Press release from Atlas Copco AB

April 26, 2022

Atlas Copco
First-quarter report 2022

Record orders and healthy profitability despite supply chain constraints

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

First quarter

- Orders received increased 33% to MSEK 40 379 (30 468), organic growth of 23%
- Revenues increased 16% to MSEK 30 086 (26 021), organic growth of 7%
- Operating profit increased 25% to MSEK 6 749 (5 387), corresponding to a margin of 22.4% (20.7)
  - Adjusted operating profit, excluding items affecting comparability, was MSEK 6 525 (5 649), corresponding to a margin of 21.7% (21.7)
- Profit before tax amounted to MSEK 6 671 (5 343)
- Basic earnings per share were SEK 4.28 (3.38)
- Operating cash flow at MSEK 2 400 (4 321)
- Return on capital employed was 27% (23)

	January - March		
MSEK	2022	2021	
Orders received	40 379	30 468	33%
Revenues	30 086	26 021	16%
EBITA*	7 127	5 742	24%
– as a percentage of revenues	*23.7*	*22.1*	
Operating profit	6 749	5 387	25%
– as a percentage of revenues	*22.4*	*20.7*	
Profit before tax	6 671	5 343	25%
– as a percentage of revenues	*22.2*	*20.5*	
Profit for the period	5 213	4 117	27%
Basic earnings per share, SEK	4.28	3.38	
Diluted earnings per share, SEK	4.27	3.38	
Return on capital employed, %	27	23	

* Operating profit excluding amortization of intangibles related to acquisitions.

Near-term demand outlook

Although the world's current economic development makes the outlook uncertain, Atlas Copco expects that the customers' activity level will remain high, but weaken compared to the very high level in the first quarter.

Previous near-term demand outlook (published January 25, 2022):
Atlas Copco expects that the customers' business activity level will remain at the current high 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 customer's activity level remained high, and the demand for Atlas Copco's products and services increased considerably compared to the previous year. As a result, order volumes were better than expected and exceeded the already high level of the fourth quarter of 2021. The strong order growth was driven by increased order intake in all business areas and for all major product groups. Order volumes for the service business continued to grow with increased order intake in all business areas.

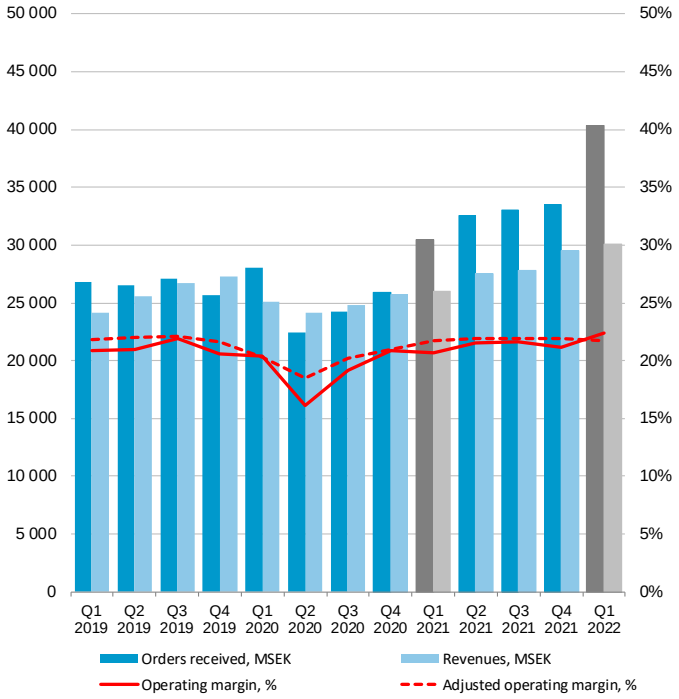
Year-on-year, solid order growth was achieved in all regions, particularly in North America and Europe.

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2021	30 468	26 021
Structural change, %	+1	+1
Currency, %	+9	+8
Organic*, %	+23	+7
Total, %	+33	+16
2022	40 379	30 086

*Volume, price and mix.

Orders, revenues, and operating profit margin



Geographic distribution of orders received

		Atlas Copco Group
January - March 2022	Orders Received, %	Change*, %
North America	26	+39
South America	3	+20
Europe	27	+27
Africa/Middle East	4	+17
Asia/Oceania	40	+14
Atlas Copco Group	100	+23

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

Geographic distribution of orders received and revenues

January - March 2022	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	22	20	22	29	32	46	27	26	24
South America	5	6	0	0	3	2	6	9	3	4
Europe	31	32	17	15	35	33	27	34	27	28
Africa/Middle East	7	7	1	1	1	2	7	9	4	5
Asia/Oceania	35	33	62	62	32	31	14	21	40	39
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns
Revenues increased 16% to MSEK 30 086 (26 021), corresponding to an organic growth of 7%. Currency had a positive effect of 8%, and acquisitions added 1%.

