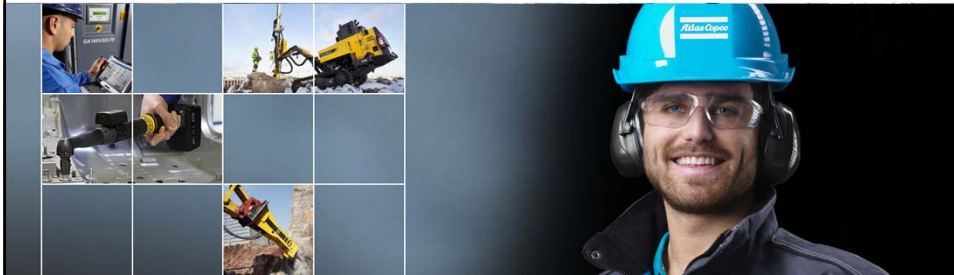


## The strategic pillars for profitable growth



Capital Markets Day, November 20, 2013

Ronnie Leten, President and CEO

*Sustainable Productivity*



## Agenda

- 1 Business overview
- 2 Goals for sustainable profitable development
- 3 Global trends
- 4 The strategic pillars for profitable growth
- 5 Summary



## Atlas Copco

Established	1873 in Stockholm, Sweden
Four focused business areas	<ul style="list-style-type: none"> <li>Compressor Technique</li> <li>Industrial Technique</li> <li>Mining and Rock Excavation Technique</li> <li>Construction Technique</li> </ul>
Global presence	Customers in more than 170 countries
Employees <sup>1)</sup>	40 116
Annual revenues <sup>2)</sup>	MSEK 85 370 (BEUR 9.9)
Operating margin <sup>2)</sup>	20.6%
Market Capitalization <sup>1)</sup>	MSEK 224 233
Largest shareholder <sup>1)</sup>	Investor (16.8% of capital)



### Symbols and Tickers

	A share	B share
NASDAQ OMX	ATCO A	ATCO B
ISIN code	SE0000101032	SE0000122467
Reuters	ATCOa.ST	ATCOB.ST
Bloomberg	ATCOA SS	ATCOB SS
ADR (USA)	ATLKY.OTC	ATLCY.OTC



<sup>1)</sup> September 30, 2013  
<sup>2)</sup> 12 months rolling as at end September 2013  
 SEK/EUR 8.5976 average 12 months

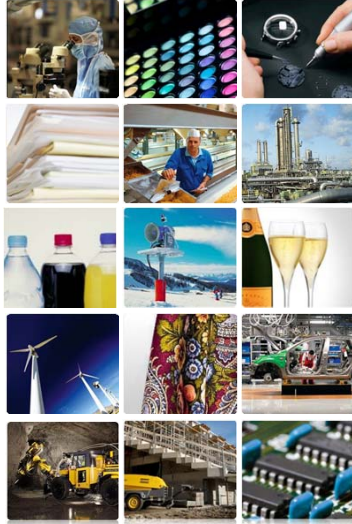
3 Atlas Copco Capital Markets Day 2013

## Business overview



4 Atlas Copco Capital Markets Day 2013

## Atlas Copco

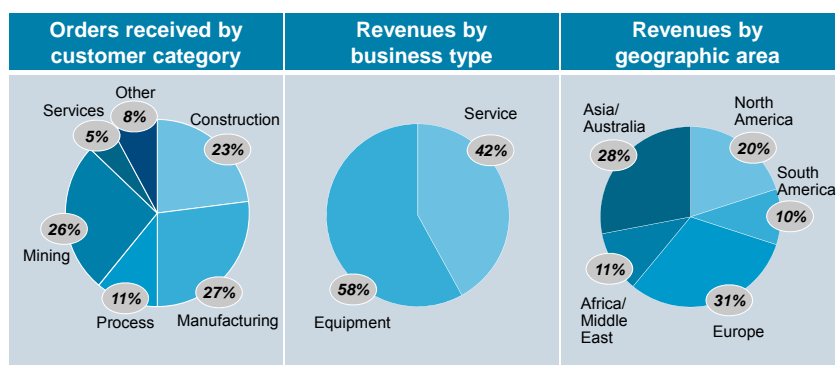


- A **world leading** provider of industrial productivity solutions
- **Agile** and **resilient** operations
- Strong global **service** business
- **Consistent strategy**
- Strong **value creation** track record

