

April 20, 2011

## Atlas Copco

**Interim report at March 31, 2011**

(unaudited)

### Very strong order intake and record margin

- Order intake increased to a record MSEK 21 675, organic growth of 33%.
- Revenues increased 27% organically to MSEK 18 223 (15 301).
- Operating profit increased 52% to MSEK 3 987 (2 627).
- Operating margin at 21.9% (17.2).
- Profit before tax amounted to MSEK 4 056 (2 497).
  - Whereof capital gain of MSEK 151 related to sale of shares in Rental Service.
- Profit for the period was MSEK 3 033 (1 855).
- Basic earnings per share were SEK 2.48 (1.53).
- Operating cash flow at MSEK 2 026 (2 223).
- New business area structure as of July 1.

MSEK	January – March		
	2011	2010	%
Orders received	<b>21 675</b>	<b>17 267</b>	<b>+26</b>
Revenues	<b>18 223</b>	<b>15 301</b>	<b>+19</b>
Operating profit	<b>3 987</b>	<b>2 627</b>	<b>+52</b>
– as a percentage of revenues	<b>21.9</b>	<b>17.2</b>	
Profit before tax	<b>4 056</b>	<b>2 497</b>	<b>+62</b>
– as a percentage of revenues	<b>22.3</b>	<b>16.3</b>	
Profit for the period	<b>3 033</b>	<b>1 855</b>	<b>+64</b>
Basic earnings per share, SEK	<b>2.48</b>	<b>1.53</b>	<b>+62</b>
Diluted earnings per share, SEK	<b>2.47</b>	<b>1.52</b>	<b>+63</b>

### Near-term demand outlook

The overall demand for the Group's products and services is expected to increase somewhat. The demand in the emerging markets as well as from the mining industry is expected to stay strong. Most other markets, except southern Europe and northern Africa, are expected to continue to develop positively.

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**New business area structure**

Atlas Copco has decided to modify its business area structure to strengthen the focus on specific product and customer segments. As of July 1, the Group will have four business areas instead of three. The divisions for portable compressors and generators, road construction equipment and construction tools will join forces in the new Construction Technique business area. Divisions with underground and surface drilling products, crushing, loading and hauling, and exploration equipment will belong to the Mining and Rock Excavation Technique business area. Both these business areas will create dedicated service

divisions. Compressor Technique will focus on stationary equipment for air and gas and related service and Industrial Technique remains unchanged.

Bob Fassl has been appointed business area president Mining and Rock Excavation Technique. The search for a president of Construction Technique will start immediately.

Atlas Copco will report under the new structure as of the third quarter 2011. Pro forma figures of the four business areas in 2010 are as follows:

2010	Compressor Technique	Industrial Technique	Mining and Rock Excavation Technique	Construction Technique
Revenues, BSEK	30.0	6.5	22.5	11.2
Operating margin	~25%	19.5%	~22%	~10%

**Atlas Copco Group**

**Review of the first quarter**

**Market development**

The overall demand for the Group's products and services improved significantly, both sequentially i.e. compared with the previous quarter, and in comparison with the previous year. Healthy growth was recorded in all major customer segments.

In **North America**, order intake for compressed air equipment, industrial tools and assembly systems remained strong. The mining business recorded a record quarter supported by strong demand and a large order in Mexico. Demand for construction equipment developed favorably.

Orders received in **South America** also reached a new record, reflecting strong demand from all customer segments.

In **Europe**, order intake for construction and mining equipment as well as for equipment to the manufacturing and process industries improved sequentially and compared to the previous year in most parts of the region. Solid growth was recorded for the aftermarket business.

Sales in **Africa/Middle East** remained strong despite a slightly negative trend in northern Africa and the Middle East caused by the turmoil

in some of the countries. Demand continued to be strong in southern Africa, particularly for mining equipment.

Demand for all types of equipment was very strong in **Asia** and significant order growth was recorded in many countries. Order intake was particularly strong in China, where a new record quarter for all business areas was noted. Sales in India recovered strongly from a somewhat soft fourth quarter and sales in Japan remained stable despite the tragic events in the country.

