Press Release from the Atlas Copco Group

October 19, 2018

Atlas Copco
Third-quarter report 2018
(unaudited)

Solid profitability, weaker demand in some customer segments

The figures presented in this report refer to continuing operations unless otherwise stated.

- Orders increased 6% to MSEK 23 440 (22 062), an organic decline of 1%
- Revenues increased 13% to MSEK 23 675 (21 033), organic growth of 6%
- Operating profit increased to MSEK 5 263 (5 002), including items affecting comparability of MSEK -59 (+336)
- Adjusted operating profit margin was 22.5% (22.2)
- Profit before tax amounted to MSEK 5 168 (4 780)
- Profit for the period was MSEK 3 899 (3 555)
- Basic earnings per share were SEK 3.21 (2.92)
- Operating cash flow was MSEK 3 373, roughly in line with previous year for continuing operations

	July-September			January - September		
MSEK	2018	2017		2018	2017	
Orders received	23 440	22 062	6%	73 389	67 673	8%
Revenues	23 675	21 033	13%	70 042	63 008	11%
Operating profit	5 263	5 002	5%	15 526	13 889	12%
– as a percentage of revenues	*22.2*	*23.8*		*22.2*	*22.0*	
Profit before tax	5 168	4 780	8%	14 910	13 040	14%
– as a percentage of revenues	*21.8*	*22.7*		*21.3*	*20.7*	
Profit for the period from continuing operations	3 899	3 555	10%	11 133	9 489	17%
Profit for the period from discontinued operations [1)]	-121	879		90 099 [1)]	3 027	
Profit for the period	3 778	4 434		101 232	12 516	
Basic earnings per share, SEK	3.11	3.65		83.20 [1)]	10.30	
- of which continuing operations	3.21	2.92		9.17	7.80	
Diluted earnings per share, SEK	3.10	3.64		83.07 [1)]	10.23	
- of which continuing operations	3.20	2.92		9.15	7.74	
Return on capital employed, %	32					

[1)] Includes the effect from the distribution of Epiroc, see page 14 for further information.

Near-term demand outlook
The customer demand is expected to be somewhat lower, mainly due to the semiconductor and automotive industries.

Previous near-term demand outlook (published July 20, 2018):
Demand from most customer segments is expected to remain at current high level. Equipment demand from the semiconductor industry is expected to be somewhat lower in the near-term.

Summary of nine-month results

Orders received in the first nine months of 2018 increased by 8% to MSEK 73 389 (67 673), corresponding to an organic increase of 6%. Structural changes had no impact while the currency effect was +2%. Revenues were MSEK 70 042 (63 008), corresponding to 8% organic increase.

Operating profit was MSEK 15 526 (13 889). The operating margin was 22.2% (22.0). The positive impact of changes in exchange rates was MSEK 90.

Profit before tax was MSEK 14 910 (13 040), corresponding to a margin of 21.3% (20.7). Profit for the period totaled MSEK 11 133 (9 489). Basic and diluted earnings per share were SEK 9.17 (7.80) and 9.15 (7.74) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 9 163 (13 356), including discontinued operations.

Review of the third quarter

Market development

The demand for Atlas Copco's products and services weakened compared to recent high levels. Some customers postponed investment decisions, due to uncertainties in the overall economic outlook.

The weakened demand was primarily noticeable within the semiconductor and flat panel display industry, where, however, plant utilization and production levels remained high, and the service business achieved solid order growth.

Compared to the previous year, the order intake increased for industrial compressors, industrial tools and assembly solutions, while it decreased for portable compressors and vacuum equipment. The latter, primarily due to lower demand from the semiconductor and flat panel display industry in Asia.

Geographic distribution of orders received

	Atlas Copco Group	
July-September 2018	Orders Received, %	Change*, %
North America	25	+6
South America	4	+11
Europe	31	+5
Africa/Middle East	6	+2
Asia/Australia	34	-9
Atlas Copco Group	100	-1

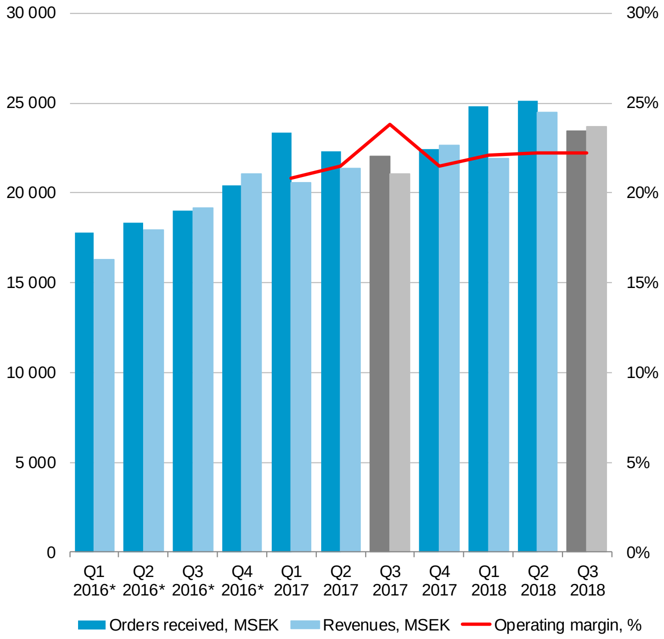
*Change in orders received compared to the previous year in local currency, %.

Sales bridge

	July-September	
MSEK	Orders received	Revenues
2017	22 062	21 033
Structural change, %	+0	+0
Currency, %	+7	+7
Organic*, %	-1	+6
Total, %	+6	+13
2018	23 440	23 675

*Volume, price and mix.

Orders, revenues and operating profit margin



*2016 quarterly figures shows best estimated numbers, as effects of the Split and restatements for IFRS 15, are not fully reconciled.

