Press Release from the Atlas Copco Group

April 25, 2018

Atlas Copco
First-quarter report 2018

(unaudited)

Record order intake and strong profit development

The figures presented in this report refer to continuing operations unless otherwise stated, i.e. Epiroc is reported as discontinued operations.

All figures are presented in accordance with IFRS 15 (Revenue from contracts with customers), meaning that figures for 2017 differ from what has earlier been reported.

- Orders received increased 6% to MSEK 24 829 (23 325), organic growth of 9%
- Revenues increased to MSEK 21 906 (20 578), organic growth of 9%
- Adjusted operating profit, excluding items affecting comparability, was MSEK 4 779 (4 412), corresponding to a margin of 21.8% (21.4)
- Reported operating profit increased 13% to 4 833 (4 290), corresponding to a margin of 22.1% (20.8)
- Profit before tax amounted to MSEK 4 513 (4 058)
- Profit for the period was MSEK 3 340 (2 896)

- *Within discontinued operations, Epiroc recorded orders received of MSEK 10 036 (8 520), up 21% organically, revenues of MSEK 8 233 (7 411), up 14% organically. See page 14*
- Operating cash flow including discontinued operation was MSEK 2 724 (3 510)
- Basic earnings per share including discontinued operations were SEK 3.64 (3.29)
- The Annual General Meeting 2018 approved the proposal to split the Group

	January - March		
MSEK	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*	
Profit for the period from continuing operations	3 340	2 896	15%
Profit for the period from discontinued operations	1 081	1 102	
Profit for the period	4 421	3 998	11%
Basic earnings per share, SEK	3.64	3.29	
- of which continuing operations	2.75	2.38	
Diluted earnings per share, SEK	3.63	3.27	
- of which continuing operations	2.74	2.37	
Return on capital employed, %	29	N/A	

Near-term demand outlook

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

Previous near-term demand outlook (published January 26, 2018).
The overall demand for the Group is expected to remain at current high level.

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Atlas Copco Group

Decision to split the Group

In January 2017, Atlas Copco initiated work to propose to the Annual General Meeting 2018 to decide on a split of the Group into two listed companies: Atlas Copco AB, with focus on industrial customers and Epiroc AB with focus on customers in the mining, infrastructure and natural resources segments. Epiroc AB is a fully-owned subsidiary of Atlas Copco.

At Atlas Copco's Annual General Meeting on April 24, 2018, the decision was taken to distribute Epiroc to the shareholders of Atlas Copco and list Epiroc on the Nasdaq Stockholm stock exchange. For further information, visit: http://www.atlascopcogroup.com/investor-relations

Epiroc is reported as discontinued operations and assets held for sale in the Atlas Copco Group's financial statements, with a retrospective effect on of previous periods unless otherwise stated. See more on pages 14-15.

Review of the first quarter

Market development

The overall demand for Atlas Copco's products and services remained strong and order volumes increased to a new record level. Both equipment, rental and service orders increased year-on-year and sequentially.

Good order growth was achieved by most equipment segments; industrial compressors, portable compressors, power equipment, industrial assembly tools and solutions and vacuum equipment, in spite of the high comparison numbers in Q1 2017.

Thanks to high customer activity in manufacturing and process industries and a continuous effort to increase presence and expand the service offer, the Group's service business grew.

Geographically, order volumes increased in all major regions.

Geographic distribution of orders received

	Atlas Copco Group	
January - March 2018	Orders Received %,	Change %,*
North America	22	+7
South America	4	+17
Europe	31	+13
Africa/Middle East	6	-8
Asia/Australia	37	+16
Atlas Copco Group	100	+11

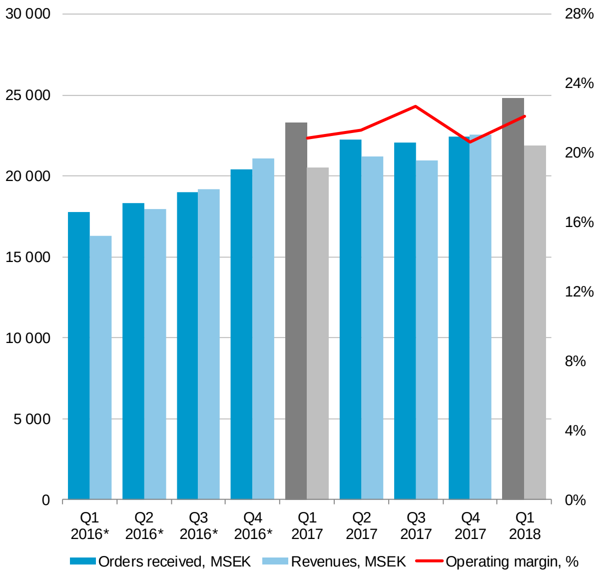
*Change in orders received compared to the previous year in local currency %.

Sales bridge

	January - March	
MSEK	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.

Orders, revenues and operating profit margin



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

Geographic distribution, orders received and revenues

Jan-Mar 2018	Compressor Technique %		Vacuum Technique %		Industrial Technique %		Power Technique %		Atlas Copco %	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
North America	21	22	16	19	31	32	26	25	22	24
South America	5	6	0	1	3	4	5	6	4	4
Europe	35	36	16	16	39	39	39	37	31	31
Africa/Middle East	7	7	2	2	1	1	11	11	6	6
Asia/Australia	32	29	66	62	26	24	19	21	37	35
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns

Revenues increased 6% to MSEK 21 906 (20 578). The organic growth reached 9%, as currency translation affected 4% negatively and acquisitions and other structural changes added 1% together.

The operating profit increased 13% to MSEK 4 833 (4 290), and includes items affecting comparability of MSEK 54. The MSEK 54 consist of a gain of MSEK 109 associated with the divestment of the concrete and compaction business in the Power Technique business area, MSEK -16 (-122) from a change in provision for share-related long-term incentive programs and MSEK -39 for costs associated with the split of the Group, both reported in Common Group Functions.

Adjusted operating profit reached MSEK 4 779 (4 412), corresponding to a margin of 21.8% (21.4). Higher revenue volumes and better absorption of fixed costs supported the margin, while changes in exchange rates, mainly a weaker USD, had a negative impact. The net currency effect was MSEK -455.

