



Revenues increased by 22 percent to SEK 12,841 m. The operating margin was 14.4 percent (13.3). Earnings per share increased to SEK 4.12, compared to SEK 3.27 the preceding year.

# Income Statement

SEK m.	3 months ended		12 months ended	
	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 2000	Dec. 31, 1999
Revenues	12,841	10,507	46,527	36,234
Operating expenses	-11,018	-9,107	-40,135	-31,764
<b>Operating profit</b>	<b>1,823</b>	<b>1,400</b>	<b>6,392</b>	<b>4,470</b>
<i>– as a percentage of revenues</i>	<i>14.2</i>	<i>13.3</i>	<i>13.7</i>	<i>12.3</i>
Financial income and expenses	-452	-378	-1,703	-1,058
<b>Profit after financial items</b>	<b>1,371</b>	<b>1,022</b>	<b>4,689</b>	<b>3,412</b>
<i>– as a percentage of revenues</i>	<i>10.7</i>	<i>9.7</i>	<i>10.1</i>	<i>9.4</i>
Taxes	-499	-334	-1,723	-1,137
Minority interest	-8	-11	-42	-28
<b>Net profit</b>	<b>864</b>	<b>677</b>	<b>2,924</b>	<b>2,247</b>
<i>Earnings per share, SEK</i>	<i>4.12</i>	<i>3.27</i>	<i>13.95</i>	<i>11.50</i>
<i>Return on capital employed before tax, %</i>			<i>15</i>	<i>14</i>
<i>Return on equity after tax, %</i>			<i>13</i>	<i>14</i>
<i>Debt/equity ratio, %</i>			<i>92</i>	<i>92</i>
<i>Rate of equity, %</i>			<i>39</i>	<i>39</i>
<i>Number of employees at end of period</i>			<i>26,772</i>	<i>26,134</i>

# Balance Sheet

SEK m.	Dec. 31, 2000	Dec. 31, 1999
Intangible fixed assets	20,792	18,851
Rental equipment	15,225	11,699
Other fixed assets	7,032	7,003
Inventories	5,881	5,348
Receivables	11,521	9,463
Cash, bank, and short-term investments	1,237	1,286
<b>Total assets</b>	<b>61,688</b>	<b>53,650</b>
Equity	23,982	20,885
Minority interest	219	192
Interest-bearing liabilities and provisions	23,507	20,611
Non-interest-bearing liabilities and provisions	13,980	11,962
<b>Total liabilities and equity</b>	<b>61,688</b>	<b>53,650</b>

## Financial Targets

The overall objective for the Atlas Copco Group is to achieve a return on capital employed that will always exceed the Group's total cost of capital. The targets for the next business cycle are to grow revenue at an annual rate of 8 percent, to have an average operating margin of 15 percent, and to continuously challenge the operating capital efficiency in terms of

stock, receivables, and rental fleet utilization. Overall, this will ensure that shareholder value is created and continuously increased. The strategy to reach these objectives should follow the proven development path for all operational units in the Group: stability first, then profitability, and finally growth.

# Continued strength in the fourth quarter

Preliminary 12-months and interim report at December 31, 2000 (unaudited)

- Revenues and profits the highest in any single quarter.
- Order volumes 7 percent up on the strong fourth quarter 1999.
- Recurring operating margin increased to 14.4 percent (13.3).
- Operating profit up 30 percent, at SEK 1,823 m., including non-recurring costs of SEK –20 m. Profit after financial items up 34 percent, at SEK 1,371 m.
- Earnings per share increased to SEK 4.12 (3.27).

SEK m.	October–December		Change %	October–December		Change %
	2000	1999		2000	1999	
Orders received	12,177	10,210	+19	46,628	36,534	+28
Revenues	12,841	10,507	+22	46,527	36,234	+28
Operating profit	1,823	1,400	+30	6,392	4,470	+43
– as a percentage of revenues	14.2	13.3		13.7	12.3	
Profit after financial items	1,371	1,022	+34	4,689	3,412	+37
– as a percentage of revenues	10.7	9.7		10.1	9.4	
Earnings per share*, SEK	4.12	3.27		13.95	11.50	

\*Number of shares: 209.6 m. (195.3)

**Dividend** The Board of Directors proposes that a dividend of SEK 5.25 (4.75) per share be paid for the 2000 fiscal year.

