Atlas Copco Press Release from the Atlas Copco Group

February 2, 2010

Atlas Copco

Interim report on Q4 and full-year 2009 summary
(unaudited)

Healthy profit, strong cash flow and slight improvement in demand in Q4

- **Organic order intake declined 9% and amounted to MSEK 15 276.**
- **Revenues declined 19% to MSEK 15 942.**
- **Resumed growth in aftermarket.**
- **Operating profit reached MSEK 2 450 (3 288).**
  - **Restructuring costs of MSEK 80 (258).**
  - **Adjusted operating margin at 15.9% (18.0)**
- **Profit before tax amounted to MSEK 2 324 (3 508).**
  - **Previous year includes a tax-free capital gain of MSEK 939**
- **Profit for the period was MSEK 1 700 (2 919).**
- **Basic earnings per share were SEK 1.39 (2.39).**
- **Strong operating cash flow at MSEK 3 672 (2 401).**
- **The Board proposes a dividend of SEK 3.00 (3.00) per share and a share repurchase program.**

	October – December			January – December		
MSEK	2009	2008	%	2009	2008	%
Orders received	15 276	15 437	-1	58 451	73 572	-21
Revenues	15 942	19 731	-19	63 762	74 177	-14
Operating profit	2 450	3 288	-25	9 090	13 806	-34
– as a percentage of revenues	*15.4*	*16.7*		*14.3*	*18.6*	
Profit before tax	2 324	3 508	-34	8 271	13 112	-37
– as a percentage of revenues	*14.6*	*17.8*		*13.0*	*17.7*	
Profit from continuing operations	1 700	2 919	-42	6 276	10 006	-37
Profit from discontinued operations, net of tax	-	-		-	184	
Profit for the period [1)]	1 700	2 919	-42	6 276	10 190	-38
Basic earnings per share from continuing operations, SEK	1.39	2.39		5.14	8.18	
Basic earnings per share, SEK [1)]	1.39	2.39		5.14	8.33	
Diluted earnings per share, SEK [1)]	1.38	2.39		5.13	8.33	

[1)] Including discontinued operations.

Near-term demand outlook

The overall demand for the Group’s products and services is expected to improve somewhat.

Many emerging markets are foreseen to have a continued favorable development and demand from the mining industry is expected to improve.

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Atlas Copco Group

Summary of full year 2009 results

Orders received in 2009 decreased 21%, to MSEK 58 451 (73 572), corresponding to an organic decline of 29%. Revenues decreased 14%, to MSEK 63 762 (74 177), corresponding to 22% organic decline.

Sales bridge

	January – December	
MSEK	Orders Received	Revenues
2008	73 572	74 177
Cancellations, %	+1*	-
Structural change, %	0	0
Currency, %	+7	+8
Price, %	+1	+1
Volume, %	-30	-23
Total, %	-21	-14
2009	58 451	63 762

*Net effect of cancellations in 2008 and 2009.

Operating profit decreased 34% to MSEK 9 090 (13 806). Restructuring costs and other costs affecting comparability amounted to MSEK 569 (292). Adjusted operating margin was 15.1% (19.0). Changes in exchange rates compared with the previous year had a positive effect of approximately MSEK 960. Profit before tax amounted to MSEK 8 271 (13 112), down 37% and corresponding to a margin of 13.0% (17.7). Financial items from the previous year included a tax-free capital gain of MSEK 939 as well as an MSEK 33 gain from the sale of RSC shares. Profit for the period totaled MSEK 6 276 (10 190, including MSEK 184 from discontinued operations). Basic and diluted earnings per share were SEK 5.14 (8.33), and SEK 5.13 (8.33), respectively. Earnings per share from continuing operations were SEK 5.14 (8.18).

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 13 290 (4 751).

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 3.00 (3.00) per share be paid for the 2009 fiscal year. Excluding shares currently held by the company, this corresponds to a total of MSEK 3 648 (3 648).

Proposed share repurchase mandate

The Board of Directors proposes that the Annual General Meeting approves a mandate for the repurchase of a maximum of 5% of the total number of shares issued by the company.

This authorization would cover the period up to the Annual General Meeting in 2011.

The intention with the proposal is to continuously be able to adapt the capital structure to the capital needs of the company and thus contribute to increased shareholder value.

Personnel stock option program

The Board of Directors will propose to the Annual General Meeting a performance-based long-term incentive program. For Group Executive Management, the plan requires own investment in Atlas Copco shares.

It is proposed that the plan is covered as before through the repurchase of the company's own shares.

The details of the proposals will be communicated in connection with the Notice of the Annual General Meeting.

Review of the fourth quarter

Market development

Demand for some equipment and in most aftermarket business improved compared with previous quarters, but it was still on a lower level than previous year.