Net financial items were MSEK -320 (-232). Interest net was MSEK -200 (-254). Other financial items, MSEK -120 (22) were negatively affected by a one-time cost in connection with the prepayment of a MEUR 275 loan from the European Investment Bank and by financial exchange rate differences. Profit before tax amounted to MSEK 4 513 (4 058), corresponding to a margin of 20.6% (19.7). Income tax expense amounted to MSEK 1 173 (1 162), corresponding to an effective tax rate of 26.0% (28.6).

Profit for the period totaled MSEK 3 340 (2 896). Basic and diluted earnings per share were 2.75 (2.38) and SEK 2.74 (2.37), respectively. The return on capital employed during the last 12 months was 29%. Return on equity including discontinued operations was 29% (26). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Cash flow and investments incl. discontinued operations

Operating cash flow (important internal KPI but not an IFRS measurement, and hence defined on page 13), reached MSEK 2 724 (3 510).

Operating cash surplus increased to MSEK 7 467 (6 991) due primarily to the higher operating profit. Working capital increased by MSEK 1 708 (increase of 355), mainly due to the significant increase in orders on hand and the related increase in inventories.

Cash flows from financial items were MSEK 393 (-823). The main explanation for the big difference is cash flow from currency hedges of loans of MSEK 835 (negative 360), where the offsetting cash flow occurs in the future. These non-operational cash flows are adjusted for in the Operating cash flow. Net investments in rental equipment were MSEK 327 (145) and net investments in property, plant and equipment were MSEK 442 (348).

Net indebtedness

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 2 565 (12 438), of which MSEK 2 934 (4 111) was attributable to post-employment benefits. The Group has an average maturity of 4.8 years on interest-bearing liabilities. The net debt/EBITDA ratio was 0.1 (0.5) and the net debt/equity ratio was 4% (22).

Dividend, mandatory share redemption and spin-off

The Annual General Meeting held on April 24, 2018 approved the Board of Directors proposal of the following:

- an ordinary dividend of SEK 7.00 (6.80) per share or approximately BSEK 8.5
- a mandatory share redemption equaling a distribution to shareholders of SEK 8.00 per share or approximately BSEK 9.7
- and a dividend of the shares in Epiroc AB

For further information see page 19.

Acquisition and divestment of own shares

During the quarter, 1 365 110 A shares, net, were acquired for a net value of MSEK 479. These transactions are in accordance with mandates granted by the Annual General Meeting and relate to the Group's long-term incentive programs.

Employees

On March 31, 2018, the number of employees was 35 483 (33 048). The number of consultants/external workforce was 3 061 (2 451). For comparable units, the total workforce increased by 2 630 from March 31, 2017.

Revenues and operating profit – bridge

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

Compressor Technique

	January - March		
MSEK	2018	2017	
Orders received	11 141	10 125	10%
Revenues	9 735	9 268	5%
Operating profit	2 249	2 130	6%
– as a percentage of revenues	*23.1*	*23.0*	
Return on capital employed, %	94	67	

- **Good order growth, both for equipment and services**
- **Most regions and most customer segments recorded growth**
- **Solid operating profit margin at 23.1%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2017	10 125	9 268
Structural change, %	+1	+1
Currency, %	-4	-3
Organic, %	+13	+7
Total, %	+10	+5
2018	11 141	9 735

Industrial compressors

The demand for industrial compressors remained on a high level and order volumes increased compared to the previous year and sequentially. The year-on-year development was particularly positive for large sized compressors.

Geographically, and compared to the previous year, the order development was positive in all regions. The strongest growth was achieved in Asia.

Compressor service

The service business continued to achieve steady growth with a strong order development in the major regions, Europe, North America and Asia.

Gas and process compressors

The order volumes continued to grow compared to the previous year and sequentially.

The positive year-on-year development was mainly driven by strong order intake in the largest region, Asia, while orders in Africa/Middle East decreased.

Innovation

A new dryer for the medical air market was launched in the quarter. The new dryer offers low energy costs, high performance, a small footprint, and improved reliability. The innovative technology also helps customers to reduce costly losses of air.

Acquisitions

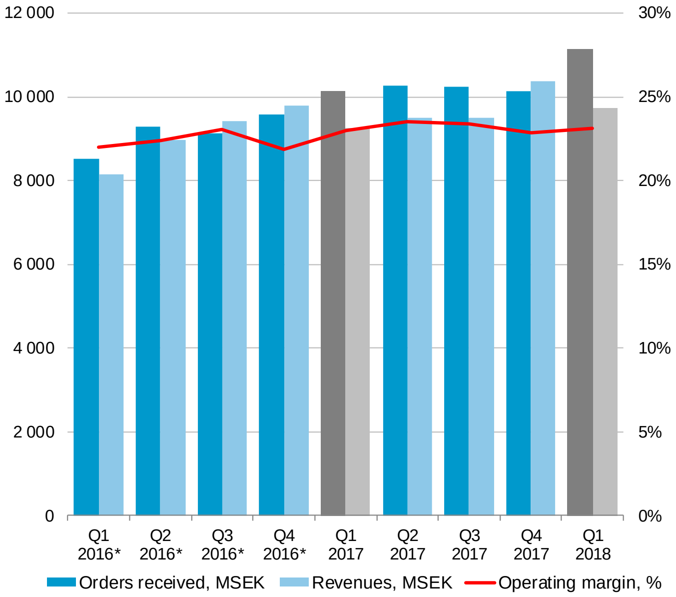
In March, Walker Filtration, a British manufacturer of equipment for the treatment of compressed air, gas, and vacuum, was acquired. In 2017, Walker Filtration had around 220 employees worldwide and revenues of approximately MSEK 330.

Revenues and profitability

Revenues increased to MSEK 9 735 (9 268), corresponding to an organic increase of 7%.

The operating profit increased 6% to MSEK 2 249 (2 130). The operating margin was 23.1% (23.0), supported by the higher invoicing, but diluted by currency and recent acquisitions. Return on capital employed (last 12 months) was 94% (67).

Orders, revenues and operating profit margin



* 2016 figures not restated per IFRS 15.

