Press release from Atlas Copco AB

April 27, 2021

Atlas Copco
First-quarter report 2021

Record order intake and improved revenue and profit

The comparison figures presented in this report refer to previous year unless otherwise stated.

- Order intake increased 9% to record MSEK 30 468 (28 039), organic growth of 18%
- Revenues increased 4% to MSEK 26 021 (25 098), organic growth of 13%
- Operating profit increased 5% to MSEK 5 387 (5 124), corresponding to a margin of 20.7% (20.4)
  - Adjusted operating profit, excluding items affecting comparability, was MSEK 5 649 (5 099), corresponding to a margin of 21.7% (20.3)
- Profit before tax amounted to MSEK 5 343 (5 010)
- Basic earnings per share were SEK 3.38 (3.16)
- Operating cash flow at MSEK 4 321 (3 825)
- Return on capital employed was 23% (29)

	January - March		
MSEK	2021	2020	
Orders received	30 468	28 039	9%
Revenues	26 021	25 098	4%
EBITA*	5 742	5 430	6%
– as a percentage of revenues	*22.1*	*21.6*	
Operating profit	5 387	5 124	5%
– as a percentage of revenues	*20.7*	*20.4*	
Profit before tax	5 343	5 010	7%
– as a percentage of revenues	*20.5*	*20.0*	
Profit for the period	4 117	3 840	7%
Basic earnings per share, SEK	3.38	3.16	
Diluted earnings per share, SEK	3.38	3.15	
Return on capital employed, %	23	29	

* Operating profit excluding amortization of intangibles related to acquisitions.

Near-term demand outlook

Although the world's economic development remains uncertain, Atlas Copco expects that the customers' business activity level will remain at the high current level.

Previous near-term demand outlook (published January 29, 2021):
Although the world's economic development remains uncertain, Atlas Copco expects that the demand for the Group's products and services will remain at current level.

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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Review of the first quarter

Market development

The customers' activity level as well as their willingness to invest in new equipment continued the improvement seen already in the previous quarter. Order volumes were better than expected and exceeded the already high level of the first quarter 2020.

The strong order growth was primarily due to increased demand for vacuum equipment to the semiconductor industry. However, order growth was also achieved for vacuum equipment to other industries, as well as for industrial and portable compressors, power equipment, and industrial assembly tools and solutions.

The service business continued to grow in all business areas, while the demand for the specialty rental business remained unchanged.

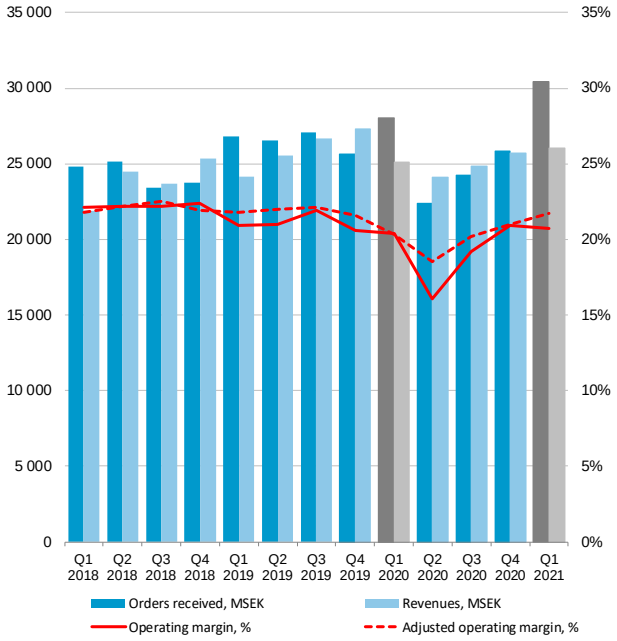
Strong order growth was achieved in most regions, particularly in Asia, across all business areas.

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2020	28 039	25 098
Structural change, %	+3	+2
Currency, %	-12	-11
Organic*, %	+18	+13
Total, %	+9	+4
2021	30 468	26 021

*Volume, price and mix.

Orders, revenues and operating profit margin



Geographic distribution of orders received

	Atlas Copco Group	
January - March 2021	Orders Received, %	Change*, %
North America	23	+17
South America	3	+21
Europe	28	+10
Africa/Middle East	4	-1
Asia/Oceania	42	+34
Atlas Copco Group	100	+20

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

Geographic distribution of orders received and revenues

January - March 2021	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	20	21	19	18	32	31	27	25	23	22
South America	5	6	0	0	2	1	6	7	3	4
Europe	35	35	11	13	36	38	35	36	28	30
Africa/Middle East	7	7	1	2	2	1	8	9	4	5
Asia/Oceania	33	31	69	67	28	29	24	23	42	39
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns
Revenues increased 4% to MSEK 26 021 (25 098), corresponding to an organic growth of 13%. Currency had a negative effect of 11%, and acquisitions added 2%.

