

January 26, 2018

## Atlas Copco Interim report on Q4 and full-year summary 2017 (unaudited)

### Strong end to a record year

The figures presented in this report refer to continuing operations unless otherwise stated

- Orders increased 10% to MSEK 30 372 (27 617), organic growth of 14%
- Revenues increased 8% to MSEK 30 865 (28 495), organic growth of 11%
- Adjusted operating profit, excluding items affecting comparability, was MSEK 6 640 (5 849), corresponding to a margin of 21.5% (20.5)
- Reported operating profit increased 8% to MSEK 6 233 (5 785), corresponding to a margin of 20.2% (20.3)
- Profit before tax amounted to MSEK 5 946 (5 618)
- Basic earnings per share were SEK 3.49 (3.49)
- Operating cash flow at MSEK 5 500 (6 537), including discontinued operations
- The Board proposes a distribution to shareholders of SEK 15.00 per share through
  - Annual dividend for 2017 of SEK 7.00 (6.80) per share
  - An extra distribution of SEK 8.00 per share through mandatory redemption of shares
- Road Construction Equipment division divested
- Preparations for split and proposed distribution of Epiroc progressed according to plan

MSEK	October - December			January - December		
	2017	2016		2017	2016	
Orders received	30 372	27 617	10%	123 431	102 812	20%
Revenues	30 865	28 495	8%	116 421	101 356	15%
Operating profit	6 233	5 785	8%	24 200	19 798	22%
– as a percentage of revenues	20.2	20.3		20.8	19.5	
Profit before tax	5 946	5 618	6%	23 129	18 805	23%
– as a percentage of revenues	19.3	19.7		19.9	18.6	
Profit for the period from continuing operations	4 243	4 254	0%	16 762	13 785	22%
Profit/loss for the period from discontinued operations	-55	-1 793		-69	-1 837	
Profit for the period	4 188	2 461	70%	16 693	11 948	40%
Basic earnings per share, SEK	3.44	2.01		13.73	9.81	
- of which continuing operations	3.49	3.49		13.79	11.32	
Diluted earnings per share, SEK	3.40	2.01		13.63	9.79	
- of which continuing operations	3.45	3.48		13.68	11.30	
Return on capital employed, %				30	27	

### Near-term demand outlook

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

*Previous near-term demand outlook (published October 18, 2017):*

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

### Atlas Copco Group Center

Atlas Copco AB  
SE-105 23 Stockholm  
Sweden

Visitors address:  
Sickla Industriväg 19  
Nacka

Telephone: +46 8 743 8000  
www.atlascopcogroup.com

A Public Company (publ)  
Reg. No: 556014-2720  
Reg. Office Nacka

## Atlas Copco Group – Summary of full-year 2017

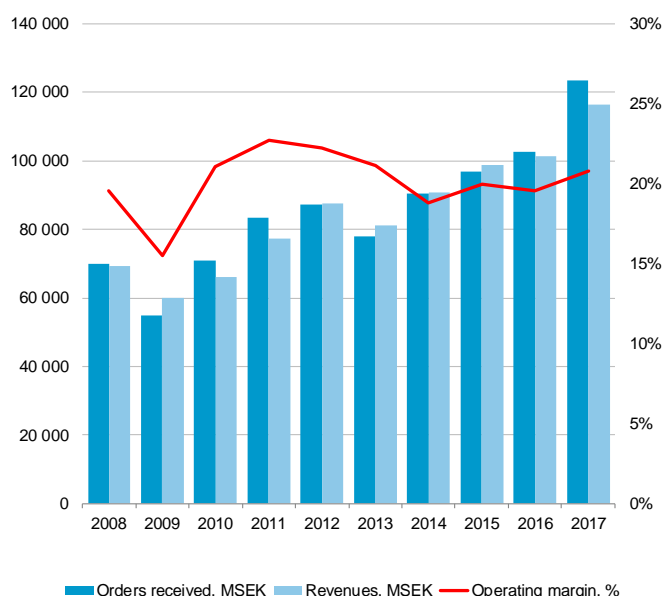
### Orders and revenues

Orders received in 2017 increased 20% to a record of MSEK 123 431 (102 812), corresponding to an organic growth of 15%. Revenues increased 15% to MSEK 116 421 (101 356), corresponding to a 10% organic increase.

### Sales bridge

MSEK	January - December	
	Orders received	Revenues
2016	102 812	101 356
Structural change, %	+4	+4
Currency, %	+1	+1
Price, %	+0	+0
Volume, %	+15	+10
Total, %	+20	+15
2017	123 431	116 421

### Orders, revenues and operating profit margin



### Results and cash flow

Operating profit reached a record of MSEK 24 200 (19 798), corresponding to a margin of 20.8% (19.5). Items affecting comparability amounted to MSEK -749 (-264), whereof the change in provision for share-related long-term incentive programs, reported in Common Group Functions, accounted for MSEK -589 (-314). Adjusted operating margin was 21.4% (19.8). Changes in exchange rates compared with the previous year had a MSEK 285 positive effect on the operating profit. Profit before tax amounted to MSEK 23 129 (18 805), corresponding to a margin of 19.9% (18.6). Income tax expense amounted to MSEK 6 367 (5 020).

Profit for the period was MSEK 16 762 (13 785). Basic and diluted earnings per share were SEK 13.79 (11.32) and SEK 13.68 (11.30), respectively.

Operating cash flow (including discontinued operations) before acquisitions, divestments and dividends reached MSEK 18 856 (18 109).

### Proposal to split the Group

As announced in January 2017, Atlas Copco is preparing for a proposed split of the Group into two listed companies. The split-project is progressing well and a legal structure, containing the mining, infrastructure and natural resources businesses, has during 2017 been created under the Epiroc name.

The final decision to spin-off the Epiroc business to Atlas Copco's shareholders will be taken at the Annual General Meeting on April 24, 2018. See below for more information regarding dividend, and also at:

<http://www.atlascopcogroup.com/investor-relations>

### Dividend, mandatory share redemption and spin-off

The Board of Directors proposes to the Annual General Meeting on April 24, 2018 the following:

1. An ordinary dividend of SEK 7.00 (6.80) per share to be paid for the 2017 fiscal year. Excluding shares currently held by the company, this corresponds to a total of MSEK 8 496 (8 258). The record date for the dividend is April 26. Due to the proposed split of the company, the dividend for 2017 is proposed to 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 9 710. Combined with the proposed ordinary dividend, shareholders will receive MSEK 18 206. The proposed preliminary record day for the share redemption split is May 11, 2018. The payment of the redemption shares would, if approved, 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 a 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.

### Divestments

On October 5, Atlas Copco divested the Road Construction Equipment division. The business had 1 280 employees and revenues of approximately MSEK 2 900 (MEUR 309) in 2016. The business has been reported as discontinued operations since Q4 2016. More information on page 16.

### Personnel stock option program

The Board of Directors will propose to the Annual General Meeting a similar performance-based long-term incentive program as in previous years. For Group Management, participation in the plan will require own investment in Atlas Copco shares. It is proposed that the plan is covered as before through the repurchase of the company's own shares. The details of the proposal will be communicated in connection with the Notice of the Annual General Meeting.

## Review of the fourth quarter

### Market development

The demand for Atlas Copco's equipment and services remained strong and the order intake increased compared to the previous year.