Vacuum Technique

	January - March		
MSEK	2018	2017	
Orders received	5 992	6 067	-1%
Revenues	5 255	4 753	11%
Operating profit	1 292	1 176	10%
– as a percentage of revenues	*24.6*	*24.7*	
Return on capital employed, %	26	21	

- **Sustained high order level, and record revenues**
- **Continued strong semiconductor demand**
- **Solid operating margin in spite of negative currency impact**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2017	6 067	4 753
Structural change, %	+2	+2
Currency, %	-5	-6
Organic, %	+2	+15
Total, %	-1	+11
2018	5 992	5 255

Semiconductor and flat panel display

The demand for semiconductor equipment remained on a high level. The order intake was high, almost at the record level of Q1 2017, which included a number of significant orders for the semiconductor and flat panel display industry. Sequentially, the order development was more or less flat.

Compared to the previous year, order volumes were stable in Asia, while volumes decreased in North America.

Industrial and high vacuum

The demand for equipment for rough, industrial and high vacuum applications was also strong. Order volumes increased noticeably compared to the previous year and sequentially. Recent product launches and increased geographical presence supported the good development.

Geographically, and compared to the previous year, order volumes increased in all regions, particularly in North America and Europe.

Service

The service business continued to grow and order volumes increased compared to the previous year and sequentially, primarily driven by orders from semiconductor customers in Asia.

Innovation

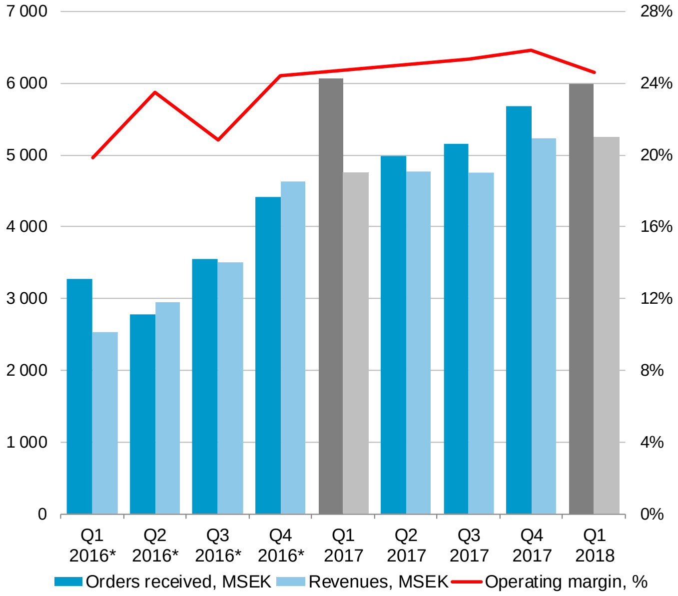
A new vacuum pump system was launched in the quarter, designed for industrial customers with central dry vacuum systems and larger process demands. Thanks to the innovative multi-claw design and variable speed drive customers can benefit from an efficient, compact and durable dry vacuum system with low life-cycle cost.

Revenues and profitability

Revenues increased to a record of MSEK 5 255 (4 753), corresponding to an organic increase of 15%.

The operating profit increased to MSEK 1 292 (1 176) with an operating margin of 24.6% (24.7). The margin was supported by volume but heavily diluted by currency. Return on capital employed (last 12 months) was 26% (21).

Orders, revenues and operating profit margin



* 2016 figures not restated per IFRS 15.

Industrial Technique

	January - March		
MSEK	2018	2017	
Orders received	4 578	4 303	6%
Revenues	4 178	3 965	5%
Operating profit	974	893	9%
– as a percentage of revenues	*23.3*	*22.5*	
Return on capital employed, %	44	36	

- **Record order intake**
- **Good demand from both motor vehicle and general industry**
- **Solid operating margin at 23.3%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2017	4 303	3 965
Structural change, %	+0	+0
Currency, %	-3	-2
Organic, %	+9	+7
Total, %	+6	+5
2018	4 578	4 178

Motor vehicle industry

The demand for advanced industrial tools and assembly solutions to the motor vehicle industry continued to be strong and order volumes increased both compared to the previous year and sequentially.

Year-on-year, the order intake increased in all regions except North America, where volumes were down compared to the previous year's high level. The highest order growth was achieved in Asia.

General industry

The overall demand for industrial power tools from the general industry was also strong and volumes increased compared to the previous year. The growth was primarily driven by orders from off-road, general manufacturing, and electronics customers.

Geographically, solid order growth was achieved in all major regions, especially in Asia.

Service

The service business, including maintenance and calibration service, continued to grow and order volumes increased in all regions.

Innovation

A new, low reaction, battery pulse tightening tool was launched in the quarter. Thanks to innovative pulse mechanism design, efficient motor controls and advanced tightening algorithms the new tool offers state of the art ergonomics and high productivity.

Acquisitions

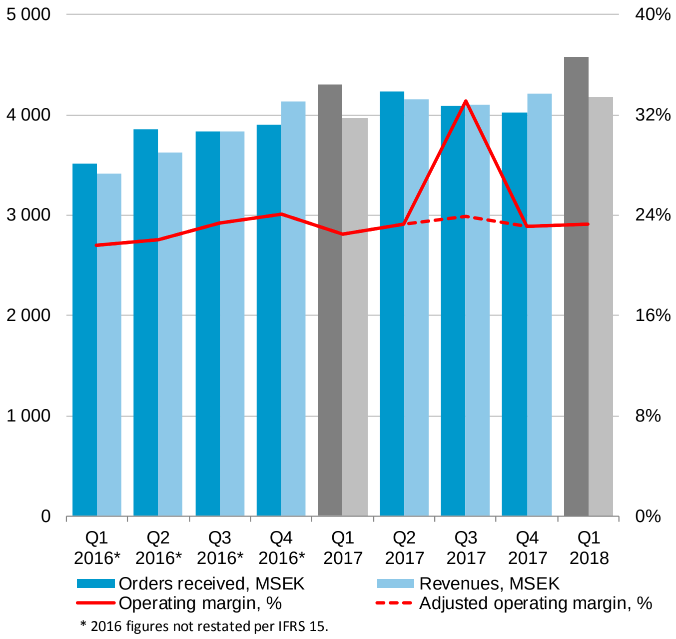
In March, Atlas Copco agreed to acquire the assets of Klingel Joining Technologies. The company specializes in flow drill technology, a joining method used in the automotive industry. The business had revenues of approximately MEUR 8.5 (MSEK 82) in 2017 and 23 employees are joining Atlas Copco. The acquisition was closed in April.

Revenues and profitability

Revenues increased to MSEK 4 178 (3 965), corresponding to an organic increase of 7%.

