

*Atlas Copco*

# Atlas Copco AB Annual Report 1972





*The low consumption of power and cooling water contributes to the ER compressor's outstanding running economy. These are just a few points which have made this machine one of the most appreciated all-round compressors throughout the world. At the DAF factory in Born, Holland, four ER 8 are responsible for the general compressed air supply.*

*Front cover: The LMF 55 high torque nut runner is an example of a new type of assembly tool where ergonomics and precise tightening control were the main priority during development. The machine is suitable for use within, for example, the heavy motor vehicle industry. The picture shows the mounting of a truck wheel using LMF 55 at the SAAB-SCANIA Works in Sweden.*





# Atlas Copco AB

## Annual Report 1972

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### Board of Directors

Marcus Wallenberg	Chairman
Kurt-Allan Belfrage	Deputy Chairman
Sture Ekefalk	
Jan Hellner	
Henry N. Sporborg	
Sture Ödner	
Erik Johnsson	Man. Dir.
Peter Wallenberg	Deputy Member, Deputy Man. Dir.

### Group Management Committee

Erik Johnsson	Man. Dir.
Peter Wallenberg	Deputy Man. Dir.
Bengt Andersson	Dir. of Finance
Rune Back	Marketing Dir.
Jan Holdo	Technical Dir.
Bo Gyllenberg	Man. Dir., Atlas Copco MCT AB
Iwan Åkerman	Man. Dir., Atlas Copco Airpower N.V.
Einar Liwendahl	Man. Dir., Atlas Copco Tools AB