Atlas Copco

5 Atlas Copco Capital Markets Day 2013

## Diversified businesses

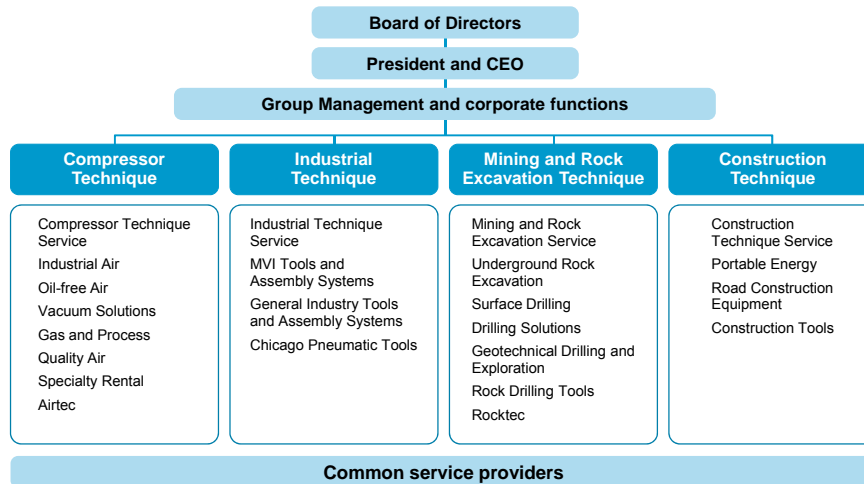


Atlas Copco

12 months until September 2013

6 Atlas Copco Capital Markets Day 2013

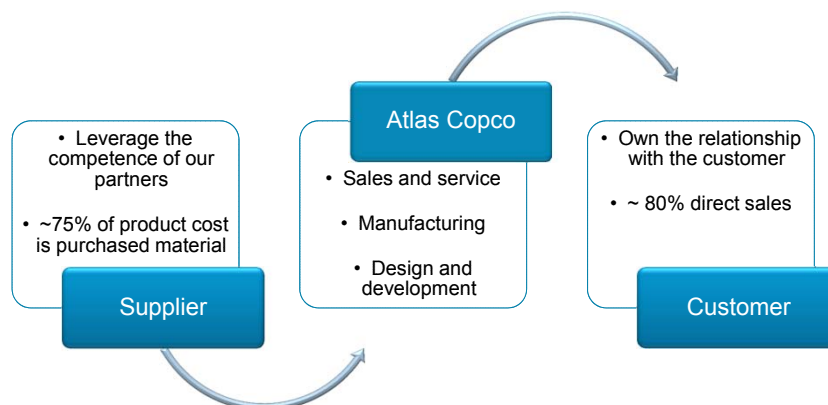
## Product driven, customer-focused structure



Atlas Copco

7 Atlas Copco Capital Markets Day 2013

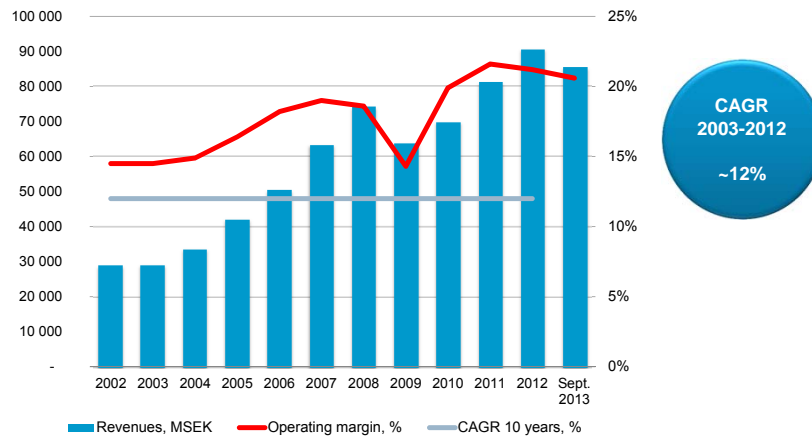
## How we do business



Atlas Copco

8 Atlas Copco Capital Markets Day 2013

## Financial performance



Continuing operations, excl. divested operations in rental service and professional electric tools. 12 month figures.  
CAGR calculated 10 years until 2012

