Press release from Atlas Copco AB

July 16, 2020

Atlas Copco
Second-quarter report 2020

Healthy profitability in tough market conditions

- Order intake decreased 16% to MSEK 22 401 (26 565), organic decline of 17%
- Revenues reached MSEK 24 102 (25 580), organic decline of 8%
- Adjusted operating profit, excluding items affecting comparability, decreased 20% to MSEK 4 476 (5 622), corresponding to a margin of 18.6% (22.0)
- Reported operating profit was MSEK 3 889 (5 379), corresponding to a margin of 16.1% (21.0)
- Profit before tax amounted to MSEK 3 826 (5 315)
- Basic earnings per share were SEK 2.58 (3.36)
- Operating cash flow at MSEK 3 483 (2 369)
- Return on capital employed was 26% (33)
- Acquisition of the global machine vision specialist ISRA VISION AG

	April - June			January - June		
MSEK	2020	2019		2020	2019	
Orders received	22 401	26 565	-16%	50 440	53 377	-6%
Revenues	24 102	25 580	-6%	49 200	49 761	-1%
Operating profit	3 889	5 379	-28%	9 013	10 427	-14%
– as a percentage of revenues	*16.1*	*21.0*		*18.3*	*21.0*	
Profit before tax	3 826	5 315	-28%	8 836	10 222	-14%
– as a percentage of revenues	*15.9*	*20.8*		*18.0*	*20.5*	
Profit for the period	3 129	4 085	-23%	6 969	7 788	-11%
Basic earnings per share, SEK	2.58	3.36		5.73	6.41	
Diluted earnings per share, SEK	2.57	3.36		5.73	6.41	
Return on capital employed, %	26	33				

Near-term demand outlook

Although the world's economic development remains uncertain, Atlas Copco expects that the near-term demand for the Group´s equipment and services will improve somewhat compared to the level in the second quarter.

Previous near-term demand outlook (published April 23, 2020):
The current economic situation makes the outlook very uncertain, but demand is expected to deteriorate significantly in most industries and regions.

Quarterly and annual financial data in Excel format can be found at:
https://www.atlascopcogroup.com/en/investor-relations/financial-reports-presentations/latest-results

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Summary of half-year results

Orders received in the first six months of 2020 decreased by 6% to MSEK 50 440 (53 377), corresponding to an organic decline of 10%. Acquisitions contributed with 3% and currency had a positive effect of 1%. Revenues were MSEK 49 200 (49 761), corresponding to a 6% organic decline.

Operating profit decreased by 14% to MSEK 9 013 (10 427). The operating margin was 18.3% (21.0). Adjusted for items affecting comparability, the margin was 19.5% (21.9). There was a positive impact of changes in exchange rates for the first half-year of MSEK 370.

Profit before tax was MSEK 8 836 (10 222), corresponding to a margin of 18.0% (20.5). Profit for the period totaled MSEK 6 969 (7 788). Basic and diluted earnings per share were SEK 5.73 (6.41) and 5.73 (6.41) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 7 308 (4 898).

Review of the second quarter

Market development

The ongoing COVID-19 pandemic had a considerable effect on the global economy, and the overall demand for the Group's products and services decreased, both compared to previous year and previous quarter.

Customers' investment levels was in general low, and the demand for most types of equipment decreased significantly compared to the previous year in most regions. Order volumes for compressors, power equipment, industrial power tools and industrial assembly solutions decreased in all regions. Order intake for vacuum equipment to industrial and scientific customer segments was also negatively affected by the effects of the pandemic. Demand for vacuum equipment to the semiconductor industry remained favorable, but the order intake did not reach the very high level of the first quarter.

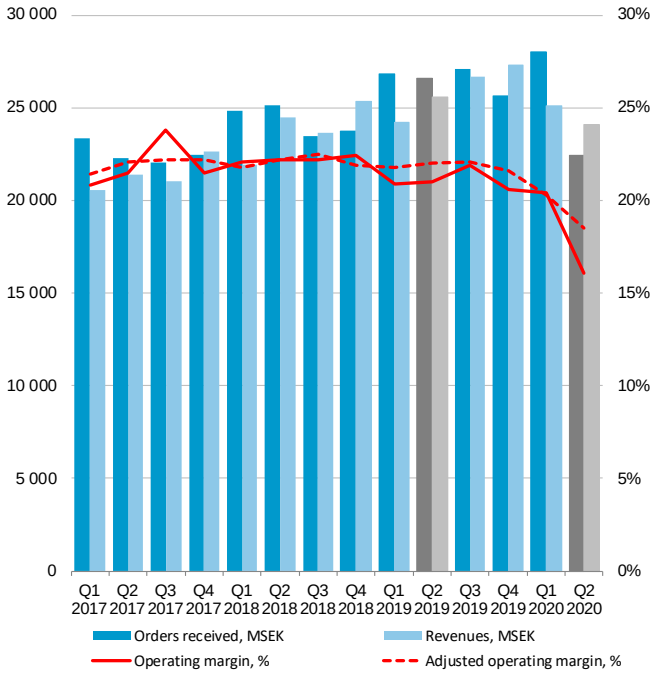
The service business was also affected by the pandemic but to a lesser extent than equipment orders. Supported by high factory utilization in the semiconductor industry, the Vacuum Technique service business grew significantly.

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2019	26 565	25 580
Structural change, %	+2	+3
Currency, %	-1	-1
Organic*, %	-17	-8
Total, %	-16	-6
2020	22 401	24 102

*Volume, price and mix.

Orders, revenues and operating profit margin



Geographic distribution of orders received

	Atlas Copco Group	
April - June 2020	Orders Received, %	Change*, %
North America	22	-27
South America	3	-21
Europe	29	-18
Africa/Middle East	5	-18
Asia/Oceania	41	+1
Atlas Copco Group	100	-14

*Change in orders received compared to the previous year in local currency.

Geographic distribution, orders received and revenues

April - June 2020	Compressor Technique, %		Vacuum Technique, %		Industrial Technique, %		Power Technique, %		Atlas Copco, %	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
North America	22	23	20	19	28	29	21	29	22	24
South America	4	5	0	0	2	2	6	5	3	3
Europe	34	33	13	12	36	38	38	34	29	28
Africa/Middle East	7	6	2	2	1	2	10	10	5	5
Asia/Oceania	33	33	65	67	33	29	25	22	41	40
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns
Revenues decreased 6% to MSEK 24 102 (25 580), corresponding to an organic decline of 8%. Acquisitions added 3% and currency had a negative effect of 1%.

