



ATLAS COPCO GROUP

Atlas Copco Capital Markets Day 2015

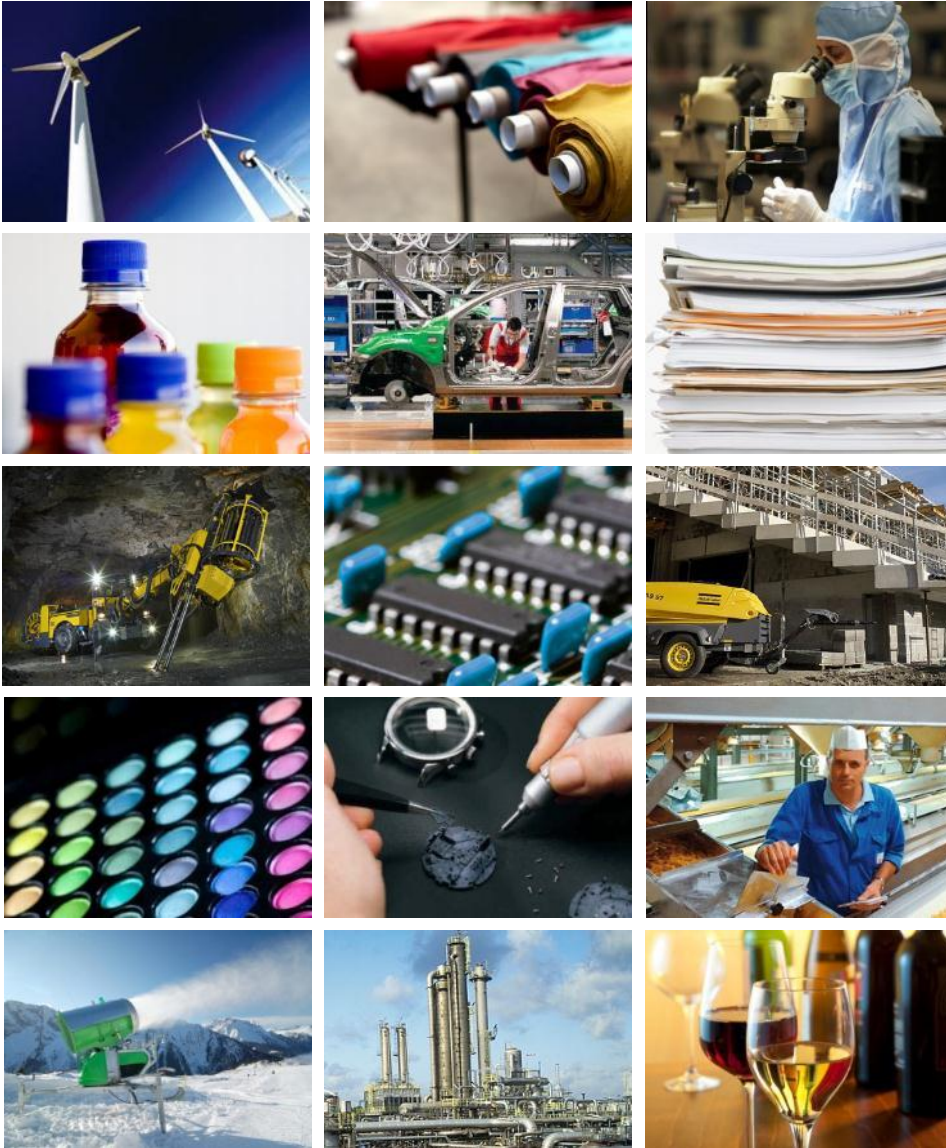
Ronnie Leten, President and CEO

Hans Ola Meyer, CFO



ATLAS COPCO

- A **world leading** provider of sustainable productivity solutions
- **Consistent strategy**
- **Agile and resilient** operations
- Strong global **service** business
- Strong **cash generation** and **value creation**



AGENDA

1. Business development
2. Global trends
3. Strategy and priorities
4. Agility and resilience
5. Summary



BUSINESS DEVELOPMENT

Q3 IN BRIEF

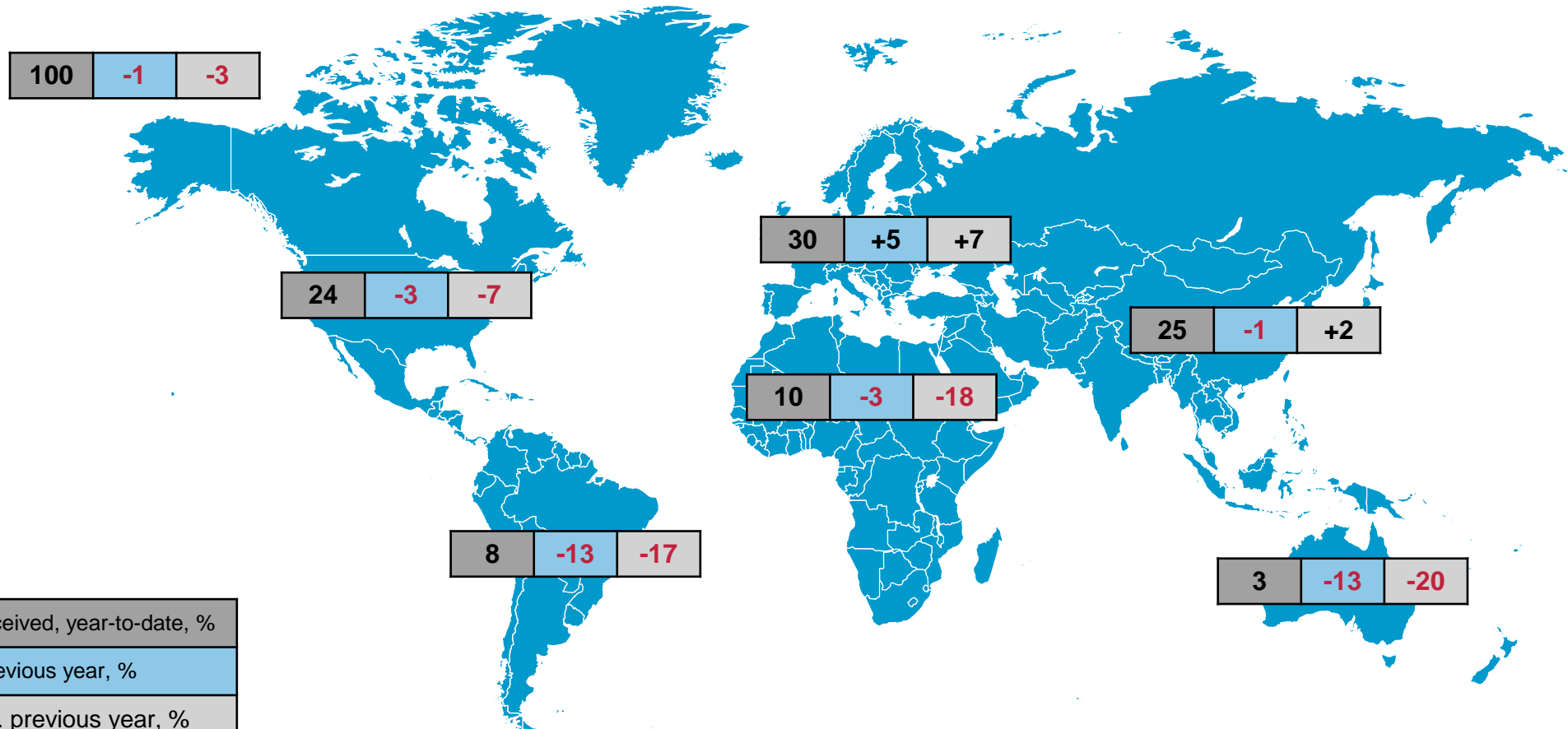
- Mixed demand development
 - Growth in service
 - Low order volumes for equipment
 - Stable industrial business
 - Weak mining and oil & gas
- Order growth in Europe – declines in China, Brazil and the Middle East
- Record profit and strong operating cash flow

NEAR-TERM OUTLOOK

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

ORDERS RECEIVED - LOCAL CURRENCY

Atlas Copco Group



September 2015

A Share of orders received, year-to-date, %

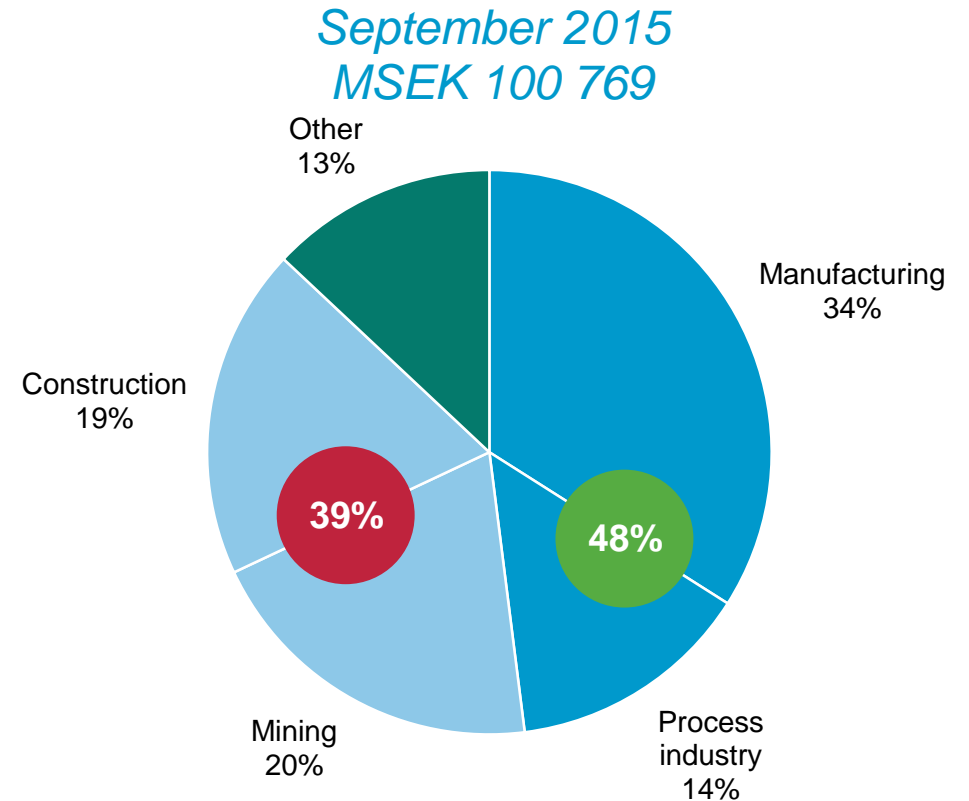
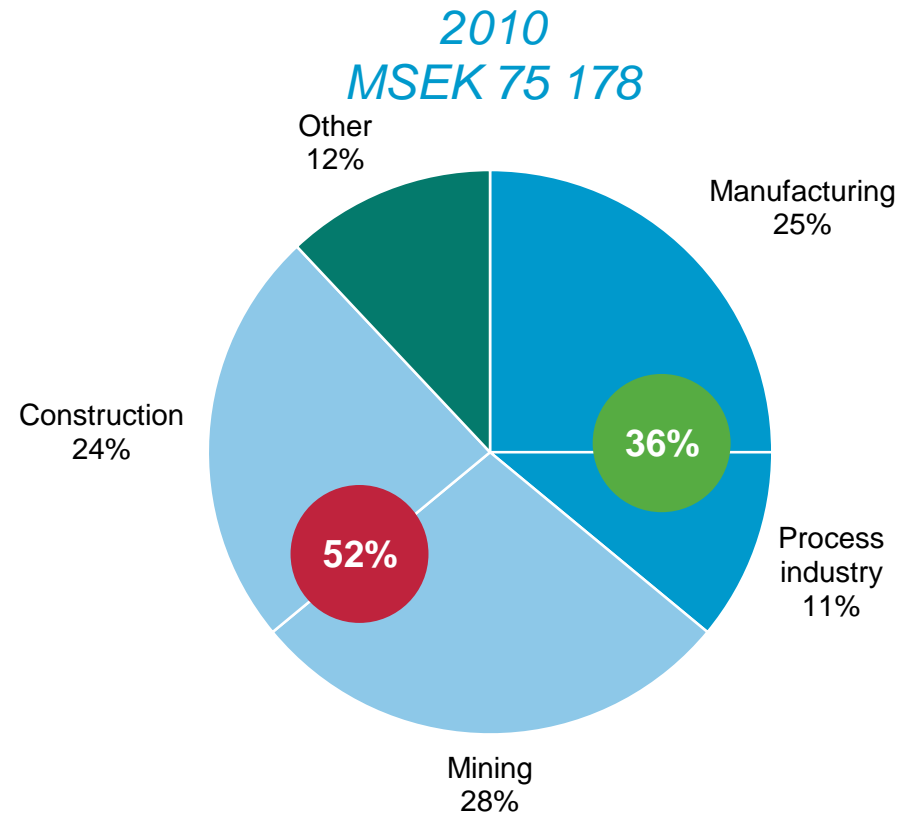
B Year-to-date vs. previous year, %