9 Atlas Copco Capital Markets Day 2013

Atlas Copco

## Q3 in brief



- Lower order intake for mining equipment
- Improved demand from manufacturing and construction
  - Strong growth for industrial tools and assembly systems
  - Growth for construction equipment
  - Stable orders for small- and medium-sized compressors
  - Low order intake for large compressors
- The service business continued to develop well
- Healthy profitability
- Actions to adjust capacity to the lower mining equipment demand
- Strategic acquisitions
  - Expanding into process vacuum solutions – acquisition of Edwards
  - Dost Kompresör, Pneumatic Holdings, Synatec and Archer Underbalanced Services

Atlas Copco

10 Atlas Copco Capital Markets Day 2013

## Goals

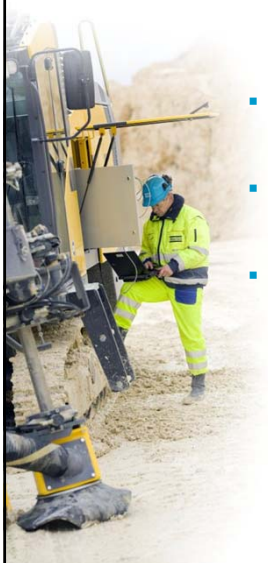
for sustainable profitable development



11 Atlas Copco Capital Markets Day 2013

## Create sustainable productivity

Where everyone wins



- Customers increase their **competitiveness**; more productive, safer and lower energy costs
- More efficient use of energy results in a cleaner **environment**
- Sustainable, profitable development for **Atlas Copco**



12 Atlas Copco Capital Markets Day 2013

## Goals for sustainable, profitable development

<b>Products, services and solutions</b>	First in Mind—First in Choice® for customers and prospects for all brands.	Increase customer loyalty.	Increase customer energy efficiency by 20% by 2020.	Offer safe and reliable products and services.
<b>Operations</b>	First in Mind—First in Choice® employer for today's and future employees.	Competence development to achieve good results and yearly coaching/appraisals to all employees.	Increase diversity in both gender and nationality. Encourage internal mobility.	Safe and healthy working environment for all employees. Zero work-related accidents. Sick leave below 2.5%.
	No corruption or bribes.	Work with business partners committed to high ethical, environmental and social standards.	Develop new products and services with a life-cycle perspective.	Construct Atlas Copco buildings according to sustainable building standards.
	Decrease CO <sub>2</sub> emissions from operations by 20% in relation to cost of sales by 2020.	Decrease CO <sub>2</sub> emissions from transport of goods by 20% in relation to cost of sales by 2020.	Keep water consumption at current level.	Reuse or recycle waste.
<b>Financials</b>	Annual revenue growth of 8% over a business cycle.	Sustained high return on capital employed.	All acquired businesses to contribute to economic value added.	Annual dividend distribution about 50% of earnings per share.

