

Atlas Copco

ANNUAL REPORT 1969



The yellow VT compressor is well-known all over the world. Verolme Dockyard in Cork, Ireland, use portable compressors for various tasks around the docks, while a number of stationary Atlas Copco compressors supply compressed air for basic requirements.

Cover: By detonating explosives underground, oil deposits can be located with seismic equipment. The Algerian company, ALGEO, are carrying out such tests in the Sahara desert. In loose sand, holes for the explosives are simply blown out. In harder formations the rock drill must be used.

Atlas Copco AB
Annual Report 1969

Board of Directors

Marcus Wallenberg	Chairman
Ove Borlind	(† 23.2 1970)
Jan Hellner	
Henry N. Sporborg	
Marc Wallenberg Jr	
Kurt-Allan Belfrage	Man. Dir.
Sture Ekefalk	1st Deputy Man. Dir.
Erik Johnsson	Deputy Member, Deputy Man. Dir.

Group Management Committee

Kurt-Allan Belfrage	Man. Dir.
Sture Ekefalk	1st Deputy Man. Dir.
Erik Johnsson	Deputy Man. Dir.
Bengt Andersson	Dir. of Finance
Peter Wallenberg	Man. Dir., Atlas Copco MCT AB
Arne Ekholm	Man. Dir., Atlas Copco Tools AB
Iwan Åkerman	Man. Dir., Atlas Copco Airpower N.V.

Special Adviser

(international matters)

Stig Unger

Associate Directors

Anders Björk
Lennart Friberg
Rolf Lahnhausen
Jan Larcén
Olle Lindberg
Pelle Löfström
John Munck
Gunnar Ruding
Nils Starfelt
Sven-Ingvar Svensson

Directors' Report

This report on the company's activities in 1969 is a translation of the Swedish original signed on February 23rd, 1970, by the members of the Board.

Sales and Deliveries

The rise in business activity continued during 1969 and was reflected in increased orders and invoicing. Orders to the Group rose 22.5 per cent to 1,415 million Kr. (\$ 273.7 million*) and invoices totalled 1,280 million Kr. (\$ 247.6 million), an increase of 12.5 per cent from 1968.

The importance of exports has grown, 88 per cent of the Group's products being marketed outside Sweden in 1969. The Group's subsidiaries accounted for 89 per cent of total sales abroad and agents for 11 per cent. This high figure is attributable in part to the circumstance that all the Group's sales companies now have a well-developed service organization.

The largest rise in sales—43 per cent—was noted in Western Germany, where the upturn in business activity was particularly marked. On the Norwegian market, sales of the Company's products have risen 29 per cent. It is satisfactory to note that major successes have also been achieved in the U.S.A., where sales rose 25 per cent. In Italy, which is the Group's largest export market in terms of volume, sales also continued to increase, the rise during 1969 again amounting to 20 per cent. The home market, Sweden, is still the largest for the Group and a good increase in sales was recorded here as well.

* Conversion rate of Swedish Kronor throughout the Report: Kr. 5.17 to U.S.\$1.

Sales of **stationary compressors** have increased strongly and the new oil-free screw compressors in particular have met with a good reception on the world market, especially among industries requiring completely oil-free air. The large piston compressors have done well too and a further increase from the preceding year has also been noted for the medium sized air-cooled models.

The demand for **portable compressors** has risen substantially, particularly for the large sizes of the screw models. Thanks to the low noise level—only 70 decibel—the silenced compressors have been greatly appreciated, particularly for work where the level of noise is of decisive importance, e.g. in built-up areas.

In the case of light **rock drills**, too, there has been a shift from unsilenced to silenced machines. Sales of heavy rock drills and units for bench drilling have increased more than in previous years. Tunnelling equipment has displayed a strong rise and the first orders have been obtained for a new full-face machine.

As a result of more active marketing, sales of core drills and grouting equipment have increased and the rise is expected to continue during 1970.

The demand for **contractors' tools** has been satisfactory and the percentage increase in orders received is considerably larger than last year. A trend has been noted in favour of lighter concrete breakers.

Sales of **trackbound loaders** did not reach the record level achieved in 1968, partly owing to the prolonged strikes at the Canadian nickel mines. On the other hand, sales to another major outlet for these machines—the coal mines in Northern Spain—did come up to expectations.

A marked increase has been noted in sales of **trackless loaders**, chiefly thanks to the new Cavo models. Substantial orders for these machines have been obtained in particular from India and Italy.

Industrial tools have noted substantial successes, particularly in Italy, Finland, Denmark and Western Germany. Major orders include tools for new factories in the Soviet Union, screwdrivers for Hungary and air motors for Sweden and Switzerland.

Sales of **surface finishing equipment** have also increased satisfactorily. The new types introduced during the year contributed to the good result in spite of the fact that marketing of them had not yet started in more than a few countries. The largest markets for these products are Sweden, Italy, Norway and Western Germany. In view of a wide programme of more intensive marketing, sales of these products are expected to increase considerably during 1970.

Sales of **compressed-air components and automatic systems** have proved a notable success and practically doubled in relation to 1968.

A substantial increase in sales has also been noted for all the **drill steel products** from Sandvikens Jernverks AB (Sandvik Steel Works).

Summing-up, it can be noted that sales have increased satisfactorily in almost every respect thanks in part to better products and improved business prospects but also in no small measure to more effective marketing. Prospects in 1970 appear promising but will of course depend on the future course of the present economic boom.

Technical Research and Development

The international nature of the Company's activities calls for products that are adaptable to a wide range of environments and operating conditions. In the work of technical research and development, attempts have been made to meet these requirements, for instance through the collaboration established several years ago with research centres and research workers in a number of countries in the fields of technology and science that fall within the Company's sphere of interests. At the central laboratories in Nacka, Sweden, a special section has been organized for planning internal research and contacts with research activities outside the Company's own organization. As part of the effort to make development work still more effective, a comprehensive training conference was held in 1969 for all the leading technical employees in the Group and invitations were sent to Swedish scientists representing fields directly or closely related to the Company's interests.

Product development during the year has resulted, for instance, in a new compressed-air unit for starting the Super Jets and similar aircraft now coming on the market.

Marketing of this unit has already started and orders have been obtained from American as well as European airlines. In the case of products for mining and construction, modern silencing devices have been applied to an increased extent at the same time as new equipment has been developed for the collection of stone dust during rock drilling. Otherwise product development in this sector is characterized by the successful development of mechanized rock drilling equipment with increased efficiency, primarily intended for large tunnels and mine shafts. The list of products for the industrial sector has been extended, for instance with a series of air-powered automatic processing units intended for incorporation in automatic processing systems. With this system, automation can be achieved at low cost even in the manufacture of small and medium-length series. Furthermore, surface finishing techniques have been augmented with a number of new products, chiefly intended for industrial painting. Finally, the tools already developed for service work have been supplemented with a number of new types.

The research and experimental work conducted for some time now at the central laboratories progressed so far during the year that a start could be made with applying the results to the product development undertaken during the year.

