Great ideas drive development.

At Atlas Copco, we have been turning great ideas into business-critical benefits since 1873. By listening to our customers and knowing their needs, we deliver value and innovate with the future in mind.
Agenda

1. Facts in brief
2. Trends and driving forces
3. Focus and priorities
4. Innovation in reality
5. Summary
Power Technique

**Growth drivers**

- Increased infrastructure investments
- Localization of our products to meet local legislations
- Innovation in equipment
- Expanding the service offer
- Strengthen market position in pumps, generators and light towers
- Develop a service network for indirect channels
- Environmental regulations

---

*2016 quarterly figures shows best estimated numbers, as effects of the split of the Group and restatements for IFRS 15, are not fully reconciled.
Focused on construction and so much more…

Industries served include:

<table>
<thead>
<tr>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical</td>
</tr>
<tr>
<td>Events</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Water well, oil &amp; gas</td>
</tr>
<tr>
<td>Offshore</td>
</tr>
<tr>
<td>Emergency Relief</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Power plants</td>
</tr>
<tr>
<td>Mining</td>
</tr>
<tr>
<td>Quarries</td>
</tr>
</tbody>
</table>
Power Technique divisions

- Portable Air Inc. Tools
- Power and Flow
- Power Technique Service
- Specialty Rental
Trends and driving forces

Global regulations

Diesel emission regulations (particles / nox exhaust)
- Stage V (2019)
- Tier 4
- Stage IV
- Stage III & IV

Other relevant types of regulations
- Pressure vessels
- Safety
- Road homologation
- Noise
- ….
Trends and driving forces

Investments

Global trends
• Government investments in infrastructure drive
• Consolidation rental market
• Increased demand for service (focus on their core)
• Digitalization
Summary of strategic focus areas

Channel management

Recurring business

Portable air and handheld tools

Developing generator and pump market

Market coverage

Digitalizing customer experience
Channel management
Three main segments

Dealers

Rental companies

Direct to end-users
Recurring business

2 service divisions

Power Technique Service

Specialty Rental

SHARE OF REVENUES 2017

- Equipment: 62%
- Service: 15%
- Service, Specialty Rental: 23%
Developing generator and pump market

Profitable niches

Innovate to grow market share in generators

Significant player in flow
Develop service business in selected niches pumps
Selected acquisitions to develop market share

Become market leader in light towers
Portable air and handheld tools
Consolidate our number 1 position for portable air compressors

Develop complete electric compressor portfolio

Regionalized product offering for local needs and legislation
Deal management tools
Focus on handheld tools

Using boosters to focus on oil & gas segment
Roll out Stage V

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Market coverage

Geographic footprint gives increased versatility

- Surface pumps
- Air compressors
- Generators
- Light towers
- Pumps
- Air compressors
- Generators
- Submersible Pumps
- Air compressors and breakers
- Boosters
- Oil free portables
- Breakers
- Air compressors
- Generators
- Light towers
- Pumps
- Air compressors
- Generators
- Submersible Pumps
- Air compressors and breakers
- Boosters
- Oil free portables
- Breakers

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Innovation for growth

New portable efficient electric compressors

Containerized efficient Twin-engine generator for Europe

Battery technology in light towers

Extended high-flow pump range

Full range of compact utility compressors

Variable speed generator (QAS VSG)

Monitoring control
As standard on select new units retrofitting field units

Oil-free rental compressor

Innovation for growth

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Innovation in reality
Innovation: portable electric air compressor range

E-Air 250
Electric motor driven
Free air delivery: 247 cfm – 117 l/s
Pressure: 174 psig – 12 bar
Summary

Consolidate our number 1 position in portable air compressors

Become market leader in light towers

Grow rental business in adjacent segments

Increase product innovation to grow organically in generators

Significant player in selected flow segments
- Pumps

Develop service business in selected product segments
- Pumps
- Generators
- Light towers

Selected acquisitions to develop flow business
Industrial Technique

Henrik Elmin, Business Area President
Capital Markets Day 2018
Agenda

1. Facts in brief
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5. Summary
Industrial Technique

**Growth drivers**

- Global offer in selected assembly technologies
- Transformation towards Industry 4.0
- New product development
- Acceleration in service