Base year 2010



13 Atlas Copco Capital Markets Day 2013

## Integrated goals and performance

### Performance summary 2012

	Units	Goal	2012	2011	Change, %	Trend
<b>FINANCIAL</b>						
Orders received	MSEK	80 570	88 895	88 895	+4	●
Revenue	MSEK	86 550	87 289	87 289	+3	●
EBITDA	MSEK	21 892	20 982	20 982	+9	●
Operating profit	MSEK	18 228	17 968	17 968	+9	●
Operating profit as a percentage of revenue	%	21.2	21.2	21.2	0	●
Profit before tax	MSEK	18 528	17 295	17 295	+7	●
Profit before tax as a percentage of revenue	%	21.5	21.2	21.2	+3	●
Profit for the year	MSEK	13 994	12 989	12 989	+7	●
Basic earnings per share	SEK	11.45	10.88	10.88	+5	●
Diluted earnings per share	SEK	11.43	10.85	10.85	+5	●
Dividend per share	SEK	about 56% of basic earnings per share	5.56	5.10	+9	●
Earnings per share	SEK	29	24	24	+21	●
Operating cash flow	MSEK	12 233	6 292	6 292	+94	●
Return on capital employed	%	Sustained high	28.7	27.2	+5	●
Return on equity	%	44.5	42.8	42.8	+4	●
<b>ENVIRONMENTAL</b>						
CO <sub>2</sub> emissions	Tonnes	332	348	348	+5	●
from operations (Scope 1+2)	Tonnes	-20% (2011)	89	99	-10	●
from transport (Scope 3)	Tonnes	-20% (2011)	227	249	-9	●
Water consumption	Ton	+0.1 (2011)	823	819	+1	●
Waste	%	recycle of waste	82	80	+2	●
Sustainable construction	number	increase	4	3	+25	●
ISO 14001 environmental management systems	% of cost of sales	100	94	95	+5	●
<b>EMPLOYEES, HEALTH AND SAFETY</b>						
Average number of employees	number	39 110	38 101	38 101	+3	●
Competence development	hours	42	45	45	+7	●
Turnover	%	100	82	84	-18	●
Internal mobility	%	Encourage	8	9	-1	●
Gender diversity	%	increase	16.8	16.8	+0.1	●
Diversity in nationality among senior managers	number	increase	49	49	+1	●
Sick leave	%	+2.5	2.1	2.3	-0.1	●
Accidents	number/million hours	0	5.4	5.7	-0.3	●
Fatalities	number	0	3	1	+200	●
OSHA 1900 health and safety systems	% of cost of sales	100	72	67	+5	●
<b>GOVERNANCE</b>						
Managers trained in Code of Practice	% of managers	100	25	23	+2	●
Violations reported	number reported	0	39	25	+36	●
Suppliers committed to code of practice	% significant suppliers	increase	85	80	+5	●

Financial

Environmental

Employees, health and safety

Governance



14 Atlas Copco Capital Markets Day 2013

## An industry benchmark



15 Atlas Copco Capital Markets Day 2013

## Global trends

---



16 Atlas Copco Capital Markets Day 2013









## Capitalize on major trends



17 Atlas Copco Capital Markets Day 2013

## Primary drivers of revenues

	Equipment	Service
<b>Industry</b>	 <p>Industrial machinery investment</p>	 <p>Industrial production</p>
<b>Construction</b>	 <p>Investments in infrastructure</p>	 <p>Construction activity</p>
<b>Mining</b>	 <p>Mining machinery investments</p>	 <p>Metal and ore production</p>

