We are committed to sustainable productivity

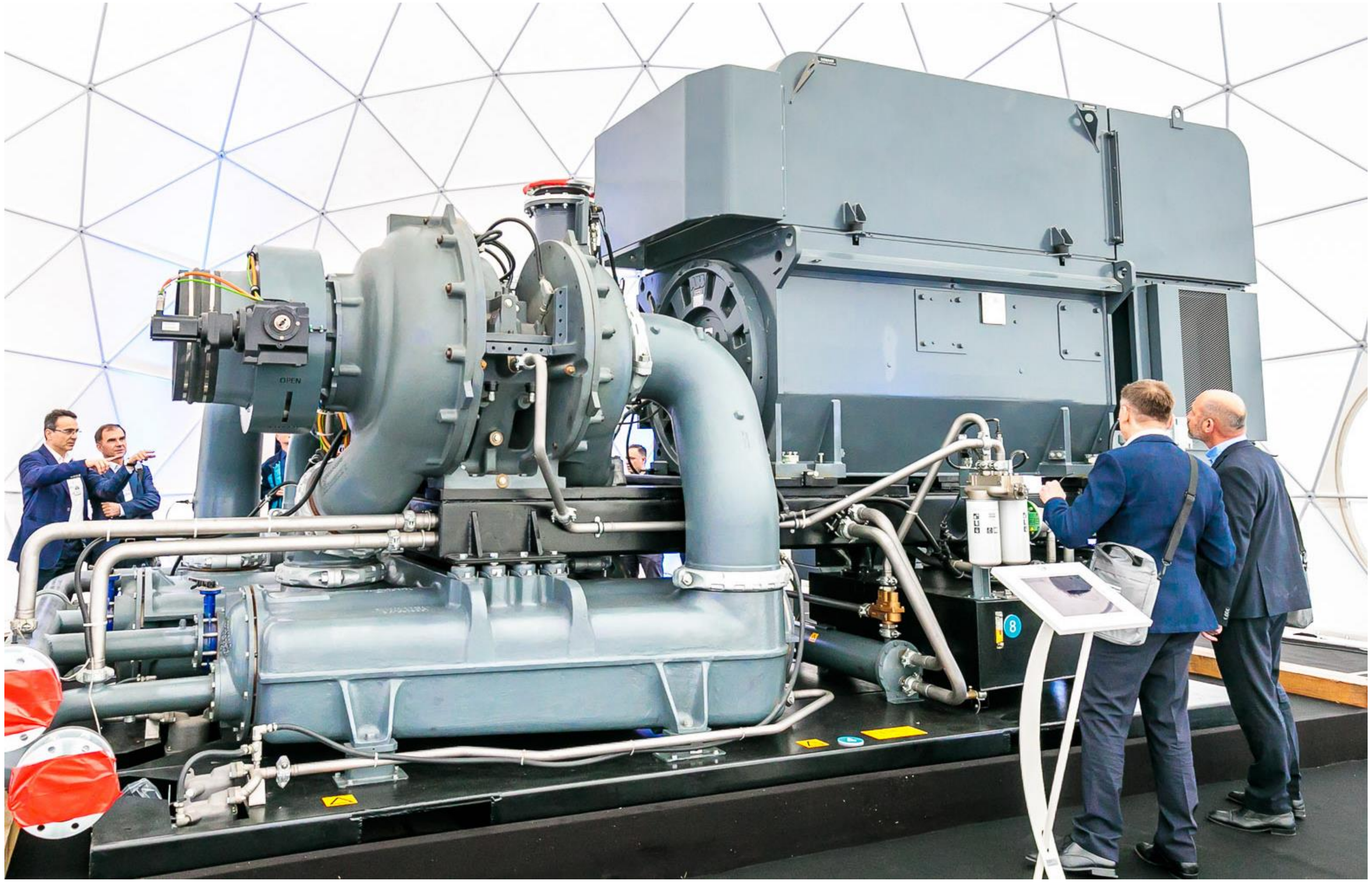
Q2 2018 results

July 20, 2018

Atlas Copco

Strategy into action

Standard product for high flow air compressors with high energy efficiency and shorter delivery times