C Last 3 months vs. previous year, %

GROUP TOTAL

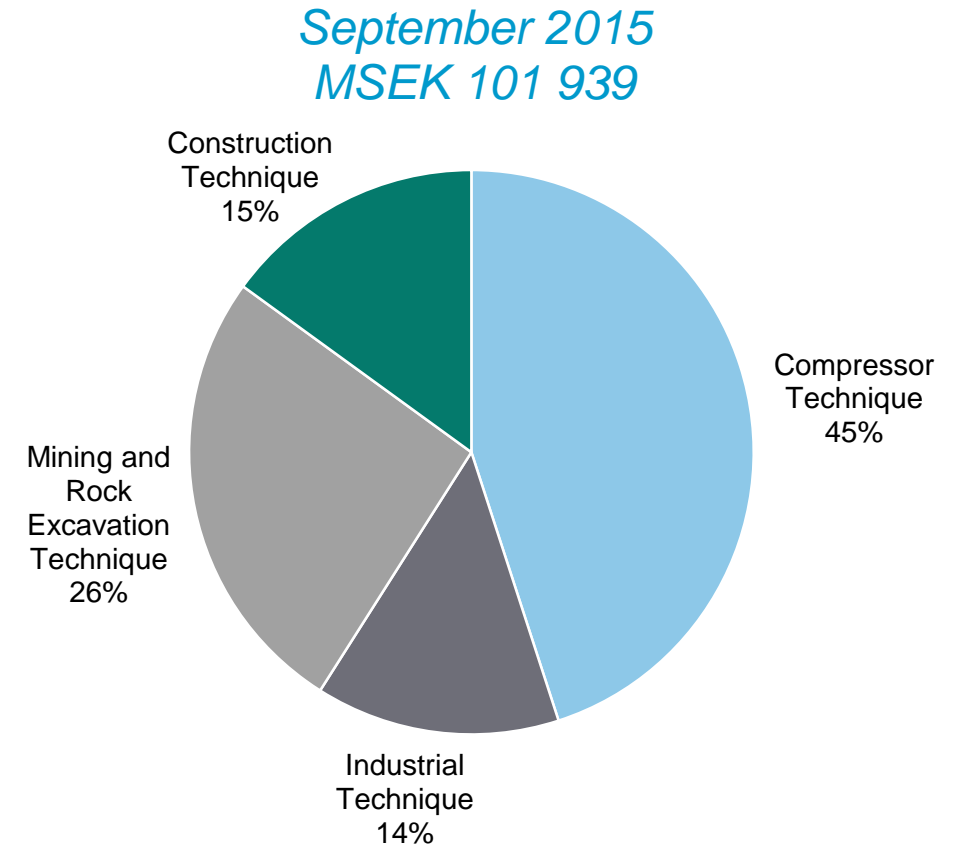
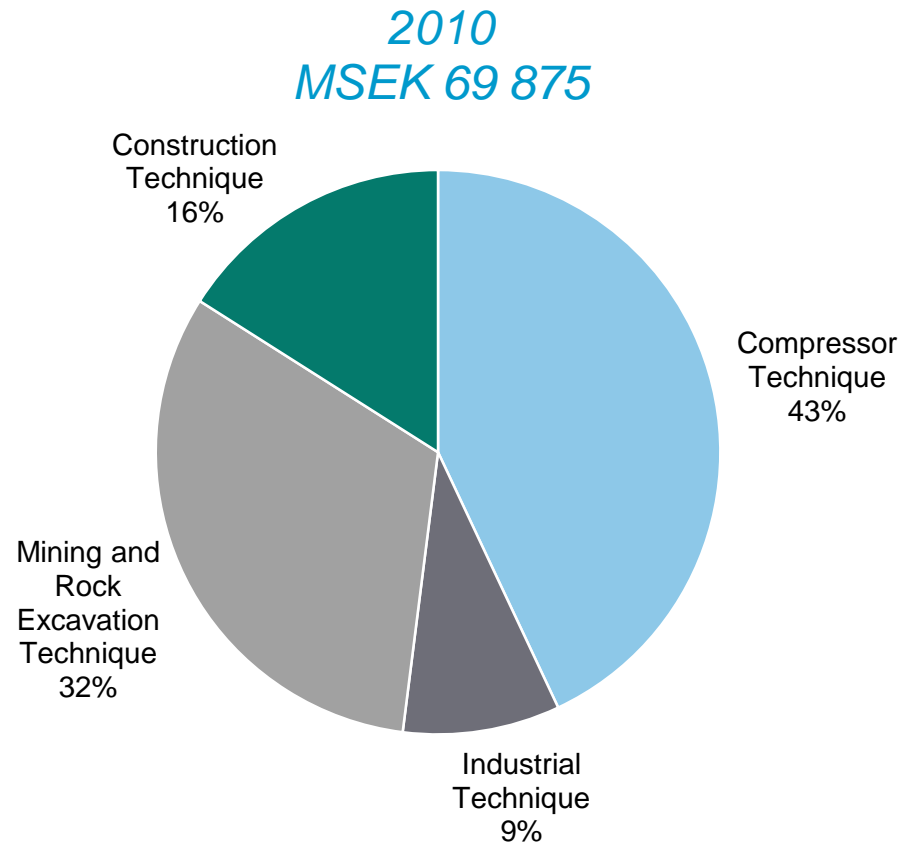
MSEK	July - September			January - September		
	2015	2014	%	2015	2014	%
Orders received	24 149	23 395	3%	76 394	69 498	10%
Revenues	25 723	23 590	9%	76 579	68 361	12%
Operating profit	5 313	4 145	28%	14 904	12 244	22%
– as a percentage of revenues	20.7	17.6		19.5	17.9	
Profit before tax	5 042	3 879	30%	14 179	11 655	22%
– as a percentage of revenues	19.6	16.4		18.5	17.0	
Profit for the period	3 806	2 878	32%	10 693	8 840	21%
Basic earnings per share, SEK	3.12	2.37		8.78	7.27	
Return on capital employed, %	27	25				
Operating cash flow	4 621	4 075	13%	11 600	9 040	28%

ORDERS RECEIVED BY CUSTOMER CATEGORY



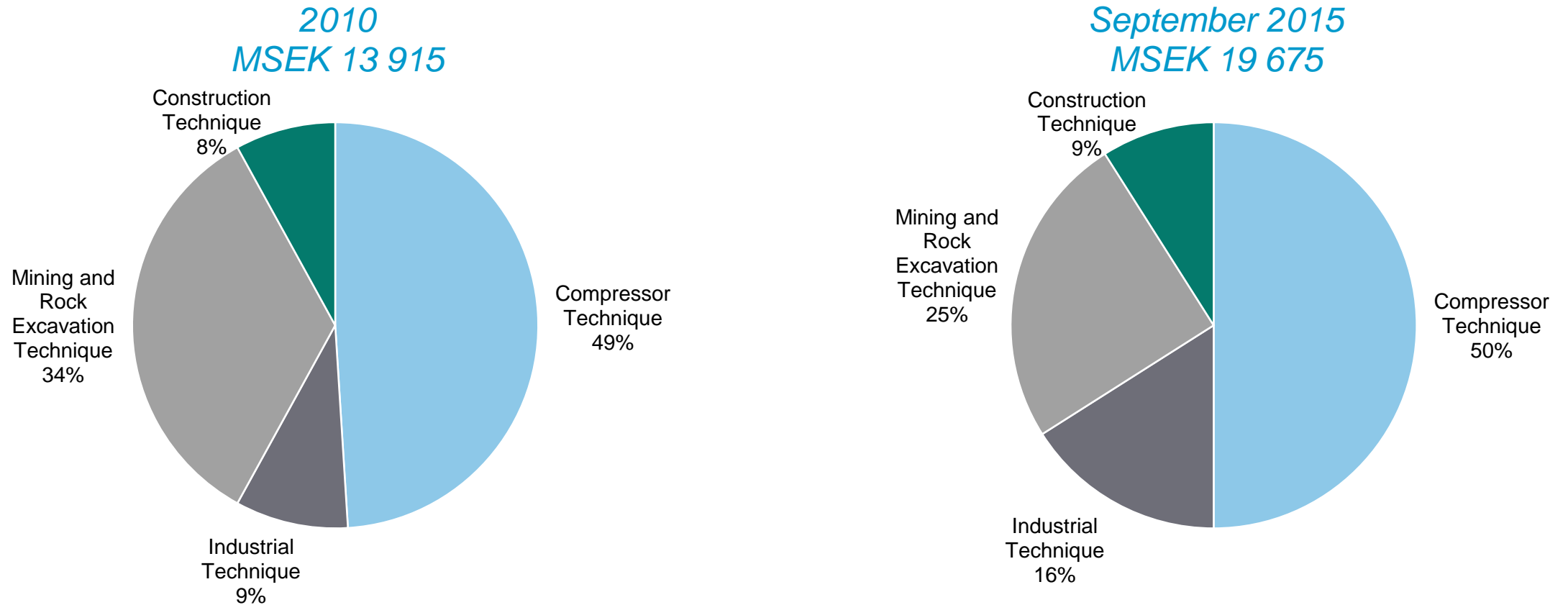
12 month figures.

