



Atlas Copco Group

Capital Markets Day 2017

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Atlas Copco

Agenda

1 Performance review

2 Sustainable profitable growth

3 Business areas

4 Summary



Performance review

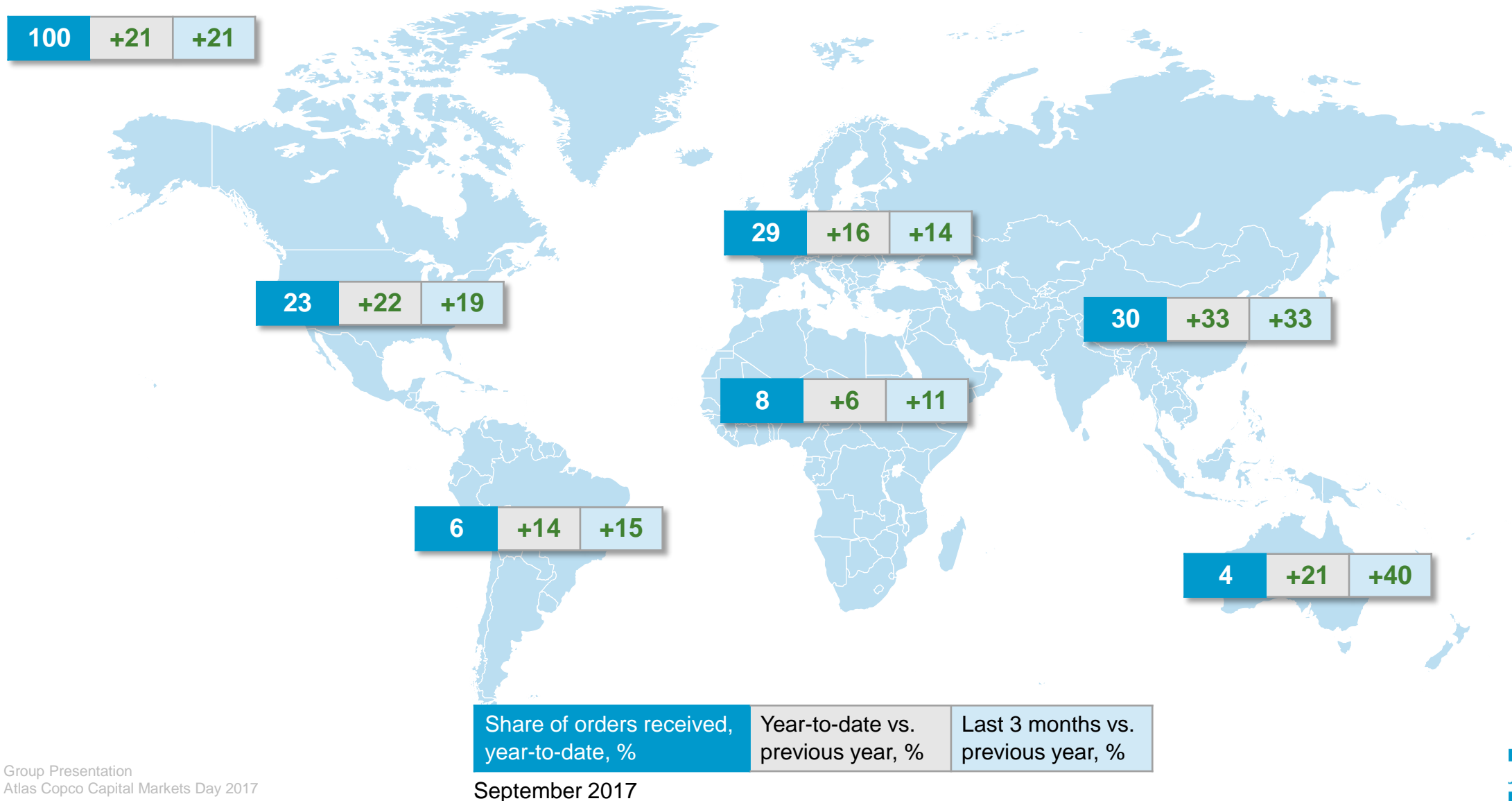
January – September in brief

- Strong order growth
 - Particularly strong growth for vacuum and mining
 - Double-digit order growth in almost all regions
- All business areas growing with solid profitability
- Strong operating cash flow, in spite of growth
- The split project progressing according to plan

Near-term outlook

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

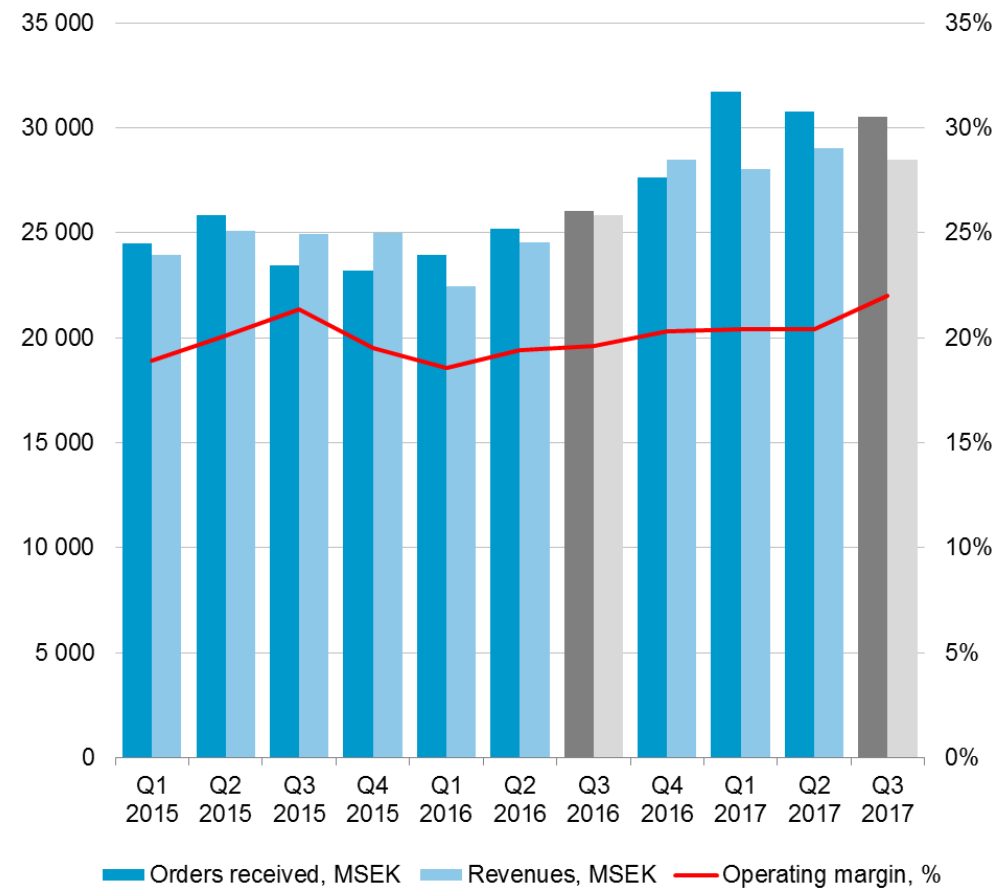
Orders received – local currency



Group total

January – September 2017 vs. 2016

Continuing operations MSEK	January - September		
	2017	2016	%
Orders received	93 059	75 195	24%
Revenues	85 556	72 861	17%
Operating profit	17 967	14 013	28%
– as a percentage of revenues	21.0	19.2	
Profit before tax	17 183	13 187	30%
– as a percentage of revenues	20.1	18.1	
Income tax expense	-4 664	-3 656	28%
Profit for the period from continuing operations	12 519	9 531	31%
Basic earnings per share, SEK	10.30	7.83	
Return on capital employed, %	30	27	