Production, Employment and Development of Resources

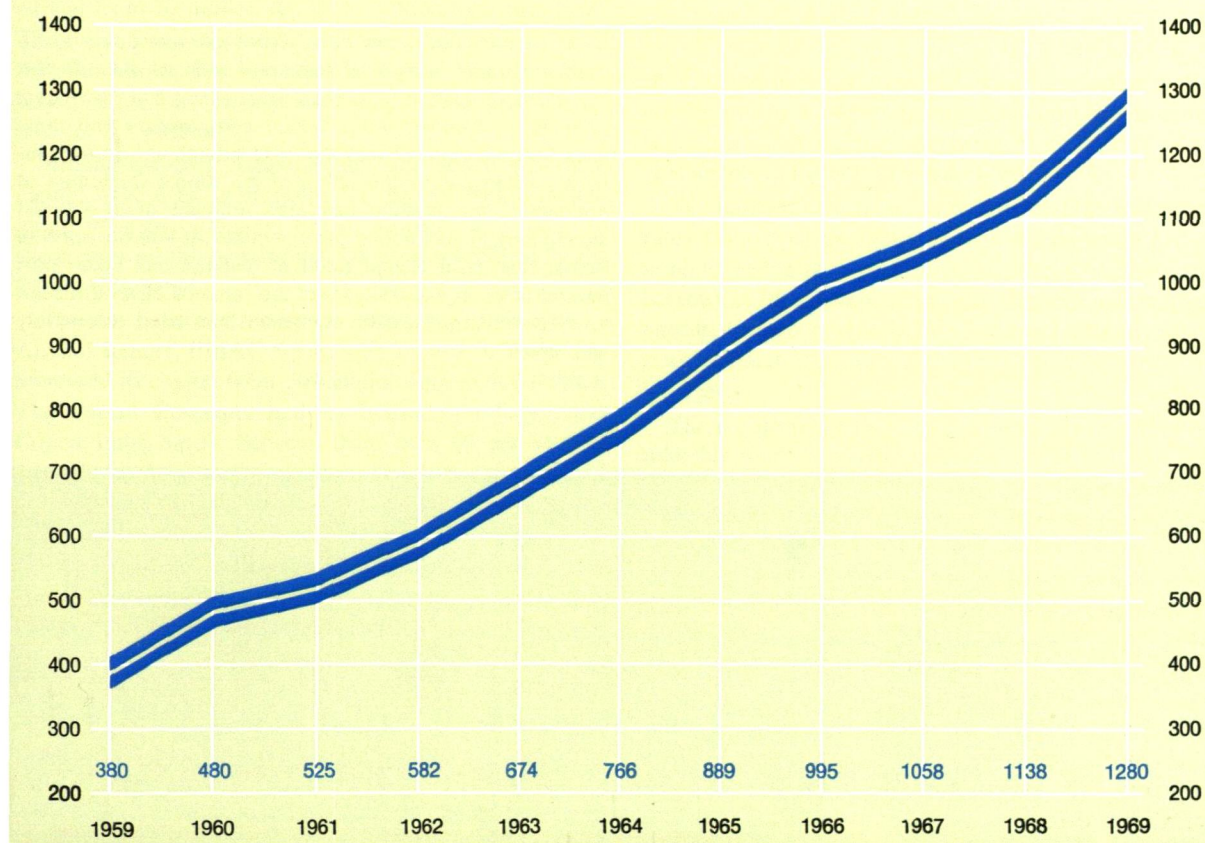
The very strong demand for the Group's products has meant that even though the available production capacity—which was substantially increased during the year—has been utilized almost to the full, it has unfortunately not been possible to achieve a satisfactory delivery situation. Delivery times grew longer particularly during the latter part of the year.

The growth rate of deliveries has been limited chiefly by the difficulty of finding qualified labour, as well as because many sub-contractors have not been able to keep pace satisfactorily in terms of quantities and delivery times. Good efforts from those employed at the many production units within the Group have not been able to compensate for these factors.

In order to offset rising costs and in time reduce the need for machine operators, additional numerically-controlled and other automatic machines have been procured during the year. Thus, at the manufacturing companies, five multi-operation machines with automatic tool changers have been installed together with a number of numerically controlled turret drills and some twenty automatic lathes, most of them with pre-adjustable tools. Capacity has also been increased in that the new workshops that were completed in 1968 have now been equipped and run in. Thus, during the year Atlas Copco Airpower N.V. has achieved considerable extensions to the workshops and stores in Antwerp. Furthermore, it has been decided to build a workshop on these premises for the storage and pre-treatment of crude products. The workshop in Bremen and the plant at Blacktown in

The Development of Group Sales

Invoicing in Millions of Sw. kronor



Australia have been completed according to plan and are being taken into use. The workshop planned in Turkey is under construction and should be ready by the middle of 1970.

For Atlas Copco MCT AB, forge works are being erected at present at Smedjebacken in central Sweden and should be ready by the middle of 1971. In the first place this will replace the forge at the Sickla Works outside Stockholm, which will be wound up, partly in view of the desirability of shift work and environmental consideration for the neighbouring residential area. The new forge will be of sufficient size to cover a larger proportion of the Group's requirements plus a calculated increase in production and it will be run in two shifts. In order to achieve a profitable production unit, some contract forging is included in the production programme.

In connection with the new forge, a workshop is to be erected for processing part of the forged articles, e.g. couplings for compressed-air hoses and the like.

Technical obstacles to trade and restrictive import policies in several countries are obliging the Company to establish local production, chiefly assembly, in order to

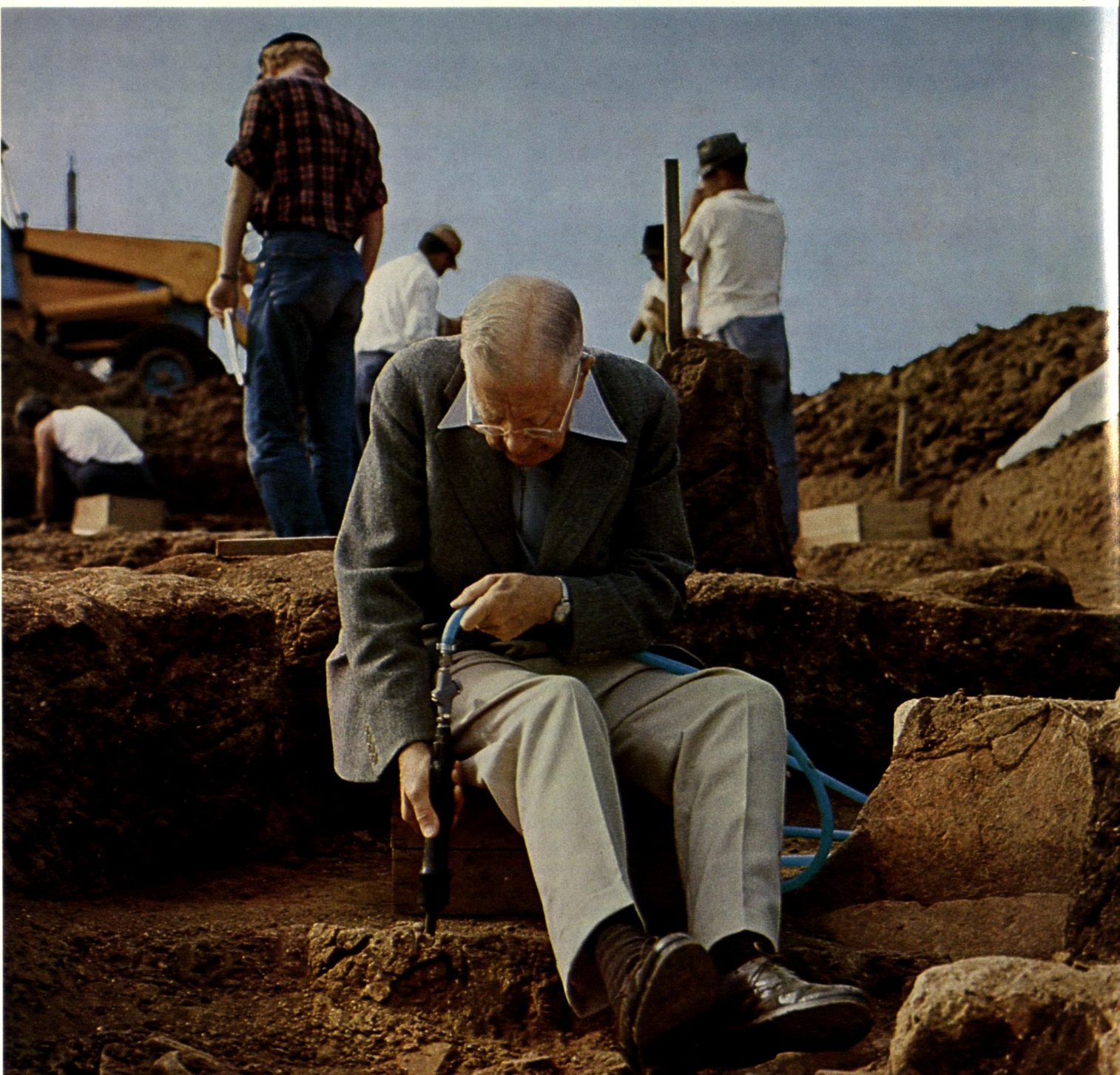
continue operations on these markets. It has thus been decided to start assembly work and some local production in Argentina. The Group already has production and assembly units in Mexico City and Sao Paulo.

