

Committed to sustainable productivity

Q4 2016 results

January 27, 2017



Q4 in brief

- Record orders, revenues, operating profit and cash flow
- Growth for all business areas and in all regions

Recent announcements

- Mats Rahmström to succeed Ronnie Leten as President and CEO, effective April 27, 2017
- Proposal for AGM 2018 to split the Group in two parts
 - One industrial and one mining/civil engineering part
- Divestment of Road Construction Equipment announced



Q4 figures in summary – continuing operations

- Orders received of MSEK 27 617, organic growth of 7%
- Revenues of MSEK 28 495, organic growth of 2%
- Reported operating profit of MSEK 5 785 (4 882), margin at 20.3% (19.5)
 - Items affecting comparability of MSEK -64 (-95)
 - Adjusted operating profit of MSEK 5 849 (4 977), margin at 20.5% (19.9)
- Profit for the period of MSEK 4 254 (3 880, adjusted for tax provision)
- Basic earnings per share SEK 3.49 (3.19, adjusted for tax provision)
- Operating cash flow* at MSEK 6 537 (5 355)

** Including discontinued operations*

2016 in brief

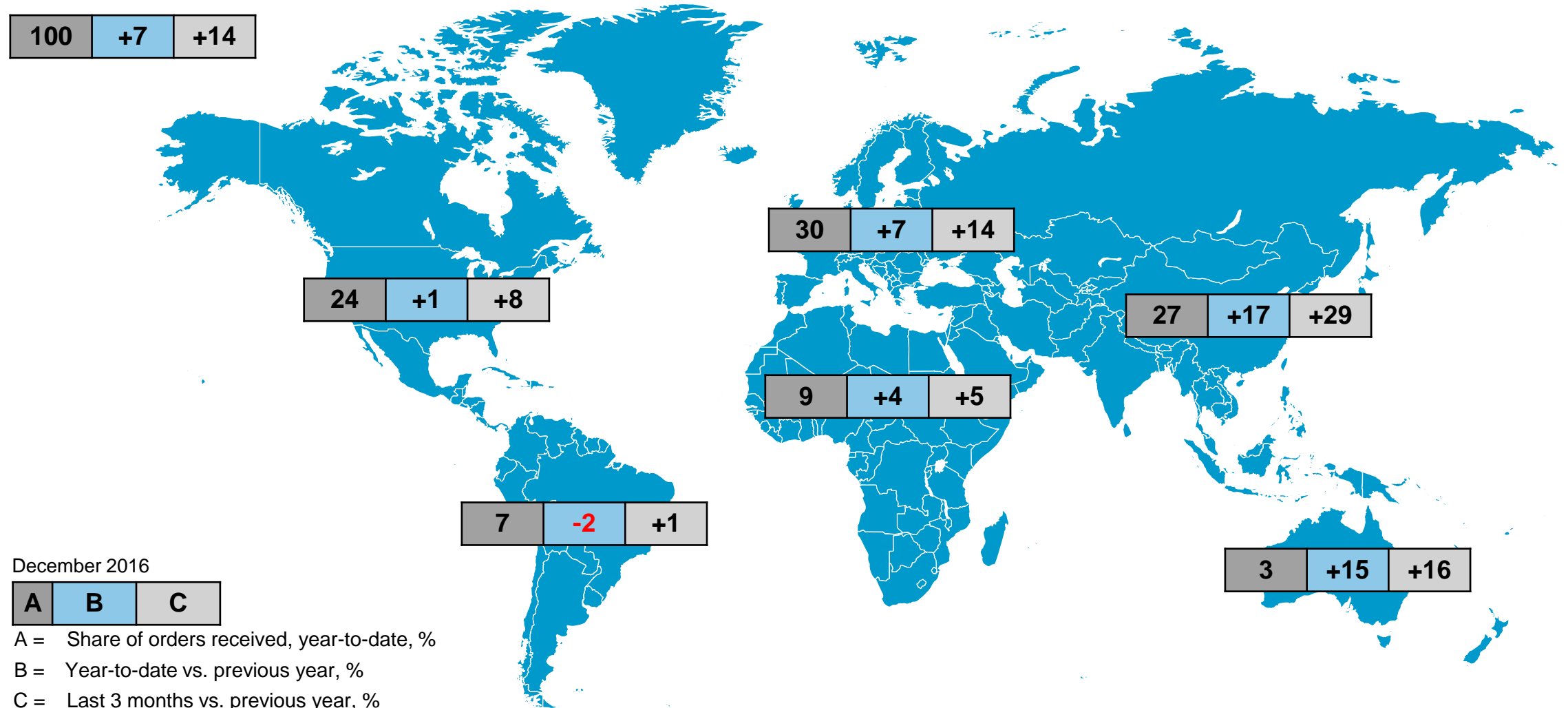
- Mixed business climate
- Record profit, orders and cash flow
- Increased share of service revenues
- Strong growth in vacuum – New business area from 2017
- 13 acquisitions – More than 5 BSEK added
- The Board of Directors proposes a dividend of SEK 6.80 (6.30) per share

2016 figures in summary – continuing operations

- Orders received increased 6% to a record of MSEK 102 812 (97 002)
 - Service growth
 - Strong development for Compressor Technique and Industrial Technique
- Record operating profit and operating cash flow
 - Revenues of MSEK 101 356 (98 973)
 - Operating profit of MSEK 19 798 (19 772)
 - Operating margin of 19.5% (20.0)
 - Operating cash flow* at MSEK 18 109 (16 955)
- Basic earnings per share SEK 11.32 (9.67)
 - Adjusted earnings per share SEK 11.32 (11.97)

