

July 15, 2019

## Atlas Copco Second-quarter report 2019

### Orders and revenue growth with sustained high profitability

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

- Orders increased 6% to MSEK 26 565 (25 120), organic growth of 2%
- Revenues were MSEK 25 580 (24 461), organic growth of 1%
- Adjusted operating profit, excluding items affecting comparability, increased 2% to MSEK 5 622 (5 485), corresponding to a margin of 22.0% (22.4)
- Reported operating profit was MSEK 5 379 (5 430), corresponding to a margin of 21.0% (22.2)
- Profit before tax amounted to MSEK 5 315 (5 229)
- Basic earnings per share were SEK 3.36 (3.21)
- Operating cash flow at MSEK 2 369 (approx. 3 200)
- Return on capital employed was 33% (31)

| MSEK   | April - June |        |     | January - June |        |    |
|--|--------------|--------|-----|----------------|--------|----|
|  | 2019         | 2018   |     | 2019           | 2018   |    |
| Orders received                                    | 26 565       | 25 120 | 6%  | 53 377         | 49 950 | 7% |
| Revenues   | 25 580       | 24 461 | 5%  | 49 761         | 46 367 | 7% |
| Operating profit                                   | 5 379        | 5 430  | -1% | 10 427         | 10 263 | 2% |
| – as a percentage of revenues                      | 21.0         | 22.2   |     | 21.0           | 22.1   |    |
| Profit before tax                                  | 5 315        | 5 229  | 2%  | 10 222         | 9 742  | 5% |
| – as a percentage of revenues                      | 20.8         | 21.4   |     | 20.5           | 21.0   |    |
| Profit for the period from continuing operations   | 4 085        | 3 894  | 5%  | 7 788          | 7 234  | 8% |
| Profit for the period from discontinued operations | -            | 89 139 |     | -              | 90 220 |    |
| Profit for the period                              | 4 085        | 93 033 |     | 7 788          | 97 454 |    |
| Basic earnings per share, SEK                      | 3.36         | 76.47  |     | 6.41           | 80.11  |    |
| - of which continuing operations                   | 3.36         | 3.21   |     | 6.41           | 5.96   |    |
| Diluted earnings per share, SEK                    | 3.36         | 76.33  |     | 6.41           | 79.74  |    |
| - of which continuing operations                   | 3.36         | 3.20   |     | 6.41           | 5.94   |    |
| Return on capital employed, %                      | 33           | 31     |     |                |        |    |

#### Near-term demand outlook

The demand for Atlas Copco's products and services is expected to be somewhat lower than the level in the second quarter.

*Previous near-term demand outlook (published April 25, 2019):*

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

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### Revenues, profits and returns

Revenues increased 5% to MSEK 25 580 (24 461), corresponding to an organic growth of 1%. Currency translation had a positive effect of 4%.

The operating profit decreased 1% to MSEK 5 379 (5 430) and includes MSEK -30 restructuring costs in Industrial Technique business area and a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -213 (-55).

Adjusted operating profit increased 2% to MSEK 5 622 (5 485), corresponding to a margin of 22.0% (22.4).

The net currency effect compared to the previous year was positive MSEK 255, mainly due to a weaker SEK.

Net financial items were MSEK -64 (-201). Interest net, at MSEK -79 (-174), 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 +15 (-27). Previous year was negatively affected by a one-time cost in connection with the prepayment of a USD loan.

Profit before tax amounted to MSEK 5 315 (5 229), corresponding to a margin of 20.8% (21.4).

Corporate income tax amounted to MSEK -1 230 (-1 335), corresponding to an effective tax rate of 23.1% (25.5).

Profit for the period was MSEK 4 085 (3 894). Basic and diluted earnings per share were SEK 3.36 (3.21) and SEK 3.36 (3.20), respectively.

The return on capital employed during the last 12 months was 33% (31). Return on equity was 41% (26). 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 6 980 (8 196). Cash flows from net financial items were negative at MSEK -213 (-1 002), which includes cash flow from currency hedges of MSEK -268 (-1 071), where the offsetting cash flow mainly occurs in the future. Working capital increased MSEK 1 938 (1 727). Net investments in rental equipment were MSEK -238 (-409) and net investments in property, plant and equipment were MSEK -321 (-495).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 2 369 (previous year approx. 3 200 for continuing operations).

### Revenues and operating profit – bridge

| MSEK                     | Q2 2019 | Volume, price, mix and other | Currency | Items affecting comparability and acquisitions | Share-based LTI* programs |         |
|--------------------------|---------|------------------------------|----------|--|---------------------------|---------|
|                          |         |                              |          |  | Q2 2018                   | Q2 2018 |
| <b>Atlas Copco Group</b> |         |                              |          |  |                           |         |
| Revenues                 | 25 580  | 74                           | 965      | 80   | -                         | 24 461  |
| Operating profit         | 5 379   | -103                         | 255      | -45  | -158                      | 5 430   |
|                          | 21.0%   | NA                           |          |  |                           | 22.2%   |

\*LTI= Long term incentive

The decrease was due to a larger increase in working capital compared to the second quarter 2018.

### Net indebtedness

The Group's net indebtedness amounted to MSEK 10 935 (14 383), of which MSEK 3 279 (3 034) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 5.2 years. The net debt/EBITDA ratio was 0.4 (0.6). The net debt/equity ratio was 25% (41).

### Acquisition and divestment of own shares

During the quarter, 1 997 881 A shares, net, were sold for a net value of MSEK 576. 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 June 30, 2019, the number of employees was 37 624 (35 995). The number of consultants/external workforce was 3 191 (3 180). For comparable units, the total workforce increased by 1 237 from June 30, 2018.

### Atlas Copco acquires Brooks' Semiconductor Cryogenics Business

On July 1, 2019, Atlas Copco completed the acquisition of Brooks' Semiconductor Cryogenics Business for the agreed consideration of MUSD 675. The acquisition includes cryo pump operations located in Chelmsford, USA, and Monterrey, Mexico together with a worldwide network of sales and service centers and a 50% share of Ulvac Cryogenics, Inc., (UCI). Note that the revenues from UCI will not be consolidated into Atlas Copco's revenues. Instead, the Group's share of the result after tax will be treated as result from joint ventures.

The Cryogenics Business will be consolidated as from July 1, 2019 and will be a part of Atlas Copco's business area Vacuum Technique.

The acquired business is active in the semiconductor industry and is therefore negatively impacted by current market conditions. The business has current annual revenues of approximately MUSD 150 per year, and the 50% owned joint venture UCI approximately MUSD 100 per year. Primarily due to amortizations of intangibles, the acquisition will initially have a slightly dilutive effect on operating margin for the Vacuum Technique business area.