Operating profit was MSEK 974 (893), corresponding to an operating margin of 23.3% (22.5). The higher revenue volume was the main reason for the increased margin. Return on capital employed (last 12 months) was 44% (36).

Orders, revenues and operating profit margin



Power Technique

	January - March		
MSEK	2018	2017	
Orders received	3 337	2 935	14%
Revenues	2 894	2 685	8%
Operating profit	547	404	35%
– as a percentage of revenues	*18.9*	*15.0*	
Return on capital employed, %	21	N/A	

- **Good customer demand for all equipment types**
- **Growth in all regions, in North America and Europe in particular**
- **Operating profit affected by capital gain from divestment of the concrete and compaction business**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2017	2 935	2 685
Structural change, %	+2	+2
Currency, %	-4	-4
Organic, %	+16	+10
Total, %	+14	+8
2018	3 337	2 894

Equipment

The demand for equipment was strong and order volumes increased considerably compared to the previous year and sequentially. The order development was supported by strong demand for portable compressors and generators from rental customers and other customer segments. The positive sequential development is partly due to normal seasonal effects.

Geographically, and compared to the previous year, orders received increased in all major regions.

Specialty rental

The demand for the specialty rental business remained at a good level and order intake increased compared to the previous year. Sequentially, the order development was more or less flat.

Compared to the previous year, orders received increased in most regions, with the highest growth in South America and Africa/Middle East.

Service

The order intake for the service business was flat compared to previous year but increased sequentially.

Geographically, and compared to the previous year, the order intake was higher in the Americas and Europe, but lower in Asia and Africa/Middle East.

Innovation

A new TwinPower generator was launched in the quarter. In a container format, two compact generators form a fast-paralleling system and offer increased flexibility and less fuel consumption versus comparable products.

Acquisition and Divestments

In January, Atlas Copco acquired Location Thermique Service SAS, a French steam boiler specialty rental business. The company had 13 employees and revenues of about MEUR 7.3 (MSEK 70) in 2016.

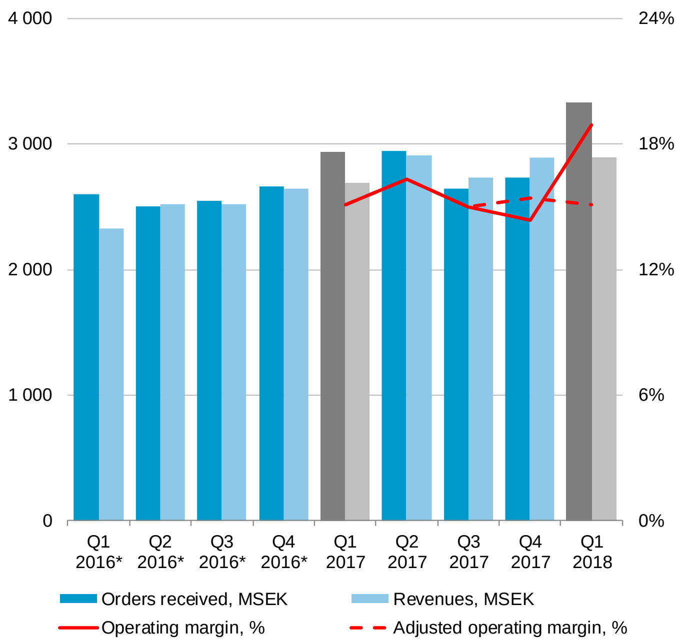
In February, Atlas Copco completed the divestment of the concrete and compaction business to Husqvarna Group. The business had revenues of about MEUR 57 (MSEK 570) in 2016, and about 200 employees.

Revenues and profitability

Revenues increased 8% to MSEK 2 894 (2 685), corresponding to an organic increase of 10%.

Operating profit was MSEK 547 (404), affected by a capital gain of MSEK 109 related to the divestment of the concrete and compaction business. Adjusted operating margin was 15.1% (15.0). The margin was supported by the higher invoicing volume but diluted by currency. Return on capital employed (last 12 months) was 21%.

Orders, revenues and operating profit margin



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

Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS). The description of the accounting principles and definitions are found in the annual report 2017. The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Non-IFRS measures are also presented in the report since they are considered to be important supplemental measures of the company´s performance. For further information on how these measures have been calculated, please visit: http://www.atlascopcogroup.com/investor-relations

New and amended accounting standards

IASB has issued new standards effective from January 1, 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard is applied by Atlas Copco from January 1, 2018. Comparative information has not been restated. Among other things, IFRS 9 introduces a new model for impairment of financial assets. The model's purpose is to recognize credit losses earlier than IAS 39. Additionally, the classification of some financial instruments has changed. Additional information can be found in the annual report 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers has replaced previous revenue recognition standards. The standard is applied by Atlas Copco from January 1, 2018 with full retrospective application. The effects on relevant lines are detailed in the table below. The main effect comes from certain customized projects being recognized at completion instead of over time.

Balance sheet, MSEK	Dec. 31, 2017
Deferred tax assets	21
Inventories	395
Trade and other receivables	-123
Equity	-122
Deferred tax liabilities	-17
Trade payables and other Liabilities	432

Income statement, MSEK	2017
Revenue	57
Cost of sales	-88
Income tax expense	12

Risks and factors of uncertainty

Market risks

The demand for Atlas Copco's equipment and services is affected by changes in the customers' investment and production levels. A widespread financial crisis and economic downturn affects the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which limits the risk.

Financial risks

Atlas Copco is subject to currency risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

Production risks

Many components are sourced from sub-suppliers. The availability is dependent on the sub-suppliers and if they have interruptions or lack capacity, this may adversely affect production. To minimize these risks, Atlas Copco has established a global network of sub-suppliers, which means that in most cases there are more than one sub-supplier that can supply a certain component.

Atlas Copco is also directly and indirectly exposed to raw material prices. Cost increases for raw materials and components often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions

Atlas Copco has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialize than anticipated.

For further information, see the annual report 2017.

Forward-looking statements

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Atlas Copco AB

Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco. Any mentioning of the Board of Directors, the Board or the Directors refers to the Board of Directors of Atlas Copco AB.

