Press release from Atlas Copco AB

October 21, 2021

Atlas Copco
Third-quarter report 2021

Strong order intake and profit with solid cash flow

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

- Order intake increased 36% to MSEK 33 023 (24 246), organic growth of 36%
- Revenues increased 12% to MSEK 27 824 (24 849), organic growth of 12%
- Operating profit increased 26% to MSEK 6 000 (4 760), corresponding to a margin of 21.6% (19.2)
  - Adjusted operating profit, excluding items affecting comparability, was MSEK 6 109 (5 021), corresponding to a margin of 22.0% (20.2)
- Profit before tax amounted to MSEK 5 945 (4 696)
- Basic earnings per share were SEK 3.74 (2.98)
- Operating cash flow at MSEK 4 664 (5 143)
- Return on capital employed was 27% (24)

	July - September			January - September		
MSEK	2021	2020		2021	2020	
Orders received	33 023	24 246	36%	96 020	74 686	29%
Revenues	27 824	24 849	12%	81 379	74 049	10%
EBITA*	6 373	5 119	24%	18 400	14 750	25%
– as a percentage of revenues	*22.9*	*20.6*		*22.6*	*19.9*	
Operating profit	6 000	4 760	26%	17 311	13 773	26%
– as a percentage of revenues	*21.6*	*19.2*		*21.3*	*18.6*	
Profit before tax	5 945	4 696	27%	17 160	13 532	27%
– as a percentage of revenues	*21.4*	*18.9*		*21.1*	*18.3*	
Profit for the period	4 557	3 618	26%	13 245	10 587	25%
Basic earnings per share, SEK	3.74	2.98		10.88	8.71	
Diluted earnings per share, SEK	3.73	2.97		10.85	8.70	
Return on capital employed, %	27	24				

* Operating profit excluding amortization of intangibles related to acquisitions.

Near-term demand outlook

Atlas Copco expects that the customers' business activity level will remain high, but weaken compared to the very high level in the third quarter.

Previous near-term demand outlook (published July 16, 2021):
Atlas Copco expects that the customers' business activity level will remain at the high 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

Atlas Copco Group Center

Atlas Copco AB
SE-105 23 Stockholm
Sweden

Visitors address:
Sickla Industriväg 19
Nacka

Telephone: +46 8 743 8000
www.atlascopcogroup.com

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Summary of nine-month results

Orders received in the first nine months of 2021 increased by 29% to MSEK 96 020 (74 686), corresponding to an organic growth of 35%. Acquisitions contributed with 3% and currency had a negative effect of 9%. Revenues reached MSEK 81 379 (74 049), corresponding to a 15% organic increase.

Operating profit increased by 26% to MSEK 17 311 (13 773). The operating margin was 21.3% (18.6). Adjusted for items affecting comparability, the margin was 21.9% (19.7). There was a negative impact of changes in exchange rates for the first nine month of MSEK 1 730.

Profit before tax was MSEK 17 160 (13 532), corresponding to a margin of 21.1% (18.3). Profit for the period totaled MSEK 13 245 (10 587). Basic and diluted earnings per share were SEK 10.88 (8.71) and 10.85 (8.70) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 12 728 (12 451).

Review of the third quarter

Market development

The overall demand for Atlas Copco's equipment and service remained high, and the order intake increased significantly compared to the previous year's low level. Order volumes increased for all types of equipment and service, with solid growth in all business areas and in all regions.

Sequentially, the overall demand remained more or less unchanged. The strong order increase for vacuum equipment to the semiconductor industry was offset by a decreased order intake for industrial and portable compressors, industrial tools and assembly solutions, and industrial vacuum equipment. Order volumes for the service business was unchanged compared to the previous quarter.

Geographic distribution of orders received

		Atlas Copco Group
July - September 2021	Orders Received, %	Change*, %
North America	24	+44
South America	4	+31
Europe	27	+27
Africa/Middle East	4	+10
Asia/Oceania	41	+47
Atlas Copco Group	100	+38

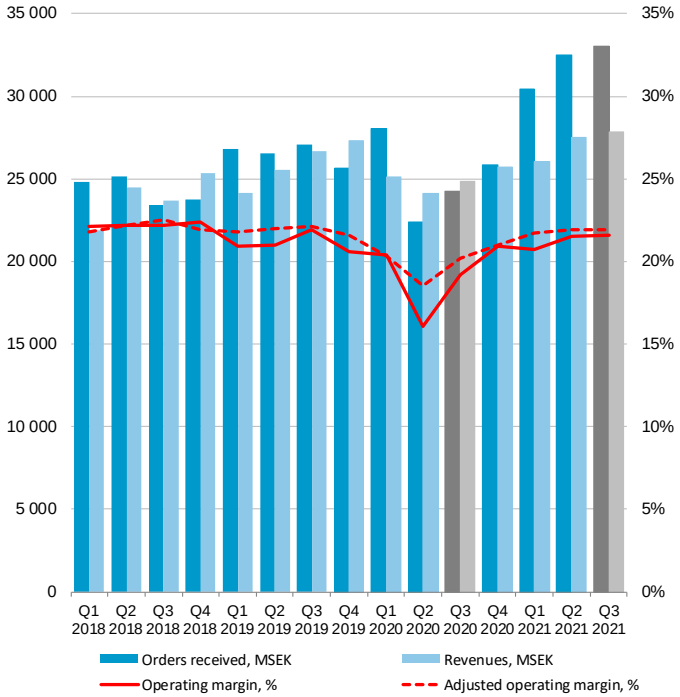
*Change in orders received compared to the previous year in local currency.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2020	24 246	24 849
Structural change, %	+2	+2
Currency, %	-2	-2
Organic*, %	+36	+12
Total, %	+36	+12
2021	33 023	27 824

*Volume, price and mix.