The operating profit decreased 28% to MSEK 3 889 (5 379) and includes MSEK -587 (-243) in items affecting comparability, where the main part was a change in provision for share related long-term incentive programs, reported in Common Group Items of MSEK-237 (-213) and MSEK -210 related to a provision for settlement of a pension dispute in Edwards Ltd (Vacuum Technique) dating back to before the acquisition of Edwards Ltd in 2014. The other items affecting comparability were restructuring costs of MSEK -140 in Vacuum Technique and Power Technique business areas.

Adjusted operating profit decreased 20% to MSEK 4 476 (5 622), corresponding to a margin of 18.6% (22.0). The sharp decrease in revenues from both equipment sales and service caused by the COVID-19 pandemic and the resulting under-absorption of costs as well as a negative sales mix, were the main reasons for the lower margin.

The net currency effect compared to the previous year was negative MSEK 90, mainly due to the weaker USD.

Net financial items were MSEK -63 (-64) and interest net was MSEK -71 (-79). Other financial items, including financial exchange differences, were MSEK +8 (+15). Profit before tax amounted to MSEK 3 826 (5 315), corresponding to a margin of 15.9% (20.8).

Corporate income tax amounted to MSEK -697 (-1 230), corresponding to an effective tax rate of 18.2% (23.1). One-time adjustments, mainly related to provisions for withholding taxes on dividends from subsidiaries, reduced the effective tax rate by approximately 5 percentage points.

Profit for the period was MSEK 3 129 (4 085). Basic and diluted earnings per share were SEK 2.58 (3.36) and SEK 2.57 (3.36), respectively.

The return on capital employed during the last 12 months was 26% (33). Return on equity was 30% (41). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Operating cash flow and investments
Operating cash surplus decreased to MSEK 5 780 (6 980), due to the lower operating profit. Change in working capital was negative at MSEK -387 (-1 938). Net investments in rental equipment were MSEK -118 (-238) and net investments in property, plant and equipment were MSEK -303 (-321).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 14) reached MSEK 3 483 (2 369).

Cash flow for acquisitions amounted to MSEK -8 714 (-817) and includes part of the payment (the rest was paid in Q1) for 92.19% of the shares of ISRA VISION.

Net indebtedness
The Group's net indebtedness increased to MSEK 23 772 (10 935), due to the recent acquisitions. MSEK 3 480 (3 279) of the net debt was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 5.3 years. The net debt/EBITDA ratio was 0.9 (0.4) and the net debt/equity ratio was 44% (25).

Acquisition and divestment of own shares
During the quarter, 961 956 A shares net, were sold for a net value of MSEK 347. These transactions are in accordance with mandates granted by the Annual General Meeting and relate to the Group's long-term incentive programs. See page 18.

Employees
On June 30, 2020, the number of employees was 39 909 (37 624). The number of consultants/external workforce was 2 761 (3 191). For comparable units, the total workforce decreased by 298 from June 30, 2019.

Revenues and operating profit – bridge

MSEK	Q2 2020	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Share-based LTI* programs	Q2 2019
Atlas Copco Group						
Revenues	24 102	-2 028	-230	780	-	25 580
Operating profit	3 889	-1 076	-90	-300	-24	5 379
	16.1%					*21.0%*

*LTI= Long term incentive

Atlas Copco acquires ISRA VISION

On February 10, it was announced that Atlas Copco will partner with the global machine vision specialist ISRA VISION AG through a voluntary public takeover offer. All offer conditions for the acquisition of ISRA VISION were fulfilled during the quarter.

The settlement of the offer was completed on June 24, 2020 and in connection with that a payment of MSEK 9 028 (MEUR 860) was made to ISRA VISION shareholders. Together with payments made for previous share purchases of MEUR 150, Atlas Copco has paid MSEK 10 604 (MEUR 1 010) for 92.19% of ISRA VISION.

ISRA VISION specializes in machine vision solutions with leading technologies for surface inspection and 3D vision for robot guidance, quality inspection and 3D metrology operating through two business segments, Industrial Automation and Surface Vision. The company has a global presence with operations in over 25 locations and more than 800 employees and is headquartered in Darmstadt, Germany. ISRA VISION will continue to operate under the same brand with its headquarters in Darmstadt and be a part of the Industrial Technique business area. In the fiscal year 2018/19 ending September 30, 2019, the company had revenues of approximately MSEK 1 619 (MEUR 154).

A preliminary purchase price allocation is outlined below.

MSEK	
Intangible assets	4 100
Property, plant and equipment	200
Other assets	1 700
Cash and cash equivalents	300
Interest-bearing liabilities and borrowings	-500
Other liabilities and provisions	-1 800
Net identifiable assets	4 000
Non-controlling interests	-300
Goodwill	6 900
Total consideration	10 600

SEK / EUR 10.50 at date of acquisition.

Compressor Technique

	April - June			January - June		
MSEK	2020	2019		2020	2019	
Orders received	11 134	12 902	-14%	23 934	25 428	-6%
Revenues	11 405	11 974	-5%	22 993	23 371	-2%
Operating profit	2 444	2 773	-12%	4 964	5 391	-8%
– as a percentage of revenues	*21.4*	*23.2*		*21.6*	*23.1*	
Return on capital employed, %	76	100				

- **Lower equipment demand, mainly due to COVID-19**
- **Less negative effect on order volumes for service**
- **Healthy operating profit margin at 21.4%**

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2019	12 902	11 974
Structural change, %	+1	+1
Currency, %	-2	-2
Organic*, %	-13	-4
Total, %	-14	-5
2020	11 134	11 405

*Volume, price and mix.

Industrial compressors

The order intake for industrial compressors decreased and was negatively affected by COVID-19 and the generally weaker investment climate. The decreased order volumes were more evident for small and medium-sized compressors than for large-sized compressors.

Geographically, order volumes were down in all regions except Asia.

Gas and process compressors

The demand for gas and process compressors was considerably lower than the previous year's high level. The order intake decreased in all regions.

Compressor service

Order volumes for service decreased, negatively affected by lockdowns and limitations to conducting field service as a result of the COVID-19 pandemic.

The total order intake decreased but held up well compared to last year in Europe and North America, despite the challenging market conditions.

Innovation

The business area introduced the new GA 30^{+}-45^{+} (30-45 kw) oil-injected screw compressors targeting several types of industrial customers. Thanks to an all-new and patented drive system, the new compressors offer leading performance, high energy efficiency, in-built connectivity, and a 32% lower footprint compared to previous models.