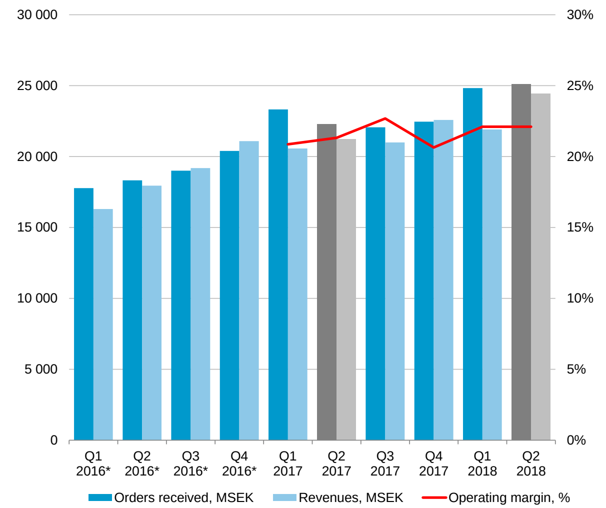


Q2 in brief

- Record order intake
  - Continued strong customer demand
  - Organic growth in all business areas and in all major regions
- Record revenues
  - Increased output from factories
- Record operating profit
- Successful spin-off of Epiroc

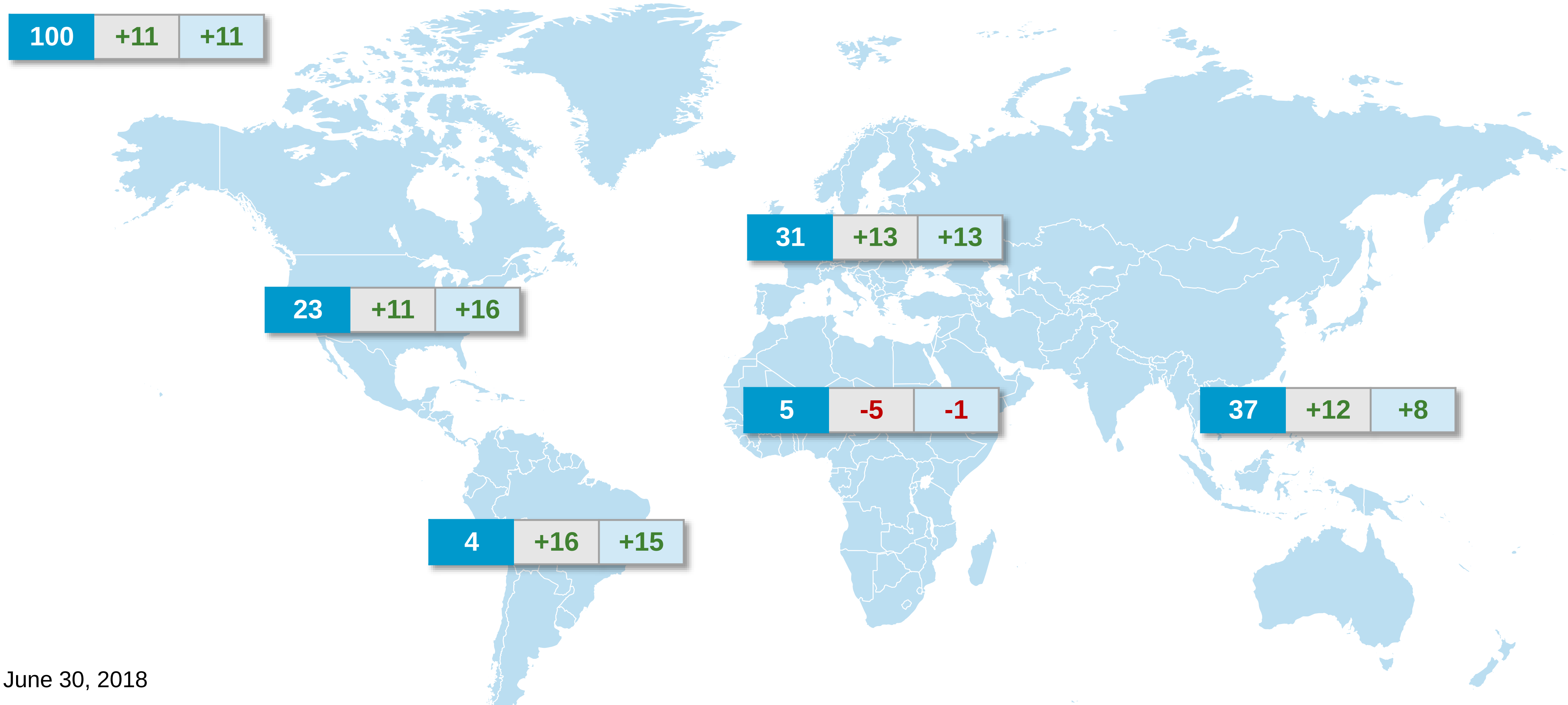
Q2 figures in summary

- Orders received were MSEK 25 120 (22 286), organic growth of 10%
- Revenues were MSEK 24 461 (21 397), organic growth of 11%
- Operating profit increased 18% to MSEK 5 430 (4 597), margin at 22.2% (21.5)
- Profit for the period was MSEK 3 894 (3 038)
- Basic earnings per share were SEK 3.21 (2.50)
- Operating cash flow including discontinued operations was MSEK 3 066 (4 838)



