

Revenues decreased by 9% to MSEK 11,949. The operating margin was 11.6% (10.3). Earnings per share increased to SEK 4.90, compared to SEK 3.36 the preceding year.

## Income Statement

MSEK	3 months ended December 31		12 months ended December 31		
	2002	2001	2002 <sup>1</sup>	2002 <sup>2</sup>	2001
Revenues	11,949	13,117	47,562	47,562	51,139
Operating expenses	-10,563	-11,769	-42,301	-42,301	-45,009
Goodwill impairment charge			-6,950		
Operating profit	1,386	1,348	-1,689	5,261	6,130
—as a percentage of revenues	11.6	10.3		11.1	12.0
Financial income and expenses	-132	-294	-780	-780	-1,430
<b>Profit after financial items</b>	<b>1,254</b>	<b>1,054</b>	<b>-2,469</b>	<b>4,481</b>	<b>4,700</b>
—as a percentage of revenues	10.5	8.0		9.4	9.2
Taxes	-223	-345	-1,361	-1,513	-1,622
Minority interest	-5	-5	-59	-59	-11
<b>Net profit</b>	<b>1,026</b>	<b>704</b>	<b>-3,889</b>	<b>2,909</b>	<b>3,067</b>
Earnings per share, SEK	4.90	3.36	-18.55	13.88	14.63
<b>Key ratios</b>					
Equity capital per share, period end, SEK			97	126	133
Return on capital employed before tax, 12 month values, %			-3	12	13
Return on equity after tax, 12 month values, %			-16	11	12
Debt / equity ratio, period end, %			67	52	72
Rate of equity, period end, %			42	48	43
Number of employees, period end			25,705	25,705	25,529

1) Reported. 2) Excluding goodwill impairment charge.

## Balance Sheet

MSEK	December 31, 2002	December 31, 2001
Intangible fixed assets	12,956	22,600
Rental equipment	11,294	14,935
Other fixed assets	6,726	7,887
Inventories	5,782	5,987
Receivables	10,554	11,605
Cash, bank, and short-term investments	1,356	1,343
<b>Total assets</b>	<b>48,668</b>	<b>64,357</b>
Equity	20,194	27,568
Minority interest	160	221
Interest-bearing liabilities and provisions	15,050	21,421
Non-interest-bearing liabilities and provisions	13,264	15,147
<b>Total equity and liabilities</b>	<b>48,668</b>	<b>64,357</b>

## Changes in Shareholders' Equity

MSEK	January–December 2002	January–December 2001
Opening balance	27,568	23,982
Dividend to shareholders	-1,153	-1,100
Hedge for stock option plan	-138	-
Translation differences for the period	-2,194	1,619
Net profit for the period	-3,889	3,067
Closing balance	20,194	27,568

**Financial targets** The overall objective for the Atlas Copco Group is to achieve a return on capital employed that will always exceed the Group's total cost of capital. The targets for the next business cycle are:

- to have an average annual revenue growth of 8%,
- to have an average operating margin of 15%, and
- to challenge continuously the efficiency of operating capital in terms of stock, receivables, and rental fleet utilization.

Overall, achievement of these targets will ensure that shareholder value is created and continuously increased. The strategy for reaching these objectives will adhere to the Group's proven development process for all operational units, focusing on stability first, then profitability, and finally growth.

**Forward-looking statements** Some statements in this report are forward-looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

# Volume growth in Q4

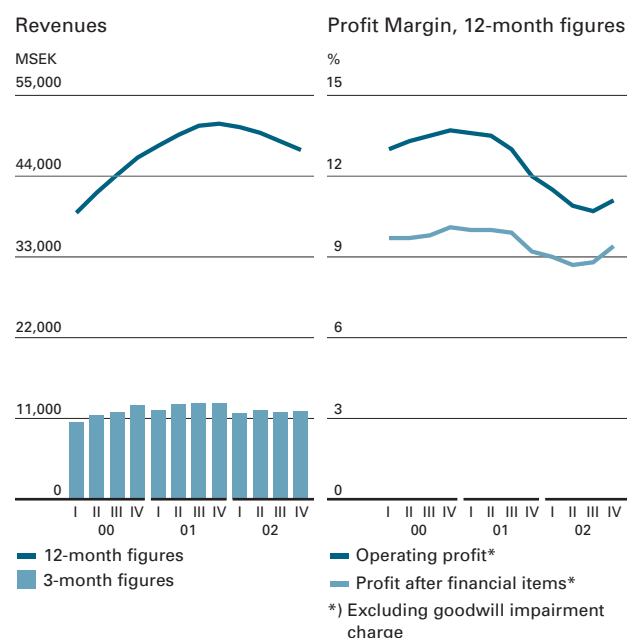
Interim report at December 31, 2002 (unaudited). Note: All comparative figures are for the fourth quarter of 2001, unless otherwise stated.

