We are committed to sustainable productivity

Q1 2018 results

April 25, 2018

Atlas Copco

Strategy into action

iXM Dry vacuum pump for the semiconductor industry
https://www.youtube.com/watch?v=c5smuhG_KTs

- Close relationship with the customer and a strong application knowledge
- A fast-track innovation program that reduces interruptions in production at semiconductor customers

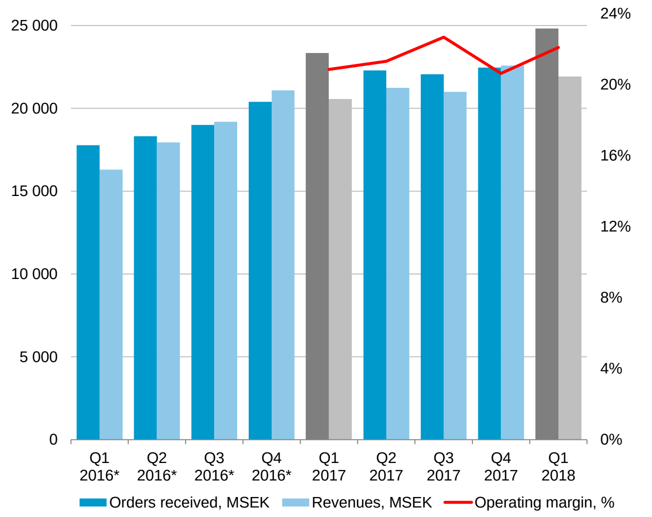
Q1 in brief

All figures refer to continuing operations unless otherwise stated, i.e. Epiroc is reported as discontinued operations.

- AGM decision to distribute Epiroc to shareholders
- Record order intake
  - Strong growth for both equipment and service
  - Solid growth in all major markets
- Solid operating profit margin
  - Positive effects from higher revenue
  - Negative currency effect
- *Strong order development for Epiroc (discontinued operations)*

Q1 figures in summary

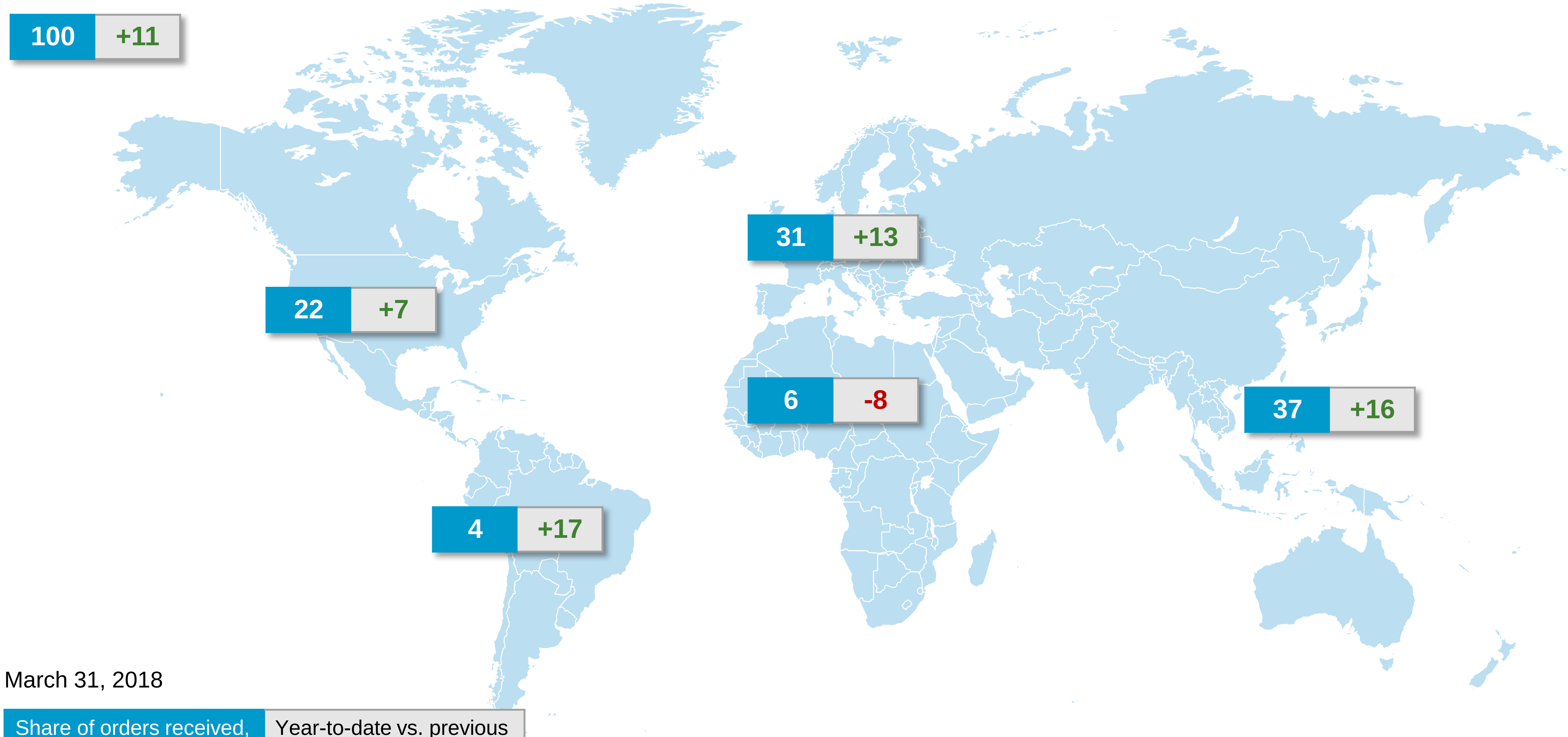
- Orders received were MSEK 24 829 (23 325), organic growth of 9%
- Revenues were MSEK 21 906 (20 578), organic growth of 9%
- Adjusted operating profit was MSEK 4 779 (4 412), margin at 21.8% (21.4)
  - Reported operating profit up 13% to MSEK 4 833 (4 290), margin at 22.1% (20.8)
  - Items affecting comparability of MSEK 54 (-122)
- Profit for the period was MSEK 3 340 (2 896)
- Basic earnings per share* were SEK 3.64 (3.29)
- Operating cash flow* was MSEK 2 724 (3 510)



