PROPOSAL TO SPLIT ATLAS COPCO INTO TWO LISTED COMPANIES IN 2018

Stockholm, Sweden, January 16, 2017
PROPOSAL TO SPLIT THE GROUP

One industrial and one mining/civil engineering company

**Atlas Copco AB: Industrial**
- Compressor Technique
- Vacuum Technique
- Industrial Technique
- Portable Energy division and related service
- Specialty Rental division

**NewCo AB: Mining/civil engineering**
- Mining and Rock Excavation Technique
- Construction Tools division and related service

Note: NewCo AB is a working name only. Atlas Copco will establish a new company name for the mining/civil engineering part
STRATEGIC RATIONALE AND BUSINESS BENEFITS

One industrial and one mining/civil engineering company

- Both businesses are global leaders in their respective areas
- The businesses have different end-markets and different demand drivers
- The businesses have different demand patterns; more stability vs. high volatility
- A fully focused, dedicated management can
  - serve customers even better
  - drive growth and profitability
- The synergies between the two businesses are limited
- A separation into two world-leading listed companies will facilitate a fair valuation on the stock market
DIFFERENT END CUSTOMERS

Both businesses are global leaders in their respective areas

**Atlas Copco AB: Industrial**

- Manufacturing
- Process industry
- Civil engineering
- Service
- Mining
- Other

**NewCo AB: Mining/civil engineering**

- Manufacturing
- Process industry
- Civil engineering
- Service
- Mining
- Other
Both businesses are global leaders in their respective areas

<table>
<thead>
<tr>
<th>Q3 2016 last 12 months (BSEK), pro forma</th>
<th>Atlas Copco AB*</th>
<th>NewCo AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>74</td>
<td>28</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Number of employees end-2016</strong></td>
<td>33 000</td>
<td>12 000</td>
</tr>
</tbody>
</table>

*) Including Leybold and CSK pro-forma, 12 months
PROPOSAL TO DISTRIBUTE NEWCO TO SHAREHOLDERS

Provided the shareholders decide in favor of the proposal

**Atlas Copco AB: Industrial**
- Will stay listed on Nasdaq Stockholm, Sweden
- Headquarters in Sickla, Sweden
- The President and CEO of Atlas Copco stays in the position

**NewCo AB: Mining/civil engineering**
- Distribution of NewCo to the shareholders
  - Atlas Copco’s shareholders will receive shares in NewCo AB, in proportion to their existing shareholding in Atlas Copco AB
- List NewCo AB on Nasdaq Stockholm, Sweden during Q2, 2018
- Headquarters in Sickla, Sweden
- A President and CEO for NewCo AB will be appointed
**WHAT WILL HAPPEN WITH THE BRANDS?**

**Two brands are overlapping**

- Atlas Copco and CP - Chicago Pneumatic are overlapping and used across the Group
- Atlas Copco AB will stay owner of the Atlas Copco and the CP brands
- NewCo AB will have a license agreement to use these two brands
- Atlas Copco will establish a new company name for NewCo AB
## THE TIME PLAN*)

Split of Atlas Copco AB into two separate listed companies

<table>
<thead>
<tr>
<th>Date</th>
<th>What</th>
<th>How</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 16, 2017</td>
<td>Atlas Copco announces proposal to split the Group into two separate listed companies; Atlas Copco AB (industrial) and NewCo AB (mining/civil engineering)</td>
<td>Press release and press conference</td>
</tr>
<tr>
<td>Apr 26, 2017</td>
<td>Update/brief information only</td>
<td>Annual General Meeting 2017</td>
</tr>
<tr>
<td>During 2017</td>
<td>Legal NewCo AB will be created</td>
<td></td>
</tr>
<tr>
<td>Apr 24, 2018</td>
<td>Decision to distribute the shares of NewCo AB to the shareholders of Atlas Copco AB through a tax-free spin-off for Swedish shareholders (Lex Asea)</td>
<td>Annual General Meeting 2018</td>
</tr>
<tr>
<td>Q2, 2018</td>
<td>NewCo AB listed as a separate company</td>
<td>Nasdaq Stockholm, Sweden</td>
</tr>
</tbody>
</table>

*) Subject to changes
COMMITTED TO
SUSTAINABLE PRODUCTIVITY.