The strongest order growth was achieved for mining and vacuum equipment. The increased order intake for mining was driven by expansions of existing mines and replacement investments. The strong growth for vacuum equipment was supported by large orders from the semiconductor and flat panel display industry, as well as good demand from customers with industrial and high vacuum applications. Compressed air solutions saw good demand from most customer segments and regions, and order intake grew year-on-year. The order intake for industrial assembly tools and solutions, construction equipment and specialty rental applications increased.

Order volumes for the service business increased for all business areas.

### Geographic distribution of orders received

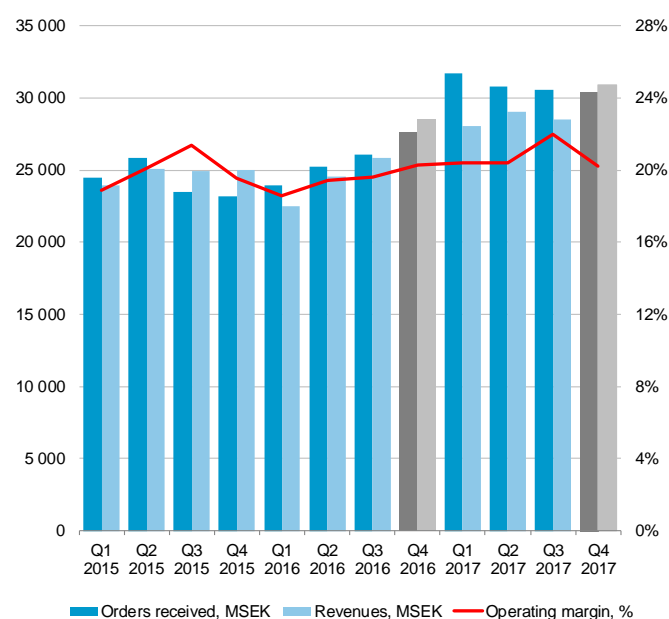
October - December 2017	Atlas Copco Group Orders Received %	Change %,*
North America	23	+11
South America	7	+27
Europe	29	+11
Africa/Middle East	8	+8
Asia	29	+21
Australia	4	+17
Atlas Copco Group	100	+15

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

### Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	27 617	28 495
Structural change, %	+1	+1
Currency, %	-5	-4
Price, %	+1	+0
Volume, %	+13	+11
Total, %	+10	+8
2017	30 372	30 865

### Orders, revenues and operating profit margin



### Geographic distribution of orders received

October - December 2017	Compressor Technique %	Vacuum Technique %	Industrial Technique %	Mining and Rock Excavation Tech. %	Power Technique %	Atlas Copco Group %
North America	23	20	30	20	23	23
South America	6	0	4	16	6	7
Europe	36	17	41	24	39	30
Africa/Middle East	6	5	2	16	10	8
Asia/Australia	29	58	23	24	22	32
	100	100	100	100	100	100

### Revenues, profits and returns

Revenues increased 8% to MSEK 30 865 (28 495), corresponding to an 11% organic increase. The currency translation effect was -4%.

The operating profit increased 8% to MSEK 6 233 (5 785) and includes items affecting comparability of MSEK -407 (-64). The MSEK -407 consist of MSEK -177 (-114) from a change in provision for share-related long-term incentive programs, and MSEK -200 for costs associated with the proposed split of the Group, both items reported in Common Group Functions, and a MSEK -30 restructuring cost in the Power Technique business area. The adjusted operating profit of MSEK 6 640 (5 849), corresponds to a margin of 21.5% (20.5). The net currency effect compared to the previous year was negative at MSEK -515, mainly due to a weaker USD.

Net financial items were MSEK -287 (-167). Interest net was MSEK -242 (-200). Other financial items were MSEK -45 (+33).

Profit before tax amounted to MSEK 5 946 (5 618), corresponding to a margin of 19.3% (19.7).

Corporate income tax amounted to MSEK 1 703 (1 364), corresponding to an effective tax rate of 28.6%. This includes tax expense in Q4 2017 related to the legal restructurings in connection with the preparations of the Epiroc split of MSEK 330 and non-recurring positive effects of MSEK 170. At the end of 2017, both Belgium and the United States have announced major corporate income tax reforms, which are expected to decrease the Group's yearly effective tax rate by 2-3 percentage points.

Profit for the period was MSEK 4 243 (4 254). Basic and diluted earnings per share were SEK 3.49 (3.49) and SEK 3.45 (3.48), respectively.

The return on capital employed during the last 12 months was 30% (27). Return on equity was 30% (24). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

### Operating cash flow and investments (including discontinued operations)

In total, operating cash flow reached MSEK 5 500 (6 537). See page 15.

The main deviations, compared to the previous year were: Paid taxes, which increased MSEK 557; cash flows from financial items (adjusted for cash flows from currency hedges of loans), which affected the comparison with Q4 2016 negatively with MSEK 226; and net investments in rental equipment, property, plant and equipment, which increased by MSEK 291.

Operating cash surplus, working capital and other operating cash flow items had only minor deviations versus previous year.

### Divestment of financial assets

Atlas Copco has sold a portfolio of financing contracts, related to customer financing. The value of the portfolio amounted to MSEK 737.

### Net indebtedness

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 2 466 (14 829), of which MSEK 3 034 (3 907) was attributable to post-employment benefits. The Group has an average maturity of 4.7 years on interest-bearing liabilities. The net debt/EBITDA ratio was 0.1 (0.6). The net debt/equity ratio was 4% (28).

### Acquisition and divestment of own shares

During the quarter, 554 562 A shares, net, were acquired and 86 500 B shares, net, were divested for a total net value of MSEK 181. 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 December 31, 2017, the number of employees was 47 599 (44 695). The number of consultants/external workforce was 4 216 (3 300). For comparable units, the total workforce increased by 3 511 from December 31, 2016.

### Revenues and operating profit – bridge

MSEK	Q4 2017	Volume, price, mix and other	Currency	One-time items Acquisitions	Share-based LTI programs*	Q4 2016
<b>Atlas Copco Group</b>						
Revenues	30 865	3 310	-1 170	230	-	28 495
Operating profit	6 233	1 296	-515	-270	-63	5 785
	20.2%	39.2%				20.3%

\*LTI=Long Term Incentive

## Compressor Technique

MSEK	October - December			January - December		
	2017	2016		2017	2016	
Orders received	10 128	9 577	6%	40 772	36 515	12%
Revenues	10 305	9 803	5%	38 768	36 356	7%
Operating profit	2 398	2 143	12%	8 960	8 115	10%
– as a percentage of revenues	23.3	21.9		23.1	22.3	
Return on capital employed, %				80	69	

- Record revenues and record profit
- Growth in most regions and for most equipment areas, steady growth in service
- Increased profit margin, in spite of negative currency

## Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	9 577	9 803
Structural change, %	+3	+3
Currency, %	-4	-4
Price, %	+0	+0
Volume, %	+7	+6
Total, %	+6	+5
2017	10 128	10 305

## Industrial compressors

The order volumes for industrial compressors increased compared to the previous year. Both small and large sized compressors achieved growth.

Geographically, and compared to the previous year, the order intake increased in most regions. The strongest growth was achieved in North America.

## Compressor service

The compressor service business continued to achieve growth in all regions. The highest growth was achieved in North America.