In **North America**, the overall demand for industrial equipment and related aftermarket improved slightly sequentially i.e. compared with previous quarters. But this was from low levels and the order intake was substantially below previous year.

Sales of equipment to the mining industry improved sequentially, whereas demand for most types of construction equipment remained weak. The demand for industrial power tools from the motor vehicle industry continued to be weak.

Demand for both mining and construction equipment improved in **South America**. Sales of compressed air equipment and industrial power tools also improved compared with recent quarters.

Order intake remained at relatively low levels in most markets in **Europe.** Some improvement was noted in Germany, in the Nordic countries and in the Eastern European mining industry. The aftermarket business remained stable at a favorable level.

Total order intake declined in the **Africa/ Middle East** region. The main reason for this is that sales of large gas and process compressors declined. Southern Africa had another tough quarter, primarily in mining.

The demand in **Asia** continued to be relatively favorable. Sales improved both sequentially and compared with previous year in China, India and many other markets for most types of equipment. Order intake declined, however, in Japan and in South Korea.

In **Australia**, demand from the mining industry and most other sectors improved somewhat sequentially. Order intake was, however, below previous year.

Sales bridge

MSEK	October – December Orders Received	Revenues
2008	15 437	19 731
Cancellations, %	+9*	-
Structural change, %	0	0
Currency, %	-1	-1
Price, %	+1	+1
Volume, %	-10	-19
Total, %	-1	-19
2009	15 276	15 942

*Cancellations in Q4 2008.

Previous near-term demand outlook

(Published October 22, 2009)

The overall demand is expected to stay around the current level. The demand in some emerging markets, including China and India, is expected to gradually improve.

Geographic distribution of orders received

%, last 12 months December 2009	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	14	16	21	16
South America	8	13	5	10
Europe	39	29	54	36
Africa/Middle East	11	15	2	12
Asia/Australia	28	27	18	26
	100	100	100	100

Earnings and profitability

Operating profit amounted to MSEK 2 450 (3 288), including MSEK 80 of restructuring costs in the Industrial Technique business area (MSEK 258 in the Group in Q4 2008). The adjusted operating margin of 15.9% (18.0) was negatively affected by lower production volumes and the resulting under-absorption of fixed costs. A better sales mix (more aftermarket) and the significant cost reductions achieved during 2009 could only partly offset this negative effect on the operating margin. The net currency effect was neutral compared to the previous year.

Net financial items were MSEK -126 (+220). Previous year included a tax-free capital gain of MSEK 939 from repatriation to Sweden of Euro-denominated equity. Interest net decreased to MSEK -166 (-340). The reduced interest cost reflects both a lower net interest-bearing debt, thanks to a strong cash generation, and lower effective interest rates.

Profit before tax amounted to MSEK 2 324 (3 508), corresponding to a margin of 14.6% (17.8).

Profit for the period totaled MSEK 1 700 (2 919). Basic and diluted earnings per share were SEK 1.39 (2.39) and 1.38 (2.39), respectively.

The return on capital employed during the last 12 months was 18% (34) and 19% (36) excluding the customer financing business. The return on equity was 26% (58). The Group currently uses a weighted average cost of capital (WACC) of 7.4%, pre-tax equivalent approximately 9.9%, as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus was MSEK 3 092 (3 759). A reduction in working capital of MSEK 1 597 (112) contributed strongly to the cash flow. The lower sales volumes and a strong focus on inventory and receivables management gave significant reductions in the working capital.

Net cash flow from financial items was positively affected by hedge-transactions of foreign subsidiaries' liquidity and equity.

Cash flows from investing activities, excluding acquisitions and divestments of businesses, decreased significantly to MSEK -172 (-1 011). Lower investments in property, plant and equipment and reduced customer financing volumes explained most of the drop.

Operating cash flow equaled MSEK 3 672 (2 401).

Net indebtedness

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 10 906 (21 686), of which MSEK 1 768 (1 922) was attributable to post-employment benefits. The funding situation for the Group is favorable, with an average tenor of around five years. The net debt/EBITDA ratio, indicating the Group's ability to service its interest bearing debt, was 0.9 (1.4). The debt/equity ratio was 42% (91).

Employees

On December 31, 2009, the number of employees was 29 802 (34 043). The number of full-time consultants/external workforce was 1 042 (1 340). For comparable units, the total workforce decreased by 4 708 from December 31, 2008.

Compressor Technique

The Compressor Technique business area consists of seven divisions in the following product areas: industrial compressors, compressed air treatment products, portable compressors and generators, gas and process compressors and expanders, service and specialty rental.

