



Q2 results

July 15, 2019

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Q2 in brief

- Good overall customer demand and organic order growth vs. previous year
 - Mixed equipment demand
 - Continued growth for service in all business areas
 - Growth in all regions except Asia
- Record revenues
- Profitability remained on a high level
- Several acquisitions announced
 - Brooks' Cryogenic pump business closed on July 1

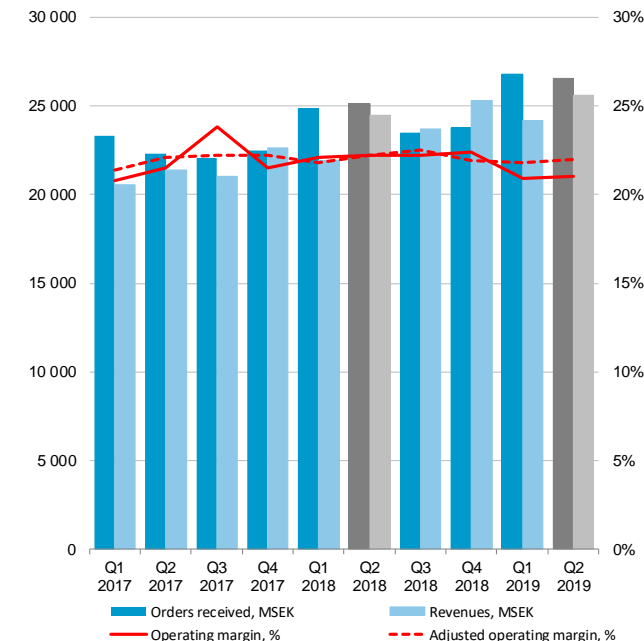
Acquisition of Brooks' Cryogenics Business

- New technologies and products to complement our offer, primarily to the semiconductor industry
- Cryo pump operations in Chelmsford, USA, and Monterrey, Mexico
 - A worldwide network of sales and service centers
 - Plus a 50% share of Ulvac Cryogenics, Inc.
- Current annual revenues of about MUSD 150
 - Annual revenues of Ulvac Cryogenics, Inc. about MUSD 100
- Slightly dilutive effect on operating margin for the Vacuum Technique business area
- Acquisition completed on July 1
- Total consideration MUSD 675

