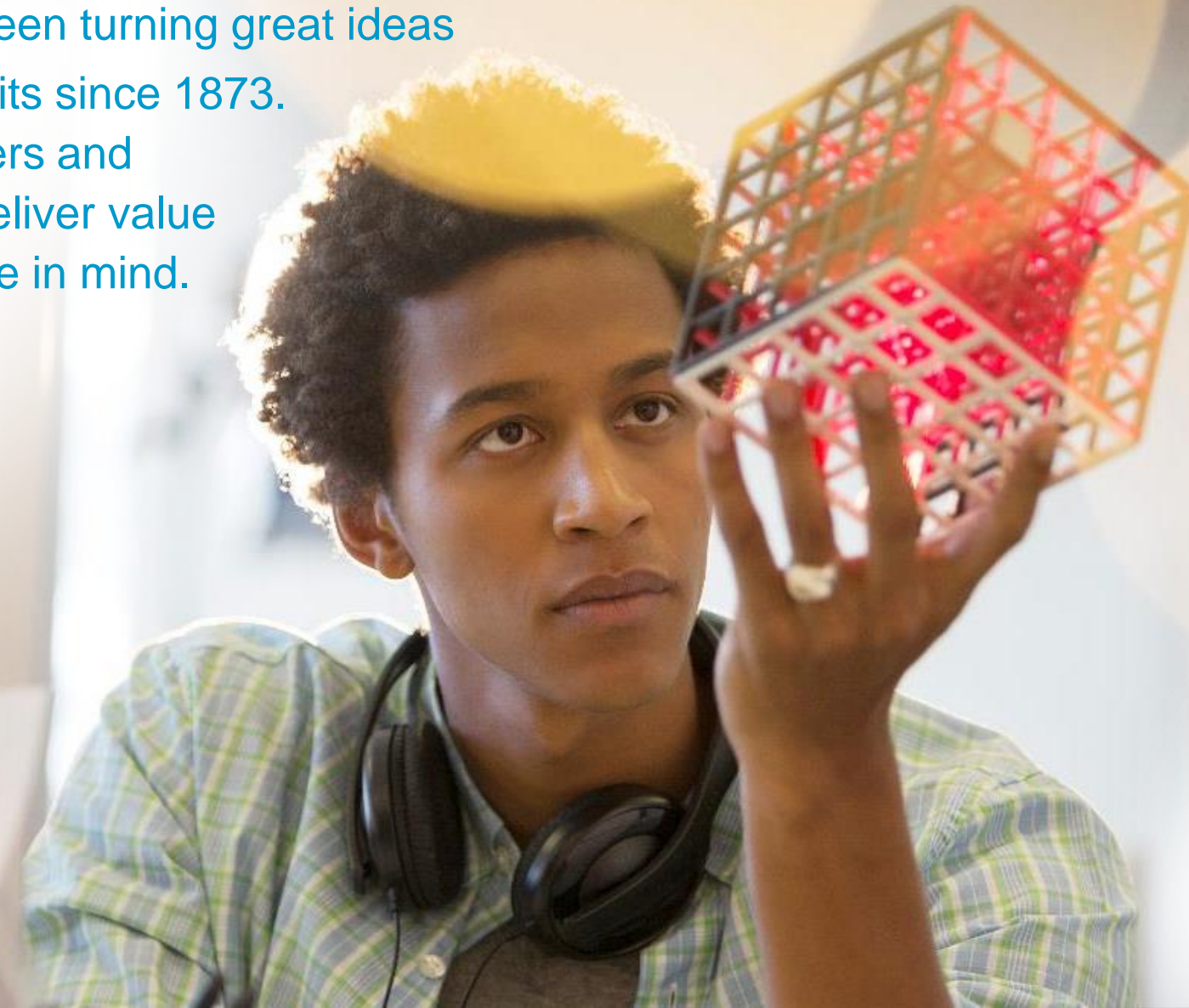


Great ideas drive development.

At Atlas Copco, we have been turning great ideas into business-critical benefits since 1873.

By listening to our customers and knowing their needs, we deliver value and innovate with the future in mind.



Agenda

- 1 Atlas Copco – One Group
- 2 Performance review
- 3 How we create value and grow
- 4 Summary