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

Including discontinued operations

Orders received – local currency

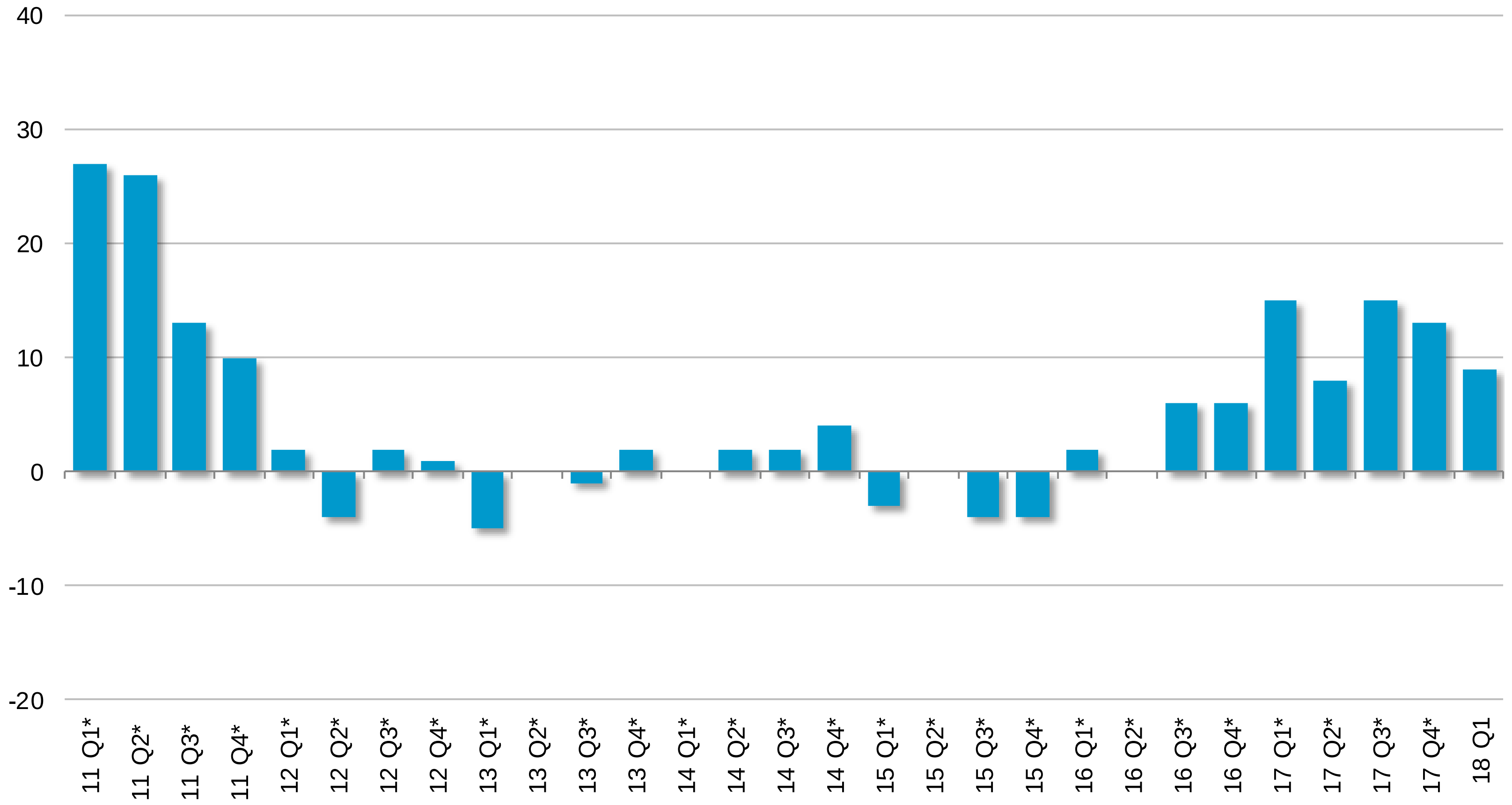


March 31, 2018

Share of orders received, year-to-date, %	Year-to-date vs. previous year, %

Order growth per quarter

Organic growth



*2011-2017 estimated excluding Mining and Rock Excavation Technique

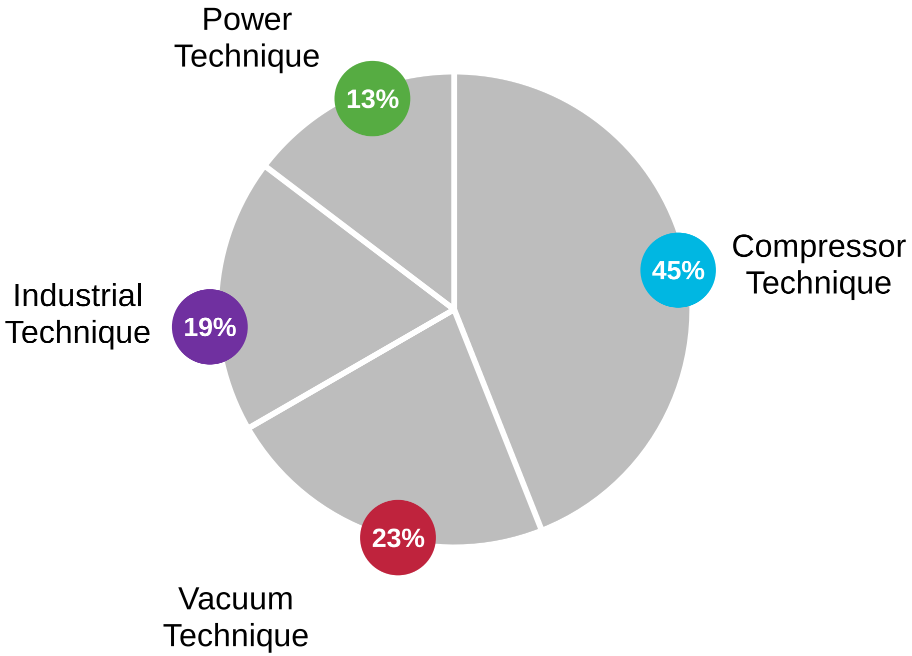
Sales bridge

MSEK	January - March Orders received	Revenues
2017	23 325	20 578
