



Q3 2018 results

October 19, 2018

Atlas Copco

Strategy into action

Solving production challenges for light vehicle cars through experience and close customer interaction

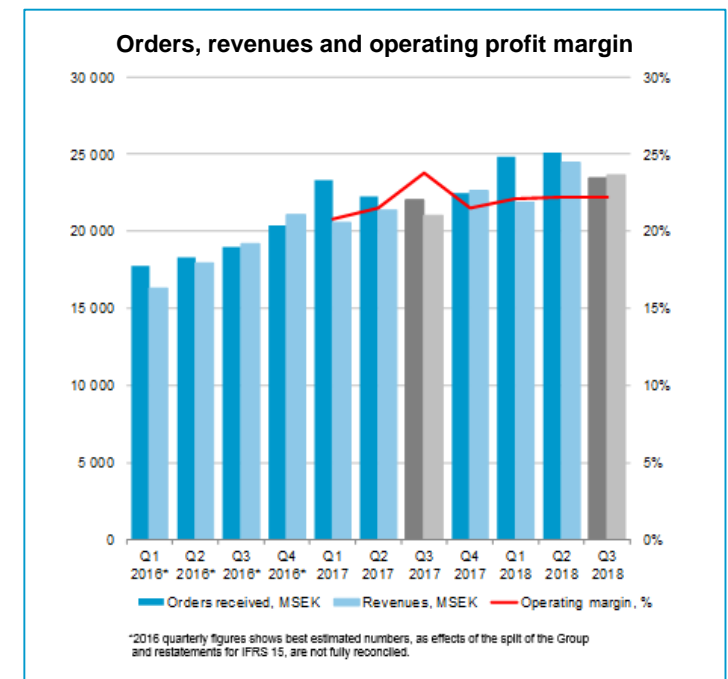


Q3 in brief

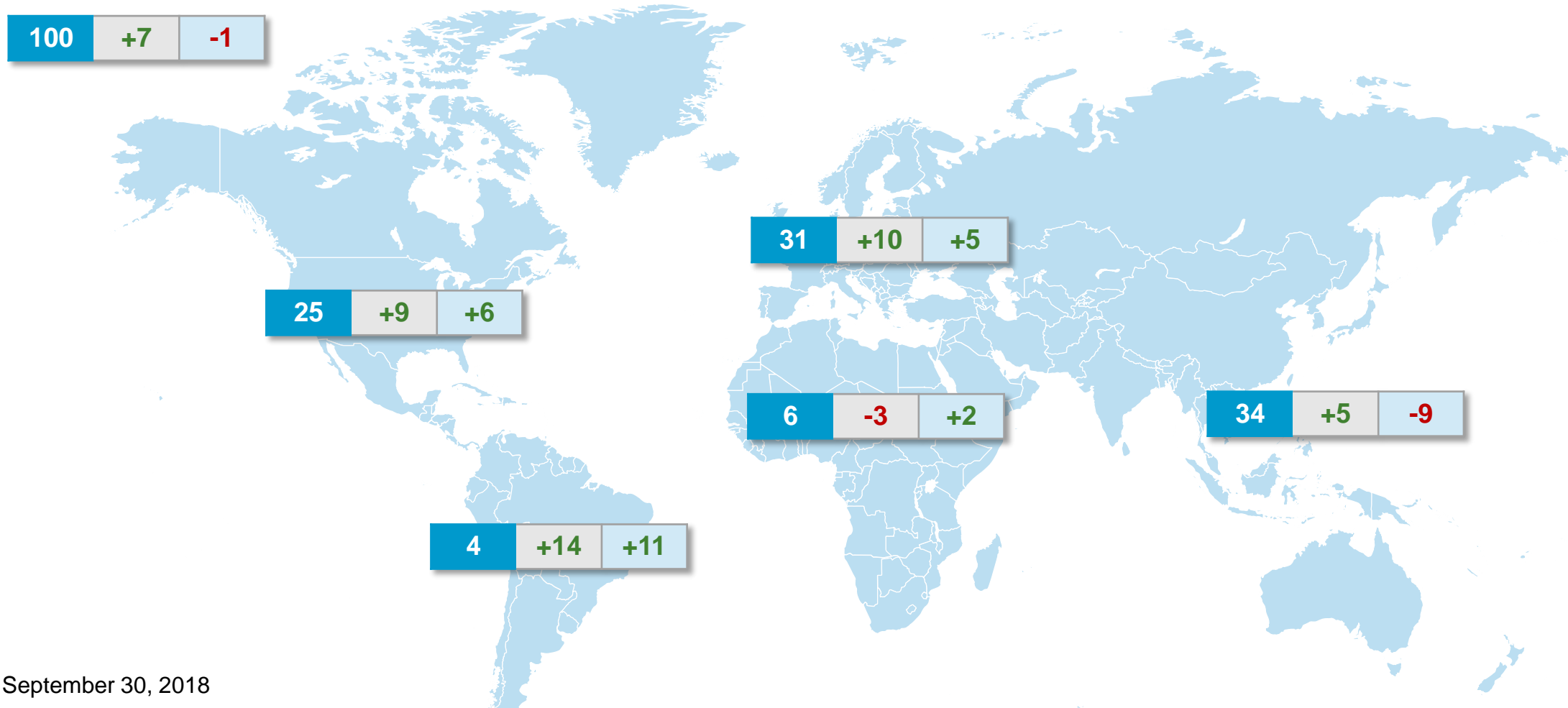
- Solid profitability and cash flow
- Mixed equipment demand
 - Postponed investment decisions
 - Weakening equipment demand, primarily from semiconductor and flat panel display customers
 - Year-on-year growth for compressors, industrial assembly solutions, and power equipment
- Continued service growth
- Organic revenue growth 6%