The operating profit increased 5% to MSEK 5 387 (5 124) and includes a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -262 (+55). Previous year's items affecting comparability also included a restructuring cost of MSEK -30 in the business area Industrial Technique.

Adjusted operating profit increased 11% to MSEK 5 649 (5 099), corresponding to a margin of 21.7% (20.3). Higher revenue volumes supported the margin, while currency had a negative impact. The margin in all business areas also benefited from the remaining effects of last year's cost containments.

The net currency effect compared to the previous year was negative MSEK 1 065, mainly due to the weaker USD.

Net financial items were MSEK -44 (-114). Interest net at MSEK -42 (-65) was lower compared to the previous year due to less interest-bearing debt. Other financial items, mainly financial exchange differences, were MSEK -2 (-49). Profit before tax amounted to MSEK 5 343 (5 010), corresponding to a margin of 20.5% (20.0). Corporate income tax amounted to MSEK -1 226 (-1 170), corresponding to an effective tax rate of 22.9% (23.4).

Profit for the period was MSEK 4 117 (3 840). Basic and diluted earnings per share were SEK 3.38 (3.16) and SEK 3.38 (3.15), respectively.

The return on capital employed during the last 12 months was 23% (29). Return on equity was 27% (33). 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 increased to MSEK 6 773 (6 420). Working capital increased by MSEK 500 (increase of 336). Net investments in rental equipment were MSEK -84 (-150) and net investments in property, plant and equipment were MSEK -340 (-411).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 4 321 (3 825).

Net indebtedness
The Group's net indebtedness amounted to MSEK 11 429 (13 859), of which MSEK 2 837 (3 075) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 4.7 years. The net debt/EBITDA ratio was 0.5 (0.5) and the net debt/equity ratio was 19% (24).

Acquisition and divestment of own shares
During the quarter, 657 943 A shares, net, were sold for a net value of MSEK 323. 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 17.

Employees
On March 31, 2021, the number of employees was 40 482 (39 611). The number of consultants/external workforce was 3 290 (3 030). For comparable units, the total workforce decreased by 253 from March 31, 2020.

Revenues and operating profit – bridge

MSEK	Q1 2021	Volume, price, mix and other	Currency	Acquisitions	Items affecting comparability	Share-based LTI* programs	Q1 2020
Atlas Copco Group							
Revenues	26 021	3 208	-2 895	610	-	-	25 098
Operating profit	5 387	1 590	-1 065	25	30	-317	5 124
	20.7%						*20.4%*

*LTI= Long term incentive

Compressor Technique

	January - March		
MSEK	2021	2020	
Orders received	13 032	12 800	2%
Revenues	11 522	11 588	-1%
EBITA*	2 804	2 593	8%
– as a percentage of revenues	*24.3*	*22.4*	
Operating profit	2 730	2 520	8%
– as a percentage of revenues	*23.7*	*21.7*	
Return on capital employed, %	84	80	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record order intake**
- **Service continued to grow**
- **Operating profit margin at 23.7%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2020	12 800	11 588
Structural change, %	+0	+0
Currency, %	-11	-12
Organic*, %	+13	+11
Total, %	+2	-1
2021	13 032	11 522

*Volume, price and mix.

Industrial compressors

The demand for industrial compressors was strong, and order volumes increased compared to the previous year and compared to the previous quarter. Large, and small/medium-sized industrial compressors grew at a similar pace.

Geographically, and compared to the previous year, order volumes increased in all regions.

Gas and process compressors

Order volumes for gas and process compressors did not reach the previous year's level but increased markedly compared to the previous quarter.

Year-on-year, order volumes decreased in all regions except North America, where the order intake increased.

Compressor service

Service orders increased both compared to the previous year and sequentially.

The year-on-year growth was primarily driven by increased demand in Asia and South America, while orders in other regions where basically unchanged.

Innovation

A new range of small-sized industrial compressors, the Atlas Copco G 2-7, was introduced. Unlike other compressors of similar size, these compressors are based on screw technology with superior efficiency and built for continuous use. In addition to high energy efficiency and low carbon footprint, the new compressors offer a reduced noise level of 20% compared to similar products.

Acquisitions

The business area completed three acquisitions in the quarter:

Kawalek Kompressoren, a German compressed air distributor and service provider with 10 employees.

DGM SRL, an Italian distributor of compressed air equipment and related services with 21 employees.