Orders, revenues and operating profit margin



Geographic distribution of orders received and revenues

July - September 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	22	21	23	21	31	31	25	28	24	24
South America	6	5	0	1	3	3	9	8	4	4
Europe	32	32	15	14	35	35	37	36	27	28
Africa/Middle East	6	6	1	1	1	2	8	8	4	4
Asia/Oceania	34	36	61	63	30	29	21	20	41	40
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns
Revenues increased 12% to MSEK 27 824 (24 849), corresponding to an organic growth of 12%. Currency had a negative effect of 2%, and acquisitions added 2%.

The operating profit increased 26% to MSEK 6 000 (4 760) and includes a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -109 (-101). Previous year's items affecting comparability also included restructuring costs of MSEK -160 in the business area Industrial Technique.

Adjusted operating profit increased 22% to MSEK 6 109 (5 021), corresponding to a margin of 22.0% (20.2). The higher profit margin was mainly due to the organic revenue growth. The net currency effect compared to the previous year was positive MSEK 50.

Net financial items were MSEK -55 (-64) and interest net was at MSEK -71 (-66). Other financial items, including financial exchange differences were MSEK +16 (+2). Profit before tax amounted to MSEK 5 945 (4 696), corresponding to a margin of 21.4% (18.9). Corporate income tax amounted to MSEK -1 388 (-1 078), corresponding to an effective tax rate of 23.3% (23.0).

Profit for the period was MSEK 4 557 (3 618). Basic and diluted earnings per share were SEK 3.74 (2.98) and SEK 3.73 (2.97), respectively.

The return on capital employed during the last 12 months was 27% (24). Return on equity was 30% (27). 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 7 285 (6 023). Net financial items and taxes paid amounted to MSEK -1 676 (-1 419). Working capital decreased by MSEK 77 (decrease of 1 707). The big difference compared to the previous year was mainly due to last year's strong reduction of inventories and receivables. Net investments in rental equipment were MSEK -147 (-59) and net investments in property, plant and equipment were MSEK -513 (-333).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 4 664 (5 143).

Net indebtedness
The Group's net indebtedness amounted to MSEK 9 649 (18 662), of which MSEK 2 530 (3 543) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 4.3 years. The net debt/EBITDA ratio was 0.3 (0.8) and the net debt/equity ratio was 16% (33).

Acquisition and divestment of own shares
During the quarter, 968 397 series A shares, net, were sold for a net value of MSEK 561. 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 September 30, 2021, the number of employees was 42 066 (39 759). The number of consultants/external workforce was 3 854 (2 756). For comparable units, the total workforce increased by 2 768 from September 30, 2020.

Revenues and operating profit – bridge

MSEK	Q3 2021	Volume, price, mix and other	Currency	Acquisitions	Items affecting comparability	Share-based LTI* programs	Q3 2020
Atlas Copco Group							
Revenues	27 824	2 945	-380	410	-	-	24 849
Operating profit	6 000	1 038	50	0	160	-8	4 760
	21.6%						*19.2%*

*LTI= Long term incentive

Compressor Technique

	July - September			January - September		
MSEK	2021	2020		2021	2020	
Orders received	13 874	11 600	20%	41 178	35 534	16%
Revenues	12 792	11 890	8%	36 526	34 883	5%
EBITA*	3 174	2 799	13%	8 972	7 918	13%
– as a percentage of revenues	*24.8*	*23.5*		*24.6*	*22.7*	
Operating profit	3 087	2 729	13%	8 733	7 693	14%
– as a percentage of revenues	*24.1*	*23.0*		*23.9*	*22.1*	
Return on capital employed, %	94	75				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Solid demand, record revenues and operating profit**
- **Strong growth for all compressor types**
- **Continued growth for service**

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2020	11 600	11 890
Structural change, %	+3	+2
Currency, %	-1	-1
Organic*, %	+18	+7
Total, %	+20	+8
2021	13 874	12 792

*Volume, price and mix.

Industrial compressors

The demand for industrial compressors increased considerably compared to the previous year. Large and smaller-sized compressors grew at a similar pace in the quarter.

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

Sequentially, the order intake did not reach the previous quarter's level, primarily due to lower demand in Asia and Europe.

Gas and process compressors

Order volumes for gas and process compressors increased noticeably compared to the previous year. Solid order growth was achieved in all regions except Europe, where order volumes decreased.

Compressor service

The demand for service increased and order volumes grew in all regions. Sequentially, however, the order intake was basically unchanged.

