Press Release from the Atlas Copco Group

October 22, 2010

Atlas Copco
Interim report at September 30, 2010

Record profit and strong order growth

- **Order intake increased 35% to MSEK 19 316.**
- **Revenues increased 18% to MSEK 17 743 (15 088).**
- **Operating profit increased 57% to MSEK 3 782 (2 402), including restructuring costs of MSEK 100.**
- **Operating margin was record high at 21.3% (15.9).**
- **Profit before tax amounted to MSEK 3 675 (2 210).**
- **Profit for the period was MSEK 2 650 (1 730).**
- **Basic and diluted earnings per share were SEK 2.17 (1.42).**
- **Operating cash flow at MSEK 2 479 (4 275).**

	July – September			January – September		
MSEK	2010	2009	%	2010	2009	%
Orders received	19 316	14 309	+35	55 804	43 175	+29
Revenues	17 743	15 088	+18	50 474	47 820	+6
Operating profit	3 782	2 402	+57	9 908	6 640	+49
– as a percentage of revenues	*21.3*	*15.9*		*19.6*	*13.9*	
Profit before tax	3 675	2 210	+66	9 575	5 947	+61
– as a percentage of revenues	*20.7*	*14.6*		*19.0*	*12.4*	
Profit for the period	2 650	1 730	+53	7 028	4 576	+54
Basic and diluted earnings per share, SEK	2.17	1.42		5.77	3.75	

Near-term demand outlook

The overall demand for the Group's products and services is expected to increase somewhat. The sequential improvement is primarily expected to come from emerging markets.

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 nine-month results

Orders received in the first nine months of 2010 increased 29%, to MSEK 55 804 (43 175). Volume for comparable units increased 28%, price increases added 1% and structural changes 2%, while the negative currency effect was 4%. Cancellations from the first quarter 2009 represented 2%. Revenues were MSEK 50 474 (47 820), corresponding to 8% organic growth.

Operating profit increased 49% to MSEK 9 908 (6 640), including restructuring costs of MSEK 100. Previous year includes redundancy costs of MSEK 489. The adjusted operating margin was 19.8% (14.9). The total impact of changes in exchange rates compared with previous year was MSEK -75 for the first nine months.

Profit before tax increased to MSEK 9 575 (5 947), corresponding to a margin of 19.0% (12.4). Profit for the period totaled MSEK 7 028 (4 576). Basic and diluted earnings per share were 5.77 (3.75).

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 7 549 (9 618).

Review of the third quarter

Market development

The overall demand for the Group's products and services improved somewhat sequentially i.e. compared with previous quarter. Order intake for mining and industrial equipment improved sequentially, whereas overall sales of construction equipment were slightly weaker. The aftermarket business developed strongly. Overall, orders received were significantly above the low level of previous year in all regions.

In **North America**, order intake for equipment and aftermarket improved sequentially and grew strongly compared with previous year. The demand from the manufacturing and construction businesses developed particularly well.

Orders received in **South America** remained at a record level, reflecting strong demand in all countries and from most customer segments.

In **Europe**, the activity remained healthy in most industry segments. Order intake from mining, manufacturing and process industries recorded a slight sequential improvement, whereas sales of many types of construction equipment declined. The most positive development was seen in eastern Europe, while orders declined in southern Europe and was largely unchanged in western and northern Europe compared with previous quarter. Compared with previous year's weak order intake in the region, solid growth was recorded both for equipment and aftermarket.

In **Africa/ Middle East**, orders received from the mining industry in southern Africa improved. In the Middle East, sales to the construction industry were weaker than in the previous quarter. The aftermarket business developed favorably.

In **Asia,** order intake reached a new record. The order intake for mining and construction equipment as well as for industrial tools improved sequentially. Demand for small and medium sized compressors remained strong, whereas the sales of gas and process machines were lower than in previous quarter. The activity level continued to be high in all industries supporting strong aftermarket growth.

In **Australia**, demand from the mining industry continued to be very favorable and contributed to the record high orders received.