The operating profit increased 25% to MSEK 6 749 (5 387) and includes a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK +224 (-262).

Adjusted operating profit increased 16% to MSEK 6 525 (5 649), corresponding to a margin of 21.7% (21.7). The disruptions in the supply chain continued to drive costs up throughout the first quarter and also negatively affected efficiency in production and service operations due to the limited availability of components. This was further amplified by increased absence due to the COVID-19 outbreaks, resulting in a negative effect on the margin. Currency affected the operating margin positively.
Net financial items amounted to MSEK -78 (-44) whereof interest net at MSEK -22 (-42). Other financial items, including financial exchange differences were MSEK -56 (-2), affected by a one-time charge of MSEK -61 in connection with repayment of a public EUR bond. Profit before tax amounted to MSEK 6 671 (5 343), corresponding to a margin of 22.2% (20.5). Corporate income tax amounted to MSEK -1 458 (-1 226), corresponding to an effective tax rate of 21.9% (22.9).

Profit for the period was MSEK 5 213 (4 117). Basic and diluted earnings per share were SEK 4.28 (3.38) and SEK 4.27 (3.38), respectively.

The return on capital employed during the last 12 months was 27% (23). 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 8 145 (6 773). Net financial items and taxes paid amounted to MSEK -1 324 (-928). Working capital increased by MSEK 3 079 (increase of 500), primarily due to increased inventories because of inefficiencies related to supply chain constraints, logistic challenges and higher costs for components and input materials in production. Net investments in rental equipment were MSEK -185 (-84) and net investments in property, plant and equipment were MSEK -836 (-340).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 2 400 (4 321).

Net indebtedness
The Group's net indebtedness amounted to MSEK 6 144 (11 429), of which MSEK 2 554 (2 837) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 5.5 years. The net debt/EBITDA ratio was 0.2 (0.5) and the net debt/equity ratio was 8% (19).

Acquisition and divestment of own shares
During the quarter, 469 007 series A shares, net, were acquired for a net value of MSEK 250. 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, 2022, the number of employees was 43 989 (40 482). The number of consultants/external workforce was 4 086 (3 290). For comparable units, the total workforce increased by 3 846 from March 31, 2021.

Revenues and operating profit – bridge

MSEK	Q1 2022	Volume, price, mix and other	Currency	Acquisitions	Items affecting comparability	Share-based LTI* programs	Q1 2021
Atlas Copco Group							
Revenues	30 086	1 780	2 015	270	-	-	26 021
Operating profit	6 749	256	605	15	0	486	5 387
	22.4%						*20.7%*

*LTI= Long term incentive

Compressor Technique

	January - March		
MSEK	2022	2021	
Orders received	16 859	13 032	29%
Revenues	13 305	11 522	15%
EBITA*	3 270	2 804	17%
– as a percentage of revenues	*24.6*	*24.3*	
Operating profit	3 170	2 730	16%
– as a percentage of revenues	*23.8*	*23.7*	
Return on capital employed, %	90	84	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record order intake**
- **Significant order growth for all compressor types and solid growth for service**
- **Operating margin at 23.8%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2021	13 032	11 522
Structural change, %	+1	+1
Currency, %	+8	+7
Organic*, %	+20	+7
Total, %	+29	+15
2022	16 859	13 305

*Volume, price and mix.

Industrial compressors

The demand for industrial compressors was strong, and order volumes increased considerably compared to the previous year. Orders for large and smaller-sized compressors grew at a similar pace. Solid growth was also achieved sequentially.

Geographically and compared to the previous year, solid order growth was achieved in all major regions, particularly in North America and Asia.

Gas and process compressors

Order volumes for gas and process compressors increased significantly compared to the previous year but also sequentially.

The year-on-year growth was supported by increased demand in all regions, and most noticeable in North America.

Compressor service

The demand for service remained strong, and solid order growth was achieved in all regions.

Innovation

The business area introduced a new range of compressed air filters, the Atlas Copco inPASS. These filters help customers optimize the air quality and protect their equipment by removing contaminations such as wet dust and oil aerosols in their production. In addition, the new filters offer customers reduced pressure drop, reduced installation cost and service time thanks to new technology.