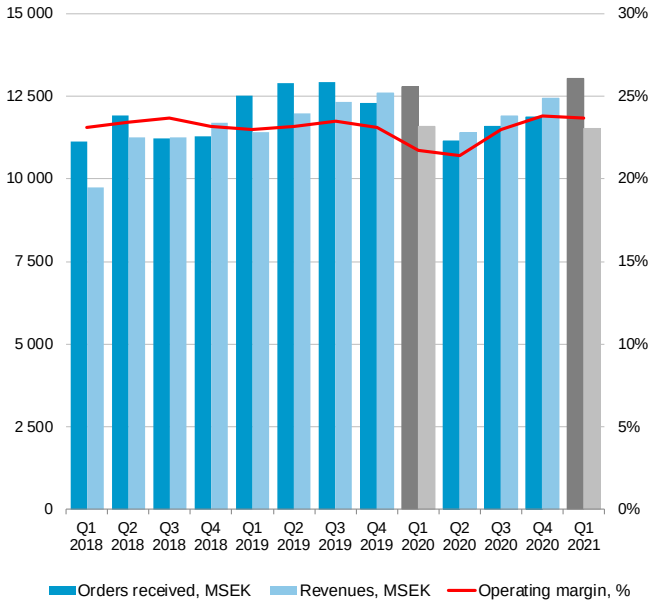
Cooper Freer Ltd, a UK-based compressed air distributor and service provider with 18 employees.

Revenues and profitability

Revenues reached MSEK 11 522 (11 588), corresponding to an organic increase of 11%.

The operating profit increased 8% to MSEK 2 730 (2 520), corresponding to a margin of 23.7% (21.7). The higher margin was primarily due to higher revenue volumes, while currency had a negative impact. Return on capital employed (last 12 months) increased to 84% (80).

Orders, revenues and operating profit margin



Vacuum Technique

	January - March		
MSEK	2021	2020	
Orders received	8 799	7 116	24%
Revenues	6 808	6 159	11%
EBITA*	1 817	1 630	11%
– as a percentage of revenues	*26.7*	*26.5*	
Operating profit	1 695	1 497	13%
– as a percentage of revenues	*24.9*	*24.3*	
Return on capital employed, %	20	22	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record orders, revenues and operating profit**
- **Very strong quarter for all segments, semiconductor business in particular**
- **Operating profit margin at 24.9%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2020	7 116	6 159
Structural change, %	+1	+1
Currency, %	-15	-13
Organic*, %	+38	+23
Total, %	+24	+11
2021	8 799	6 808

*Volume, price and mix.

Semiconductor and flat panel display equipment

The demand for equipment to the semiconductor industry remained very strong, and the order intake increased significantly compared to the previous year and sequentially. The strong demand was primarily related to production capacity investments, but also investments in new technology.

Geographically, and compared to the previous year, the order growth was achieved across all major regions.

Industrial and scientific vacuum equipment

Order volumes for industrial and scientific vacuum equipment also increased considerably, supported by increased demand from most customer segments.

Year-on-year, the order intake increased in Asia, and Europe but decreased in North America.

Vacuum service

Service orders increased year-on-year and sequentially, both to industrial vacuum customers and to the semiconductor industry.

Geographically, and compared to the previous year, the order intake increased in all regions.

Innovation

A new vacuum pump with smart connectivity capabilities targeting a wide range of industrial applications was introduced, the Leybold DRYVAC DV 800. A patented rotor design and low constant power consumption generate increased energy efficiency compared to older technologies in targeted applications.

Acquisitions

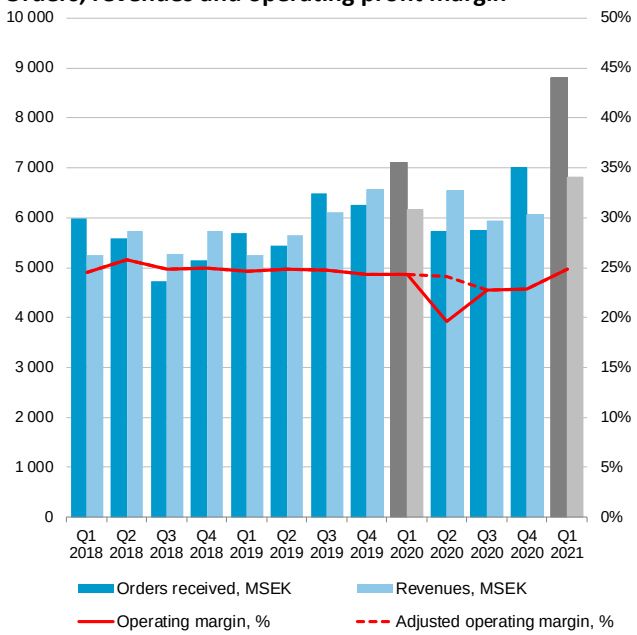
The business area completed the acquisitions of Ehrler & Beck GmbH, a European distributor of industrial vacuum equipment and service solutions. The company is based in Germany and has 15 employees.