Geographic distribution, orders received and revenues

Jul-Sep 2018	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	25	20	31	32	24	26	25	24
South America	6	5	1	1	4	3	5	5	4	4
Europe	33	33	17	16	36	39	39	37	31	31
Africa/Middle East	7	9	2	3	1	1	12	12	6	6
Asia/Australia	32	31	55	60	28	25	20	20	34	35
	100	100	100	100	100	100	100	100	100	100

Revenues, profits and returns
Revenues increased 13% to MSEK 23 675 (21 033), corresponding to 6% organic increase. The currency effect was +7%.

The operating profit increased to MSEK 5 263 (5 002) and includes items affecting comparability of MSEK -59 (+336). These include a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -59 (-44). Previous year's items affecting comparability also included MSEK +380 in Industrial Technique, mainly due to a release of liabilities for contingent consideration from the Henrob acquisition in 2014.

The adjusted operating profit increased 14% to MSEK 5 322 (4 666), corresponding to a margin of 22.5% (22.2). The higher operating profit was positively affected by currency of MSEK 470 compared to the previous year.

Net financial items were MSEK -95 (-222). Interest net at MSEK -104 (-227) was reduced compared to previous year, due to a restructuring of the loan portfolio. Other financial items, including financial exchange differences were MSEK 9 (5).

Profit before tax amounted to MSEK 5 168 (4 780), corresponding to a margin of 21.8% (22.7).

Profit for the period totaled MSEK 3 899 (3 555). Basic and diluted earnings per share were SEK 3.21 (2.92) and SEK 3.20 (2.92) respectively.

The return on capital employed during the last 12 months was 32%. Return on equity was 28% (28). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Cash flow and investments
Previous year incl. discontinued operations
Operating cash surplus reached MSEK 6 285 (7 319). Working capital increased by MSEK 459 (decrease of 308). Net investments in rental equipment were MSEK -292 (-242) and net investments in property, plant and equipment were MSEK -480 (-390).

In total, operating cash flow, adjusted for currency hedges of loans, reached MSEK 3 373 (5 008), which was about the same level as previous year for continuing operations. See page 13.

Net indebtedness
The Group's net indebtedness amounted to MSEK 11 354 (6 454), of which MSEK 3 007 (3 252) was attributable to post-employment benefits. The Group has an average maturity of 4.5 years on interest-bearing liabilities. The net debt/EBITDA ratio was 0.5 (0.2). The net debt/equity ratio was 30% (12).

Acquisition and divestment of own shares
During the quarter, 283 115 A shares were divested for a net value of MSEK 72. These transactions are in accordance with mandates granted by the Annual General Meeting and relates to the Group's long-term incentive programs.

Employees
On September 30, 2018, the number of employees was 36 536 (34 210). The number of consultants/external workforce was 3 201 (2 691). For comparable units, the total workforce increased by 2 541 from September 30, 2017.

Revenues and operating profit – bridge

MSEK	Q3 2018	Volume, price, mix and other	Currency	Items affecting comparability and Acquisitions	Share-based LTI* programs	Q3 2017
Atlas Copco Group						
Revenues	23 675	1 137	1 445	60	-	21 033
Operating profit	5 263	196	470	-390	-15	5 002
	22.2%	*17.2%*				*23.8%*

*LTI= Long term incentive

Compressor Technique

	July-September			January - September		
MSEK	2018	2017		2018	2017	
Orders received	11 231	10 240	10%	34 296	30 644	12%
Revenues	11 269	9 552	18%	32 270	28 487	13%
Operating profit	2 667	2 225	20%	7 554	6 592	15%
– as a percentage of revenues	*23.7*	*23.3*		*23.4*	*23.1*	
Return on capital employed, %	103	75				

- **Record revenue and operating profit**
- **Increased demand for industrial compressors**
- **Continued steady growth for service**

Sales bridge

	July-September	
MSEK	Orders received	Revenues
2017	10 240	9 552
Structural change, %	+0	+1
Currency, %	+6	+6
Organic, %	+4	+11
Total, %	+10	+18
2018	11 231	11 269

Industrial compressors
Demand for industrial compressors remained on a good level, and the order volumes increased compared to the previous year. Large and small/medium-sized industrial compressors grew at similar pace in the quarter.

Geographically, the order volumes increased in all regions except Africa/ Middle East, where volumes decreased.

Sequentially, the order intake decreased primarily due to a lower quarter in Europe and Asia.

Gas and process compressors
The order intake for gas and process compressor was more or less unchanged compared to the previous year.

Sequentially, the order intake decreased, primarily due to lower order volumes in China and Europe.

Compressor service
The compressor service business continued to develop well with growth in all regions.

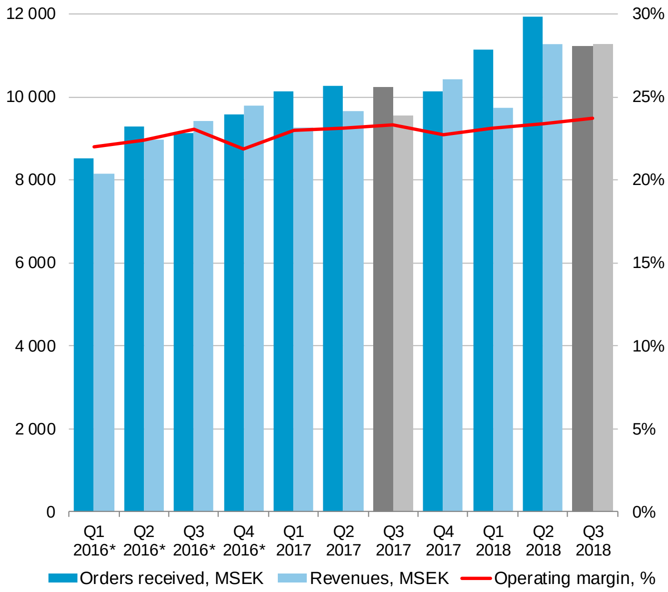
Acquisition
In September, Reno A/S, a manufacturer and distributor of compressed air solutions, was acquired. The company is based in Denmark and had revenues in 2017 of about MSEK 153 and about 60 employees.