Sustainable profitable growth

Our financial targets

▶ *Revenues*

8% average growth per year over a business cycle

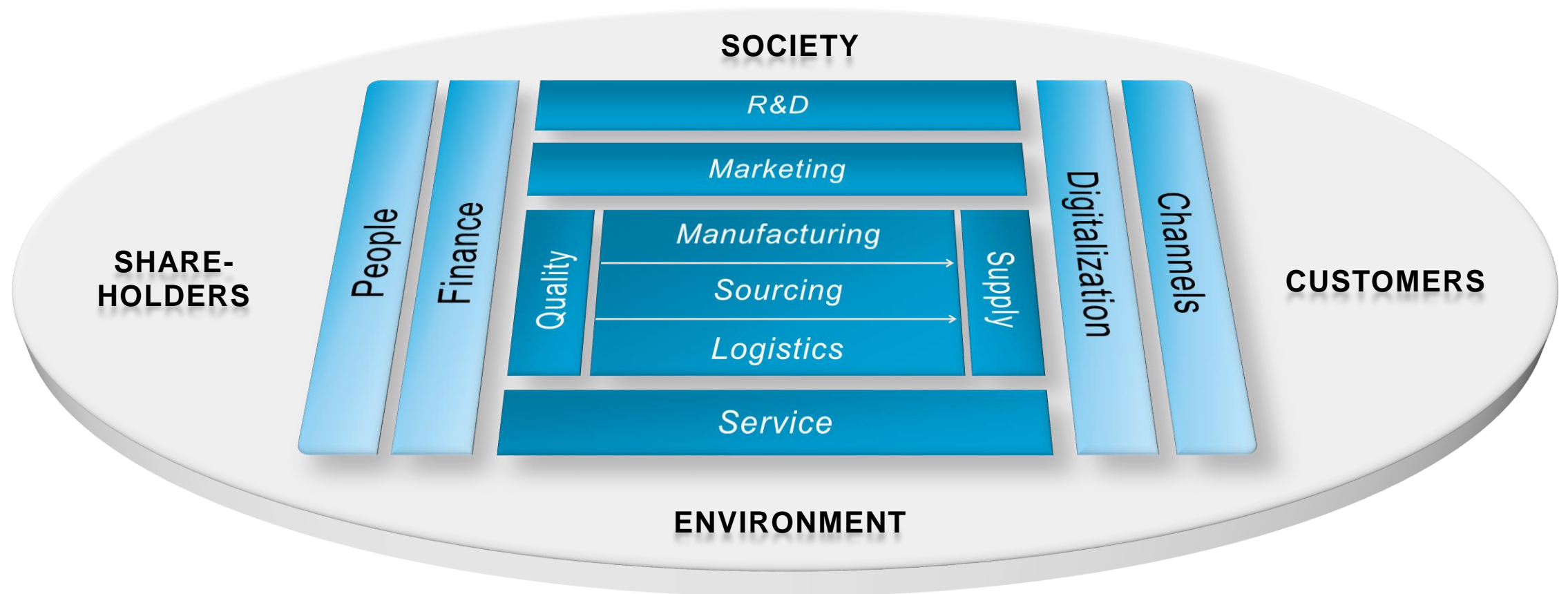
▶ *Returns*

Sustained high return on capital employed (ROCE)

