



Atlas Copco



**Atlas Copco
Capital Markets Day 2021**

Agenda

- ▶ **Group presentation with CEO & CFO** Mats Rahmström & Hans Ola Meyer
- ▶ **15 min break (around 13:50 CEST)**
- ▶ **Compressor Technique** Vagner Rego
- ▶ **Q&A** Mats Rahmström, Hans Ola Meyer & Vagner Rego
- ▶ **End at 16:15 CEST**

Presentations available for download at <http://www.atlascopco.com/ir>

Atlas Copco Group

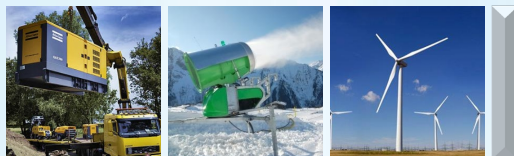
- Mats Rahmström, CEO



Atlas Copco
is everywhere

Several pockets for growth – and we select our niches

Other 13%



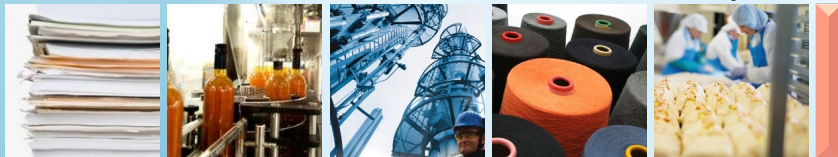
Services 7%



Construction 11%



Process industry 20%



20% General manufacturing



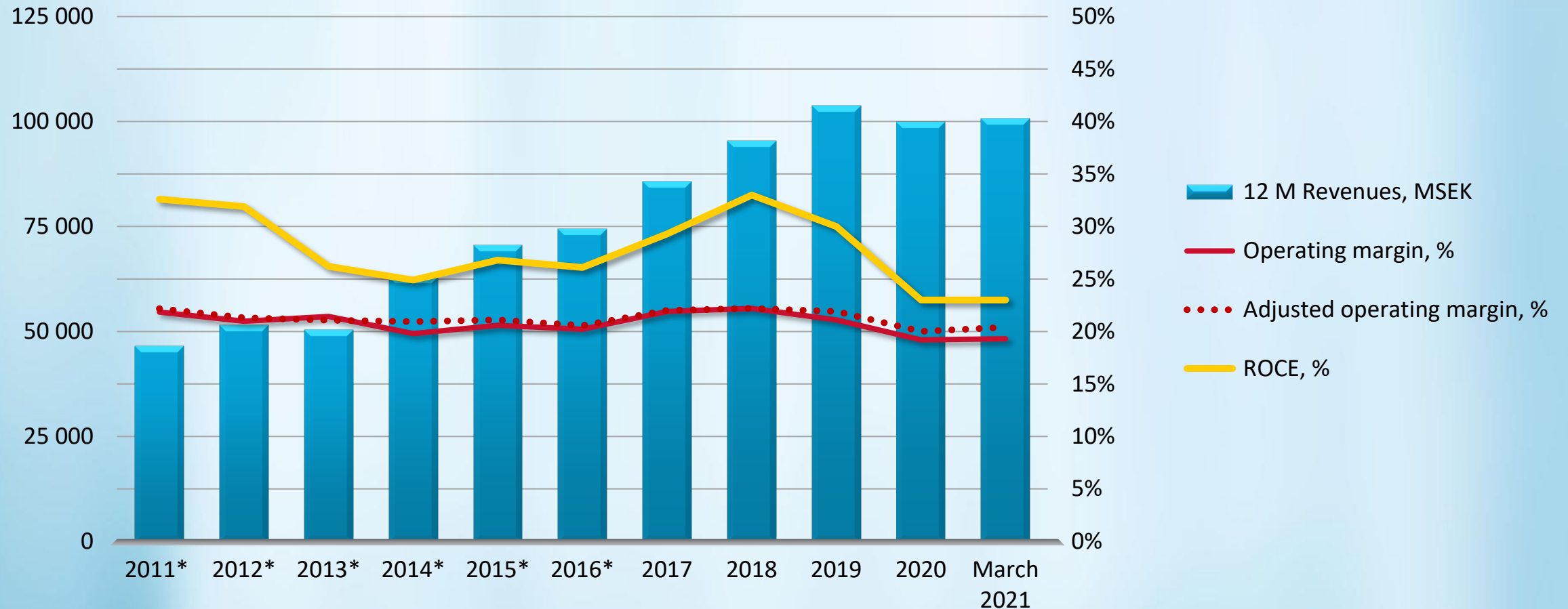
19% Electronics



10% Automotive



Growth and solid profitability



* Figures for the years 2011–2016 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS 15 are not fully reconciled.

More than 300 customer centers worldwide



A General Manager's activities in a deteriorating business climate



Customer centers

- Review contingency plans with different scenarios
- Analysis of leading indicators - leads, visits, quotes
- Protect bottom line
- Take quick actions but be strategic with cost reductions
- Focus on value add
- Keep the future in mind
- Acceleration plan ready and dare to speed up

Our strategic focus remains



Fundamentals for growth



Diversified customer base and local production

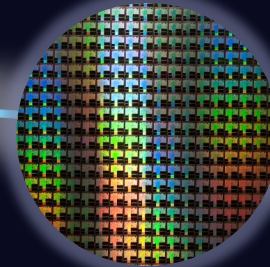
Agile organization with clear responsibilities and follow up

Resilient service business and asset light operations

Three horizons

- Develop and defend core
- Build new business
- Create options

Our strategic initiatives
have paid off



– *The right products, in the right segments,
at the right place at the right time*

Global trends

Digitalization



**Need for reduced
environmental impact**



**From globalization
to localization**



Asianization



Focused and scalable organization

23 Divisions

Products

Business Areas

COMPRESSOR
TECHNIQUE

VACUUM
TECHNIQUE

INDUSTRIAL
TECHNIQUE

POWER
TECHNIQUE

Compressor Technique Service
Industrial Air
Oil-free Air
Professional Air
Gas and Process
Medical Gas Solutions
Airtec

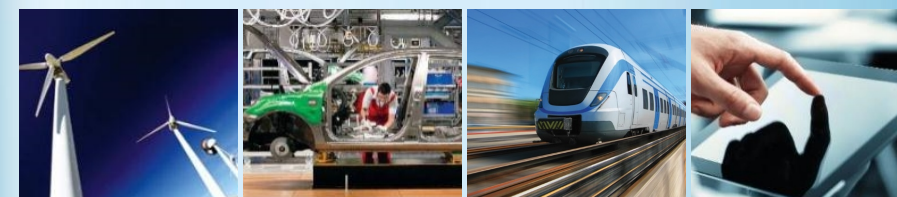
Vacuum Technique Service
Semiconductor Service
Semiconductor
Semiconductor Chamber
Solutions
Scientific Vacuum
Industrial Vacuum

