

Capital Markets Day 2024

Atlas Copco Group

Vagner Rego, President and CEO

Peter Kinnart, CFO

May 16, 2024

Atlas Copco
Group

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Group

A tall, silver flagpole stands against a bright blue sky filled with soft, white clouds. A dark green flag is attached to the pole and is blowing in the wind. The flag features the Atlas Copco Group logo in white, which consists of the words "Atlas Copco" stacked above "Group". The "Group" is in a larger, bold font. The top of the flagpole is visible at the top center of the frame.





Atlas Copco Group in figures*

Established in **1873** Stockholm, Sweden

Customers in **182** countries

53 000 employees in **71** countries

Turnover of **173** BSEK

Operating margin of **21.5%**

Return on capital employed **30%**

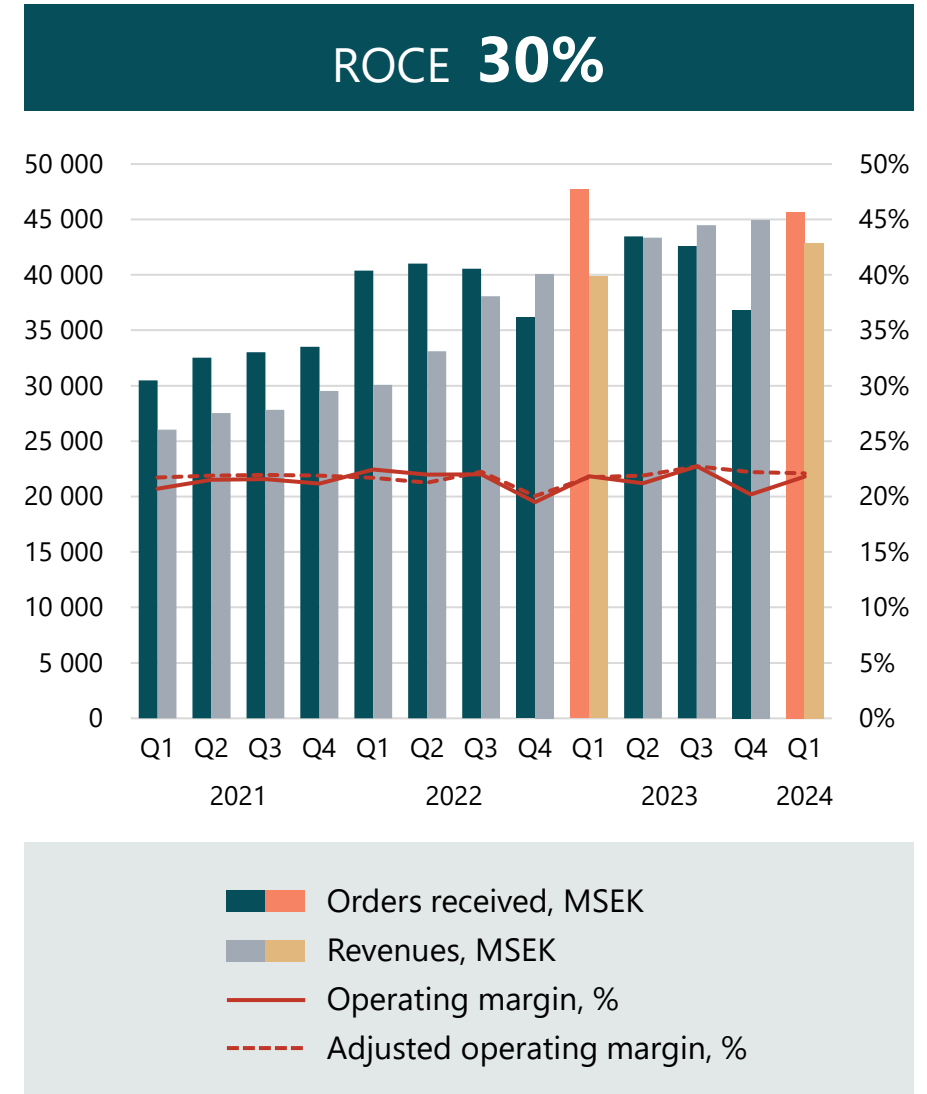
* 12M end December 2023

Agenda

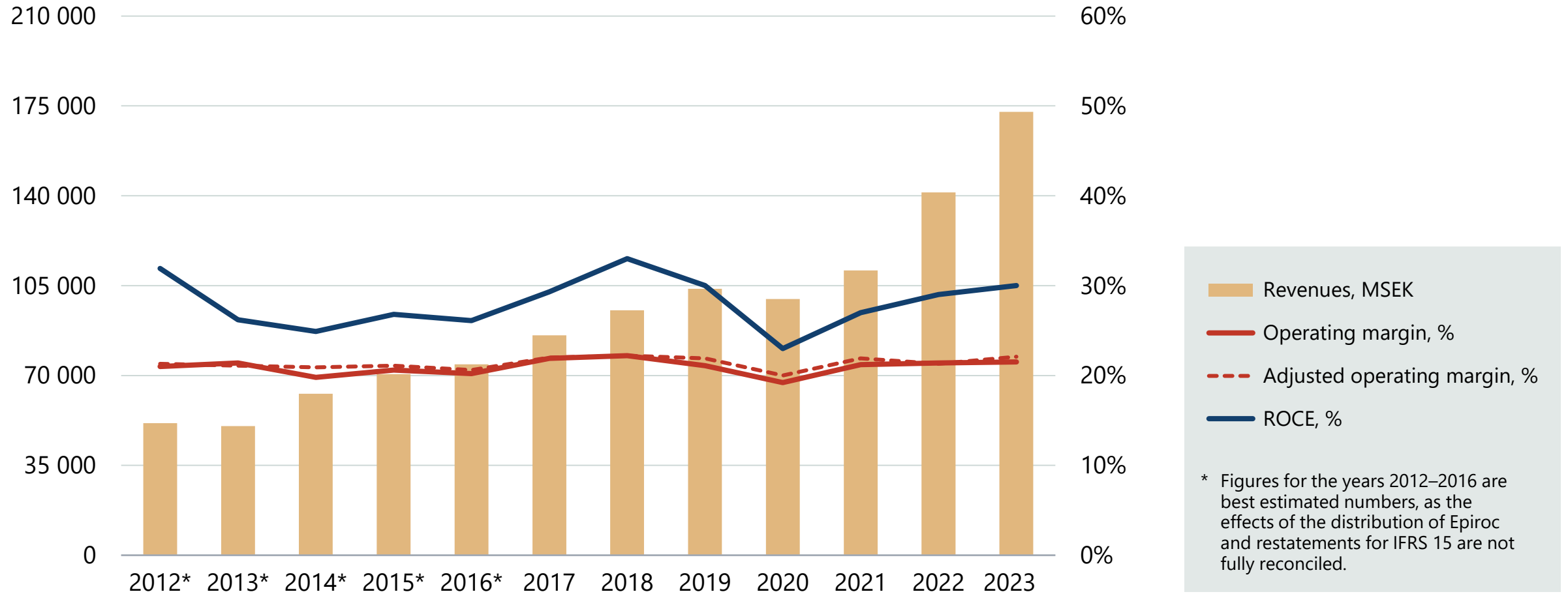
- 1 Recent performance update
- 2 A truly decentralized organization
- 3 Strategy and fundamentals for growth
- 4 Financials
- 5 Summary

Q1 in brief

- Solid order intake
 - Industrial compressor orders basically flat
 - Vacuum equipment down due to industrial and scientific vacuum
 - Slight growth for industrial assembly and vision solutions
 - Power and flow equipment orders down from last year's very high level
 - Continued growth for service in all business areas
- Sequential order growth
- Solid revenues, operating profit, and healthy cash flow