Agenda

1 Atlas Copco – One Group

2 Performance review

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4 Summary

The Atlas Copco Group – Brand

The home of industrial ideas
for tangible customer values



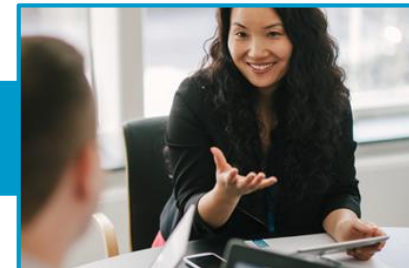
COMMITMENT



INNOVATION



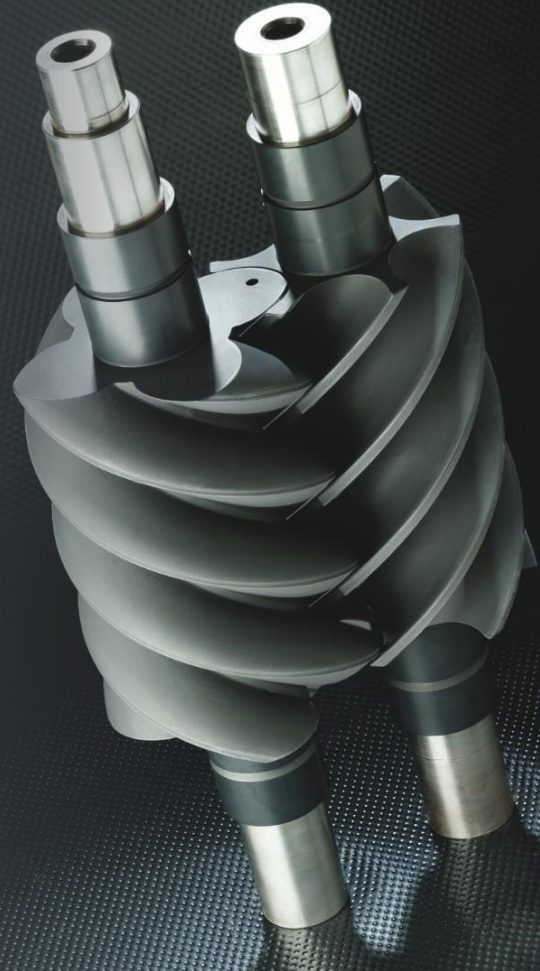
INTERACTION



The Atlas Copco Group – Customers



The Atlas Copco Group – Technology



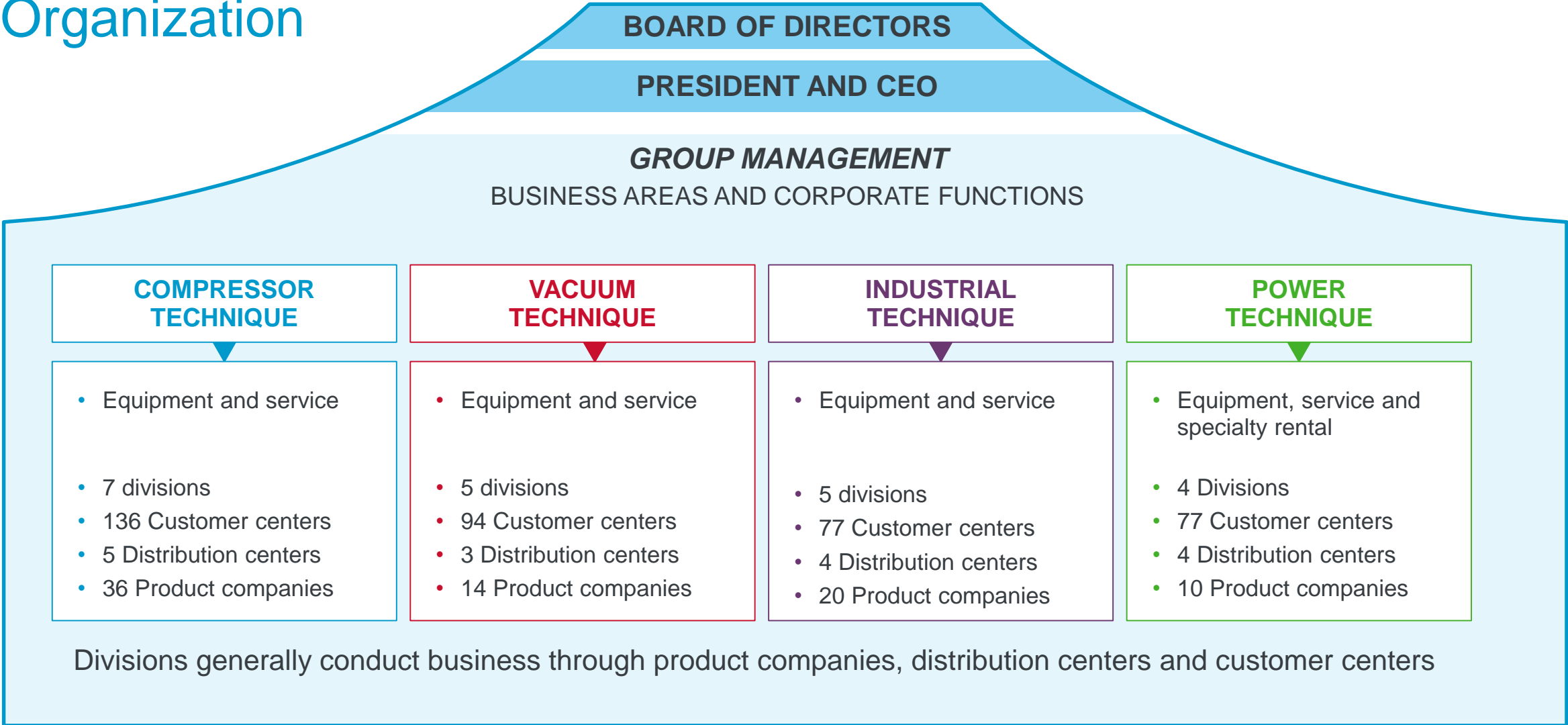
The Atlas Copco Group – Culture



The Atlas Copco Group – Leadership

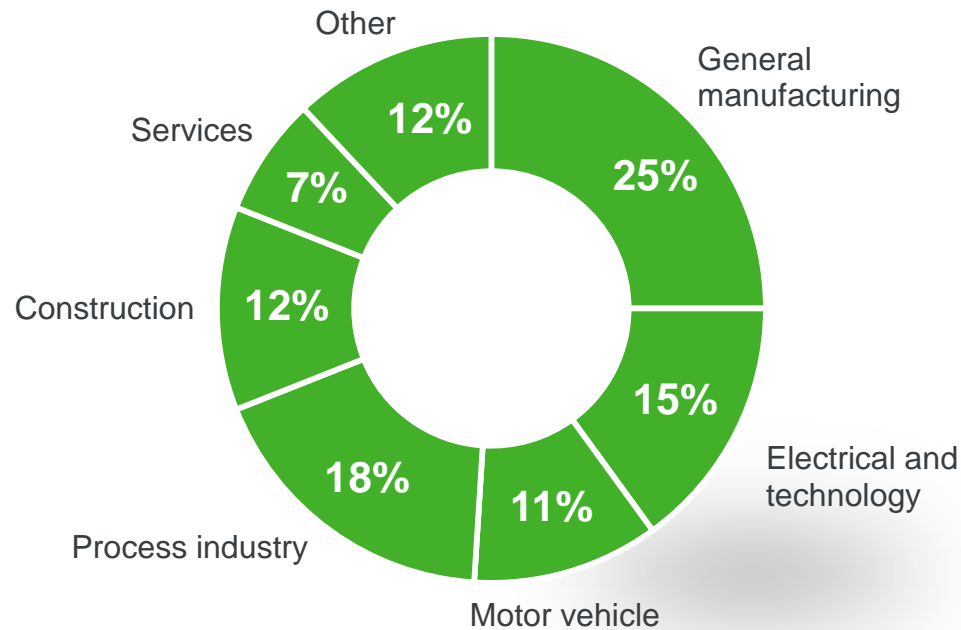
In Atlas Copco
Leadership is defined as
***the ability to create
lasting results***

Organization

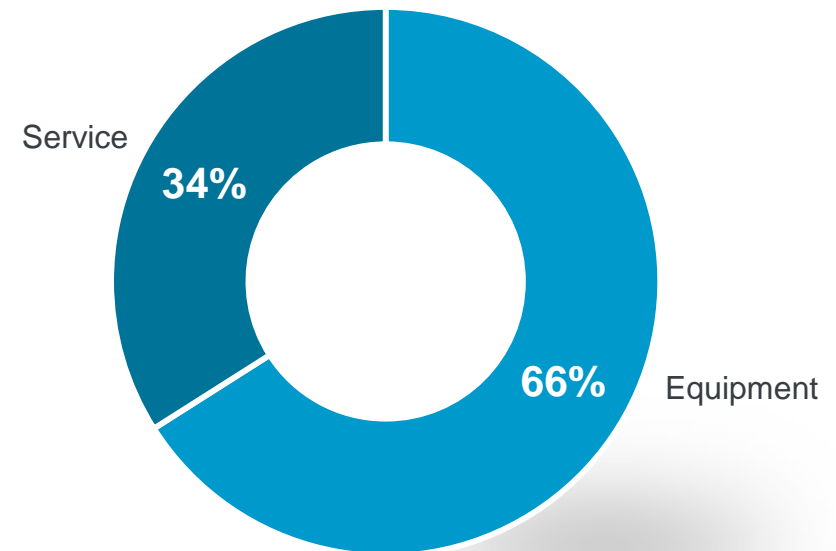


A diversified business

ORDERS RECEIVED BY CUSTOMER CATEGORY



REVENUES BY BUSINESS TYPE



12 months ending September 2018

Agenda

1 Atlas Copco – One Group

2 Performance review

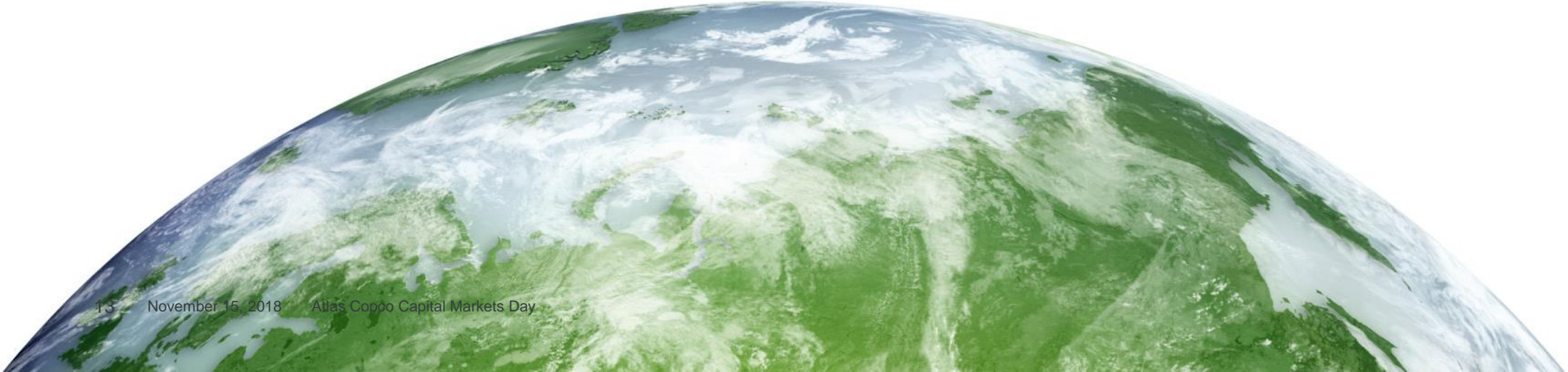
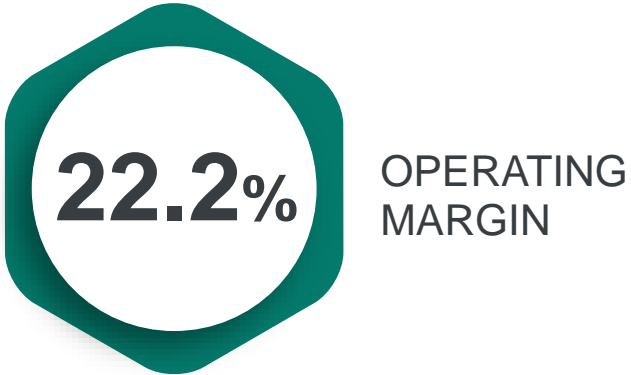
3 How we create value and grow

4 Summary

January – September in brief

- Solid order growth
 - Particularly strong growth in North America and Europe
 - Firm organic growth for Compressor Technique, Industrial Technique and Power Technique
 - Vacuum Technique down due to lower semiconductor investments
- Good profitability in all business areas
- Steady operating cash flow, in spite of growth
- Successful spin-off of Epiroc