In **Australia**, demand from the important mining industry remained strong, resulting in another record quarter for order intake.

**Sales bridge**

MSEK	January – March	
	Orders Received	Revenues
2010	17 267	15 301
Structural change, %	+3	+2
Currency, %	-10	-10
Price, %	+2	+2
Volume, %	+31	+25
Total, %	+26	+19
2011	21 675	18 223

**Geographic distribution of orders received**

% , last 12 months incl. March 2011	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	16	19	25	18
South America	9	14	6	11
Europe	34	24	47	30
Africa/Middle East	9	15	1	11
Asia/Australia	32	28	21	30
	100	100	100	100

**Earnings and profitability**

Operating profit increased 52% to MSEK 3 987 (2 627), corresponding to a record operating margin of 21.9% (17.2). The margin was supported by increased volume, price and efficiency improvements, while currency effects were negative. The currency effect, compared with the previous year was MSEK -545, partly related to a net negative effect of revaluation of receivables and payables. The currency effect affected the operating margin negatively by approximately one percentage point.

Net financial items were MSEK 69 (-130), of which interest net MSEK -74 (-85). A capital gain of MSEK 151 from the sale of shares in RSC Holdings Inc, a strictly financial investment emanating from the sale of the Rental Service business area in 2006, was realized in the quarter.

Profit before tax amounted to MSEK 4 056 (2 497), corresponding to a margin of 22.3% (16.3).

Profit for the period totaled MSEK 3 033 (1 855). Basic and diluted earnings per share were SEK 2.48 (1.53) and 2.47 (1.52) respectively.

The return on capital employed during the last 12 months was 32% (19) and 34% (20) excluding the customer financing business. Return on equity was 41% (27).

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 4 758 (3 228).

Working capital increased by MSEK 2 350 (decreased 275) as a result of the strong increase in sales. Rental equipment increased by, net, MSEK 126 (63).

Investments in property, plant and equipment were MSEK 301 (177). Net cash flow from other investing activities, excluding acquisitions and

divestments at MSEK -813 (-1 361), was MSEK +356 (-261).

Operating cash flow equaled MSEK 2 026 (2 223).

**Repurchase of own shares**

During the quarter, 5 509 239 series A shares, net, were purchased and 121 160 series B shares were divested, for a net value of MSEK 853. These transactions are in accordance with mandates granted by the 2010 Annual General Meeting and relate to the Group's long-term incentive programs.

**Purchase of minority shares in India**

In March, the Group acquired 8% of minority shares in Atlas Copco (India) Ltd for MSEK 720. The Group now owns 92% of the shares and will proceed to delist the Indian subsidiary from Indian exchanges in the second quarter.

**Net indebtedness**

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 5 137 (9 808), of which MSEK 1 548 (1 685) was attributable to post-employment benefits. The net debt/EBITDA ratio was 0.3 (0.8). The net debt/equity ratio was 17% (37).

**Employees**

On March 31, 2011, the number of employees was 33 595 (30 492). The number of consultants/external workforce was 1 934 (1 103). For comparable units, the total workforce increased by 3 206 from March 31, 2010.

**Brand development**

Chicago Pneumatic has received the renowned Good Design Award for its new brand design language. The brand is used for industrial and vehicle service tools, construction tools and industrial and portable compressors.

### Compressor Technique

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

MSEK	January – March		Change %
	2011	2010	
Orders received	<b>9 877</b>	<b>7 968</b>	<b>+24</b>
Revenues	<b>8 405</b>	<b>7 659</b>	<b>+10</b>
Operating profit	<b>2 006</b>	<b>1 577</b>	<b>+27</b>
<i>– as a percentage of revenues</i>	<b>23.9</b>	<b>20.6</b>	
Return on capital employed, %	<b>72</b>	<b>49</b>	

- Strong demand continued; 31% organic order growth.
- Operating margin at 23.9%, positively affected by volumes and higher prices.
- The product offer was extended through the acquisition of J.C. Carter.