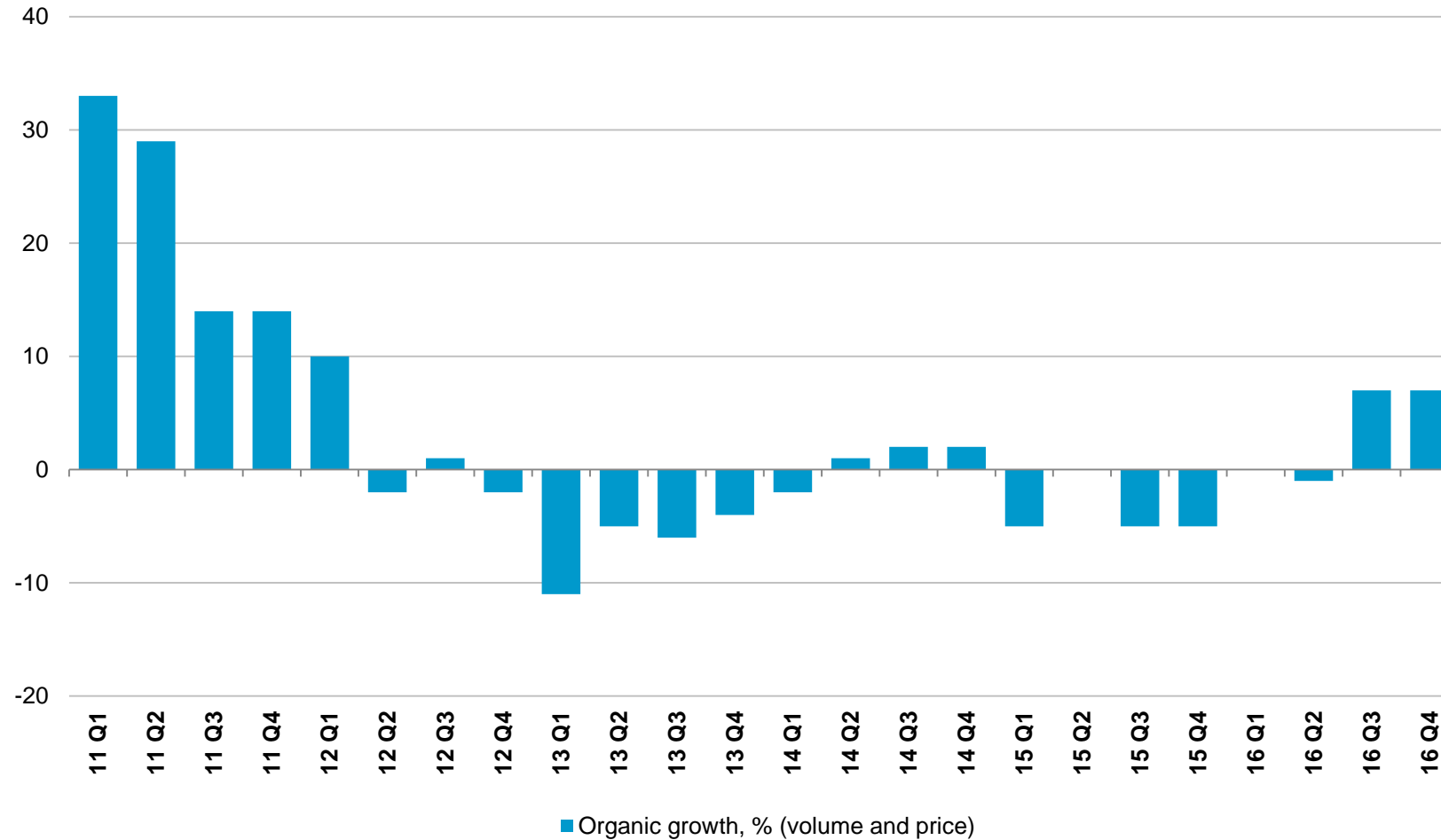
**Including discontinued operations*

Orders received - local currency



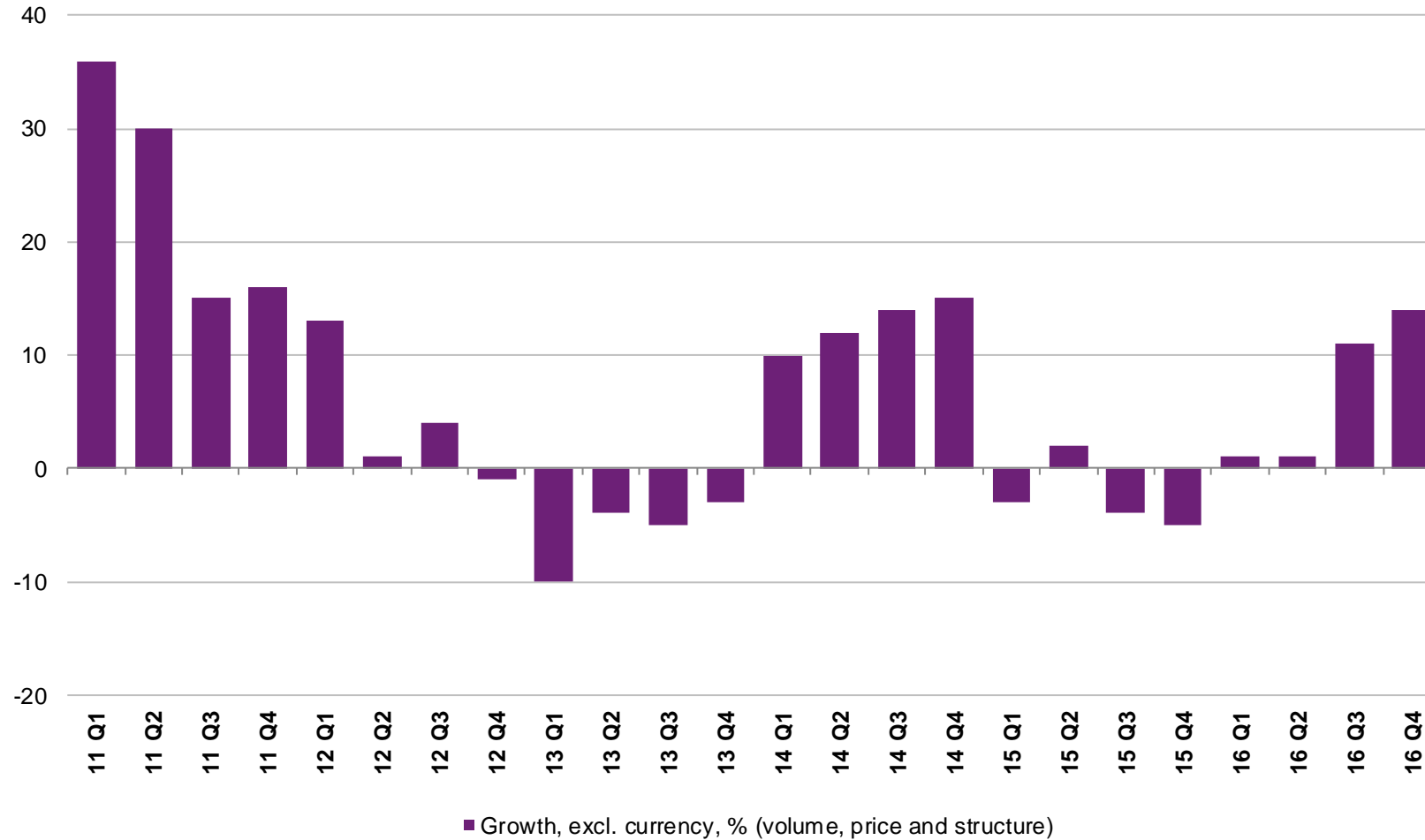
Order growth per quarter

Organic growth



Order growth per quarter

Growth excl. currency

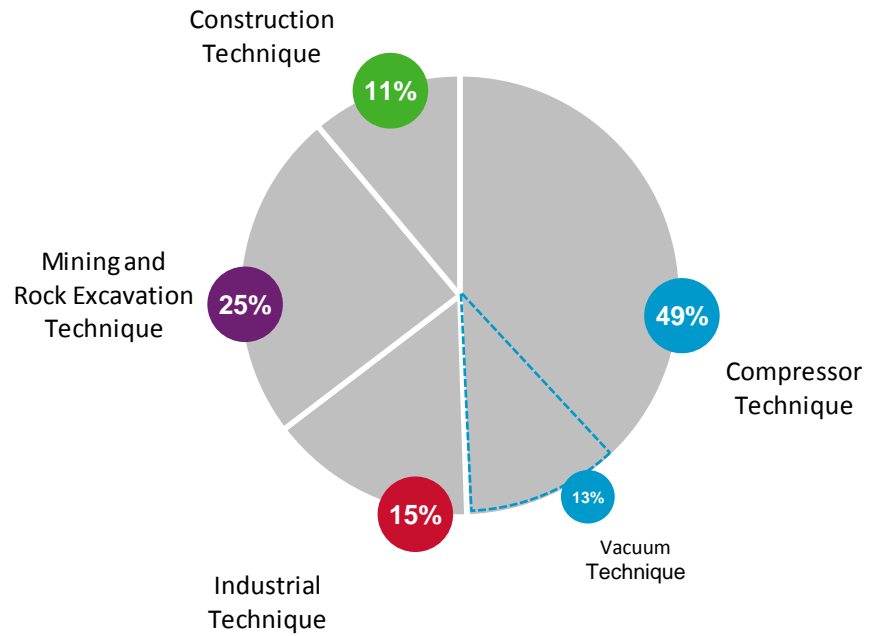


Sales bridge

MSEK	October - December		January - December	
	Orders received	Revenues	Orders received	Revenues
2015	23 206	25 003	97 002	98 973
Structural change, %	+7	+7	+3	+3
Currency, %	+5	+5	-1	-1
Price, %	+0	+0	+0	+0
Volume, %	+7	+2	+4	+0
Total, %	+19	+14	+6	+2
2016	27 617	28 495	102 812	101 356