On behalf of the Craelius Diabor Group in France, a site has been purchased in Nice and a new factory is being erected. The move from the premises in Paris is expected to take place during the third quarter of 1970.

Several of the sales companies, particularly in Europe, have started to construct new premises or make substantial extensions during the year. Examples are the sales companies in Holland and Western Germany, for which central sales units, stores and service plants are being constructed in Rotterdam and Essen respectively.

Furthermore, it has been decided that the British sales company is to erect new premises in Hemel Hempstead. These are being planned at present and it is expected that they will be located only a few hundred yards from the existing block. The new premises and the removal of the sales company from Hemel Hempstead will give the production company Atlas Copco (Manufacturing) Ltd. greater space and resources.

Over the past few years compressed air has come to be used more and more in archaeology; with its aid different phases of excavation have been rationalised and their costs reduced. In Sweden, Atlas Copco compressors and tools have become more or less standard equipment on excavations carried out by the office of the King's Custodian of Antiquities; the method has also aroused great interest among foreign institutions and scientists. At Viterbo, north of Rome, H.M. King Gustaf Adolf of Sweden has taken part several times in excavations—of the remains of an Etruscan town—in which pneumatic equipment has been extensively employed.



Finance, Investments and Administration

Atlas Copco MCT AB, Nacka, has increased its share capital from 20 million Kr. to 30 million by a cash issue. The other Swedish product company, Atlas Copco Tools AB, Stockholm, has increased its capital from 5 million Kr. to 10 million by a cash issue of 4.5 million and a bonus issue of 0.5 million Kr.

Among the sales companies abroad, increases in share capital have been undertaken for the companies in Belgium, Western Germany, Brazil, Morocco and India. In these cases all the new capital has been subscribed by the Parent Company.

The newly-formed company mentioned in last year's Annual Report, EMAC S.p.A. with its seat in Turin, has increased its capital from 500 million Lire to 600 million. The Parent Company and its Italian subsidiary Atlas Copco Italia S.p.A. between them own 60 per cent of EMAC S.p.A. The Parent Company has subscribed 51 per cent and the Italian sales company 9 per cent of the new issue of 100 million Lire.

The Company's sales activities in Switzerland, which had been handled for many years by an agent, the firm of Notz & Co. AB in Biel near Zürich, were taken over in 1969—in keeping with the Group's policy of operating if possible through its own subsidiaries on all major markets—by a company formed for the purpose, Atlas Copco Notz AG, with a share capital of 4 million Swiss francs, 50 per cent or 2 million Swiss francs each being subscribed by the Parent Company and Notz & Co. AB respectively.

Number of employees

The number of employees in Sweden and abroad is shown in the following table:

	<i>Industrial employees</i>	<i>Office staff</i>	<i>Total</i>
Atlas Copco AB (Parent Company)	—	567	567
Atlas Copco MCT AB	1,506	824	2,330
Atlas Copco Tools AB	555	347	902
Atlas Copco Svenska Försäljnings AB	209	381	590
Others in Sweden	51	58	109
Total in Sweden	2,321	2,177	4,498
Atlas Copco Airpower N.V.	905	386	1,291
Other companies abroad	2,463	4,482	6,945
Total Atlas Copco employees	5,689	7,045	12,734

Group Result

As indicated in the Profit and Loss Account for the Group, profits improved during 1969 in absolute as well as in relative terms. The higher invoicing in conjunction with a more intensive utilization of capacity has contributed to the improvement in results. In addition there is

in particular the influence of our investments in new production machinery, which in the Swedish workshops have averaged almost 10 million Kr. per annum during the past five years and have been undertaken partly to offset the shortage of labour. Owing to these measures and in spite of the high turnover of labour, production was increased during the year by approximately 10 per cent. A substantial part of the improvement in profits is thus attributable to the effects of past investments.

The balance of interest paid and received has deteriorated from 1968 by approximately 4.5 million Kr. (\$ 0.9 million) owing to higher rates of interest and increased borrowing. The revenue from investments in companies outside the Group, chiefly The Swedish Lamco Syndicate, is approximately 1 million Kr. (\$ 0.2 million) lower than last year.

The net profit of the Group after taxes has risen considerably more markedly than the actual result of operations owing to a relatively lower tax burden compared with previous years. This is largely explained by the Group's tax-free receipts having been somewhat larger than in previous years, in addition to which the breakdown of profits has shifted somewhat to countries with lower company taxation.

All but a couple of the subsidiaries display satisfactory results. Among sales companies with a favorable development of profits, special mention can be made of Sweden, Norway, Western Germany, Holland, Belgium and Brazil.

Consolidated Balance Sheet

When converting foreign currencies to Swedish kronor, the general rule has been to convert sums for land and buildings at the exchange rate for Swedish kronor at the time when the assets were acquired, while other assets and liabilities have been converted at the rates prevailing on the date of the balance sheet.

The increase shown in the value of properties is largely due to the continued extension of the premises at Atlas Copco Airpower N.V., Antwerp, and to the investments mentioned in Western Germany, Holland, Turkey and Australia.

The relatively substantial rise in inventories during the year is largely attributable to the product companies and is explained by the increased volume of production.

Mortgage loans and other long-term debts have increased during the year by 45 million Kr. (\$ 8.7 million), of which 25 million (\$ 4.8 million) is due to Atlas Copco Airpower N.V., and the remainder largely to the companies in Western Germany, Holland and Australia.

The disposable profit according to the attached Consolidated Balance Sheet amounts to 183.5 million Kr. (\$ 35.5 million). The total net worth of the Group amounts to 487.5 million Kr. (\$ 94.3 million), in addition to which there is a partly taxed Contingency Reserve of 31.5 million Kr. (\$ 6.1 million). The book value of inventories in the Swedish companies is 112 million Kr. (\$ 21.7 million) less than the corresponding purchase value minus depreciation for obsolete stock.

Profit and Loss Account of the Parent Company

All invoicing of sales companies and agents is undertaken by the product companies, which credit the Parent Company with commission on invoiced deliveries. This commission has risen during the year as a result of increased operations from 59 to 75 million Kr. (\$ 11.4 million to \$ 14.5 million). Similarly, dividends from subsidiaries show a marked increase.

Operating costs include pension costs for the year of 4.6 million Kr. (\$ 0.9 million). The Company's total obligations in respect of pensions amount to 22.0 million Kr. (\$ 4.3 million), of which 15.7 million (\$ 3.0 million) to the PRI Pensions Registration Institute.

Depreciation on Buildings, Furniture and Fixtures has been charged in accordance with the regulations that came into force on 1st July 1969. In this connection, the sum of 1.2 million Kr. (\$ 0.23 million) has been transferred from Industrial Properties to Machinery, Furniture and Fixtures. This transfer in conjunction with new depreciation rates for buildings has meant that depreciation for this year is 0.8 million Kr. (\$ 0.15 million) higher than would have been the case if previous regulations had been followed.

The less favorable development of interest costs has been commented on under "Group Result".