### Sales bridge

MSEK	January – March	
	Orders Received	Revenues
2010	7 968	7 659
Structural change, %	+4	+4
Currency, %	-11	-10
Price, %	+1	+1
Volume, %	+30	+15
Total, %	+24	+10
2011	9 877	8 405

### Industrial compressors

Strong order intake was recorded for stationary industrial compressors and air treatment equipment. Demand was good across all customer segments and large orders were received within the oil and gas industry and for power generation. Geographically, the best development was seen in North America, Asia and Eastern Europe.

### Gas and process compressors

Sales of gas and process compressors were higher both compared to the previous year and the previous quarter, mainly due to a good development in Asia.

### Portable compressors, generators and rental

Demand for portable compressors and generators was strong in all geographic regions and clearly above the previous year and the previous quarter. The specialty rental business, i.e. rental of portable air and power, was flat sequentially and grew moderately compared to the previous year.

### Aftermarket

Demand for service and spare parts remained strong and order intake improved further compared to previous quarters. The best year-on-year development was seen in Asia.

### Sustainable product development

A range of oil-free centrifugal air blowers with variable speed drive was launched in the quarter, targeting wastewater treatment plants. This new range of energy efficient blowers can help to significantly lower operational costs in these continuously operating plants.

### Structural changes

The acquisition of J.C. Carter was announced and finalized in the quarter. Headquartered in California, United States, the company produces and sells cryogenic submerged motor pumps, mainly used for applications in the natural gas market.

The acquisition of a Spanish distributor, ABAC Catalunya, was also announced.

In the United States, the business area plans to consolidate three manufacturing facilities into one.

### Profit and returns

Operating profit increased 27% to MSEK 2 006 (1 577), corresponding to a margin of 23.9% (20.6). The increased margin was due to higher volumes and price increases, while changes in exchange rates had a negative impact.

Return on capital employed (last 12 months) was 72% (49).

## 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, mobile crushers, loading equipment, exploration equipment, construction tools, and road construction equipment.

MSEK	January – March		Change %
	2011	2010	
Orders received	9 925	7 817	+27
Revenues	8 163	6 233	+31
Operating profit	1 681	960	+75
– as a percentage of revenues	20.6	15.4	
Return on capital employed, %	31	18	

- 35% organic order growth; strong demand from the mining industry.
- Record operating margin at 20.6%, negatively affected by currency.
- Bob Fassl new business area president Mining and Rock Excavation Technique.

### Sales bridge

MSEK	January – March	
	Orders Received	Revenues
2010	7 817	6 233
Structural change, %	+1	+1
Currency, %	-9	-9
Price, %	+2	+2
Volume, %	+33	+37
Total, %	+27	+31
2011	9 925	8 163

### Mining

Demand for mining equipment, both for underground and surface mines, continued to be very strong during the quarter and order intake surpassed the levels from the previous quarter. The best year-on-year development was noted in North America, Africa and Asia. Strong growth was also seen for exploration equipment, indicating a strong business climate within the mining industry. One of the largest orders ever for the business area was received in the quarter. The order was for underground mining equipment to be used in the Fresnillo Silver Mine in Mexico, the largest silver mine in the world.

### Construction

Sales of construction equipment improved further compared to the previous quarter. Also the comparison with the previous year was positive for all types of equipment in most regions. Growth was particularly good in North America and in Asia. A negative development was seen in the Middle East and northern Africa where demand was affected by the recent turmoil.

### Aftermarket and consumables

Demand for service, spare parts and consumables was largely in line with the previous quarter and solid sales growth was recorded compared to the

previous year. The best development was seen in North and South America and in Africa.

### Sustainable product development

A new powerful core drilling rig was launched in the quarter. The machine can operate down to 2 450 meters and is used for exploration within the mining industry. Three new pavers were also introduced, as well as a range of hydraulic compactors.

### Structural changes

A new research and development center will be built in China to focus on serving the needs of customers within the Chinese mining and construction industry. The investment amounts to approximately MSEK 60. The research and development center is expected to open in October 2011 and will employ some 250 people within three years after its completion.