ORDERS, REVENUES AND OPERATING MARGIN

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

* 2016 figures not restated per IFRS 15.
Broad offer

Multiple industries
- TIGHTENING

Aerospace
- DRILLING

Metal fabrication
- MATERIAL REMOVAL

Automotive
- SELF-PIERCE RIVETING

Automotive
- ADHESIVE DISPENSING

Automotive
- FLOW DRILL FASTENING
Diverse customer base

- Off-road
- Ship building
- Electronics
- Automotive Tiers
- Motorcycles
- Large transport equipment
- Power equipment
- Power generation
- Automotive
- Non-metal fabrication
- Vehicle service
- Battery
- Oil and Gas
- Ship building
- Power generation
- Automotive
- Non-metal fabrication
- Vehicle service
- Battery
- Aerospace
- Recreational products
- Rail
- Medical
- Appliance
- Foundries and metal production
- Industrial Machinery & Equipment

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Trends

GENERAL

1. China
2. Quality, ergonomics & safety

CUSTOMER PRODUCTS

3. Electric vehicles & battery
4. Light-weighting
5. Growth of Electronics

SMART PRODUCTION

6. Connectivity
7. Flexible automation
8. Big data & Artificial Intelligence

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### Summary of strategic focus areas

**MOTOR VEHICLE INDUSTRY**
- Expanding within assembly technologies
- Dedicated products for industrial automation
- Solutions for in-line quality control
- Transformation in Asia
- Data driven service

**GENERAL INDUSTRY**
- Segment focused approach
- Smart Connected Assembly
- Dedicated products for industrial automation
- Coverage and transformation in Asia
- Data driven service
Expanding within assembly technologies

New materials

New applications

New joining technologies
Transformation in General Industry

**Smart Connected Offroad**

**Smart Connected Aerospace**

**Smart Connected Electronics**

**Smart Connected Bolting**
Dedicated products for industrial automation

Automotive

Electronics

Aerospace
Solutions for in-line quality control
Innovation for growth

TBP & SRB battery tools

MicroTorque electric screwdriver

FlexDrive

Enso system

Henrob Flex system

Synatec SQS
ToolsNet
50 000
Data analysis

Analysis of real time production data
Data driven service

As production lines become more flexible, Atlas Copco will help customer to proactively improve quality and uptime.
Strategic approach to acquisitions

Innovation in reality

Adhesive systems and metering technology
Drilling equipment
Quality control solutions
Mechanical and electrical wrenches
Hydraulic torque wrenches and pumps
High torque bolting solutions
Self-pierce riveting
Hydraulic torque wrenches and pumps
Process control solutions
Adhesive dispensing equipment
Flow drill fastening
Quality inspection
Innovation in reality
Summary

Electric vehicles and light-weighting drive growth

Sustainable business model in Motor Vehicle and General Industries

Focus on Industry 4.0

Strong service growth
Vacuum Technique

Geert Follens, Business Area President
Capital Markets Day 2018
Agenda

1. Facts in brief
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4. Innovation in reality
5. Summary
Vacuum is everywhere!
Vacuum Technique

**Growth drivers**

- Successful integration of acquisitions
- Embedding of decentralized organizational structure
- China focus
- Leverage synergies with other business areas and the Group
- Innovation and Digitalization

---

ORDERS, REVENUES AND OPERATING MARGIN

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</thead>
<tbody>
<tr>
<td>Orders received, MSEK</td>
<td>Revenues, MSEK</td>
<td>Operating margin, %</td>
<td></td>
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</tr>
</tbody>
</table>

* 2016 figures not restated per IFRS 15.
Orders received – local currency Q3 2018

SHARE OF ORDERS RECEIVED YEAR TO DATE:

- **26%**
- **19%**
- **55%**

YoY vs. Q2

- +16%
- -7%
- +2%
- -31%
- +0%
What is sustainable profitable growth?

