



# COMMITTED TO SUSTAINABLE PRODUCTIVITY

Q2 2016 results

July 15, 2016

*Atlas Copco*

## Q2 IN BRIEF

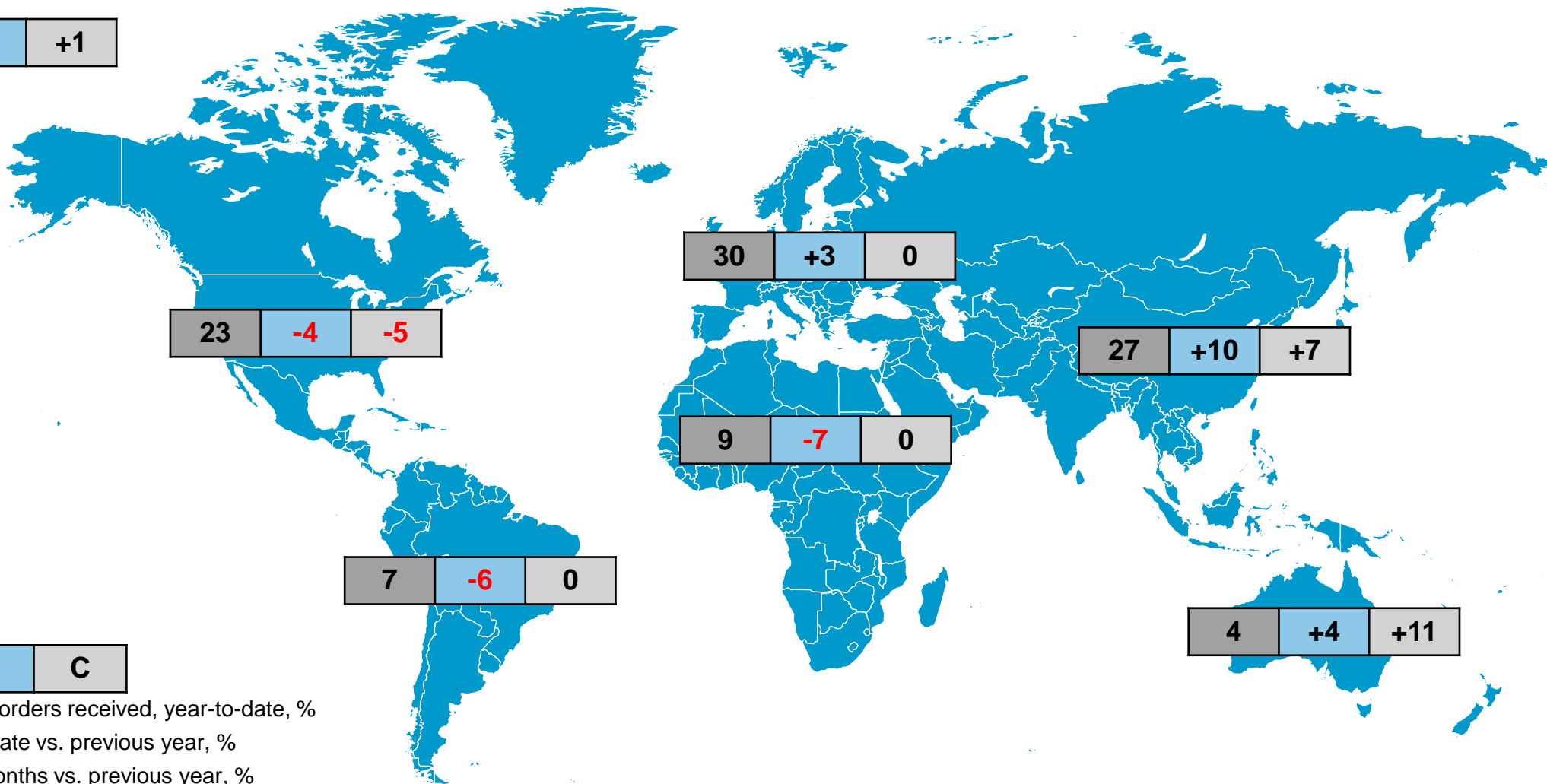
- Solid industrial business – mining and construction demand weak
  - Record order intake for Compressor Technique and Industrial Technique
- Operating profit margin increased sequentially – down year-on-year
  - Negative currency effect compared to Q2 2015
- Healthy operating cash flow – further reduction of working capital