Consolidated income statement

MSEK	3 months ended Mar. 31 2018	Mar. 31 2017
Continuing operations		
Revenues	21 906	20 578
Cost of sales	-12 304	-11 647
Gross profit	**9 602**	**8 931**
Marketing expenses	-2 585	-2 461
Administrative expenses	-1 432	-1 430
Research and development costs	-749	-662
Other operating income and expenses	-3	-88
Operating profit	**4 833**	**4 290**
- as a percentage of revenues	*22.1*	*20.8*
Net financial items	-320	-232
Profit before tax	**4 513**	**4 058**
- as a percentage of revenues	*20.6*	*19.7*
Income tax expense	-1 173	-1 162
Profit for the period from continuing operations	**3 340**	**2 896**
Discontinued operations		
Profit for the period from discontinued operations	1 081	1 102
Profit for the period	**4 421**	**3 998**
Profit attributable to		
- owners of the parent	4 415	3 992
- non-controlling interests	6	6
Basic earnings per share, SEK	**3.64**	**3.29**
- of which continuing operations	**2.75**	**2.38**
Diluted earnings per share, SEK	3.63	3.27
- of which continuing operations	2.74	2.37
Basic weighted average number of shares outstanding, millions	1 213.4	1 214.3
Diluted weighted average number of shares outstanding, millions	1 215.5	1 215.5

Key ratios		
Equity per share, period end, SEK	56	46
Return on capital employed, 12 month values, %	29	N/A
Return on equity, 12 month values, % [1)]	29	26
Debt/equity ratio, period end, %	4	22
Equity/assets ratio, period end, % [1)]	50	46
Number of employees, period end	35 483	33 048

[1)] Including discontinued operations.

Consolidated statement of comprehensive income, including discontinued operations

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2018	2017
Profit for the period	**4 421**	**3 998**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	170	-170
Income tax relating to items that will not be reclassified	-35	54
	135	**-116**
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	3 191	34
- realized and reclassified to income statement	-12	-
Hedge of net investments in foreign operations	-807	32
Cash flow hedges	70	30
Income tax relating to items that may be reclassified	488	-26
	2 930	**70**
Other comprehensive income for the period, net of tax	**3 065**	**-46**
Total comprehensive income for the period	**7 486**	**3 952**
Total comprehensive income attributable to		
- owners of the parent	7 479	3 943
- non-controlling interests	7	9

Consolidated 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
Financial assets and other receivables	1 041	2 329	2 098
Deferred tax assets	1 917	1 496	1 537
Total non-current assets	**41 534**	**53 882**	**51 243**
Inventories	12 054	18 027	18 810
Trade and other receivables	23 503	29 991	29 994
Other 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 current assets	**93 094**	**67 654**	**74 788**
TOTAL ASSETS	**134 628**	**121 536**	**126 031**
Equity attributable to owners of the parent	67 500	56 389	60 517
Non-controlling interests	91	87	84
TOTAL EQUITY	**67 591**	**56 476**	**60 601**
Borrowings	16 652	23 097	23 635
Post-employment benefits	2 934	4 111	3 034
Other liabilities and provisions	1 380	1 651	1 720
Deferred tax liabilities	624	435	438
Total non-current liabilities	**21 590**	**29 294**	**28 827**
Borrowings	6 314	1 961	1 513
Trade payables and other liabilities	27 419	30 745	33 008
Provisions	1 772	2 085	2 026
Liabilities directly associated with assets classified as held for sale	9 942	975	56
Total current liabilities	**45 447**	**35 766**	**36 603**
TOTAL EQUITY AND LIABILITIES	**134 628**	**121 536**	**126 031**

*Including assets and liabilities related to discontinued operations.

Fair value of derivatives, cash equivalents and borrowings

The carrying value and fair value of the Group's outstanding derivatives, liquidity funds and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives, liquidity funds and other loans are based on level 2 in the fair value hierarchy. Compared to 2017, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions. Liquidity funds, reported under cash equivalents, are according to IFRS 9 classified at fair value through profit and loss.

Financial instruments recorded to fair value

MSEK	Mar. 31, 2018	Dec. 31, 2017*
Non-current assets and liabilities		
Assets	-	-
Liabilities	-	90
Current assets and liabilities		
Assets	780	466
Liabilities	156	179

*Including assets and liabilities related to discontinued operations.

Carrying value and fair value of borrowings

MSEK	Mar. 31, 2018	Mar. 31, 2018	Dec. 31, 2017*	Dec. 31, 2017*
	Carrying value	Fair value	Carrying value	Fair value
Bonds	16 607	17 231	15 907	16 568
Other loans	6 359	6 466	9 241	9 370
	22 966	23 697	25 148	25 938

*Including assets and liabilities related to discontinued operations.

Consolidated statement of changes in equity

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2018	**60 517**	**84**	**60 601**
Change in accounting principles	-37	-	-37
Changes in equity for the period			
Total comprehensive income for the period	7 479	7	7 486
Acquisition and divestment of own shares	-479	-	-479
Share-based payments, equity settled	20	-	20
Closing balance, March 31, 2018	**67 500**	**91**	**67 591**

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2017	**53 105**	**72**	**53 177**
Change in accounting principles	-102	-	-102
Changes in equity for the period			
Total comprehensive income for the period	3 943	9	3 952
Dividends*	1	-	1
Change of non-controlling interests	-	6	6
Acquisition and divestment of own shares	-520	-	-520
Share-based payments, equity settled	-38	-	-38
Closing balance, March 31, 2017	**56 389**	**87**	**56 476**

*Net of dividend repaid of 1

Consolidated statement of cash flows, including discontinued operations

	January - March	
MSEK	2018	2017
Cash flows from operating activities		
Operating profit, continuing operations	4 833	4 290
Operating profit, discontinued operations	1 515	1 431
Depreciation, amortization and impairment (see below)	1 094	1 158
Capital gain/loss and other non-cash items	25	112
Operating cash surplus	7 467	6 991
Net financial items received/paid	393	-823
Taxes paid	-1 344	-1 820
Pension funding and payment of pension to employees	-102	-109
Change in working capital	-1 708	-355
Investments in rental equipment	-408	-234
Sale of rental equipment	81	89
Net cash from operating activities	**4 379**	**3 739**
Cash flows from investing activities		
Investments in property, plant and equipment	-461	-363
Sale of property, plant and equipment	19	15
Investments in intangible assets	-244	-251
Sale of intangible assets	-	2
Acquisition of subsidiaries and associated companies	-965	-61
Divestment of subsidiaries	296	-
Other investments, net	-134	8
Net cash from investing activities	**-1 489**	**-650**
Cash flows from financing activities		
Dividends paid	-	1
Acquisition of non-controlling interest	-	6
Repurchase and sales of own shares	-479	-520
Change in interest-bearing liabilities	-2 381	1 193
Net cash from financing activities	**-2 860**	**680**
Net cash flow for the period	**30**	**3 769**
Cash and cash equivalents, beginning of the period	24 496	11 492 *
Exchange differences in cash and cash equivalents	978	12
Cash and cash equivalents discontinued operations	-2 255	-82
Cash and cash equivalents, end of the period	**23 249**	**15 191**