Q3 2018



Orders received – local currency Q3 2018

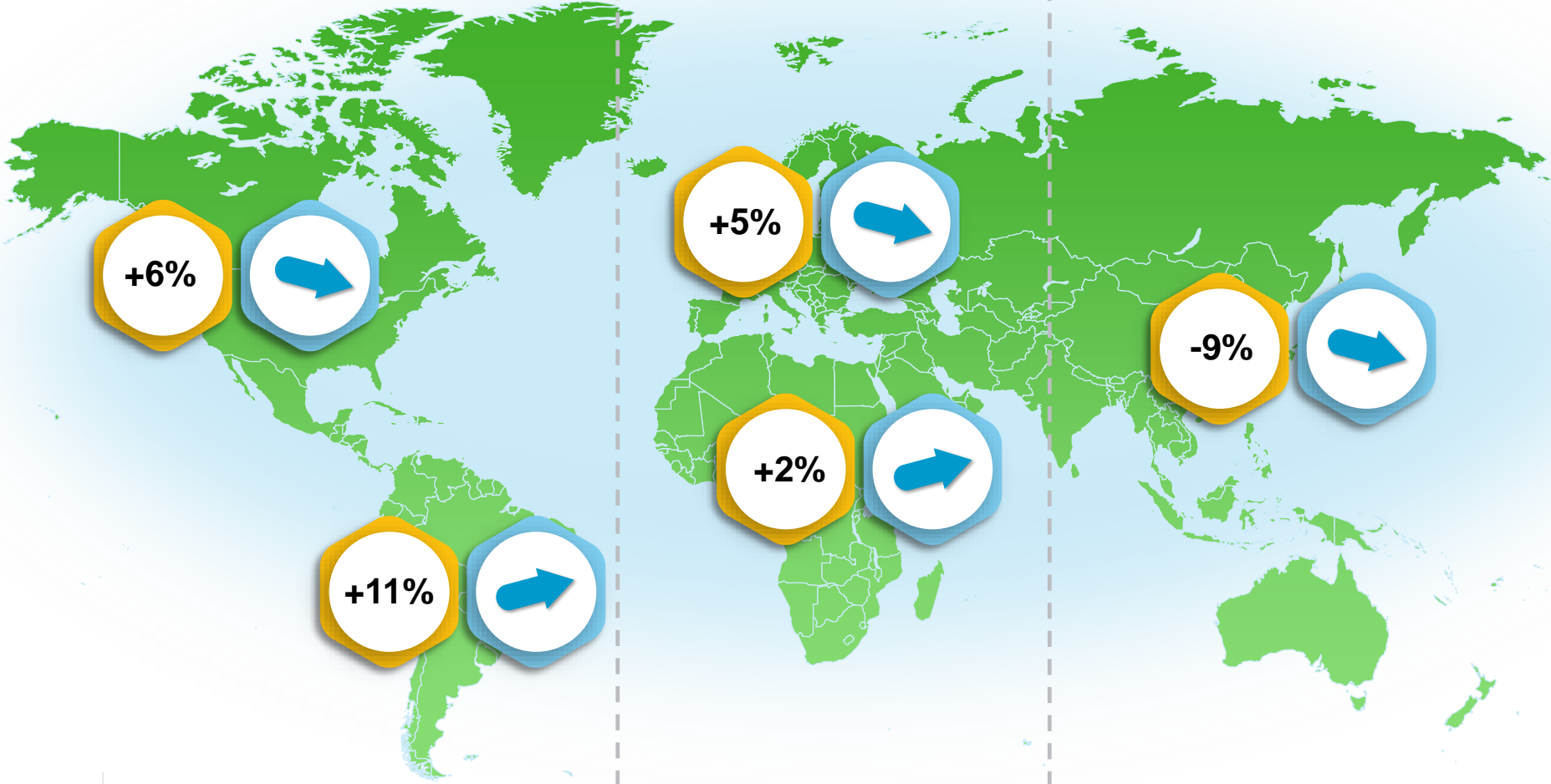
SHARE OF ORDERS RECEIVED YEAR TO DATE:

