Agenda

1. Performance review
2. Sustainable profitable growth
3. Business areas
4. Summary
Performance review
January – September in brief

- Strong order growth
  - Particularly strong growth for vacuum and mining
  - Double-digit order growth in almost all regions

- All business areas growing with solid profitability

- Strong operating cash flow, in spite of growth

- The split project progressing according to plan

Near-term outlook

- The overall demand for the Group is expected to remain at current high level
Orders received – local currency

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

September 2017
# Group total

## January – September 2017 vs. 2016

<table>
<thead>
<tr>
<th>Continuing operations</th>
<th>January - September</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSEK</strong></td>
<td>2017</td>
</tr>
<tr>
<td>Orders received</td>
<td>93 059</td>
</tr>
<tr>
<td>Revenues</td>
<td>85 556</td>
</tr>
<tr>
<td>Operating profit</td>
<td>17 967</td>
</tr>
<tr>
<td>– as a percentage of revenues</td>
<td>21.0</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>17 183</td>
</tr>
<tr>
<td>– as a percentage of revenues</td>
<td>20.1</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-4 664</td>
</tr>
<tr>
<td>Profit for the period from continuing operations</td>
<td>12 519</td>
</tr>
<tr>
<td>Basic earnings per share, SEK</td>
<td>10.30</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>30</td>
</tr>
</tbody>
</table>

### Additional Information

- **Return on Capital Employed**: 30% (2017) vs. 27% (2016)
- **Orders received**: Increased by 24% (2017 vs. 2016)
- **Revenues**: Increased by 17% (2017 vs. 2016)
- **Operating profit**: Increased by 28% (2017 vs. 2016)
- **Profit before tax**: Increased by 30% (2017 vs. 2016)
- **Income tax expense**: Increased by 28% (2017 vs. 2016)
- **Profit for the period from continuing operations**: Increased by 31% (2017 vs. 2016)
- **Earnings per share**: Increased by 31% (2017 vs. 2016)

### Graph

- **Orders received, MSEK**
- **Revenues, MSEK**
- **Operating margin, %**
Sustainable profitable growth
Our financial targets

► **Revenues**

8% average growth per year over a business cycle

► **Returns**

Sustained high return on capital employed (ROCE)

► **Cash dividend**

50% of net profit in annual dividend
How we create value and grow
First in mind, first in choice
Customer focus
The best products
Leading differentiated technology
People

Knowledgeable, professional and passionate

Diversity

Trust

Speed
Operation – Modularization and flow manufacturing

Supplier
- Leveraging the competence of business partners

Atlas Copco
- Design and development
- Sales and service
- Core manufacturing

Customer
- Productivity gains
- Reduced total cost of ownership
Agility and resilience

**DETERIORATING BUSINESS CLIMATE**
- Reduce variable costs
- Working capital reduction

**IMPROVING BUSINESS CLIMATE**
- Add variable costs
- Working capital increase
- Small incremental investments

**RESILIENCE**
- Asset light operations
- Profitable service business

**AGILE OPERATIONAL SET-UP**
Proactive service

Equipment revenues, MSEK

Service revenues, MSEK

Group Presentation
Atlas Copco Capital Markets Day 2017
Digitalization

- Digital for uptime
- Digital for customer
- Digital for operations
Presence

Direct, indirect and digital presence

Develop local competences

Create high brand awareness
Why we can continue to grow

- Market leader with strong portfolio of businesses and products
- Commitment to innovation
- Strong service offering
- Capacity for strategic acquisitions
- Top organization, world-class people and top execution
- Sustainability embedded in everything

Revenues

8% average growth per year over a business cycle
High return on capital employed

- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business
- Sustainability embedded in everything

Returns
Sustained high return on capital employed (ROCE)
Financial performance

10 y Revenue
CAGR 7%
10 y average
ROCE 29%
Atlas Copco Currency Index
Asset light

- Average net working capital in % of revenues
- Average property, plant and equipment in % of revenues
Cash generation

Average cash conversion 107%

- Including discontinued operations

Group Presentation
Atlas Copco Capital Markets Day 2017
Sustainable cash distribution

- Average payout ratio 65%
- Average yield 5%

**Cash dividend**
50% of net profit in annual dividend
Integrated strategy
Driving sustainable, profitable growth
Grasping opportunity – balancing risk

Stakeholder demand drives sustainable productivity and innovation

Source: Transparency International CPI 2016
Corruption Perceptions Index © 2016 by Transparency International.
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Progress

- HIGHEST ETHICAL BEHAVIOUR: 99% Business Code of Practice
- SAFETY & WELL-BEING: 3.5 Accidents
- INNOVATION: Innovation
- THE MOST COMPETENT TEAMS: 22% Inflow of women
- EFFICIENT USE OF RESOURCES: 3.4 CO₂ Emissions
Business areas
Compressor Technique

Major customer segments

Compressors

Textile

Assembly

Wood & paper

Food & beverages

Air treatment & gas solutions

Medical

Electronics

Chemical /petrochemical

...and more
Compressor Technique

Growth drivers

- Innovation
- Develop core for equipment and service
- Expand core
- Compliment organic growth with acquisition
- Connectivity
- Multi brand

Orders, revenues and operating margin

ROCE 74%
**Innovative products to be launched in the coming months**

- **Extended Nitrogen Range**
  - Fully automated 24/7 on-site nitrogen at a low cost

- **GA 75-110 VSD+ range extension**
  - Up to 50% energy savings

- **Brand portfolio**
  - Industry leading performance
  - ~35% energy savings

- **New Dryer range**
  - Providing stable air quality and silent operation ensuring reliable and efficient production processes.

- **Integration of Dryers in Medical Applications**
Connectivity

>85,000 CONNECTIONS

MORE SERVICE LEADS

>98% UPTIME

ADDITIONAL REVENUE

CUSTOMER LOYALTY
**Power Technique**

**Customer segments**

- Petrochemical
- Events
- Construction
- Water well, oil & gas
- Offshore
- Emergency Relief
- Manufacturing
- Power plants
- Mining
- Quarries
Power Technique

Growth drivers

- Innovation
- Expand the offer
- Strengthen market position in our niches
- Develop a service network for an indirect channel

Orders, revenues and operating margin

ROCE 20%

- Innovation
- Expand the offer
- Strengthen market position in our niches
- Develop a service network for an indirect channel
Innovation is key

Main Technologies

Air, power and flow

Portable compressors, pumps, generators, light towers and handheld tooling

Industry Focused Solutions

Portable offshore equipment, boosters, steam and nitrogen generation, oil-free compressors and air treatment
Innovative products to be launched in the coming months

- New portable efficient electric compressors
- Full range of compact utility compressors
- Containerized efficient Twin-engine generator for Europe
- Start to roll out stage 5 ready generators
- Monitoring control
  As standard on select new units
  Retrofitting field units
- Extended high-flow pump range
- Battery technology in light towers

Group Presentation
Atlas Copco Capital Markets Day 2017
Summary
Summary

Identify and “own” profitable business niches

Use our core competencies to develop the niches

Top execution through a decentralized leadership model
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.”