

April 23, 2020

Atlas Copco First-quarter report 2020

Order level remained high before the COVID-19 downturn

- Order intake increased 5% to MSEK 28 039 (26 812), organic decline of 2%
- Revenues reached MSEK 25 098 (24 181), organic decline of 3%
- Adjusted operating profit, excluding items affecting comparability, decreased 3% to MSEK 5 099 (5 262), corresponding to a margin of 20.3% (21.8)
- Reported operating profit was MSEK 5 124 (5 048), corresponding to a margin of 20.4% (20.9)
- Profit before tax amounted to MSEK 5 010 (4 907)
- Basic earnings per share were SEK 3.16 (3.05)
- Operating cash flow at MSEK 3 825 (2 529)
- Return on capital employed was 29% (33)
- Proposal of postponement of the formal resolution for the second dividend installment

MSEK	January - March		
	2020	2019	
Orders received	28 039	26 812	5%
Revenues	25 098	24 181	4%
Operating profit	5 124	5 048	2%
– as a percentage of revenues	20.4	20.9	
Profit before tax	5 010	4 907	2%
– as a percentage of revenues	20.0	20.3	
Profit for the period	3 840	3 703	4%
Basic earnings per share, SEK	3.16	3.05	
Diluted earnings per share, SEK	3.15	3.03	
Return on capital employed, %	29	33	

Near-term demand outlook

The current economic situation makes the outlook very uncertain, but demand is expected to deteriorate significantly in most industries and regions.

Previous near-term demand outlook (published January 28, 2020):

The demand for Atlas Copco's products and services is expected to be somewhat lower than the level in the fourth quarter.

Quarterly and annual financial data in Excel format can be found at:

<https://www.atlascopcogroup.com/en/investor-relations/financial-reports-presentations/latest-results>

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Review of the first quarter

Market development

Order volumes in the first quarter were still on a high level, primarily due to strong order development for vacuum equipment. However, the global COVID-19 pandemic affected the demand increasingly during the quarter and order intake for most types of equipment was negatively affected. The sudden disruption and closures of customers' operations also had a negative impact on the Group's service business.

The impact of the coronavirus was first noticed in Asia, but grew in Europe and North America at the end of the quarter.

In Asia, the demand from the motor vehicle industry dropped while the demand from the semiconductor industry increased significantly. The demand for industrial compressors and related services was markedly affected by the general business disruptions in the quarter. In Europe, the generally declining demand and global economic development had a negative impact on order volumes for most product groups. Compared to the same period previous year, North America had essentially unchanged order intake, despite the deterioration at the end of the quarter.

Geographic distribution of orders received

Atlas Copco Group		
January - March 2020	Orders Received, %	Change*, %
North America	24	+0
South America	4	+8
Europe	30	-4
Africa/Middle East	6	-10
Asia/Oceania	36	+8
Atlas Copco Group	100	+1

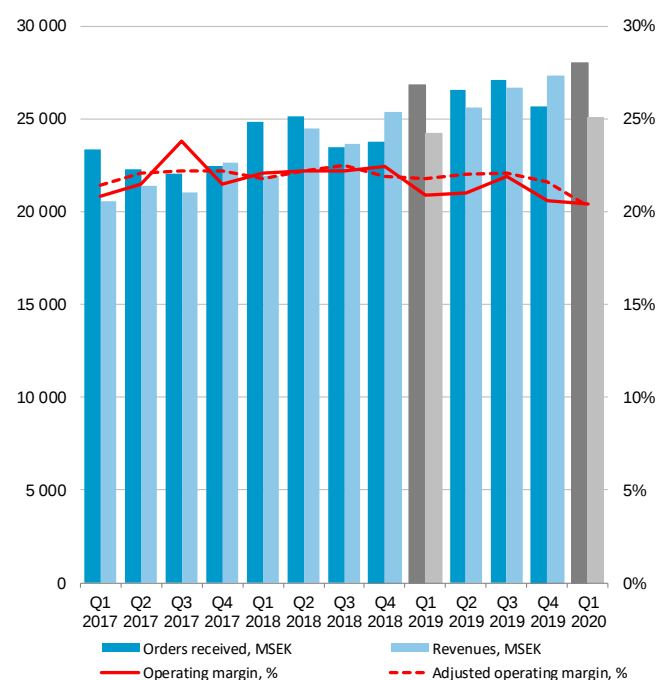
*Change in orders received compared to the previous year in local currency.

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2019	26 812	24 181
Structural change, %	+4	+4
Currency, %	+3	+3
Organic*, %	-2	-3
Total, %	+5	+4
2020	28 039	25 098

*Volume, price and mix.

Orders, revenues and operating profit margin



Geographic distribution, orders received and revenues

January - March 2020	Compressor Technique, %		Vacuum Technique, %		Industrial Technique, %		Power Technique, %		Atlas Copco, %	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
North America	20	24	21	25	35	33	30	24	24	26
South America	6	5	0	0	3	3	5	6	4	4
Europe	34	36	14	14	38	40	35	37	30	31
Africa/Middle East	8	7	2	2	2	2	10	12	6	6
Asia/Oceania	32	28	63	59	22	22	20	21	36	33
	100	100	100	100	100	100	100	100	100	100

Proposal of postponement of the formal resolution for the second dividend installment

The Board's previous assessment of the dividend capacity for 2019 remains intact and as a consequence also the communicated dividend proposal. However, due to the COVID-19 outbreak and the uncertainty it is creating, the

Board proposes that the final decision of the planned second installment of the dividend will be addressed at an Extraordinary General Meeting when the effects can be better assessed.