## Gas and process compressors

The order intake increased compared to the previous year. Order volumes increased in all regions except Africa/Middle East, where volumes decreased.

## Innovation

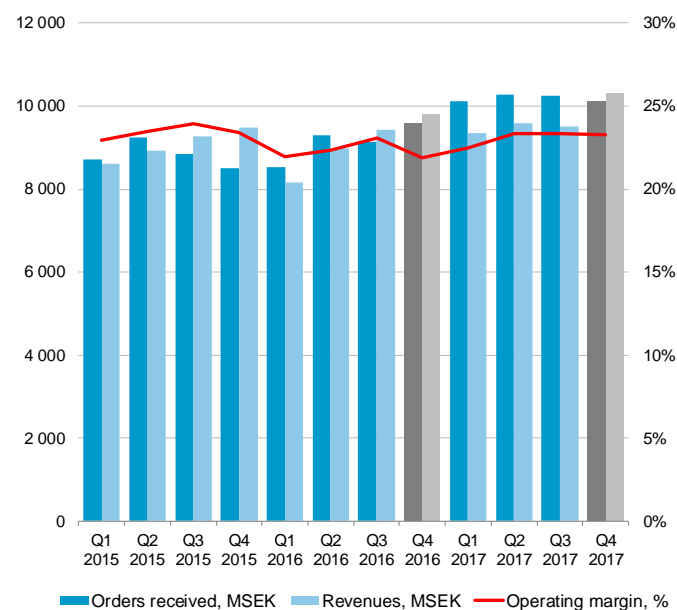
A new large oil-free centrifugal compressor, targeting high-flow customers, was launched to the market. Based on the reliable design of smaller models the new compressor offers easy preventive maintenance. The premium energy efficient performance is built around core technology and is optimized by using the latest fluid dynamics software.

## Revenues and profitability

Revenues increased 5% to a record of MSEK 10 305 (9 803), corresponding to an organic increase of 6%.

Operating profit increased 12% to MSEK 2 398 (2 143), corresponding to an operating margin of 23.3% (21.9). The margin was supported by volume, but negatively affected by currency and diluted by acquisitions. Return on capital employed (last 12 months) was 80% (69).

## Orders, revenues and operating profit margin



## Vacuum Technique

MSEK	October - December			January - December		
	2017	2016		2017	2016	
Orders received	5 674	4 407	29%	21 890	14 021	56%
Revenues	5 236	4 635	13%	19 582	13 635	44%
Operating profit	1 352	1 131	20%	4 956	3 060	62%
– as a percentage of revenues	25.8	24.4		25.3	22.4	
Return on capital employed, %				25	19	

- **Strong growth for equipment driven by semiconductor, industrial and high vacuum**
- **Record revenues and record profit**
- **Growth for service**

## Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	4 407	4 635
Structural change, %	-2	-2
Currency, %	-7	-6
Price, %	+1	+1
Volume, %	+37	+20
Total, %	+29	+13
2017	5 674	5 236

## Semiconductor and flat panel display

The demand for equipment for the semiconductor and flat panel display industries remained strong. The order intake increased significantly compared to the previous year, driven by large orders for both applications. The order volumes also increased sequentially.

Geographically, and compared to the previous year, order volumes increased on all major regions, with the highest growth in Asia and North America.

## Industrial and high vacuum

The order development for industrial and high vacuum equipment remained strong. The order intake increased compared to the previous year and sequentially.

Geographically, and compared to the previous year, the order volumes increased in all major regions, with the highest growth in Asia and North America.

## Service

Order volumes for the service business increased both compared to the previous year and sequentially, primarily for semiconductor customers.

Geographically, and compared to the previous year, the order volumes increased in Asia and Europe, while order volumes decreased in North America.

## Innovation

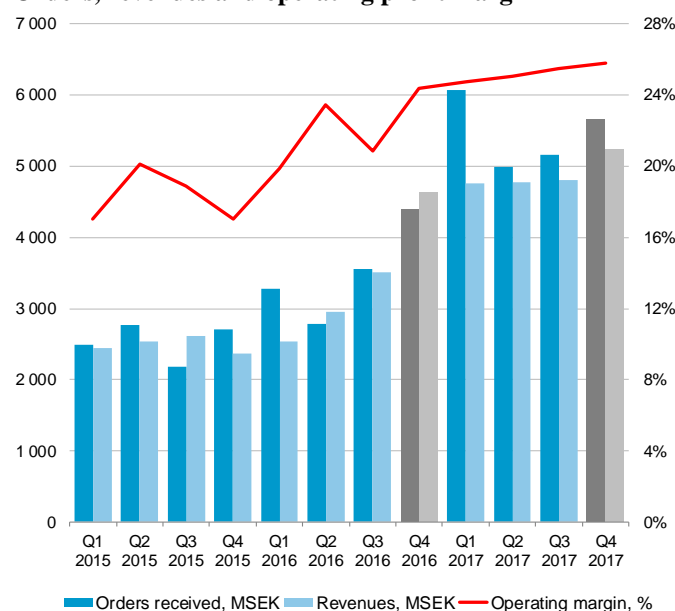
A new range of dry scroll vacuum pumps for industrial customers and for use in research and development operations was launched. The new vacuum pumps offer high robustness and low noise level, which is particularly important in a laboratory environment. Also, the pumping mechanism is designed for lower power consumption compared to other technologies.

## Revenues and profitability

Revenues increased 13% to a record of MSEK 5 236 (4 635), corresponding to an organic increase of 21%.

The operating profit increased 20% to a record of MSEK 1 352 (1 131) and the operating margin reached 25.8% (24.4). The higher revenue volume was the main explanation for the increased margin. Currency had a negative effect on the margin. Return on capital employed (last 12 months) was 25% (19%).

## Orders, revenues and operating profit margin



## Industrial Technique

MSEK	October - December		January - December			
	2017	2016	2017	2016		
Orders received	4 027	3 897	3%	16 651	15 112	10%
Revenues	4 182	4 137	1%	16 377	15 017	9%
Operating profit	967	997	-3%	4 175	3 430	22%
– as a percentage of revenues	23.1	24.1		25.5	22.8	
Return on capital employed, %				43	34	

- **Record revenues**
- **Demand from motor vehicle industry and general industry remained at a high level**
- **Growth for service in all regions**

## Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	3 897	4 137
Structural change, %	+0	+0
Currency, %	-4	-3
Price, %	+0	+0
Volume, %	+7	+4
Total, %	+3	+1
2017	4 027	4 182

## Motor vehicle industry

The order intake for advanced industrial tools and assembly solutions from the motor vehicle industry increased compared to the previous year. The growth was supported by good order development for production of electrical and light vehicle cars.

Geographically, and compared to previous year, the order volumes increased in South America, Europe and Asia. The order development in North America was more or less flat.

## General industry

The order volumes for industrial power tools from the general manufacturing industries increased. The order growth was primarily driven by good order development from aerospace and general assembly applications.

Geographically, the order intake increased in all regions.

## Service

The service business, including maintenance and calibration services, continued to grow. Geographically, all regions achieved growth compared to the previous year.