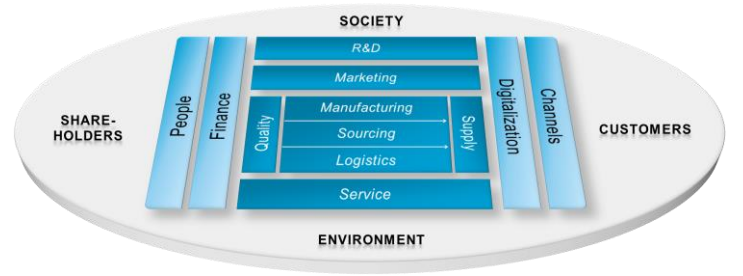
▶ *Cash dividend*

50% of net profit in annual dividend

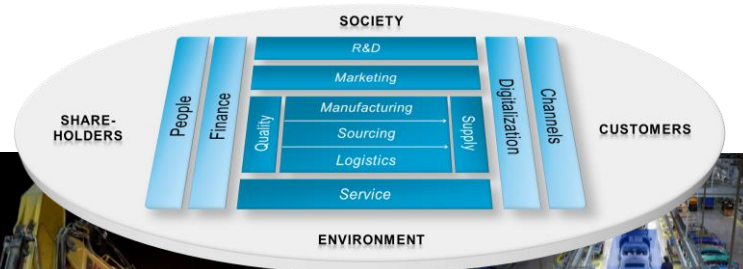
How we create value and grow



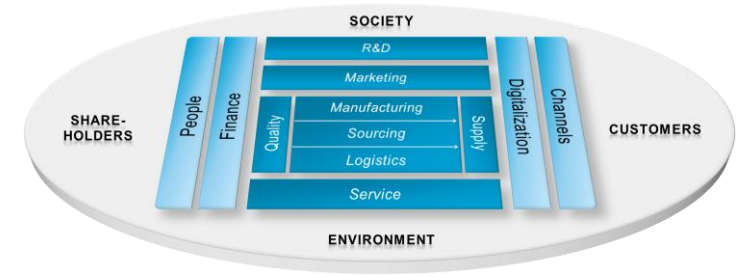
First in mind, first in choice



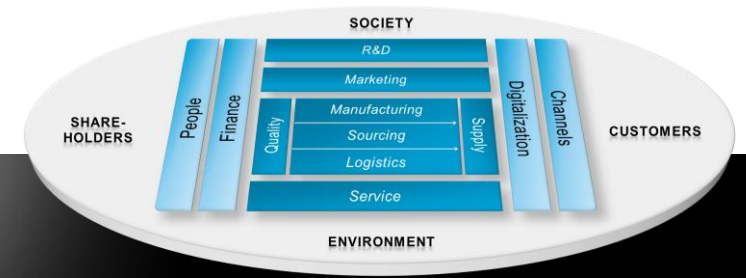
Customer focus



The best products



Leading differentiated technology



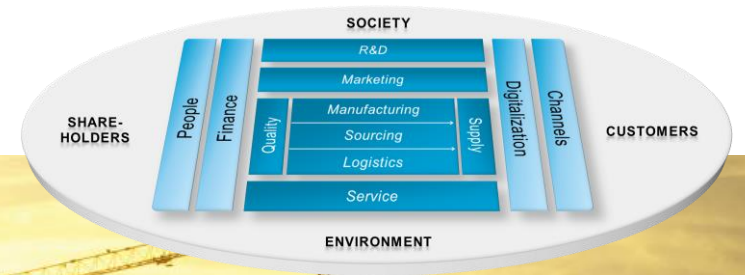
People

Knowledgeable,
professional and
passionate

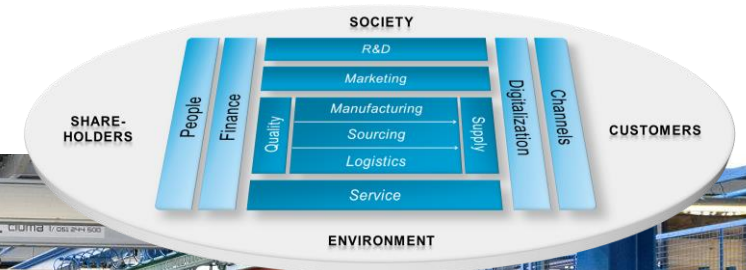
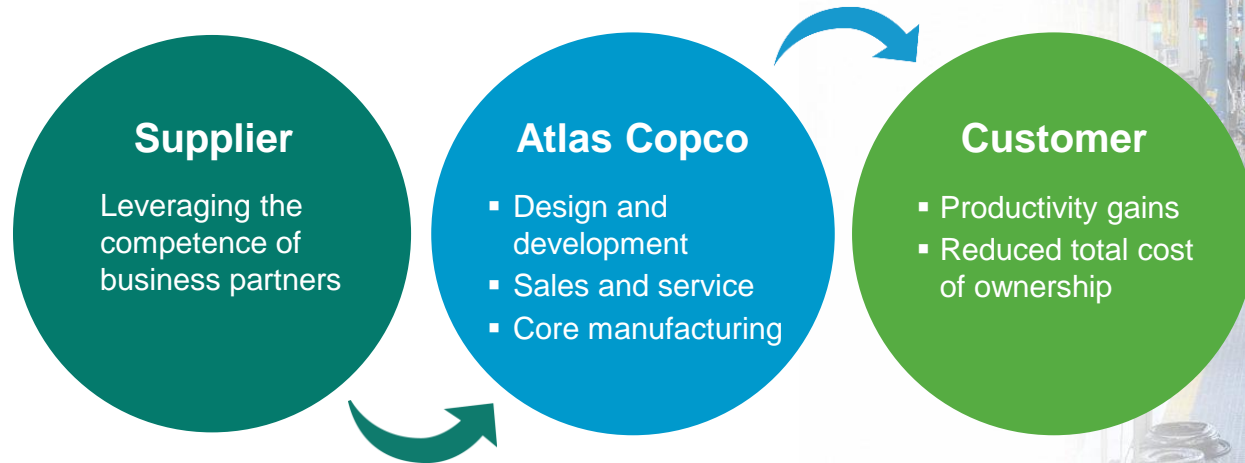
Diversity

Trust

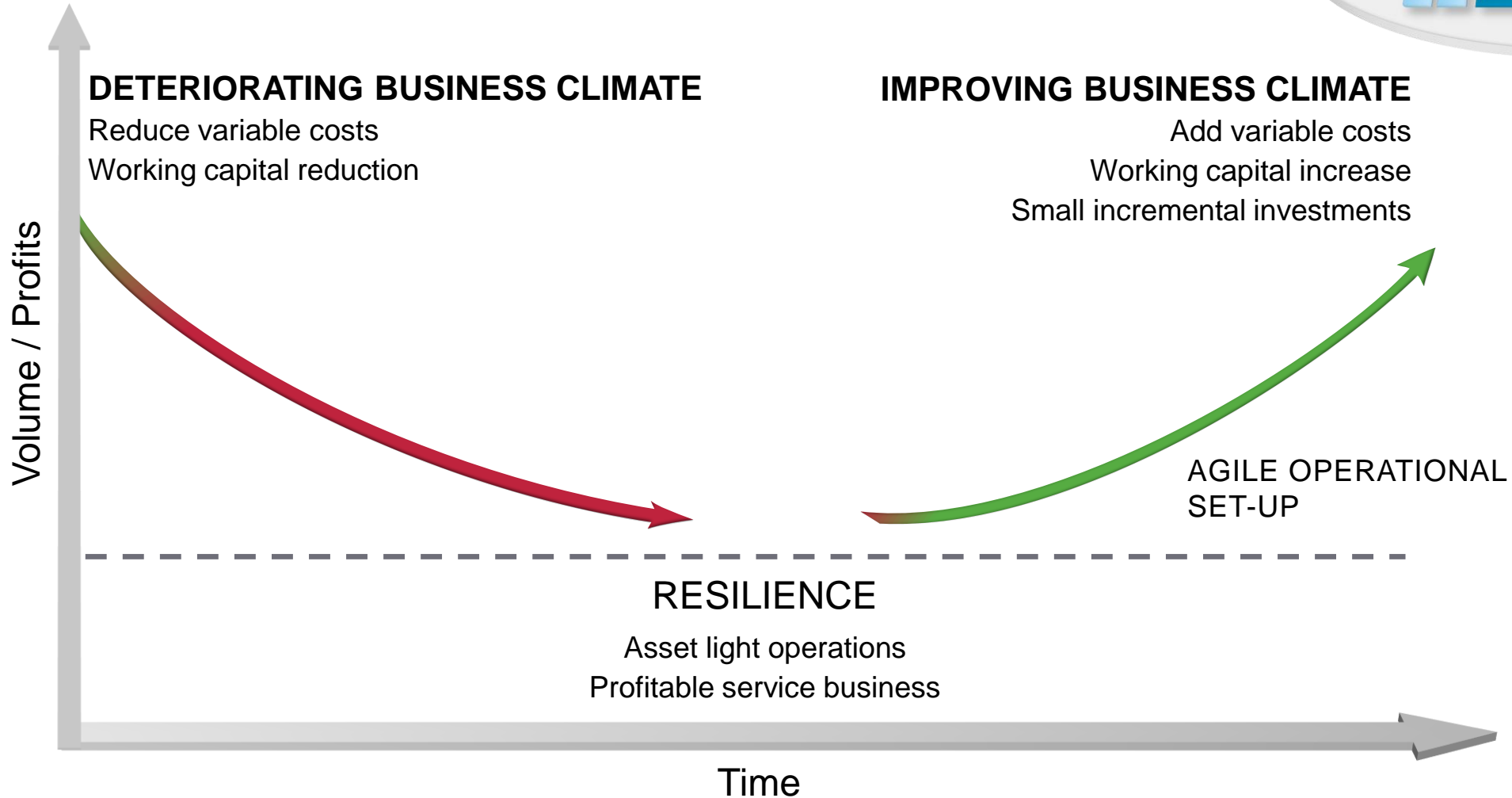
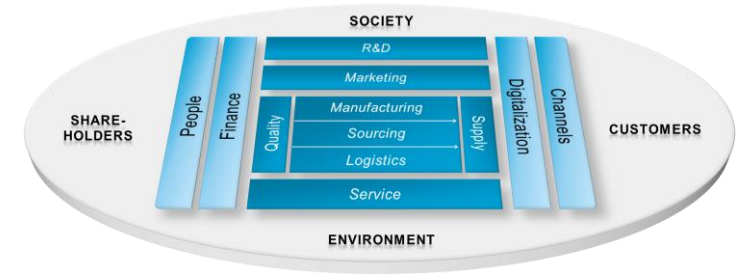
Speed



