

Committed to sustainable productivity

Q4 2017 results

January 26, 2018



Did you know?



Q4 in brief

- Record revenues and high profit level
- Order growth for all business areas
- Growth in all regions
- Strong operating cash flow
- Road Construction Equipment division divested
- The split project progressing according to plan

Q4 figures in summary – continuing operations

- Orders received increased 10% to MSEK 30 372 (27 617), organic growth of 14%
- Revenues were MSEK 30 865 (28 495), organic growth of 11%
- Adjusted operating profit was MSEK 6 640 (5 849), margin at 21.5% (20.5)
 - Reported operating profit was MSEK 6 233 (5 785), margin at 20.2% (20.3)
 - Items affecting comparability of MSEK -407 (-64)
- Profit for the period of MSEK 4 243 (4 254)
- Basic earnings per share SEK 3.49 (3.49)
- Operating cash flow* at MSEK 5 500 (6 537)

** Including discontinued operations*

2017 in brief

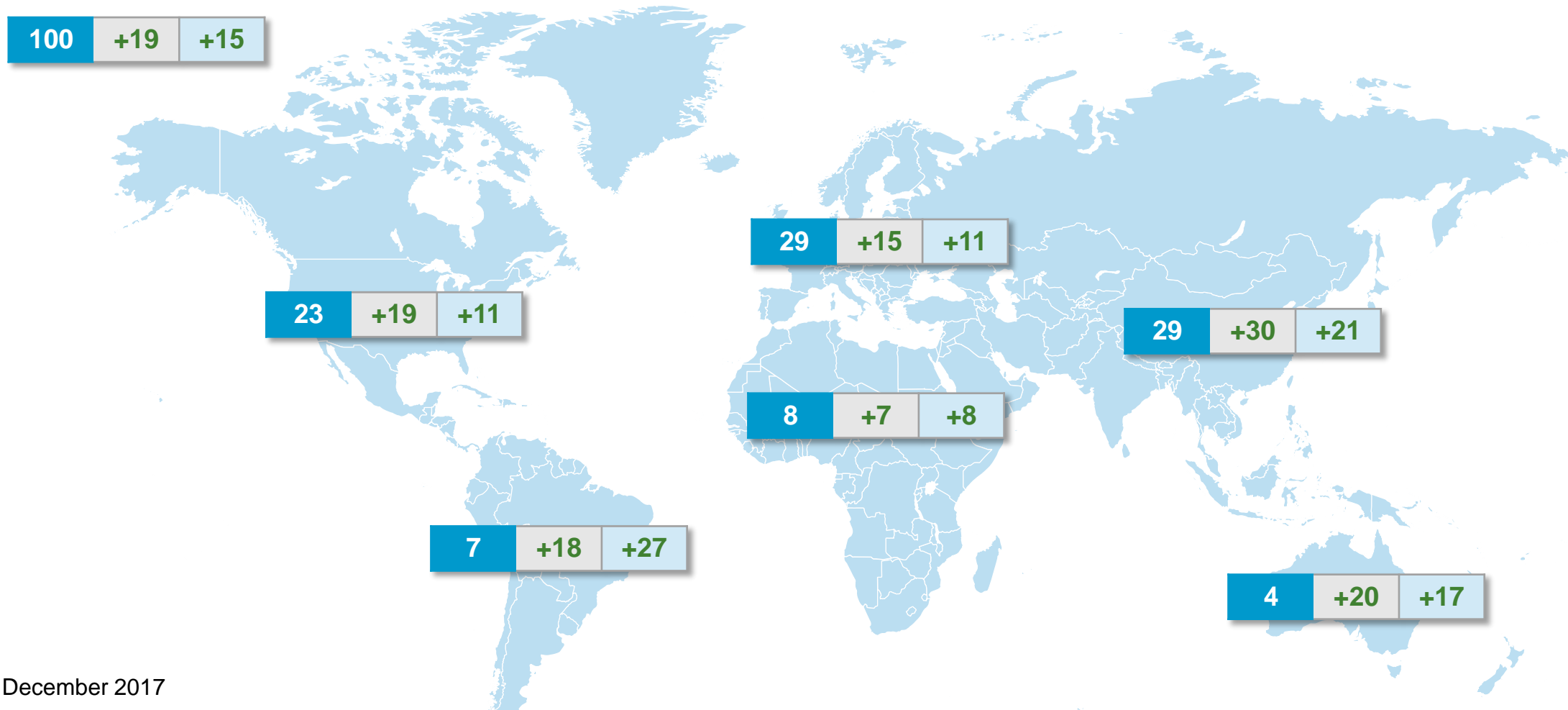
- Record orders, revenues and profit
- Record operating cash flow
- Double-digit order growth for all business areas
 - Particular strong growth for Vacuum Technique and Mining and Rock Excavation Technique
- Eight acquisitions completed
- Proposed distribution to shareholders of MSEK 18 206
 - Dividend of SEK 7.00 (6.80) per share to be paid in one installment
 - Mandatory redemption of SEK 8.00 per share

2017 figures in summary – continuing operations

- Orders received increased 20% to record MSEK 123 431 (102 812), organic growth of 15%
- Revenues increased 15% to MSEK 116 421 (101 356), organic growth of 10%
- Operating profit of MSEK 24 200 (19 798)
 - Operating margin of 20.8% (19.5)
- Operating cash flow* at MSEK 18 856 (18 109)
- Basic earnings per share SEK 13.79 (11.32)

