



Atlas Copco Group

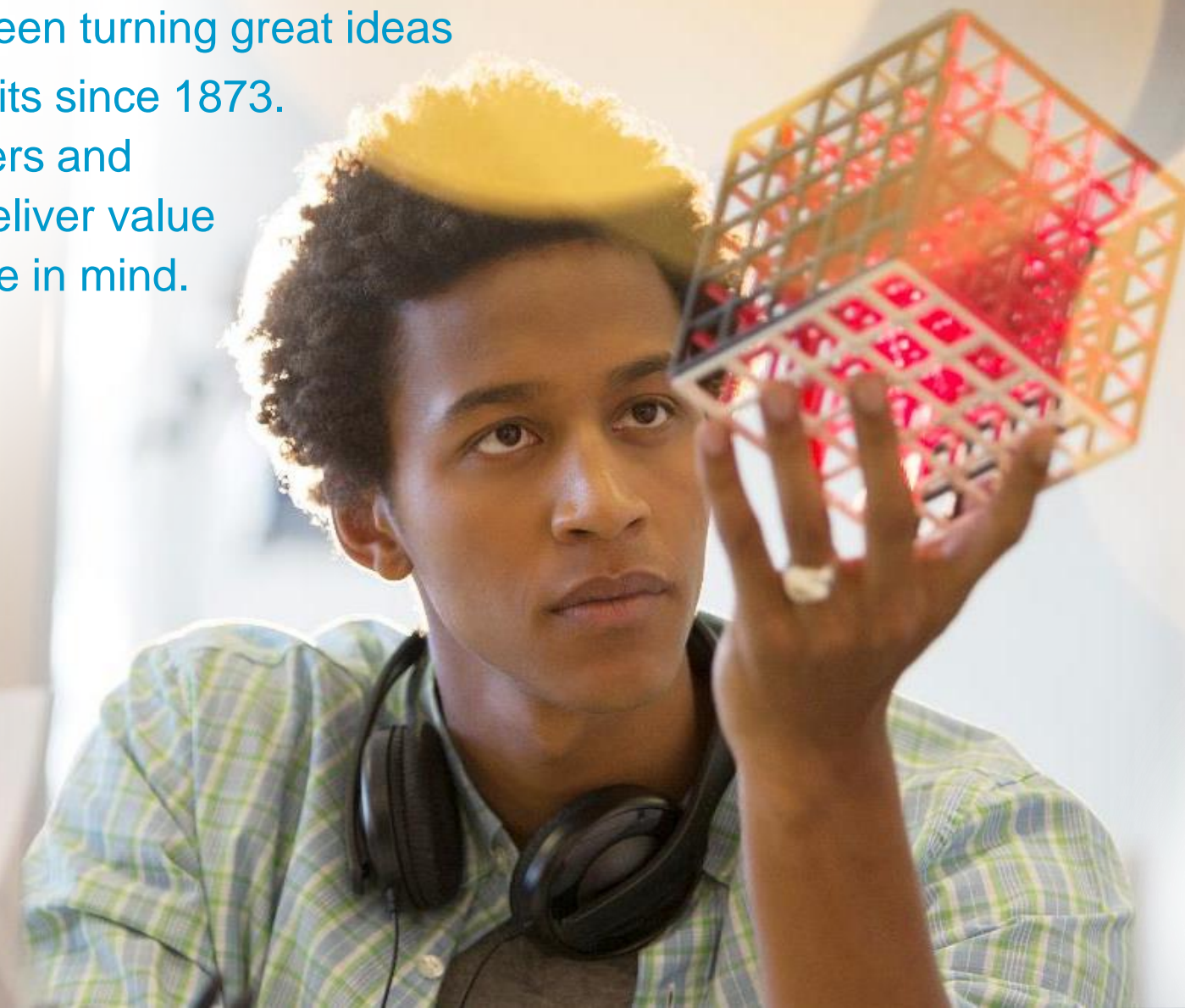
Capital Markets Day 2018

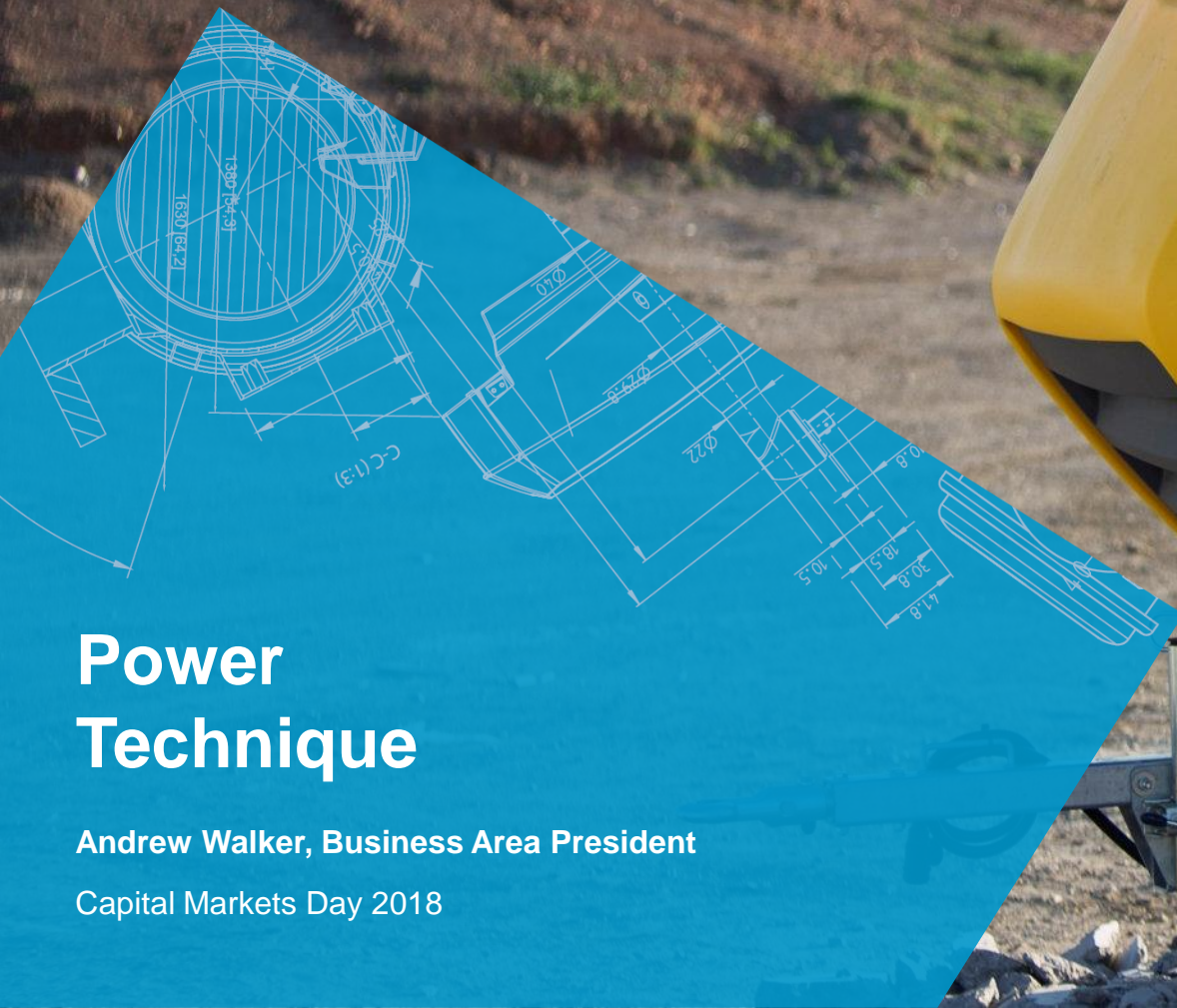
Stockholm, Sweden

Great ideas drive development.

At Atlas Copco, we have been turning great ideas into business-critical benefits since 1873.

By listening to our customers and knowing their needs, we deliver value and innovate with the future in mind.



The Atlas Copco logo is displayed in white text on a blue rectangular background in the top right corner of the image.

Power Technique

Andrew Walker, Business Area President

Capital Markets Day 2018



Agenda

- 1 Facts in brief
- 2 Trends and driving forces
- 3 Focus and priorities
- 4 Innovation in reality
- 5 Summary



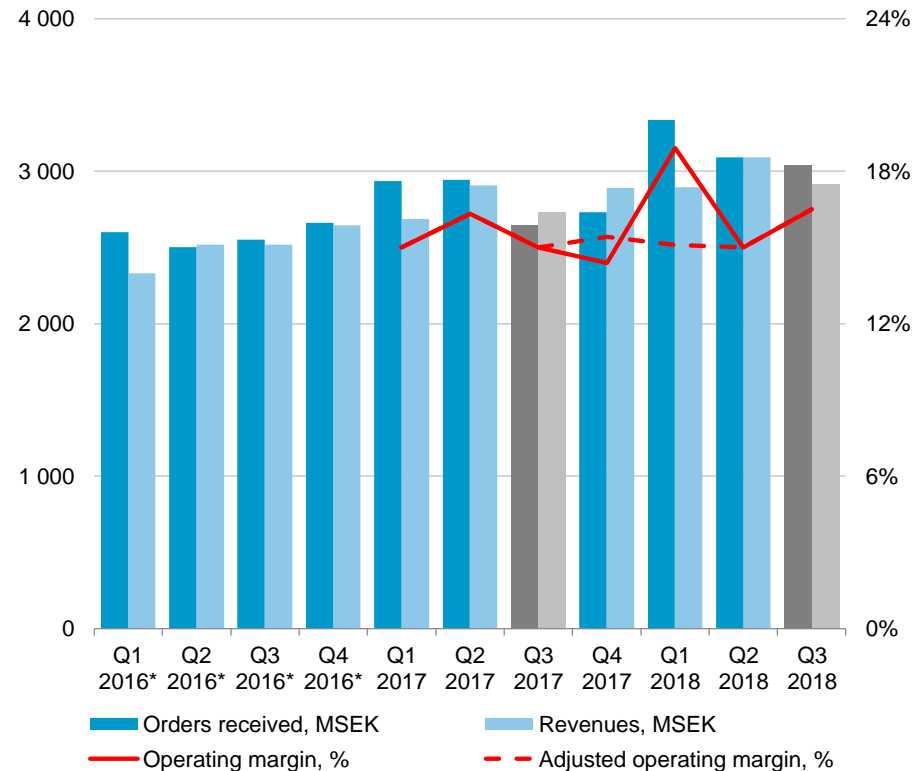
Power Technique

Growth drivers

- Increased infrastructure investments
- Localization of our products to meet local legislations
- Innovation in equipment
- Expanding the service offer
- Strengthen market position in pumps, generators and light towers
- Develop a service network for indirect channels
- Environmental regulations



ORDERS, REVENUES AND OPERATING MARGIN



*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 Q3 2018

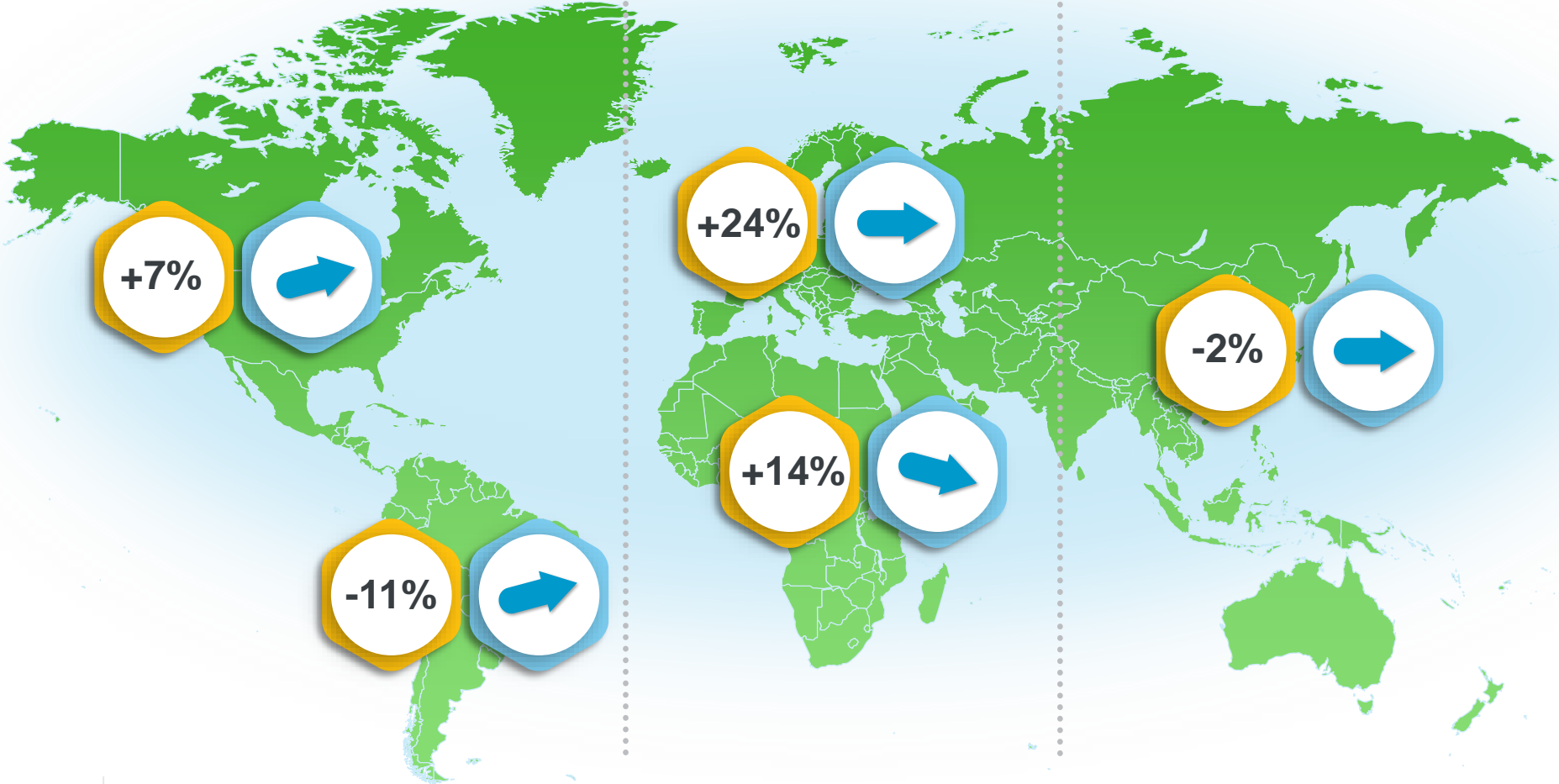
YoY Q3 vs. Q2

SHARE OF ORDERS RECEIVED YEAR TO DATE:

29%

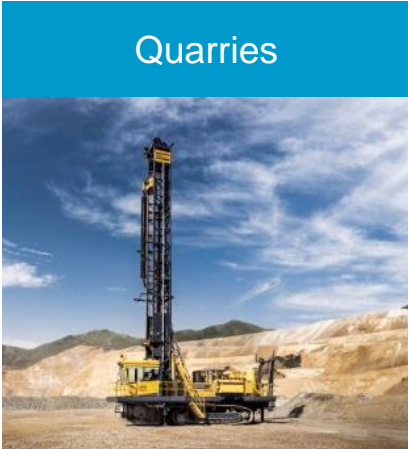
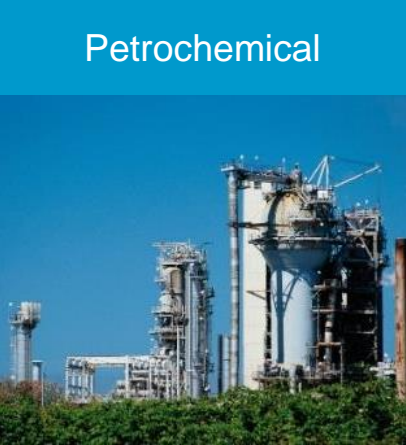
51%

20%



Focused on construction and so much more...

Industries served include:



Power Technique divisions

Portable Air
Inc. Tools



Power
and Flow



Power Technique
Service



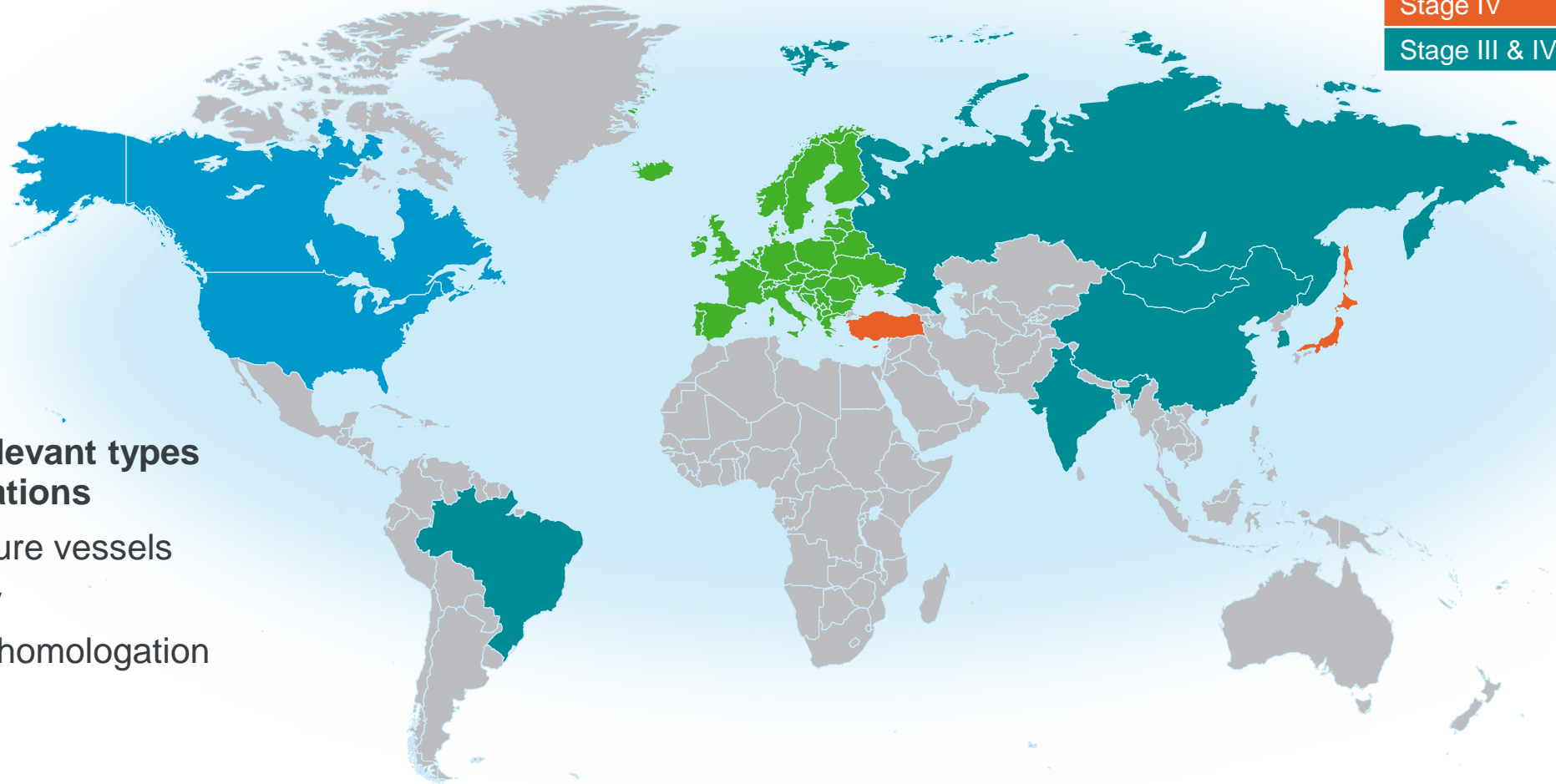
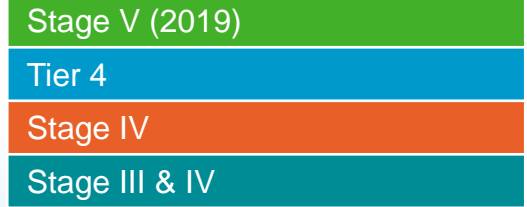
Specialty Rental



Trends and driving forces

Global regulations

Diesel emission regulations
(particles / nox exhaust)



Other relevant types of regulations

- Pressure vessels
- Safety
- Road homologation
- Noise
-

Trends and driving forces

Investments



Oil & Gas



Construction



Mining



Manufacturing



Global trends

- Government investments in infrastructure drive
- Consolidation rental market
- Increased demand for service (focus on their core)
- Digitalization

Summary of strategic focus areas



Channel management



Portable air and handheld tools



Recurring business



Market coverage



Developing generator and pump market



Digitalizing customer experience

Channel management

Three main segments

Dealers



Rental companies



Direct to end-users



Recurring business

2 service divisions

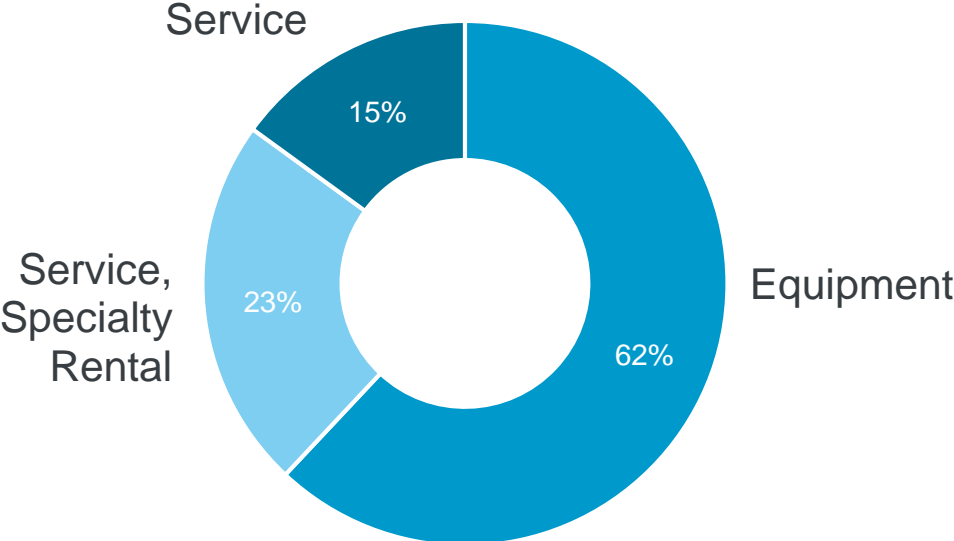


Power
Technique
Service



Specialty
Rental

SHARE OF REVENUES 2017



Developing generator and pump market

Profitable niches



Innovate to grow market share in generators



Significant player in flow
Develop service business in selected niches pumps
Selected acquisitions to develop market share



Become market leader in light towers

Portable air and handheld tools

Consolidate our number 1 position for portable air compressors

The logo for E-Air, featuring a stylized blue plug icon between the letters 'E' and 'Air'.

