COMMITTED TO SUSTAINABLE PRODUCTIVITY

We stand by our responsibilities towards our customers, towards the environment and the people around us. We make performance stand the test of time. This is what we call – Sustainable Productivity.
AGENDA

1. Business overview
2. Global trends
3. The strategic pillars for profitable growth
4. Summary

FACTS IN BRIEF

Established 1873 in Stockholm, Sweden

Four focused business areas
- Compressor Technique
- Industrial Technique
- Mining and Rock Excavation Technique
- Construction Technique

Global presence Customers in more than 180 countries

Employees1) 44,242 in more than 90 countries

Revenues2) BSEK 90

Market Cap.1) BSEK 247

Trading information

<table>
<thead>
<tr>
<th></th>
<th>A share</th>
<th>B share</th>
</tr>
</thead>
<tbody>
<tr>
<td>NASDAQ OMX</td>
<td>ATCO A</td>
<td>ATCO B</td>
</tr>
<tr>
<td>ISIN code</td>
<td>SE0000101032</td>
<td>SE0000122467</td>
</tr>
</tbody>
</table>

1) End of September 2014
2) 12 months until September 2014

Group Presentation
Atlas Copco Capital Markets Day 2014
BUSINESS OVERVIEW

ATLAS COPCO

- A world leading provider of sustainable productivity solutions
- Agile and resilient operations
- Strong global service business
- Strong value creation track record
- Consistent strategy
# CONSISTENT STRATEGY

**Group Presentation**
**Atlas Copco Capital Markets Day 2014**

## GOALS FOR SUSTAINABLE, PROFITABLE DEVELOPMENT

<table>
<thead>
<tr>
<th>Products, services and solutions</th>
<th>First in Mind—First in Choice® for customers and prospects for all brands.</th>
<th>Increase customer loyalty.</th>
<th>Increase customer energy efficiency by 20% by 2020*.</th>
<th>Offer safe and reliable products and services.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>First in Mind—First in Choice® employer for today’s and future employees.</td>
<td>Competence development to achieve good results and yearly coaching/ appraisals to all employees.</td>
<td>Increase diversity in both gender and nationality. Encourage internal mobility.</td>
<td>Safe and healthy working environment for all employees. Zero work-related accidents. Sick leave below 2.5%.</td>
</tr>
<tr>
<td></td>
<td>No corruption or bribes.</td>
<td>Work with business partners committed to high ethical, environmental and social standards.</td>
<td>Develop new products and services with a lifecycle perspective.</td>
<td>Construct Atlas Copco buildings according to sustainable building standards**.</td>
</tr>
<tr>
<td></td>
<td>Decrease CO₂ emissions from operations by 20% in relation to cost of sales by 2020*.</td>
<td>Decrease CO₂ emissions from transport of goods by 20% in relation to cost of sales by 2020*.</td>
<td>Keep water consumption at current level.</td>
<td>Reuse or recycle waste.</td>
</tr>
<tr>
<td>Financials</td>
<td>Annual revenue growth of 8% over a business cycle.</td>
<td>Sustained high return on capital employed.</td>
<td>All acquired businesses to contribute to economic value added.</td>
<td>Annual dividend distribution about 50% of earnings per share.</td>
</tr>
</tbody>
</table>

* Base year 2010.
** Leadership in Energy and Environmental Design (LEED) or comparable green building criteria.
PERFORMANCE SUMMARY 2013

ENVIRONMENTAL

<table>
<thead>
<tr>
<th>Units</th>
<th>O:al</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions (Scope 1+2)</td>
<td>tCO₂/tonne</td>
<td>309</td>
<td>332</td>
<td>-23</td>
</tr>
<tr>
<td>Transportation efficiency (Scope 1+2)</td>
<td>%</td>
<td>109</td>
<td>115</td>
<td>-6</td>
</tr>
<tr>
<td>Water consumption</td>
<td>m³/h</td>
<td>289</td>
<td>227</td>
<td>+27</td>
</tr>
<tr>
<td>Proportion of recycled material</td>
<td>%</td>
<td>190</td>
<td>93</td>
<td>+97</td>
</tr>
<tr>
<td>ISO 14001 environmental management systems</td>
<td>% of cost of sales</td>
<td>190</td>
<td>91</td>
<td>+2</td>
</tr>
</tbody>
</table>

