



Atlas Copco



Q4 2018 results

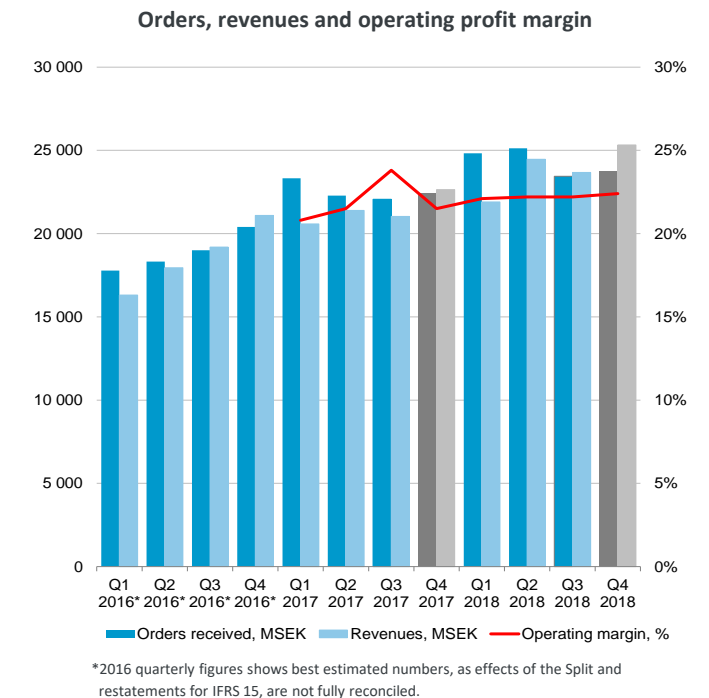
January 28, 2019

Q4 in brief

- Record revenues and operating profit
- Strong operating cash flow
- Continued solid growth for service
- Equipment order growth in CT, IT and PT but down in VT
 - Lower volumes from semiconductor and flat panel display customers
 - Motor vehicle industry flat

Q4 figures in summary

- Orders received were MSEK 23 743 (22 459), organic growth of 1%
- Revenues were MSEK 25 321 (22 645), organic growth of 7%
- Operating profit increased 17% to MSEK 5 661 (4 859), margin at 22.4% (21.5)
 - Adjusted operating margin at 21.9% (22.2)
- Profit for the period was MSEK 5 203 (3 172)
- Basic earnings per share were SEK 4.29 (2.61)
- Operating cash flow was MSEK 4 970 (≈4 000)



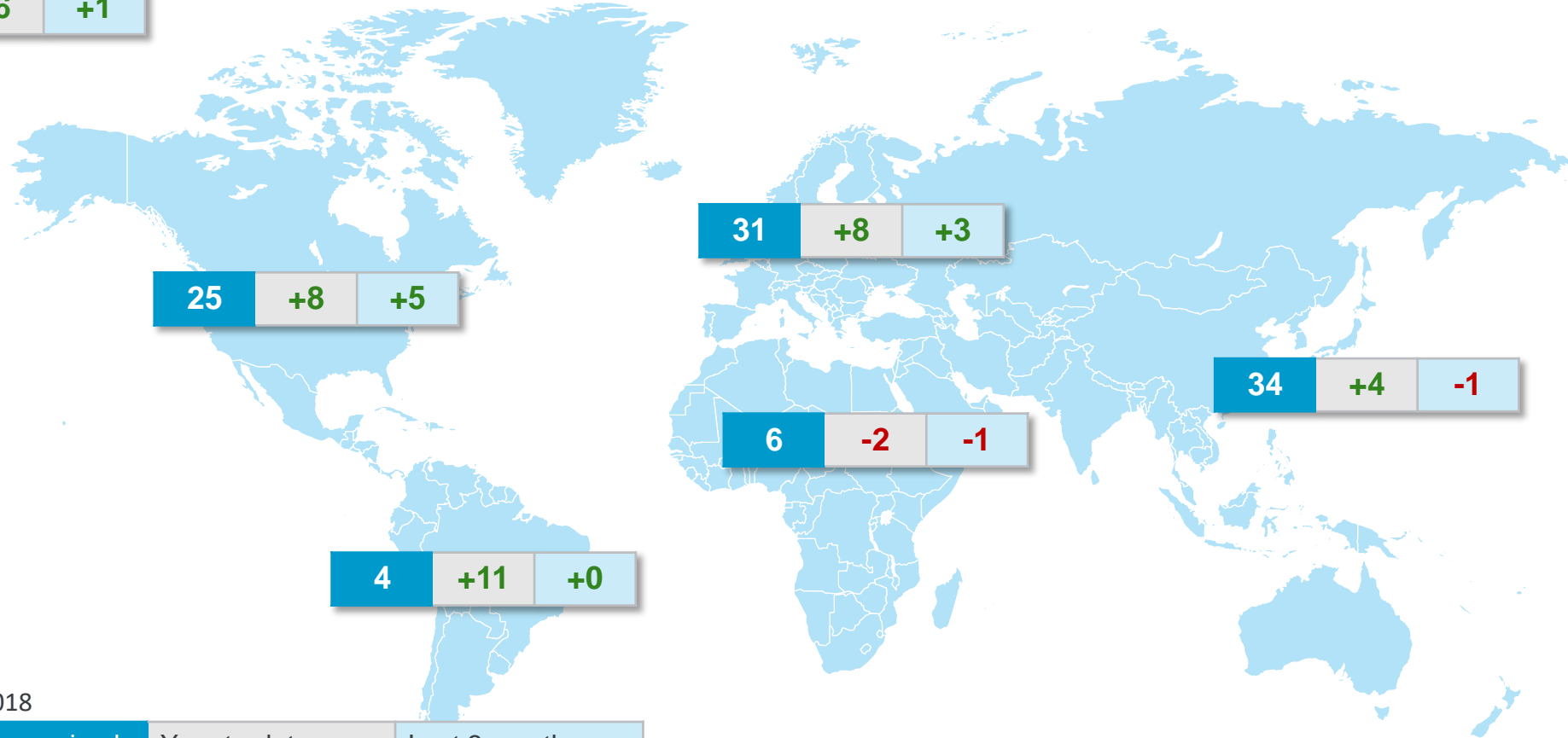
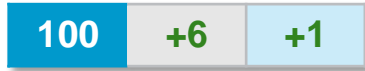
Full year 2018 in brief