Innovation

A new range of oil-injected screw compressors, the Alup Evoluto 30-45kW, was introduced. The new products are available with fixed speed, variable speed drive, and permanent magnet motor to meet different customer needs. Customers will benefit from up to 7% more energy efficiency compared to previous models, lower noise levels, and a reduced surface footprint of about 10%.

Acquisitions

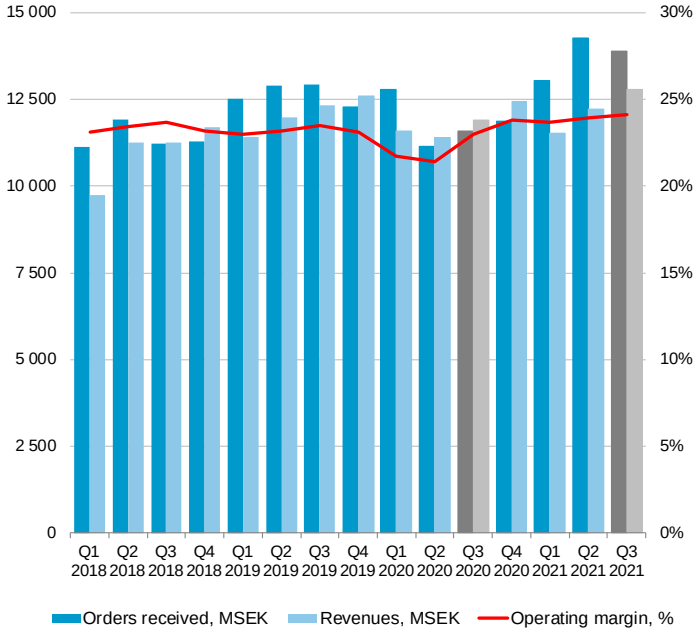
In the quarter, the business area acquired CPC Pumps International Inc., a Canadian company specialized in the design, manufacturing, and servicing of custom-engineered, mission critical centrifugal pumps. The company has 110 employees and revenues of about MSEK 385 in 2020. AEP, a French compressor distributor and service provider with 8 employees was also acquired in the quarter.

Revenues and profitability

Revenues reached record MSEK 12 792 (11 890), corresponding to an organic increase of 7%.

The operating profit increased 13% to MSEK 3 087 (2 729), corresponding to a margin of 24.1% (23.0). Increased organic revenues was the main explanation for the higher operating margin. Acquisitions affected the margin negatively, while currency had no impact. Return on capital employed (last 12 months) increased to 94% (75).

Orders, revenues and operating profit margin



Vacuum Technique

	July - September			January - September		
MSEK	2021	2020		2021	2020	
Orders received	10 782	5 736	88%	28 718	18 575	55%
Revenues	7 249	5 928	22%	21 277	18 622	14%
EBITA*	1 876	1 478	27%	5 605	4 521	24%
– as a percentage of revenues	*25.9*	*24.9*		*26.3*	*24.3*	
Operating profit	1 748	1 354	29%	5 232	4 129	27%
– as a percentage of revenues	*24.1*	*22.8*		*24.6*	*22.2*	
Return on capital employed, %	24	19				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record order intake driven by strong demand from the semiconductor industry**
- **Solid growth for industrial vacuum equipment and service**
- **Operating profit margin at 24.1%**

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2020	5 736	5 928
Structural change, %	+1	+0
Currency, %	-6	-2
Organic*, %	+93	+24
Total, %	+88	+22
2021	10 782	7 249

*Volume, price and mix.

Semiconductor and flat panel display equipment

The demand from the semiconductor and flat panel display industry increased significantly, and the order intake reached a new record level. The strong growth, year-on-year and sequentially, was primarily driven by customers' investments in new production capacity.

Geographically, and compared to the previous year, all regions recorded strong order growth.

Industrial and scientific vacuum equipment

Order volumes for industrial and scientific vacuum equipment grew strongly compared to the previous year, supported by increased demand from most customer segments. Strong order growth was achieved in all regions.

Compared to the previous quarter, the order intake decreased, primarily due to lower demand in North America and Asia.

Vacuum service

Order volumes for service increased from both industrial customers and from the semiconductor industry. The growth was supported by the high utilization of customers' operations and previous growth of new equipment sales. Geographically, solid order growth was achieved in most regions.

Innovation

The business area introduced new variants of the Edwards iXM dry pumps with an extended applications coverage into areas requiring increased pump running temperatures within the semiconductor industry. The new products are smaller, lighter, and 30% more energy efficient compared to competing products.