Structural change, %	+1	+1
Currency, %	-4	-4
Organic*, %	+9	+9
Total, %	+6	+6
2018	24 829	21 906

*Volume, price and mix

Atlas Copco Group

Revenues by business area



12 months ending March 2018

Compressor Technique

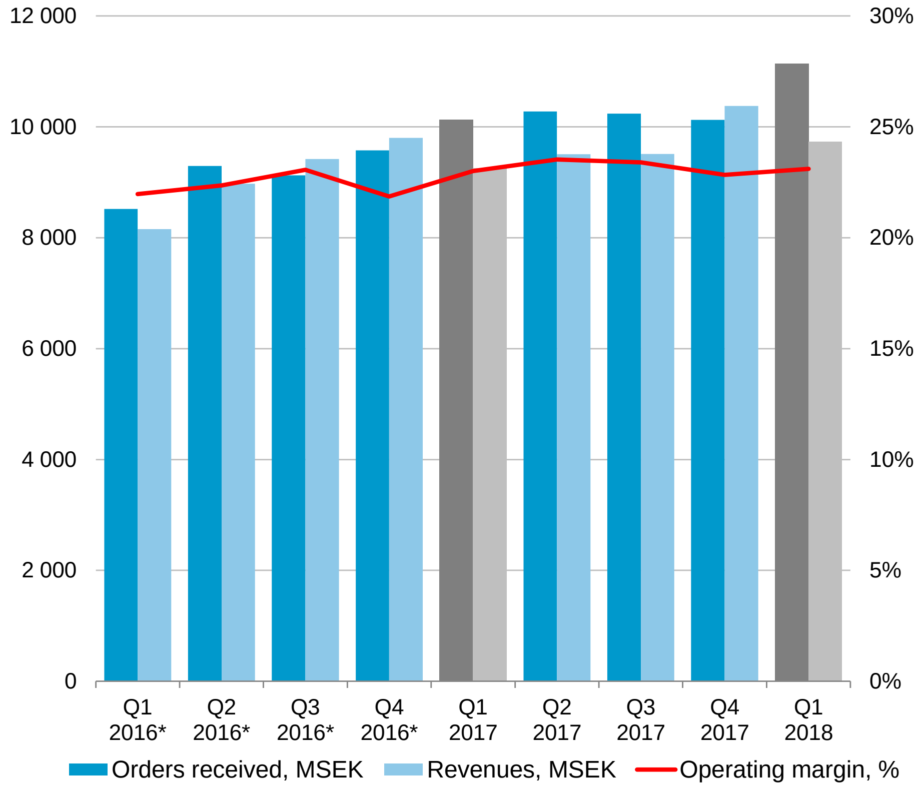
- Organic order growth of 13%
  - Particularly strong development for larger compressors
  - Asia had the strongest growth
- Solid operating margin at 23.1% (23.0)
  - Supported by volume
  - Negatively affected by currency