Acquisitions

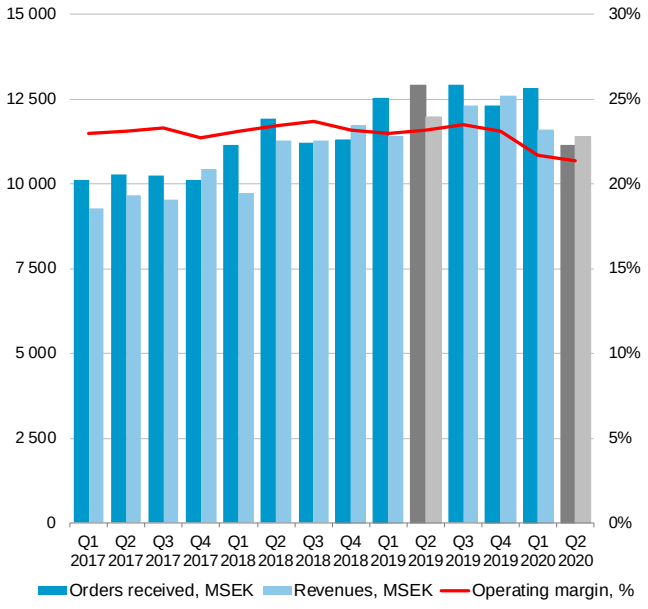
Ovity Air Comprimé, a French distributor of industrial compressors and compressed air solutions with 8 employees, was acquired in June.

Revenues and profitability

Revenues decreased 5% to MSEK 11 405 (11 974), corresponding to an organic decline of 4%.

The operating profit decreased 12% to MSEK 2 444 (2 773), corresponding to a margin of 21.4% (23.2). The margin was negatively affected by lower revenue volumes, COVID-19 related costs, and a negative sales mix. Return on capital employed (last 12 months) was 76% (100).

Orders, revenues and operating profit margin



Vacuum Technique

	April - June			January - June		
MSEK	2020	2019		2020	2019	
Orders received	5 723	5 451	5%	12 839	11 138	15%
Revenues	6 535	5 650	16%	12 694	10 903	16%
Operating profit	1 278	1 401	-9%	2 775	2 693	3%
– as a percentage of revenues	*19.6 **	*24.8*		*21.9*	*24.7*	
Return on capital employed, %	20	25				

*Adjusted operating margin 24.1%

- **Equipment orders to the semiconductor industry remained favorable**
- **Service growth also driven by the semiconductor industry**
- **Adjusted operating profit margin at 24.1%**

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2019	5 451	5 650
Structural change, %	+7	+8
Currency, %	+0	+1
Organic*, %	-2	+7
Total, %	+5	+16
2020	5 723	6 535

*Volume, price and mix.

Semiconductor and flat panel display equipment

The demand for vacuum equipment to the semiconductor and the flat panel industry remained healthy and the order intake remained at the same level as the previous year. Sequentially, however, order volumes did not reach the high levels of the first quarter.

Year-on-year, order volumes increased in Asia, supported by investments in new production technologies as well as new production capacity, while orders in North America and Europe decreased.

Industrial and scientific vacuum equipment

Order intake for industrial and scientific vacuum equipment was negatively affected by COVID-19 and the deteriorated general business climate. Orders decreased sequentially and year-on-year.

Geographically, and compared to the previous year, order volumes decreased in Europe and North America but increased in Asia.

Vacuum service

The order intake for service increased, driven by high factory utilization and increased demand in the semiconductor industry, primarily in Asia. Limitations to conducting field service due to the COVID-19 pandemic, however, had a negative impact on the demand from industrial customers.

In total, order volumes increased in Asia while they decreased in all other major regions.

Innovation

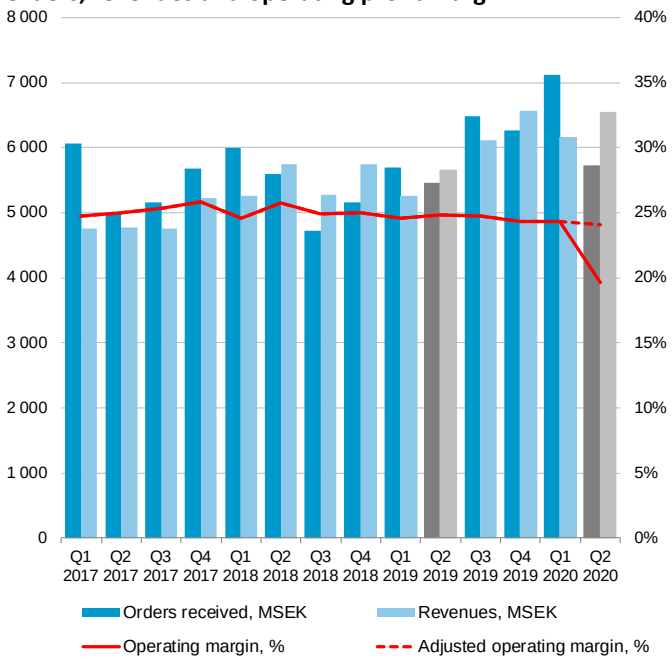
A new range of the abatement system Atlas has been developed for the semiconductor etch process and introduced in the quarter. The products will support customers in the semiconductor industry to substantially reduce their emissions of greenhouse gases and comply with environmental targets. Thanks to proven burner technology, the latest products offer further improved performance compared to previous models.

Revenues and profitability

Revenues reached MSEK 6 535 (5 650), corresponding to an organic increase of 7%.

The operating profit decreased 9% to MSEK 1 278 (1 401) and includes items affecting comparability of MSEK -300, where the main part is MSEK -210 related to a provision for settlement of a pension dispute in Edwards Ltd dating back to before the acquisition of Edwards in 2014. MSEK -90 refers to restructuring costs in the industrial and scientific vacuum businesses. The adjusted operating margin was 24.1% (24.8), negatively affected by costs related to COVID-19 and dilution from recent acquisitions. Return on capital employed (last 12 months) was 20% (25).

Orders, revenues and operating profit margin



Industrial Technique

	April - June			January - June		
MSEK	2020	2019		2020	2019	
Orders received	3 246	4 868	-33%	7 709	9 554	-19%
Revenues	3 355	4 576	-27%	7 548	9 123	-17%
Operating profit	334	1 016	-67%	1 133	2 024	-44%
– as a percentage of revenues	*10.0*	*22.2*		*15.0*	*22.2*	
Return on capital employed, %	23	37				

- **Significantly lower demand for equipment and service**
- **Lower volumes had a large negative effect on the profit margin**
- **Acquisition of global machine vision specialist**

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2019	4 868	4 576
Structural change, %	+3	+3
Currency, %	-1	-1
Organic*, %	-35	-29
Total, %	-33	-27
2020	3 246	3 355

*Volume, price and mix.