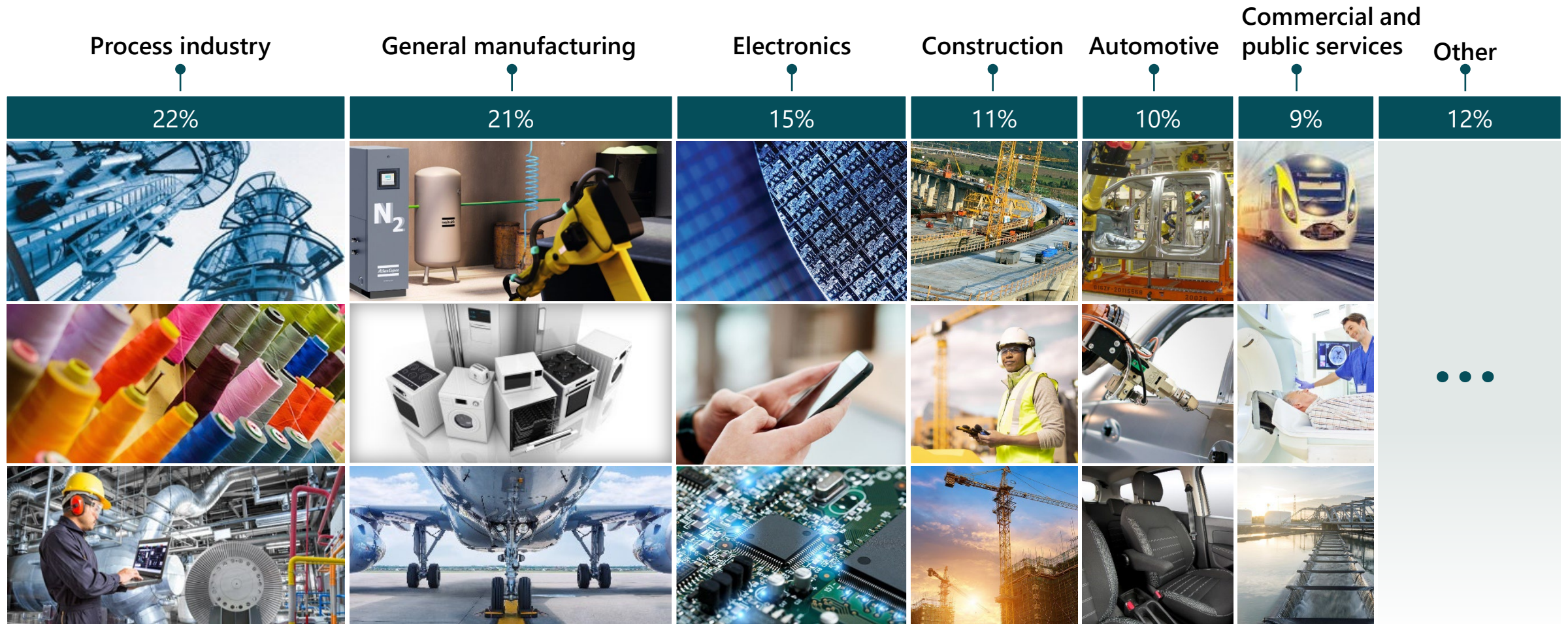


Long term profitable growth



We select our niches

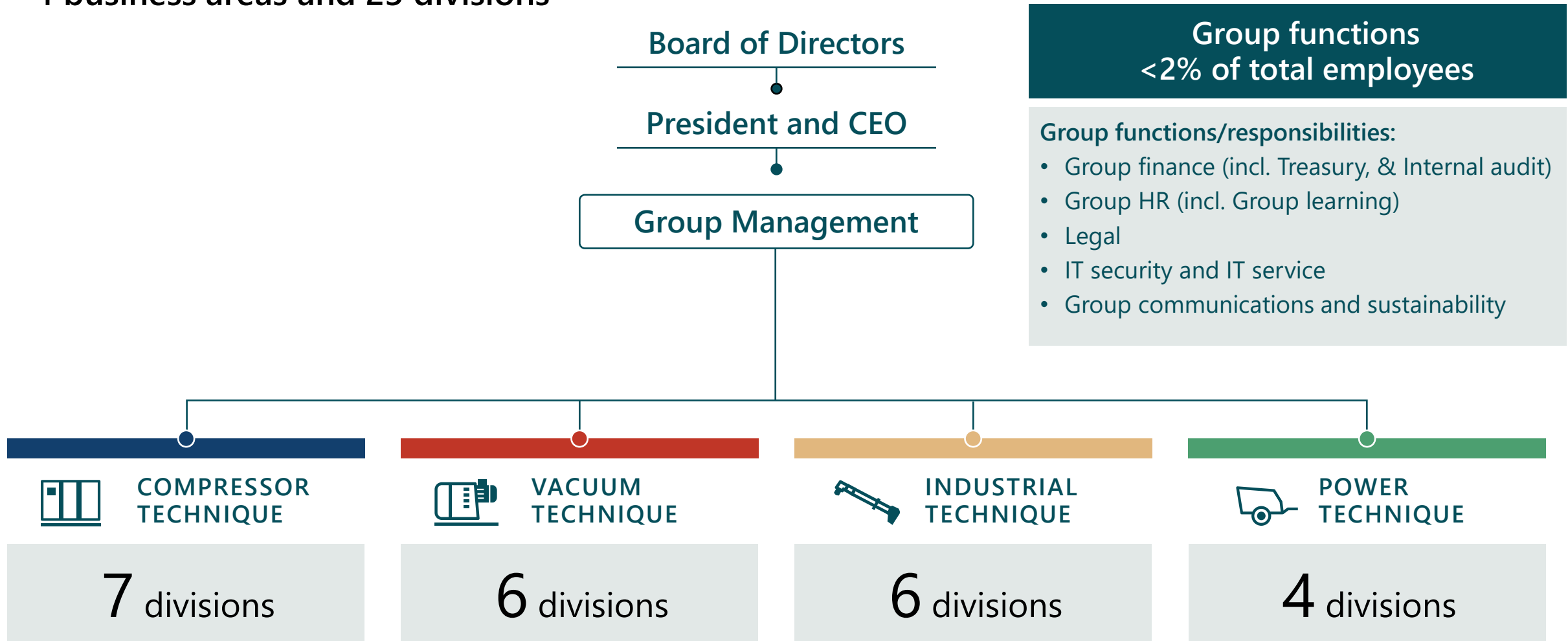
– Broad based profitable growth through a wide range of selected marketplaces