**Including discontinued operations*

Orders received – local currency



December 2017

Share of orders received, year-to-date, %

Year-to-date vs. previous year, %

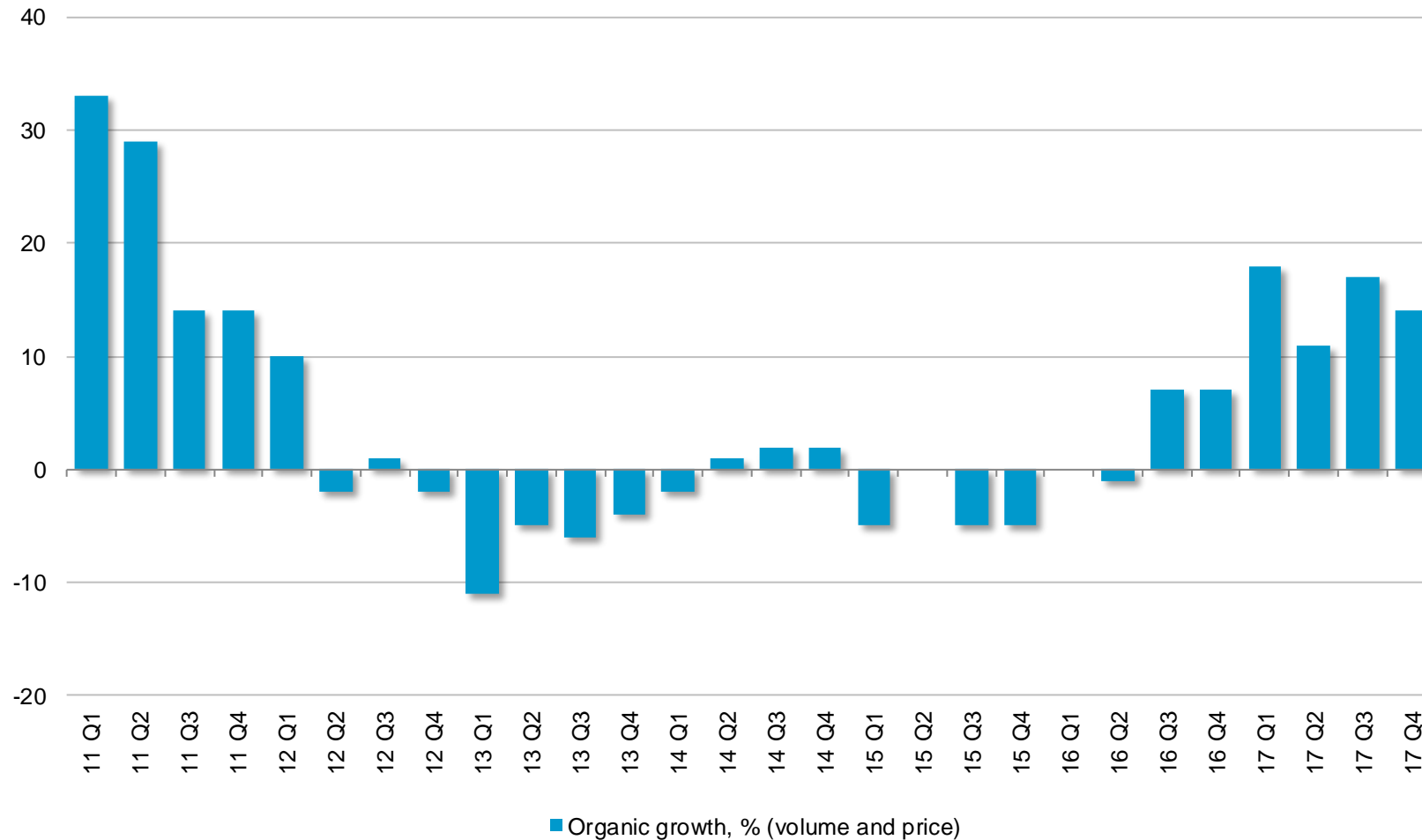
Last 3 months vs. previous year, %

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Order growth per quarter

Organic growth

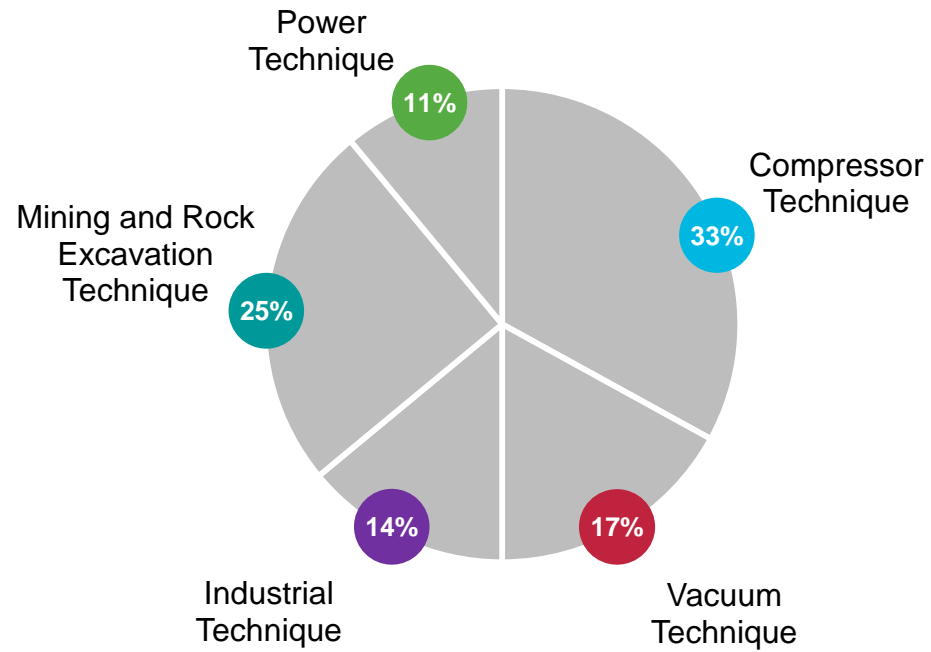


Sales bridge

MSEK	October - December		January - December	
	Orders received	Revenues	Orders received	Revenues
2016	27 617	28 495	102 812	101 356
Structural change, %	+1	+1	+4	+4
Currency, %	-5	-4	+1	+1
Price, %	+1	+0	+0	+0
Volume, %	+13	+11	+15	+10
Total, %	+10	+8	+20	+15
2017	30 372	30 865	123 431	116 421