REVENUES BY BUSINESS AREA



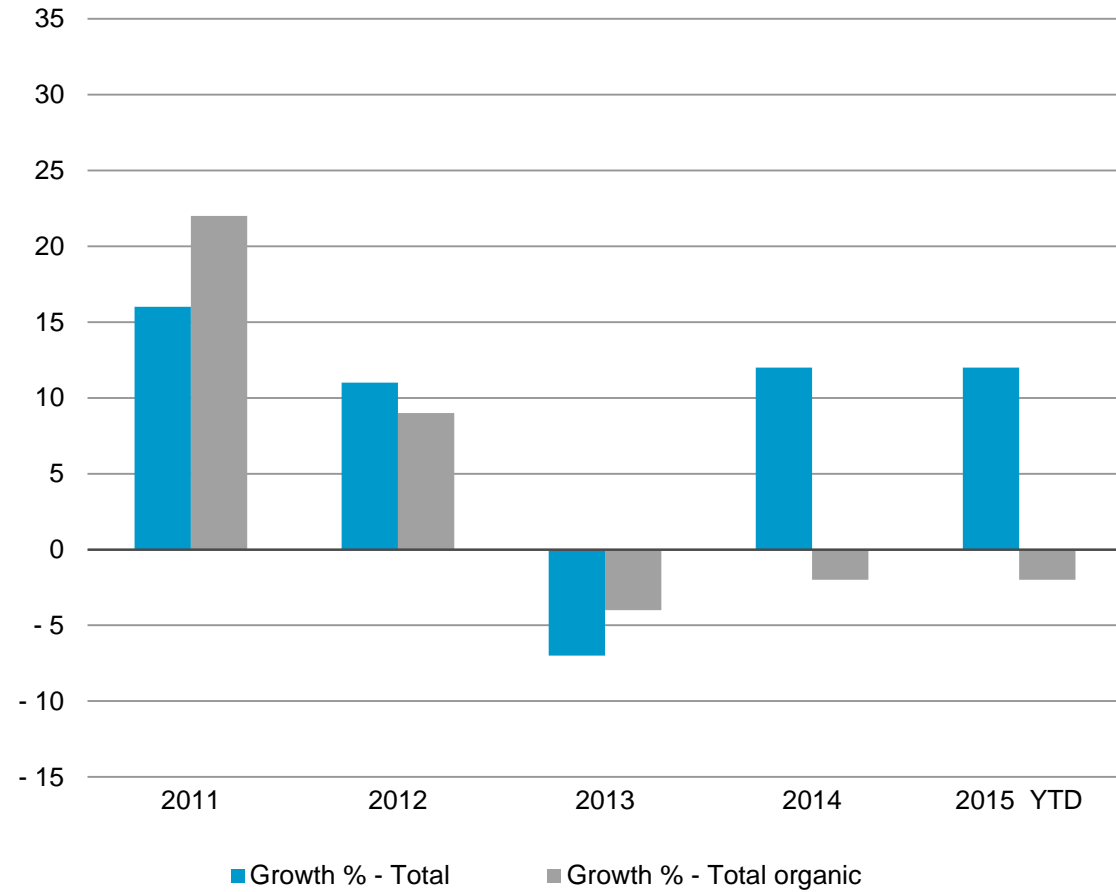
12 month figures.

OPERATING PROFIT BY BUSINESS AREA

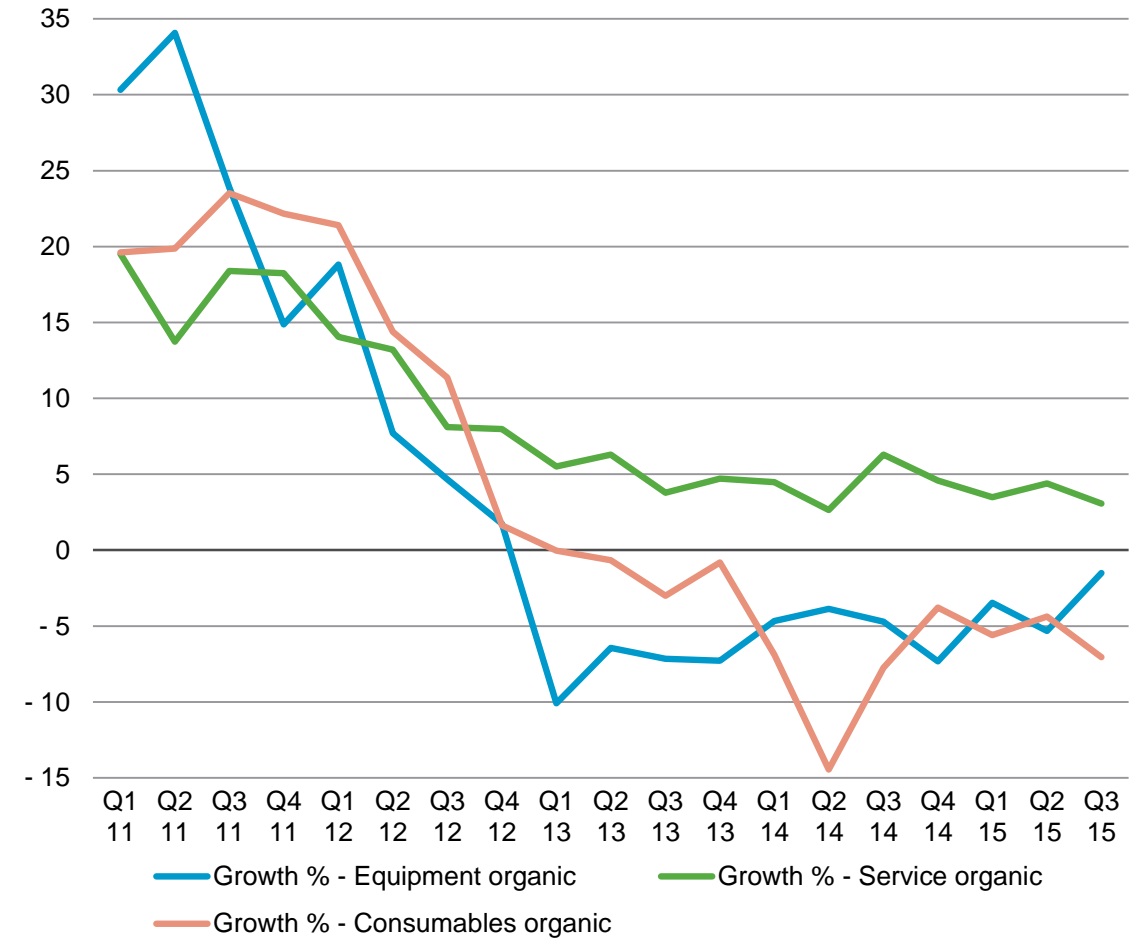


12 month figures.

ORGANIC GROWTH



Revenues



GLOBAL TRENDS

GLOBAL TRENDS – EQUIPMENT



Continued expansion
in growth markets



Urbanization drive investments
in infrastructure and demand for
minerals



The energy efficiency and productivity
requirements from industry

GLOBAL TRENDS – SERVICE



Expansion of
installed base



Customers focus
on core activity



Connectivity




The energy efficiency and
productivity requirements
from industry

STRATEGY AND PRIORITIES

Sustainable profitable growth

WHY SHOULD ATLAS COPCO SUCCEED TO GROW?

8% growth
High ROCE

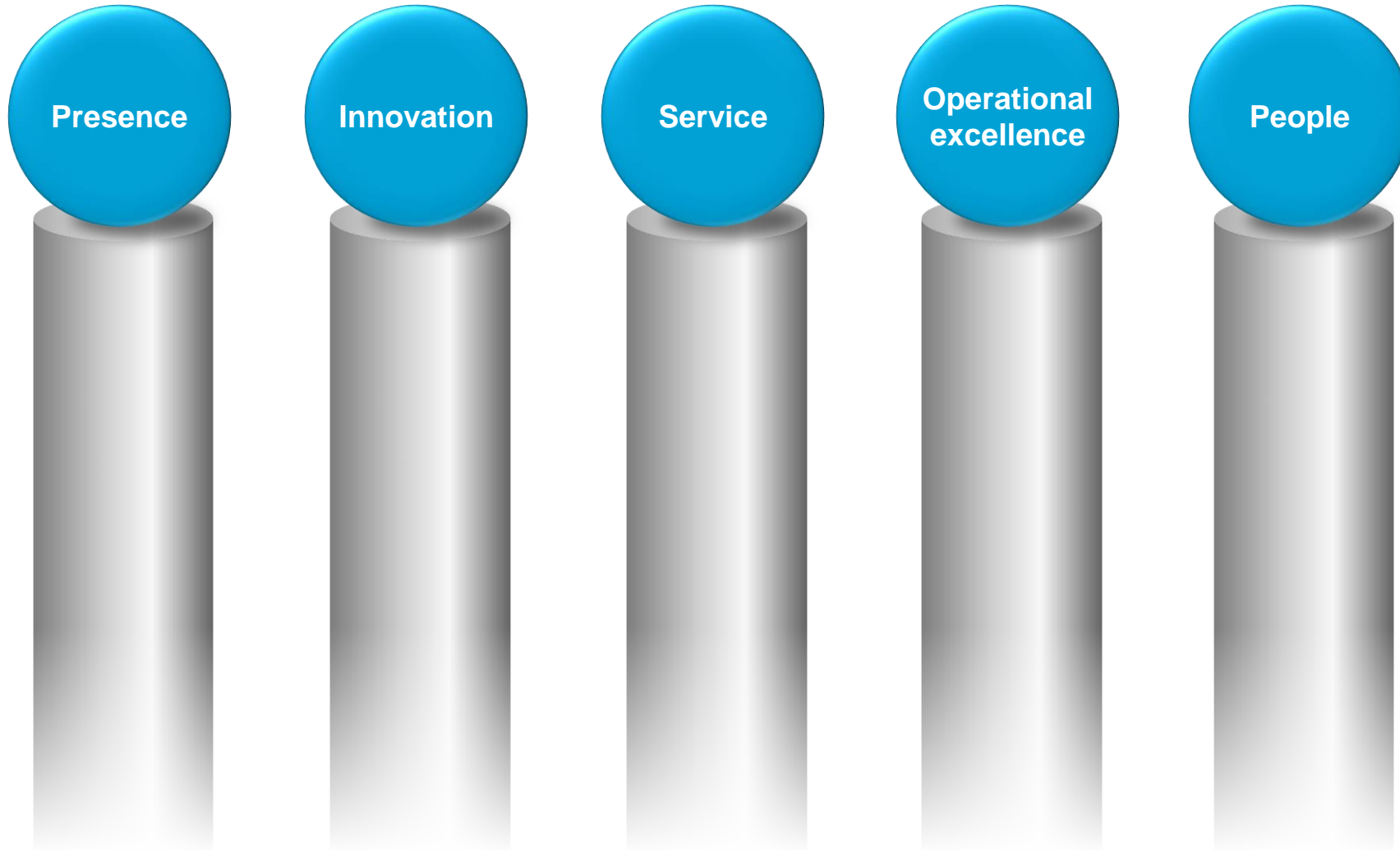
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- Market leader with strong portfolio of businesses and products
 - Commitment to innovation
 - Strong service offering
 - Acquisition potential
 - Top organization, world-class people, top execution

WHY SHOULD ATLAS COPCO DELIVER HIGH ROCE?