Atlas Copco Group

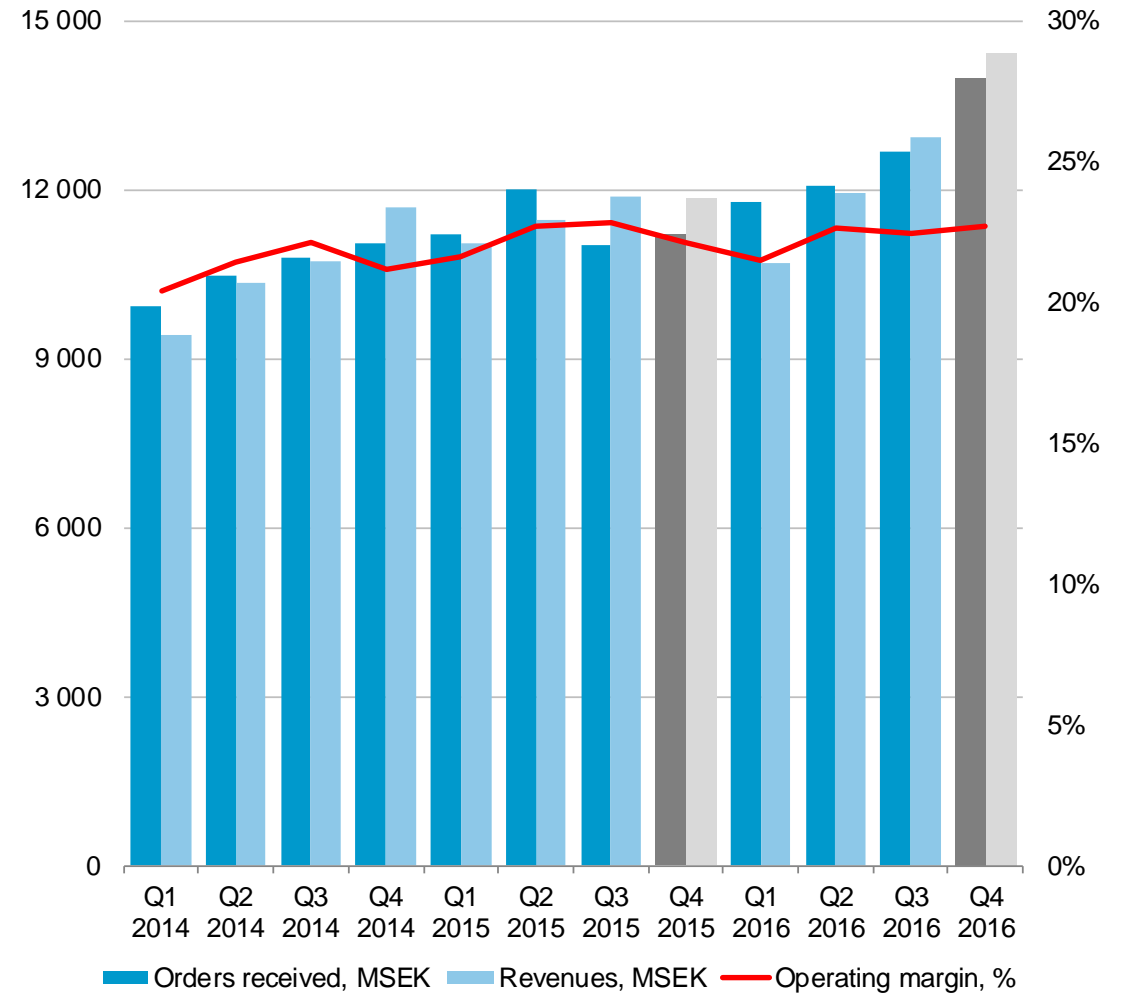
Revenues by business area



Compressor Technique

- Record orders, revenues and profit
- Strong organic growth for vacuum solutions
- Positive development for service and industrial compressors
- Operating margin at 22.7% (22.1)

New range of refrigerant air dryers with up to 50% energy consumption gain.