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Revenues by business area



12 months ending December 2017



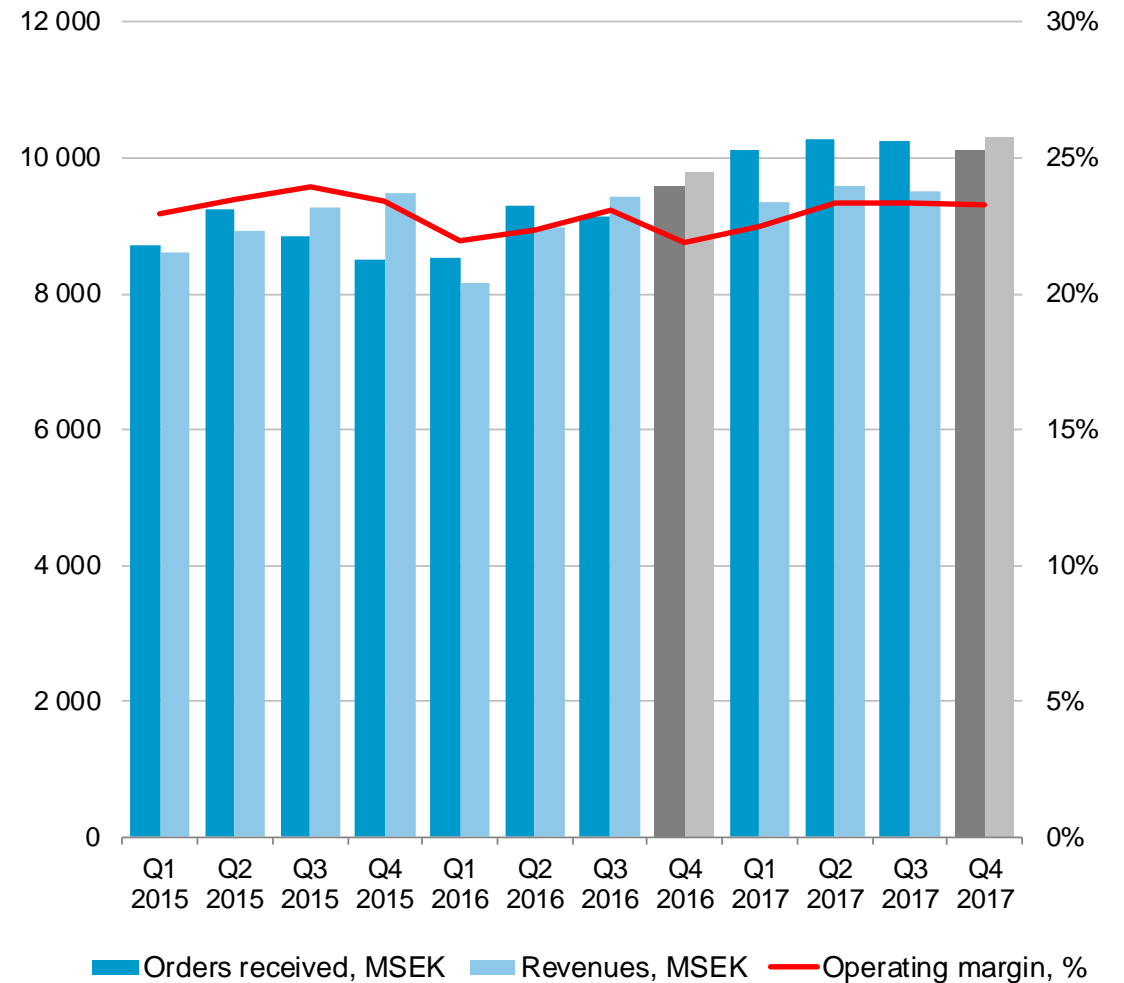
Compressor Technique

- Organic order growth of 7%
 - Growth for service and most equipment types
 - Growth in North America supported by new product introductions
- Record revenues and profit
- Operating margin at 23.3% (21.9)
 - Supported by volume
 - Negatively affected by currency



Innovation:

New large oil-free centrifugal compressor offers premium energy efficiency and easy preventive maintenance.