## Innovation

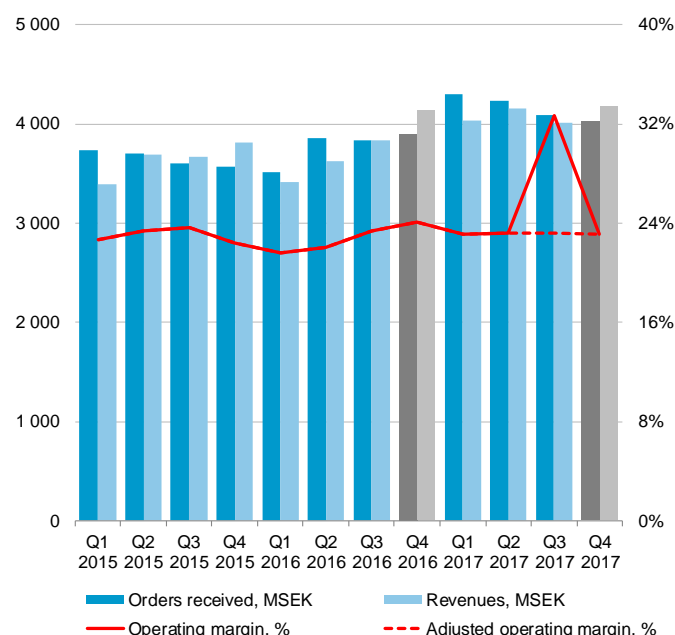
A new range of wireless socket selectors to support error proofing processes in tightening applications was introduced. The socket selectors can be connected to the customer's factory network, and in combination with wireless tools and virtual controllers, offer wireless freedom for increased flexibility and productivity.

## Revenues and profitability

Revenues increased to a record of MSEK 4 182 (4 137), corresponding to an organic growth of 4%.

Operating profit decreased 3% to MSEK 967 (997), corresponding to an operating margin of 23.1% (24.1). The margin was negatively affected by currency. Return on capital employed (last 12 months) was 43% (34%).

## Orders, revenues and operating profit margin\*



\*Operating margin in the third quarter 2017 includes items affecting comparability of MSEK +380. For more information see interim report on Q3 2017.

## Mining and Rock Excavation Technique

MSEK	October - December			January - December		
	2017	2016		2017	2016	
Orders received	7 539	6 799	11%	31 473	25 565	23%
Revenues	8 011	6 971	15%	29 166	25 043	16%
Operating profit	1 629	1 395	17%	5 844	4 465	31%
– as a percentage of revenues	20.3	20.0		20.0	17.8	
Return on capital employed, %				43	32	

- Solid order growth for surface and underground equipment
- Growth for service and consumables in all regions
- Agreements for four acquisitions signed

### Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	6 799	6 971
Structural change, %	+0	+1
Currency, %	-5	-4
Price, %	+0	+0
Volume, %	+16	+18
Total, %	+11	+15
2017	7 539	8 011

### Mining equipment

The order volumes for mining equipment increased compared to the previous year and was driven by expansions of existing mines and replacement investments. Sequentially, the order intake decreased, due to fewer large orders than in the third quarter.

Geographically, and compared to the previous year, the order intake increased in all regions except North America, where the order intake decreased.

### Civil engineering equipment

The orders received for equipment for infrastructure projects increased compared to the previous year.

### Service and consumables

The service and spare parts business grew compared to the previous year and sequentially. Geographically and compared to the previous year, order volumes increased in all regions.

Order volumes for consumables also increased compared to the previous year. Growth was achieved in all regions, with the highest volume increase in Asia and Europe.

### Innovation

A new underground 54 tons mine truck in a compact design was introduced in the quarter. With integrated functions and telematics systems, the new truck is ready for automation. Vital equipment information can be gathered and visualized for planning and optimization.

### Acquisitions

Agreements for four acquisitions were made in the quarter, three of these were completed in January 2018:

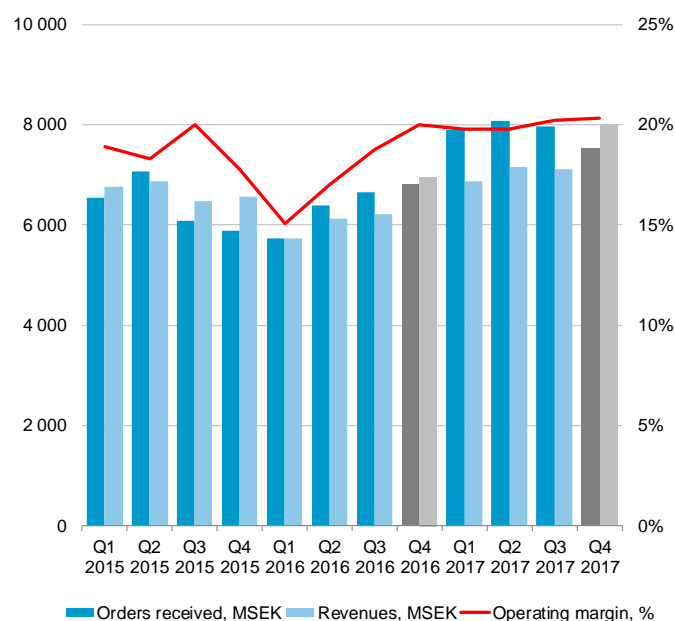
- The acquisition of the assets of Renegade Drilling Supplies Proprietary Ltd., a South African manufacturer and distributor of drilling consumables for mining exploration. The company has 22 employees.
- Acquisition of Rockdrill Services Australia Pty. Ltd., a rock drills specialist serving the Australian mining industry. The company has 37 employees and had revenues of MAUD 14 (MSEK 90) in the fiscal year ending June 30, 2017.
- Acquisition of the assets of Cate Drilling Solutions LLC., a U.S. company that distributes and services Atlas Copco drilling equipment and components with 35 employees.

### Revenues and profitability

Revenues increased 15% to MSEK 8 011 (6 971), corresponding to an organic growth of 18%.

Operating profit increased 17% to MSEK 1 629 (1 395), corresponding to a margin of 20.3% (20.0). The margin was supported by volume, but negatively affected by currency and sales mix. Return on capital employed (last 12 months) was 43% (32).

### Orders, revenues and operating profit margin





## Power Technique

MSEK	October - December			January - December		
	2017	2016		2017	2016	
Orders received	3 176	3 066	4%	13 405	12 110	11%
Revenues	3 337	3 073	9%	13 246	11 794	12%
Operating profit	469	428	10%	2 137	1 769	21%
– as a percentage of revenues	14.1	13.9		16.1	15.0	
Return on capital employed, %				20	17	

- **Growth for equipment and specialty rental**
- **Service remained on previous year's level**
- **Growth in all regions**

## Sales bridge

MSEK	October - December	
	Orders received	Revenues
2016	3 066	3 073
Structural change, %	+3	+3
Currency, %	-4	-4
Price, %	+1	+1
Volume, %	+4	+9
Total, %	+4	+9
2017	3 176	3 337

## Equipment

The demand for equipment remained on a good level, and the order intake increased compared to the previous year. The growth was primarily driven by good order development for portable compressors, even though the order intake also increased for construction tools.

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

## Specialty rental

The order intake for the specialty rental business increased both compared to the previous year and sequentially.

Geographically, and compared to the previous year, the orders volumes increased in the Americas and Africa/Middle East, while decreased in Europe and Asia.

## Service

Order volumes for the service business were more or less unchanged compared to the previous year and somewhat lower sequentially.

