The strategic pillars for profitable growth

Capital Markets Day, November 20, 2013
Ronnie Leten, President and CEO

Agenda

1. Business overview
2. Goals for sustainable profitable development
3. Global trends
4. The strategic pillars for profitable growth
5. Summary
Atlas Copco

Established
1873 in Stockholm, Sweden

Four focused business areas
- Compressor Technique
- Industrial Technique
- Mining and Rock Excavation Technique
- Construction Technique

Global presence
Customers in more than 170 countries

Employees
40,116

Annual revenues
MSEK 85,370 (BEUR 9.9)

Operating margin
20.6%

Market Capitalization
MSEK 224,233

Largest shareholder
Investor (16.8% of capital)

Symbols and Tickers

<table>
<thead>
<tr>
<th></th>
<th>A share</th>
<th>B share</th>
</tr>
</thead>
<tbody>
<tr>
<td>NASDAQ OMX</td>
<td>ATCO A</td>
<td>ATCO B</td>
</tr>
<tr>
<td>ISIN code</td>
<td>SE0000101032</td>
<td>SE0000122467</td>
</tr>
<tr>
<td>Reuters</td>
<td>ATCOa.ST</td>
<td>ATCOb.ST</td>
</tr>
<tr>
<td>Bloomberg</td>
<td>ATCOA.SS</td>
<td>ATCOB.SS</td>
</tr>
<tr>
<td>ADR (USA)</td>
<td>ATLKY.OTC</td>
<td>ATLCY.OTC</td>
</tr>
</tbody>
</table>

1) September 30, 2013
2) 12 months rolling as at end September 2013
3) SEK/BEUR average 12 months

Business overview
Atlas Copco

- A world leading provider of industrial productivity solutions
- Agile and resilient operations
- Strong global service business
- Consistent strategy
- Strong value creation track record

Diversified businesses

Orders received by customer category

<table>
<thead>
<tr>
<th>Services</th>
<th>Other</th>
<th>Construction</th>
<th>Process</th>
<th>Manufacturing</th>
<th>Mining</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>8%</td>
<td>23%</td>
<td>11%</td>
<td>27%</td>
<td>36%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Revenues by business type

<table>
<thead>
<tr>
<th>Service</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Revenues by geographic area

<table>
<thead>
<tr>
<th>North America</th>
<th>South America</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>10%</td>
<td>31%</td>
</tr>
<tr>
<td>Asia/Australia</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Africa/Middle East</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>
Product driven, customer-focused structure

Board of Directors  
President and CEO  
Group Management and corporate functions

Compressor Technique  
Industrial Technique  
Mining and Rock Excavation Technique  
Construction Technique

Common service providers

How we do business

- Leverage the competence of our partners
- ~75% of product cost is purchased material

Atlas Copco
- Sales and service
- Manufacturing
- Design and development

Atlas Copco
- Own the relationship with the customer
- ~80% direct sales

Supplier

Customer
Financial performance

Continuing operations, excl. divested operations in rental service and professional electric tools. 12 month figures. CAGR calculated 10 years until 2012

Q3 in brief

- Lower order intake for mining equipment
- Improved demand from manufacturing and construction
  - Strong growth for industrial tools and assembly systems
  - Growth for construction equipment
  - Stable orders for small- and medium-sized compressors
  - Low order intake for large compressors
- The service business continued to develop well
- Healthy profitability
- Actions to adjust capacity to the lower mining equipment demand
- Strategic acquisitions
  - Expanding into process vacuum solutions – acquisition of Edwards
  - Dost Kompresör, Pneumatic Holdings, Synatec and Archer Underbalanced Services
Goals
for sustainable profitable development

Create sustainable productivity
Where everyone wins

- Customers increase their *competitiveness*; more productive, safer and lower energy costs
- More efficient use of energy results in a cleaner *environment*
- Sustainable, profitable development for *Atlas Copco*
## Goals for sustainable, profitable development

### Products, services and solutions

- **Increase customer loyalty.**
- **Increase customer energy efficiency by 20% by 2020.**
- **Offer safe and reliable products and services.**

### Operations

- **First in Mind—First in Choice® employer for today’s and future employees.**
- **Competence development to achieve good results and yearly coaching/appraisals to all employees.**
- **Increase diversity in both gender and nationality.**
- **Encourage internal mobility.**
- **Safe and healthy working environment for all employees.**
- **Zero work-related accidents.**
- **Sick leave below 2.5%.**