Revenues and profitability

Revenues increased 11% to record MSEK 6 808 (6 159), corresponding to an organic increase of 23%.

The operating profit increased 13% to MSEK 1 695 (1 497), corresponding to a margin of 24.9% (24.3). The margin was supported by higher revenue volumes, but negatively affected by currency. Return on capital employed (last 12 months) was 20% (22).

Orders, revenues and operating profit margin



Industrial Technique

	January - March		
MSEK	2021	2020	
Orders received	5 143	4 463	15%
Revenues	4 713	4 193	12%
EBITA*	1 060	879	21%
– as a percentage of revenues	*22.5*	*21.0*	
Operating profit	917	799	15%
– as a percentage of revenues	*19.5*	*19.1*	
Return on capital employed, %	12	31	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Growth for equipment to both automotive and general industry**
- **Service orders increased**
- **Operating profit margin at 19.5%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2020	4 463	4 193
Structural change, %	+13	+11
Currency, %	-11	-11
Organic*, %	+13	+12
Total, %	+15	+12
2021	5 143	4 713

*Volume, price and mix.

Automotive industry

The demand for advanced industrial tools and assembly solutions increased, supported by customers' increased investments in electrical vehicle production, particularly in Asia. Solid order growth was achieved both compared to the previous year and sequentially. The order intake for machine vision solutions, such as robot guidance and quality inspection, also increased markedly compared to the previous year.

Geographically, and compared to the previous year, order volumes increased in all regions except Europe.

General industry

The order intake for industrial power tools to the general industry increased, supported by increased demand in most customer segments. The demand for machine vision solutions to the general industry also improved and strong order growth was achieved in the quarter.

In total, the order intake increased in all major regions.

Service

Service orders increased compared to the previous year and sequentially. Geographically, and compared to the previous year, the order intake increased in all major regions.

Innovation

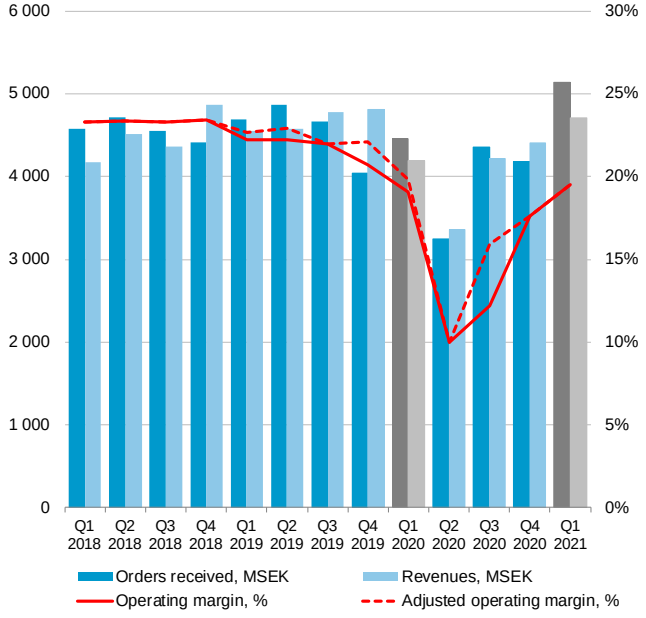
The new Henrob 4mm Self-pierce riveting system was launched to meet the demand for smaller and lighter flanges in car bodies in the automotive industry. With the newly developed rivets and smaller riveting tooling, carmakers will retain structural joint strength and consistency in safety-critical areas despite thinner frames in the car body.

Revenues and profitability

Revenues increased to MSEK 4 713 (4 193), corresponding to an organic increase of 12%.

The operating profit increased 15% to MSEK 917 (799), corresponding to a margin of 19.5% (19.1). The margin was supported by increased revenue volumes, but negatively affected by currency and dilution from acquisitions. Return on capital employed (last 12 months) was 12% (31), heavily affected by the recent acquisition of ISRA VISION.