Atlas Copco has decided to modify its business area structure. See page 2 for more information. Bob Fassl has been appointed business area president Mining and Rock Excavation Technique. The search for a president of the Construction Technique business area will start immediately. The present business area president Construction and Mining Technique, Björn Rosengren, announced in the quarter that he is leaving Atlas Copco for a position as President and CEO of Wärtsilä Corporation, Finland.

### Profit and returns

Operating profit increased 75% to MSEK 1 681 (960), corresponding to an operating margin of 20.6% (15.4). The record margin was supported by the effects of higher production volumes and price increases. Changes in currency exchange rates compared to the previous year affected the margin negatively.

Return on capital employed (last 12 months) was 31% (18).

### Industrial Technique

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

MSEK	January – March		Change %
	2011	2010	
Orders received	1 995	1 598	+25
Revenues	1 768	1 483	+19
Operating profit	401	243	+65
– as a percentage of revenues	22.7	16.4	
Return on capital employed, %	57	16	

- Strong order intake; 33% organic growth.
- Strong demand from both general and motor vehicle industry.
- Operating profit up 65% to a margin of 22.7%.

### Sales bridge

MSEK	January – March	
	Orders Received	Revenues
2010	1 598	1 483
Structural change, %	+4	+3
Currency, %	-12	-11
Price, %	+1	+1
Volume, %	+32	+26
Total, %	+25	+19
2011	1 995	1 768

### General industry

Good demand was noted for industrial power tools for the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards. Order intake increased compared with the previous quarter and the year-to-year growth was high double-digit. Geographically, the strongest sales increase was noted in Europe, Asia and South America.

### Motor vehicle industry

Sales of advanced industrial tools and assembly systems for the motor vehicle industry improved further and recorded strong growth compared to the previous year. Similar growth rates were noted in all major regions. A very strong quarter was recorded in South America.

### Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, increased sales both compared to the previous quarter and the previous year.

### Aftermarket

The aftermarket business developed favorably in all major regions. The strongest sales growth compared to the previous year was noted in Asia and South America.

### Sustainable product development

A new pulse tool with improved accuracy and monitoring was introduced in the quarter. An advanced pneumatic drill, developed in close cooperation with the aerospace industry and presented at the end of last year, was demonstrated at several customer sites.

### Profit and returns

Operating profit reached MSEK 401 (243), corresponding to an operating margin of 22.7% (16.4). The higher margin was supported by higher volumes and price increases.

Return on capital employed (last 12 months) was 57% (16).

**Previous near-term demand outlook**

*(Published February 2, 2011)*

The overall demand for the Group's products and services is expected to increase somewhat. The demand in the emerging markets as well as from the mining industry is expected to stay strong. Some mature markets, like North America, are expected to continue the recent improvement.

**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 2010, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2011, as explained below.

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

**Changes in accounting principles**

In 2011 the Group has adopted the following new and updated standards and interpretations issued by the IASB. The changes will have no significant impact on the consolidated financial statements.

*Revised IAS 24 Related Party Disclosures.* The change simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

*Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement* removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement. The amendment results in prepayments of contributions in certain circumstances being recognized as an asset rather than as an expense. It shall be applied from the beginning of the earliest periods beginning on or after January 1, 2011, but may be applied earlier. It will only have a limited 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, 2011, 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. A widespread financial crisis and economic downturn, such as the one experienced during 2009, affects 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 limits the risk.

***Financial risks***

Atlas Copco is subject to currency risks, interest rate 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 is 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 offset by increased sales to mining customers and partly compensated for by increased market 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 about risk factors, see the 2010 Annual Report.