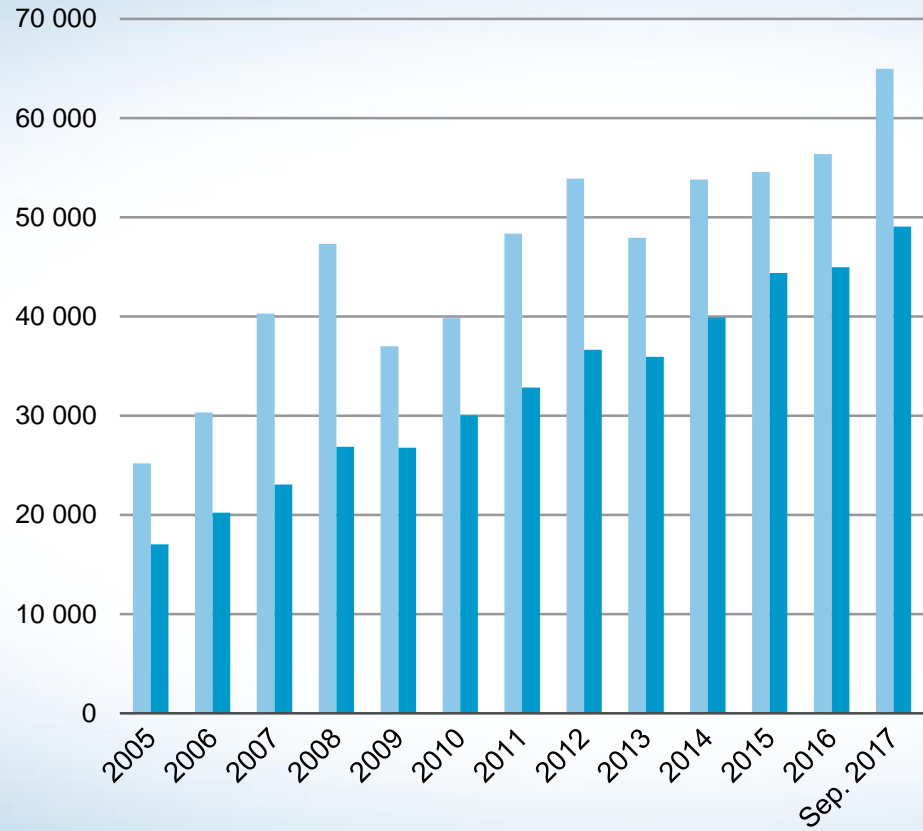
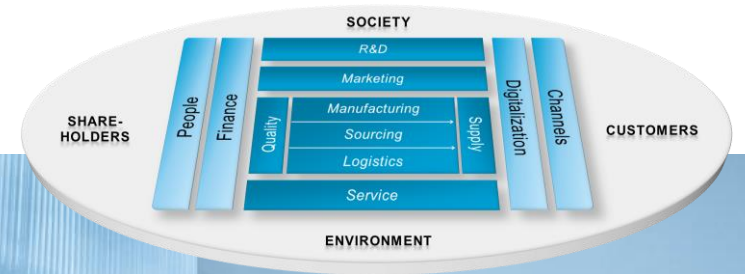
Operation – Modularization and flow manufacturing



Agility and resilience



Proactive service



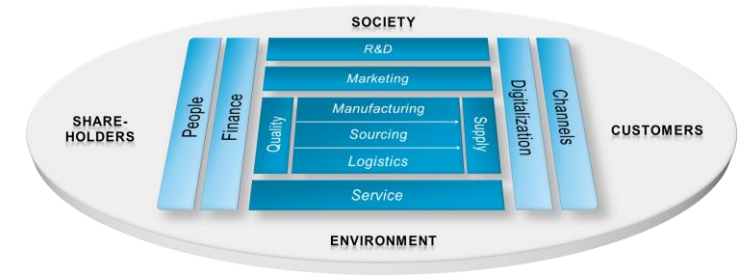
■ Equipment revenues, MSEK

■ Service revenues, MSEK



Digitalization

- Digital for uptime
- Digital for customer
- Digital for operations

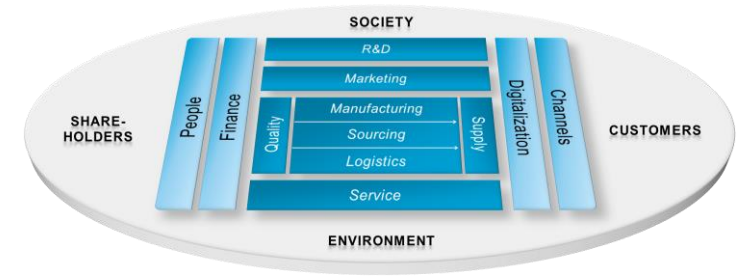


Presence

Create high brand awareness

Direct, indirect and digital presence

Develop local competences



Why we can continue to grow

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



► *Revenues*

8% average growth
per year over a
business cycle

High return on capital employed

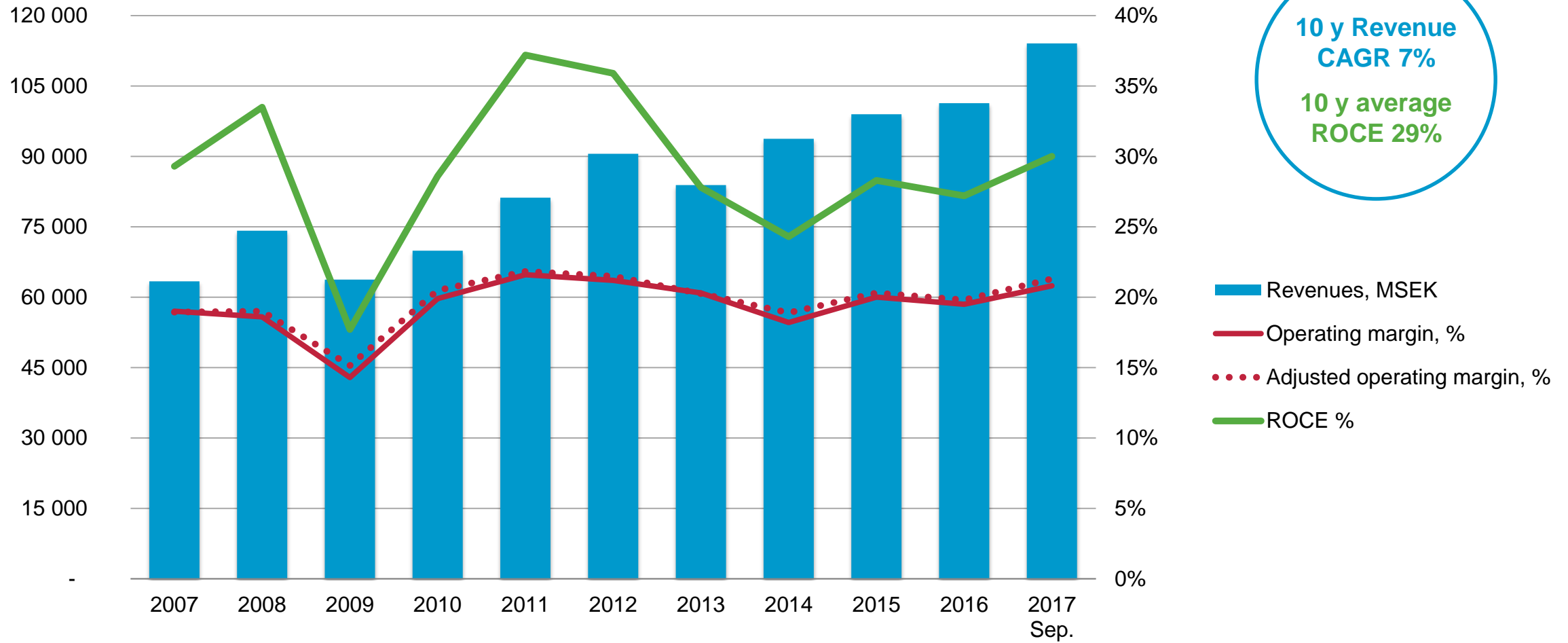
- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business
- Sustainability embedded in everything



► *Returns*

Sustained high
return on capital
employed (ROCE)