*Includes cash and cash equivalents of 34 related to the Road Construction Equipment division

Depreciation, amortization and impairment		
Rental equipment	*244*	*262*
Other property, plant and equipment	*411*	*451*
Intangible assets	*439*	*445*
Total	*1 094*	*1 158*

Calculation of operating cash flow

	January - March	
MSEK	2018	2017
Net cash flow for the period	**30**	**3 769**
Add back:		
Change in interest-bearing liabilities	2 381	-1 193
Repurchase and sales of own shares	479	520
Dividends paid	-	-1
Acquisition of non-controlling interest	-	-6
Acquisitions and divestments	669	61
Currency hedges of loans	-835	360
Operating cash flow	**2 724**	**3 510**

Epiroc Group

MSEK	January - March 2018	2017	
Orders received	10 036	8 520	18%
Revenues	8 233	7 411	11%
Operating profit	1 515	1 414	7%
– as a percentage of revenues	*18.4*	*19.1*	
Return on capital employed, %	29	N/A	

- **Organic order growth of 21% with positive development in all regions**
- **Strong demand for equipment, supported by mining customers' expansion investments**
- **Operating profit includes one-time cost for the split from Atlas Copco**

Sales bridge

MSEK	January - March Orders received	Revenues
2017	8 520	7 411
Structural change, %	+2	+2
Currency, %	-5	-5
Organic, %	+21	+14
Total, %	+18	+11
2018	10 036	8 233

Geographic distribution of orders received

January - March 2018	Epiroc Group Orders Received %,	Change %,*
North America	21	+18
South America	15	+35
Europe	25	+13
Africa/Middle East	15	+45
Asia/Australia	24	+20
Epiroc Group	100	+23

*Change in orders received compared to the previous year in local currency %.

Equipment & Service

The demand for equipment and service continued to increase. Organic order intake increased by 22%. The strong order growth was primarily related to expansion investments in or adjacent to existing mines with a particularly positive development for rock drilling equipment for surface applications.

Geographically, strong order growth was achieved in all regions. Africa/Middle East and South America had the highest growth rates.

Tools & Attachments

Orders received for Tools & Attachments grew by 13% organically. Both mining and construction markets performed well, with strong growth for rock drilling tools as well as for attachments.

All major regions contributed to the growth compared to the previous year, with North America showing the strongest growth rate.

Innovation

A new line of diamond coring tools has been introduced. The new bits cover a wider range of applications which means that fewer bit types than before is needed and makes it easier to select the optimal bit for a certain job. This improves productivity and reduces the risk for failing to meet deadlines for the drilling contractor.

Acquisition

Hy-Performance Fluid Power Pty Ltd in Australia was acquired. The company provides remanufacturing, service and repair of hydraulic components for drill rigs. It had 26 employees and annual revenues of MSEK 50 in the fiscal year ending June 30, 2017.

Revenues and profitability

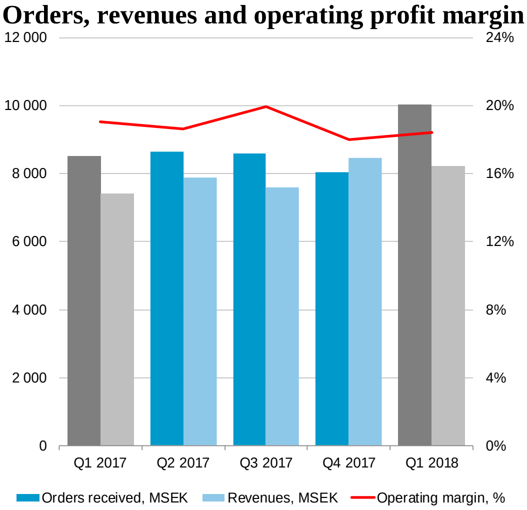
Revenues increased to MSEK 8 233 (7 411), corresponding to an organic increase of 14%.

The reported operating profit increased to MSEK 1 515 (1 414). The reported operating profit includes MSEK 95 one-time costs related to the split and the listing process. Previous year includes a change in provision for share-based long-term incentive programs of MSEK -45. The costs for Epiroc Group's corporate functions was approximately MSEK 45 in the quarter.

The reported operating margin was 18.4% (19.1), negatively affected by currency and one-time costs. The one-time costs related to the split and the listing process corresponded to 1.2% of revenues.

Return on capital employed (last 12 months) was 29%.

Orders, revenues and operating profit margin



Discontinued operations (Epiroc and other divested businesses*)

In January 2017, Atlas Copco initiated work to split the Group into two listed companies. Epiroc AB is the name of the business with focus on customers in mining, infrastructure and natural resources that will be dividend out to the shareholders of Atlas Copco. Epiroc is reported as discontinued operations and assets held for sale in the Atlas Copco Group's financial statements since January 2018.

The Road Construction Equipment division within the Power Technique business area was divested on October 5, 2017 and reported as discontinued operations and assets held for sale since Q4 2016.

