

Atlas Copco

ViewSTAR

ISRA
VISION

Q2 results

July 16, 2020



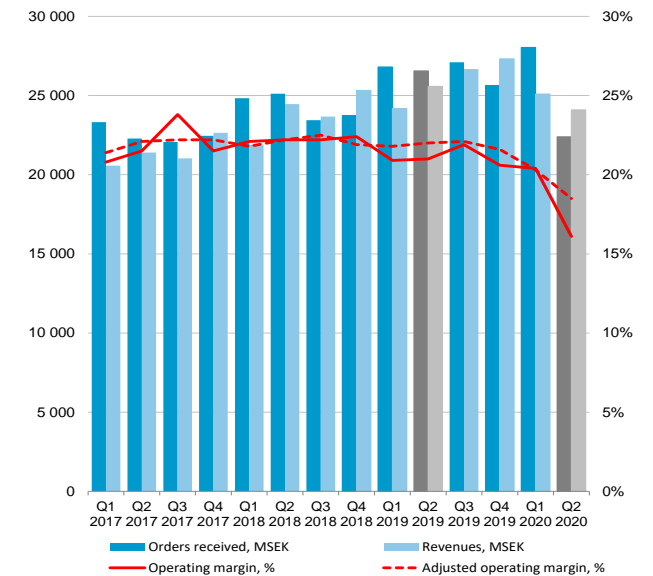
Q2 in brief

- Tough market conditions due to the COVID-19 pandemic
- As expected, significantly lower demand for most equipment types
 - Demand from the semiconductor industry still at favorable level
- Service business also down in most segments, but more resilient
 - Semiconductor service business increased significantly
- Healthy profitability and operating cash flow