- Order volumes increased 2%, 10% negative currency translation effect.
- Profit after financial items reached MSEK 1,254 (1,054), or 10.5% (8.0).
- Operating profit margin equaled 11.6% (10.3).
- Earnings per share were SEK 4.90 (3.36).
- Operating cash flow totaled MSEK 1,402 (1,863), 12% of revenues.

**Dividend** The Board of Directors proposes that a dividend of SEK 5.75 (5.50) per share be paid for the 2002 fiscal year.

**Near-term demand outlook** Overall, the demand for Atlas Copco's products and services is expected to remain unchanged during the coming quarter, but the political situation in the Middle East has increased the uncertainty.

Demand for rental equipment in the United States is expected to stay at the present level, adjusted for seasonal weakness in the first quarter.



MSEK	October–December			January–December			
	2002	2001	%	2002 <sup>1</sup>	2002 <sup>2</sup>	2001	%
Orders received	11,414	12,343	-8	47,946	47,946	50,916	-6
Revenues	11,949	13,117	-9	47,562	47,562	51,139	-7
Operating profit	1,386	1,348	+3	-1,689	5,261	6,130	-14
—as a percentage of revenues	11.6	10.3			11.1	12.0	
Profit after financial items	1,254	1,054	+19	-2,469	4,481	4,700	-5
—as a percentage of revenues	10.5	8.0			9.4	9.2	
Items affecting comparability							
Goodwill impairment charge				-6,950			
Reduced goodwill amortization	+51			+51	+51		
Restructuring charges	-68	-200		-116	-116	-260	
Capitalized development costs	+70			+284	+284		
Revised useful life estimates	+35			+170	+170		
Total	+88	-200		-6,561	+389	-260	
Earnings per share, SEK	4.90	3.36		-18.55	13.88	14.63	
Equity capital per share, SEK				97	126	133	
Return on capital employed (12-month value)				-3	12	13	

1) Reported. 2) Excluding goodwill impairment charge.

## Summary of full-year 2002 results

### Atlas Copco Group

In the third quarter, Atlas Copco recorded an impairment charge (extraordinary write-down of goodwill) in the Rental Service business area of MSEK 6,950. After tax, this corresponds to SEK 32.43 per share. The charge had no cash flow effect. In order to enhance comparability, the current year's results are compared to the previous year excluding the goodwill impairment charge.

Orders received decreased 6% to MSEK 47,946 (50,916), corresponding to a volume decline of 2% for comparable units. The negative translation effect from foreign exchange rate fluctuations was 5%. Revenues declined 7%, to MSEK 47,562 (51,139), corresponding to a 3% decline in volume.

The Group's operating profit decreased to MSEK 5,261 (6,130), down 14% and corresponding to an operating margin of 11.1% (12.0). Profit after financial items amounted to MSEK 4,481 (4,700), down 5% and corresponding to a margin of 9.4% (9.2). Excluding all items affecting comparability, the profit margin was 8.6% (9.7). The negative impact on profit before financial items of changes in exchange rates compared with the previous year was approximately MSEK 380.

Operating cash flow before acquisitions and dividends but including capital expenditure and taxes, equaled MSEK 5,599 (5,744).

## Review of fourth quarter—Atlas Copco Group

### Market development

The construction market in the United States did not improve in the latter part of the year. Spending in non-residential building, affecting particularly rental but also wholesale demand for construction equipment, was some 15% below the level in the same period previous year while residential building activity remained on a high level.

Demand for investment-related products from the manufacturing industry in North America was relatively weak with some exceptions, like the motor vehicle industry, where productivity and quality enhancing investments continued. Capacity utilization in general remained very low at approximately 75%, indicating no or limited needs for capacity investments in North America. Demand for smaller production-related equipment and services was more favorable, but was still affected by the generally poor market conditions.