Q3 figures in summary

- Orders received were MSEK 23 440 (22 062), organic decline of 1%
- Revenues were MSEK 23 675 (21 033), organic growth of 6%
- Operating profit increased 5% to MSEK 5 263 (5 002), margin at 22.2% (23.8)
 - Adjusted operating profit at 22.5% (22.2)
- Profit for the period was MSEK 3 899 (3 555)
- Basic earnings per share were SEK 3.21 (2.92)
- Operating cash flow was MSEK 3 373
 - Roughly in line with previous year for continuing operations



Orders received – local currency

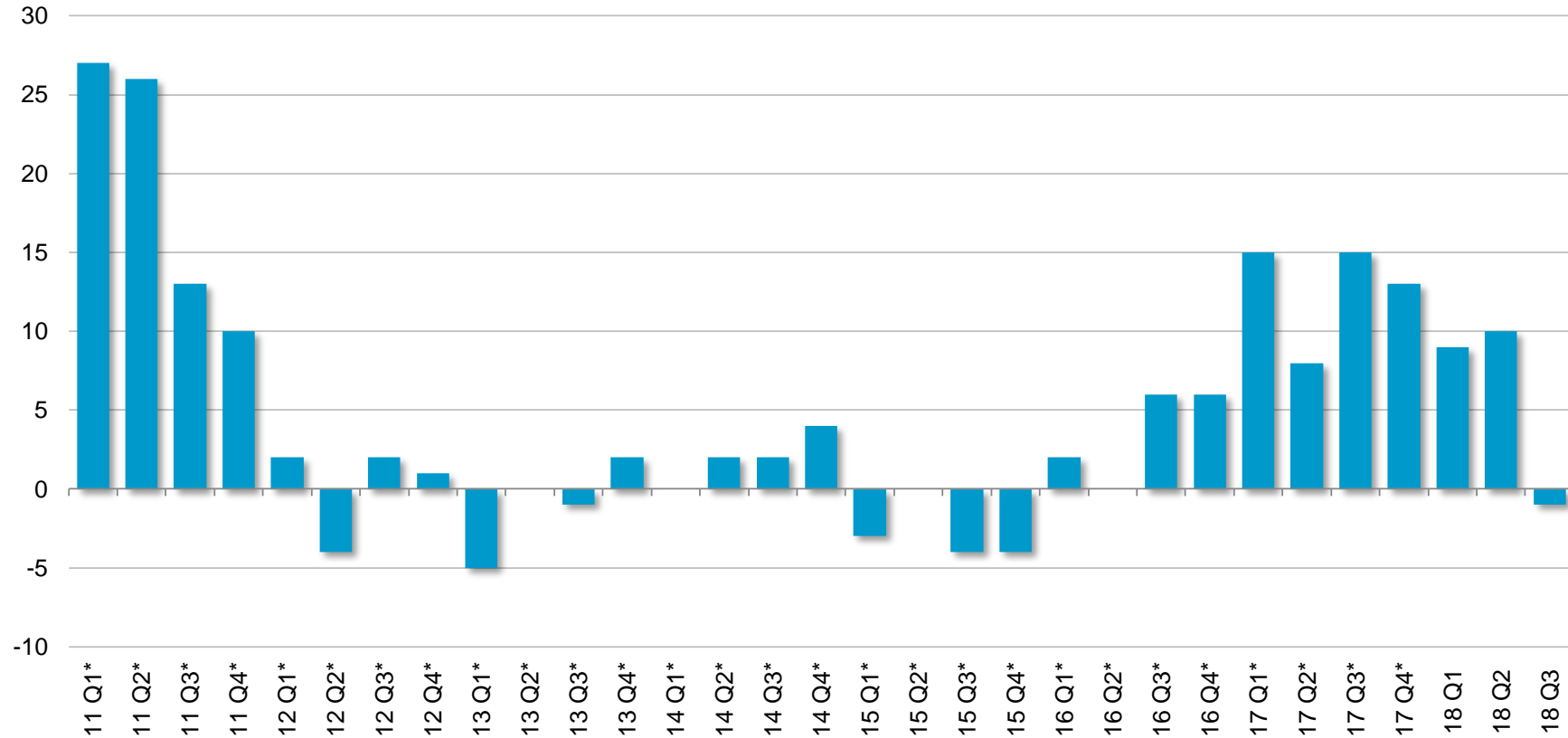


September 30, 2018

Share of orders received, year-to-date, %	Year-to-date vs. previous year, %	Last 3 months vs. previous year, %
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Order growth per quarter

Organic growth %



*2011-2017 excluding Mining and Rock Excavation Technique business area.