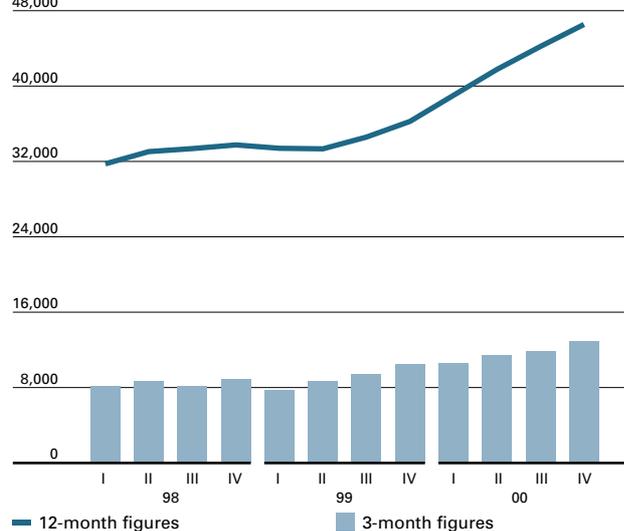
**Near-term outlook** In North America, the recent downturn in demand, mainly for electric tools and other construction-related equipment, is expected to continue. However, demand for equipment rental is expected to continue to improve, driven by the outsourcing trend.

The outlook for demand in Europe is relatively stable. A high level of capacity utilization in many industries is expected to stimulate demand for investment-related equipment. In Asia, the high level of demand is expected to continue.

In summary, overall demand for Atlas Copco's products and services is expected to remain at current levels.

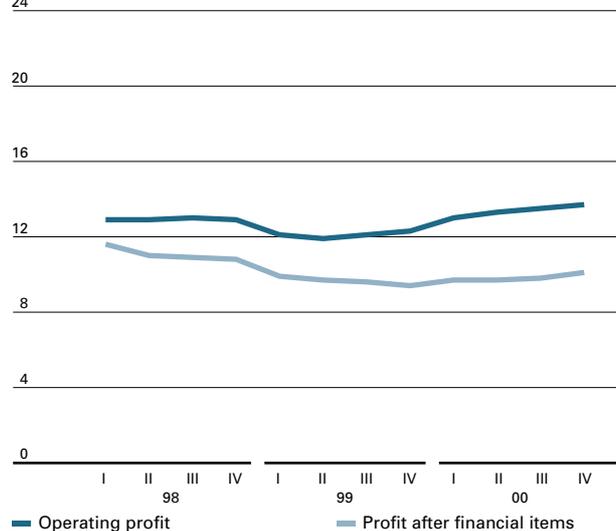
## Revenues

SEK m.  
48,000



## Profit Margin, 12-month figures

%  
24



## Summary of full-year results

### Atlas Copco Group

For the year 2000, the Atlas Copco Group's orders received were up 28 percent, to SEK 46,628 m. (36,534), corresponding to a volume increase of 11 percent for comparable units. Foreign exchange rate fluctuations had a positive translation effect of approximately 6 percentage points. Revenues were SEK 46,527 m. (36,234), also up 28 percent, corresponding to a volume increase of 12 percent.

The Group's operating profit increased 43 percent, to SEK 6,392 m. (4,470), corresponding to a margin of 13.7 percent (12.3). The operating profit includes net non-recurring items equal to SEK -26 m. (+83). The main nonrecurring items were a net gain of SEK 134 m. from the SPP pension refund and related pre-retirement provisions, and a restructuring charge of SEK 127 m. in the Rental Service business area. Profit after financial items amounted to SEK 4,689 m. (3,412), corresponding to an increase of 37 percent and a margin of 10.1 percent (9.4).

Operating cash flow before acquisitions and dividends equaled SEK 1,276 m. (2,413). The negative change resulted from investments made by the Rental Service business area in its rental fleet and an increase in the Group's working capital.