**8% growth
High ROCE**

- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business

THE STRATEGIC PILLARS FOR PROFITABLE GROWTH



PRIORITIES TO SUSTAIN PROFITABLE GROWTH



WE LIVE BY THE
HIGHEST **ETHICAL**
STANDARDS



WE INVEST IN
SAFETY AND
WELL-BEING



WE **INNOVATE** FOR
SUSTAINABLE
PRODUCTIVITY



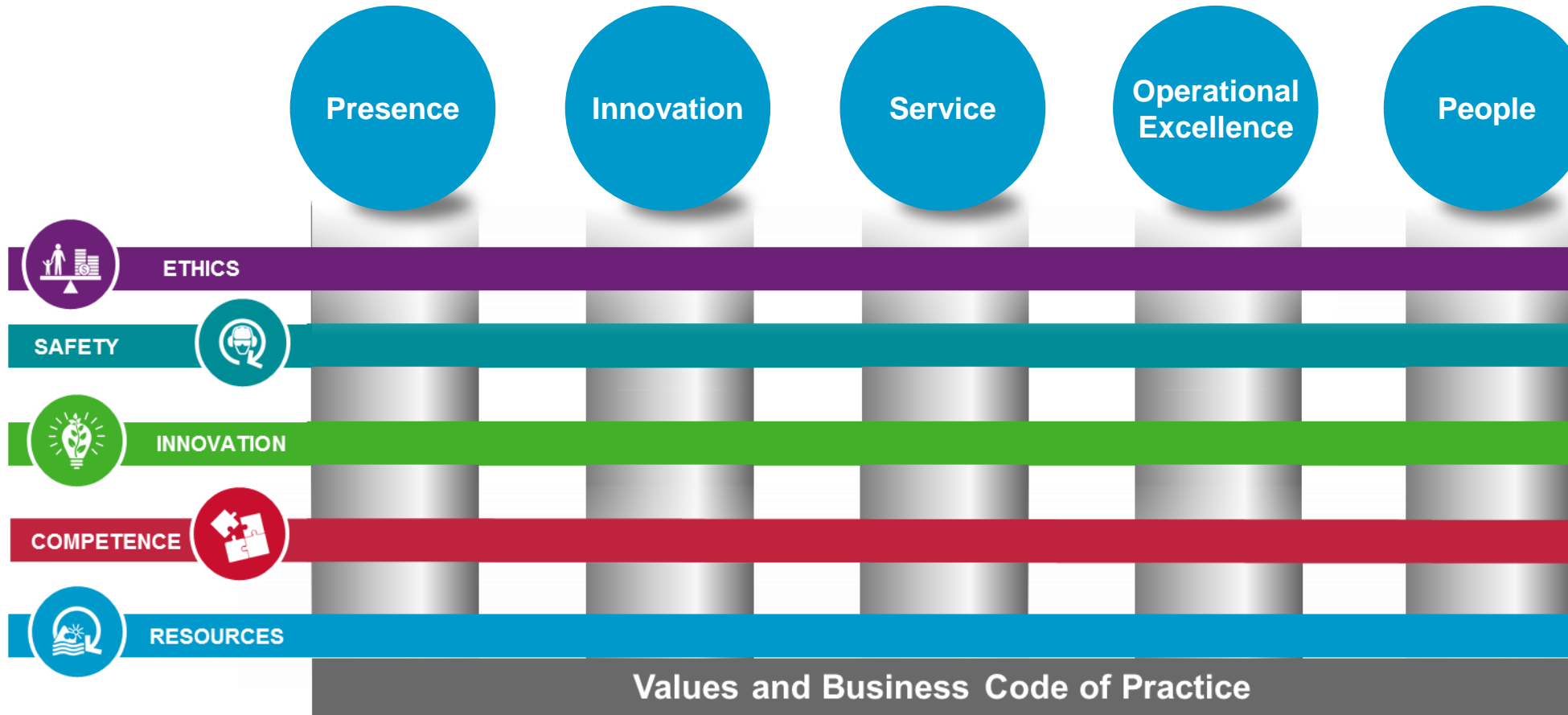
WE BUILD THE
MOST **COMPETENT**
TEAMS



WE USE **RESOURCES**
RESPONSIBLY
AND EFFICIENTLY

SUSTAINABLE PROFITABLE GROWTH

8% growth
High ROCE



INCREASE PRESENCE IN FAST GROWING ECONOMIES ...AND STRENGTHEN IN MATURE MARKETS

- Direct presence
- Develop local competence
- Create high brand awareness



ACQUISITION STRATEGY



Acquisitions are primarily made in, or very close to, the already existing core businesses.

All acquired businesses are expected to make a positive contribution to economic value added.

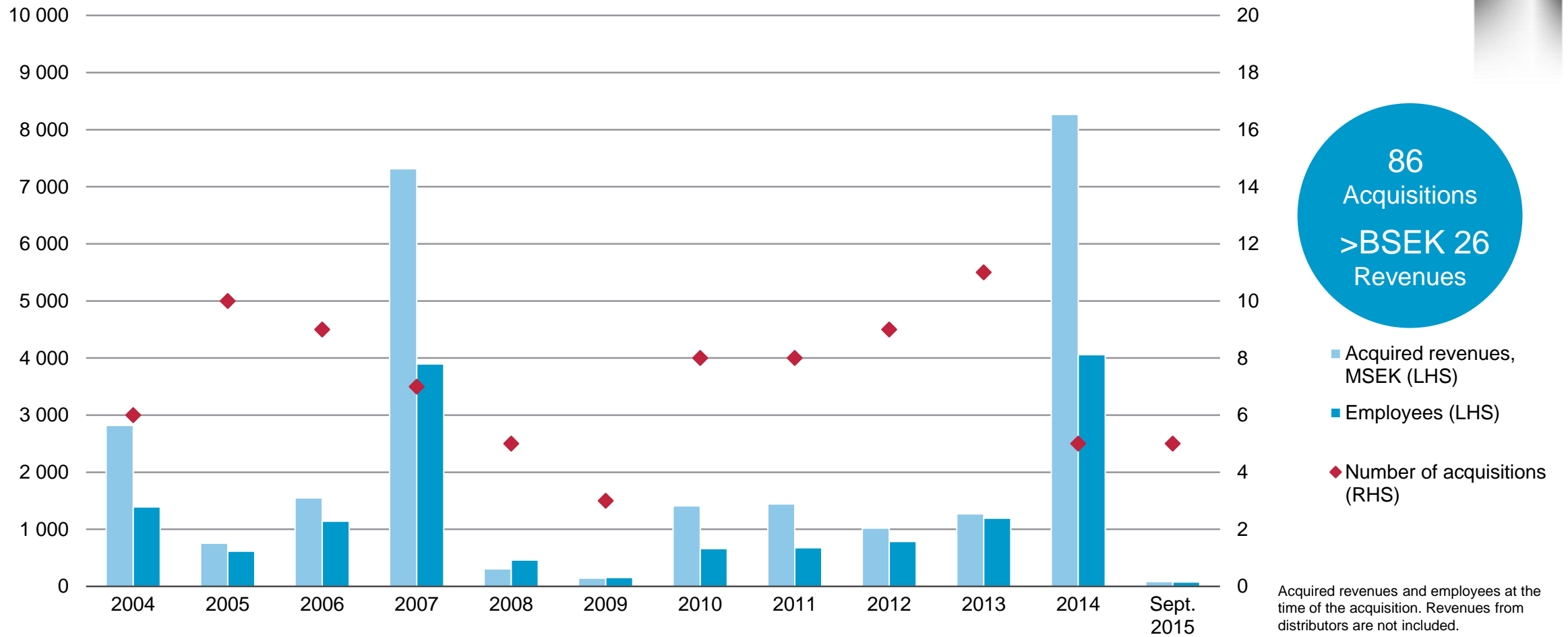
Characteristics

- Industry-to-industry
- Geographically spread customer base
- Leadership in niche markets
- Differentiated core technology
- Strong base of business partners
- Healthy service potential

Leveraging...

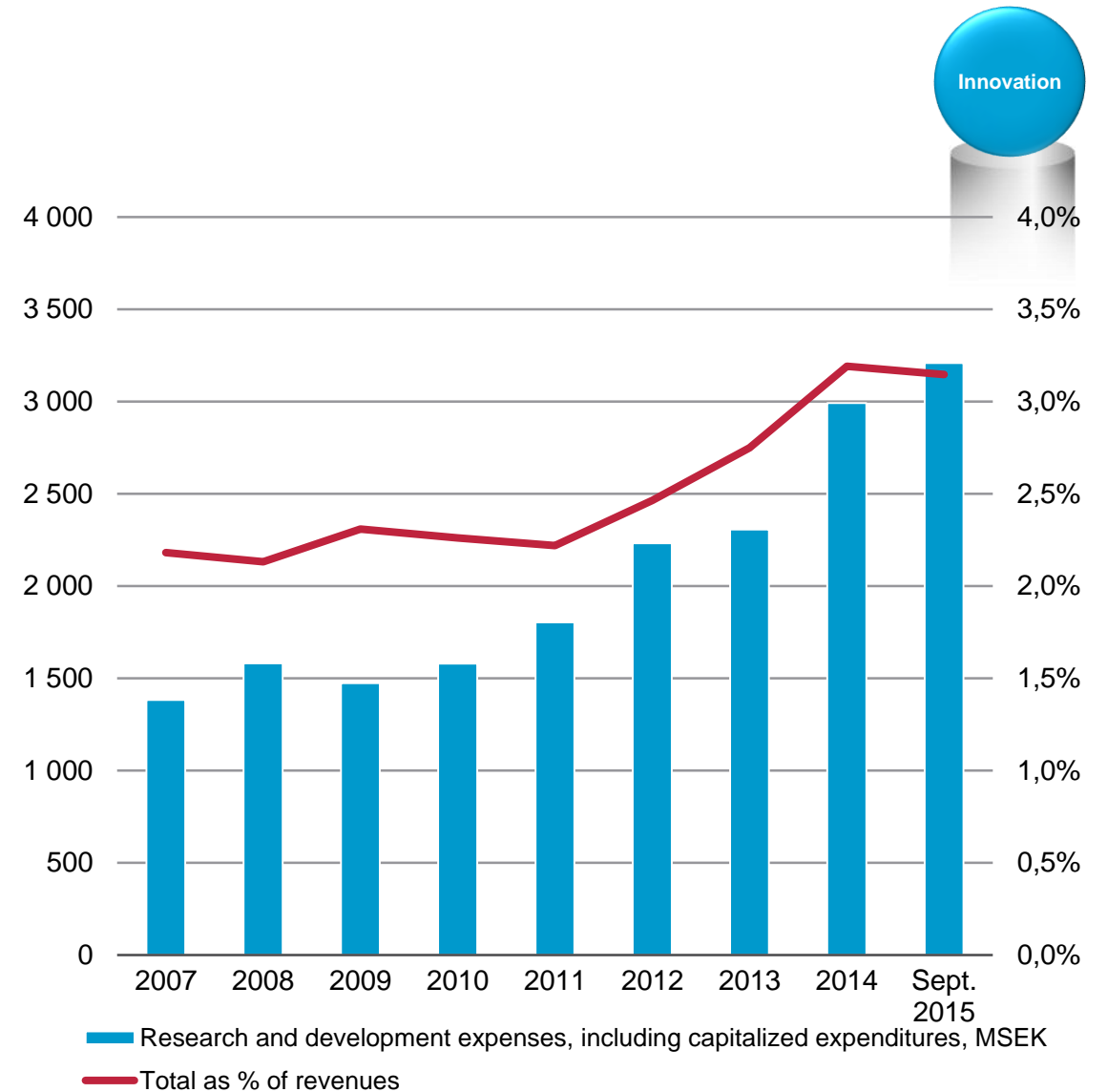
- Application knowledge
- Efficient manufacturing and product development processes
- Capacity to swiftly market products and services globally

ACQUISITIONS



WHY DRIVE FOR INNOVATION?