* Share of orders received 2023

A truly decentralized organization

– 4 business areas and 23 divisions



Focus, accountability, and speed

Business areas → *Divisions* → *Products* → *Customers*

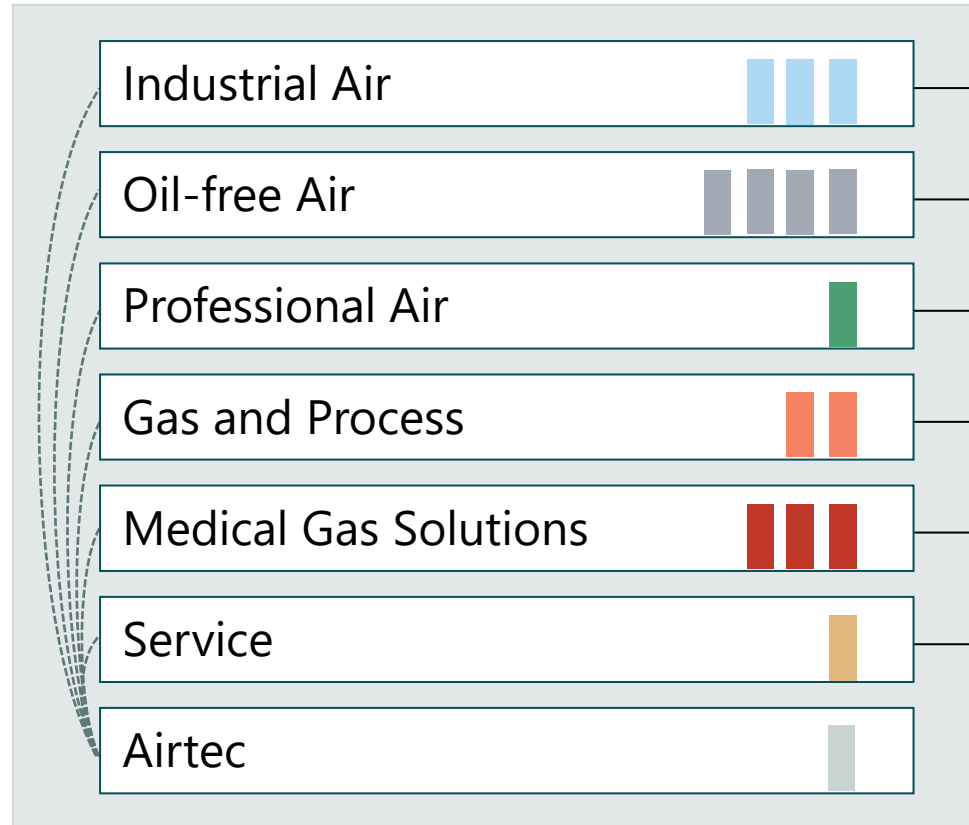


Focus, accountability, and speed

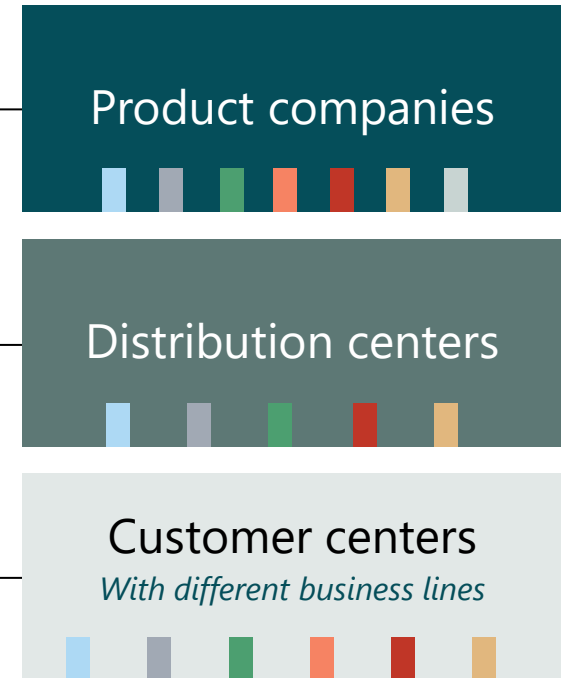
Business area



Divisions



Business lines

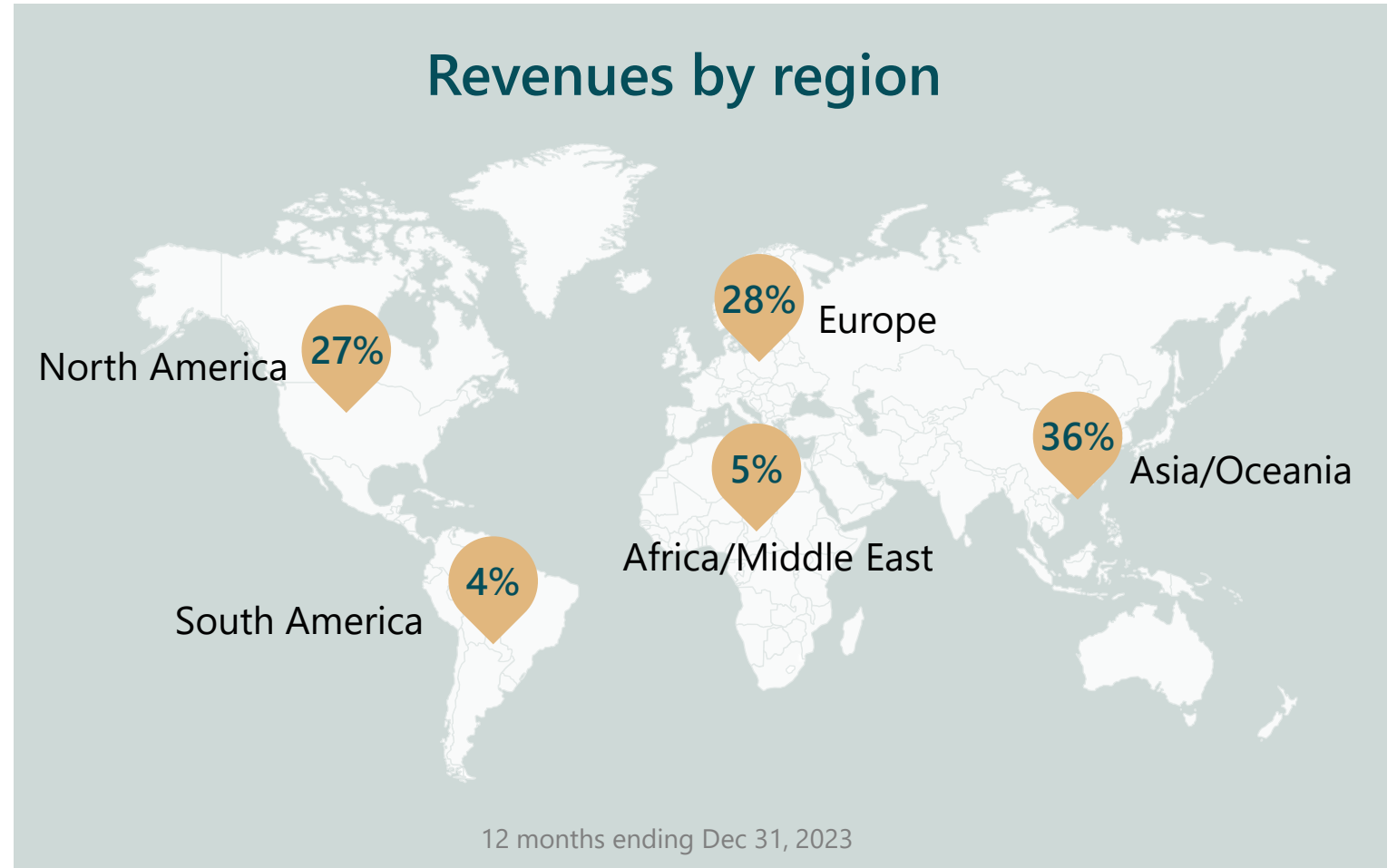


Atlas Copco Group – global presence with strong local follow up

4 business areas with
23 divisions operating
through close to 600 entities

> 360 customer centers and
specialty rental companies in
more than 70 countries

> 110 product companies
in 26 countries



How we make it work

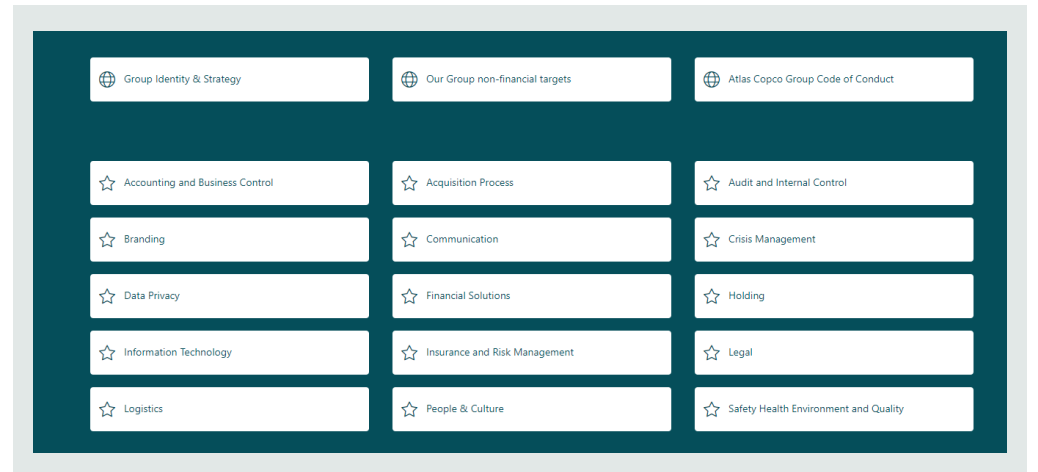
Strong and transparent financial follow up

- Close to 600 company P&L and balance sheets
- About 4 000 business line P&L and balance sheets

Culture and leadership with clear accountability



Common processes



- Group common service providers (engineering, finance, HR, communication etc.)
- Business process councils (R&D, sales & marketing, service, digital, HR, finance etc.)



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



Business Areas

Vacuum Technique

- Focus on semiconductor and general industry applications
- Global presence with more local for local
- Service footprint as an enabler
- Technology lead through fast introduction of new products
- Continued focus on adjacencies

Dry vacuum pumps



Turbo pumps



Cryopumps



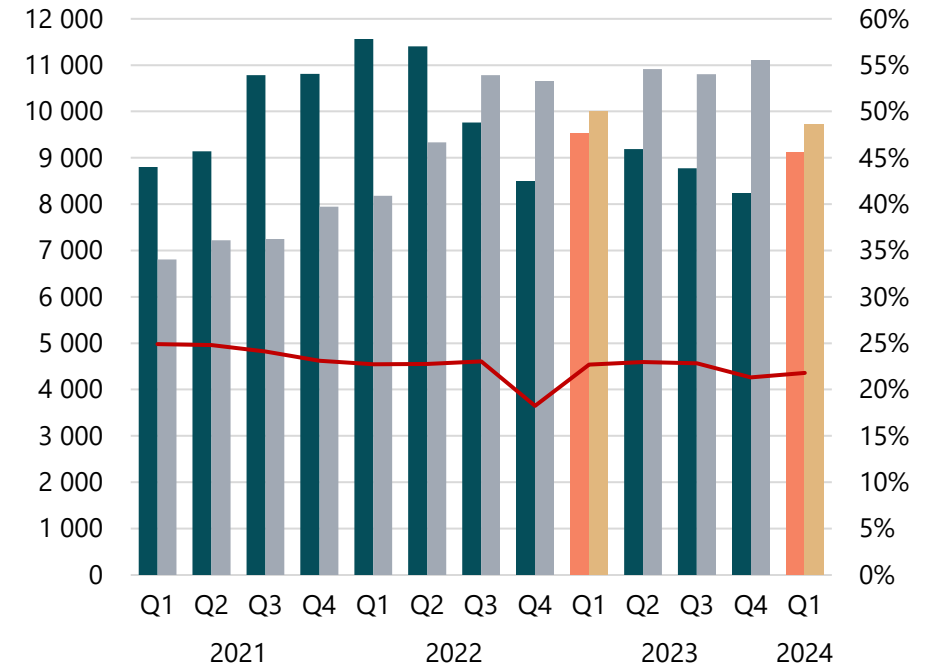
Abatement systems



Liquid ring pumps

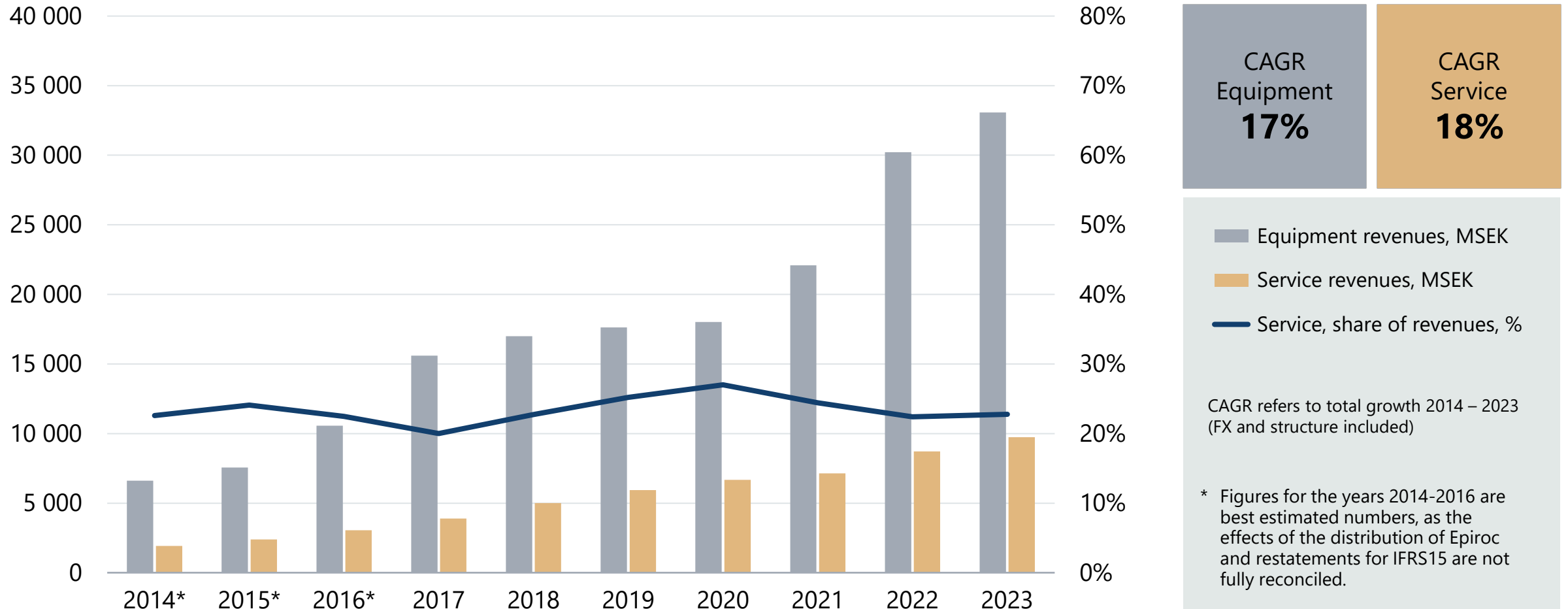


ROCE **22%**



■ Orders received, MSEK
■ Revenues, MSEK
— Operating margin, %

Growth in equipment and service – Vacuum Technique



Vacuum Technique – Continued focus on growth

– Equipment and service interlinked to support the semiconductor industry



Industrial Technique

- Growth through a broad range of critical production processes
- Key player in industrial automation and quality control
- Combined offer with several technologies for production of electrical vehicles
- Continued focus on innovation
- Leverage on global presence and strong service offer