Revenues, profits and returns

Revenues increased 4% to MSEK 25 098 (24 181), corresponding to an organic decline of 3%. Acquisitions added 4% and currency had a positive effect of 3%.

The operating profit increased 2% to MSEK 5 124 (5 048) and includes a MSEK -30 restructuring cost in Industrial Technique business area and a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK +55 (-192).

Adjusted operating profit decreased 3% to MSEK 5 099 (5 262), corresponding to a margin of 20.3% (21.8). The sudden drop of customer activity caused by the COVID-19 pandemic was the main reason for the lower margin.

The net currency effect compared to the previous year was positive MSEK 460, mainly due to the stronger USD. Net financial items were MSEK -114 (-141). Interest net, at MSEK -65 (-123), was lower compared to previous year, mainly due to lower effective interest rates. Other financial items were MSEK -49 (-18), including negative financial exchange differences on loans in foreign currency.

Profit before tax amounted to MSEK 5 010 (4 907), corresponding to a margin of 20.0% (20.3).

Corporate income tax amounted to MSEK -1 170 (-1 204), corresponding to an effective tax rate of 23.4% (24.5).

Profit for the period was MSEK 3 840 (3 703). Basic and diluted earnings per share were SEK 3.16 (3.05) and SEK 3.15 (3.03), respectively.

The return on capital employed during the last 12 months was 29% (33). Return on equity was 33% (36). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus reached MSEK 6 420 (6 234). Change in working capital was negative at MSEK -336 (-1 469). Net investments in rental equipment were MSEK -150 (-246) and net investments in property, plant and equipment were MSEK -411 (-359).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 3 825 (2 529).

Net indebtedness

The Group's net indebtedness amounted to MSEK 13 859 (8 525), of which MSEK 3 075 (3 294) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 5.4 years. The net debt/EBITDA ratio was 0.5 (0.3) and the net debt/equity ratio was 24% (18).

In the quarter, Atlas Copco obtained a one-year draw-down extension of a MEUR 300 seven-year loan facility (currently unutilized) from the European Investment Bank.

Acquisition and divestment of own shares

During the quarter, 2 785 177 A shares net, were acquired for a net value of MSEK 1 024. These transactions are in accordance with mandates granted by the Annual General Meeting and relate to the Group's long-term incentive programs. See page 17.

Employees

On March 31, 2020, the number of employees was 39 611 (37 232). The number of consultants/external workforce was 3 030 (3 299). For comparable units, the total workforce increased by 657 from March 31, 2019.

Subsequent events

On April 8, at the end of the regular acceptance period of the voluntary public takeover offer, announced in February, ISRA VISION shareholders had tendered a total of 13 723 396 shares representing 62.62% of the share capital of ISRA VISION. Together with Atlas Copco's shareholding of 13.68%, Atlas Copco will control a majority of the shares in ISRA VISION upon consummation of the takeover offer and will consolidate ISRA VISION going forward. The additional acceptance period started on April 16 and will end on April 29. The offer is still subject to the approval by the Committee on Foreign Investment in the United States (CFIUS). All other offer conditions have been fulfilled.

In the beginning of April, the production in Antwerp, Belgium opened again, after a temporary stop in March, due to COVID 19, announced March 20.

Revenues and operating profit – bridge

MSEK	Q1 2020	Volume, price, mix and other	Currency	Items affecting comparability and acquisitions	Share-based LTI* programs	Q1 2019
Atlas Copco Group						
Revenues	25 098	-688	790	815	-	24 181
Operating profit	5 124	-626	460	-5	247	5 048
	20.4%					20.9%

*LTI= Long term incentive

Compressor Technique

MSEK	January - March		
	2020	2019	
Orders received	12 800	12 526	2%
Revenues	11 588	11 397	2%
Operating profit	2 520	2 618	-4%
– as a percentage of revenues	21.7	23.0	
Return on capital employed, %	80	105	

- **Equipment demand suffered from the general economic uncertainty**
- **Slight order growth for service**
- **Operating margin at 21.7%**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2019	12 526	11 397
Structural change, %	+2	+3
Currency, %	+3	+3
Organic*, %	-3	-4
Total, %	+2	+2
2020	12 800	11 588

*Volume, price and mix.

Industrial compressors

The overall demand for industrial compressors decreased as customers' investment decisions were affected by the deterioration in the business climate, caused by the COVID-19 pandemic. Order volumes for all compressor sizes decreased compared to the previous year and sequentially.

Order volumes decreased in all major geographical regions.

Gas and process compressors

The order intake for gas and process compressors did not fully reach the previous year's high level. China was strong, while both North America and Europe had significantly lower order volumes.

Compressor service

Despite the sudden disruption in business activity and limitations to conducting field service at customer sites, primarily in Asia, the service business held up well. The order intake increased slightly compared to the previous year, but decreased sequentially.

Order volumes increased in all regions except Asia.

Innovation

A new medical air purifier was introduced to the market. The new product provides clean medical air and is designed to meet stringent regulatory requirements while saving up to 35% of space compared with previous models, as well as optimizing energy efficiency.