In Latin America, demand deteriorated in the quarter. Most

sectors of industry and construction were affected by the poor economic situation in the region itself, as well as in many of the region's main trading partners.

In Europe, demand was somewhat better than expected with healthy growth in Great Britain, Italy, the Nordic region, and in Eastern Europe. The biggest individual markets, Germany and France, suffered, however, from low capacity utilization in most manufacturing industries and an overall low activity level in the construction industry. The exception was primarily the motor vehicle industry, where orders for industrial tools increased. The demand for consumables and service continued at a relatively high level.

The Africa and Middle East region continued to develop favorably, primarily due to good demand from the mining industry in southern Africa and a few large construction projects in the Middle East.

In Asia, the positive demand development continued, primarily driven by another quarter of strong growth in China, but with good contribution also from other markets like India and South Korea. Also Australia recorded increased demand from the construction and manufacturing industries.

### Orders and revenues

Orders received totaled MSEK 11,414 (12,343), down 8% from the fourth quarter of 2001 but up 2% in volumes after adjusting for a 10% negative translation effect, a 1% negative price effect and a positive effect of structural changes of 1%. In North America, representing 48% of Group sales, volumes were somewhat lower than in the same quarter in 2001, while in Europe, representing 32% of sales, volumes were up. Asia/Australia and Africa/Middle East, representing 12% and 5% of total sales respectively, continued to grow considerably, while South America, 3% of the total, reported significantly lower order volumes.

Revenues decreased 9%, to MSEK 11,949 (13,117), corresponding to a flat volume development for comparable units.

### Earnings and profitability

Operating profit increased to MSEK 1,386 (1,348) corresponding to an operating margin of 11.6% (10.3). Last year's operating profit was affected by MSEK 200 of restructuring charges in Industrial Technique and Rental Service. This year's profit included restructuring charges of MSEK 68 in Construction and Mining Technique but also positive effects of MSEK 70 and MSEK 35 respectively from new accounting standards regarding capitalization of development costs, and the adjustment of rental fleet useful life estimates. The goodwill impairment charge in the third quarter led to a MSEK 51 lower amortization expense in the fourth quarter. Excluding these items affecting comparability, the operating margin was 10.9% (11.8). The substantially weaker USD, compared to previous year, affected the operating profit negatively by about MSEK 250.

Net financial items amounted to MSEK -132 (-294), of which net interest items accounted for MSEK -121 (-279). Interest expense declined year-on-year owing to strong operating cash flow, lower interest rates and successful interest rate management.

Profit after financial items improved 19%, to MSEK 1,254 (1,054), to a margin of 10.5% (8.0). Net foreign exchange effects were about MSEK -220 in the quarter.

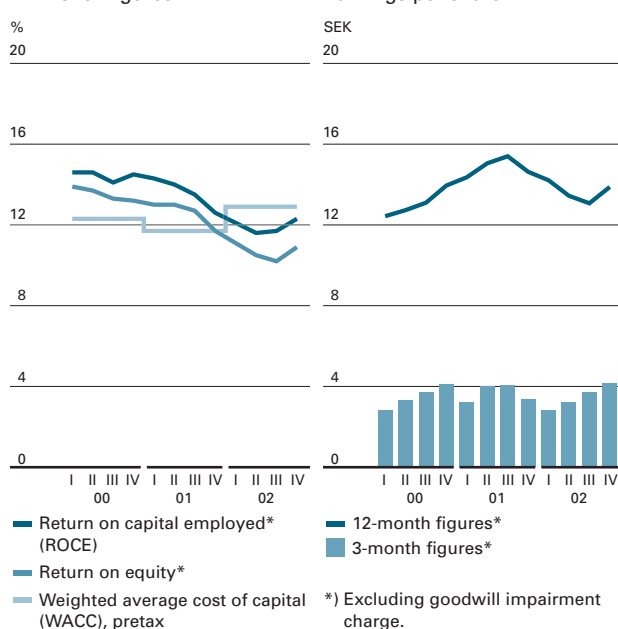
Net profit totaled MSEK 1,026 (704), or SEK 4.90 (3.36) per share. The tax charge in the quarter was low, MSEK -223 (-345), primarily explained by a MSEK 152 deferred tax amount related to the tax-deductible portion of the goodwill impairment charge which was booked in Q3 2002. This effect corresponds to SEK 0.73 per share.