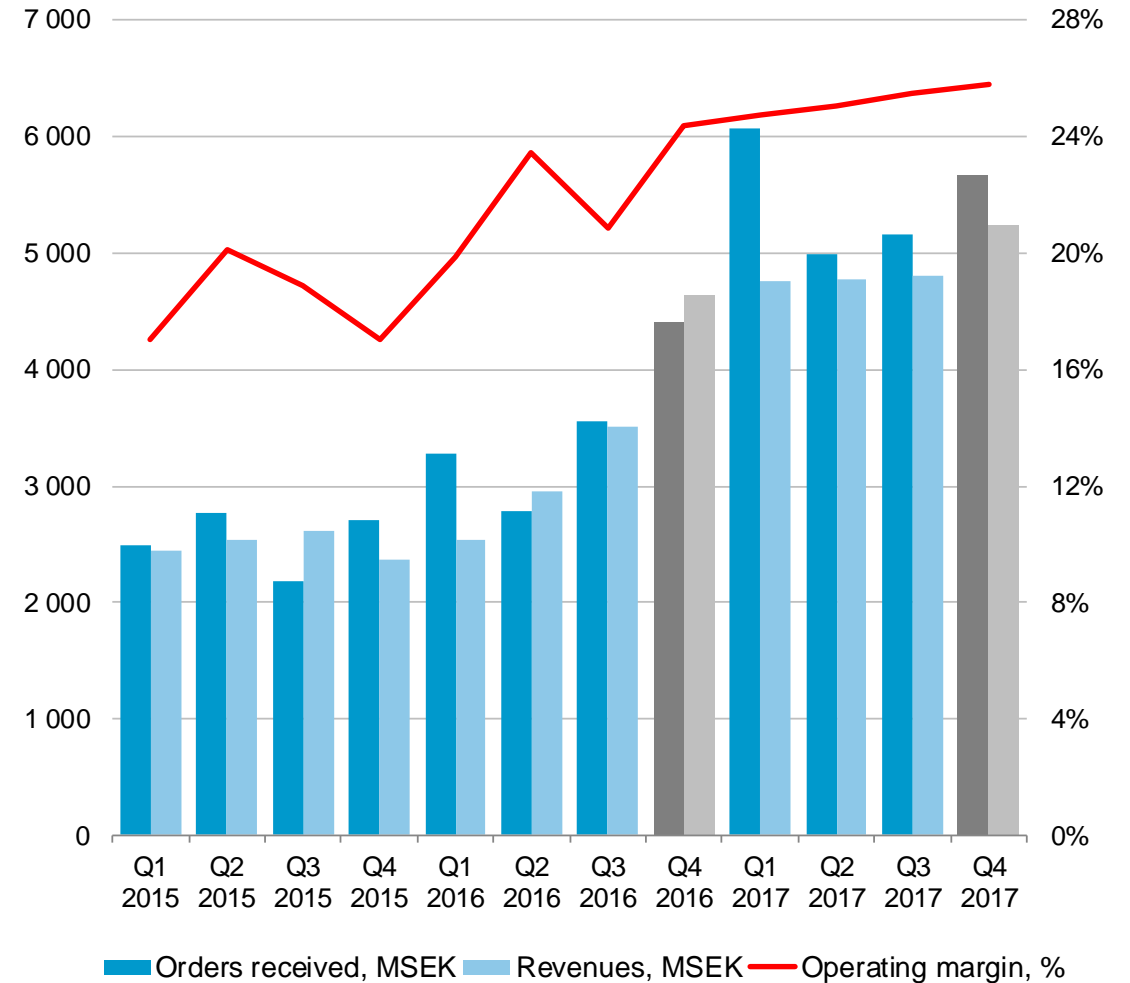
Vacuum Technique

- Organic order growth of 38%
 - Strong equipment growth for semiconductor, industrial and high vacuum
 - Continued growth for service
- Record revenues and profit
- Operating margin at 25.8% (24.4)
 - Negative currency impact
 - Successful introduction of new products



Innovation:

A new range of dry scroll pumps offering industrial customers and laboratories best in class performance in a compact, quiet, clean and low energy consumption package.



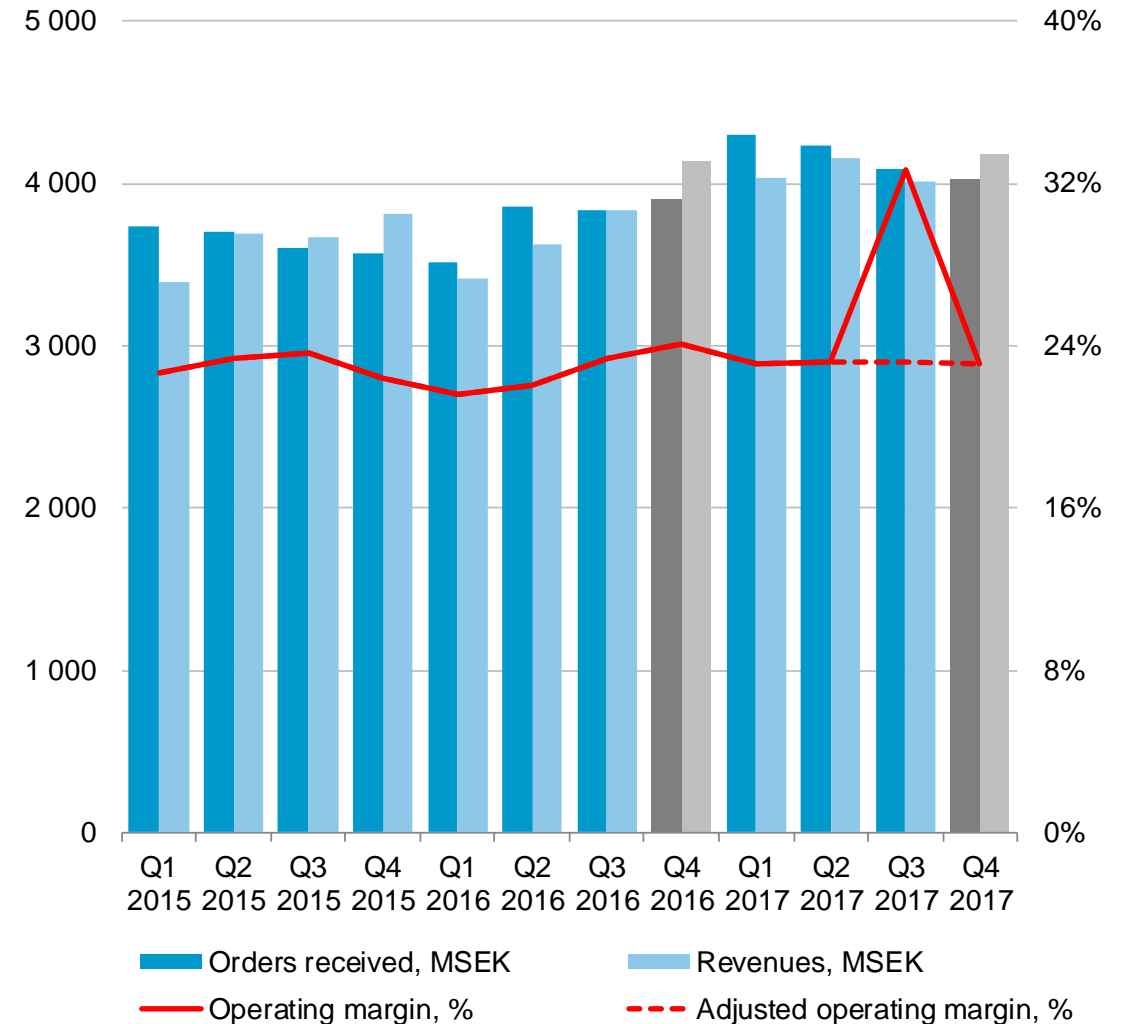
Industrial Technique

- Organic order growth of 7%
 - Good order development for production of electrical and light vehicle cars
 - Strong growth for aerospace and general assembly applications
 - Continued growth for service in all regions
- Record revenues
- Operating margin at 23.1% (24.1)
 - Negatively affected by currency



Innovation:

New wireless socket selector that can be connected to customers factory network and wireless power tools offers increased flexibility and improved productivity.



