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

Employees\(^1\)
44,242 in more than 90 countries

Revenues\(^2\)
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>
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**
## GOALS FOR SUSTAINABLE, PROFITABLE DEVELOPMENT

<table>
<thead>
<tr>
<th>Products, services and solutions</th>
<th>Operations</th>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First in Mind—First in Choice® for customers and prospects for all brands.</strong></td>
<td><strong>Competence development to achieve good results and yearly coaching/appraisals to all employees.</strong></td>
<td><strong>Annual revenue growth of 8% over a business cycle.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Increase customer loyalty.</strong></td>
<td><strong>Sustained high return on capital employed.</strong></td>
</tr>
<tr>
<td></td>
<td><em><em>Increase customer energy efficiency by 20% by 2020</em>.</em>*</td>
<td><strong>All acquired businesses to contribute to economic value added.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Offer safe and reliable products and services.</strong></td>
<td><strong>Annual dividend distribution about 50% of earnings per share.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Increase diversity in both gender and nationality. Encourage internal mobility.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>No corruption or bribes. Work with business partners committed to high ethical, environmental and social standards.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em><em>Decrease CO₂ emissions from operations by 20% in relation to cost of sales by 2020</em>.</em>*</td>
<td><strong>Base year 2010.</strong></td>
</tr>
<tr>
<td></td>
<td><em><em>Decrease CO₂ emissions from transport of goods by 20% in relation to cost of sales by 2020</em>.</em>*</td>
<td><strong>Leadership in Energy and Environmental Design (LEED) or comparable green building criteria.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Develop new products and services with a lifecycle perspective.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Keep water consumption at current level.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Safe and healthy working environment for all employees. Zero work-related accidents. Sick leave below 2.5%.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Construct Atlas Copco buildings according to sustainable building standards</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Reuse or recycle waste.</strong></td>
<td></td>
</tr>
</tbody>
</table>
PERFORMANCE SUMMARY 2013

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>Units</th>
<th>Goal 2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions</td>
<td>TCO₂e</td>
<td>239</td>
<td>232</td>
<td>-23</td>
</tr>
<tr>
<td>– transports (Scope 1+2)</td>
<td>TCO₂e</td>
<td>169</td>
<td>168</td>
<td>+1</td>
</tr>
<tr>
<td>– from electricity (Scope 3)</td>
<td>TCO₂e</td>
<td>220</td>
<td>227</td>
<td>-7</td>
</tr>
<tr>
<td>Water consumption</td>
<td>m³/h</td>
<td>142</td>
<td>150</td>
<td>-8</td>
</tr>
<tr>
<td>Proportion of recycled or reused waste</td>
<td>%</td>
<td>190</td>
<td>93</td>
<td>97</td>
</tr>
<tr>
<td>Sustainable production</td>
<td>number</td>
<td>Increased</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>ISO 14001 environmental management systems</td>
<td>% of cost of sales</td>
<td>190</td>
<td>94</td>
<td>97</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEES, HEALTH AND SAFETY</th>
<th>Units</th>
<th>Goal 2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of employees</td>
<td>number</td>
<td>40159</td>
<td>38113</td>
<td>+1046</td>
</tr>
<tr>
<td>Competence development</td>
<td>%</td>
<td>43</td>
<td>43</td>
<td>-2</td>
</tr>
<tr>
<td>Yearly accidents</td>
<td>%</td>
<td>180</td>
<td>82</td>
<td>98</td>
</tr>
<tr>
<td>Internal mobility</td>
<td>%</td>
<td>77</td>
<td>82</td>
<td>-5</td>
</tr>
<tr>
<td>Proportion of women in top management</td>
<td>%</td>
<td>16.8</td>
<td>16.9</td>
<td>-0.1</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>2.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Accidents</td>
<td>number in 100 million hours</td>
<td>0</td>
<td>5.4</td>
<td>5.4</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>101</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
<th>Units</th>
<th>Goal 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>29</td>
<td>+18</td>
</tr>
<tr>
<td>Significant customers committed to Business Code of Practice</td>
<td>%</td>
<td>190</td>
<td>72</td>
<td>9</td>
</tr>
</tbody>
</table>