Acquisitions

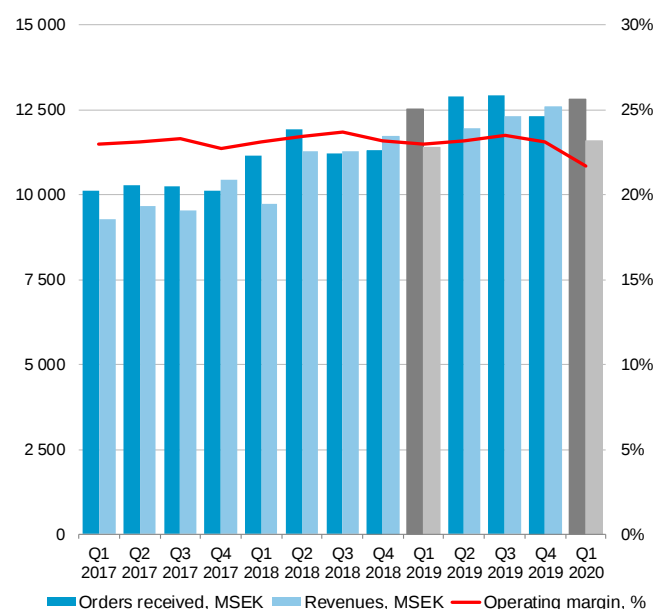
The business area completed two small acquisitions in the quarter, Hydra Flow West, a US based distributor of compressor parts, and Dr. Gustav Gail Drucklufttechnik GmbH, a German distributor of industrial compressors and services. Together they have 17 employees.

Revenues and profitability

Revenues increased 2% to MSEK 11 588 (11 397), corresponding to an organic decline of 4%.

The operating profit decreased 4% to MSEK 2 520 (2 618), corresponding to a margin of 21.7% (23.0). The margin was negatively affected by lower volumes, and continued investments in digitalization and R&D, while currency had a positive effect. Return on capital employed (last 12 months) was 80% (105).

Orders, revenues and operating profit margin



Vacuum Technique

MSEK	January - March		
	2020	2019	
Orders received	7 116	5 687	25%
Revenues	6 159	5 253	17%
Operating profit	1 497	1 292	16%
– as a percentage of revenues	24.3	24.6	
Return on capital employed, %	22	26	

- **Record order intake; strong semiconductor and electronics industries**
- **Continued order growth for service**
- **Operating margin at 24.3%**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2019	5 687	5 253
Structural change, %	+7	+7
Currency, %	+5	+5
Organic*, %	+13	+5
Total, %	+25	+17
2020	7 116	6 159

*Volume, price and mix.

Semiconductor and flat panel display equipment

The order intake for equipment to the semiconductor and flat panel industry increased compared to the previous year and sequentially. The order growth was supported primarily by continued investments in new production technologies, but to a certain extent also in new production capacity.

Compared to the previous year, the solid order growth was attributable to Asia, while volumes decreased in North America.

Industrial and scientific vacuum equipment

Order volumes for industrial and scientific vacuum equipment increased, supported primarily by increased demand from industrial coating applications.

Geographically, the order intake increased in Asia and North America, but decreased in Europe.

Vacuum service

The service business grew in the quarter with increased demand from semiconductor and flat panel display customers. Impacted by the COVID-19 pandemic and limitations in conducting field service, the demand from industrial customers decreased.

Overall, the order intake increased in Asia, was unchanged in North America and decreased in Europe.

Innovation

A new abatement system with superior emission performance was launched in the quarter. Thanks to dual abatement module design, the product can be optimized for customers' preferred service model and maximize production uptime. A system leak check function also provides enhanced safety compared to alternative products.

Acquisitions

The business area completed the acquisition of Dekker Vacuum Technologies, Inc., a US based supplier of industrial vacuum equipment and service solutions. The company has about 70 employees and had revenues of approximately MUSD 23 (MSEK 217) in 2019.

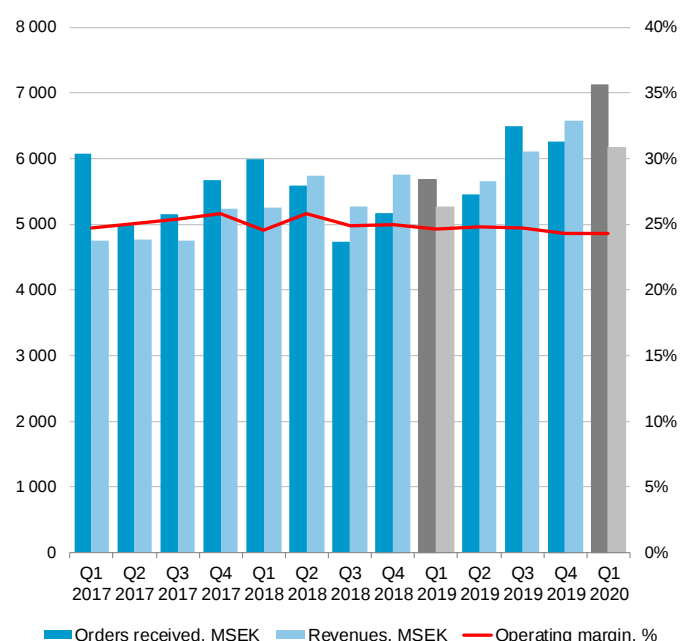
During the quarter, the business area also acquired M.C. Schroeder Equipment Co., Inc., a distributor of vacuum equipment and service solutions in USA, with eight employees.

Revenues and profitability

Revenues reached MSEK 6 159 (5 253), corresponding to an organic increase of 5%.

The operating profit increased to MSEK 1 497 (1 292), and the operating margin reached 24.3% (24.6). The margin was negatively affected by an unfavourable sales mix, increased costs related to COVID-19 and recent acquisitions but supported by currency. Return on capital employed (last 12 months) was 22% (26).