MSEK	October – December 2009	2008	Change %	January – December 2009	2008	Change %
Orders received	**7 231**	**8 302**	**-13**	29 680	36 511	**-19**
Revenues	**8 144**	**9 866**	**-17**	32 524	35 587	**-9**
Operating profit	**1 594**	**2 016***	**-21**	5 752*	7 291*	**-21**
– as a percentage of revenues	***19.6***	***20.4****		*17.7**	*20.5**	
Return on capital employed, %	**45**	**57**				

** Includes item affecting comparability of MSEK -93 in Q4 2008 and MSEK -234 (-74) for the full year. Adjusted margin was 21.4% in Q4 2008 and 18.4% (20.7) for the full year.*

- Order intake for industrial and portable compressors improved compared with previous quarter.
- Operating margin at 19.6% supported by positive sales mix and cost savings.
- Agreement to acquire Quincy Compressor – will strengthen presence in North America and China.

Sales bridge

MSEK	October – December Orders Received	Revenues
2008	8 302	9 866
Cancellations, %	+2*	-
Structural change, %	0	0
Currency, %	-3	-1
Price, %	+1	+1
Volume, %	-13	-17
Total, %	-13	-17
2009	7 231	8 144

*Cancellations in Q4 2008

Industrial compressors

Demand for stationary industrial compressors remained low in most developed countries, but a slight sequential improvement in order intake was noted. Order volumes grew, compared with previous quarter as well as with previous year in China, India and Brazil. Sales in North America improved slightly compared with previous quarter, but were unchanged in Europe. Demand for small and medium-sized compressors was relatively better than large machines. In some industrial segments, e.g. chemical, food, textile, and automotive, a sequential improvement was noted. Order intake for air treatment products such as dryers, coolers, and filters was below previous year, but roughly flat compared with Q3.

Gas and process compressors

Order intake for large gas and process compressors, including expanders, was significantly lower, with order volumes down by approximately 50%.

Portable compressors, generators and rental

Demand for portable compressors and generators remained low but improved slightly compared with Q3 and was approximately at the same level as in Q4 2008. South America and several emerging markets in Asia had a positive development.

The specialty rental business, i.e. rental of portable air and power, recorded lower revenues in North America and Europe, partly compensated by higher sales in emerging markets.

Aftermarket

Sales of service and spare parts increased slightly on a sequential basis and were at the same level as previous year. Many emerging markets performed slightly better than the average.

Product development

A range of oil-injected screw compressors including dryers with a more environmentally friendly refrigerant was introduced. The QAS range of generators was extended with a larger 575 kVA model.

Structural changes

In December, an agreement was reached to acquire Quincy Compressor, based in the United States. Quincy had revenues of MUSD 174 in 2008. The acquisition supports Atlas Copco's profitable growth in North America and China. The acquisition is expected to be closed in the first quarter of 2010.

To be able to better serve customers in Asia, construction of a new production facility for gas and process compressors was initiated in China. The investment is more than MSEK 100 and will be finalized in late 2010.

Profit and returns

Operating profit decreased to MSEK 1 594 (2 016), corresponding to an operating margin of 19.6% (20.4). The margin was negatively affected by lower volumes, but supported by a more favorable sales mix and continuous cost reductions. Return on capital employed (last 12 months) was 45% (57).

Construction and Mining Technique

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

	October – December		Change	January – December		Change
MSEK	2009	2008	%	2009	2008	%
Orders received	**6 577**	**5 470**	**+20**	23 500	30 129	-22
Revenues	**6 395**	**8 007**	**-20**	25 909	31 660	-18
Operating profit	**904**	**1 280***	**-29**	3 470*	5 602*	-38
– as a percentage of revenues	***14.1***	***16.0****		*13.4**	*17.7**	
Return on capital employed, %	**17**	**29**				

** Includes item affecting comparability of MSEK -100 in Q4 2008 and MSEK -143 (-110) for the full year. Adjusted margin was 17.2% in Q4 2008 and 13.9% (18.0) for the full year.*

- Order intake improved compared with previous quarter for equipment used in mining and infrastructure construction.
- Growth in aftermarket and consumables.
- Operating margin at 14.1%, negatively affected by lower volume.

Sales bridge

	October – December	
MSEK	Orders Received	Revenues
2008	5 470	8 007
Cancellations, %	+24*	-
Structural change, %	0	0
Currency, %	+1	0
Price, %	0	+1
Volume, %	-5	-21
Total, %	+20	-20
2009	6 577	6 395

*Cancellations in Q4 2008

Mining

Order intake for mining equipment, including prospecting equipment, improved compared with previous quarters. The activity level and demand for capital equipment was positively affected by a certain confidence in the sustainability of prices and demand for metals, primarily driven by China and other emerging markets. Adjusted for the cancellations in Q4 2008, the order volumes for mining equipment were still below previous year.