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

Orders received – local currency

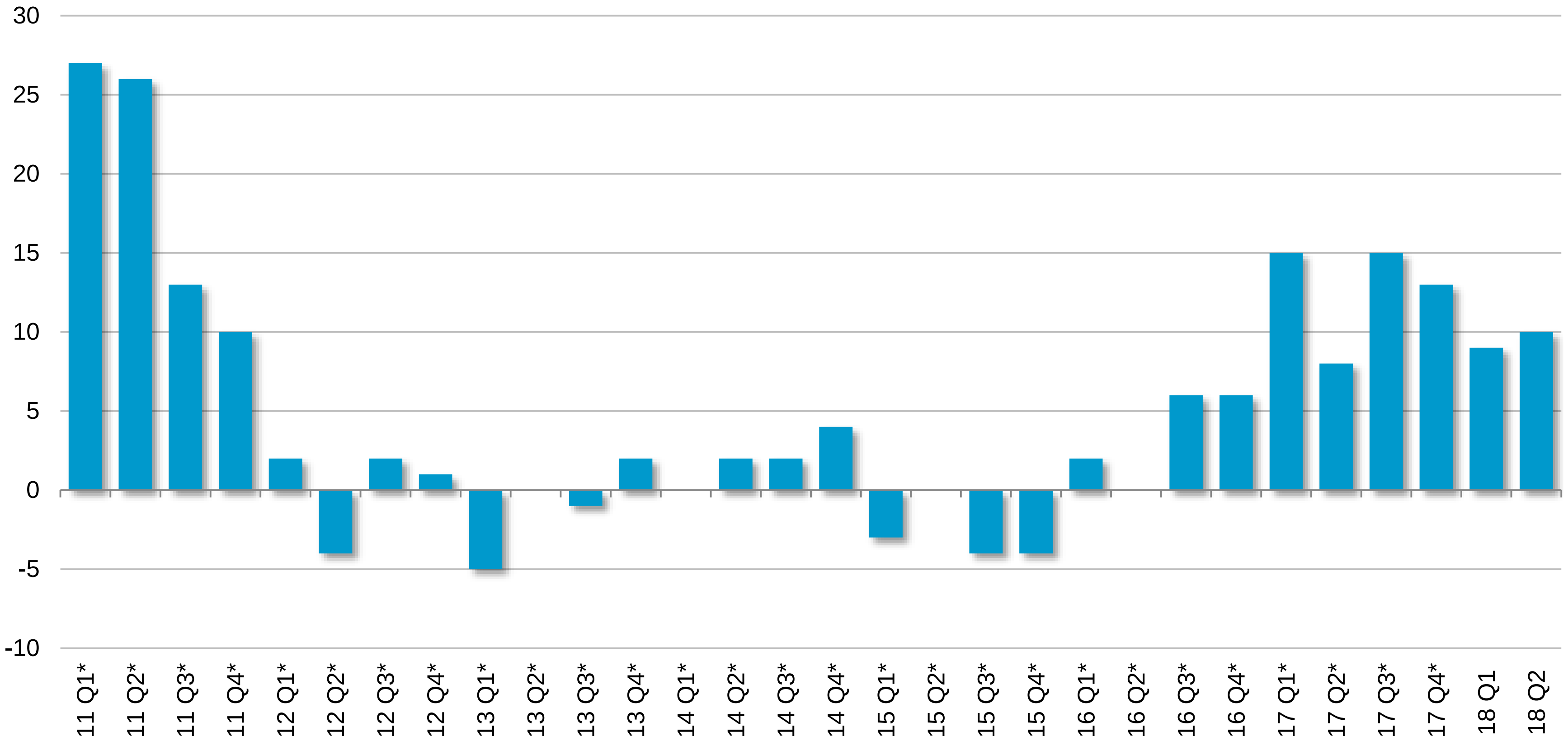


June 30, 2018

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

Order growth per quarter

Organic growth



*2011-2017 excluding Mining and Rock Excavation Technique business area