- Record orders, revenues and profit
- Solid order growth for Compressor Technique, Industrial Technique and Power Technique
- Vacuum Technique down due to weakened demand in the semicon and flat panel display industry
- Five acquisitions and one divestment completed
- Successful split and distribution of Epiroc AB to shareholders
- Proposed dividend of SEK 6.30 per share (≈ 5.20 for continuing operations) to be paid in two installments

Full year 2018 figures in summary

- Orders received increased 8% to record MSEK 97 132 (90 132), organic growth of 5%
- Revenues increased 11% to MSEK 95 363 (85 653), organic growth of 8%
- Operating profit of MSEK 21 187 (18 748)
- Operating margin of 22.2% (21.9)
- Operating cash flow about MSEK 13 500 (\approx 13 300)
- Basic earnings per share SEK 13.45 (10.41)

Orders received – local currency

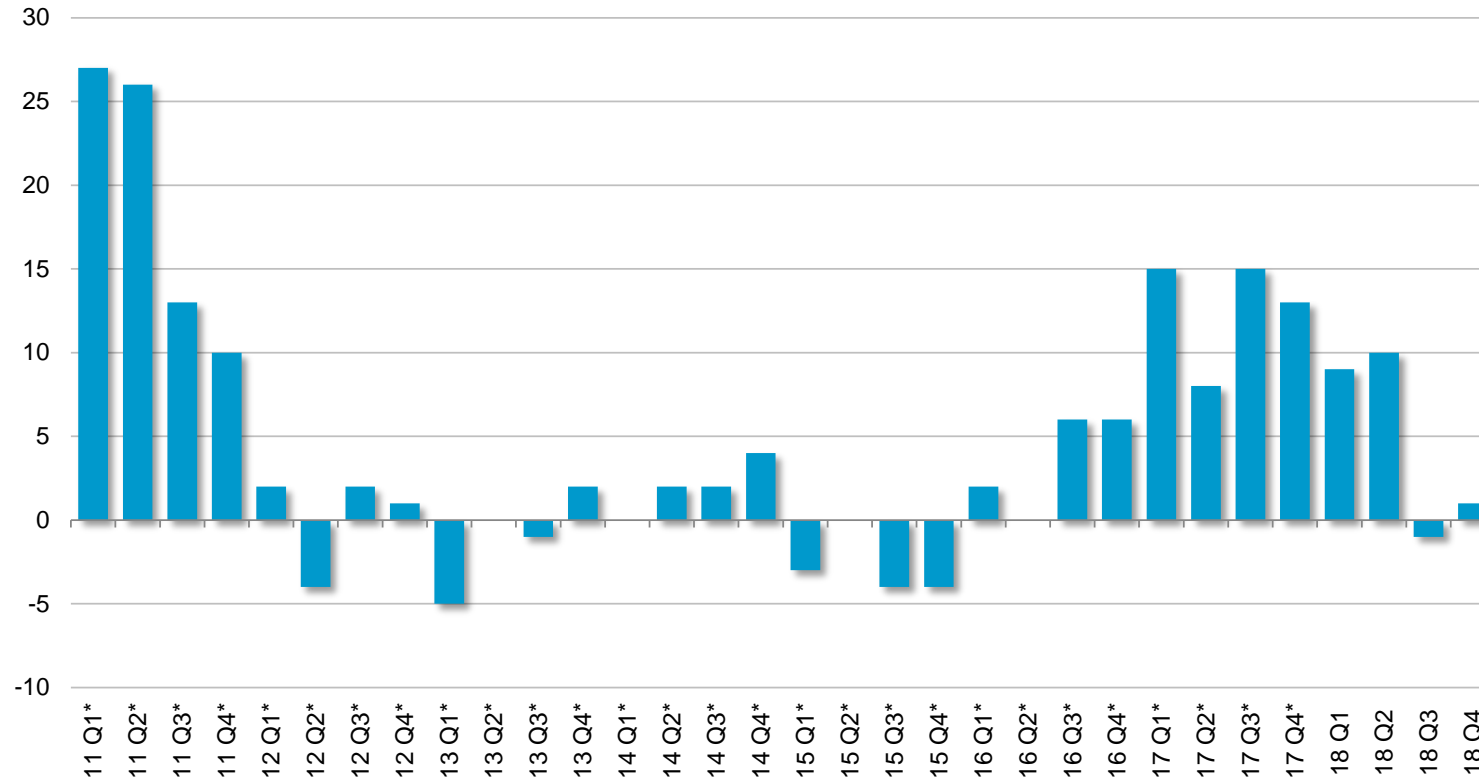


December 31, 2018

Share of orders received, year-to-date, %	Year-to-date vs. previous year, %	Last 3 months vs. previous year, %
25	+8	+5
31	+8	+3
6	-2	-1
34	+4	-1
4	+11	+0