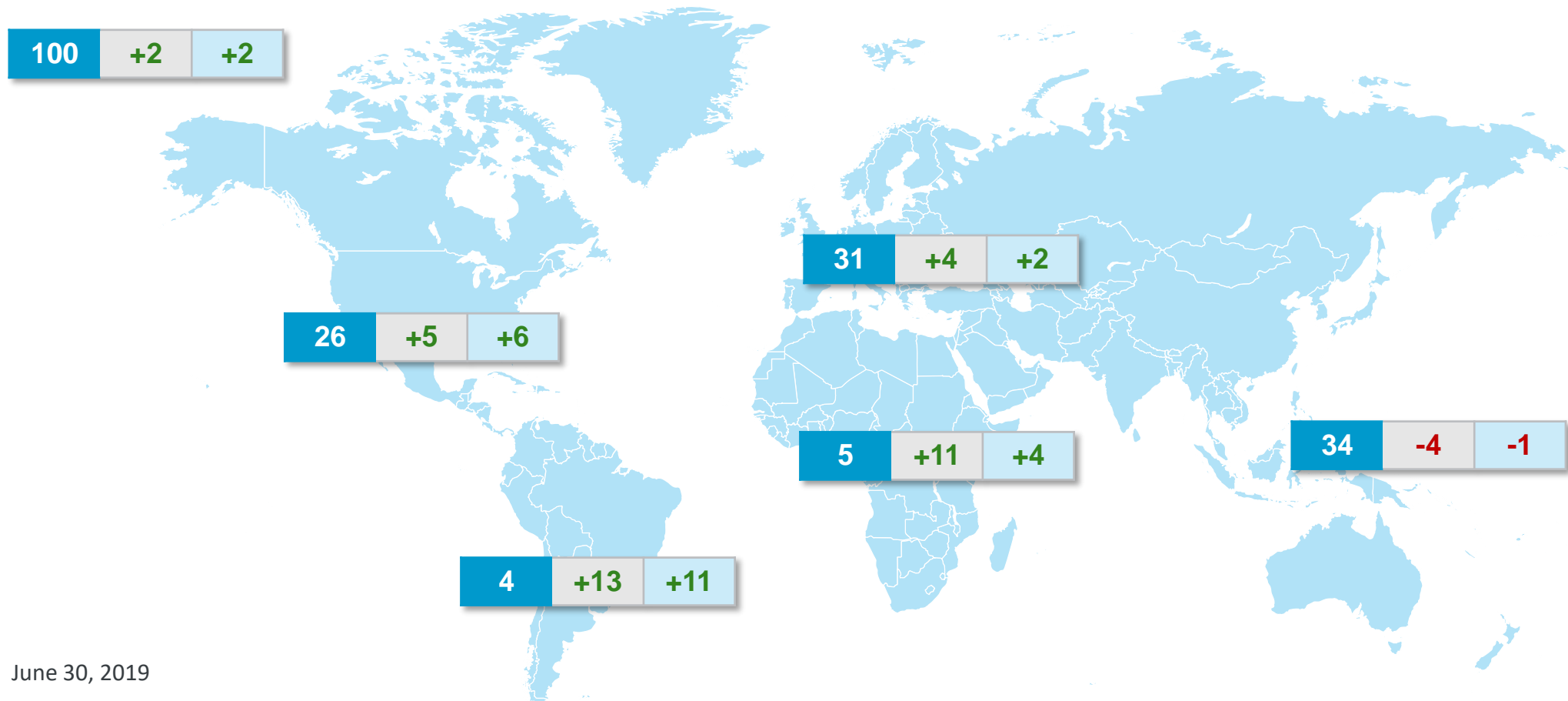


Q2 figures in summary

- Orders received were MSEK 26 565 (25 120), organic growth of 2%
- Revenues were MSEK 25 580 (24 461), organic growth of 1%
- Adjusted operating profit at MSEK 5 622 (5 485), margin at 22.0% (22.4)
 - Reported operating profit decreased 1% to MSEK 5 379 (5 430), margin at 21.0% (22.2)
 - Items affecting comparability of MSEK -243 (-55)
- Profit for the period was MSEK 4 085 (3 894)
- Basic earnings per share were SEK 3.36 (3.21)
- Operating cash flow was MSEK 2 369 (approx. 3 200 for continuing operations)
- Return on capital employed was 33% (31)