EMPLOYEES, HEALTH AND SAFETY

<table>
<thead>
<tr>
<th>Units</th>
<th>O:al</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of employees</td>
<td>number</td>
<td>40,159</td>
<td>38,113</td>
<td>+1,045</td>
</tr>
<tr>
<td>Competence development</td>
<td>turnover</td>
<td>45</td>
<td>43</td>
<td>-2</td>
</tr>
<tr>
<td>Yearly accidents</td>
<td>%</td>
<td>190</td>
<td>82</td>
<td>+1</td>
</tr>
<tr>
<td>Internal mobility</td>
<td>%</td>
<td>277</td>
<td>92</td>
<td>-185</td>
</tr>
<tr>
<td>Proportion of women employees</td>
<td>%</td>
<td>188</td>
<td>169</td>
<td>+19</td>
</tr>
<tr>
<td>Diversity in nationality among senior managers</td>
<td>number</td>
<td>50</td>
<td>49</td>
<td>+1</td>
</tr>
<tr>
<td>Sick leave</td>
<td>%</td>
<td>&lt;2.5</td>
<td>2.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>Fatalities</td>
<td>number</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>OHSAS 18001 health and safety systems</td>
<td>% of cost of sales</td>
<td>190</td>
<td>89</td>
<td>+11</td>
</tr>
</tbody>
</table>

GOVERNANCE

<table>
<thead>
<tr>
<th>Units</th>
<th>O:al</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports to the hotline</td>
<td>number</td>
<td>47</td>
<td>39</td>
<td>+8</td>
</tr>
<tr>
<td>Significant customers committed to Business Code of Practice</td>
<td>%</td>
<td>190</td>
<td>72</td>
<td>118</td>
</tr>
</tbody>
</table>

FOUR BUSINESS AREAS AND 23* DIVISIONS

**Board of Directors**

**President and CEO**

Group Management and corporate functions

Compressor Technique

- Compressor Technique Service
- Industrial Air
- Oil-free Air
- Vacuum Solutions
- Gas and Process
- Medical Gas Solutions
- Airtec

Industrial Technique

- Industrial Technique Service
- MVI Tools and Assembly Systems
- General Industry Tools and Assembly Systems
- Chicago Pneumatic Tools
- Industrial Assembly Solutions

Mining and Rock Excavation Technique

- Mining and Rock Excavation Service
- Underground Rock Excavation
- Surface and Exploration Drilling
- Drilling Solutions
- Rock Drilling Tools
- Rocktec

Construction Technique

- Construction Technique Service
- Specialty Rental
- Portable Energy
- Road Construction Equipment
- Construction Tools

Common service providers

*Industrial Assembly Solutions – new from January 1, 2015
**HOW WE DO BUSINESS**

Product driven, customer focused

- **Leverage the competence of our partners**
- **~75% of product cost is purchased material**

**Atlas Copco**
- Sales and service
- Manufacturing
- Design and development
- **Own the relationship with the customer**
- **~ 80% direct sales**

**Supplier**

**Customer**

---

**AGILE AND RESILIENT OPERATIONS**

- **Deteriorating business climate**
  - Reduce variable costs
  - Working capital reduction

- **Improving business climate**
  - Add variable costs
  - Working capital increase
  - Small incremental investments

**Agile operational set-up**

**Variable cost structure and asset light operations**

**Resilience**

- Stable service business
- Continuous investments in innovation
- Competent and committed employees
THERE IS ALWAYS A BETTER WAY