Motor vehicle industry

The demand from the motor vehicle industry became weaker during the quarter, and order volumes for equipment decreased significantly compared to the previous year and sequentially.

Geographically, and compared to the previous year, order volumes decreased in all regions and particularly in North America and Europe.

General industry

The order intake for industrial power tools and assembly systems for the general industry decreased considerably. COVID-19 and the generally weaker investment climate affected the demand negatively from most customer segments.

Geographically, order volumes decreased in all major regions.

Service

The demand for service, including maintenance and calibration services, decreased as customers stopped (due to COVID-19) or reduced their production levels. Limitations to conducting field services added to the negative development.

The order intake decreased in all geographical regions.

Innovation

A new smart hand-held battery tool for assembly applications, the Tensor ICB, was introduced. The new tool is designed to improve ergonomics and accessibility in customers´ production. With an integrated controller, customers will benefit from increased flexibility and the possibility to use one tool for several different applications.

Acquisitions

In June, the business area acquired the global machine vision specialist ISRA VISION AG as all offer conditions to the voluntary public takeover offer were fulfilled (announced on February 10).

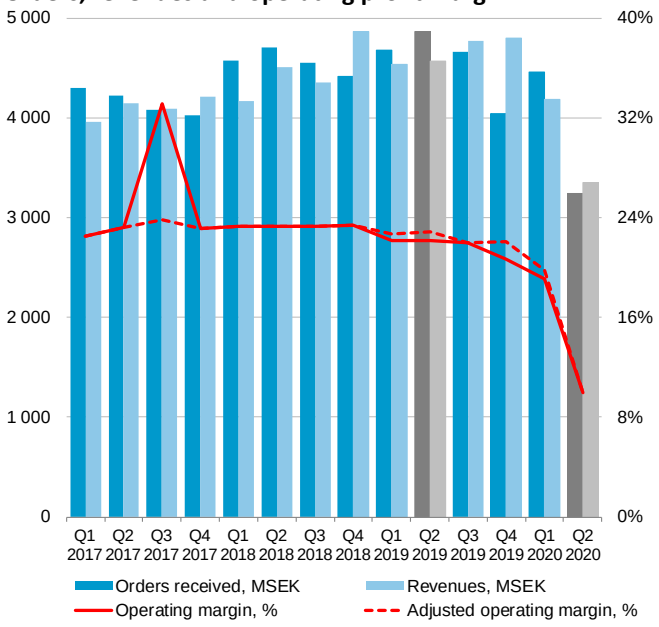
ISRA VISION is headquartered in Darmstadt, Germany, and has a global presence with operations in over 25 locations with more than 800 employees. In the fiscal year 2018/19, the company had revenues of approximately MEUR 154 (MSEK 1 619). See page 4.

Revenues and profitability

Revenues decreased 27% to MSEK 3 355 (4 576), corresponding to an organic decline of 29%.

The operating profit decreased 67% to MSEK 334 (1 016), corresponding to a margin of 10.0% (22.2). The margin was heavily affected by the lower revenue volumes, costs related to COVID-19, a negative sales mix, and dilution from recent acquisitions. Return on capital employed (last 12 months) was 23% (37).

Orders, revenues and operating profit margin



Power Technique

	April - June			January - June		
MSEK	2020	2019		2020	2019	
Orders received	2 400	3 481	-31%	6 223	7 582	-18%
Revenues	2 930	3 555	-18%	6 255	6 732	-7%
Operating profit	286	619	-54%	759	1 143	-34%
– as a percentage of revenues	*9.8 **	*17.4*		*12.1*	*17.0*	
Return on capital employed, %	21	30				

*Adjusted operating margin 11.5%

- **Significantly lower demand for equipment and service**
- **Specialty rental affected by postponed projects**
- **Adjusted operating profit margin fell to 11.5%**

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2019	3 481	3 555
Structural change, %	+2	+1
Currency, %	-3	-2
Organic*, %	-30	-17
Total, %	-31	-18
2020	2 400	2 930

*Volume, price and mix.

Equipment

Customer demand and the business area's order intake decreased significantly for most type of equipment compared to the very high levels in the previous year and in the previous quarter, and primarily from equipment rental customers.

Compared to the previous year, the order intake decreased in all major regions and North America in particular.

Specialty rental

Order volumes for the specialty rental business decreased as projects and investments were postponed.

Geographically, the order intake decreased in all regions except South America.

Service

The order intake for the service business decreased with reduced order volumes in all geographical regions. Limitations to conducting field service due to the COVID-19 pandemic had a negative impact on the demand.

Innovation

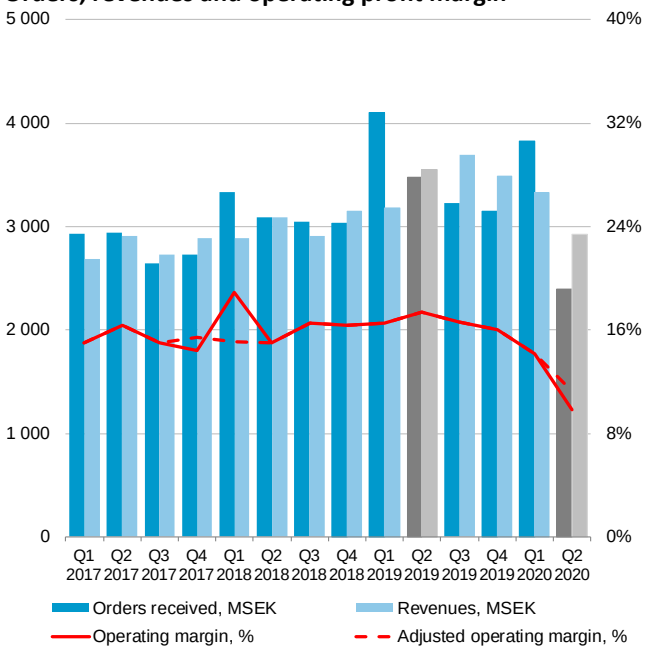
XAS 188, a new portable compressor for the North American market, was introduced in the quarter. The new compressor offer increases efficiency and introduces a new controller for ease of use. The compressor can also power more than one tool, has an integrated toolbox, and offers a spillage free frame design to protect the environment from any contamination.

Revenues and profitability

Revenues decreased to MSEK 2 930 (3 555), corresponding to an organic decline of 17%.

The operating profit decreased 54% to MSEK 286 (619). Adjusted for restructuring costs of MSEK -50, the margin reached 11.5% (17.4). The adjusted margin was heavily affected by the lower revenue volumes, costs related to COVID-19, and a negative sales mix. Return on capital employed (last 12 months) was 21% (30).