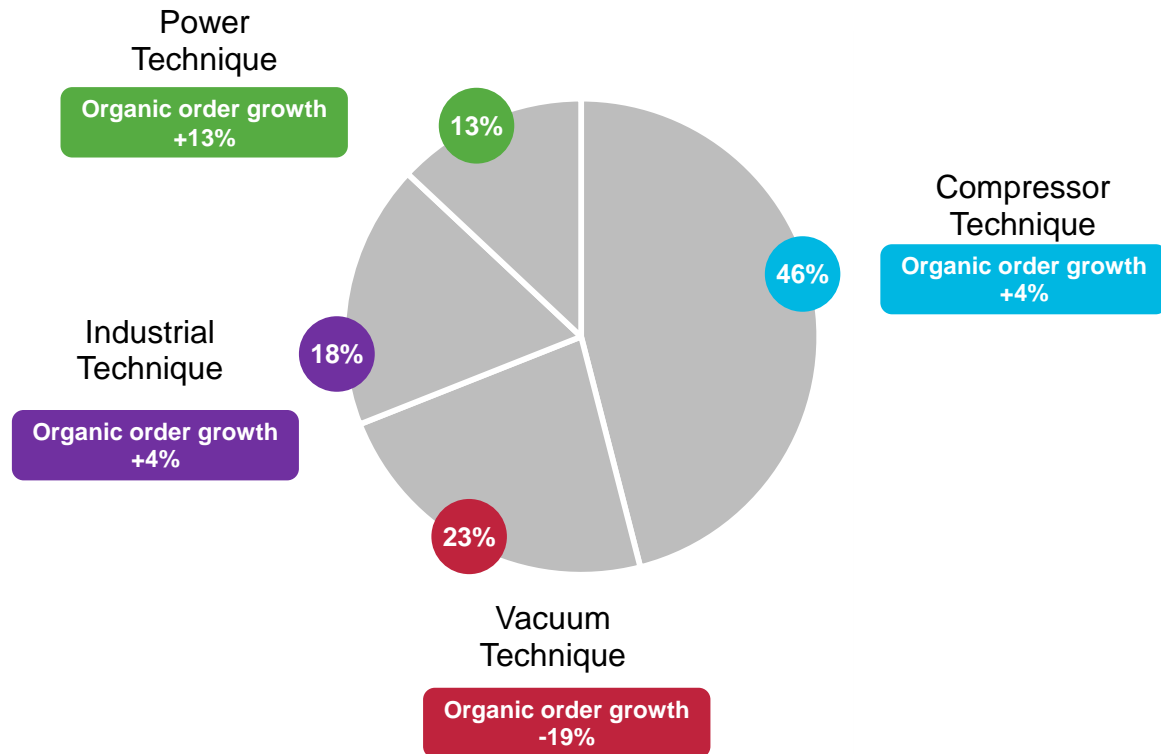
Sales bridge

MSEK	July - September		January - September	
	Orders received	Revenues	Orders received	Revenues
2017	22 062	21 033	67 673	63 008
Structural change, %	+0	+0	+0	+1
Currency, %	+7	+7	+2	+2
Organic*, %	-1	+6	+6	+8
Total, %	+6	+13	+8	+11
2018	23 440	23 675	73 389	70 042

*Volume, price and mix.

Atlas Copco Group

Revenues by business area and organic order growth*



* Share of Group revenue 12 months ending September 2018.