FOUR BUSINESS AREAS AND 23* DIVISIONS

<table>
<thead>
<tr>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>President and CEO</td>
</tr>
<tr>
<td>Group Management and corporate functions</td>
</tr>
</tbody>
</table>

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

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

**Supplier**

**Customer**
- Own the relationship with the customer
- ~ 80% direct sales

**AGILE AND RESILIENT OPERATIONS**

<table>
<thead>
<tr>
<th>Deteriorating business climate</th>
<th>Improving business climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reduce variable costs</td>
<td>- Add variable costs</td>
</tr>
<tr>
<td>- Working capital reduction</td>
<td>- Working capital increase</td>
</tr>
<tr>
<td>- Small incremental investments</td>
<td></td>
</tr>
</tbody>
</table>

- Variable cost structure and asset light operations
- Stable service business
- Continuous investments in innovation
- Competent and committed employees

- Agile operational set-up
- Resilience
THERE IS ALWAYS A BETTER WAY

INNOVATION

CONINUOUS IMPROVEMENT

PERFORMANCE
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 – LOCAL CURRENCY

<table>
<thead>
<tr>
<th>Month</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+12</td>
<td>+15</td>
<td>+4</td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+2</td>
<td>+4</td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+27</td>
<td>+33</td>
<td>+15</td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+10</td>
<td>+15</td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>-2</td>
<td>+1</td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+8</td>
<td>+18</td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>-2</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Excl. Edwards</td>
<td>+6</td>
<td>+4</td>
<td>+2</td>
</tr>
</tbody>
</table>

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

FINANCIAL PERFORMANCE

CAGR 2004–2013 ~11%

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

Continuing operations, excl. divested operations in rental service and professional electric tools. 12 month figures.
CAGR calculated 10 years until 2013.
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

CAPITAL EMPLOYED

- Cash and other financial assets
- Working capital, net
- Other, net
- Property, plant and equipment
- Intangible assets
**WORKING CAPITAL DEVELOPMENT**

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

**AGILE AND RESILIENT**

Revenue growth vs. change working capital
CAPITAL STRUCTURE

Net Debt*/EBITDA

* 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

RETURN ON CAPITAL EMPLOYED

- Return on Capital Employed, %
- WACC, pre-tax, %

Reported, including discontinued operations
ECONOMIC VALUE ADDED - EVA

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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

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%
**MINING AND ROCK EXCAVATION TECHNIQUE**

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

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**Orders, revenues and operating margin**

- **ROCE 29%**
- Orders received, MSEK
- Revenues, MSEK
- Operating margin, %
- Adjusted operating margin, %
CONSTRUCTION TECHNIQUE

**In Brief**

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

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**Orders, revenues and operating margin**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MSEK</td>
<td>Revenue, MSEK</td>
<td>Operating margin, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ROCE 12%**
GLOBAL TRENDS

Continued expansion of growth markets

Energy efficiency and productivity requirements from industry

Investments in infrastructure and therefore minerals

CAPITALIZING ON GLOBAL TRENDS
**PRIMARY DRIVERS OF REVENUES**

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

**SUSTAINABILITY TRENDS ARE BUSINESS DRIVERS**

Energy efficiency, safety, legislation...

- **Sustainability trends**
- **Innovative products**
- **Revenues and growth**
- **Acquisitions**
THE STRATEGIC PILLARS FOR PROFITABLE GROWTH
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.
**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

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**ACQUISITIONS**

- 81 Acquisitions
- >BSEK 26
- Revenues

- Acquired revenues, MSEK (LHS)
- Employees (LHS)
- Number of acquisitions (RHS)

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
  - Increase safety
- Drives organic growth
- Supports/drives profitability
  - Pricing power
  - Cost savings
**FOCUS ON SERVICE**

2014 vs. 2011 – Service, consumables and rental

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

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

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

- Construction Technique
  - +10%
  - + 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.”