Develop complete
electric compressor
portfolio



Regionalized product
offering for local needs
and legislation

Dealer management tools

Focus on handheld tools



Using boosters
to focus on
oil & gas segment
Roll out Stage V

Market coverage

Geographic footprint gives increased versatility



Generators
Light Towers
Submersible Pumps



Air compressors and breakers
Boosters
Oil free portables



Surface pumps



Air compressors
Generators
Pumps



Air compressors
Generators



Air compressors
Generators
Light towers
Pumps
Breakers



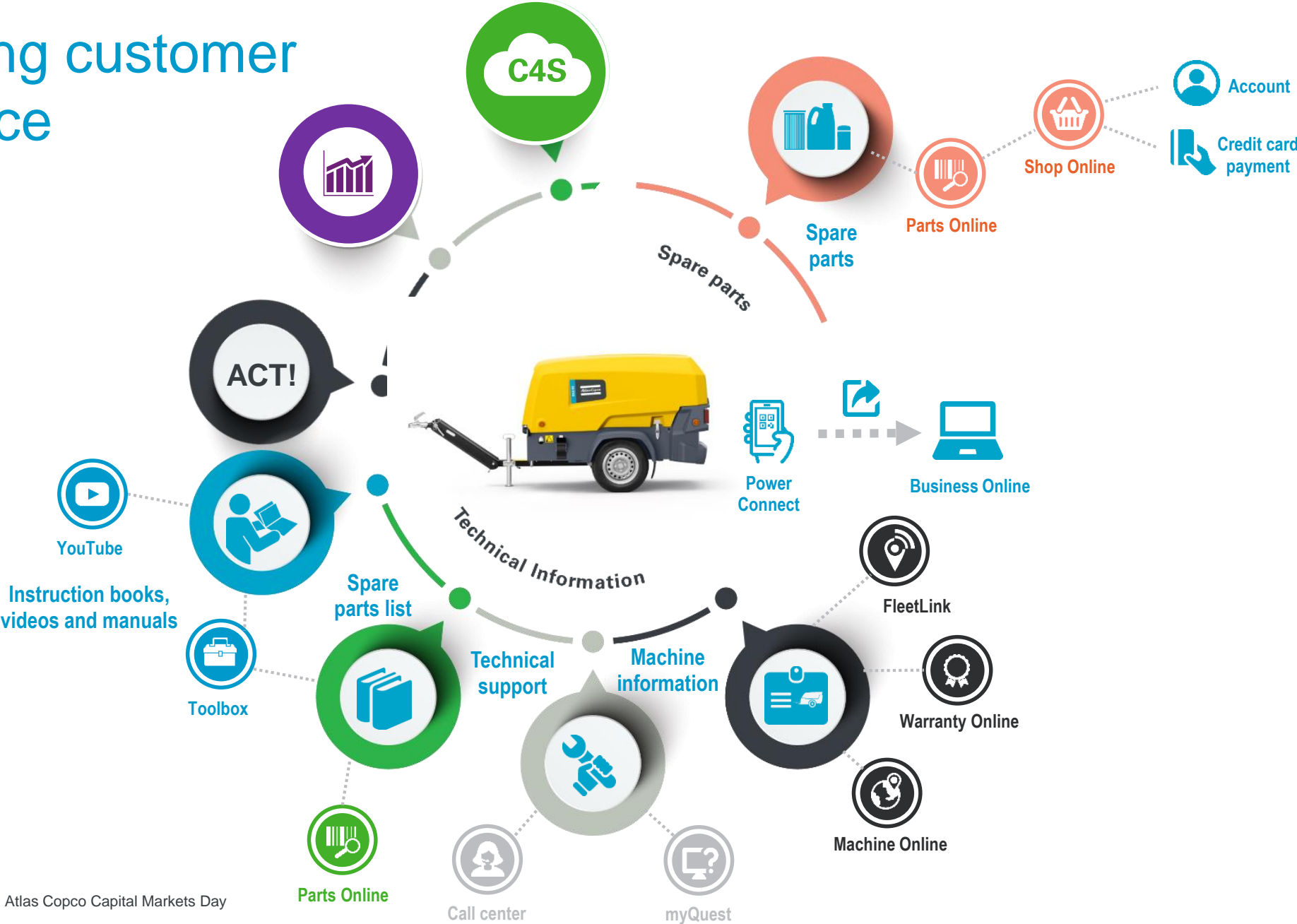
Air compressors
Generators
Light towers
Pumps



Air compressors
Generators
Pumps



Digitalizing customer experience



Innovation for growth

New portable efficient electric compressors



Containerized efficient Twin-engine generator for Europe



Battery technology in light towers



Extended high-flow pump range



Full range of compact utility compressors



Variable speed generator (QAS VSG)



Monitoring control
As standard on select new units retrofitting field units



Oil-free rental compressor



Innovation in reality

Innovation: portable electric air compressor range

ZERO%
EMISSION

1/2
NOISE



E-Air 250

Electric motor driven

Free air delivery:
247 cfm – 117 l/s

Pressure:
174 psig – 12 bar



Summary

Significant player in selected flow segments
– Pumps

Consolidate our number 1 position in portable air compressors

Become market leader in light towers

Grow rental business in adjacent segments

Increase product innovation to grow organically in generators

Develop service business in selected product segments

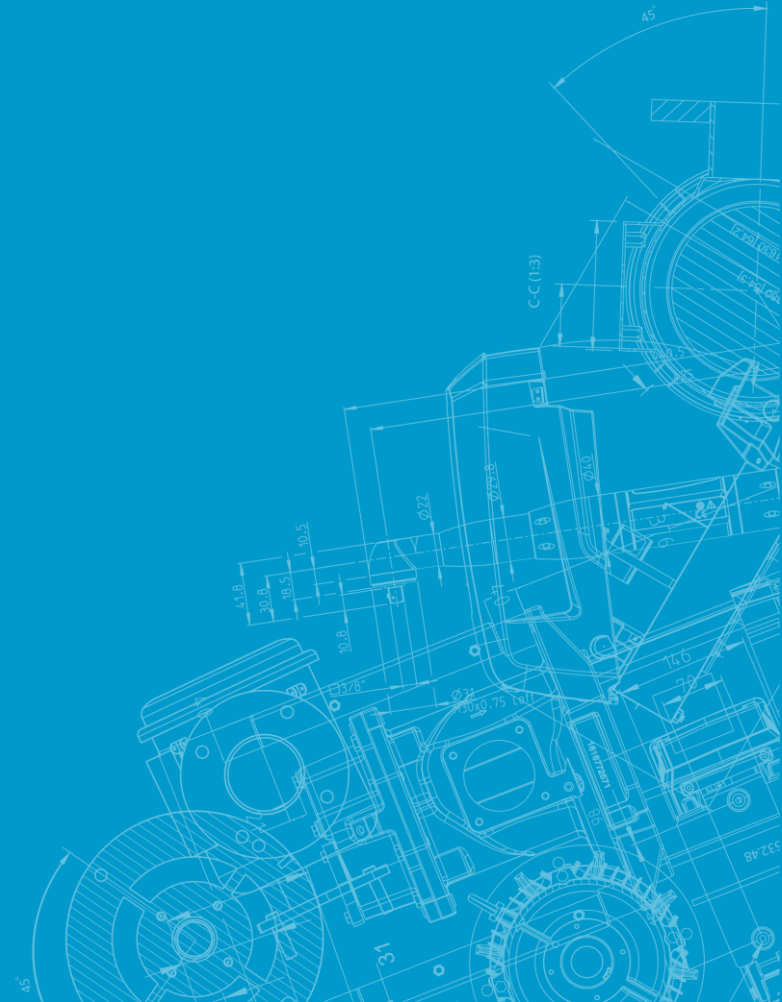
- Pumps
- Generators
- Light towers

Selected acquisitions to develop flow business



The Atlas Copco logo is centered on the page. It consists of the brand name "Atlas Copco" written in a white, elegant, cursive script. The text is flanked by two thick, white horizontal bars, one above and one below, which serve as a frame for the logo.

www.atlascopcogroup.com



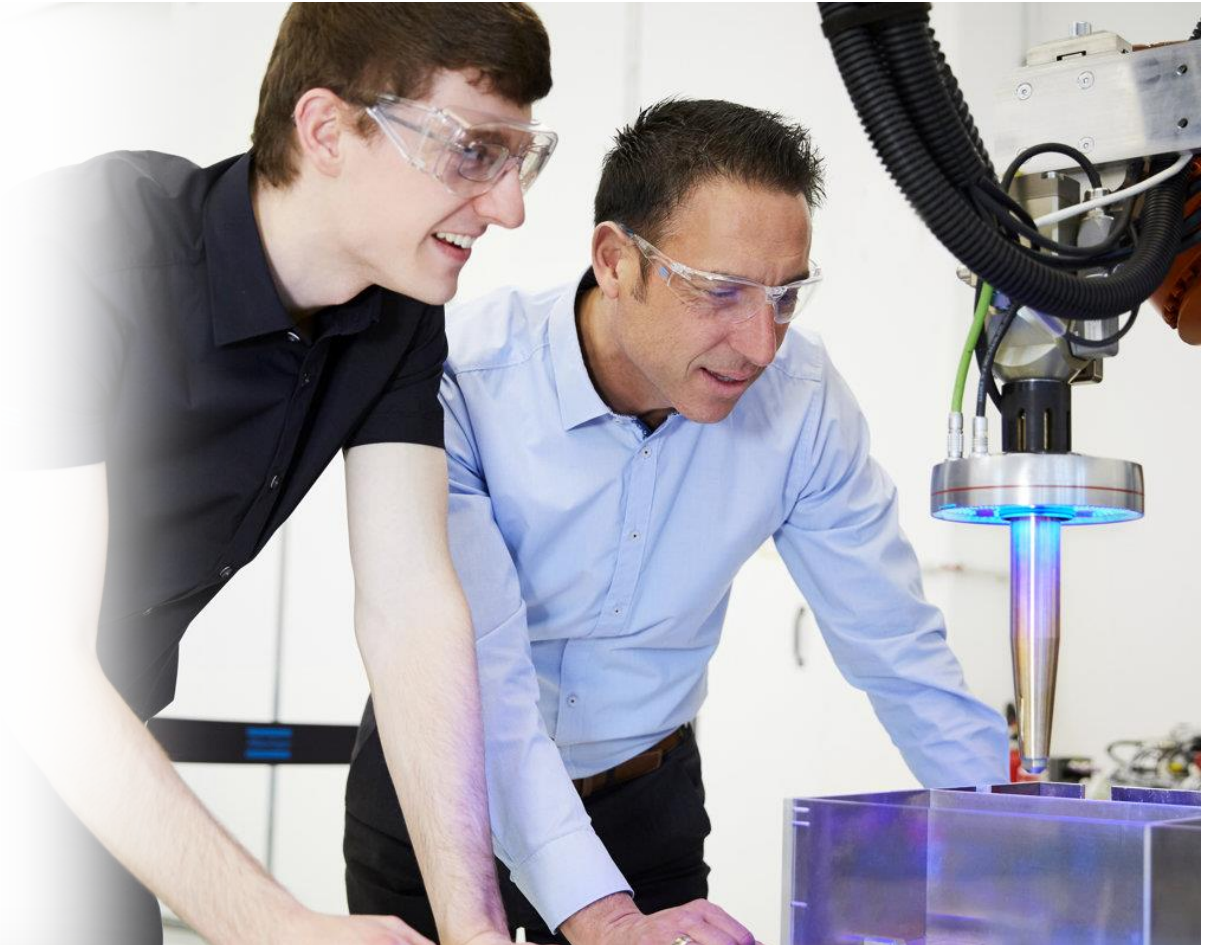
The Atlas Copco logo is displayed in white text on a blue rectangular background in the top right corner of the image.A large orange industrial robot arm is the central focus, positioned in a factory setting. It is holding a vertical assembly of four black pneumatic cylinders. The robot arm has 'LAS' and 'A63' markings on its upper section. In the background, there is a factory floor with various equipment and safety barriers.

Industrial Technique

Henrik Elmin, Business Area President
Capital Markets Day 2018

Agenda

- 1 Facts in brief
- 2 Trends and driving forces
- 3 Focus and priorities
- 4 Innovation in reality
- 5 Summary



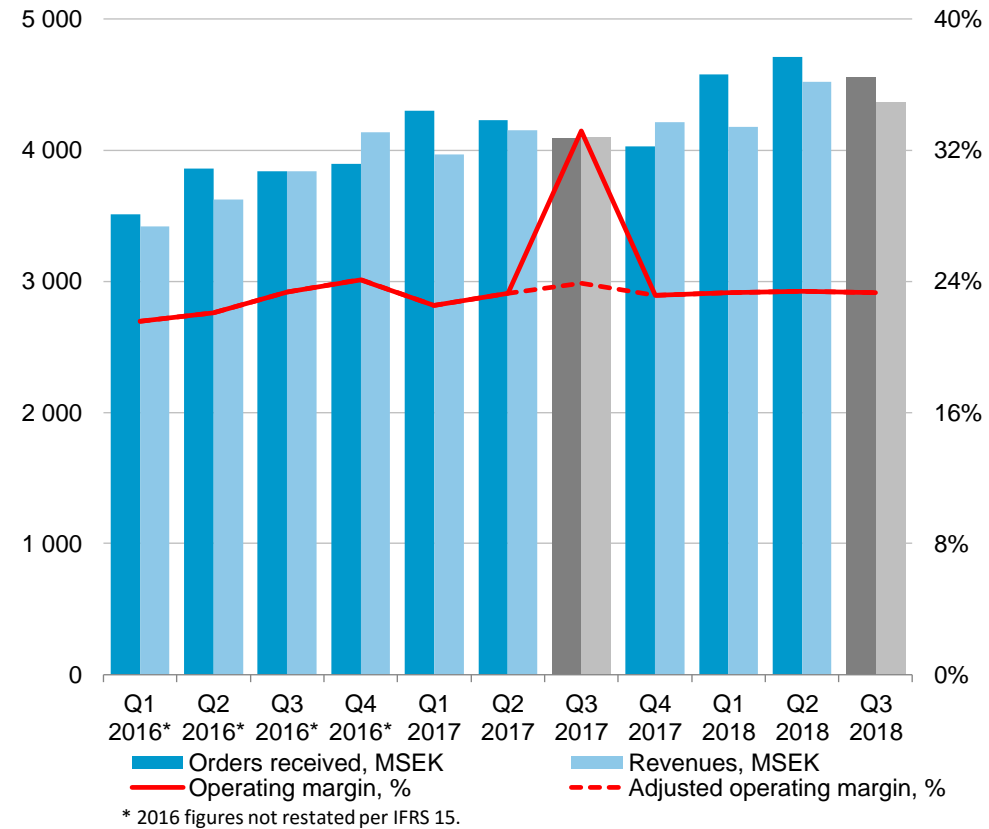
Industrial Technique

Growth drivers

- Global offer in selected assembly technologies
- Transformation towards Industry 4.0
- New product development
- Acceleration in service



ORDERS, REVENUES AND OPERATING MARGIN



Orders received – local currency Q3 2018

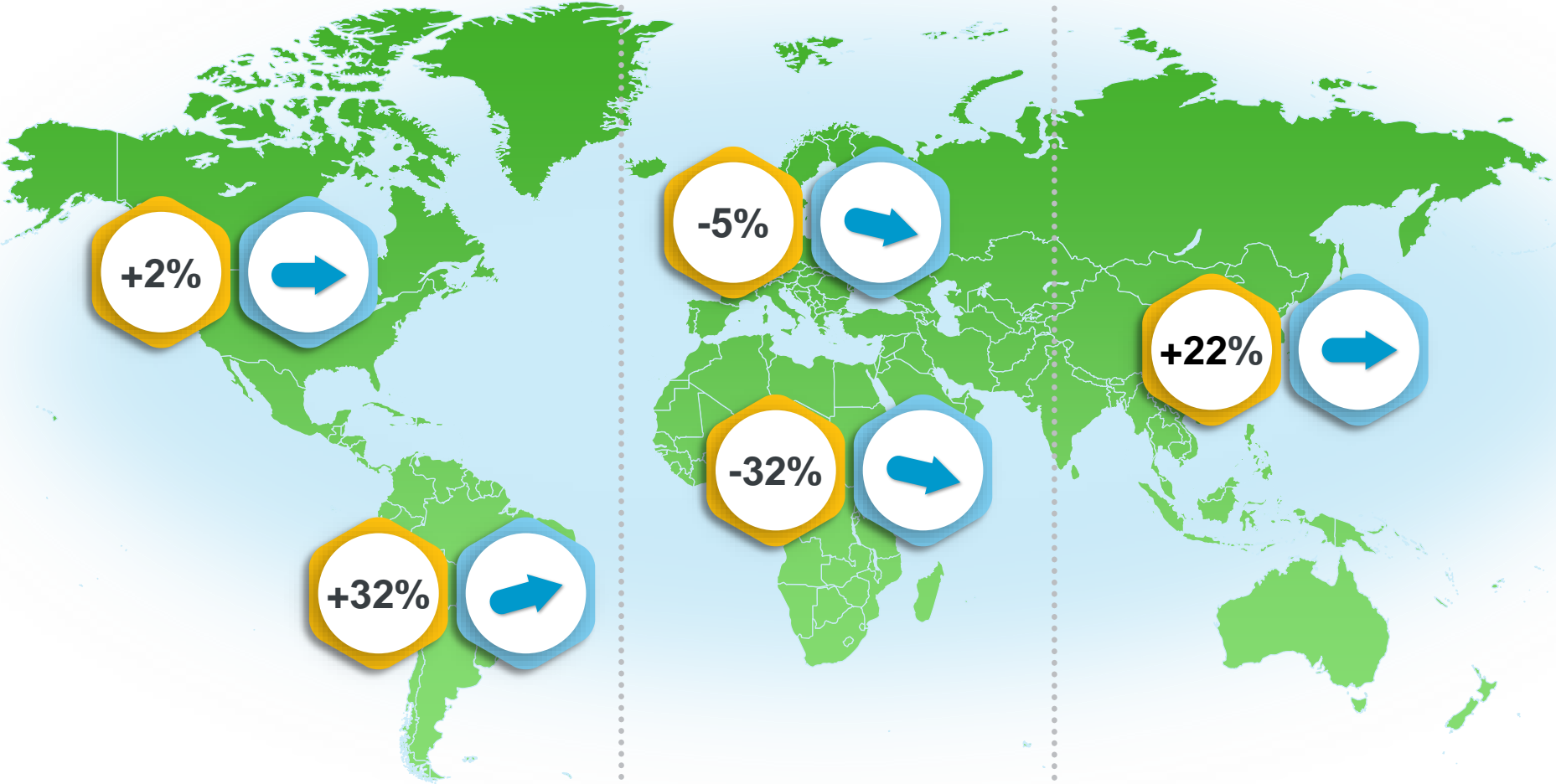
SHARE OF ORDERS RECEIVED YEAR TO DATE:

35%











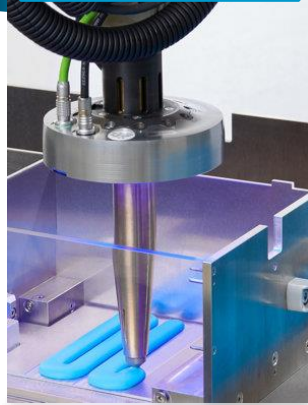

37%

28%

YoY **Q3 vs. Q2**



Broad offer

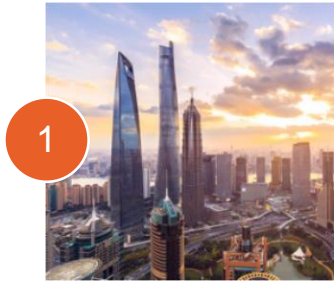
Multiple industries 	Aerospace 	Metal fabrication 	Automotive 	Automotive 	Automotive 
TIGHTENING	DRILLING	MATERIAL REMOVAL	SELF-PIERCE RIVETING	ADHESIVE DISPENSING	FLOW DRILL FASTENING
					

Diverse customer base



Trends

GENERAL



China

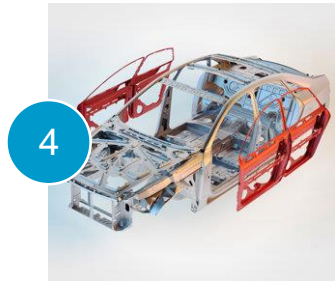


Quality, ergonomics & safety

CUSTOMER PRODUCTS



Electric vehicles & battery



Light-weighting

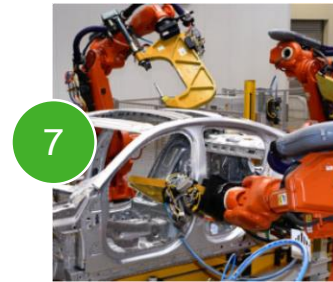


Growth of Electronics

SMART PRODUCTION



Connectivity



Flexible automation



Big data & Artificial Intelligence

Summary of strategic focus areas

MOTOR VEHICLE INDUSTRY

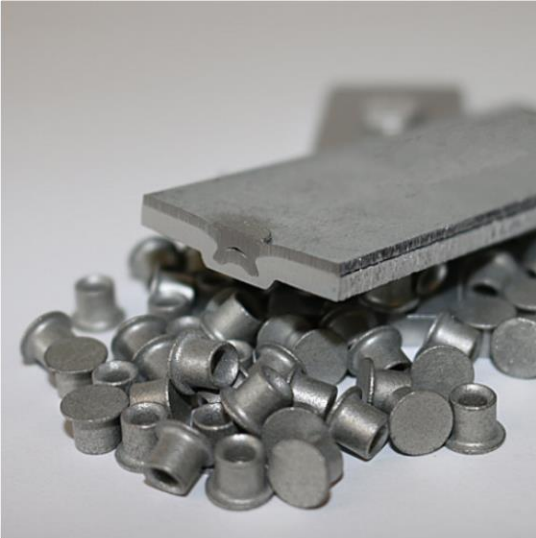
- Expanding within assembly technologies
- Dedicated products for industrial automation
- Solutions for in-line quality control
- Transformation in Asia
- Data driven service

GENERAL INDUSTRY

- Segment focused approach
- Smart Connected Assembly
- Dedicated products for industrial automation
- Coverage and transformation in Asia
- Data driven service

Expanding within assembly technologies

New materials



New applications

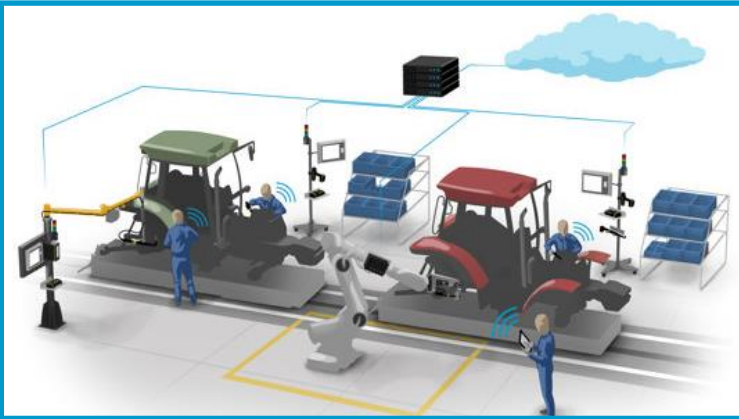


New joining technologies

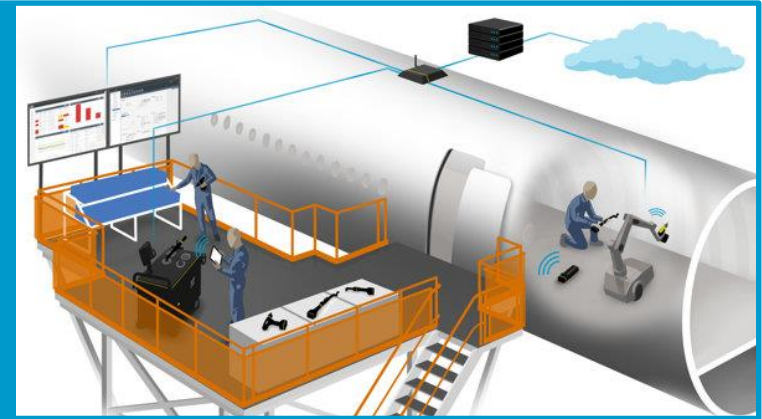


Transformation in General Industry

Smart
Connected
Offroad



Smart
Connected
Aerospace



Smart
Connected
Electronics



Smart
Connected
Bolting



Dedicated products for industrial automation

Automotive



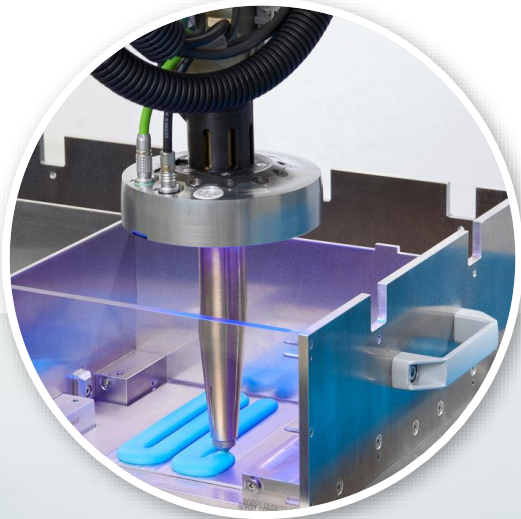
Electronics



Aerospace



Solutions for in-line quality control



BODY SHOP



FINAL ASSEMBLY



Innovation for growth

TBP & SRB battery tools



MicroTorque electric screwdriver



Enso system



Synatec SQS



Henrob Flex system



FlexDrive





Spare parts



Break-down repairs



Preventive service



Tool management center

Tool Management Center

Tool Management Center

Atlas Copco



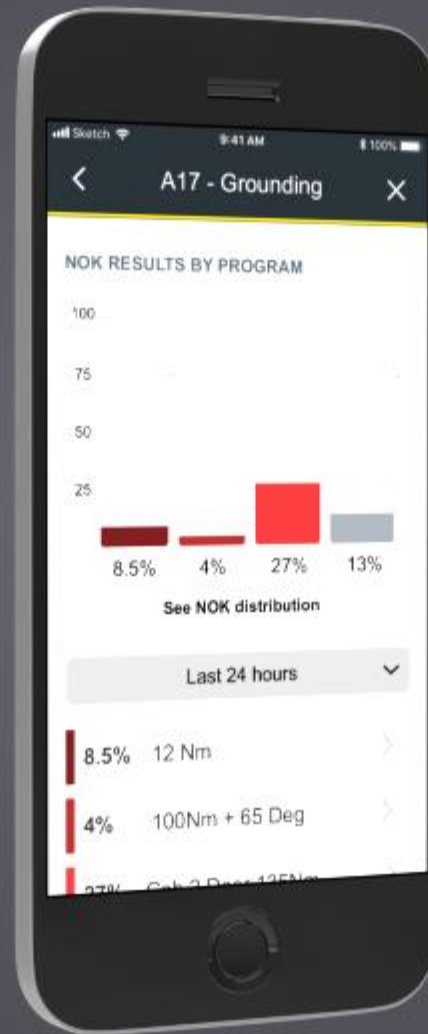


ToolsNet

50 000

Data analysis

Analysis of real time production data



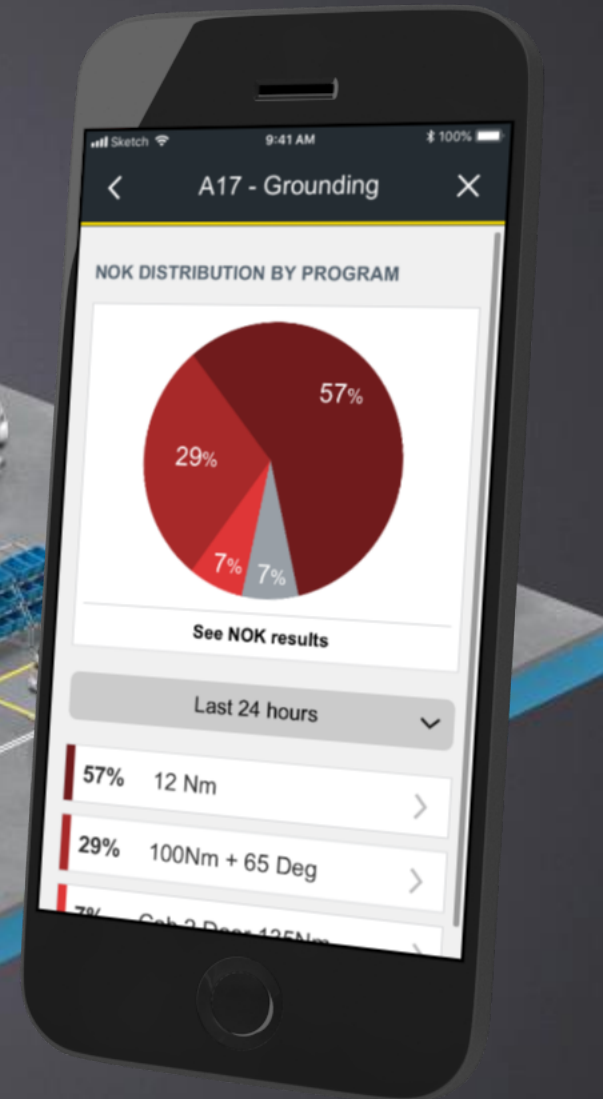
Data driven service

As production lines become more flexible, Atlas Copco will help customer to proactively improve quality and uptime.