29%

37%

34%

YoY Q3 vs. Q2



Near-term outlook

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

Agenda

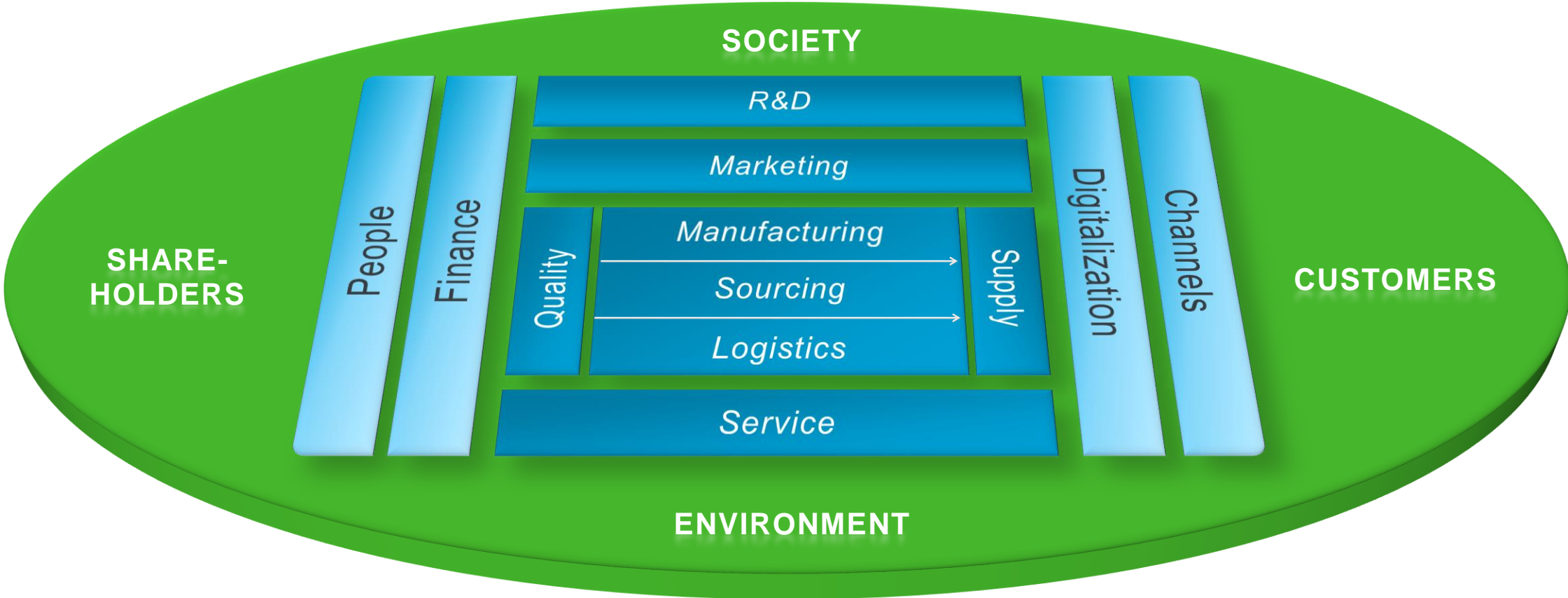
1 Atlas Copco – One Group

2 Performance review

3 How we create value and grow

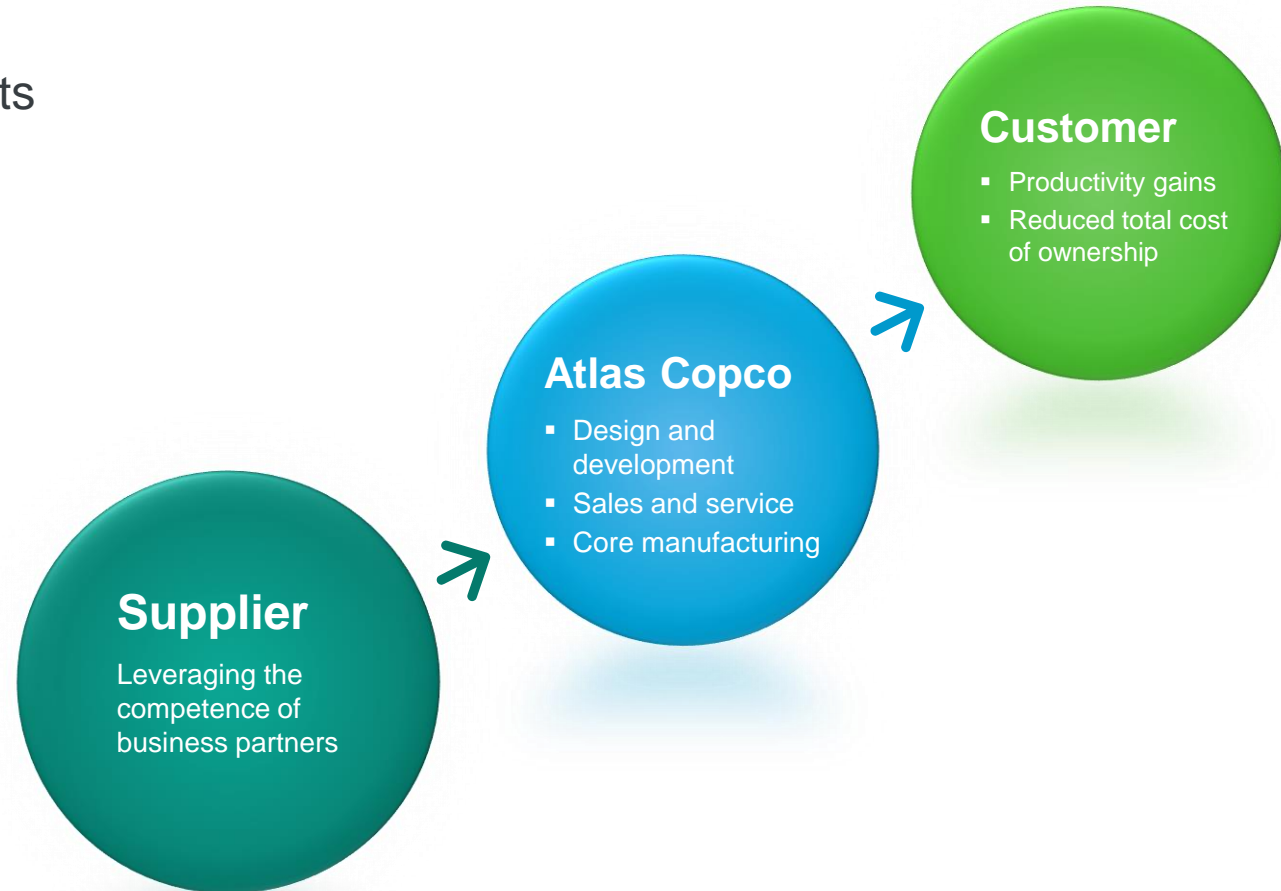
4 Summary

Value for all stakeholders

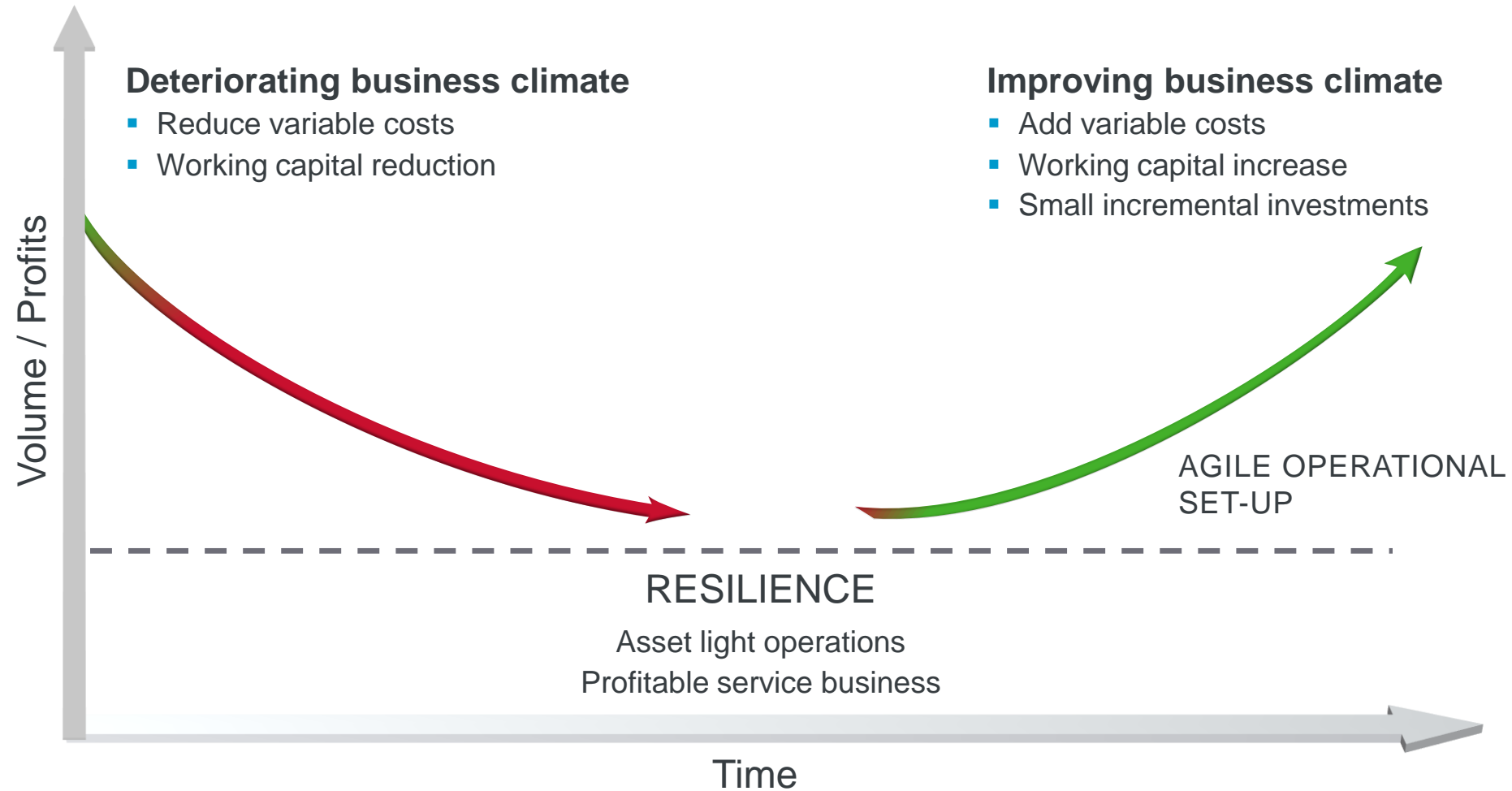


How we do business – Innovation across the value chain

- Leading positions in our defined markets
- Leading, differentiated technology
- Key products in customers' operations
- Smaller part of customers' investment
- Healthy service potential
- Balance sheet agility



Agility and resilience



People are key



Passionate people create exceptional things

Clarity in mission and expectations creates freedom to develop and implement our visions and strategies

Ownership and clarity in roles and responsibilities

Freedom with accountability

The one closest to the problem, is the one closest to the solution

Our management team



Mats Rahmström



Vagner Rego



Geert Follens



Henrik Elmin



Andrew Walker



Cecilia Sandberg



Håkan Osvald



Gisela Lindstrand



Hans Ola Meyer

Strong international
experience

Internal and
external expertise

Be the Atlas Copco
culture in all aspect

IN TOTAL:

47 years
of international experience

79 years
of external experience
in diverse businesses

190 years
in Atlas Copco

Presence

- Develop local competences
- Direct, indirect, and digital presence
- Create high brand awareness



Digitalization



Proactive service



Our targets

PROFIT

► **Revenues**
8% average growth per year over a business cycle

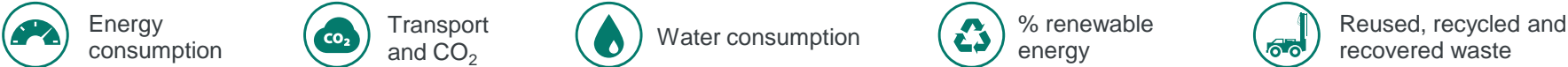
► **Returns**
Sustained high return on capital employed (ROCE)