- Creates sustainable customer productivity
- Reduces life cycle cost
 - Drives energy efficiency
 - Increase safety
- Drives organic growth
- Supports/drives profitability
 - Pricing power
 - Cost savings



INNOVATION

Compressor Technique 2011 – 2015

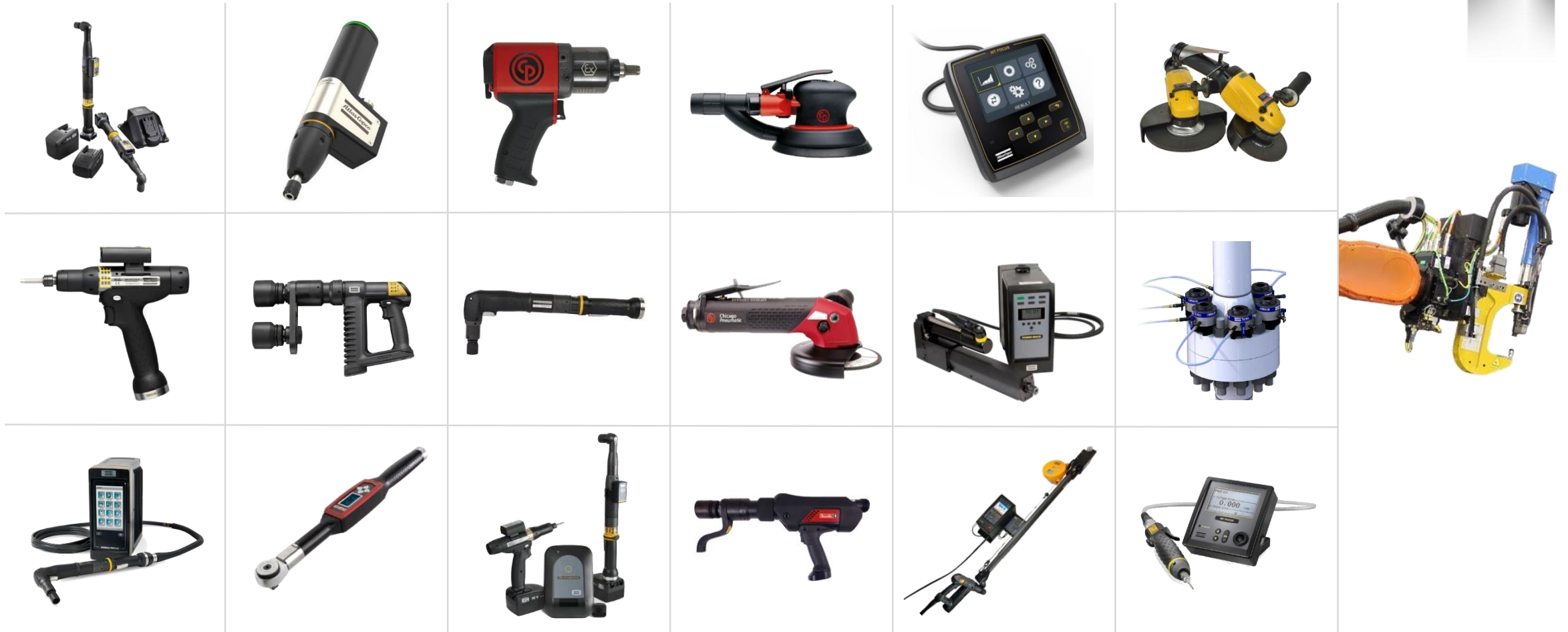
Innovation



INNOVATION

Industrial Technique 2011 – 2015

Innovation



INNOVATION

Mining and Rock Excavation Technique 2011 – 2015

Innovation

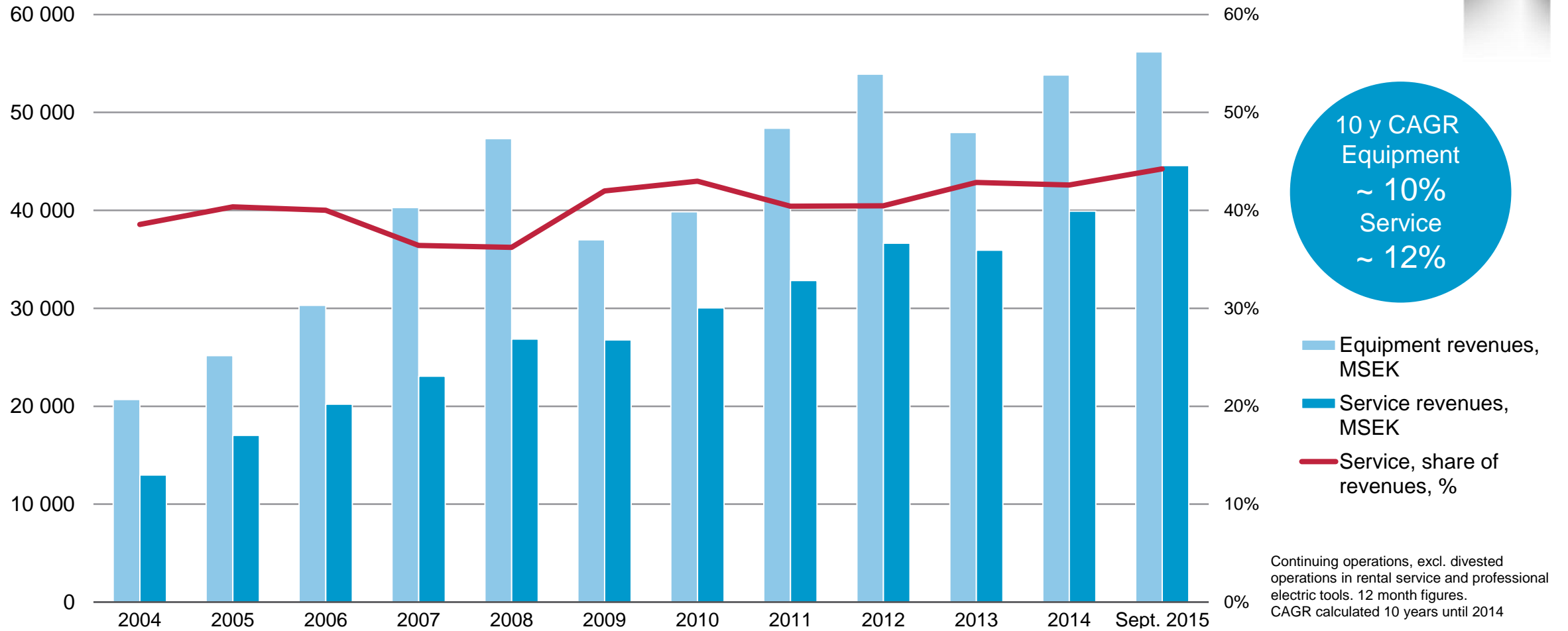


INNOVATION

Construction Technique 2011 – 2015

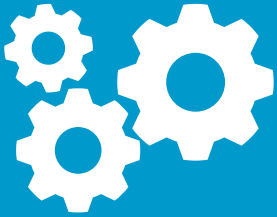


GROWTH IN EQUIPMENT AND SERVICE



OPERATIONAL EXCELLENCE

Operational
excellence



Work more efficiently through **lean** and **standardized** solutions and processes



Spend less time on administration and more **time with customers**



Have **consistent** business processes



Improve **financial performance** and increase **customer loyalty!**

PEOPLE

- Results-driven and committed culture
- Time to competence
- Diversity
- Attract and retain talent