Orders, revenues and operating profit margin



Power Technique

	January - March		
MSEK	2021	2020	
Orders received	3 674	3 823	-4%
Revenues	3 121	3 325	-6%
EBITA*	490	493	-1%
– as a percentage of revenues	*15.7*	*14.8*	
Operating profit	476	473	1%
– as a percentage of revenues	*15.3*	*14.2*	
Return on capital employed, %	19	25	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Increased demand for both equipment and service**
- **Specialty rental demand was unchanged**
- **Operating profit margin improved to 15.3%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2020	3 823	3 325
Structural change, %	+0	+0
Currency, %	-11	-11
Organic*, %	+7	+5
Total, %	-4	-6
2021	3 674	3 121

*Volume, price and mix.

Equipment

Order volumes for power equipment increased, both compared to the previous year and sequentially. The year-on-year growth was driven by increased orders for portable compressors, while generators and pumps could not repeat previous year's record level.

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

Specialty rental

The demand for the specialty rental business remained stable and the order intake was basically unchanged compared to the previous year and compared to the previous quarter.

Year-on-year, order volumes increased in North and South America but decreased in all other regions.

Service

Service orders volumes increased compared to the previous year and sequentially.

Compared to the previous year, order intake increased in all major regions.

Innovation

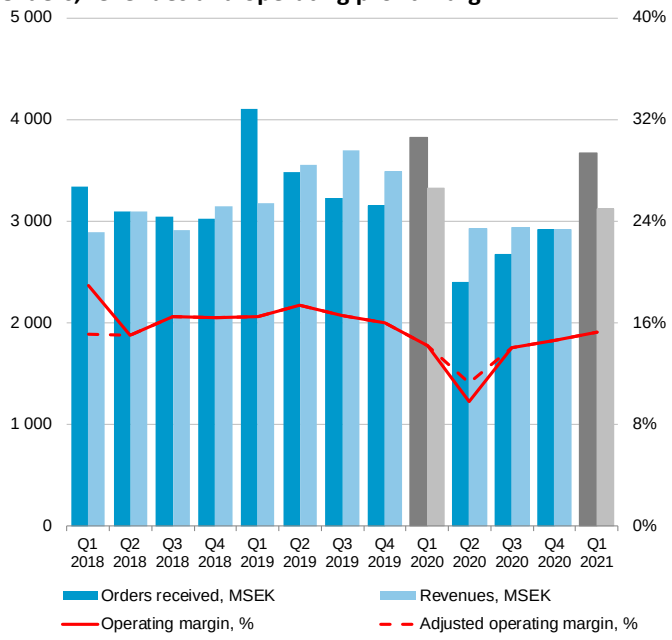
A new TwinPower® generator was launched. Due to the unique TwinPower® technology with two smaller engines housed in one unit instead of one large engine, the fuel consumption can be reduced by up to 40% thanks to fewer mechanical losses. Compliant with the European Stage V regulations, the generator provides more environmentally friendly operations, with nitrogen oxide (NOx) emissions reduction of up to 80% versus other models.

Revenues and profitability

Revenues reached MSEK 3 121 (3 325), corresponding to an organic increase of 5%.

The operating profit was MSEK 476 (473), corresponding to a margin of 15.3% (14.2). The margin improvement was due to increased revenue volumes, partly offset by a negative currency effect. Return on capital employed (last 12 months) was 19% (25).

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 2020. 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.

Risk areas include compliance risks, external exposure risks, including pandemics, 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.

For more information of Atlas Copco's risk management process and further descriptions of risks and how they are handled, see the Annual Report 2020.

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	
	Mar. 31	Mar. 31
MSEK	2021	2020
Revenues	26 021	25 098
Cost of sales	-15 185	-14 395
Gross profit	**10 836**	**10 703**
Marketing expenses	-2 853	-3 080
Administrative expenses	-1 866	-1 643
Research and development costs	-978	-980
Other operating income and expenses	248	124
Operating profit	**5 387**	**5 124**
- as a percentage of revenues	*20.7*	*20.4*
Net financial items	-44	-114
Profit before tax	**5 343**	**5 010**
- as a percentage of revenues	*20.5*	*20.0*
Income tax expense	-1 226	-1 170
Profit for the period	**4 117**	**3 840**
Profit attributable to		
- owners of the parent	4 115	3 836
- non-controlling interests	2	4
Basic earnings per share, SEK	**3.38**	**3.16**
Diluted earnings per share, SEK	3.38	3.15
Basic weighted average number of shares outstanding, millions	1 216.5	1 215.4
Diluted weighted average number of shares outstanding, millions	1 218.8	1 216.7

Key ratios

Equity per share, period end, SEK	50	48
Return on capital employed, 12 month values, %	23	29
Return on equity, 12 month values, %	27	33
Debt/equity ratio, period end, %	19	24
Equity/assets ratio, period end, %	50	49
Number of employees, period end	40 482	39 611