► **Cash dividend**
50% of net profit in annual dividend

PEOPLE



PLANET



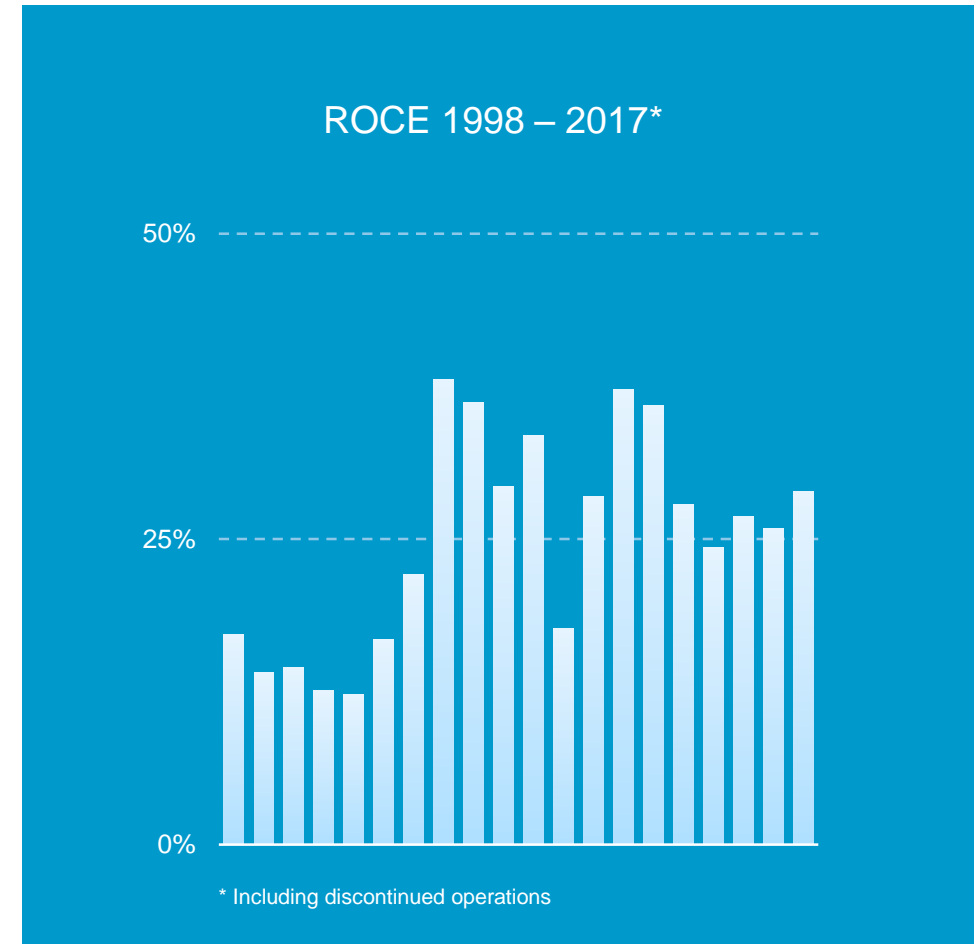
Foundation for continuous growth

- Market leader with a strong portfolio of businesses and products
- Commitment to innovation
- Top organization, world-class people, and top execution
- Strong service offering
- Capacity for strategic acquisitions
- Digitalization embedded in everything

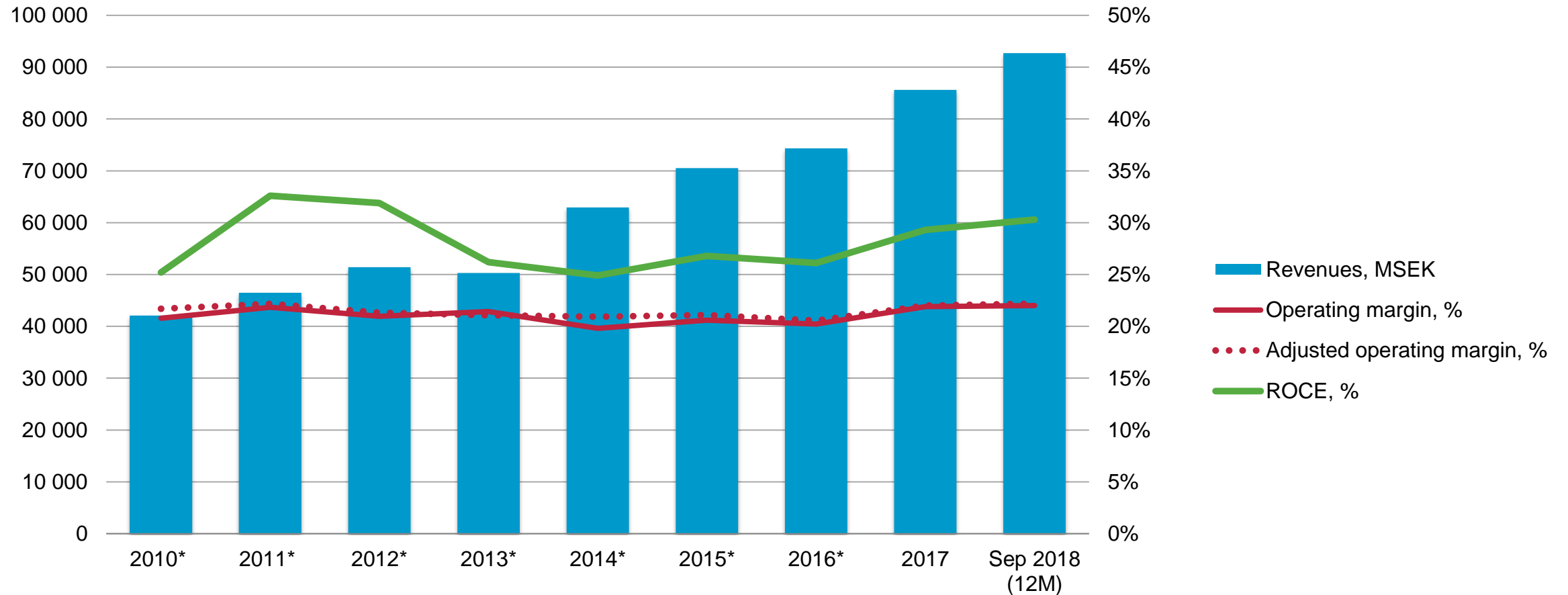


Foundation for continuous high return on capital employed

- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business
- Digitalization embedded in everything



Growth and strong profitability



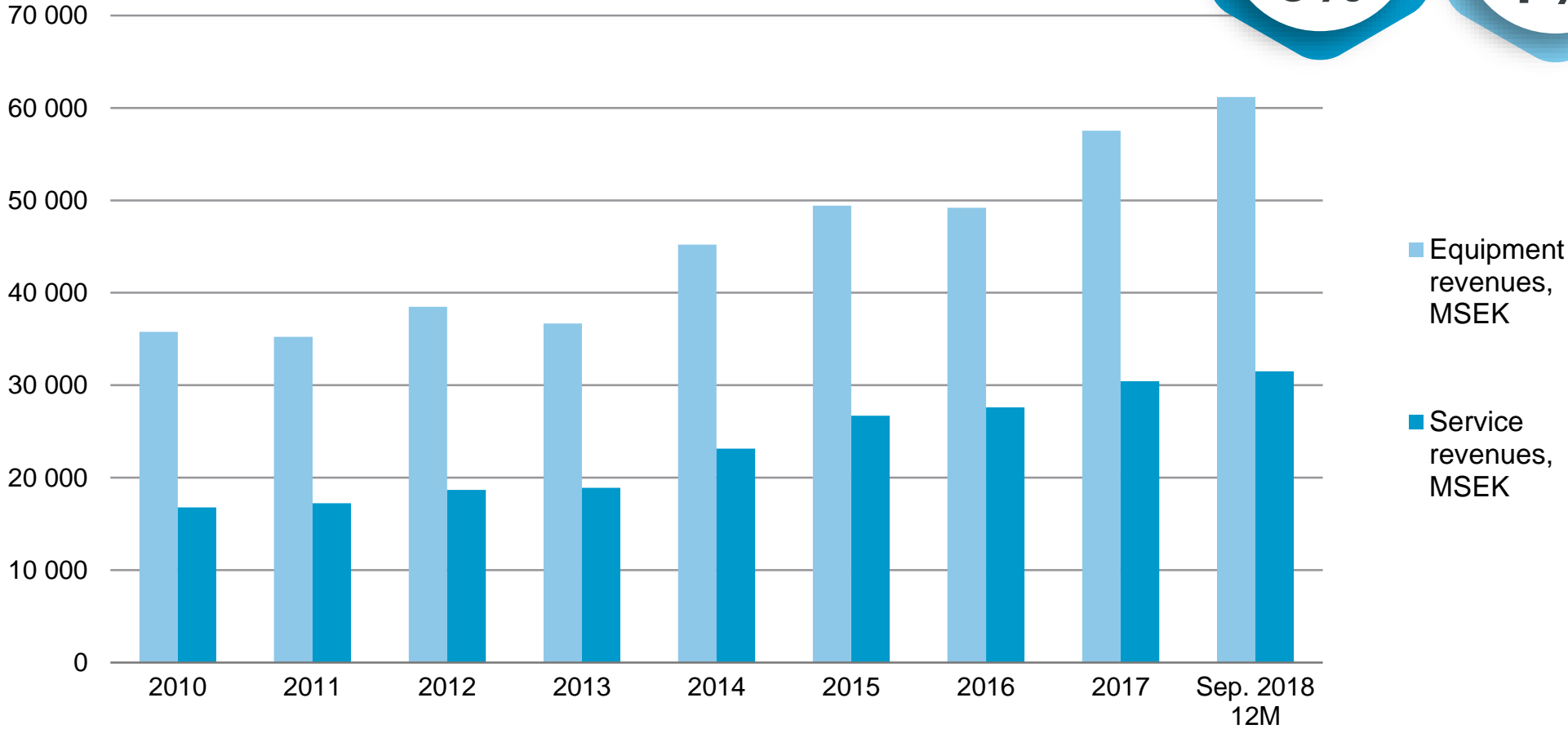
*Revenues not adjusted for intercompany sales between Atlas Copco and Epiroc.