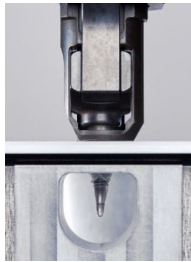
Self-pierce riveting



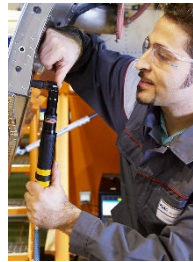
Adhesive dispensing



Flow drill fastening



Tightening



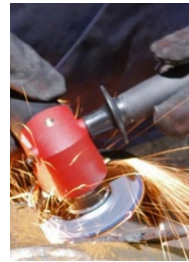
Vision solutions



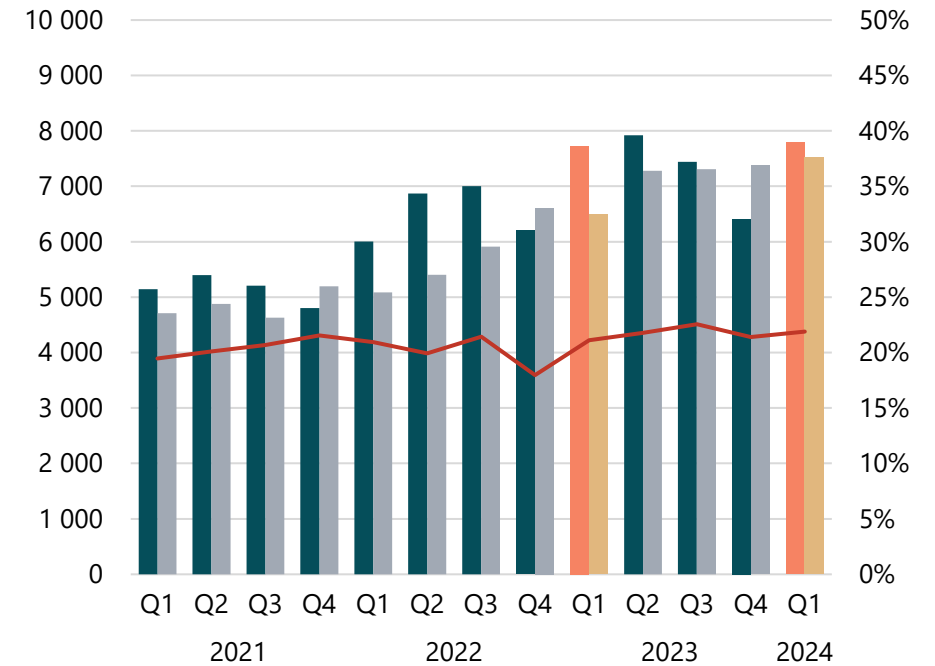
Drilling



Material removal

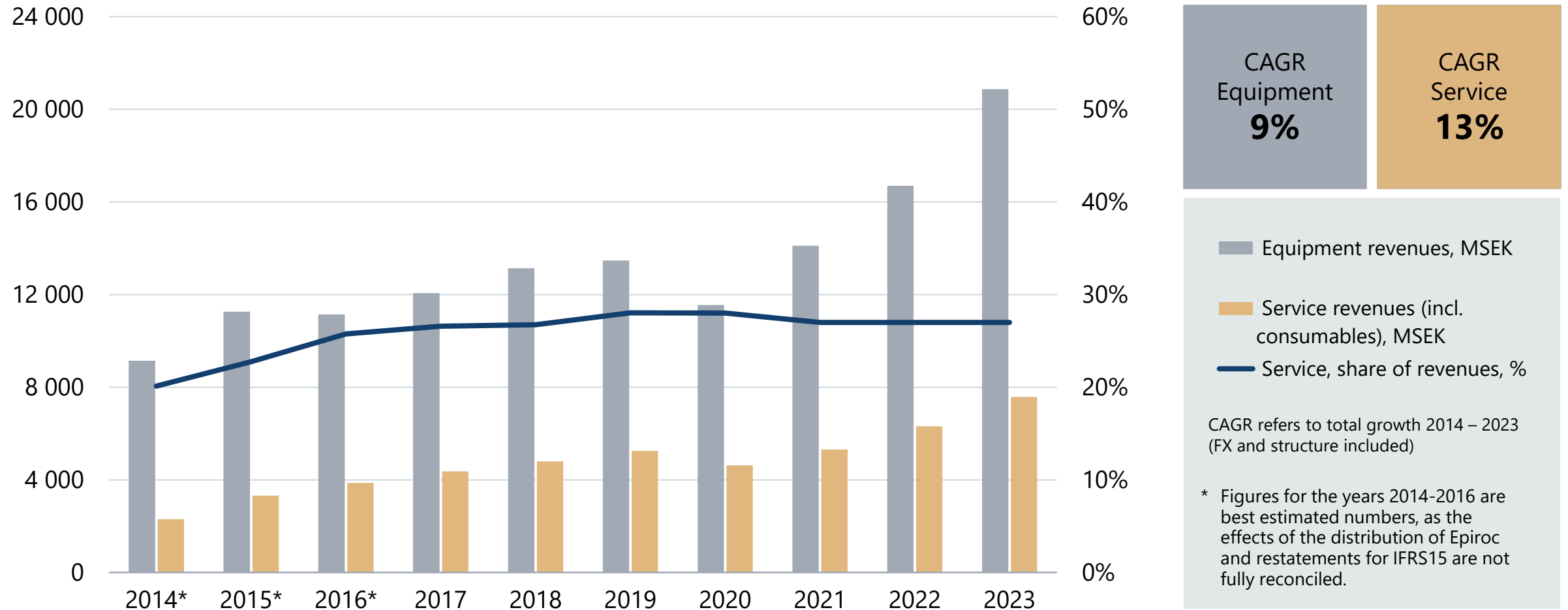


ROCE 21%



■ Orders received, MSEK
■ Revenues, MSEK
— Operating margin, %

Growth in equipment and service – Industrial Technique



Industrial Technique – Continued focus on growth

– Global presence with cross-technology expertise





Global trends

Trends and opportunities

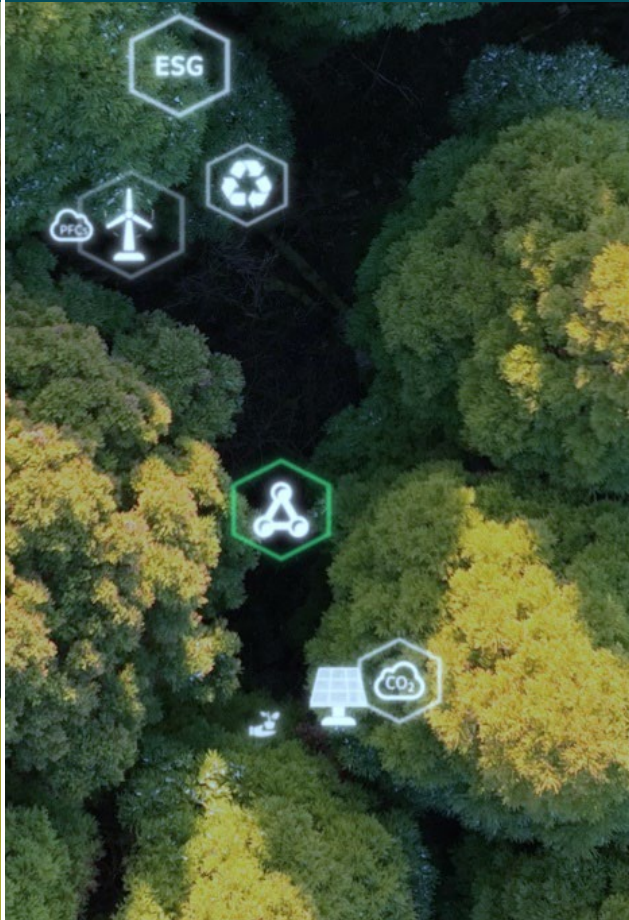
DIGITALIZATION



AUTOMATION



LOW CARBON SOCIETY



DEGLOBALIZATION



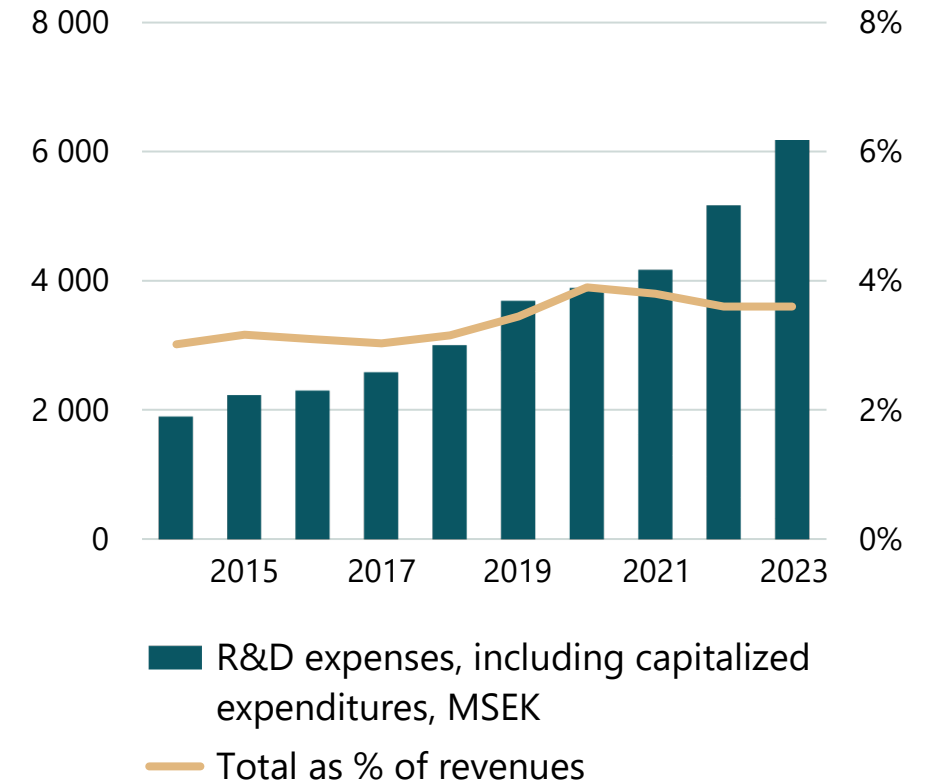
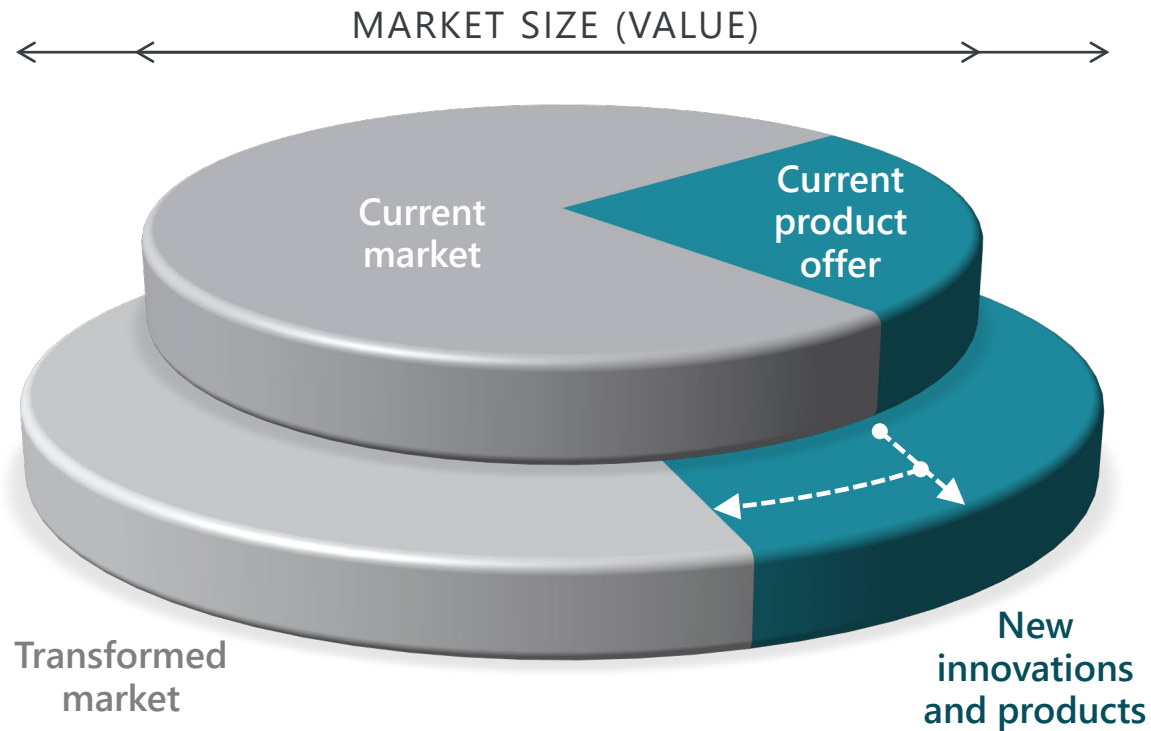


Strategy and fundamentals for long-term profitable growth