**Growth Drivers**

**Macro Factors:**
- Climate change
- Miniaturization
- Digitalization
- Urbanization

**Micro Factors:**
- China Investment
- Internet of Things
- High demand for increasing process efficiency

**Vacuum & Abatement Technology**
- Technology Leadership
- Application know-how
- Speed to market

**Market Leadership**
- World-class Key Account Management
- Application based solutions delivered through technology leadership
- Extensive Aftermarket
- Lean hi-tech manufacturing close to our customer base
# Impact of growth drivers

<table>
<thead>
<tr>
<th>Division</th>
<th>Key Drivers of Change</th>
<th>Short Term Growth</th>
<th>Mid-Long Term Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor</td>
<td>Miniaturization, Legislation, China, Global Data Use, IoT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Vacuum</td>
<td>Application Technology Leadership, Broader Product Portfolio, Digitalization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Vacuum</td>
<td>New Vacuum Applications, Energy Efficiency and Dry Pumps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semiconductor Service</td>
<td>Global Manufacturing Capacity, Digitalization, Legislation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacuum Technique Service</td>
<td>Digitalization, Brand Management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Summary focus, priorities and strategy

Agility and resilience

Opportunities in China

Growth in industrial vacuum

Integration of cryogenics business

Technology leadership

Service

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Agility and resilience
Structure built for agility

Flexible and agile cost structure.
Additional 200 MUSD of cryo business with low overheads.
Adaptable workforce >20% temporary roles.
Agile supply chain.
Move from sellers to buyers market.
Strong development in both service divisions.
Agility without compromising strategy.
Becoming the undisputed leader in vacuum technology

- TFT-LCD display
- Glass/web/optical coating
- Display coatings
- Silicon semiconductors
- Space simulation
- National & Gov. labs

Typical operating pressure (mbar):
- Rough: >1
- Process: >10^2
- Industrial: >10^3 - 10^6
- Scientific: >10^2 - 10^6
- R&D: >10^2 - 10^6
- Thin Film: >10^3 - 10^6
- Semiconductor: 1 - 10^6
Brooks Cryogenic Business
Leader in high value cryogenics solutions under two leading brands – CTI and Polycold

Extensive track record – 85,000+ CTI Cryopumps and 20,000+ Polycold chillers installed globally.

Market leader in Semiconductor – critical products in deposition and ion implant processes.

Used in a wide range of thin film and scientific applications.

50/50 JV with Ulvac Inc which produces cryopumps for flat panel display market.
Cryo Technology: Increasing footprint on Process Tool Chambers
Inside the Fab and Sub-Fab

- Fab Floor (Clean room)
- Sub-Fab Floor
- Process Tools
- Deposition
- Implant
- Etch
- Cryo Pumps
- Turbo Pumps
- Dry Pumps Abatement

New: Wafer Chuck Cooling

Majority of current VT Semiconductor business is for sub-fab vacuum and abatement

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Industrial Vacuum
Introduce disruptive innovations in a traditional market
Service

Two stable and growing service businesses

Vacuum Technique Service

- Share growth potential
- Investing in presence
- Merged Leybold and Edwards hubs; Plan to merge Cryo business hubs
- Develop a Product Portfolio for proactive Service offerings

Semiconductor Service

- Ongoing high fab utilization
- Benefiting from huge growth of install base over last 5-years
- Customer presence with >1,000 on-site service personnel
Innovative products to be launched in the coming months

I XHMk2

Next generation dry vacuum pump for harsh processes

- Harsher process capability
- Lower power
- Smaller footprint

iXHMk2

DHS VSD+

New dry screw vacuum pumps

Atlas Mk4

Next generation abatement system

Extended range EDS dry screw pump technology

Revolution in liquid ring vacuum technology

LRP VSD+

Innovation in vane technology

- Easy operation – clean exhaust
- Easy integration – compact
- Comfortable operation – low noise level

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Innovation in reality
Summary

Market share gain.

Growth through breakthrough innovative new products.

Excellence in Brand Portfolio management.

Very strong service growth through utilization and presence.

Clear divisional roadmaps driving towards strategic convergence and Sustainable Profitable Growth.