Notifications

Optimized maintenance

Process improvements



Strategic approach to acquisitions

SCA 2011

Adhesive systems and metering technology

SEITZ 2011

Drilling equipment

SYNATEC 2013

Quality control solutions

SALTUS 2013

Mechanical and electrical wrenches

RAPID-TORC 2013

Hydraulic torque wrenches and pumps

Tentec 2013

High torque bolting solutions

Innovation in reality

Henrob 2014

Self-pierce riveting

TITAN 2014

Hydraulic torque wrenches and pumps

PIVOTWARE 2015

Process control solutions

BONDTECH 2016

Adhesive dispensing equipment

KLINGEL GmbH 2018

Flow drill fastening

QUISS 2018

Quality inspection

Innovation in reality

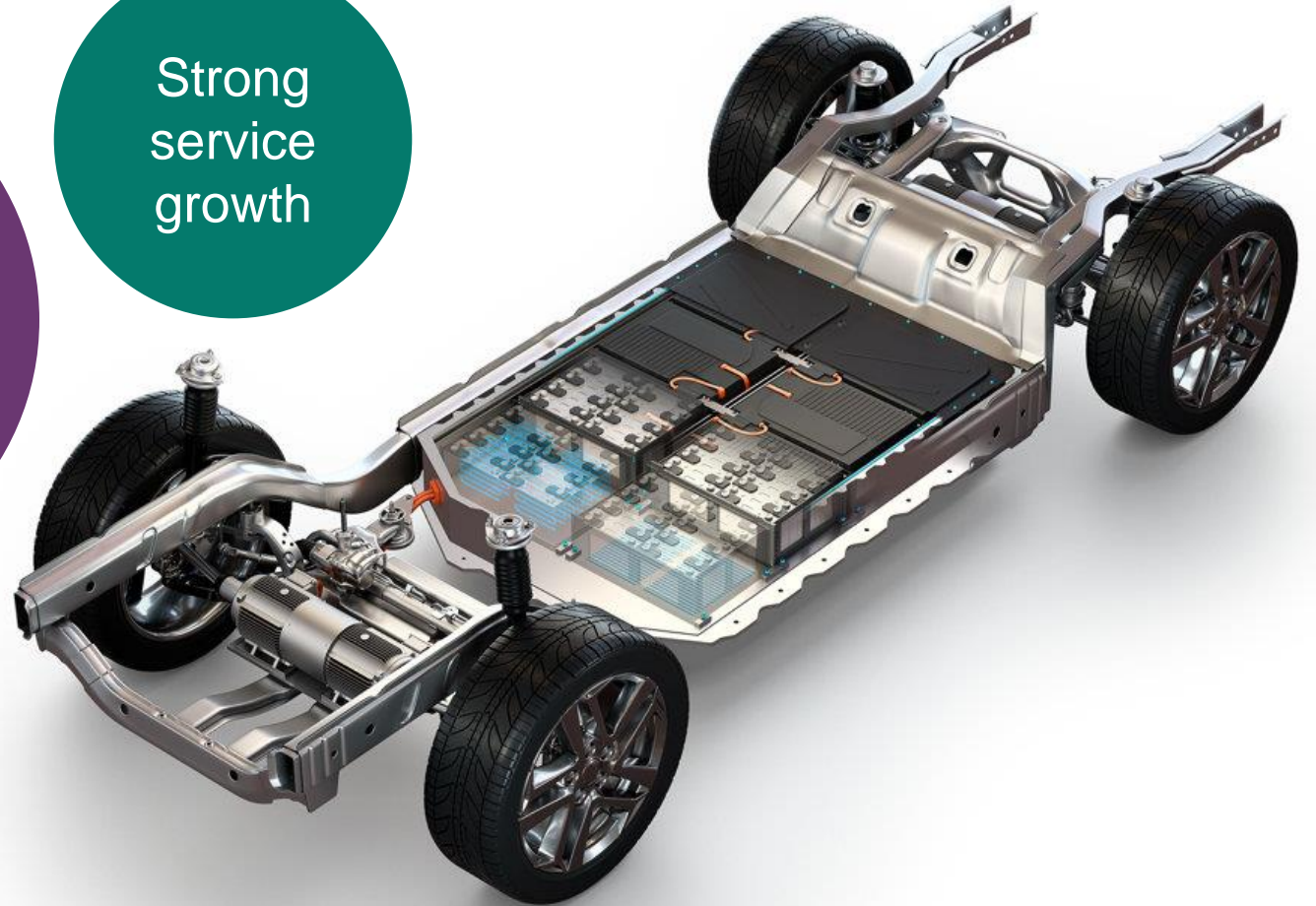
Summary

Electric vehicles and light-weighting drive growth

Focus on Industry 4.0

Sustainable business model in Motor Vehicle and General Industries

Strong service growth

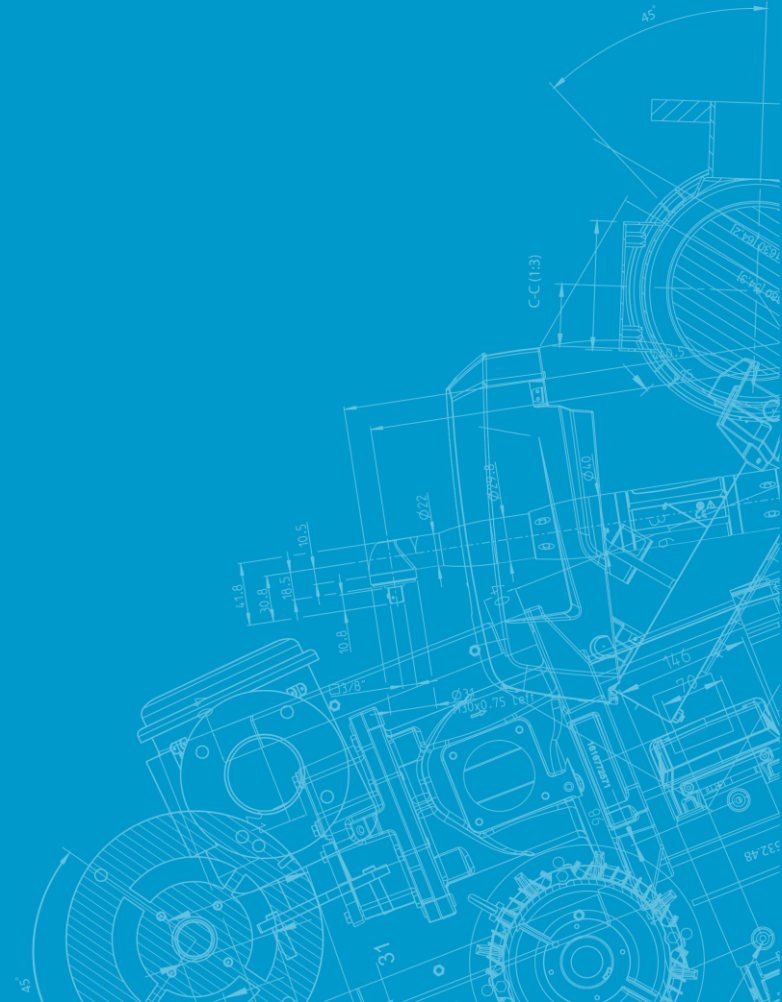




Atlas Copco

The logo features the brand name 'Atlas Copco' in a white, elegant, cursive script font. The text is centered between two thick, white horizontal bars that extend the width of the letters.

www.atlascopcogroup.com



The Atlas Copco logo is located in the top right corner of the image. It consists of the company name "Atlas Copco" in a white, serif font, centered within a blue rectangular box that has two horizontal white lines above and below the text.A large, semi-transparent blue triangular graphic is overlaid on the left side of the image. It contains a white technical drawing of a mechanical component, likely a vacuum pump or valve. The drawing includes various dimensions and labels such as "1300 (64.9)", "1630 (64.2)", "C-C (1-3)", "Ø12", "Ø10", "0.8", "16.5", "30.8", "10.5", "4.8", and "VACUUM PUMP".

Vacuum Technique

Geert Follens, Business Area President
Capital Markets Day 2018



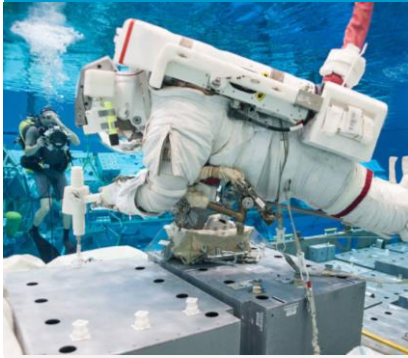
Agenda

- 1 Facts in brief
- 2 Trends and driving forces
- 3 Focus and priorities
- 4 Innovation in reality
- 5 Summary

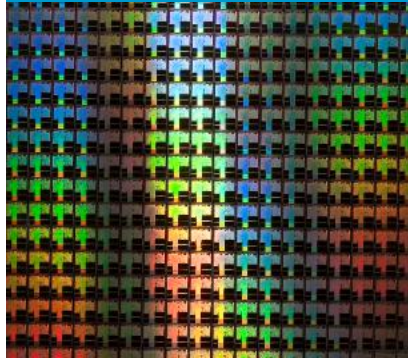


Vacuum is everywhere!

Space Simulation



Semiconductor



Flat panel displays



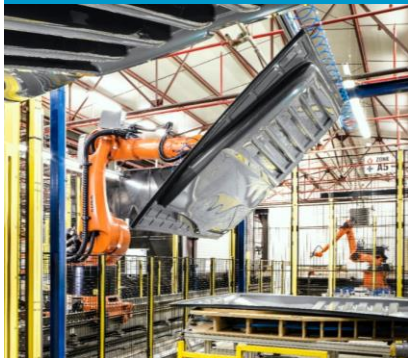
Metallurgy



Electric Vehicles



Conveying



Food & Beverages



Packaging



Forming & Shaping



Coating



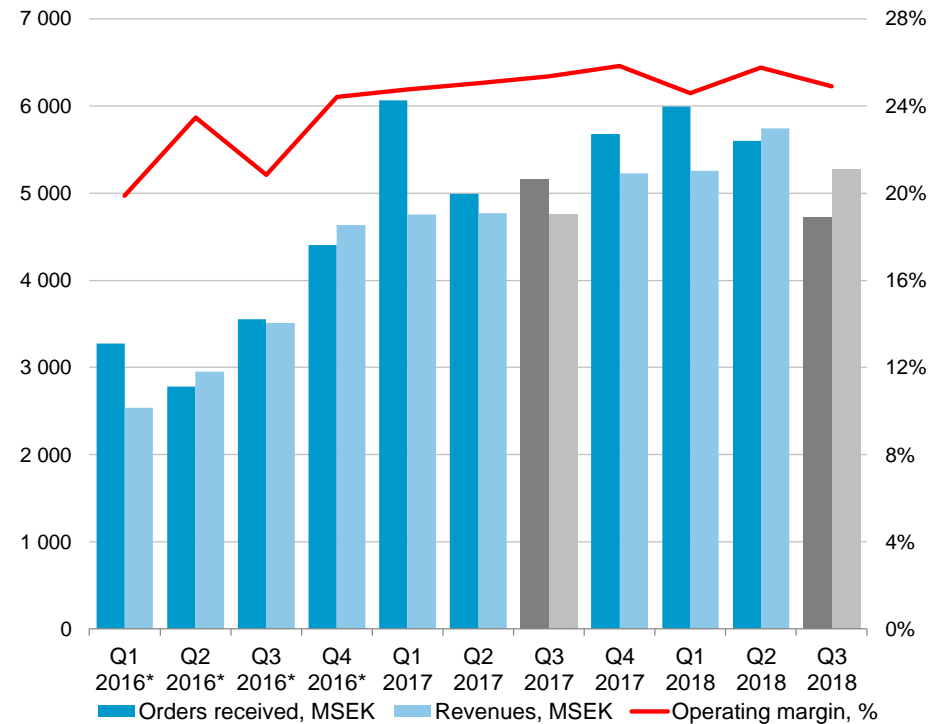
Vacuum Technique

Growth drivers

- Successful integration of acquisitions
- Embedding of decentralized organizational structure
- China focus
- Leverage synergies with other business areas and the Group
- Innovation and Digitalization



ORDERS, REVENUES AND OPERATING MARGIN



* 2016 figures not restated per IFRS 15.

Orders received – local currency Q3 2018

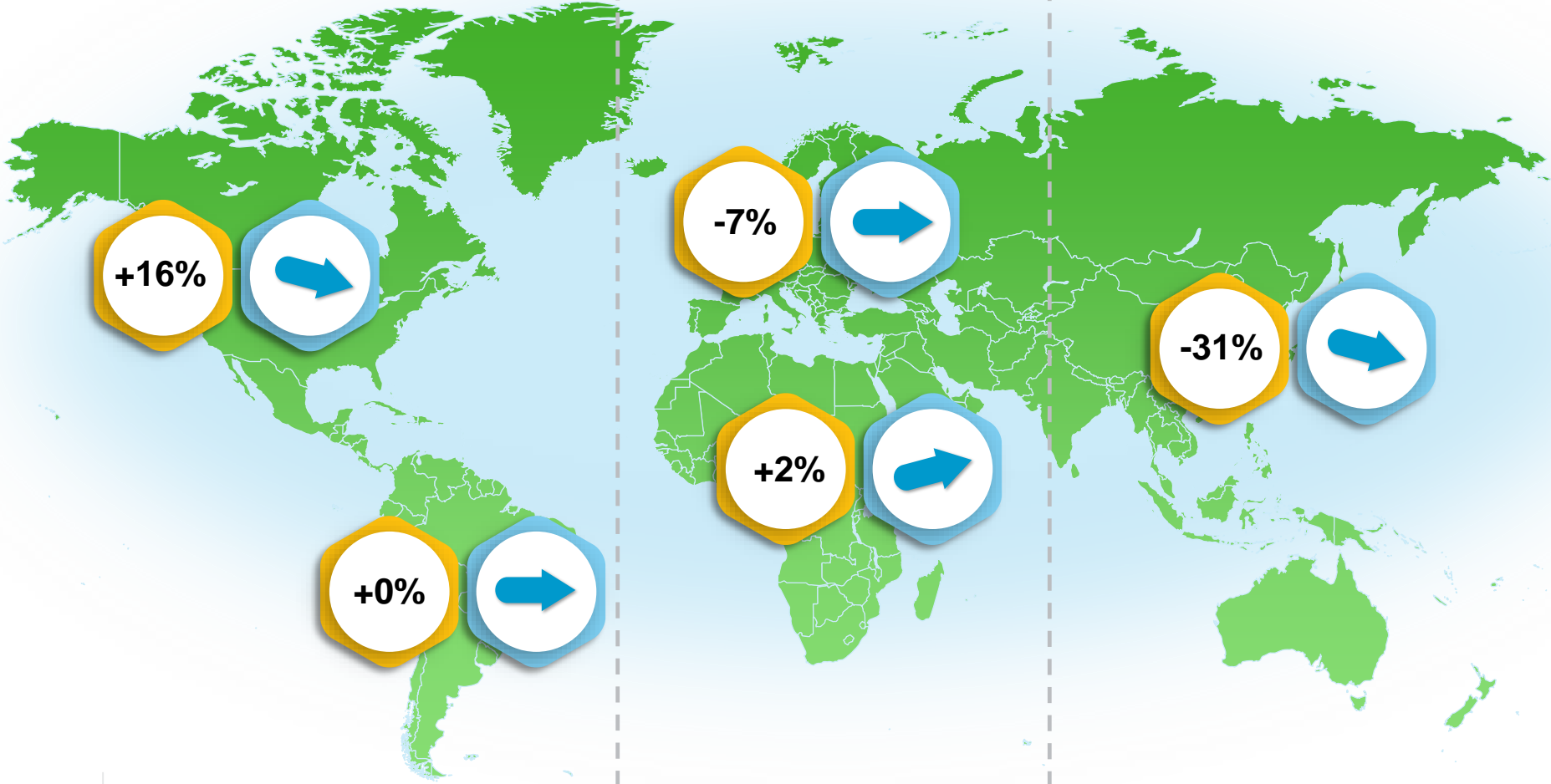
SHARE OF ORDERS RECEIVED YEAR TO DATE:

26%

19%

55%

YoY Q3 vs. Q2



What is sustainable profitable growth?

Growth Drivers

Macro Factors:

- Climate change
- Miniaturization
- Digitalization
- Urbanization

Micro Factors:

- China Investment
- Internet of Things
- High demand for increasing process efficiency













Vacuum & Abatement Technology

- Technology Leadership
- Application know-how
- Speed to market

Market Leadership

- World-class Key Account Management
- Application based solutions delivered through technology leadership
- Extensive Aftermarket
- Lean hi-tech manufacturing close to our customer base

Impact of growth drivers

Division	Key Drivers of Change	Short Term Growth	Mid-Long Term Growth
Semiconductor	Miniaturization, Legislation, China, Global Data Use, IoT		
High Vacuum	Application Technology Leadership, Broader Product Portfolio, Digitalization		
Industrial Vacuum	New Vacuum Applications, Energy Efficiency and Dry Pumps		
Semiconductor Service	Global Manufacturing Capacity, Digitalization, Legislation		
Vacuum Technique Service	Digitalization, Brand Management		

Summary focus, priorities and strategy

Agility and
resilience



Growth in
industrial
vacuum



Technology
leadership



Opportunities
in China



Integration of
cryogenics
business



Service

Agility and resilience

Structure built for agility

Flexible and agile cost structure.

Additional 200 MUSD of cryo business with low overheads.

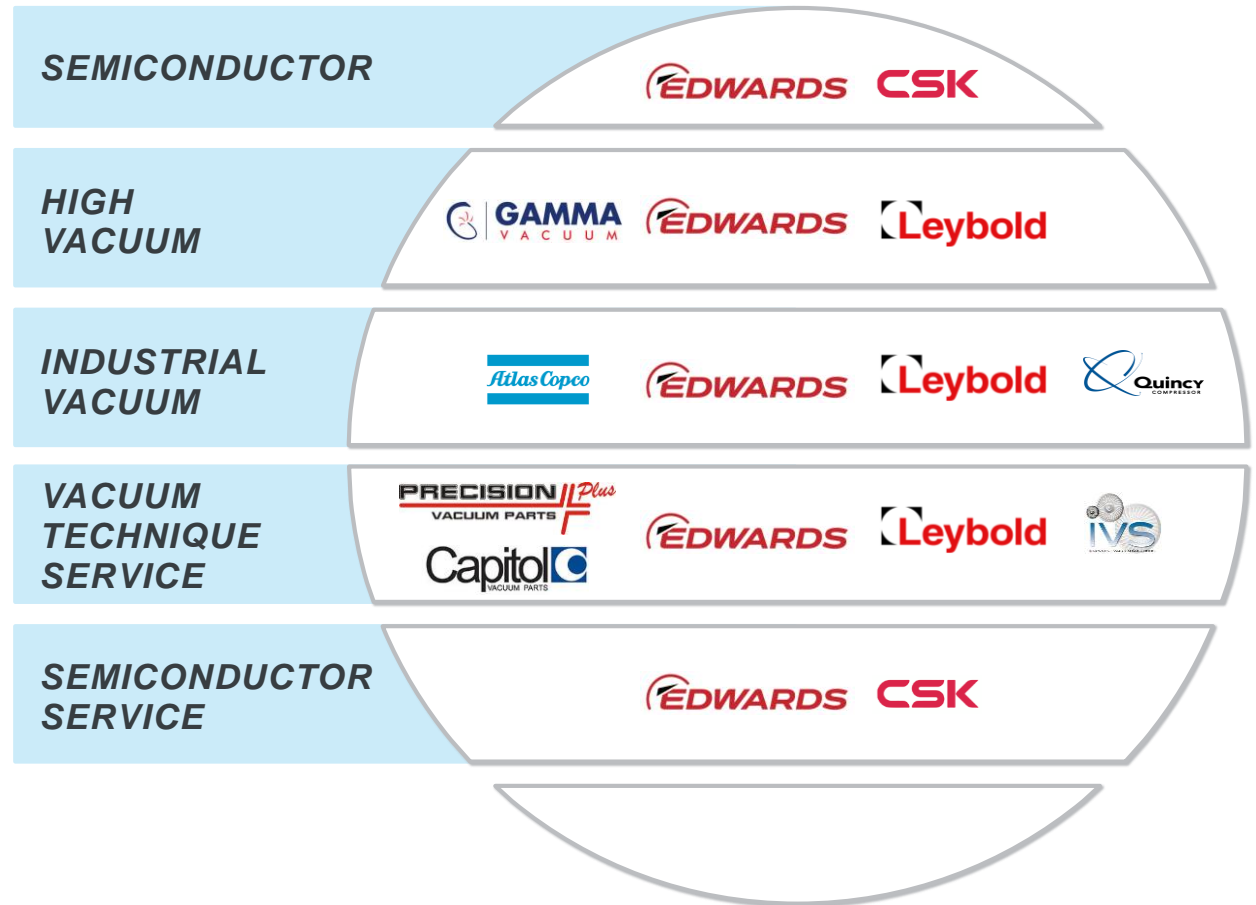
Adaptable workforce >20% temporary roles.

Agile supply chain.

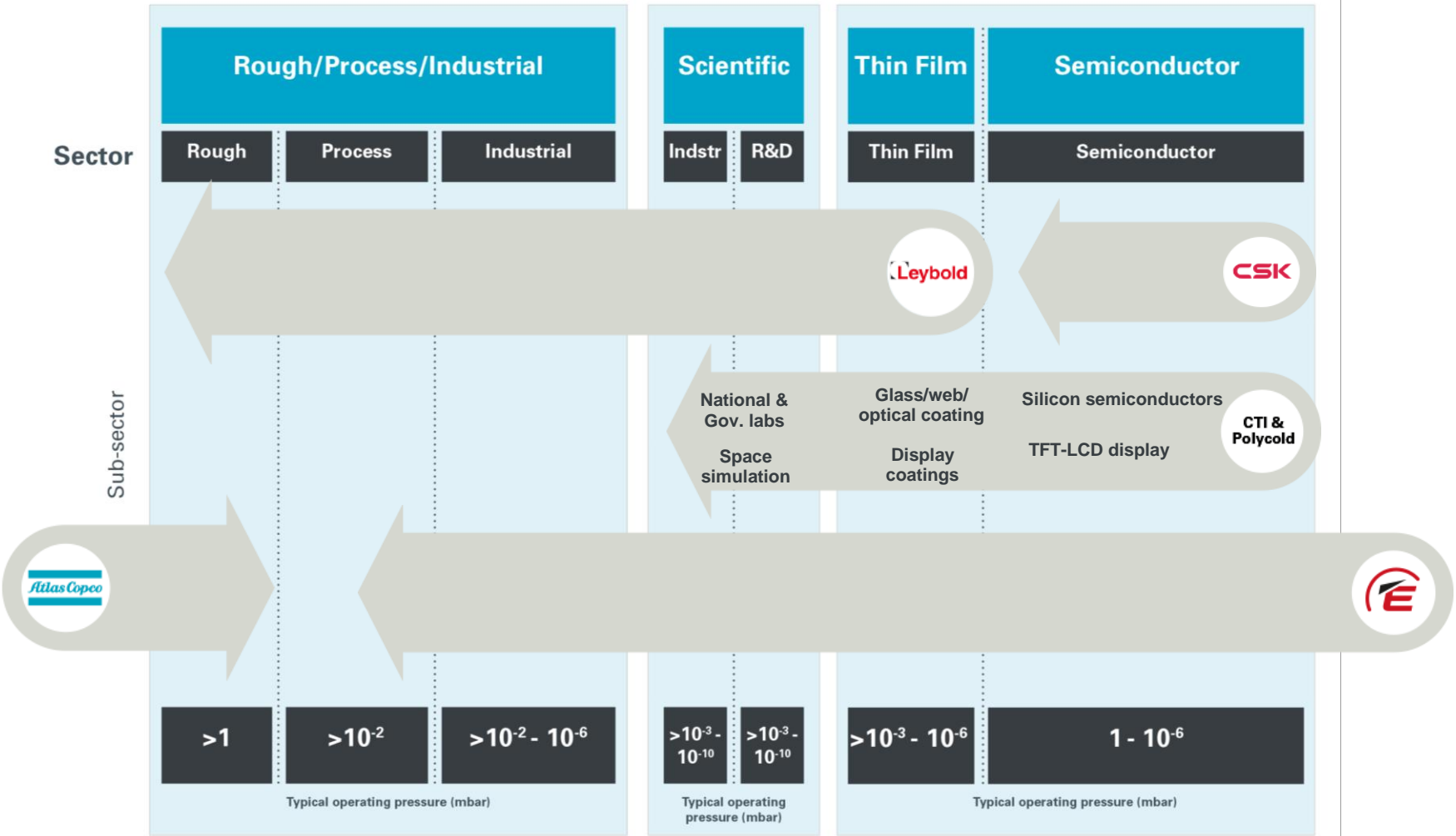
Move from sellers to buyers market.

Strong development in both service divisions.

Agility without compromising strategy.



Becoming the undisputed leader in vacuum technology



Brooks Cryogenic Business

Leader in high value cryogenics solutions under two leading brands – CTI and Polycold

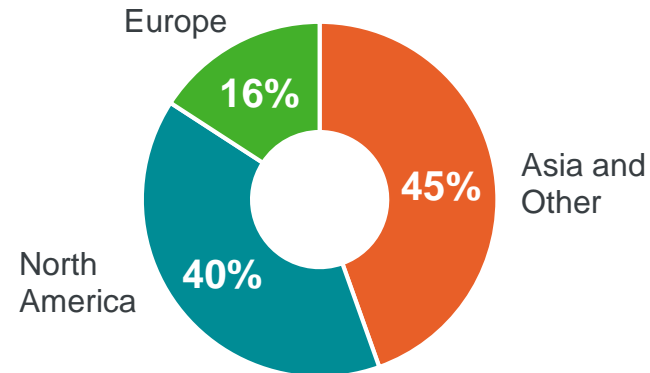
Extensive track record – 85,000+ CTI Cryopumps and 20,000+ Polycold chillers installed globally.

Market leader in Semiconductor – critical products in deposition and ion implant processes.

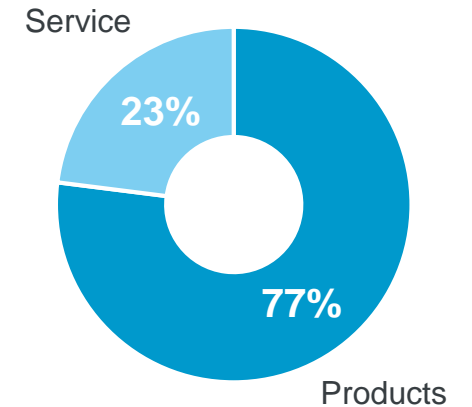
Used in a wide range of thin film and scientific applications.

50/50 JV with Ulvac Inc which produces cryopumps for flat panel display market.