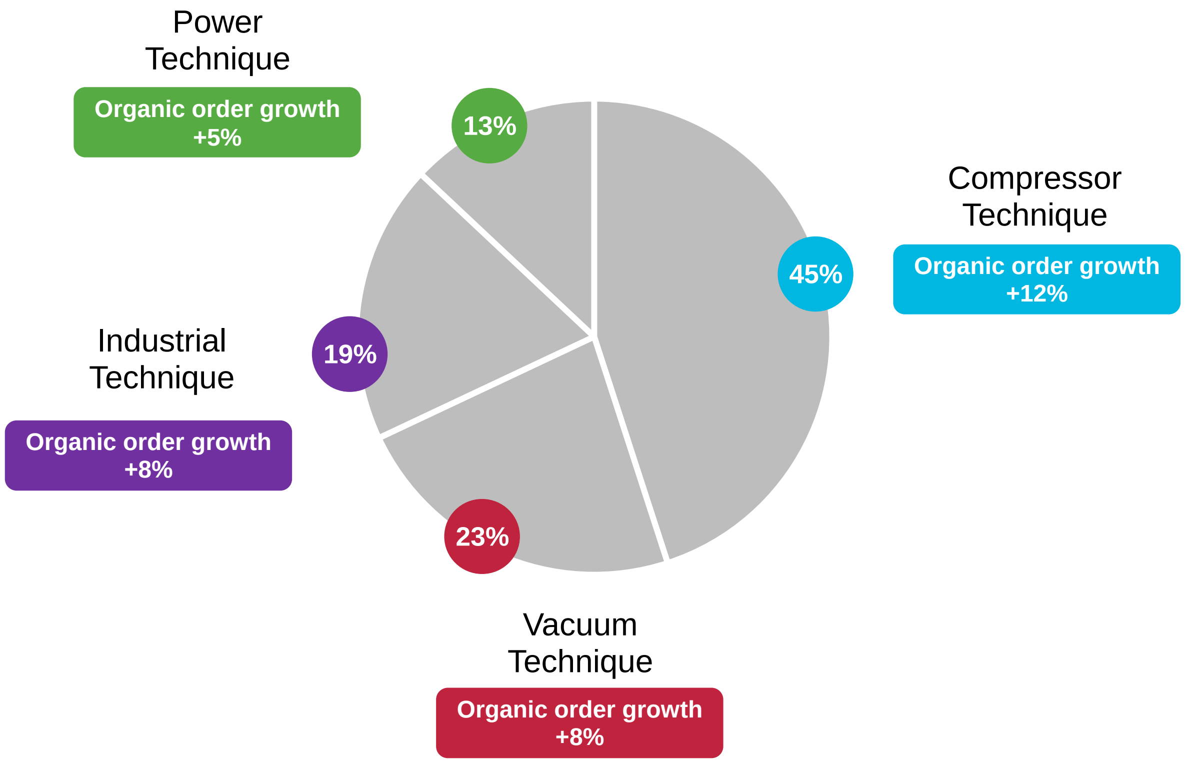
Sales bridge

	April - June		January - June	
MSEK	**Orders received**	**Revenues**	**Orders received**	**Revenues**
2017	22 286	21 397	45 611	41 975
Structural change, %	+1	+1	+1	+1
Currency, %	+2	+2	-1	-1
Organic*, %	+10	+11	+10	+10
Total, %	+13	+14	+10	+10
2018	25 120	24 461	49 950	46 367