Industrial Technique Service
MVI Tools and
Assembly Systems
General Industry Tools and
Assembly Systems
Chicago Pneumatic Tools
Industrial Assembly Solutions
Machine Vision Solutions

Power Technique Service
Specialty Rental
Portable Air
Power and Flow



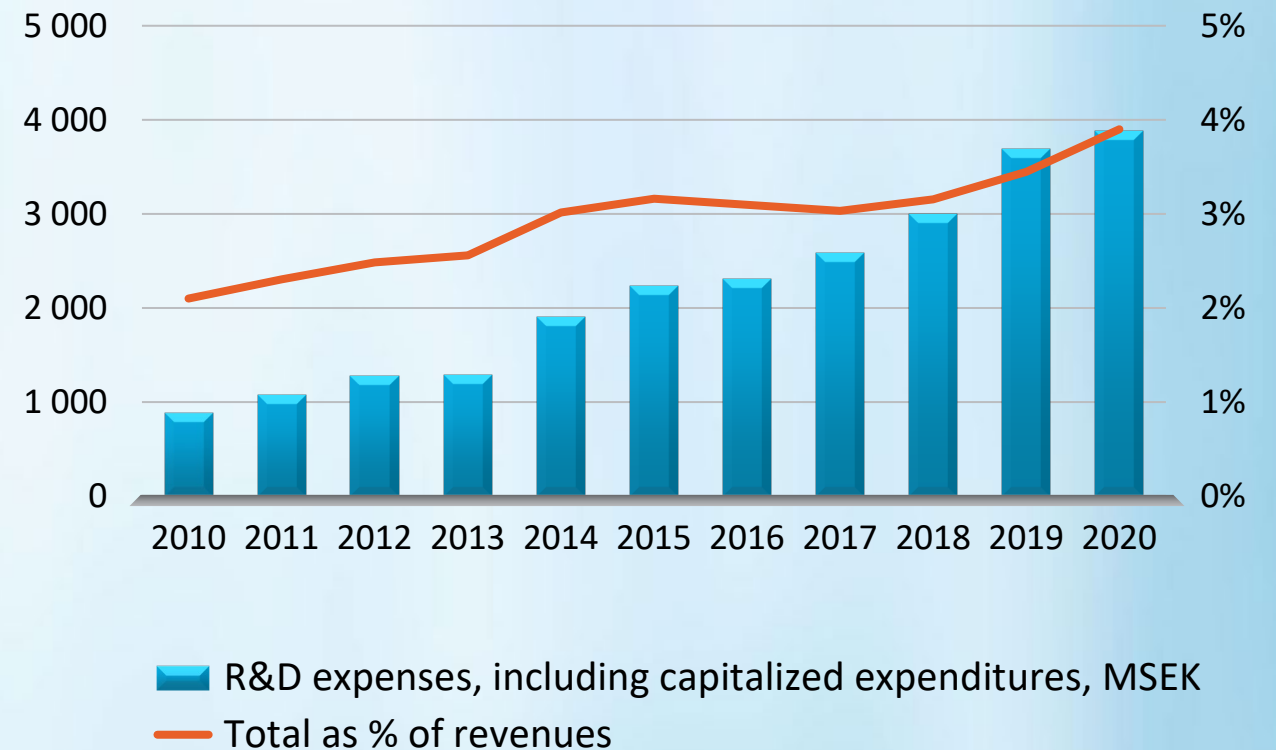
Customers



Innovation

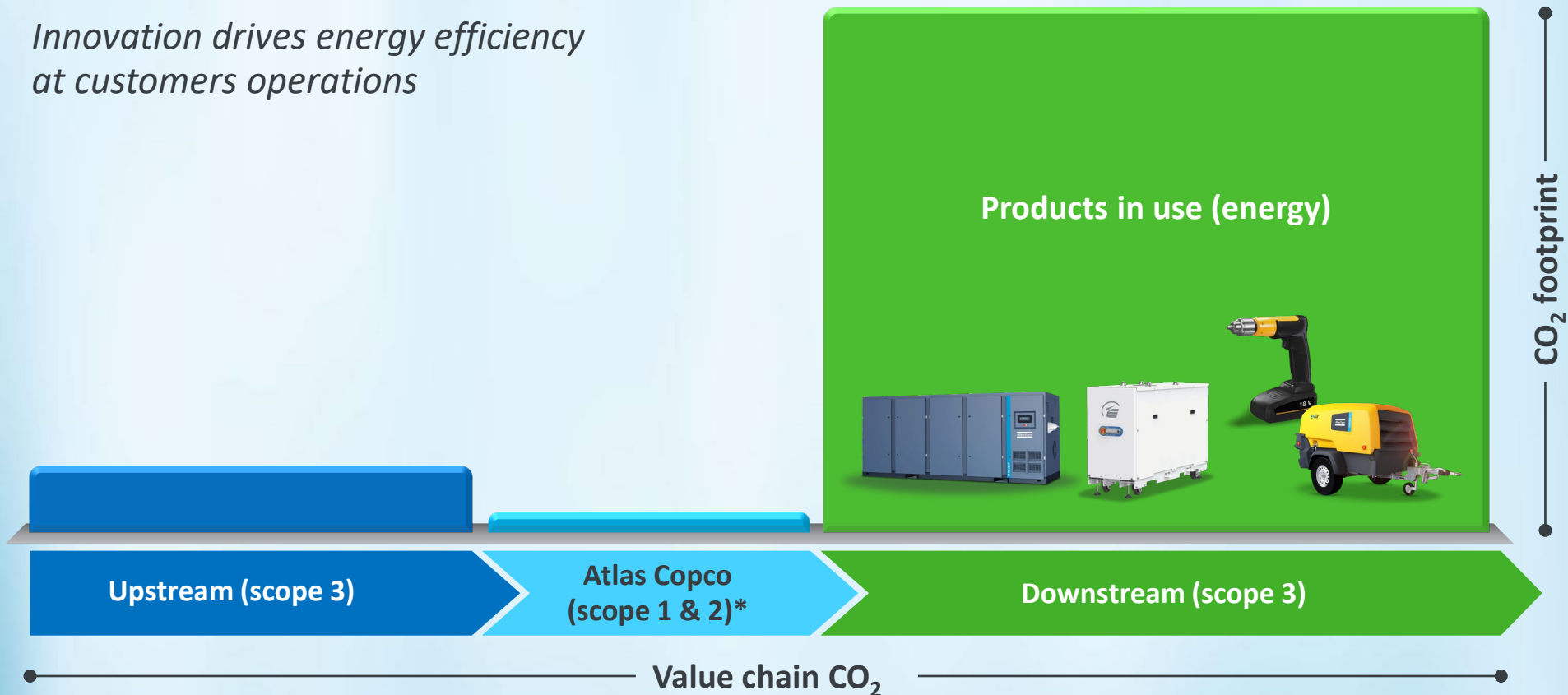
- Leading positions in our defined markets
- Key products in customer operations
- Drives organic growth
- Drives profitability
- Creates sustainable customer productivity