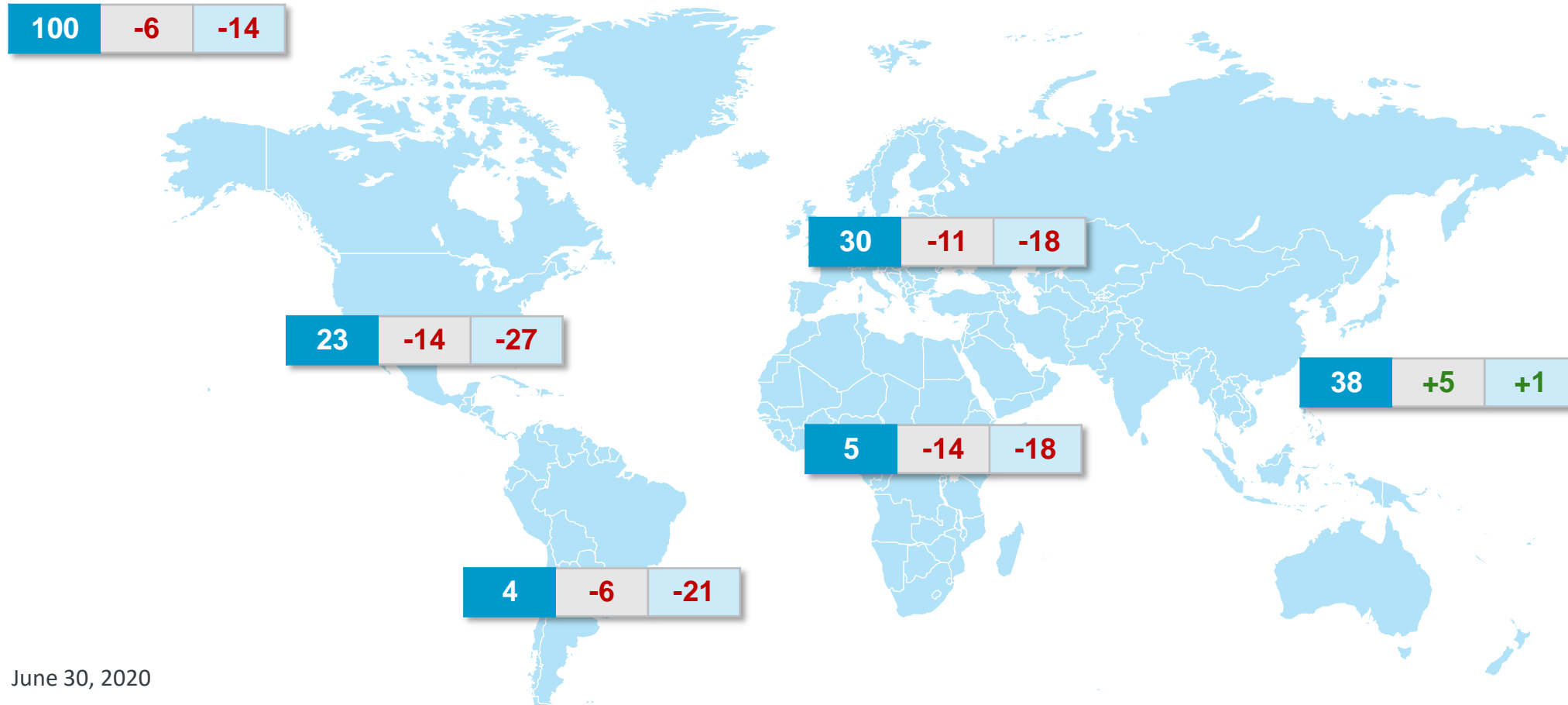
- ISRA VISION acquisition closed

Q2 figures in summary

- Orders received at MSEK 22 401 (26 565), organic decline of 17%
- Revenues at MSEK 24 102 (25 580), organic decline of 8%
- Adjusted operating profit at MSEK 4 476 (MSEK 5 622), margin of 18.6% (22.0)
 - Items affecting comparability of MSEK -587 (-243)
 - Reported operating profit decreased to MSEK 3 889 (5 379), margin of 16.1% (21.0)
- Profit for the period, MSEK 3 129 (4 085)
- Basic earnings per share at SEK 2.58 (3.36)
- Operating cash flow at MSEK 3 483 (2 369)
- Return on capital employed 26% (33)