Orders, revenues and operating profit margin



Industrial Technique

MSEK	January - March		
	2020	2019	
Orders received	4 463	4 686	-5%
Revenues	4 193	4 547	-8%
Operating profit	799	1 008	-21%
– as a percentage of revenues	19.1	22.2	
Return on capital employed, %	31	39	

- **Weaker equipment demand from motor vehicle and general industry**
- **Lower order volumes for service**
- **Operating profit margin negatively affected by reduced volumes and restructuring costs**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2019	4 686	4 547
Structural change, %	+3	+3
Currency, %	+3	+3
Organic*, %	-11	-14
Total, %	-5	-8
2020	4 463	4 193

*Volume, price and mix.

Motor vehicle industry

The demand from the motor vehicle industry weakened markedly, and the order volumes decreased compared to the previous year, even if some key accounts invested in long-term strategic projects. Sequentially, the order intake increased compared to the previous quarter's low level.

Geographically, and compared to the previous year, order volumes decreased in most regions.

General industry

Order volumes for industrial power tools and assembly systems from the general industry decreased significantly. The demand from most customer segments was negatively affected by the COVID-19 pandemic.

Order volumes decreased in all major regions, but more in Asia than in the others.

Service

The order intake for the service business, including maintenance and calibration services, decreased. The demand was affected by customers' reduced production levels as well as the limitations to conducting field service due to the COVID-19 pandemic.

Geographically, order volumes decreased in all major regions.

Innovation

A battery-powered quality assurance station for assembly tools for the electronics industry was launched. The new portable product allows quick and easy torque checks for a variety of tools, guides the user through the quality assurance operation, enables improved process quality, and reduces manual reporting in customers' production.

Acquisitions

Scheugenpflug AG, a German supplier of dispensing solutions, was acquired in January. At the time of the acquisition, the company had about 600 employees and had revenues of about MEUR 80 (MSEK 850) in 2018.

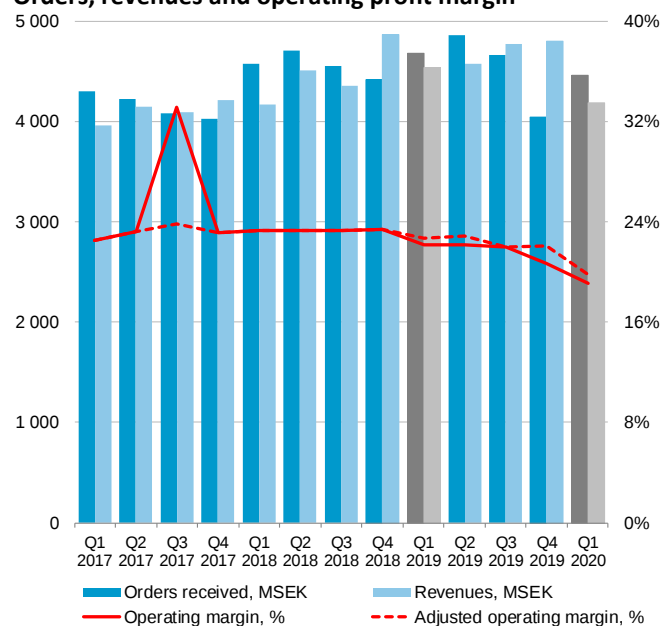
In February, it was announced that Atlas Copco will partner with the global machine vision specialist ISRA VISION AG through a voluntary public takeover offer. ISRA VISION is headquartered in Darmstadt, has more than 800 employees and had revenues of approximately MEUR 154 (MSEK 1 619) in the fiscal year 2018/19.

Revenues and profitability

Revenues decreased 8% to MSEK 4 193 (4 547), corresponding to an organic decline of 14%.

The operating profit decreased 21% to MSEK 799 (1 008). Adjusted for restructuring costs of MSEK -30, the margin reached 19.8% (22.7). The adjusted margin was affected by the lower revenue volumes, continued investments in digitalization and R&D, and the recent acquisition. Return on capital employed (last 12 months) was 31% (39).

Orders, revenues and operating profit margin



Power Technique

MSEK	January - March		
	2020	2019	
Orders received	3 823	4 101	-7%
Revenues	3 325	3 177	5%
Operating profit	473	524	-10%
– as a percentage of revenues	14.2	16.5	
Return on capital employed, %	25	30	

- **Weakened equipment demand and the strong Q1 2019 explains the organic order drop**
- **Orders unchanged for the specialty rental business**
- **Lower operating margin at 14.2%**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2019	4 101	3 177
Structural change, %	+2	+3
Currency, %	+2	+3
Organic*, %	-11	-1
Total, %	-7	+5
2020	3 823	3 325

*Volume, price and mix.

Equipment

Order volumes for equipment did not reach the previous year's record high level. This was primarily due to that large orders for generators and pumps from equipment rental companies in North America in 2019 were not repeated this year. Sequentially, the order intake for equipment increased supported by normal seasonal effects.

In total, the order intake decreased in all regions except Asia.

Specialty rental

The order intake for the specialty rental business was on about the same level as the previous year but decreased sequentially.

Geographically and compared to the previous year, order volumes increased in North America, were flat in Europe but decreased in Asia.

Service

Order volumes for the service business decreased, primarily due to lower demand in Asia. Order volumes in Europe and North America remained largely unchanged.