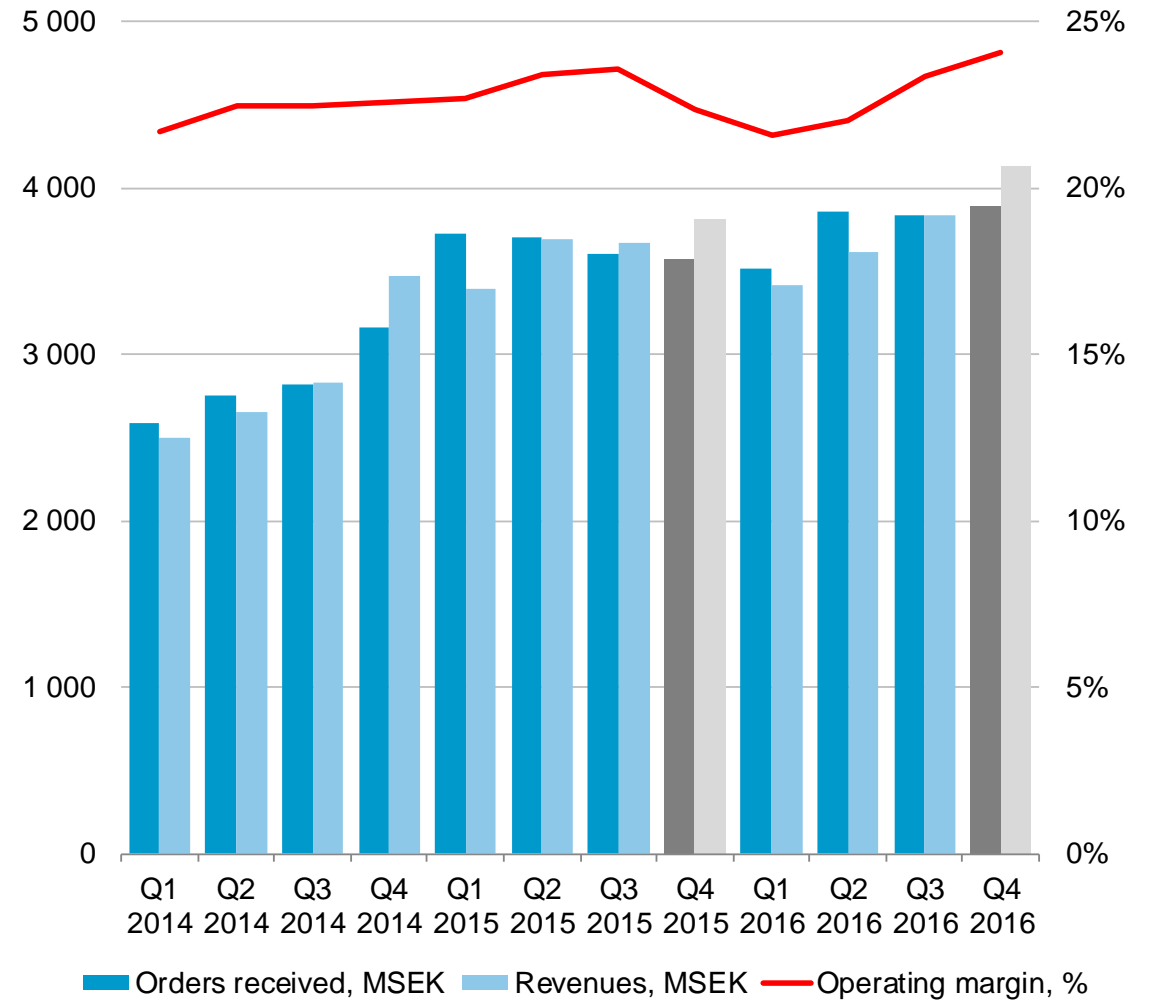


Industrial Technique

- Record orders, revenues and profit
- Organic growth of 4%
 - Supported by strong motor vehicle orders
 - Continued steady growth for service growth
 - Strong Asia
- Record operating margin at 24.1% (22.4)



New range of high torque electrical nutrunner allowing high access and traceability for high torque applications.

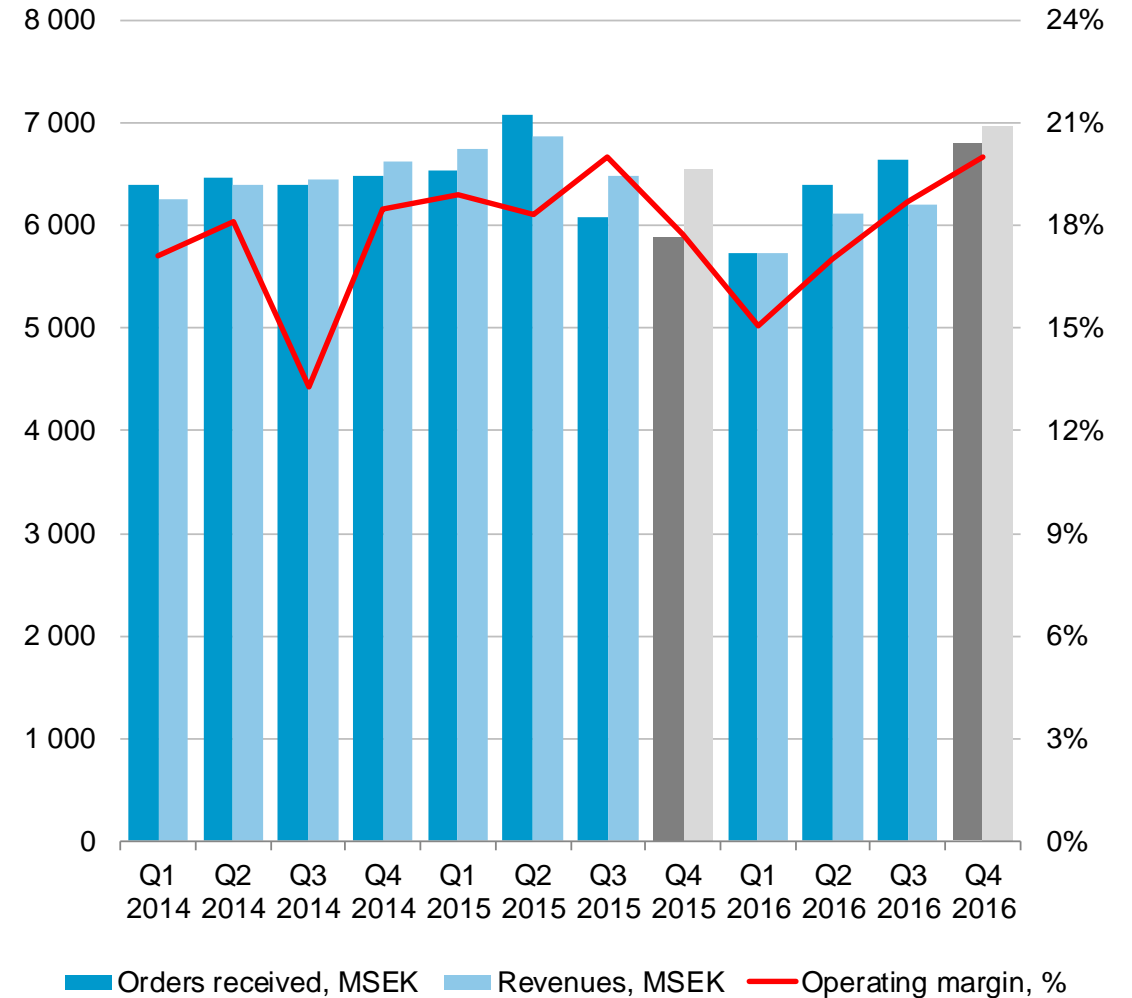


Mining and Rock Excavation Technique

- Organic order growth of 9%
 - Strong order intake for underground equipment
 - Service growth
- Operating margin at 20.0% (17.7)



Surface exploration drilling rig with increased productivity and features to meet the most stringent safety standards.