Innovation
A new high-efficient oil-injected screw compressor was introduced. The design of the compressor elements, an efficient oil cooling, low internal pressure drop, and a precise electronic control system ensures low energy consumption. The new compressor is also protected from dust and moisture, which ensure reliable operation.

Revenues and profitability
Revenues reached a record of MSEK 11 269 (9 552), corresponding to an organic growth of 11%.

The operating profit increased 20% to a record of MSEK 2 667 (2 225), corresponding to a margin of 23.7% (23.3). Increased volumes and currency supported the higher operating margin. Return on capital employed (last 12 months) was 103 % (75).

Orders, revenues and operating profit margin



* 2016 figures not restated per IFRS 15.

Vacuum Technique

	July-September			January - September		
MSEK	2018	2017		2018	2017	
Orders received	4 726	5 160	-8%	16 314	16 216	1%
Revenues	5 272	4 754	11%	16 267	14 274	14%
Operating profit	1 315	1 205	9%	4 086	3 574	14%
– as a percentage of revenues	*24.9*	*25.3*		*25.1*	*25.0*	
Return on capital employed, %	27	24				

- **Decreased equipment demand from the semiconductor and flat panel display industry**
- **Strong service growth in all regions**
- **Solid operating margin**

Sales bridge

	July-September	
MSEK	Orders received	Revenues
2017	5 160	4 754
Structural change, %	+2	+2
Currency, %	+9	+9
Organic, %	-19	+0
Total, %	-8	+11
2018	4 726	5 272

Semiconductor and flat panel display equipment
Demand for vacuum equipment to the semiconductor and flat panel display industry weakened compared to the high levels of the previous quarters. The order intake decreased compared both to the previous year and sequentially.

Geographically and compared to the previous year, the order intake decreased in Asia and Europe, while it increased in North America.

Industrial and high vacuum equipment
Order intake for industrial and high vacuum equipment was more or less unchanged compared to the previous year, but lower than the previous quarter.

Compared to the previous year, order volumes increased in all regions except Europe where volumes were down.

Vacuum service
The order intake for the service business increased compared to the previous year, with strong growth in all regions.

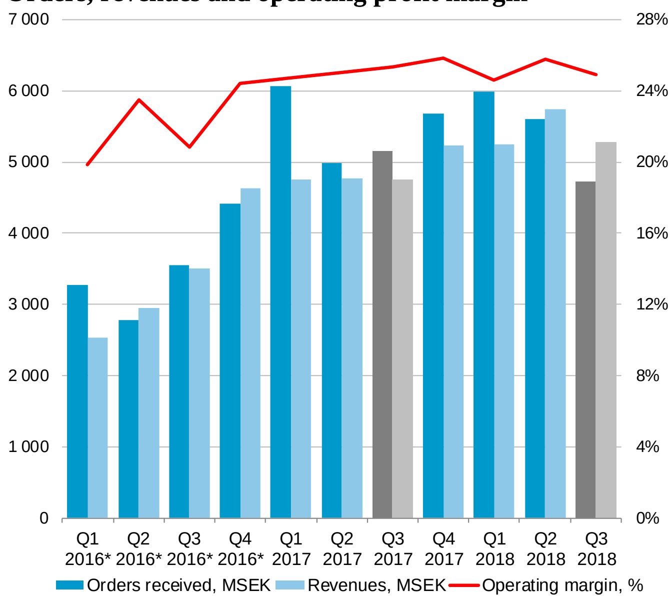
Innovation
A new dry pump range for the semiconductor, display and solar market was launched. The new pump range is particularly targeting new semiconductor technologies, and is built on a modular design to respond to emerging process applications.

Acquisition
In August, the Atlas Copco Group agreed to acquire the cryogenic business of Brooks Automation, Inc. The acquisition includes cryo pump operations, a worldwide network of sales and service centers, and Brooks Automation's 50% share of Ulvac Cryogenics, Inc., (UCI). The cryogenic business has about 400 employees and revenues of approximately MUSD 195. UCI had revenues of around MUSD 100 in the fiscal year ending June 2017. The acquisition is expected to be completed during the first quarter of 2019.

Revenues and profitability
Revenues increased 11% to MSEK 5 272 (4 754), but were unchanged organically.

The operating profit increased 9% to MSEK 1 315 (1 205), corresponding to a margin of 24.9% (25.3). The margin was supported by currency but negatively affected by a less favorable sales mix. Return on capital employed (last 12 months) was 27% (24).

Orders, revenues and operating profit margin



* 2016 figures not restated per IFRS 15.

Industrial Technique

	July-September			January - September		
MSEK	2018	2017		2018	2017	
Orders received	4 556	4 091	11%	13 847	12 624	10%
Revenues	4 365	4 098	7%	13 062	12 216	7%
Operating profit	1 018	1 359 *	-25%	3 048	3 218 *	-5%
– as a percentage of revenues	*23.3*	*33.2 **		*23.3*	*26.3 **	
Return on capital employed, %	39	43				

* MSEK +380, mainly related to a release of liabilities for contingent consideration connected to the Henrob acquisition in 2014.

- **Favorable demand in general industry, mixed in motor vehicle industry**
- **Continued growth for service**
- **Healthy profit margin**

Sales bridge

	July-September	
MSEK	Orders received	Revenues
2017	4 091	4 098
Structural change, %	+0	+0
Currency, %	+7	+7
Organic, %	+4	+0
Total, %	+11	+7
2018	4 556	4 365

Motor vehicle industry

The demand for advanced industrial tools and assembly solutions to the motor vehicle industry was mixed in the quarter. Some customers, primarily in North America, postponed purchasing decisions, while others continued to invest. Overall, the order intake decreased sequentially but increased compared to the previous year.

Geographically, and compared to the previous year, the order intake increased in Asia, but decreased in Europe and North America.

General industry

The order volumes for industrial power tools from the general industry improved compared to the previous year. The demand from the off-road, aerospace, general manufacturing and electronics industries continued to be favorable and supported the growth. Geographically, all regions grew except Europe.

Service

The service business, including maintenance and calibration services, continued to grow in all regions.