Innovation

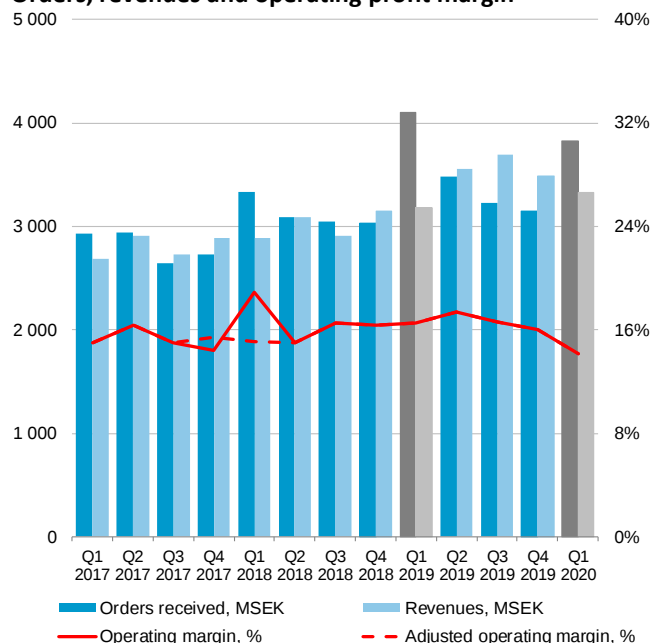
Four new generator models meeting the EU Stage V engine emission standards were launched in the quarter. The new generators are designed with Variable Speed Drive motors, offer about five percent lower fuel consumption than the industry average, and 20 percent smaller footprint than comparable products on the market.

Revenues and profitability

Revenues increased to MSEK 3 325 (3 177), corresponding to an organic decline of 1%.

The operating profit decreased 10% to MSEK 473 (524), corresponding to a margin of 14.2% (16.5). The margin was negatively affected by underabsorption in production and service, and unfavourable sales mix. Return on capital employed (last 12 months) was 25% (30%).

Orders, revenues and operating profit margin



Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS). The description of the accounting principles and definitions applied in this report are found in the annual report 2019, with the complementary description of changes described below. The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Non-IFRS measures are also presented in the report since they are considered to be important supplemental measures of the company's performance. For further information about these measures and how they have been calculated, please visit: <http://www.atlascopcogroup.com/investor-relations>

Risks and factors of uncertainty

Market risks

The demand for Atlas Copco's equipment and services is affected by changes in the customers' investment and production levels. A general economic downturn, geopolitical tensions, changes in trade agreements, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which mitigates the risk.

Financial risks

Atlas Copco is subject to currency risks, funding risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

Production risks

Many components are sourced from sub-suppliers. The availability is dependent on the sub-suppliers and if they have interruptions or lack capacity, this may adversely affect production. To minimize these risks, Atlas Copco has established a global network of sub-suppliers, which means that in most cases there are more than one sub-supplier that can supply a certain component. Atlas Copco is also directly and indirectly exposed to raw material prices. Cost increases for raw materials and components often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions

Atlas Copco has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialize than anticipated.

For further information, see the annual report 2019.

Risks related to the coronavirus

There is a considerable risk of a material financial impact on the Group because of the development of the coronavirus. With the high levels of uncertainty surrounding the situation and potential additional initiatives by authorities and customers, it is very difficult to predict the full financial impact that the situation may have on the Group.

As of March 31, there is no significant impact on any balance sheet items.

Forward-looking statements

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.

Atlas Copco AB

Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco. Any mentioning of the Board of Directors, the Board or the Directors refers to the Board of Directors of Atlas Copco AB.

Consolidated income statement (condensed)

	3 months ended	
	Mar. 31 2020	Mar. 31 2019
MSEK		
Revenues	25 098	24 181
Cost of sales	-14 395	-13 747
Gross profit	10 703	10 434
Marketing expenses	-3 080	-2 912
Administrative expenses	-1 643	-1 734
Research and development costs	-980	-863
Other operating income and expenses	124	123
Operating profit	5 124	5 048
- as a percentage of revenues	20.4	20.9
Net financial items	-114	-141
Profit before tax	5 010	4 907
- as a percentage of revenues	20.0	20.3
Income tax expense	-1 170	-1 204
Profit for the period	3 840	3 703
Profit attributable to		
- owners of the parent	3 836	3 698
- non-controlling interests	4	5
Basic earnings per share, SEK	3.16	3.05
Diluted earnings per share, SEK	3.15	3.03
Basic weighted average number of shares outstanding, millions	1 215.4	1 212.4
Diluted weighted average number of shares outstanding, millions	1 216.7	1 213.3
Key ratios		
Equity per share, period end, SEK	48	39
Return on capital employed, 12 month values, %	29	33
Return on equity, 12 month values, %	33	36
Debt/equity ratio, period end, %	24	18
Equity/assets ratio, period end, %	49	47
Number of employees, period end	39 611	37 232

Consolidated statement of comprehensive income

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2020	2019
Profit for the period	3 840	3 703
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	825	-309
Income tax relating to items that will not be reclassified	-195	106
	630	-203
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	2 916	1 677
Hedge of net investments in foreign operations	-1 085	-224
Cash flow hedges	-82	2
Income tax relating to items that may be reclassified	325	67
	2 074	1 522
Other comprehensive income for the period, net of tax	2 704	1 319
Total comprehensive income for the period	6 544	5 022
Total comprehensive income attributable to		
- owners of the parent	6 539	5 015
- non-controlling interests	5	7

Consolidated balance sheet (condensed)