Orders received – local currency

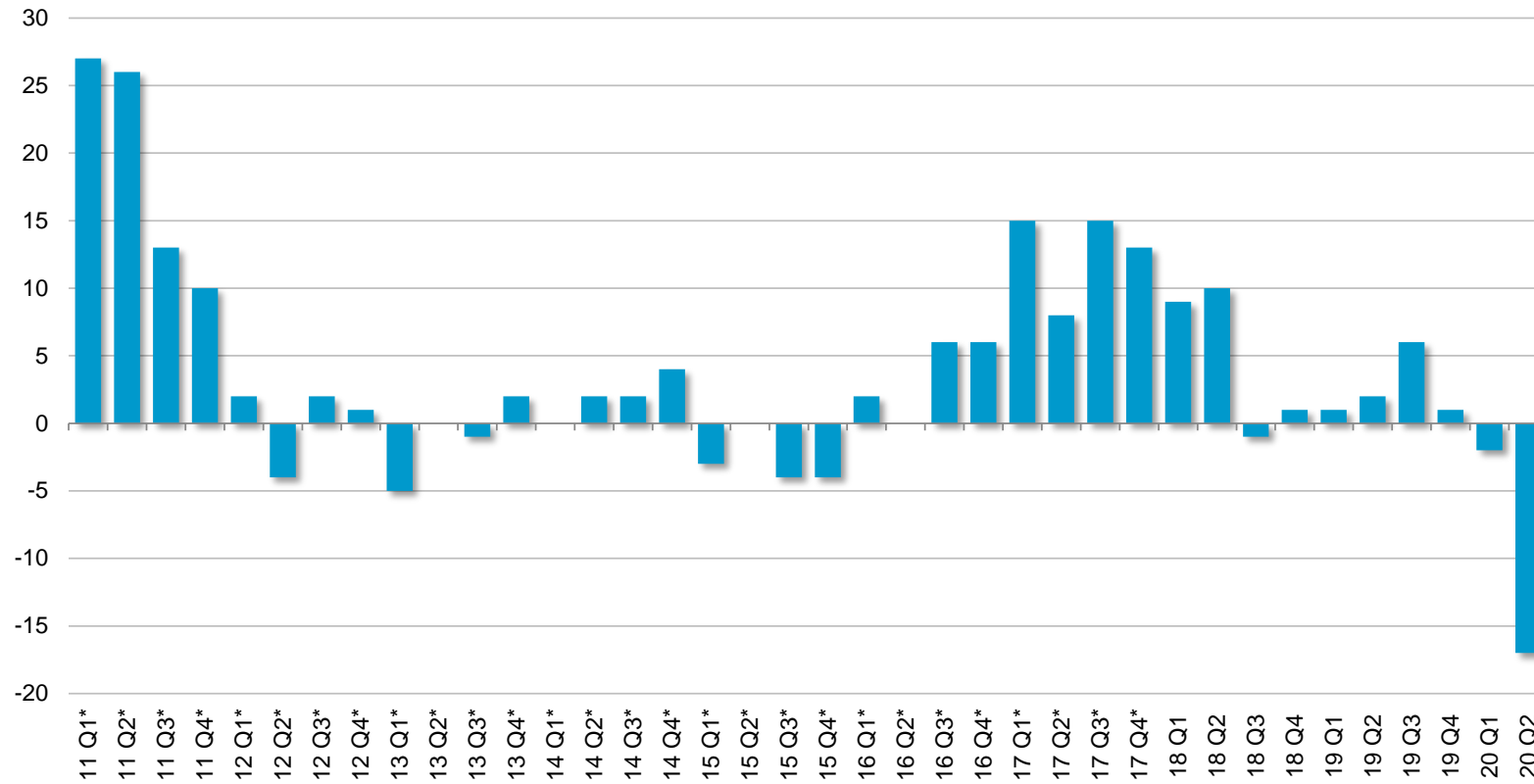


June 30, 2020

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, %



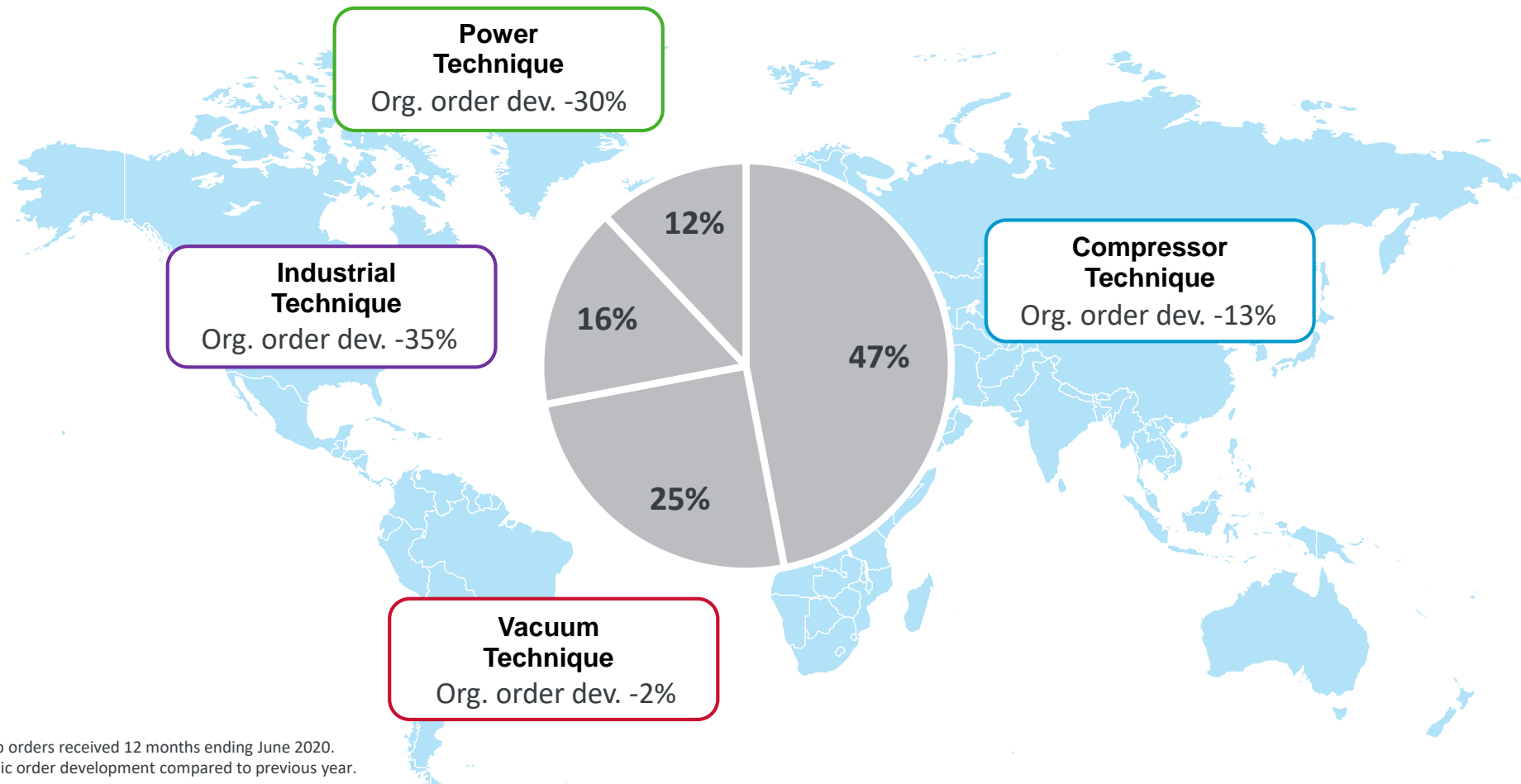
*2011-2017 excluding Mining and Rock Excavation Technique business area (now part of Epiroc AB).