*Volume, price and mix

Atlas Copco Group

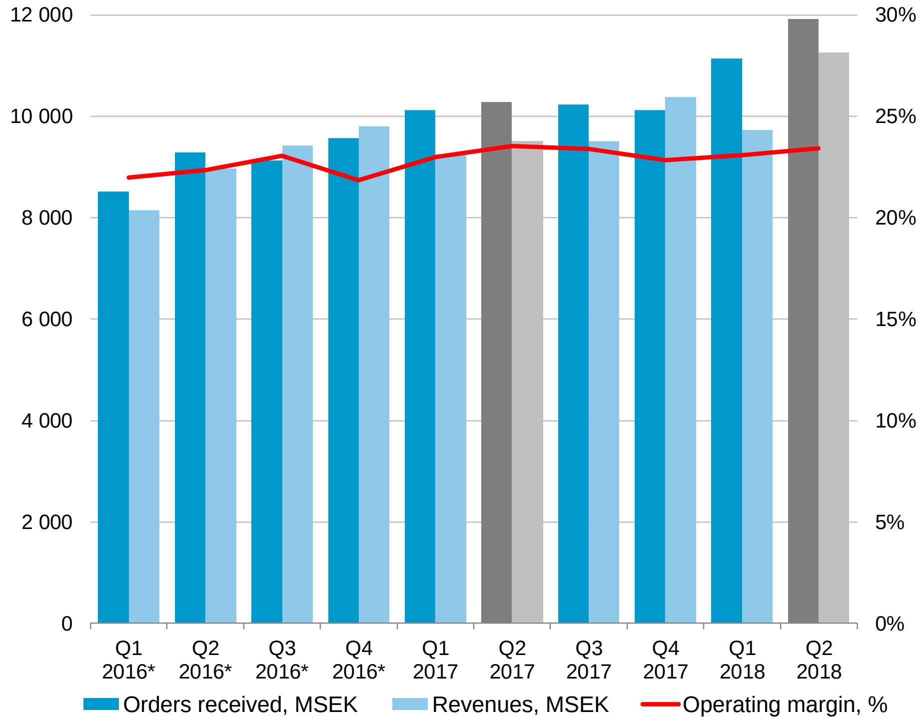
*Revenues by business area and organic order growth**



* Share of Group revenue 12 months ending June 2018.
3 month organic order growth compared to previous year.

Compressor Technique

- Record order intake
  - Organic order growth of 12%
  - Strong growth in large compressors, particularly in Europe and China
- Record revenues
  - Organic growth of 13%
- Record profit and solid operating margin at 23.4% (23.1)
  - Margin supported by volume
  - Negative currency effect



* 2016 figures not restated per IFRS 15.

Innovation:

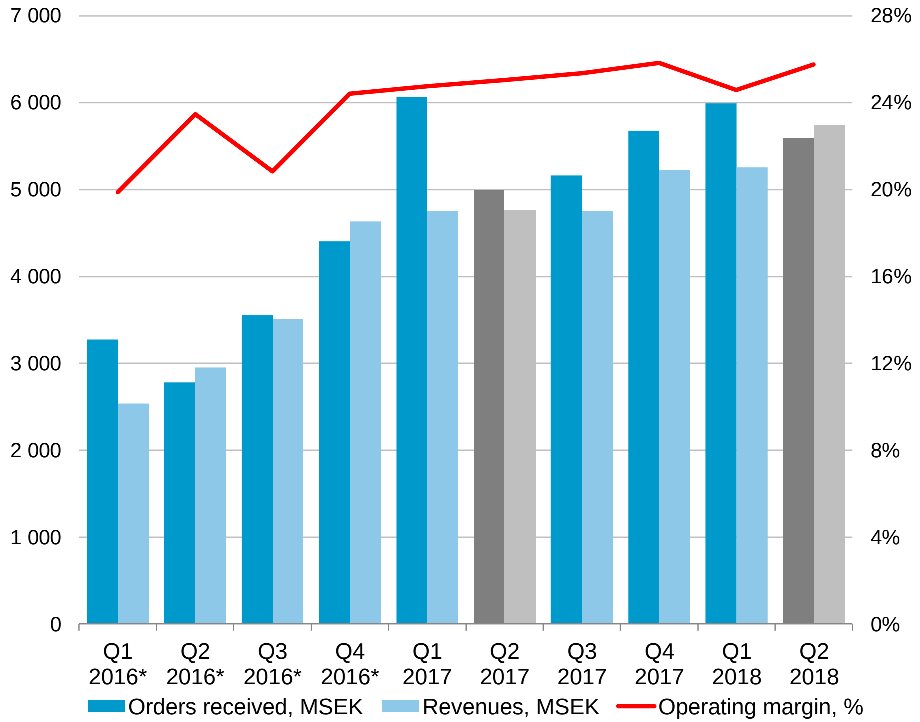
A new oil-free screw compressor, ZR 90-160, offers up to 35% energy savings.