Orders received – local currency

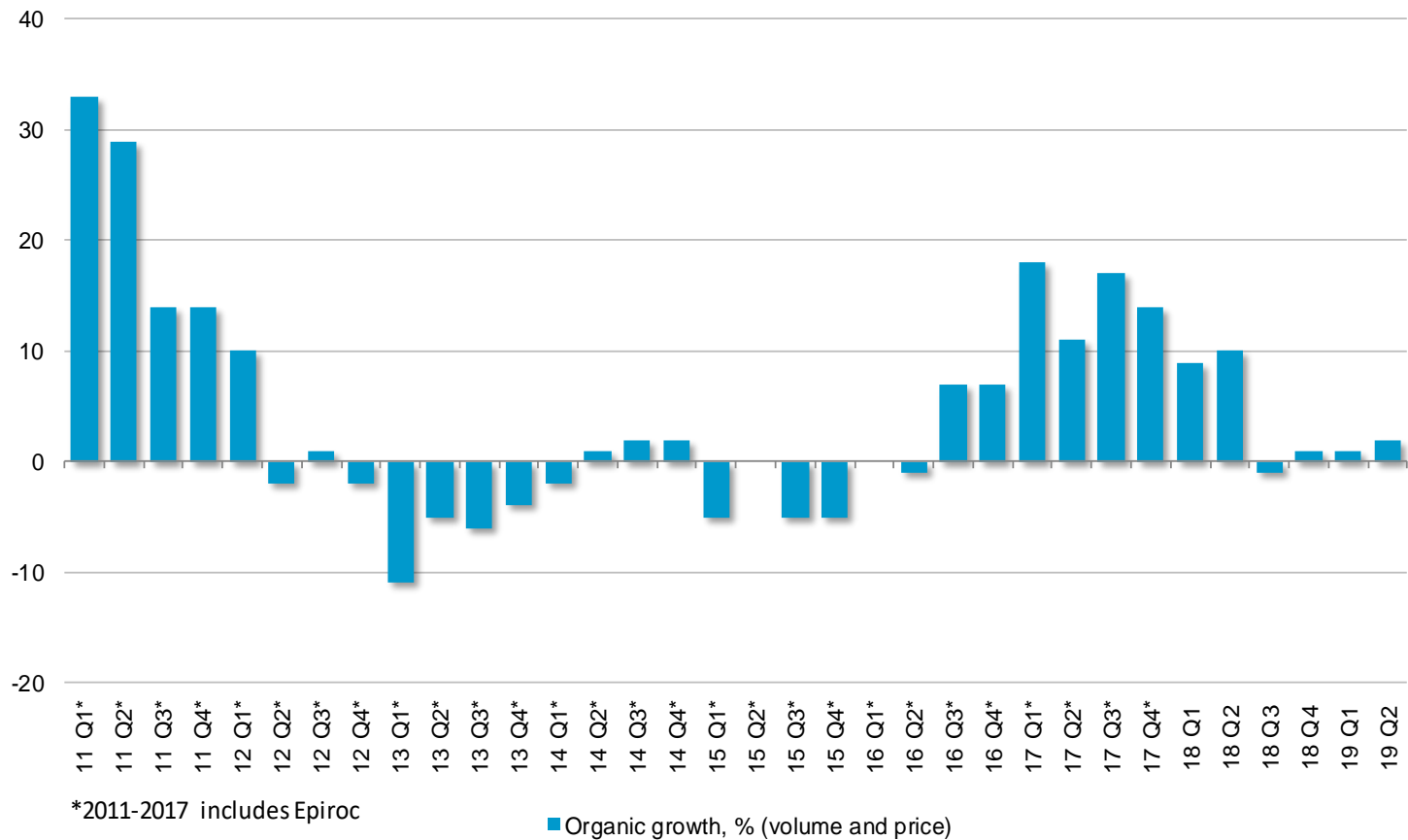


June 30, 2019

Share of orders received, year-to-date, %	Year-to-date vs. previous year, %	Last 3 months vs. previous year, %
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Order growth per quarter