## Review of fourth-quarter business

### Atlas Copco Group

#### Market development

The market for Atlas Copco's products and services in North America continued to show strong demand overall. Activity in the construction industry stayed high, benefiting rental equipment, while purchase of construction-related products was somewhat lower. The industrial sector remained buoyant. Demand for large investment equipment was also favorable, although a slight slowdown was noted during the quarter.

In Europe, the overall level of demand improved slightly,

but imbalance remains in the region. Sales in southern Europe continued to record steady growth, while the Nordic countries were relatively weak. The level of activity in Germany was relatively high but little new investment was made.

The positive trend in Asia continued, with strong expansion in China and Southeast Asia.

Demand from the mining industry, particularly for after-market products, continued at a good level in most mining related economies.

#### Orders and revenues

Orders received totaled SEK 12,177 m. (10,210), up 19 percent from the fourth quarter of 1999. The increase corresponds to a volume gain of 7 percent, excluding a positive translation effect of 10 percentage points and a net effect from acquisitions and divestments of 1 percent. The volume of orders received expanded thanks to strong demand for Atlas Copco's products and services in most geographic regions, with the exception of the U.S. market, where sales of equipment to the building industry decreased.

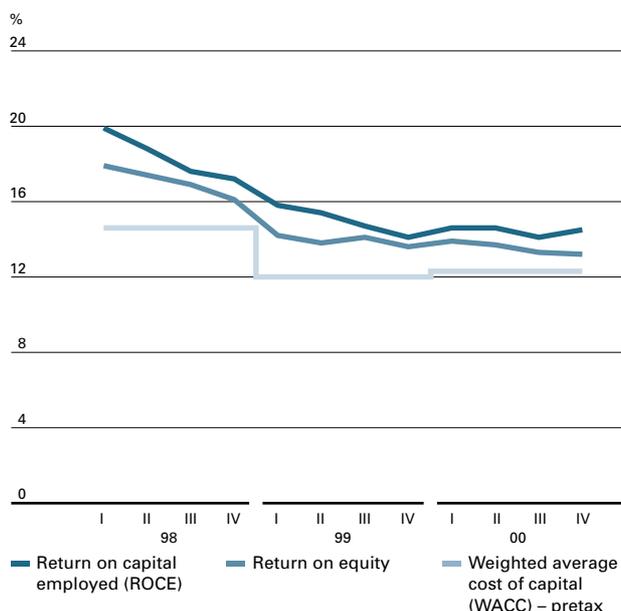
Revenues increased 22 percent, to SEK 12,841 m. (10,507), corresponding to a volume gain of 11 percent for comparable units.

#### Earnings and returns

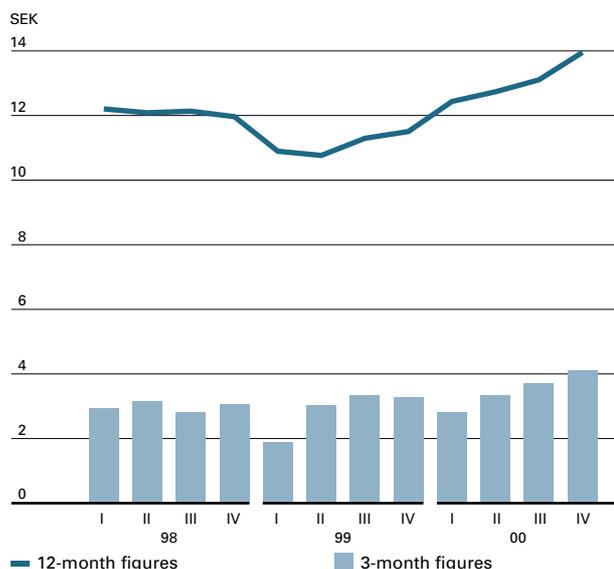
Operating profit for the fourth quarter increased 30 percent, to a record SEK 1,823 m. (1,400), corresponding to a margin of 14.2 percent (13.3). These figures include SEK 20 m. in restructuring charges for Compressor Technique. The margin improved as a result of higher volumes and the efficiency gains. The more favorable foreign exchange environment had no effect on the operating margin compared to last year but did add about SEK 100 m. to operating profit. Seasonally low demand for rental equipment in the United States, paired with higher costs related to a larger rental fleet than a year ago, had a negative effect on the Group's operating margin.