An integrated sustainable strategy.
Compressor Technique

Vagner Rego, Business Area President

Capital Markets Day 2018
Agenda

1. Facts in brief
2. Trends and driving forces
3. Focus and priorities
4. Innovation in reality
5. Summary
Compressor Technique

**Growth drivers**

- Innovation
- Leverage investments in presence
- Service offer
- Further expand the core organically and with acquisitions
- Digital value creation
- People development

ORDERS, REVENUES AND OPERATING MARGIN

* 2016 figures not restated per IFRS 15.
Compressor Technique growth opportunities

- High Pressure Products
- Medium Pressure Products
- Low Pressure
- Industrial Gas Products
- Air Treatment
- Digital Services
- Auditing
- Installations
- Product Service
Orders received – local currency Q3 2018

SHARE OF ORDERS RECEIVED YEAR TO DATE:

- 28%
- 40%
- 32%

Q3 vs. Q2 YoY

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Compressor Technique – The People We Serve
Compressor Technique – The Segments We Serve

- **RAW MATERIALS**
  - Mining
  - Component Assembly

- **MANUFACTURING**
  - Material Processing
  - Chemicals

- **TRANSPORT**
  - Marine
  - Aviation

- **POWER**
  - Gas
  - Electricity

- **WATER**
  - Process Water Treatment

- **PEOPLE**
  - Food & Beverage
  - Medical & Health

- **Product Manufacturing**
  - Industrial Gasses

- **Transport**
  - Marine
  - Aviation

- **Power**
  - Gas
  - Electricity

- **Water**
  - Process Water Treatment

- **People**
  - Food & Beverage
  - Medical & Health

- **Product Manufacturing**
  - Industrial Gasses

- **Transport**
  - Marine
  - Aviation

- **Power**
  - Gas
  - Electricity

- **Water**
  - Process Water Treatment

- **People**
  - Food & Beverage
  - Medical & Health
Compressor Technique – The Applications We Serve

- Reverse Jet
- Looms
- Humidification
- Shot / Beed Blasting
- Agitation
- Plastic Forming
- Pneumatic Conveying
- workshop Tools
- Laser Cutting
- Cleaning
- Grinding Tools
- Air Brakes
- Aeration
- Air Separation
- CO₂ Recovery
- Industrial Assembly Tools
- Bubble Barriers
- Pneumatic Machinery
- Robotics
- Insect Control
- Gas Expansion
- Instrumentation
- Fire Suppression
- Marine Engine Starting
- LNG Liquification
- Drying
- Pneumatic Valves
- Cooling
- Process Gas
- Climate Control
- Nitrogen Packaging
- Surgical Tools
- Compression
- Bottle Blowing
- Spraying
- Breathing Air
- Tire Filling
- Reverse Jet Filters
- Process Gas Compression
- Tire Filling
- Compression
Compressor Technique – The Solutions We Provide

AIR COMPRESSORS & BLOWERS

GAS GENERATION, COMPRESSION, EXPANSION

AIR & GAS TREATMENT

EQUIPMENT AND SYSTEM CONTROL & MONITORING

AIR & GAS DISTRIBUTION

AFTER MARKET SUPPORT

AIR

Oxygen, Nitrogen

Carbon Dioxide

Hydrogen

Geothermal

LNG

Renewables

Petrochemical

Pressure

0.1 to 350 Bar

Dew Points

+5°C to -100°C

0.5 Kw

To

37 Mw

Compressor

Control

Aluminum

Installation

System Control

System Analysis

Dryer Control

Stainless Steel

Remote Monitoring

Service

Installation

System Control

System Analysis

Remote Monitoring
Trends and driving forces

GROSS DOMESTIC PRODUCT

STANDARDS AND LEGISLATION
Trends and driving forces

Energy consumption
Energy savings
Maintenance
Investment
Installation
Focus and priorities

RECOMMEND

RE-PURCHASE

PURCHASE

SELECTION

INSPIRE

MAINTAIN

USE

DELIVERY

ATTRACT

UNDERSTAND

INSTALLATION

BUY

PURCHASE

RE-PURCHASE

RECOMMEND

MAINTAIN

INSTALLATION

ATTRACT

UNDERSTAND

DELIVERY

USE

BUY

RE-PURCHASE

RECOMMEND

MAINTAIN

INSTALLATION

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UNDERSTAND

DELIVERY

USE

BUY

RE-PURCHASE

RECOMMEND

MAINTAIN

INSTALLATION

ATTRACT

UNDERSTAND

DELIVERY
Market opportunity

Presence

Atlas Copco

Hit rate
Product Developments

New Ranges

- Low Pressure Blowers
- Medium Pressure Oil Injected Screw
- Medium Pressure Oil Free Screw
- Medium Pressure Oil Piston Compressors
- High Pressure Pistons
- System Controllers
- -40 °C Drum Type Dryers