Acquisition

In August, Atlas Copco acquired the German company QUISS Qualitäts-Inspektionssysteme und Service AG, which specializes in machine vision solutions for quality inspection for the automotive industry. The company had a revenue of approximately MSEK 86 and about 45 employees in 2017.

Innovation

A new controller for assembly applications was introduced to support customers to adopt Industry 4.0 on their assembly lines. With a capability to connect up to 20 cordless assembly tools to one single controller, the new solution offers fast line rebalancing in production. The solution can also offer integrated error proofing of the assembly process.

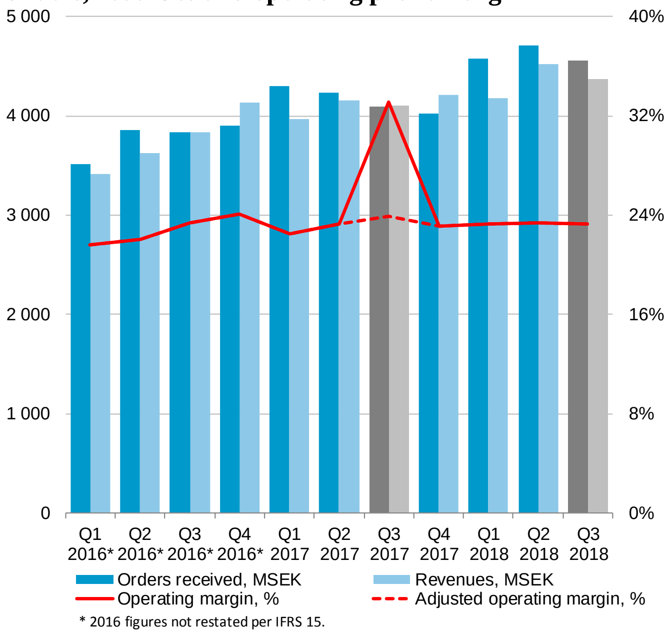
Revenues and profitability

Revenues increased 7% to MSEK 4 365 (4 098), but were unchanged organically.

Operating profit was MSEK 1 018 (1 359 and 979 adjusted for items affecting comparability*). The operating profit margin was 23.3% (adjusted 23.9). The lower margin was primarily due to new investments in R&D and market presence, partly offset by a positive impact from currency. Return on capital employed (last 12 months) was 39% (43).

*MSEK +380, mainly related to a release of liabilities for contingent consideration connected to the Henrob acquisition in 2014.

Orders, revenues and operating profit margin



Power Technique

	July-September			January - September		
MSEK	2018	2017		2018	2017	
Orders received	3 043	2 648	15%	9 471	8 529	11%
Revenues	2 911	2 732	7%	8 896	8 325	7%
Operating profit	480	410	17%	1 491	1 289	16%
– as a percentage of revenues	*16.5*	*15.0*		*16.8*	*15.5*	
Return on capital employed, %	25					

- **Equipment order growth, mainly in Europe and North America**
- **Continued growth for specialty rental**
- **Operating margin at 16.5%**

Sales bridge

	July-September	
MSEK	Orders received	Revenues
2017	2 648	2 732
Structural change, %	-4	-4
Currency, %	+6	+6
Organic, %	+13	+5
Total, %	+15	+7
2018	3 043	2 911

Equipment
The order volumes for equipment increased compared to the previous year and was supported by increased demand for generators and pumps from rental equipment companies in North America and Europe. The order intake for portable compressors decreased primarily due to weaker demand in Asia and North America.

Sequentially and following a typical seasonal pattern, the order intake decreased for most types of equipment.

Specialty rental
The demand for the specialty rental business remained strong, and orders received increased compared to the previous year.

Geographically, order intake increased in all regions, particularly in Africa/Middle East and Europe.

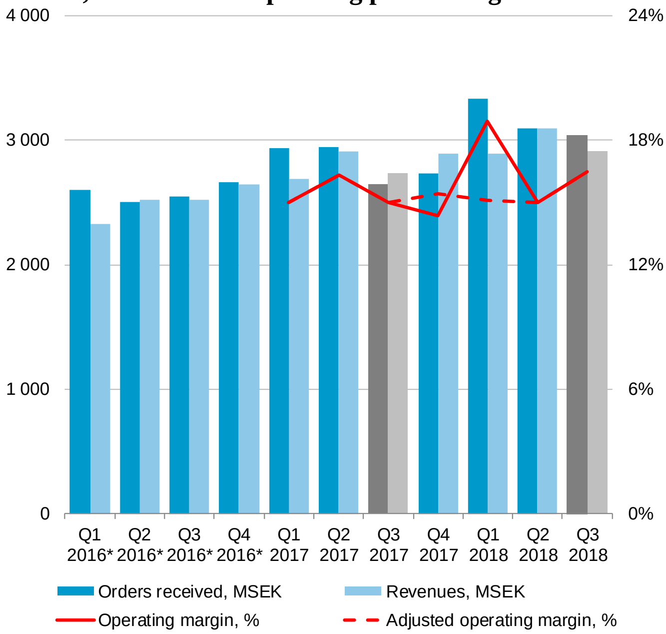
Service
Order volumes for the service business increased compared to the previous year.

Innovation
A new range of generators targeting the industrial and construction markets was introduced. The generators offer a 20% smaller footprint than comparable models, reduced engine emission and an average 5% reduction in fuel consumption. A variable speed motor and fast startup further help customers to improve their fleet utilization and return on investment.

Revenues and profitability
Revenues reached MSEK 2 911 (2 732), corresponding to an organic increase of 5%.

Operating profit was MSEK 480 (410), corresponding to a margin of 16.5% (15.0). The margin was positively affected by currency, volume and structural changes (i.e. divestment of the Concrete and compaction business in February 2018). Return on capital employed (last 12 months) was 25%.

Orders, revenues and operating profit margin



*2016 quarterly figures shows best estimated numbers, as effects of the Split and restatements for IFRS 15, are not fully reconciled.

Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS). The description of the accounting principles and definitions are found in the annual report 2017. 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 on how these measures have been calculated, please visit:
http://www.atlascopcogroup.com/investor-relations

New and amended accounting standards

IASB has issued new standards effective from January 1, 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard is applied by Atlas Copco from January 1, 2018. Comparative information has not been restated. Among other things, IFRS 9 introduces a new model for impairment of financial assets. The model's purpose is to recognize credit losses earlier than IAS 39. Additionally, the classification of some financial instruments has changed. Additional information can be found in the annual report 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers has replaced previous revenue recognition standards. The standard is applied by Atlas Copco from January 1, 2018 with full retrospective application. The effects on relevant lines are detailed in the table below. The main effect comes from certain customized projects being recognized at completion instead of over time.

Balance sheet, MSEK	Dec. 31, 2017
Deferred tax assets	21
Inventories	395
Trade and other receivables	-123
Equity	-122
Deferred tax liabilities	-17
Trade payables and other Liabilities	432

Income statement, MSEK	2017
Revenue	57
Cost of sales	-88
Income tax expense	12

Risks and factors of uncertainty

Market risks

The demand for Atlas Copco's equipment and services is affected by changes in the customers' investment and production levels. A widespread financial crisis and economic downturn affects 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 limits the risk.

Financial risks

Atlas Copco is subject to currency 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

Many components 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 supply 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 further information, see the annual report 2017.

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

MSEK	3 months ended Sep. 30 2018	3 months ended Sep. 30 2017	9 months ended Sep. 30 2018	9 months ended Sep. 30 2017
Continuing operations				
Revenues	23 675	21 033	70 042	63 008
Cost of sales	-13 370	-11 967	-39 572	-35 675
Gross profit	**10 305**	**9 066**	**30 470**	**27 333**
Marketing expenses	-2 806	-2 585	-8 221	-7 572
Administrative expenses	-1 516	-1 283	-4 578	-4 124
Research and development costs	-779	-742	-2 354	-2 100
Other operating income and expenses	59	546	209	352
Operating profit	**5 263**	**5 002**	**15 526**	**13 889**
- as a percentage of revenues	*22.2*	*23.8*	*22.2*	*22.0*
Net financial items	-95	-222	-616	-849
Profit before tax	**5 168**	**4 780**	**14 910**	**13 040**
- as a percentage of revenues	*21.8*	*22.7*	*21.3*	*20.7*
Income tax expense	-1 269	-1 225	-3 777	-3 551
Profit for the period from continuing operations	**3 899**	**3 555**	**11 133**	**9 489**
Discontinued operations				
Profit for the period from discontinued operations	-121	879	90 099 [1)]	3 027
Profit for the period	**3 778**	**4 434**	**101 232**	**12 516**
Profit attributable to				
- owners of the parent	3 775	4 429	100 964 [1)]	12 500
- non-controlling interests	3	5	268	16
Basic earnings per share, SEK	**3.11**	**3.65**	**83.20** [1)]	**10.30**
- of which continuing operations	**3.21**	**2.92**	**9.17**	**7.80**
Diluted earnings per share, SEK	3.10	3.64	83.07 [1)]	10.23
- of which continuing operations	3.20	2.92	9.15	7.74
Basic weighted average number of shares outstanding, millions	1 213.9	1 214.0	1 213.5	1 214.0
Diluted weighted average number of shares outstanding, millions	1 215.0	1 215.2	1 215.5	1 215.4

Key ratios		
Equity per share, period end, SEK	29	45
Return on capital employed, 12 month values, %	32	
Return on equity, 12 month values, %	28	28 [2)]
Debt/equity ratio, period end, %	30	12 [2)]
Equity/assets ratio, period end, %	40	45 [2)]
Number of employees, period end	36 536	34 210

[1)] 2018 includes effect from the distribution of Epiroc [2)] Including discontinued operations.

Consolidated statement of comprehensive income, including discontinued operations

MSEK	3 months ended Sep. 30 2018	3 months ended Sep. 30 2017	9 months ended Sep. 30 2018	9 months ended Sep. 30 2017
Profit for the period	**3 778**	**4 434**	**101 232**	**12 516**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-171	-80	-30	-252
Income tax relating to items that will not be reclassified	25	16	7	72
	-146	**-64**	**-23**	**-180**
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	-1 422	-1 537	3 277	-2 485
- realized and reclassified to income statement	-	-	-946	-
Hedge of net investments in foreign operations	234	182	-800	-16
Cash flow hedges	-1	25	44	134
Income tax relating to items that may be reclassified	-144	-119	490	-19
	-1 333	**-1 449**	**2 065**	**-2 386**
Other comprehensive income for the period, net of tax	**-1 479**	**-1 513**	**2 042**	**-2 566**
Total comprehensive income for the period	**2 299**	**2 921**	**103 274**	**9 950**
Total comprehensive income attributable to				
- owners of the parent	2 299	2 920	103 007	9 939
- non-controlling interests	-	1	267	11

Consolidated balance sheet

MSEK	Sep. 30, 2018	Sep. 30, 2017*	Dec. 31, 2017*
Intangible assets	29 948	34 992	35 151
Rental equipment	2 183	2 833	2 934
Other property, plant and equipment	7 875	9 226	9 523
Financial assets and other receivables	937	2 177	2 098
Deferred tax assets	1 800	1 699	1 537
Total non-current assets	**42 743**	**50 927**	**51 243**
Inventories	13 131	18 290	18 810
Trade and other receivables	24 297	27 934	29 994
Other financial assets	291	1 760	1 295
Cash and cash equivalents	12 023	19 742	24 496
Assets classified as held for sale	1	2 950	193
Total current assets	**49 743**	**70 676**	**74 788**
TOTAL ASSETS	**92 486**	**121 603**	**126 031**
Equity attributable to owners of the parent	37 336	54 616	60 517
Non-controlling interests	41	75	84
TOTAL EQUITY	**37 377**	**54 691**	**60 601**
Borrowings	14 484	23 013	23 635
Post-employment benefits	3 007	3 252	3 034
Other liabilities and provisions	1 344	1 696	1 720
Deferred tax liabilities	592	669	438
Total non-current liabilities	**19 427**	**28 630**	**28 827**
Borrowings	6 177	1 602	1 513
Trade payables and other liabilities	27 913	33 855	33 008
Provisions	1 592	1 932	2 026
Liabilities directly associated with assets classified as held for sale	-	893	56
Total current liabilities	**35 682**	**38 282**	**36 603**
TOTAL EQUITY AND LIABILITIES	**92 486**	**121 603**	**126 031**

*Including assets and liabilities related to Epiroc reported as discontinued operations.