3 month organic order growth compared to previous year.

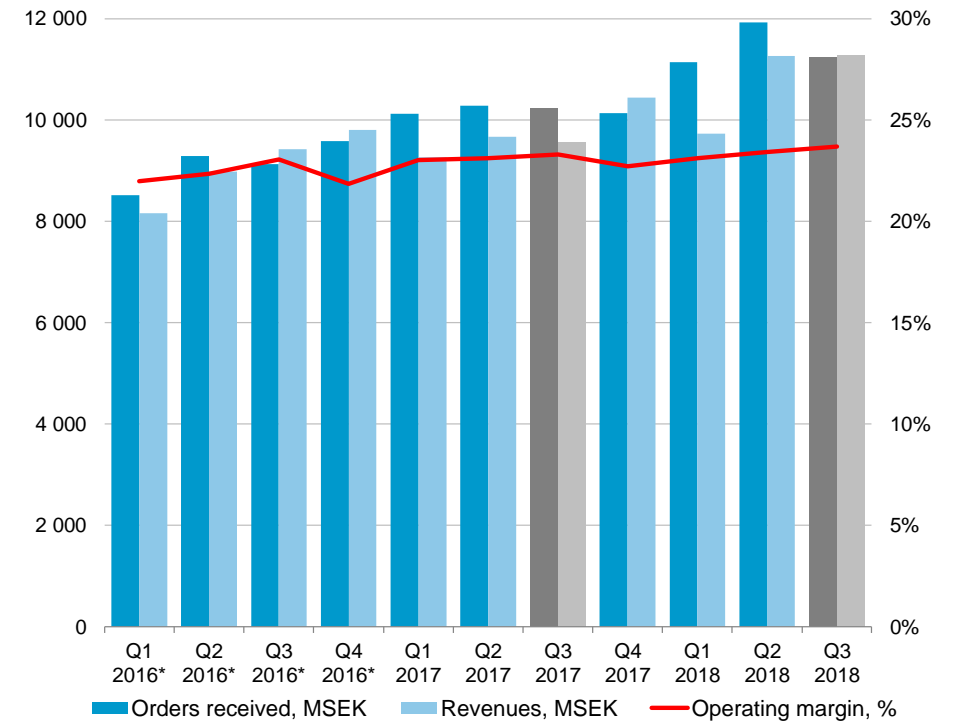
Compressor Technique

- Organic order growth of 4%
 - Solid growth for service and industrial compressors
 - Strongest growth came from Europe
- Record revenues
 - Organic growth of 11%
- Record operating profit
 - Margin at 23.7%, supported by volume and currency



Innovation:

A new oil-injected screw compressor with optimal energy efficiency and reliable operation.