## Q2 FIGURES IN SUMMARY

- Orders received were MSEK 25 934, organic decline of 1%
- Revenues were MSEK 25 438, unchanged organically
- Adjusted operating profit of MSEK 4 822 (5 162), margin at 19.0% (19.8)
  - Items affecting comparability of MSEK -47 (-90)
  - Reported operating profit of MSEK 4 775 (5 072), margin at 18.8% (19.4)
- Profit for the period of MSEK 3 188 (3 651)
- Basic earnings per share SEK 2.62 (3.00)
- Operating cash flow at MSEK 3 487 (3 481)

# ORDERS RECEIVED - LOCAL CURRENCY

100	+2	+1
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June 2016

A	B	C
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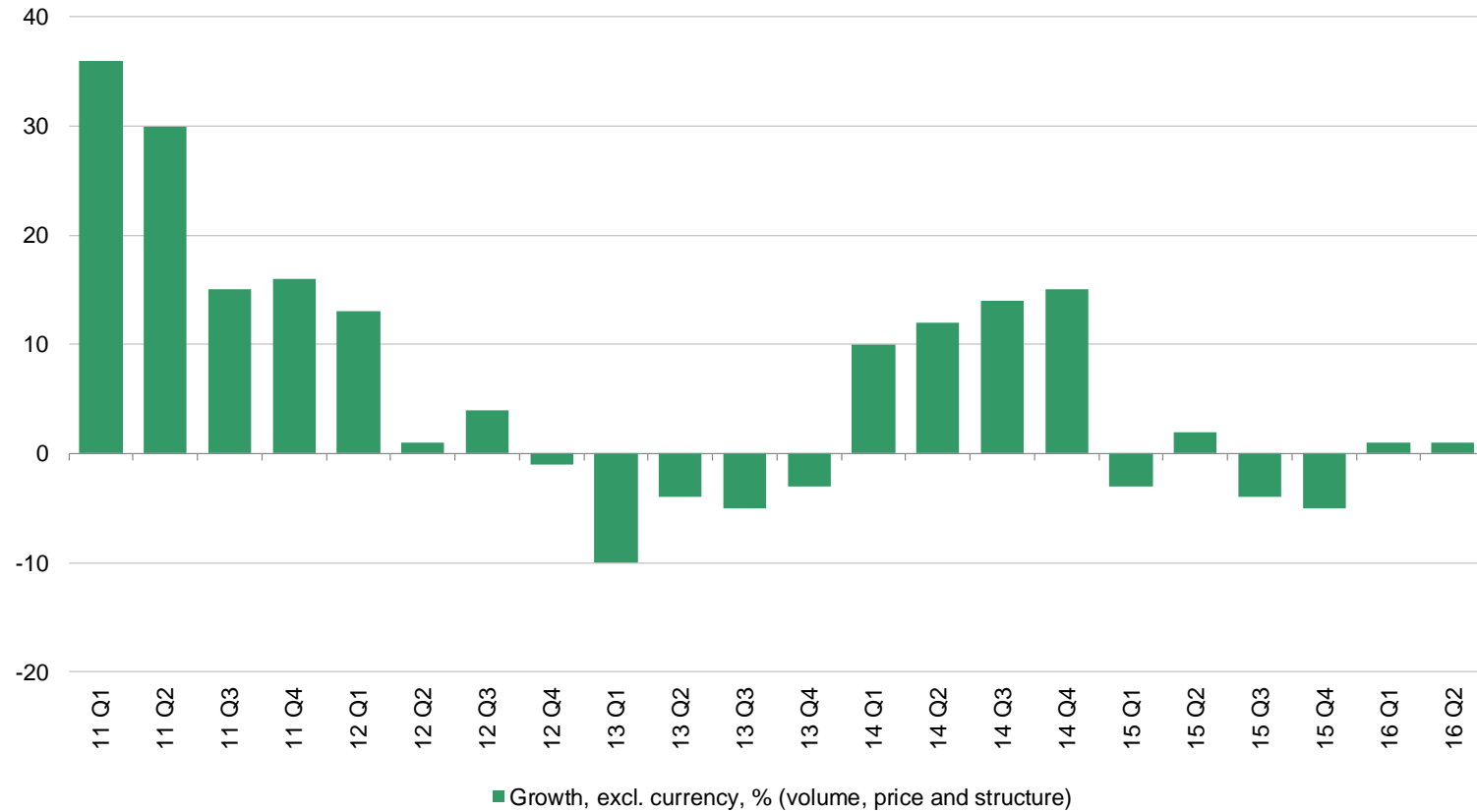
A = Share of orders received, year-to-date, %