### Special Advisers

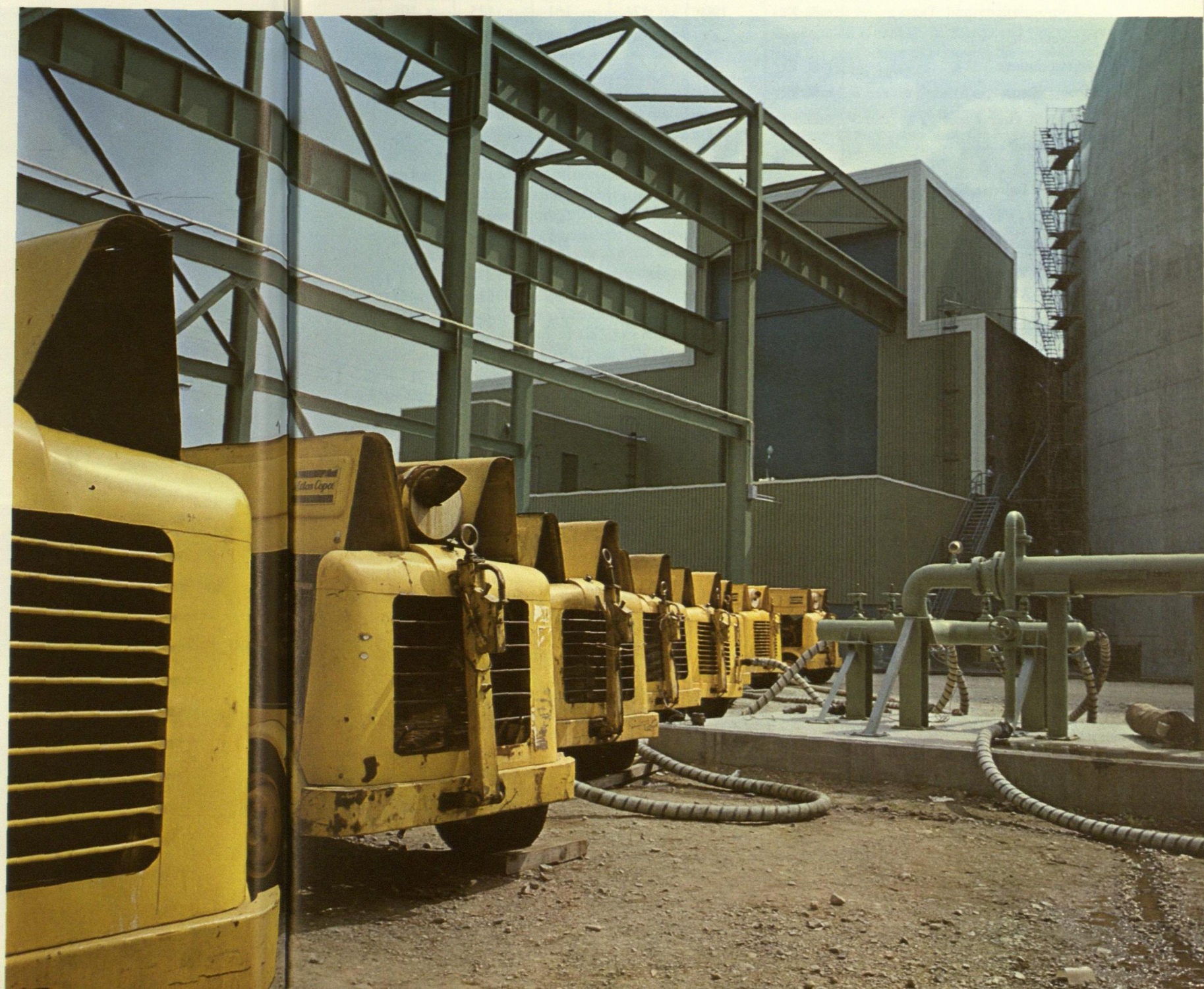
Stig Unger  
Gunnar Widegren

### Associate Directors

Anders Björk  
Arne Ekholm  
Lennart Friberg  
Hans Johnsson  
Rolf Lahnhausen  
Jan Larcén  
Olle Lindberg  
Pelle Löfström  
Gunnar Ruding  
Nils Starfelt  
Sven-Ingvar Svensson

*When a pressure test was required on the reactor dome at the new Maine Yankee Atomic Power Plant in the USA, seven PT 1200 compressors were used to supply the large quantity of compressed air required.*

*The PT 1200 rotary screw compressor supplies oil-free air and is the biggest portable compressor in the Atlas Copco range.*