Sales bridge

	July – September	
MSEK	Orders Received	Revenues
2009	14 309	15 088
Structural change, %	+2	+2
Currency, %	-2	-2
Price, %	+1	+1
Volume, %	+34	+17
Total, %	+35	+18
2010	19 316	17 743

Geographic distribution of orders received

%, last 12 months incl. September 2010	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	16	17	24	17
South America	9	15	5	11
Europe	35	26	48	32
Africa/Middle East	9	13	2	11
Asia/Australia	31	29	21	29
	100	100	100	100

Earnings and profitability

Operating profit increased 57% to MSEK 3 782 (2 402), including restructuring costs of MSEK 100 related to the consolidation of manufacturing for road construction equipment. Adjusted operating margin was record high at 21.9% (15.9). The margin was positively affected by the cost reductions and efficiency measures from 2009, in combination with the current higher production volumes in the factories. A favorable sales mix, and price increases also supported the operating margin.

The net currency effect compared with previous year was MSEK -135, but it had no material effect on the margin. The negative comparison was primarily due to previous year's gain on corporate hedges, while the effect on operations was basically neutral.

Net financial items were MSEK -107 (-192), of which interest net MSEK -96 (-171). The improvement in interest net reflects primarily the strong cash flow in recent periods and the related reduction of the net indebtedness.

Profit before tax amounted to MSEK 3 675 (2 210), corresponding to a margin of 20.7% (14.6).

Profit for the period totaled MSEK 2 650 (1 730). Basic and diluted earnings per share were SEK 2.17 (1.42).

The return on capital employed during the last 12 months was 25% (21) and 27% (23) excluding the customer financing business. The return on equity was 34% (33). The Group currently uses a weighted average cost of capital (WACC) of 8.0%, pre-tax equivalent approximately 10.5%, as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus reached MSEK 4 680 (3 157).

Working capital increased with MSEK 1 035 (decreased 2 032) as a result of increased sales. Rental equipment increased with, net, MSEK 92 (35).

Investments in property, plant and equipment was MSEK -274 (-217). Net cash flow from other investing activities, excluding acquisitions and divestments of MSEK-282 (-10), was MSEK +141 (+135), primarily related to customer financing.

Operating cash flow equaled MSEK 2 479 (4 275).

Cash flows from financing activities

During the quarter, there was a positive effect in the cash flow of MSEK 442 from the closing of interest rate swap contracts related to bond loans of MEUR 100, MSEK 2 500 and MUSD 200. The result effect will be amortized over the remaining tenor of the bonds, on average approximately 4.5 years.

Net indebtedness

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 8 416 (14 624), of which MSEK 1 630 (1 776) was attributable to post-employment benefits. The funding situation for the Group is very strong, with an average tenor of around five years and substantial amount of undrawn committed credit lines. The net debt/EBITDA ratio was 0.6 (1.2). The net debt/equity ratio was 32% (62).

Employees

On September 30, 2010, the number of employees was 32 152 (29 892). The number of consultants/external workforce was 1 512 (897). For comparable units, the total workforce increased 862 since June 30, 2010 and with 2 252 since September 30, 2009.

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	July – September 2010	2009	Change %	January – September 2010	2009	Change %
Orders received	**9 412**	**7 405**	**+27**	26 739	22 449	+19
Revenues	**8 877**	**7 799**	**+14**	25 151	24 380	+3
Operating profit	**2 312**	**1 451**	**+59**	5 889	4 158*	+42
– as a percentage of revenues	***26.0***	***18.6***		*23.4*	*17.1**	
Return on capital employed, %	**64**	**45**				

** Include items affecting comparability of MSEK -234 for January-September 2009. Adjusted margin was 18.0%.*

- 25% organic order growth; continued strong demand for equipment.
- Strong development in aftermarket with high growth in emerging markets.
- Record operating margin at 26.0%, supported by volume growth and efficiency.

Sales bridge

MSEK	July – September Orders Received	Revenues
2009	7 405	7 799
Structural change, %	+4	+4
Currency, %	-2	-2
Price, %	+1	+1
Volume, %	+24	+11
Total, %	+27	+14
2010	9 412	8 877

Industrial compressors

Order volumes of stationary industrial compressors and air treatment equipment improved slightly compared with previous quarter. Compared with previous year, the increase was significant and strong order growth was recorded in North and South America, and in Asia. Sales increased also in Europe with the best development in the northern and eastern parts.