Information about the purchase price allocation will be given in the Q3 report 2019.

## Compressor Technique

| MSEK                          | April - June |        |    | January - June |        |     |
|-------------------------------|--------------|--------|----|----------------|--------|-----|
|                               | 2019         | 2018   |    | 2019           | 2018   |     |
| Orders received               | 12 902       | 11 924 | 8% | 25 428         | 23 065 | 10% |
| Revenues                      | 11 974       | 11 266 | 6% | 23 371         | 21 001 | 11% |
| Operating profit              | 2 773        | 2 638  | 5% | 5 391          | 4 887  | 10% |
| – as a percentage of revenues | 23.2         | 23.4   |    | 23.1           | 23.3   |     |
| Return on capital employed, % | 100          | 99     |    |                |        |     |

- Record orders, revenues, and operating profit
- Solid growth for larger compressors and continued growth for service
- Seven acquisitions completed in the quarter

## Sales bridge

| MSEK                 | April - June    |          |
|----------------------|-----------------|----------|
|                      | Orders received | Revenues |
| 2018                 | 11 924          | 11 266   |
| Structural change, % | +1              | +1       |
| Currency, %          | +4              | +3       |
| Organic*, %          | +3              | +2       |
| Total, %             | +8              | +6       |
| 2019                 | 12 902          | 11 974   |

\*Volume, price and mix.

## Industrial compressors

The demand for industrial compressors was mixed. Order intake increased year-on-year for large-sized compressors, while orders for small and medium-sized compressors decreased somewhat.

Order volumes increased in the Americas and Africa/Middle East but decreased in Asia. The order intake in Europe was flat.

## Gas and process compressors

The demand for gas and process compressors continued to be strong, and order volumes increased significantly compared to the previous year.

Strong order growth was achieved in all major regions, except Europe where volumes were principally flat.

## Compressor service

The service business continued to grow, primarily due to increased order intake in Europe and Asia.

## Innovation

A new blower, with half the size compared to the previous model but 10% more energy efficient, and 30% more flow generation was launched. The blower targets the low-pressure market for applications in for example wastewater treatment, pneumatic conveying, and the food and textile industry.

## Acquisitions

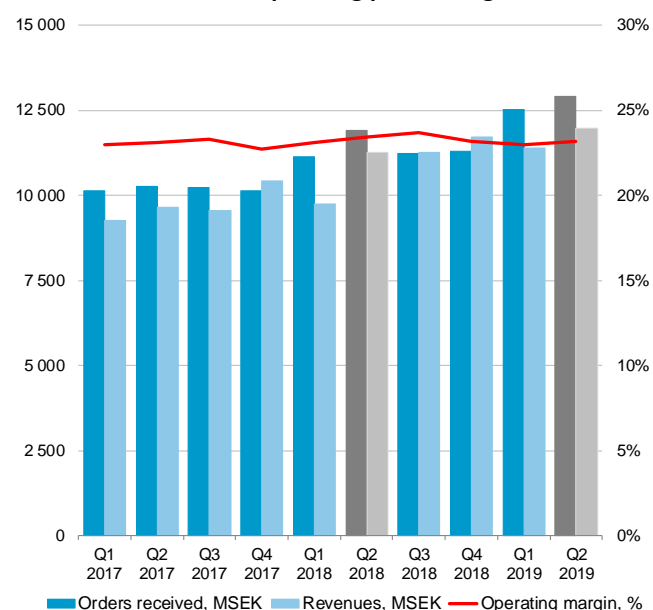
The business area acquired seven distributors in the quarter, out of which three are located in Germany, two in France, one in the US, and one in Canada. In total, the distributors have about 80 employees.

## Revenues and profitability

Revenues increased 6% to a record MSEK 11 974 (11 266), corresponding to an organic increase of 2%.

The operating profit also reached a record of MSEK 2 773 (2 638), corresponding to a margin of 23.2% (23.4), negatively affected by dilution from acquisitions. Return on capital employed (last 12 months) was 100% (99).

## Orders, revenues and operating profit margin



## Vacuum Technique

| MSEK                          | April - June |       |     | January - June |        |     |
|-------------------------------|--------------|-------|-----|----------------|--------|-----|
|                               | 2019         | 2018  |     | 2019           | 2018   |     |
| Orders received               | 5 451        | 5 596 | -3% | 11 138         | 11 588 | -4% |
| Revenues                      | 5 650        | 5 740 | -2% | 10 903         | 10 995 | -1% |
| Operating profit              | 1 401        | 1 479 | -5% | 2 693          | 2 771  | -3% |
| – as a percentage of revenues | 24.8         | 25.8  |     | 24.7           | 25.2   |     |
| Return on capital employed, % | 25           | 28    |     |                |        |     |

- Lower equipment demand
- Service revenues continued to grow
- Operating margin at 24.8%

## Sales bridge

| MSEK                 | April - June    |          |
|----------------------|-----------------|----------|
|                      | Orders received | Revenues |
| 2018                 | 5 596           | 5 740    |
| Structural change, % | +0              | +0       |
| Currency, %          | +4              | +5       |
| Organic*, %          | -7              | -7       |
| Total, %             | -3              | -2       |
| 2019                 | 5 451           | 5 650    |

\*Volume, price and mix.

## Semiconductor and flat panel display equipment

Order intake for equipment to the semiconductor and flat panel display industry decreased, but customer investments to support latest technology products remained at a high level.

Geographically, Asia and South Korea in particular, continued to be relatively weak. In North America, the order intake remained healthy, but below previous year's record level.

## Industrial and scientific vacuum equipment

Equipment orders from the industrial and scientific vacuum markets were down compared to the previous year and broadly flat sequentially.

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

## Vacuum service

The service business continued to grow with increased order intake from both industrial customers and the semiconductor industry.

## Innovation

To meet the increased demand on the quality, shelf life, and resource efficiency in food and packaging processes, a new oil-free screw vacuum pump was launched. By transferring proven design principles from other pump

series, the new pump will offer customers reduced risk for contamination in their processes, high energy efficiency, low noise level, and low lifetime costs.

