Press release from Atlas Copco AB

April 25, 2019

Atlas Copco

First-quarter report 2019

(unaudited)

Strong order intake, despite mixed end-markets

The figures for previous year in this report refer to continuing operations unless otherwise stated

- Orders increased 8% to MSEK 26 812 (24 829), organic growth of 1%
- Revenues were MSEK 24 181 (21 906), organic growth of 4%
- Adjusted operating profit, excluding items affecting comparability, increased 10% to MSEK 5 262 (4 779), corresponding to a margin of 21.8% (21.8)
- Reported operating profit was MSEK 5 048 (4 833), corresponding to a margin of 20.9% (22.1)
- Profit before tax amounted to MSEK 4 907 (4 513)
- Basic earnings per share were SEK 3.05 (2.75)
- Operating cash flow at MSEK 2 529 (approx. 2 400)
- Return on capital employed was 33% (29)

	January - March		
MSEK	2019	2018	
Orders received	26 812	24 829	8%
Revenues	24 181	21 906	10%
Operating profit	5 048	4 833	4%
– as a percentage of revenues	*20.9*	*22.1*	
Profit before tax	4 907	4 513	9%
– as a percentage of revenues	*20.3*	*20.6*	
Profit for the period from continuing operations	3 703	3 340	11%
Profit for the period from discontinued operations	-	1 081	
Profit for the period	3 703	4 421	
Basic earnings per share, SEK	3.05	3.64	
- of which continuing operations	3.05	2.75	
Diluted earnings per share, SEK	3.03	3.63	
- of which continuing operations	3.03	2.74	
Return on capital employed, %	33	29	

Near-term demand outlook

The demand for Atlas Copco’s products and services is expected to stay at current level.

Previous near-term demand outlook (published January 28, 2019):
The customer demand is expected to be somewhat lower than the current level.

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Review of the first quarter

Market development

Despite mixed end-customer demand, the Group's order intake increased compared to previous year and sequentially. Year-on-year, orders increased in all regions except Asia.

The order intake in the quarter was better than expected, mainly due to a strong order intake for large industrial and gas and process compressors, some important orders from the semiconductor and flat panel display industry, and large orders for power equipment from rental customers.

Compared to the previous year, the demand for small- and medium-sized industrial compressors was basically unchanged. Orders for vacuum equipment to all major segments decreased compared to the very high levels previous year. The order intake for industrial tools and assembly solutions decreased due to lower demand from the motor vehicle industry, while orders from the general industry was essentially unchanged. Demand for power equipment increased, primarily for generators and pumps.

The specialty rental business achieved strong growth, and the demand for service remained robust with increased order intake in all business areas.

Geographic distribution of orders received

	Atlas Copco Group	
January - March 2019	Orders Received, %	Change*, %
North America	24	+4
South America	4	+15
Europe	32	+6
Africa/Middle East	6	+16
Asia/Oceania	34	-7
Atlas Copco Group	100	+1

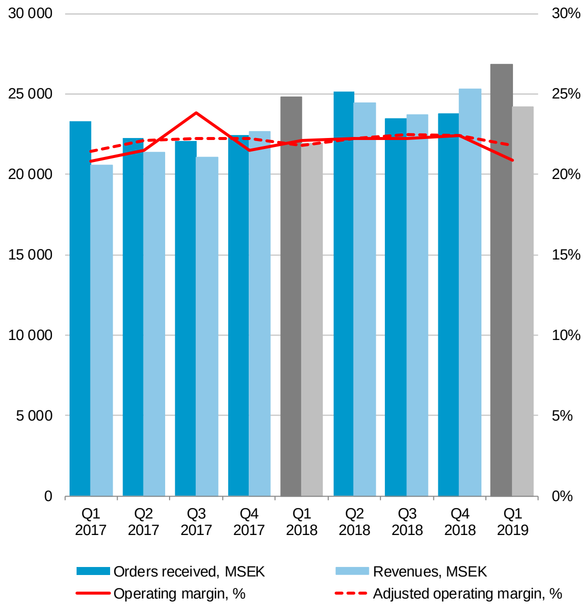
*Change in orders received compared to the previous year in local currency.

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2018	24 829	21 906
Structural change, %	+0	+0
Currency, %	+7	+6
Organic*, %	+1	+4
Total, %	+8	+10
2019	26 812	24 181

*Volume, price and mix.

Orders, revenues and operating profit margin



Geographic distribution of orders received and revenues

January - March 2019	Compressor Technique, %		Vacuum Technique, %		Industrial Technique, %		Power Technique, %		Atlas Copco, %	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
North America	19	22	25	28	29	30	28	22	24	25
South America	5	5	0	0	3	3	5	6	4	4
Europe	36	35	16	17	39	38	33	36	32	31
Africa/Middle East	8	8	2	2	1	1	15	14	6	6
Asia/Oceania	32	30	57	53	28	28	19	22	34	34
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns

Revenues increased 10% to MSEK 24 181 (21 906). The organic growth reached 4%, and currency translation had a positive effect of 6%.

The operating profit increased 4% to MSEK 5 048 (4 833) and includes a MSEK -22 restructuring cost in Industrial Technique business area and a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -192 (-16). Previous year's items affecting comparability also included a capital gain of MSEK 109 associated with the divestment of the concrete and compaction business in the Power Technique business area, and MSEK -39 for costs associated with the distribution of Epiroc AB.