Construction

Demand continued to be weak within most parts of the construction segment and adjusted for the cancellations in Q4 2008, order intake was below previous year. Sequentially, higher order intake was noted for underground drilling equipment for infrastructure projects, e.g. tunneling and hydropower.

Sales of light construction equipment also improved from very low levels, mainly as a result of improved demand from distributors and rental companies.

Sales of drilling rigs for surface applications used in quarries and road construction remained on a low level.

Order intake for road construction equipment improved slightly compared with previous quarter.

Aftermarket and consumables

Demand for service and spare parts remained stable and growth was recorded both sequentially and compared to the previous year. A primary driver for this development was increased activity in the mining industry. Sales of consumables, mainly drill bits and drill steel, improved slightly. The best development was recorded in Europe and Asia, whereas sales in North America declined.

Structural changes

The manufacturing of asphalt pavers and rollers was consolidated into available space in the facility in Garland, Texas, in the United States.

Product development

A new paver designed for the market in the United States was introduced. In addition, two small underground drill rigs for mining applications and four new surface drill rigs were brought to the market.

Profit and returns

Operating profit decreased to MSEK 904 (1 280), a margin of 14.1% (16.0). The margin was negatively affected by low capacity utilization, whereas a favorable sales mix, price and cost reductions supported the margin.

Return on capital employed (last 12 months) was 17% (29).

Industrial Technique

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

MSEK	October – December 2009	2008	Change %	January – December 2009	2008	Change %
Orders received	**1 505**	**1 732**	**-13**	5 367	7 407	-28
Revenues	**1 455**	**2 001**	**-27**	5 392	7 450	-28
Operating profit	**107***	**261***	**-59**	253*	1 328*	-81
– as a percentage of revenues	***7.4****	***13.0****		*4.7**	*17.8**	
Return on capital employed, %	**9**	**43**				

** Includes item affecting comparability of MSEK -80 (-59) in Q4 and MSEK -187 (-102) for the full year. Adjusted margin was 12.9% (16.0) in Q4 and 8.2% (19.2) for the full year.*

- Sequential improvement in order intake, but still weak demand. Order intake down 14% organically.
- Restructuring costs of MSEK 80.
- Adjusted operating margin at 12.9%, an improvement compared to previous quarters.

Sales bridge

MSEK	October – December Orders Received	Revenues
2008	1 732	2 001
Structural change, %	0	0
Currency, %	+1	0
Price, %	0	0
Volume, %	-14	-27
Total, %	-13	-27
2009	1 505	1 455

General industry

Order intake for industrial power tools to the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, improved compared with previous quarter in all major regions from relatively low levels. Compared to the fourth quarter 2008, sales grew in Asia, were moderately down in North America and significantly down in Europe.

Motor vehicle industry

Demand for advanced industrial tools and assembly systems to the motor vehicle industry remained low in all regions, even if a moderate sequential improvement was noted. Year-on-year, the geographical development was similar to that of the general industry, notably with growth in Asia. The pickup in car production from the very low levels in the beginning of the year have had very limited effect on investments in assembly tools.

Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, recorded sales clearly below the previous year's level in all major regions.

Aftermarket

The service business continued to grow in many emerging markets. The positive trend noted in North America previous quarter continued and also Europe developed well compared with previous quarter. Still, order intake declined compared with previous year in most developed markets.

Product development

A new ergonomic and compact screwdriver optimized for assembly of electronics products was launched in the quarter. In addition, a battery powered torque analyzer was introduced. It enables operators to check torque with very high precision in low-torque assembly applications such as electronics and watch manufacturing.

Structural changes

Restructuring costs of MSEK 80 was recorded in the quarter, primarily related to closure of manufacturing facilities in Germany and Japan.

Profit and returns

Operating result was MSEK 107 (261), including restructuring costs of MSEK 80 (59). Excluding these items, the operating margin was 12.9% (16.0). Under-absorption due to significantly lower production levels than previous year and currency affected the margin negatively.

Return on capital employed (last 12 months) was 9% (43).

Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS) as disclosed in the Annual Report 2008, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2009, as explained below.

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting.

Changes in accounting principles

Revised IAS 1 Presentation of Financial Statements

The adoption of the revised IAS 1 results in that total comprehensive income is now presented in an income statement and a separate statement of comprehensive income. The statement of changes in equity now includes only transactions with owners and total comprehensive income. Items of comprehensive income were previously included in the statement of changes in equity.

Amendment to IFRS 7 Improving Disclosures about Financial Instruments

The adoption of the amended IFRS 7 mainly results in new disclosure requirements about financial instruments measured at fair value in the balance sheet.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting and introduces the “management approach” to segment reporting. The operating segments are identified based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker. The Group’s President has been identified as the Chief Operating Decision Maker.