Operating margin and ROCE are estimated excluding the Mining and Rock Excavation Business Area and Road Construction Equipment division.

Growth and resilience – Service business

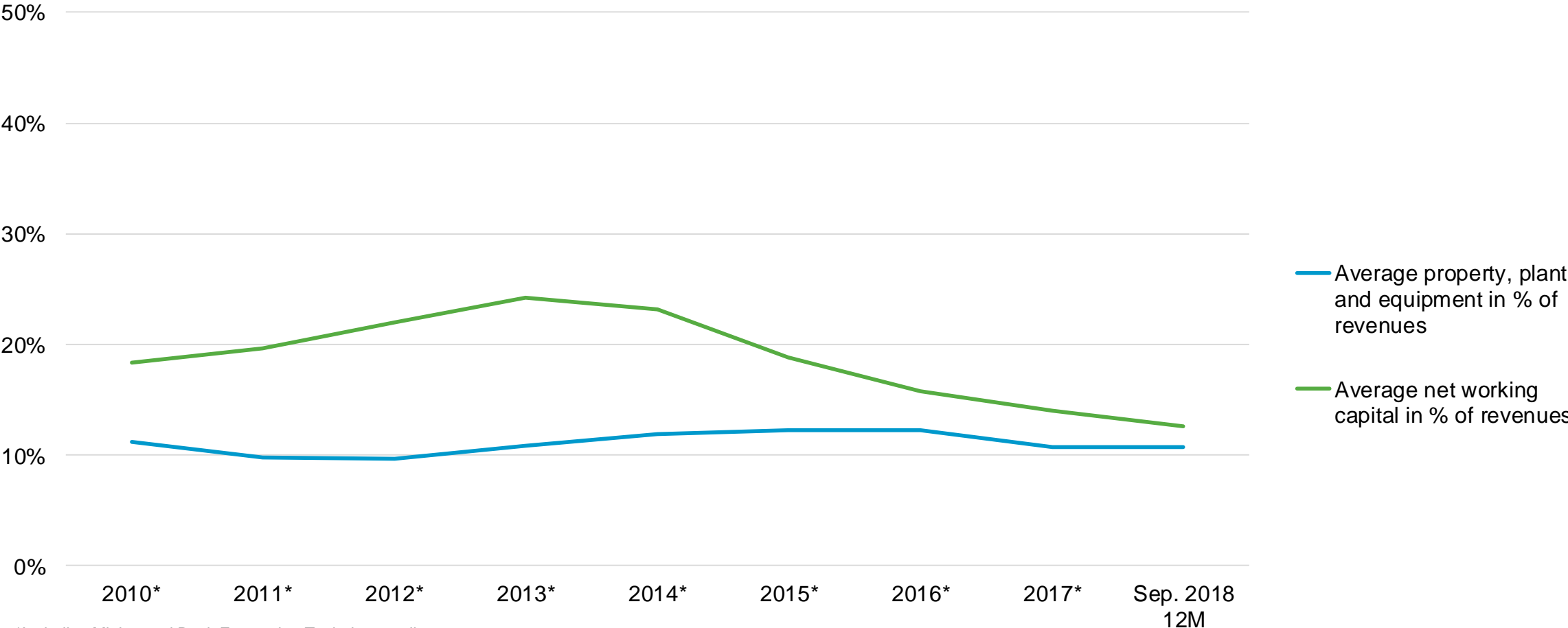
CAGR Service
8%

CAGR Equipment
7%



Revenues excluding Mining and Rock Excavation Technique until 2017.

Growth and resilience – Asset light

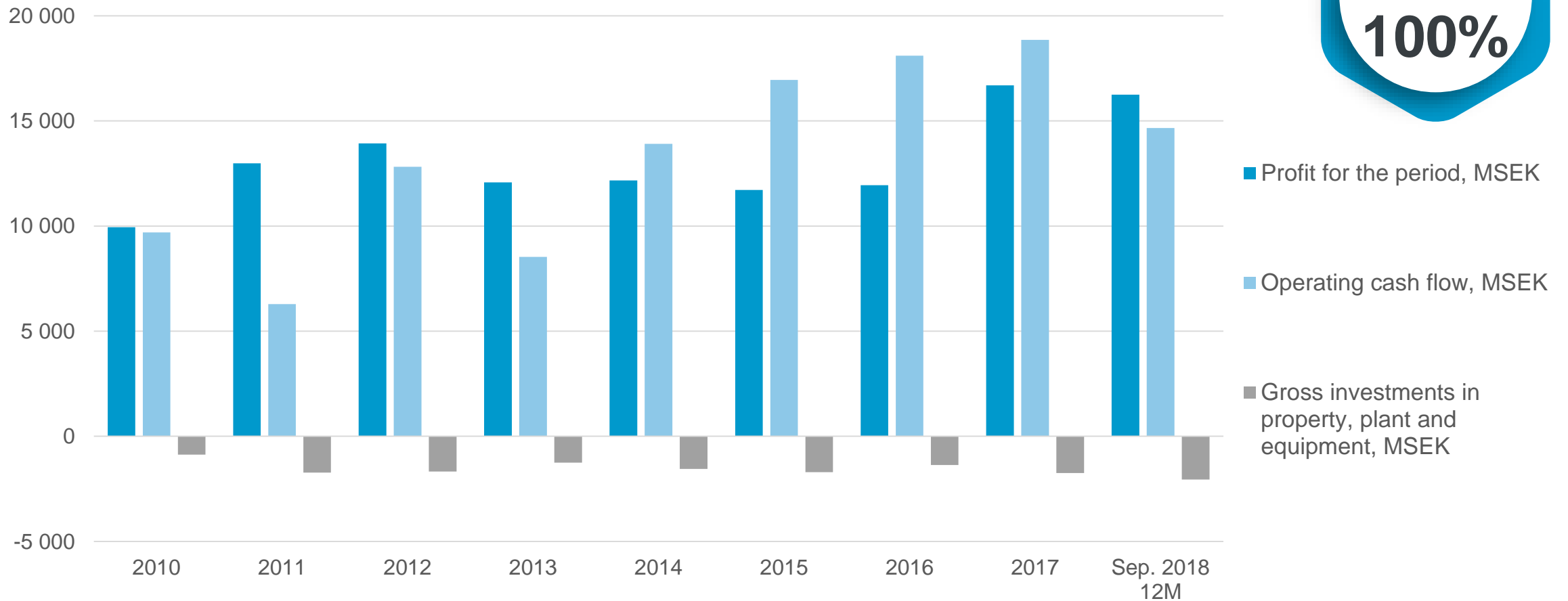


*Including Mining and Rock Excavation Technique until 2017.