* 2016 figures not restated per IFRS 15.

Vacuum Technique

- Organic order decline of -19%
 - Lower investments in semicon and flat panel display industry
 - High factory utilization, incl. semicon plants, drives continued growth for service
- Revenues flat organically
- Solid operating margin at 24.9% (25.3)



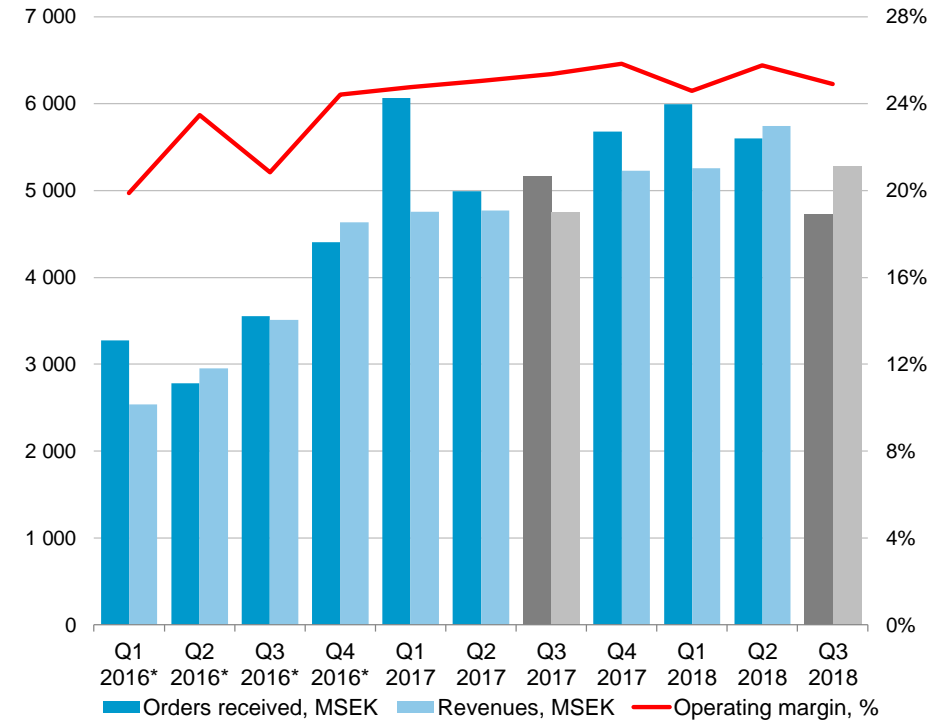
Innovation:

A new pump range built on modular design to respond to production processes.



Acquisition:

Cryogenic business from Brooks Automation, Inc, targeting the semiconductor and industrial vacuum market.



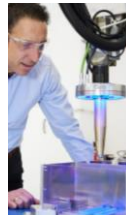
* 2016 figures not restated per IFRS 15.