Innovation:

A new dryer for the medical market with high energy efficiency and performance.

Acquisitions:

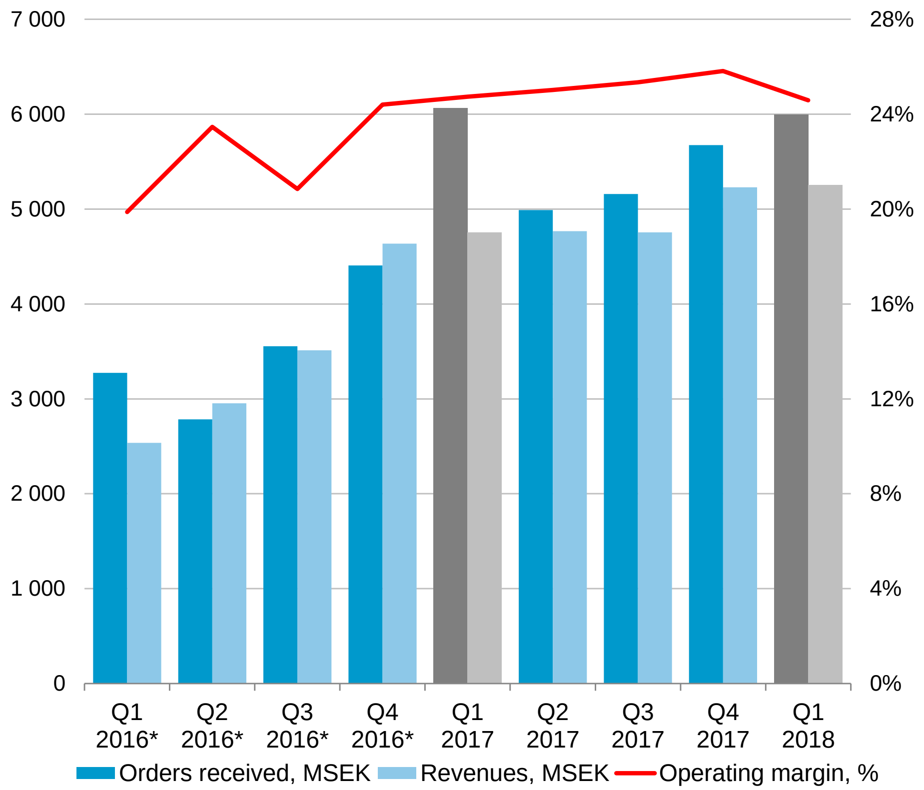
Walker filtration, a British manufacturer of Equipment of for the treatment of compressed air, gas and vacuum.



* 2016 figures not restated per IFRS 15.

Vacuum Technique

- Organic order growth in spite of tough comparison
  - Continued strong semiconductor demand
  - New product innovations behind strong growth for industrial and high vacuum applications
- Operating margin at 24.6% (24.7)
  - Heavily diluted by currency



* 2016 figures not restated per IFRS 15

Innovation:

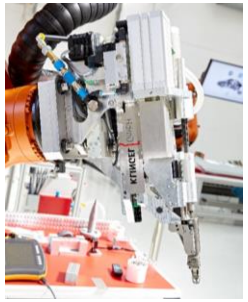
A new vacuum pump system for industrial customers, designed with variable speed drive for high efficiency and low life-cycle cost.

