Atlas Copco

Press Release from the Atlas Copco Group

July 17, 2009

Atlas Copco

Interim report at June 30, 2009

(this interim report has not been audited by the company's auditors)

Strong cash flow in tough market conditions

- **Organic order intake declined 37%.**
  - **Low demand for equipment, but order cancellations have stopped.**
  - **Aftermarket products and services held up well.**
- **Revenues decreased 14% to MSEK 16 155 (18 884), organic decline 27%.**
- **Operating profit at MSEK 2 066 (3 630), a margin of 12.8% (19.2).**
  - **Includes restructuring costs of MSEK 259, adjusted operating margin 14.4%.**
  - **Positive net currency effect of MSEK 400 compared to previous year.**
- **Profit before tax amounted to MSEK 1 943 (3 354).**
- **Profit for the period was MSEK 1 468 (2 463).**
- **Basic and diluted earnings per share were SEK 1.20 (2.01).**
- **Strong operating cash flow at MSEK 2 492 (396).**

	April – June			January - June		
MSEK	2009	2008	%	2009	2008	%
Orders received	14 535	19 788	-27	28 866	39 293	-27
Revenues	16 155	18 884	-14	32 732	36 006	-9
Operating profit	2 066	3 630	-43	4 238	6 878	-38
– as a percentage of revenues	*12.8*	*19.2*		*12.9*	*19.1*	
Profit before tax	1 943	3 354	-42	3 737	6 380	-41
– as a percentage of revenues	*12.0*	*17.8*		*11.4*	*17.7*	
Profit for the period	1 468	2 463	-40	2 846	4 839[1)]	-41
Basic and diluted earnings per share from continuing operations, SEK	1.20	2.01	-40	2.33	3.80	-39
Basic and diluted earnings per share, SEK	1.20	2.01		2.33	3.95[1)]	

[1)] Including MSEK 184 from discontinued operations.

Near-term demand outlook

The demand is expected to remain weak in most industries and regions and stay around the current level.

Update on measures to adapt capacity and costs

The actions to adapt capacity and costs to the weak business environment continued in the quarter. The number of employees was reduced by close to 1 600 in total, and MSEK 259 in restructuring costs were charged to the result. The number of employees compared to September 2008 has been reduced by 5 440 and a total of MSEK 747 has been charged as restructuring cost. These measures correspond to more than MSEK 2 000 in annual savings.

Atlas Copco Group Center

Atlas Copco AB	Visitors address:	Telephone: +46 (0)8 743 8000	A Public Company (publ)
SE-105 23 Stockholm	Sickla Industriväg 3	Telefax: +46 (0)8 644 9045	Reg. No: 556014-2720
Sweden	Nacka	Web site www.atlascopco.com	Reg. Office Nacka

Atlas Copco Group

Summary of half-year results

Orders received in the first six months of 2009 decreased 27%, to MSEK 28 866 (39 293). Volume for comparable units decreased 36%, while price increases added 1% and the positive currency effect was 10%. Cancellations, all from the first quarter, represented -2%. Revenues decreased 9%, to MSEK 32 732 (36 006), corresponding to 23% organic decline.

Operating profit decreased 38% to MSEK 4 238 (6 878), corresponding to a margin of 12.9% (19.1). The positive impact of changes in exchange rates compared with previous year was approximately MSEK 900 for the first half-year. Profit before tax amounted to MSEK 3 737 (6 380), down 41% and corresponding to a margin of 11.4% (17.7). Profit for the period totaled MSEK 2 846 (4 839, including MSEK 184 from discontinued operations). Basic and diluted earnings per share were SEK 2.33 (3.95).

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 5 343 (1 296).

Review of the second quarter

Market development

Demand remained low in all regions and for most types of equipment throughout the second quarter. Compared to the first quarter 2009 the demand was fairly stable but the comparison with a strong second quarter the previous year still shows a substantial decline in all regions. The rate of order cancellations came down substantially from previous quarters, to a level that is considered as normal.