The return on capital employed during the 12 months to December 31, 2002 was 12% (13), and the return on shareholders' equity 11% (12). The Group currently uses a weighted average cost of capital (WACC) of 7.8%, corresponding to a pre-tax cost of capital of approximately 12%.

### Cash flow and net indebtedness

The operating cash surplus after tax reached MSEK 1,877 (1,625),

### Return and cost of capital, 12-month figures



corresponding to 16% (12) of Group revenues. Working capital increased MSEK 199 (decrease of 358).

Total cash flow from operations reached MSEK 1,678 (1,983).

Net investment in tangible fixed assets, including proceeds from sales of rental equipment was MSEK 168 (166).

Operating cash flow before acquisitions and dividends equaled MSEK 1,402 (1,863), in line with recent 12 month trend but 25% below previous year's very strong quarter.

#### Summary cash-flow analysis

MSEK	Oct.–Dec.		Jan.–Dec.	
	2002	2001	2002	2001
Operating cash surplus after tax	1,877	1,625	6,922	6,771
<i>of which depreciation added back</i>	<i>901</i>	<i>1,224</i>	<i>3,956</i>	<i>4,556</i>
Change in working capital	-199	358	377	385
Cash flow from operations	1,678	1,983	7,299	7,156
Investments in tangible fixed assets	-568	-907	-3,109	-3,702
Sale of tangible fixed assets	400	741	1,758	2,354
Other investments, net	-108	46	-349	-64
Company acquisitions/divestments	-2	-59	-712	-300
Cash flow from investments	-278	-179	-2,412	-1,712
Dividends paid	-2	-3	-1,165	-1,125
Net cash flow	1,398	1,801	3,722	4,319
Change in interest-bearing liabilities	-1,471	-2,101	-3,568	-4,280
Cash flow after financing	-73	-300	154	39
Liquid funds at beginning of period	1,458	1,658	1,343	1,237
Translation difference	-29	-15	-141	67
Liquid funds at end of period	1,356	1,343	1,356	1,343

The Group's net indebtedness (defined as the difference between interest-bearing liabilities and liquid assets) amounted to MSEK 13,694 (20,078), of which MSEK 1,778 (1,736) was attributable to pension provisions. The debt/equity ratio (defined as net indebtedness divided by shareholders' equity) improved to 67% (72), in spite of the goodwill impairment charge of MSEK 6,950 in Q3 2002. Excluding this non-cash impairment charge, the debt/equity ratio was 52%.

#### Investments, depreciation and amortization

Gross investments in property and machinery totaled MSEK 237 (321). Gross investments in rental equipment ended at MSEK 331 (586). Depreciation on these two asset groups was MSEK 246 (248) and MSEK 523 (789), respectively, while amortization of intangible assets equaled MSEK 132 (187).

#### Asbestos cases in the United States

Atlas Copco has, as of December 31, 2002, a total number of 84 asbestos cases filed with a total of 16,556 individual claimants. The average number of defendants was 163 companies per case. None of these cases identifies a specific Atlas Copco product.

In 2002 there was one case involving an identified Atlas Copco product, as one among many other products. This case was settled in the fourth quarter at an immaterial cost, substantially lower than the deductible cost used in Atlas Copco's insurances.

The Group has not deemed it necessary to book any provisions related to these pending cases.

#### People

On December 31, 2002, the number of employees was 25,705 (25,529). For comparable units, the number of employees decreased by 462 from December 31, 2001.

#### Equity and distribution of shares

A provision of MSEK 138, related to Atlas Copco's employee option plans, was booked against shareholder's equity in the fourth quarter. The provision is made as the share price of December 30, 2002 was lower than those of the option contracts.

Share capital equaled MSEK 1,048 (1,048) at the end of the period, distributed as follows.

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

#### Compressor Technique business area

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

MSEK	October–December			January–December		
	2002	2001	%	2002	2001	%
Orders received	3,929	3,908	+1	16,334	16,633	-2
Revenues	4,206	4,432	-5	15,993	16,873	-5
Operating profit	809	804	+1	3,005	3,202	-6
<i>—as a percentage of revenues</i>	<i>19.2</i>	<i>18.1</i>		<i>18.8</i>	<i>19.0</i>	
Return on capital employed (12-month values)	68	69				

- Orders volumes up for industrial compressors and aftermarket.
- Continued weak demand for portable compressors to construction applications.
- Sustained high profit margin.
- Launch of new innovative products.