Organic growth, %



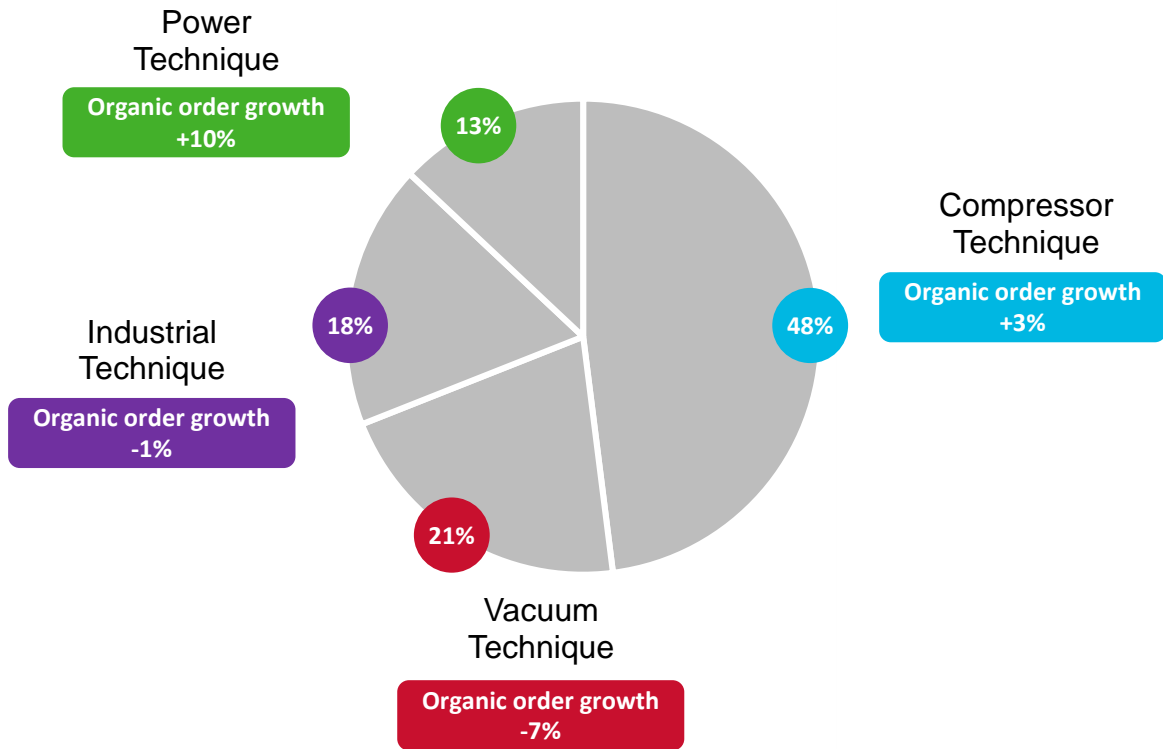
Sales bridge

MSEK	April - June		January - June	
	Orders received	Revenues	Orders received	Revenues
2018	25 120	24 461	49 950	46 367
Structural change, %	+0	+0	+0	+0
Currency, %	+4	+4	+5	+5
Organic*, %	+2	+1	+2	+2
Total, %	+6	+5	+7	+7
2019	26 565	25 580	53 377	49 761

*Volume, price and mix

Atlas Copco Group

*Orders by business area and organic order growth**



* Share of Group orders received 12 months ending June 2019.
3 month organic order growth compared to previous year.

Compressor Technique

- Record orders, organic growth of +3%
 - Solid growth for larger compressors supported by new products
 - Continued growth for service
- Record revenues, +2% organic growth
- Record operating profit, margin at 23.2% (23.4)
- Return on capital employed 100% (99)

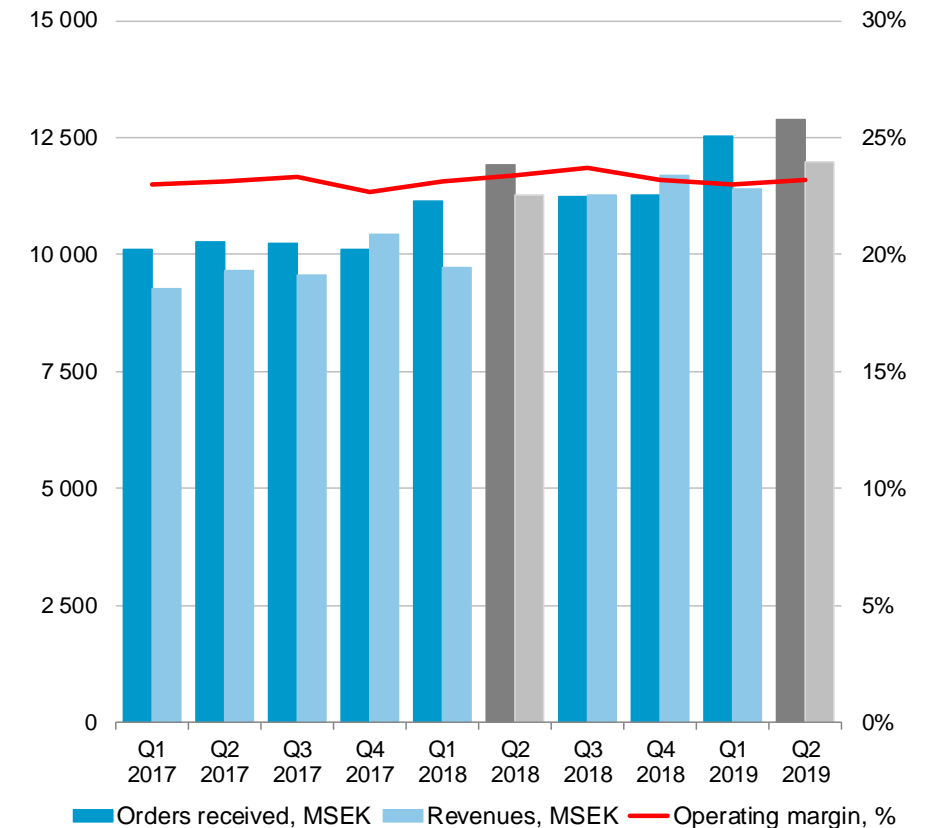


Innovation:

A new blower with half the size vs. the previous model, 10% more energy efficient and 30% more flow generation.