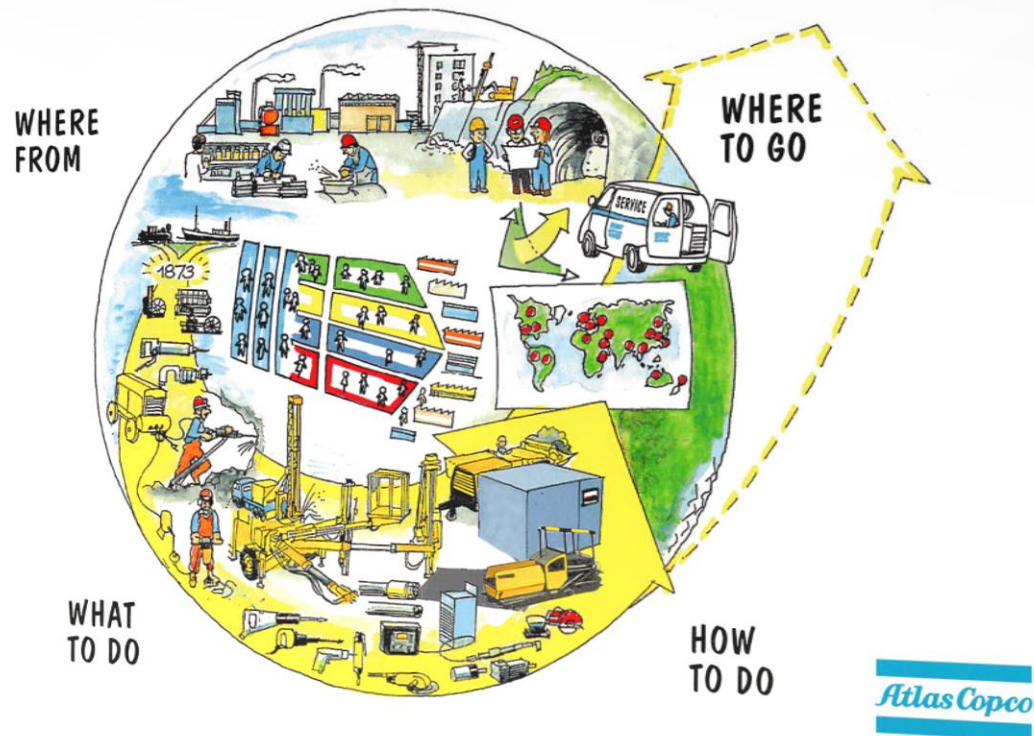
Competence



CULTURE, VALUES AND BUSINESS PRINCIPLES

People

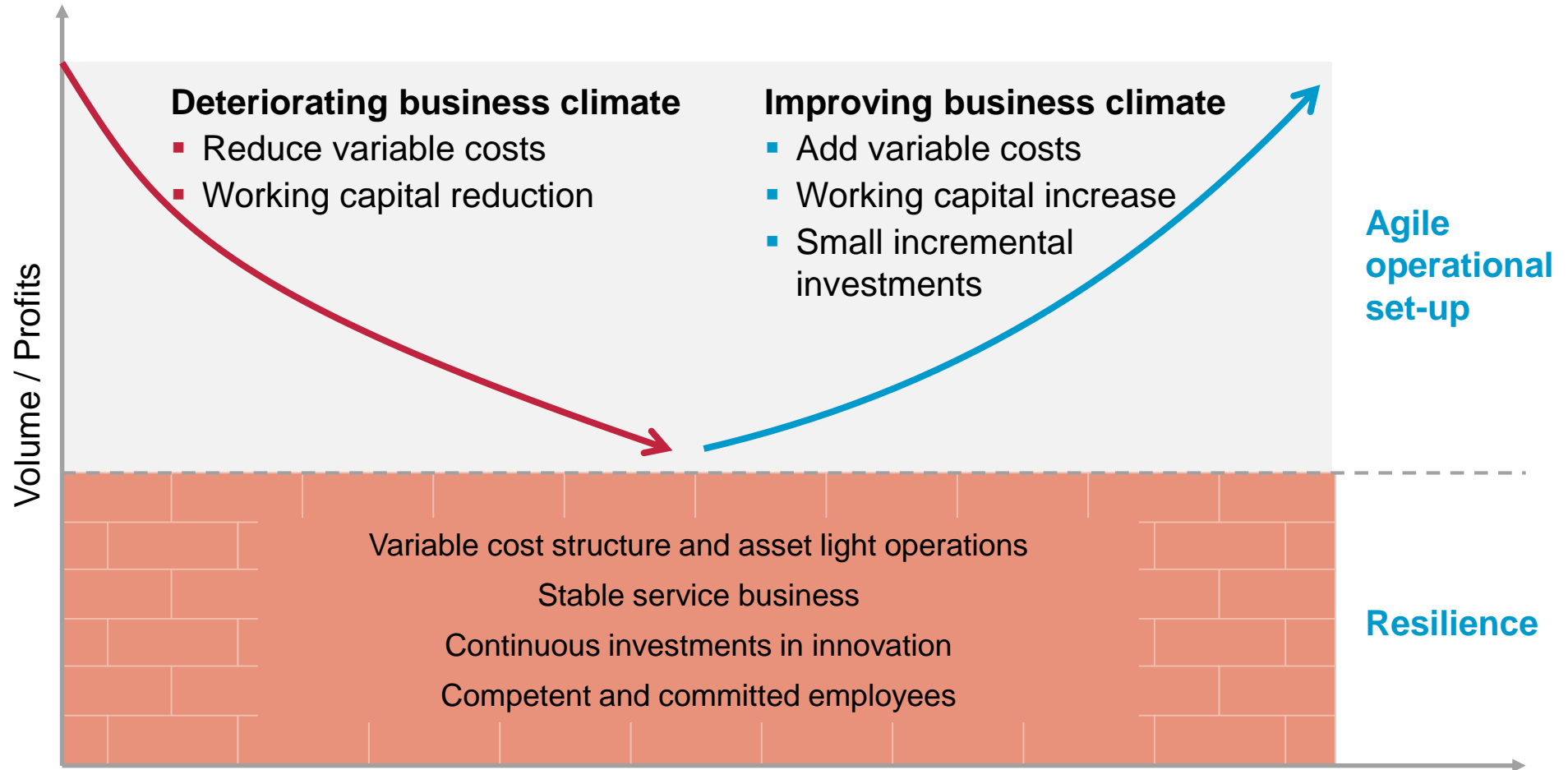
THE ATLAS COPCO BOOK



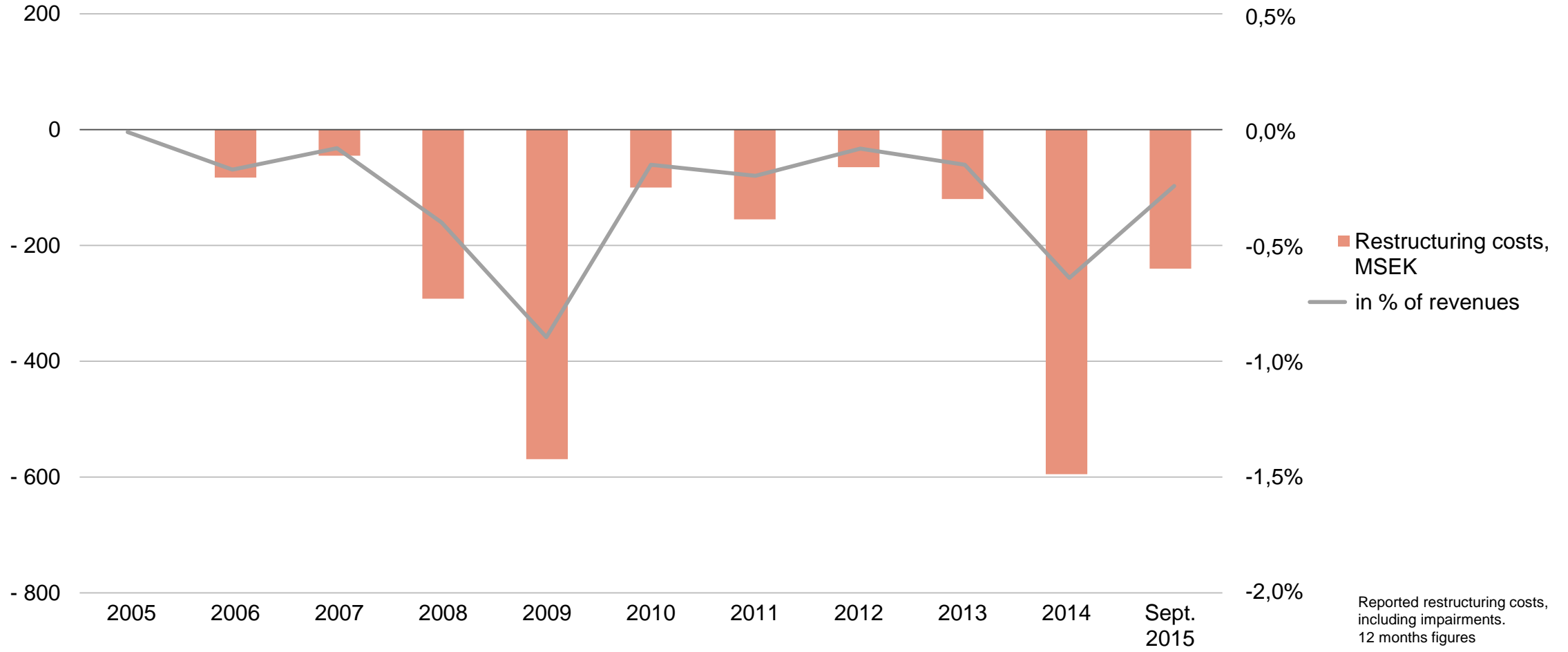
*“We grow loyal
and experienced
local leaders in
all countries”*