Acquisitions

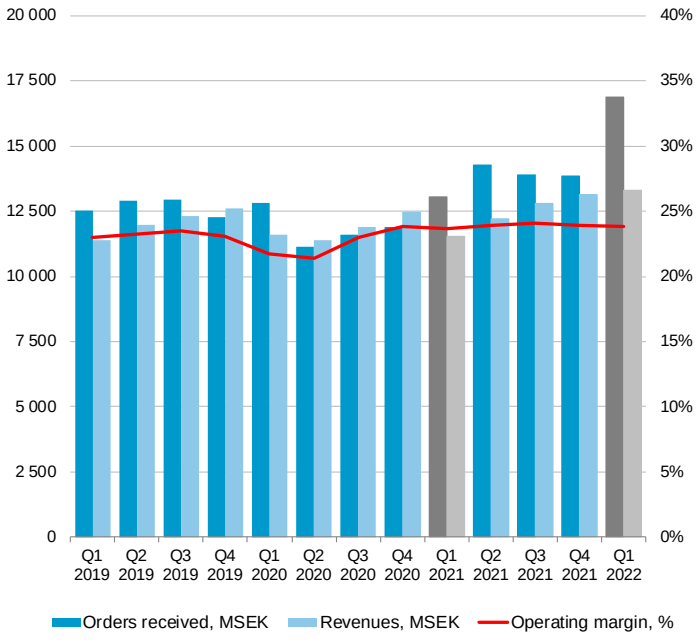
In the quarter, the business area acquired SCB S.r.l., an Italian manufacturer that develops, produces, and distributes electronic condensate drains for the industrial market. The company has 16 employees and revenues of approximately MSEK 51 in 2021.

Revenues and profitability

Revenues increased 15% to MSEK 13 305 (11 522), corresponding to an organic increase of 7%.

The operating profit increased 16% to MSEK 3 170 (2 730), corresponding to a margin of 23.8% (23.7). Currency affected the margin positively, while increased costs related to supply chain constraints, COVID-19 and inefficiency in production and service had a negative impact on the margin. Return on capital employed (last 12 months) increased to 90% (84).

Orders, revenues and operating profit margin



Vacuum Technique

	January - March		
MSEK	2022	2021	
Orders received	11 564	8 799	31%
Revenues	8 179	6 808	20%
EBITA*	1 995	1 817	10%
– as a percentage of revenues	*24.4*	*26.7*	
Operating profit	1 859	1 695	10%
– as a percentage of revenues	*22.7*	*24.9*	
Return on capital employed, %	25	20	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record order intake**
- **Strong equipment order growth and solid growth for service**
- **Operating profit margin at 22.7%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2021	8 799	6 808
Structural change, %	+0	+1
Currency, %	+11	+9
Organic*, %	+20	+10
Total, %	+31	+20
2022	11 564	8 179

*Volume, price and mix.

Semiconductor and flat panel display equipment

Equipment demand from the semiconductor industry remained very strong. The order intake increased markedly compared to the previous year, supported by customers' investments in new technology and increased production capacity. Sequentially, order volumes remained at about the same level as the previous quarter.

Compared to the previous year, order volumes increased strongly in Europe and North America, while they remained basically unchanged in Asia.

Industrial and scientific vacuum equipment

Order volumes for industrial and scientific vacuum equipment increased considerably compared to the previous year, and also sequentially. The growth was supported by increased demand from most customer segments.

Year on year, the order intake grew in all regions.

Vacuum service

The order intake for the service business grew with increased volumes from both the semiconductor industry and industrial customers.

Innovation

A new generation of variable speed-driven oil-injected screw vacuum pumps was introduced, the GHS 1402-2002VSD$^+$. The new range targets a larger range of industrial vacuum applications, is equipped with a new controller for maximum connectivity and offers optimal oil separation and a small footprint.

Acquisitions

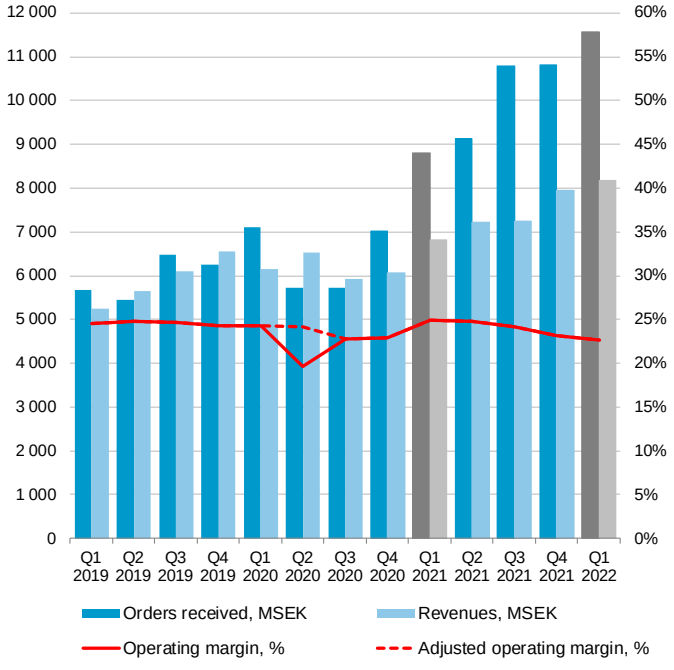
The business area completed the acquisition of HHV Pumps Pvt. Ltd., a leading provider of vacuum pumps and systems for the industrial market. The company is based in India, has 151 employees, and had revenues of approximately MSEK 53 in 2020.