Growth and resilience – Cash generation

Average cash conversion
100%

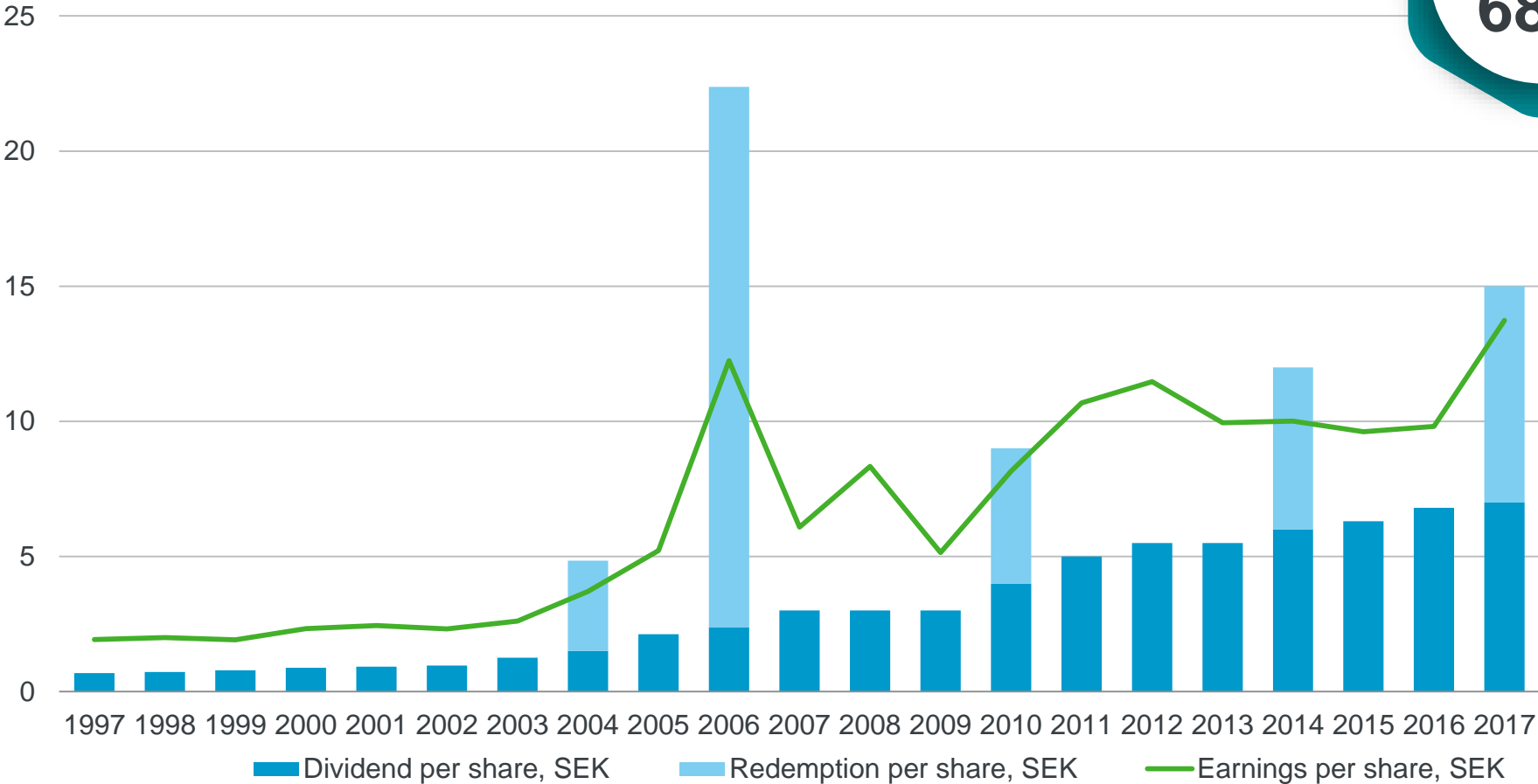


Including discontinued operations. Profit for the period "Sep. 2018 12M" is excluding the capital gain related to the distribution of Epiroc.

Growth and resilience – Cash distribution

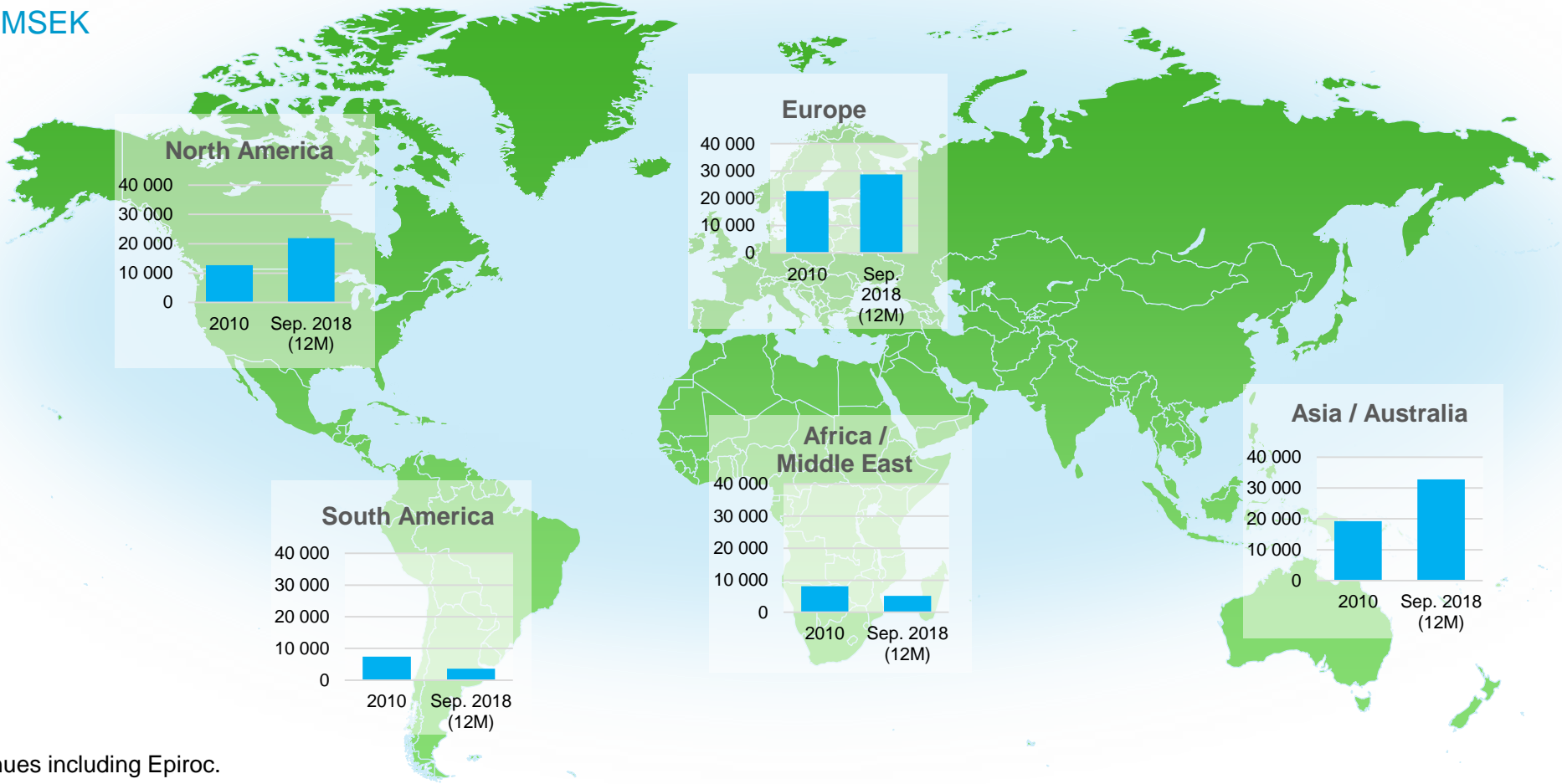
Average payout ratio
68%

Average yield
5%



Regional growth development – from 70 to 93 BSEK

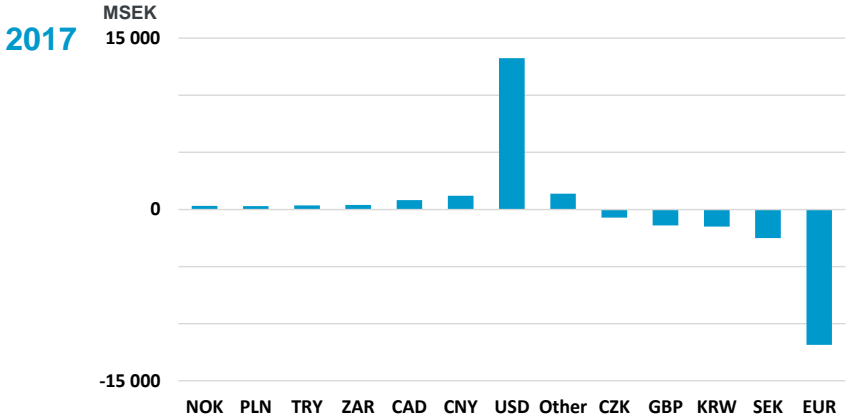
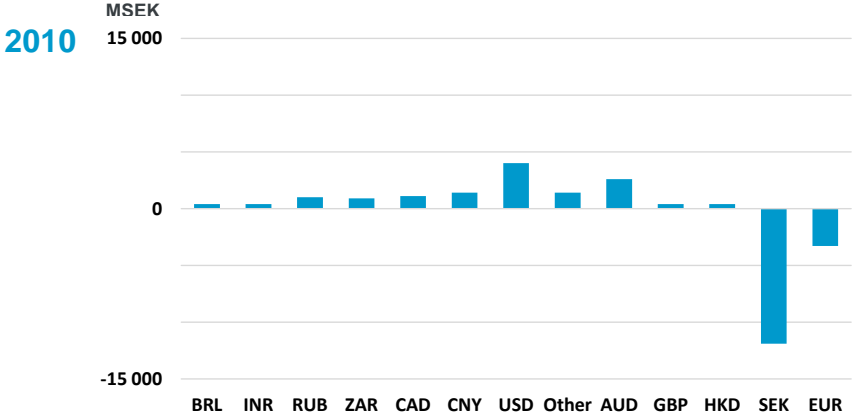
REVENUES MSEK