Industrial Technique

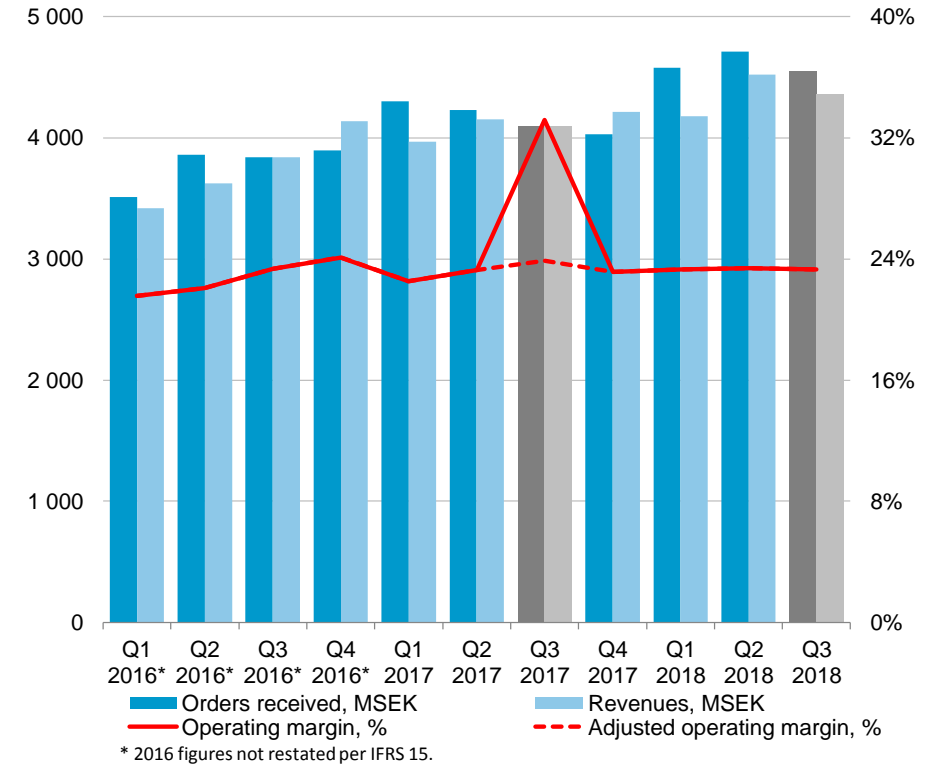
- Organic order growth of 4%
 - Mixed demand from motor vehicle customers
 - Good order development in off-road, aerospace and electronics industries
 - Strong service growth in all regions
- Revenues flat organically
- Solid profit margin at 23.3% (adjusted 23.9)



Innovation:
A new controller to support Industry 4.0 and fast tool rebalancing in production.



Acquisition:
Quiss, a German company specialized in machine vision solutions for quality inspection and robot guidance.