Research and development costs 2010 – 2020



Reducing environmental impact – CO₂ value-chain impact

*Innovation drives energy efficiency
at customers operations*



* Direct and indirect energy

Energy-efficient products and enabling use of renewable energy

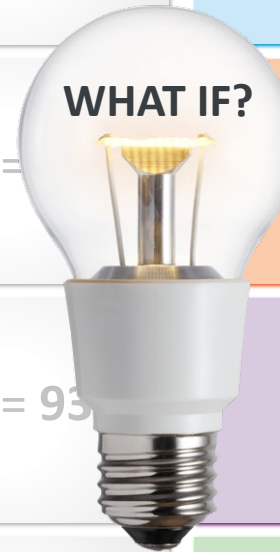
	Energy-efficient and low-carbon solutions	Innovative technology
COMPRESSOR TECHNIQUE	VSD technology, geothermal energy heat recovery	ZR VSD+ oil-free air compressor 
VACUUM TECHNIQUE	VSD technology, abatement systems	iXL900R vacuum pump 
INDUSTRIAL TECHNIQUE	Electrification	EBB 26 battery drill 
POWER TECHNIQUE	VSD technology, electrification, biofuels	H250 VSD portable compressor 

Energy-efficient products and enabling use of renewable energy

	Energy-efficient and low-carbon solutions	Innovative technology	CO ₂ savings, ONE unit in its lifetime
COMPRESSOR TECHNIQUE	VSD technology, geothermal energy heat recovery	ZR VSD+ oil-free air compressor 	510 metric tons = 11%
VACUUM TECHNIQUE	VSD technology, abatement systems	iXL900R vacuum pump 	83.4 metric tons = 19%
INDUSTRIAL TECHNIQUE	Electrification	EBB 26 battery drill 	0.72 metric tons = 93%
POWER TECHNIQUE	VSD technology, electrification, biofuels	H250 VSD portable compressor 	28.0 metric tons = 46%

Energy-efficient products and enabling use of renewable energy

	Energy-efficient and low-carbon solutions	Innovative technology	CO ₂ savings, ONE unit in its lifetime	All suitable applications: CO ₂ avoided over lifetime	Equal to electricity of No. of households for a year
COMPRESSOR TECHNIQUE	VSD technology, geothermal energy heat recovery	ZR VSD+ oil-free air compressor 	510 = 11% metric tons	9 200 000 metric tons	1 600 000 households
VACUUM TECHNIQUE	VSD technology, abatement systems	iXL900R vacuum pump 	83.4 = 11% metric tons	834 000 metric tons	140 000 households
INDUSTRIAL TECHNIQUE	Electrification	EBB 26 battery drill 	0.72 = 93% metric tons	72 000 metric tons	12 000 households
POWER TECHNIQUE	VSD technology, electrification, biofuels	H250 VSD portable compressor 	28.0 = 46% metric tons	9 000 000 metric tons	1 500 000 households



Calculations based on product data, comparing our latest technology with our traditional technology. Number of installations are estimated on global market assumptions. Carbon calculator: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Delivering lasting value in a sustainable way – Targets and follow up

Products and service



- Our product design aims for reduced environmental impact
- Our new products achieve reduced environmental impact

People



- Our employees agree there is opportunity to learn and grow in the company
- Our employees agree we have a work culture of respect, fairness and openness
- We have a good gender balance

Safety and well-being



- Our employees agree that the company takes a genuine interest in their well-being
- We have a balanced safety pyramid

Ethics



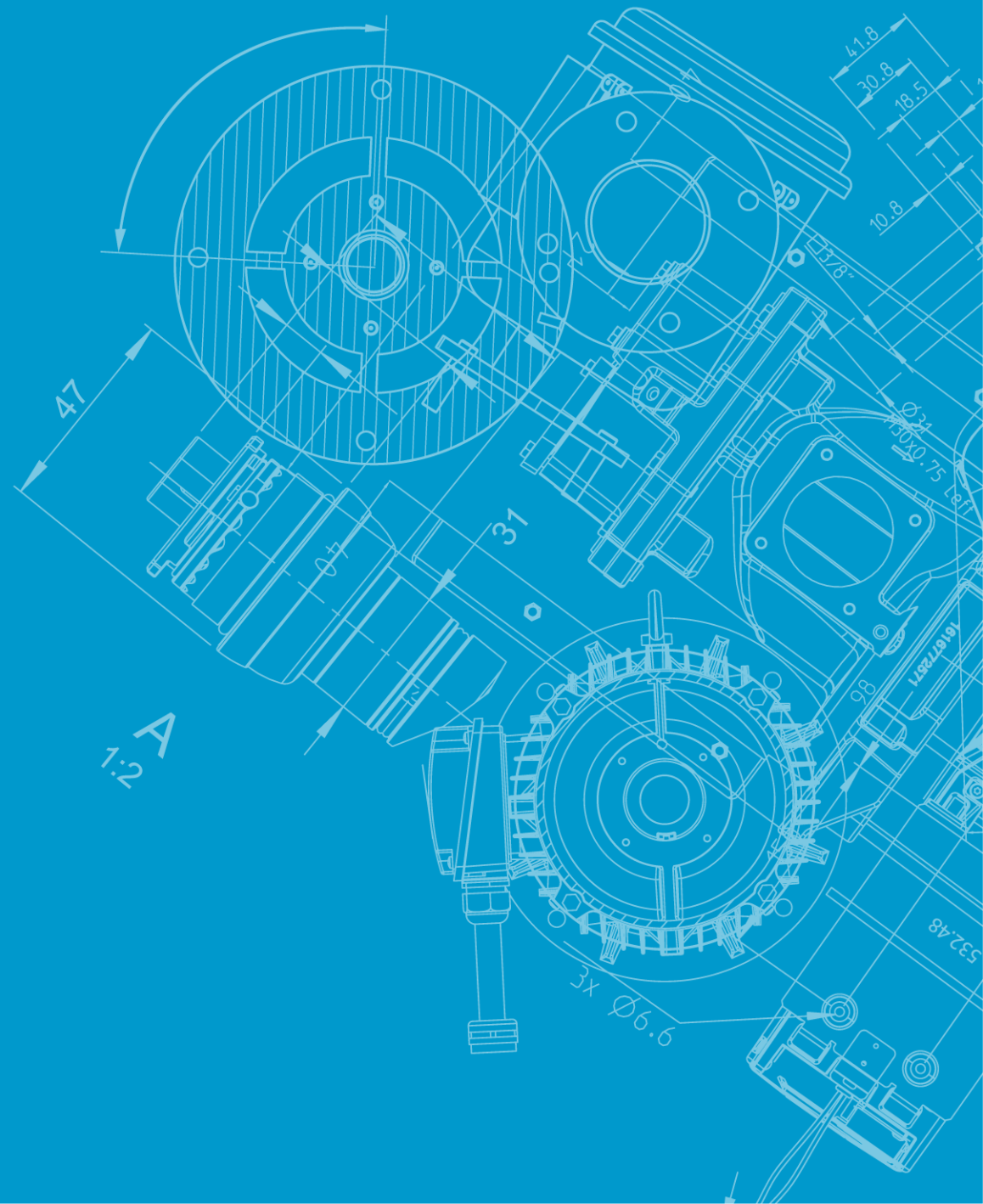
- Our employees sign our code of ethics
- Our employees are trained in ethical behavior
- Our managers lead trainings in ethical behavior
- Our significant suppliers and distributors agree to comply with our code of ethics