Orders, revenues and operating profit margin



Accounting principles
The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS). The description of the accounting principles and definitions applied in this report are found in the Annual Report 2019. The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Non-IFRS measures are also presented in the report since they are considered to be important supplemental measures of the company´s performance. For further information about these measures and how they have been calculated, please visit: http://www.atlascopcogroup.com/investor-relations

Risks, risk management and factors of uncertainty
Atlas Copco's global and diversified business is active within many customer segments and results in a variety of risks and opportunities geographically and operationally. Thus, the ability to identify, analyze and manage risks is crucial for effective governance and control of the business. The aim is to meet the Group's goals with a high awareness of risks and well-managed risk taking. Atlas Copco sees the benefits of an efficient risk management both from risk reduction and business opportunity perspectives, which can lead to good business growth.

Risks in Atlas Copco are identified in a 360 degree spectrum, meaning that both internal, and external exposures are assessed including todays circumstances and future changes. The Group's risk management approach follows the decentralized structure of Atlas Copco. Risks are analyzed and addressed in an integrated way. Local companies are responsible for their own risk management, which is monitored and followed up regularly at for example local business board meetings. Group functions responsible for legal, insurance, human resources, compliance, sustainability, treasury, tax, controlling and accounting provide policies, guidelines and instructions regarding risk management. This is regularly audited by internal and external audits.

Risk areas include compliance risks, external exposure risks, operational risks and strategic risks. These risk areas can impact the business negatively both in the long and short term, but often also create business opportunities if managed well. Examples of risks and how they are handled is described below.

Market risks
The demand for Atlas Copco's equipment and services is affected by changes in the customers' investment and production levels. A general economic downturn, geopolitical tensions, pandemics, changes in trade agreements, trade sanctions, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which mitigates the risk.

Financial risks
Atlas Copco is subject to currency risks, funding risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

Production risks
A large part of the components used in production are sourced from sub-suppliers. The availability is dependent on the sub-suppliers and if they have interruptions or lack capacity, this may adversely affect production. To minimize these risks, Atlas Copco has established a global network of sub-suppliers, which means that in most cases there are more than one sub-supplier that can provide a certain component. Atlas Copco is also directly and indirectly exposed to raw material prices. Cost increases for raw materials and components often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions
Atlas Copco has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialize than anticipated.

Risks related to COVID-19
The COVID-19 pandemic has had a significant effect on the global economy and the demand for the Group's products and services in the second quarter, described at previous pages in this report. With the high uncertainty surrounding the situation and potential initiatives by authorities and customers, it is very difficult to predict the full financial impact that the situation may have on the Group for the coming quarters.

As of June 30, there is no significant impact on any balance sheet items.

For more information of Atlas Copco's risk management process and further descriptions of risks and how they are handled, see the Annual Report 2019.

Forward-looking statements
Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Atlas Copco AB
Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco. Any mentioning of the Board of Directors, the Board or the Directors refers to the Board of Directors of Atlas Copco AB.

Consolidated income statement (condensed)

	3 months ended		6 months ended	
	Jun. 30	Jun. 30	Jun. 30	Jun. 30
MSEK	2020	2019	2020	2019
Revenues	24 102	25 580	49 200	49 761
Cost of sales	-14 547	-14 395	-28 942	-28 142
Gross profit	**9 555**	**11 185**	**20 258**	**21 619**
Marketing expenses	-2 653	-3 033	-5 733	-5 945
Administrative expenses	-1 709	-1 838	-3 352	-3 572
Research and development costs	-927	-878	-1 907	-1 741
Other operating income and expenses	-377	-57	-253	66
Operating profit	**3 889**	**5 379**	**9 013**	**10 427**
- as a percentage of revenues	*16.1*	*21.0*	*18.3*	*21.0*
Net financial items	-63	-64	-177	-205
Profit before tax	**3 826**	**5 315**	**8 836**	**10 222**
- as a percentage of revenues	*15.9*	*20.8*	*18.0*	*20.5*
Income tax expense	-697	-1 230	-1 867	-2 434
Profit for the period	**3 129**	**4 085**	**6 969**	**7 788**
Profit attributable to				
- owners of the parent	3 129	4 080	6 965	7 778
- non-controlling interests	-	5	4	10
Basic earnings per share, SEK	**2.58**	**3.36**	**5.73**	**6.41**
Diluted earnings per share, SEK	2.57	3.36	5.73	6.41
Basic weighted average number of shares outstanding, millions	1 214.7	1 213.9	1 215.1	1 213.2
Diluted weighted average number of shares outstanding, millions	1 215.7	1 215.0	1 215.9	1 214.1

Key ratios		
Equity per share, period end, SEK	45	36
Return on capital employed, 12 month values, %	26	33
Return on equity, 12 month values, %	30	41
Debt/equity ratio, period end, %	44	25
Equity/assets ratio, period end, %	47	43
Number of employees, period end	39 909	37 624

Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	Jun. 30	Jun. 30	Jun. 30	Jun. 30
MSEK	2020	2019	2020	2019
Profit for the period	**3 129**	**4 085**	**6 969**	**7 788**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-518	111	307	-198
Income tax relating to items that will not be reclassified	111	-27	-84	79
	-407	**84**	**223**	**-119**
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	-3 930	-101	-1 014	1 576
Hedge of net investments in foreign operations	984	-223	-101	-447
Cash flow hedges	-	-8	-82	-6
Income tax relating to items that may be reclassified	-278	68	47	135
	-3 224	**-264**	**-1 150**	**1 258**
Other comprehensive income for the period, net of tax	**-3 631**	**-180**	**-927**	**1 139**
Total comprehensive income for the period	**-502**	**3 905**	**6 042**	**8 927**
Total comprehensive income attributable to				
- owners of the parent	-499	3 900	6 040	8 915
- non-controlling interests	-3	5	2	12

Consolidated balance sheet (condensed)