Balance Sheet of the Parent Company

The remaining properties in Sundbyberg belonging to Svenska Diamantbergborrnings AB have been transferred to the Parent Company during the year in the form of

dividends to an estimated value of 1.9 million Kr. (\$ 0.37 million). A corresponding sum together with cash dividends has been utilized by the Parent Company to write down the book value of the shares in Svenska Diamantbergborrnings AB. The properties in question together with those in the Hamnen quarter of Sundbyberg have been sold during the year to Sundbyberg Town at their book value in the balance sheet of the Parent Company. This sale and the previously mentioned transfer from Industrial Properties to Machinery, Furniture and Fixtures explain the reduction of property values in this year's Balance Sheet.

The Parent Company's Factory and Office Buildings were insured against fire risks at 31st December 1969 for 84.2 million Kr. (\$ 16.3 million), Housing Properties for 4.9 million Kr. (\$ 0.9 million) and Furniture, Fittings and Vehicles for 17.6 million Kr. (\$ 3.4 million). The assessment value of the Factory and Office Buildings was 53.7 million Kr. (\$ 10.4 million) and of the Housing Properties 2.1 million Kr (\$ 0.4 million).

The increase in the Parent Company's contingent liabilities is attributable to guarantees of loans contracted by foreign subsidiaries locally and to guarantees vis-à-vis Försäkringsbolaget Pensionsgaranti.

Since the industrial operations are undertaken by wholly-owned subsidiaries, the Parent Company itself has no employees engaged in production. The average number of employees during the year was 572 as compared with 521 the previous year.

During the financial year 1,943,960 Kr. (\$ 376,008) was paid to the Board of Directors, the Managing Director and to the Senior Executives, and 24,549,737 Kr. (\$ 4,748,498) to other staff.

Appropriation of Profits

Further details as to the position of the Company and its operations are shown in the attached Balance Sheets and Profit and Loss Accounts.

According to the Parent Company's Balance Sheet unappropriated earnings from the previous

year amounted to	Kr.	8,789,043
To which should be added the net profit for the year	Kr.	25,400,170*
Total at the disposal of the Shareholders in general meeting	Kronor	34,189,213
<hr/>		
The Board of Directors and the Managing Director propose that unappropriated earnings be distributed by paying a dividend of 5:— Kr. per share, totalling	Kr.	22,995,000
leaving a balance to be carried forward of	Kr.	11,194,213
	Kronor	34,189,213
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* Net Profit for the Year \$ 4,913,000

The Atlas Copco Group of Companies
When developing new machines and tools, one must consider not only man and his environment but also the demands of rationalised production. The industrial designer is responsible for ensuring that the final product synthesizes the ideas of the manufacturer, the production engineer and, among others, the ergonomics expert. Atlas Copco's design department, which serves the three product companies, is situated at headquarters in Stockholm.



The Atlas Copco Group of Companies

CONSOLIDATED BALANCE SHEET — AS AT 31st DECEMBER 1969

	1969	1968
	1,000 Kr.	
ASSETS		
Fixed Assets		
Land and Buildings	211,023	180,381
Machinery, Furniture and Fixtures	72,288	70,773
Shares	15,888	13,611
Other Investments	54,363	50,979
Cash at Bank: blocked accounts	13,569	14,267
	<u>367,131</u>	<u>330,011</u>
Current Assets		
Stocks and Work in Progress	428,060	338,323
Accounts Receivable	380,009	340,781
Acceptances	88,184	86,901
Cash in Hand and at Banks	67,282	61,431
	<u>963,535</u>	<u>827,436</u>
	<u>1,330,666</u>	<u>1,157,447</u>
LIABILITIES		
Capital, Reserves and Surplus		
Share Capital	114,975	114,975
Earnings not available for distribution	189,017	166,517
Disposable Earnings	116,319*	111,514
Profit for the Year	67,181*	50,649
	<u>487,492</u>	<u>443,655</u>
Contingency Reserve	<u>31,500</u>	<u>31,500</u>
Investment Funds	<u>31,183</u>	<u>32,132</u>
Minority Holdings	<u>17,075</u>	<u>10,460</u>
Long-Term Liabilities		
Bond and Debenture Loans	63,746	62,820
Mortgage Loans and Other Long-Term Debts	131,368	86,315
Provision for Pensions	52,772	53,421
	<u>247,886</u>	<u>202,556</u>
Short-Term Liabilities		
Accounts Payable to Suppliers etc.	185,697	157,952
Bills Payable	159,462	120,162
Customers' Prepayments	5,175	3,482
Provision for Taxes	47,639	57,760
Bank Loans	117,557	97,788
	<u>515,530</u>	<u>437,144</u>
	1969	1968
Pledged Assets	113,093	104,015
Contingent Liabilities		
Bills Discounted	63,140	54,863
Other Contingent Liabilities	36,014	29,070
See footnote on Atlas Copco AB's Balance Sheet.	<u>1,330,666</u>	<u>1,157,447</u>

Earnings not available for distribution include Group profits tied up in Legal Reserves and Share Capital of Subsidiaries.
Differences in available profits between 1969 and 1968 are due to dividends and changes in exchange rates and minority holdings.

* Disposable Earnings \$ 22,499,000
Profit for the Year 1969 \$ 12,994,000
Disposable Profit \$ 35,493,000

The Atlas Copco Group of Companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 1969

	1969	1968
	1,000 Kr.	
Invoiced Sales	1,280,048	1,137,891
Cost of Goods Sold, Technical Development, Sales, Administration, etc.	<u>-1,104,785</u>	<u>-990,058</u>
Operating Profit	<u>175,263</u>	<u>147,833</u>
Depreciation		
Buildings	7,297	5,571
Machinery, Furniture and Fixtures	23,351	22,083
	<u>- 30,648</u>	<u>- 27,654</u>
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies)	- 32,759	- 27,781
Interest Received from Others (excl. Group Companies)	+ 8,154	+ 6,553
Dividends from Others (excl. Group Companies)	+ 4,481	+ 5,561
	<u>- 20,124</u>	<u>- 15,667</u>
Balance	<u>124,491</u>	<u>104,512</u>
Other Costs and Revenue		
Restitution of earlier Provisions for Pensions	—	+ 1,121
Capital Gain on Fixed Assets	+ 2,829	—
Extra Depreciation on Fixed Assets	- 4,566	- 3,426
Profit before Appropriations and Taxes	<u>122,754</u>	<u>102,207</u>
Appropriations		
Inventory Reserve	- 3,253	- 2,306
Contingency Reserve	<u>—</u>	<u>- 2,500</u>
Profit before Taxes	119,501	97,401
Taxes	<u>- 52,320</u>	<u>- 46,752</u>
Net Profit	<u>67,181*</u>	<u>50,649</u>

* Net Profit for the Year \$ 12,994,000

Atlas Copco AB

BALANCE SHEET AS AT 31st DECEMBER 1969

ASSETS	Kronor	
	1969	1968
Fixed Assets		
Industrial Properties	57,271,379	62,600,581
Less: Accumulated Depreciation	18,471,751	17,064,131
	<u>38,799,628</u>	<u>45,536,450</u>
 Housing Properties	 3,293,989	 3,678,855
Less: Accumulated Depreciation	767,031	784,425
	<u>2,526,958</u>	<u>2,894,430</u>
 Machinery, Furniture and Fixtures	 19,082,391	 16,971,560
Less: Accumulated Depreciation	14,691,389	12,178,029
	<u>4,391,002</u>	<u>4,793,531</u>
 Installation and plant under construction	 571,800	 542,200
	<u>46,289,388</u>	<u>53,766,611</u>
 Shares, Participating Rights and Long-Term Receivables		
Shares and Participating Rights in Subsidiaries	132,495,893	118,923,106
Shares and Participating Rights in Other Companies	14,662,846	12,662,846
Advances to Subsidiaries	50,365,848	40,544,892
Advances to and Debentures in Other Companies	50,247,528	48,862,258
Bank of Sweden: Blocked Account	10,940,952	10,940,952
	<u>258,713,067</u>	<u>231,934,054</u>
 Current Assets		
Inventories	6,859,571	5,233,038
Short-Term Advances to Subsidiaries	9,943,504	26,177,638
(Less: Due to Subsidiaries Kr. 35,679,829 and Kr. 17,978,207)		
Accounts Receivable from Customers	20,782,953	19,542,602
Other Accounts Receivable	6,095,122	2,157,757
Customers' Acceptances	31,545,864	35,703,159
Cash in Hand and at Banks	26,128,709	23,276,732
	<u>101,355,723</u>	<u>112,090,926</u>
 Pledged Assets		
	1969	1968
Mortgages on Land and Buildings	21,068,000	21,288,000
Other Pledged Assets	13,263,523	12,634,219
	<u>Kronor</u>	<u>406,358,178</u>
		<u>397,791,591</u>