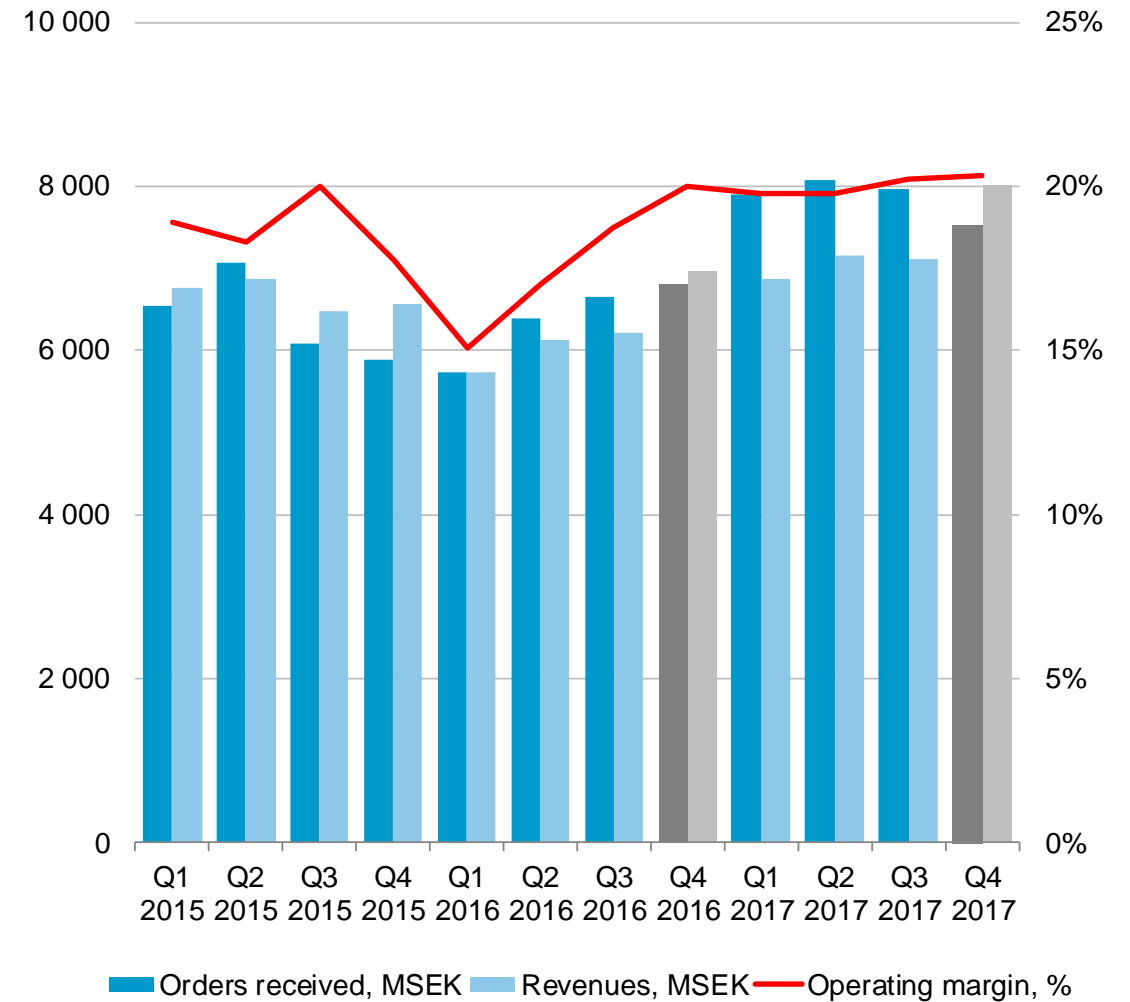
Mining and Rock Excavation Technique

- Strong organic order growth of 16%
 - Solid growth for surface and underground equipment
 - Continued growth for service and consumables
- Operating margin at 20.3% (20.0)
 - Supported by volume
 - Negatively affected by currency and sales mix
- Several new products launched during the quarter



Innovation:

A new high capacity mine truck in a compact design prepared for automation.