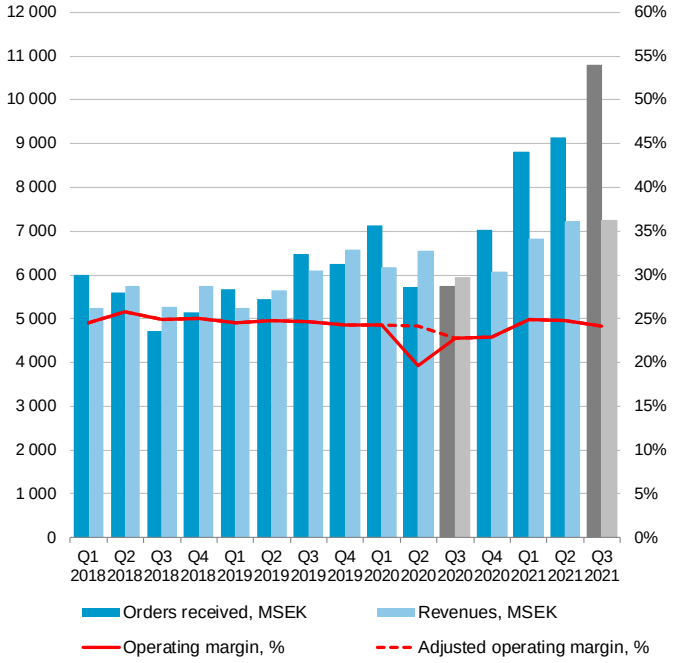
Revenues and profitability

Revenues increased 22% to MSEK 7 249 (5 928), corresponding to an organic increase of 24%.

The operating profit increased 29% to MSEK 1 748 (1 354), corresponding to a margin of 24.1% (22.8). The margin was supported by higher volumes and currency, but negatively affected by increased costs related to supply chain constraints.

Return on capital employed (last 12 months) was 24% (19).

Orders, revenues and operating profit margin



Industrial Technique

	July - September			January - September		
MSEK	2021	2020		2021	2020	
Orders received	5 206	4 359	19%	15 744	12 068	30%
Revenues	4 630	4 221	10%	14 223	11 769	21%
EBITA*	1 100	662	66%	3 286	1 951	68%
– as a percentage of revenues	*23.8*	*15.7*		*23.1*	*16.6*	
Operating profit	958	513	87%	2 856	1 646	74%
– as a percentage of revenues	*20.7*	*12.2*		*20.1*	*14.0*	
Return on capital employed, %	15	16				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Solid equipment order growth to automotive and general industry**
- **Continued growth for service**
- **Operating profit margin at 20.7%**

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2020	4 359	4 221
Structural change, %	+3	+4
Currency, %	-1	-1
Organic*, %	+17	+7
Total, %	+19	+10
2021	5 206	4 630

*Volume, price and mix.

Automotive industry

The order volumes for industrial assembly and vision solutions increased markedly compared to the previous year, supported by customers' investments in the production of electric vehicles. Sequentially, however, the order intake did not reach the previous quarter's high level.

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

General industry

The demand from the general industry increased, and the order intake for industrial power tools and vision solutions grew significantly. The growth was generated by increased order volumes from a wide range of different customer segments. Order volumes also increased sequentially.

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

Service

The service business continued to grow and the order intake increased in all regions.

Innovation

A new dispensing system was introduced, the Scheugenpflug DosPL DPL2001 & DosP DP2001. The products provide high productivity, and process reliability in applications such as heat dissipation in battery systems, potting of electrical connectors, sealing of sensors, control units or displays. The products also offer very high accuracy for small volume dispensing, which is becoming more important in the ongoing trend of miniaturization of electronic devices.

Acquisitions

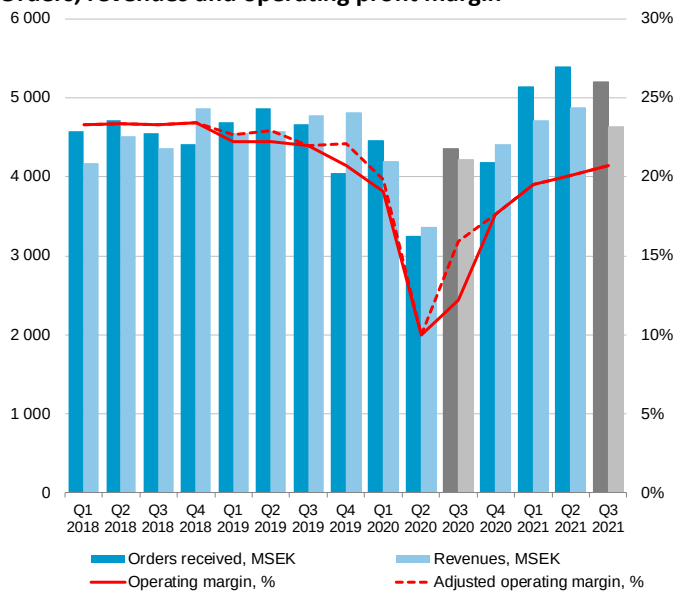
In the quarter, the business area acquired the operating assets of NATEV, GmbH, a German company specialized in position solutions for assembly tools used in industrial production. The company has 10 employees and revenues of approximately MSEK 10 in 2019 and MSEK 5 in 2020.

Revenues and profitability

Revenues increased 10% to MSEK 4 630 (4 221), corresponding to an organic increase of 7%.

The operating profit increased 87% to MSEK 958 (513). Previous year included restructuring costs of MSEK -160. The operating margin was 20.7% (12.2, adjusted 15.9), supported by volume and a favorable sales mix but diluted by acquisitions. Return on capital employed (last 12 months) was 15% (16).