B = Year-to-date vs. previous year, %

C = Last 3 months vs. previous year, %

# ORDER GROWTH PER QUARTER

Growth excl. currency

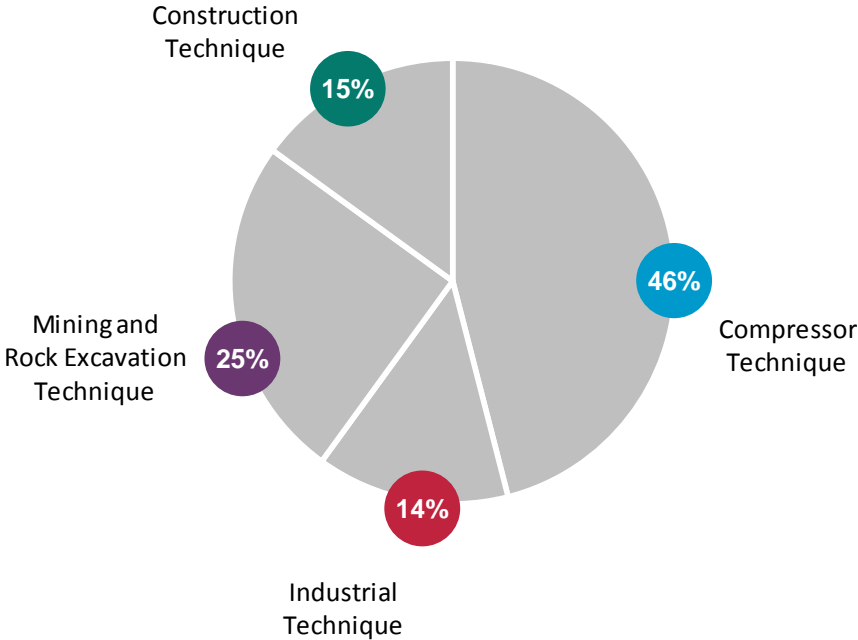


# SALES BRIDGE

MSEK	April - June		January - June	
	Orders received	Revenues	Orders received	Revenues
2015	26 775	26 111	52 245	50 856
Structural change, %	+2	+1	+1	+1
Currency, %	-4	-4	-4	-4
Price, %	+0	+0	+0	+0
Volume, %	-1	+0	+0	-1
Total, %	-3	-3	-3	-4
2016	25 934	25 438	50 655	48 575