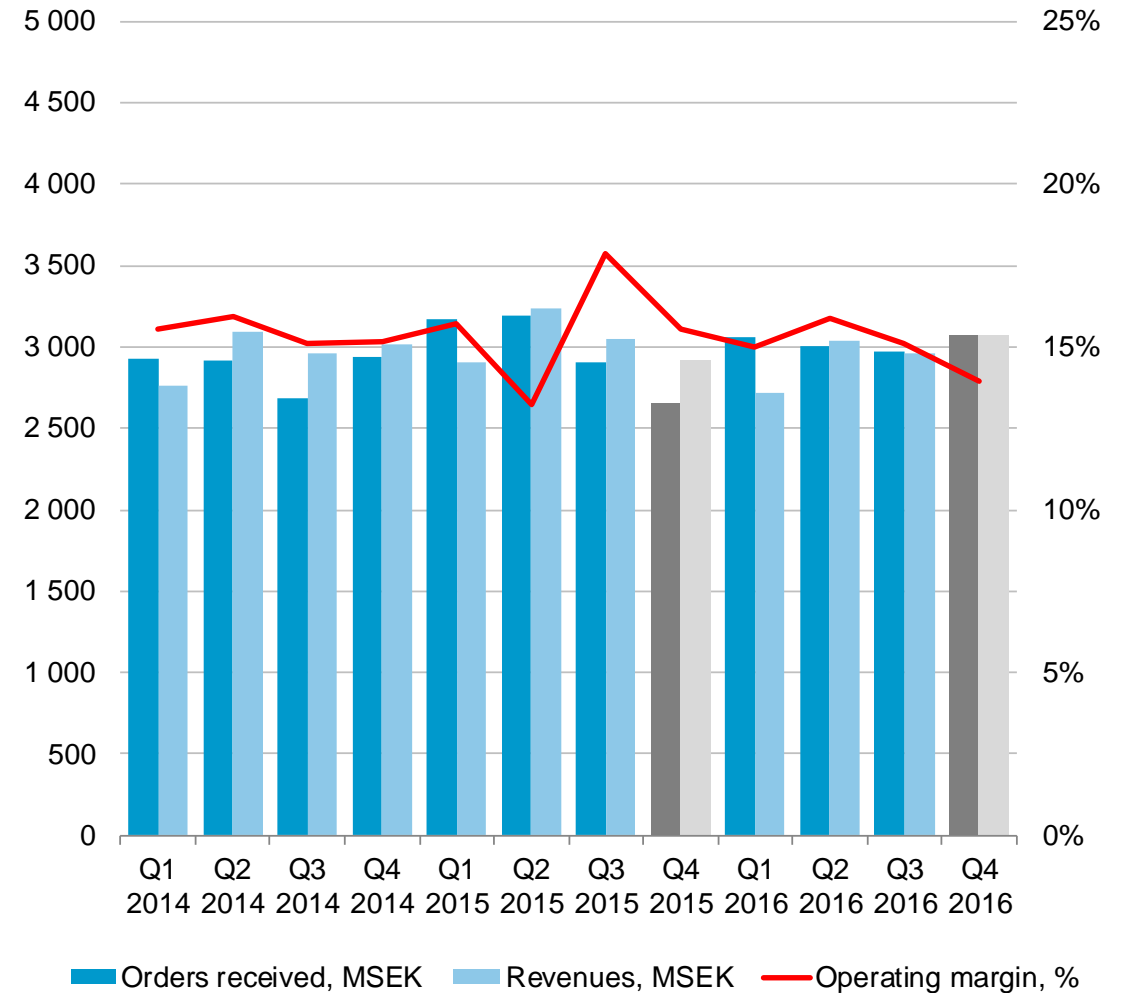


Construction Technique – continuing operations

- Order growth +16%
- Solid development for portable compressors
- Revenue decreased for the rental business
- Operating margin at 13.9% (15.5)
 - Negative effect from sales mix



Petrol breaker with electronic fuel injection providing up to 10% more speed and 10% less fuel consumption versus comparable models.