Order growth per quarter

Organic growth %



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

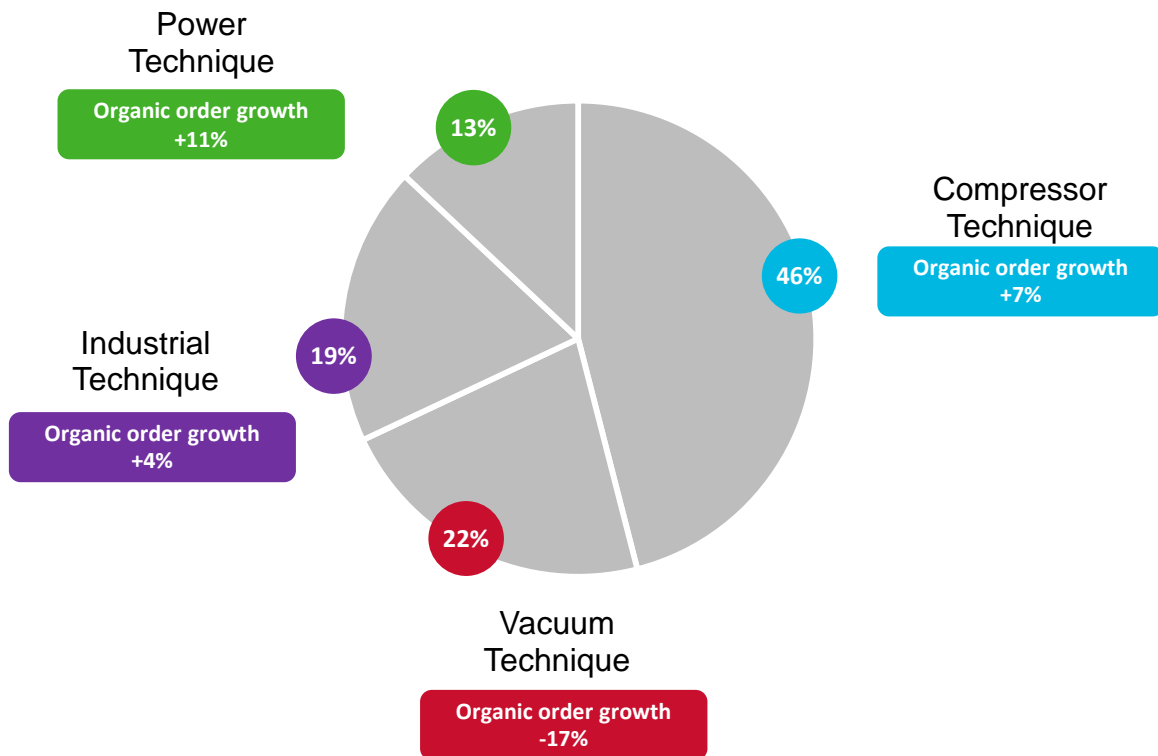
Sales bridge

MSEK	October - December		January - December	
	Orders received	Revenues	Orders received	Revenues
2017	22 459	22 645	90 132	85 653
Structural change, %	+0	+0	+0	+0
Currency, %	+5	+5	+3	+3
Organic*, %	+1	+7	+5	+8
Total, %	+6	+12	+8	+11
2018	23 743	25 321	97 132	95 363

*Volume, price and mix

Atlas Copco Group

Orders by business area and organic order growth*



* Share of Group orders received 12 months ending December 2018.
3 month organic order growth compared to previous year.