INNOVATION

CONTINUOUS IMPROVEMENT

PERFORMANCE
LEADERSHIP IN SUSTAINABLE PRODUCTIVITY

Q3 IN BRIEF

- Improved industrial demand
  - Order growth for industrial tools and small industrial compressors
  - Strong quarter for vacuum solutions
- Unchanged demand for mining equipment
- The service business continued to develop well
- Strong North America, weak Asia
- Record revenues and strong operating cash flow
- Acquisition of Henrob
  - A market leader in self-pierce riveting

Orders received, MSEK
Revenues, MSEK
Operating margin, %
Adjusted operating margin, %
ORDERS RECEIVED – LOCAL CURRENCY

September 2014

A = Share of orders received, year-to-date, %
B = Year-to-date vs. previous year, %
C = Last 3 months vs. previous year, %

FINANCIAL PERFORMANCE

Revenues, MSEK
Operating margin, %
Adjusted operating margin, %
CAGR 10 years, %

CAGR 2004–2013 ~11%

Continuing operations, excl. divested operations in rental service and professional electric tools. 12 month figures.
CAGR calculated 15 years until 2013.
**RESILIENCE**

In periods of volume declines

- Larger share of service
- Lean footprint – asset light
- Decentralized Group

![Graph showing operating margin fluctuations](image)

![Graph showing capital employed](image)

**CAPITAL EMPLOYED**

![Bar chart showing capital employed by year](image)
**WORKING CAPITAL DEVELOPMENT**

- Net working capital, average, MSEK
- Net working capital average / 12 months revenues

**AGILE AND RESILIENT**

Revenue growth vs. change working capital

- Revenue change (volume), MSEK
- Change in working capital, MSEK
**CAPITAL STRUCTURE**

Net Debt*/EBITDA

-1.5
-1.0
-0.5
0.0
0.5
1.0
1.5
2.0


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

---

**CASH GENERATION**

Cash conversion=operating cash flow / net profit from continuing operations

Cash conversion 2007 – Sept. 2014 86%
DIVIDENDS AND DISTRIBUTION

Annual dividend distribution about 50% of earnings per share

DIVIDEND + redemption per share

REPORT ON CAPITAL EMPLOYED

Return on Capital Employed, %

WACC, pre-tax, %

Reported, including discontinued operations
ECONOMIC VALUE ADDED - EVA

BUSINESS AREAS
**COMPRESSOR TECHNIQUE**

**In Brief**
- Leverage investments in presence and innovation
- Grow the vacuum solutions business
- Strengthen the service platform

**Orders, revenues and operating margin**

<table>
<thead>
<tr>
<th>Orders received, MSEK</th>
<th>Revenues, MSEK</th>
<th>Operating margin, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2 500</td>
<td>2 500</td>
<td>5%</td>
</tr>
<tr>
<td>5 000</td>
<td>5 000</td>
<td>10%</td>
</tr>
<tr>
<td>7 500</td>
<td>7 500</td>
<td>15%</td>
</tr>
<tr>
<td>10 000</td>
<td>10 000</td>
<td>20%</td>
</tr>
<tr>
<td>12 500</td>
<td>12 500</td>
<td>25%</td>
</tr>
</tbody>
</table>

**ROCE**

43%
**INDUSTRIAL TECHNIQUE**

In Brief

- Focus on further developing the offer within assembly technologies
- Innovation is key
- Extend the service offer

**Orders, revenues and operating margin**

- ROCE 40%

**Group Presentation**

Atlas Copco Capital Markets Day 2014
**MINING AND ROCK EXCAVATION TECHNIQUE**

### In Brief
- Innovation and automation is key
- High focus on service and consumables
- Strengthen the agility and resilience

### Orders, revenues and operating margin

<table>
<thead>
<tr>
<th>Orders received, MSEK</th>
<th>Revenues, MSEK</th>
<th>Operating margin, %</th>
<th>Adjusted operating margin, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 000</td>
<td>7 500</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>7 500</td>
<td>5 000</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>5 000</td>
<td>2 500</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>2 500</td>
<td>1 000</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>1 000</td>
<td>500</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>500</td>
<td>250</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>250</td>
<td>125</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>125</td>
<td>62.5</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>
CONSTRUCTION TECHNIQUE