Sales bridge

MSEK	April - June		January - June	
	Orders received	Revenues	Orders received	Revenues
2019	26 565	25 580	53 377	49 761
Structural change, %	+2	+3	+3	+4
Currency, %	-1	-1	+1	+1
Organic*, %	-17	-8	-10	-6
Total, %	-16	-6	-6	-1
2020	22 401	24 102	50 440	49 200

*Volume, price and mix.

Orders by business area and organic order growth*



* Share of Group orders received 12 months ending June 2020.
3 month organic order development compared to previous year.

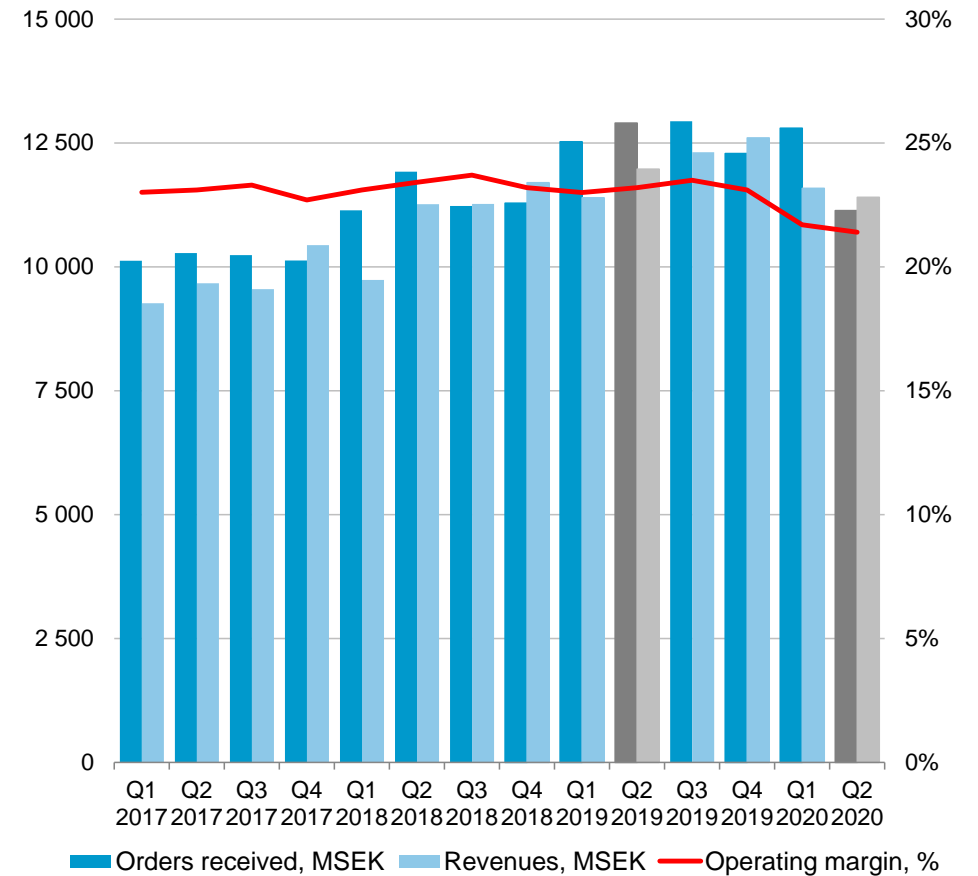
Compressor Technique

- Organic order decline of 13%
 - Lower demand for all types of compressor equipment
 - Service also down, but less than equipment
- Revenues -4% organically
- Operating profit margin at 21.4% (23.2)
 - Negatively affected by lower volumes, costs related to COVID-19, and sales mix
- ROCE at 76% (100)



Innovation:

GA 30⁺-45⁺, a new range of oil-injected screw compressors with leading performance and 32% smaller in size than previous models.