**Consolidated Income Statement**

	3 months ended		12 months ended		
	Mar. 31 2011	Mar. 31 2010	Mar. 31 2011	Mar. 31 2010	Dec. 31 2010
MSEK					
Revenues	18 223	15 301	72 797	62 486	69 875
Cost of sales	-10 930	-9 748	-44 650	-41 244	-43 468
<b>Gross profit</b>	<b>7 293</b>	<b>5 553</b>	<b>28 147</b>	<b>21 242</b>	<b>26 407</b>
Marketing expenses	-1 788	-1 650	-7 052	-6 606	-6 914
Administrative expenses	-1 011	-960	-4 224	-3 800	-4 173
Research and development costs	-399	-357	-1 559	-1 395	-1 517
Other operating income and expenses	-108	41	-37	104	112
<b>Operating profit</b>	<b>3 987</b>	<b>2 627</b>	<b>15 275</b>	<b>9 545</b>	<b>13 915</b>
- as a percentage of revenues	21.9	17.2	21.0	15.3	19.9
Net financial items	69	-130	-221	-571	-420
<b>Profit before tax</b>	<b>4 056</b>	<b>2 497</b>	<b>15 054</b>	<b>8 974</b>	<b>13 495</b>
- as a percentage of revenues	22.3	16.3	20.7	14.4	19.3
Income tax expense	-1 023	-642	-3 932	-2 221	-3 551
<b>Profit for the period</b>	<b>3 033</b>	<b>1 855</b>	<b>11 122</b>	<b>6 753</b>	<b>9 944</b>
<b>Profit attributable to</b>					
- owners of the parent	3 023	1 854	11 090	6 726	9 921
- non-controlling interests	10	1	32	27	23
<b>Basic earnings per share, SEK</b>	<b>2.48</b>	<b>1.53</b>	<b>9.12</b>	<b>5.53</b>	<b>8.16</b>
<b>Diluted earnings per share, SEK</b>	<b>2.47</b>	<b>1.52</b>	<b>9.10</b>	<b>5.53</b>	<b>8.15</b>
Basic weighted average number of shares outstanding, millions	1 217.1	1 215.7	1 216.2	1 215.9	1 215.9
Diluted weighted average number of shares outstanding, millions	1 220.4	1 216.3	1 218.2	1 216.3	1 217.3
<b>Key ratios</b>					
Equity per share, SEK			25	22	24
Return on capital employed before tax, 12 month values, %			32	19	29
Return on equity after tax, 12 month values, %			41	27	38
Debt/equity ratio, period end, %			17	37	19
Equity/assets ratio, period end, %			41	39	41
Number of employees, period end			33 595	30 492	32 790



**Consolidated Statement of Comprehensive Income**

	3 months ended		12 months ended		
	Mar. 31 2011	Mar. 31 2010	Mar. 31 2011	Mar. 31 2010	Dec. 31 2010
MSEK					
<b>Profit for the period</b>	<b>3 033</b>	<b>1 855</b>	<b>11 122</b>	<b>6 753</b>	<b>9 944</b>
<b>Other comprehensive income</b>					
Translation differences on foreign operations	-1 032	-1 377	-3 074	-3 133	-3 419
Hedge of net investments in foreign operations	145	923	1 254	1 937	2 032
Cash flow hedges	-72	41	-162	203	-49
Available-for-sale investments	168	110	275	227	217
- realized and reclassified to income statement	-151	-	-233	-	-82
Income tax relating to components of other comprehensive income	-101	-759	-992	-1 583	-1 650
<b>Other comprehensive income for the period, net of tax</b>	<b>-1 043</b>	<b>-1 062</b>	<b>-2 932</b>	<b>-2 349</b>	<b>-2 951</b>
<b>Total comprehensive income for the period</b>	<b>1 990</b>	<b>793</b>	<b>8 190</b>	<b>4 404</b>	<b>6 993</b>
<b>Total comprehensive income attributable to</b>					
- owners of the parent	1 991	786	8 176	4 380	6 971
- non-controlling interests	-1	7	14	24	22