## Acquisitions

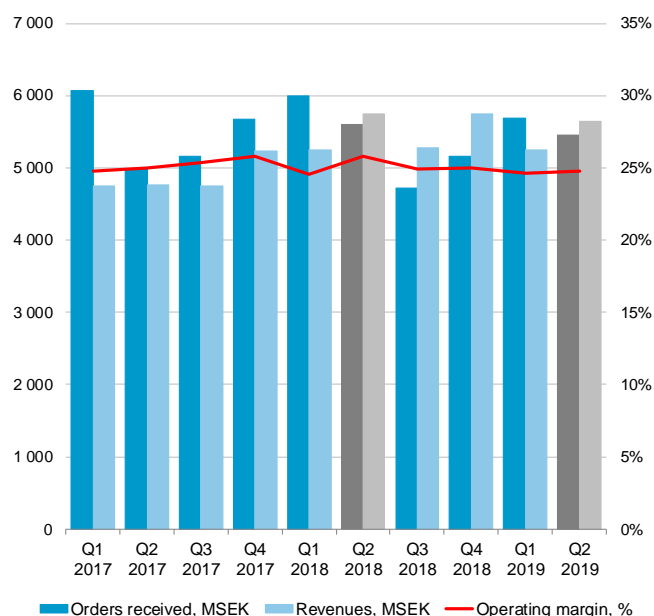
On July 1 the acquisition of Brooks' Semiconductor Cryogenics Business was completed. See page 3.

## Revenues and profitability

Revenues reached MSEK 5 650 (5 740), corresponding to an organic decline of 7%.

The operating profit reached MSEK 1 401 (1 479), corresponding to a margin of 24.8% (25.8). The margin was negatively affected by decreased revenue volumes and sales mix. Return on capital employed (last 12 months) was 25% (28).

## Orders, revenues and operating profit margin



## Industrial Technique

| MSEK                          | April - June |       |     | January - June |       |    |
|-------------------------------|--------------|-------|-----|----------------|-------|----|
|                               | 2019         | 2018  |     | 2019           | 2018  |    |
| Orders received               | 4 868        | 4 713 | 3%  | 9 554          | 9 291 | 3% |
| Revenues                      | 4 576        | 4 519 | 1%  | 9 123          | 8 697 | 5% |
| Operating profit              | 1 016        | 1 056 | -4% | 2 024          | 2 030 | 0% |
| – as a percentage of revenues | 22.2         | 23.4  |     | 22.2           | 23.3  |    |
| Return on capital employed, % | 37           | 44    |     |                |       |    |

- Lower demand for equipment to the motor vehicle industry
- Service continued to grow
- Adjusted operating margin at 22.9%

## Sales bridge

| MSEK                 | April - June    |          |
|----------------------|-----------------|----------|
|                      | Orders received | Revenues |
| 2018                 | 4 713           | 4 519    |
| Structural change, % | +0              | +0       |
| Currency, %          | +4              | +4       |
| Organic*, %          | -1              | -3       |
| Total, %             | +3              | +1       |
| 2019                 | 4 868           | 4 576    |

\*Volume, price and mix.

## Motor vehicle industry

The order volumes from the motor vehicle industry for advanced power tools decreased while orders for other fastening technologies, e.g. adhesives and riveting, increased compared to the previous year. Sequentially, the order intake remained on the same level as the previous quarter.

Geographically, and compared to the previous year, the order intake was unchanged in North America and Europe but decreased in Asia.

## General industry

The order intake for industrial power tools from the general industry remained at about the same level as the previous year. The demand was mixed from different customer applications, with order growth from, for example, aerospace, and off-road customers, while order volumes from customers in the electronics industry decreased.

Geographically, order volumes increased in Asia and North America but decreased in Europe.

## Service

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

## Innovation

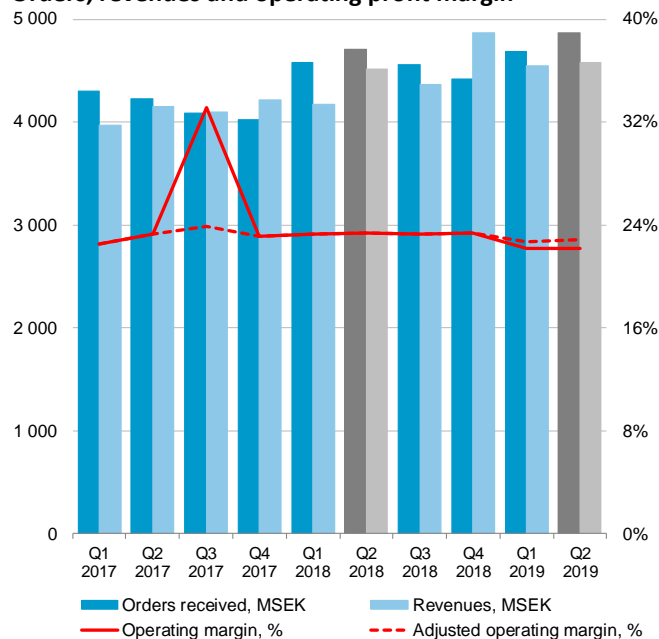
A new smart handheld electric tool to be used with multiple drilling and fastener heads was launched. The device offers full coverage in a single tool for use in several different aerospace materials. The built-in software enables quick configuration, automatic head recognition, and counts cycles in operations. Thanks to open system architecture, the tools are smart factory compatible.

## Revenues and profitability

Revenues increased 1% to MSEK 4 576 (4 519), an organic decline of 3%.

The operating profit decreased 4% to MSEK 1 016 (1 056), corresponding to a margin of 22.2% (23.4). Adjusted for restructuring costs of MSEK -30, the margin reached 22.9% (23.4). The adjusted margin was negatively affected by lower revenue volumes, sales mix, and higher investments in R&D. Return on capital employed (last 12 months) was 37% (44).

## Orders, revenues and operating profit margin



## Power Technique

| MSEK                                 | April - June |             |     | January - June |             |     |
|--------------------------------------|--------------|-------------|-----|----------------|-------------|-----|
|                                      | 2019         | 2018        |     | 2019           | 2018        |     |
| Orders received                      | 3 481        | 3 091       | 13% | 7 582          | 6 428       | 18% |
| Revenues                             | 3 555        | 3 091       | 15% | 6 732          | 5 985       | 12% |
| Operating profit                     | 619          | 464         | 33% | 1 143          | 1 011       | 13% |
| <i>– as a percentage of revenues</i> | <i>17.4</i>  | <i>15.0</i> |     | <i>17.0</i>    | <i>16.9</i> |     |
| Return on capital employed, %        | 30           | 18          |     |                |             |     |

- **Strong order and revenue growth**
- **Record operating profit with 17.4% margin**
- **Continued growth for service**

## Sales bridge

| MSEK                 | April - June    |          |
|----------------------|-----------------|----------|
|                      | Orders received | Revenues |
| 2018                 | 3 091           | 3 091    |
| Structural change, % | -1              | -2       |
| Currency, %          | +4              | +4       |
| Organic*, %          | +10             | +13      |
| Total, %             | +13             | +15      |
| 2019                 | 3 481           | 3 555    |

\*Volume, price and mix.