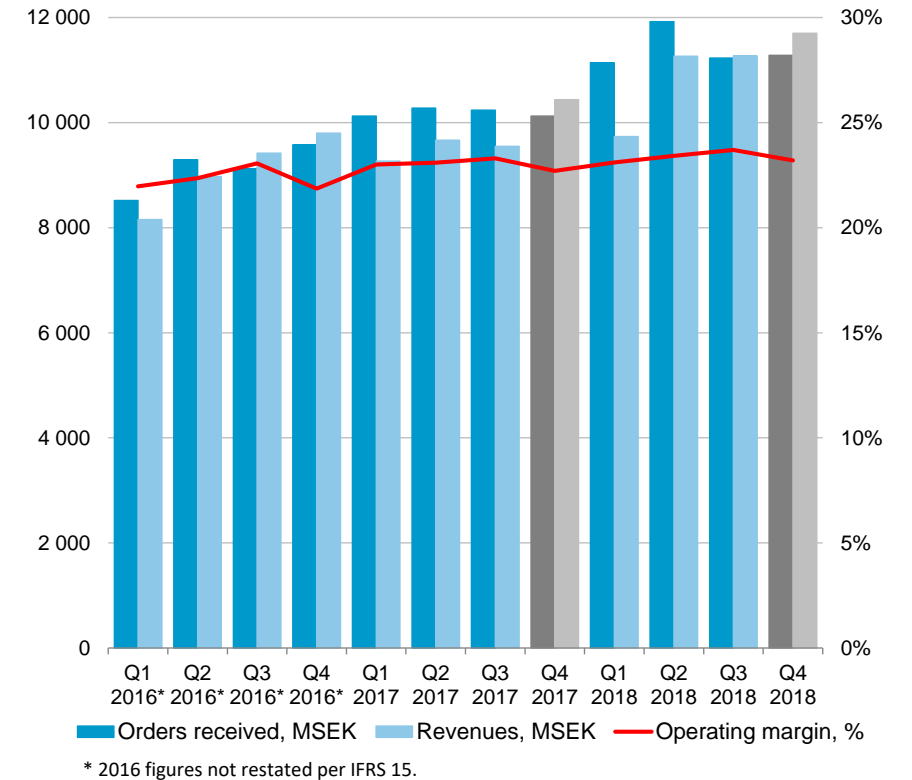
Compressor Technique

- Organic order growth of 7%
 - Growth for equipment, gas & process compressors in particular
 - Solid development for service
- Record revenues, +8% organically
- Record operating profit
 - Margin at 23.1% (22.7)



Innovation:

A new compact oil-injected screw compressor with superior energy efficiency optimized reliability.



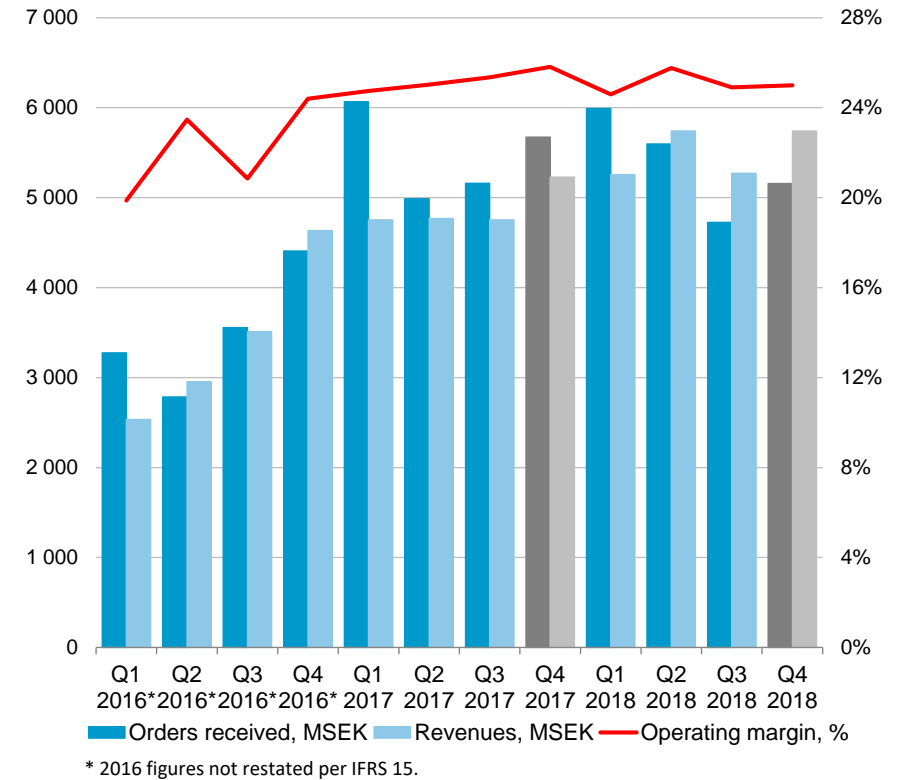
Vacuum Technique

- Organic order decline of -17%
 - Lower equipment demand from semicon and flat panel display customers
 - Strong growth for service, supported by high factory utilization and increased market penetration
- Revenues +1% organically
- Operating margin at 25.0% (25.8)



Innovation:

A new liquid ring pump for industrial applications offering superior energy efficiency and connectivity.