Acquisitions:

Seven distributors were acquired in the quarter, three in Germany, two in France, and one in US.



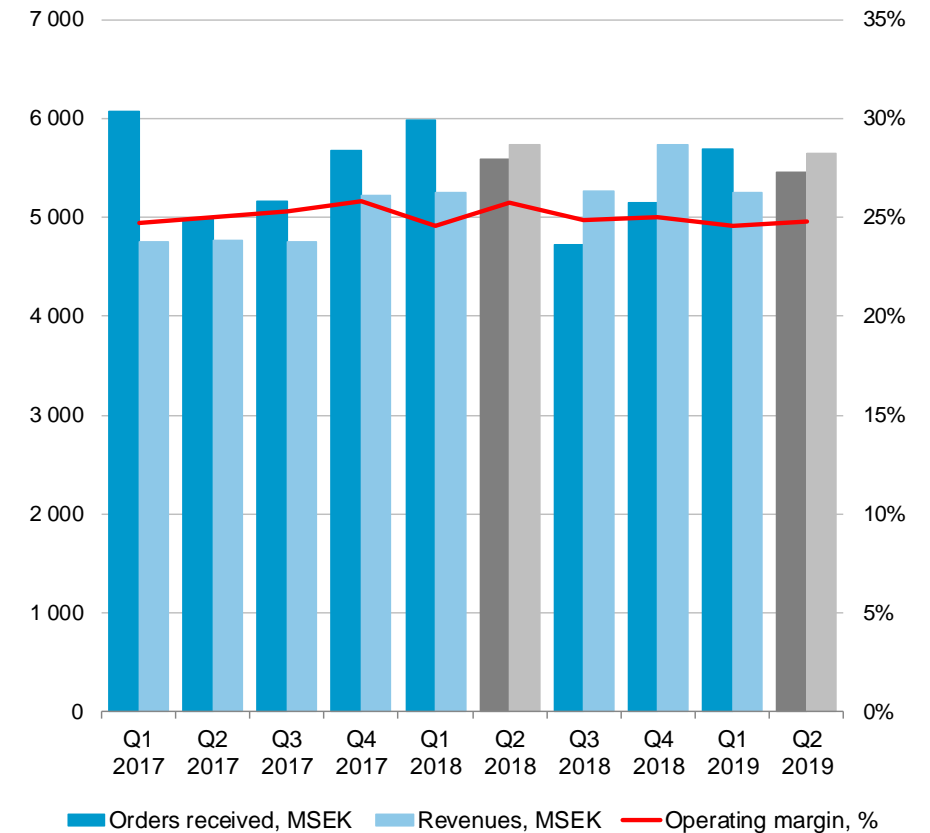
Vacuum Technique

- Orders down 7% organically
 - Weaker semi equipment demand in Asia, and record strong comparison in North America Q2 2018
 - Continued growth for service
- Revenues -7% organically and operating margin at 24.8% (25.8)
- Return on capital employed 25% (28)



Innovation:

A new oil-free screw vacuum pump for the food and packaging industry, offering reduced risk for contamination in customer's production processes, high energy efficiency, and low lifetime costs.