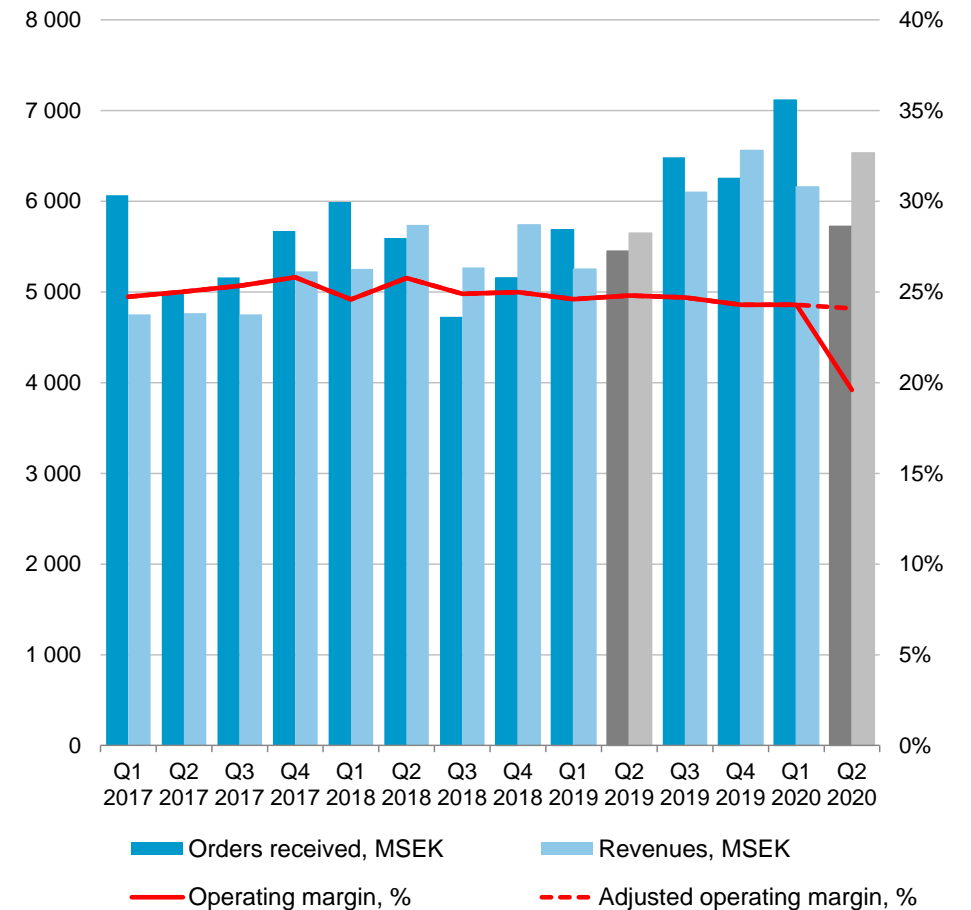
Vacuum Technique

- Slight organic order decline of 2%
 - Equipment and service growth to semiconductor industry, driven by Asia
 - Industrial and scientific equipment and service down
- Revenues +7% organically
- Adjusted operating margin at 24.1% (24.8)
 - Negatively affected by COVID-19 related costs, and recent acquisitions
 - Reported operating margin at 19.6% (24.8)
 - Items affecting comparability of MSEK -300
- ROCE at 20% (25)



Innovation:

A new range of Atlas abatement systems with improved performance to help customers reduce their emissions of greenhouse gases.