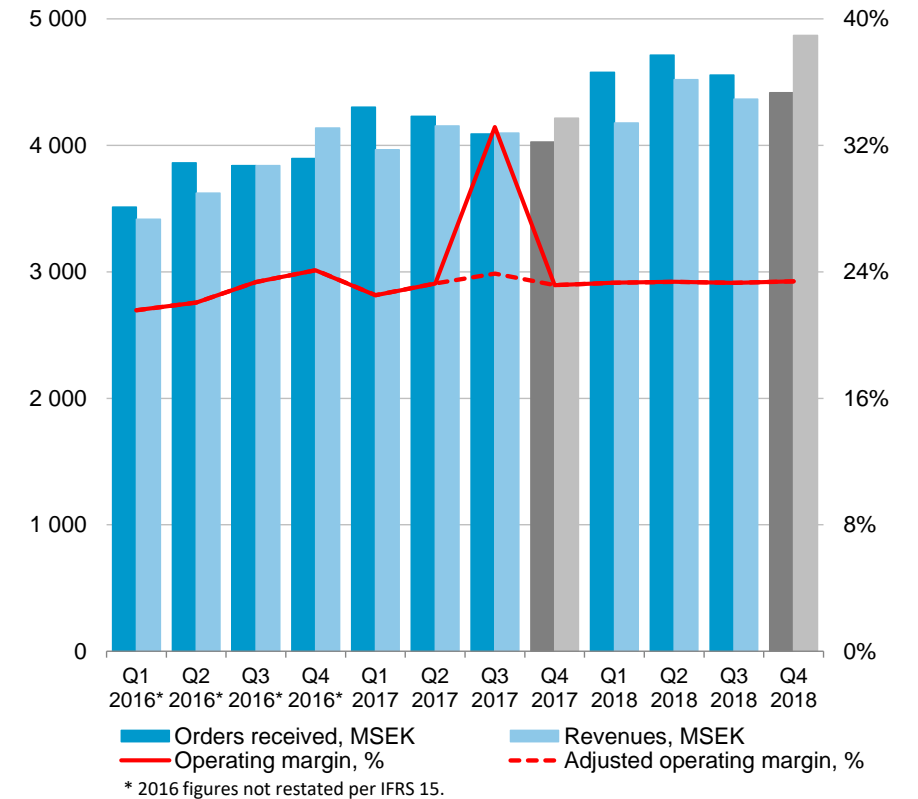
Industrial Technique

- Organic order growth of 4%
 - General industry demand up, mainly from off-road, aerospace, and electronics industries
 - Motor vehicle industry flat
 - Solid service growth in all major regions
- Record revenues, +10% organically
- Operating profit margin at 23.4% (23.2)



Innovation:

A new platform for quality assurance in assembly applications providing joint test, connectivity and quality assurance supervision.



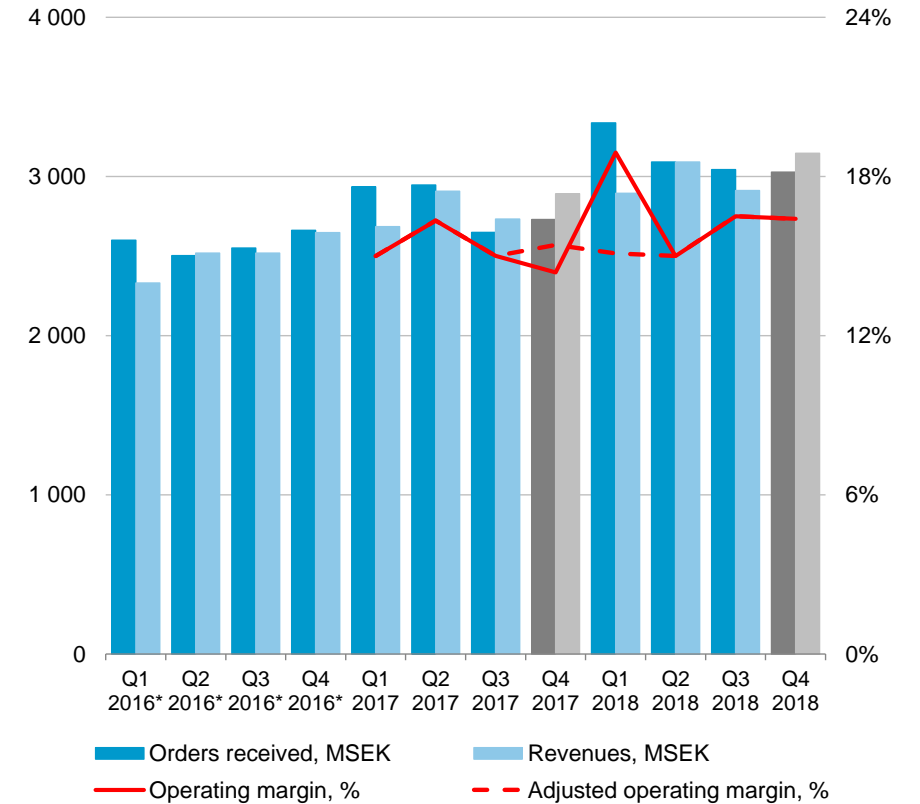
Power Technique

- Organic order growth of 11%
 - Good demand from equipment rental companies in the US
 - Strong growth for specialty rental
 - Growth for service
- Record revenues, +9% organically
- Operating margin at 16.4% (15.4 adjusted)



Innovation:

An oil-free portable compressor for the specialty rental business offering optimal efficiency and matching airflow for a specific application in any industry.

