Agenda

1. Recent performance update
2. This is what we do and how
3. Focus on sustained profitable growth
4. Financial goals and performance
5. Summary
Recent performance update
Recent performance update

Q3 in brief
- Order growth despite uncertainties in the global economy
- Mixed equipment demand
- Continued growth for service in all business areas
- Order growth primarily driven by Asia and the Americas
- Revenue growth, 4% organically
- Operating profit margin at 21.9%
- Solid operating cash flow of MSEK 4 643

Near-term outlook
The demand for Atlas Copco’s products and services is expected to be somewhat lower than the level in the third quarter.
Industrial Technique

- Growth through a broad offer for critical customer processes
- Innovation is key
- Supporting customers transformation towards Industry 4.0 and automation
- Acceleration in service

<table>
<thead>
<tr>
<th>Self-pierce riveting</th>
<th>Adhesive dispensing</th>
<th>Flow drill fastening</th>
<th>Tightening</th>
<th>Drilling</th>
<th>Material removal</th>
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Orders, revenues and operating margin

- Orders received, MSEK
- Revenues, MSEK
- Operating margin, %
- Adjusted operating margin, %

ROCE 36%
Power Technique

- Growth through innovation and presence
- Solid operating margin
- Strong recurring business
- Increased focus on industrial solutions
This is what we do and how
Our industrial ideas **empower** our customers to grow and drive society forward.

This is how we create a **better tomorrow**.
This is what we do

– We help customers around the world to succeed

* Percentage shows orders received by customer category 12 months end September 2019.
– Our customers’ success is our success

**EXAMPLE:**
Power Equipment Manufacturer in USA

**CUSTOMER NEEDS:**
- Improve rework process in the production of electrical cabinets which is causing excessive warranty claims, customer dissatisfaction and potential thermal events in the field (safety concerns)

**OUR SOLUTION:**
-Introduced a full error proofing solution combining operator guidance and tightening equipment to secure quality control

**CUSTOMER VALUE:**
- Elimination of failures in the field, estimated around $40,000 per year
- Improved tightening traceability and operator guidance in the rework process
Our customers’ success is our success

CUSTOMER NEEDS:
• Reduce energy and operating costs
• Increase performance and process up-time

OUR PATENTED SOLUTION:
• Innovative efficient and compact pumping mechanism
• Application optimized materials and utility controls

CUSTOMER VALUE:
• Reduced energy costs by up to 60% per pump
• Higher process throughput from each pump
• Extended service intervals increasing uptime

EXAMPLE: Semiconductor customer
Our customers’ success is our success

EXAMPLE:  
Ford Power Train, Detroit, USA

CUSTOMER NEEDS:
• Increase asset utilization
• Decrease line-length and line footprint
• Allow for efficient multi-variant production

OUR SOLUTION:
• Replaced three robot and tool stations with only one station

CUSTOMER VALUE:
• Reduction of floor space
• Ease of rebalancing (one station instead of three)
• Multiple transmission variants capabilities in one station
Our customers’ success is our success

EXAMPLE: Crisp bread factory

CUSTOMER NEEDS:  
- Reduce energy costs

OUR SOLUTION:  
- Air Scan audit  
- Replaced old compressors with VSD compressors  
- Upgrade of air control system for optimized usages

CUSTOMER VALUE:  
- Reduced energy usage of more than 1,000,000 kWh in one year (= 30% energy savings)
Our customers’ success is our success

CUSTOMER NEEDS:
- New drilling compressors that delivers high performance at low fuel consumption

OUR SOLUTION:
- Test of newly developed portable compressors to validate potential energy savings
- Replaced current compressors with Atlas Copco DrillAir range

CUSTOMER VALUE:
- Outperformance of comparable products, resulting in 20% fuel savings for the customers

EXAMPLE:
Cimentaciones Abando
- A geotechnical drilling company in Spain

Our customers’ success is our success

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Our customers’ success is our success

CUSTOMER NEEDS:
- 24/7 without failures – aeration process can never stop
- Very low noise – no community impact
- Very low energy consumption

OUR SOLUTION:
- Two high efficient screw blower ZS110VSD
- Total responsibility service plan

CUSTOMER VALUE:
- Adaption delivery of compressed air to the amount of water in tanks
- 100% clean air
- Energy savings of 50% compared to previous installation equals to 4 500 euro/month

EXAMPLE: Waste water treatment Lake Michigan, USA
Focus on profitable niches and delivering lasting value

- Leading positions in our defined markets
- Leading, differentiated technology
- Key products in customers’ operations
- Smaller part of customers’ investment
- Healthy service potential
- Balance sheet agility
Long term growth and profitability

* Figures for the years 2010-2016 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS15 are not fully reconciled.
Product driven – Customer Focused

Business Areas
- COMPRESSOR TECHNIQUE
  - Compressor Technique Service
  - Industrial Air
  - Oil-free Air
  - Professional Air
  - Gas and Process
  - Medical Gas Solutions
  - Artec
- VACUUM TECHNIQUE
  - Vacuum Technique Service
  - Semiconductor Service
  - Semiconductor
  - Scientific Vacuum
  - Industrial Vacuum
- INDUSTRIAL TECHNIQUE
  - Industrial Technique Service
  - MVO Tools and Assembly Systems
  - General Industry Tools and Assembly Systems
  - Chicago Pneumatic Tools
  - Industrial Assembly Solutions
- POWER TECHNIQUE
  - Power Technique Service
  - Specialty Rental
  - Portable Air
  - Power and Flow

