

**Ronnie Leten, President and CEO of Atlas Copco, address to the shareholders at Atlas Copco's Annual General Meeting in Stockholm, Sweden, on April 28, 2015.**

Shareholders and guests,

Today is a very special day for Atlas Copco. Not only do we have our Annual General Meeting. It is also Atlas Copco's annual safety day. In every country where we are present our colleagues are having programs to ensure a total safety culture in our Group. Road safety is one of our focus areas as almost half of our workforce, service and sales people in particular, have a vehicle as their workplace. The accidents in our operations continue to go down, but we are not satisfied until we have reached our zero accidents goal. All of us should come home safe after a day at work.

Let's have a look at our results. The business climate was challenging in 2014 with mixed demand for Atlas Copco's products and service. The manufacturing industry was healthy. The motor vehicle industry was growing which benefitted our tools business. Orders for small and medium-sized compressors and for vacuum increased. The construction industry was more or less flat. The mining sector had a very low demand for equipment and just like in 2013 we were forced to take tough measures to safeguard competitiveness.

Despite these conditions, our orders increased by one percent organically last year. We achieved record revenues with good contribution from growth of the service business and strategic acquisitions. The operating cash flow was close to 14 billion Swedish Crowns and the operating margin was 18.2 percent. Our strategy continues as before; we further reinforced our strong market position and we strengthened our service business.

Our mission is to deliver sustainable profitable growth. Growth must be done in a responsible way, or there will be no growth. Sustainability aspects and efforts are integrated in the way we do business. In our world this includes everything from competence development and ethical behavior to the development of new innovative products which offer customers even higher productivity.

We have ambitious goals for energy efficiency and continue to decrease our CO<sub>2</sub> emissions in relation to cost of sales in our total supply chain. Even more important, we are launching many new products that dramatically lower our customers' energy consumption. Management systems are in place to ensure that we safeguard the environment, health, safety and quality in our operations.

Our achievements in the sustainability area have been recognized internationally and we were ranked among the best companies in the world in the most prestigious indexes. The Global 100 is presented at the World Economic Forum in Davos each year. We have been on the list eight times. In the Dow Jones Sustainability index we are among the top in our industry.

Looking at the stock market development, the Atlas Copco A share increased 22 percent last year. The total shareholder return of the Atlas Copco share has averaged 22 percent

per year over the past 10 years. Compare this with 11.6 percent for the Nasdaq Stockholm.

Earlier today we presented our results for the first quarter. We reported a 12 percent increase in orders received for the first quarter, supported by currency. Revenues were 24.7 billion kronor and we had an operating profit margin of 18.3 percent. In the near-term, the overall demand is expected to increase somewhat.

Despite the swings in the market place, we are convinced that we are in a strong position to continue to take advantage of important global trends: The continued expansion of growth markets such as Asia, Africa/Middle East and South America. The urbanization, which together with a rising population requires more investments in infrastructure and drives the demand for minerals. The demand from industries for increased productivity and energy efficiency.

We will take advantage of these trends by building on our strategic pillars. They are presence, innovation, service, operational excellence, and, people.

Today, we are present in 91 countries with some 44 000 employees. Together we serve customers in 185 countries.

One important region is the North Africa/Middle East, which makes up approximately 5% of total revenues. In Saudi Arabia we work closely together with a distributor since many years. The distributor has more than 200 people dedicated to our business, representing 20 nationalities. A handful of these employees are women. The owner of the distributor is also a woman. I mention this specifically as the relationship between Sweden and Saudi Arabia has been at stake. In this context I would like to assure you that there is no difference in how we work in this part of the world compared with other places.

In the Middle East region, like in all other markets where there are significant risks, we conduct personal security and crisis management training. On every market we train our people in our Business Code of Practice, which comprises the UN Global Compact. We firmly believe that this will create long-lasting business value. The anti-corruption awareness training is a focus area. We will never 'buy' our orders. We also strive to keep a professional behavior in our contacts with business partners.

Atlas Copco is present on the markets in many different ways, with own representation, through distribution, or in the digital world. While the majority of our customers buy Atlas Copco-branded products, they have a brand portfolio to choose from. Last year we added two major brands. Both companies have brought us important technologies and products.

First we welcomed Edwards, a leader in vacuum solutions. The second technology acquisition was Henrob, which made us a market leader in self-pierce riveting, a mechanical fastening process for joining sheet metals. Henrob's customer base is motor vehicle manufacturers that have chosen to use lighter materials such as aluminum.

Henrob is now part of the new Industrial Assembly Solutions division. There they join forces with our SCA brand, which specializes in adhesive equipment. Thanks to these two companies we can offer new assembly techniques to our current customer base and also expand into new market segments.

Each brand plays an important role and meets specific customer needs. All of them offer high quality products and service. Let me use this occasion to promote one of the brands, CP, Chicago Pneumatic. CP has developed an App, which makes it easy for customers to select the tool they want for their applications. The App is available in many languages, on a mobile phone or on a tablet. It brings a tremendous increase in outreach. Simple and sophisticated at the same time.