Net financial items amounted to SEK -452 m. (-378), of which net interest items accounted for SEK -434 m. (-363) and foreign exchange differences for SEK -18 m. (-17). Interest

Return and Cost of Capital, 12-month figures



Earnings per Share



expense was higher than 1999, chiefly the result of a substantially higher USD/SEK exchange rate.

Profit after financial items rose 34 percent, to SEK 1,371 m. (1,022), corresponding to a margin of 10.7 percent (9.7).

Net profit for the quarter totaled SEK 864 m. (677), or SEK 4.12 per share (3.27).

In 2000, the return on capital employed was 15 percent (14), and the return on shareholders' equity 13 percent (14). The Group's weighted average cost of capital (WACC) was approximately 8 percent (8), corresponding to a pretax cost of capital of approximately 12 percent.

#### Cash flow and net indebtedness

The operating cash surplus after tax for the fourth quarter reached SEK 1,745 m. (1,663).

Cash flows from financial hedging transactions had a net effect of SEK -384 m. (+46).

Working capital increased SEK 327 m. (decreased 29) in the quarter, while inventory turnover continued to improve year-on-year, primarily due to improvements in supply-chain management.

Total cash flow from operations reached SEK 1,418 m. (1,692), corresponding to 11 percent (16) of Group revenues.

Net investment in tangible fixed assets was SEK 603 m. (624) during the quarter.

Net cash flow after dividends and acquisitions reached SEK 850 m. (5,123). The figure for the fourth quarter in 1999 included SEK 4,125 m. from an equity issue.

#### Summary cash-flow analysis

SEK m.	Oct.–Dec.		Jan.–Dec.	
	2000	1999	2000	1999
Operating cash surplus after tax	1,745	1,663	6,310	4,595
<i>of which depreciation added back</i>	<i>1,096</i>	<i>904</i>	<i>3,982</i>	<i>2,616</i>
Change in working capital	-327	29	-402	20
Cash flow from operations	1,418	1,692	5,908	4,615
Investments in tangible fixed assets	-1,018	-1,019	-6,602	-3,281
Sale of tangible fixed assets	415	395	1,970	1,079
Company acquisitions/divestments	35	-69	-372	-13,894
Cash flow from investments	-568	-693	-5,004	-16,096
Dividends paid	0	-1	-1,007	-832
Equity issue	0	4,125	0	4,125
Net cash flow	850	5,123	-103	-8,188
Change in interest-bearing liabilities	-747	-4,997	15	7,378
Cash flow after financing	103	126	-88	-810
Liquid funds at beginning of period	1,121	1,117	1,286	2,118
Translation difference	13	43	39	-22
Liquid funds at period-end	1,237	1,286	1,237	1,286

The Group's net indebtedness (defined as the difference between interest-bearing liabilities and liquid assets) amounted to SEK 22,270 m. (19,325), of which SEK 1,521 m. (1,450) was attributable to pension provisions. The debt/equity ratio (defined as net indebtedness divided by shareholders' equity) was 92 percent (92). Adjusted for pure translation effects since December 31, 1999, the debt/equity ratio was 84 percent at December 31, 2000.

#### Investments

Gross investments in property, machinery, and buildings totaled SEK 279 m. (243). Gross investments in rental equipment amounted to SEK 739 m. (776). Depreciation on these two asset groups

equaled SEK 240 m. (245) and SEK 676 m. (506) respectively, while amortization of intangible assets was SEK 180 m. (153).

#### People

At December 31, 2000, the number of employees was 26,772 (26,134). For comparable units, the number of employees increased by 382 from December 1999.

#### Share capital

Share capital totaled SEK 1,048 m. (1,048) at the end of the period, distributed as follows.

Class of share	Shares outstanding
A shares	139,899,016
B shares	69,703,168
Total	209,602,184

In October 1999, 26.1 million new shares were issued at a subscription price of SEK 160 per share through a 1:7 rights issue. The issue provided the Company with net proceeds of approximately SEK 4.1 billion.

#### Compressor Technique Business Area

The Compressor Technique business area consists of five divisions in the following product areas: industrial compressors, portable compressors, generators, and gas and process compressors.