## Equipment

The demand for equipment was strong and order intake grew significantly for both generators and pumps, mainly due to increased demand from equipment rental companies in the USA.

Geographically, order volumes increased in all regions except in Africa/Middle East where volumes were down.

Sequentially, compared to the seasonally strong first quarter, the order intake was lower for most types of equipment.

## Specialty rental

The specialty rental business continued to grow and solid order growth was achieved in all regions.

Sequentially, the order volumes were unchanged compared to the previous quarter's high level.

## Service

The service business continued to grow, mainly due to strong development in Asia.

## Innovation

A new generator range with variable speed control was launched. Customers typically have inefficiencies when working with low loads, therefore the unique variable speed generator will provide operational savings, higher performance, and increased reliability, while reducing up to 40% in fuel consumption and emissions.

## Acquisitions

Two acquisitions were completed in the quarter:

- Powerhouse Equipment & Engineering Co. Inc, a US-based steam boiler company with 95 employees and revenue of close to MUSD 36 (MSEK 347) in 2018.
- Mid South Engine & Power Systems, LLC. A provider of service for off-road engines and spare parts in the US. The company has 28 employees and revenues of MUSD 6 (MSEK 54) in 2018.

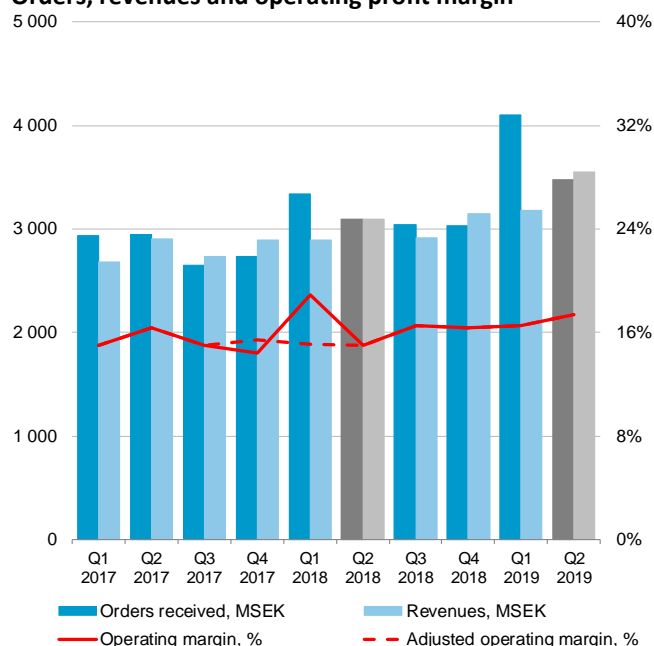
## Revenues and profitability

Revenues reached MSEK 3 555 (3 091), corresponding to an organic increase of 13%.

Operating profit increased 33% to MSEK 619 (464), corresponding to a record margin of 17.4% (15.0). The margin improvement was primarily due to the increased revenue volumes.

Return on capital employed (last 12 months) was 30% (18).

## 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 applied in this report 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 about these measures and how they 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 payments 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**

|   | 3 months ended |               | 6 months ended |               |
|---|----------------|---------------|----------------|---------------|
|   | Jun. 30        | Jun. 30       | Jun. 30        | Jun. 30       |
| MSEK  | 2019           | 2018          | 2019           | 2018          |
| <b>Continuing operations</b>                                    |                |               |                |               |
| Revenues  | 25 580         | 24 461        | 49 761         | 46 367        |
| Cost of sales   | -14 395        | -13 898       | -28 142        | -26 202       |
| <b>Gross profit</b>   | <b>11 185</b>  | <b>10 563</b> | <b>21 619</b>  | <b>20 165</b> |
| Marketing expenses  | -3 033         | -2 830        | -5 945         | -5 415        |
| Administrative expenses   | -1 838         | -1 630        | -3 572         | -3 062        |
| Research and development costs                                  | -878           | -826          | -1 741         | -1 575        |
| Other operating income and expenses                             | -57            | 153           | 66             | 150           |
| <b>Operating profit</b>   | <b>5 379</b>   | <b>5 430</b>  | <b>10 427</b>  | <b>10 263</b> |
| - as a percentage of revenues                                   | 21.0           | 22.2          | 21.0           | 22.1          |
| Net financial items   | -64            | -201          | -205           | -521          |
| <b>Profit before tax</b>  | <b>5 315</b>   | <b>5 229</b>  | <b>10 222</b>  | <b>9 742</b>  |
| - as a percentage of revenues                                   | 20.8           | 21.4          | 20.5           | 21.0          |
| Income tax expense  | -1 230         | -1 335        | -2 434         | -2 508        |
| <b>Profit for the period from continuing operations</b>         | <b>4 085</b>   | <b>3 894</b>  | <b>7 788</b>   | <b>7 234</b>  |
| <b>Discontinued operations</b>                                  |                |               |                |               |
| Profit for the period from discontinued operations              | -              | 89 139 *      | -              | 90 220 *      |
| <b>Profit for the period</b>                                    | <b>4 085</b>   | <b>93 033</b> | <b>7 788</b>   | <b>97 454</b> |
| Profit attributable to  |                |               |                |               |
| - owners of the parent  | 4 080          | 92 774        | 7 778          | 97 189        |
| - non-controlling interests                                     | 5              | 259           | 10             | 265           |
| <b>Basic earnings per share, SEK</b>                            | <b>3.36</b>    | <b>76.47</b>  | <b>6.41</b>    | <b>80.11</b>  |
| - of which continuing operations                                | 3.36           | 3.21          | 6.41           | 5.96          |
| Diluted earnings per share, SEK                                 | 3.36           | 76.33         | 6.41           | 79.74         |
| - of which continuing operations                                | 3.36           | 3.20          | 6.41           | 5.94          |
| Basic weighted average number of shares outstanding, millions   | 1 213.9        | 1 213.1       | 1 213.2        | 1 213.3       |
| Diluted weighted average number of shares outstanding, millions | 1 215.0        | 1 215.4       | 1 214.1        | 1 215.8       |
| *2018 includes effect from the distribution of Epiroc AB.       |                |               |                |               |
| <b>Key ratios</b>   |                |               |                |               |
| Equity per share, period end, SEK                               | 36             | 29            |                |               |
| Return on capital employed, 12 month values, %                  | 33             | 31            |                |               |
| Return on equity, 12 month values, %                            | 41             | 26            |                |               |
| Debt/equity ratio, period end, %                                | 25             | 41            |                |               |
| Equity/assets ratio, period end, %                              | 43             | 38            |                |               |
| Number of employees, period end                                 | 37 624         | 35 995        |                |               |