Gas and process compressors

Order intake of gas and process compressors was at the same level as previous quarter and previous year.

Portable compressors, generators and rental

Orders received for portable compressors and generators improved sequentially and were significantly above the low level previous year. Sizeable orders were received from equipment rental companies in the United States and for gas pipeline construction in Russia. The specialty rental business, i.e. rental of portable air and power, improved moderately.

Aftermarket

Sales of service and spare parts continued to develop very well. The strongest development was seen in Asia, South America and eastern Europe, where more than 20% growth was recorded.

Product development

A range of basic portable generators was introduced. The low pressure product range was extended with a range of centrifugal compressors, primarily for waste water treatment applications. Also the range of air treatment products was extended with several new adsorption dryers. The medical air vacuum system offering was enhanced with improved systems for control and remote monitoring.

Structural changes

On Oct. 1, Cirmac International B.V. in the Netherlands was acquired. The company specializes in biogas upgrading systems for the renewable energy industry and in gas treatment systems for the oil, gas and chemical industries. It employs 42 people and had a turnover in 2009 of MEUR 14 (MSEK 127).

A distribution center for the North American market was opened in Charlotte, North Carolina, the United States.

Profit and returns

Operating profit increased 59% to record high MSEK 2 312 (1 451), corresponding to a margin of 26.0% (18.6). The margin was supported by volume, mix, efficiency improvements, product cost reductions, price increases and more favorable exchange rates.

Return on capital employed (last 12 months) was 64% (45).

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	July – September 2010	2009	Change %	January – September 2010	2009	Change %
Orders received	**8 332**	**5 653**	**+47**	24 371	16 923	+44
Revenues	**7 357**	**5 976**	**+23**	20 983	19 514	+8
Operating profit	**1 312***	**823**	**+59**	3 603*	2 566*	+40
– as a percentage of revenues	***17.8****	***13.8***		*17.2**	*13.1**	
Return on capital employed, %	**24**	**18**				

** Include items affecting comparability of MSEK -100 in Q3 2010 for January-September 2010 and MSEK -143 for January-September 2009. Adjusted margins were 19.2%, 17.6% and 13.9%, respectively.*

- 47% organic order growth; strong growth in both equipment and aftermarket.
- Record high operating margin, excluding restructuring cost, at 19.2%.
- Acquisition of manufacturer of mobile crushers and screeners.

Sales bridge

MSEK	July – September Orders Received	Revenues
2009	5 653	5 976
Structural change, %	0	+1
Currency, %	0	0
Price, %	+1	+1
Volume, %	+46	+21
Total, %	+47	+23
2010	8 332	7 357

Mining

Order intake for mining equipment, both for underground and surface mines, increased further compared to already high levels in Q2. The best development was in Europe, Asia and Australia. Notably, one of the business area’s largest orders ever was won in Kazakhstan.

Construction

Orders for construction equipment were somewhat weaker in Q3 than in Q2, partly due to normal seasonal effects. This was noted for light construction equipment, road construction equipment as well as for surface drilling rigs used in quarries and road construction, while order intake for underground drilling equipment for infrastructure projects, e.g. tunneling and hydropower, increased. Compared with previous year, significant order growth was recorded in most segments with the best development in Asia and North America.

Aftermarket and consumables

Demand for service, spare parts and consumables developed favorably and strong double digit sales growth was recorded in all regions. The best development was seen in the mining industry.

Structural changes

In August, the plan to consolidate the production of road construction equipment was announced. The plan includes investments and expansion in units in Sweden and Germany, but also a closure of the plant in Lingen, Germany, affecting 170 people. Restructuring costs of MSEK 100 was recorded in the quarter.

Hartl Anlagenbau GmbH, Austria, was acquired on August 31. The company manufactures and sells mobile crushers and screeners, employs approximately 110 people and had total revenues in 2009 of MEUR 21 (MSEK 197).

On September 1, H & F Drilling Supplies, United Kingdom, was acquired. The company manufactures and distributes drilling equipment, has 20 employees, and had total revenues in 2009 of MGBP 5.1 (MSEK 59).