The Environment



- We reduce the emissions from our operations and transport
- We continuously reduce waste
- We continuously reduce water consumption
- Our suppliers have an approved environmental management system

Business areas



Four business areas ready for growth

COMPRESSOR TECHNIQUE



7 divisions

- 23.0% EBIT-margin
- 84% ROCE
- 43% Service

Revenues
MSEK 47 263
47% of Group

VACUUM TECHNIQUE



6 divisions

- 22.6% EBIT-margin
- 20% ROCE
- 27% Service

Revenues
MSEK 25 334
25% of Group

INDUSTRIAL TECHNIQUE



6 divisions

- 15.2% EBIT-margin
- 12% ROCE
- 28% Service

Revenues
MSEK 16 696
16% of Group

POWER TECHNIQUE



4 divisions

- 13.4% EBIT-margin
- 19% ROCE
- 41% Service/rental

Revenues
MSEK 11 902
12% of Group

Figures refers to 12M end of March 2021. Share of service refers to full year 2020.

Vacuum Technique

Market trends

- Digitalization of society
- Miniaturization
- More complex production processes
- Further need for energy efficiency
- Customer emission regulation compliance
- Increased demand for digitally supported service



Vacuum Technique

- Continued growth

- Further focus on Asia
- More local for local
- Innovation to support semi customers investment in capacity and new technology
 - 30 new products launched last year
- Technology lead in industrial vacuum
- Service footprint as an enabler

Close to our customers:
20 Service Technology Centers World Wide





Industrial Technique

Market trends

- Automation in customers' production
- Higher requirements for quality, productivity, and flexibility in customers' production
- Increased demand for electrical vehicles
- Increased focus on renewable energy and storage
- Light-weight material in transport related industries



Industrial Technique

- Continued growth

- Extend the offer at current customers and adjacent segments/applications
- Leverage on global presence
- Application focus
- Key player in industrial automation
- Continued focus on R&D
 - About 50 new products launched last year

Strong position to support the production of EV cars







Power Technique

Market trends

- Increased focus on environment and safety
- Higher requirements for productivity, flexibility and ergonomics
- Equipment connectivity
- Increased demand for service support/contracts
- Increased focus on renewable energy and storage