The adoption of IFRS 8 does not require any change in the presentation of the segments as those previously presented correspond to the operating segments reviewed by the Group’s Chief Operating Decision Maker, i.e. the business areas. Accordingly, there has been no restatement of previously reported information.

The accounting principles applicable for the segment presentation are the same as those principles described in the Annual Report for 2008.

Revised IAS 23 Borrowing Costs

The revised standard requires capitalization of borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. The implementation constitutes a change in accounting policy for the Group and is applicable for qualifying assets for which capitalization of borrowing costs commences on or after January 1, 2009. The adoption of this accounting policy has not had a significant impact on the consolidated financial statements.

Other new and amended IFRS standards and IFRIC interpretations

The other new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2009, have had no material effect on the consolidated financial statements.

Risks and factors of uncertainty

Market risks

The demand for Atlas Copco’s products and services is affected by changes in the customers’ investment and production levels. Sales volumes and the operating profit are therefore affected by customers’ ability and willingness to invest. Changes in customer’s production levels also have an effect on sales of aftermarket products such as spare parts, service, and consumables. These changes have however historically been relatively small in comparison to changes in machinery investments.

Financial risks

Atlas Copco is subject to currency risks, interest rate risks, and other financial risks. Changes in exchange rates can adversely affect the Group. To limit this risk, the Group’s operations are continuously monitoring and adjusting sales-price levels and cost structures. Financial hedging is normally not used for transaction exposure, but loans and derivatives are used to safeguard the Group’s net investments in foreign currencies. Changes in market interest rates can influence the net interest costs. Atlas Copco is also exposed to credit risk from end customers. No major concentration of credit risk exists and the provision for bad debt is deemed sufficient based upon known cases and provisions for losses based on historical loss levels incurred.

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. Reflecting the current economic situation, management is closely monitoring the carrying value of goodwill and intangible assets related to acquired businesses.

For further information about risk factors, please see the 2008 Annual Report.

Stockholm, February 2, 2010
Atlas Copco AB
(publ)

Ronnie Leten
President and Chief Executive Officer

Consolidated Income Statement

MSEK	3 months ended Dec. 31 2009	3 months ended Dec. 31 2008	12 months ended Dec. 31 2009	12 months ended Dec. 31 2008
Revenues	15 942	19 731	63 762	74 177
Cost of sales	-10 593	-13 011	-42 631	-47 786
Gross profit	**5 349**	**6 720**	**21 131**	**26 391**
Marketing expenses	-1 624	-1 979	-6 806	-7 414
Administrative expenses	-963	-1 087	-3 845	-3 914
Research and development expenses	-373	-355	-1 410	-1 473
Other operating income and expenses	61	-11	20	216
Operating profit	**2 450**	**3 288**	**9 090**	**13 806**
- as a percentage of revenues	*15.4*	*16.7*	*14.3*	*18.6*
Net financial items	-126	220	-819	-694
Profit before tax	**2 324**	**3 508**	**8 271**	**13 112**
- as a percentage of revenues	*14.6*	*17.8*	*13.0*	*17.7*
Income tax expense	-624	-589	-1 995	-3 106
Profit from continuing operations	**1 700**	**2 919**	**6 276**	**10 006**
Profit from discontinued operations, net of tax	-	-	-	184
Profit for the period	**1 700**	**2 919**	**6 276**	**10 190**
- attributable to equity holders of the parent	*1 690*	*2 911*	*6 244*	*10 157*
- attributable to minority interest	*10*	*8*	*32*	*33*
Basic earnings per share, SEK	**1.39**	**2.39**	**5.14**	**8.33**
- of which continuing operations	*1.39*	*2.39*	*5.14*	*8.18*
Diluted earnings per share, SEK	1.38	2.39	5.13	8.33
Basic weighted average number of shares outstanding, millions	1 215.9	1 215.9	1 215.9	1 219.1
Diluted weighted average number of shares outstanding, millions	1 216.4	1 216.3	1 216.3	1 219.8

Key ratios, including discontinued operations		
Equity per share, period end, SEK	21	20
Return on capital employed before tax, 12 month values, %	18	34
Return on equity after tax, 12 month values, %	26	58
Debt/equity ratio, period end, %	42	91
Equity/assets ratio, period end, %	38	32
Number of employees, period end	29 802	34 043