Industrial Technique

- Record order intake, organic growth of 9%
  - Continued strong demand from motor vehicle industry
  - Growing demand from general industry
  - Strong growth in Asia
- Solid operating margin at 23.3% (22.5)

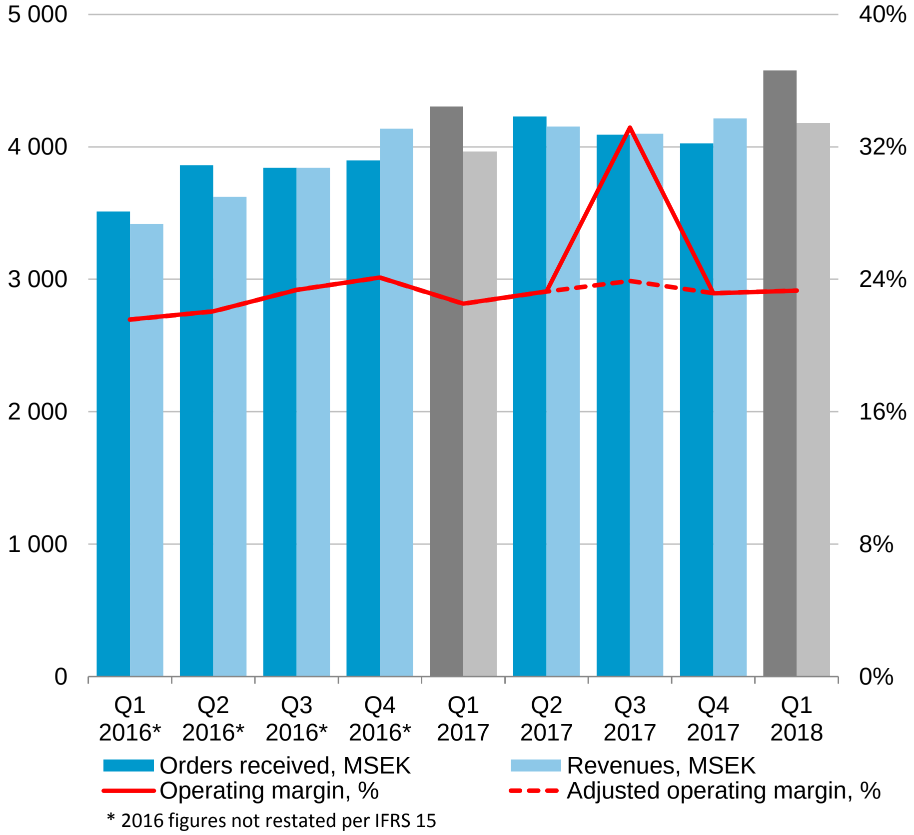
Innovation:

A new low reaction battery pulse tightening tool offering state of the art ergonomics high productivity.



Acquisitions:

Klingel Joining Technologies, a company specialized in flow drill technology.



Power Technique

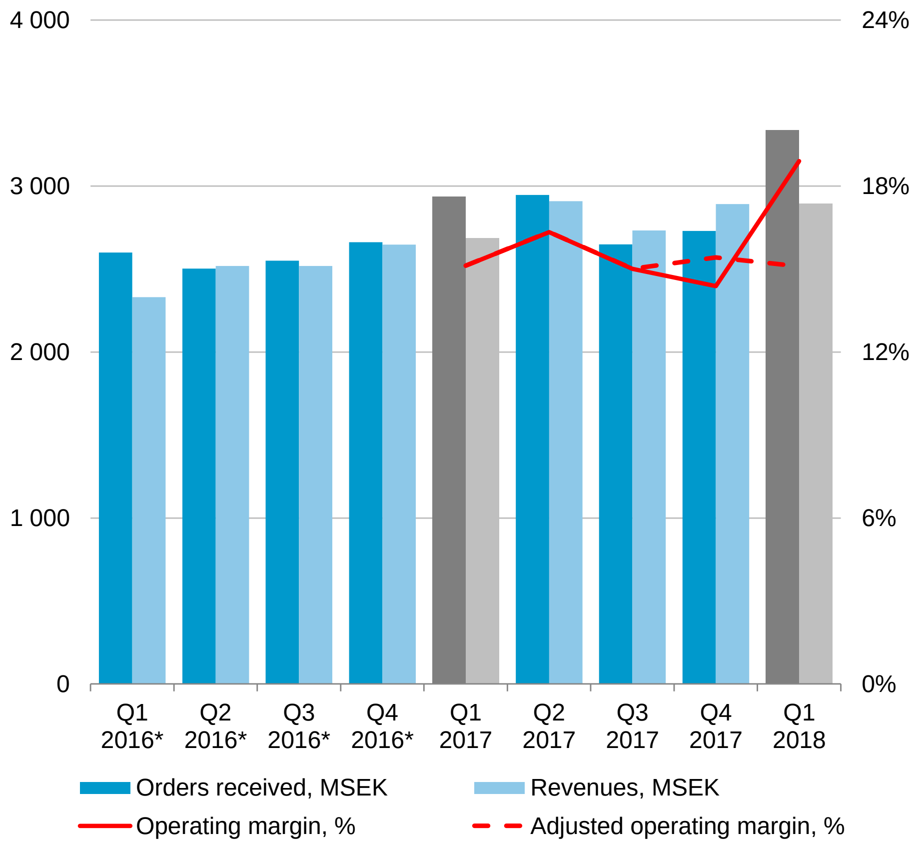
- Strong organic order growth of 16%
  - Good equipment demand from rental houses
  - Strongest growth in North America, but all regions contributed to the growth
- Adjusted operating margin at 15.1% (15.0)
  - Negative currency impact
  - Capital gain of MSEK 109, reported margin 18.9%