In **North America,** demand was weak for compressed air solutions for industrial applications. Order intake for mining equipment for both underground and open-pit applications remained low, as did demand for most types of construction equipment. Demand for industrial power tools also remained weak even if a slight pick-up of orders from the motor vehicle industry was noted compared to the first quarter.

Sales of most types of equipment remained fairly low in **South America** though the region performed better than average. Demand was still relatively better for construction equipment compared to mining equipment.

Demand was low from most customer segments in **Europe** with no major difference between Eastern and Western Europe. Demand held up relatively well in the Nordic countries and Italy but was very weak in Russia. Order intake continued on a low level for compressed air equipment and tools and assembly systems. Sales were weak for both construction and mining equipment throughout the region. One exception was light construction equipment in Eastern Europe where order intake was reasonably good.

Order intake was low in the **Africa/Middle East** region compared to a strong quarter the previous year. Demand was good for industrial equipment in Northern Africa but low or very low for most other types of equipment throughout the region.

Demand was still low from the manufacturing industry in **Asia**. A slight increase in demand for compressed air equipment was however seen in parts of the region. Order intake remained favorable for construction equipment in China.

Compared to the other regions demand held up well in **Australia**, although sales were lower than the previous year for all types of equipment. Demand from the important mining industry picked up slightly.

Sales bridge

	April– June	
MSEK	Orders Received	Revenues
2008	19 788	18 884
Structural change, %	0	+1
Currency, %	+10	+12
Price, %	+1	+1
Cancellations, %	-	-
Volume, %	-38	-28
Total, %	-27	-14
2009	14 535	16 155

Geographic distribution of orders received

%, last 12 months incl. June 2009	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	15	19	20	17
South America	7	11	5	9
Europe	41	29	56	37
Africa/Middle East	11	17	3	12
Asia/Australia	26	24	16	25
	100	100	100	100

Earnings and profitability

Operating profit amounted to MSEK 2 066 (3 630), including restructuring costs of MSEK 259. Adjusted operating margin was 14.4% (19.5). The decrease in adjusted margin was primarily due to the continued low level of order intake resulting in low utilization of production facilities and under-absorption of fixed costs. The margin was positively affected by a net currency effect of MSEK 400, compared to the previous year, a small increase in prices, and reduced functional costs.

Net financial items were MSEK -123 (-276), of which interest net MSEK -194 (-287). The reduced interest cost reflects continuously lower interest rates for loans with short-term interest periods. The quarter also includes favorable exchange rate differences, and some positive fair value adjustments on loans and financial derivatives.

Profit before tax amounted to MSEK 1 943 (3 354), corresponding to a margin of 12.0% (17.8).

Profit for the period totaled MSEK 1 468 (2 463). Basic and diluted earnings per share were SEK 1.20 (2.01).

The return on capital employed during the last 12 months was 24% (32) and 26% (34) excluding the customer financing business. The return on equity was 38% (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 decreased to MSEK 2 506 (4 033), while the reduction in working capital of MSEK 1 692 (increase of 706) contributed to the cash flow. A large reduction of inventory was the main explanation for the reduced working capital.

Net cash flow from financial items was negatively affected by larger interest and tax payments than in the average quarter. The interest payments are currently primarily affecting the second and fourth quarters.

Cash flows from investing activities, excluding acquisitions and divestments of businesses, dropped to MSEK -338 (-1 215), primarily due to reduced customer financing volumes.

Operating cash flow increased significantly to MSEK 2 492 (396).

Net indebtedness

The Group’s net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 19 880 (22 054), of which MSEK 1 885 (1 676) was attributable to post-employment benefits. The funding situation for the Group is favorable, with an average tenor of slightly above five years. The net debt/EBITDA ratio, indicating the Group’s ability to service its interest bearing debt, was 1.5 (1.4). The debt/equity ratio was 85% (145).