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

| MSEK   | 3 months ended |               | 6 months ended |                |
|--|----------------|---------------|----------------|----------------|
|  | Jun. 30        | Jun. 30       | Jun. 30        | Jun. 30        |
|  | 2019           | 2018          | 2019           | 2018           |
| <b>Profit for the period</b>   | <b>4 085</b>   | <b>93 033</b> | <b>7 788</b>   | <b>97 454</b>  |
| <b>Other comprehensive income</b>                                    |                |               |                |                |
| <b>Items that will not be reclassified to profit or loss</b>         |                |               |                |                |
| Remeasurements of defined benefit pension plans                      | 111            | -29           | -198           | 141            |
| Income tax relating to items that will not be reclassified           | -27            | 17            | 79             | -18            |
|  | <b>84</b>      | <b>-12</b>    | <b>-119</b>    | <b>123</b>     |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                |               |                |                |
| Translation differences on foreign operations                        | -101           | 1 509         | 1 576          | 4 699          |
| - realized and reclassified to income statement                      | -              | -934          | -              | -946           |
| Hedge of net investments in foreign operations                       | -223           | -227          | -447           | -1 034         |
| Cash flow hedges   | -8             | -25           | -6             | 45             |
| Income tax relating to items that may be reclassified                | 68             | 146           | 135            | 634            |
|  | <b>-264</b>    | <b>469</b>    | <b>1 258</b>   | <b>3 398</b>   |
| <b>Other comprehensive income for the period, net of tax</b>         | <b>-180</b>    | <b>457</b>    | <b>1 139</b>   | <b>3 521</b>   |
| <b>Total comprehensive income for the period</b>                     | <b>3 905</b>   | <b>93 490</b> | <b>8 927</b>   | <b>100 975</b> |
| Total comprehensive income attributable to                           |                |               |                |                |
| - owners of the parent   | 3 900          | 93 230        | 8 915          | 100 708        |
| - non-controlling interests  | 5              | 260           | 12             | 267            |

**Consolidated balance sheet**

| MSEK  | Jun. 30, 2019  | Jun. 30, 2018 | Dec. 31, 2018 | Jan. 1, 2019* |
|---|----------------|---------------|---------------|---------------|
| Intangible assets                           | 31 367         | 30 263        | 30 025        | 30 025        |
| Rental equipment                            | 2 667          | 2 078         | 2 288         | 2 290         |
| Other property, plant and equipment         | 11 687         | 7 890         | 8 099         | 11 356        |
| Financial assets and other receivables      | 1 080          | 1 118         | 901           | 934           |
| Deferred tax assets                         | 1 898          | 1 997         | 1 619         | 1 619         |
| <b>Total non-current assets</b>             | <b>48 699</b>  | <b>43 346</b> | <b>42 932</b> | <b>46 224</b> |
| Inventories                                 | 14 600         | 12 926        | 12 718        | 12 718        |
| Trade and other receivables                 | 27 360         | 25 562        | 24 503        | 24 485        |
| Other financial assets                      | 119            | 98            | 102           | 109           |
| Cash and cash equivalents                   | 11 720         | 9 521         | 16 414        | 16 414        |
| Assets classified as held for sale          | 1              | 1             | 1             | 1             |
| <b>Total current assets</b>                 | <b>53 800</b>  | <b>48 108</b> | <b>53 738</b> | <b>53 727</b> |
| <b>TOTAL ASSETS</b>                         | <b>102 499</b> | <b>91 454</b> | <b>96 670</b> | <b>99 951</b> |
| Equity attributable to owners of the parent | 44 203         | 34 952        | 42 425        | 42 425        |
| Non-controlling interests                   | 59             | 50            | 47            | 47            |
| <b>TOTAL EQUITY</b>                         | <b>44 262</b>  | <b>35 002</b> | <b>42 472</b> | <b>42 472</b> |
| Borrowings                                  | 17 313         | 14 671        | 14 415        | 16 852        |
| Post-employment benefits                    | 3 279          | 3 034         | 2 837         | 2 837         |
| Other liabilities and provisions            | 1 310          | 1 366         | 1 282         | 1 282         |
| Deferred tax liabilities                    | 771            | 658           | 619           | 619           |
| <b>Total non-current liabilities</b>        | <b>22 673</b>  | <b>19 729</b> | <b>19 153</b> | <b>21 590</b> |
| Borrowings                                  | 2 182          | 6 297         | 5 966         | 6 813         |
| Trade payables and other liabilities        | 31 585         | 28 694        | 27 477        | 27 474        |
| Provisions                                  | 1 797          | 1 732         | 1 602         | 1 602         |
| <b>Total current liabilities</b>            | <b>35 564</b>  | <b>36 723</b> | <b>35 045</b> | <b>35 889</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>102 499</b> | <b>91 454</b> | <b>96 670</b> | <b>99 951</b> |

\*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                                  | Jun. 30, 2019 | Dec. 31, 2018 |
|---------------------------------------|---------------|---------------|
| <i>Current assets and liabilities</i> |               |               |
| Assets                                | 689           | 367           |
| Liabilities                           | 50            | 32            |

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

| MSEK        | Jun. 30, 2019  | Jun. 30, 2019 | Dec. 31, 2018  | Dec. 31, 2018 |
|-------------|----------------|---------------|----------------|---------------|
|             | Carrying value | Fair value    | Carrying value | Fair value    |
| Bonds       | 10 532         | 11 215        | 15 411         | 15 771        |
| Other loans | 5 595          | 5 674         | 4 970          | 5 053         |
|             | 16 127         | 16 889        | 20 381         | 20 824        |