Geographically, and compared to the previous year, the order volumes increased in North America and Africa/Middle East, while decreased in South America and Europe.

## Innovation

A new range of lightweight and space saving compressors was launched. With a footprint that is on average 10 percent smaller than comparable compressors, the new compressors are well suited for integration into utility trucks, but also other applications. In addition to a compact design, the new compressors offer fuel efficiency savings of up to eight percent against comparable machines.

## Acquisitions

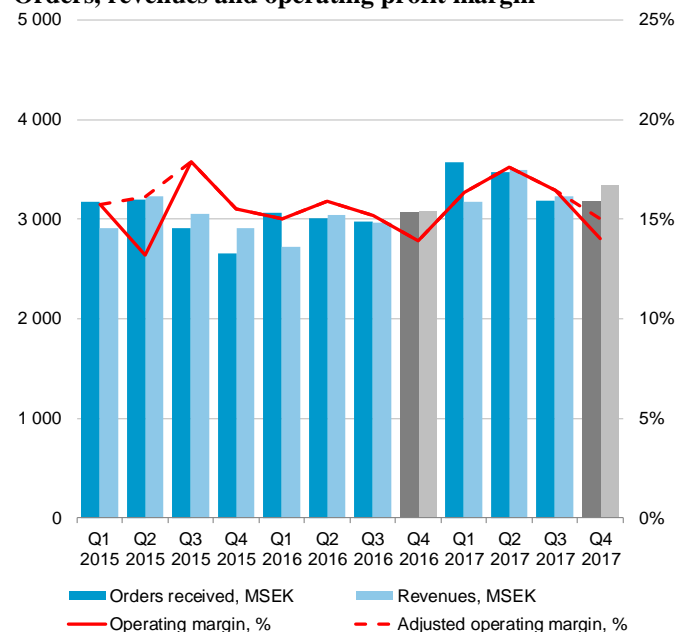
In December, Atlas Copco agreed to acquire Location Thermique Service SAS, a French steam boiler specialty rental business. The company had 13 employees and revenues of about MEUR 7.3 (MSEK 70) in 2016. The acquisition was completed in January 2018.

## Revenues and profitability

Revenues reached MSEK 3 337 (3 073), corresponding to an organic increase of 10%.

Operating profit was MSEK 469 (428), corresponding to a margin of 14.1% (13.9). Adjusted for restructuring costs, MSEK 30, related to the move of production and R&D in Europe and India, the margin increased to 15.0%. The margin was supported by volume, but negatively affected by currency and sales mix. Return on capital employed (last 12 months) was 20% (17).

## Orders, revenues and operating profit margin



### 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 2016. 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

Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard will be applied by Atlas Copco from January 1, 2018. Comparative information will not be 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. Expected effects are summarized below. Additionally, the classification of some financial instruments will change.

Balance sheet, MSEK	Dec. 31, 2017
Deferred tax assets	15
Trade and other receivables, including lease receivables	-55
Equity	-40

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will replace existing revenue recognition standards. The standard will be applied by Atlas Copco from January 1, 2018 with full retrospective application. The expected 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	20
Inventories	390
Trade and other receivables	-120
Equity	-120
Deferred tax liabilities	-20
Trade payables and other Liabilities	430

Income statement, MSEK	2017
Revenue	-220
Cost of Sales	190
Income tax expense	10

### 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 offset by increased sales to mining customers and partly compensated for by increased market 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 2016.

### 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		12 months ended	
	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016
<b>Continuing operations</b>				
Revenues	30 865	28 495	116 421	101 356
Cost of sales	-18 231	-17 381	-68 105	-61 237
<b>Gross profit</b>	<b>12 634</b>	<b>11 114</b>	<b>48 316</b>	<b>40 119</b>
Marketing expenses	-3 168	-3 088	-12 423	-11 044
Administrative expenses	-2 043	-1 944	-7 719	-6 824
Research and development costs	-1 060	-850	-3 723	-3 096
Other operating income and expenses	-130	553	-251	643
<b>Operating profit</b>	<b>6 233</b>	<b>5 785</b>	<b>24 200</b>	<b>19 798</b>
- as a percentage of revenues	20.2	20.3	20.8	19.5
Net financial items	-287	-167	-1 071	-993
<b>Profit before tax</b>	<b>5 946</b>	<b>5 618</b>	<b>23 129</b>	<b>18 805</b>
- as a percentage of revenues	19.3	19.7	19.9	18.6
Income tax expense	-1 703	-1 364	-6 367	-5 020
<b>Profit for the period from continuing operations</b>	<b>4 243</b>	<b>4 254</b>	<b>16 762</b>	<b>13 785</b>
<b>Discontinued operations</b>				
Profit/loss for the period from discontinued operations	-55	-1 793	-69	-1 837
<b>Profit for the period</b>	<b>4 188</b>	<b>2 461</b>	<b>16 693</b>	<b>11 948</b>
Profit attributable to				
- owners of the parent	4 182	2 450	16 671	11 931
- non-controlling interests	6	11	22	17
<b>Basic earnings per share, SEK</b>	<b>3.44</b>	<b>2.01</b>	<b>13.73</b>	<b>9.81</b>
- of which continuing operations	<b>3.49</b>	<b>3.49</b>	<b>13.79</b>	<b>11.32</b>
Diluted earnings per share, SEK	3.40	2.01	13.63	9.79
- of which continuing operations	3.45	3.48	13.68	11.30
Basic weighted average number of shares outstanding, millions	1 214.4	1 216.1	1 214.1	1 216.1
Diluted weighted average number of shares outstanding, millions	1 216.6	1 217.2	1 215.8	1 216.8

**Key ratios**

Equity per share, period end, SEK	50	44
Return on capital employed, 12 month values, %	30	27
Return on equity, 12 month values, %	30 <sup>1)</sup>	24 <sup>1)</sup>
Debt/equity ratio, period end, %	4	28
Equity/assets ratio, period end, %	48	46 <sup>1)</sup>
Number of employees, period end	47 599	44 695

<sup>1)</sup> Including discontinued operations

**Consolidated statement of comprehensive income, including discontinued operations**

MSEK	3 months ended		12 months	
	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016
<b>Profit for the period</b>	<b>4 188</b>	<b>2 461</b>	<b>16 693</b>	<b>11 948</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit pension plans	372	590	120	-113
Income tax relating to items that will not be reclassified	-133	-165	-61	-3
	<b>239</b>	<b>425</b>	<b>59</b>	<b>-116</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences on foreign operations	1 835	554	-650	3 201
- realized and reclassified to income statement	55	-	55	-
Hedge of net investments in foreign operations	-476	119	-492	-762
Cash flow hedges	8	-3	142	-25
Income tax relating to items that may be reclassified	296	-73	277	487
	<b>1 718</b>	<b>597</b>	<b>-668</b>	<b>2 901</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>1 957</b>	<b>1 022</b>	<b>-609</b>	<b>2 785</b>
<b>Total comprehensive income for the period</b>	<b>6 145</b>	<b>3 483</b>	<b>16 084</b>	<b>14 733</b>
Total comprehensive income attributable to				
- owners of the parent	6 136	3 470	16 064	14 711
- non-controlling interests	9	13	20	22