REVENUE
BY REGION

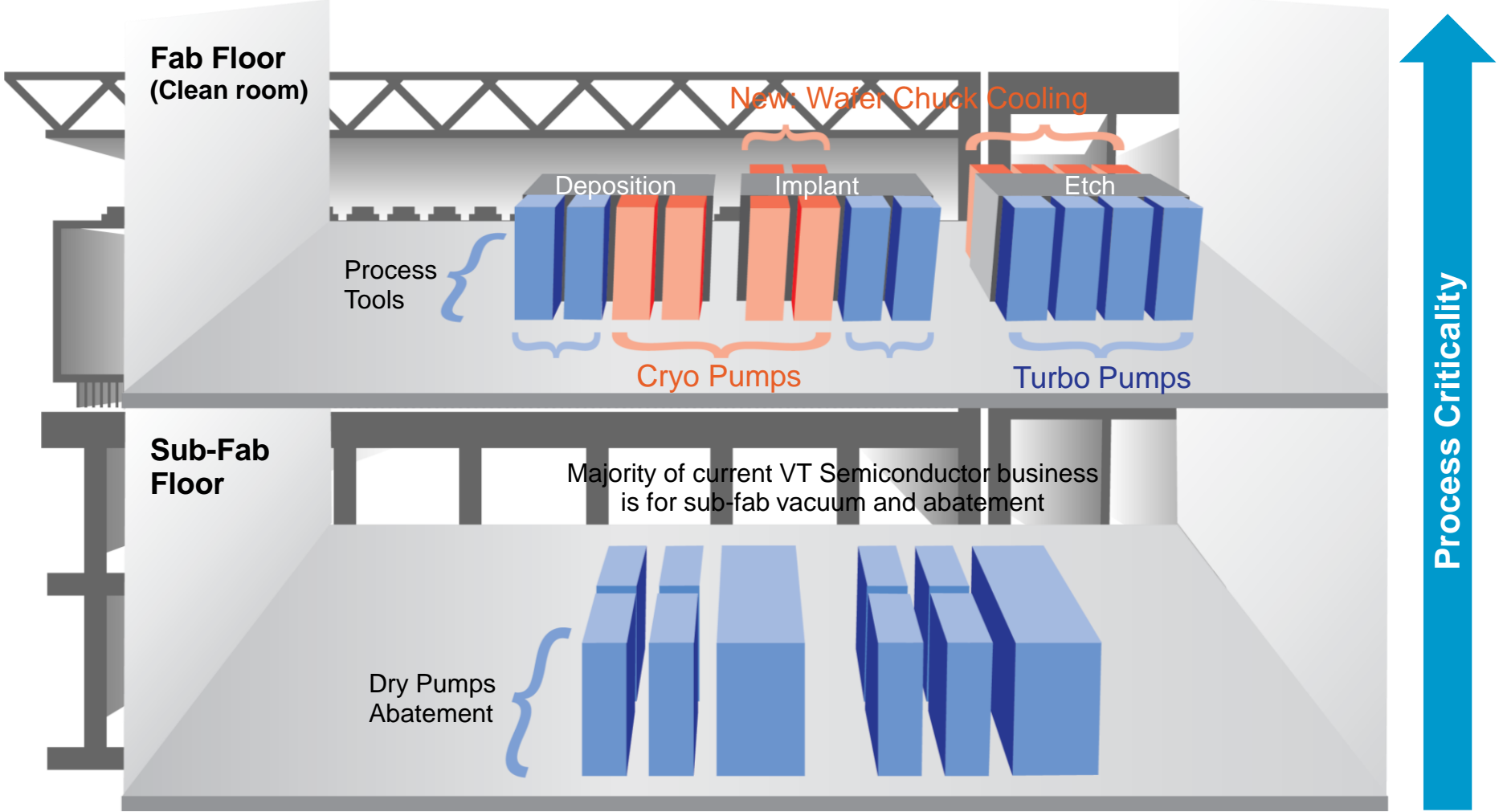


REVENUE
BY BUSINESS TYPE

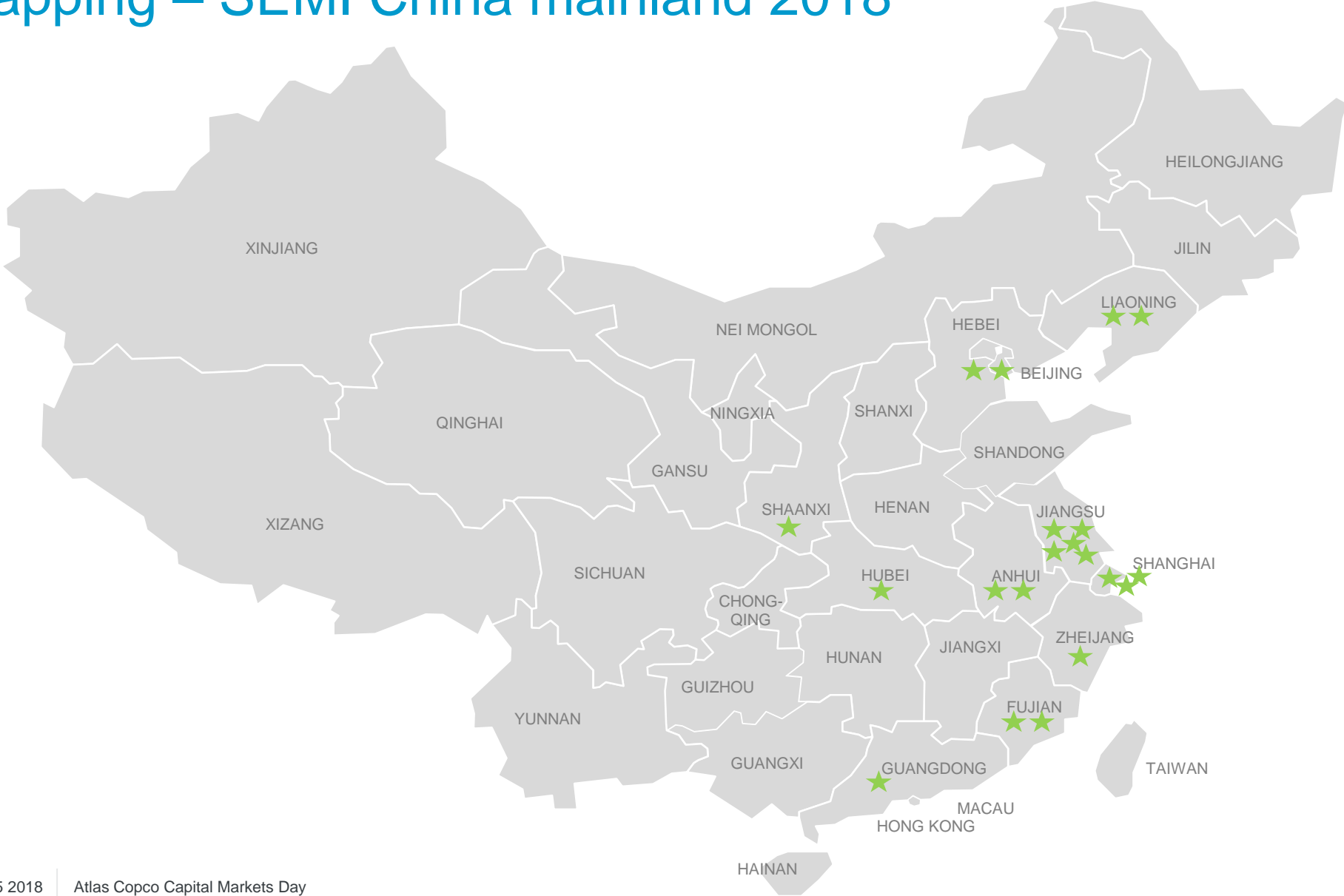


Cryo Technology: Increasing footprint on Process Tool Chambers

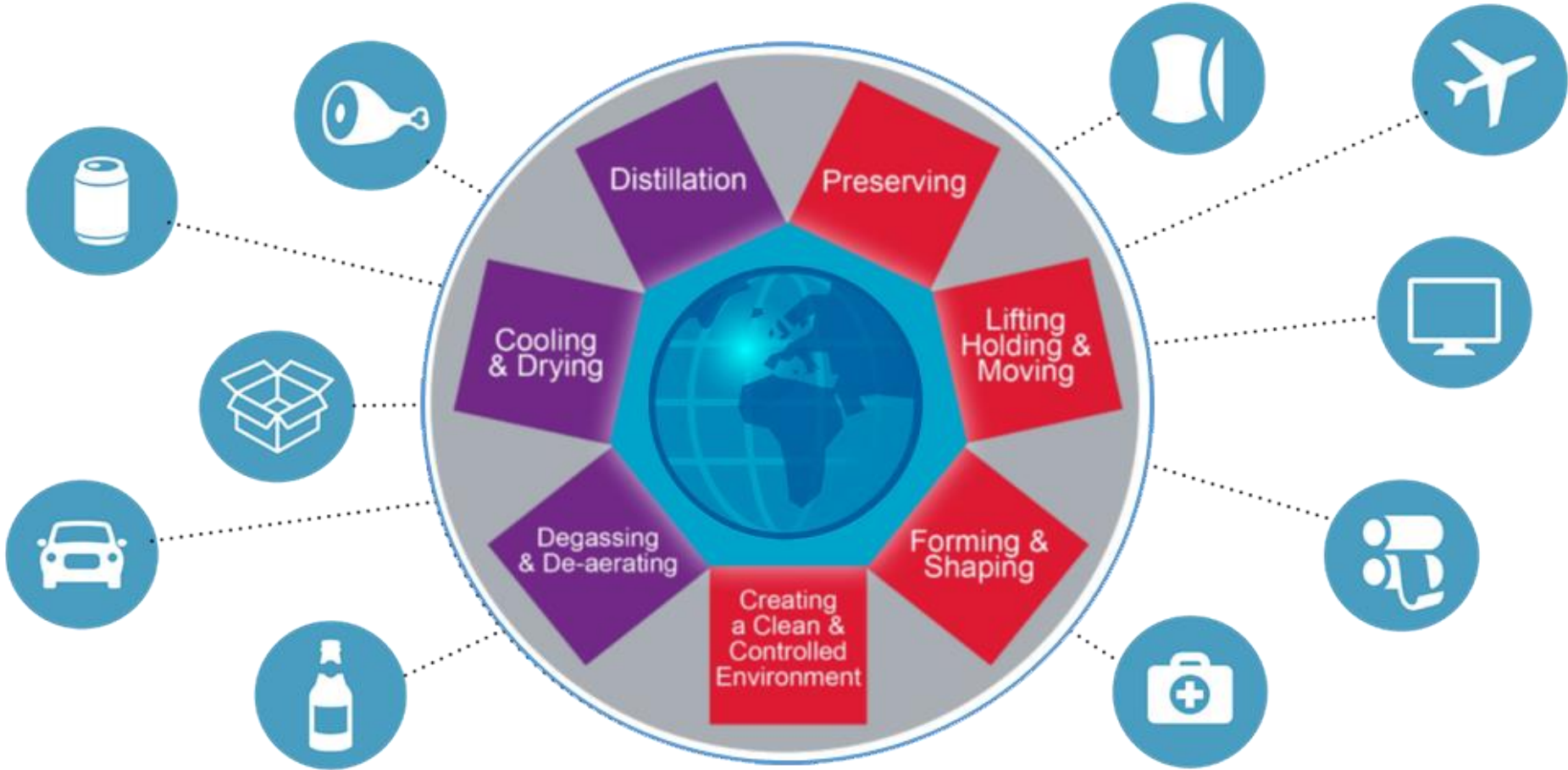
Inside the Fab and Sub-Fab



Fab Mapping – SEMI China mainland 2018



Industrial Vacuum



Industrial Vacuum

New technologies market Traditional markets (old products, traditional users)



Introduce disruptive innovations in a traditional market



Service

Two stable and growing service businesses

Vacuum Technique Service



Share growth potential
Investing in presence
Merged Leybold and Edwards hubs; Plan to merge Cryo business hubs
Develop a Product Portfolio for proactive Service offerings

Semiconductor Service



Ongoing high fab utilization
Benefiting from huge growth of install base over last 5-years
Customer presence with >1,000 on-site service personnel

Innovative products to be launched in the coming months

Innovation in vane technology



- Easy operation – clean exhaust
- Easy integration – compact
- Comfortable operation – low noise level

Next generation dry vacuum pump for harsh processes

- Harsher process capability
- Lower power
- Smaller footprint



iXH Mk2

DHS VSD+



New dry screw vacuum pumps

Revolution in liquid ring vacuum technology

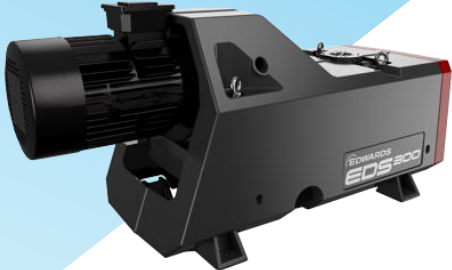


LRP VSD+

Atlas Mk4



Next generation abatement system



Extended range EDS dry screw pump technology

Innovation in reality



Summary

Market share gain.

Growth through breakthrough innovative new products.

Very strong service growth through utilization and presence.

An integrated sustainable strategy.

Excellence in Brand Portfolio management.

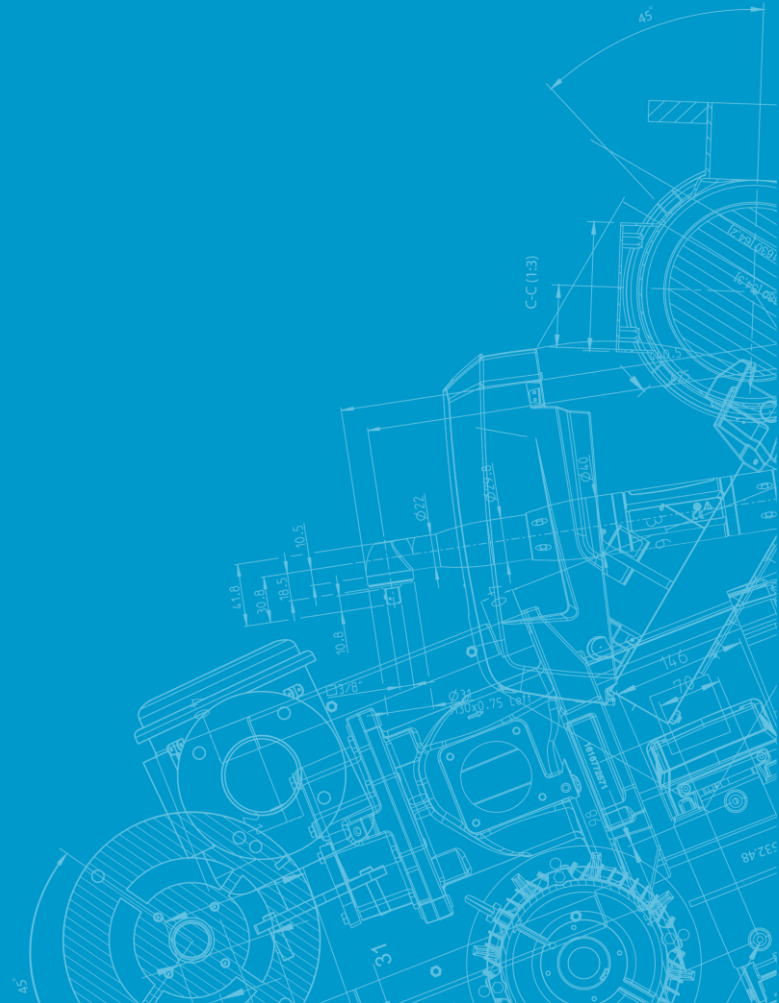
Clear divisional roadmaps driving towards strategic convergence and Sustainable Profitable Growth.



Atlas Copco

The logo consists of the brand name 'Atlas Copco' in a white, elegant, cursive script font. It is centered between two thick, solid white horizontal bars that extend the width of the text.

www.atlascopcogroup.com



A large, semi-transparent blue graphic overlay is positioned on the left side of the image. It features a technical drawing of a compressor component, showing various parts and dimensions. The drawing includes labels such as "1380 (64.9)", "1630 (64.2)", "C-C (1-3)", "Ø72", "Ø79", "10.8", "16.5", "30.8", "10.5", and "4.8".

Compressor Technique

Vagner Rego, Business Area President

Capital Markets Day 2018

Agenda

- 1 Facts in brief
- 2 Trends and driving forces
- 3 Focus and priorities
- 4 Innovation in reality
- 5 Summary



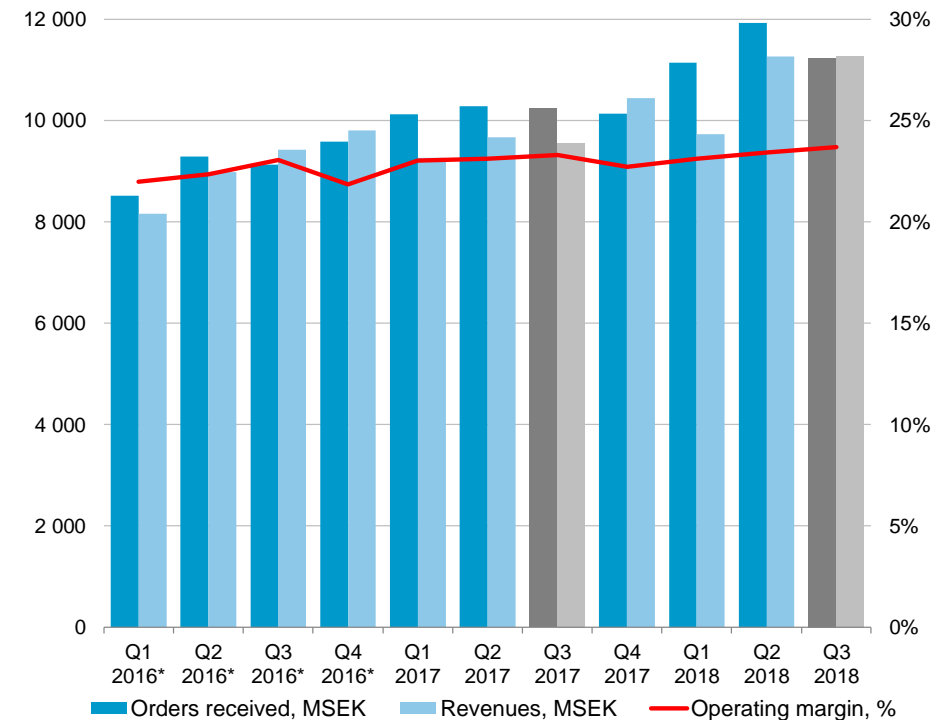
Compressor Technique

Growth drivers

- Innovation
- Leverage investments in presence
- Service offer
- Further expand the core organically and with acquisitions
- Digital value creation
- People development

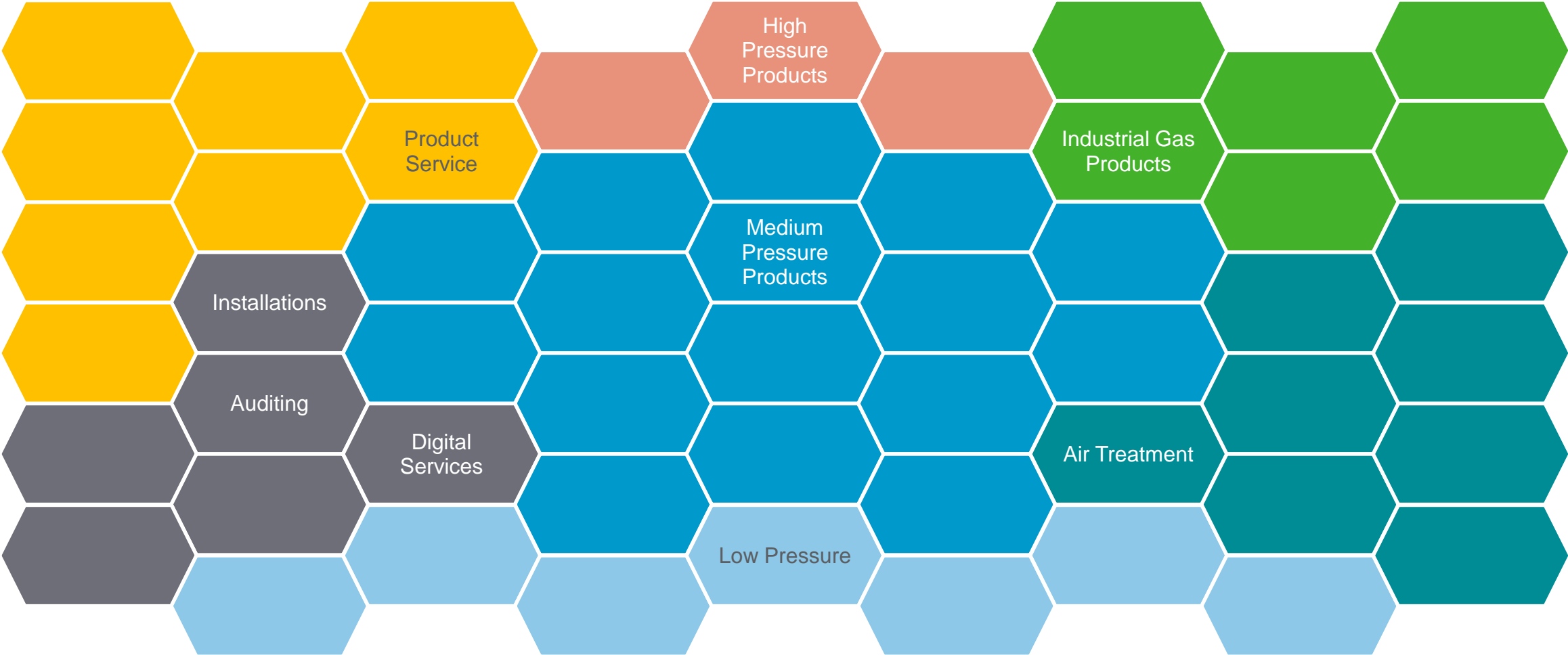


ORDERS, REVENUES AND OPERATING MARGIN



* 2016 figures not restated per IFRS 15.

Compressor Technique growth opportunities



Orders received – local currency Q3 2018

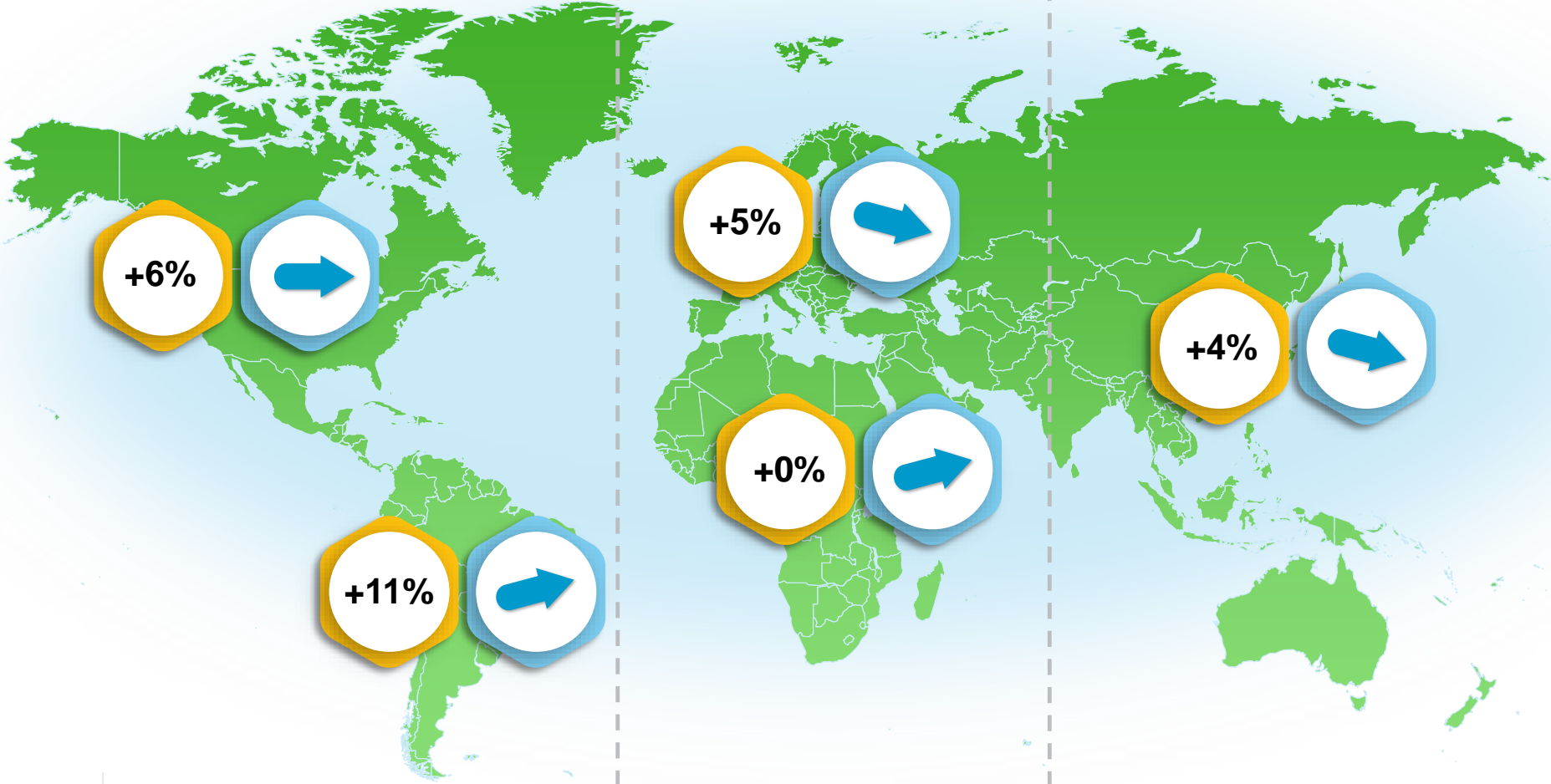
SHARE OF ORDERS RECEIVED YEAR TO DATE:

28%

40%

32%

YoY Q3 vs. Q2



Compressor Technique – The People We Serve



Compressor Technique – The Segments We Serve



Compressor Technique – The Applications We Serve

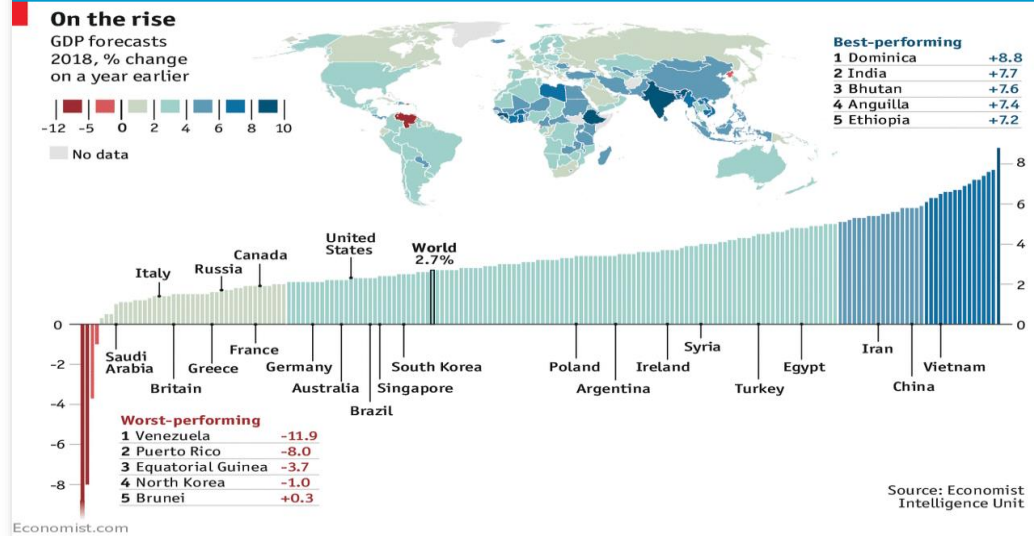


Compressor Technique – The Solutions We Provide



Trends and driving forces

GROSS DOMESTIC PRODUCT



STANDARDS AND LEGISLATION

European Commission

ENERGY.GOV

ISO

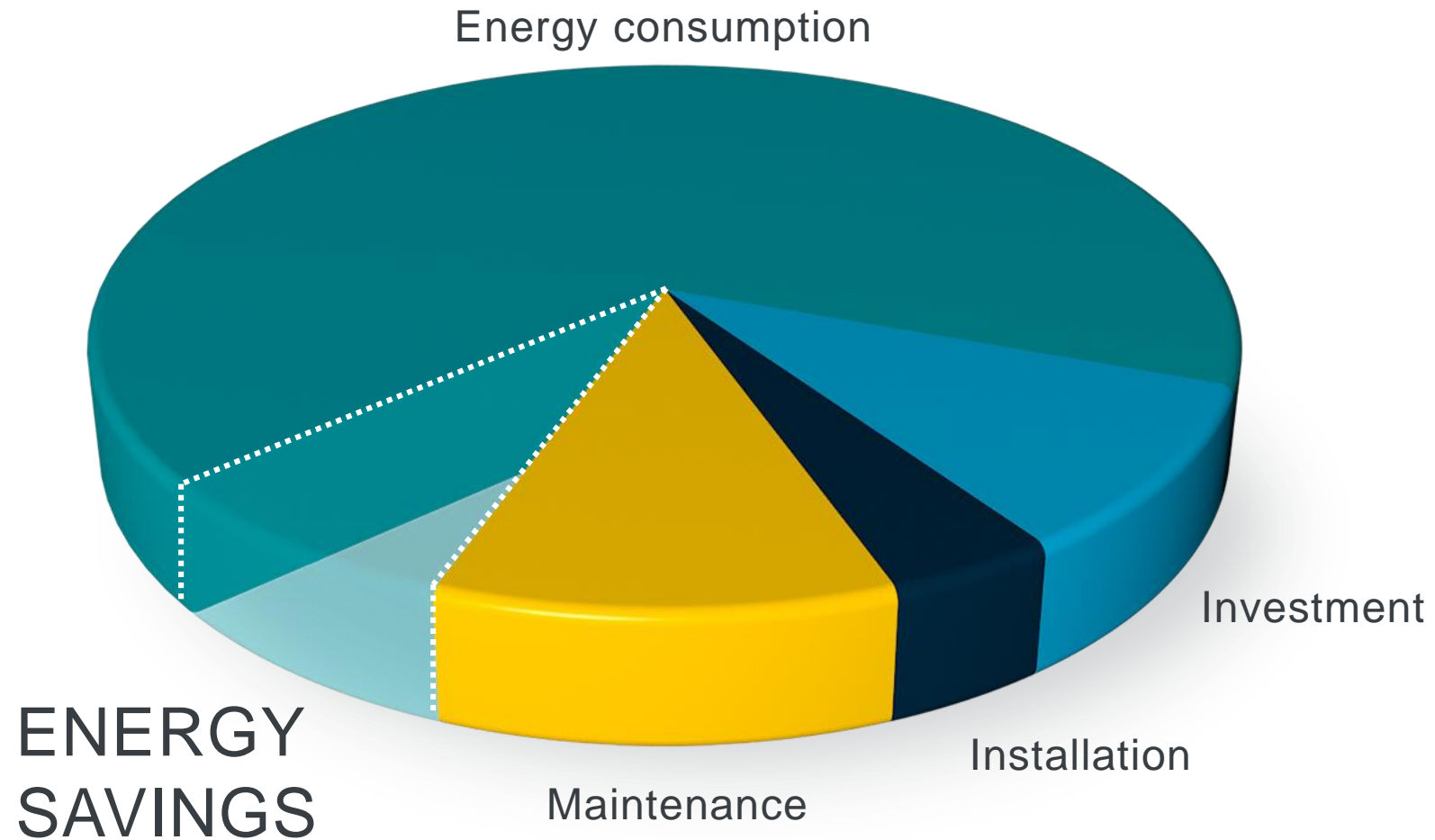
HSE

pneurop

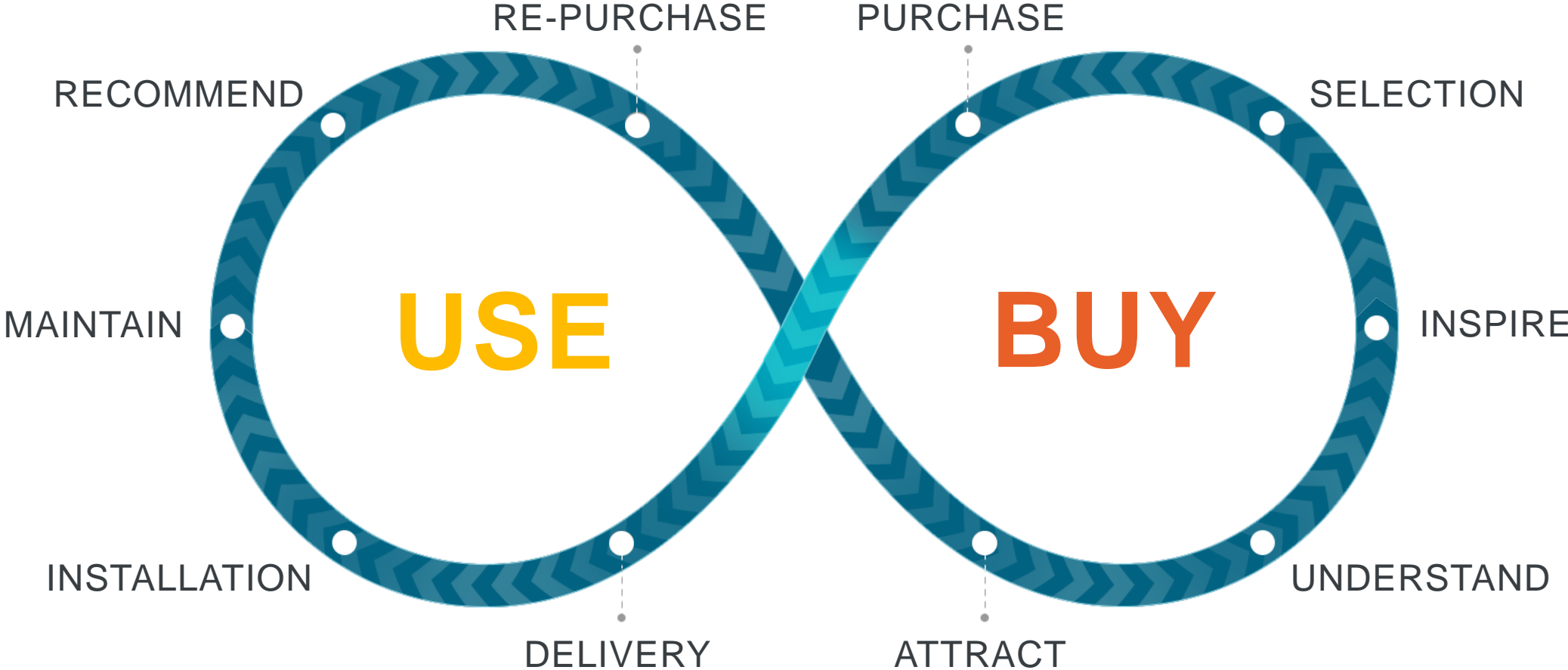
CAGI
Compressed Air & Gas Institute



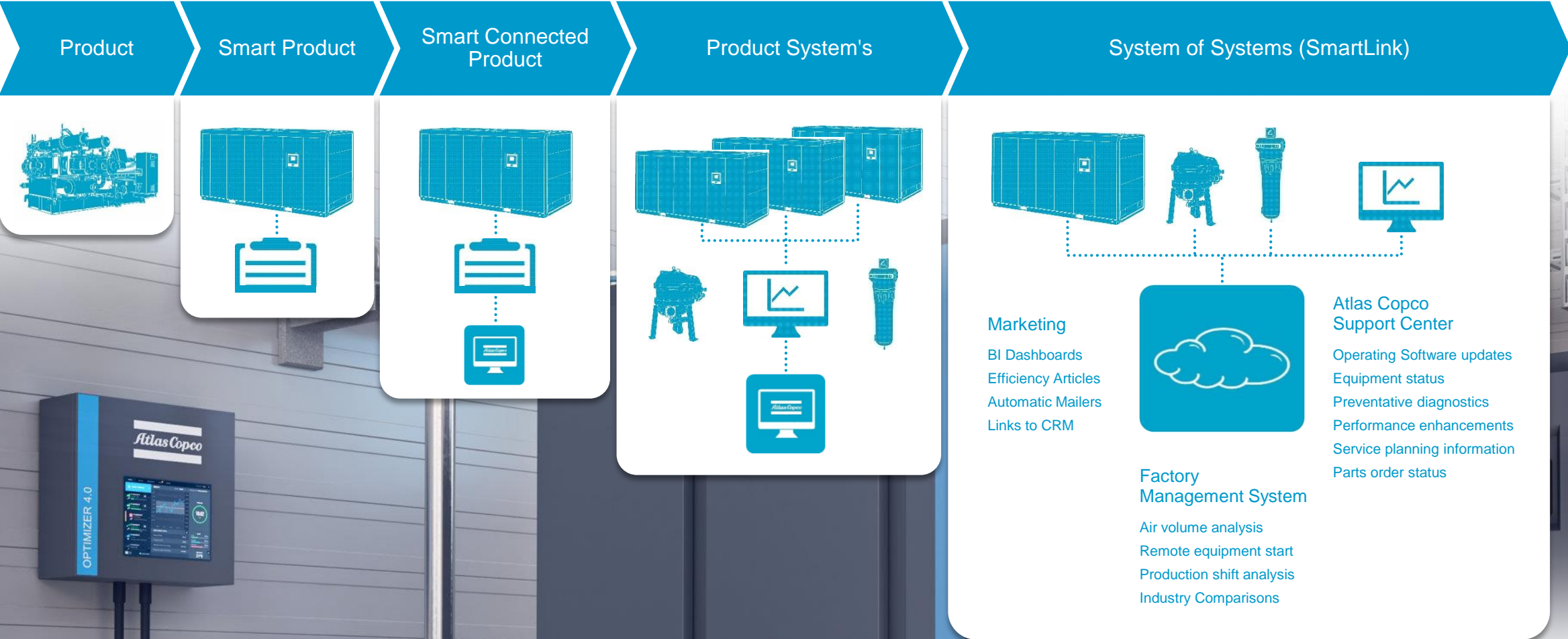
Trends and driving forces



Focus and priorities

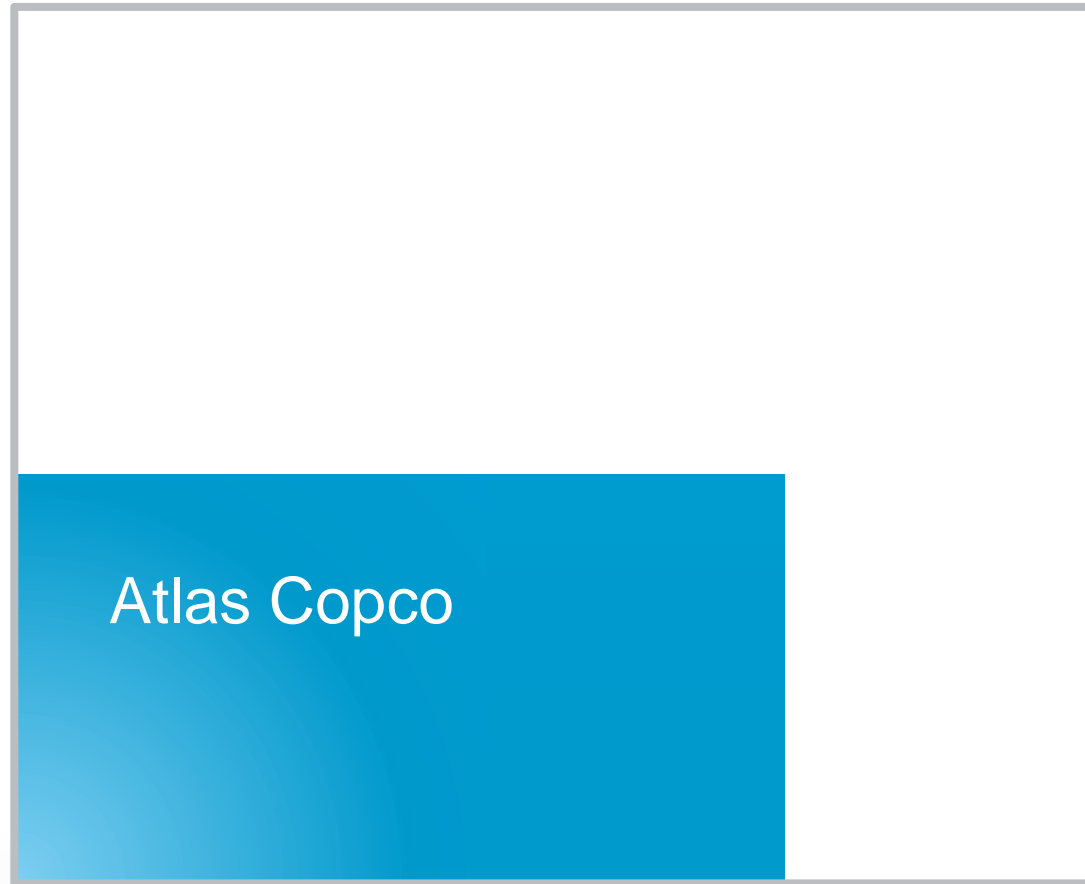


System Digitalization Industry 4.0



Market opportunity


Presence



Hit rate 

Product Developments

New Ranges

Piston Compressors



Low Pressure Blowers



-40 °C Drum Type Dryers



System Controllers



Medium Pressure Centrifugal



High Pressure Pistons



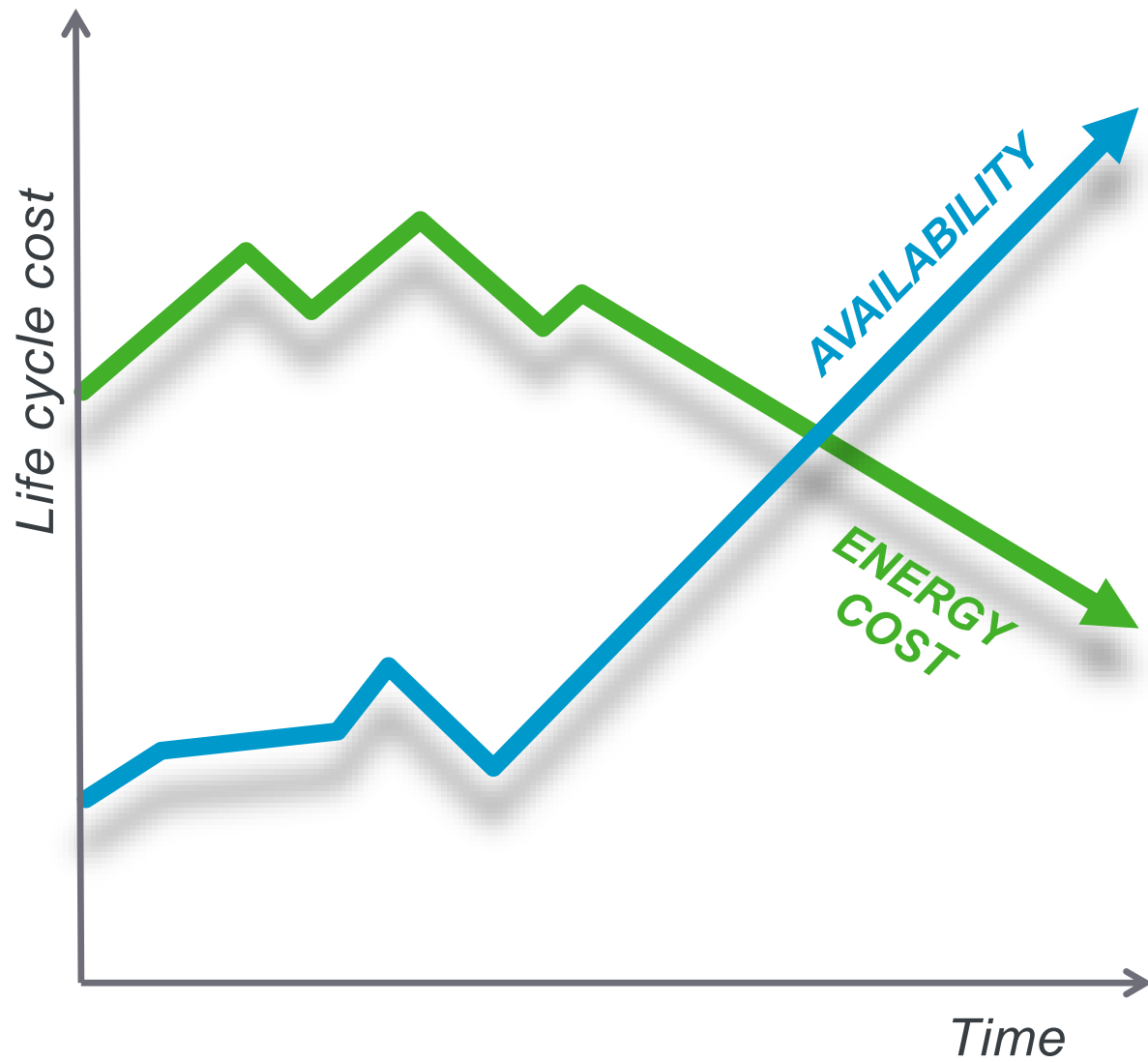
Medium Pressure Oil Free Screw



Medium Pressure Oil Injected Screw



Innovation in reality



ZR90-160 VSD+

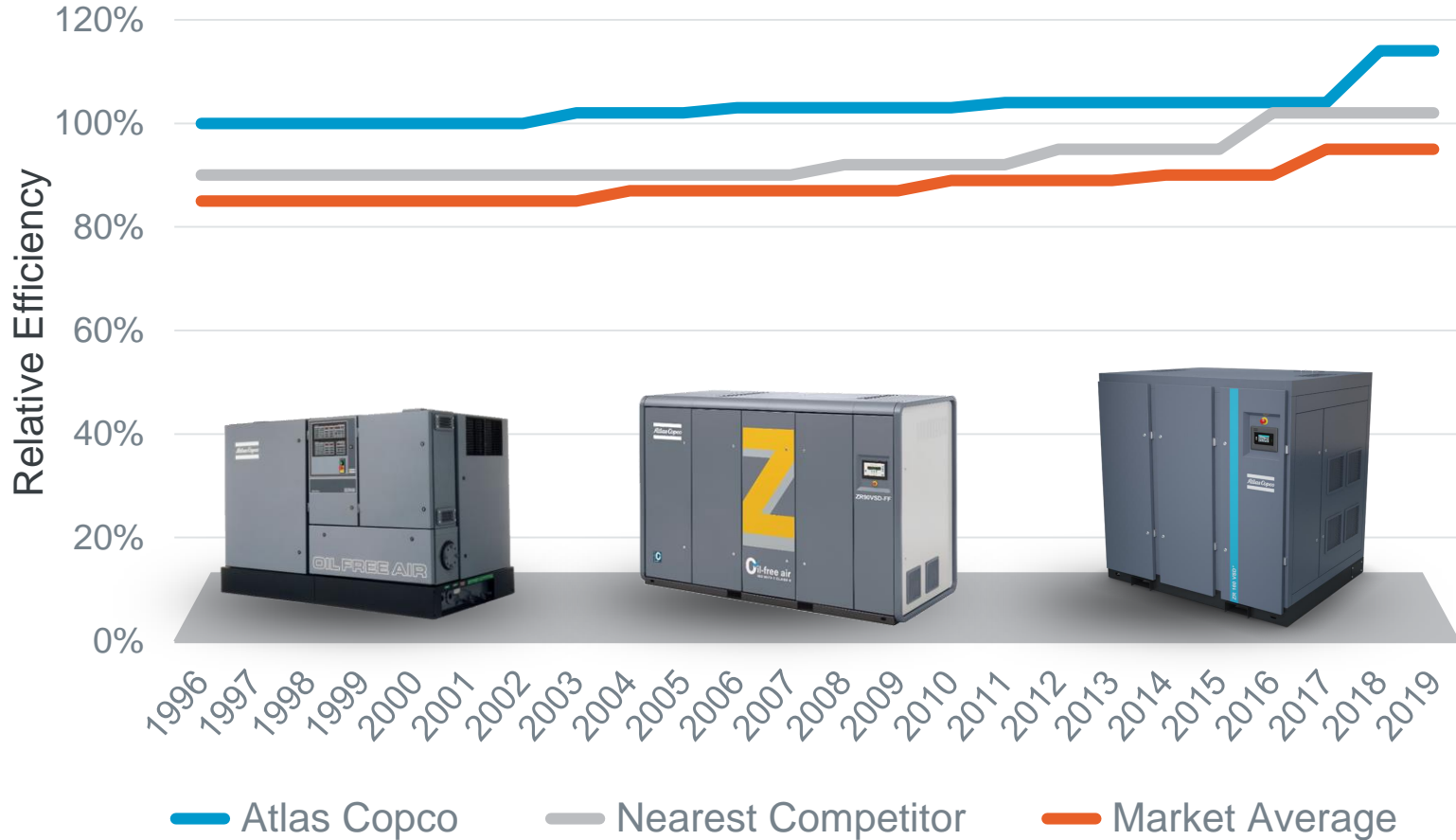


Product Developments

KEY FOCUS AREAS

- Increased Energy Efficiency
- Increased Control
- Increased Reliability
- Easier To Install
- Easier to Service
- Improved Monitoring

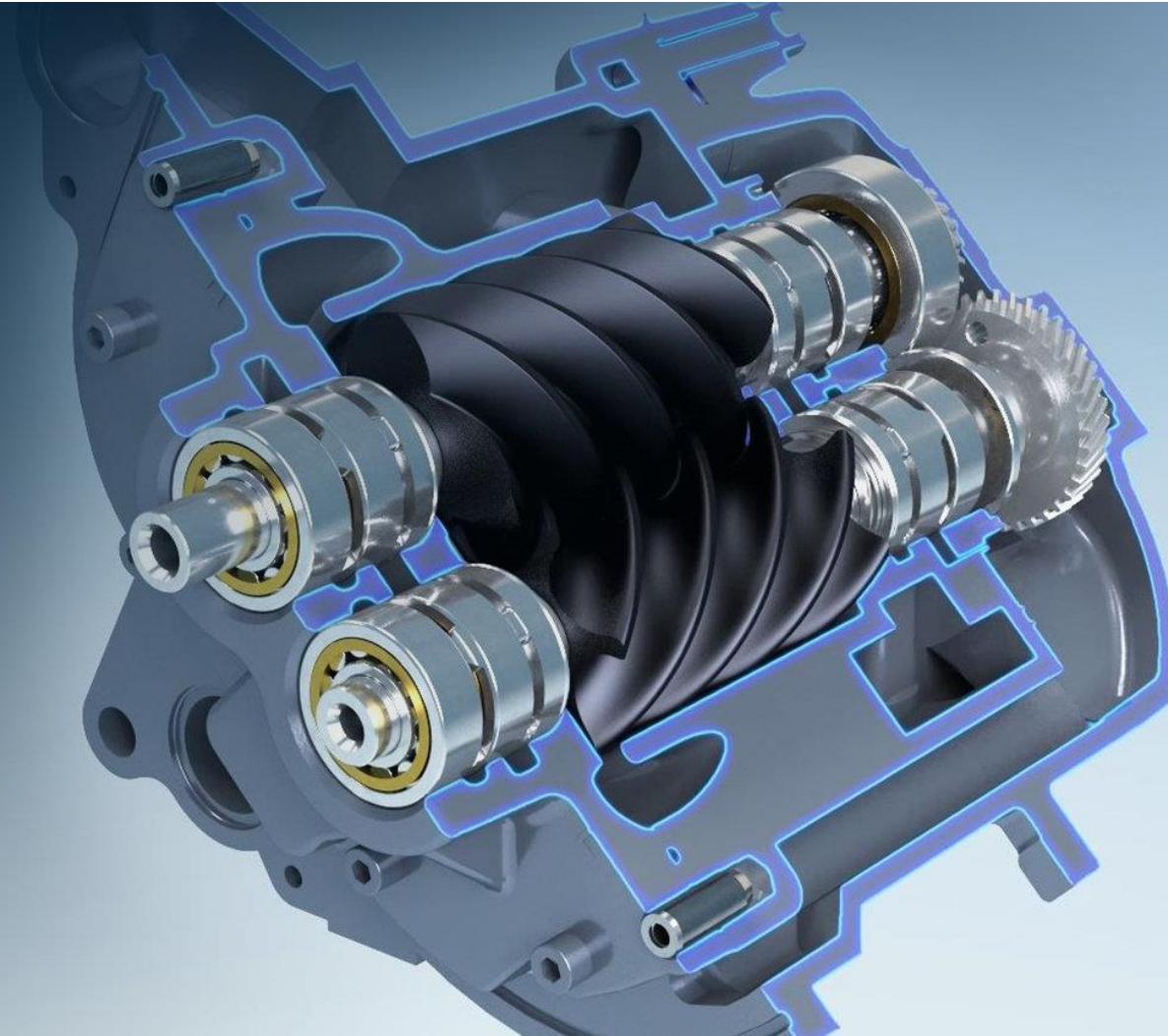
ZR90-160 VSD+



New element

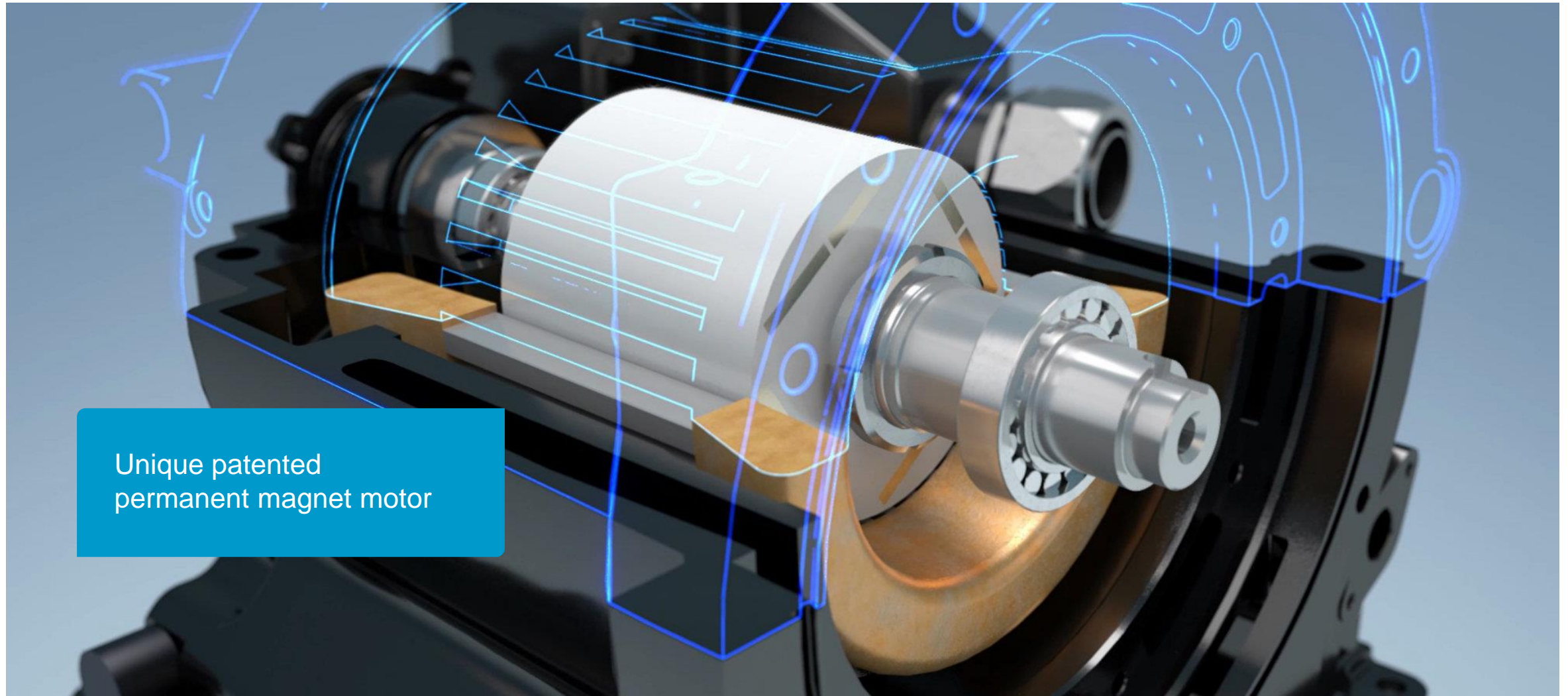
Most efficient oil-free screw element on the market