A customer center was opened in Panama, to support the growing customer base in Central America and the Caribbean.

Product development

In road development, two planers were launched to complete a full range of compact planers. A new face drilling rig for narrow tunnels and mines has been introduced and, in addition, a system for percussion assisted rotary drilling was introduced.

Profit and returns

Operating profit increased 59% to MSEK 1 312 (823) including restructuring costs of MSEK 100 related to the closure of a plant in Germany. The adjusted operating margin was 19.2% (13.8), supported by the effects of higher production volumes, a favorable sales mix, efficiency improvements and price increases.

Return on capital employed (last 12 months) was 24% (18).

Industrial Technique

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

MSEK	July – September 2010	2009	Change %	January – September 2010	2009	Change %
Orders received	**1 693**	**1 201**	**+41**	4 992	3 861	+29
Revenues	**1 569**	**1 243**	**+26**	4 587	3 937	+17
Operating profit	**317**	**83**	**+282**	849	146*	+482
– as a percentage of revenues	***20.2***	***6.7***		*18.5*	*3.7**	
Return on capital employed, %	**38**	**13**				

** Include items affecting comparability of MSEK -107 for January-September 2009. Adjusted margin was 6.4%.*

- 45% organic order growth; improved demand from all customer segments and all major regions.
- Operating margin increased to 20.2%, supported by increased volumes and efficiency improvements.
- Acquisition of a distributor’s operations in Michigan, the United States.

Sales bridge

MSEK	July – September Orders Received	Revenues
2009	1 201	1 243
Structural change, %	+1	+1
Currency, %	-5	-5
Price, %	+1	+1
Volume, %	+44	+29
Total, %	+41	+26
2010	1 693	1 569

General industry

Order volumes for industrial power tools to the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, increased significantly compared with previous year’s low levels and improved somewhat sequentially. Geographically, the strongest sales increase compared with previous year was noted in Asia and North America but the development was good also in Europe.

Motor vehicle industry

Demand for advanced industrial tools and assembly systems to the motor vehicle industry continued to improve. Orders received increased strongly in Asia, notably in China and Korea. In North America, strong growth was recorded and an improvement was noted in Europe, both from low levels previous year.

Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, increased sales from previous year’s low levels in all major regions.

Aftermarket

The aftermarket business continued to grow rapidly in most emerging markets. Particularly strong order intake has been recorded in China and Korea. Strong growth was also recorded in North America, both sequentially and compared to previous year. Demand in Europe also improved and healthy volume growth was recorded.

Product development

In the quarter, a new model of battery tools was launched to fit with specific requirements from customers in the motor vehicle industry. A new version of software that is collecting safety critical data to support our customers' production with full traceability was also released. A new range of cost effective controllers for electric assembly tools were launched, as well as a new range of pneumatic screwdrivers for industrial assembly applications.

Structural changes

In September, the sales and marketing organization of a current tools distributor, Kramer Air Tool Inc., based in Michigan, the United States, was acquired. The company employs around 50 people and had a turnover of approximately MUSD 17 (MSEK 125).

Profit and returns

Operating result reached MSEK 317 (83), corresponding to an operating margin of 20.2% (6.7). Significantly higher volumes in combination with efficiency improvements and reduced operating costs, affected the profit and margin positively.

Return on capital employed (last 12 months) was 38% (13).

Previous near-term demand outlook

(Published July 16, 2010)

The overall demand for the Group's products and services is expected to increase somewhat.

In emerging markets, demand is foreseen to develop favorably in all business areas. Demand in North America and parts of Europe is expected to increase gradually.

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 2009, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2010, as explained below.

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

Changes in accounting principles

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements

The revised IFRS 3 and amended IAS 27 result among other things in the following changes: transaction costs related to business combinations must be expensed, contingent considerations are recognized at fair value at the acquisition date and the effects of remeasuring liabilities related to contingent considerations are recognized as income or expense in profit or loss and there are two alternative methods to recognize goodwill and non-controlling interest (minority). The choice between the two methods is made on an individual basis for each acquisition. Changes in a parent's ownership interest that do not result in a loss of control are accounted for as equity transactions.