Vacuum Technique

- Solid order level, organic growth of 8%
  - New products and increased market penetration drive strong growth in industrial applications
  - Strong growth for service
  - Semicon equipment slightly below previous year
- Record revenues
  - Organic growth of 16%
- Operating margin at 25.8% (25.0)
  - Supported by volume
  - Neutral currency effect

Innovation:

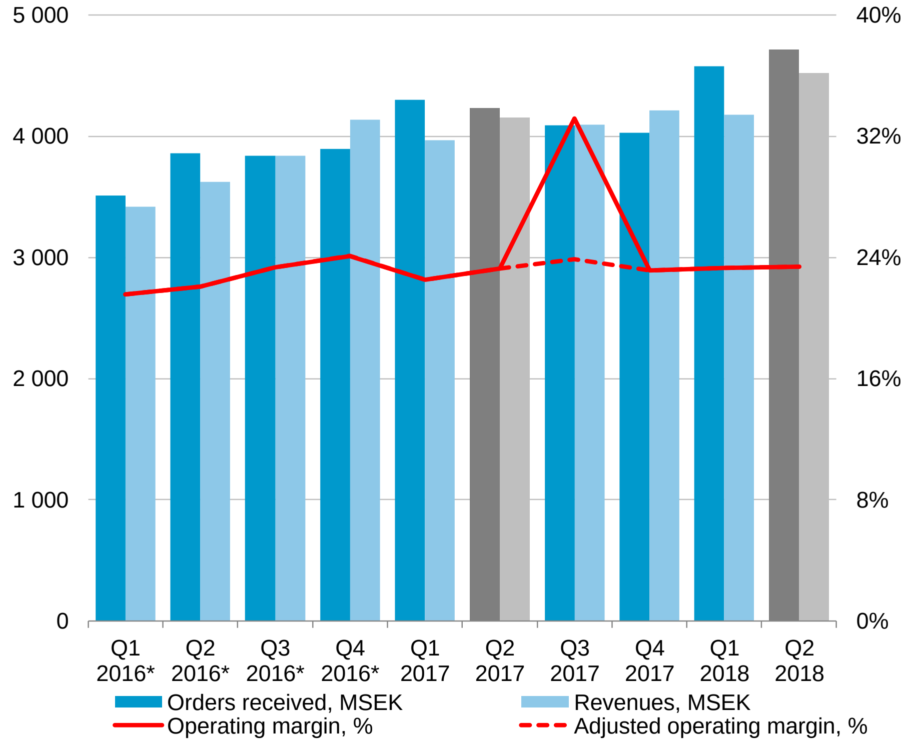
A new flexible dry vacuum pump with state of the art contaminant handling capabilities for industrial use.



* 2016 figures not restated per IFRS 15.

Industrial Technique

- Record order intake
  - Organic growth of 8%
  - Good demand from both motor vehicle and general industry
  - Strong growth for service in all regions
- Record revenues
  - Organic growth of 6%
- Solid operating margin at 23.4% (23.3)