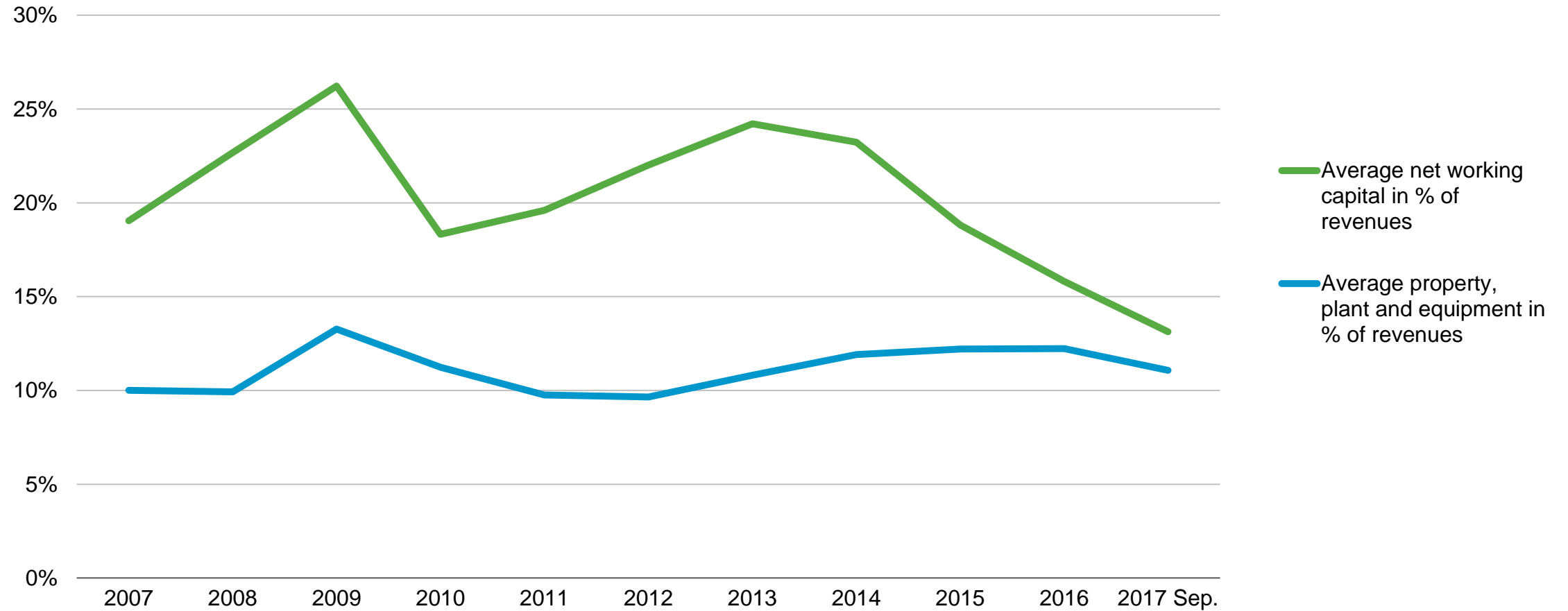
Financial performance



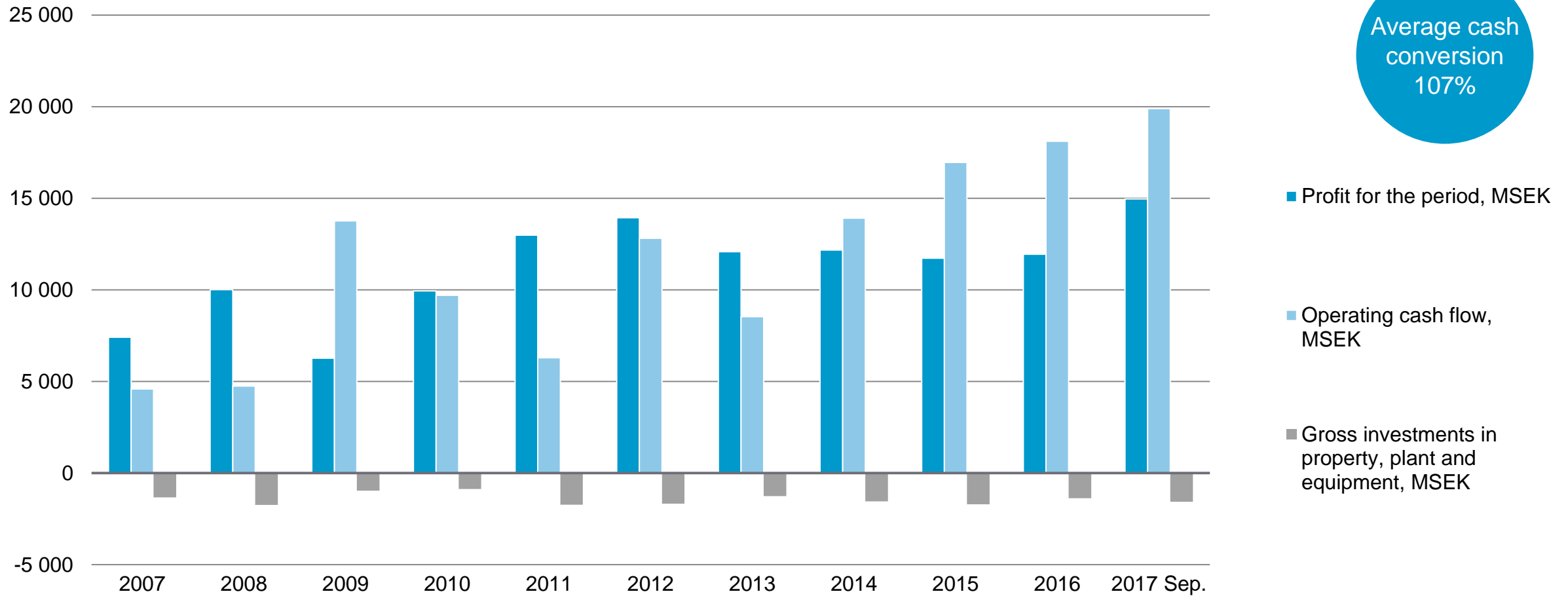
Atlas Copco Currency Index



Asset light

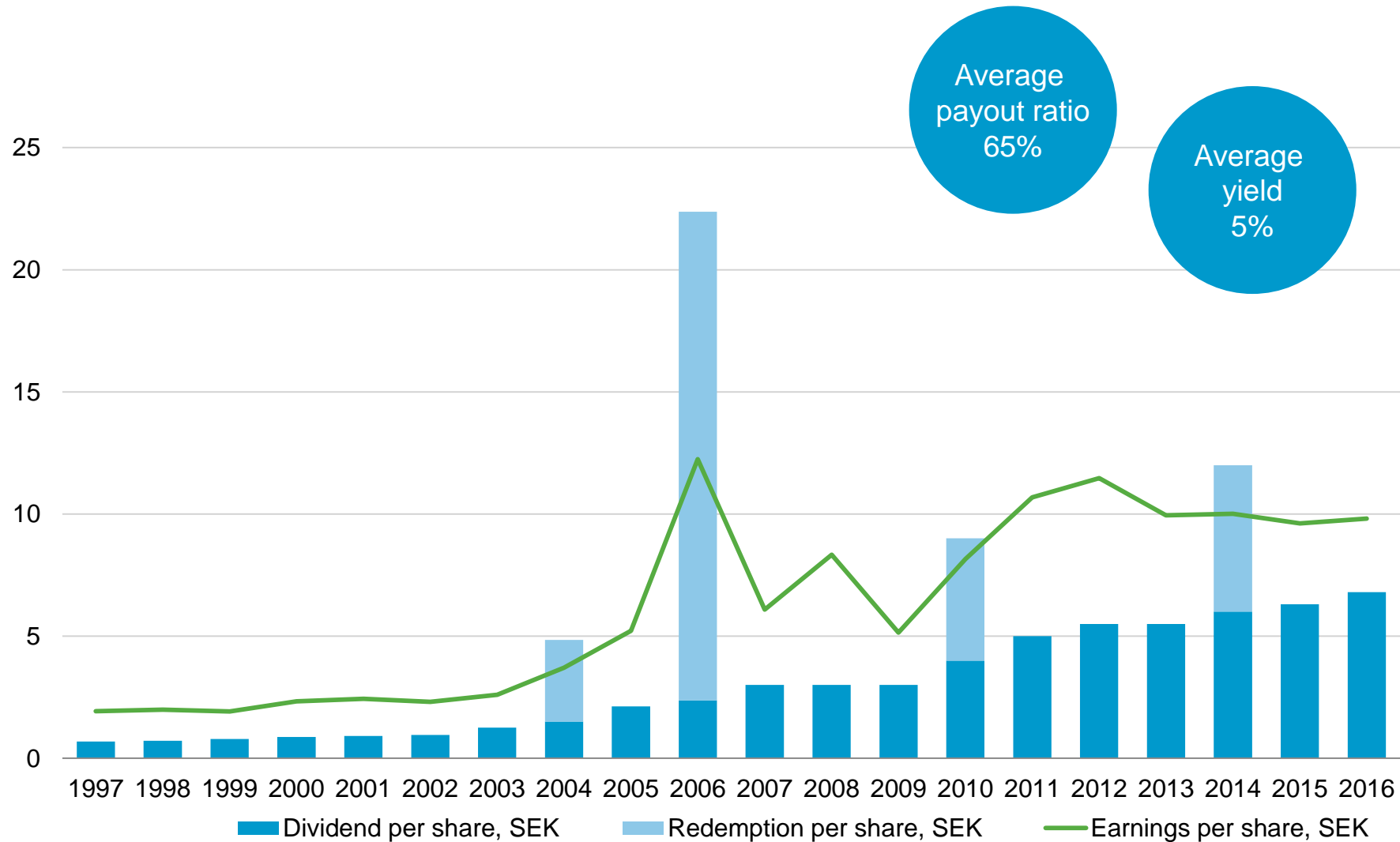


Cash generation



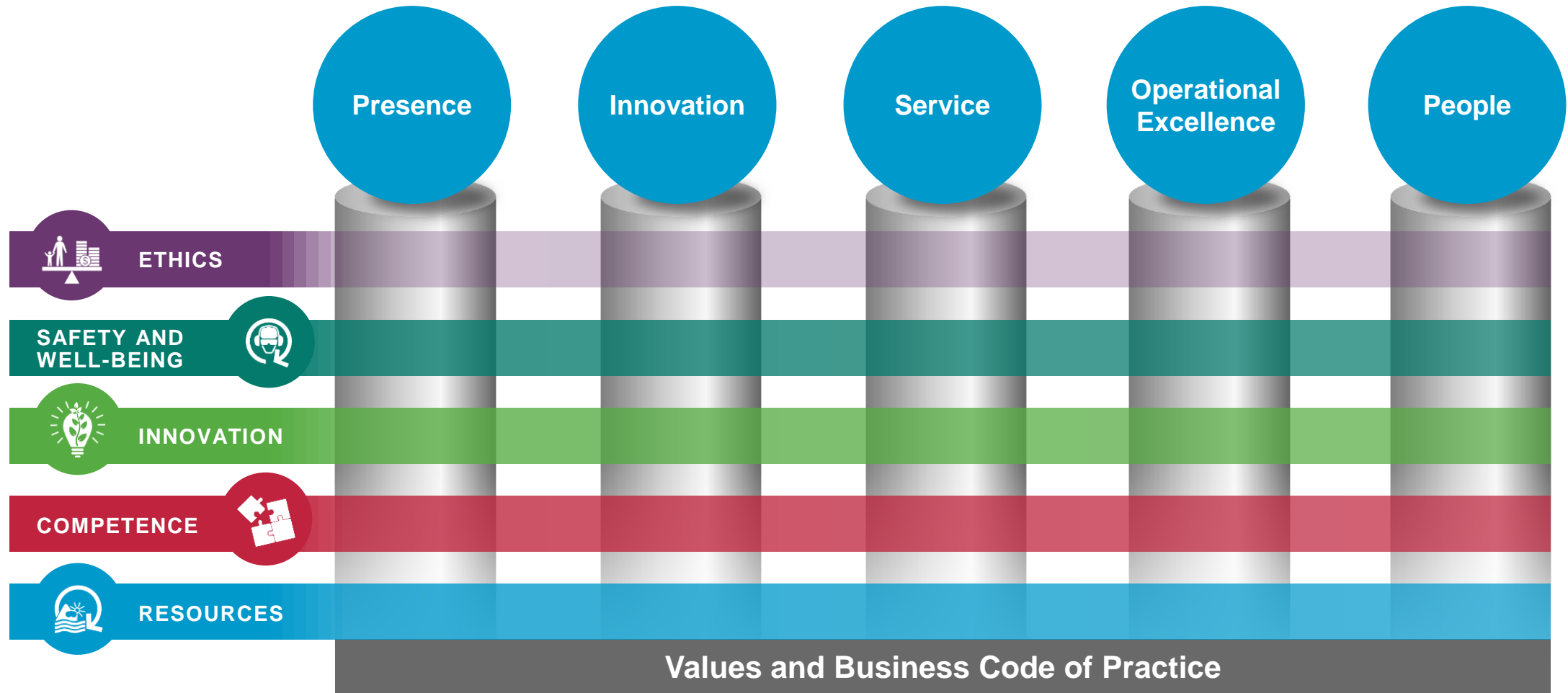
Including discontinued operations

Sustainable cash distribution



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

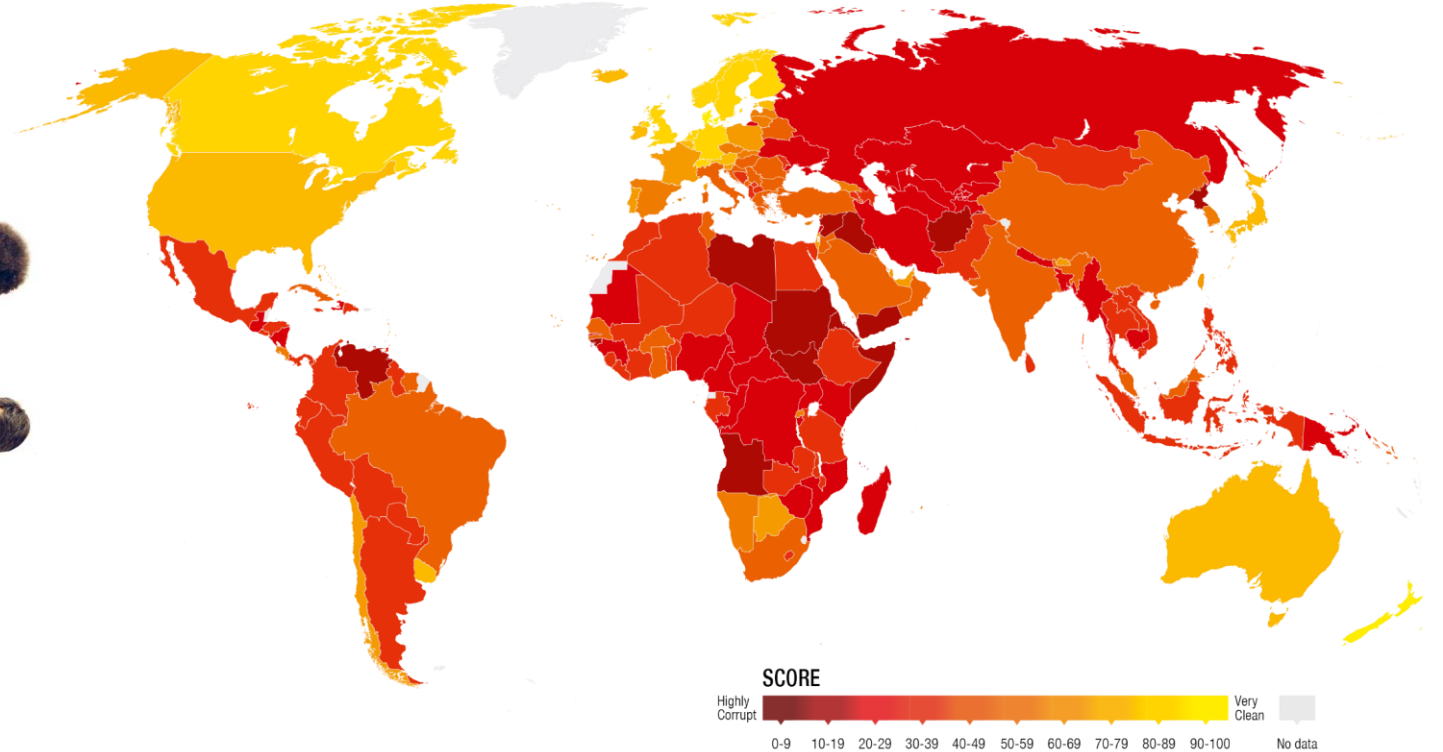
Integrated strategy



Driving sustainable, profitable growth

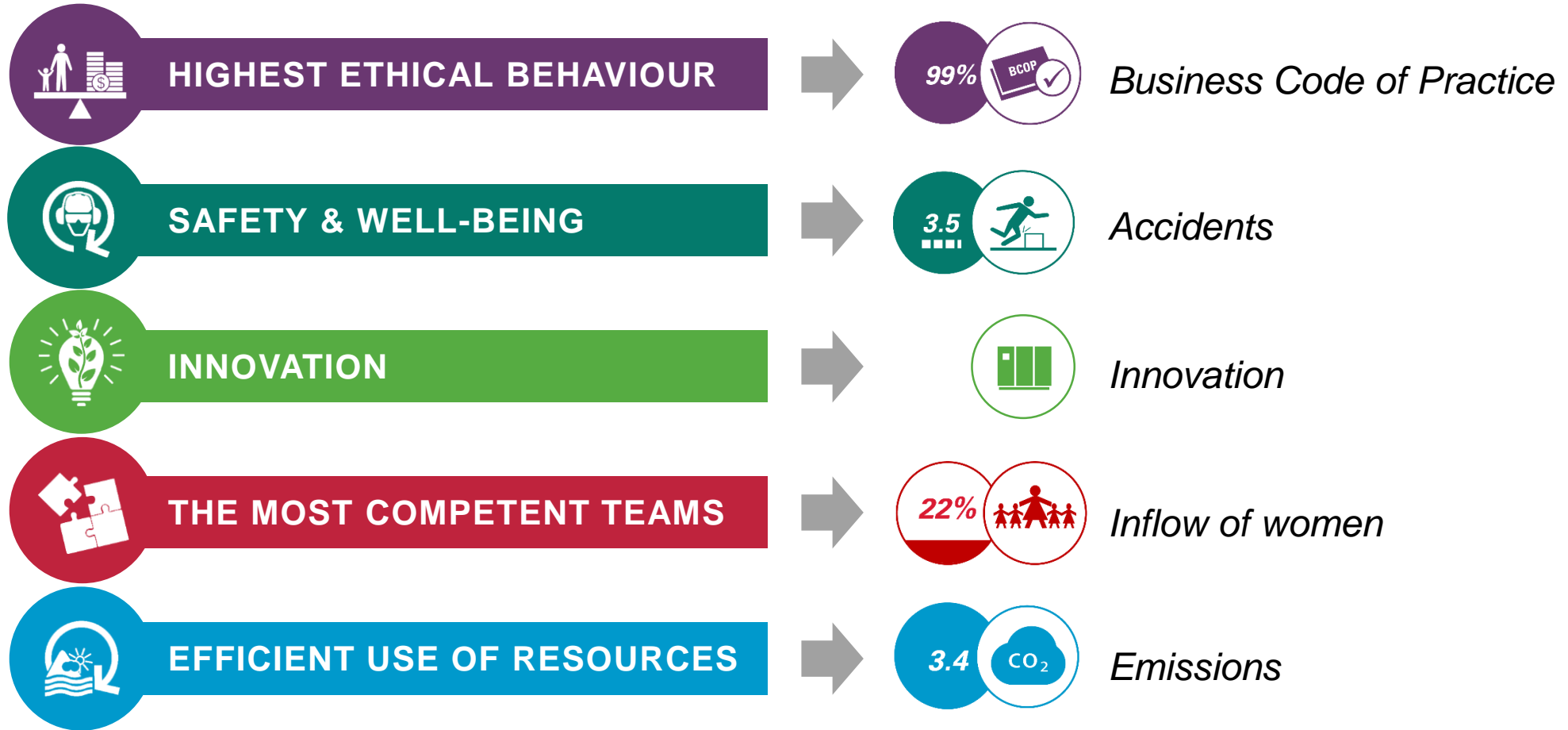