The changes have not yet had any material effect 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, 2010, 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 objectives with respect to growth, operating margin, 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 the 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 exposed to raw material prices, directly and indirectly. Cost increases for raw materials and components are often coinciding in time with strong end-customer demand and can partly be offset by increased volumes to the producers of the raw material and partly compensated for by increased market prices towards customers.

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, please see the 2009 Annual Report.

Consolidated Income Statement

	3 months ended		9 months ended		12 months ended		
MSEK	Sep. 30 2010	Sep. 30 2009	Sep. 30 2010	Sep. 30 2009	Sep. 30 2010	Sep. 30 2009	Dec. 31 2009
Revenues	17 743	15 088	50 474	47 820	66 416	67 551	63 762
Cost of sales	-10 744	-9 889	-31 475	-32 038	-42 068	-45 049	-42 631
Gross profit	**6 999**	**5 199**	**18 999**	**15 782**	**24 348**	**22 502**	**21 131**
Marketing expenses	-1 662	-1 560	- 5 076	-5 182	-6 700	-7 161	-6 806
Administrative expenses	-985	-891	-2 965	-2 882	-3 928	-3 969	-3 845
Research and development costs	-367	-306	-1 094	-1 037	-1 467	-1 392	-1 410
Other operating income and expenses	-203	-40	44	-41	105	-52	20
Operating profit	**3 782**	**2 402**	**9 908**	**6 640**	**12 358**	**9 928**	**9 090**
- as a percentage of revenues	*21.3*	*15.9*	*19.6*	*13.9*	*18.6*	*14.7*	*14.3*
Net financial items	-107	-192	-333	-693	-459	-473	-819
Profit before tax	**3 675**	**2 210**	**9 575**	**5 947**	**11 899**	**9 455**	**8 271**
- as a percentage of revenues	*20.7*	*14.6*	*19.0*	*12.4*	*17.9*	*14.0*	*13.0*
Income tax expense	-1 025	-480	- 2 547	-1 371	-3 171	-1 960	-1 995
Profit for the period	**2 650**	**1 730**	**7 028**	**4 576**	**8 728**	**7 495**	**6 276**
Profit attributable to							
- owners of the parent	2 641	1 721	7 015	4 554	8 705	7 465	6 244
- non-controlling interests	9	9	13	22	23	30	32
Basic earnings per share, SEK	**2.17**	**1.42**	**5.77**	**3.75**	**7.16**	**6.14**	**5.14**
Diluted earnings per share, SEK	**2.17**	**1.42**	**5.77**	**3.75**	**7.16**	**6.14**	**5.13**
Basic weighted average number of shares outstanding, millions	1 215.6	1 215.9	1 215.5	1 215.9	1 215.6	1 215.9	1 215.9
Diluted weighted average number of shares outstanding, millions	1 216.8	1 216.5	1 216.5	1 216.3	1 216.4	1 216.1	1 216.3

Key ratios			
Equity per share, period end, SEK	21	19	21
Return on capital employed before tax, 12 month values, %	25	21	18
Return on equity after tax, 12 month values, %	34	33	26
Debt/equity ratio, period end, %	32	62	42
Equity/assets ratio, period end, %	39	35	38
Number of employees, period end	32 152	29 892	29 802