Strategy and fundamentals for long-term profitable growth

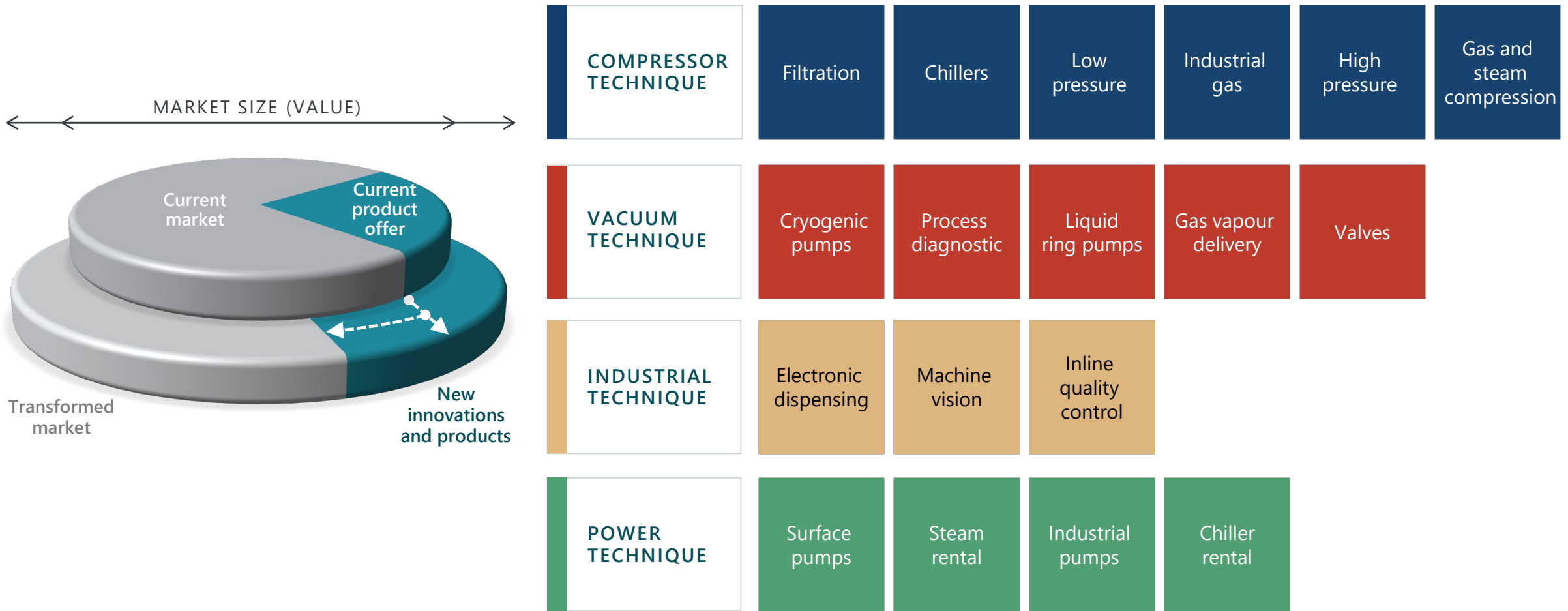


Develop the core through innovation



Innovation providing more energy efficient products, reduced environmental impact, increased customer productivity, reduced errors in production, and improved safety and ergonomics

Develop and defend core – Build new businesses – Create options



Acquisitions

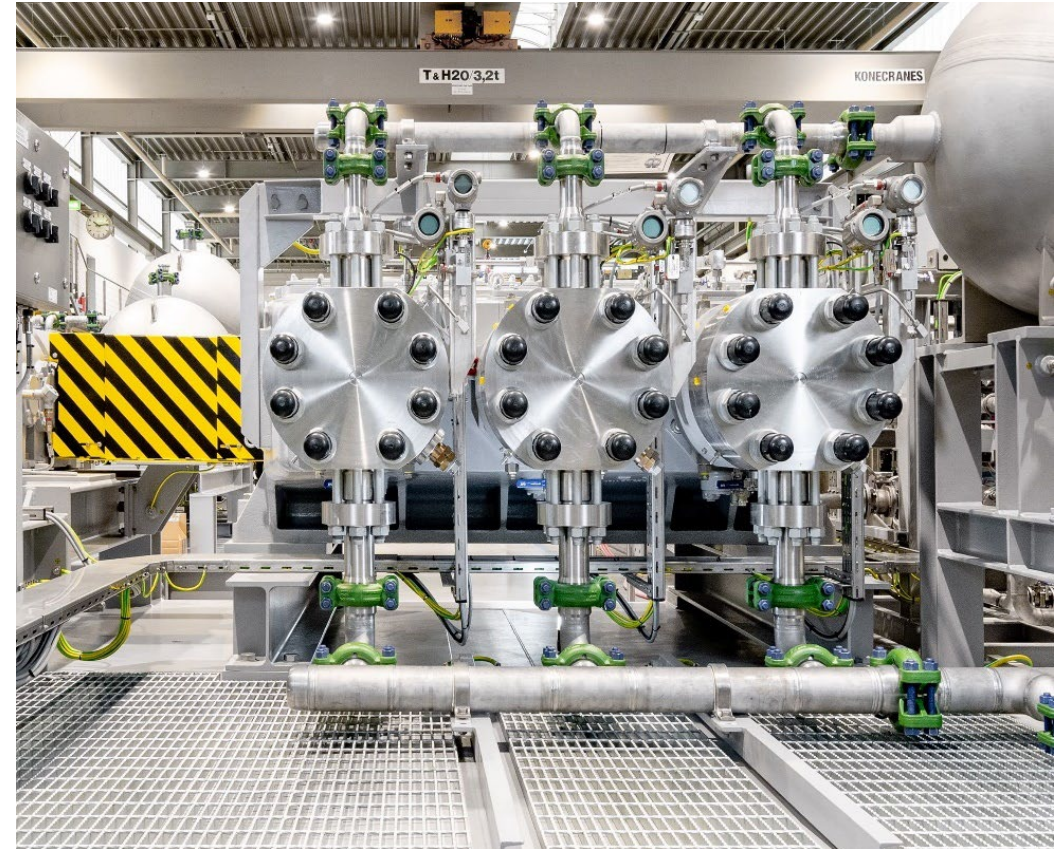
– Businesses in, or close to existing core competencies

CHARACTERISTICS

- Leadership in niche market
- Industry-to-industry
- Products critical to customers' operations
- Differentiated core technology
- Strong base of business partners
- Healthy service potential

LEVERAGING

- Application knowledge
- Efficient manufacturing and product development processes
- Capacity to swiftly market products and services globally