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 2017, 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.

Financial instruments recorded to fair value

MSEK	Sep. 30, 2018	Dec. 31, 2017*
Non-current assets and liabilities		
Assets	-	-
Liabilities	-	90
Current assets and liabilities		
Assets	301	466
Liabilities	288	179

*Including assets and liabilities related to Epiroc reported as discontinued operations.

Carrying value and fair value of borrowings

MSEK	Sep. 30, 2018	Sep. 30, 2018	Dec. 31, 2017*	Dec. 31, 2017*
	Carrying value	Fair value	Carrying value	Fair value
Bonds	15 412	15 822	15 907	16 568
Other loans	5 249	5 337	9 241	9 370
	20 661	21 159	25 148	25 938

*Including assets and liabilities related to Epiroc reported as discontinued operations.

Consolidated statement of changes in equity

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2018	**60 517**	**84**	**60 601**
Change in accounting principles	-37	-	-37
Changes in equity for the period			
Total comprehensive income for the period	103 007	267	103 274
Ordinary dividend	-8 487	-9	-8 496
Distribution of Epiroc AB	-107 998	-301	-108 299
Redemption of shares	-9 705	-	-9 705
Acquisition and divestment of own shares	77	-	77
Share-based payments, equity settled	-38	-	-38
Closing balance, September 30, 2018	**37 336**	**41**	**37 377**

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2017	**53 105**	**72**	**53 177**
Change in accounting principles	-102	-	-102
Changes in equity for the period			
Total comprehensive income for the period	9 939	11	9 950
Dividends	-8 246	-3	-8 249
Change of non-controlling interests	-12	-5	-17
Acquisition and divestment of own shares	-55	-	-55
Share-based payments, equity settled	-13	-	-13
Closing balance, September 30, 2017	**54 616**	**75**	**54 691**

Consolidated statement of cash flows, including discontinued operations

	July-September		January - September	
MSEK	2018	2017	2018	2017
Cash flows from operating activities				
Operating profit, continuing operations	5 263	5 002	15 526	13 889
Operating profit, discontinued operations	-	1 246	3 013	4 076
Depreciation, amortization and impairment (see below)	823	1 531	3 054	3 827
Capital gain/loss and other non-cash items	199	-460	355	184
Operating cash surplus	6 285	7 319	21 948	21 976
Net financial items received/paid	201	583	-408	368
Taxes paid	-1 372	-1 450	-4 924	-5 886
Pension funding and payment of pension to employees	-95	-105	-274	-1 099
Change in working capital	-459	308	-3 894	161
Investments in rental equipment	-299	-371	-1 205	-954
Sale of rental equipment	7	129	177	321
Net cash from operating activities	**4 268**	**6 413**	**11 420**	**14 887**
Cash flows from investing activities				
Investments in property, plant and equipment	-494	-429	-1 468	-1 151
Sale of property, plant and equipment	14	39	51	84
Investments in intangible assets	-175	-303	-658	-784
Sale of intangible assets	-	-	-	2
Acquisition of subsidiaries and associated companies	-376	-325	-1 561	-510
Divestment of subsidiaries	-396	-	160	-
Other investments, net	56	113	-122	154
Net cash from investing activities	**-1 371**	**-905**	**-3 598**	**-2 205**
Cash flows from financing activities				
Annual dividends paid	-	-	-8 487	-4 125
Dividends paid to non-controlling interest	-9	-3	-9	-3
Distribution of Epiroc AB	-	-	-4 002 *	-
Acquisition of non-controlling interest	-	-	-	-17
Redemption of shares	-	-	-9 705	-
Repurchase and sales of own shares	72	66	77	-55
Change in interest-bearing liabilities	-287	-176	842	674
Net cash from financing activities	**-224**	**-113**	**-21 284**	**-3 526**
Net cash flow for the period	**2 673**	**5 395**	**-13 462**	**9 156**
Cash and cash equivalents, beginning of the period	9 521	14 550	24 496	11 492
Exchange differences in cash and cash equivalents	-171	-234	989	-400
Cash and cash equivalents discontinued operations	-	31	-	-506
Cash and cash equivalents, end of the period	**12 023**	**19 742**	**12 023**	**19 742**

*Cash in Epiroc closing balance at the time of distribution.

Depreciation, amortization and impairment				
Rental equipment	*156*	*238*	*653*	*746*
Other property, plant and equipment	*316*	*430*	*1 131*	*1 321*
Intangible assets	*351*	*863*	*1 270*	*1 760*
Total	*823*	*1 531*	*3 054*	*3 827*

Calculation of operating cash flow

	July-September		January - September	
MSEK	2018	2017	2018	2017
Net cash flow for the period	**2 673**	**5 395**	**-13 462**	**9 156**
Add back:				
Change in pensions	-	-	-	772
Change in interest-bearing liabilities	287	176	-842	-674
Repurchase and sales of own shares	-72	-66	-77	55
Annual dividends paid	-	-	8 487	4 125
Dividends paid to non-controlling interest	9	3	9	3
Redemption of shares	-	-	9 705	-
Distribution of Epiroc AB	-	-	4 002	-
Acquisition of non-controlling interest	-	-	-	17
Acquisitions and divestments	772	325	1 401	510
Currency hedges of loans	-296	-825	-60	-1 263
Tax payment related to Belgian tax rulings	-		-	655
Operating cash flow	**3 373**	**5 008**	**9 163**	**13 356**

Discontinued operations (Epiroc and other divested businesses)

At the Annual General Meeting on April 24, 2018, it was decided to split the Group and distribute the shares of Epiroc AB to the shareholders of Atlas Copco. In June, the shareholders received one Epiroc share for each Atlas Copco share. Epiroc AB was listed on Nasdaq Stockholm on June 18, 2018.