Consolidated Statement of Comprehensive Income

MSEK	3 months ended Sep. 30 2010	3 months ended Sep. 30 2009	9 months ended Sep. 30 2010	9 months ended Sep. 30 2009	12 months ended Sep. 30 2010	12 months ended Sep. 30 2009	12 months ended Dec. 31 2009
Profit for the period	**2 650**	**1 730**	**7 028**	**4 576**	**8 728**	**7 495**	**6 276**
Other comprehensive income							
Translation differences on foreign operations	-2 072	-1 965	-3 272	-1 712	-2 658	2 478	-1 098
- realized and reclassified to income statement	-	-	-	-	-	-847	-
Hedge of net investments in foreign operations	596	942	1 818	1 124	1 645	-1 270	951
- realized and reclassified to income statement	-	-	-	-	-	656	-
Cash flow hedges	-80	108	-34	401	-25	171	410
Available-for-sale investments	46	27	61	-120	53	-327	-128
- realized and reclassified to income statement	-17	-	-17	-	-17	-33	-
Income tax relating to components of other comprehensive income	-461	-786	-1 481	-967	-1 359	720	-845
Income tax relating to components of other comprehensive income, reclassified to income statement	-	-	-	-	-	-749	-
Other comprehensive income for the period, net of tax	**-1 988**	**-1 674**	**-2 925**	**-1 274**	**-2 361**	**799**	**-710**
Total comprehensive income for the period	**662**	**56**	**4 103**	**3 302**	**6 367**	**8 294**	**5 566**
Total comprehensive income attributable to							
- owners of the parent	674	60	4 098	3 293	6 345	8 266	5 540
- non-controlling interests	-12	-4	5	9	22	28	26

Consolidated Balance Sheet

MSEK	Sep. 30, 2010	Dec. 31, 2009	Sep. 30, 2009
Intangible assets	13 539	12 697	12 593
Rental equipment	1 867	2 056	2 048
Other property, plant and equipment	5 702	5 993	6 046
Financial assets and other receivables	3 339	4 175	4 295
Deferred tax assets	1 113	2 381	1 765
Total non-current assets	**25 560**	**27 302**	**26 747**
Inventories	12 287	11 377	12 623
Trade and other receivables	16 575	15 433	15 883
Other financial assets	1 554	1 530	1 598
Cash and cash equivalents	11 388	12 165	10 005
Assets classified as held for sale	64	67	35
Total current assets	**41 868**	**40 572**	**40 144**
TOTAL ASSETS	**67 428**	**67 874**	**66 891**
Equity attributable to owners of the parent	25 960	25 509	23 259
Non-controlling interests	164	162	145
TOTAL EQUITY	**26 124**	**25 671**	**23 404**
Borrowings	19 522	21 008	23 061
Post-employment benefits	1 630	1 768	1 776
Other liabilities and provisions	920	658	644
Deferred tax liabilities	871	589	103
Total non-current liabilities	**22 943**	**24 023**	**25 584**
Borrowings	761	2 959	2 661
Trade payables and other liabilities	16 355	13 936	13 997
Provisions	1 245	1 285	1 245
Total current liabilities	**18 361**	**18 180**	**17 903**
TOTAL EQUITY AND LIABILITIES	**67 428**	**67 874**	**66 891**

Consolidated Statement of Changes in Equity

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

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2010	**25 509**	**162**	**25 671**
Changes in equity for the period			
Total comprehensive income for the period	4 098	5	4 103
Dividends	-3 646	-3	-3 649
Acquisitions of non-controlling interests	1	-	1
Repurchase of own shares	-10	-	-10
Share-based payments, equity settled	8	-	8
Closing balance, September 30, 2010	**25 960**	**164**	**26 124**

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2009	**23 627**	**141**	**23 768**
Changes in equity for the period			
Total comprehensive income for the period	3 293	9	3 302
Dividends	-3 648	-6	-3 654
Acquisitions of non-controlling interests	-	1	1
Share-based payments, equity settled	-13	-	-13
Closing balance, September 30, 2009	**23 259**	**145**	**23 404**