Adjusted operating profit increased 10% to MSEK 5 262 (4 779), corresponding to a margin of 21.8% (21.8).

The net currency effect compared to the previous year was positive MSEK 660, mainly due to a weaker SEK.

Net financial items were MSEK -141 (-320). Interest net, at MSEK -123 (-200), was lower compared to previous year, mainly due to lower effective interest rates. As from January 1, 2019, interest net also includes interest expenses related to assets leased in accordance with IFRS 16. Other financial items were MSEK -18 (-120). Previous year was negatively affected by a one-time cost in connection with the prepayment of a MEUR 275 loan.

Profit before tax amounted to MSEK 4 907 (4 513), corresponding to a margin of 20.3% (20.6).

Corporate income tax amounted to MSEK -1 204 (-1 173), corresponding to an effective tax rate of 24.5% (26.0).

Profit for the period was MSEK 3 703 (3 340). Basic and diluted earnings per share were SEK 3.05 (2.75) and SEK 3.03 (2.74), respectively.

The return on capital employed during the last 12 months was 33% (29). Return on equity was 36% (29). 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

Previous year incl. discontinued operations

Operating cash surplus reached MSEK 6 234 (7 467). Cash flows from net financial items were negative at MSEK -365 (+393). The main explanation for the big difference is cash flow from currency hedges of loans of MSEK -83 (+835), where the offsetting cash flow occurs in the future. Net investments in rental equipment were MSEK -246 (-327). Net investments in property, plant and equipment were MSEK -359 (-442).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 2 529 (previous year approx. 2 400 for continuing operations).

Net indebtedness

The Group's net indebtedness amounted to MSEK 8 525 (2 565), of which MSEK 3 294 (2 934) was attributable to post-employment benefits. The 2019 net debt includes financial lease liabilities in accordance with IFRS 16 of approximately MSEK 3 400. The Group's interest-bearing liabilities have an average maturity of 5.5 years. The net debt/EBITDA ratio was 0.3 (0.1). The net debt/equity ratio was 18% (4).

Acquisition and divestment of own shares

During the quarter, 17 994 A shares, net, were acquired. These transactions are in accordance with mandates granted by the Annual General Meeting and relate to the Group's long-term incentive programs. See page 18.

Employees

On March 31, 2019, the number of employees was 37 232 (35 483). The number of consultants/external workforce was 3 299 (3 061). For comparable units, the total workforce increased by 1 741 from March 31, 2018.

Revenues and operating profit – bridge

MSEK	Q1 2019	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Share-based LTI* programs	Q1 2018
Atlas Copco Group						
Revenues	24 181	800	1 445	30	-	21 906
Operating profit	5 048	-149	660	-120	-176	4 833
	20.9%	*NA*				*22.1%*

*LTI=Long Term Incentive

Compressor Technique

	January - March		
MSEK	2019	2018	
Orders received	12 526	11 141	12%
Revenues	11 397	9 735	17%
Operating profit	2 618	2 249	16%
– as a percentage of revenues	*23.0*	*23.1*	
Return on capital employed, %	105	94	

- **Record order intake, supported by orders for large compressors**
- **Continued steady growth for service**
- **Further increase in local presence through acquisitions**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2018	11 141	9 735
Structural change, %	+1	+1
Currency, %	+6	+6
Organic*, %	+5	+10
Total, %	+12	+17
2019	12 526	11 397

*Volume, price and mix.

Industrial compressors

The demand for industrial compressors was mixed. Strong order intake growth was achieved for large-sized compressors, while orders for small and medium-sized compressors remained unchanged.

Overall, the order volumes increased in Europe and South America and were flat or slightly down in Asia and North America.

Gas and process compressors

Order volumes for gas and process compressors increased considerably compared to the previous year.

Orders grew strongly in Asia, Europe and Africa/Middle East, while order volumes in North America declined.

Compressor service

The order intake for service continued to increase, with the strongest growth in Asia and Europe.

Innovation

A new digital platform and customer portal targeting the medical sector was launched. The new platform will allow 24/7 presence with customers and offer modules such as medical gas assessment, safety plans, maintenance records, parts online and training. With this platform, customers will be able to manage all their piped medical gas system assets in one location and ensure full compliance with applicable standards.

Acquisitions

Two US-based distributors were acquired: Appleton Compressor Service & Supply, and Woodward Compressor Sales, both companies with 15 employees each.