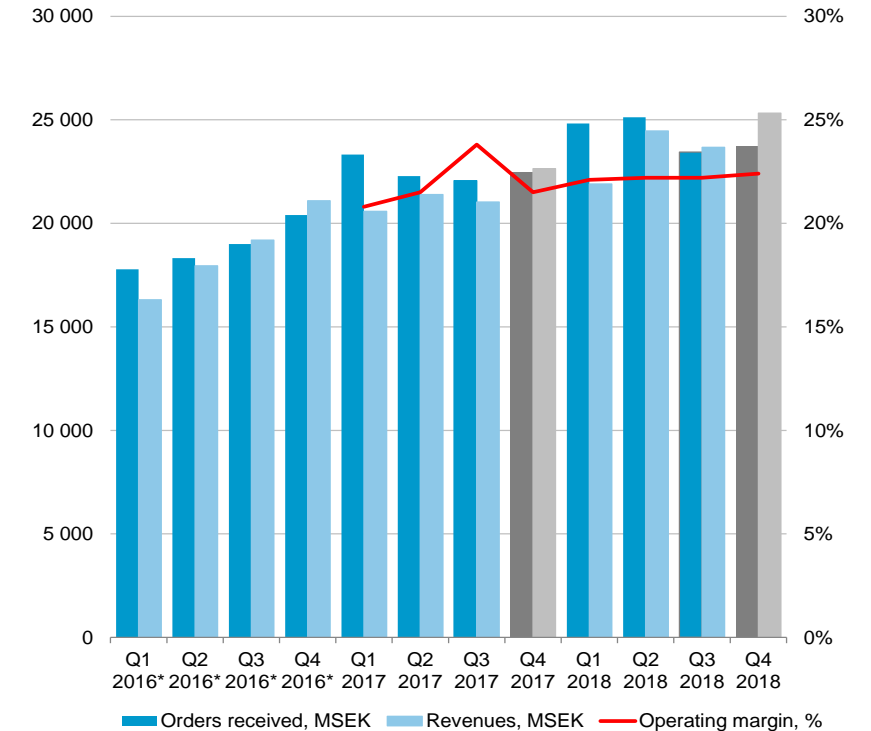


*2016 quarterly figures shows best estimated numbers, as effects of the split of the Group and restatements for IFRS 15, are not fully reconciled.

Group total

October – December 2018 vs. 2017

Continuing operations MSEK	October - December		
	2018	2017	
Orders received	23 743	22 459	6%
Revenues	25 321	22 645	12%
Operating profit	5 661	4 859	17%
– as a percentage of revenues	22.4	21.5	
Profit before tax	5 934	4 551	30%
– as a percentage of revenues	23.4	20.1	
Income tax expense	-731	-1 379	-47%
– as a percentage of profit before tax	12.3	30.3	
Profit for the period from continuing operations	5 203	3 172	64%
Basic earnings per share, SEK	4.29	2.61	
Return on capital employed, %	33	29	



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

Profit bridge

October – December 2018 vs. 2017

MSEK	Q4 2018	Volume, price, mix and other	Currency	Items affecting comparability and Acquisitions	Share-based LTI* programs	Q4 2017
Atlas Copco Group						
Revenues	25 321	1 481	1 135	60		22 645
Operating profit	5 661	83	450	30	239	4 859
	22.4%	5.6%				21.5%

*LTI = Long term incentive

Profit bridge – by business area

October – December 2018 vs. 2017

MSEK	Q4 2018	Volume, price, mix and other	Currency	Items affecting comparability Acquisitions	Q4 2017
Compressor Technique					
Revenues	11 702	800	455	10	10 437
Operating profit	2 709	179	155	5	2 370
	23.1%	22.4%			22.7%
Vacuum Technique					
Revenues	5 740	41	350	120	5 229
Operating profit	1 436	-124	205	5	1 350
	25.0%	N/A			25.8%
Industrial Technique					
Revenues	4 871	396	220	40	4 215
Operating profit	1 140	84	80	0	976
	23.4%	21.2%			23.2%
Power Technique					
Revenues	3 146	244	120	-110	2 892
Operating profit	515	64	15	20	416
	16.4%	26.2%			14.4%

Balance sheet

MSEK	Dec. 31, 2018	Dec. 31, 2017*
Intangible assets	30 025	35 151
Fixed assets and other non-current assets	12 907	16 092
Inventories	12 718	18 810
Receivables	24 503	29 994
Cash and current financial assets	16 517	25 791
Assets classified as held for sale	-	193
Total assets	96 670	126 031
Total equity	42 472	60 601
Interest-bearing liabilities	23 218	28 182
Non-interest-bearing liabilities	30 980	37 248
Total equity and liabilities	96 670	126 031