Unique patented coating and element design



Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

Permanent magnet motor



Unique patented
permanent magnet motor

Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

Two Neos drives



Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

ZR 90 – 160 VSD

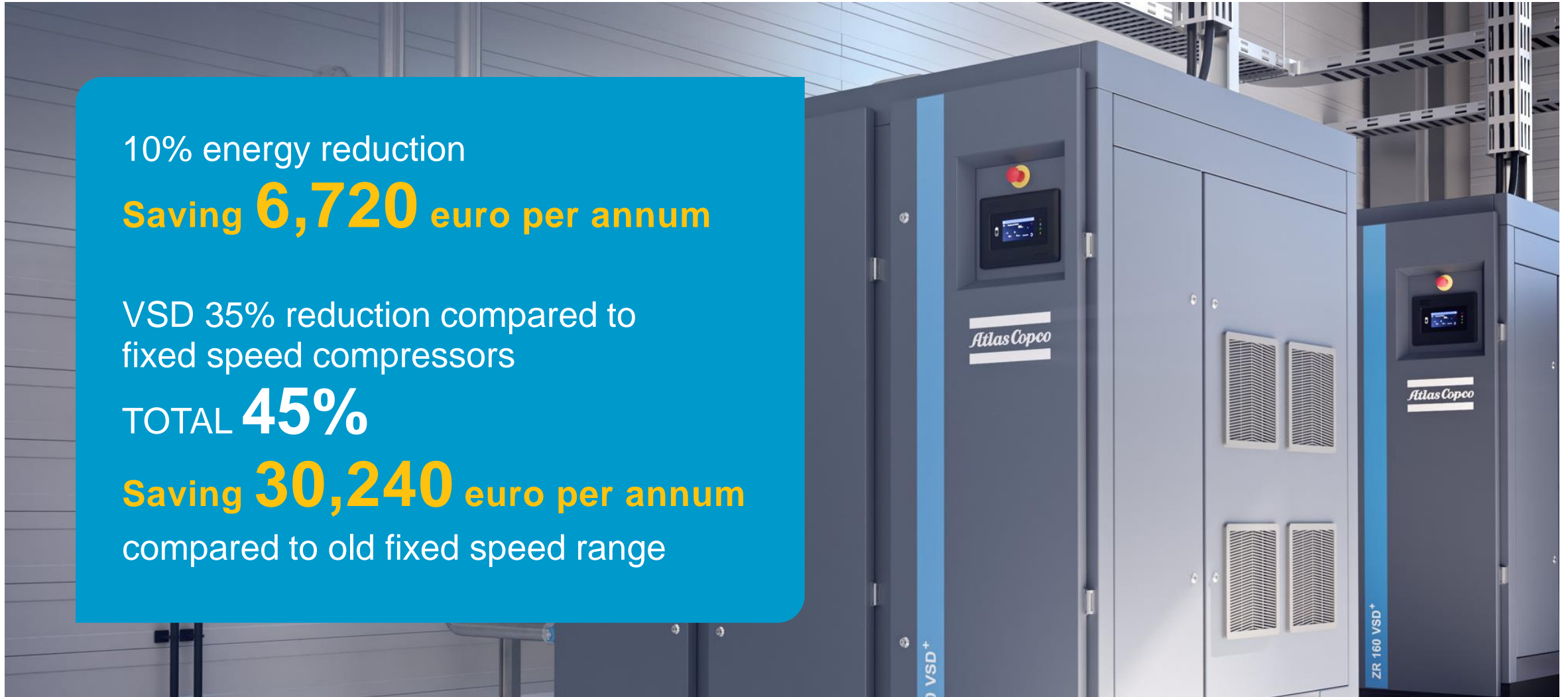
10% energy reduction

Saving **6,720** euro per annum

VSD 35% reduction compared to
fixed speed compressors

TOTAL **45%**

Saving **30,240** euro per annum
compared to old fixed speed range



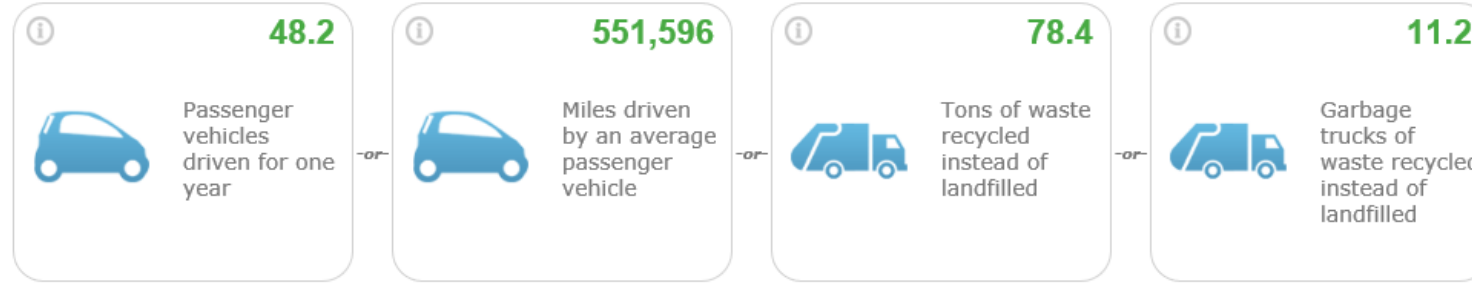
Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

Environmental savings

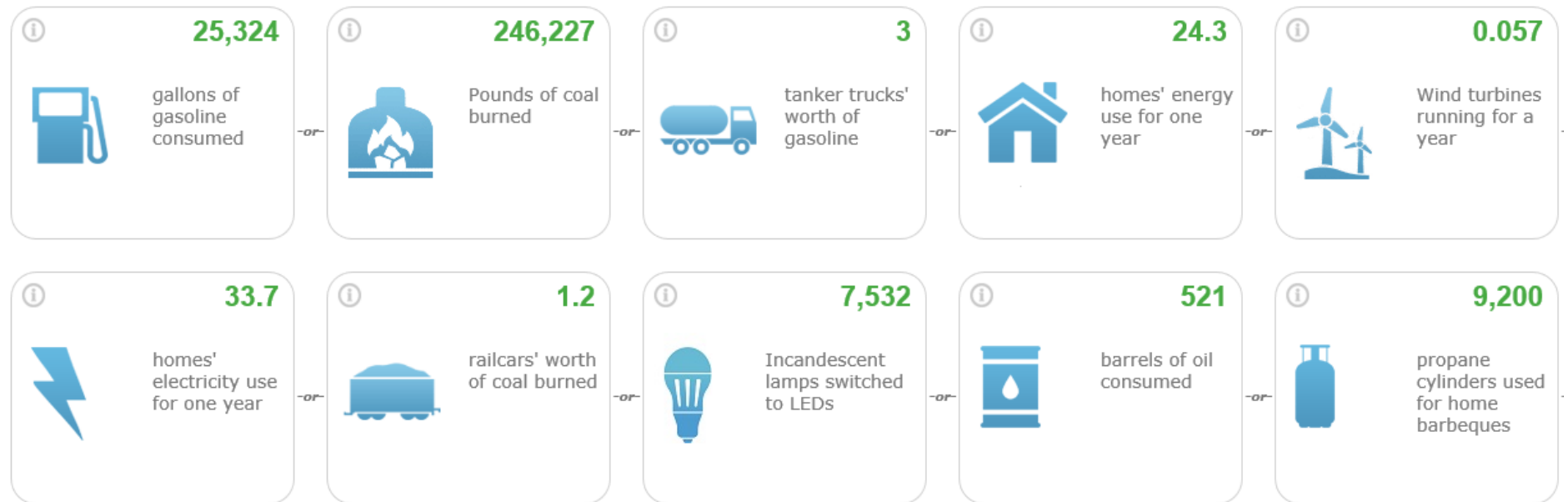


45%
energy saving =
302,400 kWh
of electricity or
carbon dioxide
reduction of
225 metric tons

Greenhouse gas emissions from



CO₂ emissions from



Calculation based on 160 Kw, 8000 Operating Hours, Electrical Cost 0.1 Euro, working 70% average load

Summary – Compressor Technique

Diversified
market place

Growing number
of applications

Broad product
portfolio

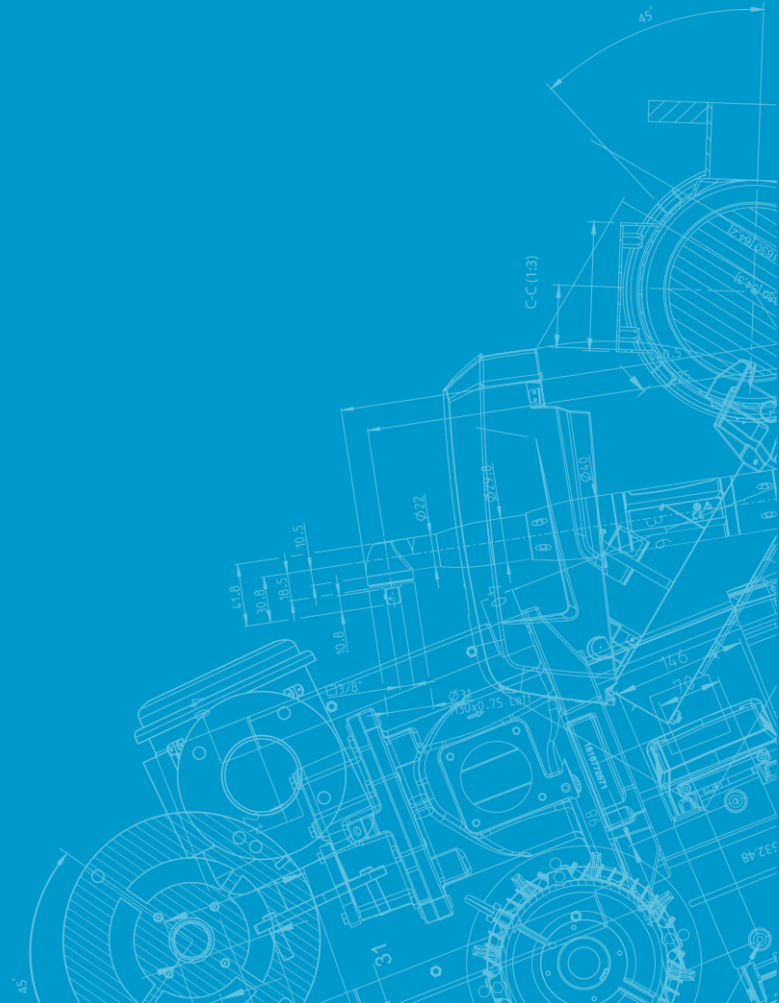
Focus on
innovation

Complete solution
provider



Atlas Copco

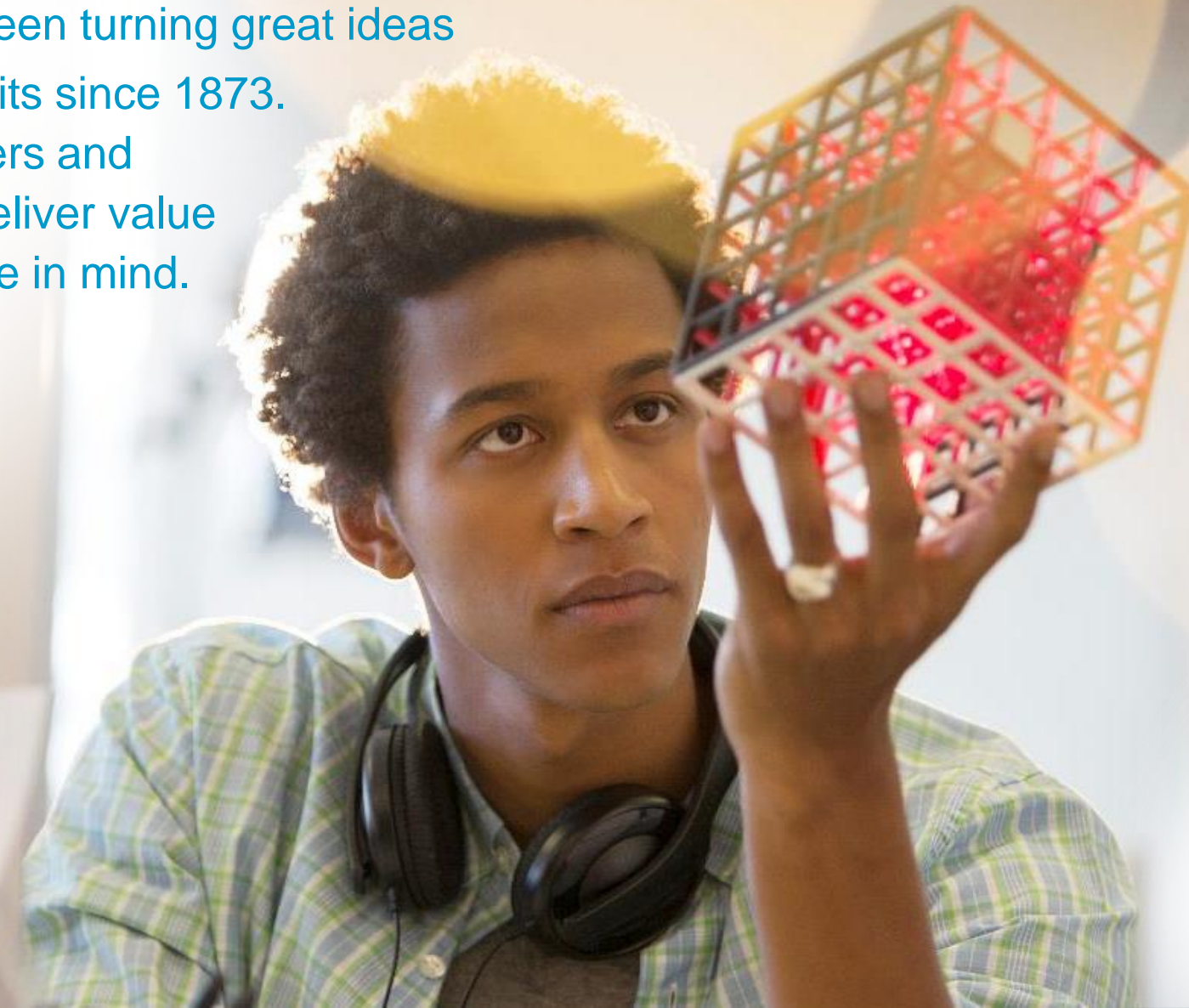
www.atlascopcogroup.com



Great ideas drive development.

At Atlas Copco, we have been turning great ideas into business-critical benefits since 1873.

By listening to our customers and knowing their needs, we deliver value and innovate with the future in mind.



Agenda

- 1 Atlas Copco – One Group
- 2 Performance review
- 3 How we create value and grow
- 4 Summary



Agenda

1 Atlas Copco – One Group

2 Performance review

3 How we create value and grow

4 Summary

The Atlas Copco Group – Brand

The home of industrial ideas
for tangible customer values



COMMITMENT



INNOVATION



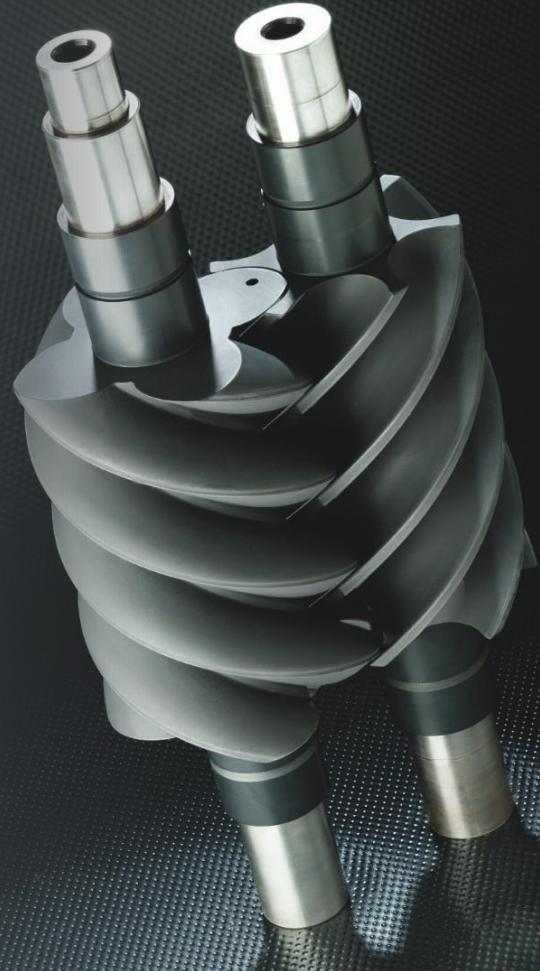
INTERACTION



The Atlas Copco Group – Customers



The Atlas Copco Group – Technology



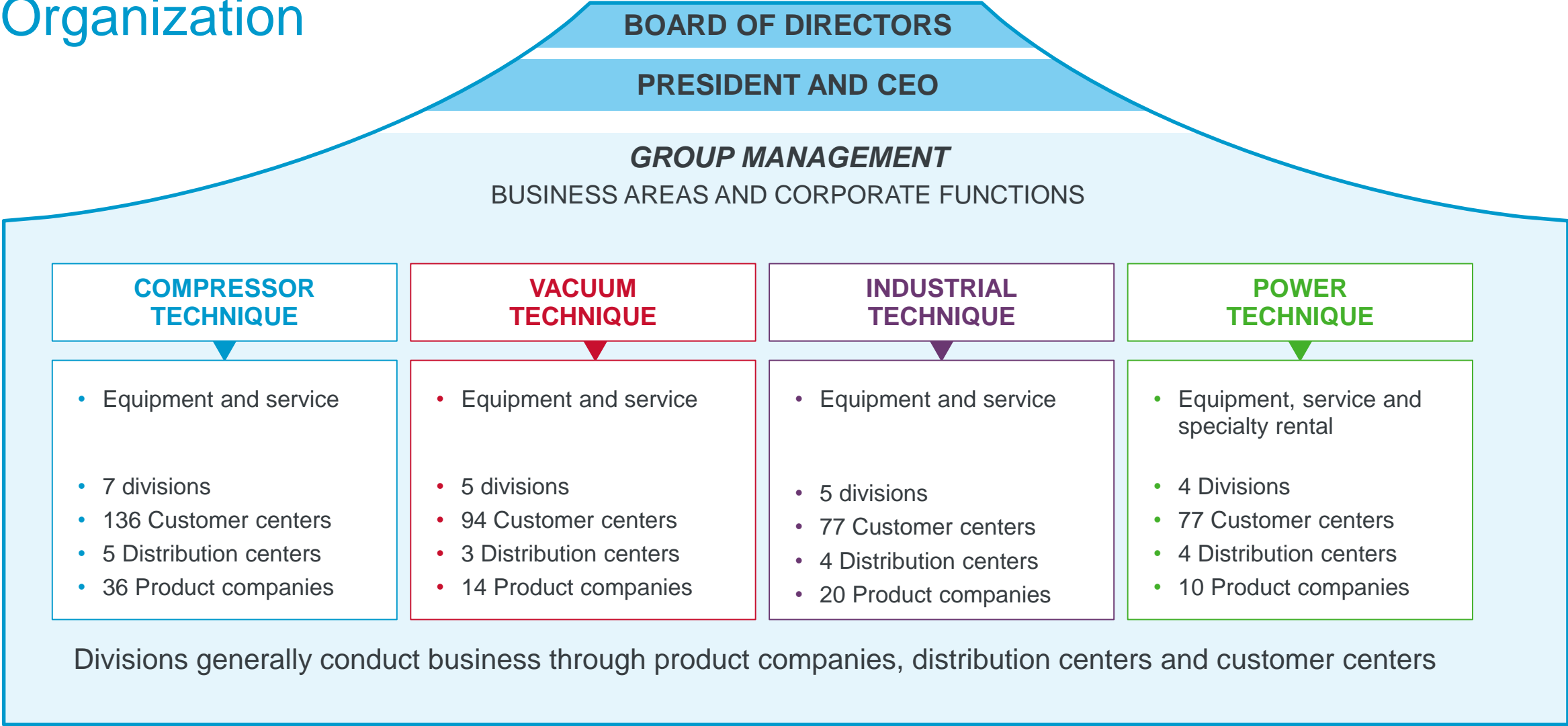
The Atlas Copco Group – Culture



The Atlas Copco Group – Leadership

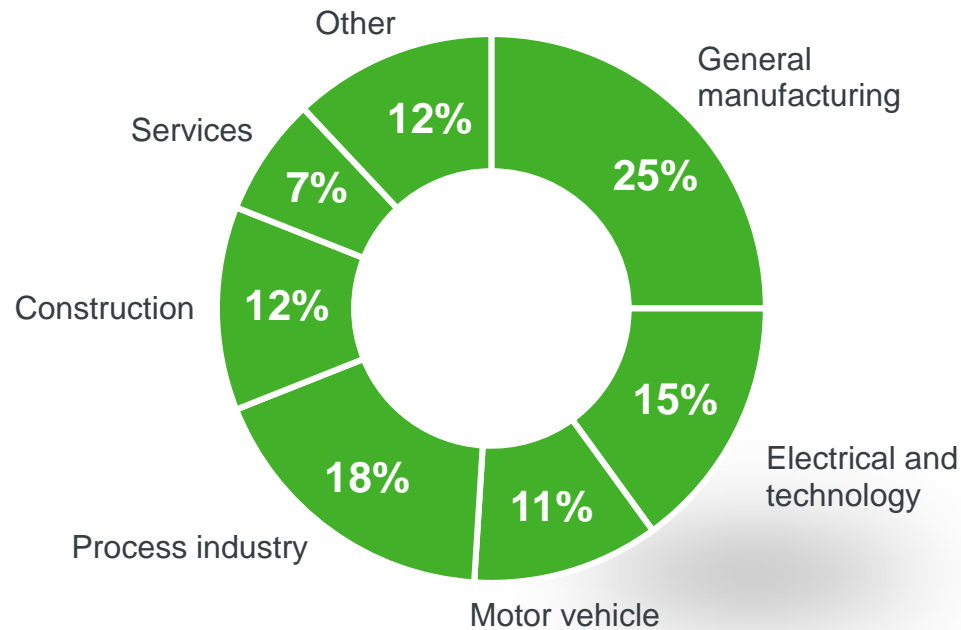
In Atlas Copco
Leadership is defined as
***the ability to create
lasting results***

Organization

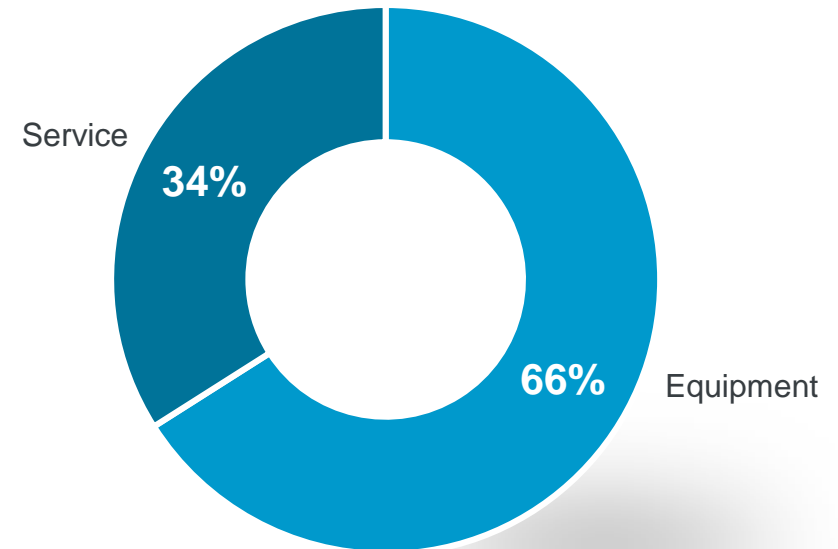


A diversified business

ORDERS RECEIVED BY CUSTOMER CATEGORY



REVENUES BY BUSINESS TYPE



12 months ending September 2018

Agenda

1 Atlas Copco – One Group

2 Performance review

3 How we create value and grow

4 Summary

January – September in brief

- Solid order growth
 - Particularly strong growth in North America and Europe
 - Firm organic growth for Compressor Technique, Industrial Technique and Power Technique
 - Vacuum Technique down due to lower semiconductor investments
- Good profitability in all business areas
- Steady operating cash flow, in spite of growth
- Successful spin-off of Epiroc