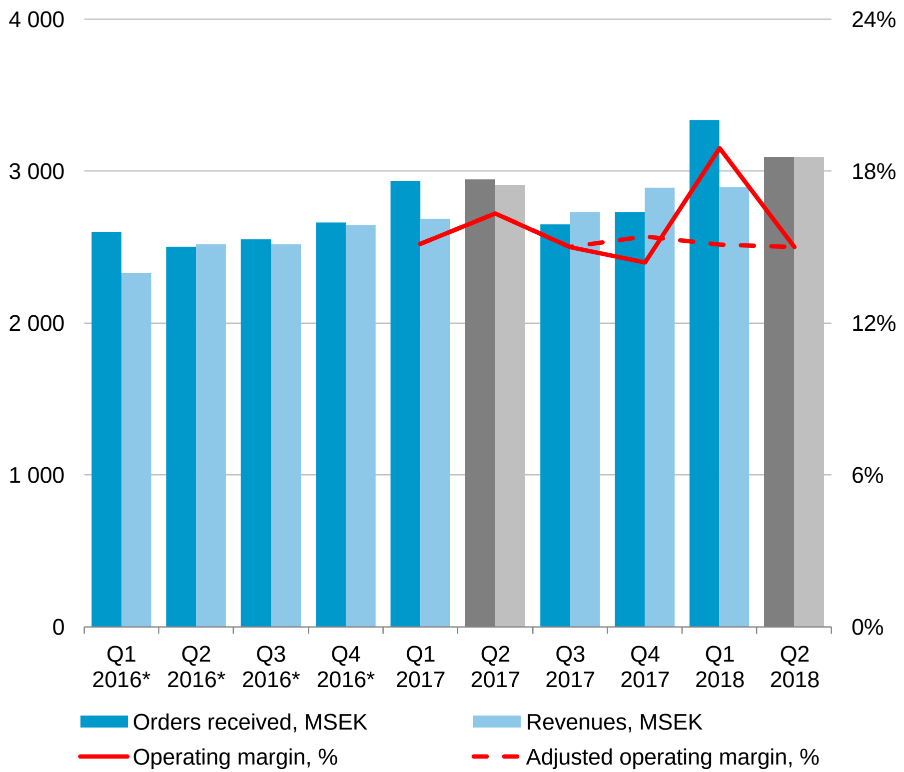
* 2016 figures not restated per IFRS 15.

Innovation:

A new test bench that can replicate real joint characteristics and guarantee tool testing in real operating conditions.

Power Technique

- Organic order growth of 5%
  - Order growth driven by Europe and Africa/Middle East
  - Growth for equipment, flat service development
- Revenue growth of 6%
- Operating margin at 15.0% (16.3)



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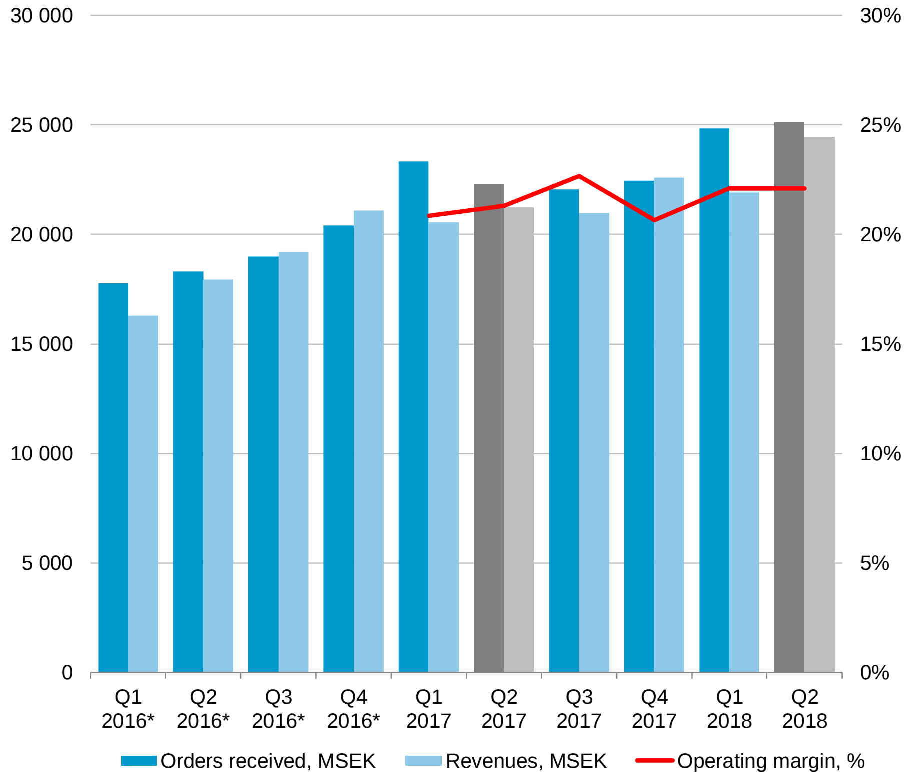
Innovation:

A new, combined mobile compressor and generator, minimizes the amount of equipment at customer's site.