In Brief

- Focus on growth
- Strengthen market position in our niches
- Innovation is key
- Develop a service network for an indirect channel

Orders, revenues and operating margin

ROCE 12%
GLOBAL TRENDS

CAPITALIZING ON GLOBAL TRENDS

- Continued expansion of growth markets
- Energy efficiency and productivity requirements from industry
- Investments in infrastructure and therefore minerals
### PRIMARY DRIVERS OF REVENUES

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Industrial machinery investment</td>
</tr>
<tr>
<td>Construction</td>
<td>Investments in infrastructure</td>
</tr>
<tr>
<td>Mining</td>
<td>Mining machinery investments</td>
</tr>
</tbody>
</table>

### SUSTAINABILITY TRENDS ARE BUSINESS DRIVERS

Energy efficiency, safety, legislation...

- **Innovative products**
- **Acquisitions**
- **Customer Demand**
- **Revenues and growth**
THE STRATEGIC PILLARS FOR PROFITABLE GROWTH

- Presence
- Innovation
- Service
- Operational excellence
- People
INCREASE PRESENCE IN FAST GROWING ECONOMIES
...AND STRENGTHEN IN MATURE MARKETS

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

REVENUE SPLIT SEPTEMBER 2014 VERSUS 1994

1994 figures are including the later divested professional electric tools business AEG.

Average exchange rates

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>Sept. 2014</th>
<th>∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>7.72</td>
<td>6.86</td>
<td>-14%</td>
</tr>
<tr>
<td>EUR</td>
<td>9.32</td>
<td>9.00</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Share of revenues September 1994

North America: 22%
South America: 9%
Europe: 51%
Asia/Australia: 28%
Africa/Middle East: 10%
North America: 19%
South America: 6%
Europe: 51%
Asia/Australia: 28%
Africa/Middle East: 10%
**ACQUISITION STRATEGY**

*Acquisitions are primarily done 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**

- 81 Acquisitions
- >BSEK 26 Revenues

Acquired revenues and employees at the time of the acquisition. Revenues from distributors are not included.
**WHY DRIVE FOR INNOVATION?**

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

---

**GROWTH IN EQUIPMENT AND SERVICE**

- Equipment revenues, MSEK
- Service revenues, MSEK
- Service, share of revenues, %

CAGR calculated 10 years until 2013

Continuing operations, excl. divested operations in rental service and professional electric tools. 12 month figures.
**FOCUS ON SERVICE**

2014 vs. 2011 – Service, consumables and rental

- **Compressor Technique**
  - +39% increase
  - + Service agreements
  - + Connectivity
  - + Focus on core

- **Industrial Technique**
  - +44% increase
  - + Service agreements
  - + Calibration
  - + Focus on core

- **Mining and Rock Excavation Tech**
  - +9% increase
  - + Productivity and efficiency
  - + Focus on core
  - – Exploration activity

- **Construction Technique**
  - +10% increase
  - + Specialty rental
  - + Focus on core
  - – Construction activity

---

**OPERATIONAL EXCELLENCE**

- Lean production
- Cost and capital efficiency
- Utilizing technology for efficiency
INCREASE CUSTOMER SERVICE

Work more efficiently through 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!

RESULTS-DRIVEN AND COMMITTED CULTURE
CULTURE, VALUES AND BUSINESS PRINCIPLES

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

SUMMARY

- A world leading provider of sustainable productivity solutions
- Agile and resilient operations
- Strong global service business
- Consistent strategy
- Strong value creation track record
- Fit for more
PEOPLE MAKE IT HAPPEN

WE MAKE IT HAPPEN

COMMITTED TO
SUSTAINABLE PRODUCTIVITY.
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.”