**Consolidated balance sheet**

MSEK	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	35 151	37 828
Rental equipment	2 934	3 095
Other property, plant and equipment	9 523	9 793
Financial assets and other receivables	2 098	2 286
Deferred tax assets	1 516	1 889
<b>Total non-current assets</b>	<b>51 222</b>	<b>54 891</b>
Inventories	18 415	16 912
Trade and other receivables	30 117	27 685
Other financial assets	1 295	2 455
Cash and cash equivalents	24 496	11 458
Assets classified as held for sale	193	2 491
<b>Total current assets</b>	<b>74 516</b>	<b>61 001</b>
<b>TOTAL ASSETS</b>	<b>125 738</b>	<b>115 892</b>
Equity attributable to owners of the parent	60 639	53 105
Non-controlling interests	84	72
<b>TOTAL EQUITY</b>	<b>60 723</b>	<b>53 177</b>
Borrowings	23 635	23 148
Post-employment benefits	3 034	3 907
Other liabilities and provisions	1 720	1 589
Deferred tax liabilities	455	1 028
<b>Total non-current liabilities</b>	<b>28 844</b>	<b>29 672</b>
Borrowings	1 513	1 574
Trade payables and other liabilities	32 576	28 519
Provisions	2 026	2 139
Liabilities directly associated with assets classified as held for sale	56	811
<b>Total current liabilities</b>	<b>36 171</b>	<b>33 043</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>125 738</b>	<b>115 892</b>

**Fair value of derivatives and borrowings**

The carrying value and fair value of the Group's outstanding derivatives and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives and other loans are based on level 2 in the fair value hierarchy. Compared to 2016, 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.

**Outstanding derivative instruments recorded to fair value**

MSEK	Dec. 31, 2017	Dec. 31, 2016
<i>Non-current assets and liabilities</i>		
Assets	-	-
Liabilities	90	126
<i>Current assets and liabilities</i>		
Assets	466	128
Liabilities	179	730

**Carrying value and fair value of borrowings**

MSEK	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2016
	Carrying value	Fair value	Carrying value	Fair value
Bonds	15 907	16 568	15 611	16 385
Other loans	9 240	9 370	9 111	9 268
	25 148	25 938	24 722	25 653

**Consolidated statement of changes in equity**

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2017</b>	<b>53 105</b>	<b>72</b>	<b>53 177</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	16 064	20	16 084
Dividends*	-8 252	-3	-8 255
Change of non-controlling interests	-14	-5	-19
Acquisition and divestment of own shares	-236	-	-236
Share-based payments, equity settled	-28	-	-28
<b>Closing balance, December 31, 2017</b>	<b>60 639</b>	<b>84</b>	<b>60 723</b>

\*Net of dividend repaid of 1

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2016</b>	<b>46 591</b>	<b>159</b>	<b>46 750</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	14 711	22	14 733
Dividends	-7 665	-22	-7 687
Change of non-controlling interests	-68	-87	-155
Acquisition and divestment of own shares	-470	-	-470
Share-based payments, equity settled	6	-	6
<b>Closing balance, December 31, 2016</b>	<b>53 105</b>	<b>72</b>	<b>53 177</b>

**Consolidated statement of cash flows, including discontinued operations**

MSEK	October - December		January - December	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Operating profit, continuing operations	6 233	5 785	24 200	19 798
Operating profit, discontinued operations	-	-40	-16	-85
Depreciation, amortization and impairment (see below)	1 283	1 204	5 110	4 392
Capital gain/loss and other non-cash items	-117	310	76	495
Operating cash surplus	7 399	7 259	29 370	24 600
Net financial items received/paid	-39	-414	329	-771
Taxes paid	-1 420	-863	-7 306	-7 132
Pension funding and payment of pension to employees	-181	-449	-1 280	-543
Change in working capital	1 049	1 155	1 215	2 875
Investments in rental equipment	-458	-306	-1 412	-1 207
Sale of rental equipment	143	135	464	459
<b>Net cash from operating activities</b>	<b>6 493</b>	<b>6 517</b>	<b>21 380</b>	<b>18 281</b>
<b>Cash flows from investing activities</b>				
Investments in property, plant and equipment	-591	-411	-1 742	-1 369
Sale of property, plant and equipment	95	62	179	144
Investments in intangible assets	-237	-210	-1 021	-1 027
Sale of intangible assets	-	9	2	15
Acquisition of subsidiaries and associated companies	-10	-60	-520	-4 716
Divestment of subsidiaries	1 560	-	1 560	-
Other investments, net	630	44	784	-195
<b>Net cash from investing activities</b>	<b>1 447</b>	<b>-566</b>	<b>-758</b>	<b>-7 148</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-4 128	-3 835	-8 253	-7 665
Dividends paid to non-controlling interest	-	-9	-3	-22
Acquisition of non-controlling interest	-2	-1	-19	-68
Repurchase and sales of own shares	-181	-781	-236	-470
Change in interest-bearing liabilities	92	-798	766	-766
<b>Net cash from financing activities</b>	<b>-4 219</b>	<b>-5 424</b>	<b>-7 745</b>	<b>-8 991</b>
<b>Net cash flow for the period</b>	<b>3 721</b>	<b>527</b>	<b>12 877</b>	<b>2 142</b>
Cash and cash equivalents, beginning of the period	19 742	10 785	11 492 <sup>1)</sup>	8 861
Exchange differences in cash and cash equivalents	527	180	127	489
Cash and cash equivalents discontinued operations	506	-	-	-
<b>Cash and cash equivalents, end of the period</b>	<b>24 496</b>	<b>11 492</b>	<b>24 496</b>	<b>11 492</b>

<sup>1)</sup> Includes cash and cash equivalents of 34 related to discontinued operations

Depreciation, amortization and impairment				
<i>Rental equipment</i>	245	256	991	988
<i>Other property, plant and equipment</i>	438	450	1 759	1 659
<i>Intangible assets</i>	600	498	2 360	1 745
<i>Total</i>	1 283	1 204	5 110	4 392

**Calculation of operating cash flow**

MSEK	October - December		January - December	
	2017	2016	2017	2016
<b>Net cash flow for the period</b>	<b>3 721</b>	<b>527</b>	<b>12 877</b>	<b>2 142</b>
Add back:				
Change in pensions	-	-	772	-
Change in interest-bearing liabilities	-92	798	-766	766
Repurchase and sales of own shares	181	781	236	470
Dividends paid	4 128	3 835	8 253	7 665
Dividends paid to non-controlling interest	-	9	3	22
Acquisition of non-controlling interest	2	1	19	68
Acquisitions and divestments	-1 550	60	-1 040	4 716
Investments of cash liquidity	-	-	-	-
Currency hedges of loans	-153	526	-1 416	10
Divestment of property	-	-	-	-
Sale of financial assets	-737	-	-737	-
Tax payment related to Belgian tax rulings	-	-	655	2 250
<b>Operating cash flow</b>	<b>5 500</b>	<b>6 537</b>	<b>18 856</b>	<b>18 109</b>

## Discontinued operations

### Road Construction Equipment division

In January 2017 Atlas Copco announced the agreement to sell its Road Construction Equipment division to the French industrial and construction company Fayat Group. On October 5, 2017 the division was divested. Atlas Copco received the preliminary purchase price, net of cash in the divested entities, of MSEK 1 560.