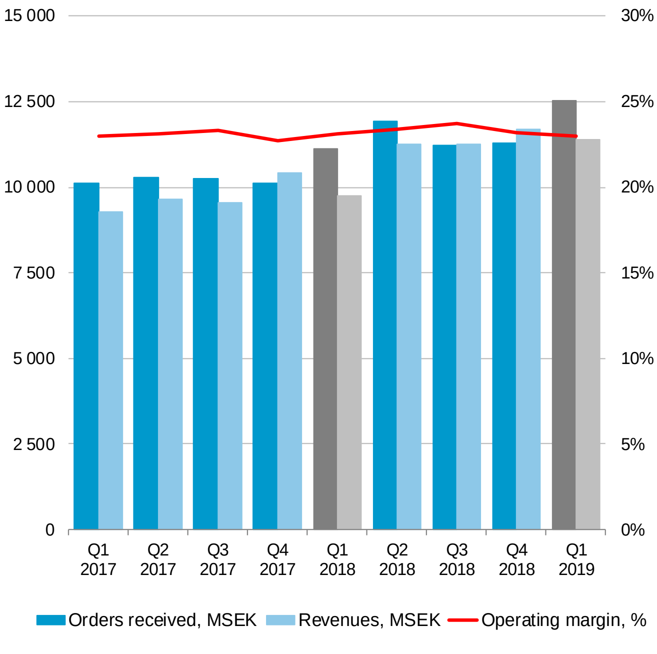
A Canadian full-service supplier in medical gas solutions, Class 1 Incorporated, with 50 employees, was also acquired in the quarter.

Revenues and profitability

Revenues increased 17% to a MSEK 11 397 (9 735), corresponding to an organic increase of 10%.

The operating profit increased 16% to MSEK 2 618 (2 249), corresponding to a margin of 23.0% (23.1). The margin was supported by currency but negatively affected by sales mix. Return on capital employed (last 12 months) was 105% (94).

Orders, revenues and operating profit margin



Vacuum Technique

	January - March		
MSEK	2019	2018	
Orders received	5 687	5 992	-5%
Revenues	5 253	5 255	0%
Operating profit	1 292	1 292	0%
– as a percentage of revenues	*24.6*	*24.6*	
Return on capital employed, %	26	26	

- **Lower demand for vacuum equipment**
- **Strong growth for service**
- **Solid operating margin at 24.6%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2018	5 992	5 255
Structural change, %	+0	+0
Currency, %	+8	+8
Organic*, %	-13	-8
Total, %	-5	+0
2019	5 687	5 253

*Volume, price and mix.

Semiconductor and flat panel display equipment

Order volumes for equipment to the semiconductor and flat panel display industry decreased, mainly due to lower demand in Asia. Sequentially however, the order intake increased as some significant customers invested in new production technology.

Compared to the previous year, the order intake decreased in Asia and Europe, but increased in North America.

Industrial and scientific vacuum equipment

The demand for industrial and scientific vacuum equipment decreased and order volumes did not reach the high levels of the previous year. Lower demand from industrial coating applications contributed to the reduced order intake in the quarter. Sequentially, the order volumes grew.

Compared to the previous year, the order intake decreased in Asia and Europe, but increased in North America.

Vacuum service

The demand for service remained strong, and solid growth was achieved from both industrial customers and the semiconductor industry. Growth was achieved in all regions.

Innovation

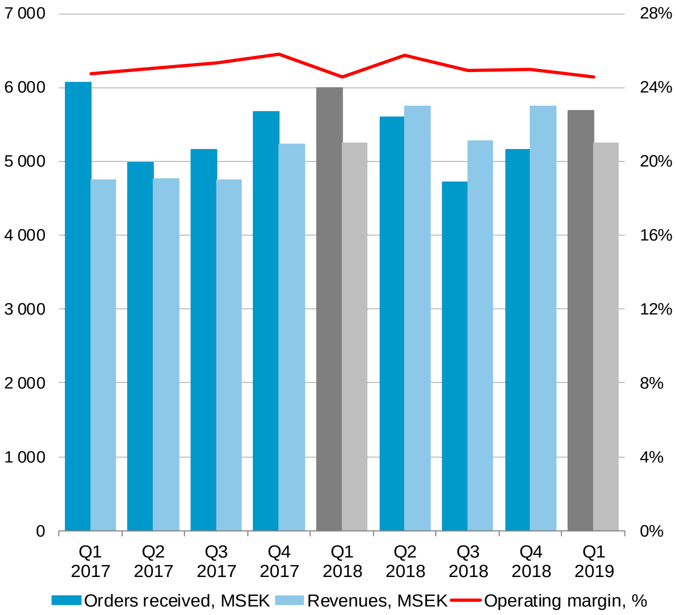
A new improved abatement system for semiconductor customers was launched in the quarter. The abatement system is based on non-fuel technology for safer processing when abating specific gases. Through further enhanced abatement technology, customers will benefit from reduced total cost of ownership and reduced environmental impact.

Revenues and profitability

Revenues reached MSEK 5 253 (5 255), corresponding to an organic decline of 8%.

The operating profit remained at MSEK 1 292 (1 292), and the operating margin was also flat at 24.6% (24.6), supported by currency, but diluted by under-absorption in factories. Return on capital employed (last 12 months) was 26% (26).

Orders, revenues and operating profit margin



Industrial Technique

	January - March		
MSEK	2019	2018	
Orders received	4 686	4 578	2%
Revenues	4 547	4 178	9%
Operating profit	1 008	974	3%
– as a percentage of revenues	*22.2*	*23.3*	
Return on capital employed, %	39	44	

- **Lower equipment demand from the motor vehicle industry**
- **Continued growth for service**
- **Operating profit margin negatively affected by restructuring costs**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2018	4 578	4 178
Structural change, %	+0	+0
Currency, %	+6	+6
Organic*, %	-4	+3
Total, %	+2	+9
2019	4 686	4 547

*Volume, price and mix.