Employees

On June 30, 2009, the number of employees was 30 558 (34 458). In the quarter, the number of employees was reduced by 1 534 for comparable units. In addition, the number of full-time consultants/external workforce was reduced by 60 to 909.

New President and CEO

On June 1, 2009, Ronnie Leten, previously business area president for Compressor Technique, succeeded Gunnar Brock as President and CEO.

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	April – June 2009	2008	Change %	January – June 2009	2008	Change %
Orders received	**7 341**	**9 522**	**-23**	15 044	18 904	-20
Revenues	**8 221**	**8 640**	**-5**	16 581	16 693	-1
Operating profit	**1 323***	**1 711**	**-23**	2 707	3 354	-19
– as a percentage of revenues	***16.1***	***19.8***		*16.3*	*20.1*	
Return on capital employed, %	**49**	**60**				

** Includes MSEK 114 of restructuring costs. Adjusted margin 17.5%.*

- Customer demand remained low; 34% organic order decline.
- Compressors received unique certification for 100% energy recovery.
- Resilient adjusted profit margin at 17.5%.

Sales bridge

MSEK	April – June Orders Received	Revenues
2008	9 522	8 640
Structural change, %	0	0
Currency, %	+11	+14
Price, %	+1	+1
Cancellations, %	-	-
Volume, %	-35	-20
Total, %	-23	-5
2009	7 341	8 221

Industrial compressors

Demand for stationary industrial compressors remained low, at approximately the same level as in the first quarter in most markets. In comparison with the previous year, however, order intake was significantly lower in all geographic regions and for most product segments. Demand from the public services and utilities sector continued to be better than average. Food and textile were relatively good performing segments within the overall weak manufacturing industry. Order intake for air treatment products such as dryers, coolers, and filters showed a weak development similar to that of compressor sales.

Gas and process compressors

Demand for large gas and process compressors, including expanders, was very low in most geographic regions although demand related to oil and gas projects remained healthy.

Portable compressors, generators and rental

Sales of portable compressors and generators continued on a low level in all regions. The weakest regions in terms of demand were Europe and North America.

The specialty rental business, i.e. rental of portable air and power, declined somewhat overall with the largest drop in North America.

Aftermarket

Sales of service and spare parts continued to do well even if total order intake was slightly down compared to a year ago. The best performing regions were Africa/Middle East and North America.

Product development

Among many product launches in the quarter were a powerful portable compressor and a new family of more environmental friendly integrated cooler-dryers. Atlas Copco also introduced a range of compressors with a unique certification from the German TÜV institute. The compressors were certified to have “net zero energy consumption” under certain design conditions, meaning all the electrical energy input can be recovered and used for heating water.

Structural changes

On May 1, Stephan Kuhn replaced Ronnie Leten as president for the business area.

Measures to adjust the capacity and cost structure continued and included reductions of some 570 employees in total in the quarter.

Profit and returns

Operating profit decreased to MSEK 1 323 (1 711), including restructuring costs of MSEK 114. Adjusted for these costs the operating margin reached 17.5% (19.8). Changes in exchange rates and lower functional costs affected the margin positively, while low capacity utilization and inventory adjustments affected the margin negatively.

Return on capital employed (last 12 months) was 49% (60).

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.

	April – June		Change	January – June		Change
MSEK	2009	2008	%	2009	2008	%
Orders received	**5 930**	**8 490**	**-30**	11 270	16 775	-33
Revenues	**6 722**	**8 567**	**-22**	13 538	15 911	-15
Operating profit	**875***	**1 615**	**-46**	1 743	2 867	-39
– as a percentage of revenues	***13.0***	***18.9***		*12.9*	*18.0*	
Return on capital employed, %	**21**	**30**				

** Includes MSEK 85 of restructuring costs. Adjusted margin 14.3%.*

- Improved sentiment in mining industry but still low level of orders.
- Organic order decline of 39%.
- Adjusted profit margin at 14.3% supported by currency and functional cost reductions.