MSEK	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019
Intangible assets	41 319	30 886	36 549
Rental equipment	2 921	2 444	2 883
Other property, plant and equipment	12 315	11 722	11 553
Financial assets and other receivables	3 751	1 031	1 795
Deferred tax assets	1 802	1 769	1 449
Total non-current assets	62 108	47 852	54 229
Inventories	16 159	14 006	14 501
Trade and other receivables	28 064	26 207	27 861
Other financial assets	815	97	125
Cash and cash equivalents	12 837	13 495	15 005
Assets classified as held for sale	1	1	1
Total current assets	57 876	53 806	57 493
TOTAL ASSETS	119 984	101 658	111 722
Equity attributable to owners of the parent	58 748	47 402	53 231
Non-controlling interests	64	54	59
TOTAL EQUITY	58 812	47 456	53 290
Borrowings	21 641	17 086	20 400
Post-employment benefits	3 075	3 294	3 488
Other liabilities and provisions	1 365	1 208	1 410
Deferred tax liabilities	1 003	732	702
Total non-current liabilities	27 084	22 320	26 000
Borrowings	2 795	1 737	3 255
Trade payables and other liabilities	29 632	28 447	27 564
Provisions	1 661	1 698	1 613
Total current liabilities	34 088	31 882	32 432
TOTAL EQUITY AND LIABILITIES	119 984	101 658	111 722

Fair value of derivatives, cash equivalents and borrowings

The carrying value and fair value of the Group's outstanding derivatives, liquidity funds and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives, liquidity funds and other loans are based on level 2 in the fair value hierarchy. Compared to 2019, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions. Liquidity funds, reported under cash equivalents, are according to IFRS 9 classified at fair value through profit and loss. For further information, see note 27 the 2019 annual report (<http://www.atlascopco.com/ir>).

Financial instruments recorded at fair value

MSEK	Mar. 31, 2020	Dec. 31, 2019
<i>Current assets and liabilities</i>		
Assets	531	561
Liabilities	707	19

Carrying value and fair value of borrowings

MSEK	Mar. 31, 2020	Mar. 31, 2020	Dec. 31, 2019	Dec. 31, 2019
	Carrying value	Fair value	Carrying value	Fair value
Bonds	14 356	14 327	13 524	14 057
Other loans	6 204	6 272	6 488	6 555
Lease liability	3 876	3 876	3 643	3 643
	24 436	24 475	23 655	24 255

Consolidated statement of changes in equity (condensed)

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2020	53 231	59	53 290
Changes in equity for the period			
Total comprehensive income for the period	6 539	5	6 544
Acquisition and divestment of own shares	-1 024	-	-1 024
Share-based payments, equity settled	2	-	2
Closing balance, March 31, 2020	58 748	64	58 812

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2019	42 425	47	42 472
Changes in equity for the period			
Total comprehensive income for the period	5 015	7	5 022
Acquisition and divestment of own shares	-1	-	-1
Share-based payments, equity settled	-37	-	-37
Closing balance, March 31, 2019	47 402	54	47 456

Consolidated statement of cash flows (condensed)

MSEK	January - March	
	2020	2019
Cash flows from operating activities		
Operating profit	5 124	5 048
Depreciation, amortization and impairment (see below)	1 291	1 079
Capital gain/loss and other non-cash items	5	107
Operating cash surplus	6 420	6 234
Net financial items received/paid	-48	-365
Taxes paid	-1 075	-1 014
Pension funding and payment of pension to employees	-81	-77
Change in working capital	-336	-1 469
Investments in rental equipment	-178	-259
Sale of rental equipment	28	13
Net cash from operating activities	4 730	3 063
Cash flows from investing activities		
Investments in property, plant and equipment	-416	-367
Sale of property, plant and equipment	5	8
Investments in intangible assets	-305	-239
Acquisition of subsidiaries and associated companies	-4 084 *	-185
Other investments, net	24	-19
Net cash from investing activities	-4 776	-802
Cash flows from financing activities		
Repurchase and sales of own shares	-1 024	-1
Change in interest-bearing liabilities	-1 641	-5 479
Net cash from financing activities	-2 665	-5 480
Net cash flow for the period	-2 711	-3 219
Cash and cash equivalents, beginning of the period	15 005	16 414
Exchange differences in cash and cash equivalents	543	300
Cash and cash equivalents, end of the period	12 837	13 495

*Includes approximately MSEK 1 600 related to acquisition of shares in ISRA VISION.

Depreciation, amortization and impairment

	2020	2019
<i>Rental equipment</i>	<i>198</i>	<i>164</i>
<i>Other property, plant and equipment</i>	<i>337</i>	<i>312</i>
<i>Right-of-use assets</i>	<i>299</i>	<i>236</i>
<i>Intangible assets</i>	<i>457</i>	<i>367</i>
<i>Total</i>	<i>1 291</i>	<i>1 079</i>

Calculation of operating cash flow

MSEK	January - March	
	2020	2019
Net cash flow for the period	-2 711	-3 219
Add back:		
Change in interest-bearing liabilities	1 641	5 479
Repurchase and sales of own shares	1 024	1
Acquisitions and divestments	4 084	185
Currency hedges	-213	83
Operating cash flow	3 825	2 529

Revenues by business area

	2018				2019				2020
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	9 735	11 266	11 269	11 702	11 397	11 974	12 314	12 601	11 588
- of which external	9 578	11 121	11 156	11 593	11 241	11 832	12 146	12 502	11 470
- of which internal	157	145	113	109	156	142	168	99	118
Vacuum Technique	5 255	5 740	5 272	5 740	5 253	5 650	6 107	6 560	6 159
- of which external	5 255	5 740	5 272	5 740	5 253	5 650	6 107	6 560	6 154
- of which internal	0	0	0	0	0	0	0	0	5
Industrial Technique	4 178	4 519	4 365	4 871	4 547	4 576	4 783	4 806	4 193
- of which external	4 163	4 504	4 354	4 863	4 538	4 567	4 774	4 799	4 180
- of which internal	15	15	11	8	9	9	9	7	13
Power Technique	2 894	3 091	2 911	3 146	3 177	3 555	3 697	3 486	3 325
- of which external	2 756	2 980	2 893	3 126	3 149	3 531	3 649	3 458	3 294
- of which internal	138	111	18	20	28	24	48	28	31
Common Group Items / Eliminations	-156	-155	-142	-138	-193	-175	-225	-134	-167
Atlas Copco Group	21 906	24 461	23 675	25 321	24 181	25 580	26 676	27 319	25 098