Industrial Technique

- Order volume decreased slightly, -1% organically
 - Weaker demand for industrial power tools to the motor vehicle industry, but growth for other fastening technologies
 - General industry flat
 - Continued growth for service
- Revenues -3% organically and adjusted operating profit margin at 22.9% (23.4)
- Return on capital employed 37% (44)

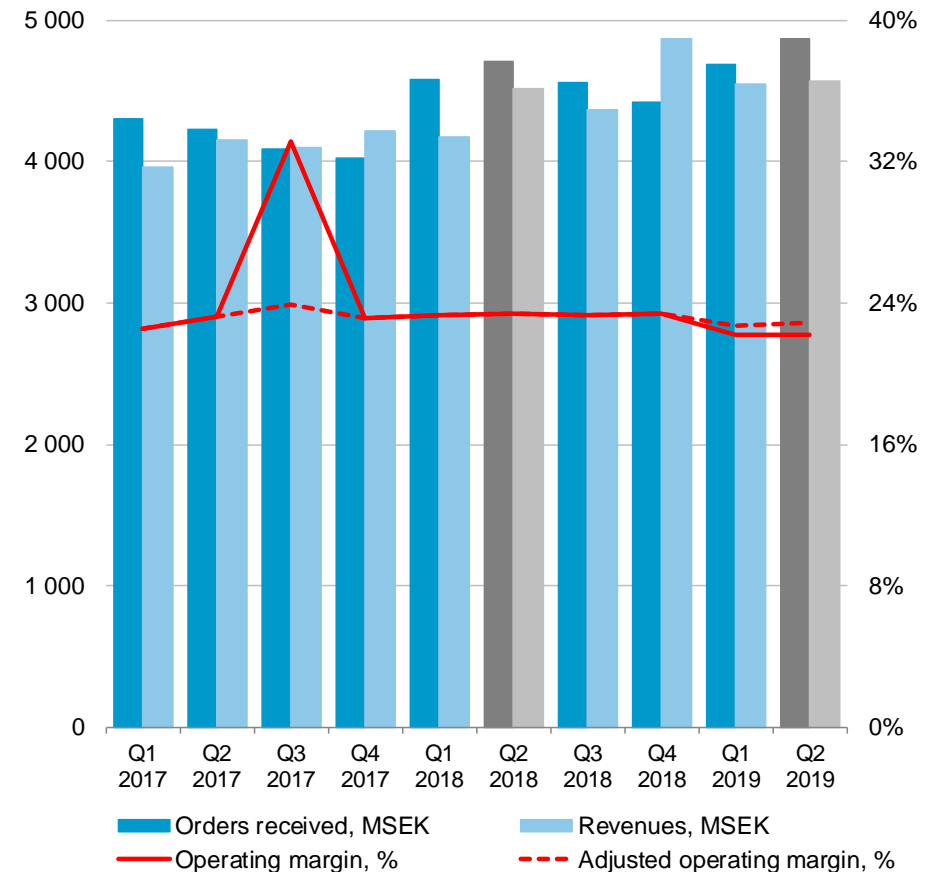


Innovation:

A new smart handheld electric tool, with built-in software, for multiple uses with different configurations for various application in the aerospace industry.

Restructuring:

Reduction of workforce, primarily in the motor vehicle industry business lead to MSEK -30 in restructuring costs in the quarter.



Power Technique

- 10% order growth organically
 - Strong demand for equipment, particularly in North America
 - Solid growth for specialty rental
 - Continued growth for service
- Record revenues, +13% organically
- Record operating profit and margin, 17.4% (15.0)
- Return on capital employed 30% (18)