Consolidated Statement of Cash Flows

MSEK	July – September 2010	July – September 2009	January – September 2010	January – September 2009
Cash flows from operating activities				
Operating profit	3 782	2 402	9 908	6 640
Depreciation, amortization and impairment (see below)	639	661	1 834	1 840
Capital gain/loss and other non-cash items	259	94	147	-138
Operating cash surplus	4 680	3 157	11 889	8 342
Net financial items received/paid	-72	-708	-311	-1 387
Taxes paid	-869	-378	-2 072	-1 560
Change in working capital	-1 035	2 032	-1 087	5 118
Increase in rental equipment*	-98	-170	-620	-544
Sale of rental equipment*	6	135	346	404
Net cash from operating activities	**2 612**	**4 068**	**8 145**	**10 373**
Cash flows from investing activities				
Investments in property, plant and equipment	-274	-217	-644	-788
Sale of property, plant and equipment	14	29	37	67
Investments in intangible assets	-130	-104	-362	-485
Sale of intangible assets	5	-2	7	3
Acquisition of subsidiaries	-282	-10	-1 668	-187
Divestment of subsidiaries	-	-	-	22
Other investments, net	252	212	-14	460
Net cash from investing activities	**-415**	**-92**	**-2 644**	**-908**
Cash flows from financing activities				
Dividends paid	-	1	-3 649	-3 652
Repurchase and sales of own shares	41	-	-10	-
Change in interest-bearing liabilities	571	-564	-1 607	-1 182
Net cash from financing activities	**612**	**-563**	**-5 266**	**-4 834**
Net cash flow for the period	**2 809**	**3 413**	**235**	**4 631**
Cash and cash equivalents, beginning of the period	9 054	6 727	12 165	5 455
Exchange differences in cash and cash equivalents	-475	-135	-1 012	-81
Cash and cash equivalents, end of the period	**11 388**	**10 005**	**11 388**	**10 005**

** Cash flow from increase and sale of rental equipment has been reclassified from investing to operating activities.*

Depreciation, amortization and impairment				
Rental equipment	*161*	*231*	*506*	*548*
Other property, plant and equipment	*262*	*250*	*769*	*761*
Intangible assets	*216*	*180*	*559*	*531*
Total	639	661	1 834	1 840

Calculation of operating cash flow

MSEK	July – September 2010	July – September 2009	January – September 2010	January – September 2009
Net cash flow for the period	**2 809**	**3 413**	**235**	**4 631**
Add back				
- Change in interest-bearing liabilities	-571	564	1 607	1 182
- Redemption and repurchase of shares	-41	-	10	-
- Dividends paid	-	-1	3 649	3 652
- Acquisitions and divestments	282	10	1 668	165
- Equity hedges in net financial items	-	289	380	-12
Operating cash flow	**2 479**	**4 275**	**7 549**	**9 618**

Revenues by Segment

MSEK (by quarter)	2009 1	2	3	4	2010 1	2	3
Compressor Technique	8 360	8 221	7 799	8 144	7 659	8 615	8 877
- of which external	*8 292*	*8 180*	*7 757*	*8 083*	*7 593*	*8 519*	*8 807*
- of which internal	*68*	*41*	*42*	*61*	*66*	*96*	*70*
Construction and Mining Technique	6 816	6 722	5 976	6 395	6 233	7 393	7 357
- of which external	*6 785*	*6 712*	*5 968*	*6 375*	*6 204*	*7 350*	*7 339*
- of which internal	*31*	*10*	*8*	*20*	*29*	*43*	*18*
Industrial Technique	1 483	1 211	1 243	1 455	1 483	1 535	1 569
- of which external	*1 478*	*1 207*	*1 240*	*1 451*	*1 473*	*1 529*	*1 564*
- of which internal	*5*	*4*	*3*	*4*	*10*	*6*	*5*
Common Group functions/ Eliminations	-82	1	70	-52	-74	-113	-60
Atlas Copco Group	**16 577**	**16 155**	**15 088**	**15 942**	**15 301**	**17 430**	**17 743**

Operating profit by Segment

MSEK (by quarter)	2009 1	2	3	4	2010 1	2	3
Compressor Technique	1 384	1 323	1 451	1 594	1 577	2 000	2 312
- as a percentage of revenues	*16.6*	*16.1*	*18.6*	*19.6*	*20.6*	*23.2*	*26.0*
Construction and Mining Technique	868	875	823	904	960	1 331	1 312
- as a percentage of revenues	*12.7*	*13.0*	*13.8*	*14.1*	*15.4*	*18.0*	*17.8*
Industrial Technique	76	-13	83	107	243	289	317
- as a percentage of revenues	*5.1*	*-1.1*	*6.7*	*7.4*	*16.4*	*18.8*	*20.2*
Common Group functions/ Eliminations	-156	-119	45	-155	-153	-121	-159
Operating profit	**2 172**	**2 066**	**2 402**	**2 450**	**2 627**	**3 499**	**3 782**
- as a percentage of revenues	*13.1*	*12.8*	*15.9*	*15.4*	*17.2*	*20.1*	*21.3*
Net financial items	-378	-123	-192	-126	-130	-96	-107
Profit before tax	**1 794**	**1 943**	**2 210**	**2 324**	**2 497**	**3 403**	**3 675**
- as a percentage of revenues	*10.8*	*12.0*	*14.6*	*14.6*	*16.3*	*19.5*	*20.7*