Q3 2018



Orders received – local currency Q3 2018

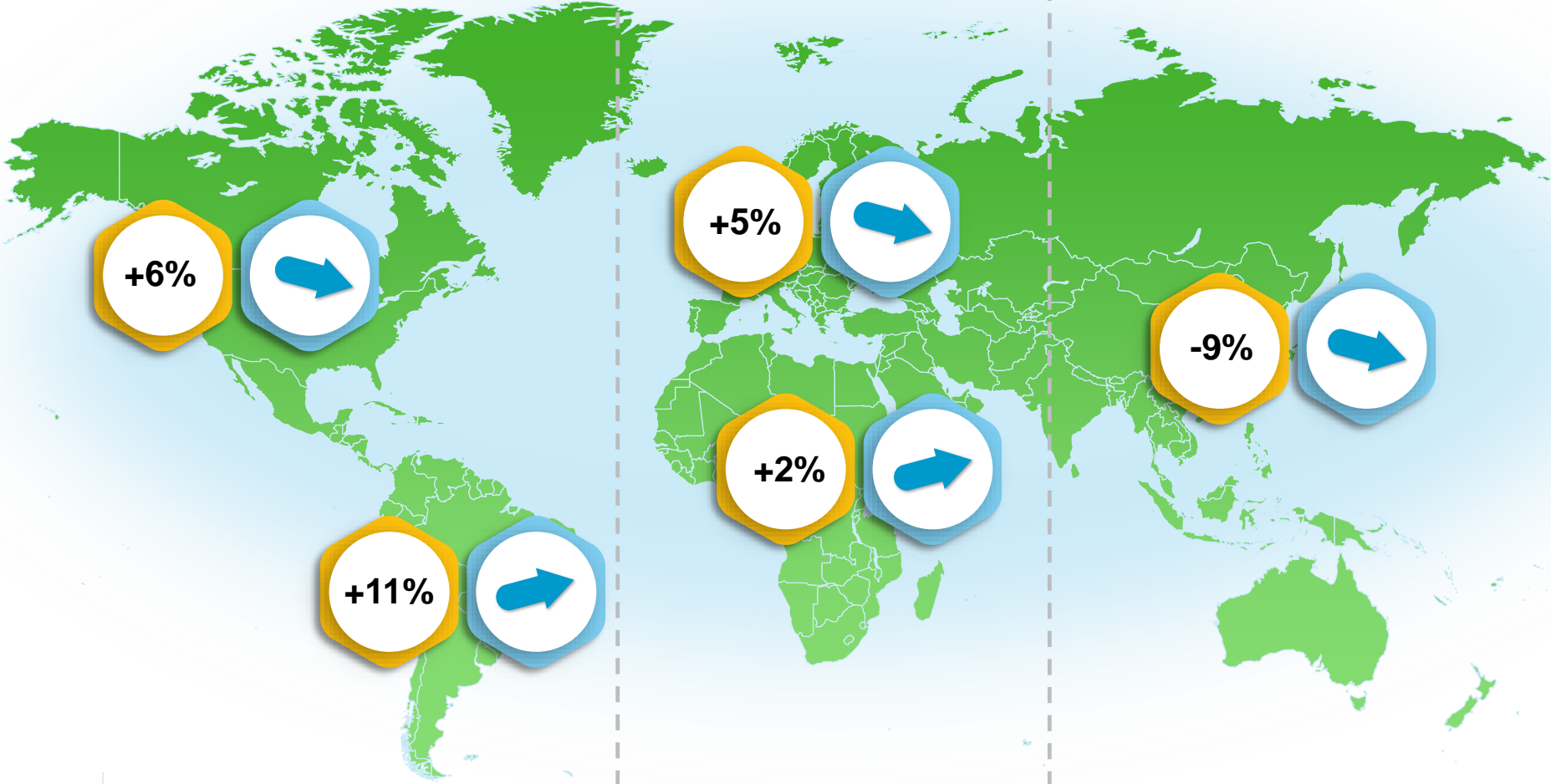
SHARE OF ORDERS RECEIVED YEAR TO DATE:

29%

37%

34%

YoY Q3 vs. Q2



Near-term outlook

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

Agenda

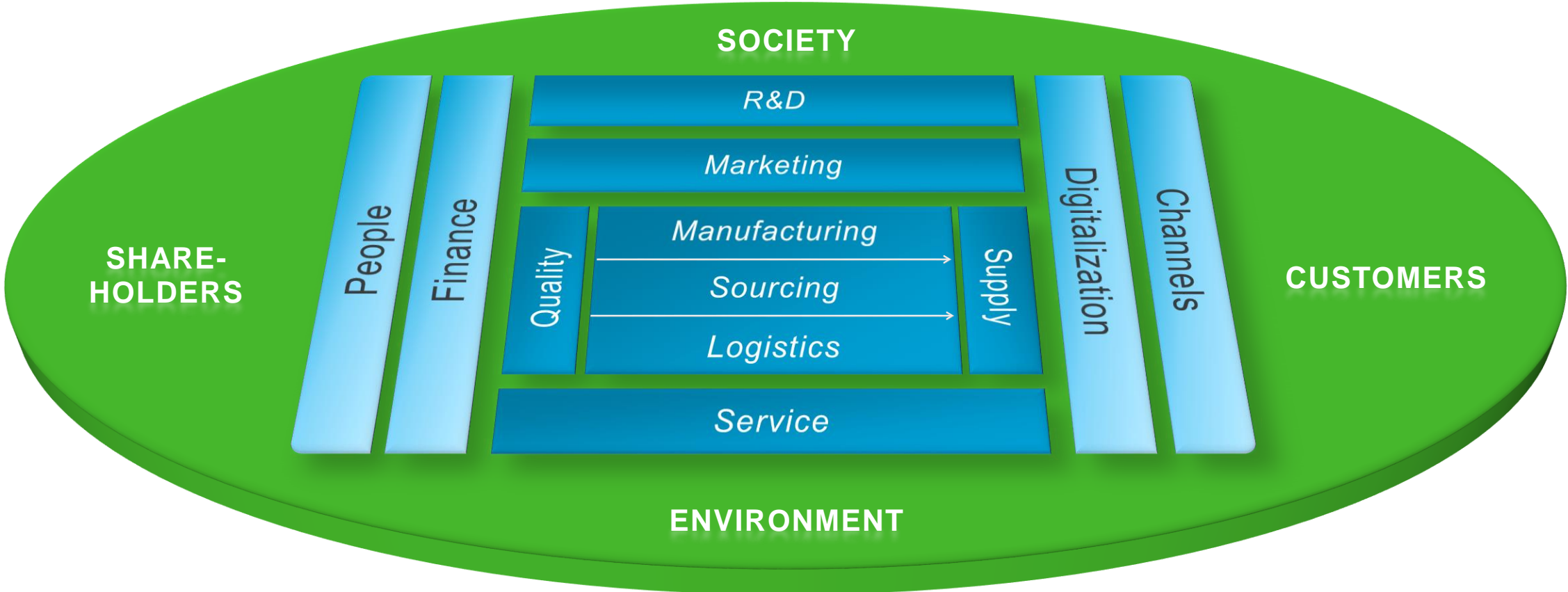
1 Atlas Copco – One Group

2 Performance review

3 How we create value and grow

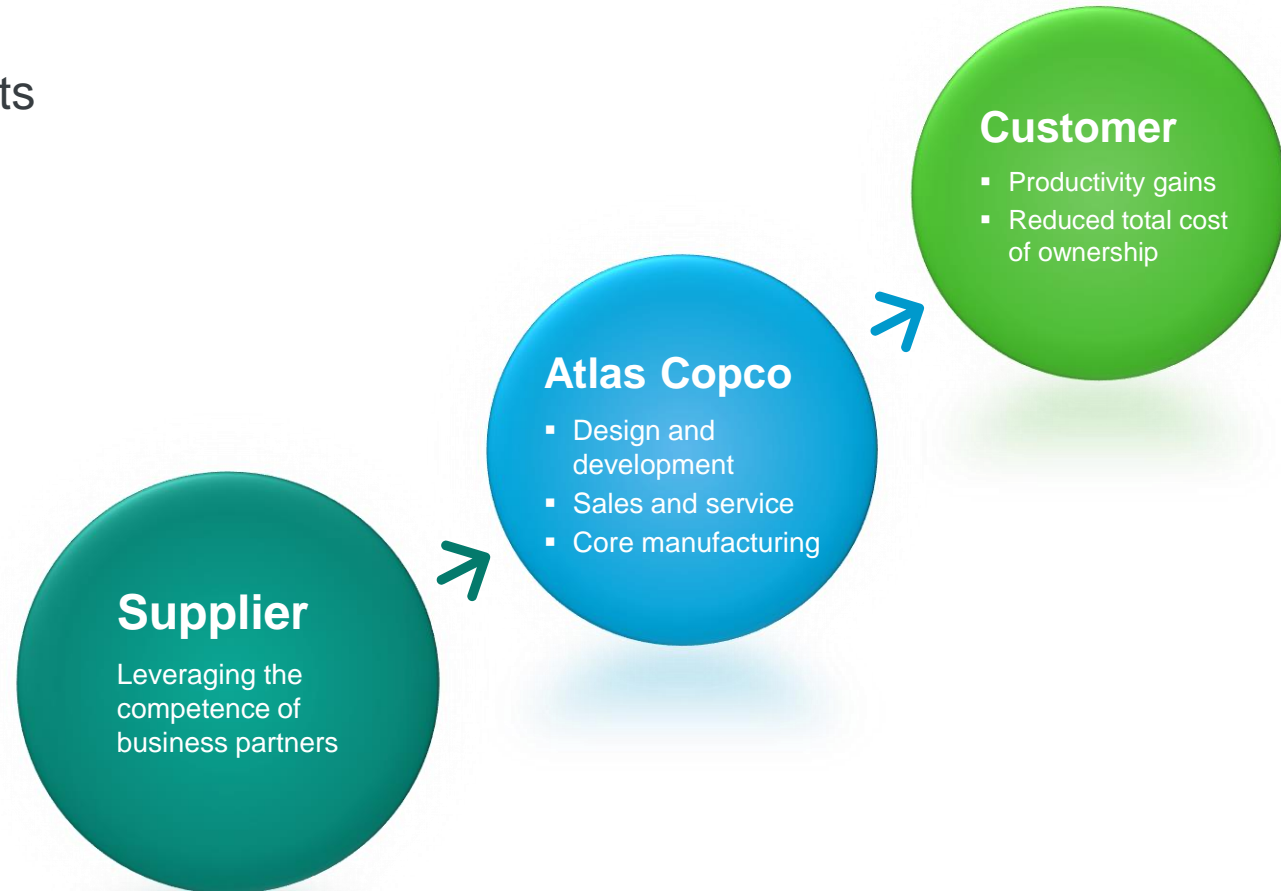
4 Summary

Value for all stakeholders

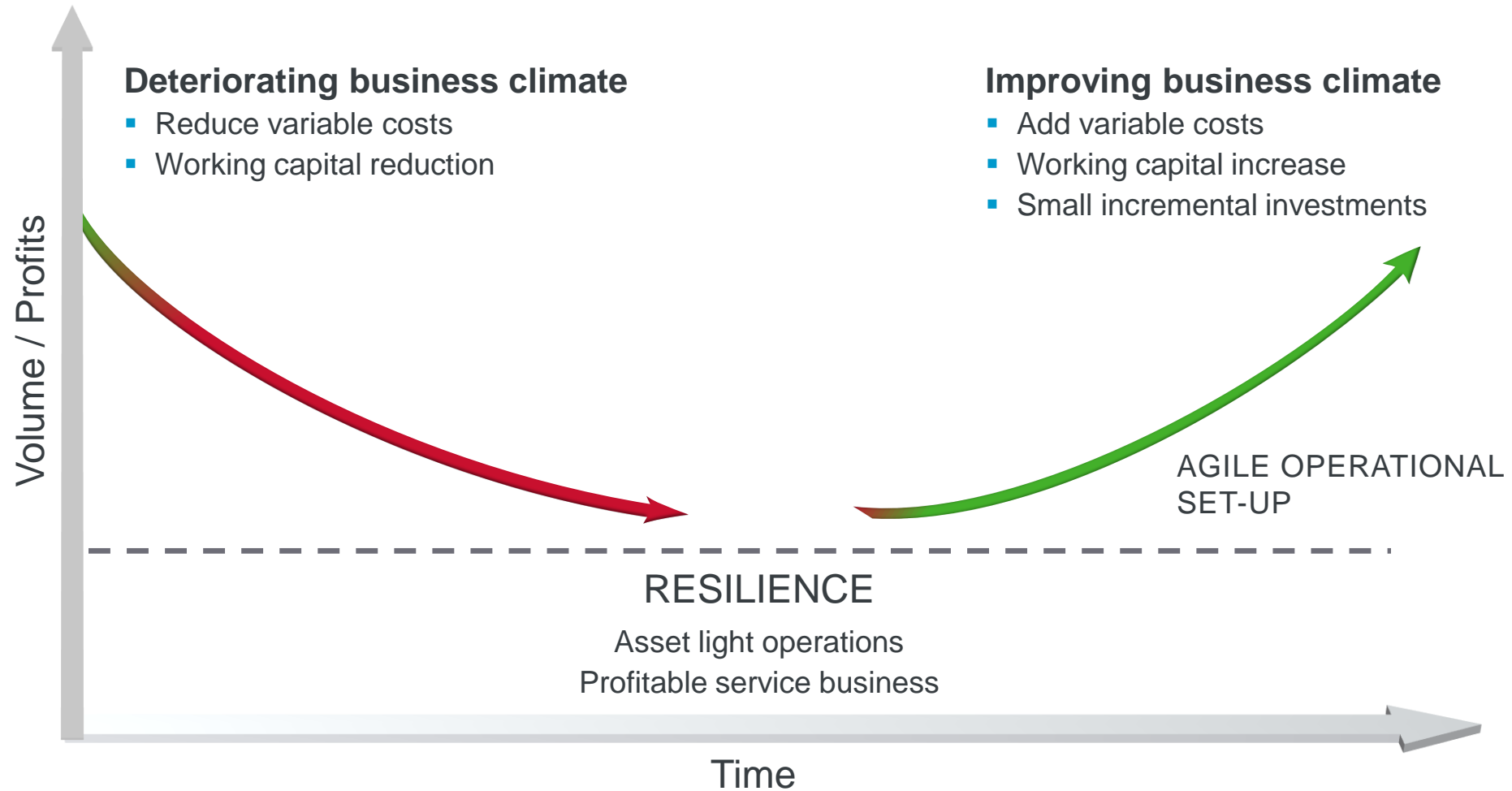


How we do business – Innovation across the value chain

- Leading positions in our defined markets
- Leading, differentiated technology
- Key products in customers' operations
- Smaller part of customers' investment
- Healthy service potential
- Balance sheet agility



Agility and resilience



People are key



Passionate people create exceptional things

Clarity in mission and expectations creates freedom to develop and implement our visions and strategies

Ownership and clarity in roles and responsibilities

Freedom with accountability

The one closest to the problem, is the one closest to the solution

Our management team



Mats Rahmström



Vagner Rego



Geert Follens



Henrik Elmin



Andrew Walker



Cecilia Sandberg



Håkan Osvald



Gisela Lindstrand



Hans Ola Meyer

Strong international
experience

Internal and
external expertise

Be the Atlas Copco
culture in all aspect

IN TOTAL:

47 years
of international experience

79 years
of external experience
in diverse businesses

190 years
in Atlas Copco

Presence

- Develop local competences
- Direct, indirect, and digital presence
- Create high brand awareness



Digitalization



Proactive service



Our targets

PROFIT

► Revenues

8% average growth per year over a business cycle

► Returns

Sustained high return on capital employed (ROCE)

► Cash dividend

50% of net profit in annual dividend

PEOPLE



PLANET



Energy consumption



Transport and CO₂



Water consumption



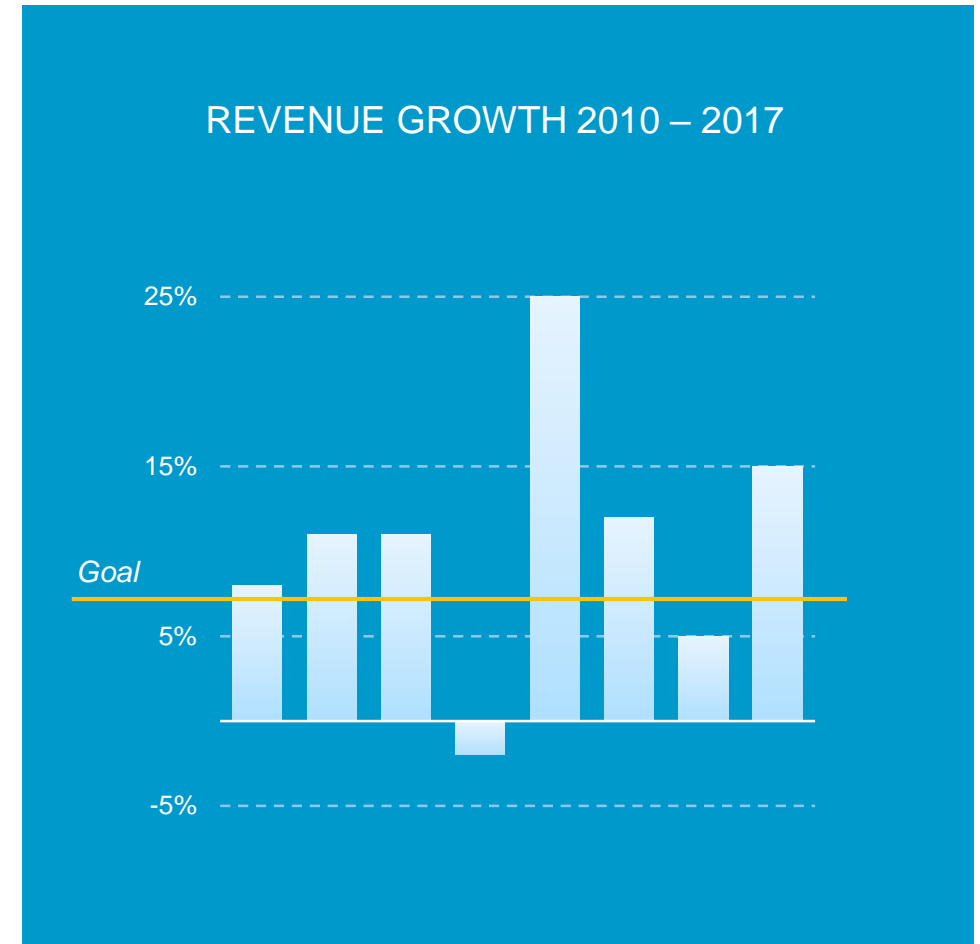
% renewable energy



Reused, recycled and recovered waste

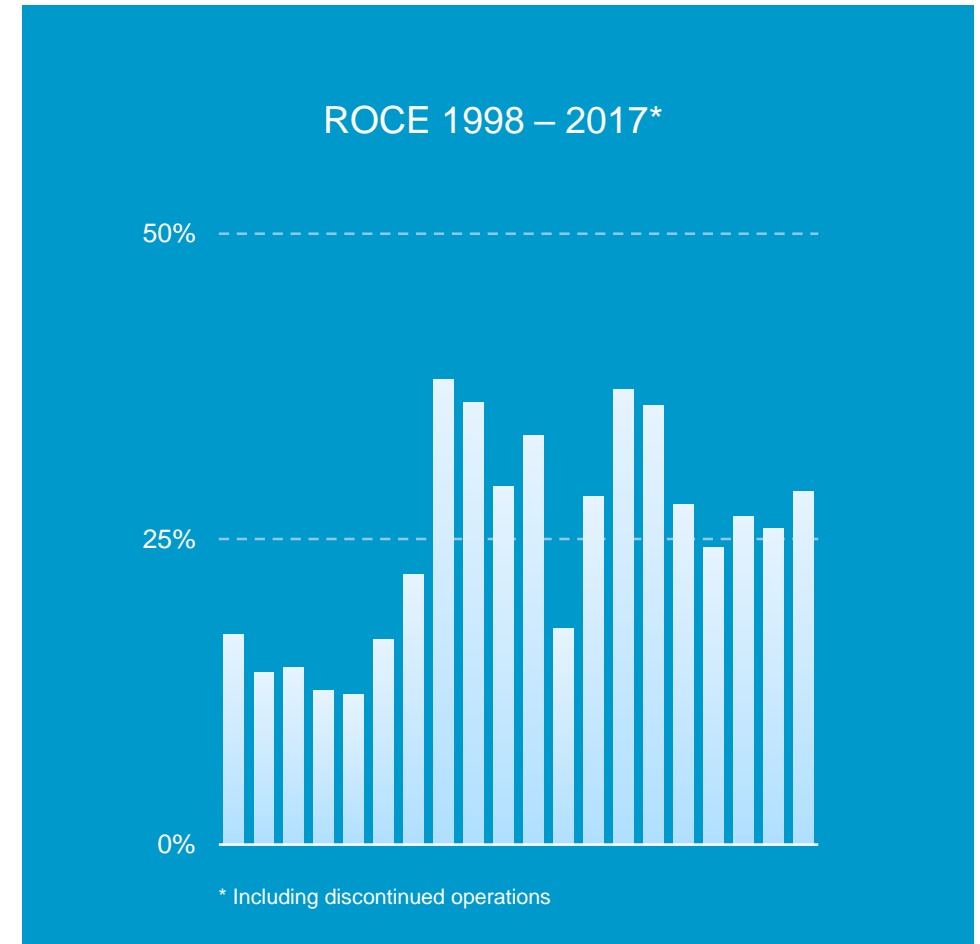
Foundation for continuous growth

- Market leader with a strong portfolio of businesses and products
- Commitment to innovation
- Top organization, world-class people, and top execution
- Strong service offering
- Capacity for strategic acquisitions
- Digitalization embedded in everything

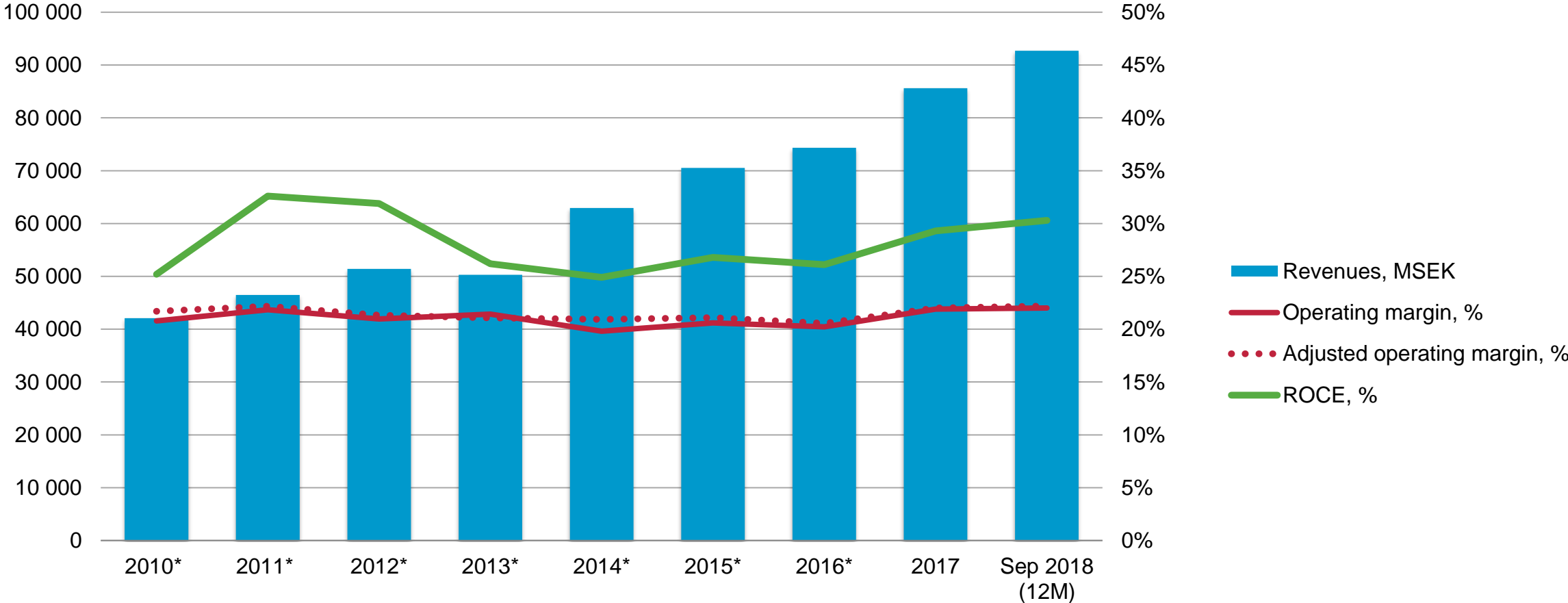


Foundation for continuous high return on capital employed

- Standardization and efficient flow
- Asset light operations
- Variable cost structure
- Strong service business
- Digitalization embedded in everything



Growth and strong profitability

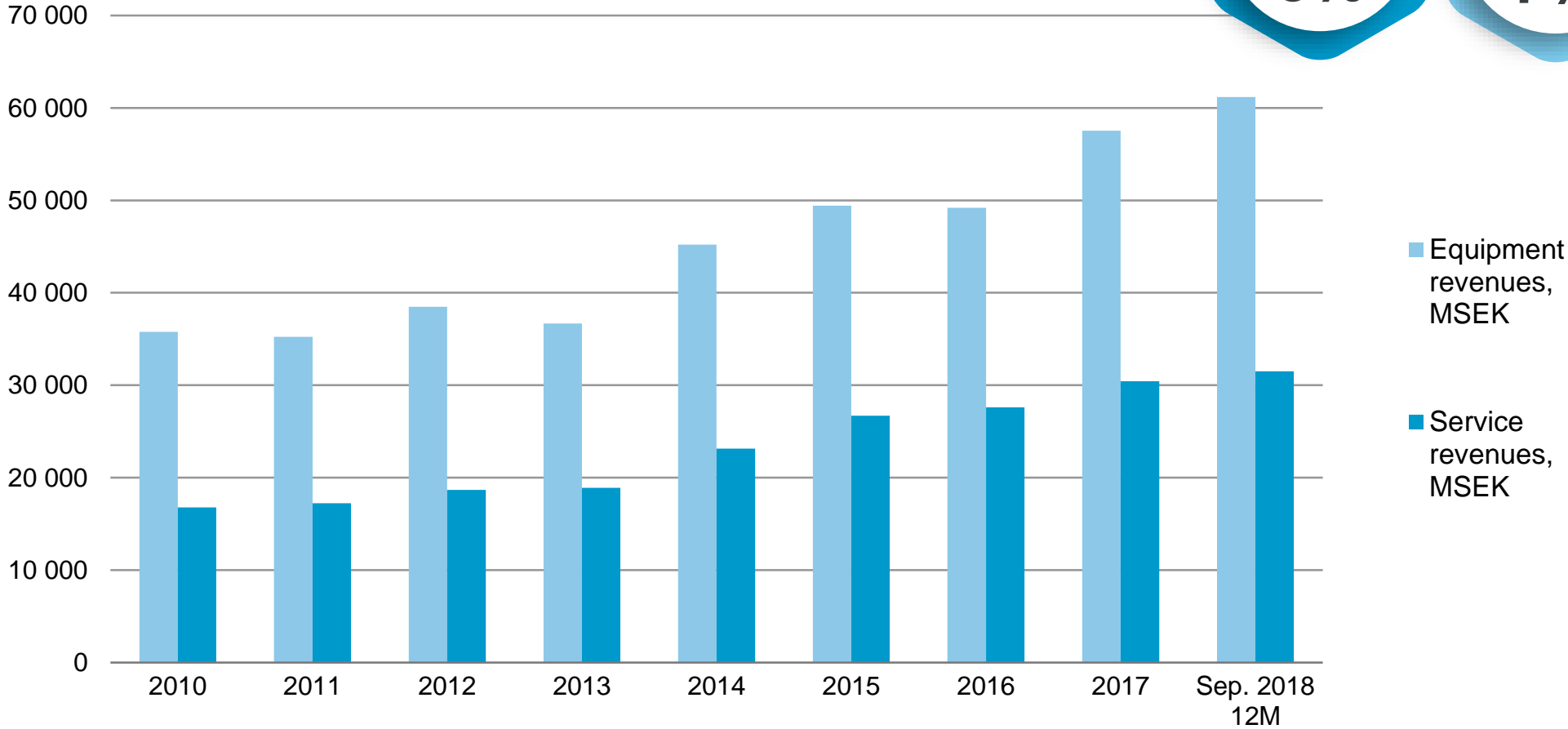


*Revenues not adjusted for intercompany sales between Atlas Copco and Epiroc.
 Operating margin and ROCE are estimated excluding the Mining and Rock Excavation Business Area and Road Construction Equipment division.