Epiroc has been reported as discontinued operations since January 2018 with a retrospective effect in the income statement. On the distribution of the Epiroc shares, Atlas Copco recognized a capital gain in discontinued operations of MSEK 87 105 representing the difference between the fair
value of Epiroc and the carrying value of Epiroc's net assets at the time of the distribution. As part of the distribution, all historical translation differences allocated to Epiroc, amounting to MSEK 934, have been recycled to the income statement for discontinued operations.

The Road Construction Equipment division within the Power Technique business area was divested on October 5, 2017 and reported as discontinued operations and assets held for sale since Q4 2016.

Assets and liabilities held for sale

MSEK	Sep. 30, 2018	Sep. 30, 2017
Non-current assets	-	409
Current assets	-	2 540
Total Assets	**-**	**2 949**
Non-current liabilities	-	54
Current liabilities	-	839
Total Liabilities	**-**	**893**

Income Statement

	3 months ended		9 months ended	
MSEK	Sep. 30 2018	Sep. 30 2017	Sep. 30 2018	Sep. 30 2017
Revenues	-	8 174	15 992	25 004
Cost of sales	-	-5 317	-10 046	-16 207
Gross profit	**-**	**2 857**	**5 946**	**8 797**
Marketing expenses	-	-594	-1 165	-1 907
Administrative expenses	-	-526	-1 146	-1 700
Research and development costs	-	-204	-439	-613
Other operating income and expenses	-	-287	-183	-501
Operating profit	**-**	**1 246**	**3 013**	**4 076**
- as a percentage of revenues	-	*15.2*	*18.8*	*16.3*
Net financial items	-12	18	-113	60
Profit before tax	**-12**	**1 264**	**2 900**	**4 136**
- as a percentage of revenues	-	*15.5*	*18.1*	*16.5*
Income tax expense	-	-385	-731	-1 109
Gain/loss from divestments	-109	-	86 996 *	-
Translation differences recycled		-	934	-
Profit for the period	**-121**	**879**	**90 099**	**3 027**

*Includes gain from distribution of Epiroc

Cash flows from discontinued operations

	July-September		January - September	
MSEK	2018	2017	2018	2017
Cash flows from				
Operating activities	-	1 415	748	4 171
Investing activities	-417	-205	-1 368	-700
Financing activities	-	37	5 902	-19
Net cash flow for the period	**-417**	**1 247**	**5 282**	**3 452**

Revenues by business area

	2016[1)]				2017				2018		
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	8 156	8 976	9 421	9 803	9 268	9 667	9 552	10 437	9 735	11 266	11 269
- of which external	*8 075*	*8 894*	*9 359*	*9 723*	*9 190*	*9 577*	*9 458*	*10 302*	*9 578*	*11 121*	*11 156*
- of which internal	*81*	*82*	*62*	*80*	*78*	*90*	*94*	*135*	*157*	*145*	*113*
Vacuum Technique	2 536	2 953	3 511	4 635	4 753	4 767	4 754	5 229	5 255	5 740	5 272
- of which external	*2 536*	*2 953*	*3 511*	*4 635*	*4 753*	*4 767*	*4 754*	*5 229*	*5 255*	*5 740*	*5 272*
- of which internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Industrial Technique	3 417	3 622	3 841	4 137	3 965	4 153	4 098	4 215	4 178	4 519	4 365
- of which external	*3 406*	*3 611*	*3 830*	*4 125*	*3 951*	*4 139*	*4 086*	*4 201*	*4 163*	*4 504*	*4 354*
- of which internal	*11*	*11*	*11*	*12*	*14*	*14*	*12*	*14*	*15*	*15*	*11*
Power Technique	2 331	2 519	2 519	2 647	2 685	2 908	2 732	2 892	2 894	3 091	2 911
- of which external	*2 242*	*2 435*	*2 449*	*2 575*	*2 571*	*2 803*	*2 651*	*2 782*	*2 756*	*2 980*	*2 893*
- of which internal	*89*	*84*	*70*	*72*	*114*	*105*	*81*	*110*	*138*	*111*	*18*
Common Group Items / Eliminations	-135	-122	-100	-133	-93	-98	-103	-128	-156	-155	-142
Atlas Copco Group	**16 305**	**17 948**	**19 192**	**21 089**	**20 578**	**21 397**	**21 033**	**22 645**	**21 906**	**24 461**	**23 675**

[1)]2016 quarterly figures shows best estimated numbers, as effects of the split and restatements for IFRS 15, are not fully reconciled.

Operating profit by business area

	2017				2018		
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	2 130	2 237	2 225	2 370	2 249	2 638	2 667
- as a percentage of revenues	*23.0*	*23.1*	*23.3*	*22.7*	*23.1*	*23.4*	*23.7*
Vacuum Technique	1 176	1 193	1 205	1 350	1 292	1 479	1 315
- as a percentage of revenues	*24.7*	*25.0*	*25.3*	*25.8*	*24.6*	*25.8*	*24.9*
Industrial Technique	893	966	1 359	976	974	1 056	1 018
- as a percentage of revenues	*22.5*	*23.3*	*33.2*	*23.2*	*23.3*	*23.4*	*23.3*
Power Technique	404	475	410	416	547	464	480
- as a percentage of revenues	*15.0*	*16.3*	*15.0*	*14.4*	*18.9*	*15.0*	*16.5*
Common Group Items / Eliminations	-313	-274	-197	-253	-229	-207	-217
Operating profit	**4 290**	**4 597**	**5 002**	**4 859**	**4 833**	**5 430**	**5 263**
- as a percentage of revenues	*20.8*	*21.5*	*23.8*	*21.5*	*22.1*	*22.2*	*22.2*
Net financial items	-232	-395	-222	-308	-320	-201	-95
Profit before tax	**4 058**	**4 202**	**4 780**	**4 551**	**4 513**	**5 229**	**5 168**
- as a percentage of revenues	*19.7*	*19.6*	*22.7*	*20.1*	*20.6*	*21.4*	*21.8*