Sales bridge

	April – June	
MSEK	Orders Received	Revenues
2008	8 490	8 567
Structural change, %	+1	+1
Currency, %	+8	+10
Price, %	+1	+1
Cancellations, %	-	-
Volume, %	-40	-34
Total, %	-30	-22
2009	5 930	6 722

Mining

During the quarter, metal prices increased and the market sentiment within the mining industry improved. The number of inquiries increased notably from the two previous quarters. Few orders were however realized and mining equipment sales were still substantially down compared to a year ago in most regions and for both underground and surface equipment. The high rate of cancellations of orders stopped and “normalized” on a low level. Demand for exploration equipment continued to be very weak in all markets.

Construction

Demand was weak within the construction segment. Order intake was down for drilling rigs for surface applications used in quarries and road construction in all geographic regions except for Asia and South America. Demand for underground drilling rigs for infrastructure projects, e.g. tunneling and hydropower, remained very low in all regions.

Sales of light construction equipment were slightly up in Eastern Europe but showed a negative development in all other regions. The demand for road construction equipment was still very low in Europe, which is the main market. In many other markets, however, sales increased compared to the previous year, partly due to a relatively weak comparison quarter, partly because of slightly better demand in certain markets such as Australia and Asia.

Aftermarket and consumables

Sales of service and spare parts continued to do well; the year on year comparison was only slightly negative. A strong development was noted in Asia. Sales of consumables, mainly drill bits and drill steel, continued on a lower level than the previous year.

Product development

Two new underground loaders were introduced in the quarter; one low profile loader and one electric. A surface crawler for construction customers and contractors was also launched. Two new versions of a hydraulic rock drill were introduced, targeting underground long-hole drilling.

Structural changes

Measures to adjust the capacity and cost structure continued and included reductions of some 670 employees in total for comparable units in the quarter.

Profit and returns

Operating profit decreased to MSEK 875 (1 615). Adjusted for MSEK 85 in restructuring costs, the operating margin reached 14.3% (18.9). Effects of low capacity utilization and inventory adjustments affected the margin negatively, while changes in currency exchange rates and reduced functional costs supported the margin.

Return on capital employed (last 12 months) was 21% (30).

Reflecting the current economic situation management is closely monitoring the carrying value of goodwill and intangible assets in the Road Construction Equipment Division.

Industrial Technique

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

MSEK	April – June 2009	April – June 2008	Change %	January – June 2009	January – June 2008	Change %
Orders received	**1 283**	**1 940**	**-34**	2 660	3 899	-32
Revenues	**1 211**	**1 836**	**-34**	2 694	3 661	-26
Operating result	**-13***	**318***	**-104**	63	730	-91
– as a percentage of revenues	***-1.1***	***17.3***		*2.3*	*19.9*	
Return on capital employed, %	**21**	**52**				

** Includes restructuring costs of MSEK 58 in 2009 and MSEK 43 in 2008. Adjusted margin 3.7% (19.7).*

- Weak demand overall; order intake and revenues down 45% organically.
- Operating result heavily affected by under-absorption and restructuring costs.
- Strong focus on adapting the operations to current market situation.

Sales bridge

MSEK	April – June Orders Received	April – June Revenues
2008	1 940	1 836
Structural change, %	+1	+1
Currency, %	+10	+10
Price, %	0	0
Cancellations, %	-	-
Volume, %	-45	-45
Total, %	-34	-34
2009	1 283	1 211

General industry

The demand for industrial power tools from the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, was weak in most parts of the world. Sales were considerably down compared to the same period the previous year in the two largest markets Europe and North America, while Asia and some of the smaller regions performed relatively better.

Motor vehicle industry

Demand for advanced industrial tools and assembly systems to the motor vehicle industry remained low and sales were significantly below the previous year in all regions with only one exception; Africa/Middle East grew strongly but from a relatively low base. North America started to show signs of improvement but the order intake was still well below the levels from the previous year. Demand in Europe was very weak.