SEK m.	Oct.–Dec. Change			Jan.–Dec. Change		
	2000	1999	%	2000	1999	%
Orders received	3,785	3,207	+18	15,098	12,965	+16
Revenues	4,107	3,521	+17	14,720	13,202	+11
Operating profit	795*	612	+30*	2,737*	2,153	+27*
<i>– as a percentage of revenues</i>	<i>19.4*</i>	<i>17.4</i>		<i>18.6*</i>	<i>16.3</i>	

\*Operating profit includes a non-recurring cost of SEK 20 m. in Q4 2000 and SEK 33 m. for the full-year.

- Continued strong volume growth.
- Profit increase 30 percent.
- Continued positive development in Asia.

Orders received during the fourth quarter were up 18 percent to SEK 3,785 m. (3,207), corresponding to an increase in volume of 14 percent, after adjustments for a positive foreign exchange effect of 6 percentage points and the effects of divested businesses.

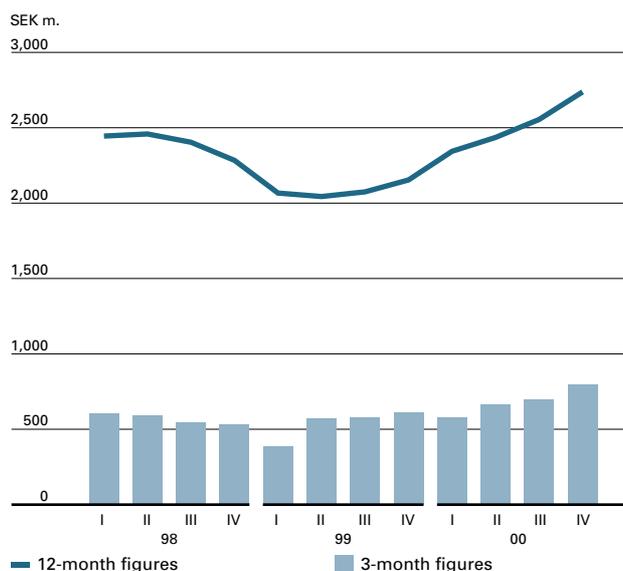
Continuing the trend from the first nine months of the year, sales volumes continued to grow for all product areas. Slower demand was noted in North America, while favorable sales trends in South America continued. In Europe, sales were unmistakably in an upturn. The strong increase in demand from Asia, especially in China, resulted in many orders for all types of products. Overall, after-market business progressed and kept expanding its share of total revenues.

The extended, superior range of small and medium-sized oil-injected screw compressors that was launched in the third quarter was received favorably by the market.

Revenues increased 17 percent, to SEK 4,107 m. (3,521), as volumes were 14 percent greater than in the same quarter the preceding year.

Operating profit improved 30 percent, to a record SEK 795 m. (612), corresponding to an operating margin of 19.4 percent

Compressor Technique, Operating Profit



(17.4). The profit includes a non-recurring cost of SEK 20 m., mainly for restructuring the dryer manufacturing operations. The net effect of higher volumes and somewhat higher operating costs accounted for most of the margin improvement.

Construction and Mining Technique Business Area

The Construction and Mining Technique business area consists of five divisions in the following product areas: drilling rigs, rock drilling tools, exploration equipment, construction tools, and loading equipment.

SEK m.	Oct.–Dec. Change			Jan.–Dec. Change		
	2000	1999	%	2000	1999	%
Orders received	1,753	1,658	+6	6,921	6,062	+14
Revenues	1,898	1,572	+21	7,083	5,725	+24
Operating profit	171	121	+41	650	397	+64
– as a percentage of revenues	9.0	7.7		9.2	6.9	

- Order intake from the mining sector remained robust, specifically for consumables.
- Construction industry activity slowed.
- Sales companies started in Egypt, Russia, and the Czech Republic.

In the fourth quarter, orders received increased 6 percent to SEK 1,753 m. (1,658). There was a positive translation effect of about 5 percent, and prices increased marginally. Volumes remained high, at the same level as the preceding year.