# ATLAS COPCO GROUP

Revenues by business area



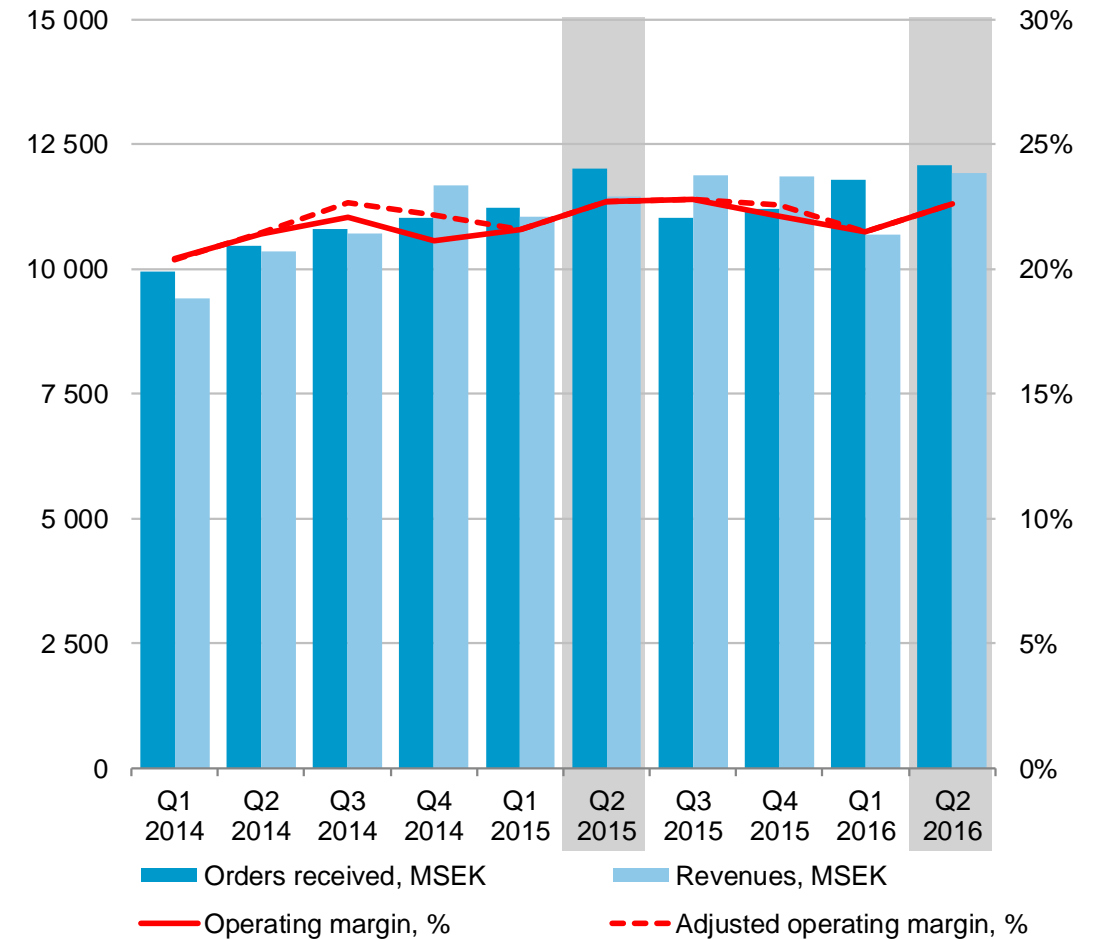
12 months through June 2016



# COMPRESSOR TECHNIQUE

- Record order intake, organic growth of 1%
  - Solid growth for service
  - Stable orders for compressors and vacuum equipment
  - Growth in Asia
- Operating margin at 22.6% (22.7)
- Acquisition of Leybold approved

Centrifugal compressor with remote monitoring capabilities and an energy efficiency gain of approximately 6%.



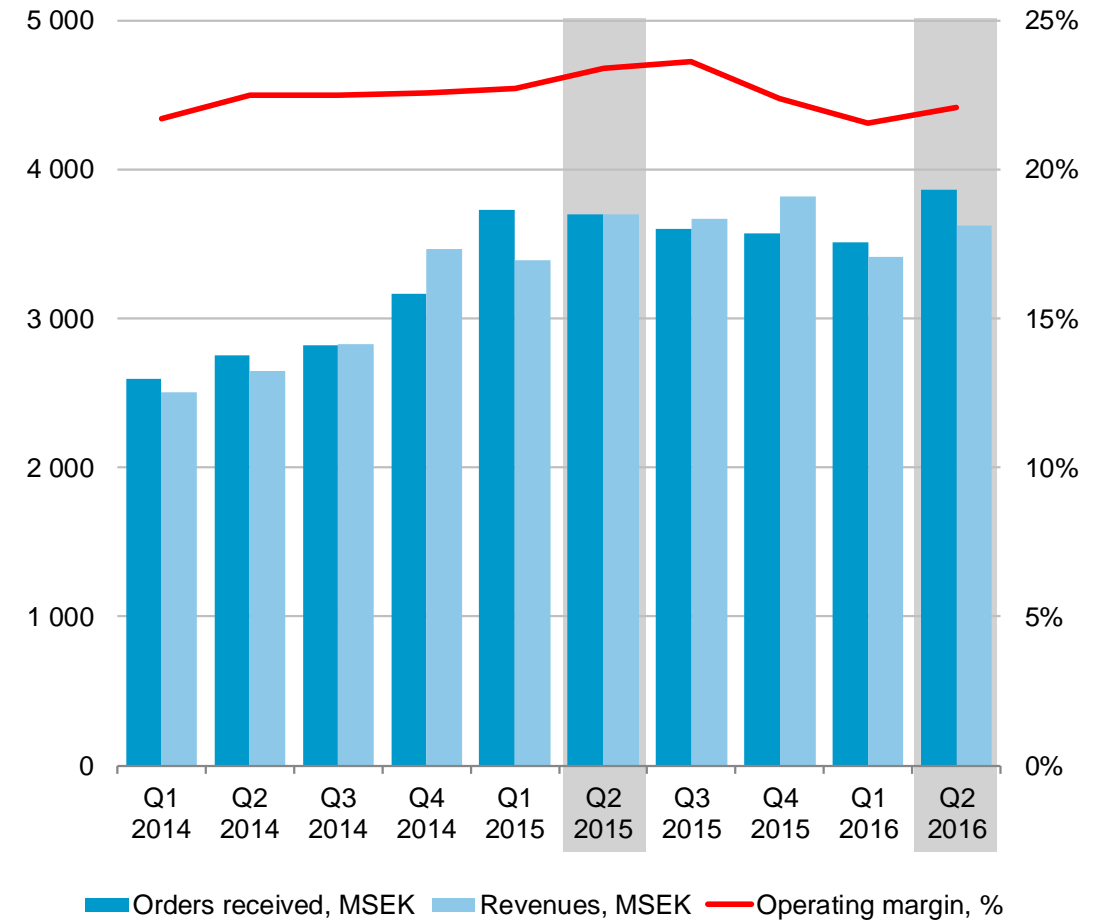


# INDUSTRIAL TECHNIQUE

- Record order intake, organic growth of 6%
  - Growth for tools and systems from the motor vehicle and general industries
  - Continued strong growth in the service business
- Operating margin at 22.1% (23.4), negatively affected by product mix