Motor vehicle industry

The order intake for advanced industrial tools and assembly solutions from the motor vehicle industry decreased. The order decline was mainly due to weakened demand in North America, while order volumes in Europe increased and the order intake in Asia was flat.

Sequentially, the order volumes increased, supported by larger projects related to lightweight material, battery and electric vehicle production.

General industry

Order volumes for industrial power tools to the general industry were basically unchanged compared to the previous year. The order development was favourable from customers in the electronics industry, while the order intake from aerospace and off-road customers decreased.

Order volumes decreased in Europe, increased in the Middle East, and were unchanged in North America and Asia.

Service

The service business, including maintenance and calibration services, continued to grow in the quarter, mainly due to strong growth in Asia.

Innovation

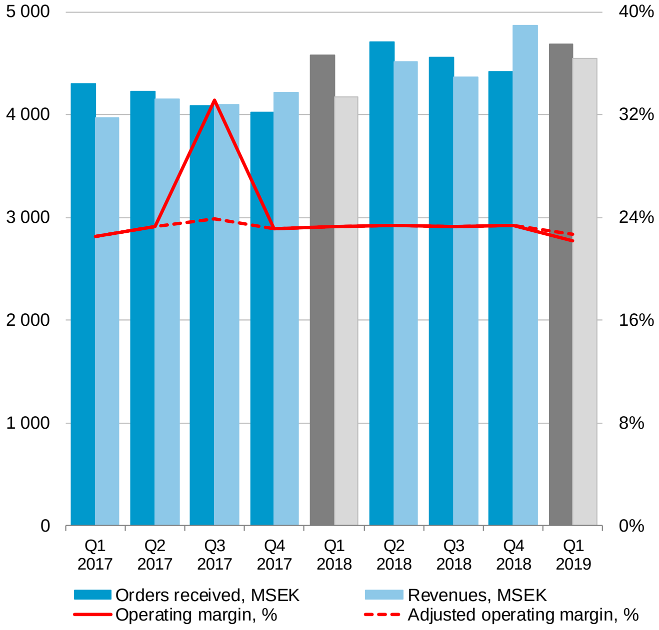
A new tool location system for handheld power tools was introduced in the quarter. With this, customers will have a cost-efficient and effective solution to reduce human errors and increase flexibility on their production lines.

Revenues and profitability

Revenues increased to MSEK 4 547 (4 178), corresponding to an organic growth of 3%.

The operating profit increased 3% to MSEK 1 008 (974), corresponding to a margin of 22.2% (23.3). Adjusted for restructuring costs of MSEK -22, the margin reached 22.7% (23.3). The adjusted margin was supported by currency, but negatively affected by sales mix, under-absorption in factories, and investments in R&D. Return on capital employed (last 12 months) was 39% (44).

Orders, revenues and operating profit margin



Power Technique

	January - March		
MSEK	2019	2018	
Orders received	4 101	3 337	23%
Revenues	3 177	2 894	10%
Operating profit	524	547	-4%
– as a percentage of revenues	*16.5*	*18.9*	
Return on capital employed, %	30	21	

- **Record order intake and revenues**
- **Strong growth for generators, pumps and specialty rental**
- **Operating margin at 16.5%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2018	3 337	2 894
Structural change, %	-3	-4
Currency, %	+7	+6
Organic*, %	+19	+8
Total, %	+23	+10
2019	4 101	3 177

*Volume, price and mix.

Equipment

Order volumes for equipment increased in the quarter. The growth was supported by strong growth for generators and pumps, mainly from equipment rental companies in North America.

In total, the order intake increased in all regions except Europe.

Specialty rental

Customer demand for the specialty rental business was strong and the order intake increased significantly compared to the previous year. Sequentially, the order intake was unchanged.

Compared to the previous year, growth was achieved in all regions.

Service

The service business continued to grow, particularly in Asia and Africa/Middle East.

Innovation

A new stage V compliant diesel engine was introduced to the high-pressure “Drill Air Range” portable compressors. The engine in combination with the compressor screw technology brings extra fuel efficiency while reducing the engine emissions. The new smart air controller and improved performance management system will also allow enhanced efficiency and reliability while lowering the cost of ownership for customers.

Acquisitions

Industrie Pumpen Vertriebs GmbH, a German distributor of industrial pumps, was acquired in January. The company has around 20 employees and revenues of approximately MSEK 50 in 2017.

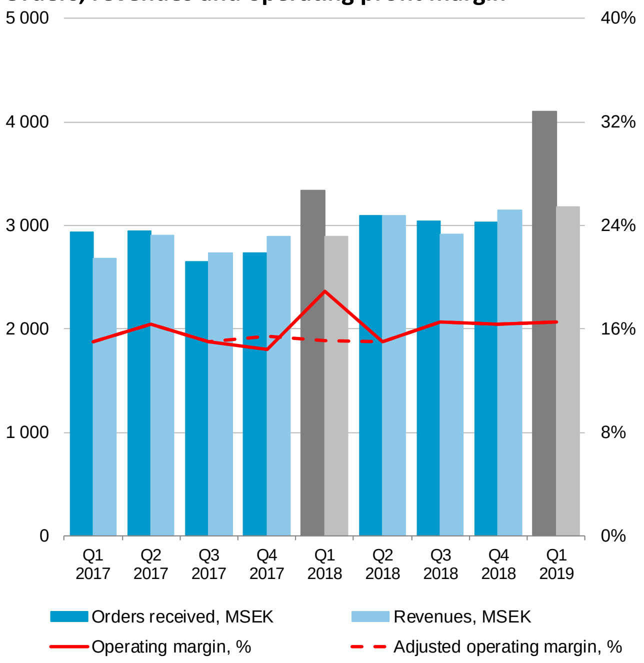
Revenues and profitability

Revenues increased to a record MSEK 3 177 (2 894), corresponding to an organic increase of 8%.