Presence

– A Group with committed people and a strong brand portfolio around the world

Develop local competences

Direct and indirect presence

Create high brand awareness with a strong brand portfolio

Develop digital presence



Our targets

REVENUES

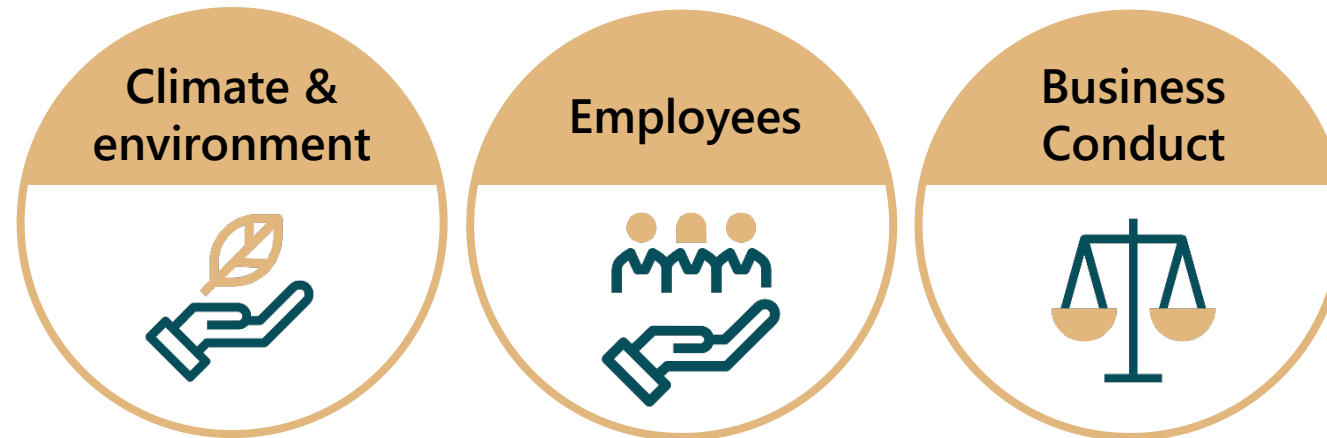
8% average growth per year over a business cycle

RETURNS

Sustained high return on capital employed (ROCE)

CASH DIVIDEND

50% of net profit in annual dividend



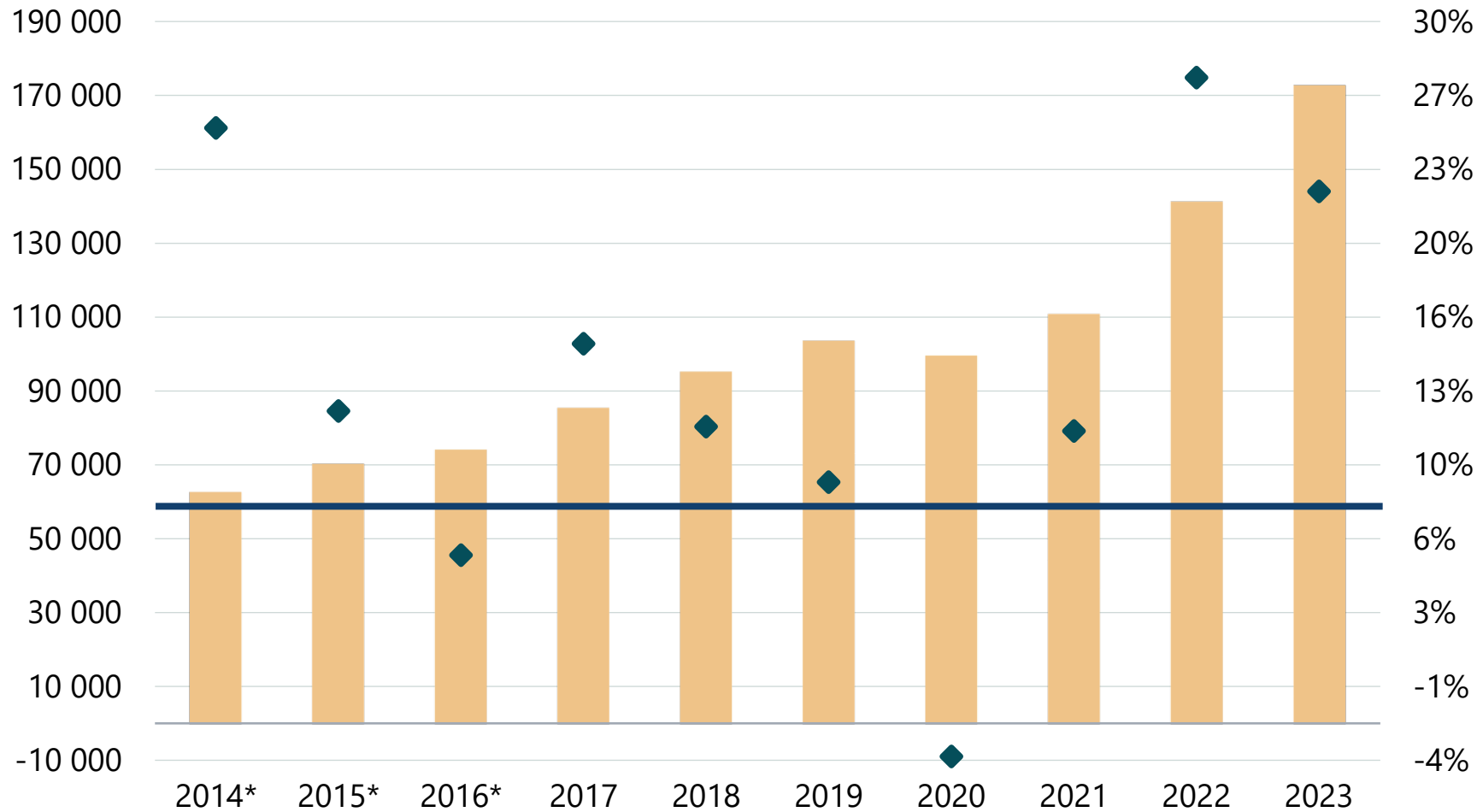
Science-based targets for green house gas emission reductions since 2021:

– We aim to reduce emissions from own operations in line with keeping the global temperature rise below 1.5 degrees, and to reduce emissions from the value chain in line with keeping the temperature rise well below 2 degrees.



Financials

Long term growth

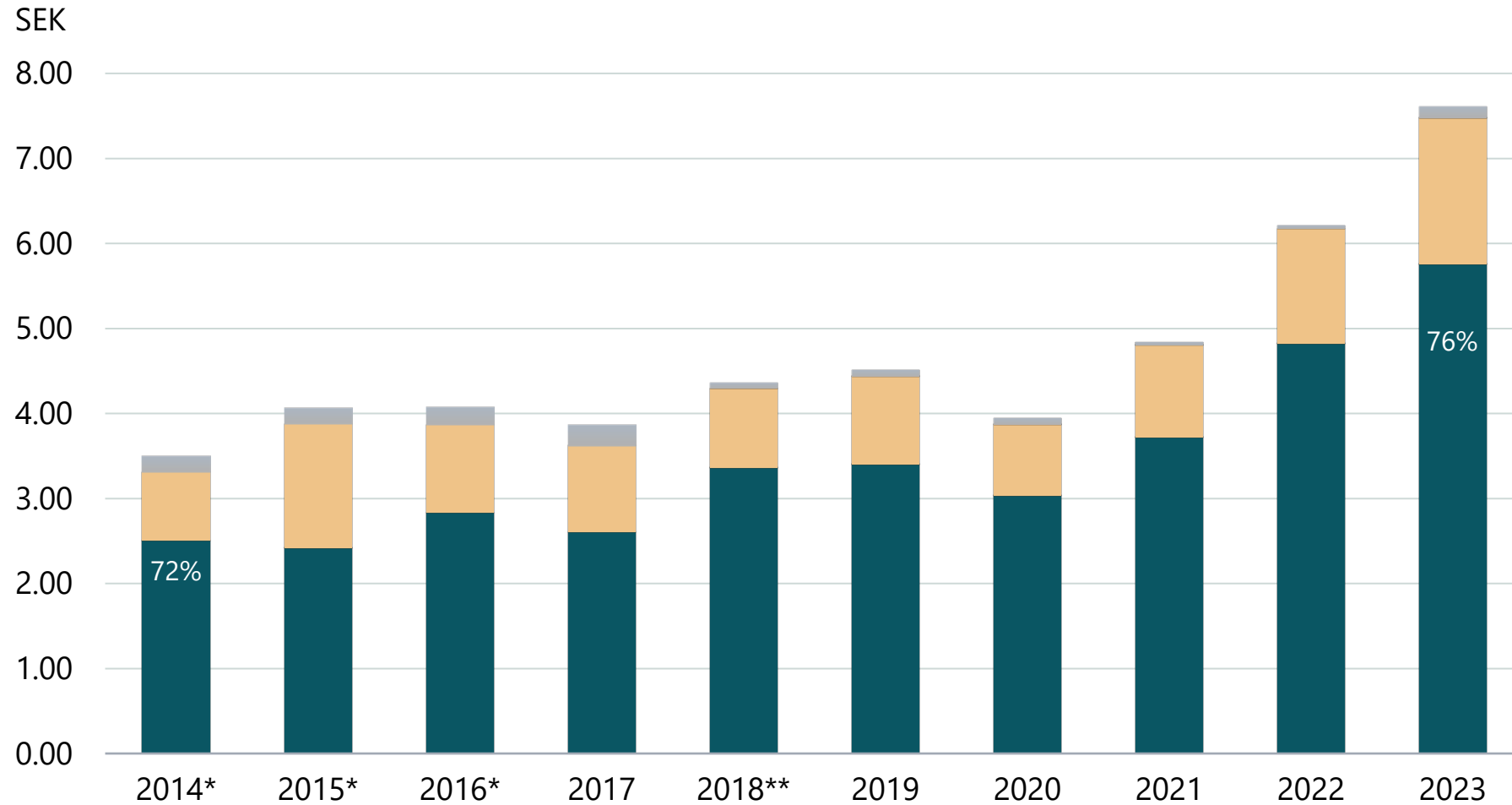


Average FX adjusted revenue growth 2014–2023: **10%**

- Revenues, MSEK
- ◆ Yearly growth, %
- Goal: annual revenue growth of 8%

* Figures for the years 2014–2016 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS15 are not fully reconciled.