LIABILITIES

1969

1968

Kronor

Capital, Reserves and Surplus

Share Capital	114,975,000	114,975,000
Legal Reserve Fund	67,657,500	67,657,500
	<u>182,632,500</u>	<u>182,632,500</u>

Surplus

Profit brought forward	29,484,543	25,451,554
Less: Dividend	20,695,500	18,396,000
	<u>8,789,043</u>	<u>7,055,554</u>

Profit for the Year	25,400,170	22,428,989
	<u>34,189,213</u>	<u>29,484,543</u>
	<u>216,821,713</u>	<u>212,117,043</u>

Contingency Reserve	<u>12,500,000</u>	<u>12,500,000</u>
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Operations Investment Fund	<u>23,784,677</u>	<u>23,784,677</u>
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Long-Term Liabilities

4 ¾ % Bond Loan, 1963	11,230,000	11,850,000
5 ½ % Debenture Loan, 1963	15,770,000	17,310,000
7 ½ % Debenture Loan, 1967	30,670,000	32,220,000
Provision for Pensions	21,999,823	20,130,439
Mortgage Loans	1,003,573	1,214,178
Promissory Notes	14,401,029	12,497,379
	<u>95,074,425</u>	<u>95,221,996</u>

Short-Term Liabilities

Accounts Payable to Suppliers	4,979,435	8,020,775
Bills Payable	29,441,847	23,837,438
Sundry Accounts Payable	15,597,187	12,225,028
Employees' Preliminary Taxes	1,475,167	1,233,789
Debenture Loan Instalments due 1970	3,710,000	1,440,000
Unpaid and Estimated Tax	2,973,727	7,410,845
	<u>58,177,363</u>	<u>54,167,875</u>

Contingent Liabilities

1969

1968

Other Contingent Liabilities	186,248,271	152,416,101
Bills Discounted	4,220,500	2,940,793

In addition there is the participation in the Swedish Lamco Syndicate, Trafik AB Grängesberg-Oxelösund & Co. in a guarantee for \$ 15,000,000 issued by the Syndicate. By the trading agreement terms, Atlas Copco AB's share is \$ 3,214,285:71.

Kronor

406,358,178397,791,591

Atlas Copco AB

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1969

	1969	1968
	Kronor	
Operating Revenue		
Commission, Licences and Royalties from Group Companies . . .	74,623,794	59,326,842
Interest Received from Group Companies	782,377	2,872,576
Interest Paid to Group Companies	— 3,240,935	— 80,694
Dividends from Group Companies	13,285,471	9,097,420
Other revenue	573,203	465,276
	<u>86,023,910</u>	<u>71,681,420</u>
Cost of Technical Development, Sales, Administration, etc. (of which General Administrative Costs, Kr. 14,519,212 and Kr. 12,708,249)	— 44,366,615	— 37,720,368
Balance	<u>41,657,295</u>	<u>33,961,052</u>
Depreciation		
Buildings	1,586,554	1,528,792
Machinery, Furniture and Fixtures	2,586,299	2,189,735
	<u>— 4,172,853</u>	<u>— 3,718,527</u>
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies)	— 12,585,169	— 10,011,387
Interest Received from Others (excl. Group Companies)	+ 3,651,765	+ 2,689,329
Dividends from Others (excl. Group Companies)	+ 4,476,822	+ 5,560,935
	<u>— 4,456,582</u>	<u>— 1,761,123</u>
Balance	<u>33,027,860</u>	<u>28,481,402</u>
Other Revenue and Costs		
Commission etc. from Group Companies for previous years . . .	672,310	5,441,649
Restitution of earlier Provisions for Pensions	—	1,120,964
Miscellaneous	—	34,974
	<u>+ 672,310</u>	<u>+ 6,597,587</u>
Profit before Appropriations and Taxes	<u>33,700,170</u>	<u>35,078,989</u>
Appropriations		
Contingency Reserve	—	— 2,500,000
Profit before Taxes	<u>33,700,170</u>	<u>32,578,989</u>
Taxes	<u>— 8,300,000</u>	<u>— 10,150,000</u>
Net Profit Kr.	<u>25,400,170*</u>	<u>22,428,989</u>

* Net Profit for the Year \$ 4,913,000

List of shares and participating rights as at 31 st December 1969

Shares and Participating Rights in Subsidiary Companies

300,000 shares	@	Kr. 100 each in Atlas Copco MCT AB	Nacka	30,000,000
10,000 shares	@	Kr. 100 each in Atlas Copco Svenska Försäljnings AB	Nacka	1,000,000
2,000 shares	@	Kr. 100 each in AB Sicklahus	Nacka	200,000
112,500 shares	@	Kr. 100 each in Svenska Diamantbergborrnings AB	Stockholm	11,906,791
100,000 shares	@	Kr. 100 each in Atlas Copco Tools AB	Stockholm	9,500,000
50 shares	@	Kr. 100 each in Atlas Copco ABEM AB	Stockholm	5,000
59,500 shares		(no par value) in Atlas Copco Airpower N.V.	Antwerp	32,656,000
49,994 shares	@	Belg. Frs. 1,000 each in Atlas Copco Belgium S.A. .	Overijse	3,000,138
199,998 shares	@	£1 each in Atlas Copco (Manufacturing) Ltd	Hemel Hempstead	2,000,000
399,997 shares	@	£1 each in Atlas Copco (Great Britain) Ltd	Hemel Hempstead	4,000,000
17,963 shares	@	Frs 500 each in Atlas Copco France S.A.	Franconville	5,001,256
1,500 shares	@	Fl. 1,000 each in Atlas Copco Holland N.V.	Rotterdam	1,500,000
119,998 shares	@	Lire 10,000 each in Atlas Copco Italia S.p.A. . . .	Milan	6,944,831
30,600 shares	@	Lire 10,000 each in EMAC S.p.A.	Turin	2,553,810
398 shares	@	Norw. Kr. 10,000 each in Atlas Copco A/S	Oslo	2,000,000
2,000 shares	@	SFr 1,000 in Atlas Copco Notz AG	Biel	2,407,000
98,500 shares	@	Ptas 500 each in Atlas Copco S.A.E.	Madrid	3,552,000
4,000 part.rts	@	DM 1,000 each in Atlas Copco MCT GmbH	Bremen	4,889,251
1,400 shares		(no par value) in Atlas Copco Inc.	Hackensack	5,000,000
250,000 shares	@	Pesos 100 in Atlas Copco Argentina S.A.C.I.	Buenos Aires	379,800
650,640 shares	@	R 0.5 each in Delfos & Atlas Copco (Pty) Ltd . . .	Benoni	3,000,000
1,936 shares	@	Rs 1,000 each in Atlas Copco (India) Private Ltd .	Bombay	1,000,000
2,997 shares	@	Dan.Kr. 1,000 each in Atlas Copco A/S	Copenhagen	1
400 shares	@	Dan.Kr. 1,000 each in Maskinfabriken Pluto A/S . .	Saebø	1
80,000 shares	@	Mk. 10 each in OY Atlas Copco AB	Helsinki	1
640 part.rts	@	Drs 10,000 each in Atlas Copco Greece Ltd	Athens	1
12 shares	@	Norw. Kr. 1,000 each in Atlas Copco Utleie A/S . .	Oslo	1
4,980 part.rts	@	Esc. 1,000 each in Soc. Atlas Copco de Portugal Lda.	Lisbon	1
95 shares	@	Ptas 10,000 each in Atlas Copco Industrial S. A. . .	Madrid	1
1,140 shares	@	T£500 each in Atlas Copco Ticaret ve Sanayi T.A.S.	Istanbul	1
2,690 part.rts	@	DM 1,000 each in Atlas Copco Deutschland GmbH	Essen	1
6,990 part.rts	@	Aust. Sch. 1,000 in Atlas Copco GmbH	Vienna	1
11,754,988 shares	@	Cruz. 1 each in Atlas Copco Industrial Paulista S. A.	Sao Paulo	1
1,300,000 shares	@	Esc. 1 each in Atlas Copco Chilena S.A.C.	Santiago de Chile	1
190 part.rts	@	Col. Pes. 100 each in Atlas Copco Colombiana Ltda	Bogotá	1
994 part.rts.	@	Z 1 each in Atlas Copco Congo SCRL (in liquidation)	Lubumbashi	1
1,315 shares	@	Dirh. 800 each in Atlas Copco Maroc S.A.	Casablanca	1
3,995 shares	@	Pesos 100 each in Atlas Copco (Philippines) Inc. .	Makati, Rizal	1