Orders, revenues and operating profit margin



Power Technique

	July - September			January - September		
MSEK	2021	2020		2021	2020	
Orders received	3 331	2 674	25%	10 907	8 897	23%
Revenues	3 312	2 932	13%	9 810	9 187	7%
EBITA*	564	427	32%	1 610	1 225	31%
– as a percentage of revenues	*17.0*	*14.6*		*16.4*	*13.3*	
Operating profit	548	410	34%	1 563	1 169	34%
– as a percentage of revenues	*16.5*	*14.0*		*15.9*	*12.7*	
Return on capital employed, %	25	19				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Solid growth for equipment and service**
- **Increased demand for the specialty rental business**
- **Operating profit margin at 16.5%**

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2020	2 674	2 932
Structural change, %	+2	+1
Currency, %	+0	-1
Organic*, %	+23	+13
Total, %	+25	+13
2021	3 331	3 312

*Volume, price and mix.

Equipment

Order volumes for equipment increased considerably compared to the previous year but did not reach the high level of the previous quarter. The year-on-year growth was supported by strong demand for portable compressors as well as other products, such as generators and pumps.

Geographically, and compared to the previous year, orders grew in all regions.

Specialty rental

The specialty rental business continued to develop favourably, with strong order growth compared to the previous year as well as sequential growth.

Geographically, and compared to the previous year, orders grew in all regions.

Service

The order intake for service grew noticeably compared to the previous year, supported by increased demand in all regions except Africa/Middle East. Sequentially, the order volumes remained essentially unchanged.

Innovation

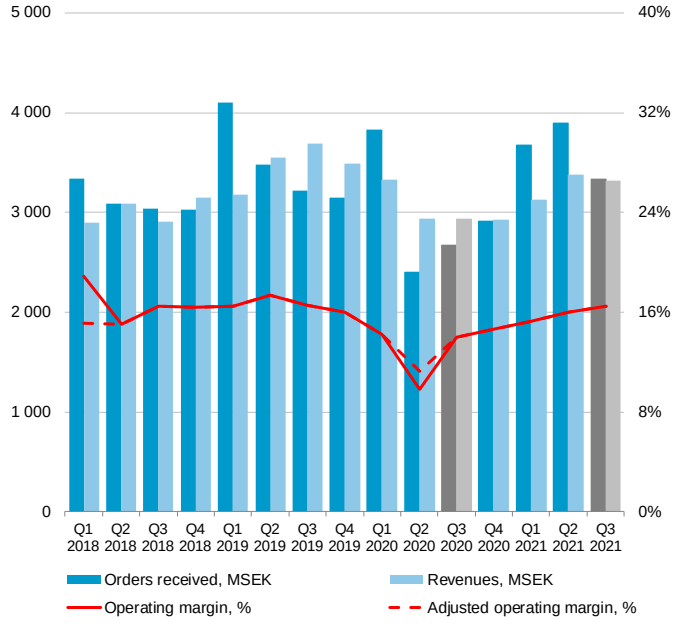
A new range of portable compressors, the XAS 500 and LUY15, was launched. The new products are robust and suitable for harsh working conditions. Moreover, thanks to a new gearbox design, customers will benefit from lower fuel consumption compared to previous models.

Revenues and profitability

Revenues reached MSEK 3 312 (2 932), corresponding to an organic increase of 13%.

The operating profit increased 34% to MSEK 548 (410), corresponding to a margin of 16.5% (14.0), supported by increased organic revenues, including a favourable sales mix, and currency. Return on capital employed (last 12 months) was 25% (19).

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), as adopted by the EU. 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		9 months ended	
	Sep. 30	Sep. 30	Sep. 30	Sep. 30
MSEK	2021	2020	2021	2020
Revenues	27 824	24 849	81 379	74 049
Cost of sales	-16 134	-14 681	-47 226	-43 623
Gross profit	**11 690**	**10 168**	**34 153**	**30 426**
Marketing expenses	-3 079	-2 792	-8 934	-8 525
Administrative expenses	-1 750	-1 582	-5 324	-4 934
Research and development costs	-1 024	-938	-3 009	-2 845
Other operating income and expenses	163	-96	425	-349
Operating profit	**6 000**	**4 760**	**17 311**	**13 773**
- as a percentage of revenues	*21.6*	*19.2*	*21.3*	*18.6*
Net financial items	-55	-64	-151	-241
Profit before tax	**5 945**	**4 696**	**17 160**	**13 532**
- as a percentage of revenues	*21.4*	*18.9*	*21.1*	*18.3*
Income tax expense	-1 388	-1 078	-3 915	-2 945
Profit for the period	**4 557**	**3 618**	**13 245**	**10 587**
Profit attributable to				
- owners of the parent	4 557	3 618	13 241	10 583
- non-controlling interests	-	-	4	4
Basic earnings per share, SEK	**3.74**	**2.98**	**10.88**	**8.71**
Diluted earnings per share, SEK	3.73	2.97	10.85	8.70
Basic weighted average number of shares outstanding, millions	1 218.4	1 215.5	1 217.4	1 215.2
Diluted weighted average number of shares outstanding, millions	1 221.1	1 216.4	1 220.1	1 216.1

Key ratios		
Equity per share, period end, SEK	51	47
Return on capital employed, 12 month values, %	27	24
Return on equity, 12 month values, %	30	27
Debt/equity ratio, period end, %	16	33
Equity/assets ratio, period end, %	47	48
Number of employees, period end	42 066	39 759