### Financials

- **Annual revenue growth of 8% over a business cycle.**
- **Sustained high return on capital employed.**
- **All acquired businesses to contribute to economic value added.**
- **Annual dividend distribution about 50% of earnings per share.**

Base year 2010

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## Integrated goals and performance

### Performance summary 2012

<table>
<thead>
<tr>
<th>Financial</th>
<th>Environmental</th>
<th>Employees, health and safety</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metric 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metric 2</td>
<td></td>
<td></td>
<td></td>
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Atlas Copco Group - Ronnie Leten
An industry benchmark

Global trends
Capitalize on major trends

- Global growth
- Continued strong demand for minerals
- Investments in infrastructure
- Energy efficiency and productivity requirements from the industry

Primary drivers of revenues

<table>
<thead>
<tr>
<th>Industry</th>
<th>Equipment</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Investments in infrastructure</td>
<td>Construction activity</td>
</tr>
<tr>
<td>Mining</td>
<td>Mining machinery investments</td>
<td>Metal and ore production</td>
</tr>
<tr>
<td>Industry</td>
<td>Industrial machinery investment</td>
<td>Industrial production</td>
</tr>
</tbody>
</table>
The strategic pillars for profitable growth
Increase presence in fast growing economies …and strengthen in mature markets

Direct presence
Develop local competence
Create high brand awareness

Revenue split 2008 versus today
The shift

<table>
<thead>
<tr>
<th>Currency</th>
<th>2008</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>6.80</td>
<td>6.55</td>
<td>-1%</td>
</tr>
<tr>
<td>EUR</td>
<td>9.67</td>
<td>8.60</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Share of revenues 2008
Share of revenues 12 months until September 2013

Average exchange rate

-1% 23% 11%
Strategy for growth in service
Increasing penetration

Why drive for service?
- High growth potential
- High profit potential
- Stable revenue stream
- Closer relationship to customers
Focus on service and consumables

2 years

<table>
<thead>
<tr>
<th>Service Area</th>
<th>2011</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compressor Technique</td>
<td>12,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Construction Technique</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Industrial Technique</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Mining and Rock Excavation Technique</td>
<td>14,000</td>
<td>14,000</td>
</tr>
</tbody>
</table>

Why drive for innovation?

- Create sustainable customer productivity
- Reduces life cycle cost
  - Drives energy efficiency
  - Increase safety
- Drives organic growth
- Supports/drives profitability
  - Pricing power
  - Cost savings
Innovation

Acquisitions

- Increased presence
- Extended offering
  - Equipment
  - Service
- Technology / expertise

- 10 acquisitions finalized this year
- BSEK 1.2 in annual revenues
Atlas Copco to acquire Edwards
Agreement announced on August 19, 2013

Acquisition rationale
- Vacuum is an attractive market segment that fits well with Atlas Copco’s growth strategy (to grow in current and adjacent businesses)

Edwards Group Ltd.
- A leading developer and manufacturer of vacuum products, abatement systems and related services
- Revenues of MGBP 595 (approx. MSEK 6 400) in 2012

The transaction
- Atlas Copco will pay up to USD 10.50 per share, corresponding to an enterprise value of BSEK 10.6 (BUSD 1.6), whereof BSEK 2.8 (BUSD 0.4) is assumed net debt.

2012 average exchange rate SEK / GBP = 10.70

Operational excellence
Activity based working

<table>
<thead>
<tr>
<th>Alone</th>
<th>Together</th>
<th>From 8 to 5</th>
<th>AnyTime</th>
<th>Office</th>
<th>AnyWhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC Laptop</td>
<td>AnyDevice</td>
<td>Between us</td>
<td>with AnyOne</td>
<td>Closed and restricted</td>
<td>Open but protected</td>
</tr>
</tbody>
</table>

Hybrid Networks
Operational excellence

Ability to create lasting results

- Leadership model
- Diversity
- Time to competence
Summary

- A world leading provider of industrial productivity solutions
- Agile and resilient operations
- Strong global service business
- Consistent strategy
- Strong value creation track record

- Fit for more

Committed to sustainable productivity.
Cautionary Statement

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