Growth and resilience – Service business

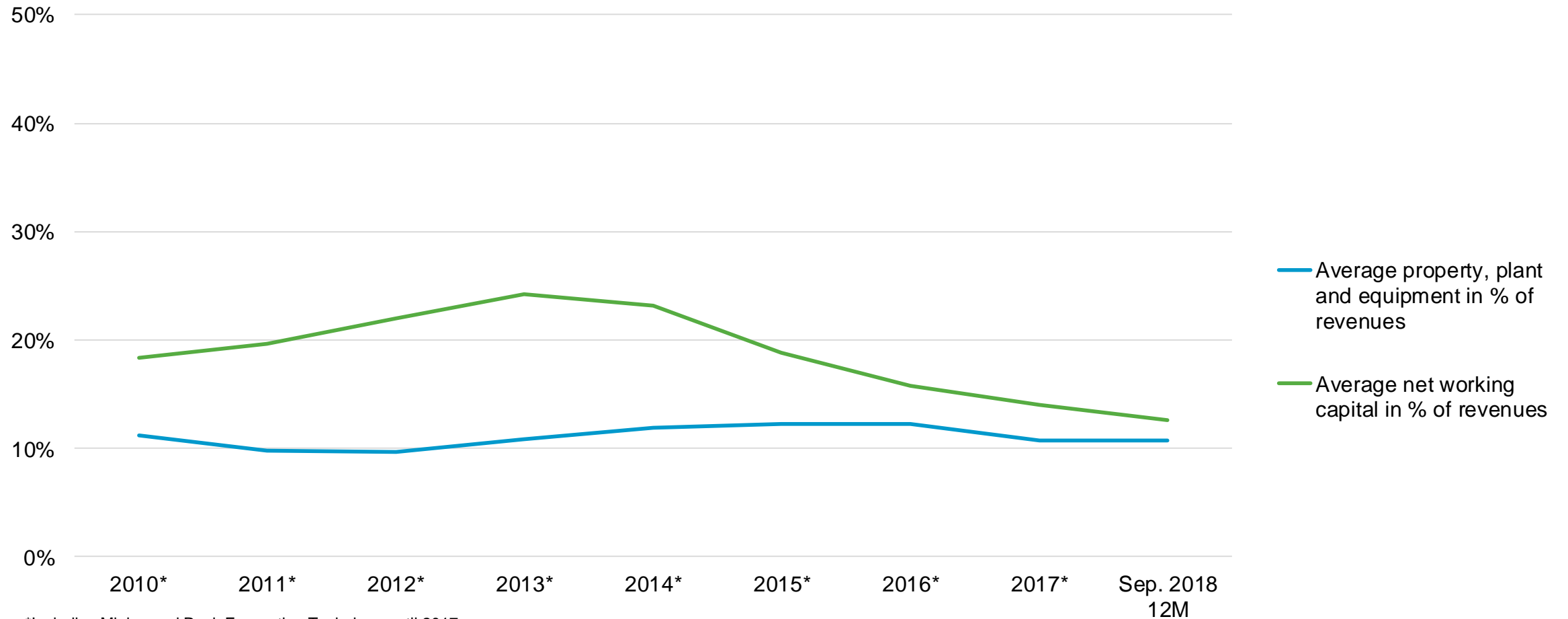
CAGR Service
8%

CAGR Equipment
7%



Revenues excluding Mining and Rock Excavation Technique until 2017.

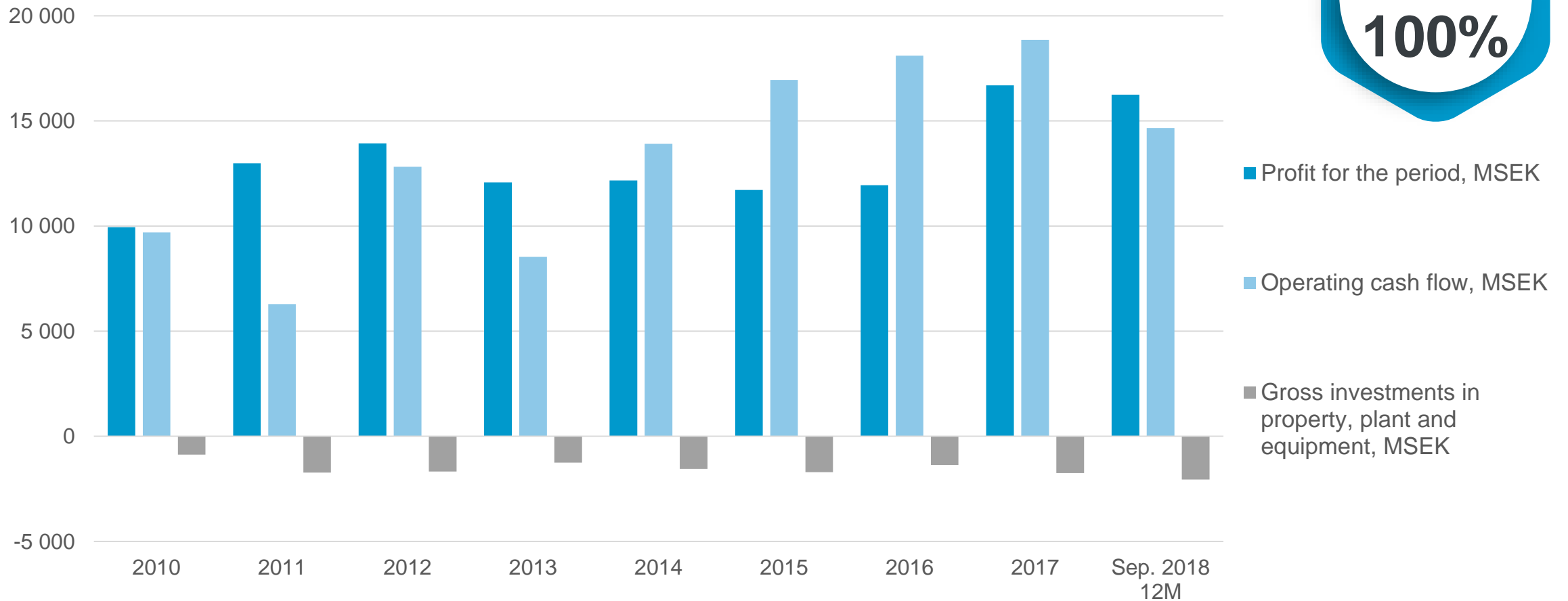
Growth and resilience – Asset light



*Including Mining and Rock Excavation Technique until 2017.

Growth and resilience – Cash generation

Average cash conversion
100%

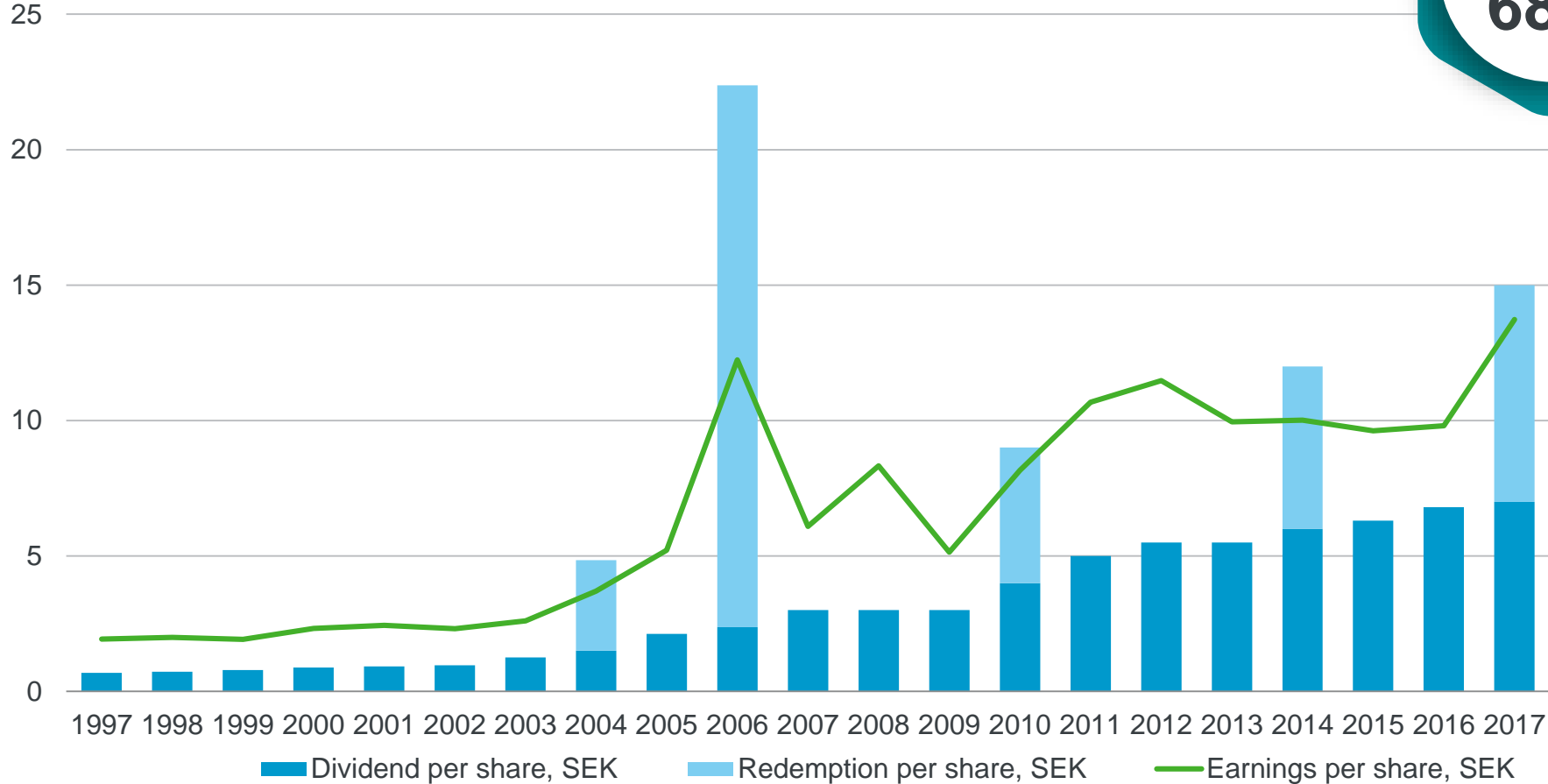


Including discontinued operations. Profit for the period "Sep. 2018 12M" is excluding the capital gain related to the distribution of Epiroc.

Growth and resilience – Cash distribution

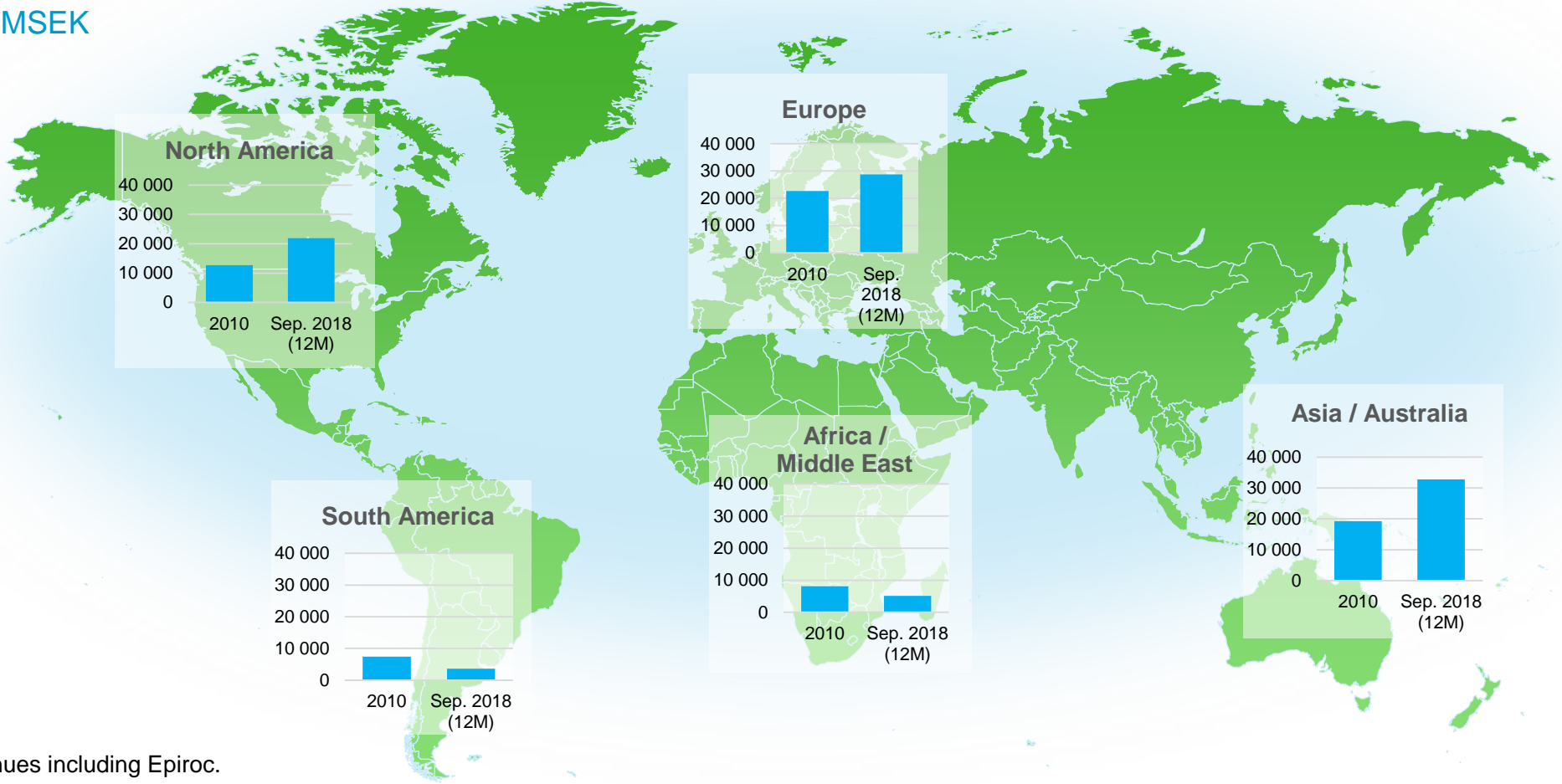
Average payout ratio
68%

Average yield
5%



Regional growth development – from 70 to 93 BSEK

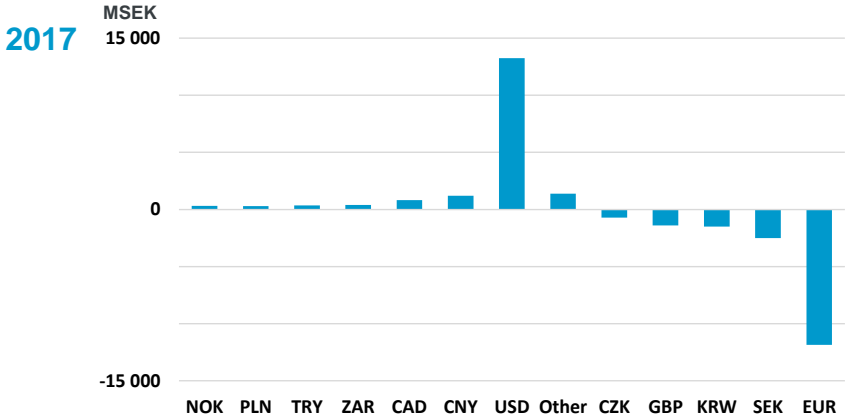
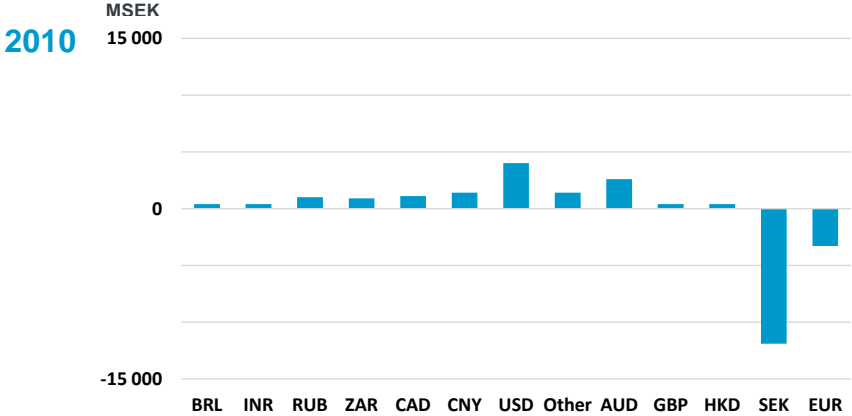
REVENUES MSEK



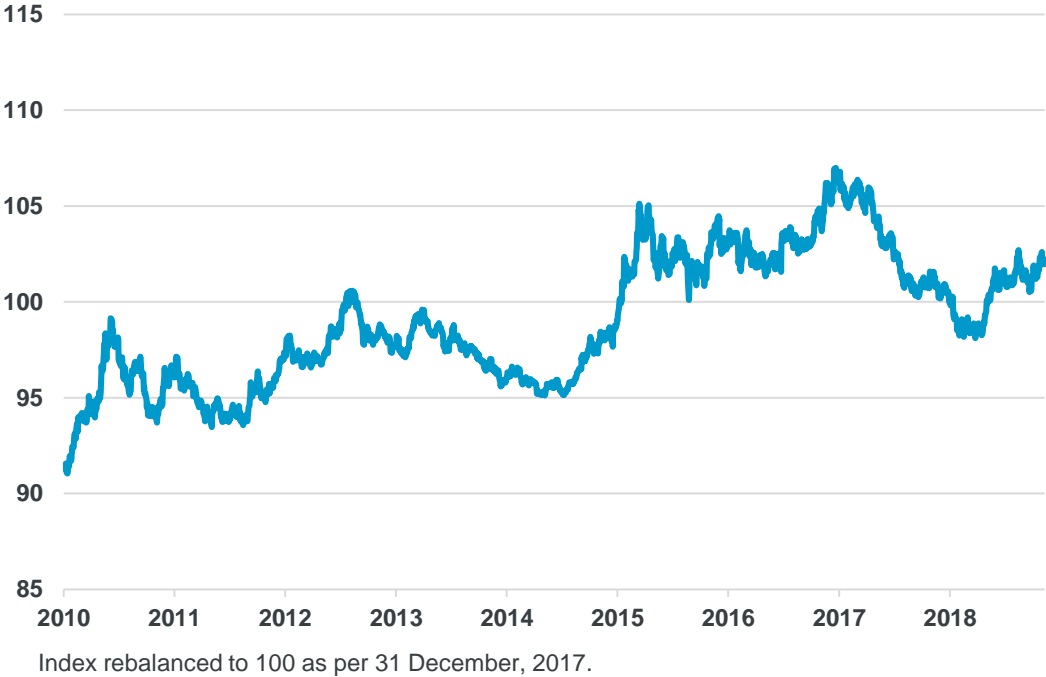
Note: 2010 Revenues including Epiroc.

Currency

ESTIMATED OPERATIONAL TRANSACTION EXPOSURE



CURRENCY INDEX



Impact of tariffs

**Estimated cost impact:
MUSD 15 per year**

- Majority of impact is on supply from Atlas Copco China to Atlas Copco US
- The main mitigating actions include changed sourcing countries and price increases

Impact of “hard” Brexit

**Estimated cost impact:
MUSD 13 per year**

- The direct cost impact is mainly related to tariffs on goods moving in and out of the UK
- Other costs relate to:
 - One to two days longer lead time due to border controls
 - Additional personnel resources to handle issues with VAT, trade compliance, and logistics
 - Build up of safety stocks
- Over time a slower GDP growth in the UK is expected

Agenda

1 Atlas Copco – One Group

2 Performance review

3 How we create value and grow

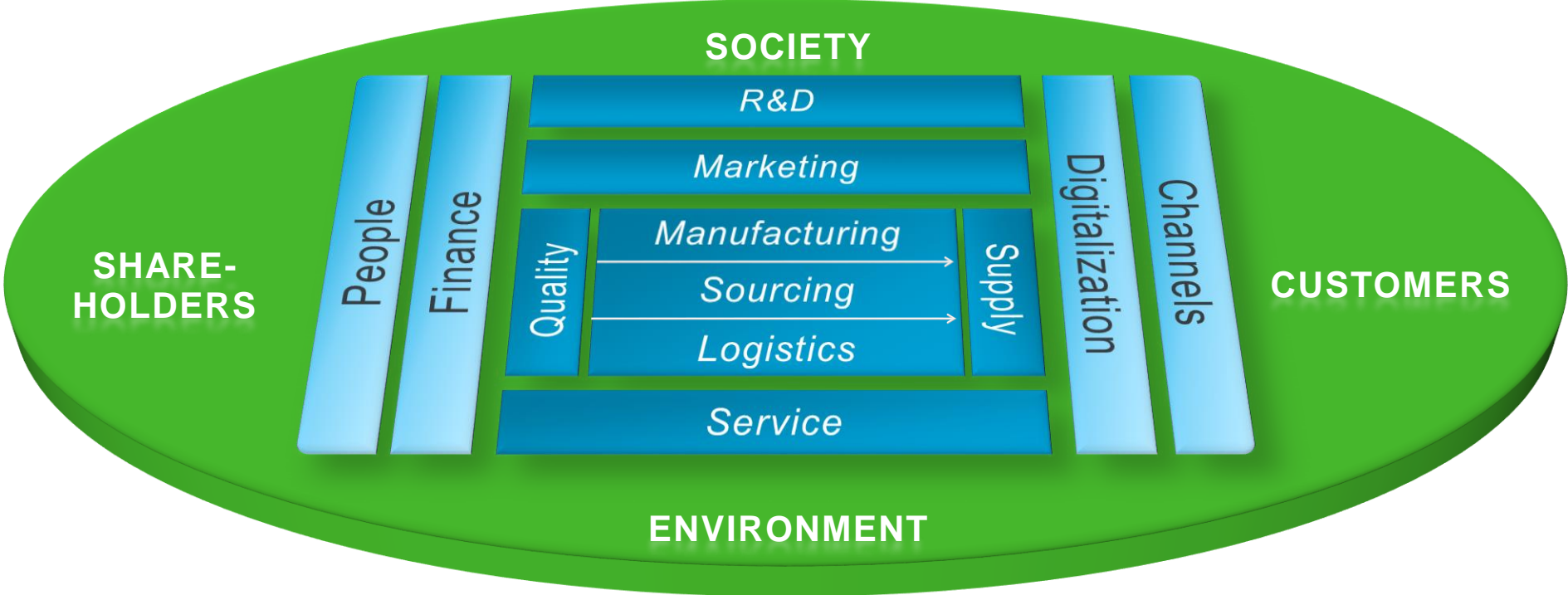
4 Summary

Value for all stakeholders

Identify and “own” profitable niches

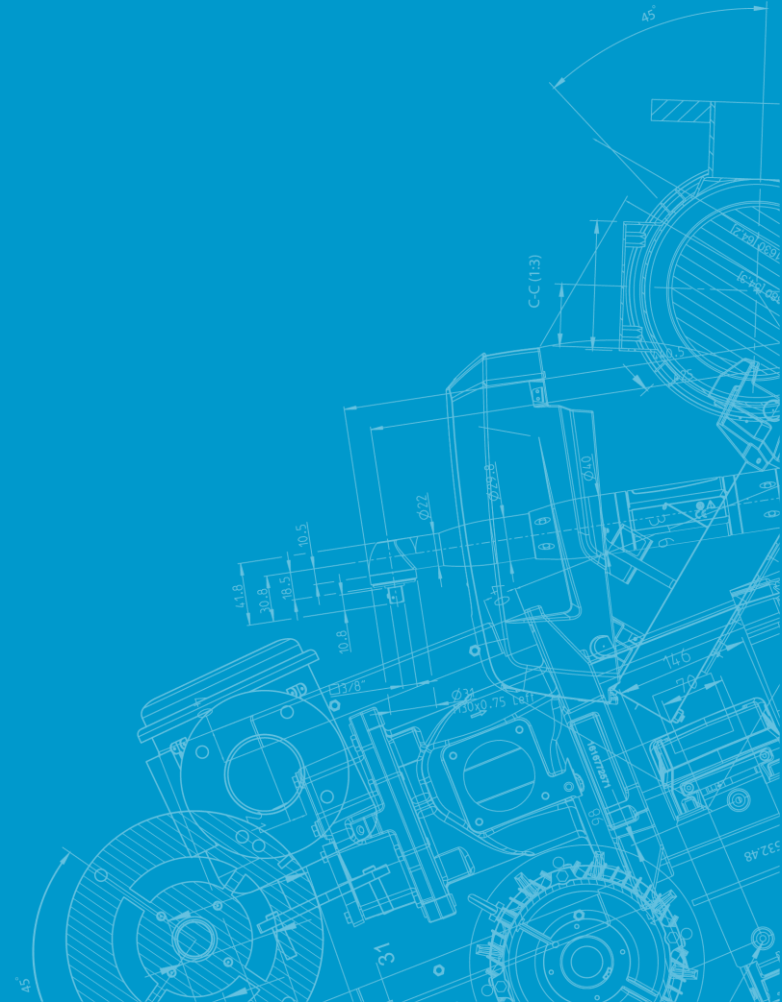
Use our core competencies to develop the niches

Top execution through a decentralized leadership model



The Atlas Copco logo is centered on the page. It consists of the brand name "Atlas Copco" written in a white, elegant, cursive script. The text is framed by two thick, white horizontal bars, one positioned above and one below the script.

www.atlascopcogroup.com



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.”