Operating profit reached MSEK 524 (547). Previous year included a capital gain of MSEK 109 associated with the divestment of the concrete and compaction business. The operating profit margin was 16.5% (adjusted 15.1), supported by increased revenue volumes.

Return on capital employed (last 12 months) was 30% (21).

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 2018, with the complementary description of changes described below. 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

IFRS 16 Leases

IFRS 16 Leases is effective from January 1, 2019 and replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a lease. Atlas Copco has chosen to perform the transition by use of the modified retrospective approach, which does not require restatement of comparative periods. The comparative information continues to be reported in accordance with IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a lease.

On transition to IFRS 16, the Group recognised an additional MSEK 3 259 of right-of-use assets and MSEK 3 284 of lease liabilities. The difference between right-of-use assets and lease liabilities refers to prepaid or accrued expenses and financial lease receivables on agreements from subleasing.

Effect on balance sheet from adoption of IFRS 16, MSEK	Jan. 1, 2019
Rental equipment	2
Other property, plant and equipment	3 257
Financial assets	40
Other receivables	-18
Interest-bearing loans and borrowings, non-current	2 437
Interest-bearing loans and borrowings, current	847
Other liabilities	-3

Recognizing depreciation of right of use assets instead of minimum lease payments has had a small positive impact on operating profit. Interest on lease liabilities has had a small negative impact on net financial items.

Since the principal payment are recognized as financing activities, cash flow from financing activities has decreased with a corresponding increase in cash flow from operating activities. The interest portion of the lease payment remains as cash flow from operating activities and is included in net financial items paid.

Further details about transition effects as well as new accounting principles under IFRS 16 is presented in Atlas Copco's Annual Report for 2018.

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 general economic downturn, geopolitical tensions, changes in trade agreements, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect 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 mitigates 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 compensated for by increased sales 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 2018.

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 Mar. 31 2019	Mar. 31 2018
Continuing operations		
Revenues	24 181	21 906
Cost of sales	-13 747	-12 304
Gross profit	**10 434**	**9 602**
Marketing expenses	-2 912	-2 585
Administrative expenses	-1 734	-1 432
Research and development costs	-863	-749
Other operating income and expenses	123	-3
Operating profit	**5 048**	**4 833**
- as a percentage of revenues	*20.9*	*22.1*
Net financial items	-141	-320
Profit before tax	**4 907**	**4 513**
- as a percentage of revenues	*20.3*	*20.6*
Income tax expense	-1 204	-1 173
Profit for the period from continuing operations	**3 703**	**3 340**
Discontinued operations		
Profit for the period from discontinued operations	-	1 081
Profit for the period	**3 703**	**4 421**
Profit attributable to		
- owners of the parent	3 698	4 415
- non-controlling interests	5	6
Basic earnings per share, SEK	**3.05**	**3.64**
- of which continuing operations	**3.05**	**2.75**
Diluted earnings per share, SEK	3.03	3.63
- of which continuing operations	3.03	2.74
Basic weighted average number of shares outstanding, millions	1 212.4	1 213.4
Diluted weighted average number of shares outstanding, millions	1 213.3	1 215.5

Key ratios		
Equity per share, period end, SEK	39	56
Return on capital employed, 12 month values, %	33	29
Return on equity, 12 month values, %	36	29 [1)]
Debt/equity ratio, period end, %	18	4 [1)]
Equity/assets ratio, period end, %	47	50 [1)]
Number of employees, period end	37 232	35 483

[1)] Including discontinued operations.

Consolidated statement of comprehensive income, including discontinued operations

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2019	2018
Profit for the period	**3 703**	**4 421**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	-309	170
Income tax relating to items that will not be reclassified	106	-35
	-203	**135**
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	1 677	3 191
- realized and reclassified to income statement	-	-12
Hedge of net investments in foreign operations	-224	-807
Cash flow hedges	2	70
Income tax relating to items that may be reclassified	67	488
	1 522	**2 930**
Other comprehensive income for the period, net of tax	**1 319**	**3 065**
Total comprehensive income for the period	**5 022**	**7 486**
Total comprehensive income attributable to		
- owners of the parent	5 015	7 479
- non-controlling interests	7	7