MSEK	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Intangible assets	49 606	31 367	36 549
Rental equipment	2 678	2 667	2 883
Other property, plant and equipment	11 732	11 687	11 553
Financial assets and other receivables	1 839	1 080	1 795
Deferred tax assets	1 560	1 898	1 449
Total non-current assets	**67 415**	**48 699**	**54 229**
Inventories	16 036	14 600	14 501
Trade and other receivables	28 049	27 360	27 861
Other financial assets	167	119	125
Cash and cash equivalents	5 277	11 720	15 005
Assets classified as held for sale	6	1	1
Total current assets	**49 535**	**53 800**	**57 493**
TOTAL ASSETS	**116 950**	**102 499**	**111 722**
Equity attributable to owners of the parent	54 150	44 203	53 231
Non-controlling interests	332	59	59
TOTAL EQUITY	**54 482**	**44 262**	**53 290**
Borrowings	22 604	17 313	20 400
Post-employment benefits	3 480	3 279	3 488
Other liabilities and provisions	1 500	1 310	1 410
Deferred tax liabilities	1 856	771	702
Total non-current liabilities	**29 440**	**22 673**	**26 000**
Borrowings	3 132	2 182	3 255
Trade payables and other liabilities	28 089	31 585	27 564
Provisions	1 807	1 797	1 613
Total current liabilities	**33 028**	**35 564**	**32 432**
TOTAL EQUITY AND LIABILITIES	**116 950**	**102 499**	**111 722**

Fair value of derivatives, cash equivalents and borrowings

The carrying value and fair value of the Group's outstanding derivatives, liquidity funds and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives, liquidity funds and other loans are based on level 2 in the fair value hierarchy. Compared to 2019, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions. Liquidity funds, reported under cash equivalents, are according to IFRS 9 classified at fair value through profit and loss. For further information, see note 27 in the Annual Report 2019. (http://www.atlascopco.com/ir)

Financial instruments recorded at fair value

MSEK	Jun. 30, 2020	Dec. 31, 2019
Current assets and liabilities		
Assets	372	561
Liabilities	120	19

Carrying value and fair value of borrowings

MSEK	Jun. 30, 2020	Jun. 30, 2020	Dec. 31, 2019	Dec. 31, 2019
	Carrying value	Fair value	Carrying value	Fair value
Bonds	13 605	14 018	13 524	14 057
Other loans	8 459	8 577	6 488	6 555
Lease liability	3 672	3 672	3 643	3 643
	25 736	26 267	23 655	24 255

Consolidated statement of changes in equity (condensed)

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2020	**53 231**	**59**	**53 290**
Changes in equity for the period			
Total comprehensive income for the period	6 040	2	6 042
Dividend	-4 250	-	-4 250
Change of non-controlling interests	-153	271	118
Acquisition and divestment of own shares	-677	-	-677
Share-based payments, equity settled	-41	-	-41
Closing balance, June 30, 2020	**54 150**	**332**	**54 482**

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2019	**42 425**	**47**	**42 472**
Changes in equity for the period			
Total comprehensive income for the period	8 915	12	8 927
Dividend	-7 640	-	-7 640
Acquisition and divestment of own shares	575	-	575
Share-based payments, equity settled	-72	-	-72
Closing balance, June 30, 2019	**44 203**	**59**	**44 262**

Consolidated statement of cash flows (condensed)

	April - June		January - June	
MSEK	2020	2019	2020	2019
Cash flows from operating activities				
Operating profit	3 889	5 379	9 013	10 427
Depreciation, amortization and impairment (see below)	1 286	1 133	2 577	2 212
Capital gain/loss and other non-cash items	605	468	610	575
Operating cash surplus	**5 780**	**6 980**	**12 200**	**13 214**
Net financial items received/paid	-194	-213	-242	-578
Taxes paid	-1 101	-1 822	-2 176	-2 836
Pension funding and payment of pension to employees	-77	-84	-158	-161
Change in working capital	-387	-1 938	-723	-3 407
Investments in rental equipment	-136	-244	-314	-503
Sale of rental equipment	18	6	46	19
Net cash from operating activities	**3 903**	**2 685**	**8 633**	**5 748**
Cash flows from investing activities				
Investments in property, plant and equipment	-317	-362	-733	-729
Sale of property, plant and equipment	14	41	19	49
Investments in intangible assets	-299	-255	-604	-494
Sale of intangible assets	-	1	-	1
Acquisition of subsidiaries and associated companies	-8 714 *	-817	-12 798 *	-1 002
Other investments, net	4	-9	28	-28
Net cash from investing activities	**-9 312**	**-1 401**	**-14 088**	**-2 203**
Cash flows from financing activities				
Annual dividends paid	-4 250	-3 820	-4 250	-3 820
Acquisition of non-controlling interest	-182	-	-182	-
Repurchase and sales of own shares	347	576	-677	575
Change in interest-bearing liabilities	2 496	246	855	-5 233
Net cash from financing activities	**-1 589**	**-2 998**	**-4 254**	**-8 478**
Net cash flow for the period	**-6 998**	**-1 714**	**-9 709**	**-4 933**
Cash and cash equivalents, beginning of the period	12 837	13 495	15 005	16 414
Exchange differences in cash and cash equivalents	-562	-61	-19	239
Cash and cash equivalents, end of the period	**5 277**	**11 720**	**5 277**	**11 720**

*Includes approximately MSEK 1 600 in Q1 and appoximately MSEK 8 700 in Q2 related to the acquisition of ISRA VISION.

Depreciation, amortization and impairment				
Rental equipment	*188*	*178*	*386*	*342*
Other property, plant and equipment	*330*	*320*	*667*	*632*
Right-of-use assets	*295*	*253*	*594*	*489*
Intangible assets	*473*	*382*	*930*	*749*
Total	*1 286*	*1 133*	*2 577*	*2 212*

Calculation of operating cash flow

	April - June		January - June	
MSEK	2020	2019	2020	2019
Net cash flow for the period	**-6 998**	**-1 714**	**-9 709**	**-4 933**
Add back:				
Change in interest-bearing liabilities	-2 496	-246	-855	5 233
Repurchase and sales of own shares	-347	-576	677	-575
Annual dividends paid	4 250	3 820	4 250	3 820
Acquisition of non-controlling interest	182	-	182	-
Acquisitions and divestments	8 714	817	12 798	1 002
Currency hedges	178	268	-35	351
Operating cash flow	**3 483**	**2 369**	**7 308**	**4 898**