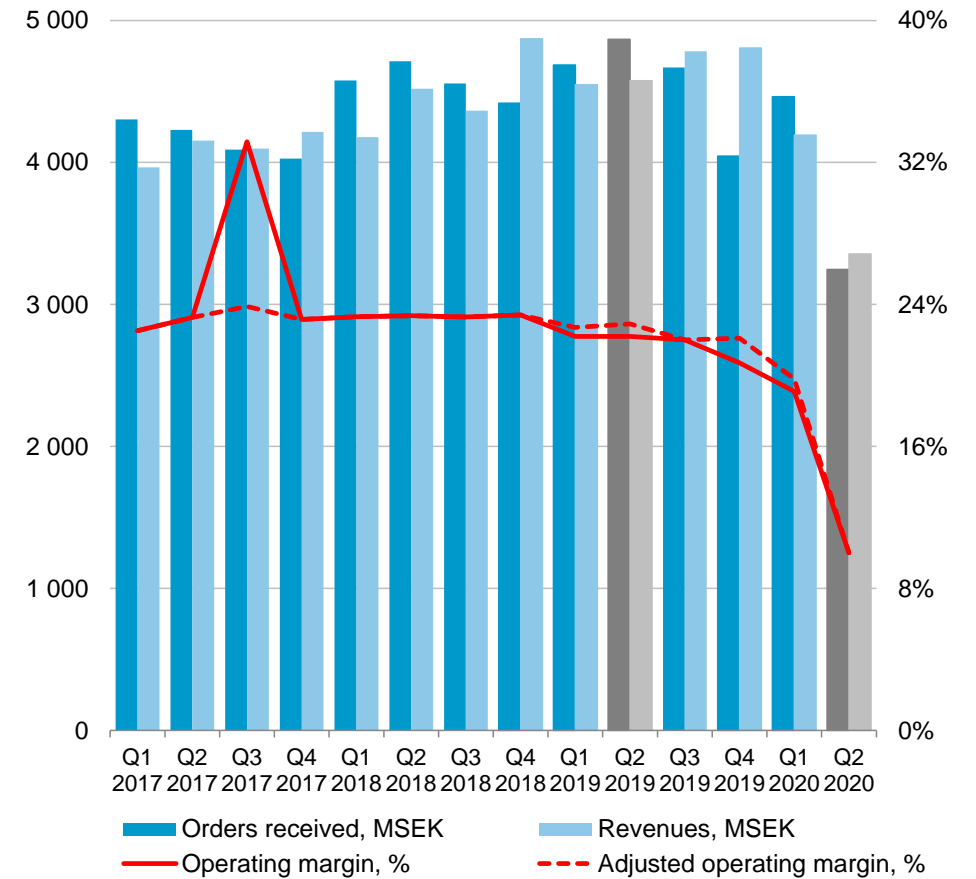
Industrial Technique

- Orders down 35% organically
 - Significantly lower demand for equipment and service from most customers segments
- Revenues -29% organically
- Operating profit margin at 10.0% (22.2)
 - Heavily affected by lower volumes, COVID-19 related costs, and negative sales mix
- ROCE at 23% (37)
- Acquisition of ISRA VISION



Innovation:

Tensor ICB, a new hand-held battery tool for assembly applications offering improved flexibility, accessibility, and ergonomics.



Acquisition of ISRA VISION

- A global machine vision specialist
- Complementary technologies and strategic platform for growth
- Settlement of voluntary public takeover offer completed during the quarter
- Total purchase price MSEK 10 604 (MEUR 1 010)
 - 92.19% of ISRA VISION AG
- New division within Industrial Technique business area as of July 1, 2020