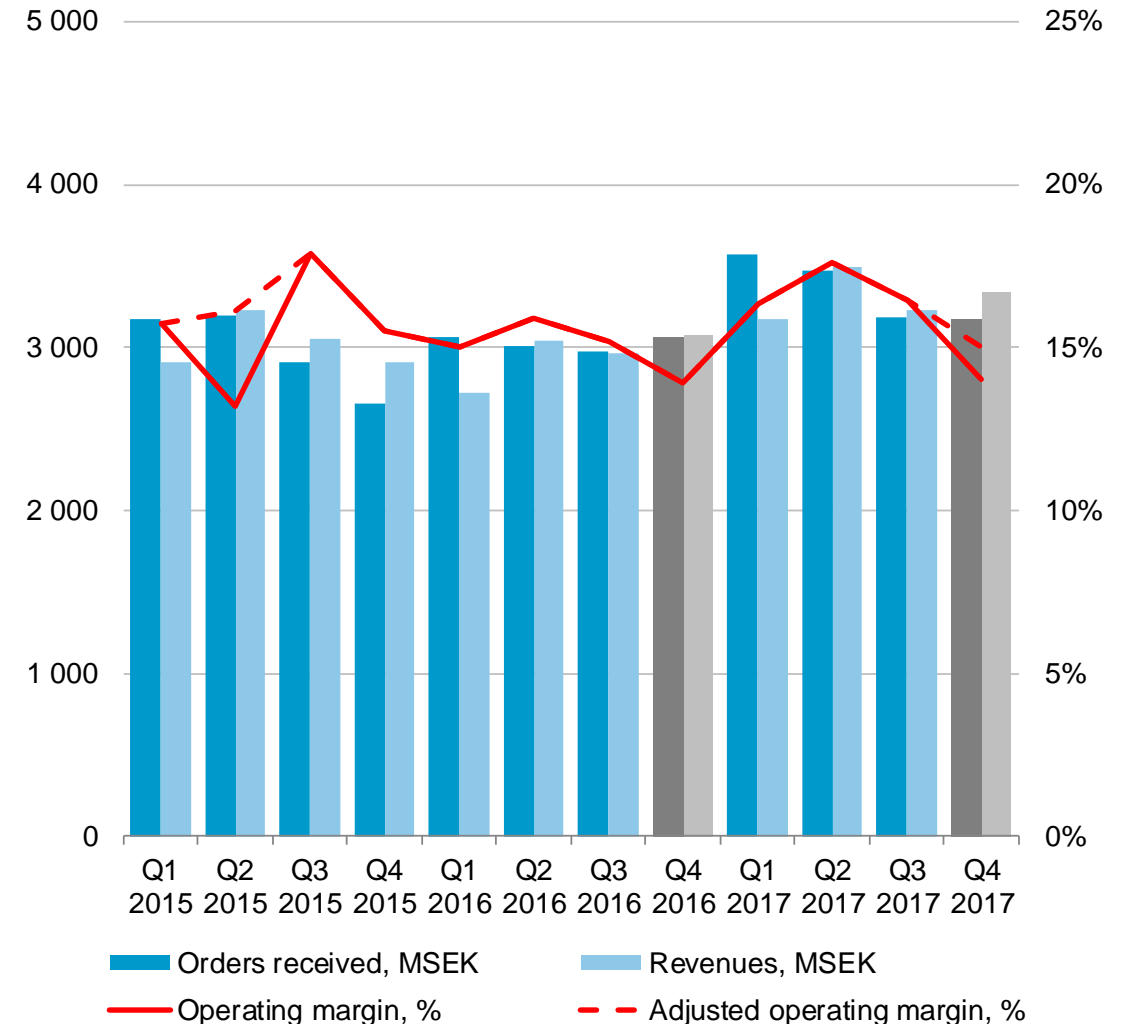
Power Technique

- Organic order growth of 5%
 - Growth for equipment and specialty rental
 - Growth in all regions
 - Service remained on previous year's level
- Operating margin at 14.1% (13.9)
 - One time items of MSEK 30
 - Adjusted operating profit at 15.0% (13.9)



Innovation:

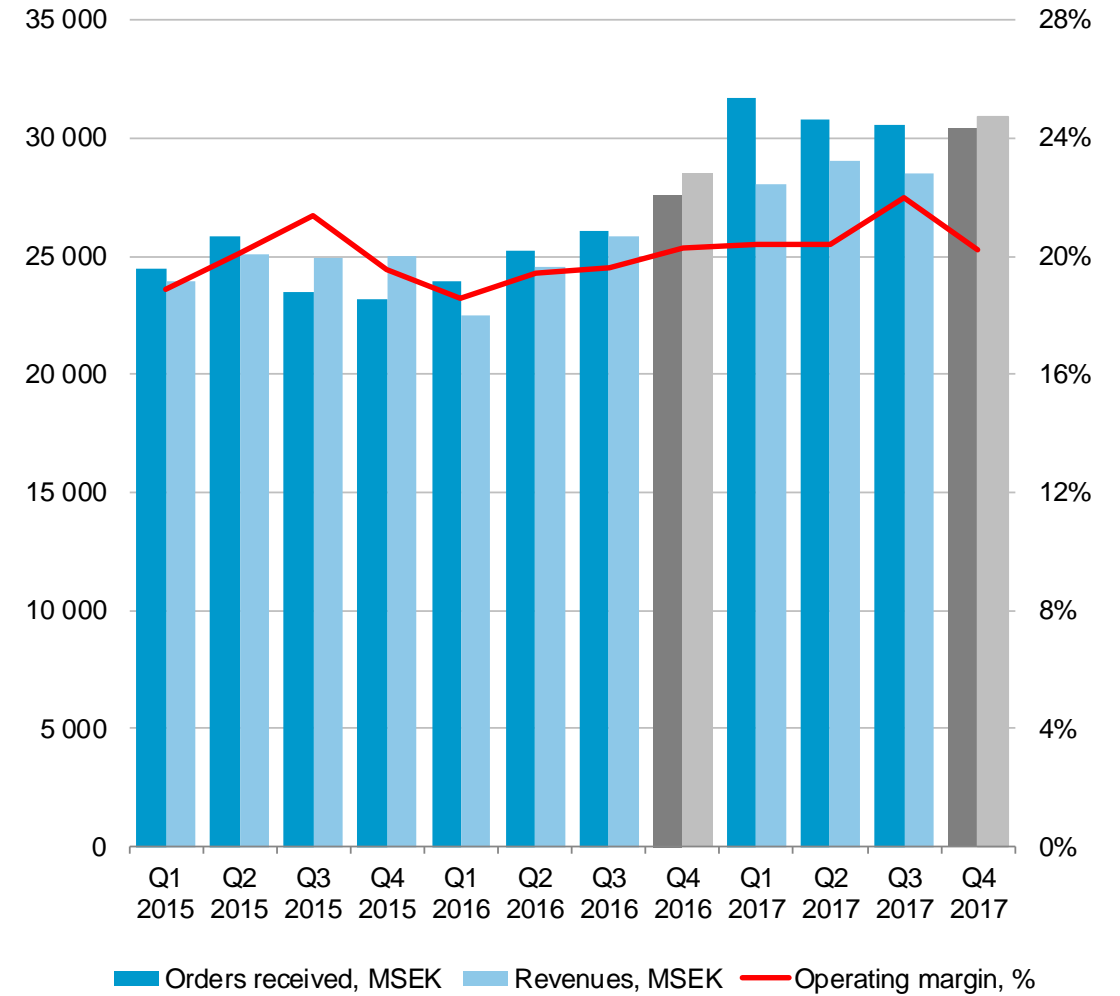
New lightweight, and compact compressor, offering fuel efficiency savings of up to 8% against comparable units.