Revenues by business area

	2018				2019				2020	
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Compressor Technique	9 735	11 266	11 269	11 702	11 397	11 974	12 314	12 601	11 588	11 405
- of which external	*9 578*	*11 121*	*11 156*	*11 593*	*11 241*	*11 832*	*12 146*	*12 502*	*11 470*	*11 322*
- of which internal	*157*	*145*	*113*	*109*	*156*	*142*	*168*	*99*	*118*	*83*
Vacuum Technique	5 255	5 740	5 272	5 740	5 253	5 650	6 107	6 560	6 159	6 535
- of which external	*5 255*	*5 740*	*5 272*	*5 740*	*5 253*	*5 650*	*6 107*	*6 560*	*6 154*	*6 535*
- of which internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*5*	*0*
Industrial Technique	4 178	4 519	4 365	4 871	4 547	4 576	4 783	4 806	4 193	3 355
- of which external	*4 163*	*4 504*	*4 354*	*4 863*	*4 538*	*4 567*	*4 774*	*4 799*	*4 180*	*3 347*
- of which internal	*15*	*15*	*11*	*8*	*9*	*9*	*9*	*7*	*13*	*8*
Power Technique	2 894	3 091	2 911	3 146	3 177	3 555	3 697	3 486	3 325	2 930
- of which external	*2 756*	*2 980*	*2 893*	*3 126*	*3 149*	*3 531*	*3 649*	*3 458*	*3 294*	*2 898*
- of which internal	*138*	*111*	*18*	*20*	*28*	*24*	*48*	*28*	*31*	*32*
Common Group Items / Eliminations	-156	-155	-142	-138	-193	-175	-225	-134	-167	-123
Atlas Copco Group	**21 906**	**24 461**	**23 675**	**25 321**	**24 181**	**25 580**	**26 676**	**27 319**	**25 098**	**24 102**

Operating profit by business area

	2018				2019				2020	
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Compressor Technique	2 249	2 638	2 667	2 709	2 618	2 773	2 897	2 910	2 520	2 444
- as a percentage of revenues	*23.1*	*23.4*	*23.7*	*23.1*	*23.0*	*23.2*	*23.5*	*23.1*	*21.7*	*21.4*
Vacuum Technique	1 292	1 479	1 315	1 436	1 292	1 401	1 508	1 591	1 497	1 278
- as a percentage of revenues	*24.6*	*25.8*	*24.9*	*25.0*	*24.6*	*24.8*	*24.7*	*24.3*	*24.3*	*19.6*
Industrial Technique	974	1 056	1 018	1 140	1 008	1 016	1 051	994	799	334
- as a percentage of revenues	*23.3*	*23.4*	*23.3*	*23.4*	*22.2*	*22.2*	*22.0*	*20.7*	*19.1*	*10.0*
Power Technique	547	464	480	515	524	619	606	559	473	286
- as a percentage of revenues	*18.9*	*15.0*	*16.5*	*16.4*	*16.5*	*17.4*	*16.4*	*16.0*	*14.2*	*9.8*
Common Group Items / Eliminations	-229	-207	-217	-139	-394	-430	-219	-427	-165	-453
Operating profit	**4 833**	**5 430**	**5 263**	**5 661**	**5 048**	**5 379**	**5 843**	**5 627**	**5 124**	**3 889**
- as a percentage of revenues	*22.1*	*22.2*	*22.2*	*22.4*	*20.9*	*21.0*	*21.9*	*20.6*	*20.4*	*16.1*
Net financial items	-320	-201	-95	273	-141	-64	-65	-55	-114	-63
Profit before tax	**4 513**	**5 229**	**5 168**	**5 934**	**4 907**	**5 315**	**5 778**	**5 572**	**5 010**	**3 826**
- as a percentage of revenues	*20.6*	*21.4*	*21.8*	*23.4*	*20.3*	*20.8*	*21.7*	*20.4*	*20.0*	*15.9*

Return on capital employed by business area, %

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Compressor Technique	94	99	103	107	105	100	93	87	80	76
Vacuum Technique	26	28	27	27	26	25	23	22	22	20
Industrial Technique	44	44	39	40	39	37	36	35	31	23
Power Technique	21	18	25	28	30	30	29	28	25	21
Atlas Copco Group	**39**	**31**	**32**	**33**	**33**	**33**	**32**	**30**	**29**	**26**

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2020 Jun. 24	ISRA VISION AG		Industrial Technique	1 619	800
2020 Jun. 5	Ovity Air Comprimé		Compressor Technique		8
2020 Feb. 28	Dekker Vacuum Technologies Inc		Vacuum Technique	217	70
2020 Feb. 27	Dr. Gustav Gail Drucklufttechnik GmbH		Compressor Technique		10
2020 Jan. 22	M.C. Schroeder Equipment Co., Inc.		Vacuum Technique		8
2020 Jan. 16	Hydra Flow West		Compressor Technique		7
2020 Jan. 3	Scheugenpflug AG		Industrial Technique	850	600
2019 Nov. 6	WestRon		Compressor Technique		26
2019 Oct. 18	Accurate Air Engineering and Compressed Air of California		Compressor Technique		52
2019 Jul. 2	MGES Inc.		Compressor Technique	48	11
2019 Jul. 2	Eurochiller S.r.l.		Compressor Technique	267	90
2019 Jul. 1	Brooks' Semiconductor Cryogenics Business		Vacuum Technique	1 400	400
2019 Jun. 19	Powerhouse Equipment & Engineering Co. Inc.		Power Technique	347	95
2019 Jun. 17	Taylor Air Center		Compressor Technique		20
2019 May 29	AirCenterSüd GmbH & Co. KG		Compressor Technique		6
2019 May 27	Air Compresseur service		Compressor Technique		10
2019 May 3	Bold & Cichos GbR		Compressor Technique		15
2019 May 2	Mid South Engine & Power Systems		Power Technique	54	28
2019 Apr. 9	PSI Compressors		Compressor Technique		6
2019 Apr. 3	Jacob Drucklufttechnik Vertriebs GmbH		Compressor Technique		10
2019 Apr. 2	Air Diffusion		Compressor Technique		15
2019 Mar. 19	Class 1 Incorporated		Compressor Technique	130	50
2019 Mar. 6	Woodward Compressor Sales		Compressor Technique		15
2019 Mar. 1	Appleton		Compressor Technique		15
2019 Jan. 4	Industrie Pumpen Vertriebs GmbH		Power Technique	50	20

*Annual revenues and number of employees at time of acquisition/divestment. No revenues are disclosed for former Atlas Copco distributors.
Due to the relatively small size of most of the acquisitions made in 2020, full disclosure as per IFRS 3 is not given in this interim report.
Disclosure will be given in the annual report 2020. More detailed information about ISRA VISION can be found on page 4 in this report.
See the annual report for 2019 for disclosure of acquisitions made in 2019.