Medium Pressure Centrifugal
Innovation in reality
Life cycle cost

Time

Availability

Energy cost

ZR90-160 VSD+
Product Developments

KEY FOCUS AREAS

- Increased Energy Efficiency
- Increased Control
- Increased Reliability
- Easier To Install
- Easier to Service
- Improved Monitoring

**ZR90-160 VSD+**
New element

Most efficient oil-free screw element on the market

Unique patented coating and element design

Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load
Permanent magnet motor

Unique patented permanent magnet motor

Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load
Two Neos drives

Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

Dual Inverter Drive with smart control algorithms
ZR 90 – 160 VSD

10% energy reduction

Saving 6,720 euro per annum

VSD 35% reduction compared to fixed speed compressors

TOTAL 45%

Saving 30,240 euro per annum compared to old fixed speed range

Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load
Environmental savings

45% energy saving = 302,400 kWh of electricity or carbon dioxide reduction of 225 metric tons

<table>
<thead>
<tr>
<th>Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load</th>
<th>Greenhouse gas emissions from</th>
<th>CO2 emissions from</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.2 Passenger vehicles driven for one year</td>
<td>25,324 gallons of gasoline consumed</td>
<td></td>
</tr>
<tr>
<td>551,596 Miles driven by an average passenger vehicle</td>
<td>246,227 Pounds of coal burned</td>
<td></td>
</tr>
<tr>
<td>78.4 Tons of waste recycled instead of landfilled</td>
<td>3 tanker trucks' worth of gasoline</td>
<td></td>
</tr>
<tr>
<td>11.2 Garbage trucks of waste recycled instead of landfilled</td>
<td>24.3 homes' energy use for one year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.057 Wind turbines running for a year</td>
<td></td>
</tr>
<tr>
<td>160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load</td>
<td>33.7 homes' electricity use for one year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 railcars' worth of coal burned</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,532 Incandescent lamps switched to LEDs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>521 barrels of oil consumed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,200 propane cylinders used for home barbecues</td>
<td></td>
</tr>
</tbody>
</table>
Diversified market place
Growing number of applications
Broad product portfolio
Focus on innovation
Complete solution provider
Great ideas drive development. At Atlas Copco, we have been turning great ideas into business-critical benefits since 1873. By listening to our customers and knowing their needs, we deliver value and innovate with the future in mind.
Agenda

1. Atlas Copco – One Group
2. Performance review
3. How we create value and grow
4. Summary
Agenda

1. Atlas Copco – One Group

2. Performance review

3. How we create value and grow

4. Summary

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The Atlas Copco Group – Brand

The home of industrial ideas for tangible customer values

COMMITMENT

INNOVATION

INTERACTION
The Atlas Copco Group – Customers
The Atlas Copco Group – Culture
In Atlas Copco
Leadership is defined as
the ability to create
lasting results
Divisions generally conduct business through product companies, distribution centers and customer centers.
A diversified business

ORDERS RECEIVED BY CUSTOMER CATEGORY
- Other: 12%
- Construction: 12%
- Process industry: 18%
- Motor vehicle: 11%
- Electrical and technology: 15%
- General manufacturing: 25%
- Services: 7%

REVENUES BY BUSINESS TYPE
- Equipment: 66%
- Service: 34%

12 months ending September 2018
Agenda

1. Atlas Copco – One Group
2. Performance review
3. How we create value and grow
4. Summary

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January – September in brief

• Solid order growth
  – Particularly strong growth in North America and Europe
  – Firm organic growth for Compressor Technique, Industrial Technique and Power Technique
  – Vacuum Technique down due to lower semiconductor investments

• Good profitability in all business areas

• Steady operating cash flow, in spite of growth

• Successful spin-off of Epiroc
Q3 2018

- **ORDERS RECEIVED**: 23 BSEK (1% organic decline)
- **REVENUES**: 24 BSEK (6% organic growth)
- **OPERATING MARGIN**: 22.2%

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Orders received – local currency Q3 2018

SHARE OF ORDERS RECEIVED YEAR TO DATE:

- 29%
- 37%
- 34%

Q3 vs. Q2 YoY

- +6%
- +5%
- +2%
- -9%
- +11%
Near-term outlook

The customer demand is expected to be somewhat lower, mainly due to the semiconductor and automotive industries.
Agenda

1. Atlas Copco – One Group
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4. Summary
Value for all stakeholders
How we do business – Innovation across the value chain

- 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
Agility and resilience

Deteriorating business climate
- Reduce variable costs
- Working capital reduction

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

RESILIENCE
Asset light operations
Profitable service business

AGILE OPERATIONAL SET-UP

Volume / Profits

Time
People are key

Knowledgeable, professional, and passionate

Diversity

Speed

Trust
Passionate people create exceptional things

Clarity in mission and expectations creates freedom to develop and implement our visions and strategies

Ownership and clarity in roles and responsibilities

Freedom with accountability

The one closest to the problem, is the one closest to the solution
Our management team

Mats Rahmström
Vagner Rego
Geert Follens
Henrik Elmin
Andrew Walker
Cecilia Sandberg
Håkan Osvald
Gisela Lindstrand
Hans Ola Meyer

IN TOTAL:
47 years
of international experience
79 years
of external experience in diverse businesses
190 years
in Atlas Copco

Strong international experience
Internal and external expertise
Be the Atlas Copco culture in all aspect

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Presence

 Develop local competences

 Direct, indirect, and digital presence

 Create high brand awareness
Digitalization
Proactive service
Our targets

**PROFIT**

- **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

**PEOPLE**

**PLANET**

- Energy consumption
- Transport and CO₂
- Water consumption
- % renewable energy
- Reused, recycled and recovered waste

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Foundation for continuous growth

- Market leader with a strong portfolio of businesses and products
- Commitment to innovation
- Top organization, world-class people, and top execution
- Strong service offering
- Capacity for strategic acquisitions
- Digitalization embedded in everything

REVENUE GROWTH 2010 – 2017

Goal

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Foundation for continuous high return on capital employed

- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business
- Digitalization embedded in everything

* Including discontinued operations
Growth and strong profitability

*Revenues not adjusted for intercompany sales between Atlas Copco and Epiroc.

Operating margin and ROCE are estimated excluding the Mining and Rock Excavation Business Area and Road Construction Equipment division.
Growth and resilience – Service business

CAGR Service 8%
CAGR Equipment 7%

Equipment revenues, MSEK
Service revenues, MSEK

Revenues excluding Mining and Rock Excavation Technique until 2017.
Growth and resilience – Asset light

*Including Mining and Rock Excavation Technique until 2017.
Growth and resilience – Cash generation

Average cash conversion 100%

Including discontinued operations. Profit for the period “Sep. 2018 12M” is excluding the capital gain related to the distribution of Epiroc.
Growth and resilience – Cash distribution

Average payout ratio 68%
Average yield 5%

Dividend per share, SEK
Redemption per share, SEK
Earnings per share, SEK
Regional growth development – from 70 to 93 BSEK

Note: 2010 Revenues including Epiroc.
Index rebalanced to 100 as per 31 December, 2017.
Impact of tariffs

Estimated cost impact: MUSD 15 per year

- Majority of impact is on supply from Atlas Copco China to Atlas Copco US

- The main mitigating actions include changed sourcing countries and price increases
Impact of “hard” Brexit

Estimated cost impact:
MUSD 13 per year

• The direct cost impact is mainly related to tariffs on goods moving in and out of the UK

• Other costs relate to:
  – One to two days longer lead time due to border controls
  – Additional personnel resources to handle issues with VAT, trade compliance, and logistics
  – Build up of safety stocks

• Over time a slower GDP growth in the UK is expected
Agenda

1. Atlas Copco – One Group
2. Performance review
3. How we create value and grow
4. Summary
Value for all stakeholders

Identify and “own” profitable niches

Use our core competencies to develop the niches

Top execution through a decentralized leadership model

SOCIETY
- R&D
- Marketing
- Manufacturing
- Sourcing
- Logistics
- Service

SHAREHOLDERS
- People
- Finance
- Quality
- Supply

CUSTOMERS
- Channels
- Digitalization

ENVIRONMENT
“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.”