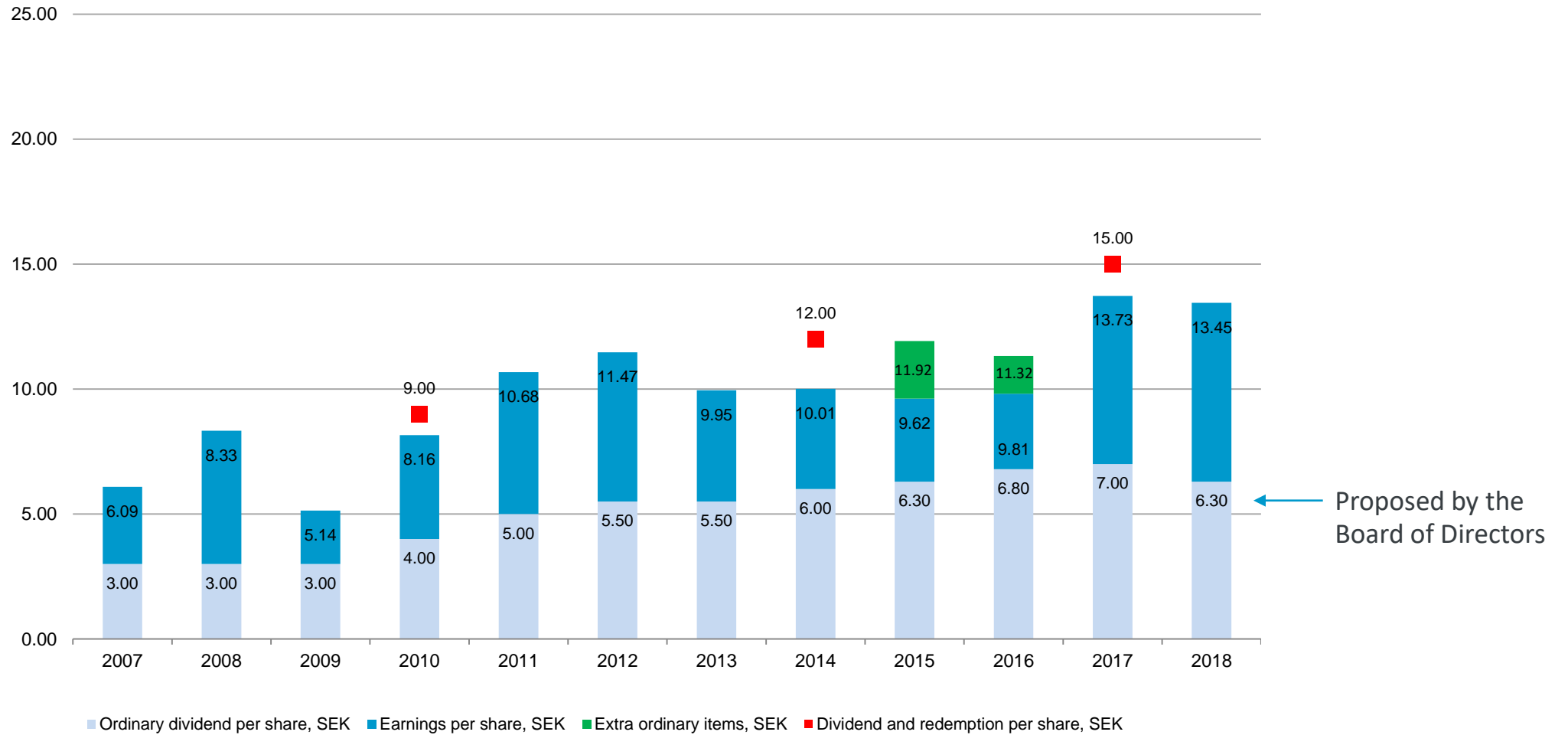
*Including assets and liabilities related to Epiroc reported as discontinued operations.

Cash flow

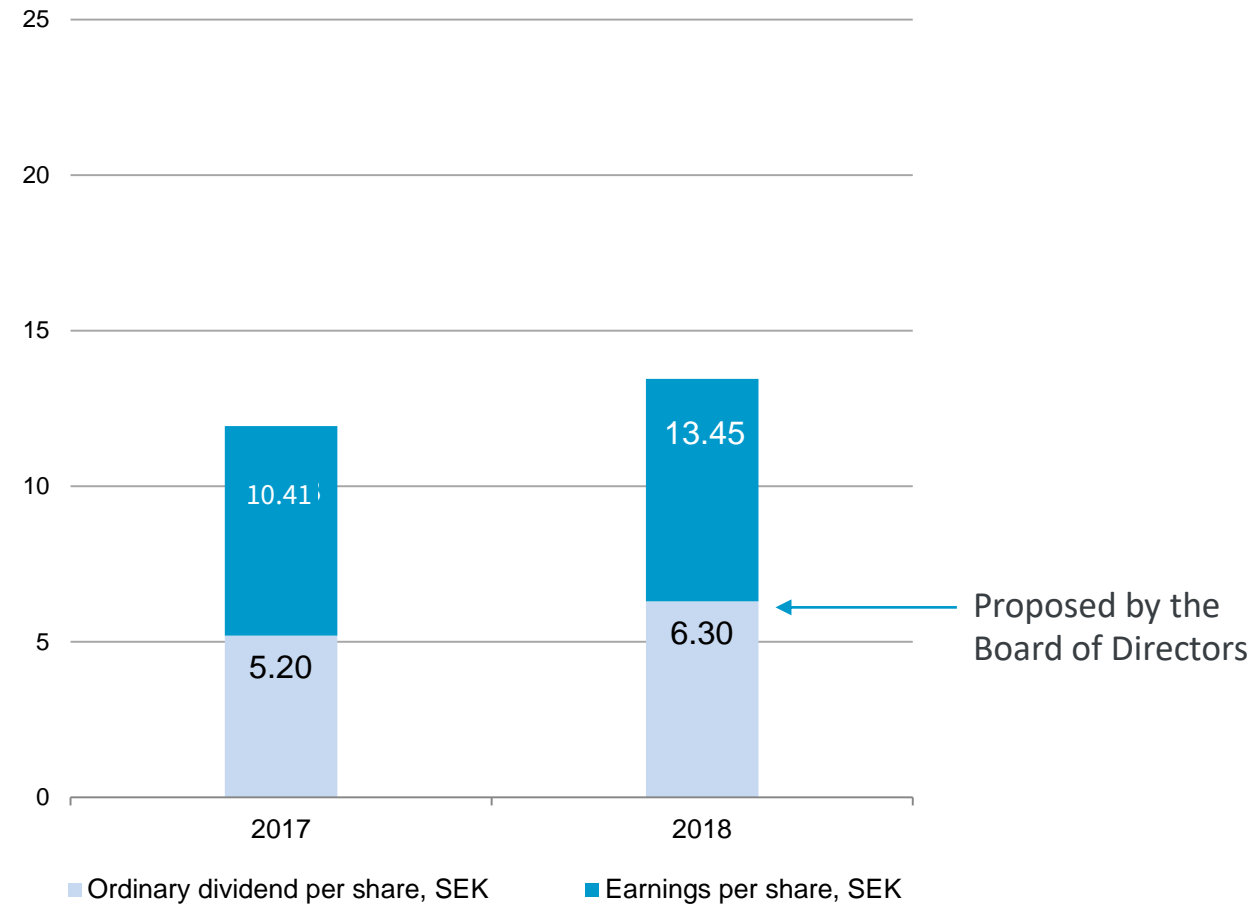
MSEK	October - December		January - December	
	2018	2017*	2018*	2017*
Operating cash surplus	6 496	7 211	28 444	29 187
<i>of which depreciation added back</i>	868	1 283	3 922	5 110
Net financial items	-267	-39	-675	329
Taxes paid	-972	-1 420	-5 896	-7 306
Pension funding	-118	-181	-392	-1 280
Change in working capital	503	1 237	-3 391	1 398
Increase in rental equipment, net	-248	-315	-1 276	-948
Cash flows from operating activities	5 394	6 493	16 814	21 380
Investments of property, plant & eq., net	-505	-496	-1 922	-1 563
Other investments, net	-190	393	-970	-235
Cash flow from investments	-695	-103	-2 892	-1 798
Adjustment, pensions	-	-	-	772
Adjustment, currency hedges of loans	271	-153	211	-1 416
Adjustment, tax payment in Belgium	-	-	-	655
Sale of financial assets	-	-737	-	-737
Operating cash flow	4 970	5 500	14 133	18 856
Company acquisitions/ divestments	-8	1 550	-1 409	1 040