AGILITY AND RESILIENCE

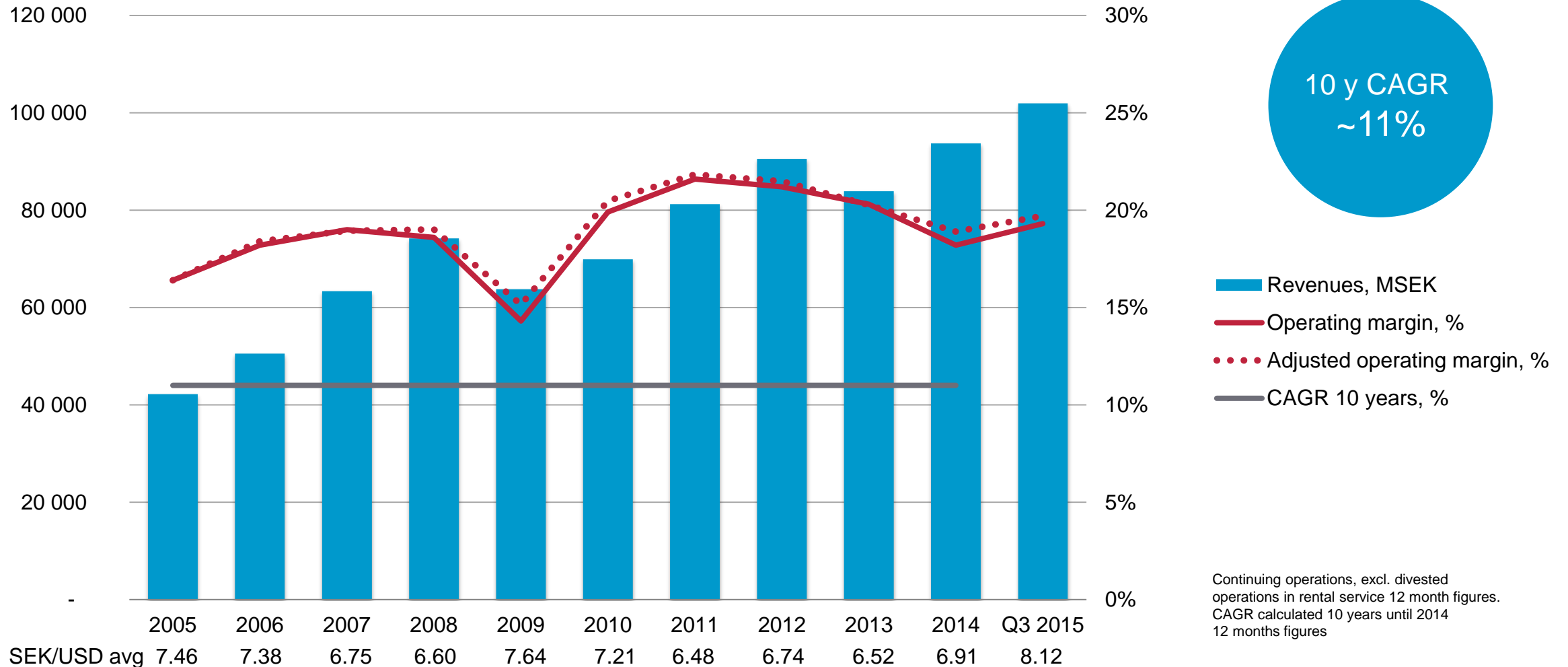
AGILE AND RESILIENT OPERATIONS



RESTRUCTURING WITHOUT RESTRUCTURING COSTS



FINANCIAL PERFORMANCE

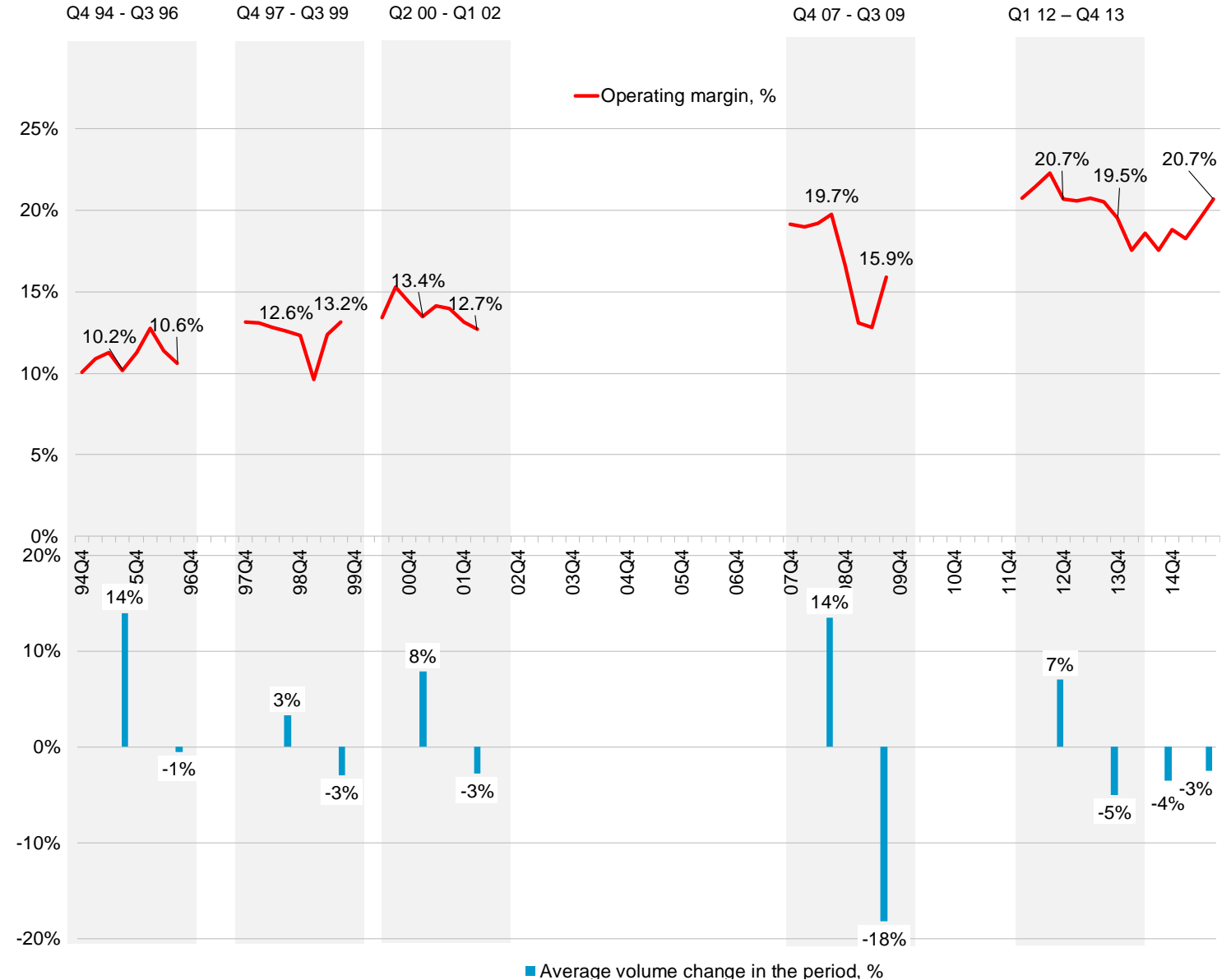


RESILIENCE

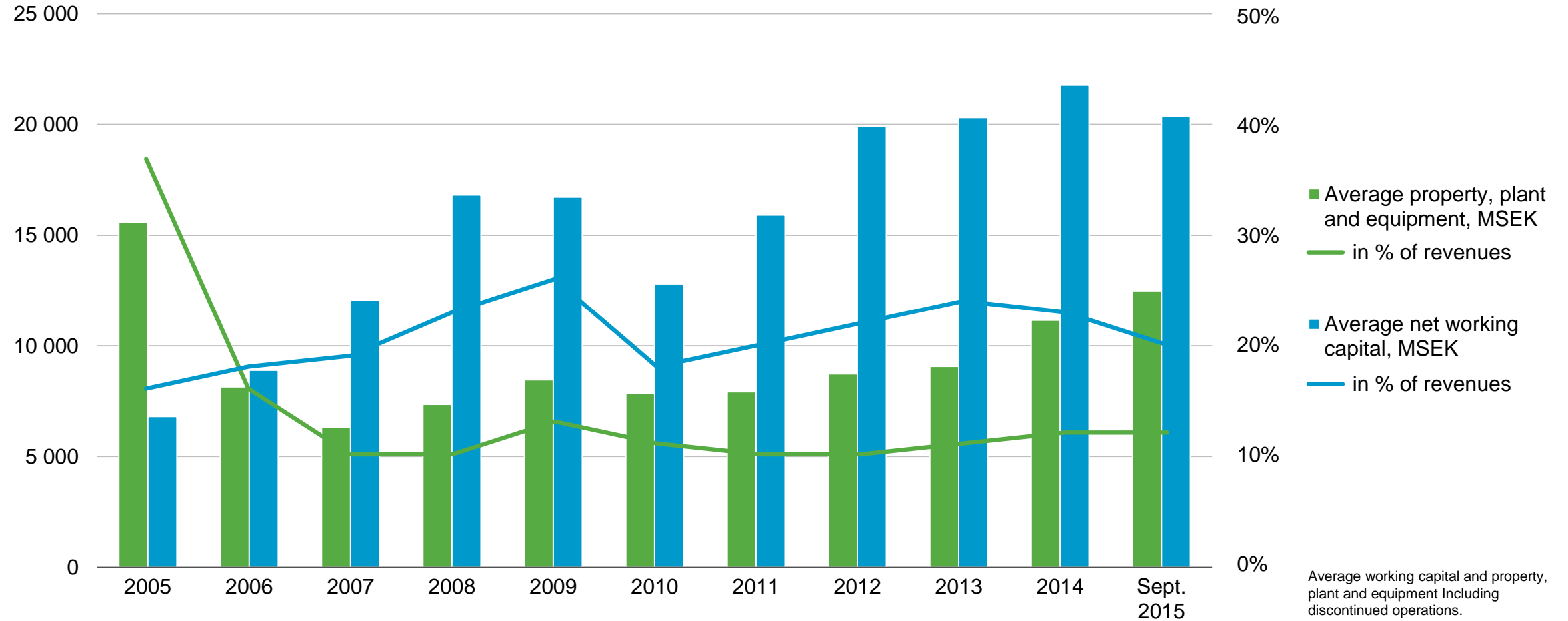
In periods of volume declines

- Larger share of service
- Lean foot-print – asset light
- Decentralized Group

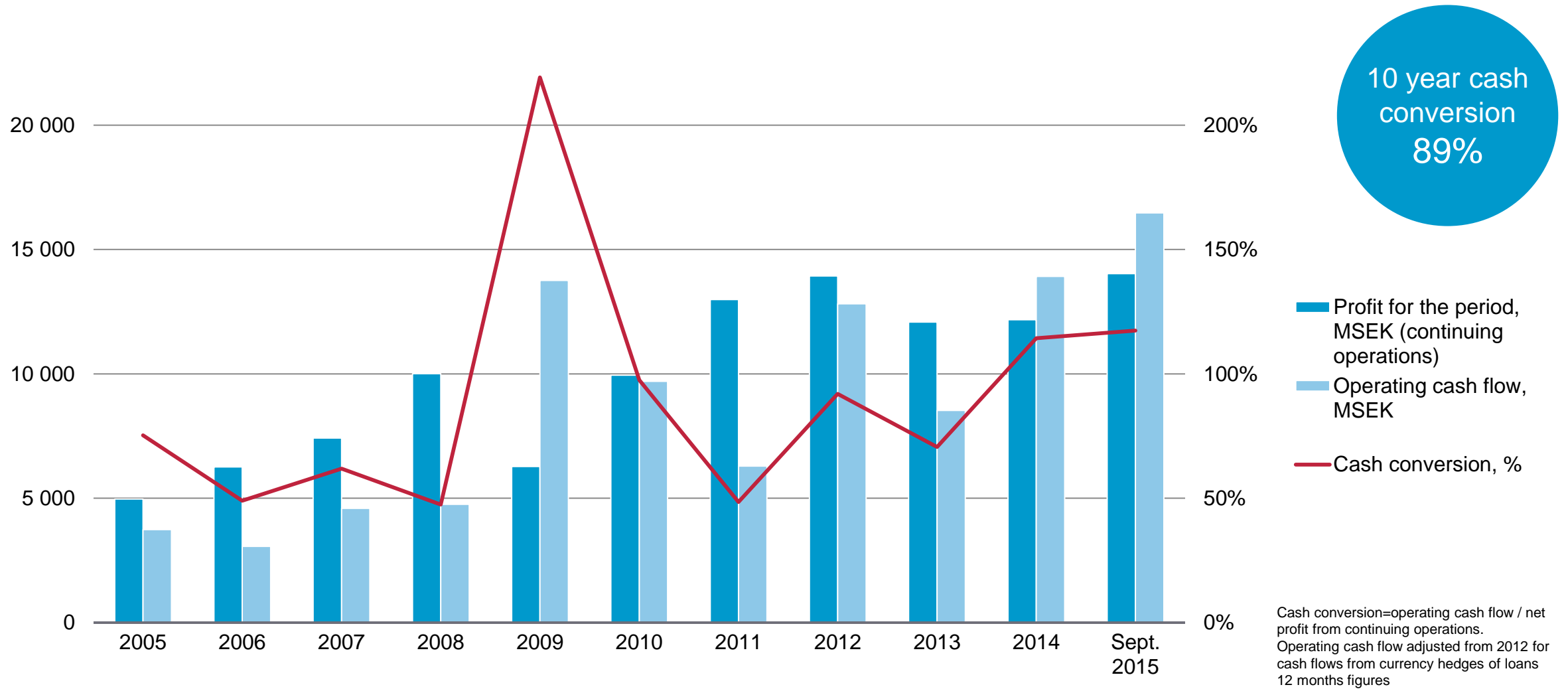
Average volume change. Quarterly reported operating margin, excluding Rental Service