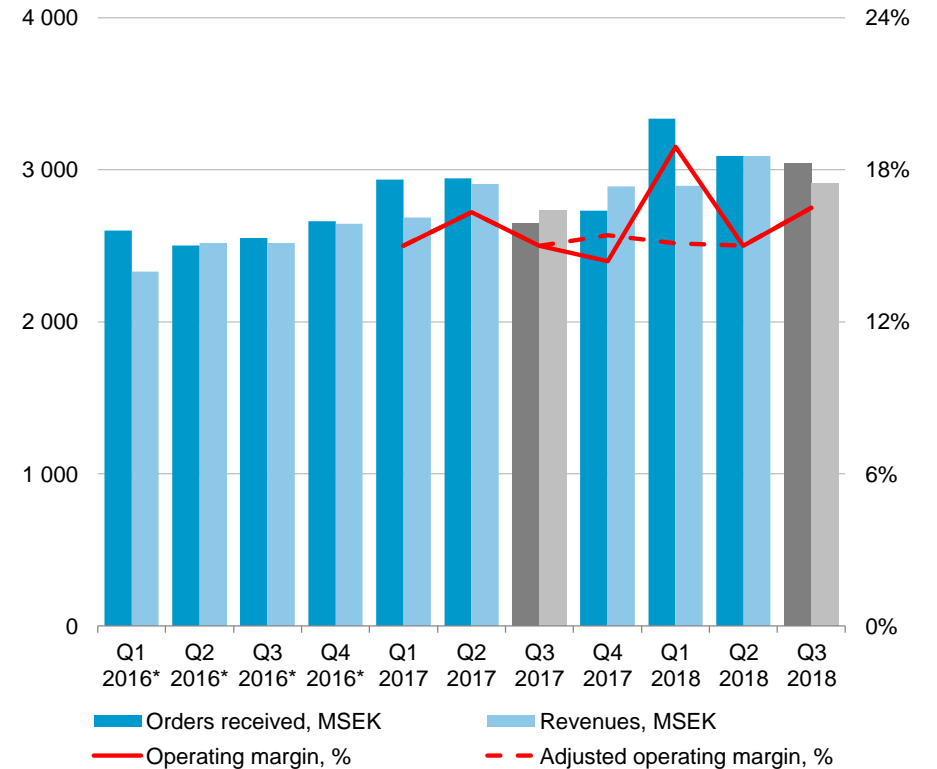
Power Technique

- Organic order growth of 13%
 - Driven by equipment orders from Europe and North America, and from the specialty rental business
- Organic revenue growth of 5%
- Operating margin at 16.5% (15.0)
 - Supported by volume growth, currency and structural change



Innovation:

A new range of generators offering 5% reduction in fuel consumption and 20% smaller footprint.

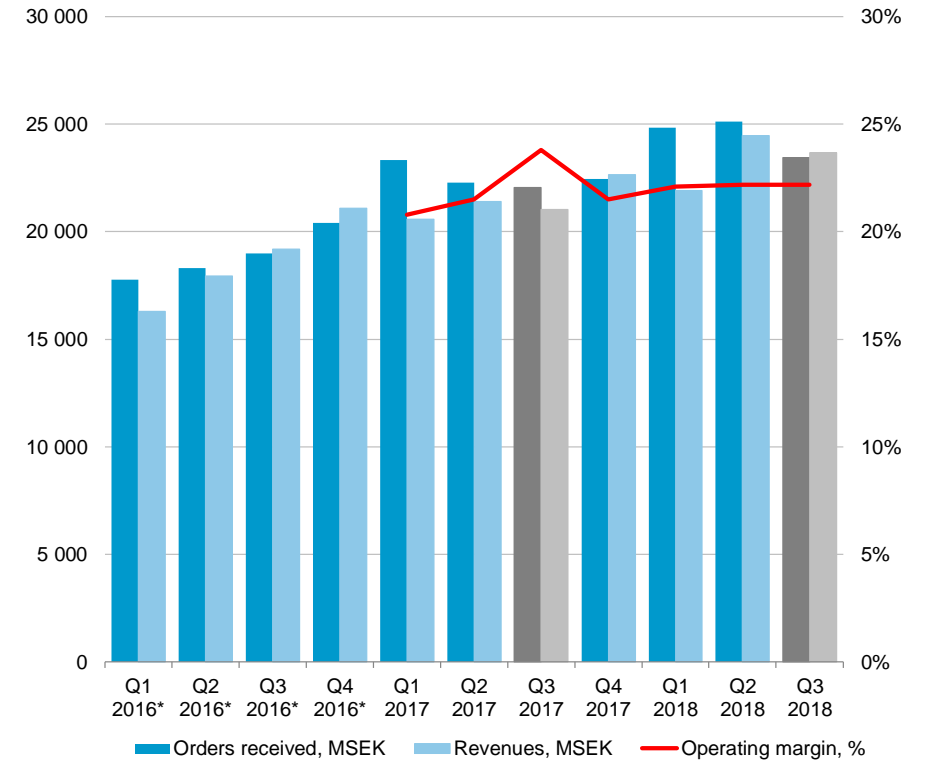


*2016 quarterly figures shows best estimated numbers, as effects of the split of the Group and restatements for IFRS 15, are not fully reconciled.