Parent company

Income statement (condensed)

	April - June		January - June	
MSEK	2020	2019	2020	2019
Administrative expenses	-251	-203	-356	-397
Other operating income and expenses	5	24	29	51
Operating profit/loss	**-246**	**-179**	**-327**	**-346**
Financial income and expenses	1 412	8 724	1 362	9 968
Profit/loss before tax	**1 166**	**8 545**	**1 035**	**9 622**
Income tax	16	81	73	288
Profit/loss for the period	**1 182**	**8 626**	**1 108**	**9 910**

Balance sheet (condensed)

	Jun. 30	Jun. 30	Dec. 31
MSEK	2020	2019	2019
Total non-current assets	159 049	158 326	158 584
Total current assets	13 110	11 671	16 339
TOTAL ASSETS	**172 159**	**169 997**	**174 923**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	140 355	142 294	144 215
TOTAL EQUITY	**146 140**	**148 079**	**150 000**
Total provisions	689	554	624
Total non-current liabilities	23 097	13 579	18 888
Total current liabilities	2 233	7 785	5 411
TOTAL EQUITY AND LIABILITIES	**172 159**	**169 997**	**174 923**

Assets pledged and contingent liabilities

	Jun. 30	Jun. 30	Dec. 31
MSEK	2020	2019	2019
Assets pledged	187	185	190
Contingent liabilities	11 848	8 689	11 721

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. See also accounting principles, page 9.

Parent Company

Distribution of shares

Share capital equaled MSEK 786 (786) at the end of the period, distributed as follows:

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which A shares held by Atlas Copco	*14 381 162*
- of which B shares held by Atlas Copco	*8 899*
Total shares outstanding, net of shares held by Atlas Copco	1 215 223 043

Performance-based personnel option plan

The Annual General Meeting 2020 approved a performance-based long-term incentive program. For Group Management and division presidents, the plan requires management's own investment in Atlas Copco shares. The intention is to cover Atlas Copco's obligation under the plan through the repurchase of the company's own shares. For further information, see www.atlascopcogroup.com/agm

Transactions in own shares

Atlas Copco has mandates to acquire and sell own shares as per below:

- Acquisition of not more than 3 350 000 series A shares, whereof a maximum of 2 700 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2020.
- Acquisition of not more than 15 000 series A shares to hedge the obligation of the company to pay remuneration to board members who have chosen to receive 50% of the remuneration in synthetic shares.
- The sale of not more than 10 000 series A shares to cover costs related to previously issued synthetic shares to board members.
- The sale of a maximum 7 000 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2015, 2016 and 2017.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During the first six months 2020, 1 823 221 series A shares, net, were acquired. These transactions are in accordance with mandates granted. The company's holding of own shares at the end of the period appears in the table to the left.

Risks and factors of uncertainty

Financial risks

Atlas Copco AB is subject to currency risks, funding risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

For further information, see the 2019 annual report.

Related parties

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the annual report 2019.

This is Atlas Copco
Atlas Copco Group is a world-leading provider of sustainable productivity solutions. The Group offers customers innovative compressors, air treatment systems, vacuum solutions, industrial power tools and assembly systems, and power and flow solutions. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics.
The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2019, Atlas Copco had revenues of BSEK 104 (BEUR 10) and at year end about 39 000 employees.

Business areas
Atlas Copco has four business areas. The business areas are responsible for developing their respective operations by implementing and following up on strategies and objectives to achieve sustainable, profitable growth.

The **Compressor Technique** business area provides compressed air solutions; industrial compressors, gas and process compressors and expanders, air and gas treatment equipment and air management systems. The business area has a global service network and innovates for sustainable productivity in the manufacturing, and process industries. Principal product development and manufacturing units are located in Belgium, the United States, China, India, Germany and Italy.

The **Vacuum Technique** business area provides vacuum products, exhaust management systems, valves and related products. The main markets served are semiconductor and scientific as well as a wide range of industrial segments including chemical process industries, food packaging and paper handling. The business area has a global service network and innovates for sustainable productivity in order to further improve its customers' performance. Principal product development and manufacturing units are located in the United States, Mexico, United Kingdom, Czech Republic, Germany, South Korea, China and Japan.

The **Industrial Technique** business area provides, through a global network, industrial power tools and assembly solutions, including tightening, bolting, riveting, adhesive dispensing, quality assurance products, material removal, software and service. The business area innovates for sustainable productivity for customers in the automotive and general industries, maintenance and vehicle service. Principal product development and manufacturing units are located in Sweden, Germany, United States, United Kingdom, France, Japan and Hungary.

The **Power Technique** business area provides air, power and flow solutions through products such as mobile compressors, pumps, light towers and generators, along with a number of complementary products. It also offers specialty rental and provides services through a dedicated, global network. Guided by a forward-thinking approach to innovation, Power Technique provides sustainable productivity solutions across multiple industries, including construction, manufacturing, oil and gas and exploration drilling. Principal product development and manufacturing units are located in Belgium, Spain, the United States, China and India.

Vision, mission and strategy
The Atlas Copco Group's vision is to become and remain First in Mind—First in Choice of its customers and other principal stakeholders. The mission is to achieve sustainable, profitable growth. Sustainability plays an important role in Atlas Copco's vision and it is an integral aspect of the Group's mission. An integrated sustainability strategy, backed by ambitious goals, helps the company deliver greater value to all its stakeholders in a way that is economically, environmentally and socially responsible.

For further information

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Conference call
A presentation for investors, analysts and media will be held on July 16, 2020 at 10.00 AM CEST.
The dial-in numbers are:
- Sweden: + 46 8 56 64 27 05
- United Kingdom: + 44 33 33 00 92 62
- United States: + 1 83 38 23 05 86

The conference call will be broadcasted live on the web.
Please see our website
http://www.atlascopcogroup.com/investor-relations
for the webcast link and presentation material.

Third-quarter report 2020
The Q3 2020 report will be published on October 22, 2020.
(Silent period starts September 22, 2020)

Fourth-quarter report 2020
The Q4 2020 report will be published on January 29, 2021.
(Silent period starts December 30, 2020)

Capital Markets Day 2021
Atlas Copco will host its next Capital Markets Day on May 27, 2021 in Antwerp, Belgium.

This information is information that Atlas Copco AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact person set out above, at 08.30 CEST on July 16, 2020.

The Board of Directors and President declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Nacka, July 16, 2020
Atlas Copco AB

Hans Stråberg *Board member* *Chair*	Staffan Bohman *Board member*	Tina Donikowski *Board member*
Johan Forssell *Board member*	Anna Ohlsson-Leijon *Board member*	Mats Rahmström *Board member* *President and CEO*
Gordon Riske *Board member*		
Peter Wallenberg Jr *Board member*	Mikael Bergstedt *Board member* *Union representative*	Benny Larsson *Board member* *Union representative*

Auditors' Review Report
Atlas Copco AB (publ), Corp. Reg. No. 556014-2720

Introduction
We have reviewed this interim report for Atlas Copco (publ.) as per June 30, 2020, and the six-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Approach and scope of the review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Nacka, July 16, 2020
Ernst & Young AB

Erik Sandström
Authorized Public Accountant