Acquisitions and Divestments 2009 – 2010

Date	Acquisitions	Business area	Revenues MSEK*	Number of employees*
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
2009 Sep. 8	Servis A.C. s.r.o.	Compressor Technique	10	10
2009 Apr. 1	Focus and Prisma	Construction & Mining Technique	93	104
2009 Jan. 12	Compressor Engineering – UK distributor	Compressor Technique	40	39

* 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 2010 will include all stipulated disclosures for acquisitions made during 2010. See the annual report for 2009 for disclosure of acquisitions and divestments made in 2009.

Parent Company

Income Statement

	July – September		January – September	
MSEK	2010	2009	2010	2009
Administrative expenses	-87	-75	-257	-226
Other operating income and expenses	22	16	97	113
Operating profit/loss	**-65**	**-59**	**-160**	**-113**
Financial income and expense	456	-174	3 196	6 432
Profit after financial items	**391**	**-233**	**3 036**	**6 319**
Appropriations	-	-	-	-
Profit before tax	**391**	**-233**	**3 036**	**6 319**
Income tax	76	89	213	367
Profit for the period	**467**	**-144**	**3 249**	**6 686**

Balance Sheet

MSEK	Sep. 30 2010	Dec. 31 2009	Sep. 30 2009
Total non-current assets	91 744	93 880	91 140
Total current assets	12 081	14 657	12 969
TOTAL ASSETS	**103 825**	**108 537**	**104 109**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	37 886	35 483	32 085
TOTAL EQUITY	**43 671**	**41 268**	**37 870**
Total provisions	293	202	151
Total non-current liabilities	48 986	53 059	54 675
Total current liabilities	10 875	14 008	11 413
TOTAL EQUITY AND LIABILITIES	**103 825**	**108 537**	**104 109**

Assets pledged	47	47	39
Contingent liabilities	510	248	268

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 2.3, *Accounting for Legal Entities* as disclosed in the Annual Report 2009.

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	*-11 589 220*
- of which B shares held by Atlas Copco	*-2 249 890*
Total shares outstanding, net of shares held by Atlas Copco	1 215 773 994

Personnel stock option program

The Annual General Meeting 2010 approved a performance-based long-term incentive program. For Group Executive Management, 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 published on www.atlascopco.com.

Transaction in own shares

Atlas Copco has 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 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 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 maximum 2 525 000 series A shares and maximum 2 400 000 series B shares held by the company at the time of the annual general meeting 2010, for the purpose of covering costs of fulfilling obligations related to the performance stock option plans 2006-2008.

During the first nine months 2010, 314 220 series A shares, net, were repurchased and 178 510 series B shares were divested in accordance with mandates granted.

The company's present holding of own shares 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 is exposed. A financial risk management committee meets regularly to take decisions about how to manage financial risks.

For further information about risk factors, please see the 2009 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 2009.

Stockholm, October 22, 2010

Atlas Copco AB
(publ)

Ronnie Leten
President and Chief Executive Officer

Auditors' Review Report

Introduction

We have reviewed the interim report for Atlas Copco AB for the period January 1 - September 30, 2010. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 22, 2010
Deloitte AB

Jan Berntsson
Authorized Public Accountant

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

Media
Love Liman, Media Relations Manager,
Phone: +46 8 743 8060 or +46 70 865 8060
media@se.atlascopco.com

Conference call

A combined presentation and conference call to comment on the results will be held at 2:00 PM CEST, on October 22.

The dial-in number is +44 (0)20 7162 0077 and the code to attend the call is 877325.

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

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

A recording of the conference call will be available for 2 days on +44 (0)20 7031 4064 with access code 877325.

Report on Q4 and full-year 2010 summary

The report on Q4 and full-year 2010 summary will be published on February 2, 2011.