**Consolidated Balance Sheet**

MSEK	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2010
Intangible assets	13 154	13 464	13 607
Rental equipment	1 774	1 843	1 981
Other property, plant and equipment	5 555	5 702	5 974
Financial assets and other receivables	2 809	2 814	4 503
Deferred tax assets	1 271	1 309	1 178
<b>Total non-current assets</b>	<b>24 563</b>	<b>25 132</b>	<b>27 243</b>
Inventories	13 969	12 939	11 632
Trade and other receivables	17 586	17 474	15 896
Other financial assets	1 369	1 734	1 632
Cash and cash equivalents	14 412	14 264	11 958
Assets classified as held for sale	59	79	64
<b>Total current assets</b>	<b>47 395</b>	<b>46 490</b>	<b>41 182</b>
<b>TOTAL ASSETS</b>	<b>71 958</b>	<b>71 622</b>	<b>68 425</b>
Equity attributable to owners of the parent	29 638	29 141	26 215
Non-controlling interests	92	180	169
<b>TOTAL EQUITY</b>	<b>29 730</b>	<b>29 321</b>	<b>26 384</b>
Borrowings	18 949	19 615	20 378
Post-employment benefits	1 548	1 578	1 685
Other liabilities and provisions	982	1 042	779
Deferred tax liabilities	1 306	1 167	109
<b>Total non-current liabilities</b>	<b>22 785</b>	<b>23 402</b>	<b>22 951</b>
Borrowings	506	499	2 549
Trade payables and other liabilities	17 655	17 125	15 298
Provisions	1 282	1 275	1 243
<b>Total current liabilities</b>	<b>19 443</b>	<b>18 899</b>	<b>19 090</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71 958</b>	<b>71 622</b>	<b>68 425</b>

**Consolidated Statement of Changes in Equity**

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2011</b>	<b>29 141</b>	<b>180</b>	<b>29 321</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	1 991	-1	1 990
Dividends	1	-	1
Change of non-controlling interests	-635	-87	-722
Acquisition and divestment of own shares	-853	-	-853
Share-based payments, equity settled	-7	-	-7
<b>Closing balance, March 31, 2011</b>	<b>29 638</b>	<b>92</b>	<b>29 730</b>

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2010</b>	<b>25 509</b>	<b>162</b>	<b>25 671</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	6 971	22	6 993
Dividends	-3 646	-4	-3 650
Change of non-controlling interests	1	-	1
Acquisition and divestment of own shares	384	-	384
Share-based payments, equity settled	-78	-	-78
<b>Closing balance, December 31, 2010</b>	<b>29 141</b>	<b>180</b>	<b>29 321</b>

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2010</b>	<b>25 509</b>	<b>162</b>	<b>25 671</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	786	7	793
Acquisition and divestment of own shares	-80	-	-80
Share-based payments, equity settled	-	-	-
<b>Closing balance, March 31, 2010</b>	<b>26 215</b>	<b>169</b>	<b>26 384</b>

### Consolidated Statement of Cash Flows

MSEK	January – March	
	2011	2010
<b>Cash flows from operating activities</b>		
Operating profit	3 987	2 627
Depreciation, amortization and impairment (see below)	586	574
Capital gain/loss and other non-cash items	185	27
Operating cash surplus	4 758	3 228
Net financial items received/paid	440	-358
Taxes paid	-751	-421
Change in working capital	-2 350	275
Increase in rental equipment	-268	-191
Sale of rental equipment	142	128
<b>Net cash from operating activities</b>	<b>1 971</b>	<b>2 661</b>
<b>Cash flows from investing activities</b>		
Investments in property, plant and equipment	-301	-177
Sale of property, plant and equipment	16	12
Investments in intangible assets	-123	-123
Sale of intangible assets	8	-
Acquisition of subsidiaries	-813	-1 361
Other investments, net	455	-150
<b>Net cash from investing activities</b>	<b>-758</b>	<b>-1 799</b>
<b>Cash flows from financing activities</b>		
Dividends paid	1	-
Repurchase and sale of own shares	-853	-80
Change in interest-bearing liabilities	33	-575
<b>Net cash from financing activities</b>	<b>-819</b>	<b>-655</b>
<b>Net cash flow for the period</b>	<b>394</b>	<b>207</b>
Cash and cash equivalents, beginning of the period	14 264	12 165
Exchange differences in cash and cash equivalents	-246	-414
<b>Cash and cash equivalents, end of the period</b>	<b>14 412</b>	<b>11 958</b>

Depreciation, amortization and impairment		
<i>Rental equipment</i>	164	165
<i>Other property, plant and equipment</i>	245	242
<i>Intangible assets</i>	177	167
Total	586	574