Consolidated balance sheet

MSEK	Mar. 31, 2019	Mar. 31, 2018*	Dec. 31, 2018	Jan. 1, 2019**
Intangible assets	30 886	28 993	30 025	30 025
Rental equipment	2 444	1 909	2 288	2 290
Other property, plant and equipment	11 722	7 674	8 099	11 356
Financial assets and other receivables	1 031	1 041	901	934
Deferred tax assets	1 769	1 917	1 619	1 619
Total non-current assets	**47 852**	**41 534**	**42 932**	**46 224**
Inventories	14 006	12 054	12 718	12 718
Trade and other receivables	26 207	23 503	24 503	24 485
Other financial assets	97	86	102	109
Cash and cash equivalents	13 495	23 249	16 414	16 414
Assets classified as held for sale	1	34 202	1	1
Total current assets	**53 806**	**93 094**	**53 738**	**53 727**
TOTAL ASSETS	**101 658**	**134 628**	**96 670**	**99 951**
Equity attributable to owners of the parent	47 402	67 500	42 425	42 425
Non-controlling interests	54	91	47	47
TOTAL EQUITY	**47 456**	**67 591**	**42 472**	**42 472**
Borrowings	17 086	16 652	14 415	16 852
Post-employment benefits	3 294	2 934	2 837	2 837
Other liabilities and provisions	1 208	1 380	1 282	1 282
Deferred tax liabilities	732	624	619	619
Total non-current liabilities	**22 320**	**21 590**	**19 153**	**21 590**
Borrowings	1 737	6 314	5 966	6 813
Trade payables and other liabilities	28 447	27 419	27 477	27 474
Provisions	1 698	1 772	1 602	1 602
Liabilities directly associated with assets classified as held for sale	-	9 942	-	-
Total current liabilities	**31 882**	**45 447**	**35 045**	**35 889**
TOTAL EQUITY AND LIABILITIES	**101 658**	**134 628**	**96 670**	**99 951**

*Including assets and liabilities related to Epiroc AB reported as discontinued operations.

**Including effects of IFRS 16 (leases).

Fair value of derivatives, cash equivalents and borrowings

The carrying value and fair value of the Group's outstanding derivatives, liquidity funds and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives, liquidity funds and other loans are based on level 2 in the fair value hierarchy. Compared to 2018, 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. Liquidity funds, reported under cash equivalents, are according to IFRS 9 classified at fair value through profit and loss.

Financial instruments recorded at fair value

MSEK	Mar. 31, 2019	Dec. 31, 2018
Current assets and liabilities		
Assets	552	367
Liabilities	6	32

Carrying value and fair value of borrowings (excluding lease liabilities)

MSEK	Mar. 31, 2019	Mar. 31, 2019	Dec. 31, 2018	Dec. 31, 2018
	Carrying value	Fair value	Carrying value	Fair value
Bonds	10 400	10 885	15 411	15 771
Other loans	5 029	5 111	4 970	5 053
	15 429	15 996	20 381	20 824

Consolidated statement of changes in equity

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2019	**42 425**	**47**	**42 472**
Changes in equity for the period			
Total comprehensive income for the period	5 015	7	5 022
Acquisition and divestment of own shares	-1	-	-1
Share-based payments, equity settled	-37	-	-37
Closing balance, March 31, 2019	**47 402**	**54**	**47 456**

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2018	**60 517**	**84**	**60 601**
Change in accounting principles	-37	-	-37
Changes in equity for the period			
Total comprehensive income for the period	7 479	7	7 486
Acquisition and divestment of own shares	-479	-	-479
Share-based payments, equity settled	20	-	20
Closing balance, March 31, 2018	**67 500**	**91**	**67 591**

Consolidated statement of cash flows

	January - March	
MSEK	2019	2018*
Cash flows from operating activities		
Operating profit, continuing operations	5 048	4 833
Operating profit, discontinued operations	-	1 515
Depreciation, amortization and impairment (see below)	1 079	1 094
Capital gain/loss and other non-cash items	107	25
Operating cash surplus	**6 234**	**7 467**
Net financial items received/paid	-365	393
Taxes paid	-1 014	-1 344
Pension funding and payment of pension to employees	-77	-102
Change in working capital	-1 469	-1 708
Investments in rental equipment	-259	-408
Sale of rental equipment	13	81
Net cash from operating activities	**3 063**	**4 379**
Cash flows from investing activities		
Investments in property, plant and equipment	-367	-461
Sale of property, plant and equipment	8	19
Investments in intangible assets	-239	-244
Acquisition of subsidiaries and associated companies	-185	-965
Divestment of subsidiaries	-	296
Other investments, net	-19	-134
Net cash from investing activities	**-802**	**-1 489**
Cash flows from financing activities		
Repurchase and sales of own shares	-1	-479
Change in interest-bearing liabilities	-5 479	-2 381
Net cash from financing activities	**-5 480**	**-2 860**
Net cash flow for the period	**-3 219**	**30**
Cash and cash equivalents, beginning of the period	16 414	24 496
Exchange differences in cash and cash equivalents	300	978
Cash and cash equivalents discontinued operations	-	-2 255
Cash and cash equivalents, end of the period	**13 495**	**23 249**

Depreciation, amortization and impairment		
Rental equipment	*164*	*244*
Other property, plant and equipment	*312*	*411*
Right-of-use assets	*236*	*-*
Intangible assets	*367*	*439*
Total	*1 079*	*1 094*

Calculation of operating cash flow

	January - March	
MSEK	2019	2018*
Net cash flow for the period	**-3 219**	**30**
Add back:		
Change in interest-bearing liabilities	5 479	2 381
Repurchase and sales of own shares	1	479
Acquisitions and divestments	185	669
Currency hedges of loans	83	-835
Operating cash flow**	**2 529**	**2 724**

*2018 Includes discontinued operations.