Innovation:

New TwinPower generator offers increased flexibility and reduces fuel consumption.

Acquisitions:

Location Thermique Service, a French steam boiler specialty rental business.



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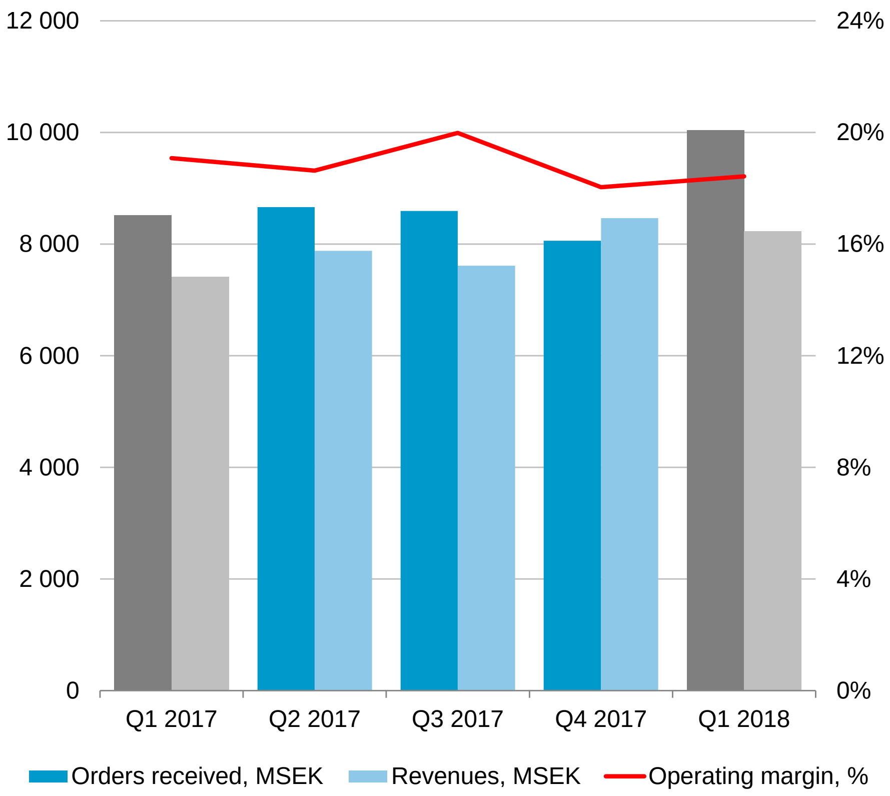
Epiroc Group