Operating profit per share

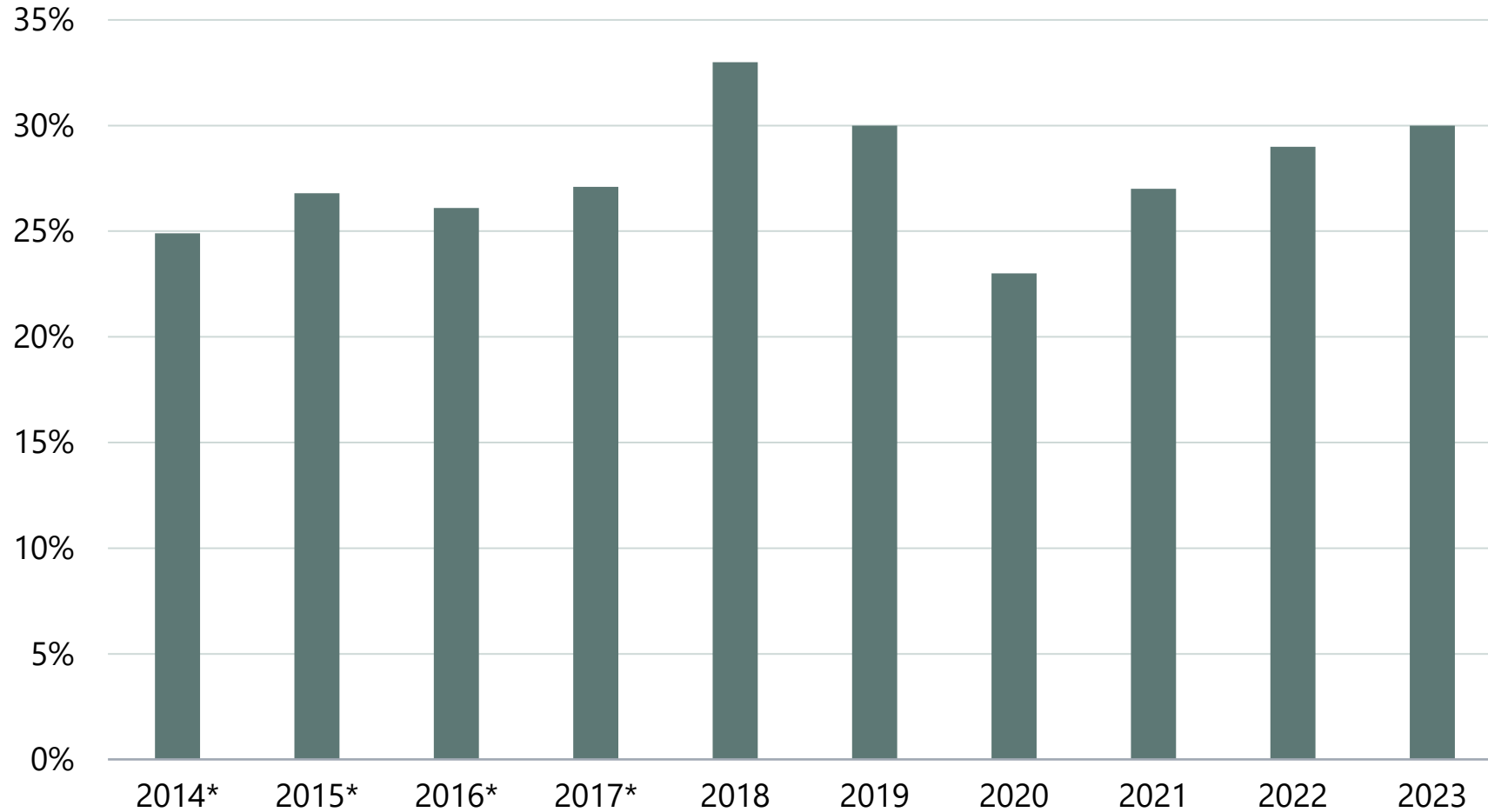


OPERATING PROFIT PER SHARE¹⁾

- Financial Net
- Income tax expense
- Earnings per share

¹⁾ Figures restated for share split in 2022.
 * Including Epiroc until 2016.
 ** Financial Net includes a tax-free gain of SEK 0.3 per share from repatriation to Sweden of Euro-denominated equity.

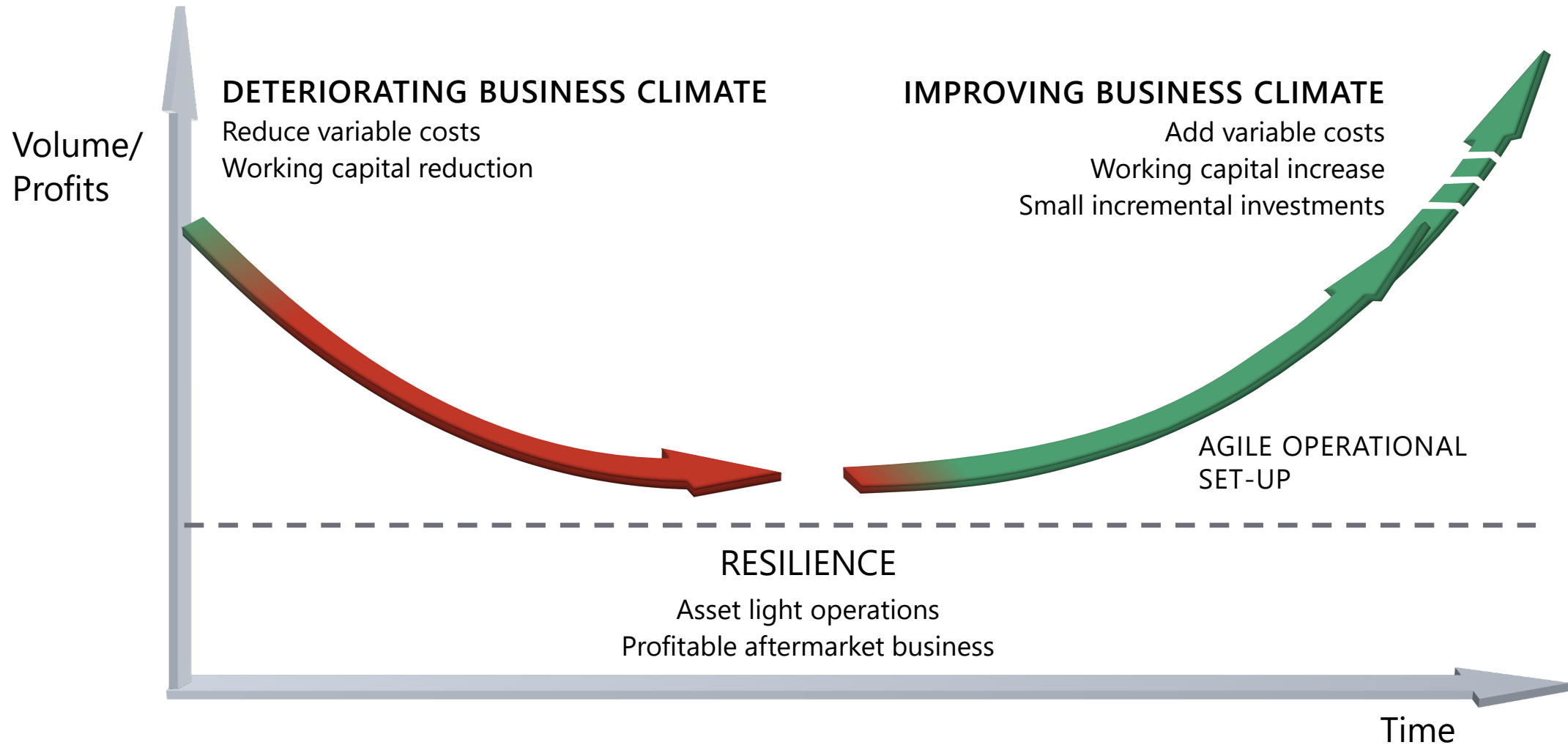
Sustained high Return on Capital Employed