**Compared to previous year, and due to the reclassification of lease contract components (IFRS 16), there was a positive effect of approx. MSEK 240 on the operating cash flow in 2019.

Discontinued operations

At the Annual General Meeting on April 24, 2018, it was decided to split the Group and distribute the shares of Epiroc AB to the shareholders of Atlas Copco. In June, the shareholders received one Epiroc share for each Atlas Copco share. Epiroc AB was listed on Nasdaq Stockholm on June 18, 2018. Epiroc has been reported as discontinued operations since January 2018 with a retrospective effect in the income statement.

Assets and Liabilities held for Sale

MSEK	Mar. 31, 2019	Mar. 31, 2018
Non-current assets	-	12 817
Current assets	-	21 385
Total Assets	**-**	**34 202**
Non-current liabilities	-	507
Current liabilities	-	9 435
Total Liabilities	**-**	**9 942**

Income Statement

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2019	2018
Revenues	-	8 023
Cost of sales	-	-5 016
Gross profit	**-**	**3 007**
Marketing expenses	-	-600
Administrative expenses	-	-564
Research and development costs	-	-222
Other operating income and expenses	-	-106
Operating profit	**-**	**1 515**
- as a percentage of revenues	-	*18.9*
Net financial items	-	-57
Profit before tax	**-**	**1 458**
- as a percentage of revenues	-	*18.2*
Income tax expense	-	-377
Profit for the period	**-**	**1 081**

Cash flows from discontinued operations

	January - March	
MSEK	2019	2018
Cash flows from		
Operating activities	-	662
Investing activities	-	-876
Financing activities	-	39
Net cash flow for the period	-	**-175**

Revenues by business area

	2017				2018				2019
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	9 268	9 667	9 552	10 437	9 735	11 266	11 269	11 702	11 397
- of which external	*9 190*	*9 577*	*9 458*	*10 302*	*9 578*	*11 121*	*11 156*	*11 593*	*11 241*
- of which internal	*78*	*90*	*94*	*135*	*157*	*145*	*113*	*109*	*156*
Vacuum Technique	4 753	4 767	4 754	5 229	5 255	5 740	5 272	5 740	5 253
- of which external	*4 753*	*4 767*	*4 754*	*5 229*	*5 255*	*5 740*	*5 272*	*5 740*	*5 253*
- of which internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Industrial Technique	3 965	4 153	4 098	4 215	4 178	4 519	4 365	4 871	4 547
- of which external	*3 951*	*4 139*	*4 086*	*4 201*	*4 163*	*4 504*	*4 354*	*4 863*	*4 538*
- of which internal	*14*	*14*	*12*	*14*	*15*	*15*	*11*	*8*	*9*
Power Technique	2 685	2 908	2 732	2 892	2 894	3 091	2 911	3 146	3 177
- of which external	*2 571*	*2 803*	*2 651*	*2 782*	*2 756*	*2 980*	*2 893*	*3 126*	*3 149*
- of which internal	*114*	*105*	*81*	*110*	*138*	*111*	*18*	*20*	*28*
Common Group Items / Eliminations	-93	-98	-103	-128	-156	-155	-142	-138	-193
Atlas Copco Group	**20 578**	**21 397**	**21 033**	**22 645**	**21 906**	**24 461**	**23 675**	**25 321**	**24 181**

Operating profit by business area

	2017				2018				2019
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 130	2 237	2 225	2 370	2 249	2 638	2 667	2 709	2 618
- as a percentage of revenues	*23.0*	*23.1*	*23.3*	*22.7*	*23.1*	*23.4*	*23.7*	*23.1*	*23.0*
Vacuum Technique	1 176	1 193	1 205	1 350	1 292	1 479	1 315	1 436	1 292
- as a percentage of revenues	*24.7*	*25.0*	*25.3*	*25.8*	*24.6*	*25.8*	*24.9*	*25.0*	*24.6*
Industrial Technique	893	966	1 359	976	974	1 056	1 018	1 140	1 008
- as a percentage of revenues	*22.5*	*23.3*	*33.2*	*23.2*	*23.3*	*23.4*	*23.3*	*23.4*	*22.2*
Power Technique	404	475	410	416	547	464	480	515	524
- as a percentage of revenues	*15.0*	*16.3*	*15.0*	*14.4*	*18.9*	*15.0*	*16.5*	*16.4*	*16.5*
Common Group Items / Eliminations	-313	-274	-197	-253	-229	-207	-217	-139	-394
Operating profit	**4 290**	**4 597**	**5 002**	**4 859**	**4 833**	**5 430**	**5 263**	**5 661**	**5 048**
- as a percentage of revenues	*20.8*	*21.5*	*23.8*	*21.5*	*22.1*	*22.2*	*22.2*	*22.4*	*20.9*
Net financial items	-232	-395	-222	-308	-320	-201	-95	273	-141
Profit before tax	**4 058**	**4 202**	**4 780**	**4 551**	**4 513**	**5 229**	**5 168**	**5 934**	**4 907**
- as a percentage of revenues	*19.7*	*19.6*	*22.7*	*20.1*	*20.6*	*21.4*	*21.8*	*23.4*	*20.3*