Consolidated statement of comprehensive income

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2021	2020
Profit for the period	**4 117**	**3 840**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	732	825
Income tax relating to items that will not be reclassified	-170	-195
	562	**630**
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	2 939	2 916
Hedge of net investments in foreign operations	-332	-1 085
Cash flow hedges	-28	-82
Income tax relating to items that may be reclassified	102	325
	2 681	**2 074**
Other comprehensive income for the period, net of tax	**3 243**	**2 704**
Total comprehensive income for the period	**7 360**	**6 544**
Total comprehensive income attributable to		
- owners of the parent	7 352	6 539
- non-controlling interests	8	5

Consolidated balance sheet (condensed)

MSEK	Mar. 31, 2021	Mar. 31, 2020	Dec. 31, 2020
Intangible assets	47 789	41 319	45 840
Rental equipment	2 276	2 921	2 255
Other property, plant and equipment	11 557	12 315	11 136
Financial assets and other receivables	1 656	3 751	1 706
Deferred tax assets	1 508	1 802	1 484
Total non-current assets	**64 786**	**62 108**	**62 421**
Inventories	14 696	16 159	13 450
Trade and other receivables	28 491	28 064	25 777
Other financial assets	664	815	58
Cash and cash equivalents	14 746	12 837	11 655
Assets classified as held for sale	5	1	5
Total current assets	**58 602**	**57 876**	**50 945**
TOTAL ASSETS	**123 388**	**119 984**	**113 366**
Equity attributable to owners of the parent	60 842	58 748	53 215
Non-controlling interests	326	64	319
TOTAL EQUITY	**61 168**	**58 812**	**53 534**
Borrowings	21 105	21 641	21 669
Post-employment benefits	2 837	3 075	3 488
Other liabilities and provisions	1 736	1 365	1 473
Deferred tax liabilities	2 025	1 003	1 736
Total non-current liabilities	**27 703**	**27 084**	**28 366**
Borrowings	2 897	2 795	2 977
Trade payables and other liabilities	29 722	29 632	26 556
Provisions	1 898	1 661	1 933
Total current liabilities	**34 517**	**34 088**	**31 466**
TOTAL EQUITY AND LIABILITIES	**123 388**	**119 984**	**113 366**

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 2020, 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 2020. http://www.atlascopco.com/ir

Financial instruments recorded at fair value

MSEK	Mar. 31, 2021	Dec. 31, 2020
Current assets and liabilities		
Assets	1 171	950
Liabilities	131	69

Carrying value and fair value of borrowings

MSEK	Mar. 31, 2021	Mar. 31, 2021	Dec. 31, 2020	Dec. 31, 2020
	Carrying value	Fair value	Carrying value	Fair value
Bonds	13 274	13 716	13 017	13 577
Other loans	7 249	7 331	8 260	8 406
Lease liability	3 479	3 479	3 369	3 369
	24 002	24 526	24 646	25 352

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, 2021	**53 215**	**319**	**53 534**
Changes in equity for the period			
Total comprehensive income for the period	7 352	8	7 360
Change of non-controlling interests	-	-1	-1
Acquisition and divestment of own shares	323	-	323
Share-based payments, equity settled	-48	-	-48
Closing balance, March 31, 2021	**60 842**	**326**	**61 168**

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	6 539	5	6 544
Acquisition and divestment of own shares	-1 024	-	-1 024
Share-based payments, equity settled	2	-	2
Closing balance, March 31, 2020	**58 748**	**64**	**58 812**

Consolidated statement of cash flows (condensed)

	January - March	
MSEK	2021	2020
Cash flows from operating activities		
Operating profit	5 387	5 124
Depreciation, amortization and impairment (see below)	1 278	1 291
Capital gain/loss and other non-cash items	108	5
Operating cash surplus	**6 773**	**6 420**
Net financial items received/paid	138	-48
Taxes paid	-1 066	-1 075
Pension funding and payment of pension to employees	-75	-81
Change in working capital	-500	-336
Investments in rental equipment	-105	-178
Sale of rental equipment	21	28
Net cash from operating activities	**5 186**	**4 730**
Cash flows from investing activities		
Investments in property, plant and equipment	-371	-416
Sale of property, plant and equipment	31	5
Investments in intangible assets	-328	-305
Acquisition of subsidiaries and associated companies	-124	-4 084 *
Other investments, net	-537	24
Net cash from investing activities	**-1 329**	**-4 776**
Cash flows from financing activities		
Repurchase and sales of own shares	323	-1 024
Change in interest-bearing liabilities, net	-1 491	-1 641
Net cash from financing activities	**-1 168**	**-2 665**
Net cash flow for the period	**2 689**	**-2 711**
Cash and cash equivalents, beginning of the period	11 655	15 005
Exchange differences in cash and cash equivalents	402	543
Cash and cash equivalents, end of the period	**14 746**	**12 837**

* Includes approximately MSEK 1 600 related to acquisition of shares in ISRA VISION.