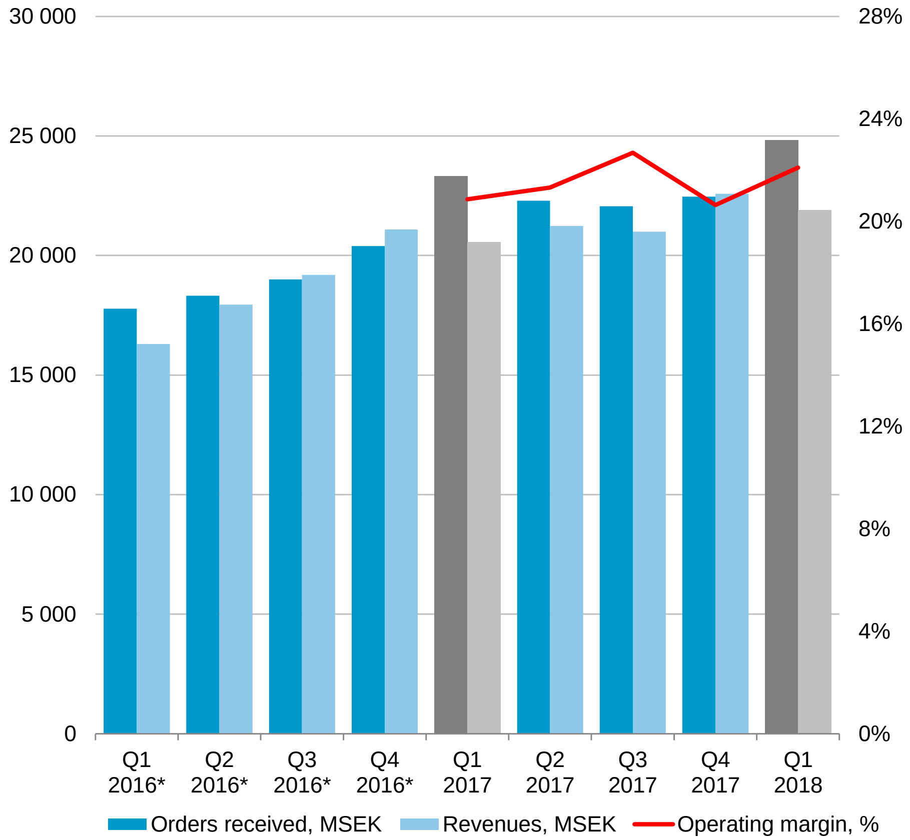
- Strong organic order growth of 21%
  - Double digit growth in all regions
  - Strong demand for equipment
  - Growth for service
- Revenues up 14% organically
- Operating margin at 18.4% (19.1)
  - One time costs of MSEK 95
- Capital Markets Day on May 30
  - Registrations: https://www.epiroc.com/en/cmd-2018



Group total

January – March 2018 vs. 2017

Continuing operations MSEK	January - March 2018	 2017	 %
Orders received	**24 829**	**23 325**	**6%**
Revenues	**21 906**	**20 578**	**6%**
Operating profit	**4 833**	**4 290**	**13%**
– as a percentage of revenues	*22.1*	*20.8*	
Profit before tax	**4 513**	**4 058**	**11%**
– as a percentage of revenues	*20.6*	*19.7*	
Income tax expense	**-1 173**	**-1 162**	**1%**
Profit for the period from continuing operations	**3 340**	**2 896**	**15%**
Basic earnings per share, SEK	**2.75**	**2.38**	
Return on capital employed, %	**29**	**N/A**	



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Profit bridge

January – March 2018 vs. 2017

MSEK	Q1 2018	Volume, price, mix and other	Currency	One-time items Acquisitions	Share-based LTI* programs	Q1 2017
Atlas Copco Group						
Revenues	21 906	1 898	-750	180		20 578
Operating profit	4 833	797	-455	95	106	4 290
	22.1%	*42.0%*				*20.8%*

**LTI = Long Term Incentive*

Profit bridge – by business area

January – March 2018 vs. 2017

MSEK	Q1 2018	Volume, price, mix and other	Currency	One-time items Acquisitions	Q1 2017
Compressor Technique					
Revenues	9 735	697	-270	40	9 268
Operating profit	2 249	299	-180	0	2 130
	23.1%	*42.9%*			*23.0%*
Vacuum Technique					
Revenues	5 255	697	-285	90	4 753
Operating profit	1 292	361	-250	5	1 176
	24.6%	*51.8%*			*24.7%*
Industrial Technique					
Revenues	4 178	303	-90	0	3 965
Operating profit	974	81	0	0	893
	23.3%	*26.7%*			*22.5%*
Power Technique					
Revenues	2 894	259	-100	50	2 685
Operating profit	547	74	-50	119	404
	18.9%	*28.6%*			*15.0%*

Balance sheet

MSEK	Mar. 31, 2018	Mar. 31, 2017*	Dec. 31, 2017*
Intangible assets	28 993	37 383	35 151
Rental equipment	1 909	2 954	2 934
Other property, plant and equipment	7 674	9 720	9 523
Other non-current assets	2 958	3 825	3 635
Inventories	12 054	18 027	18 810
Receivables	23 503	29 991	29 994
Current financial assets	86	1 645	1 295
Cash and cash equivalents	23 249	15 191	24 496
Assets classified as held for sale	34 202	2 800	193
TOTAL ASSETS	**134 628**	**121 536**	**126 031**
Total equity	67 591	56 476	60 601
Interest-bearing liabilities	25 900	29 169	28 182
Non-interest-bearing liabilities	31 195	34 916	37 192
Liabilities directly associated with assets classified as held for sale	9 942	975	56
TOTAL EQUITY AND LIABILITIES	**134 628**	**121 536**	**126 031**

*Including assets and liabilities related to discontinued operations.