Electric pistol-grip tightening tool that combines increased productivity with improved ergonomics

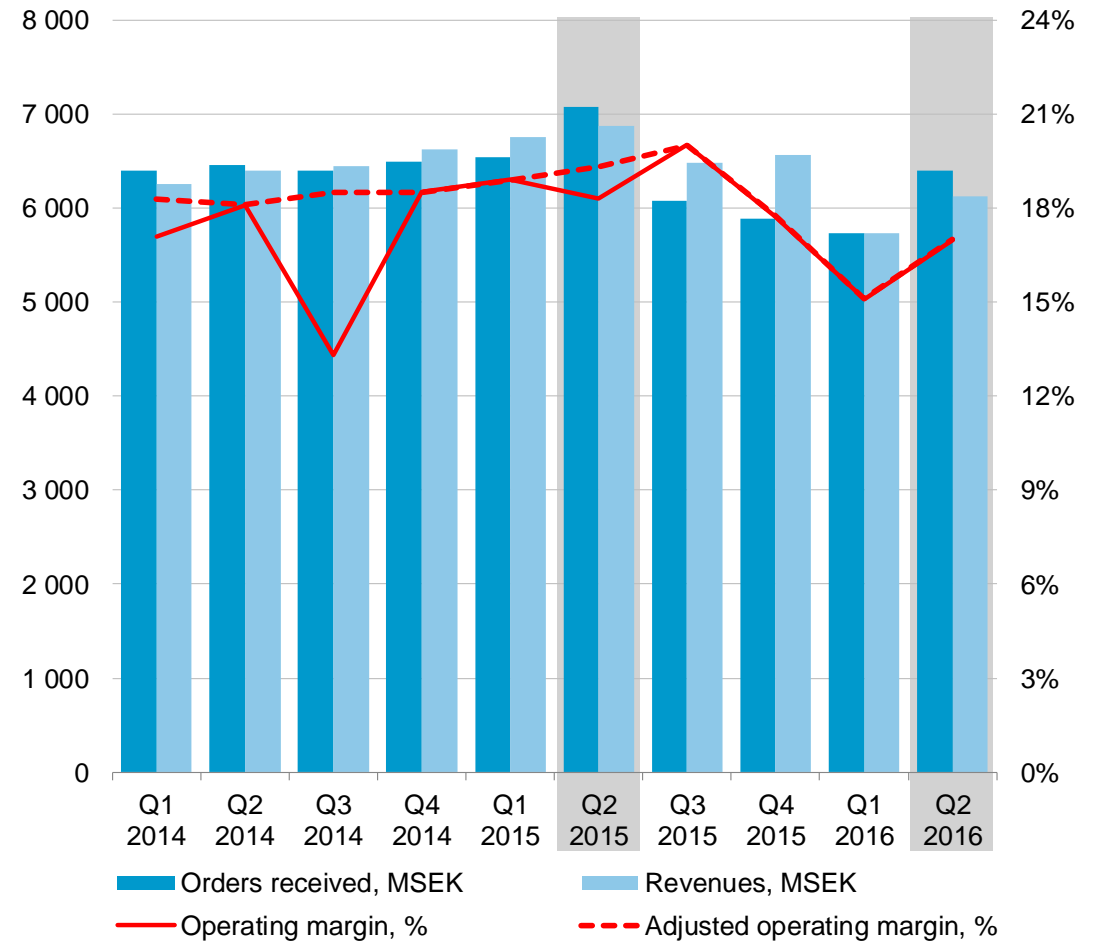


# MINING AND ROCK EXCAVATION TECHNIQUE

- Orders received decreased 4%, organically
  - Continued weak demand for equipment
  - Service business down year-on-year – stable sequentially
  - Consumables stable year-on-year
- Operating margin up sequentially
- Further efficiency measures