Depreciation, amortization and impairment		
Rental equipment	*168*	*198*
Other property, plant and equipment	*321*	*337*
Right-of-use assets	*277*	*299*
Intangible assets	*512*	*457*
Total	*1 278*	*1 291*

Calculation of operating cash flow

	January - March	
MSEK	2021	2020
Net cash flow for the period	**2 689**	**-2 711**
Add back:		
Change in interest-bearing liabilities, net	1 491	1 641
Repurchase and sales of own shares	-323	1 024
Acquisitions and divestments	124	4 084
Investments of cash liquidity	547	-
Currency hedges	-207	-213
Operating cash flow	**4 321**	**3 825**

Revenues by business area

	2019				2020				2021
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	11 397	11 974	12 314	12 601	11 588	11 405	11 890	12 446	11 522
- of which external	*11 241*	*11 832*	*12 146*	*12 502*	*11 470*	*11 322*	*11 806*	*12 381*	*11 423*
- of which internal	*156*	*142*	*168*	*99*	*118*	*83*	*84*	*65*	*99*
Vacuum Technique	5 253	5 650	6 107	6 560	6 159	6 535	5 928	6 063	6 808
- of which external	*5 253*	*5 650*	*6 107*	*6 560*	*6 154*	*6 535*	*5 925*	*6 059*	*6 804*
- of which internal	*0*	*0*	*0*	*0*	*5*	*0*	*3*	*4*	*4*
Industrial Technique	4 547	4 576	4 783	4 806	4 193	3 355	4 221	4 407	4 713
- of which external	*4 538*	*4 567*	*4 774*	*4 799*	*4 180*	*3 347*	*4 215*	*4 399*	*4 705*
- of which internal	*9*	*9*	*9*	*7*	*13*	*8*	*6*	*8*	*8*
Power Technique	3 177	3 555	3 697	3 486	3 325	2 930	2 932	2 919	3 121
- of which external	*3 149*	*3 531*	*3 649*	*3 458*	*3 294*	*2 898*	*2 903*	*2 899*	*3 089*
- of which internal	*28*	*24*	*48*	*28*	*31*	*32*	*29*	*20*	*32*
Common Group Items / Eliminations	-193	-175	-225	-134	-167	-123	-122	-97	-143
Atlas Copco Group	**24 181**	**25 580**	**26 676**	**27 319**	**25 098**	**24 102**	**24 849**	**25 738**	**26 021**

Operating profit by business area

	2019				2020				2021
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 618	2 773	2 897	2 910	2 520	2 444	2 729	2 965	2 730
- as a percentage of revenues	*23.0*	*23.2*	*23.5*	*23.1*	*21.7*	*21.4*	*23.0*	*23.8*	*23.7*
Vacuum Technique	1 292	1 401	1 508	1 591	1 497	1 278	1 354	1 390	1 695
- as a percentage of revenues	*24.6*	*24.8*	*24.7*	*24.3*	*24.3*	*19.6*	*22.8*	*22.9*	*24.9*
Industrial Technique	1 008	1 016	1 051	994	799	334	513	776	917
- as a percentage of revenues	*22.2*	*22.2*	*22.0*	*20.7*	*19.1*	*10.0*	*12.2*	*17.6*	*19.5*
Power Technique	524	619	606	559	473	286	410	425	476
- as a percentage of revenues	*16.5*	*17.4*	*16.4*	*16.0*	*14.2*	*9.8*	*14.0*	*14.6*	*15.3*
Common Group Items / Eliminations	-394	-430	-219	-427	-165	-453	-246	-183	-431
Operating profit	**5 048**	**5 379**	**5 843**	**5 627**	**5 124**	**3 889**	**4 760**	**5 373**	**5 387**
- as a percentage of revenues	*20.9*	*21.0*	*21.9*	*20.6*	*20.4*	*16.1*	*19.2*	*20.9*	*20.7*
Net financial items	-141	-64	-65	-55	-114	-63	-64	-80	-44
Profit before tax	**4 907**	**5 315**	**5 778**	**5 572**	**5 010**	**3 826**	**4 696**	**5 293**	**5 343**
- as a percentage of revenues	*20.3*	*20.8*	*21.7*	*20.4*	*20.0*	*15.9*	*18.9*	*20.6*	*20.5*