Grasping opportunity – balancing risk



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Progress



Business areas

Compressor Technique

Major customer segments

Compressors



Air treatment & gas solutions



Textile



Assembly



Wood & paper



Food & beverages



Medical



Electronics



Chemical /petrochemical



...and more



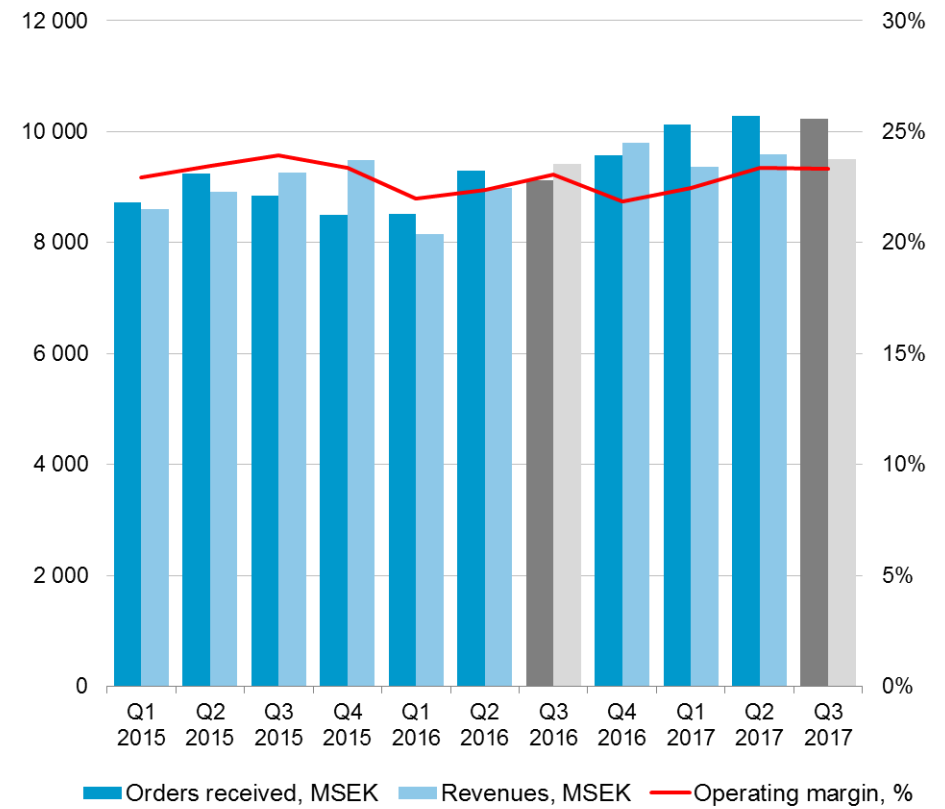
Compressor Technique

ROCE
74%

Growth drivers

- Innovation
- Develop core for equipment and service
- Expand core
- Compliment organic growth with acquisition
- Connectivity
- Multi brand

Orders, revenues and operating margin



Innovative products to be launched in the coming months

Extended Nitrogen Range
Fully automated 24/7 on-site
nitrogen at a low cost



GA 75-110 VSD+ range extension
Up to 50% energy savings



Brand portfolio
Industry leading performance
~35% energy savings



New Dryer range providing stable air
quality and silent operation ensuring
reliable and efficient production
processes.