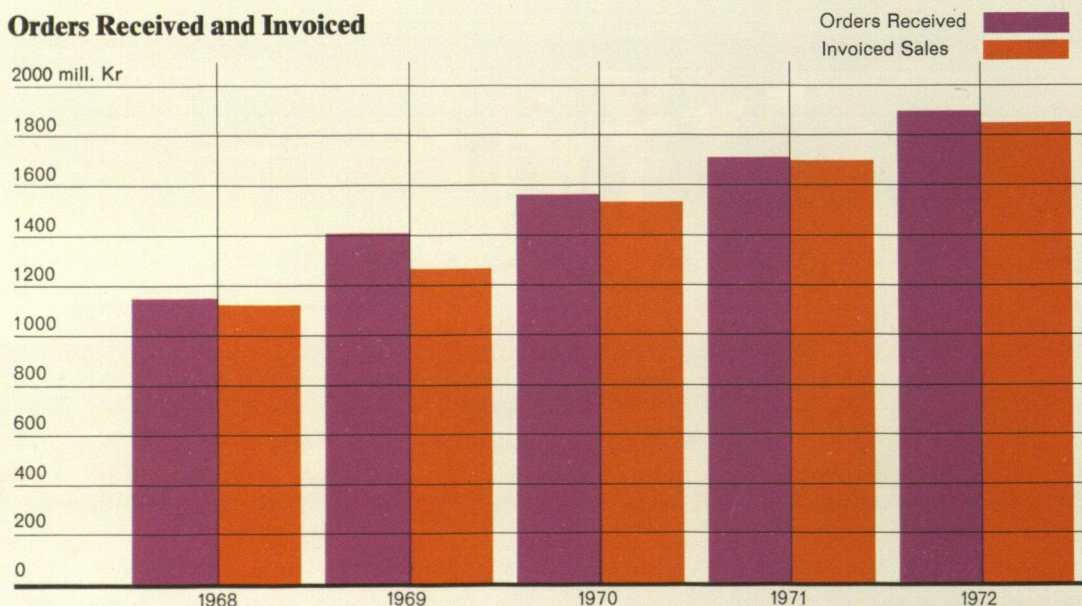
# The Atlas Copco Group of Companies

## Five Years in Summary

		1972	1971	1970	1969	1968
<b>From the Profit and Loss Account</b>						
Invoiced Sales . . . . .	mill. Kr	1,849	1,696	1,542	1,280	1,138
Profit before Capital Gains, Appropriations and Taxes . .	mill. Kr	190	171	161	125	105
Depreciation . . . . .	mill. Kr	43	42	36	31	28
Appropriations . . . . .	mill. Kr	14	8	3	3	5
Income Taxes . . . . .	mill. Kr	81	72	71	52	47
Net Profit after Taxes . . . .	mill. Kr	92	87	87	67	51
Per share* . . . . .	Kr	16.60	15.76	17.13	13.28	10.01
<b>From the Balance Sheet</b>						
Fixed Assets at Cost . . . . .	mill. Kr	716	663	604	545	480
Accumulated Depreciation . . .	mill. Kr	293	251	214	192	164
Current Assets . . . . .	mill. Kr	1,519	1,465	1,430	1,076	935
Short-Term Liabilities . . . . .	mill. Kr	637	683	716	516	437
Long-Term Liabilities . . . . .	mill. Kr	403	368	378	244	203
Net Worth . . . . .	mill. Kr	729	669	575	519	475
<b>Other Items</b>						
Number of Employees . . . . .		13,881	13,706	13,764	12,734	11,349

\* Adjustment for 1971 Bonus Issue

## Orders Received and Invoiced





# Directors' Report

## To the Shareholders

*This report on activities in 1972 is a translation of the Swedish original signed by the members of the Board and the Managing Director.*

The business climate during 1972 was subdued in Western Europe but definitely expansive in the USA. The rate of inflation was high, however, in most countries. Rising costs combined with low utilization of production capacity tended to check new investment in industry.

Mineral prices remained in general on the low level experienced in 1971 and this affected the Group's sales of mining equipment. Some of the countries which had introduced price controls in 1971 discontinued these measures but in other countries price controls were imposed during 1972.

Competition grew strongly on account of overcapacity in the compressed air industry and this was one of several factors which prevented price increases from being carried through as planned.

Total invoicing for the Atlas Copco Group amounted to Kr 1,849 million (1,696), or US\$ 389 million.

Group sales totalled Kr 1,897 million (1,704), or US\$ 399 million.

Sales increases of varying magnitude in a majority of countries more than made up for low sales in certain other countries.

Foreign markets accounted for 88 % (90 %) of total Group sales. Sweden was again the largest individual market in 1972. In spite of low production growth, high unemployment and a limited investment propensity in Sweden, sales developed favourably, whereas in other Scandinavian countries sales showed signs of slackening.

Demand in Western Europe varied from country to country in keeping with business levels and the restrictions introduced to check the high rate of inflation. Satisfactory sales results were achieved in France, Germany, Portugal, Spain and Switzerland. Among overseas markets, Brazil and Mexico noted good results. Achievements in South Africa and Australia were affected unfavourably by reduced activity in the mining industry.

The economic recovery noted in the USA and, to some extent, in Canada led to somewhat increased sales in these markets.

The last quarter of the year was marked by intensified sales activity and there were also signs of an increase in industrial investment.

The rate of inflation remains varied but is persistently

high in the countries of Western Europe. Coupled with a desire for strong expansion and a high level of employment, this may tend to curb development. The currency situation is difficult to assess and its effect in the future cannot be foreseen.