Return on capital employed by business area

	2019				2020				2021
% (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	105	100	93	87	80	76	75	79	84
Vacuum Technique	26	25	23	22	22	20	19	19	20
Industrial Technique	39	37	36	35	31	23	16	13	12
Power Technique	30	30	29	28	25	21	19	18	19
Atlas Copco Group	**33**	**33**	**32**	**30**	**29**	**26**	**24**	**23**	**23**

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2021 Mar. 3	Cooper Freer Ltd		Compressor Technique		18
2021 Jan. 26	DGM SRL		Compressor Technique		21
2021 Jan. 7	Ehrler & Beck GmbH		Vacuum Technique		15
2021 Jan. 5	Kawalek Kompressoren		Compressor Technique		10
2020 Dec. 31	Purification Solutions LLC		Compressor Technique	242	60
2020 Dec. 21	Perceptron		Industrial Technique	516	300
2020 Sep. 2	MEDGAS-Technik GmbH		Compressor Technique	126	80
2020 Aug. 4	iTrap (the technology and operating assets)		Vacuum Technique		4
2020 Aug. 4	THN Druckluft and Produktions GmbH & Co.KG		Compressor Technique		15
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

*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 2021, full disclosure as per IFRS 3 is not given in this interim report.
Disclosure will be given in the annual report 2021. See the annual report for 2020 for disclosure of acquisitions made in 2020.

Parent company

Income statement (condensed)

	January - March	
MSEK	2021	2020
Administrative expenses	-204	-103
Other operating income and expenses	26	23
Operating profit/loss	**-178**	**-80**
Financial income and expenses	-28	-51
Profit/loss before tax	**-206**	**-131**
Income tax	49	57
Profit/loss for the period	**-157**	**-74**

Balance sheet (condensed)

	Mar. 31	Mar. 31	Dec. 31
MSEK	2021	2020	2020
Total non-current assets	162 105	159 000	161 665
Total current assets	13 476	15 540	16 926
TOTAL ASSETS	**175 581**	**174 540**	**178 591**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	146 621	143 119	146 504
TOTAL EQUITY	**152 406**	**148 904**	**152 289**
Total provisions	844	532	666
Total non-current liabilities	22 105	21 011	23 007
Total current liabilities	226	4 093	2 629
TOTAL EQUITY AND LIABILITIES	**175 581**	**174 540**	**178 591**

Assets pledged and contingent liabilities

	Mar. 31	Mar. 31	Dec. 31
MSEK	2021	2020	2020
Assets pledged	184	190	183
Contingent liabilities	3 310	12 440	3 290

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 8.

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	*12 762 508*
- of which B shares held by Atlas Copco	*0*
Total shares outstanding, net of shares held by Atlas Copco	1 216 850 596

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 quarter 2021, 657 943 series A shares, net, were sold. 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 2020 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 2020.

Nacka, Sweden April 27, 2021
Atlas Copco AB (publ)

Mats Rahmström
President and CEO

The company's auditors have not reviewed this report.

This is Atlas Copco
The Atlas Copco Group is a world-leading provider of sustainable productivity solutions, demanded by all types of industries, enabling everything from industrial automation to reliable medical air solutions. The Group offers innovative compressors, air treatment systems, vacuum solutions, industrial power tools and assembly systems, machine vision, and power and flow solutions. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics, supported by insights from connected products. The company was founded in 1873, is based in Nacka, Sweden, and has a global reach spanning more than 180 countries. In 2020, Atlas Copco had revenues of BSEK 100 (BEUR 10) and about 40 000 employees at year end.

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 instruments 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 industrial power tools, assembly and machine vision solutions, quality assurance products, software, and service through a global network. The business area innovates for sustainable productivity for customers in the automotive and general industries. Principal product development and manufacturing units are located in Sweden, Germany, Hungary, United Kingdom, France, the United States, China, and Japan.

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 April 27, 2021 at 14:00 CEST.
The dial-in numbers are:

- Sweden: +46 8 50 55 83 58
- United Kingdom: +44 33 33 00 90 34
- United States: +18 33 82 30 590

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.

Annual General Meeting 2021
The Annual General Meeting for Atlas Copco AB will be held April 27, 2021.

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

Second-quarter report 2021
The Q2 2021 report will be published on July 16, 2021
(silent period starts June 16, 2021).

Third-quarter report 2021
The Q3 2021 report will be published on October 21, 2021
(silent period starts September 21, 2021).

Fourth-quarter report 2021
The Q4 2021 report will be published on January 25, 2022
(silent period starts December 26, 2021)

This information is information that Atlas Copco AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 12:00 CEST on April 27, 2021.