Assets and Liabilities held for sale

MSEK	Total Mar. 31 2018
Total non-current assets	12 817
Total current assets	21 385
Total Assets	**34 202**
Total non-current liabilities	507
Total current liabilities	9 435
Total Liabilities	**9 942**

Income Statement

	Epiroc Group		Other and eliminations		Total	
	3 months ended		3 months ended		3 months ended	
	Mar. 31	Mar. 31	Mar. 31	Mar. 31	Mar. 31	Mar. 31
MSEK	2018	2017	2018	2017	2018	2017
Discontinued operations						
Revenues	8 233	7 411	-210	629	8 023	8 040
Cost of sales	-5 226	-4 674	210	-479	-5 016	-5 153
Gross profit	**3 007**	**2 737**	**-**	**150**	**3 007**	**2 887**
Marketing expenses	-600	-561	-	-77	-600	-638
Administrative expenses	-564	-533	-	-34	-564	-567
Research and development costs	-222	-190	-	-19	-222	-209
Other operating income and expenses	-106	-39	-	-3	-106	-42
Operating profit	**1 515**	**1 414**	**-**	**17**	**1 515**	**1 431**
- as a percentage of revenues	*18.4*	*19.1*	-	*2.7*	18.9	*17.8*
Net financial items	-57	-23	-	43	-57	20
Profit before tax	**1 458**	**1 391**	**-**	**60**	**1 458**	**1 451**
- as a percentage of revenues	*17.7*	*18.8*	-	*9.5*	18.2	*18.0*
Income tax expense	*-377*	*-342*	-	*-7*	-377	-349
Profit for the period from discontinued operations	**1 081**	**1 049**	**-**	**53**	**1 081**	**1 102**

Cash flows from discontinued operations

	Total	
	January - March	
MSEK	2018	2017
Cash flows from		
Operating activities	662	1 290
Investing activities	-876	-341
Financing activities	39	109
Net cash flow for the period	**-175**	**1 058**

* The Road Construction Equipment division within the Power Technique business area was divested on October 5, 2017.

Revenues by business area

	2016[1)]				2017				2018
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	8 156	8 976	9 421	9 803	9 268	9 667	9 552	10 437	9 735
- of which external	*8 075*	*8 894*	*9 359*	*9 723*	*9 190*	*9 577*	*9 458*	*10 302*	*9 578*
- of which internal	*81*	*82*	*62*	*80*	*78*	*90*	*94*	*135*	*157*
Vacuum Technique	2 536	2 953	3 511	4 635	4 753	4 767	4 754	5 229	5 255
- of which external	*2 536*	*2 953*	*3 511*	*4 635*	*4 753*	*4 767*	*4 754*	*5 229*	*5 255*
- of which internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Industrial Technique	3 417	3 622	3 841	4 137	3 965	4 153	4 098	4 215	4 178
- of which external	*3 406*	*3 611*	*3 830*	*4 125*	*3 951*	*4 139*	*4 086*	*4 201*	*4 163*
- of which internal	*11*	*11*	*11*	*12*	*14*	*14*	*12*	*14*	*15*
Power Technique	2 331	2 519	2 519	2 647	2 685	2 908	2 732	2 892	2 894
- of which external	*2 242*	*2 435*	*2 449*	*2 575*	*2 571*	*2 803*	*2 651*	*2 782*	*2 756*
- of which internal	*89*	*84*	*70*	*72*	*114*	*105*	*81*	*110*	*138*
Common Group functions/ Eliminations	-135	-122	-100	-133	-93	-98	-103	-128	-156
Atlas Copco Group	**16 305**	**17 948**	**19 192**	**21 089**	**20 578**	**21 397**	**21 033**	**22 645**	**21 906**

[1)]2016 quarterly figures shows best estimated numbers, as effects of the Split and restatements for IFRS 15, are not fully reconciled.

Operating profit by business area

	2017				2018
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 130	2 237	2 225	2 370	2 249
- as a percentage of revenues	*23.0*	*23.1*	*23.3*	*22.7*	*23.1*
Vacuum Technique	1 176	1 193	1 205	1 350	1 292
- as a percentage of revenues	*24.7*	*25.0*	*25.3*	*25.8*	*24.6*
Industrial Technique	893	966	1 359	976	974
- as a percentage of revenues	*22.5*	*23.3*	*33.2*	*23.2*	*23.3*
Power Technique	404	475	410	416	547
- as a percentage of revenues	*15.0*	*16.3*	*15.0*	*14.4*	*18.9*
Common Group functions/ Eliminations	-313	-274	-197	-253	-229
Operating profit	**4 290**	**4 597**	**5 002**	**4 859**	**4 833**
- as a percentage of revenues	*20.8*	*21.5*	*23.8*	*21.5*	*22.1*
Net financial items	-232	-395	-222	-308	-320
Profit before tax	**4 058**	**4 202**	**4 780**	**4 551**	**4 513**
- as a percentage of revenues	*19.7*	*19.6*	*22.7*	*20.1*	*20.6*

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area*	Revenues MSEK**	Number of employees**
2018 Mar. 1	Walker Filtration Ltd.		Compressor Technique	330	220
2018 Feb. 2		Concrete and compaction business	Power Technique	570	200
2018 Jan. 17	Location Thermique Service SAS		Power Technique	70	13
2017 Oct. 5		Road Construction Equipment division	Power Technique	2 900	1 280
2017 Sep. 7	C.H. Spencer & Company Co. *Distributor USA*		Compressor Technique		40
2017 Aug. 8	Glauber Equipment Corporation (certain assets) *Distributor USA*		Compressor Technique		16
2017 May 3	Itubombas Locação Comércio Importação e Exportação		Construction Technique	50	40
2017 May 3	Pressure Compressores		Compressor Technique	145	150
2017 Mar. 2	Orcan Basincli *Distributor Turkey*		Compressor Technique		17
2017 Feb. 2	Erkat Spezialmaschinen und Service		Construction Technique	110	38
2017 Jan. 3	hb Kompressoren Druckluft- und Industrietechnik *Distributor Germany*		Compressor Technique		10

*Effective July 17, 2017, Construction Technique has changed name to Power Technique.

**Annual revenues and number of employees at time of acquisition/divestment. No revenues are disclosed for former Atlas Copco distributors. Due to the relatively small size of the acquisitions and divestments made in 2018, full disclosure as per IFRS 3 is not given in this interim report. Disclosure will be given in the annual report 2018. See the annual report for 2017 for disclosure of acquisitions made in 2017.

Parent company

Income statement

	January - March	
MSEK	2018	2017
Administrative expenses	-128	-191
Other operating income and expenses	9	37
Operating profit/loss	**-119**	**-154**
Financial income and expenses	36 009	-209
Appropriations	-	-
Profit/loss before tax	**35 890**	**-363**
Income tax	210	85
Profit/loss for the period	**36 100**	**-278**

Balance sheet

	Mar. 31	Mar. 31	Dec. 31
MSEK	2018	2017	2017
Total non-current assets	178 704	111 047	150 823
Total current assets	32 508	11 411	27 167
TOTAL ASSETS	**211 212**	**122 458**	**177 990**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	110 877	34 750	75 177
TOTAL EQUITY	**116 662**	**40 535**	**80 962**
Total provisions	681	476	702
Total non-current liabilities	49 074	53 152	55 540
Total current liabilities	44 795	28 295	40 786
TOTAL EQUITY AND LIABILITIES	**211 212**	**122 458**	**177 990**
Assets pledged	146	178	199
Contingent liabilities	8 561	8 138	8 355

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. See also accounting principles, page 8.