The divestment resulted in an impairment of intangible assets of MSEK 1 754, net after tax, in Q4 2016. On divestment completion, MSEK -55 related to translation differences previously reported in other comprehensive income, have been recycled over the income statement with no effect on total equity.

The Road Construction Equipment division has been reported as discontinued operations and assets held for sale in the Atlas Copco Group's financial statements, with a retrospective restatement of previous periods unless otherwise stated.

The following tables present the income statement, condensed balance sheet and cash flow for the Road Construction Equipment division.

### Assets and Liabilities held for sale

MSEK	Dec. 31 2017	Dec. 31 2016
Total non-current assets	-	450
Total current assets	-	2 037
<b>Total Assets</b>	<b>-</b>	<b>2 487</b>
Total non-current liabilities	-	42
Total current liabilities	-	769
<b>Total Liabilities</b>	<b>-</b>	<b>811</b>

### Income Statement

MSEK	3 months ended		12 months ended	
	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016
<b>Discontinued operations</b>				
Revenues	-	670	2 504	2 912
Cost of sales	-	-577	-2 069	-2 415
<b>Gross profit</b>	<b>-</b>	<b>93</b>	<b>435</b>	<b>497</b>
Marketing expenses	-	-76	-224	-310
Administrative expenses	-	-33	-148	-125
Research and development costs	-	-38	-50	-144
Other operating income and expenses	-	14	-29	-3
<b>Operating profit/loss</b>	<b>-</b>	<b>-40</b>	<b>-16</b>	<b>-85</b>
- as a percentage of revenues	-	-6.0	-0.6	-2.9
Net financial items	-	-3	-5	-12
<b>Profit/loss before tax</b>	<b>-</b>	<b>-43</b>	<b>-21</b>	<b>-97</b>
- as a percentage of revenues	-	-6.4	-0.8	-3.3
Income tax expense	-	4	7	14
<b>Loss on remeasurement to fair value less cost to sell</b>				
Impairment of intangible assets	-	-2 094	-	-2 094
Income tax on remeasurement	-	340	-	340
<b>Impairment of intangible assets, net of tax</b>	<b>-</b>	<b>-1 754</b>	<b>-</b>	<b>-1 754</b>
Translation differences recycled	-55	-	-55	-
<b>Profit/Loss for the period from discontinued operations</b>	<b>-55</b>	<b>-1 793</b>	<b>-69</b>	<b>-1 837</b>
<b>Basic earnings per share, SEK</b>	<b>-0.05</b>	<b>-1.48</b>	<b>-0.06</b>	<b>-1.51</b>

### Cash flows from discontinued operations

MSEK	October - December		January - December	
	2017	2016	2017	2016
<b>Cash flows from</b>				
Operating activities	-	81	-63	117
Investing activities	1 560	-33	1 486	-124
-of which divestment of subsidiaries	1 560	-	1 560	-
Financing activities	-	1	53	-
<b>Net cash flow for the period</b>	<b>1 560</b>	<b>49</b>	<b>1 476</b>	<b>-7</b>



**Revenues by business area**

MSEK (by quarter)	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compressor Technique	8 610	8 922	9 261	9 489	8 156	8 976	9 421	9 803	9 361	9 597	9 505	10 305
- of which external	8 512	8 838	9 193	9 431	8 075	8 894	9 359	9 723	9 283	9 507	9 411	10 170
- of which internal	98	84	68	58	81	82	62	80	78	90	94	135
Vacuum Technique	2 439	2 540	2 614	2 362	2 536	2 953	3 511	4 635	4 768	4 777	4 801	5 236
- of which external	2 439	2 540	2 614	2 362	2 536	2 953	3 511	4 635	4 768	4 777	4 801	5 236
- of which internal	0	0	0	0	0	0	0	0	0	0	0	0
Industrial Technique	3 394	3 697	3 668	3 819	3 417	3 622	3 841	4 137	4 031	4 154	4 010	4 182
- of which external	3 382	3 684	3 656	3 806	3 406	3 611	3 830	4 125	4 017	4 140	3 998	4 167
- of which internal	12	13	12	13	11	11	11	12	14	14	12	15
Mining and Rock												
Excavation Technique	6 756	6 870	6 481	6 558	5 736	6 124	6 212	6 971	6 882	7 157	7 116	8 011
- of which external	6 724	6 856	6 451	6 527	5 723	6 111	6 204	6 957	6 849	7 155	7 086	8 005
- of which internal	32	14	30	31	13	13	8	14	33	2	30	6
Power Technique	2 910	3 236	3 055	2 911	2 718	3 042	2 961	3 073	3 177	3 496	3 236	3 337
- of which external	2 849	3 144	2 968	2 791	2 628	2 954	2 890	3 001	3 061	3 390	3 145	3 213
- of which internal	61	92	87	120	90	88	71	72	116	106	91	124
Common Group functions/ Eliminations	-152	-174	-157	-136	-110	-152	-103	-124	-192	-151	-169	-206
<b>Atlas Copco Group</b>	<b>23 957</b>	<b>25 091</b>	<b>24 922</b>	<b>25 003</b>	<b>22 453</b>	<b>24 565</b>	<b>25 843</b>	<b>28 495</b>	<b>28 027</b>	<b>29 030</b>	<b>28 499</b>	<b>30 865</b>

**Operating profit by business area**

MSEK (by quarter)	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compressor Technique	1 976	2 092	2 215	2 218	1 792	2 007	2 173	2 143	2 102	2 242	2 218	2 398
- as a percentage of revenues	23.0	23.4	23.9	23.4	22.0	22.4	23.1	21.9	22.5	23.4	23.3	23.3
Vacuum Technique	416	511	494	402	504	693	732	1 131	1 181	1 198	1 225	1 352
- as a percentage of revenues	17.1	20.1	18.9	17.0	19.9	23.5	20.8	24.4	24.8	25.1	25.5	25.8
Industrial Technique	770	865	866	854	737	799	897	997	933	964	1 311	967
- as a percentage of revenues	22.7	23.4	23.6	22.4	21.6	22.1	23.4	24.1	23.1	23.2	32.7	23.1
Mining and Rock	1 276	1 258	1 296	1 163	866	1 041	1 163	1 395	1 361	1 414	1 440	1 629
Excavation Technique												
- as a percentage of revenues	18.9	18.3	20.0	17.7	15.1	17.0	18.7	20.0	19.8	19.8	20.2	20.3
Power Technique	458	427	546	452	408	484	449	428	520	616	532	469
- as a percentage of revenues	15.7	13.2	17.9	15.5	15.0	15.9	15.2	13.9	16.4	17.6	16.4	14.1
Common Group functions/ Eliminations	-369	-111	-96	-207	-137	-255	-340	-309	-386	-446	-458	-582
<b>Operating profit</b>	<b>4 527</b>	<b>5 042</b>	<b>5 321</b>	<b>4 882</b>	<b>4 170</b>	<b>4 769</b>	<b>5 074</b>	<b>5 785</b>	<b>5 711</b>	<b>5 988</b>	<b>6 268</b>	<b>6 233</b>
- as a percentage of revenues	18.9	20.1	21.4	19.5	18.6	19.4	19.6	20.3	20.4	20.6	22.0	20.2
Net financial items	-229	-220	-270	-178	-181	-341	-304	-167	-215	-368	-201	-287
<b>Profit before tax</b>	<b>4 298</b>	<b>4 822</b>	<b>5 051</b>	<b>4 704</b>	<b>3 989</b>	<b>4 428</b>	<b>4 770</b>	<b>5 618</b>	<b>5 496</b>	<b>5 620</b>	<b>6 067</b>	<b>5 946</b>
- as a percentage of revenues	17.9	19.2	20.3	18.8	17.8	18.0	18.5	19.7	19.6	19.4	21.3	19.3