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 recorded good growth in some of the smaller regions but sales were down in total because of a weaker development in the major markets. Specifically sales of spare parts were down, reflecting lower utilization of tools and other equipment around the world.

Product development

A range of low vibration tools was launched targeting general industry segments such as shipyards and metal works. A high torque nutrunner was also introduced for the off-road and truck segments.

Structural changes

Measures to adjust the capacity and cost structure continued to be a strong focus area for management and further activities are under evaluation. The number of employees was reduced by some 325 employees in total in the quarter.

Result and returns

Operating result was MSEK -13 (318), corresponding to an operating margin of -1.1%. Excluding restructuring costs, the adjusted margin reached 3.7% (19.7). The large drop in profit and margin was mainly caused by the lower volumes, leading to under-absorption of fixed costs. Changes in currencies had a positive effect on the margin.

Return on capital employed (last 12 months) was 21% (52).

Previous near-term demand outlook

(Published April 27, 2009)

The economic situation still makes the outlook very uncertain. Demand is however expected to remain weak in most industries and regions and stay around the current level.

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 comprehensive income. Items of comprehensive income were previously included in the statement of changes in equity.

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, i.e. the business areas, agree with the operating segments reviewed by the Group's Chief Operating Decision Maker. 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

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.

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter of 2007 in order to adjust the balance sheet to a more efficient structure. The higher indebtedness increases exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries. See also comments on the current loan structure on page 3.

Acquisitions

Atlas Copco's strategy is to grow both organically and through acquisitions. Although in the past the Group has demonstrated an ability to successfully integrate acquired businesses, the integration of new companies always carries certain risks. Costs related to acquisitions can be higher 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.

Consolidated Income Statement

MSEK	3 months ended June 30 2009	3 months ended June 30 2008	6 months ended June 30 2009	6 months ended June 30 2008	12 months ended June 30 2009	12 months ended June 30 2008	12 months ended Dec. 31 2008
Revenues	16 155	18 884	32 732	36 006	70 903	69 986	74 177
Cost of sales	-11 014	-12 253	-22 149	-22 923	-47 012	-44 456	-47 786
Gross profit	**5 141**	**6 631**	**10 583**	**13 083**	**23 891**	**25 530**	**26 391**
Marketing expenses	-1 772	-1 838	-3 622	-3 599	-7 437	-7 030	-7 414
Administrative expenses	-986	-935	-1 991	-1 900	-4 005	-3 720	-3 914
Research and development costs	-359	-368	-731	-732	-1 472	-1 405	-1 473
Other operating income and expenses	42	140	-1	26	189	-9	216
Operating profit	**2 066**	**3 630**	**4 238**	**6 878**	**11 166**	**13 366**	**13 806**
- as a percentage of revenues	*12.8*	*19.2*	*12.9*	*19.1*	*15.7*	*19.1*	*18.6*
Net financial items	-123	-276	-501	-498	-697	-2 144	-694
Profit before tax	**1 943**	**3 354**	**3 737**	**6 380**	**10 469**	**11 222**	**13 112**
- as a percentage of revenues	*12.0*	*17.8*	*11.4*	*17.7*	*14.8*	*16.0*	*17.7*
Income tax expense	-475	-891	-891	-1 725	-2 272	-3 301	-3 106
Profit from continuing operations	**1 468**	**2 463**	**2 846**	**4 655**	**8 197**	**7 921**	**10 006**
Profit from discontinued operations, net of tax	-	-	-	184	-	184	184
Profit for the period	**1 468**	**2 463**	**2 846**	**4 839**	**8 197**	**8 105**	**10 190**
Profit for the period attributable to							
- owners of the parent	1 461	2 454	2 833	4 822	8 168	8 075	10 157
- minority interest	7	9	13	17	29	30	33