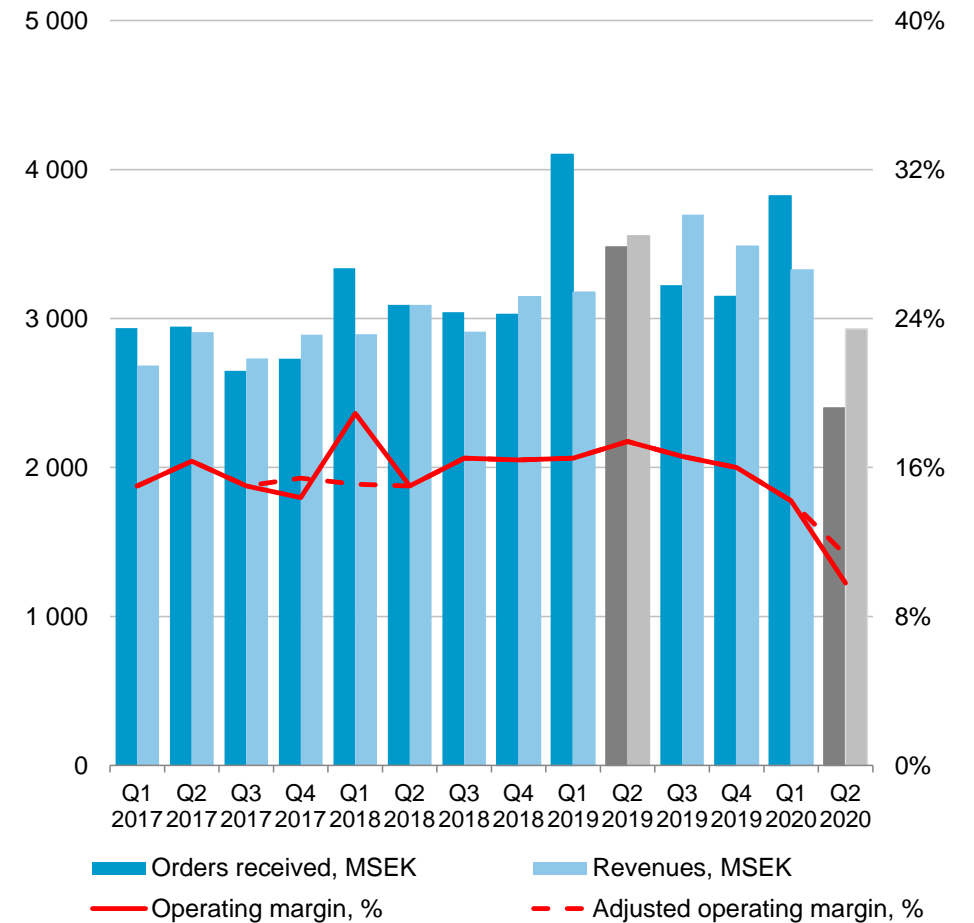
Power Technique

- Organic order decline of 30%
 - Equipment orders down considerably vs. high levels in 2019
 - Specialty rental and service orders also decreased
- Revenues -17% organically
- Adjusted operating margin at 11.5% (17.4)
 - Restructuring cost of MSEK -50
 - Heavily affected by lower volumes, costs related to COVID-19, and negative sales mix
 - Reported operating margin at 9.8% (17.4)
- ROCE at 21% (30)



Innovation:

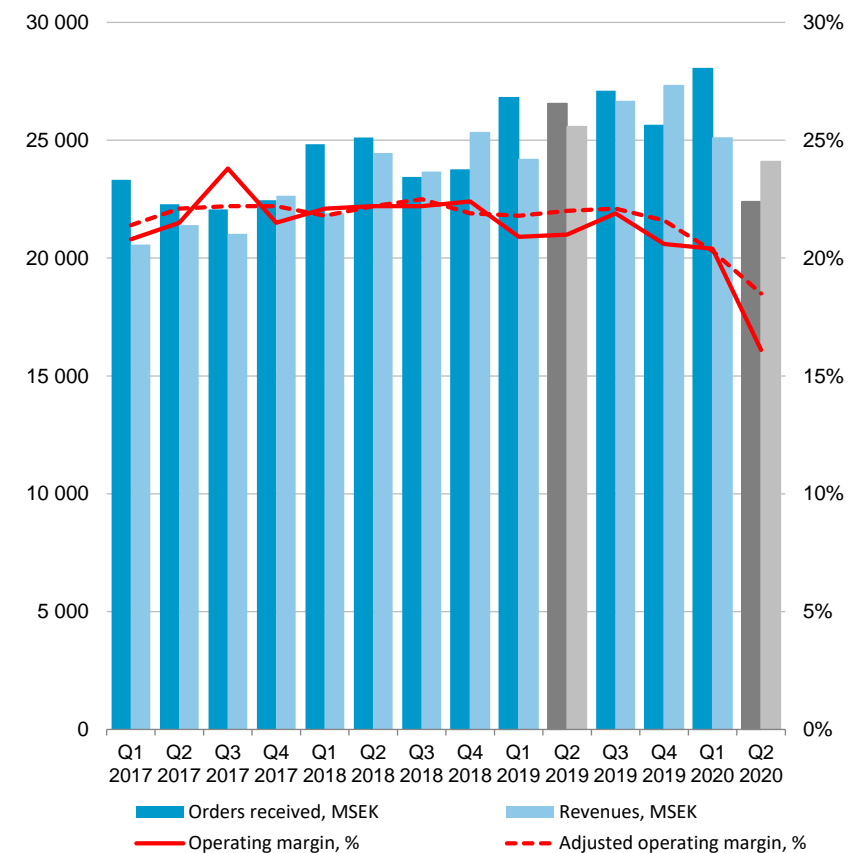
XAS 188, a new portable compressor with improved efficiency, a new controller for ease of use, dual tool capability, and a spillage free frame to protect the environment from contamination.