Parent company

Distribution of shares

Share capital equaled MSEK 786 (786) at the end of the period, distributed as follows:

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which A shares held by Atlas Copco	*17 006 706*
- of which B shares held by Atlas Copco	*246 159*
Total shares outstanding, net of shares held by Atlas Copco	1 212 360 239

Performance-based personnel option plan

The Annual General Meeting 2018 approved a performance-based long-term incentive program. For Group Executive Management, the plan requires management's own investment in Atlas Copco shares. The intention is to cover Atlas Copco's obligation under the plan through the repurchase of the company's own shares. For further information, see www.atlascopcogroup.com/agm.

Transactions in own shares

Atlas Copco has mandates to acquire and sell own shares as per below:

- Acquisition of not more than 3 300 000 series A shares, whereof a maximum of 2 300 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2018.
- Acquisition of not more than 70 000 series A shares to hedge the obligation of the company to pay remuneration to Board members who have chosen to receive 50% of the remuneration in synthetic shares.
- The sale of not more than 30 000 series A shares to cover costs related to previously issued synthetic shares to Board members.
- The sale of a maximum 6 200 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2013, 2014 and 2015.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During the first quarter 2018, 1 365 110 series A shares, net, were acquired. These transactions are in accordance with mandates granted. The company's holding of own shares at the end of the period appears in the table above.

Dividend, mandatory share redemption and spin-off

The Annual General Meeting held on April 24, 2018 approved the Board of Directors proposal for the following:

1. An ordinary dividend of SEK 7.00 (6.80) per share to be paid for the 2017 fiscal year. Excluding shares held by the company, this corresponds to a total value of MSEK 8 487 (8 258) as of March 31, 2018. The record date for the dividend is April 26, 2018. Due to the proposed split of the company, the dividend for 2017 will be paid in one installment. The intention is to return to two installments in the coming years.
2. A mandatory share redemption procedure, whereby each share is split into one ordinary share and one redemption share. The redemption share is then automatically redeemed at SEK 8.00 per share. This corresponds to a total of MSEK 9 699 as of March 31, 2018. The record day for the share redemption split is May 11, 2018. The payment of the redemption shares will be made around June 11, 2018.
3. A dividend of the shares in Epiroc AB so that the shareholders in Atlas Copco AB will receive for each A-share held in Atlas Copco AB an Epiroc AB A-share and for each B-share an Epiroc AB B-share. The record date for this dividend, and listing of Epiroc AB on Nasdaq Stockholm is planned for June 2018, subject also to the approval of the Nasdaq listing committee.

Risks and factors of uncertainty

Financial risks

Atlas Copco is subject to currency risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

For further information, see the 2017 annual report.

Related parties

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the annual report 2017.

This is Atlas Copco

Atlas Copco is a world-leading provider of sustainable productivity solutions. The Group serves customers through its innovative compressors, vacuum solutions, generators, pumps, power tools and assembly systems. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics. The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2017, Atlas Copco had revenues of BSEK 86 (BEUR 9) and about 34 000 employees.

Business areas

Atlas Copco has four business areas. The business areas are responsible for developing their respective operations by implementing and following up on strategies and objectives to achieve sustainable, profitable growth.

The **Compressor Technique** business area provides compressed air solutions; industrial compressors, gas and process compressors and expanders, air and gas treatment equipment and air management systems. The business area has a global service network and innovates for sustainable productivity in the manufacturing, oil and gas, and process industries. Principal product development and manufacturing units are located in Belgium, the United States, China, India, Germany and Italy.

The **Vacuum Technique** business area provides vacuum products, exhaust management systems, valves and related products. The main markets served are semiconductor and scientific as well as a wide range of industrial segments including chemical process industries, food packaging and paper handling. The business area has a global service network and innovates for sustainable productivity in order to further improve its customers' performance. Principal product development and manufacturing units are located in the United Kingdom, Czech Republic, Germany, South Korea, China and Japan.

The **Industrial Technique** business area provides industrial power tools and systems, industrial assembly solutions, quality assurance products, software and service through a global network. The business area innovates for sustainable productivity for customers in the automotive and general industries, maintenance and vehicle service. Principal product development and manufacturing units are located in Sweden, Germany, the United States, United Kingdom, France and Japan.

The **Power Technique** business area provides air, power and flow solutions through products such as mobile compressors, pumps, light towers and generators, along with a number of complementary products. It also offers specialty rental and provides services through a dedicated, global network. Power Technique innovates for sustainable productivity across multiple industries, including construction, manufacturing, oil and gas and exploration drilling. The business area is headquartered in Belgium. Principal product development and manufacturing units are located in Europe, Asia, South America and North America.

Vision, mission and strategy

The Atlas Copco Group's vision is to become and remain First in Mind—First in Choice® of its customers and other principal stakeholders. The mission is to achieve sustainable, profitable growth. Sustainability plays an important role in Atlas Copco's vision and it is an integral aspect of the Group's mission. An integrated sustainability strategy, backed by ambitious goals, helps the company deliver greater value to all its stakeholders in a way that is economically, environmentally and socially responsible.

For further information

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Conference call

A presentation for investors, analysts and media will be held on April 25, at 11.00 AM CEST.
The dial-in numbers are:

- Sweden: +46 8 506 395 49
- United Kingdom: +44 20 300 898 09
- United States: +1 855 831 5945

The conference call will be broadcasted. Please see our website for link and presentation material:
http://www.atlascopcogroup.com/investor-relations

The webcast and a recorded audio presentation will be available on our homepage following the call.

Second-quarter report 2018

The Q2 2018 report will be published on July 20, 2018.
(Silent period starts June 21, 2018)

Third-quarter report 2018

The Q3 2018 report will be published on October 19, 2018.
(Silent period starts September 20, 2018)

Fourth-quarter report 2018

The Q4 2018 report will be published on January 28, 2019.
(Silent period starts December 31, 2018)

This information is information that Atlas Copco AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.30 CEST on April 25, 2018.