**Consolidated statement of changes in equity**

| MSEK                                      | Equity attributable to  |                              | Total equity  |
|---|-------------------------|------------------------------|---------------|
|   | owners of<br>the parent | non-controlling<br>interests |               |
| <b>Opening balance, January 1, 2019</b>   | <b>42 425</b>           | <b>47</b>                    | <b>42 472</b> |
| <b>Changes in equity for the period</b>   |                         |                              |               |
| Total comprehensive income for the period | 8 915                   | 12                           | 8 927         |
| Dividend                                  | -7 640                  | -                            | -7 640        |
| Acquisition and divestment of own shares  | 575                     | -                            | 575           |
| Share-based payments, equity settled      | -72                     | -                            | -72           |
| <b>Closing balance, June 30, 2019</b>     | <b>44 203</b>           | <b>59</b>                    | <b>44 262</b> |

| MSEK                                      | Equity attributable to  |                              | Total equity  |
|---|-------------------------|------------------------------|---------------|
|   | owners of<br>the parent | non-controlling<br>interests |               |
| <b>Opening balance, January 1, 2018</b>   | <b>60 517</b>           | <b>84</b>                    | <b>60 601</b> |
| Change in accounting principles           | -37                     | -                            | -37           |
| <b>Changes in equity for the period</b>   |                         |                              |               |
| Total comprehensive income for the period | 100 708                 | 267                          | 100 975       |
| Ordinary dividend                         | -8 487                  | -                            | -8 487        |
| Distribution of Epiroc AB                 | -107 998                | -301                         | -108 299      |
| Redemption of shares                      | -9 705                  | -                            | -9 705        |
| Acquisition and divestment of own shares  | 5                       | -                            | 5             |
| Share-based payments, equity settled      | -51                     | -                            | -51           |
| <b>Closing balance, June 30, 2018</b>     | <b>34 952</b>           | <b>50</b>                    | <b>35 002</b> |

**Consolidated statement of cash flows**

| MSEK  | April - June  |                | January - June |                |
|---|---------------|----------------|----------------|----------------|
|   | 2019          | 2018*          | 2019           | 2018*          |
| <b>Cash flows from operating activities</b>           |               |                |                |                |
| Operating profit, continuing operations               | 5 379         | 5 430          | 10 427         | 10 263         |
| Operating profit, discontinued operations             | -             | 1 498          | -              | 3 013          |
| Depreciation, amortization and impairment (see below) | 1 133         | 1 137          | 2 212          | 2 231          |
| Capital gain/loss and other non-cash items            | 468           | 131            | 575            | 156            |
| <b>Operating cash surplus</b>                         | <b>6 980</b>  | <b>8 196</b>   | <b>13 214</b>  | <b>15 663</b>  |
| Net financial items received/paid                     | -213          | -1 002         | -578           | -609           |
| Taxes paid  | -1 822        | -2 208         | -2 836         | -3 552         |
| Pension funding and payment of pension to employees   | -84           | -77            | -161           | -179           |
| Change in working capital                             | -1 938        | -1 727         | -3 407         | -3 435         |
| Investments in rental equipment                       | -244          | -498           | -503           | -906           |
| Sale of rental equipment                              | 6             | 89             | 19             | 170            |
| <b>Net cash from operating activities</b>             | <b>2 685</b>  | <b>2 773</b>   | <b>5 748</b>   | <b>7 152</b>   |
| <b>Cash flows from investing activities</b>           |               |                |                |                |
| Investments in property, plant and equipment          | -362          | -513           | -729           | -974           |
| Sale of property, plant and equipment                 | 41            | 18             | 49             | 37             |
| Investments in intangible assets                      | -255          | -239           | -494           | -483           |
| Sale of intangible assets                             | 1             | -              | 1              | -              |
| Acquisition of subsidiaries and associated companies  | -817          | -220           | -1 002         | -1 185         |
| Divestment of subsidiaries                            | -             | 260            | -              | 556            |
| Other investments, net                                | -9            | -44            | -28            | -178           |
| <b>Net cash from investing activities</b>             | <b>-1 401</b> | <b>-738</b>    | <b>-2 203</b>  | <b>-2 227</b>  |
| <b>Cash flows from financing activities</b>           |               |                |                |                |
| Annual dividends paid                                 | -3 820        | -8 487         | -3 820         | -8 487         |
| Distribution of Epiroc AB                             | -             | -4 002 **      | -              | -4 002 **      |
| Redemption of shares                                  | -             | -9 705         | -              | -9 705         |
| Repurchase and sales of own shares                    | 576           | 484            | 575            | 5              |
| Change in interest-bearing liabilities                | 246           | 3 510          | -5 233         | 1 129          |
| <b>Net cash from financing activities</b>             | <b>-2 998</b> | <b>-18 200</b> | <b>-8 478</b>  | <b>-21 060</b> |
| <b>Net cash flow for the period</b>                   | <b>-1 714</b> | <b>-16 165</b> | <b>-4 933</b>  | <b>-16 135</b> |
| Cash and cash equivalents, beginning of the period    | 13 495        | 23 249         | 16 414         | 24 496         |
| Exchange differences in cash and cash equivalents     | -61           | 182            | 239            | 1 160          |
| Cash and cash equivalents discontinued operations     | -             | 2 255          | -              | -              |
| <b>Cash and cash equivalents, end of the period</b>   | <b>11 720</b> | <b>9 521</b>   | <b>11 720</b>  | <b>9 521</b>   |

\*2018 includes discontinued operations.

\*\*Cash in Epiroc closing balance at the time of distribution.

**Depreciation, amortization and impairment**

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| <i>Rental equipment</i>                    | 178          | 253          | 342          | 497          |
| <i>Other property, plant and equipment</i> | 320          | 404          | 632          | 815          |
| <i>Right-of-use assets</i>                 | 253          | -            | 489          | -            |
| <i>Intangible assets</i>                   | 382          | 480          | 749          | 919          |
| <b>Total</b>                               | <b>1 133</b> | <b>1 137</b> | <b>2 212</b> | <b>2 231</b> |

**Calculation of operating cash flow**

| MSEK                                   | April - June  |                | January - June |                |
|--|---------------|----------------|----------------|----------------|
|  | 2019          | 2018*          | 2019           | 2018*          |
| <b>Net cash flow for the period</b>    | <b>-1 714</b> | <b>-16 165</b> | <b>-4 933</b>  | <b>-16 135</b> |
| Add back:                              |               |                |                |                |
| Change in interest-bearing liabilities | -246          | -3 510         | 5 233          | -1 129         |
| Repurchase and sales of own shares     | -576          | -484           | -575           | -5             |
| Annual dividends paid                  | 3 820         | 8 487          | 3 820          | 8 487          |
| Redemption of shares                   | -             | 9 705          | -              | 9 705          |
| Distribution of Epiroc AB              | -             | 4 002          | -              | 4 002          |
| Acquisitions and divestments           | 817           | -40            | 1 002          | 629            |
| Currency hedges                        | 268           | 1 071          | 351            | 236            |
| <b>Operating cash flow</b>             | <b>2 369</b>  | <b>3 066</b>   | <b>4 898</b>   | <b>5 790</b>   |

\*2018 includes discontinued operations.

**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 was reported as discontinued operations since January 2018 with a retrospective effect in the income statement. On distribution of the Epiroc shares, Atlas Copco recognized a capital gain in discontinued operations of MSEK 87 105 representing the difference between the fair

value of Epiroc and the carrying value of Epiroc's net assets at the time of distribution. As part of the distribution, all historical translation differences allocated to Epiroc, amounting to MSEK 934, were recycled to the income statement for discontinued operations.