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area*	Revenues MSEK**	Number of employees**
2018 Sep. 4	Reno A/S		Compressor Technique	153	60
2018 Aug. 1	QUISS Qualitäts-Inspektionssysteme und Service		Industrial Technique	86	45
2018 Jun. 18		Epiroc AB		31 440	12 948
2018 Apr. 4	Klingel Joining Technologies		Industrial Technique	82	23
2018 Mar. 1	Walker Filtration Ltd.		Compressor Technique	330	220
2018 Feb. 2		Concrete and compaction business	Power Technique	570	200
2018 Jan. 17	Location Thermique Service SAS		Power Technique	70	13
2017 Oct. 5		Road Construction Equipment division	Power Technique	2 900	1 280
2017 Sep. 7	C.H. Spencer & Company Co. *Distributor USA*		Compressor Technique		40
2017 Aug. 8	Glauber Equipment Corporation (certain assets) *Distributor USA*		Compressor Technique		16
2017 May 3	Itubombas Locação Comércio Importação e Exportação		Construction Technique	50	40
2017 May 3	Pressure Compressores		Compressor Technique	145	150
2017 Mar. 2	Orcan Basincli *Distributor Turkey*		Compressor Technique		17
2017 Feb. 2	Erkat Spezialmaschinen und Service		Construction Technique	110	38
2017 Jan. 3	hb Kompressoren Druckluft- und Industrietechnik *Distributor Germany*		Compressor Technique		10

*Effective July 17, 2017, Construction Technique has changed name to Power Technique.

**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 the acquisitions and divestments made in 2018, full disclosure as per IFRS 3 is not given in this interim report. Disclosure will be given in the annual report 2018. See the annual report for 2017 for disclosure of acquisitions made in 2017.

Parent company

Income statement

MSEK	July- September 2018	July- September 2017	January - September 2018	January - September 2017
Administrative expenses	-166	-155	-460	-554
Other operating income and expenses	31	-3	62	8
Operating profit/loss	**-135**	**-158**	**-398**	**-546**
Financial income and expenses	-1 308	5 095	48 774	10 436
Appropriations	-	-	-	-
Profit/loss before tax	**-1 443**	**4 937**	**48 376**	**9 890**
Income tax	48	62	360	507
Profit/loss for the period	**-1 395**	**4 999**	**48 736**	**10 397**

Balance sheet

MSEK	Sep. 30 2018	Sep. 30 2017	Dec. 31 2017
Total non-current assets	189 537	112 451	150 823
Total current assets	8 959	22 504	27 167
TOTAL ASSETS	**198 496**	**134 955**	**177 990**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	57 583	37 679	75 177
TOTAL EQUITY	**63 368**	**43 464**	**80 962**
Total provisions	492	599	702
Total non-current liabilities	44 266	54 559	55 540
Total current liabilities	90 370	36 333	40 786
TOTAL EQUITY AND LIABILITIES	**198 496**	**134 955**	**177 990**
Assets pledged	403	397	199
Contingent liabilities	8 478	8 247	8 355

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	*15 345 127*
- of which B shares held by Atlas Copco	*246 159*
Total shares outstanding, net of shares held by Atlas Copco	1 214 021 818

Performance-based personnel option plan

The Annual General Meeting 2018 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 3 300 000 series A shares, whereof a maximum of 2 300 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2018.
- Acquisition of not more than 70 000 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 30 000 series A shares to cover costs related to previously issued synthetic shares to Board members.
- The sale of a maximum 6 200 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2013, 2014 and 2015.
- 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 month of 2018, 296 469 series A shares, net, were divested. 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, 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 2017 annual report.

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 2017.

This is Atlas Copco

Atlas Copco is a world-leading provider of sustainable productivity solutions. The Group serves customers through its innovative compressors, vacuum solutions, generators, pumps, power tools and assembly systems. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics. The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2017, Atlas Copco (excluding Epiroc AB) had revenues of BSEK 86 (BEUR 9) and about 34 000 employees.

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, oil and gas, 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 mainly under the Edwards, Leybold and Atlas Copco brands. The main markets served are semiconductor and scientific 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 Kingdom, Czech Republic, Germany, South Korea, China and Japan.

The **Industrial Technique** business area provides, through a global network, industrial power tools and assembly solutions, including tightening, bolting, riveting, adhesive dispensing, quality assurance products, material removal, software and service. The business area innovates for sustainable productivity for customers in the automotive and general industries, maintenance and vehicle service. Principal product development and manufacturing units are located in Sweden, Germany, United States, United Kingdom, France, Japan and Hungary.

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. The business area is headquartered in Belgium. Principal product development and manufacturing units are located in Europe, Asia, South America and North America.

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 October 19, at 2.00 PM CEST.
The dial-in numbers are:

- Sweden: +46 8 566 427 00
- United Kingdom: +44 20 300 898 16
- United States: +1 855 831 5947

The conference call will be broadcasted. Please see our website for link and presentation material:
http://www.atlascopcogroup.com/investor-relations.
The recorded audio presentation will be available on our homepage following the conference call.

Capital Markets Day 2018

Atlas Copco will host its annual Capital Markets Day on November 15, 2018, in Stockholm, Sweden. Please see:
http://www.atlascopcogroup.com/CMD2018

Fourth-quarter report 2018

The Q4 2018 report will be published on January 28, 2019.
(Silent period starts December 31, 2018)

Annual General Meeting 2019

The Annual General Meeting for Atlas Copco AB will be held April 25, 2019 at 4 PM CEST in Aula Medica, Nobels väg 6, Solna, Sweden.

First-quarter report 2019

The Q1 2019 report will be published on April 25, 2019.
(Silent period starts March 26, 2019)

Second-quarter report 2019

The Q2 2019 report will be published on July 15, 2019.
(Silent period starts June 17, 2019)