Specialty Rental supporting industrial applications



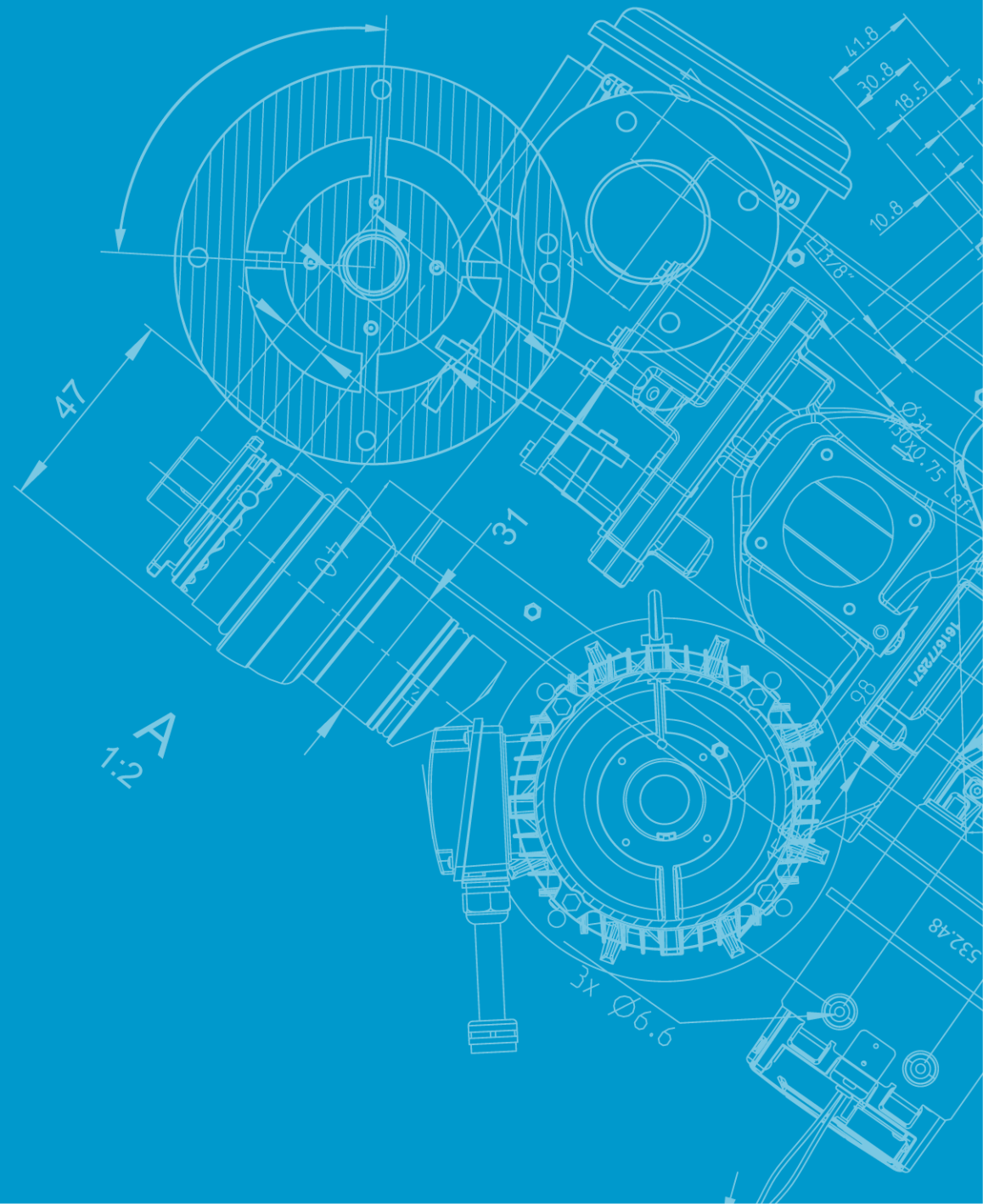
Power Technique - Continued Growth

- Well positioned on the construction market
- Further focus on industrial customers
 - E.g. steam
- Continued focus on R&D for current and adjacent applications
 - More than 30 new products launched last year



Financials

- Hans Ola Meyer, CFO



Q1 2021 – Record order intake and improved revenue and profit

Orders received **30 BSEK**, organic growth of 18%

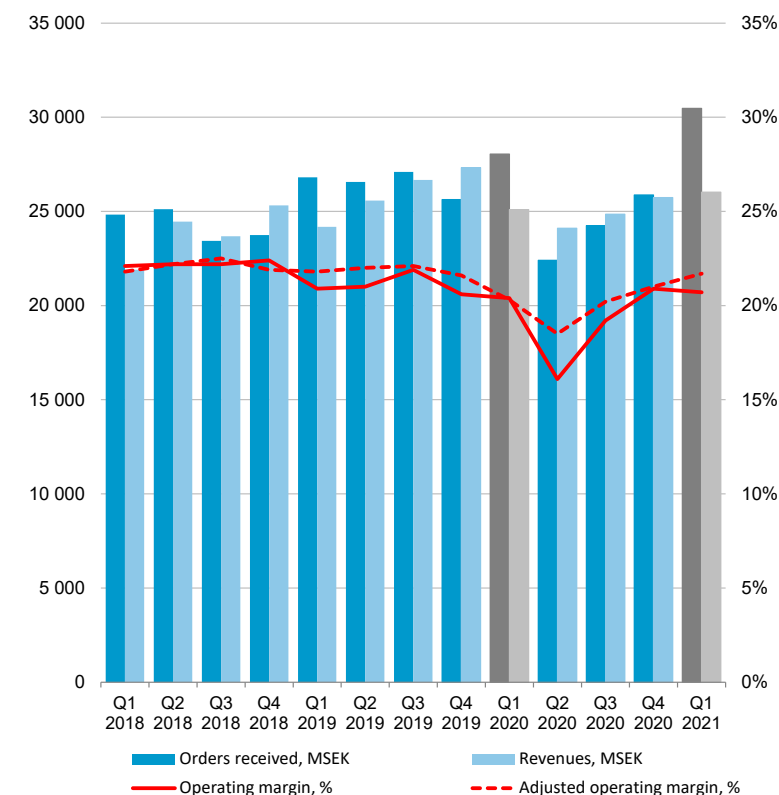
Revenues **26 BSEK**, organic growth of 13%

Operating margin **20.7%**

Operating cash flow **4.3 BSEK**

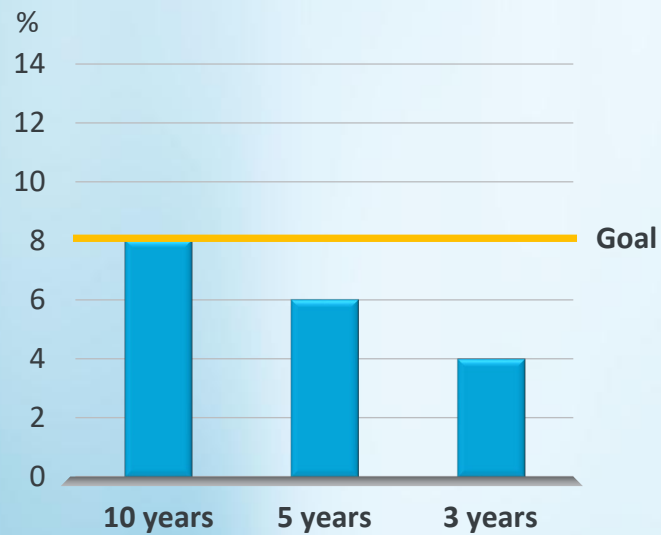
Return on Capital Employed **23%**

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



Our financial goals remains

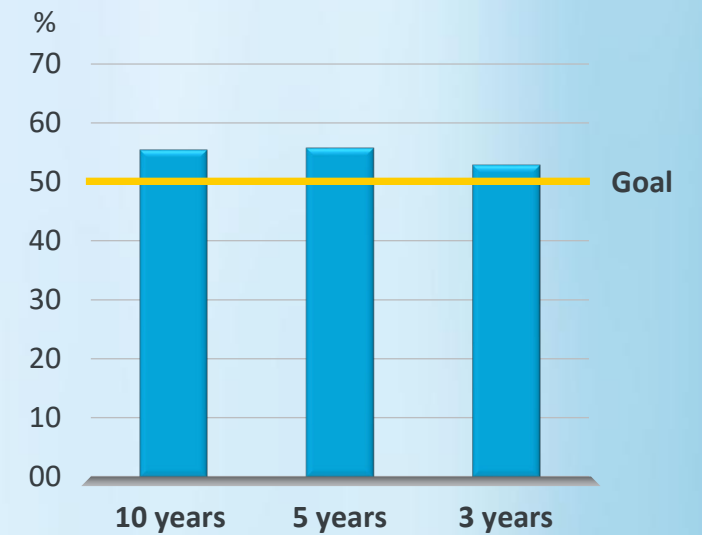
Annual revenue growth rate, average (FX adjusted)*



Capital employed and return*



Dividend/earnings per share, average



* Figures for the years between 2011 and 2017 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS 15 are not fully reconciled.