**Income Statement**

| MSEK                                 | 3 months ended  |                 | 6 months ended  |                 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                      | Jun. 30<br>2019 | Jun. 30<br>2018 | Jun. 30<br>2019 | Jun. 30<br>2018 |
| Revenues                             | -               | 7 969           | -               | 15 992          |
| Cost of sales                        | -               | -5 030          | -               | -10 046         |
| <b>Gross profit</b>                  | -               | <b>2 939</b>    | -               | <b>5 946</b>    |
| Marketing expenses                   | -               | -565            | -               | -1 165          |
| Administrative expenses              | -               | -582            | -               | -1 146          |
| Research and development costs       | -               | -217            | -               | -439            |
| Other operating income and expenses  | -               | -77             | -               | -183            |
| <b>Operating profit</b>              | -               | <b>1 498</b>    | -               | <b>3 013</b>    |
| <i>- as a percentage of revenues</i> | -               | <i>18.8</i>     | -               | <i>18.8</i>     |
| Net financial items                  | -               | -44             | -               | -101            |
| <b>Profit before tax</b>             | -               | <b>1 454</b>    | -               | <b>2 912</b>    |
| <i>- as a percentage of revenues</i> | -               | <i>18.2</i>     | -               | <i>18.2</i>     |
| Income tax expense                   | -               | -354            | -               | -731            |
| Reassessment to fair value           | -               | 87 105          | -               | 87 105          |
| Translation differences recycled     | -               | 934             | -               | 934             |
| <b>Profit for the period</b>         | -               | <b>89 139</b>   | -               | <b>90 220</b>   |

**Cash flows from discontinued operations**

| MSEK                                | April - June |              | January - June |              |
|-------------------------------------|--------------|--------------|----------------|--------------|
|                                     | 2019         | 2018         | 2019           | 2018         |
| <b>Cash flows from</b>              |              |              |                |              |
| Operating activities                | -            | 86           | -              | 748          |
| Investing activities                | -            | -75          | -              | -951         |
| Financing activities                | -            | 5 863        | -              | 5 902        |
| <b>Net cash flow for the period</b> | -            | <b>5 874</b> | -              | <b>5 699</b> |

**Revenues by business area**

| MSEK (by quarter)                    | 2017          |               |               |               | 2018          |               |               |               | 2019          |               |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                      | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            |
| Compressor Technique                 | 9 268         | 9 667         | 9 552         | 10 437        | 9 735         | 11 266        | 11 269        | 11 702        | 11 397        | 11 974        |
| - of which external                  | 9 190         | 9 577         | 9 458         | 10 302        | 9 578         | 11 121        | 11 156        | 11 593        | 11 241        | 11 831        |
| - of which internal                  | 78            | 90            | 94            | 135           | 157           | 145           | 113           | 109           | 156           | 141           |
| Vacuum Technique                     | 4 753         | 4 767         | 4 754         | 5 229         | 5 255         | 5 740         | 5 272         | 5 740         | 5 253         | 5 650         |
| - of which external                  | 4 753         | 4 767         | 4 754         | 5 229         | 5 255         | 5 740         | 5 272         | 5 740         | 5 253         | 5 650         |
| - of which internal                  | 0             | 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         | 4 576         |
| - of which external                  | 3 951         | 4 139         | 4 086         | 4 201         | 4 163         | 4 504         | 4 354         | 4 863         | 4 538         | 4 566         |
| - of which internal                  | 14            | 14            | 12            | 14            | 15            | 15            | 11            | 8             | 9             | 10            |
| Power Technique                      | 2 685         | 2 908         | 2 732         | 2 892         | 2 894         | 3 091         | 2 911         | 3 146         | 3 177         | 3 555         |
| - of which external                  | 2 571         | 2 803         | 2 651         | 2 782         | 2 756         | 2 980         | 2 893         | 3 126         | 3 149         | 3 531         |
| - of which internal                  | 114           | 105           | 81            | 110           | 138           | 111           | 18            | 20            | 28            | 24            |
| Common Group Items /<br>Eliminations | -93           | -98           | -103          | -128          | -156          | -155          | -142          | -138          | -193          | -175          |
| <b>Atlas Copco Group</b>             | <b>20 578</b> | <b>21 397</b> | <b>21 033</b> | <b>22 645</b> | <b>21 906</b> | <b>24 461</b> | <b>23 675</b> | <b>25 321</b> | <b>24 181</b> | <b>25 580</b> |

**Operating profit by business area**

| MSEK (by quarter)                    | 2017         |              |              |              | 2018         |              |              |              | 2019         |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| Compressor Technique                 | 2 130        | 2 237        | 2 225        | 2 370        | 2 249        | 2 638        | 2 667        | 2 709        | 2 618        | 2 773        |
| - as a percentage of revenues        | 23.0         | 23.1         | 23.3         | 22.7         | 23.1         | 23.4         | 23.7         | 23.1         | 23.0         | 23.2         |
| Vacuum Technique                     | 1 176        | 1 193        | 1 205        | 1 350        | 1 292        | 1 479        | 1 315        | 1 436        | 1 292        | 1 401        |
| - as a percentage of revenues        | 24.7         | 25.0         | 25.3         | 25.8         | 24.6         | 25.8         | 24.9         | 25.0         | 24.6         | 24.8         |
| Industrial Technique                 | 893          | 966          | 1 359        | 976          | 974          | 1 056        | 1 018        | 1 140        | 1 008        | 1 016        |
| - as a percentage of revenues        | 22.5         | 23.3         | 33.2         | 23.2         | 23.3         | 23.4         | 23.3         | 23.4         | 22.2         | 22.2         |
| Power Technique                      | 404          | 475          | 410          | 416          | 547          | 464          | 480          | 515          | 524          | 619          |
| - as a percentage of revenues        | 15.0         | 16.3         | 15.0         | 14.4         | 18.9         | 15.0         | 16.5         | 16.4         | 16.5         | 17.4         |
| Common Group Items /<br>Eliminations | -313         | -274         | -197         | -253         | -229         | -207         | -217         | -139         | -394         | -430         |
| <b>Operating profit</b>              | <b>4 290</b> | <b>4 597</b> | <b>5 002</b> | <b>4 859</b> | <b>4 833</b> | <b>5 430</b> | <b>5 263</b> | <b>5 661</b> | <b>5 048</b> | <b>5 379</b> |
| - as a percentage of revenues        | 20.8         | 21.5         | 23.8         | 21.5         | 22.1         | 22.2         | 22.2         | 22.4         | 20.9         | 21.0         |
| Net financial items                  | -232         | -395         | -222         | -308         | -320         | -201         | -95          | 273          | -141         | -64          |
| <b>Profit before tax</b>             | <b>4 058</b> | <b>4 202</b> | <b>4 780</b> | <b>4 551</b> | <b>4 513</b> | <b>5 229</b> | <b>5 168</b> | <b>5 934</b> | <b>4 907</b> | <b>5 315</b> |
| - as a percentage of revenues        | 19.7         | 19.6         | 22.7         | 20.1         | 20.6         | 21.4         | 21.8         | 23.4         | 20.3         | 20.8         |