Atlas Copco

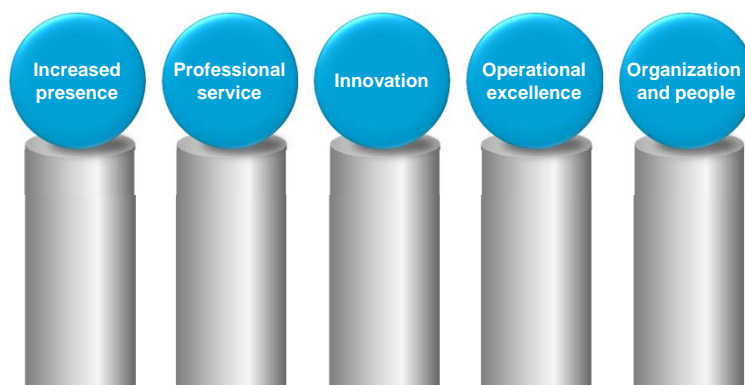
18 Atlas Copco Capital Markets Day 2013

## The strategic pillars for profitable growth



19 Atlas Copco Capital Markets Day 2013

## The strategic pillars for profitable growth



20 Atlas Copco Capital Markets Day 2013

## Increase presence in fast growing economies ...and strengthen in mature markets

Direct  
presence

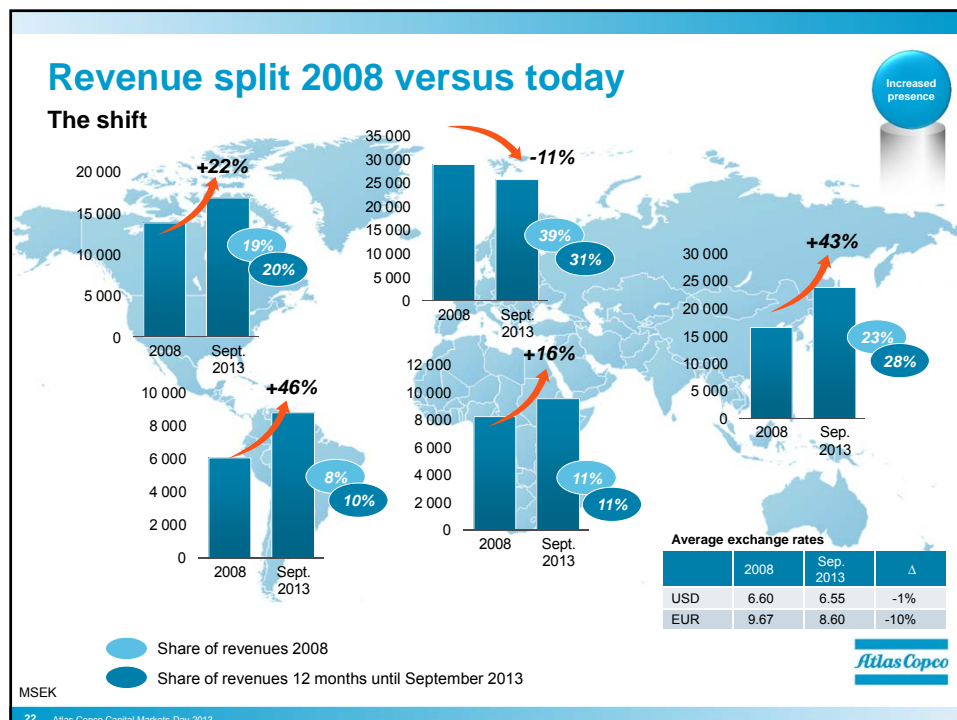
Develop  
local  
competence

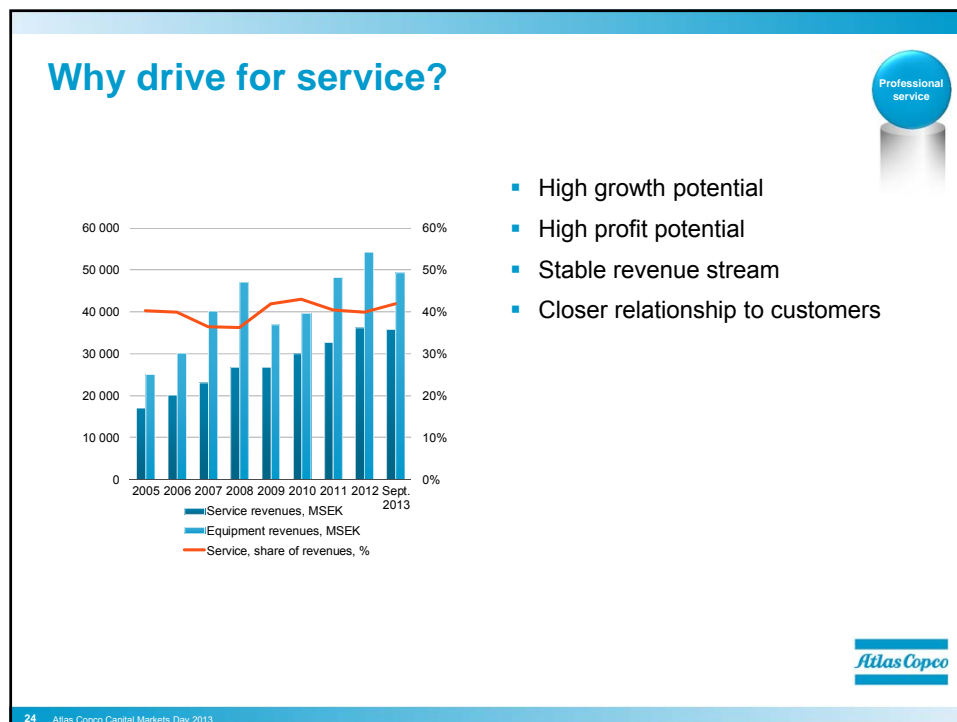
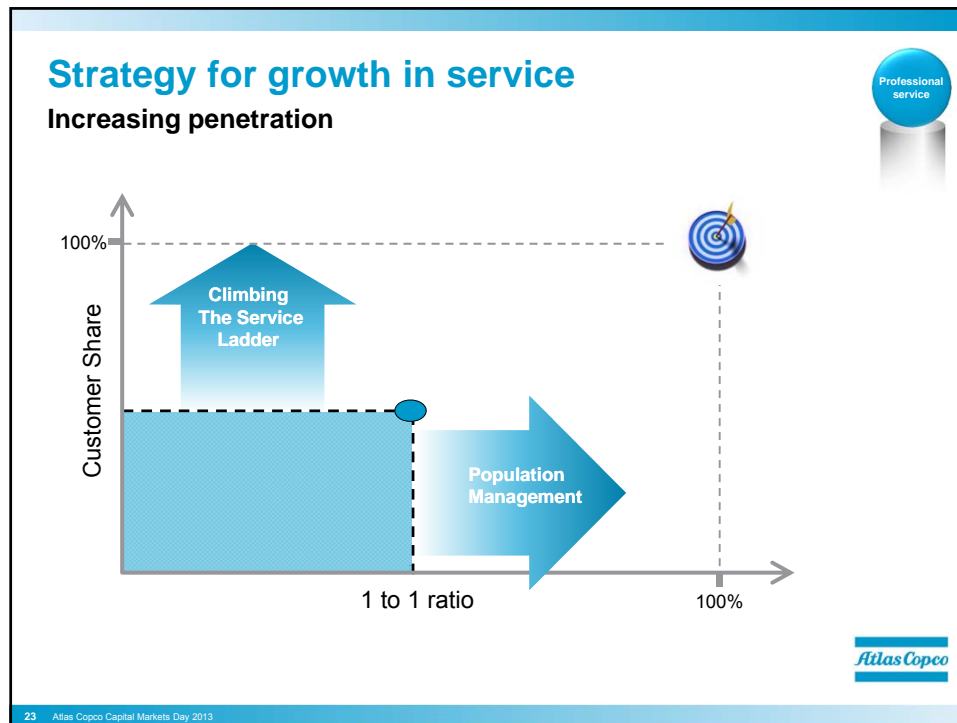
Create high  
brand  
awareness