Revenues and profitability

Revenues increased 20% to MSEK 8 179 (6 808), corresponding to an organic increase of 10%.

The operating profit reached MSEK 1 859 (1 695), corresponding to a margin of 22.7% (24.9). The lower operating margin can mainly be explained by increased costs related to supply chain constraints, COVID-19 and consequential inefficiencies in factories. Currency had a small positive effect on the margin. Return on capital employed (last 12 months) was 25% (20).

Orders, revenues and operating profit margin



Industrial Technique

	January - March		
MSEK	2022	2021	
Orders received	6 002	5 143	17%
Revenues	5 083	4 713	8%
EBITA*	1 196	1 060	13%
– as a percentage of revenues	*23.5*	*22.5*	
Operating profit	1 065	917	16%
– as a percentage of revenues	*21.0*	*19.5*	
Return on capital employed, %	17	12	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record orders driven by increased equipment demand from automotive and general industry**
- **Service orders flat**
- **Operating profit margin at 21.0%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2021	5 143	4 713
Structural change, %	-1	+0
Currency, %	+7	+7
Organic*, %	+11	+1
Total, %	+17	+8
2022	6 002	5 083

*Volume, price and mix.

Automotive industry

Order volumes for industrial assembly and vision solutions increased compared to the previous year and sequentially. The order growth was supported by increased demand from customers' investments in electric vehicle production.

Compared to the previous year, orders increased in Asia, remained unchanged in Europe but decreased somewhat in North America.

General industry

Order volumes for industrial power tools and vision solutions to the general industry increased significantly, supported by increased demand from most customer segments.

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

Service

The order intake for the service business was essentially unchanged. Order volumes increased in Asia and Europe but decreased in North America.

Innovation

In order to meet the increased need for automation in assembly applications, the business area introduced a new screw feeding system. The new system is based on standardized modules for tailor-made design and will support customers to improve quality, uptime, and productivity in their production.

Acquisitions

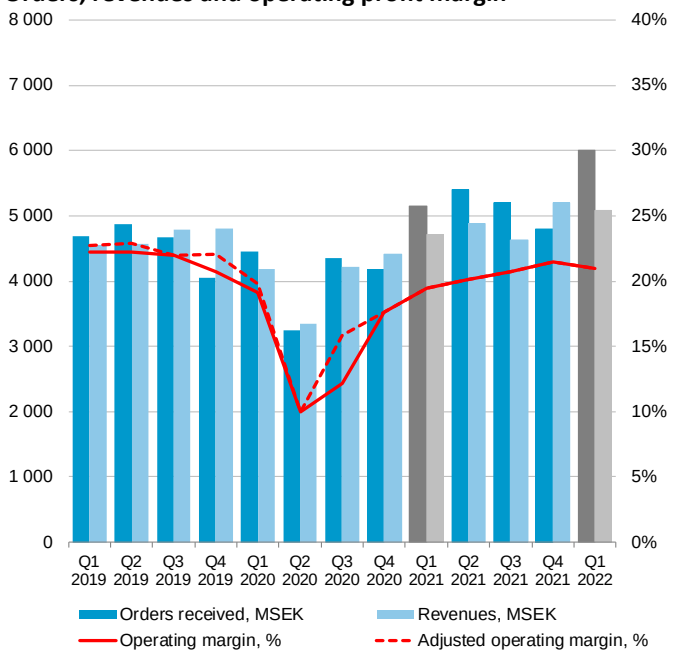
Soft2tec GmbH, a German company specialized in camera-based tracking systems used for operator guidance, was acquired. The company has 38 employees and revenues of approximately MSEK 20 in 2020.

Revenues and profitability

Revenues reached MSEK 5 083 (4 713), corresponding to an organic increase of 1%.