Consolidated Statement of Comprehensive Income

	3 months ended		12 months ended	
	Dec. 31	Dec. 31	Dec. 31	Dec. 31
MSEK	2009	2008	2009	2008
Profit for the period	**1 700**	**2 919**	**6 276**	**10 190**
Other comprehensive income				
Translation differences on foreign operations	614	4 190	-1 098	5 764
- realized and reclassified to income statement	-	-847	-	-850
Hedge of net investments in foreign operations	-173	-2 394	951	-3 432
- realized and reclassified to income statement	-	656	-	656
Cash flow hedges	9	-230	410	-392
Available-for-sale investments	-8	-207	-128	-281
- realized and reclassified to income statement	-	-33	-	-33
Income tax relating to components of other comprehensive income	122	1 687	-845	2 373
Income tax relating to components of other comprehensive income, reclassified to income statement	-	-749	-	-749
Other comprehensive income for the period, net of tax	**564**	**2 073**	**-710**	**3 056**
Total comprehensive income for the period	**2 264**	**4 992**	**5 566**	**13 246**
Total comprehensive income attributable to				
- owners of the parent	2 247	4 973	5 540	13 212
- minority interest	17	19	26	34

Consolidated Balance Sheet

MSEK	Dec. 31, 2009	Dec. 31, 2008
Intangible assets	12 697	12 916
Rental equipment	2 056	2 282
Other property, plant and equipment	5 993	6 353
Financial assets and other receivables	4 175	5 287
Deferred tax assets	2 381	2 690
Total non-current assets	**27 302**	**29 528**
Inventories	11 377	17 106
Trade and other receivables	15 433	21 603
Other financial assets	1 530	1 659
Cash and cash equivalents	12 165	5 455
Assets classified as held for sale	67	43
Total current assets	**40 572**	**45 866**
TOTAL ASSETS	**67 874**	**75 394**
Equity attributable to owners of the parent	25 509	23 627
Minority interest	162	141
TOTAL EQUITY	**25 671**	**23 768**
Borrowings	21 008	26 997
Post-employment benefits	1 768	1 922
Other liabilities and provisions	658	660
Deferred tax liabilities	589	155
Total non-current liabilities	**24 023**	**29 734**
Borrowings	2 959	1 485
Trade payables and other liabilities	13 936	19 033
Provisions	1 285	1 374
Total current liabilities	**18 180**	**21 892**
TOTAL EQUITY AND LIABILITIES	**67 874**	**75 394**

Consolidated Statement of Changes in Equity

	Equity attributable to		
MSEK	owners of the parent	minority interest	Total equity
Opening balance, January 1, 2008	**14 524**	**116**	**14 640**
Changes in equity for the period			
Dividends	-3 662	-5	-3 667
Repurchase of own shares	-453	-	-453
Acquisition of minority shares in subsidiaries	1	-4	-3
Share-based payments, equity settled	5	-	5
Total comprehensive income for the period	13 212	34	13 246
Closing balance, December 31, 2008	**23 627**	**141**	**23 768**

	Equity attributable to		
MSEK	owners of the parent	minority interest	Total equity
Opening balance, January 1, 2009	**23 627**	**141**	**23 768**
Changes in equity for the period			
Dividends	-3 648	-6	-3 654
Acquisition of minority shares in subsidiaries	-	1	1
Share-based payments, equity settled	-10	-	-10
Total comprehensive income for the period	5 540	26	5 566
Closing balance, December 31, 2009	**25 509**	**162**	**25 671**

Consolidated Statement of Cash Flows, including discontinued operations

MSEK	October – December 2009	2008	January – December 2009	2008
Cash flows from operating activities				
Operating profit	2 450	3 288	9 090	13 806
Depreciation, amortization and impairment	630	597	2 470	2 080
Capital gain/loss and other non-cash items	12	-126	-126	-81
Operating cash surplus	3 092	3 759	11 434	15 805
Net financial items received/paid	-188	1 127	-1 575	44
Taxes paid	-199	-1 149	-1 759	-3 975
Change in working capital	1 597	112	6 715	-2 991
Net cash from operating activities	**4 302**	**3 849**	**14 815**	**8 883**
Cash flows from investing activities				
Investments in rental equipment	-225	-438	-769	-1 158
Investments in other property, plant and equipment	-166	-453	-954	-1 741
Sale of rental equipment	153	124	557	419
Sale of other property, plant and equipment	12	21	79	96
Investments in intangible assets	-172	-225	-657	-646
Sale of intangible assets	3	-	6	1
Acquisition of subsidiaries	-9	-55	-196	-370
Divestment of subsidiaries	3	-	25	92
Other investments, net	223	-40	683	-1 086
Net cash from investing activities	**-178**	**-1 066**	**-1 226**	**-4 393***
Cash flows from financing activities				
Dividends paid	-	-	-3 652	-3 667
Repurchase of own shares	-	-	-	-453
Change in interest-bearing liabilities	-1 970	-825	-3 152	1 414
Net cash from financing activities	**-1 970**	**-825**	**-6 804**	**-2 706**
Net cash flow for the period	**2 154**	**1 958**	**6 785**	**1 784**
Cash and cash equivalents, beginning of the period	10 005	3 403	5 455	3 473
Exchange differences in cash and cash equivalents	5	94	-76	198
Cash and cash equivalents, end of the period	**12 164**	**5 455**	**12 164**	**5 455**