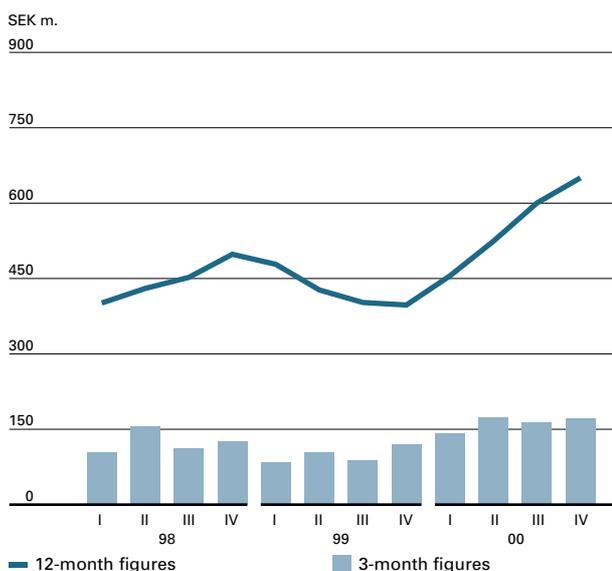
The mining industry continued to invest and several new contracts were signed, especially for consumables. Activity in the construction sector was weaker than in the fourth quarter of 1999, particularly in the United States.

A brand transition program is under way in the business area with the objective of using the strong corporate brand, Atlas Copco, for all divisions.

Revenues were SEK 1,898 m. (1,572), up 21 percent overall, corresponding to a volume increase of 14 percent.

Operating profit for the quarter rose 41 percent, to SEK 171 m. (121), corresponding to a margin of 9.0 percent (7.7). All product

Construction and Mining Technique, Operating Profit



areas improved their performance compared with the preceding year. Fluctuations in foreign exchange rates had no material effect on the operating margin. A higher share of big machine sales in the quarter affected the margin somewhat negatively compared to the first three quarters of 2000.

Industrial Technique Business Area

The Industrial Technique business area consists of four divisions in the following product areas: industrial power tools, professional electric tools, and assembly systems.

SEK m.	Oct.–Dec. Change			Jan.–Dec. Change		
	2000	1999	%	2000	1999	%
Orders received	2,876	2,626	+10	11,425	10,553	+8
Revenues	3,161	2,730	+16	11,454	10,345	+11
Operating profit	378	271	+39	1,238	1,032*	+20*
– as a percentage of revenues	12.0	9.9		10.8	10.0*	

\*1999 operating profit includes a SEK 83 m. non-recurring gain

- Strong order intake for computer-controlled tightening systems.
- Decrease in demand from the building sector.
- Increase in operating profits 40 percent.

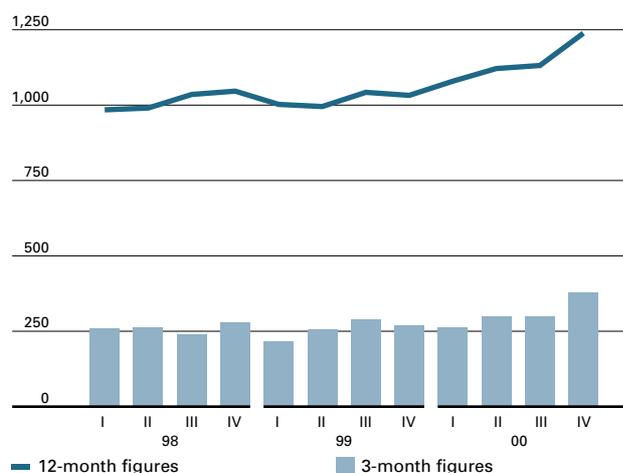
Order intake increased 10 percent overall compared with the fourth quarter of 1999, to SEK 2,876 m. (2,626), corresponding to a decrease in volume of 2 percent. Prices increased marginally and the positive foreign exchange effect was about 10 percent.

Order intake for computer-controlled tightening systems remained strong in the United States and in Europe. Orders for standard products from the general industry were flat overall during the fourth quarter.

The demand for professional electrical tools for construction and installation work weakened during the quarter in both North America and Europe.