**Acquisitions and divestments**

Date	Acquisitions	Divestments	Business area*	Revenues MSEK**	Number of employees**
2018 Jan. 17	Location Thermique Service SAS		Power Technique	70	13
2018 Jan. 3	Cate Drilling Solutions LLC. <i>Distributor USA</i>		Mining & Rock Excavation Tech.		35
2018 Jan. 3	Rockdrill Services Australia Pty. Ltd.		Mining & Rock Excavation Tech.	90	37
2018 Jan. 2	Renegade Drilling Supplies Proprietary Ltd. <i>Distributor South Africa</i>		Mining & Rock Excavation Tech.		22
2017 Oct. 5		Road Construction Equipment division	Power Technique	2 900	1 280
2017 Sep. 7	C.H. Spencer & Company Co. <i>Distributor USA</i>		Compressor Technique		40
2017 Aug. 8	Glauber Equipment Corporation (certain assets) <i>Distributor USA</i>		Compressor Technique		16
2017 Jul. 4	Mobilaris MCE AB (34%)		Mining & Rock Excavation Tech.	30	20
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 Basinclı <i>Distributor Turkey</i>		Compressor Technique		17
2017 Feb. 2	Erkat Spezialmaschinen und Service		Construction Technique	110	38
2017 Jan. 3	hb Kompressoren Druckluft- und Industrietechnik <i>Distributor Germany</i>		Compressor Technique		10
2016 Dec. 22	Air Power of Nebraska <i>Distributor USA</i>		Compressor Technique		12
2016 Nov. 24	Phillip-Tech <i>Distributor China</i>		Industrial Technique		45
2016 Sep. 1	Leybold		Compressor Technique*	3 150	1 600
2016 Aug. 5	CSK		Compressor Technique*	870	400
2016 Aug. 2	Schneider Druckluft		Compressor Technique	250	110
2016 Jul. 4	Roxel Rental		Construction Technique	12	2
2016 Jun. 14	Bondtech		Industrial Technique	32	12
2016 May 2	Kohler Druckluft <i>Distributor Austria, Switzerland and Liechtenstein</i>		Compressor Technique		30
2016 Apr. 15	Scales Industrial Technologies <i>Distributor USA</i>		Compressor Technique		180
2016 Apr. 4	Air et Fluides Lyonnais <i>Distributor France</i>		Compressor Technique		6
2016 Mar. 2	FIAC		Compressor Technique	640	400
2016 Jan. 12	Varisco		Construction Technique	270	135
2016 Jan. 5	Capitol Research Equipment		Compressor Technique*	22	15

\*Effective July 17, 2017, Construction Technique has changed name to Power Technique. As of January 1, 2017, Leybold, CSK and Capitol Research Equipment belong to Vacuum Technique business area.

\*\*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 2017, full disclosure as per IFRS 3 is not given in this interim report. Disclosure will be given in the annual report 2017. See the annual report for 2016 for disclosure of acquisitions made in 2016.

**Parent company****Income statement**

MSEK	October - December		January - December	
	2017	2016	2017	2016
Administrative expenses	-168	-186	-722	-619
Other operating income and expenses	-163	58	-155	171
<b>Operating profit/loss</b>	<b>-331</b>	<b>-128</b>	<b>-877</b>	<b>-448</b>
Financial income and expenses	32 728	2 871	43 164	5 219
Appropriations	6 603	5 031	6 603	5 031
<b>Profit/loss before tax</b>	<b>39 000</b>	<b>7 774</b>	<b>48 890</b>	<b>9 802</b>
Income tax	-1 312	-847	-805	-570
<b>Profit/loss for the period</b>	<b>37 688</b>	<b>6 927</b>	<b>48 085</b>	<b>9 232</b>

**Balance sheet**

MSEK	Dec. 31	
	2017	2016
Total non-current assets	150 823	110 912
Total current assets	27 167	12 186
<b>TOTAL ASSETS</b>	<b>177 990</b>	<b>123 098</b>
Total restricted equity	5 785	5 785
Total non-restricted equity	75 177	35 578
<b>TOTAL EQUITY</b>	<b>80 962</b>	<b>41 363</b>
Total provisions	702	413
Total non-current liabilities	55 540	53 200
Total current liabilities	40 786	28 122
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>177 990</b>	<b>123 098</b>
Assets pledged	199	988
Contingent liabilities	8 355	8 161

**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 10.

## 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	15 641 596
- of which B shares held by Atlas Copco	246 159
Total shares outstanding, net of shares held by Atlas Copco	1 213 725 349

### Performance-based personnel option plan

The Annual General Meeting 2017 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/aggm](http://www.atlascopcogroup.com/aggm)

### Transactions in own shares

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

- Acquisition of not more than 2 950 000 series A shares, whereof a maximum of 2 900 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2017.
- 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 5 100 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2012, 2013 and 2014.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During 2017, 828 212 series A shares, net, were acquired and 86 500 series B shares were sold. 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 to the left.

### 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 2016 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 2016.

## This is Atlas Copco

Atlas Copco is a world-leading provider of sustainable productivity solutions. The Group serves customers with innovative compressors, vacuum solutions and air treatment systems, construction and mining equipment, power tools and assembly systems. Atlas Copco develops products and service 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 about 180 countries. In 2017, Atlas Copco had revenues of BSEK 116 (BEUR 12) and more than 45 000 employees.

### Business areas

Atlas Copco has five 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, Hungary, the United States, United Kingdom, France and Japan.

The **Mining and Rock Excavation Technique** business area provides equipment for drilling and rock excavation, a complete range of related consumables and service through a global network. The business area innovates for sustainable productivity in surface and underground mining, infrastructure, civil works, well drilling and geotechnical applications. Principal product development and manufacturing units are located in Sweden, the United States, Canada, China and India.

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

- Analysts and investors  
Daniel Althoff, Vice President Investor Relations  
Phone: +46 8 743 95 97 or +46 768 99 95 97  
[ir@se.atlascopco.com](mailto:ir@se.atlascopco.com)

- Media  
Ola Kinnander, Media Relations Manager  
Phone: +46 8 743 80 60 or +46 70 347 24 55  
[media@se.atlascopco.com](mailto:media@se.atlascopco.com)

### Conference call for the fourth-quarter 2017

A presentation for investors, analysts and media will be held on January 26, 2018 at 3.00 PM CET.

The dial-in numbers are:

- Sweden: +46 8 566 426 62
- UK: +44 20 300 898 02
- US: +1 855 753 2235

The conference call will be broadcasted live via the Internet. Please visit 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.

### Annual General Meeting 2018

The Annual General Meeting for Atlas Copco AB will be held April 24, 2018 at 4 PM CEST in Aula Medica, Nobels väg 6, Solna, Sweden.

### First-quarter report 2018

The Q1 2018 report will be published on April 25, 2018. (Silent period starts March 27, 2018)

### 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 person set out above, at 12.00 CET on January 26, 2018.*