Orders received increased 1%, at MSEK 3,929 (3,908), corresponding to an increase in volume of 7%. The negative translation effect was approximately 8%, while acquisitions and a small average price increase added 2%.

Orders for standard industrial compressors continued to increase more than the average for the business area. Growth was achieved in all regions except North and South America. Among major countries, China, in particular, continued to grow solidly. The growth was pronounced for larger units, predominantly oil-free compressors, where both Europe and Asia had substantial sales increases. Sales of small and medium-sized machines recorded moderate growth with the best development in Asia. The aftermarket business recorded another quarter of consistent growth.

Gas and process compressors, which have a more volatile order development than other industrial compressors, recorded an order intake well above the previous year's low volume.

Poor construction market conditions in most regions except the Middle East, Australia and parts of Asia, continued to negatively affect the sales of portable compressors. Generator sales picked up somewhat in the quarter. The low level of fleet investments from rental companies, both internal and external, continued.

In the quarter, important introductions of new products were made. A completely new range of small and medium-sized oil-free compressors was launched. They use new innovative technology in the compressor elements and are more efficient and quieter than the old range. New dryers with the energy-efficient Variable Speed Drive (VSD) functionality were also launched in the quarter.

Revenues decreased 5% in the quarter, to MSEK 4,206 (4,432), corresponding to a flat volume development.

Operating profit increased 1% to MSEK 809 (804), corresponding to an operating margin of 19.2% (18.1). The margin was supported by the change in accounting concerning capitalization of certain development costs, but was negatively affected by unfavorable currency effects. The return on capital employed (past 12 months) remained at a very high level, 68% (69%).

#### Rental Service business area

The Rental Service business area consists of one division in the equipment rental industry in North America, providing services to construction and industrial markets.

MSEK	October–December			January–December			
	2002	2001	%	2002 <sup>1</sup>	2002 <sup>2</sup>	2001	%
Revenues	2,884	3,776	-24	12,829	12,829	15,469	-17
Goodwill impairment charge				-6,950			
Operating profit <sup>3</sup>	179	119	+50	-6,264	686	1,255	-45
—as a percentage of revenues	6.2	3.2			5.3	8.1	
Return on capital employed (12-month values)		3 <sup>2</sup>	4				

1) Reported. 2) Excluding goodwill impairment charge. 3) Including restructuring charge of MSEK 100 in Q4 2001.

- No improvement in market demand.
- Rental revenue volume down 1%, positive same store growth.
- Fleet utilization remained well above previous year.
- Continued strong cash flow.

Rental revenues, which accounted for 76% of total revenues, dropped 1% in volume, the lowest drop in any quarter this year. Average rental rates were 2% short of one year previously, but stayed flat compared to the third quarter this year.

Total revenues decreased 24%, to MSEK 2,884 (3,776) primarily due to a very large negative translation effect from USD to SEK of 13% and a 53% drop in sales of used equipment. The drop in used equipment sales came as a result of the active fleet restructuring efforts in the same quarter last year. Sales of new equipment, parts and merchandise, representing 16% of total revenues, dropped 4%.

The underlying market situation for construction showed no material signs of improvement in the fourth quarter. The non-residential building sector, representing approximately 50% of Rental Service's revenues, was about 15% below the previous year's level while the residential building activity remained at a high level. The industrial business, the second biggest customer segment, primarily related to turn-around and maintenance activities, continued to record improvement over last year and the most recent quarters.

Rental fleet utilization remained well above the level in Q4 2001, with more fleet on rent than last year in spite of the reduction in total fleet size and the decrease in market demand. The rental fleet at original cost was 6% lower than in Q4 2001 and the average age was 3.6 years.

14 stores were closed in the quarter and the number of rental locations at the end of the period was 506 compared to 530 one year earlier. Total number of employees was reduced by 291 in the quarter and by 568 compared to previous year.

Cash flow was again strong in the quarter, due to active asset management, and limiting investments in the fleet to replacements only.

Operating profit, including goodwill amortization, was MSEK 179 (119), corresponding to a margin of 6.2% (3.2). Goodwill amortization was MSEK 51 lower than previous year and the most recent quarters due to the impairment charge in the third quarter 2002. Return on capital employed (past 12 months and excluding the impairment charge) was 3% (4).