Battery driven underground loader

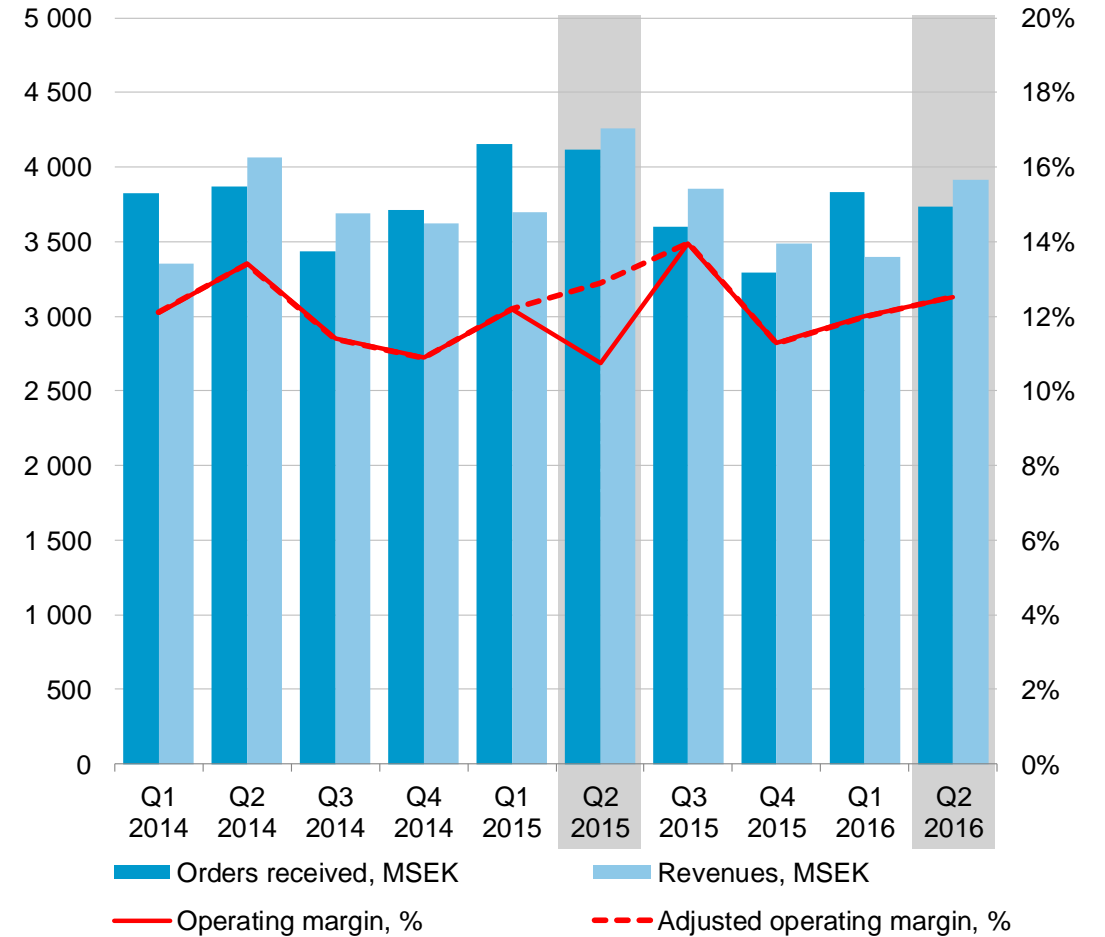


# CONSTRUCTION TECHNIQUE

- Orders received decreased 7%, organically
- Lower demand for equipment – service flat
- Growth in North America, but significant declines in South America and Africa/Middle East
- Operating margin at 12.5% (13.0 adj.), negatively affected by volume and currency