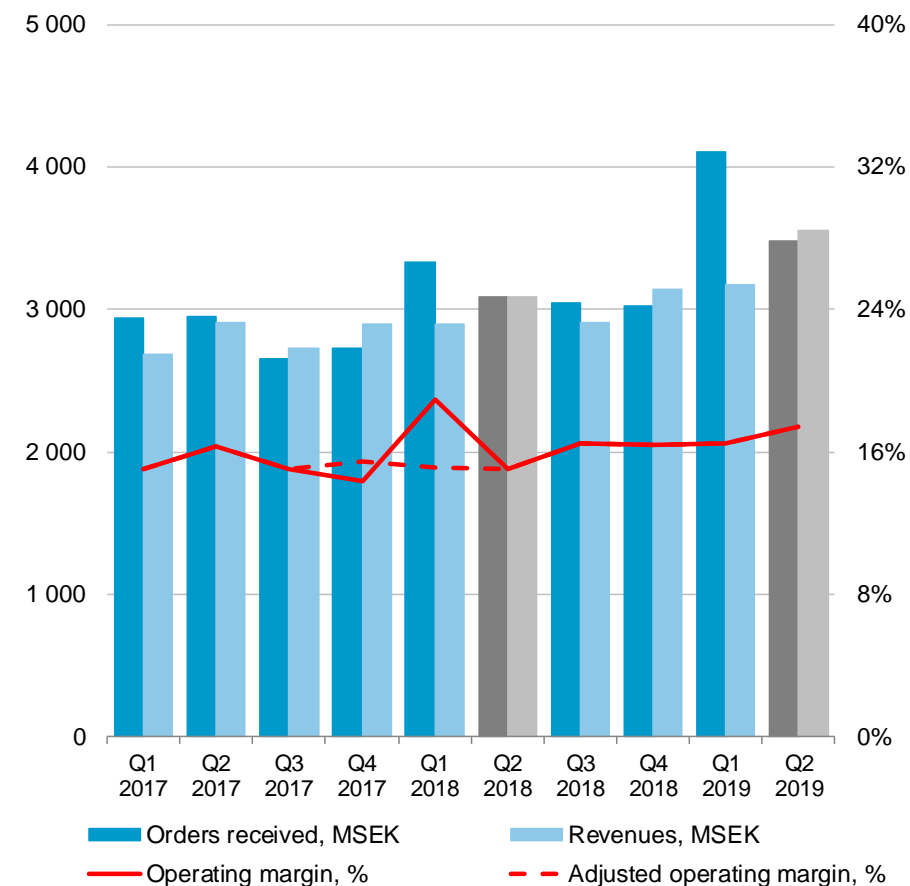


Innovation:

A new generator range with variable speed control providing increased reliability and reduced fuel consumption with up to 40%.

Acquisitions:

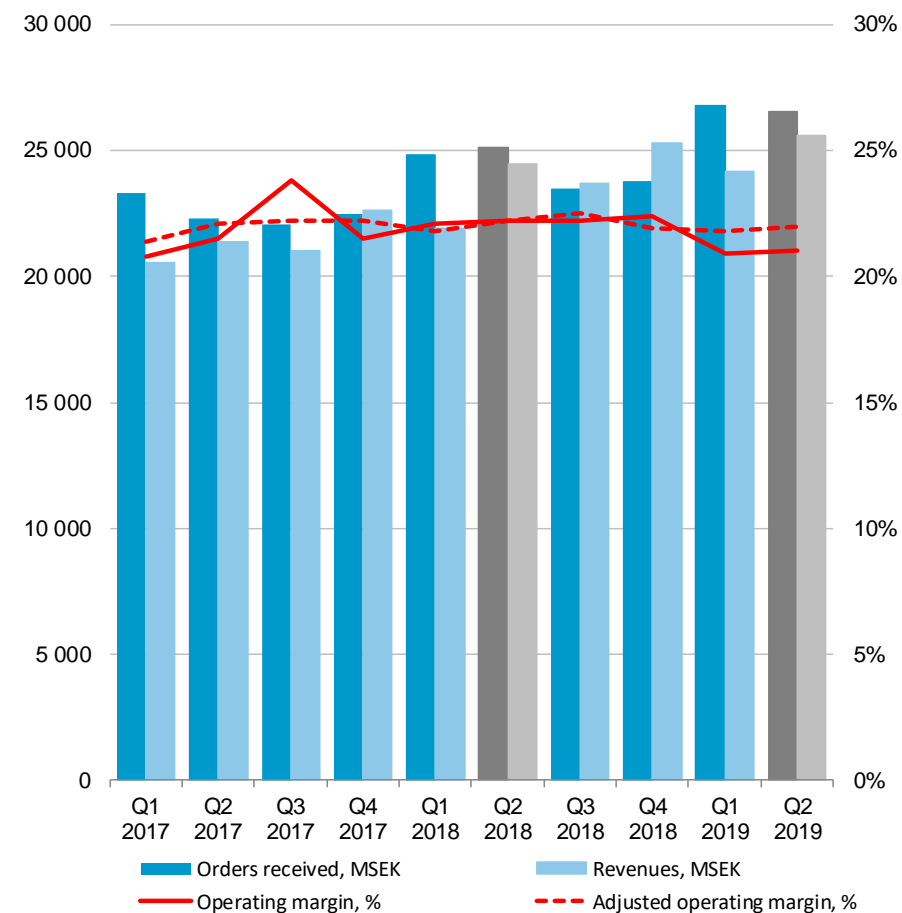
Two acquisitions were completed in the quarter, one US-based steam boiler company, and one service provider for off-road engines and spare parts.



