

Atlas Copco makes provision following European Commission's decision on Belgium's tax rulings

Stockholm, Sweden, January 15, 2016: Following the European Commission's decision on certain Belgian tax rulings, Atlas Copco plans to include a provision of MEUR 300 (MSEK 2 780) in the Q4 2015 accounts.

On January 11, 2016, the European Commission announced its decision that Belgian tax rulings granted to multinationals with regard to "Excess Profit" shall be considered as illegal state aid and that unpaid taxes should be returned to the Belgian state. Atlas Copco has such tax rulings since 2010.

"Atlas Copco always strives to be a good and reliable corporate citizen, observing the spirit and the letter of the laws of the countries in which we operate," said Ronnie Leten, President and CEO of the Atlas Copco Group. "This we have done also in Belgium. We are disappointed, disagree with the decision of the European Commission, and are considering the possibility to appeal."

For more than 50 years, Belgium has been Atlas Copco's global center for compressed air technology. The company has 3 000 employees in the country. Atlas Copco complies with all Belgian tax laws and has based its financial and operational plans on this regulatory framework. Atlas Copco is among the largest tax payers in Belgium, even after applying the tax rulings. Belgium's nominal corporate income tax of 34% is high relative to most OECD countries, but deductions and exceptions are available to tax payers.

As a result of the European Commission decision, Atlas Copco plans to include a provision of MEUR 300 (MSEK 2 780) in the Q4 2015 accounts. The amount fully covers the potential liability for the years 2010-2015 and should be viewed against the fact that Atlas Copco has not yet received a specific claim, nor information from the European Commission or the Belgian government as to what methodology should be used to establish the amount of taxes to be paid. Furthermore, it does not reflect the possibility that the European Commission's decision may be appealed to the European Court of Justice.

Atlas Copco expects that information about how the tax amount should be established will become available in the coming weeks. Payment of the claimed tax amount will likely take place during Q2 2016 independent of whether or not appeals are made against the decision.

Going forward, Atlas Copco estimates that the decision will increase the Group's effective tax rate by approximately 3.5 percentage points.

Further updates on this topic will be given in connection with Atlas Copco's Q4 2015 report on January 28, 2016.

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