Group total

October – December 2017 vs. 2016

Continuing operations MSEK	October - December		
	2017	2016	%
Orders received	30 372	27 617	10%
Revenues	30 865	28 495	8%
Operating profit	6 233	5 785	8%
– as a percentage of revenues	20.2	20.3	
Profit before tax	5 946	5 618	6%
– as a percentage of revenues	19.3	19.7	
Income tax expense	-1 703	-1 364	25%
Profit for the period from continuing operations	4 243	4 254	0%
Basic earnings per share, SEK	3.49	3.49	
Return on capital employed, %	30	27	



Profit bridge

October – December 2017 vs. 2016

MSEK	Q4 2017	Volume, price, mix and other	Currency	One-time items Acquisitions	Share-based LTI* programs	Q4 2016
Atlas Copco Group						
Revenues	30 865	3 310	-1 170	230		28 495
Operating profit	6 233	1 296	-515	-270	-63	5 785
	20.2%	39.2%				20.3%

*LTI = Long Term Incentive

Profit bridge – by business area

October – December 2017 vs. 2016

MSEK	Q4 2017	Volume, price, mix and other	Currency	One-time items Acquisitions	Q4 2016
Compressor Technique					
Revenues	10 305	642	-365	225	9 803
Operating profit	2 398	365	-110	0	2 143
	23.3%	56.9%			21.9%
Vacuum Technique					
Revenues	5 236	931	-240	-90	4 635
Operating profit	1 352	521	-250	-50	1 131
	25.8%	56.0%			24.4%
Industrial Technique					
Revenues	4 182	185	-145	5	4 137
Operating profit	967	40	-70	0	997
	23.1%	21.6%			24.1%
Mining and Rock Excavation Technique					
Revenues	8 011	1 325	-295	10	6 971
Operating profit	1 629	364	-130	0	1 395
	20.3%	27.5%			20.0%
Power Technique					
Revenues	3 337	304	-120	80	3 073
Operating profit	469	86	-25	-20	428
	14.1%	28.3%			13.9%

Balance sheet

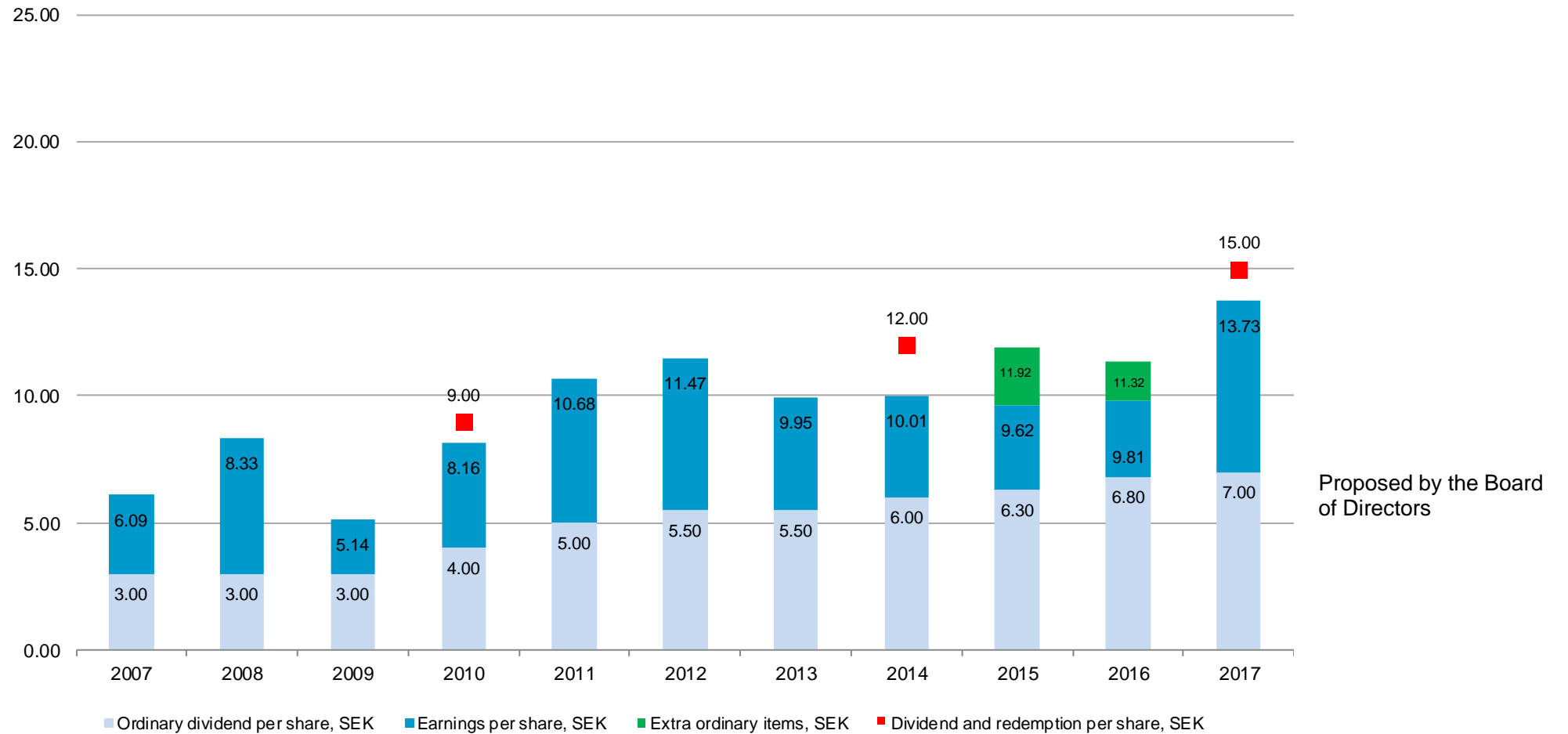
MSEK	Dec. 31, 2017		Dec. 31, 2016	
Intangible assets	35 151	28%	37 828	33%
Rental equipment	2 934	2%	3 095	3%
Other property, plant and equipment	9 523	8%	9 793	8%
Other non-current assets	3 614	3%	4 175	4%
Inventories	18 415	15%	16 912	15%
Receivables	30 117	24%	27 685	24%
Current financial assets	1 295	1%	2 455	2%
Cash and cash equivalents	24 496	19%	11 458	10%
Assets classified as held for sale	193	0%	2 491	2%
TOTAL ASSETS	125 738		115 892	
Total equity	60 723	48%	53 177	46%
Interest-bearing liabilities	28 182	22%	28 629	25%
Non-interest-bearing liabilities	36 777	29%	33 275	29%
Liabilities directly associated with assets classified as held for sale	56	0%	811	1%
TOTAL EQUITY AND LIABILITIES	125 738		115 892	