Basic earnings per share, SEK	**1.20**	**2.01**	**2.33**	**3.95**	**6.71**	**6.61**	**8.33**
- of which continuing operations	*1.20*	*2.01*	*2.33*	*3.80*	*6.71*	*6.46*	*8.18*
Diluted earnings per share, SEK	1.20	2.01	2.33	3.95	6.71	6.61	8.33
Basic weighted average number of shares outstanding, millions	1 215.9	1 220.8	1 215.9	1 220.8	1 216.7	1 220.8	1 219.1
Diluted weighted average number of shares outstanding, millions	1 216.2	1 220.8	1 216.1	1 221.6	1 216.9	1 221.8	1 219.8

Key ratios, including discontinued operations			
Equity per share, period end, SEK	19	12	20
Return on capital employed before tax, 12 month values, %	24	32	34
Return on equity after tax, 12 month values, %	38	58	58
Debt/equity ratio, period end, %	85	145	91
Equity/assets ratio, period end, %	33	25	32
Number of employees, period end	30 558	34 458	34 043

Consolidated Statement of Comprehensive Income

MSEK	3 months ended June 30 2009	3 months ended June 30 2008	6 months ended June 30 2009	6 months ended June 30 2008	12 months ended June 30 2009	12 months ended June 30 2008	12 months ended Dec. 31 2008
Profit for the period	**1 468**	**2 463**	**2 846**	**4 839**	**8 197**	**8 105**	**10 190**
Other comprehensive income							
Translation differences on foreign operations	-405	558	253	11	6 006	847	5 764
- realized and reclassified to income statement	-	-3	-	-3	-847	-3	-850
Hedge of net investments in foreign operations	245	-227	182	-253	-2 997	-764	-3 432
- realized and reclassified to income statement	-	-	-	-	656	-	656
Cash flow hedges	45	-175	293	-149	50	-235	-392
Available-for-sale investments	98	-112	-147	-297	-131	-973	-281
- realized and reclassified to income statement	-	-	-	-	-33	-15	-33
Income tax relating to components of other comprehensive income	-160	214	-181	131	2 061	270	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	**-177**	**255**	**400**	**-560**	**4 016**	**-873**	**3 056**
Total comprehensive income for the period	**1 291**	**2 718**	**3 246**	**4 279**	**12 213**	**7 232**	**13 246**
Total comprehensive income attributable to							
- owners of the parent	1 287	2 714	3 233	4 278	12 167	7 221	13 212
- minority interest	4	4	13	1	46	11	34

Consolidated Balance Sheet

MSEK	June 30, 2009	Dec. 31, 2008	June 30, 2008
Intangible assets	13 121	12 916	11 701
Rental equipment	2 267	2 282	1 847
Other property, plant and equipment	6 387	6 353	5 188
Financial assets and other receivables	4 565	5 287	3 269
Deferred tax assets	2 878	2 690	706
Total non-current assets	**29 218**	**29 528**	**22 711**
Inventories	15 028	17 106	14 817
Trade and other receivables	17 668	21 603	18 911
Other financial assets	1 567	1 659	1 384
Cash and cash equivalents	6 727	5 455	3 755
Assets classified as held for sale	40	43	-
Total current assets	**41 030**	**45 866**	**38 867**
TOTAL ASSETS	**70 248**	**75 394**	**61 578**
Equity attributable to owners of the parent	23 199	23 627	15 096
Minority interest	150	141	112
TOTAL EQUITY	**23 349**	**23 768**	**15 208**
Borrowings	24 494	26 997	22 052
Post-employment benefits	1 885	1 922	1 676
Other liabilities and provisions	715	660	961
Deferred tax liabilities	522	155	806
Total non-current liabilities	**27 616**	**29 734**	**25 495**
Borrowings	3 045	1 485	3 309
Trade payables and other liabilities	14 880	19 033	16 572
Provisions	1 358	1 374	994
Total current liabilities	**19 283**	**21 892**	**20 875**
TOTAL EQUITY AND LIABILITIES	**70 248**	**75 394**	**61 578**