* Includes taxes paid and costs related to the divestment of the equipment rental business of MSEK -41

Depreciation, amortization and impairment				
Rental equipment	*172*	*186*	*720*	*585*
Other property, plant and equipment	*265*	*251*	*1 026*	*891*
Intangible assets	*193*	*160*	*724*	*604*
Total	*630*	*597*	*2 470*	*2 080*

Calculation of operating cash flow

MSEK	October – December 2009	2008	January – December 2009	2008
Net cash flow for the period	**2 154**	**1 958**	**6 785**	**1 784**
Add back				
- Change in interest-bearing liabilities	1 970	825	3 152	-1 414
- Redemption and repurchase of shares	-	-	-	453
- Dividends paid	-	-	3 652	3 667
- Acquisitions and divestments	6	55	171	278
- Equity hedges in net financial items	-458	-437	-470	-17
Operating cash flow	**3 672**	**2 401**	**13 290**	**4 751**

Revenues by Segment

MSEK (by quarter)				2008				2009
	1	2	3	4	1	2	3	4
Compressor Technique	8 053	8 640	9 028	9 866	8 360	8 221	7 799	8 144
- of which external	*7 967*	*8 544*	*8 937*	*9 777*	*8 292*	*8 180*	*7 757*	*8 083*
- of which internal	*86*	*96*	*91*	*89*	*68*	*41*	*42*	*61*
Construction and Mining Technique	7 344	8 567	7 742	8 007	6 816	6 722	5 976	6 395
- of which external	*7 304*	*8 474*	*7 681*	*7 917*	*6 785*	*6 712*	*5 968*	*6 375*
- of which internal	*40*	*93*	*61*	*90*	*31*	*10*	*8*	*20*
Industrial Technique	1 825	1 836	1 788	2 001	1 483	1 211	1 243	1 455
- of which external	*1 819*	*1 829*	*1 783*	*1 995*	*1 478*	*1 207*	*1 240*	*1 451*
- of which internal	*6*	*7*	*5*	*6*	*5*	*4*	*3*	*4*
Common Group functions/ Eliminations	-100	-159	-118	-143	-82	1	70	-52
Atlas Copco Group	**17 122**	**18 884**	**18 440**	**19 731**	**16 577**	**16 155**	**15 088**	**15 942**

Operating profit by Segment

MSEK (by quarter)				2008				2009
	1	2	3	4	1	2	3	4
Compressor Technique	1 643	1 711	1 921	2 016	1 384	1 323	1 451	1 594
- as a percentage of revenues	*20.4*	*19.8*	*21.3*	*20.4*	*16.6*	*16.1*	*18.6*	*19.6*
Construction and Mining Technique	1 252	1 615	1 455	1 280	868	875	823	904
- as a percentage of revenues	*17.0*	*18.9*	*18.8*	*16.0*	*12.7*	*13.0*	*13.8*	*14.1*
Industrial Technique	412	318	337	261	76	-13	83	107
- as a percentage of revenues	*22.6*	*17.3*	*18.8*	*13.0*	*5.1*	*-1.1*	*6.7*	*7.4*
Common Group functions/ Eliminations	-59	-14	-73	-269	-156	-119	45	-155
Operating profit	**3 248**	**3 630**	**3 640**	**3 288**	**2 172**	**2 066**	**2 402**	**2 450**
- as a percentage of revenues	*19.0*	*19.2*	*19.7*	*16.7*	*13.1*	*12.8*	*15.9*	*15.4*
Net financial items	-222	-276	-416	220	-378	-123	-192	-126
Profit before tax	**3 026**	**3 354**	**3 224**	**3 508**	**1 794**	**1 943**	**2 210**	**2 324**
- as a percentage of revenues	*17.7*	*17.8*	*17.5*	*17.8*	*10.8*	*12.0*	*14.6*	*14.6*

Acquisitions and Divestments 2008 – 2009

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2009 Sep. 8	Servis A.C. s.r.o.		Compressor Technique	10	10
2009 Apr. 1	Focus and Prisma		Construction & Mining	93	104
2009 Jan. 12	Compressor Engineering - UK distributor		Compressor Technique	40	39
2008 Nov. 20**	Aggreko European Rental		Compressor Technique	91	25
2008 Aug. 8	Industrial Power Sales - distributor		Industrial Technique		61
2008 May 23	Two US distributors		Compressor Technique		60
2008 May 2	Hurricane and Grimmer		Compressor Technique	146	90
2008 Apr. 30	Fluidcon		Construction & Mining	68	223
2008 Feb. 13		Guimera	Compressor Technique	130	92

* 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, full disclosure as per IFRS 3 is not given in this interim report. The annual report for 2009 will include all stipulated disclosures for acquisitions made during 2009. See the annual report for 2008 for disclosure of acquisitions and divestments made in 2008.