### Industrial Technique business area

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

MSEK	October–December			January–December		
	2002	2001	%	2002	2001	%
Orders received	2,775	2,997	-7	11,502	12,068	-5
Revenues	2,903	3,232	-10	11,481	12,126	-5
Operating profit*	319	238	+34	1,050	1,123	-7
—as a percentage of revenues	11.0	7.4		9.1	9.3	
Return on capital employed (12-month values)	14	13				

\*) Including restructuring charges of MSEK 100 in Q4 2001.

- Increased order volume for industrial tools.
- First phase of the Milwaukee launch in Europe completed.
- Operating profit margin at 11%.

Order intake decreased 7% to MSEK 2,775 (2,997), corresponding to a 5% increase in volumes when adjusting for a negative translation effect of 10% and a net negative effect from divested business and price of 2%. The volume growth was entirely related to industrial tools, while professional electric tools were flat.

The increase in order intake for industrial tools from the third quarter continued also in the fourth quarter. The increase was noted in Europe, North America as well as in Asia. Important orders were received from the motor vehicle industry in the United States and orders from general industry were also higher than in the same quarter previous year.

Sales of professional electric tools for construction and installation work in North America slowed down during the quarter compared to the most recent quarters, but were flat compared to the same quarter previous year. The slowdown referred to the home-improvement outlets while other distribution channels were stable. Demand in Europe remained generally weak. The first phase of the launch of a Milwaukee-branded professional electric tool range in Europe was completed and mitigated an otherwise weak demand.

Revenues were MSEK 2,903 (3,232), down 10%, but corresponding to a volume increase of 1% for comparable units.

Operating profit reached MSEK 319 (238), corresponding to a margin of 11.0% (7.4). Previous year's profit was affected by MSEK 100 restructuring costs. Excluding this restructuring cost, the margin in 2001 was 10.5%. The improvement compared to previous year was due to an improved margin in professional electric tools. Return on capital employed (past 12 months) was 14% (13).

### Construction and Mining Technique business area

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

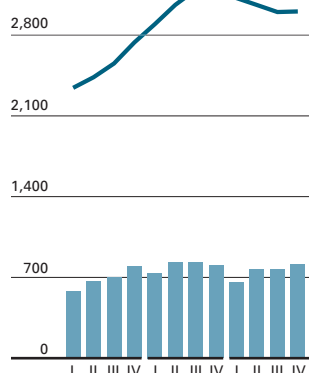
MSEK	October–December			January–December		
	2002	2001	%	2002	2001	%
Orders received	1,885	1,801	+5	7,633	7,282	+5
Revenues	2,018	1,831	+10	7,618	7,253	+5
Operating profit*	112	191	-41	680	736	-8
—as a percentage of revenues	5.6	10.4		8.9	10.1	
Return on capital employed (12-month values)	20	23				

\*) Including restructuring charge of MSEK 68 in Q4 2002.

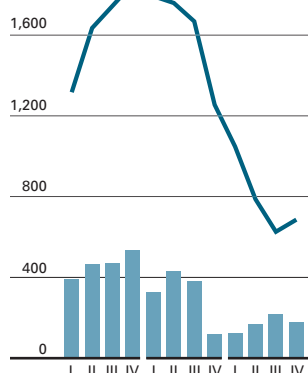
- Order volume growth continued.
- Restructuring charge of MSEK 68 for the re-location of the loader business.
- Currency effects affected the operating margin negatively.

Orders received amounted to MSEK 1,885 (1,801), corresponding to an increase in volumes of 5%. There was a negative translation effect of 8%, while acquisitions added 8%. Prices were on average flat compared to previous year.