Group total

April – June 2018 vs. 2017

Continuing operations MSEK	April - June 2018	 2017	
Orders received	**25 120**	**22 286**	**13%**
Revenues	**24 461**	**21 397**	**14%**
Operating profit	**5 430**	**4 597**	**18%**
– as a percentage of revenues	*22.2*	*21.5*	
Profit before tax	**5 229**	**4 202**	**24%**
– as a percentage of revenues	*21.4*	*19.6*	
Income tax expense	**-1 335**	**-1 164**	**15%**
– as a percentage of profit before tax	*25.5*	*27.7*	
Profit for the period from continuing operations	**3 894**	**3 038**	**28%**
Basic earnings per share, SEK	**3.21**	**2.50**	
Return on capital employed, %	**31**		



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Profit bridge

April – June 2018 vs. 2017

MSEK	Q2 2018	Volume, price, mix and other	Currency	Acquisitions	Share-based LTI* programs	Q2 2017
Atlas Copco Group						
Revenues	24 461	2 439	475	150		21 397
Operating profit	5 430	670	75	10	78	4 597
	22.2%	*27.5%*				*21.5%*

**LTI = Long term incentive*

Profit bridge – by business area

April – June 2018 vs. 2017

MSEK	Q2 2018	Volume, price, mix and other	Currency	Acquisitions	Q2 2017
Compressor Technique					
Revenues	11 266	1 289	210	100	9 667
Operating profit	2 638	456	-65	10	2 237
	23.4%	*35.4%*			*23.1%*
Vacuum Technique					
Revenues	5 740	783	100	90	4 767
Operating profit	1 479	261	20	5	1 193
	25.8%	*33.3%*			*25.0%*
Industrial Technique					
Revenues	4 519	231	125	10	4 153
Operating profit	1 056	20	80	-10	966
	23.4%	*8.7%*			*23.3%*
Power Technique					
Revenues	3 091	183	50	-50	2 908
Operating profit	464	-41	25	5	475
	15.0%	*N/A*			*16.3%*

Balance sheet

MSEK	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017*	Jun. 30, 2017*
Intangible assets	30 263	28 993	35 151	36 295
Rental equipment	2 078	1 909	2 934	2 892
Other property, plant and equipment	7 890	7 674	9 523	9 450
Other non-current assets	3 115	2 958	3 635	3 913
Inventories	12 926	12 054	18 810	18 341
Receivables	25 562	23 503	29 994	28 677
Current financial assets	98	86	1 295	1 754
Cash and cash equivalents	9 521	23 249	24 496	14 550
Assets classified as held for sale	1	34 202	193	3 231
TOTAL ASSETS	**91 454**	**134 628**	**126 031**	**119 103**
Total equity	35 002	67 591	60 601	51 681
Interest-bearing liabilities	24 002	25 900	28 182	28 516
Non-interest-bearing liabilities	32 450	31 195	37 192	38 028
classified as held for sale	-	9 942	56	975
TOTAL EQUITY AND LIABILITIES	**91 454**	**134 628**	**126 031**	**119 103**

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

Cash flow – including discontinued operations

	April - June		January - June	
MSEK	2018	2017	2018	2017
Operating cash surplus	8 196	7 666	15 663	14 657
of which depreciation added back	*1 137*	*1 138*	*2 231*	*2 296*
Net financial items	-1 002	608	-609	-215
Taxes paid	-2 208	-2 616	-3 552	-4 436
Pension funding	-77	-885	-179	-994
Change in working capital	-1 727	208	-3 435	-147
Increase in rental equipment, net	-409	-246	-736	-391
Cash flows from operating activities	**2 773**	**4 735**	**7 152**	**8 474**
Investments of property, plant & eq., net	-495	-329	-937	-677
Other investments, net	-283	-197	-661	-438
Cash flow from investments	**-778**	**-526**	**-1 598**	**-1 115**
Adjustment, pensions	-	772	-	772
Adjustment, currency hedges of loans	1 071	-798	236	-438
Adjustment, tax payment in Belgium	-	655	-	655
Sale of financial assets	0	-	0	-
Operating cash flow	**3 066**	**4 838**	**5 790**	**8 348**
Company acquisitions/ divestments	40	-124	-629	-185

Near-term outlook

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.

Committed to sustainable productivity.

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.”