Products

Customers
Transparency
– Clear responsibilities with more than 500 P&L

**GROUP MANAGEMENT**
BUSINESS AREA AND CORPORATE FUNCTIONS

3% of employees

**COMPRESSOR TECHNIQUE**
- Equipment and service
  - 7 divisions
  - 136 customer centers
  - 5 distribution centers
  - 36 product companies

**VACUUM TECHNIQUE**
- Equipment and service
  - 5 divisions
  - 94 customer centers
  - 3 distribution centers
  - 14 product companies

**INDUSTRIAL TECHNIQUE**
- Equipment and service
  - 5 divisions
  - 77 customer centers
  - 4 distribution centers
  - 20 product companies

**POWER TECHNIQUE**
- Equipment, service and specialty rental
  - 4 divisions
  - 77 customer centers
  - 4 distribution centers
  - 10 product companies

Divisions generally conduct business through product companies, distribution centers and customer centers
Diversified, agile and resilient

**DIVERSIFIED**
- Diverse customer base
- About 1/3 of sales in Asia, 1/3 in Americas, and 1/3 in EMEA
- Operations in Europe, Asia and America

**AGILE**
- Outsourced parts manufacturing
  - 75% of equipment production cost is purchased components
- Flexible workforce
- Continuous scenario planning
- Leadership model with direct accountability
- Transparent organization with clear follow up

**RESILIENT**
- 36% of sales is service business
- Asset light operations
Focus on sustained profitable growth
Pillars for sustained profitable growth

PEOPLE

INNOVATION

PRESENCE

OPERATIONAL EXCELLENCE

SERVICE
People - Creating a culture of innovation and growth

- Leadership is defined as the ability to create lasting results
- Passionate people create exceptional things
- Diversity makes us stronger
Innovation – Important part of our strategy to grow

- We want to be part of our customers' future and their success

Research and development costs 2010 – 2019

- Research and development expenses, including capitalized expenditures, MSEK
- Total as % of revenues

* 12M Sep 2019
Product development

- Understand customer needs before offering a product
- Focus innovation on where it has the biggest effect for our customers
- Split and measure by long term technical development and near-term product developments
Understanding the customers generates results
– The Voice of the Customer

EXAMPLE: TBP Pulse Tool
– A low reaction battery pulse tightening tool offering state of the art ergonomics high productivity.

- > 100 interviews with customers
- Studied customer behavior at customer site to identify unspoken needs
Understanding the customers generates results

- > 100 interviews with customers
- Studied customer behavior at customer site to identify unspoken needs
- Created a mockup of a production environment to increase the understanding of customer needs
Outcome

• MOST IMPORTANT IDENTIFIED CUSTOMER NEEDS:
  ‒ Reduce reaction forces to minimize need for reaction arms and improve ergonomics
  ‒ Reduce weight, sound and vibrations
  ‒ Increase number of tightening per minute (productivity)
  ‒ Traceability

• DEVELOPING NEW TECHNOLOGY BASED ON CUSTOMER NEEDS:
  ‒ New innovative pulse mechanism
  ‒ Efficient motor control and advanced tightening algorithms
  ‒ High accuracy
  ‒ Low weight
  ‒ Low sound and vibration levels
  ‒ High productivity
Result

- Tangible customer values
- One of our biggest sales successes in industrial tools

EXAMPLE: TBP Pulse Tool
- A low reaction battery pulse tightening tool offering state of the art ergonomics high productivity.
Creating a culture of innovation and growth

PRIORITIZING INNOVATION

PART OF OUR STRATEGY TO GROW

PARTNERING WITH CUSTOMERS

THERE IS ALWAYS A BETTER WAY

TEST – EVALUATE – MOVE ON

Additional Innovation Power

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Presence

– Committed people and a strong brand portfolio around the world

Develop local competences
Direct and indirect presence
Create high brand awareness with a strong brand portfolio
Develop digital presence
Operational excellence
Dedicated divisions focused on recurring business

Vacuum Technique Service
Compressor Technique Service
Semiconductor Service
Industrial Technique Service
Power Technique Service
Specialty Rental
Growing service business generates resilience

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Three horizons – securing sustainable results
Acquisitions
– Businesses in, or close to existing core competencies

CHARACTERISTICS

- Industry-to-industry
- Geographically spread customer base
- Leadership in niche markets
- Differentiated core technology
- Strong base of business partners
- Healthy service potential

LEVERAGING

- Application knowledge
- Efficient manufacturing and product development processes
- Capacity to swiftly market products and services globally
Financial goals and performance
Our financial goals

- **REVENUES**: 8% average growth per year over a business cycle
- **RETURNS**: Sustained high return on capital employed (ROCE)
- **CASH DIVIDEND**: 50% of net profit in annual dividend
Long term growth

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Sustained high Return on Capital Employed

* Figures for the years 2010-2017 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS15 are not fully reconciled.
Operating profit per share

* Including Epiroc until 2016
** Financial Net includes a tax-free gain of SEK 0.3 per share from repatriation to Sweden of Euro-denominated equity
Operating profit - Strong performance across currency fluctuations

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Capital employed turnover ratio

* Including Epiroc until 2016
Cash generation

- Operating cash flow, MSEK
- Change in net working capital, MSEK
- Gross investments in property, plant and equipment, MSEK

* Including Epiroc until 2017

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Sustainable cash distribution

- Redemption per share, SEK
- Dividend per share, SEK
- Earnings per share, SEK


SEK

Summary

• Focus on profitable business niches
• Use our core competencies to develop the niches
• Strong execution through a decentralized leadership model
• Diversified, agile and resilient business
• Strong focus on innovation to create lasting values
• Sustained strong financial performance
• There is always a better way
Forward looking statements

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”