Operating profit by business area

	2018				2019				2020
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 249	2 638	2 667	2 709	2 618	2 773	2 897	2 910	2 520
- as a percentage of revenues	23.1	23.4	23.7	23.1	23.0	23.2	23.5	23.1	21.7
Vacuum Technique	1 292	1 479	1 315	1 436	1 292	1 401	1 508	1 591	1 497
- as a percentage of revenues	24.6	25.8	24.9	25.0	24.6	24.8	24.7	24.3	24.3
Industrial Technique	974	1 056	1 018	1 140	1 008	1 016	1 051	994	799
- as a percentage of revenues	23.3	23.4	23.3	23.4	22.2	22.2	22.0	20.7	19.1
Power Technique	547	464	480	515	524	619	606	559	473
- as a percentage of revenues	18.9	15.0	16.5	16.4	16.5	17.4	16.4	16.0	14.2
Common Group Items / Eliminations	-229	-207	-217	-139	-394	-430	-219	-427	-165
Operating profit	4 833	5 430	5 263	5 661	5 048	5 379	5 843	5 627	5 124
- as a percentage of revenues	22.1	22.2	22.2	22.4	20.9	21.0	21.9	20.6	20.4
Net financial items	-320	-201	-95	273	-141	-64	-65	-55	-114
Profit before tax	4 513	5 229	5 168	5 934	4 907	5 315	5 778	5 572	5 010
- as a percentage of revenues	20.6	21.4	21.8	23.4	20.3	20.8	21.7	20.4	20.0

Return on capital employed by business area, %

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	94	99	103	107	105	100	93	87	80
Vacuum Technique	26	28	27	27	26	25	23	22	22
Industrial Technique	44	44	39	40	39	37	36	35	31
Power Technique	21	18	25	28	30	30	29	28	25
Atlas Copco Group	39	31	32	33	33	33	32	30	29

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2020 Feb. 28	Dekker Vacuum Technologies Inc		Vacuum Technique	217	70
2020 Feb. 27	Dr. Gustav Gail Drucklufttechnik GmbH		Compressor Technique		10
2020 Jan. 22	M.C. Schroeder Equipment Co., Inc.		Vacuum Technique		8
2020 Jan. 16	Hydra Flow West		Compressor Technique		7
2020 Jan. 3	Scheugenpflug AG		Industrial Technique	850	600
2019 Nov. 6	WestRon		Compressor Technique		26
2019 Oct. 18	Accurate Air Engineering and Compressed Air of California		Compressor Technique		52
2019 Jul. 2	MGES Inc.		Compressor Technique	48	11
2019 Jul. 2	Eurochiller S.r.l.		Compressor Technique	267	90
2019 Jul. 1	Brooks' Semiconductor Cryogenics Business		Vacuum Technique	1400	400
2019 Jun. 19	Powerhouse Equipment & Engineering Co. Inc.		Power Technique	347	95
2019 Jun. 17	Taylor Air Center		Compressor Technique		20
2019 May 29	AirCenterSüd GmbH & Co. KG		Compressor Technique		6
2019 May 27	Air Compresseur service		Compressor Technique		10
2019 May 3	Bold & Cichos GbR		Compressor Technique		15
2019 May 2	Mid South Engine & Power Systems		Power Technique	54	28
2019 Apr. 9	PSI Compressors		Compressor Technique		6
2019 Apr. 3	Jacob Drucklufttechnik Vertriebs GmbH		Compressor Technique		10
2019 Apr. 2	Air Diffusion		Compressor Technique		15
2019 Mar. 19	Class 1 Incorporated		Compressor Technique	130	50
2019 Mar. 6	Woodward Compressor Sales		Compressor Technique		15
2019 Mar. 1	Appleton		Compressor Technique		15
2019 Jan. 4	Industrie Pumpen Vertriebs GmbH		Power Technique	50	20

*Annual revenues and number of employees at time of acquisition/divestment. No revenues are disclosed for former Atlas Copco distributors.

Due to the relatively small size of the acquisitions made in 2020, full disclosure as per IFRS 3 is not given in this interim report.

Disclosure will be given in the annual report 2020. See the annual report for 2019 for disclosure of acquisitions made in 2019.

Parent company**Income statement (condensed)**

	January - March	
MSEK	2020	2019
Administrative expenses	-103	-194
Other operating income and expenses	23	27
Operating profit/loss	-80	-167
Financial income and expenses	-51	1 244
Profit/loss before tax	-131	1 077
Income tax	57	207
Profit/loss for the period	-74	1 284

Balance sheet (condensed)

	Mar. 31	Mar. 31	Dec. 31
MSEK	2020	2019	2019
Total non-current assets	159 000	158 094	158 584
Total current assets	15 540	7 954	16 339
TOTAL ASSETS	174 540	166 048	174 923
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	143 119	140 766	144 215
TOTAL EQUITY	148 904	146 551	150 000
Total provisions	532	471	624
Total non-current liabilities	21 011	17 132	18 888
Total current liabilities	4 093	1 894	5 411
TOTAL EQUITY AND LIABILITIES	174 540	166 048	174 923

Assets pledged and contingent liabilities

	Mar. 31	Mar. 31	Dec. 31
MSEK	2020	2019	2019
Assets pledged	190	164	190
Contingent liabilities	12 440	8 687	11 721

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. See also accounting principles, page 8.