Consolidated statement of comprehensive income

	3 months ended		9 months ended	
MSEK	Sep. 30 2021	Sep. 30 2020	Sep. 30 2021	Sep. 30 2020
Profit for the period	**4 557**	**3 618**	**13 245**	**10 587**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	126	-23	1 173	284
Income tax relating to items that will not be reclassified	-29	29	-281	-55
	97	**6**	**892**	**229**
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	1 218	-1 323	3 176	-2 337
Hedge of net investments in foreign operations	-112	-96	-288	-197
Cash flow hedges	-60	60	-114	-22
Income tax relating to items that may be reclassified	44	20	102	67
	1 090	**-1 339**	**2 876**	**-2 489**
Other comprehensive income for the period, net of tax	**1 187**	**-1 333**	**3 768**	**-2 260**
Total comprehensive income for the period	**5 744**	**2 285**	**17 013**	**8 327**
Total comprehensive income attributable to				
- owners of the parent	5 744	2 284	17 006	8 324
- non-controlling interests	-	1	7	3

Consolidated balance sheet (condensed)

MSEK	Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020
Intangible assets	49 754	48 795	45 840
Rental equipment	2 409	2 487	2 255
Other property, plant and equipment	11 688	11 642	11 136
Financial assets and other receivables	1 695	1 807	1 706
Deferred tax assets	1 614	1 640	1 484
Total non-current assets	**67 160**	**66 371**	**62 421**
Inventories	16 622	14 704	13 450
Trade and other receivables	30 715	27 464	25 777
Other financial assets	625	138	58
Cash and cash equivalents	17 106	10 251	11 655
Assets classified as held for sale	5	5	5
Total current assets	**65 073**	**52 562**	**50 945**
TOTAL ASSETS	**132 233**	**118 933**	**113 366**
Equity attributable to owners of the parent	61 856	56 734	53 215
Non-controlling interests	1	339	319
TOTAL EQUITY	**61 857**	**57 073**	**53 534**
Borrowings	22 022	22 659	21 669
Post-employment benefits	2 530	3 543	3 488
Other liabilities and provisions	1 995	1 478	1 473
Deferred tax liabilities	2 190	1 949	1 736
Total non-current liabilities	**28 737**	**29 629**	**28 366**
Borrowings	2 828	2 849	2 977
Trade payables and other liabilities	36 985	27 447	26 556
Provisions	1 826	1 935	1 933
Total current liabilities	**41 639**	**32 231**	**31 466**
TOTAL EQUITY AND LIABILITIES	**132 233**	**118 933**	**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	Sep. 30, 2021	Dec. 31, 2020
Non-current assets and liabilities		
Assets	6	-
Liabilities	-	-
Current assets and liabilities		
Assets	1 265	950
Liabilities	82	69

Carrying value and fair value of borrowings

MSEK	Sep. 30, 2021	Sep. 30, 2021	Dec. 31, 2020	Dec. 31, 2020
	Carrying value	Fair value	Carrying value	Fair value
Bonds	13 235	13 602	13 017	13 577
Other loans	8 343	8 405	8 260	8 406
Lease liability	3 272	3 272	3 369	3 369
	24 850	**25 279**	**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	17 006	7	17 013
Dividend	-8 883	-	-8 883
Change of non-controlling interests	-510	-325	-835
Acquisition and divestment of own shares	1 337	-	1 337
Share-based payments, equity settled	-309	-	-309
Closing balance, September 30, 2021	**61 856**	**1**	**61 857**

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	8 324	3	8 327
Dividend	-4 250	-	-4 250
Change of non-controlling interests	-157	277	120
Acquisition and divestment of own shares	-388	-	-388
Share-based payments, equity settled	-26	-	-26
Closing balance, September 30, 2020	**56 734**	**339**	**57 073**

Consolidated statement of cash flows (condensed)

	July - September		January - September	
MSEK	2021	2020	2021	2020
Cash flows from operating activities				
Operating profit	6 000	4 760	17 311	13 773
Depreciation, amortization and impairment (see below)	1 400	1 300	4 016	3 877
Capital gain/loss and other non-cash items	-115	-37	-1	573
Operating cash surplus	**7 285**	**6 023**	**21 326**	**18 223**
Net financial items received/paid	-69	310	64	68
Taxes paid	-1 607	-1 729	-4 939	-3 905
Pension funding and payment of pension to employees	-68	-78	-214	-236
Change in working capital	77	1 707	-768	984
Investments in rental equipment	-155	-76	-388	-390
Sale of rental equipment	8	17	33	63
Net cash from operating activities	**5 471**	**6 174**	**15 114**	**14 807**
Cash flows from investing activities				
Investments in property, plant and equipment	-522	-344	-1 298	-1 077
Sale of property, plant and equipment	9	11	49	30
Investments in intangible assets	-339	-360	-1 033	-964
Acquisition of subsidiaries and associated companies	-1 591	-123	-2 309	-12 921 *
Other investments, net	27	-2	-516	26
Net cash from investing activities	**-2 416**	**-818**	**-5 107**	**-14 906**
Cash flows from financing activities				
Annual dividends paid	-	-	-4 442	-4 250
Acquisition of non-controlling interest	-26	-34	-823	-216
Repurchase and sales of own shares	561	289	1 337	-388
Change in interest-bearing liabilities, net	-365	-551	-1 006	304
Net cash from financing activities	**170**	**-296**	**-4 934**	**-4 550**
Net cash flow for the period	**3 225**	**5 060**	**5 073**	**-4 649**
Cash and cash equivalents, beginning of the period	13 720	5 277	11 655	15 005
Exchange differences in cash and cash equivalents	161	-86	378	-105
Cash and cash equivalents, end of the period	**17 106**	**10 251**	**17 106**	**10 251**

