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

Resilience

In periods of volume growth and volume declines

- Average volume change: Quarterly reported operating margin, excluding Rental Service

Operating margin, %

Q1 94 - Q3 96
Q4 96 - Q3 97
Q4 97 - Q3 98
Q4 98 - Q3 99
Q4 99 - Q3 00
Q1 00 - Q3 01
Q4 01 - Q3 02
Q4 02 - Q3 03
Q4 03 - Q3 04
Q4 04 - Q3 05
Q4 05 - Q3 06
Q4 06 - Q3 07
Q4 07 - Q3 08
Q4 08 - Q3 09
Q4 09 - Q3 10
Q4 10 - Q3 11
Q4 11 - Q3 12
Q4 12 - Q3 13

Operating margin, %

Average volume change: Quarterly reported operating margin, excluding Rental Service
Equipment vs. service

Revenues

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Sept. 2008</th>
<th>Sept. 2013</th>
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</thead>
<tbody>
<tr>
<td>Equipment revenues</td>
<td>-1%</td>
<td>+41%</td>
</tr>
<tr>
<td>Service revenues</td>
<td>+47%</td>
<td>+48%</td>
</tr>
</tbody>
</table>

Sept. 2013

Total Group

+15%

YTD

Contribution per employee

<table>
<thead>
<tr>
<th>KSEK</th>
<th>Sept. 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>revenues per employee</td>
<td>-2%</td>
</tr>
<tr>
<td>operating profit per employee</td>
<td>+9%</td>
</tr>
</tbody>
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Average number of employees

Revenues per employee

Operating profit per employee
Atlas Copco Currency Index

Effects of currency and restructuring

Operating margin adjusted for currency

Operating margin adjusted for restructuring

Atlas Copco Financials - Hans Ola Meyer
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

Committed to sustainable productivity.