The innovative spirit of Atlas Copco is the most important factor for our growth. We continuously launch new products and service to the most demanding customers on the market. We set high ambitions for each new development project. The next generations must always be more productive, safer, ergonomic and energy efficient than the previous generations.

Last year we launched a number of important products that fulfilled these criteria:

- A new system in our rollers for road construction that cuts fuel consumption and CO2 emissions by ensuring that only the amount of power necessary is used.
- Several new ergonomic assembly tools that tighten the bolt with the same torque every time, extremely important for our offer to the automotive industry. Car quality and safety are so important.
- Customers in the mining industry benefit from new automation that allows machine operators to remotely drive the drill rigs or mine trucks at a safe distance from the mine.

Last year I told you how extremely proud we were of our new breakthrough compressor GA VSD+, which only consumes half of the energy compared to traditional compressor technologies. This new compressor, a gemstone in my eyes, was a sales success from day one. It enhances customer productivity while also benefiting the environment. If you compare with a compressor from a previous generation, which has the same capacity, you easily understand that this range also uses less material and is less costly to transport.

Compressors are used virtually everywhere in society and industry. If every oil-injected compressor sold in the world was a VSD+ it would reduce annual CO2 emissions by more than 4 million tons, which is equivalent to the output of almost 900 000 cars. To put it into context, our own carbon dioxide footprint was 8 percent of this. This is a compressor that brings the future to the present.

We can never take the position as a leading innovator for granted and continue to invest in new development projects. In 2014 the R &D investments increased by 30 percent to 3.2 percent of revenues, primarily due to acquisitions.

Atlas Copco's service operation has progressed rapidly and we now have about 13 000 service employees. Together with our indirect channels we are covering virtually the

whole world. Today, the service business generates 43 percent of our revenue. Customers want to be assured that their machines work smoothly at all times. Our goal is to service every machine that we have sold. And who could be better in doing the service than the ones that have developed the product?

Our service operation is strategically important as it safeguards a close relationship with our customers throughout the lifetime of our products. From this we learn more about the customers' needs, which in turn generates ideas for new innovative products.

There is always a better way. This concept is imbedded in our Atlas Copco genes. We work hard to find new smarter ways to run the business at all times. Last year we launched our own tool to enhance the operational excellence in the Group. It is a pocket guide with clear principles and guidelines as well as good best practice examples. The guide has been translated into different languages and is spread and used globally. We have already taken many efficiency measures in our production and at our distribution centers. This has resulted in shorter lead-times to customers.

Last year we initiated a project to increase efficiency in our offices. Surveys confirmed that the utilization of the space was too low. The main reason was that the nature of our work has changed. Today we only spend a limited time at our desks. England was the first pilot to create an activity based office. We now have a workplace in our customer centers, where you choose to sit at the most suitable place for the task that you are working with at any specific time. Be it in a video conference place or in an open office. By using the latest information technology, we have made the mobility of people within and outside the office easy.

Operational excellence is also about integration of new businesses and development of synergies. When we acquired the Edwards Group these two different factors were in focus.

People make it happen. Skilled, motivated and loyal employees in each part of the world are essential for our achievements. We seek to attract competent colleagues, who are eager to grow. We believe that a diverse workforce makes us stronger. Therefore we strive for diversity when it comes to gender, age and nationality.

The share of women in the Group was 17 percent in 2014 and the proportion of women in management increased to 16.6 percent. Diversity is an asset to fulfill our goal to create profitable growth. Therefore the local workforce should mirror the competencies and diversity on the local market.

Being present in so many places requires strong leadership. Our leaders must be able to meet all types of challenges from a global perspective and they are instrumental in developing the business and accomplishing our ambitions. Last year we gathered our most senior managers in Stockholm for a Group Event. The objective was to reinforce the culture, increase the understanding of our strategy, share best practices and to network. Among these managers, 54 nationalities were represented.

Competence development for our employees is an ongoing task and we are constantly looking for methods to do this more efficiently. Be it English courses online or knowledge about new products. We want to shorten the time it takes for employees to accomplish their mission. But we also look at new methods to train our customers. One good example is the simulators where drill rig operators can learn how to use our equipment.

Year after year our Atlas Copco stands strong. We create value for our customers by delivering sustainable productivity. And we will continue to do so. Everywhere we have people committed to bring the best possible products and service to our customers. Our investment in product innovation will ensure customers' competitiveness and flexibility. Our successes are achieved with the most skilled and motivated workforce in the industry.

Let me thank all Atlas Copco employees for your dedicated work; together we make it happen. I thank all of our customers for your business and loyalty to our brands; thanks for your high demands on us. To all of our shareholders; thank you for your support and trust in Atlas Copco.

Thank you!