Orders to underground mining applications continued to grow in the quarter, with increased sales in drill rigs, drilling tools, and the aftermarket business. Geographically, the best development in the quarter was recorded in North America, Eastern Europe, and South Africa. In South America the demand deteriorated somewhat after a period of strong growth. Orders for exploration drilling equipment to the mining industry remained on a low level. Sales to customers in the construction market were mixed in the quarter. Strong growth continued in most markets for surface

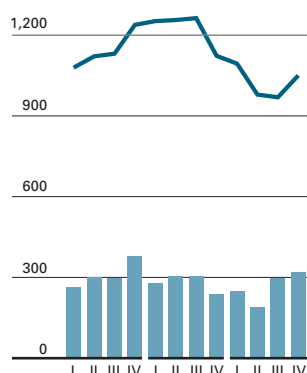
**Compressor Technique,  
Operating profit**MSEK  
3,500

■ 12-month figures  
■ 3-month figures

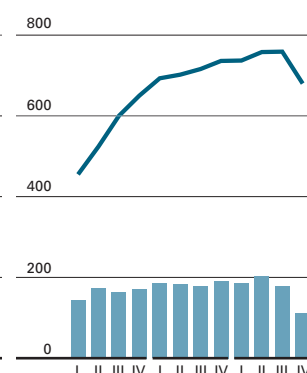
**Rental Service,  
Operating profit**MSEK  
2,000

■ 12-month figures\*  
■ 3-month figures\*

\*) Excluding goodwill impairment charge.

**Industrial Technique,  
Operating profit**MSEK  
1,500

■ 12-month figures  
■ 3-month figures

**Construction and Mining  
Technique, Operating profit**MSEK  
1,000

■ 12-month figures  
■ 3-month figures

drilling equipment used in infrastructure projects and quarries. Orders for hand-held light construction equipment deteriorated further in the quarter, in line with the poor market situation in North America and Europe. Sales of hydraulic breakers, including the acquired Krupp-range, developed more favorably.

The integration project between the drill rigs business and the underground loader/truck business, which will result in one dedicated division located in Sweden, continued according to plan. The transfer and integration of the loader business, affecting 215 employees in the Portland plant in Oregon, USA, has a total cost of approximately MSEK 150, of which MSEK 68 was booked in the fourth quarter. The remaining part will be charged to results during 2003.

Revenues were up 10% to MSEK 2,018 (1,831), corresponding to a volume increase of 10% for comparable units.

Operating profit was MSEK 112 (191), including restructuring charges of MSEK 68. Excluding restructuring, the profit margin was 8.9% (10.4). The profit margin was negatively affected by the strengthening of the SEK against most major currencies. Return on capital employed (past 12 months) was 20% (23).

**Previous near-term demand outlook  
(Published October 24, 2002)**

Overall, the demand for Atlas Copco's products and services is expected to remain unchanged during the coming quarter.

Demand for rental equipment in the United States is expected to stay at present level, adjusted for normal seasonal downturn in the fourth quarter.

**Accounting principles**

The interim report has been prepared using the same accounting principles as disclosed in the Annual Report 2001, with the exception of new standards effective January 1, 2002, issued by the Swedish Accounting Standards Council.

The application of the standard RR 15 dealing with Intangible Assets increased the pre-tax profit by MSEK 284 for 2002 compared to 2001 since certain development costs were recognized as assets instead of being expensed. These intangible assets will be amortized over their estimated useful lives, which are estimated to be between 3 and 5 years. The implementation of the other new standards did not have a material effect on the Group's financial position.

Regarding accounting for goodwill: The International Accounting Standards Committee (IASC) issued a revised standard IAS 22 (1998) which became effective for financial statements covering periods beginning on or after July 1, 1999. Under this standard there is a rebuttable presumption that the useful life of goodwill

should not exceed 20 years from initial recognition. However, it also states that in rare cases, there may be persuasive evidence that the useful life will be longer than twenty years. As a consequence of IAS 22, the Swedish Financial Accounting Standards Board also revised the applicable section of the recommendation RR 1:96 and the revised standard RR 1:00 agrees in all material respects to the IASC standard and became effective as of January 1, 2002.

Due to the significant changes in the accounting for goodwill that has happened and is predicted to happen, Atlas Copco decided to continue to amortize the strategic U.S. acquisitions over a period of 40 years. Given the short time before the Group will adapt to the revised IAS standard, this treatment offers readers the best comparability and continuity in the Group's financial results.

In addition to annual amortization, goodwill is evaluated for impairment on a regular basis by estimating the discounted future cash flows of the business to which the goodwill relates. In the third quarter this resulted in an impairment charge in the Rental Service business area affecting the operating profit by MSEK -6,950.

**Parent Company**

Profit after financial income and expense for Atlas Copco AB totaled MSEK 1,365 (2,014). Net profit for the year, after appropriations and taxes, was MSEK 899 (1,589).