The operating profit was MSEK 1 065 (917), corresponding to a margin of 21.0% (19.5). The margin was supported by currency, but negatively affected by increased costs related to supply chain constraints and inefficiency in production and service due to COVID-19. Return on capital employed (last 12 months) was 17% (12).

Orders, revenues and operating profit margin



Power Technique

	January - March		
MSEK	2022	2021	
Orders received	6 164	3 674	68%
Revenues	3 702	3 121	19%
EBITA*	675	490	38%
– as a percentage of revenues	*18.2*	*15.7*	
Operating profit	664	476	39%
– as a percentage of revenues	*17.9*	*15.3*	
Return on capital employed, %	29	19	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record order intake**
- **Significant order growth for equipment and specialty rental**
- **Operating profit margin at 17.9%**

Sales bridge

	January - March	
MSEK	Orders received	Revenues
2021	3 674	3 121
Structural change, %	+1	+2
Currency, %	+12	+8
Organic*, %	+55	+9
Total, %	+68	+19
2022	6 164	3 702

*Volume, price and mix.

Equipment

Order volumes for all types of equipment increased significantly, both compared to the previous year and compared to the previous quarter. The strong order growth was primarily driven by increased demand from equipment rental companies in North America.

In total, year-on-year growth was achieved in all regions except Asia, where order volumes decreased.

Specialty rental

The demand for the specialty rental business remained strong, and the order intake increased significantly.

Geographically, solid order growth was achieved in all regions.

Service

The order intake for service increased markedly with order growth in all regions except Asia, where orders decreased.

Acquisitions

In the quarter, it was announced that that Atlas Copco has agreed to acquire LEWA GmbH and subsidiaries, and Geveke B.V. and subsidiaries for a combined enterprise value of MEUR 670 (BSEK 7.15). LEWA is a leading manufacturer of diaphragm metering pumps, process pumps and complete metering systems. Geveke distributes compressors and engineers advanced and complex process pump installations. LEWA has around 1 200 employees and had revenues of about BSEK 2.4 in 2021. Geveke has 173 employees and had revenues of about MSEK 648 in 2021. The acquisition is expected to be completed during the second quarter 2022.

Innovation

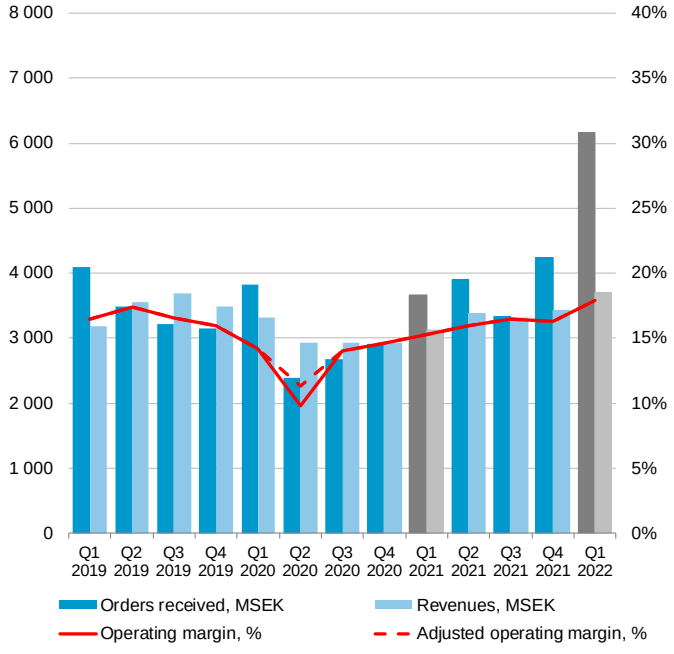
A new electrical pump range for general purpose dewatering and industrial applications was introduced, the PAC F/H. By shifting towards electric motors and away from commonly used diesel engines, customers will benefit from lower environmental impact. In addition, the new pumps are designed to offer the highest pumping performance and a low total cost of ownership.

Revenues and profitability

Revenues increased 19% to record MSEK 3 702 (3 121), corresponding to an organic increase of 9%.

The operating profit increased 39% to record MSEK 664 (476), corresponding to a margin of 17.9% (15.3). The higher margin was mainly due to increased organic revenue volumes, while currency and costs related to supply chain constraints and COVID-19 had a negative effect. Return on capital employed (last 12 months) was 29% (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 2021. 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 2021.