*Including discontinued operations.

Earnings and dividends



Earnings and dividends - continuing operations



A young man with dark curly hair and a green and white plaid shirt is looking intently at a glowing 3D wireframe cube he is holding in his right hand. He has large black headphones around his neck. The background is a bright, out-of-focus office space with large windows and soft light. In the top right corner, there is a blue square logo with the text "Atlas Copco" in white. In the bottom left corner, there is a blue triangular graphic containing technical drawings and the text "Industrial ideas accelerate innovation and drive organic growth. This is how we deliver value with the future in mind."

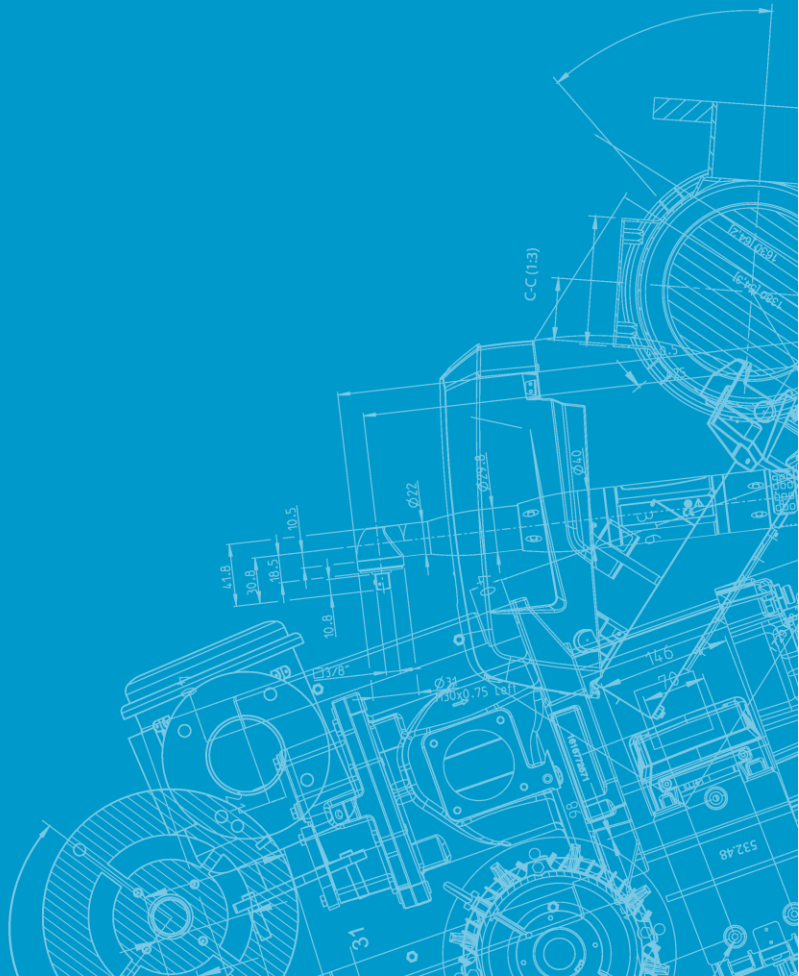
Atlas Copco

Industrial ideas accelerate innovation and drive organic growth. This is how we deliver value with the future in mind.

Near-term outlook

The customer demand is expected to be somewhat lower than the current level.

Atlas Copco



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, 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.