*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	*180*	*180*	*524*	*566*
Other property, plant and equipment	*340*	*317*	*1 010*	*984*
Right-of-use assets	*288*	*279*	*846*	*873*
Intangible assets	*592*	*524*	*1 636*	*1 454*
Total	*1 400*	*1 300*	*4 016*	*3 877*

Calculation of operating cash flow

	July - September		January - September	
MSEK	2021	2020	2021	2020
Net cash flow for the period	**3 225**	**5 060**	**5 073**	**-4 649**
Add back:				
Change in interest-bearing liabilities, net	365	551	1 006	-304
Repurchase and sales of own shares	-561	-289	-1 337	388
Annual dividends paid	-	-	4 442	4 250
Acquisition of non-controlling interest	26	34	823	216
Acquisitions and divestments	1 591	123	2 309	12 921
Investments of cash liquidity	-	-	547	-
Currency hedges	18	-336	-135	-371
Operating cash flow	**4 664**	**5 143**	**12 728**	**12 451**

Revenues by business area

	2019				2020				2021		
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	11 397	11 974	12 314	12 601	11 588	11 405	11 890	12 446	11 522	12 212	12 792
- of which external	*11 241*	*11 832*	*12 146*	*12 502*	*11 470*	*11 322*	*11 806*	*12 381*	*11 423*	*12 099*	*12 677*
- of which internal	*156*	*142*	*168*	*99*	*118*	*83*	*84*	*65*	*99*	*113*	*115*
Vacuum Technique	5 253	5 650	6 107	6 560	6 159	6 535	5 928	6 063	6 808	7 220	7 249
- of which external	*5 253*	*5 650*	*6 107*	*6 560*	*6 154*	*6 535*	*5 925*	*6 059*	*6 804*	*7 214*	*7 245*
- of which internal	*0*	*0*	*0*	*0*	*5*	*0*	*3*	*4*	*4*	*6*	*4*
Industrial Technique	4 547	4 576	4 783	4 806	4 193	3 355	4 221	4 407	4 713	4 880	4 630
- of which external	*4 538*	*4 567*	*4 774*	*4 799*	*4 180*	*3 347*	*4 215*	*4 399*	*4 705*	*4 873*	*4 622*
- of which internal	*9*	*9*	*9*	*7*	*13*	*8*	*6*	*8*	*8*	*7*	*8*
Power Technique	3 177	3 555	3 697	3 486	3 325	2 930	2 932	2 919	3 121	3 377	3 312
- of which external	*3 149*	*3 531*	*3 649*	*3 458*	*3 294*	*2 898*	*2 903*	*2 899*	*3 089*	*3 348*	*3 280*
- of which internal	*28*	*24*	*48*	*28*	*31*	*32*	*29*	*20*	*32*	*29*	*32*
Common Group Items / Eliminations	-193	-175	-225	-134	-167	-123	-122	-97	-143	-155	-159
Atlas Copco Group	**24 181**	**25 580**	**26 676**	**27 319**	**25 098**	**24 102**	**24 849**	**25 738**	**26 021**	**27 534**	**27 824**

Operating profit by business area

	2019				2020				2021		
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	2 618	2 773	2 897	2 910	2 520	2 444	2 729	2 965	2 730	2 916	3 087
- as a percentage of revenues	*23.0*	*23.2*	*23.5*	*23.1*	*21.7*	*21.4*	*23.0*	*23.8*	*23.7*	*23.9*	*24.1*
Vacuum Technique	1 292	1 401	1 508	1 591	1 497	1 278	1 354	1 390	1 695	1 789	1 748
- as a percentage of revenues	*24.6*	*24.8*	*24.7*	*24.3*	*24.3*	*19.6*	*22.8*	*22.9*	*24.9*	*24.8*	*24.1*
Industrial Technique	1 008	1 016	1 051	994	799	334	513	776	917	981	958
- as a percentage of revenues	*22.2*	*22.2*	*22.0*	*20.7*	*19.1*	*10.0*	*12.2*	*17.6*	*19.5*	*20.1*	*20.7*
Power Technique	524	619	606	559	473	286	410	425	476	539	548
- as a percentage of revenues	*16.5*	*17.4*	*16.4*	*16.0*	*14.2*	*9.8*	*14.0*	*14.6*	*15.3*	*16.0*	*16.5*
Common Group Items / Eliminations	-394	-430	-219	-427	-165	-453	-246	-183	-431	-301	-341
Operating profit	**5 048**	**5 379**	**5 843**	**5 627**	**5 124**	**3 889**	**4 760**	**5 373**	**5 387**	**5 924**	**6 000**
- as a percentage of revenues	*20.9*	*21.0*	*21.9*	*20.6*	*20.4*	*16.1*	*19.2*	*20.9*	*20.7*	*21.5*	*21.6*
Net financial items	-141	-64	-65	-55	-114	-63	-64	-80	-44	-52	-55
Profit before tax	**4 907**	**5 315**	**5 778**	**5 572**	**5 010**	**3 826**	**4 696**	**5 293**	**5 343**	**5 872**	**5 945**
- as a percentage of revenues	*20.3*	*20.8*	*21.7*	*20.4*	*20.0*	*15.9*	*18.9*	*20.6*	*20.5*	*21.3*	*21.4*