Group total

April – June 2019 vs. 2018

MSEK	April - June		
	2019	2018	
Orders received	26 565	25 120	6%
Revenues	25 580	24 461	5%
Operating profit	5 379	5 430	-1%
– as a percentage of revenues	21.0	22.2	
Profit before tax	5 315	5 229	2%
– as a percentage of revenues	20.8	21.4	
Income tax expense	-1 230	-1 335	-8%
– as a percentage of profit before tax	23.1	25.5	
Profit for the period from continuing operations	4 085	3 894	5%
Basic earnings per share, SEK	3.36	3.21	
Return on capital employed, %	33	31	
Return on equity, 12 month values, %	41	26	



Profit bridge

April – June 2019 vs. 2018

MSEK	Q2 2019	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Share-based LTI* programs	Q2 2018
Atlas Copco Group						
Revenues	25 580	74	965	80	-	24 461
Operating profit	5 379	-103	255	-45	-158	5 430
	21.0%	NA				22.2%

*LTI = Long term incentive

Profit bridge – by business area

April – June 2019 vs. 2018

MSEK	Q2 2019	Volume, price, mix and other	Currency	Items affecting comparability acquisitions	Q2 2018
Compressor Technique					
Revenues	11 974	188	400	120	11 266
Operating profit	2 773	-20	160	-5	2 638
	23.2%	NA			23.4%
Vacuum Technique					
Revenues	5 650	-380	290	0	5 740
Operating profit	1 401	-178	100	0	1 479
	24.8%	47%			25.8%
Industrial Technique					
Revenues	4 576	-123	160	20	4 519
Operating profit	1 016	-60	45	-25	1 056
	22.2%	49%			23.4%
Power Technique					
Revenues	3 555	404	120	-60	3 091
Operating profit	619	160	10	-15	464
	17.4%	40%			15.0%

Balance sheet

MSEK	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018	Jan. 1, 2019*
Intangible assets	31 367	30 263	30 025	30 025
Fixed assets and other non-current assets	17 332	13 083	12 907	16 199
Inventories	14 600	12 926	12 718	12 718
Receivables	27 360	25 562	24 503	24 485
Cash and current financial assets	11 840	9 620	16 517	16 524
Total assets	102 499	91 454	96 670	99 951
Total equity	44 262	35 002	42 472	42 472
Interest-bearing liabilities	22 774	24 002	23 218	26 502
Non-interest-bearing liabilities	35 463	32 450	30 980	30 977
Total equity and liabilities	102 499	91 454	96 670	99 951

* Including effect of IFRS 16 (leases).

Cash flow

Previous year includes discontinued operations

	April - June		January - June	
MSEK	2019	2018	2019	2018
Operating cash surplus	6 980	8 196	13 214	15 663
<i>of which depreciation added back</i>	<i>1 133</i>	<i>1 137</i>	<i>2 212</i>	<i>2 231</i>
Net financial items	-213	-1 002	-578	-609
Taxes paid	-1 822	-2 208	-2 836	-3 552
Pension funding	-84	-77	-161	-179
Change in working capital	-1 938	-1 727	-3 407	-3 435
Increase in rental equipment, net	-238	-409	-484	-736
Cash flows from operating activities	2 685	2 773	5 748	7 152
Investments of property, plant & eq., net	-321	-495	-680	-937
Other investments, net	-263	-283	-521	-661
Cash flow from investments	-584	-778	-1 201	-1 598
Adjustment, pensions	-	-	-	-
Adjustment, currency hedges of loans	268	1 071	351	236
Operating cash flow	2 369	3 066	4 898	5 790
Company acquisitions/ divestments	-817	40	-1 002	-629

Near-term outlook

The demand for Atlas Copco's products and services is expected to be somewhat lower than the level in the second quarter.



Atlas Copco

atlas-copco.com

Forward looking statements

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”