Shares and Participating Rights in other Companies

6,000 shares	@	Kr. 100 each in Atlas Copco Finans AB	Stockholm	406,370
Parts corresponding to 6/28 of the capital of Kr. 2,100,000 in				
The Swedish Lamco Syndicate, Trafik AB Grängesberg-Oxelösund & Co.				Stockholm
33,600 shares	@	Kr. 100 each in Monsun-Tison AB	Stockholm	10,320,000
20,000 shares	@	Kr. 100 each in Terratest AB	Stockholm	2,000,000
6 shares	@	Kr. 1,000 each in AB Stadsfastigheter	Stockholm	6,000
7,050 shares	@	Kr. 100 each in Svensk Interkontinental Lufttrafik AB	Stockholm	705,000
40 shares	@	Kr. 100 each in AB Byggnadsgaranti	Stockholm	4,000
4 shares	@	Kr. 500 each in Tekniska Röntgencentralen AB . . .	Stockholm	1
1,135 shares		(no par value) in S.A. Métallurgique		
		d'Espérance-Longdoz	Liège	203,000
1,040 shares	@	US\$ 100 each in Adela Investment Company S.A.	Luxembourg	513,000
40 shares	@	Frs 100 each in La Maison de Suède	Paris	5,475
75 shares	@	Ptas 5,000 in Casa de Suecia S.A.	Madrid	50,000

Kronor 14,662,846

Auditors' Report

In our capacity of auditors to Atlas Copco Aktiebolag we submit the following report for the year 1969.

We have examined the Annual Report, studied the accounts, the minutes and other documents containing information as to the financial position and the management of the Company, and made such other tests as we considered necessary.

The accounts have been checked by Bohlins Revisionsbyrå Aktiebolag. This check has in part been made on a sampling basis.

The provisions of the Company Act concerning shareholdings and group reporting have been complied with.

In the course of the audit there appeared no reason to remark upon the Annual Report, the book-keeping or the verification of assets, or upon the management in general.

The Board of Directors and the Managing Director propose that the profit for the year, 25,400,170 Kr., together with unappropriated earnings from the previous year 8,789,043 Kr., a total of 34,189,213 Kr., be appropriated as follows:

Dividend to Shareholders	Kr. 22,995,000
Unappropriated earnings carried forward	Kr. 11,194,213
	<hr/>
Kronor	34,189,213

This proposal does not conflict with the provisions of the Company Act concerning appropriations to legal reserves or with sound business practice.

We recommend:

that the balance sheet as at 31st December 1969, included in the Annual Report and signed by us, be adopted, that the profits be appropriated as proposed above, and that the Board of Directors and the Managing Director be granted discharge from liability for the period covered by the Annual Report.

Translated from the original Swedish report signed by the elected auditors Wilhelm Moberg and Ebbe Rybeck (Authorized Public Accountant) March 18th, 1970.

During the past year Atlas Copco introduced a new starting and ground service unit, the Super Air Partner. This advanced machine has been designed and built to meet the needs of the next generation of aircraft—the Super Jets and the supersonic airliners. Seen here starting TWA's new Boeing 747 at Heathrow Airport, London, the Super Air Partner is embarked on a successful sales career. Units have already been sold to airlines in Europe as well as in the USA.



Atlas Copco MCT AB*

BALANCE SHEET AS AT 31 st DECEMBER 1969

	1969	1968
	1,000 Kr.	
ASSETS		
Fixed Assets		
Land and Buildings	10,879	12,503
Machinery, Furniture and Fixtures	25,037	17,618
Other Investments	169	24
Cash at Banks: blocked accounts	704	1,404
	<u>36,789</u>	<u>31,549</u>
Current Assets		
Stock and Work in Progress	68,890	59,137
Advances to Group Companies	24,993	21,927
Accounts Receivable	19,113	9,760
Acceptances	222	268
Cash in Hand and at Banks	6,518	6,033
	<u>119,736</u>	<u>97,125</u>
	<u>156,525</u>	<u>128,674</u>
LIABILITIES		
Capital, Reserves and Surplus		
Share Capital	30,000	20,000
Earnings not available for distribution	3,352	1,501
Disposable Earnings	7,215	5,452
Profit for the Year	6,404	5,571
	<u>46,971</u>	<u>32,524</u>
Investment Funds	<u>1,530</u>	<u>2,589</u>
Long-Term Liabilities		
Mortgage Loans and Other Long-Term Debts	17,055	9,869
Provision for Pensions	19,289	18,014
	<u>36,344</u>	<u>27,883</u>
Short-Term Liabilities		
Accounts Payable to Suppliers etc.	47,247	37,496
Due to Group Companies	16,921	25,954
Provision for Taxes	7,512	2,228
	<u>71,680</u>	<u>65,678</u>
	1969	1968
Pledged Assets	23,735	18,380
Contingent Liabilities		
Bills Discounted	4,024	2,232
Other Contingent Liabilities	1,700	1,552
	<u>156,525</u>	<u>128,674</u>

* Including the Craelius Diabor Group, Atlas Copco Maschinen AG, Thun, Atlas Copco (Manufacturing) Ltd, Hemel Hempstead, and Atlas Copco MCT GmbH, Bremen.

Atlas Copco MCT AB*

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1969

	1969	1968
	1,000 Kr.	
Invoiced Sales	417,311	378,726
Cost of Goods Sold, Technical Development, Sales, Administration, etc.	<u>- 395,883</u>	<u>- 361,798</u>
Operating Profit	<u>21,428</u>	<u>16,928</u>
Depreciation		
Buildings	354	322
Machinery, Furniture and Fixtures	6,795	7,394
	<u>- 7,149</u>	<u>- 7,716</u>
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies)	- 1,825	- 1,436
Interest Received from Others (excl. Group Companies)	+ 198	+ 95
Interest Paid to Group Companies	- 2,095	- 2,241
Interest Received from Group Companies	+ 4,227	+ 1,644
	<u>+ 505</u>	<u>- 1,938</u>
Balance	14,784	7,274
Other Revenue		
Surplus due to merger with AB Avos	—	+ 1,477
Profit before Appropriations and Taxes	14,784	8,751
Taxes	- 8,380	- 3,180
Net Profit	<u>6,404**</u>	<u>5,571</u>

* Including the Craelius Diabor Group, Atlas Copco Maschinen AG, Thun, Atlas Copco (Manufacturing) Ltd, Hemel Hempstead, and Atlas Copco MCT GmbH, Bremen.