Return on capital employed by business area

	2019				2020				2021		
% (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	105	100	93	87	80	76	75	79	84	91	94
Vacuum Technique	26	25	23	22	22	20	19	19	20	23	24
Industrial Technique	39	37	36	35	31	23	16	13	12	13	15
Power Technique	30	30	29	28	25	21	19	18	19	23	25
Atlas Copco Group	**33**	**33**	**32**	**30**	**29**	**26**	**24**	**23**	**23**	**26**	**27**

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2021 Sep. 28	AEP		Compressor Technique		8
2021 Aug. 31	NATEV GmbH		Industrial Technique	5	10
2021 Aug. 5	CPC Pumps International Inc.		Compressor Technique	385	110
2021 Jun. 24	Airflow Compressors & Pneumatics Ltd (Airflow)		Compressor Technique		16
2021 Jun. 14	Compressed Air Systems, Inc. (CAS)		Compressor Technique		30
2021 May 31	ARPUMA regel- und fördertechnische Geräte GmbH		Vacuum Technique	41	14
2021 May 25	Medigas Service & Testing Co. Inc.		Compressor Technique	23	6
2021 May 10	MidState Air Compressor		Compressor Technique		15
2021 May 3	Eco Steam and Heating Solutions (acquisition of majority share)		Power Technique	198	23
2021 Apr. 7	IBVC Vacuum, S.L.U.		Vacuum Technique		10
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)

	July - September		January - September	
MSEK	2021	2020	2021	2020
Administrative expenses	-173	-122	-564	-477
Other operating income and expenses	30	21	86	51
Operating profit/loss	**-143**	**-101**	**-478**	**-426**
Financial income and expenses	1 238	221	2 758	1 581
Profit/loss before tax	**1 095**	**120**	**2 280**	**1 155**
Income tax	42	39	140	112
Profit/loss for the period	**1 137**	**159**	**2 420**	**1 267**

Balance sheet (condensed)

	Sep. 30	Sep. 30	Dec. 31
MSEK	2021	2020	2020
Total non-current assets	163 909	162 295	161 665
Total current assets	7 424	10 371	16 926
TOTAL ASSETS	**171 333**	**172 666**	**178 591**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	141 069	140 819	146 504
TOTAL EQUITY	**146 854**	**146 604**	**152 289**
Total provisions	932	666	666
Total non-current liabilities	18 830	23 110	23 007
Total current liabilities	4 717	2 286	2 629
TOTAL EQUITY AND LIABILITIES	**171 333**	**172 666**	**178 591**

Assets pledged and contingent liabilities

	Sep. 30	Sep. 30	Dec. 31
MSEK	2021	2020	2020
Assets pledged	201	185	183
Contingent liabilities	3 291	11 902	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	*10 915 459*
- of which B shares held by Atlas Copco	-
Total shares outstanding, net of shares held by Atlas Copco	1 218 697 645

Performance-based personnel option plan
The Annual General Meeting 2021 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 2 450 000 series A shares, whereof a maximum of 2 000 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2021.
- 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 15 000 series A shares to cover costs related to previously issued synthetic shares to board members.
- The sale of a maximum 6 800 000 series A shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2016, 2017 and 2018.
- 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 nine months 2021, 2 504 992 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 Annual Report 2020.

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 October 21, 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

- Analysts and investors
  Daniel Althoff, Vice President Investor Relations
  Mobile: +46 768 99 95 97
  ir@atlascopco.com

- Media
  Sara Liljedal, Media Relations Manager
  Mobile: +46 72 144 10 38
  media@atlascopco.com

Conference call
A presentation for investors, analysts and media will be held on October 21, 2021 at 14:00 CEST.
- The dial-in numbers are:
- Sweden: +46 8 50 55 83 51
- United Kingdom: +44 33 33 00 90 34
- United States: +16 46 72 24 957

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.

Fourth-quarter report 2021
The Q4 2021 report will be published on January 25, 2022 around 12:00 CET and the conference call will be at 14:00 CET.
Silent period starts December 26, 2021.

First-quarter report 2022
The Q1 2022 report will be published on April 26, 2022.
Silent period starts March 27, 2022.

Annual General Meeting 2022
The Annual General Meeting for Atlas Copco AB will be held on April 26, 2022.

Second-quarter report 2022
The Q2 2022 report will be published on July 19, 2022.
Silent period starts June 19, 2022.

Third-quarter report 2022
The Q3 2022 report will be published on October 19, 2022.
Silent period starts September 19, 2022.

Fourth-quarter report 2022
The Q4 2022 report will be published on January 26, 2023.
Silent period starts December 27, 2022.

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 October, 21, 2021.