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	-5	-3 653
Acquisition of minority shares in subsidiaries	-	1	1
Share-based payments, equity settled	-13	-	-13
Total comprehensive income for the period	3 233	13	3 246
Closing balance, June 30, 2009	**23 199**	**150**	**23 349**

	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	-4	-3 666
Acquisition of minority shares in subsidiaries	-	-1	-1
Repurchase of own shares	-21	-	-21
Share-based payments, equity settled	-23	-	-23
Total comprehensive income for the period	4 278	1	4 279
Closing balance, June 30, 2008	**15 096**	**112**	**15 208**

Consolidated Statement of Cash Flows, including discontinued operations

MSEK	April – June 2009	April – June 2008	January – June 2009	January – June 2008
Cash flows from operating activities				
Operating profit	2 066	3 630	4 238	6 878
Depreciation, amortization and impairment	563	490	1 179	959
Capital gain/loss and other non-cash items	-123	-87	-232	-12
Operating cash surplus	2 506	4 033	5 185	7 825
Net financial items received/paid	-715	-1 006	-679	-892
Taxes paid	-764	-1 130	-1 182	-1732
Change in working capital	1 692	-706	3 086	-2 331
Net cash from operating activities	**2 719**	**1 191**	**6 410**	**2 870**
Cash flows from investing activities				
Investments in rental equipment	-173	-340	-374	-531
Investments in other property, plant and equipment	-280	-417	-571	-769
Sale of rental equipment	159	106	269	228
Sale of other property, plant and equipment	19	11	38	16
Investments in intangible assets	-189	-132	-381	-296
Sale of intangible assets	3	-	5	-
Acquisition of subsidiaries	-35	-265	-177	-269
Divestment of subsidiaries	22	-	22	91
Other investments, net	123	-443	248	-642
Net cash from investing activities	**-351**	**-1 480**	**-921**	**-2 172***
Cash flows from financing activities				
Dividends paid	-3 653	-3 666	-3 653	-3 666
Repurchase of own shares	-	-	-	-21
Change in interest-bearing liabilities	-303	3 650	-618	3 292
Net cash from financing activities	**-3 956**	**-16**	**-4 271**	**-395**
Net cash flow for the period	**-1 588**	**-305**	**1 218**	**303**
Cash and cash equivalents, beginning of the period	8 336	3 975	5 455	3 473
Exchange differences in cash and cash equivalents	-21	85	54	-21
Cash and cash equivalents, end of the period	**6 727**	**3 755**	**6 727**	**3 755**

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

Depreciation, amortization and impairment				
Rental equipment	136	147	317	282
Other property, plant and equipment	257	203	511	401
Intangible assets	170	140	351	276
Total	563	490	1 179	959

Calculation of operating cash flow

MSEK	April – June 2009	April – June 2008	January – June 2009	January – June 2008
Net cash flow for the period	**-1 588**	**-305**	**1 218**	**303**
Add back				
- Change in interest-bearing liabilities	303	-3 650	618	-3 292
- Redemption and repurchase of shares	-	-	-	21
- Dividends paid	3 653	3 666	3 653	3 666
- Acquisitions and divestments	13	265	155	178
- Equity hedges in net financial items	111	420	-301	420
Operating cash flow	**2 492**	**396**	**5 343**	**1 296**

Revenues by Segment

				2008		2009
MSEK (by quarter)	1	2	3	4	1	2
Compressor Technique	8 053	8 640	9 028	9 866	8 360	8 221
- of which external	*7 967*	*8 544*	*8 937*	*9 777*	*8 292*	*8180*
- of which internal	*86*	*96*	*91*	*89*	*68*	*41*
Construction and Mining Technique	7 344	8 567	7 742	8 007	6 816	6 722
- of which external	*7 304*	*8 474*	*7 681*	*7 917*	*6 785*	*6 712*
- of which internal	*40*	*93*	*61*	*90*	*31*	*10*
Industrial Technique	1 825	1 836	1 788	2 001	1 483	1 211
- of which external	*1 819*	*1 829*	*1 783*	*1 995*	*1 478*	*1 207*
- of which internal	*6*	*7*	*5*	*6*	*5*	*4*
Common Group functions/ Eliminations	-100	-159	-118	-143	-82	1
Atlas Copco Group	**17 122**	**18 884**	**18 440**	**19 731**	**16 577**	**16 155**