** Net Profit for the Year \$ 1,239,000

Atlas Copco Tools AB*

BALANCE SHEET AS AT 31 st DECEMBER 1969

	1969	1968
	1,000 Kr.	
ASSETS		
Fixed Assets		
Land and Buildings	12,369	13,551
Machinery, Furniture and Fixtures	4,938	2,875
Shares	95	56
Cash at Banks: blocked accounts	1,922	1,922
	<u>19,324</u>	<u>18,404</u>
Current Assets		
Stocks and Work in Progress	22,550	14,466
Advances to Group Companies	2,857	2,329
Accounts Receivable	3,207	1,559
Acceptances	—	17
Cash in Hand and at Banks	625	2,811
	<u>29,239</u>	<u>21,182</u>
	<u>48,563</u>	<u>39,586</u>
LIABILITIES		
Capital, Reserves and Surplus		
Share Capital	10,000	5,000
Earnings not available for distribution	1,422	1,237
Disposable Earnings	3,684	2,987
Profit for the Year	846	1,952
	<u>15,952</u>	<u>11,176</u>
Investment Funds	<u>4,472</u>	<u>4,472</u>
Long-Term Liabilities		
Mortgage Loans and Other Long-Term Debts	3,943	3,225
Provision for Pensions	3,644	2,968
	<u>7,587</u>	<u>6,193</u>
Short-Term Liabilities		
Accounts Payable to Suppliers etc.	13,480	8,437
Due to Group Companies	3,808	6,999
Provision for Taxes	428	295
Bank Loans	2,836	2,014
	<u>20,552</u>	<u>17,745</u>
	<u>48,563</u>	<u>39,586</u>
	1969	1968
Pledged Assets	1,235	1,151
Contingent Liabilities	559	471
	<u>48,563</u>	<u>39,586</u>

* Including OY Atlas Copco AB, Helsinki, and Maskinfabriken Pluto A/S, Saeby.

Atlas Copco Tools AB*

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1969

	1969	1968
	1,000 Kr.	
Invoiced Sales	83,187	69,956
Cost of Goods Sold, Technical Development, Sales, Administration, etc.	<u>- 75,820</u>	<u>- 63,200</u>
Operating Profit	<u>7,367</u>	<u>6,756</u>
Depreciation		
Buildings	602	399
Machinery, Furniture and Fixtures	2,202	1,265
	<u>- 2,804</u>	<u>- 1,664</u>
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies)	- 576	- 346
Interest Received from Others (excl. Group Companies)	+ 21	+ 100
Interest Paid to Group Companies	—	- 316
Interest Received from Group Companies	+ 154	—
	<u>- 401</u>	<u>- 562</u>
Balance	4,162	4,530
Other Revenue and Costs		
Surplus due to merger with AB Eccoverken	—	+ 1,108
Extra Depreciation on Fixed Assets	<u>—</u>	<u>- 802</u>
Profit before Appropriations and Taxes	4,162	4,836
Appropriations		
Inventory Reserve	<u>- 2,300</u>	<u>- 1,837</u>
Profit before Taxes	1,862	2,999
Taxes	<u>- 1,016</u>	<u>- 1,047</u>
Net Profit	<u>846**</u>	<u>1,952</u>

* Including OY Atlas Copco AB, Helsinki,
and Maskinfabriken Pluto A/S, Saeby.

** Net Profit for the Year \$ 164,000

Atlas Copco Airpower N.V.

BALANCE SHEET AS AT 31 st DECEMBER 1969

	1969	1968
	1,000 Kr.	
ASSETS		
Fixed Assets		
Land and Buildings	34,135	16,941
Machinery, Furniture and Fixtures	11,502	10,380
Shares in Subsidiaries	1,898	—
Shares in Other Companies	52	42
	<u>47,587</u>	<u>27,363</u>
Current Assets		
Stocks and Work in Progress	53,033	29,722
Advances to Group Companies	66,605	46,876
Accounts Receivable	18,811	18,651
Acceptances	16,870	16,137
Cash in Hand and at Banks	921	622
	<u>156,240</u>	<u>112,008</u>
	<u>203,827</u>	<u>139,371</u>
LIABILITIES		
Capital, Reserves and Surplus		
Share Capital	49,920	49,920
Earnings not available for distribution	4,992	2,860
Disposale Earnings	3,251	1,101
Profit for the Year	16,065	10,273
	<u>74,228</u>	<u>64,154</u>
Long-Term Liabilities		
Promissory Notes	40,560	15,080
	<u>40,560</u>	<u>15,080</u>
Short-Term Liabilities		
Accounts Payable to Suppliers etc.	34,643	21,117
Bills Payable	38,403	20,876
Due to Group Companies	8,204	4,489
Provision for Taxes	7,789	13,655
	<u>89,039</u>	<u>60,137</u>
Contingent Liabilities	1969	1968
Bills Discounted	1,653	1,214
Other Contingent Liabilities	5,202	3,977
	<u>203,827</u>	<u>139,371</u>

Atlas Copco Airpower N.V.

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1969

	1969	1968
	1,000 Kr.	
Invoiced Sales	178,704	131,693
Cost of Goods Sold, Technical Development, Sales, Administration, etc.	— 143,447	— 106,841
Operating Profit	<u>35,257</u>	<u>24,852</u>
Depreciation		
Buildings	1,769	558
Machinery, Furniture and Fixtures	4,468	3,853
	<u>— 6,237</u>	<u>— 4,411</u>
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies)	— 2,795	— 1,963
Interest Received from Others (excl. Group Companies)	+ 999	+ 1,592
Interest Received from Group Companies	+ 534	+ 572
	<u>— 1,262</u>	<u>+ 201</u>
Balance	27,758	20,642
Other Revenue and Costs		
Extra Depreciation on Fixed Assets	— 3,904	— 2,624
Profit before Appropriations and Taxes	<u>23,854</u>	<u>18,018</u>
Appropriations		
Inventory Reserve	—	— 1,040
Profit before Taxes	23,854	16,978
Taxes	— 7,789	— 6,705
Net Profit	<u>16,065*</u>	<u>10,273</u>

* Net Profit for the Year \$ 3,107,000

In the open ...