**Acquisitions and divestments**

| Date         | Acquisitions                                      | Divestments                      | Business area        | Revenues<br>MSEK* | Number of<br>employees* |
|--------------|---|----------------------------------|----------------------|-------------------|-------------------------|
| 2019 Jun. 19 | Powerhouse Equipment & Engineering Co. Inc.       |                                  | Power Technique      | 347               | 95                      |
| 2019 Jun. 17 | Taylor Air Center                                 |                                  | Compressor Technique |                   | 20                      |
| 2019 May. 29 | AirCenterSüd GmbH & Co. KG                        |                                  | Compressor Technique |                   | 6                       |
| 2019 May. 27 | Air Compresseur service                           |                                  | Compressor Technique |                   | 10                      |
| 2019 May. 3  | Bold & Cichos GbR                                 |                                  | Compressor Technique |                   | 15                      |
| 2019 May. 2  | Mid South Engine & Power Systems                  |                                  | Power Technique      | 54                | 28                      |
| 2019 Apr. 9  | PSI Compressors                                   |                                  | Compressor Technique |                   | 6                       |
| 2019 Apr. 3  | Jacob Drucklufttechnik Vertriebs GmbH             |                                  | Compressor Technique |                   | 10                      |
| 2019 Apr. 2  | Air Diffusion                                     |                                  | Compressor Technique |                   | 15                      |
| 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 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**

| MSEK                                | April - June |               | January - June |               |
|-------------------------------------|--------------|---------------|----------------|---------------|
|                                     | 2019         | 2018          | 2019           | 2018          |
| Administrative expenses             | -203         | -166          | -397           | -294          |
| Other operating income and expenses | 24           | 22            | 51             | 31            |
| <b>Operating profit/loss</b>        | <b>-179</b>  | <b>-144</b>   | <b>-346</b>    | <b>-263</b>   |
| Financial income and expenses*      | 8 724        | 14 073        | 9 968          | 50 082        |
| <b>Profit/loss before tax</b>       | <b>8 545</b> | <b>13 929</b> | <b>9 622</b>   | <b>49 819</b> |
| Income tax                          | 81           | 102           | 288            | 312           |
| <b>Profit/loss for the period</b>   | <b>8 626</b> | <b>14 031</b> | <b>9 910</b>   | <b>50 131</b> |

\* 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**

| MSEK                                | Jun. 30        | Jun. 30        | Dec. 31        |
|-------------------------------------|----------------|----------------|----------------|
|                                     | 2019           | 2018           | 2018           |
| Total non-current assets            | 158 326        | 140 761        | 208 920        |
| Total current assets                | 11 671         | 8 732          | 19 588         |
| <b>TOTAL ASSETS</b>                 | <b>169 997</b> | <b>149 493</b> | <b>228 508</b> |
| Total restricted equity             | 5 785          | 5 785          | 5 785          |
| Total non-restricted equity         | 142 294        | 58 891         | 139 521        |
| <b>TOTAL EQUITY</b>                 | <b>148 079</b> | <b>64 676</b>  | <b>145 306</b> |
| Total provisions                    | 554            | 460            | 354            |
| Total non-current liabilities       | 13 579         | 49 086         | 17 025         |
| Total current liabilities           | 7 785          | 35 271         | 65 823         |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>169 997</b> | <b>149 493</b> | <b>228 508</b> |
| Assets pledged                      | 185            | 155            | 226            |
| Contingent liabilities              | 8 689          | 8 582          | 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     |
| <i>- of which A shares</i>                                  |                   |
| <i>held by Atlas Copco</i>                                  | <i>14 800 016</i> |
| <i>- of which B shares</i>                                  |                   |
| <i>held by Atlas Copco</i>                                  | <i>119 159</i>    |
| Total shares outstanding, net of shares held by Atlas Copco | 1 214 693 929     |

### Performance-based personnel option plan

The Annual General Meeting 2019 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](http://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 4 250 000 series A shares, whereof a maximum of 4 150 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2019.
- 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 11 000 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2014, 2015 and 2016.
- 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 six month of 2019, 1 979 887 series A shares, net, 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 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.

**This is Atlas Copco**

Atlas Copco Group is a world-leading provider of sustainable productivity solutions. The Group offers customers innovative compressors, air treatment systems, vacuum solutions, industrial power tools and assembly systems, and power and flow solutions. 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 had revenues of BSEK 95 (BEUR 9) and approximately 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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ir@se.atlascopco.com
- Media  
Sara Liljedal, Media Relations Manager  
Phone: +46 8 743 80 60 or +46 72 144 10 38  
media@se.atlascopco.com

**Conference call**

A presentation for investors, analysts and media will be held on July 15, 2019 at 2.00 PM CEST.

The dial-in numbers are:

- Sweden: +46 8 505 583 68
- United Kingdom: +44 33 330 092 71
- United States: +1 833 526 8382

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.

**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**

Atlas Copco will host its annual Capital Markets Day on November 26, 2019 in the Brighton area in the United Kingdom.

**Fourth-quarter report 2019**

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

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*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 contact person set out above, at 12.00 CEST on July 15, 2019.*

The Board of Directors and President declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Nacka, July 15, 2019

Atlas Copco AB

Hans Stråberg  
*Chairman*

Gunilla Berg  
*Director*

Staffan Bohman  
*Director*

Tina Donikowski  
*Director*

Johan Forssell  
*Director*

Sabine Neuß  
*Director*

Mats Rahmström  
*Director*  
*President and CEO*

Anders Ullberg  
*Director*

Peter Wallenberg Jr  
*Director*

Mikael Bergstedt  
*Director*  
*Union representative*

Benny Larsson  
*Director*  
*Union representative*

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## Auditors' Review Report

### Introduction

We have reviewed the interim report for Atlas Copco AB for the period January 1 - June 30, 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus

and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Nacka, July 15, 2019

Deloitte AB

Thomas Strömberg  
Authorized Public Accountant