Group total

April – June 2020 vs. 2019

MSEK	April - June		
	2020	2019	
Orders received	22 401	26 565	-16%
Revenues	24 102	25 580	-6%
Operating profit	3 889	5 379	-28%
– as a percentage of revenues	16.1	21.0	
Net financial items	-63	-64	
Profit before tax	3 826	5 315	-28%
– as a percentage of revenues	15.9	20.8	
Income tax expense	-697	-1 230	-43%
– as a percentage of profit before tax	18.2	23.1	
Profit for the period	3 129	4 085	-23%
Basic earnings per share, SEK	2.58	3.36	
Return on capital employed, %	26	33	
Return on equity, 12 month values, %	30	41	



Profit bridge

April – June 2020 vs. 2019

MSEK	Q2 2020	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Share-based LTI* programs	Q2 2019
Atlas Copco Group						
Revenues	24 102	-2 028	-230	780		25 580
Operating profit	3 889	-1 076	-90	-300	-24	5 379
	16.1%					21.0%

*LTI = Long term incentive

Profit bridge – by business area

April – June 2020 vs. 2019

MSEK	Q2 2020	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Q2 2019
Compressor Technique					
Revenues	11 405	-534	-185	150	11 974
Operating profit	2 444	-254	-70	-5	2 773
	21.4%				23.2%
Vacuum Technique					
Revenues	6 535	395	75	415	5 650
Operating profit	1 278	112	20	-255	1 401
	19.6%				24.8%
Industrial Technique					
Revenues	3 355	-1 331	-50	160	4 576
Operating profit	334	-657	-40	15	1 016
	10.0%				22.2%
Power Technique					
Revenues	2 930	-610	-70	55	3 555
Operating profit	286	-278	0	-55	619
	9.8%				17.4%

Balance sheet

MSEK	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Intangible assets	49 606	31 367	36 549
Fixed assets and other non-current assets	17 809	17 332	17 680
Inventories	16 036	14 600	14 501
Receivables	28 049	27 360	27 861
Cash and current financial assets	5 450	11 840	15 131
Total assets	116 950	102 499	111 722
Total equity	54 482	44 262	53 290
Interest-bearing liabilities	29 216	22 774	27 143
Non-interest-bearing liabilities	33 252	35 463	31 289
Total equity and liabilities	116 950	102 499	111 722

Cash flow

MSEK	April - June		January - June	
	2020	2019	2020	2019
Operating cash surplus	5 780	6 980	12 200	13 214
<i>of which depreciation added back</i>	1 286	1 133	2 577	2 212
Net financial items	-194	-213	-242	-578
Taxes paid	-1 101	-1 822	-2 176	-2 836
Pension funding	-77	-84	-158	-161
Change in working capital	-387	-1 938	-723	-3 407
Increase in rental equipment, net	-118	-238	-268	-484
Cash flows from operating activities	3 903	2 685	8 633	5 748
Investments of property, plant & eq., net	-303	-321	-714	-680
Other investments, net	-295	-263	-576	-521
Cash flow from investments	-598	-584	-1 290	-1 201
Adjustment, currency hedges of loans	178	268	-35	351
Operating cash flow	3 483	2 369	7 308	4 898
Company acquisitions/ divestments	-8 714	-817	-12 798	-1 002

Near-term outlook

Although the world's economic development remains uncertain, Atlas Copco expects that the near-term demand for the Group's equipment and services will improve somewhat compared to the level in the second quarter.

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.”