not meaningful.

Liquidity: Strong

We consider Epiroc's liquidity to be strong. Its liquidity is supported by sizable cash reserves, manageable debt maturities, and a solid liquidity sources-to-uses ratio of about 4x in the next 12 months. We believe the company will be able to maintain this, even if its EBITDA were to decline by 30%. Epiroc also has access to five-year SEK4 billion committed credit facilities, maturing in 2024. We believe the company has good relationships with its core banks.

Furthermore, Epiroc's access to markets is supported by the ownership of Swedish investment holding company Investor AB (AA-/Stable/A-1+), holding 17.1% of the shares and 22.7% of the votes, and the company's solid investment-grade rating.

Principal Liquidity Sources	Principal Liquidity Uses
• Non-restricted cash and short-term investments of about SEK9.0 billion, as of March 31, 2020. • Cash FFO of over SEK5.0 billion annually. • Working capital inflow of about SEK0.5 billion–SEK1 billion in 2020. • An undrawn multicurrency revolving credit facility of SEK4 billion maturing in 2024.	• Modest debt maturities of SEK200 million over the next 12 months. • Capex of about SEK0.7 billion–SEK1 billion in 2020, and SEK1.2 billion-SEK1.5 billion in 2021. • Working capital outflow of about SEK1.5 billion-SEK 2.5 billion in 2021. • Annual dividends of about SEK3.0 billion-SEK3.8 billion.

Covenant Analysis

Requirements

The company does not have any financial maintenance covenants.

Environmental, Social, And Governance

For Epiroc, we believe environmental and social risks are more pronounced compared with governance risks. Epiroc's management is focusing on providing sustainable and efficient products, which has helped the company to achieve industry-high margins.

Key environmental considerations for the company, like most other players in the capital goods industry, include emission reductions. Epiroc has well defined sustainability goals, which include its suppliers. We believe the key goals, such as ethical standards, safety, and resources used, are being realized. Epiroc's usage of renewable energy has, for example, increased to 63% of total consumption in 2019, up from a five-year average of 58%. However, on the social front, we believe the company faces human capital management risks because it is a global player and operates in countries that may be prone to human rights violations. During 2019, a worker was also killed in an accident on site.

Epiroc is based out of Sweden, which in our view has a long track record of very strong institutional and governance effectiveness. Sweden is one of the least corrupt countries, and its robust legal system ensures unbiased enforcement of contracts.

Issue Ratings - Subordination Risk Analysis

Capital structure

Epiroc's capital structure consists of senior unsecured debt issued at the parent company level.

Analytical conclusions

The debt is rated 'BBB+', the same as the issuer credit rating, since no significant elements of subordination risk are present in the capital structure. This is also supported by the company's low leverage and our view of modest financial risk.

Reconciliation

Table 3

Epiroc AB--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts

	--Fiscal year ended Dec. 31, 2019--							
Epiroc AB reported amounts (Mil. SEK)								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
Reported	6,395.0	22,761.0	10,114.0	8,136.0	143.0	9,961.0	7,228.0	1,023.0

Table 3

Epiroc AB--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (cont.)

S&P Global Ratings' adjustments

Cash taxes paid	--	--	--	--	--	(2,157.0)	--	--
Cash interest paid	--	--	--	--	--	(410.0)	--	--
Reported lease liabilities	2,034.0	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	528.0	--	10.0	10.0	9.0	--	--	--
Accessible cash and liquid investments	(7,553.0)	--	--	--	--	--	--	--
Capitalized development costs	--	--	(308.0)	(24.0)	--	--	(308.0)	(308.0)
Share-based compensation expense	--	--	159.0	--	--	--	--	--
Captive finance operations	(2,024.0)	(276.0)	--	--	--	--	--	--
Income (expense) of unconsolidated companies	--	--	12.0	--	--	--	--	--
Nonoperating income (expense)	--	--	--	179.0	--	--	--	--
Noncontrolling interest/minority interest	--	52.0	--	--	--	--	--	--
Debt: Foreign currency hedges	(99.0)	--	--	--	--	--	--	--
Debt: Other	157.0	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(30.0)	(30.0)	--	--	--	--
EBITDA: Foreign exchange gain/(loss)	--	--	(24.0)	(24.0)	--	--	--	--
EBITDA: Business divestments	--	--	28.0	28.0	--	--	--	--
Total adjustments	(6,957.0)	(224.0)	(153.0)	139.0	9.0	(2,567.0)	(308.0)	(308.0)

S&P Global Ratings' adjusted amounts

	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditure
Adjusted	--	22,537.0	9,961.0	8,275.0	152.0	7,394.0	6,920.0	715.0

SEK--Swedish krona.

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/--

Business risk: Satisfactory

- **Country risk:** Low

- **Industry risk:** Intermediate
- **Competitive position:** Satisfactory

Financial risk: Modest

- **Cash flow/leverage:** Modest

Anchor: bbb+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Capital Goods Industry, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	**Modest**	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	**bbb+**	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of June 11, 2020)*	
Epiroc AB	
Issuer Credit Rating	BBB+/Stable/--
Senior Unsecured	BBB+
Issuer Credit Ratings History	
05-Dec-2018	BBB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.