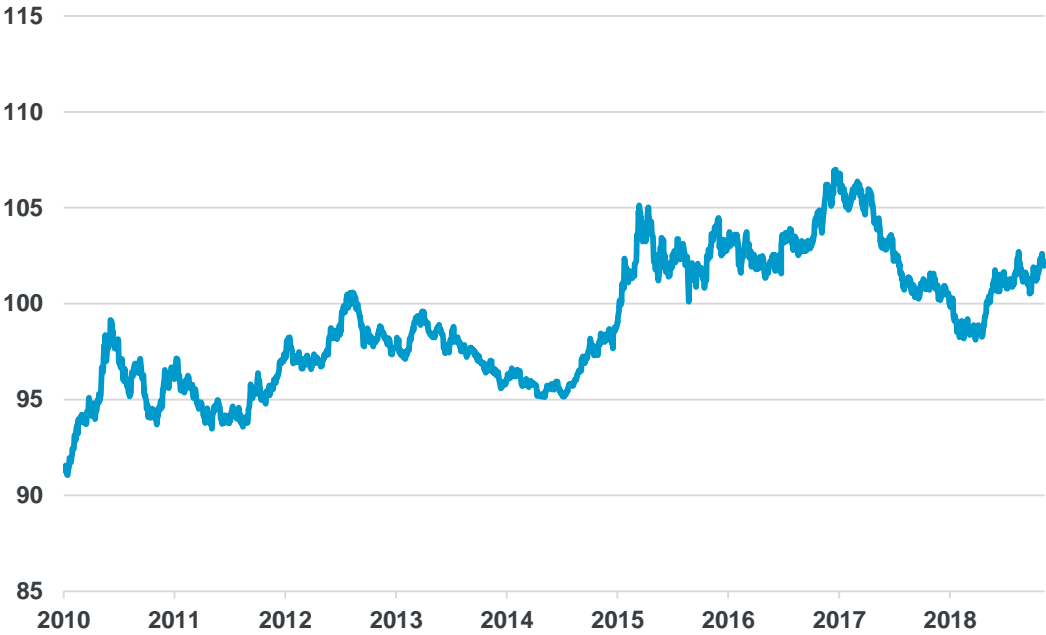
Note: 2010 Revenues including Epiroc.

Currency

ESTIMATED OPERATIONAL TRANSACTION EXPOSURE



CURRENCY INDEX



Index rebalanced to 100 as per 31 December, 2017.



Impact of tariffs

**Estimated cost impact:
MUSD 15 per year**

- Majority of impact is on supply from Atlas Copco China to Atlas Copco US
- The main mitigating actions include changed sourcing countries and price increases

Impact of “hard” Brexit

**Estimated cost impact:
MUSD 13 per year**

- The direct cost impact is mainly related to tariffs on goods moving in and out of the UK
- Other costs relate to:
 - One to two days longer lead time due to border controls
 - Additional personnel resources to handle issues with VAT, trade compliance, and logistics
 - Build up of safety stocks
- Over time a slower GDP growth in the UK is expected

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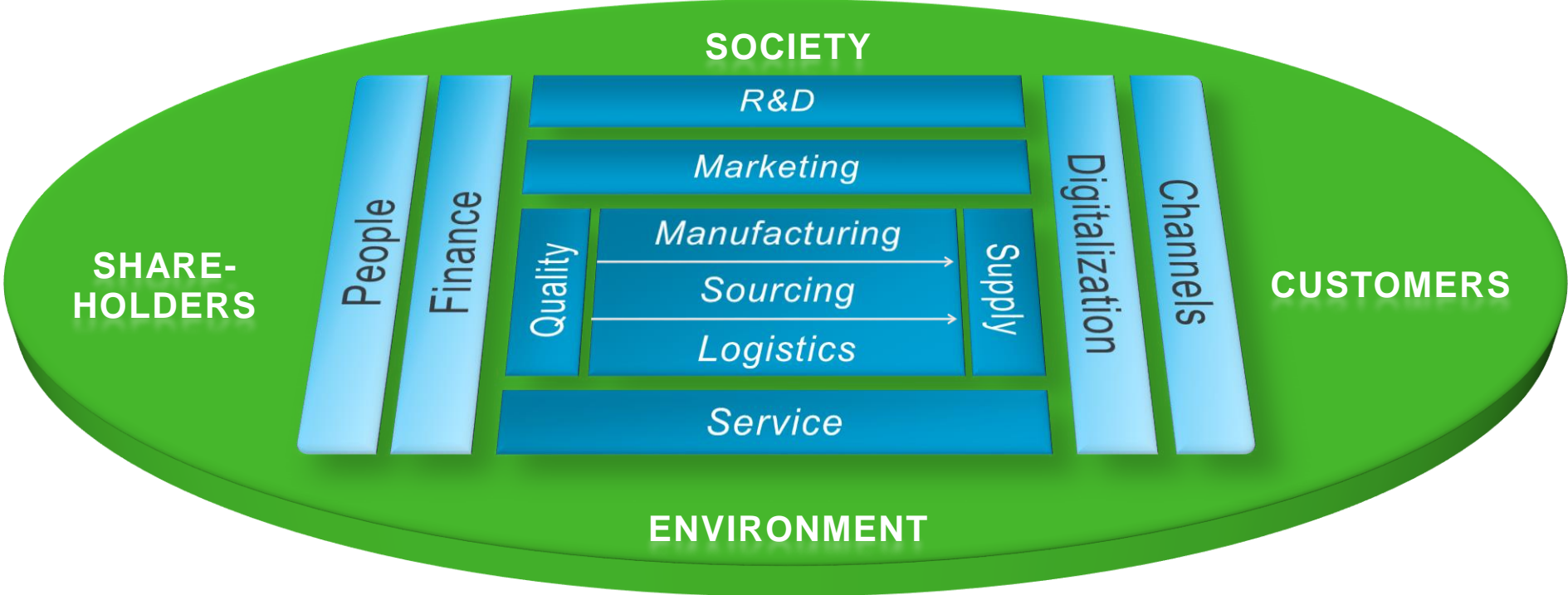
4 Summary

Value for all stakeholders

Identify and “own” profitable niches

Use our core competencies to develop the niches

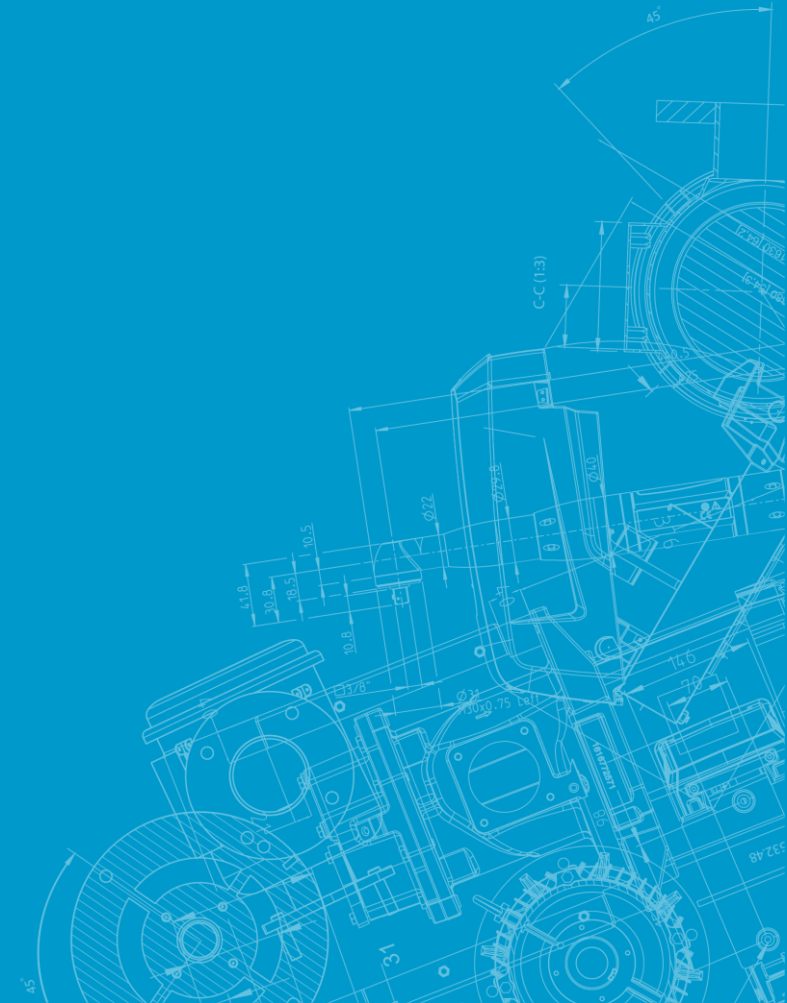
Top execution through a decentralized leadership model



The Atlas Copco logo is centered on a blue background. It consists of two horizontal white bars, one above and one below the brand name "Atlas Copco", which is written in a white, elegant cursive script.

Atlas Copco

www.atlascopcogroup.com



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.”