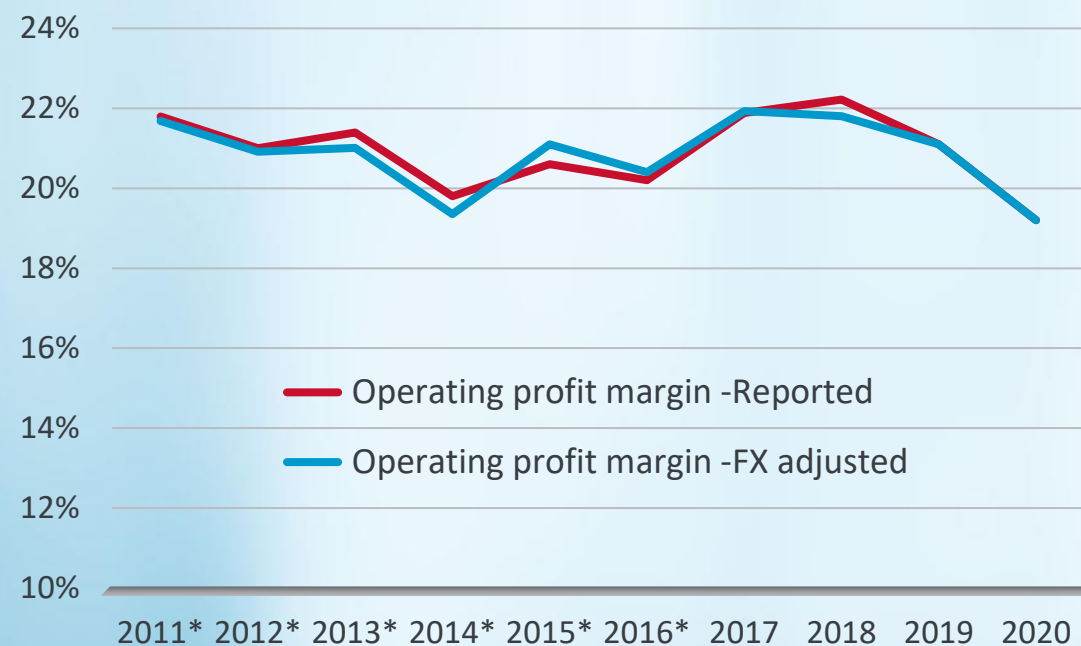
Growth – in Profit and/or in Cash



* Best estimate excluding Mining and Rock Excavation Technique 2013-2017.

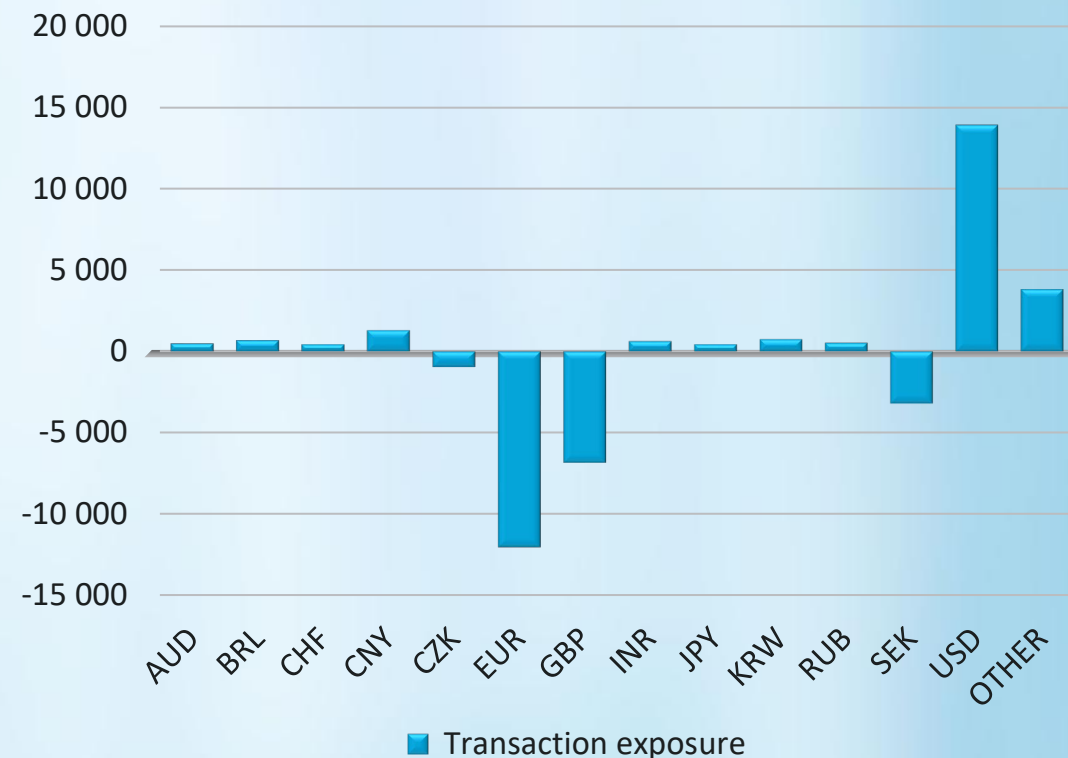
Operating profit – Strong performance across currency fluctuations