The Atlas Copco Industrial Tools and Equipment division merged its two product companies and created a more customer-focused organization by forming separate business units for the motor vehicle industry, general industry, and service. The division changed its name to Atlas Copco Tools and Assembly Systems.

## Industrial Technique, Operating Profit

SEK m.  
1,500

Revenues were SEK 3,161 m. (2,730), up 16 percent from the fourth quarter of 1999. The corresponding increase in volume was 5 percent.

Operating profit increased 40 percent to SEK 378 m. (271). The operating profit margin was 12 percent (9.9). The improved margin reflected general operational improvements in the business area and a favorable revenue mix thanks to stronger sales of sophisticated industrial power tools. The net effect of changes in foreign exchange rates was negligible.

## Rental Service Business Area

Since January 1, 2001, the Rental Service business area has consisted of a single division in the equipment rental industry in North America, providing services to construction and industrial markets.

SEK m.	Oct.–Dec. Change			Jan.–Dec. Change		
	2000	1999	%	2000	1999	%
Revenues	3,849	2,815	+37	13,955	7,434	+88
Operating profit	532	422	+26	1,855*	1,010	+84*
– as a percentage of revenues	13.8	15.0		13.3*	13.6	

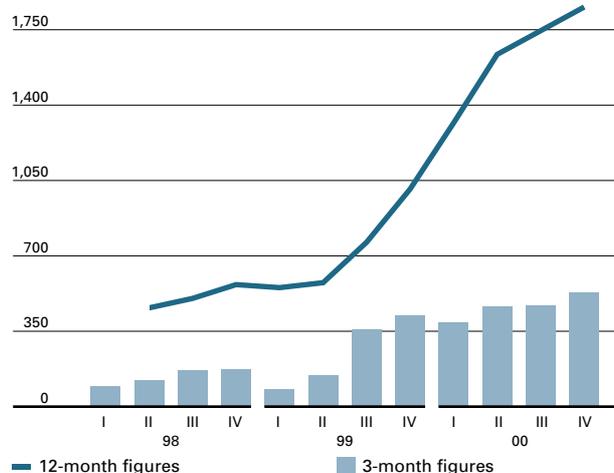
\*2000 operating profit includes SEK 127 m. in non-recurring restructuring costs from Q3. Excluding these items, the margin was 14.2 percent.

- Double-digit increase in volume.
- RSC and Prime merger under way.
- Seven greenfield start-ups and nine stores acquired. Total locations now 589.

Revenues for the fourth quarter increased 37 percent, to SEK 3,849 m. (2,815). The volume gain was 11 percent for comparable units. Translation effects from foreign exchange fluctuations added 18 percent, while acquisitions and price changes had a net effect of 8 percent. On average, rental rates were only marginally less in the preceding year. Rental revenues accounted for 74 percent of total revenues in the quarter. Sales of equipment, parts, and merchandise represented 16 percent of revenues, and sales of used equipment totaled 10 percent.

The equipment rental business continues to grow at a faster

## Rental Service, Operating Profit

SEK m.  
2,100

pace than the industries it serves because of the trend towards renting instead of owning equipment. Business activity in the construction sector, where non-residential building is the biggest customer segment, remained steady despite harsh weather conditions at the end of the quarter. The industrial side of the business continued to strengthen, albeit without the “Y2K effect” that boosted last year’s fourth quarter.

The merger of Prime and RSC was effective January 1, 2001, from which date the entire new division, named Rental Service Corporation, has used the same fleet and IS platform.

Operating profit, including goodwill amortization, was SEK 532 m. (422), corresponding to a margin of 13.8 percent (15.0). Seasonally low demand for rental equipment in the United States, paired with higher costs related to a larger rental fleet than a year ago, had a negative effect on the operating margin.

## Parent Company

Profit after financial income and expense for Atlas Copco AB totaled SEK 2,026 m. (1,261). Net profit for the year, after appropriations and taxes, was SEK 1,673m. (1,037).

## Dividend

The Board of Directors proposes that a dividend of SEK 5.25 (4.75) be paid for fiscal 2000. That corresponds to a total of SEK 1,100 m. (996).