Risks related to the war in Ukraine
Atlas Copco's financial exposure to Russia and Ukraine is limited. During 2021 revenues from Russia accounted for less than 2% of the Group's total revenues. Ukraine accounted for well below 1% of the Group's total revenues. Further, Atlas Copco has no production units in Russia or Ukraine. Hence the ongoing war has very limited direct financial effects on Atlas Copco. Given the uncertainties surrounding the ongoing conflict, it is very difficult to predict potential indirect effects on Atlas Copco. As of March 31, 2022, there is no significant impact on any balance sheet items.

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	2022	2021
Revenues	30 086	26 021
Cost of sales	-17 344	-15 185
Gross profit	**12 742**	**10 836**
Marketing expenses	-3 381	-2 853
Administrative expenses	-1 567	-1 866
Research and development costs	-1 186	-978
Other operating income and expenses	141	248
Operating profit	**6 749**	**5 387**
- as a percentage of revenues	*22.4*	*20.7*
Net financial items	-78	-44
Profit before tax	**6 671**	**5 343**
- as a percentage of revenues	*22.2*	*20.5*
Income tax expense	-1 458	-1 226
Profit for the period	**5 213**	**4 117**
Profit attributable to		
- owners of the parent	5 213	4 115
- non-controlling interests	-	2
Basic earnings per share, SEK	**4.28**	**3.38**
Diluted earnings per share, SEK	4.27	3.38
Basic weighted average number of shares outstanding, millions	1 217.9	1 216.5
Diluted weighted average number of shares outstanding, millions	1 220.2	1 218.8

Key ratios

Equity per share, period end, SEK	61	50
Return on capital employed, 12 month values, %	27	23
Return on equity, 12 month values, %	30	27
Debt/equity ratio, period end, %	8	19
Equity/assets ratio, period end, %	50	50
Number of employees, period end	43 989	40 482

Consolidated statement of comprehensive income

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2022	2021
Profit for the period	**5 213**	**4 117**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	845	732
Income tax relating to items that will not be reclassified	-220	-170
	625	**562**
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	1 433	2 939
Hedge of net investments in foreign operations	-210	-332
Cash flow hedges	-68	-28
Income tax relating to items that may be reclassified	61	102
	1 216	**2 681**
Other comprehensive income for the period, net of tax	**1 841**	**3 243**
Total comprehensive income for the period	**7 054**	**7 360**
Total comprehensive income attributable to		
- owners of the parent	7 054	7 352
- non-controlling interests	-	8

Consolidated balance sheet (condensed)

MSEK	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2021
Intangible assets	51 215	47 789	50 348
Rental equipment	2 437	2 257	2 342
Other property, plant and equipment	9 615	8 217	8 991
Right-of-use assets	3 213	3 359	3 244
Financial assets and other receivables	2 188	1 656	1 962
Deferred tax assets	1 585	1 508	1 790
Total non-current assets	**70 253**	**64 786**	**68 677**
Inventories	20 361	14 696	17 801
Trade and other receivables	32 390	28 491	30 363
Other financial assets	752	664	847
Cash and cash equivalents	24 183	14 746	18 990
Assets classified as held for sale	5	5	5
Total current assets	**77 691**	**58 602**	**68 006**
TOTAL ASSETS	**147 944**	**123 388**	**136 683**
Equity attributable to owners of the parent	74 435	60 842	67 633
Non-controlling interests	1	326	1
TOTAL EQUITY	**74 436**	**61 168**	**67 634**
Borrowings	20 966	21 105	20 893
Post-employment benefits	2 554	2 837	3 114
Other liabilities and provisions	1 825	1 736	2 014
Deferred tax liabilities	2 230	2 025	2 225
Total non-current liabilities	**27 575**	**27 703**	**28 246**
Borrowings	7 559	2 897	3 981
Trade payables and other liabilities	36 755	29 722	35 196
Provisions	1 619	1 898	1 626
Total current liabilities	**45 933**	**34 517**	**40 803**
TOTAL EQUITY AND LIABILITIES	**147 944**	**123 388**	**136 683**

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 2021, 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 2021. http://www.atlascopco.com/ir

Financial instruments recorded at fair value

MSEK	Mar. 31, 2022	Dec. 31, 2021
Non-current assets and liabilities		
Assets	34	37
Liabilities	-	-
Current assets and liabilities		
Assets	622	1 163
Liabilities	225	222

Carrying value and fair value of borrowings

MSEK	Mar. 31, 2022	Mar. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
	Carrying value	Fair value	Carrying value	Fair value
Bonds	16 590	15 990	13 278	13 528
Other loans	8 613	8 655	8 247	8 282
Lease liability	3 322	3 322	3 349	3 349
	28 525	**27 967**	**24 874**	**25 159**