Operating profit margin

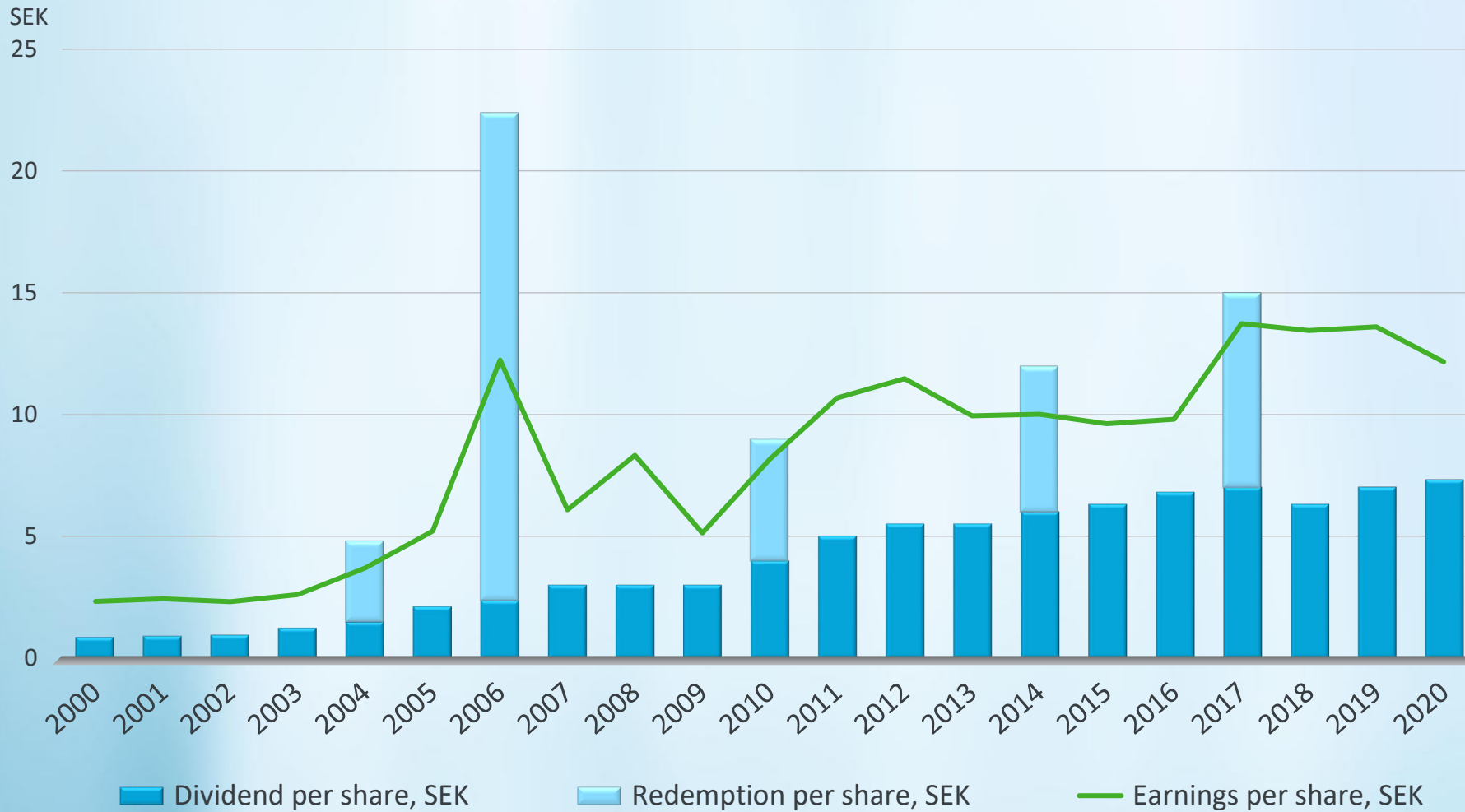


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Estimated operational transaction exposure 2020



Sustainable cash distribution



Average
payout ratio
69%

Average
yield
5%

Total shareholder return

Market cap.

MSEK

700 000

600 000

500 000

400 000

300 000

200 000

100 000

0

2000

2002

2004

2006

2008

2010

2012

2014

2016

2018

April
2021

— Market capitalization

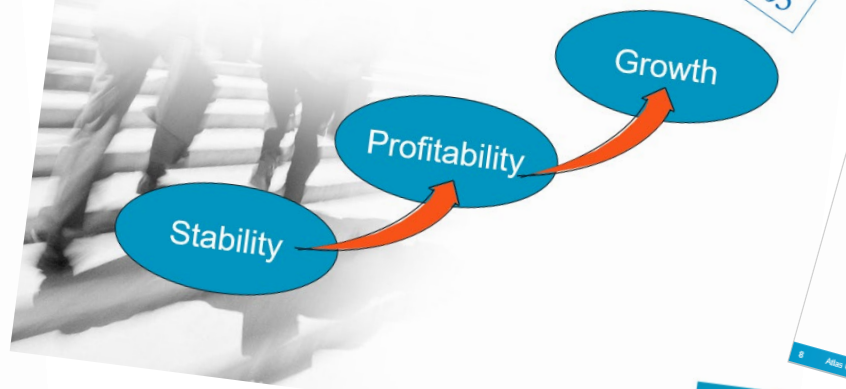
- - - Distribution of Epiroc AB on June 18, 2018

Total annual
shareholder
return since
year 2000:
18%

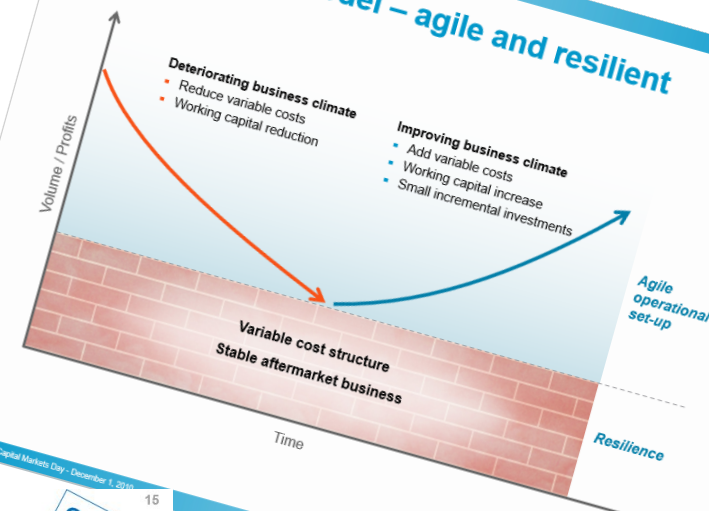
Summary - Strategy

- Development** Innovations
Continuous improvements
- Multi-brand**
- Growth**
1. Organic growth
 2. Asia
 3. "Use of products" revenues