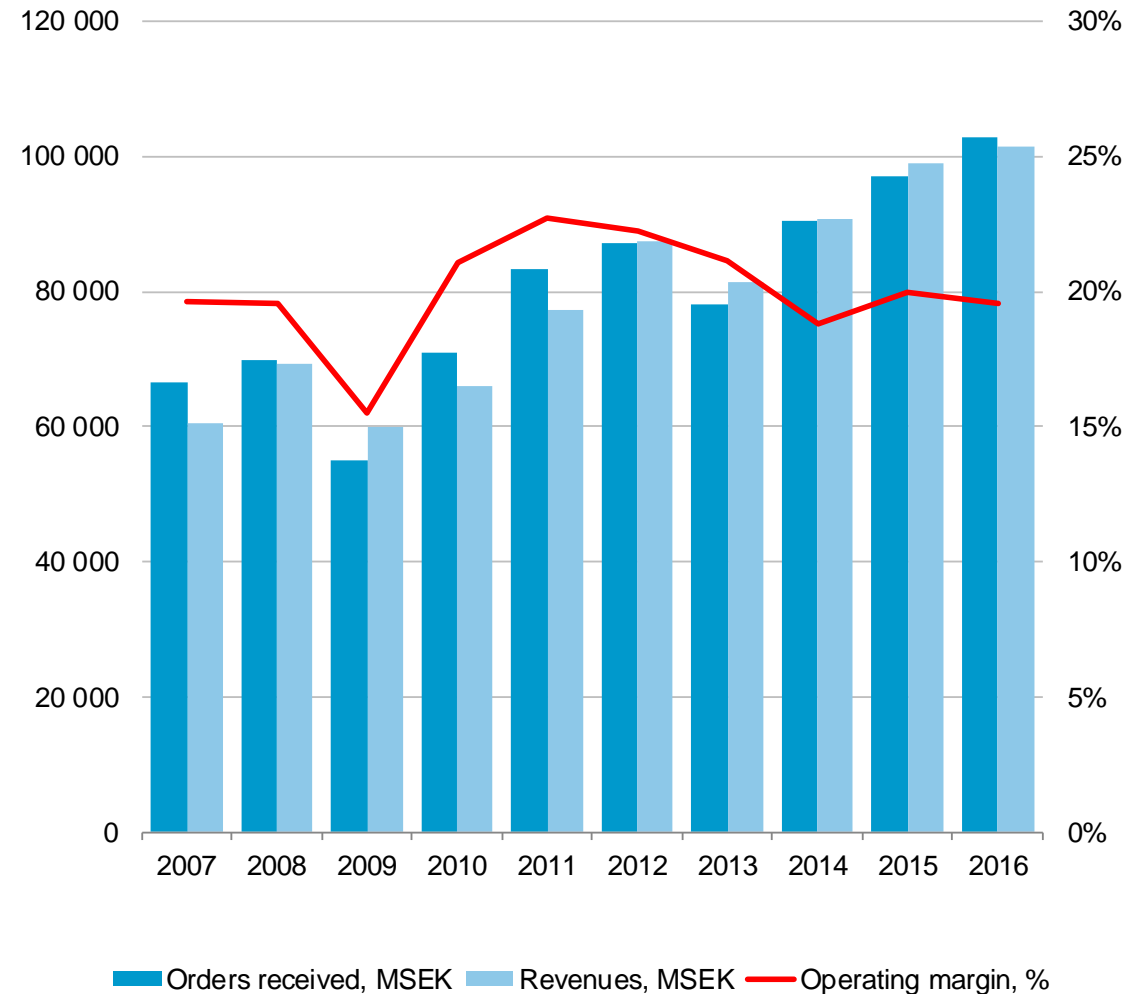
Group total

October – December 2016 vs. 2015

MSEK	October - December	
	2016	2015
Orders received	27 617	23 206
Revenues	28 495	25 003
Operating profit	5 785	4 882
– as a percentage of revenues	20.3	19.5
Profit before tax	5 618	4 704
– as a percentage of revenues	19.7	18.8
Income tax expense	-1 364	-3 626
Profit for the period from continuing operations	4 254	1 078 ¹⁾
Basic earnings per share, SEK	3.49	0.89
Return on capital employed, %	26 ²⁾	27 ²⁾

¹⁾ MSEK 3 880 when adjusted for tax provision

²⁾ Estimated for continuing operations



Profit bridge

October – December 2016 vs. 2015

MSEK	Q4 2016	Volume, price, mix and other	Currency	One-time items Acquisitions	Share based LTI programs*	Q4 2015
Atlas Copco Group						
Revenues	28 495	572	1 135	1 785		25 003
Operating profit	5 785	284	500	193	-74	4 882
%	20.3%	49.7%				19.5%

*LTI = Long Term Incentive

Profit bridge – by business area

October – December 2016 vs. 2015

MSEK	Q4 2016	Volume, price, mix and other	Currency	One-time items Acquisitions	Q4 2015
Compressor Technique					
Revenues	14 438	380	515	1 692	11 851
Operating profit	3 274	191	270	193	2 620
%	22.7%	50.2%			22.1%
Industrial Technique					
Revenues	4 137	141	155	22	3 819
Operating profit	997	73	70	0	854
%	24.1%	51.8%			22.4%
Mining and Rock Excavation Technique					
Revenues	6 971	63	350	0	6 558
Operating profit	1 395	32	200	0	1 163
%	20.0%	50.8%			17.7%
Construction Technique					
Revenues	3 073	-24	115	71	2 911
Operating profit	428	-26	0	2	452
%	13.9%	-			15.5%