Operating profit by Segment

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

Acquisitions and Divestments 2008 – 2009

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
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	April - June 2009	April - June 2008	January - June 2009	January - June 2008
Administrative expenses	-86	-57	-151	-144
Other operating income and expenses	43	56	97	95
Operating profit/loss	**-43**	**-1**	**-54**	**-49**
Financial income and expense	7 078	2 732	6 606	3 364
Profit after financial items	**7 035**	**2 731**	**6 552**	**3 315**
Appropriations	-	104	-	209
Profit before tax	**7 035**	**2 835**	**6 552**	**3 524**
Income tax	133	190	278	351
Profit for the period	**7 168**	**3 025**	**6 830**	**3 875**

Balance Sheet

MSEK	June 30 2009	Dec. 31 2008	June 30 2008
Total non-current assets	92 108	93 055	103 130
Total current assets	10 868	15 654	8 323
TOTAL ASSETS	**102 976**	**108 709**	**111 453**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	30 801	27 475	28 856
TOTAL EQUITY	**36 586**	**33 260**	**34 641**
Untaxed reserves	-	-	968
Total provisions	122	95	222
Total non-current liabilities	57 211	52 287	46 483
Total current liabilities	9 057	23 067	29 139
TOTAL EQUITY AND LIABILITIES	**102 976**	**108 709**	**111 453**

Assets pledged	36	29	29
Contingent liabilities	273	411	300

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.

Restatement of 2008 comparative figures

As from January 1, 2008, the Parent Company applies IFRIC 11, IFRS 2 – Group and Treasury Share Transactions. In applying this principle retrospectively, the April – June 2008 and January – June 2008 administrative expenses have been restated by MSEK 11 and MSEK 28 respectively. Non-current assets have been increased by the corresponding amount.

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 second quarter of 2009. The company's present holding of own shares appears in the table to the left. 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 completed a multi-currency bond issue program in the second quarter of 2007 in order to adjust the balance sheet to a more efficient structure. The higher indebtedness increases the exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries.

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

Atlas Copco AB
SE-105 23 Stockholm, Sweden
Phone: +46 8 743 8000, Fax: +46 8 643 3718
Internet: www.atlascopco.com
Corp. id. no: 556014-2720

Analysts

Ingrid Andersson, Investor Relations Manager,
Phone: +46 8 743 8290 or +46 70 497 8290
ir@se.atlascopco.com

Media

Daniel Frykholm, Media Relations Manager, Corporate Communications,
Phone: +46 8 743 8060 or +46 70 865 8060
media@se.atlascopco.com

Conference call

A conference call to comment on the results will be held at 3:00 PM CEST / 9:00 AM EDT, on July 17.

The dial-in number is +44 (0)20 7806 1956 and the code to attend the call is 4359758.

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 7806 1970 with access code 4359758#.

Interim report on Q3 2009

The report on Q3 will be published on October 22, 2009.

The Board of Directors and President declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Stockholm, July 17, 2009
Atlas Copco AB
(publ)

Sune Carlsson, *Chairman*
Jacob Wallenberg, *Vice Chairman*
Ulla Litzén, *Director*
Christel Bories, *Director*

Anders Ullberg, *Director*
Staffan Bohman, *Director*
Margareth Øvrum, *Director*
Johan Forssell, *Director*

Bengt Lindgren, *Director, Union representative*
Mikael Bergstedt, *Director, Union representative*
Ronnie Leten, *Director, President and CEO*