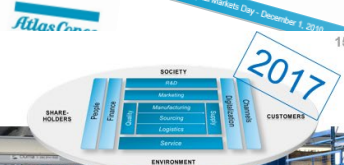
Fundamental believes



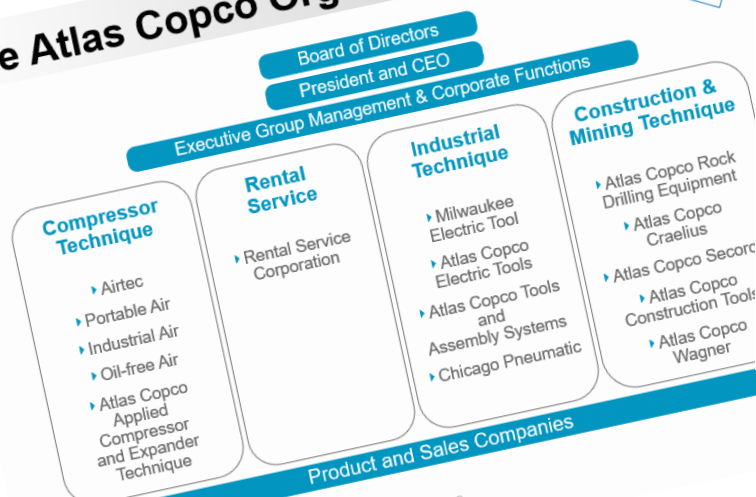
Our business model – agile and resilient



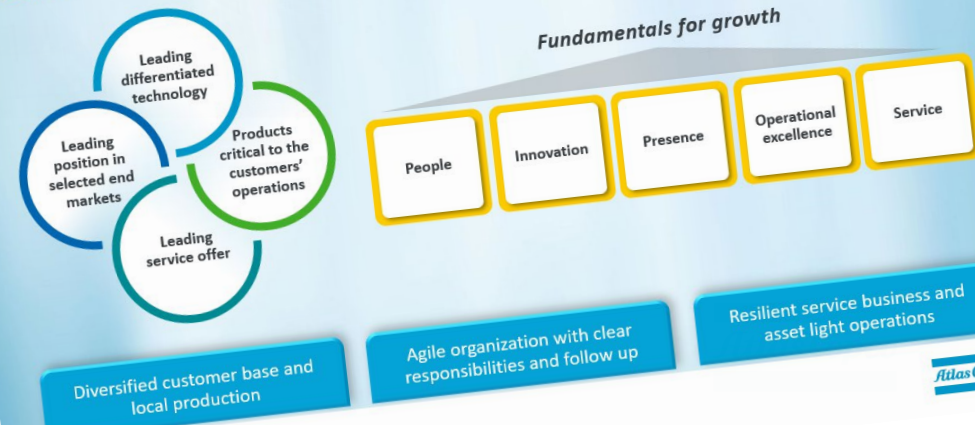
Operation – Modularization and flow manufacturing

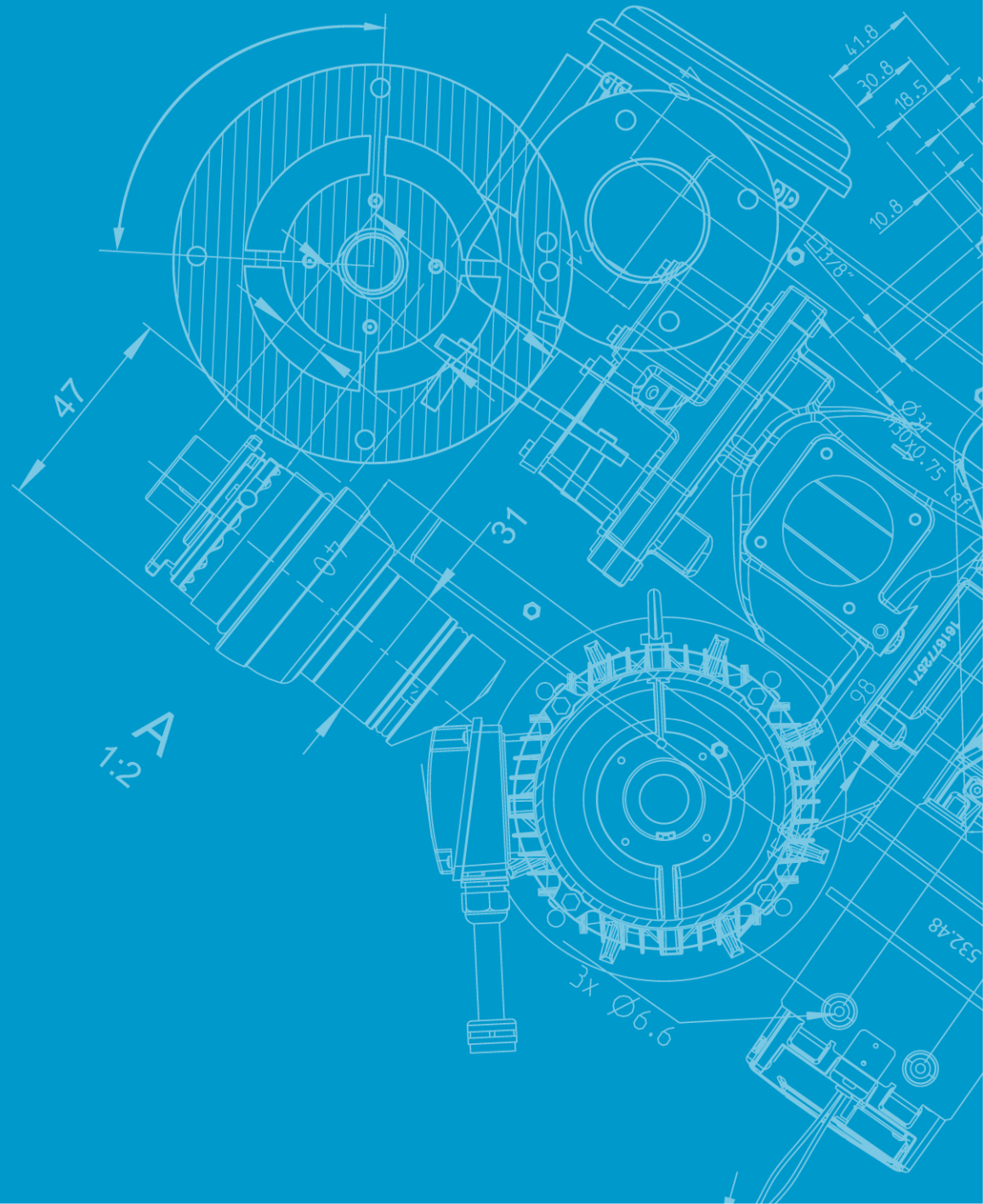


The Atlas Copco Organization



Our strategic focus remains





Summary – Sustainable profitable growth



- Diverse business with several pockets for growth
- Market leader with strong portfolio of businesses and products
- Commitment to innovation
- Strong service offering
- Capacity for strategic acquisitions
- Top organization, world-class people, and top execution
- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Sustainability embedded in everything



Atlas Copco



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atlaspcogroup.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 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.”