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2019 Mar. 19	Class 1 Incorporated		Compressor Technique	130	50
2019 Mar. 6	Woodward Compressor Sales		Compressor Technique		15
2019 Mar. 1	Appleton		Compressor Technique		15
2019 Jan. 4	Industrie Pumpen Vertriebs GmbH		Power Technique	50	20
2018 Sep. 4	Reno A/S		Compressor Technique	153	60
2018 Aug. 1	QUISS Qualitäts-Inspektionssysteme und Service AG		Industrial Technique	86	45
2018 Jun. 18		Epiroc AB		31 440	12 948
2018 Apr. 4	Klingel Joining Technologies		Industrial Technique	82	23
2018 Mar. 1	Walker Filtration Ltd.		Compressor Technique	330	220
2018 Feb. 2		Concrete and compaction business	Power Technique	570	200
2018 Jan. 17	Location Thermique Service SAS		Power Technique	70	13

*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 2019, full disclosure as per IFRS 3 is not given in this interim report.
Disclosure will be given in the annual report 2019. See the annual report for 2018 for disclosure of acquisitions made in 2018.

Parent company

Income statement

	January - March	
MSEK	2019	2018
Administrative expenses	-194	-128
Other operating income and expenses	27	9
Operating profit/loss	**-167**	**-119**
Financial income and expenses*	1 244	36 009
Profit/loss before tax	**1 077**	**35 890**
Income tax	207	210
Profit/loss for the period	**1 284**	**36 100**

* Financial income and expenses mainly refer to dividend income from subsidiaries and capital gains from transfer of shares in subsidiaries which are related to internal restructurings. These transactions are eliminated in the Group accounts since they are internal. In Q1 2018 there was a large internal restructuring.

Balance sheet

	Mar. 31	Mar. 31	Dec. 31
MSEK	2019	2018	2018
Total non-current assets	158 094	178 704	208 920
Total current assets	7 954	32 508	19 588
TOTAL ASSETS	**166 048**	**211 212**	**228 508**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	140 766	110 877	139 521
TOTAL EQUITY	**146 551**	**116 662**	**145 306**
Total provisions	471	681	354
Total non-current liabilities	17 132	49 074	17 025
Total current liabilities	1 894	44 795	65 823
TOTAL EQUITY AND LIABILITIES	**166 048**	**211 212**	**228 508**
Assets pledged	164	146	226
Contingent liabilities	8 687	8 561	8 517

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 8.

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	*16 797 897*
- of which B shares held by Atlas Copco	*119 159*
Total shares outstanding, net of shares held by Atlas Copco	1 212 696 048

Performance-based personnel option plan

The Annual General Meeting 2018 approved a performance-based long-term incentive program. For Group Management and division presidents, 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/agm

Transactions in own shares

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

- Acquisition of not more than 3 300 000 series A shares, whereof a maximum of 2 300 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2018.
- 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 6 200 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2013, 2014 and 2015.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During the first quarter 2019, 17 994 series A shares, net, were acquired. These transactions are in accordance with mandates granted at the AGM 2018. 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 AB 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 2018 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 2018.

Nacka, Sweden April 25, 2019
Atlas Copco AB (publ)

Mats Rahmström
President and CEO

This is Atlas Copco
Atlas Copco is a world-leading provider of sustainable productivity solutions. The Group serves customers through its innovative compressors, vacuum solutions, generators, pumps, power tools and assembly systems. Atlas Copco develops products and services 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 more than 180 countries. In 2018, Atlas Copco (excluding Epiroc AB) had revenues of BSEK 95 (BEUR 9) and about 37 000 employees.

Business areas
Atlas Copco has four 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 mainly under the Edwards, Leybold and Atlas Copco brands. 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, through a global network, industrial power tools and assembly solutions, including tightening, bolting, riveting, adhesive dispensing, quality assurance products, material removal, software and service. 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, United States, United Kingdom, France, Japan and Hungary.

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. Guided by a forward-thinking approach to innovation, Power Technique provides sustainable productivity solutions across multiple industries, including construction, manufacturing, oil and gas and exploration drilling. Principal product development and manufacturing units are located in Belgium, Spain, the United States, China and India.

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

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Conference call
A presentation for investors, analysts and media will be held on April 25, at 2.00 PM CEST.
The dial-in numbers are:
- Sweden: +46 8 505 583 53
- United Kingdom: +44 33 330 092 74
- United States: +1 833 526 8347

The conference call will be broadcasted. Please see our website for link and presentation material:
http://www.atlascopcogroup.com/investor-relations
The recorded audio presentation will be available on our homepage following the conference call.

Annual General Meeting 2019
The Annual General Meeting for Atlas Copco AB will be held April 25, 2019 at 4 PM CEST in Aula Medica, Nobels väg 6, Solna, Sweden.

Second-quarter report 2019
The Q2 2019 report will be published on July 15, 2019.
(Silent period starts June 17, 2019)

Third-quarter report 2019
The Q3 2019 report will be published on October 21, 2019.
(Silent period starts September 23, 2019)

Capital Markets Day 2019
November 26, 2019

Fourth-quarter report 2019
The Q4 2019 report will be published on January 28, 2020.
(Silent period starts December 31, 2019)

This information is information that Atlas Copco AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 11.00 CEST on April 25, 2019.