Integration of Dryers
in Medical Applications



Connectivity



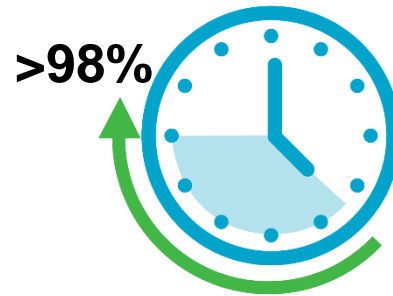
>85.000
CONNECTIONS



MORE
SERVICE LEADS



ADDITIONAL
REVENUE



UPTIME



CUSTOMER
LOYALTY

Power Technique

Customer segments

Petrochemical



Events



Construction



Water well, oil & gas



Offshore



Emergency Relief



Manufacturing



Power plants



Mining



Quarries



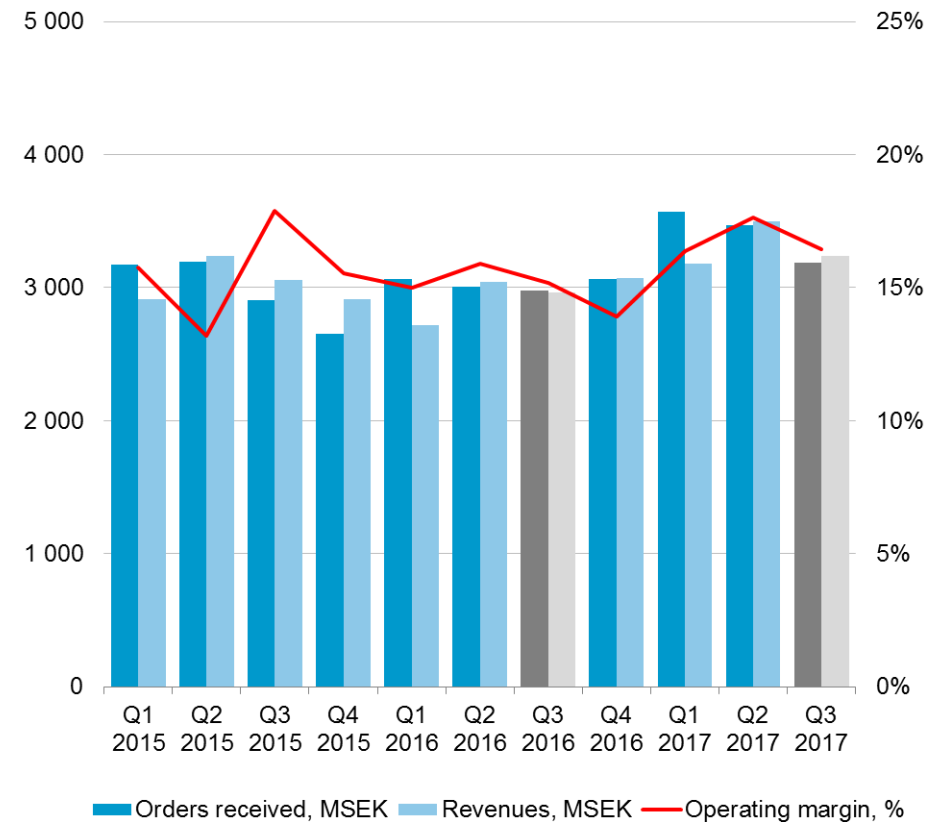
Power Technique

ROCE
20%

Growth drivers

- Innovation
- Expand the offer
- Strengthen market position in our niches
- Develop a service network for an indirect channel

Orders, revenues and operating margin



Innovation is key

Main Technologies

Air, power
and flow



Portable compressors, pumps, generators, light towers and handheld tooling

+

Industry Focused Solutions



Portable offshore equipment, boosters, steam and nitrogen generation, oil-free compressors and air treatment

Innovative products to be launched in the coming months

New portable efficient electric compressors



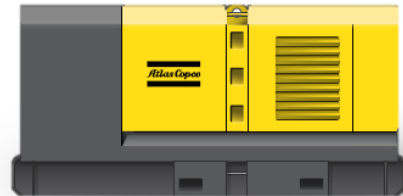
Full range of compact utility compressors



Containerized efficient Twin-engine generator for Europe



Start to roll out stage 5 ready generators



Battery technology in light towers



Extended high-flow pump range



Monitoring control

As standard on select new units
Retrofitting field units



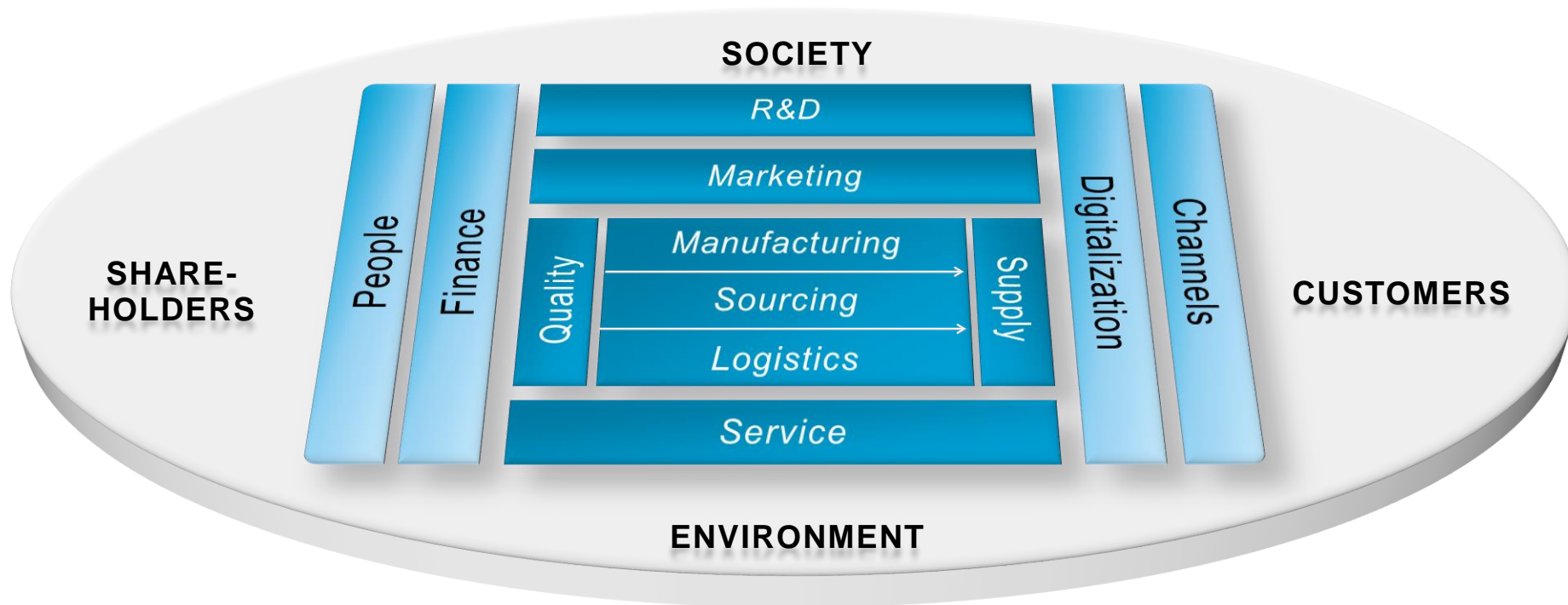
Summary

Summary

Identify and
“own” profitable
business niches

Use our core
competencies to
develop the niches

Top execution through
a decentralized
leadership model



***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.”