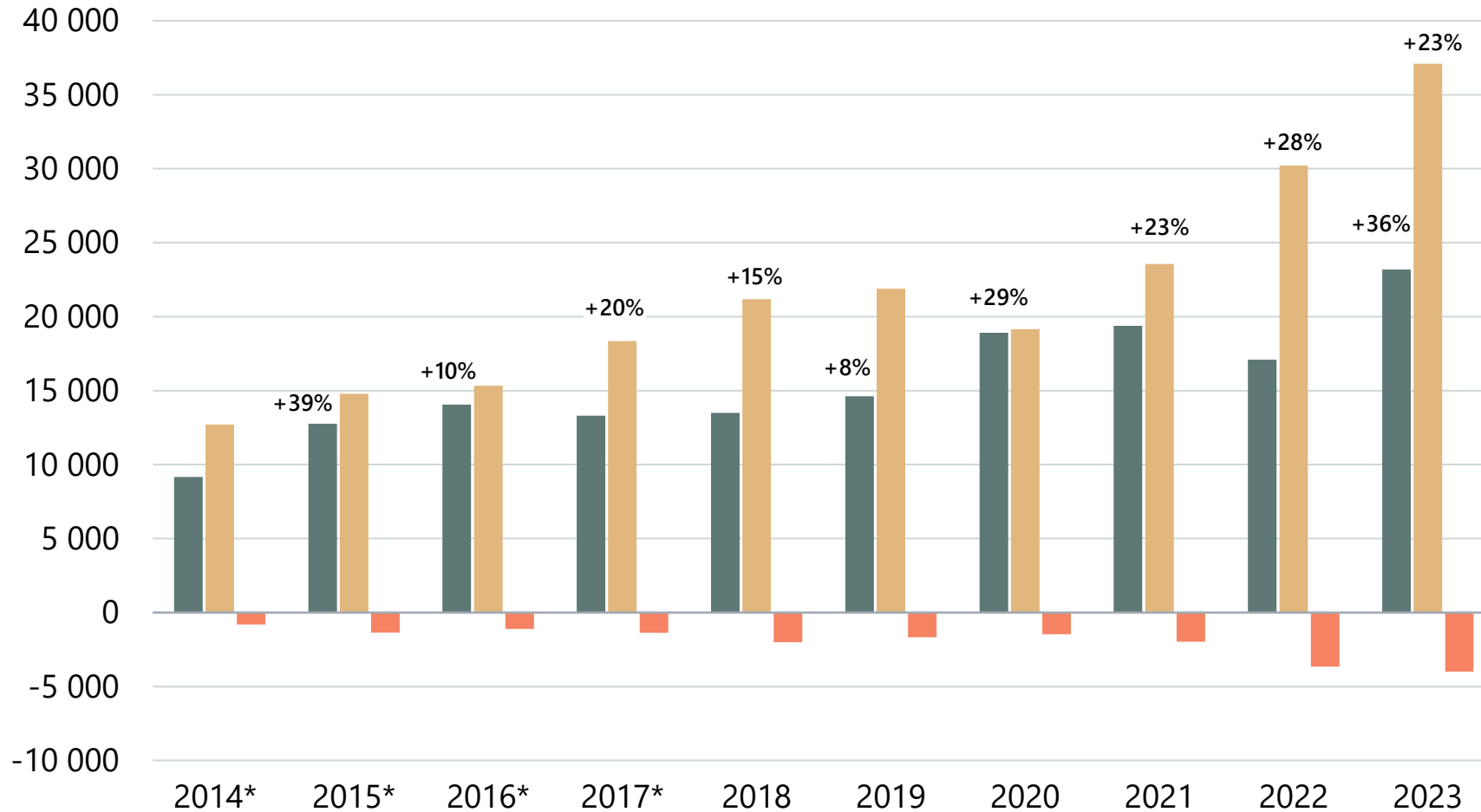
■ Return on Capital Employed, %

* Figures for the years 2014-2017 are best estimated numbers, as the effects of the distribution of Epiroc and restatements for IFRS15 are not fully reconciled.

Agile and resilient



Growth – in profit and/or in cash

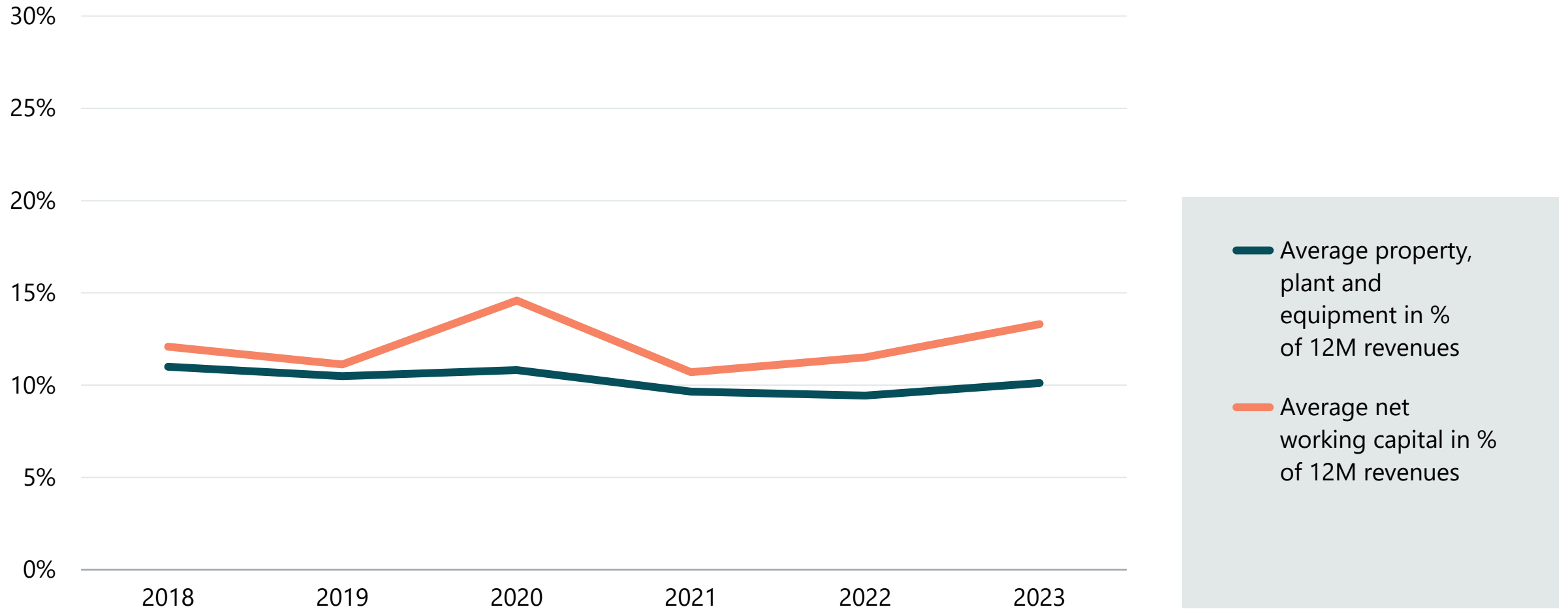


Average cash conversion
2014–2023:
104%

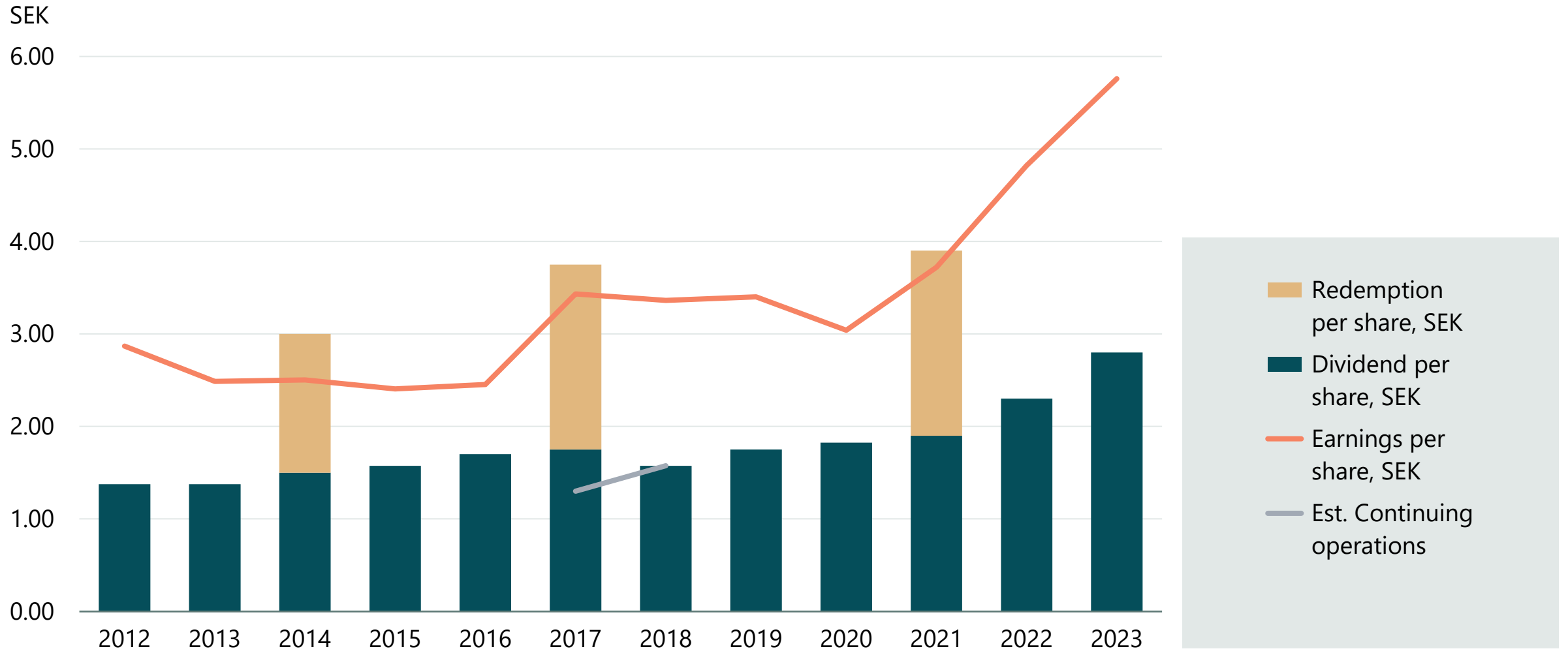
- Operating cash flow, MSEK
- Operating profit, MSEK
- Gross investment in property, plant and equipment, MSEK

* Best estimate excluding Mining and Rock Excavation Technique 2014-2017

Growth and resilience – Asset light



Sustainable cash distribution



Summary

Diverse business
focused on
selected end markets



Market leader with strong
portfolio of businesses and
products



Committed to
innovation and
sustainability



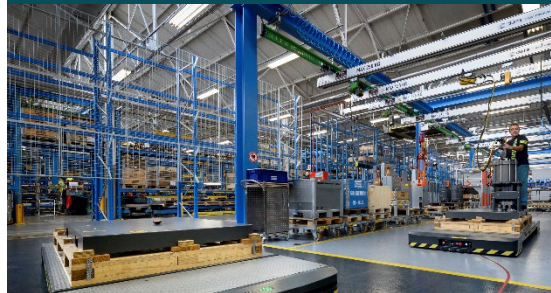
Strong service offer



Well functioning organization
with committed and
passionate people



Asset light operations
and variable
cost structure



Enabler of technologies for
the transition to a
low carbon society



Atlas Copco
Group

“Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, 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.”