### Calculation of operating cash flow

MSEK	January – March	
	2011	2010
<b>Net cash flow for the period</b>	<b>394</b>	<b>207</b>
Add back		
- Change in interest-bearing liabilities	-33	575
- Repurchase and sale of own shares	853	80
- Dividends paid	-1	-
- Acquisitions and divestments	813	1 361
<b>Operating cash flow</b>	<b>2 026</b>	<b>2 223</b>

### Revenues by Segment

				2010	2011
MSEK (by quarter)	1	2	3	4	1
Compressor Technique	7 659	8 615	8 877	9 451	8 405
- <i>whereof external</i>	7 593	8 519	8 807	9 327	8 308
- <i>whereof internal</i>	66	96	70	124	97
Construction and Mining Technique	6 233	7 393	7 357	8 173	8 163
- <i>whereof external</i>	6 204	7 350	7 339	8 154	8 107
- <i>whereof internal</i>	29	43	18	19	56
Industrial Technique	1 483	1 535	1 569	1 885	1 768
- <i>whereof external</i>	1 473	1 529	1 564	1 880	1 763
- <i>whereof internal</i>	10	6	5	5	5
Common Group functions/ Eliminations	-74	-113	-60	-108	-113
<b>Atlas Copco Group</b>	<b>15 301</b>	<b>17 430</b>	<b>17 743</b>	<b>19 401</b>	<b>18 223</b>

### Operating profit by Segment

				2010	2011
MSEK (by quarter)	1	2	3	4	1
Compressor Technique	1 577	2 000	2 312	2 238	2 006
- <i>as a percentage of revenues</i>	20.6	23.2	26.0	23.7	23.9
Construction and Mining Technique	960	1 331	1 312	1 640	1 681
- <i>as a percentage of revenues</i>	15.4	18.0	17.8	20.1	20.6
Industrial Technique	243	289	317	413	401
- <i>as a percentage of revenues</i>	16.4	18.8	20.2	21.9	22.7
Common Group functions/ Eliminations	-153	-121	-159	-284	-101
<b>Operating profit</b>	<b>2 627</b>	<b>3 499</b>	<b>3 782</b>	<b>4 007</b>	<b>3 987</b>
- <i>as a percentage of revenues</i>	17.2	20.1	21.3	20.7	21.9
Net financial items	-130	-96	-107	-87	69
<b>Profit before tax</b>	<b>2 497</b>	<b>3 403</b>	<b>3 675</b>	<b>3 920</b>	<b>4 056</b>
- <i>as a percentage of revenues</i>	16.3	19.5	20.7	20.2	22.3

**Acquisitions and Divestments 2010 – 2011**

Date	Acquisitions	Business area	Revenues MSEK*	Number of employees*
2011 Apr. 1	ABAC Catalunya – Spanish distributor	Compressor Technique		8
2011 Mar. 7	J.C. Carter	Compressor Technique	175	70
2010 Oct. 1	Cirmac International	Compressor Technique	127	42
2010 Sep. 8	Kramer Air Tool – US distributor	Industrial Technique	125	50
2010 Sep. 1	H&F Drilling Supplies	Construction & Mining Technique	59	20
2010 Aug. 31	Hartl Anlagenbau	Construction & Mining Technique	197	110
2010 Jun. 2	Tooling Technologies – US distributor	Industrial Technique		22
2010 May 28	American Air Products – US distributor	Compressor Technique		18
2010 Mar. 1	Quincy Compressor	Compressor Technique	900	400
2010 Jan. 18	Premier Equipment – US distributor	Compressor Technique		12

\* Annual revenues and number of employees at time of acquisition. 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 2011 will include all stipulated disclosures for acquisitions made during 2011. See the annual report for 2010 for disclosure of acquisitions and divestments made in 2010.