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, 2022	**67 633**	**1**	**67 634**
Changes in equity for the period			
Total comprehensive income for the period	7 054	-	7 054
Acquisition and divestment of own shares	-250	-	-250
Share-based payments, equity settled	-2	-	-2
Closing balance, March 31, 2022	**74 435**	**1**	**74 436**

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**

Consolidated statement of cash flows (condensed)

	January - March	
MSEK	2022	2021
Cash flows from operating activities		
Operating profit	6 749	5 387
Depreciation, amortization and impairment (see below)	1 441	1 278
Capital gain/loss and other non-cash items	-45	108
Operating cash surplus	**8 145**	**6 773**
Net financial items received/paid	-225	138
Taxes paid	-1 099	-1 066
Pension funding and payment of pension to employees	-82	-75
Change in working capital	-3 079	-500
Investments in rental equipment	-190	-105
Sale of rental equipment	5	21
Net cash from operating activities	**3 475**	**5 186**
Cash flows from investing activities		
Investments in property, plant and equipment	-852	-371
Sale of property, plant and equipment	16	31
Investments in intangible assets	-345	-328
Acquisition of subsidiaries and associated companies	-226	-124
Other investments, net	-4	-537
Net cash from investing activities	**-1 411**	**-1 329**
Cash flows from financing activities		
Repurchase and sales of own shares	-250	323
Change in interest-bearing liabilities, net	3 287	-1 491
Net cash from financing activities	**3 037**	**-1 168**
Net cash flow for the period	**5 101**	**2 689**
Cash and cash equivalents, beginning of the period	18 990	11 655
Exchange differences in cash and cash equivalents	92	402
Cash and cash equivalents, end of the period	**24 183**	**14 746**

Depreciation, amortization and impairment		
Rental equipment	*186*	*168*
Other property, plant and equipment	*356*	*321*
Right-of-use assets	*311*	*277*
Intangible assets	*588*	*512*
Total	*1 441*	*1 278*

Calculation of operating cash flow

	January - March	
MSEK	2022	2021
Net cash flow for the period	**5 101**	**2 689**
Add back:		
Change in interest-bearing liabilities, net	-3 287	1 491
Repurchase and sales of own shares	250	-323
Acquisitions and divestments	226	124
Investments of cash liquidity	-	547
Currency hedges	110	-207
Operating cash flow	**2 400**	**4 321**

Revenues by business area

	2020				2021				2022
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	11 588	11 405	11 890	12 446	11 522	12 212	12 792	13 131	13 305
- of which external	*11 470*	*11 322*	*11 806*	*12 381*	*11 423*	*12 099*	*12 677*	*13 017*	*13 169*
- of which internal	*118*	*83*	*84*	*65*	*99*	*113*	*115*	*114*	*136*
Vacuum Technique	6 159	6 535	5 928	6 063	6 808	7 220	7 249	7 942	8 179
- of which external	*6 154*	*6 535*	*5 925*	*6 059*	*6 804*	*7 214*	*7 245*	*7 937*	*8 173*
- of which internal	*5*	*0*	*3*	*4*	*4*	*6*	*4*	*5*	*6*
Industrial Technique	4 193	3 355	4 221	4 407	4 713	4 880	4 630	5 198	5 083
- of which external	*4 180*	*3 347*	*4 215*	*4 399*	*4 705*	*4 873*	*4 622*	*5 190*	*5 072*
- of which internal	*13*	*8*	*6*	*8*	*8*	*7*	*8*	*8*	*11*
Power Technique	3 325	2 930	2 932	2 919	3 121	3 377	3 312	3 424	3 702
- of which external	*3 294*	*2 898*	*2 903*	*2 899*	*3 089*	*3 348*	*3 280*	*3 389*	*3 672*
- of which internal	*31*	*32*	*29*	*20*	*32*	*29*	*32*	*35*	*30*
Common Group Items / Eliminations	-167	-123	-122	-97	-143	-155	-159	-162	-183
Atlas Copco Group	**25 098**	**24 102**	**24 849**	**25 738**	**26 021**	**27 534**	**27 824**	**29 533**	**30 086**