Stockholm, February 12, 2001

Giulio Mazzalupi  
President and Chief Executive Officer

## Acquisitions and Divestments 1999–2000

Time	Acquisitions	Divestments	Business Area	Sales* SEK m.	No. of employees*
2000 Q4	Various small rental cos.		Rental Service	49	41
2000 Oct. 31		JKS Lamage	Construction & Mining T.	50	35
2000 Sep. 6	Hobic Bit Industries		Construction & Mining T.	60	85
2000 Q3	Various small rental cos.		Rental Service	115	
2000 Q2	Various small rental cos.		Rental Service	130	
2000 Apr. 24		Atlas Copco Rotoflow	Compressor Technique	300	140
2000 Q1	Various small rental cos.		Rental Service	80	
1999 Oct.	Tool Technics		Industrial Technique	40	32
1999 Q4	Various small rental cos.		Rental Service	40	
1999 Aug. 31		Atlas Copco Controls	Industrial Technique	470	235
1999 Jul. 29	Rental Service Corp.		Rental Service	5,520	3,600
1999 Jul. 1	ABIRD		Compressor Technique	40	25
1999 Jan.	Rand Air		Compressor Technique	90	

\*Annual revenues and number of employees at time of acquisition/divestment.

## Revenues by Business Area

SEK m.	October–December			January–December		
	1998	1999	2000	1998	1999	2000
Compressor Technique	3,466	3,521	4,107	13,540	13,202	14,720
Construction and Mining Technique	1,650	1,572	1,898	6,437	5,725	7,083
Industrial Technique	2,679	2,730	3,161	10,059	10,345	11,454
Rental Service	1,151	2,815	3,849	4,010	7,434	13,955
Eliminations	-101	-131	-174	-306	-472	-685
Atlas Copco Group	8,845	10,507	12,841	33,740	36,234	46,527

SEK m. (by quarter)	1999				2000			
	1	2	3	4	1	2	3	4
Compressor Technique	2,971	3,422	3,288	3,521	3,345	3,625	3,643	4,107
Construction and Mining Technique	1,353	1,477	1,323	1,572	1,650	1,809	1,726	1,898
Industrial Technique	2,448	2,645	2,522	2,730	2,619	2,805	2,869	3,161
Rental Service	1,082	1,202	2,335	2,815	3,023	3,332	3,751	3,849
Eliminations	-103	-127	-111	-131	-120	-197	-194	-174
Atlas Copco Group	7,751	8,619	9,357	10,507	10,517	11,374	11,795	12,841

## Earnings by Business Area

SEK m.	October–December			January–December		
	1998	1999	2000	1998	1999	2000
Compressor Technique	533	612	795	2,283	2,153	2,737
Construction and Mining Technique	126	121	171	498	397	650
Industrial Technique	281	271	378	1,046	1,032	1,238
Rental Service	175	422	532	566	1,010	1,855
Corporate items	9	-26	-53	-48	-122	-88
Operating profit	1,124	1,400	1,823	4,345	4,470	6,392
– as a percentage of revenues	12.7	13.3	14.2	12.9	12.3	13.7
Financial income and expenses	-178	-378	-452	-708	-1,058	-1,703
Profit after financial items	946	1,022	1,371	3,637	3,412	4,689
– as a percentage of revenues	10.7	9.7	10.7	10.8	9.4	10.1

SEK m. (by quarter)	1999				2000			
	1	2	3	4	1	2	3	4
Compressor Technique	390	572	579	612	580	664	698	795
Construction and Mining Technique	84	104	88	121	142	173	164	171
Industrial Technique	216	257	288	271	263	299	298	378
Rental Service	83	146	359	422	390	464	469	532
Corporate items	-48	-17	-31	-26	-47	-59	71	-53
Operating profit	725	1,062	1,283	1,400	1,328	1,541	1,700	1,823
– as a percentage of revenues	9.4	12.3	13.7	13.3	12.6	13.5	14.4	14.2
Financial income and expenses	-168	-194	-318	-378	-385	-411	-455	-452
Profit after financial items	557	868	965	1,022	943	1,130	1,245	1,371
– as a percentage of revenues	7.2	10.1	10.3	9.7	9.0	9.9	10.6	10.7

**Forward-looking statements:** Some statements in this report are forward-looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes. 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.