## Parent Company

### Income Statement

MSEK	January – March	
	2011	2010
Administrative expenses	-91	-72
Other operating income and expenses	28	32
<b>Operating profit/loss</b>	<b>-63</b>	<b>-40</b>
Financial income and expense	-90	93
<b>Profit before tax</b>	<b>-153</b>	<b>53</b>
Income tax	83	-67
<b>Profit for the period</b>	<b>-70</b>	<b>-14</b>

### Balance Sheet

MSEK	Mar. 31	Dec. 31	Mar. 31
	2011	2010	2010
Total non-current assets	91 709	91 156	95 546
Total current assets	13 741	17 635	15 117
<b>TOTAL ASSETS</b>	<b>105 540</b>	<b>108 791</b>	<b>110 663</b>
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	40 377	41 122	36 847
<b>TOTAL EQUITY</b>	<b>46 162</b>	<b>46 907</b>	<b>42 632</b>
Total provisions	1 098	1 034	223
Total non-current liabilities	53 249	48 389	60 070
Total current liabilities	4 941	12 461	7 738
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105 450</b>	<b>108 791</b>	<b>110 663</b>
Assets pledged	52	52	47
Contingent liabilities	400	525	244

### 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* (December 2010) as disclosed in the Annual Report 2010.

## 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	-15 034 079
- of which B shares held by Atlas Copco	-1 590 873
Total shares outstanding, net of shares held by Atlas Copco	1 212 988 152

### Personnel stock option program

The Annual General Meeting 2010 approved a performance-based long-term incentive program. For Group Executive Management, participation in the plan requires own investment in Atlas Copco shares. The intention is to cover the plan through the repurchase of the company's own shares. For further information, see the proposal to the Annual General Meeting 2010 published on [www.atlascopco.com](http://www.atlascopco.com).

### Transaction in own shares

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

- The purchase of not more than 70 000 series A shares, later to be sold on the market in connection with payment to Board members who have opted to receive synthetic shares as part of their board fee.
- The purchase of not more than 5 730 000 series A shares, whereof a maximum 4 765 000 will be used for the transfer to performance stock option holders under the performance stock option plan 2010.

- The purchase of a maximum 5% of all issued shares, excluding those shares held by the company at the time of the AGM on April 28, 2010, but including shares that the company will purchase based on mandates granted at that AGM.
- The sale of a maximum 2 525 000 series A shares and maximum 2 400 000 series B shares held by the company at the time of the AGM 2010, for the purpose of covering the costs of fulfilling obligations related to the performance stock option plans 2006-2008.

During the first quarter of 2011, 5 509 239 series A shares, net, were purchased and 121 160 series B shares were divested in accordance with mandates granted.

The company's holding of own shares as of March 31, 2011 appears in the table to the left.

### Risks and factors of uncertainty

#### Financial risks

Atlas Copco is subject to currency risks, interest rate risks and other financial risks. Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group are exposed. A financial risk management committee meets regularly to take decisions about how to manage financial risks.

For further information about risk factors, see the 2010 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 2010.

Nacka, April 20, 2011

Atlas Copco AB

Ronnie Leten  
President and Chief Executive Officer



### **Goals for sustainable, profitable development**

Atlas Copco's vision is to become and remain First in Mind—First in Choice® for its stakeholders. This vision drives the Group's strategies and goals for its operations.

The financial goals are:

- annual revenue growth of 8% over a business cycle;
- sustained high return on capital employed;
- all acquired businesses to contribute to economic value added; and
- annual dividend distribution about 50% of earnings per share.

This will have the result that shareholder value is created and continuously increased. Atlas Copco is committed to sustainable productivity and aims to be an industry leader in this area. This is manifested by ambitious goals for its operations, products, services and solutions. See the Annual Report 2010 for a summary of all Group goals.

### **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 conference call to comment on the results will be held at 3:00 PM CEST, on April 20.

The dial-in number is +44 (0)20 7162 0177 or +46 (0)8 5052 0114 and the code to attend the call is 891698.

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](http://www.atlascopco.com/ir)

A recording of the conference call will be available until April 26 on +44 (0)20 7031 4064 or +46 (0)8 5052 0333 with access code 891698.

### **Interim report on Q2 2011**

The report on Q2 will be published on July 18, 2011.