Agility and resilience

Capital Markets Day, November 20, 2013
Hans Ola Meyer, CFO

Value creation in Atlas Copco

- Industry-to-industry
- Geographically spread customer base
- Leader in our 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
Agile and resilient operations

Deteriorating business climate
- Reduce variable costs
- Working capital reduction

Improving business climate
- Add variable costs
- Working capital increase
- Small incremental investments

Variable cost structure and asset light operations

Stable service business
- Continuous investments in innovation
- Competent and committed employees

Resilience

Agile operational set-up

Volume / Profits

Time

Resilience
In periods of volume growth and volume declines

Average volume change. Quarterly reported operating margin, excluding Rental Service
Revenues by region

North America 19%
South America 8%
Europe 40%
Africa / Middle East 11%
Asia / Australia 22%

North America 20%
Africa / Middle East 11%
Europe 30%
Asia / Australia 29%

Sept. 2008
Sept. 2013

Employees by region

North America 14%
South America 8%
Europe 42%
Africa / Middle East 7%
Asia / Australia 23%

North America 14%
South America 7%
Europe 49%
Africa / Middle East 7%
Asia / Australia 29%

Sept. 2008
Sept. 2013

YTD

Total Group +19%
Total Group +15%
**Equipment vs. Service**

Revenues

- Equipment revenues: MSEK 67%
- Service revenues: MSEK 33%

**Contribution per Employee**

- Revenues per employee: KSEK -2%
- Operating profit per employee: KSEK +9%
Atlas Copco Currency Index

![Currency Index Chart]

Effects of currency and restructuring

![Currency Adjusted Margin Chart]

![Margin Adjusted for Restructuring Chart]
Working capital and inventories

Average figures. Working capital = Inventories + Trade and other receivables – Trade payables and other liabilities

Growth vs. working capital

Revenue change (volume), MSEK  Cash flow effect from change in working capital, MSEK

12 months figures
Show me the money!

Cash generation

- Strong underlying cash flow generation...

- ...enables
  - Organic growth
  - Acquisition growth
  - Returns to shareholders

- Conclusion
  - "Good year" → Value generation: Invest in growth
  - "Bad year" → Extra cash generation from working capital

Cash conversion = operating cash flow / net profit from continuing operations
Cash returns to shareholders

10 years cash returns/average share price = 6.2%

Committed to sustainable productivity.