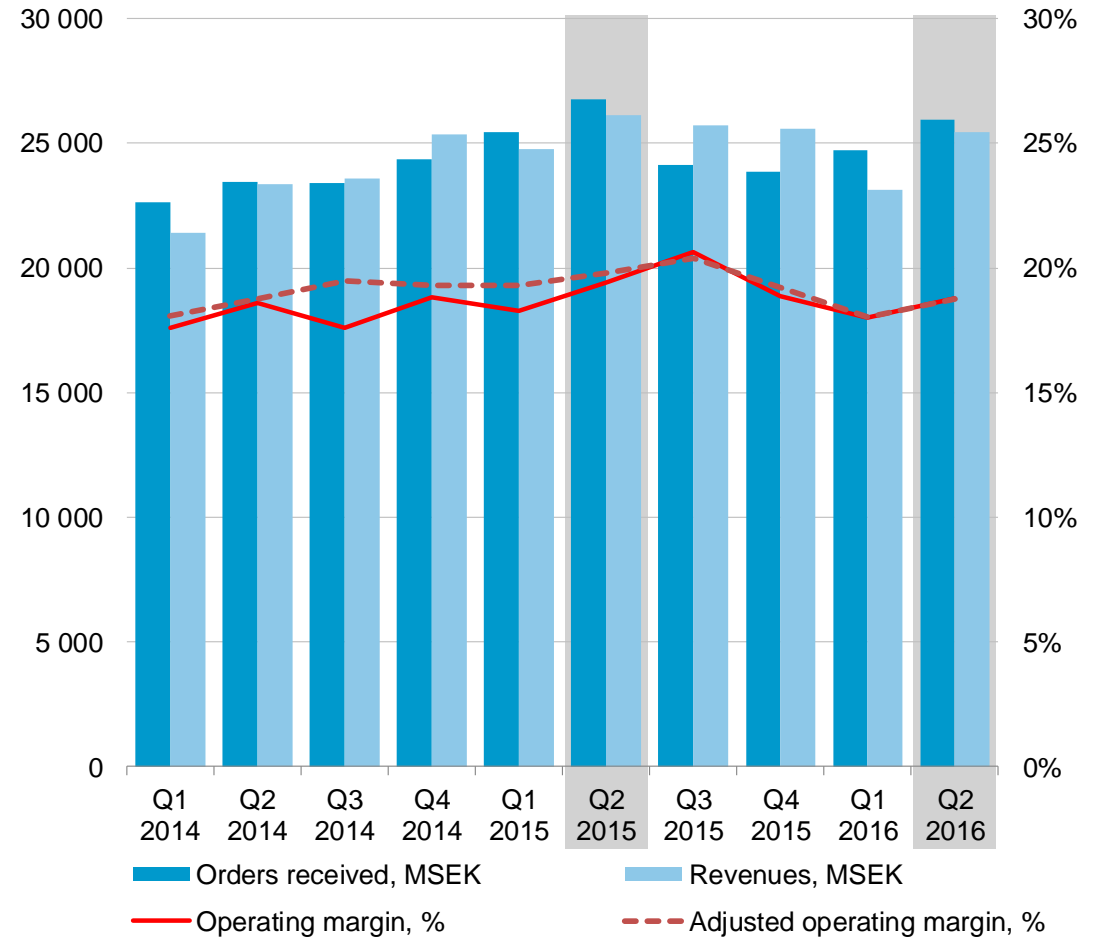
User-friendly portable generator equipped with a secure, corrosion-proof canopy



# GROUP TOTAL

## April – June 2016 vs. 2015

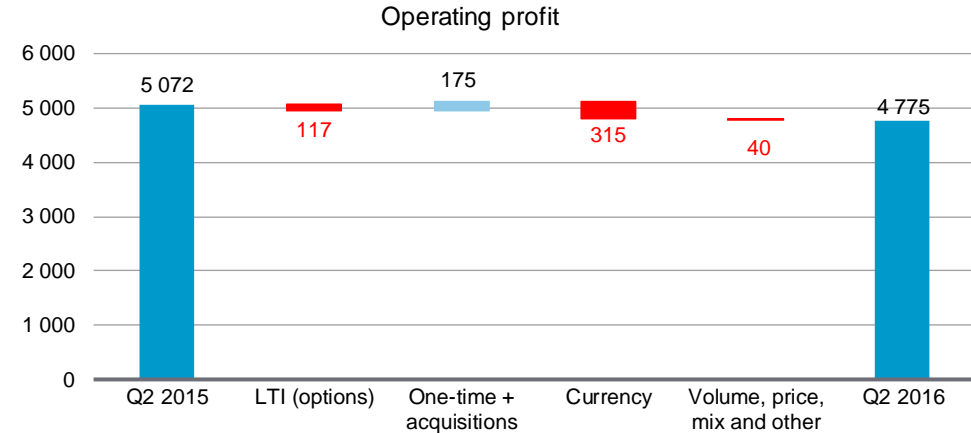
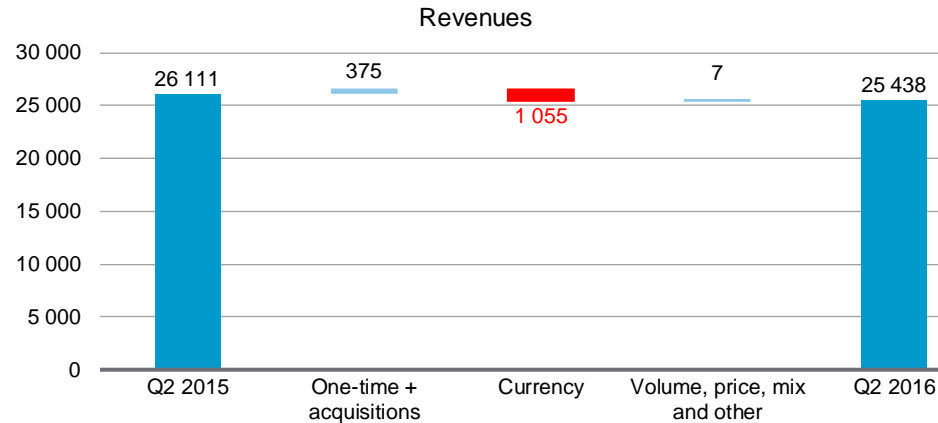
MSEK	April - June		
	2016	2015	%
Orders received	25 934	26 775	-3%
Revenues	25 438	26 111	-3%
Operating profit	4 775	5 072	-6%
– as a percentage of revenues	18.8	19.4	
Profit before tax	4 420	4 850	-9%
– as a percentage of revenues	17.4	18.6	
Income tax expense	-1 232	-1 199	3%
– as a percentage of profit before tax	-27.9	-24.7	
Profit for the period	3 188	3 651	-13%
Basic earnings per share, SEK	2.62	3.00	
Return on capital employed, %	27	25	