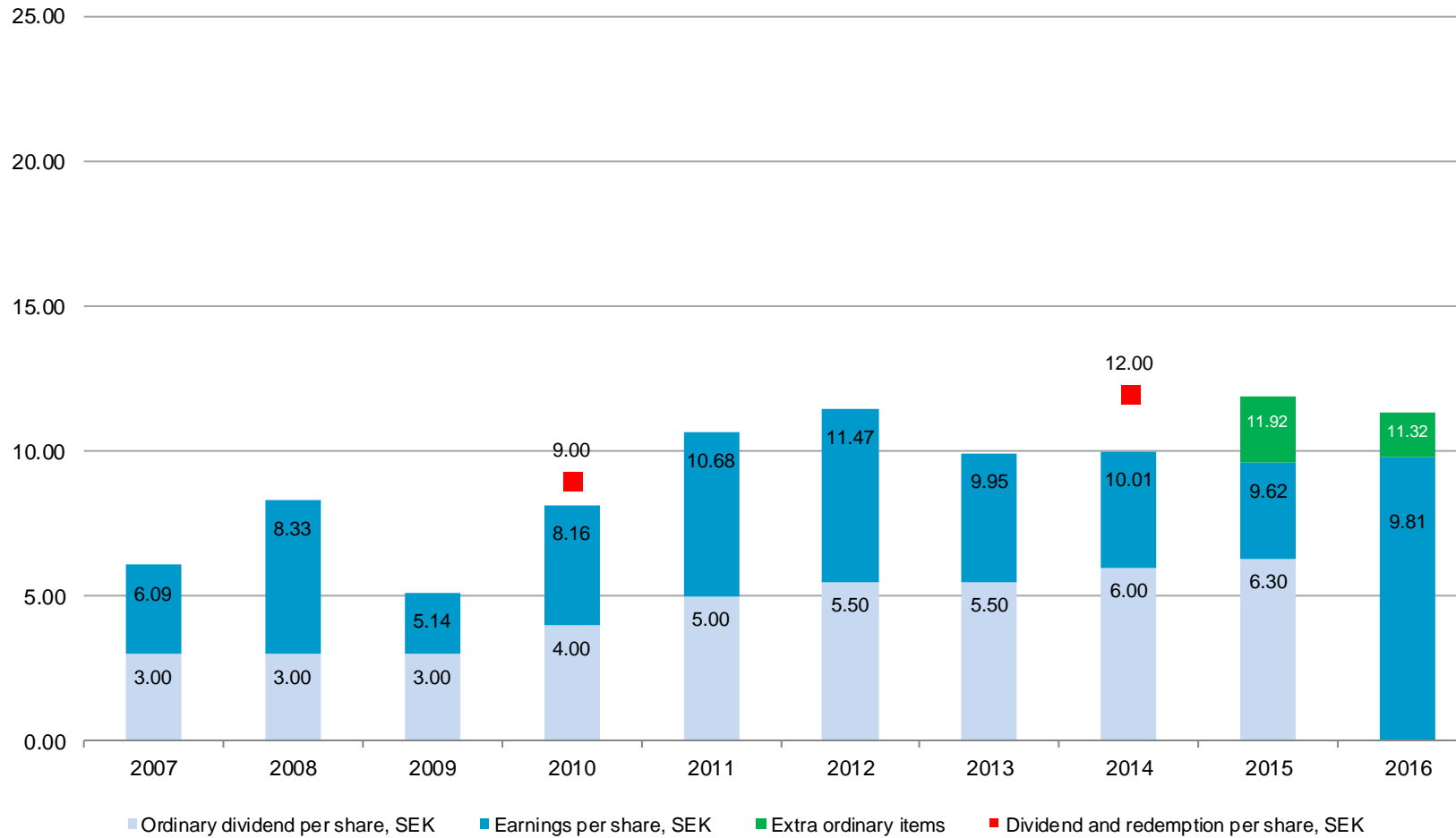
Balance sheet

MSEK	Dec. 31, 2016		Dec. 31, 2015	
Intangible assets	37 828	33%	33 520	33%
Rental equipment	3 095	3%	3 076	3%
Other property, plant and equipment	9 793	8%	8 947	9%
Other non-current assets	4 175	4%	4 128	4%
Inventories	16 912	15%	16 906	16%
Receivables	27 685	24%	25 985	25%
Current financial assets	2 455	2%	1 576	2%
Cash and cash equivalents	11 458	10%	8 861	9%
Assets classified as held for sale	2 491	2%	11	0%
TOTAL ASSETS	115 892		103 010	
Total equity	53 177	46%	46 750	45%
Interest-bearing liabilities	28 629	25%	25 214	24%
Non-interest-bearing liabilities	33 275	29%	31 046	30%
Liabilities directly associated with assets classified as held for sale	811	1%	-	-
TOTAL EQUITY AND LIABILITIES	115 892		103 010	

Cash flow – including discontinued operations

MSEK	October - December		January - December	
	2016	2015	2016	2015
Operating cash surplus	7 259	5 914	24 600	23 547
<i>of which depreciation added back</i>	1 204	1 105	4 392	4 347
Net financial items	-414	-855	-771	-2 037
Taxes paid	-863	-801	-7 132	-4 238
Pension funding	-449	12	-543	78
Change in working capital	1 155	1 381	2 875	1 599
Increase in rental equipment, net	-171	-221	-748	-837
Cash flows from operating activities	6 517	5 430	18 281	18 112
Investments of property, plant & eq., net	-349	-424	-1 225	-1 525
Other investments, net	-157	-272	-1 207	-954
Cash flow from investments	-506	-696	-2 432	-2 479
Adjustment, currency hedges of loans	526	621	10	1 322
Adjustment, tax payment in Belgium	0	0	2 250	0
Operating cash flow	6 537	5 355	18 109	16 955
Company acquisitions/ divestments	-60	-65	-4 716	-1 794

Earnings and dividends



The Board of Directors proposes a dividend for 2016 of SEK 6.80 per share

Near-term outlook

The overall demand for the Group is expected to improve somewhat.

***Committed to
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.”