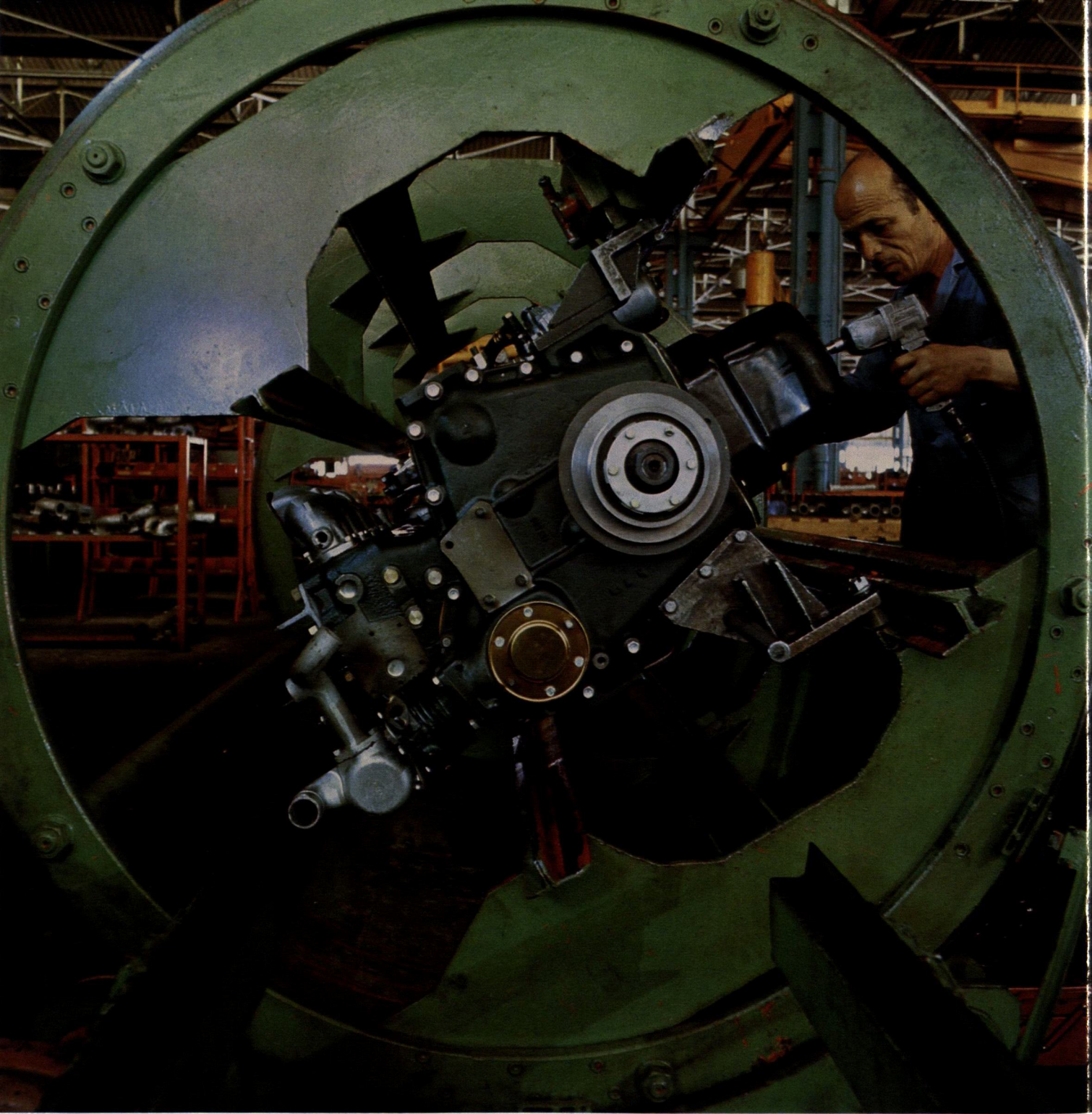
An example of the Atlas Copco range of surface rock drilling equipment is the ROC 601, a medium-heavy crawler rig equipped with the powerful BBE 57 separate rotation rock drill. The two machines in the foreground embody dust and noise suppression equipment. The work site is that of a nuclear power plant on the west coast of Sweden, where six ROC 601 rigs helped to excavate 100,000 m³ of rock.



... and underground

Atlas Copco's latest heavy rig for drifting and tunnelling, the Boomer 131, is used by mining companies such as LKAB at Kiruna in northern Sweden and GECOMIN in the Congo, and by contractors all over the world. Boomer 131 is a very flexible drilling rig for several reasons, not least of which is the articulated chassis. This feature gives excellent mobility in narrow drifts with sharp curves.





The engine assembly line at the French Berliet Works in Algeria. The company make extensive use of Atlas Copco equipment in the manufacture of their trucks and buses.

At the Carmen Curlers Works in Denmark, 30,000 electric hair curling units are assembled each day with the help of Atlas Copco screwdrivers.

One of the world's more important ship repair yards, Lisnave in Lisbon, is equipped with compressors and tools from Atlas Copco.

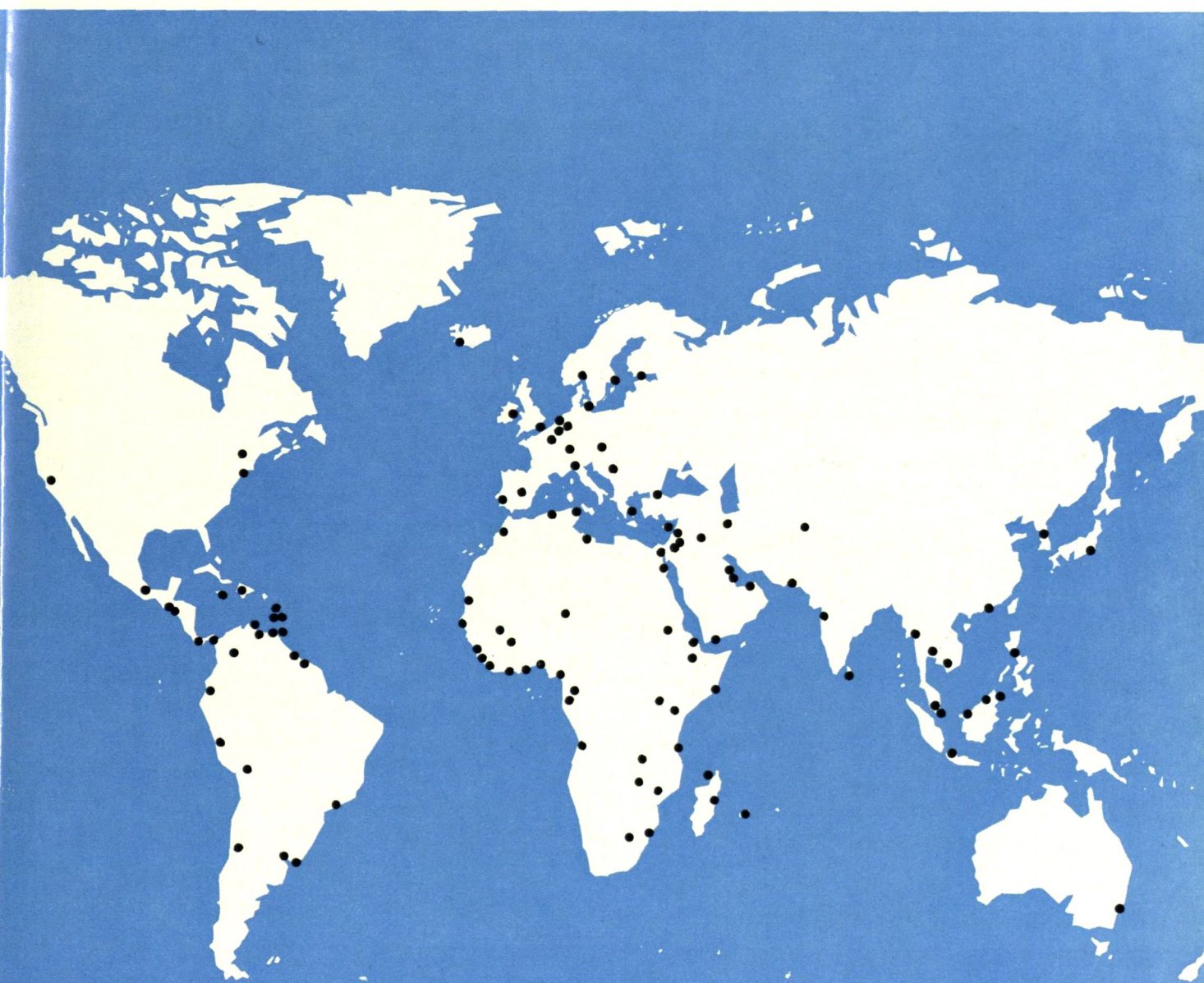
This impressive installation in the premises of a Swedish steel wholesaler exemplifies Atlas Copco's leading position in the field of surface treatment.



Oil-free air is required for the making of paper. This automatic ZR screw compressor installation provides completely oil-free air for a Swedish newsprint machine, one of the largest and most modern in the world.



Compressed air all over the world





An impact wrench used on safety belt fixtures
on the SAAB 99 assembly line

Atlas Copco