Increased  
presence

Atlas Copco

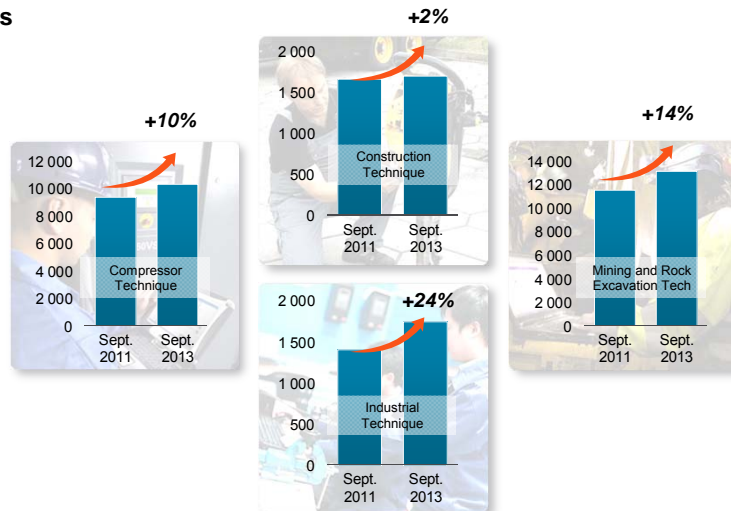
21 Atlas Copco Capital Markets Day 2013





## Focus on service and consumables

2 years



Professional service

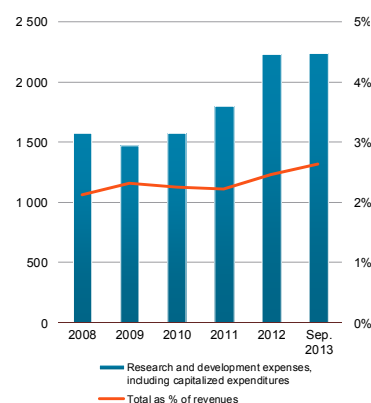
Atlas Copco

Revenues January – September, MSEK

25 Atlas Copco Capital Markets Day 2013

## Why drive for innovation?

- Create sustainable customer productivity
- Reduces life cycle cost
  - Drives energy efficiency
  - Increase safety
- Drives organic growth
- Supports/drives profitability
  - Pricing power
  - Cost savings