ASSET LIGHT

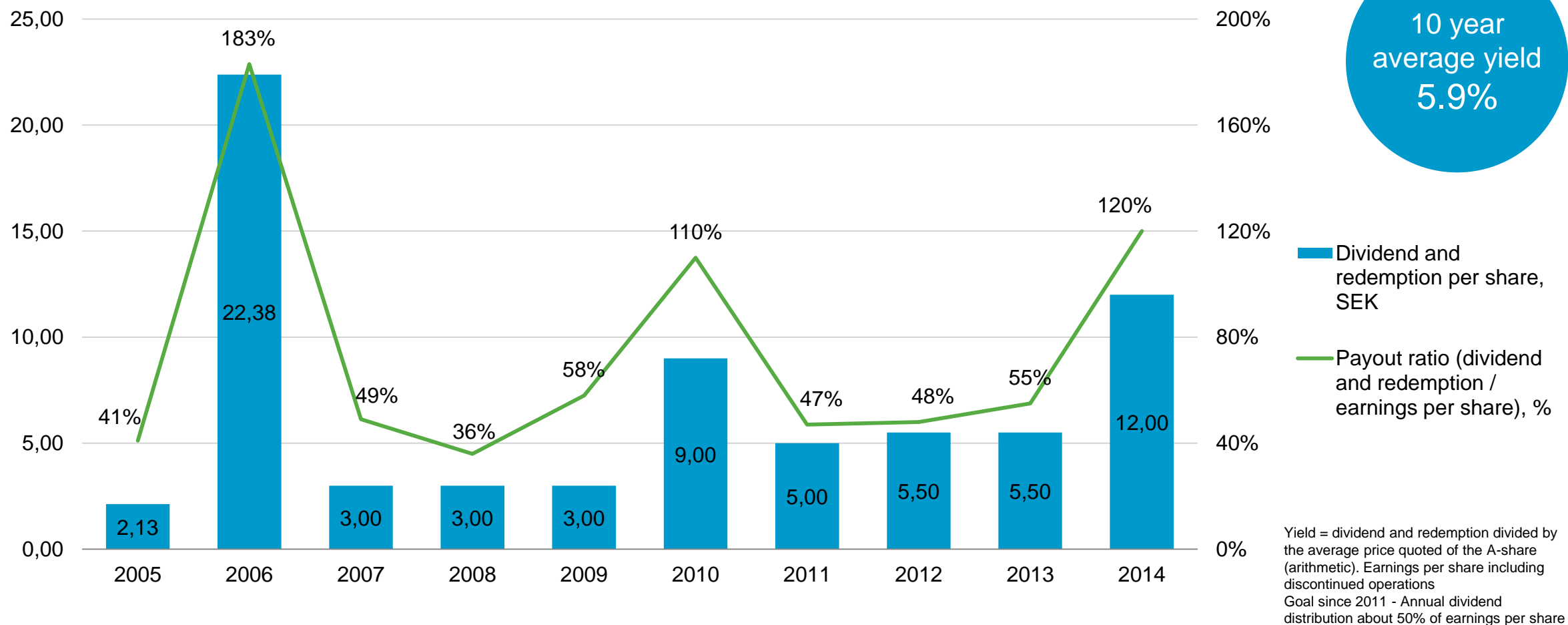


CASH GENERATION



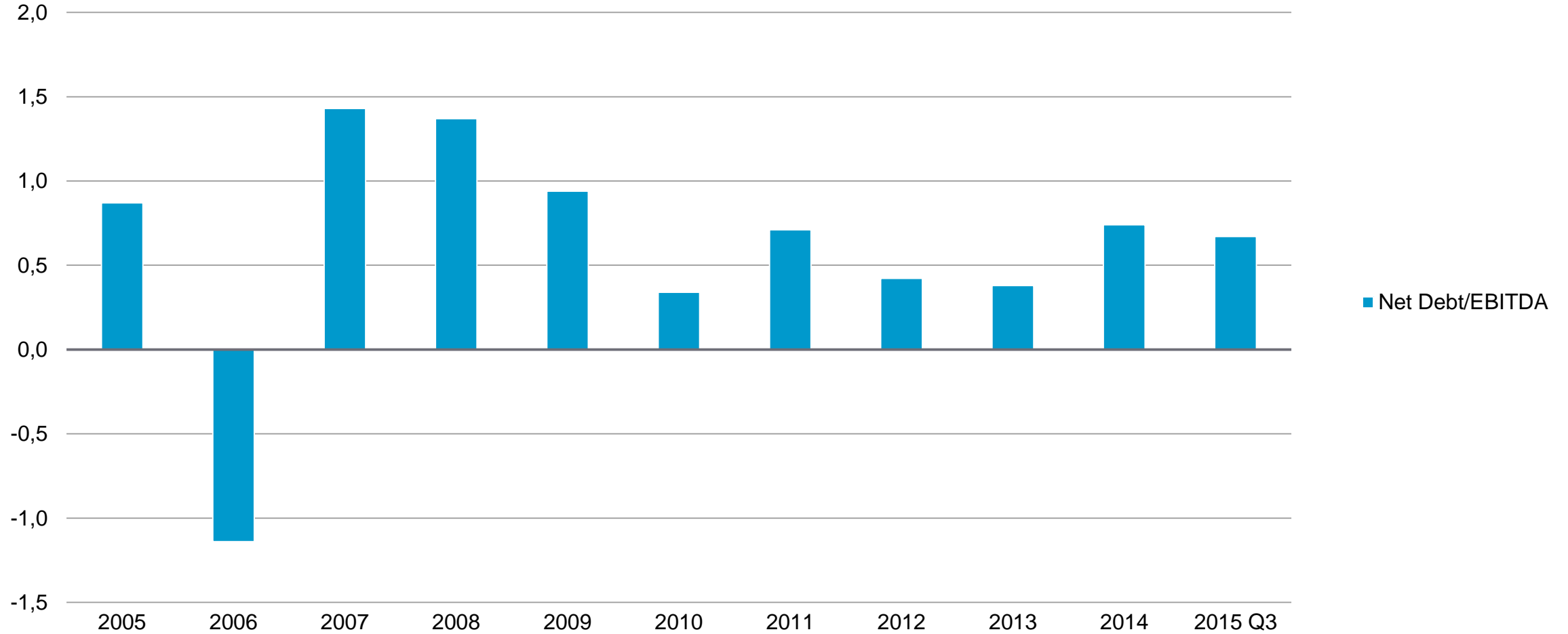
DIVIDENDS AND DISTRIBUTION

Payout ratio and yield



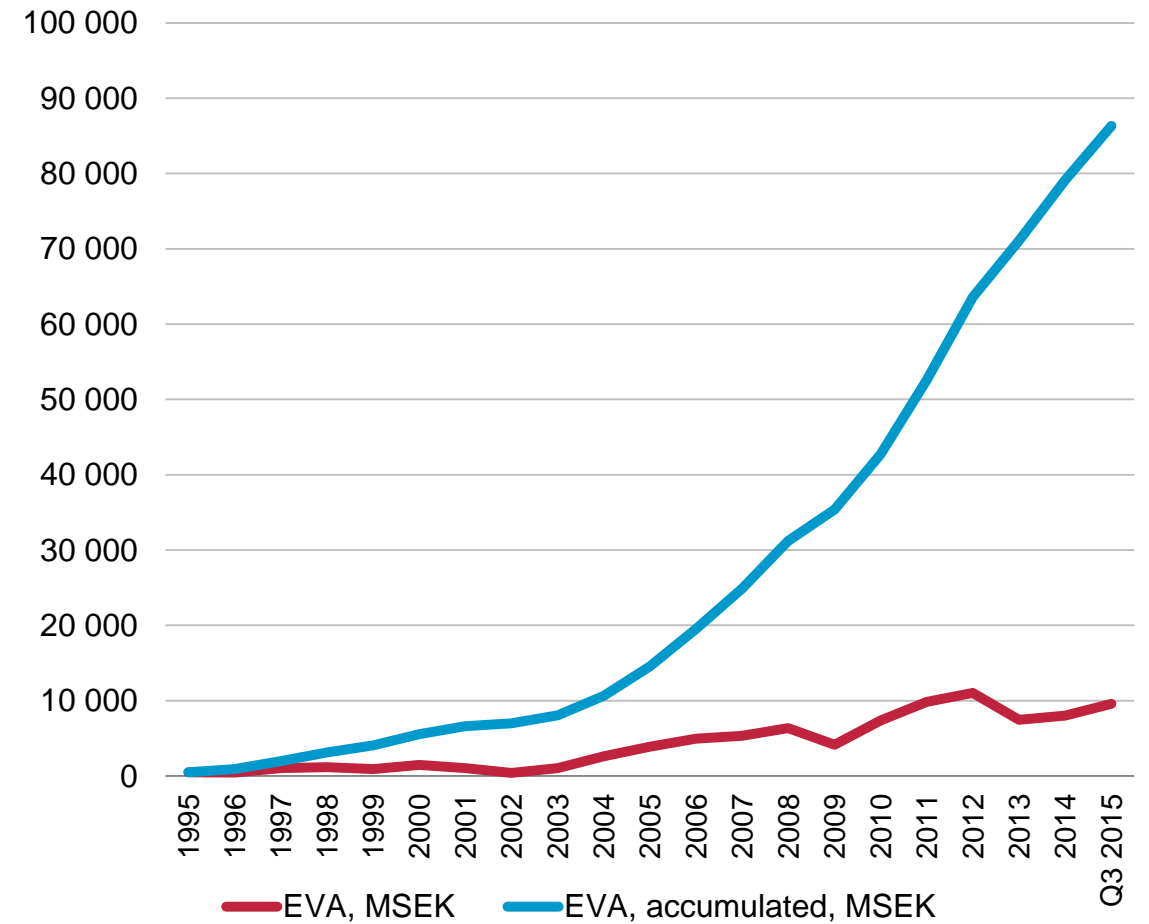
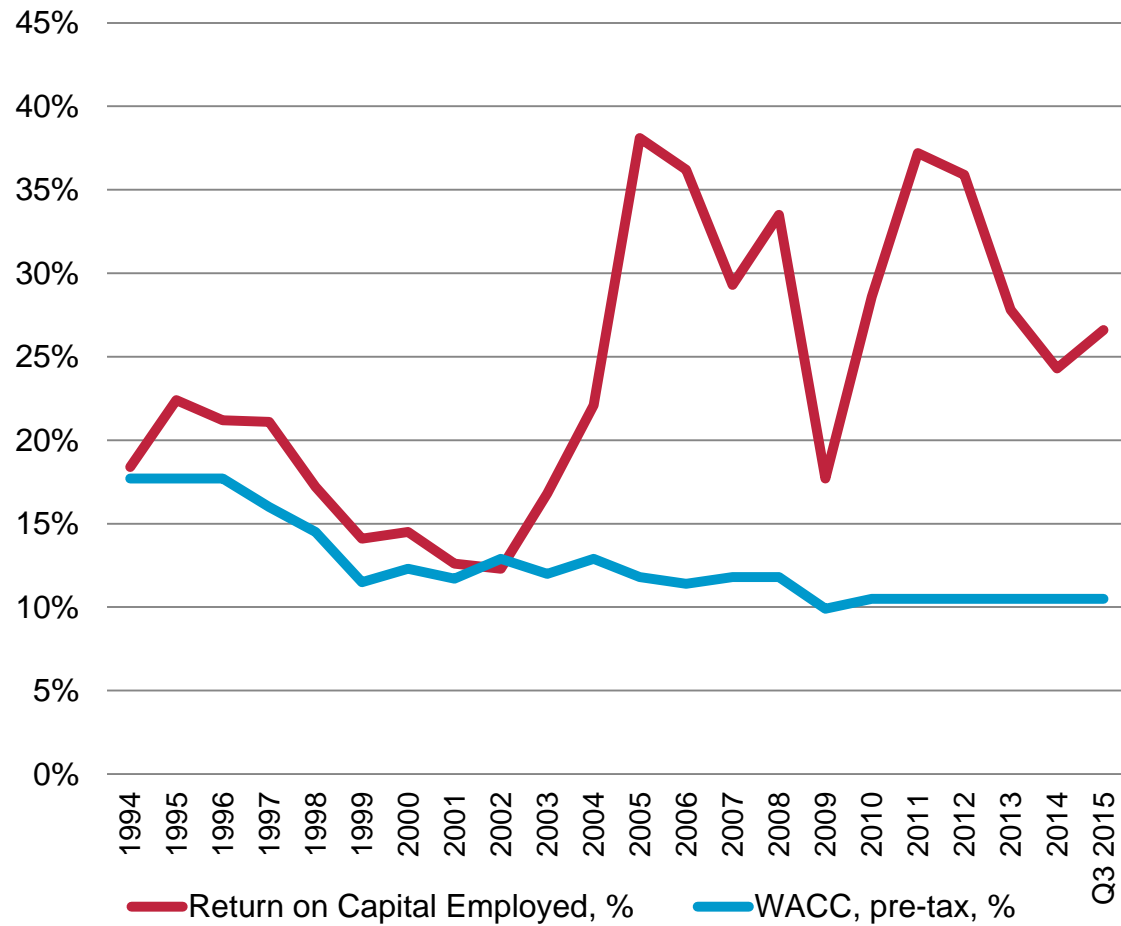
CAPITAL STRUCTURE

Net Debt*/EBITDA



* Net Debt adjusted for the fair value of interest rate swaps

RETURN ON CAPITAL EMPLOYED AND VALUE CREATION



SUMMARY

- A **world leading** provider of sustainable productivity solutions
- **Agile** and **resilient** operations
- Strong global **service** business
- **Consistent strategy**
- Strong **cash generation** and **value creation**

- **Fit for more**



***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.”