Operating profit by business area

	2020				2021				2022
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 520	2 444	2 729	2 965	2 730	2 916	3 087	3 141	3 170
- as a percentage of revenues	*21.7*	*21.4*	*23.0*	*23.8*	*23.7*	*23.9*	*24.1*	*23.9*	*23.8*
Vacuum Technique	1 497	1 278	1 354	1 390	1 695	1 789	1 748	1 834	1 859
- as a percentage of revenues	*24.3*	*19.6*	*22.8*	*22.9*	*24.9*	*24.8*	*24.1*	*23.1*	*22.7*
Industrial Technique	799	334	513	776	917	981	958	1 120	1 065
- as a percentage of revenues	*19.1*	*10.0*	*12.2*	*17.6*	*19.5*	*20.1*	*20.7*	*21.5*	*21.0*
Power Technique	473	286	410	425	476	539	548	558	664
- as a percentage of revenues	*14.2*	*9.8*	*14.0*	*14.6*	*15.3*	*16.0*	*16.5*	*16.3*	*17.9*
Common Group Items / Eliminations	-165	-453	-246	-183	-431	-301	-341	-405	-9
Operating profit	**5 124**	**3 889**	**4 760**	**5 373**	**5 387**	**5 924**	**6 000**	**6 248**	**6 749**
- as a percentage of revenues	*20.4*	*16.1*	*19.2*	*20.9*	*20.7*	*21.5*	*21.6*	*21.2*	*22.4*
Net financial items	-114	-63	-64	-80	-44	-52	-55	2	-78
Profit before tax	**5 010**	**3 826**	**4 696**	**5 293**	**5 343**	**5 872**	**5 945**	**6 250**	**6 671**
- as a percentage of revenues	*20.0*	*15.9*	*18.9*	*20.6*	*20.5*	*21.3*	*21.4*	*21.2*	*22.2*

Return on capital employed by business area

	2020				2021				2022
% (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	80	76	75	79	84	91	94	93	90
Vacuum Technique	22	20	19	19	20	23	24	25	25
Industrial Technique	31	23	16	13	12	13	15	16	17
Power Technique	25	21	19	18	19	23	25	27	29
Atlas Copco Group	**29**	**26**	**24**	**23**	**23**	**26**	**27**	**27**	**27**

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2022 Mar. 2	SCB S.r.l.		Compressor Technique	51	16
2022 Jan. 24	Soft2tec GmbH		Industrial Technique	20	38
2022 Jan. 21	HHV Pumps Pvt. Ltd.		Vacuum Technique	53	151
2021 Dec. 28		CMM (part of Perceptron)	Industrial Technique	100	50
2021 Dec. 10	Provac Limited		Vacuum Technique		11
2021 Nov. 9	S.T.E.R.I. srl (STERI)		Compressor Technique		19
2021 Oct. 19	Eugen Theis GmbH		Vacuum Technique		4
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

*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 2022, full disclosure as per IFRS 3 is not given in this interim report. Disclosure will be given in the annual report 2022. See the annual report for 2021 for disclosure of acquisitions made in 2021.

Parent company

Income statement (condensed)

	January - March	
MSEK	2022	2021
Administrative expenses	-87	-204
Other operating income and expenses	24	26
Operating profit/loss	**-63**	**-178**
Financial income and expenses	-117	-28
Profit/loss before tax	**-180**	**-206**
Income tax	88	49
Profit/loss for the period	**-92**	**-157**

Balance sheet (condensed)

	Mar. 31	Mar. 31	Dec. 31
MSEK	2022	2021	2021
Total non-current assets	164 139	162 105	163 902
Total current assets	6 087	13 476	9 957
TOTAL ASSETS	**170 226**	**175 581**	**173 859**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	143 246	146 621	143 591
TOTAL EQUITY	**149 031**	**152 406**	**149 376**
Total provisions	767	844	1 018
Total non-current liabilities	16 400	22 105	22 195
Total current liabilities	4 028	226	1 270
TOTAL EQUITY AND LIABILITIES	**170 226**	**175 581**	**173 859**

Assets pledged and contingent liabilities

	Mar. 31	Mar. 31	Dec. 31
MSEK	2022	2021	2021
Assets pledged	199	184	201
Contingent liabilities	3 225	3 310	3 266

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	*11 891 743*
- of which B shares held by Atlas Copco	-
Total shares outstanding, net of shares held by Atlas Copco	1 217 721 361

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 quarter 2022, 469 007 series A shares, net, were acquired. These transactions are in accordance with mandates granted. The company's holding of own shares at the end of the period appears in the table to the left.

Risks and factors of uncertainty

Financial risks

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

For further information, see the Annual Report 2021.

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 2021.

Nacka, Sweden April 26, 2022
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 2021, Atlas Copco had revenues of BSEK 111 and about 43 000 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. 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 26, 2022 at 14:00 CEST.
The dial-in numbers are:

- Sweden: +46 8 50 55 83 59
- United Kingdom: +44 33 33 00 92 63
- United States: +16 46 72 24 902

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 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 around 12:00 CEST and the conference call will be at 13:00 CEST.
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 11:00 CEST on April 26, 2022.