**Dividend**

The Board of Directors proposes that a dividend of SEK 5.75 (5.50) per share be paid for the 2002 fiscal year. That corresponds to a total of MSEK 1,205 (1,153).

**Audit Committee**

In December, the Board of Directors appointed an Audit Committee with Anders Scharp, Ulla Litzén, and Thomas Leysen as members. The committee will act as a qualified advisory body to the Board of Directors regarding auditor selection and review of the audit process.

Stockholm, February 3, 2003

Gunnar Brock  
President and Chief Executive Officer

## Acquisitions and divestments 2001–2002

Time	Acquisitions	Divestments	Business area	Sales* MSEK	No. of employees*
2002 Aug. 22		Revathi	Industrial Technique	100	114
2002 June 3	Krupp Berco Bautechnik		Construction and Mining Technique	600	420
2002 April 18	Liutech		Compressor Technique	100	190
2002 April 17	MAI-Ankerteknik		Construction and Mining Technique	70	15
2001 Dec. 6	Grassair		Compressor Technique	85	75
2001 Aug. 31	Christensen Products		Construction and Mining Technique	160	7
2001 May 1	Masons		Compressor Technique	140	50
2001 Q1	Various small rental cos.		Rental Service	36	30

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

## Revenues by business area

MSEK	October–December			January–December		
	2000	2001	2002	2000	2001	2002
Compressor Technique	4,107	4,432	4,206	14,720	16,873	15,993
Rental Service	3,849	3,776	2,884	13,955	15,469	12,829
Industrial Technique	3,161	3,232	2,903	11,454	12,126	11,481
Construction and Mining Technique	1,898	1,831	2,018	7,083	7,253	7,618
Eliminations	-174	-154	-62	-685	-582	-359
Atlas Copco Group	12,841	13,117	11,949	46,527	51,139	47,562

MSEK (by quarter)	2001				2002			
	1	2	3	4	1	2	3	4
Compressor Technique	3,928	4,189	4,324	4,432	3,785	4,039	3,963	4,206
Rental Service	3,659	3,940	4,094	3,776	3,397	3,357	3,191	2,884
Industrial Technique	2,838	3,054	3,002	3,232	2,823	2,827	2,928	2,903
Construction and Mining Technique	1,828	1,828	1,766	1,831	1,784	1,952	1,864	2,018
Eliminations	-152	-131	-145	-154	-154	-70	-73	-62
Atlas Copco Group	12,101	12,880	13,041	13,117	11,635	12,105	11,873	11,949

## Operating profit by business area

MSEK	October–December			January–December		
	2000	2001	2002	2000	2001	2002*
Compressor Technique	795	804	809	2,737	3,202	3,005
Rental Service	532	119	179	1,855	1,255	686
Industrial Technique	378	238	319	1,238	1,123	1,050
Construction and Mining Technique	171	191	112	650	736	680
Corporate items	-53	-4	-33	-88	-186	-160
Operating profit	1,823	1,348	1,386	6,392	6,130	5,261
—as a percentage of revenues	14.2	10.3	11.6	13.7	12.0	11.1
Financial income and expenses	-452	-294	-132	-1,703	-1,430	-780
Profit after financial items	1,371	1,054	1,254	4,689	4,700	4,481
—as a percentage of revenues	10.7	8.0	10.5	10.1	9.2	9.4

\*) Excluding goodwill impairment charge.

MSEK (by quarter)	2001				2002			
	1	2	3	4	1	2	3*	4
Compressor Technique	738	831	829	804	657	771	768	809
Rental Service	328	430	378	119	121	169	217	179
Industrial Technique	277	303	305	238	248	188	295	319
Construction and Mining Technique	185	182	178	191	186	203	179	112
Corporate items	-65	-54	-63	-4	-46	-27	-54	-33
Operating profit	1,463	1,692	1,627	1,348	1,166	1,304	1,405	1,386
—as a percentage of revenues	12.1	13.1	12.5	10.3	10.0	10.8	11.8	11.6
Financial income and expenses	-414	-382	-340	-294	-254	-230	-164	-132
Profit after financial items	1,049	1,310	1,287	1,054	912	1,074	1,241	1,254
—as a percentage of revenues	8.7	10.2	9.9	8.0	7.8	8.9	10.5	10.5

\*) Excluding goodwill impairment charge.