Parent Company

Distribution of shares

Share capital equaled MSEK 786 (786) at the end of the period, distributed as follows:

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
<i>- of which A shares</i>	
<i>held by Atlas Copco</i>	<i>15 343 118</i>
<i>- of which B shares</i>	
<i>held by Atlas Copco</i>	<i>8 899</i>
Total shares outstanding, net of shares held by Atlas Copco	1 214 261 087

Performance-based personnel option plan

The Annual General Meeting 2019 approved a performance-based long-term incentive program. For Group Management and division presidents, the plan requires management's own investment in Atlas Copco shares. The intention is to cover Atlas Copco's obligation under the plan through the repurchase of the company's own shares. For further information, see www.atlascopcogroup.com/agm

Transactions in own shares

Atlas Copco has mandates to acquire and sell own shares as per below:

- Acquisition of not more than 4 250 000 series A shares, whereof a maximum of 4 150 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2019.
- Acquisition of not more than 70 000 series A shares to hedge the obligation of the company to pay remuneration to Board members who have chosen to receive 50% of the remuneration in synthetic shares.

- The sale of not more than 30 000 series A shares to cover costs related to previously issued synthetic shares to Board members.
- The sale of a maximum 11 000 000 series A and B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2014, 2015 and 2016.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During the first quarter 2020, 2 785 177 series A shares, net, were acquired. These transactions are in accordance with mandates granted. The company's holding of own shares at the end of the period appears in the table to the left.

Risks and factors of uncertainty

Financial risks

Atlas Copco AB is subject to currency risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

For further information, see the 2019 annual report.

Related parties

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the annual report 2019.

Guaranties

The 10-year MEUR 300 bond issued during the third quarter 2019 is guaranteed by the Parent Company.

Nacka, Sweden April 23, 2020
Atlas Copco AB (publ)

Mats Rahmström
President and CEO

The company's auditors have not reviewed this report.

This is Atlas Copco

Atlas Copco Group is a world-leading provider of sustainable productivity solutions. The Group offers customers innovative compressors, air treatment systems, vacuum solutions, industrial power tools and assembly systems, and power and flow solutions. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics. The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2019, Atlas Copco had revenues of BSEK 104 (BEUR 10) and at year end about 39 000 employees.

Business areas

Atlas Copco has four business areas. The business areas are responsible for developing their respective operations by implementing and following up on strategies and objectives to achieve sustainable, profitable growth.

The **Compressor Technique** business area provides compressed air solutions; industrial compressors, gas and process compressors and expanders, air and gas treatment equipment and air management systems. The business area has a global service network and innovates for sustainable productivity in the manufacturing, and process industries. Principal product development and manufacturing units are located in Belgium, the United States, China, India, Germany and Italy.

The **Vacuum Technique** business area provides vacuum products, exhaust management systems, valves and related products. The main markets served are semiconductor and scientific as well as a wide range of industrial segments including chemical process industries, food packaging and paper handling. The business area has a global service network and innovates for sustainable productivity in order to further improve its customers' performance. Principal product development and manufacturing units are located in the United States, Mexico, United Kingdom, Czech Republic, Germany, South Korea, China and Japan.

The **Industrial Technique** business area provides, through a global network, industrial power tools and assembly solutions, including tightening, bolting, riveting, adhesive dispensing, quality assurance products, material removal, software and service. The business area innovates for sustainable productivity for customers in the automotive and general industries, maintenance and vehicle service. Principal product development and manufacturing units are located in Sweden, Germany, United States, United Kingdom, France, Japan and Hungary.

The **Power Technique** business area provides air, power and flow solutions through products such as mobile compressors, pumps, light towers and generators, along with a number of complementary products. It also offers specialty rental and provides services through a dedicated, global network. Guided by a forward-thinking approach to innovation, Power Technique provides sustainable productivity solutions across multiple industries, including construction, manufacturing, oil and gas and exploration drilling. Principal product development and manufacturing units are located in Belgium, Spain, the United States, China and India.

Vision, mission and strategy

The Atlas Copco Group's vision is to become and remain First in Mind—First in Choice of its customers and other principal stakeholders. The mission is to achieve sustainable, profitable growth. Sustainability plays an important role in Atlas Copco's vision and it is an integral aspect of the Group's mission. An integrated sustainability strategy, backed by ambitious goals, helps the company deliver greater value to all its stakeholders in a way that is economically, environmentally and socially responsible.

For further information

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Conference call

A presentation for investors, analysts and media will be held on April 23, 2020 at 1.15 PM CEST.

The dial-in numbers are:

- Sweden: + 46 8 50 55 83 68
- United Kingdom: + 44 33 33 00 92 60
- United States: + 1 83 32 49 84 03

The conference call will be broadcasted. Please see our website for link and presentation material:

<http://www.atlascopcogroup.com/investor-relations>

The webcast and a recorded audio presentation will be available on our homepage following the conference call.

Annual General Meeting 2020

The Annual General Meeting for Atlas Copco AB will be held on April 23, 2020 at 4 PM CEST in Filmstaden Sickla, Sickla köpkvarter, Marcusplatsen 19, Nacka, Sweden.

Second-quarter report 2020

The Q2 2020 report will be published on July 16, 2020.
(Silent period starts June 16, 2020)

Third-quarter report 2020

The Q3 2020 report will be published on October 22, 2020.
(Silent period starts September 22, 2020)

Fourth-quarter report 2020

The Q4 2020 report will be published on January 29, 2021.
(Silent period starts December 30, 2020)