Group total

July – September 2018 vs. 2017

Continuing operations MSEK	July-September		
	2018	2017	
Orders received	23 440	22 062	6%
Revenues	23 675	21 033	13%
Operating profit	5 263	5 002	5%
– as a percentage of revenues	22.2	23.8	
Profit before tax	5 168	4 780	8%
– as a percentage of revenues	21.8	22.7	
Income tax expense	-1 269	-1 225	4%
– as a percentage of profit before tax	24.6	25.6	
Profit for the period from continuing operations	3 899	3 555	10%
Basic earnings per share, SEK	3.21	2.92	
Return on capital employed, %	32		



*2016 quarterly figures shows best estimated numbers, as effects of the split of the Group and restatements for IFRS 15, are not fully reconciled.

Profit bridge

July – September 2018 vs. 2017

MSEK	Q3 2018	Volume, price, mix and other	Currency	Items affecting comparability and Acquisitions	Share-based LTI* programs	Q3 2017
Atlas Copco Group						
Revenues	23 675	1 137	1 445	60		21 033
Operating profit	5 263	196	470	-390	-15	5 002
	22.2%	17.2%				23.8%

*LTI = Long term incentive

Profit bridge – by business area

July – September 2018 vs. 2017

MSEK	Q3 2018	Volume, price, mix and other	Currency	Items affecting comparability Acquisitions	Q3 2017
Compressor Technique					
Revenues	11 269	1 072	585	60	9 552
Operating profit	2 667	267	160	15	2 225
	23.7%	24.9%			23.3%
Vacuum Technique					
Revenues	5 272	-27	445	100	4 754
Operating profit	1 315	-50	160	0	1 205
	24.9%	N/A			25.3%
Industrial Technique					
Revenues	4 365	-28	275	20	4 098
Operating profit	1 018	-66	115	-390	1 359
	23.3%	N/A			33.2%
Power Technique					
Revenues	2 911	150	150	-120	2 732
Operating profit	480	30	30	-15	410
	16.5%	20.0%			15.0%

Balance sheet

MSEK	Sep. 30, 2018	Sep. 30, 2017*	Dec. 31, 2017*
Intangible assets	29 948	34 992	35 151
Fixed assets and other non current assets	12 796	18 885	16 285
Inventories	13 131	18 290	18 810
Receivables	24 297	27 934	29 994
Cash and current financial assets	12 314	21 502	25 791
TOTAL ASSETS	92 486	121 603	126 031
Total equity	37 377	54 691	60 601
Interest-bearing liabilities	23 668	27 867	28 182
Non-interest-bearing liabilities ¹⁾	31 441	39 045	37 248
TOTAL EQUITY AND LIABILITIES	92 486	121 603	126 031

*Including assets and liabilities related to Epiroc reported as discontinued operations.

¹⁾ Includes also liabilities associated with assets classified as held for sale.

Cash flow

MSEK	June - September		January - September	
	2018	2017*	2018*	2017*
Operating cash surplus	6 285	7 319	21 948	21 976
<i>of which depreciation added back</i>	823	1 531	3 054	3 827
Net financial items	201	583	-408	368
Taxes paid	-1 372	-1 450	-4 924	-5 886
Pension funding	-95	-105	-274	-1 099
Change in working capital	-459	308	-3 894	161
Increase in rental equipment, net	-292	-242	-1 028	-633
Cash flows from operating activities	4 268	6 413	11 420	14 887
Investments of property, plant & eq., net	-480	-390	-1 417	-1 067
Other investments, net	-119	-190	-780	-628
Cash flow from investments	-599	-580	-2 197	-1 695
Adjustment, pensions	-	-	-	772
Adjustment, currency hedges of loans	-296	-825	-60	-1 263
Adjustment, tax payment in Belgium	-	-	-	655
Sale of financial assets	-	-	-	-
Operating cash flow	3 373	5 008	9 163	13 356
Company acquisitions/ divestments	-772	-325	-1 401	-510

*Including discontinued operations.

Near-term outlook

The customer demand is expected to be somewhat lower, mainly due to the semiconductor and automotive industries.

Capital Markets day 2018

November 15, 2018

Stockholm, Sweden

Last day to register: October 26

www.atlascopcogroup.com/CMD2018

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sustainable productivity.***



Atlas Copco



Cautionary Statement

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”