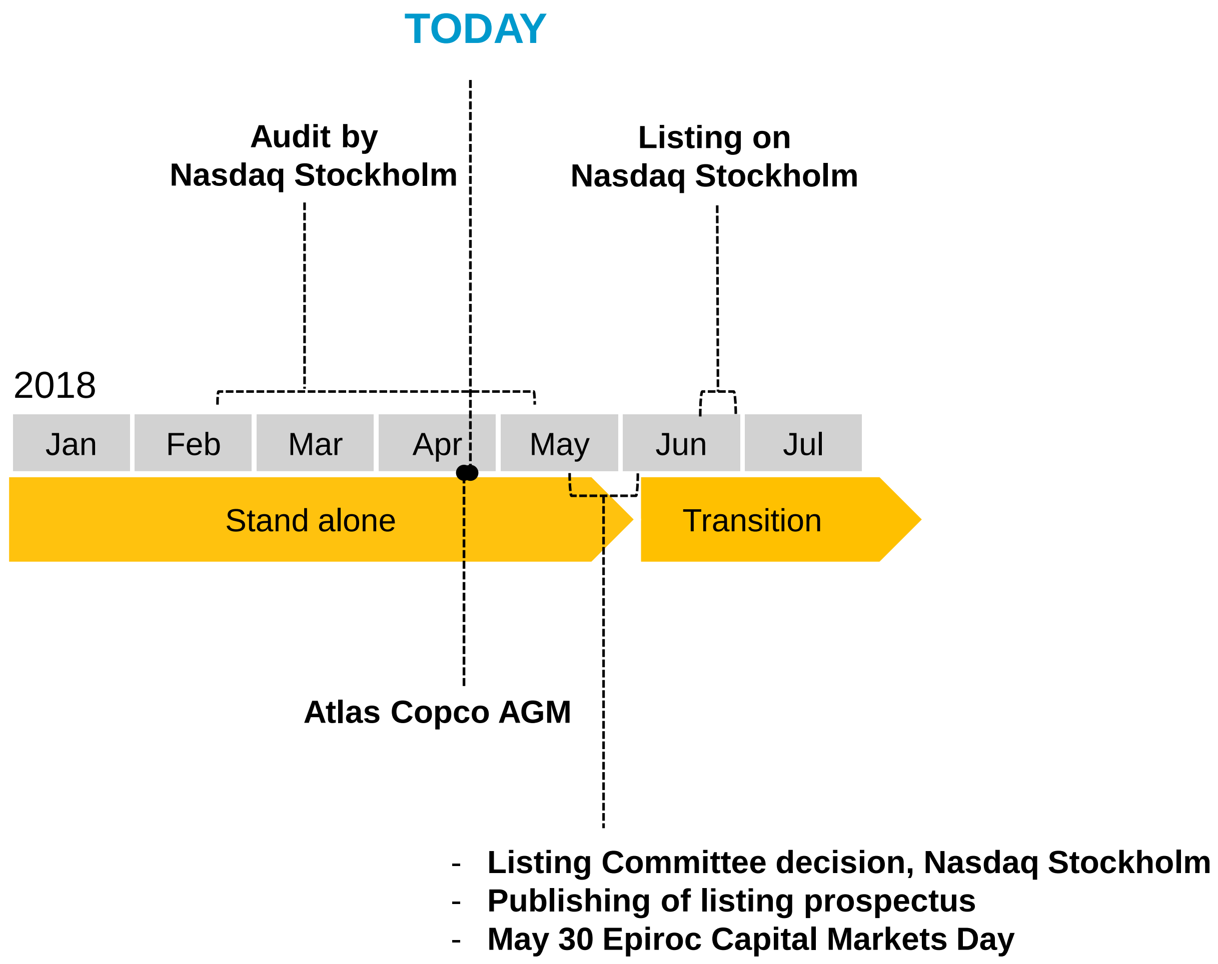
Cash flow – including discontinued operations

	January - March	
MSEK	2018	2017
Operating cash surplus	7 467	6 991
of which depreciation added back	*1 094*	*1 158*
Net financial items	393	-823
Taxes paid	-1 344	-1 820
Pension funding	-102	-109
Change in working capital	-1 708	-355
Increase in rental equipment, net	-327	-145
Cash flows from operating activities	**4 379**	**3 739**
Investments of property, plant & eq., net	-442	-348
Other investments, net	-378	-241
Cash flow from investments	-820	-589
Adjustment, currency hedges of loans	-835	360
Operating cash flow	**2 724**	**3 510**
Company acquisitions/ divestments	-669	-61

Dividend, mandatory share redemption and spin-off

- Annual General Meeting April 24, 2018
  - Ordinary dividend of SEK 7.00 (6.80) per share or approximately BSEK 8.5 in total
  - Mandatory share redemption of SEK 8.00 per share, or approximately BSEK 9.7 in total
  - Dividend of the shares in Epiroc AB

Epiroc split - Timeline



Near-term outlook

The overall demand for the Group is expected to remain at current high level.

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."