Cash flow*

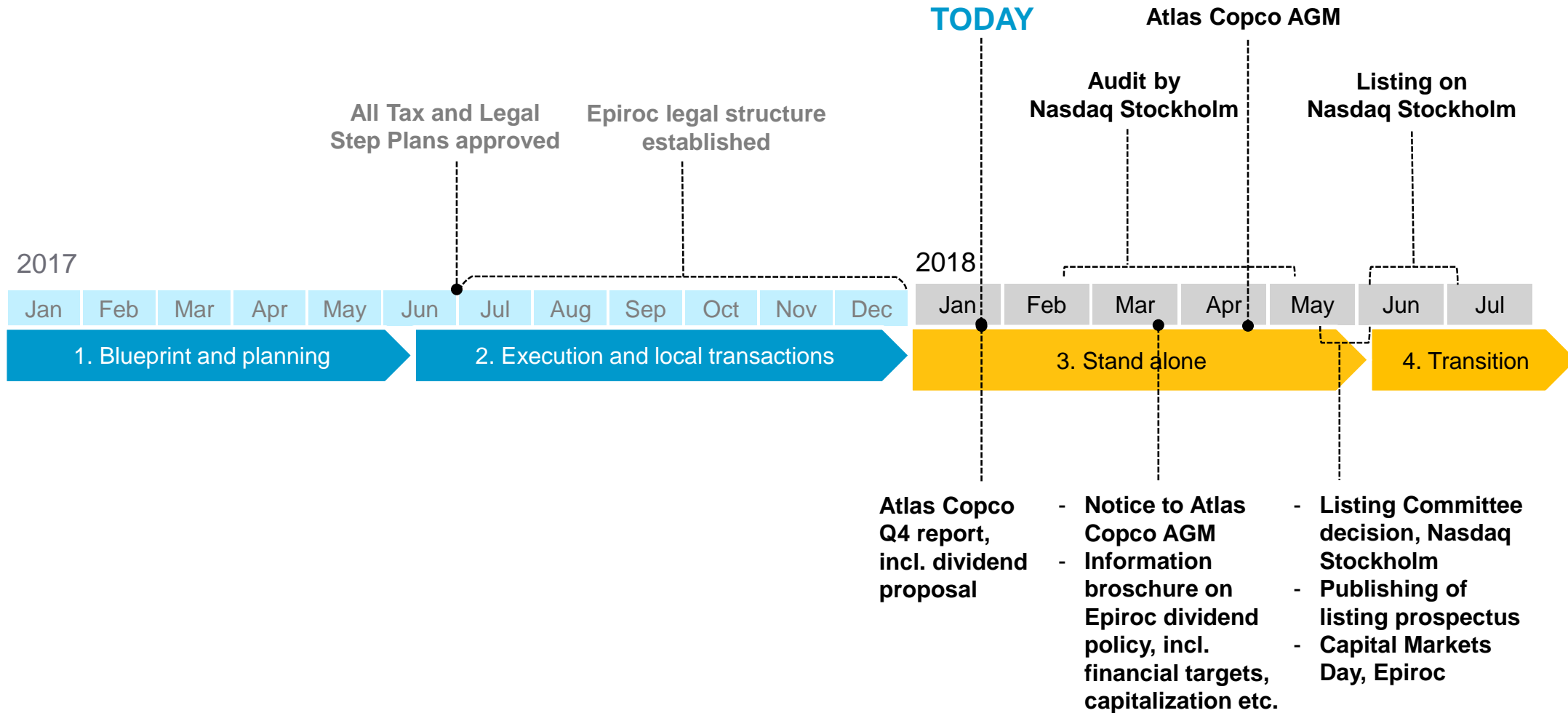
MSEK	October - December		January - December	
	2017	2016	2017	2016
Operating cash surplus	7 399	7 259	29 370	24 600
<i>of which depreciation added back</i>	1 283	1 204	5 110	4 392
Net financial items	-39	-414	329	-771
Taxes paid	-1 420	-863	-7 306	-7 132
Pension funding	-181	-449	-1 280	-543
Change in working capital	1 049	1 155	1 215	2 875
Increase in rental equipment, net	-315	-171	-948	-748
Cash flows from operating activities	6 493	6 517	21 380	18 281
Investments of property, plant & eq., net	-496	-349	-1 563	-1 225
Other investments, net	393	-157	-235	-1 207
Cash flow from investments	-103	-506	-1 798	-2 432
Adjustment, pensions	-	-	772	-
Adjustment, currency hedges of loans	-153	526	-1 416	10
Adjustment, tax payment in Belgium	-	-	655	2 250
Sale of financial assets	-737	-	-737	-
Operating cash flow	5 500	6 537	18 856	18 109
Company acquisitions/ divestments	1 550	-60	1 040	-4 716

* Including discontinued operations

Earnings and dividends



Epiroc split



Near-term outlook

The overall demand for the Group is expected to remain at current high level.

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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.”