** The acquisition was finalized on March 1, 2009 after anti-trust approval in all relevant countries.

Parent Company

Income Statement

MSEK	October – December 2009	October – December 2008	January – December 2009	January – December 2008
Administrative expenses	-104	-89	-330	-287
Other operating income and expenses	33	69	146	223
Operating profit/loss	**-71**	**-20**	**-184**	**-64**
Financial income and expense	4 408	1 361	10 840	4 614
Profit after financial items	**4 337**	**1 341**	**10 656**	**4 550**
Appropriations	-	864	-	1 178
Profit before tax	**4 337**	**2 205**	**10 656**	**5 728**
Income tax	-461	-204	-94	353
Profit for the period	**3 876**	**2 001**	**10 562**	**6 081**

Balance Sheet

MSEK	Dec. 31 2009	Dec. 31 2008
Total non-current assets	93 880	93 055
Total current assets	14 657	15 654
TOTAL ASSETS	**108 537**	**108 709**
Total restricted equity	5 785	5 785
Total non-restricted equity	35 483	27 475
TOTAL EQUITY	**41 268**	**33 260**
Total provisions	202	95
Total non-current liabilities	53 059	52 287
Total current liabilities	14 008	23 067
TOTAL EQUITY AND LIABILITIES	**108 537**	**108 709**
Assets pledged	47	29
Contingent liabilities	248	411

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 2.2, *Accounting for Legal Entities* as disclosed in the Annual Report 2008.

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
- of which A shares held by Atlas Copco	*-11 275 000*
- of which B shares held by Atlas Copco	*-2 428 400*
Total shares outstanding, net of shares held by Atlas Copco	1 215 909 704

Atlas Copco presently has a mandate to buy back a maximum of 5 570 000 series A shares on NASDAQ OMX Stockholm to be able to fulfill the obligations under the performance stock option plan 2009 and the part of the board fee relating to synthetic shares. The mandate was granted at the Annual General Meeting in April 2009 and is valid up until the AGM in 2010. No repurchases were made in the fourth quarter of 2009. The company's present holding of own shares appears in the table above. The A shares are held for possible delivery under the 2006, 2007 and 2008 performance stock option plans. The B shares held can be divested over time to cover costs related to the stock option plans. The current mandate covers the sale of not more than 1 445 000 series B shares.

Risks and factors of uncertainty

Financial risks

Atlas Copco is subject to currency risks, interest rate risks, and other financial risks. Atlas Copco AB has secured long-term loans and a guaranteed long-term stand-by credit facility. A deterioration of the functioning of the financial markets could lead to increased costs and difficulty to meet future funding needs.

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 2008.

Financial targets

The overall objective for the Atlas Copco Group is to grow and to achieve a return on capital employed that will always exceed the Group's average total cost of capital.

The financial targets are:

- to have an annual revenue growth of 8%;
- to reach an operating margin of 15%; and
- to challenge and continuously improve the efficiency of operating capital in terms of fixed assets, stocks, receivables, and rental fleet utilization.

This will have the result that shareholder value is created and continuously increased.

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 or the Directors refers to the Board of Directors of Atlas Copco AB.

For further information

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Conference call

A combined presentation and conference call to comment on the results will be held at 3:00 PM CET / 9:00 AM EST, on February 2. The presentation will be held at Operaterassen, Stockholm, Sweden.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0110 and the code to attend the call is 855647.

To help ensure that the conference call begins in a timely manner, please dial in 5-10 minutes prior to the scheduled start time.

The conference call will be broadcasted live via the Internet. Please see the Investor Relations section of our website for the link, presentation material, and further details: www.atlascopco.com/ir

A recording of the conference call will be available for 2 days on +44 (0)20 7031 4064 or +46 (0)8 5052 0333 with access code 855647.

Interim report on Q1 2010

The report on Q1 will be published on April 28, 2010.

Annual Report 2009

The 2009 Annual Report will be published on the website www.atlascopco.com on March 26. It will also be sent to shareholders that have requested the information.

Annual General Meeting

The Annual General Meeting for Atlas Copco AB will be held on Wednesday, April 28, 2010 at 5 p.m. in Aula Magna, Stockholm University, Frescativägen 6, Stockholm, Sweden.