# PROFIT BRIDGE

## April – June 2016 vs. 2015

MSEK	Q2 2016	Volume, price, mix and other	Currency	One-time items Acquisitions	Share based LTI programs	Q2 2015
<b>Atlas Copco Group</b>						
Revenues	25 438	7	-1 055	375		26 111
Operating profit	4 775	-40	-315	175	-117	5 072
%	18.8%	nm				19.4%



# PROFIT BRIDGE – BY BUSINESS AREA

April – June 2016 vs. 2015

MSEK	Q2 2016	Volume, price, mix and other	Currency	One-time items Acquisitions	Q2 2015
<b>Compressor Technique</b>					
Revenues	11 929	527	-350	290	11 462
Operating profit	2 700	182	-90	5	2 603
%	22.6%	34.5%			22.7%
<b>Industrial Technique</b>					
Revenues	3 622	-5	-75	5	3 697
Operating profit	799	-56	-10	0	865
%	22.1%	nm			23.4%
<b>Mining and Rock Excavation Technique</b>					
Revenues	6 124	-291	-455	0	6 870
Operating profit	1 041	-102	-180	65	1 258
%	17.0%	35.1%			18.3%
<b>Construction Technique</b>					
Revenues	3 915	-246	-175	80	4 256
Operating profit	490	-42	-30	105	457
%	12.5%	17.1%			10.7%

# BALANCE SHEET

MSEK	Jun. 30, 2016		Jun. 30, 2015		Dec. 31, 2015	
Intangible assets	34 451	32%	33 860	32%	33 520	33%
Rental equipment	2 993	3%	3 113	3%	3 076	3%
Other property, plant and equipment	9 037	8%	9 508	9%	8 947	9%
Other non-current assets	3 905	4%	3 690	4%	4 128	4%
Inventories	18 297	17%	18 968	18%	16 906	16%
Receivables	27 021	25%	27 398	26%	25 985	25%
Current financial assets	2 170	2%	1 910	2%	1 576	2%
Cash and cash equivalents	8 891	8%	6 301	6%	8 861	9%
Assets classified as held for sale	10	0%	34	0%	11	0%
<b>TOTAL ASSETS</b>	<b>106 775</b>		<b>104 782</b>		<b>103 010</b>	
Total equity	46 220	43%	43 074	41%	46 750	45%
Interest-bearing liabilities	26 383	25%	28 943	28%	25 214	24%
Non-interest-bearing liabilities	34 172	32%	32 765	31%	31 046	30%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106 775</b>		<b>104 782</b>		<b>103 010</b>	

# CASH FLOW

MSEK	April - June	
	2016	2015
Operating cash surplus	5 665	6 170
<i>of which depreciation added back</i>	1 042	1 059
Net financial items	82	367
Taxes paid	-3 609	-1 199
Pension funding	-36	36
Change in working capital	441	-520
Increase in rental equipment, net	-196	-272
<b>Cash flows from operating activities</b>	<b>2 347</b>	<b>4 582</b>
Investments of property, plant & eq., net	-292	-399
Other investments, net	-391	-194
Cash flow from investments	-683	-593
Adjustment, currency hedges of loans	-427	-508
Adjustment, tax payment in Belgium	2 250	0
<b>Operating cash flow</b>	<b>3 487</b>	<b>3 481</b>
Company acquisitions/ divestments	-357	-22



# *NEAR-TERM OUTLOOK*

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