Innovation

Atlas Copco

26 Atlas Copco Capital Markets Day 2013

## Innovation



Atlas Copco

27 Atlas Copco Capital Markets Day 2013

## Acquisitions



- Increased presence
- Extended offering
  - Equipment
  - Service
- Technology / expertise



- 10 acquisitions finalized this year
- BSEK 1.2 in annual revenues

Atlas Copco

28 Atlas Copco Capital Markets Day 2013

## Atlas Copco to acquire Edwards

Agreement announced on August 19, 2013

### Acquisition rationale

- Vacuum is an attractive market segment that fits well with Atlas Copco's growth strategy (to grow in current and adjacent businesses)

### Edwards Group Ltd.

- A leading developer and manufacturer of vacuum products, abatement systems and related services
- Revenues of MGBP 595 (approx. MSEK 6 400) in 2012

### The transaction

- Atlas Copco will pay up to USD 10.50 per share, corresponding to an enterprise value of BSEK 10.6 (BUSD 1.6), whereof BSEK 2.8 (BUSD 0.4) is assumed net debt.



2012 average exchange rate SEK / GBP = 10.70

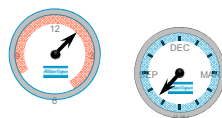
29 Atlas Copco Capital Markets Day 2013

## Operational excellence

### Activity based working



Alone → Together



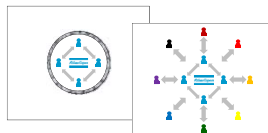
From 8 to 5 → AnyTime



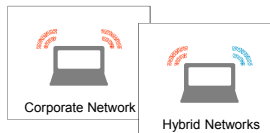
Office → AnyWhere



PC Laptop → AnyDevice



Between us → with AnyOne



Closed and restricted → Open but protected



30 Atlas Copco Capital Markets Day 2013



## Operational excellence

India and China

Operational excellence

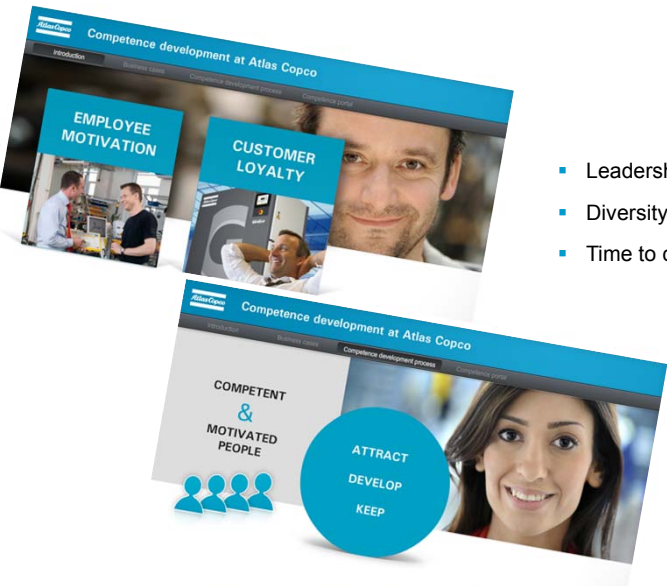


Atlas Copco

31 Atlas Copco Capital Markets Day 2013

## Ability to create lasting results

Organization and people



- Leadership model
- Diversity
- Time to competence

Atlas Copco

32 Atlas Copco Capital Markets Day 2013



## Summary

- A **world leading** provider of industrial productivity solutions
- **Agile** and **resilient** operations
- Strong global **service** business
- **Consistent strategy**
- Strong **value creation** track record
  
- **Fit for more**



33 Atlas Copco Capital Markets Day 2013

**Committed to  
sustainable productivity.**



34 Atlas Copco Capital Markets Day 2013



*Atlas Copco*

## Cautionary Statement

“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.”



*Atlas Copco*