Competition is unlikely to change and will therefore limit the possibilities of achieving the requisite price increases on exports.

These factors will continue to exert a strong influence on the Group's activities during 1973, but the prospects of an improvement on the 1972 results are good.

## Production and Employment

Investment in production equipment in the Atlas Copco Group in 1972 was somewhat lower than the very high level of recent years that resulted in particular from the erection of the Dala Works, the new forge for Atlas Copco MCT AB, and from the extensions of the Arpic Works by Atlas Copco Airpower NV.

Employment and production capacity utilization were satisfactory throughout the Group. It may be noted in particular that the most recent additions to production facilities were utilized very fully.

During the year, Atlas Copco MCT expanded its manufacturing capacity for heavy loaders by adding 6,600 sq.m. to the Avos Works at Örebro. Atlas Copco Airpower completed workshops, storage facilities and factory offices totalling 7,500 sq.m. at the Arpic Works at Wilrijk. Atlas Copco Tools AB started an extension of 3,300 sq.m. at the Saeby Works in Denmark.

A new local production unit was added during the year — Copco Nueva Montaña SA at Santander, Spain. This manufacturing company has factory, office and storage premises totalling 5,100 sq.m. It is run as a separate company, independently of the Spanish sales company, with the main purpose of supplying the Spanish market with stationary compressors.

The sales companies have invested more than in previous years, above all in complete customer service premises known as Compressed Air Centres.

Atlas Copco Belgium SA added 550 sq.m. to the office facilities at the Compressed Air Centre in Overijse.

Atlas Copco (Cyprus) Ltd. opened a new Centre covering 2,000 sq.m. in Nicosia.



Atlas Copco A/S, Denmark, opened its new Compressed Air Centre at Herstedøster, with a total floor space of 5,400 sq.m. on a site of 25,000 sq.m.

Atlas Copco (Great Britain) Ltd. completed part of the new premises at Hemel Hempstead and started to use its new service workshop and storage facilities. The offices will be ready in the early part of 1973.

Atlas Copco (N.Z.) Ltd. will likewise be moving into the new Compressed Air Centre in Wellington, New Zealand, during 1973.

Atlas Copco A/S, Norway, started work in Bergen on a new regional office with workshop and storage facilities. The total floor space will be 1,700 sq.m. on a site of 5,000 sq.m.

Soc. Atlas Copco de Portugal Lda. acquired additional industrial land (7,200 sq.m.) at its Compressed Air Centre in Lisbon, making it possible to extend this installation. In Oporto, a site covering 6,000 sq.m. was purchased to provide additional resources for this branch office.

Atlas Copco Notz AG purchased a 20,000 sq.m. site near Biel and started to plan a new Compressed Air Centre for Switzerland.

The Spanish sales company, Atlas Copco SAE, started to build storage and service premises in Coslada, where it is proposed to locate a Compressed Air Centre for Spain. In addition, a new branch office was acquired in Bilbao.

In the USA, Atlas Copco Inc. contracted for new premises covering 8,000 sq.m. in Wayne, New Jersey, where the American sales company's Compressed Air Centre will be established together with a plant for assembly and completion work. The branch office in Chicago was moved to new premises and a new service branch was set up in Detroit.

In Brazil, where a Compressed Air Centre in São Paulo was opened in 1971 by Atlas Copco Brasileira SA, new regional premises in Rio de Janeiro were acquired for office and service facilities totalling 4,000 sq.m.

Finally it should be mentioned that the West German sales company, Atlas Copco Deutschland GmbH, added a new service workshop to the Hamburg branch.

## Research and Development

Atlas Copco has developed and marketed many types of compressed air equipment for several decades and introduced new applications for compressed air technique. As this technique satisfies strict requirements for machines and methods that are effective, economic and, not least, environmentally acceptable, projects involving compressed air have been accorded high priority to date in the allocation of the Company's development resources.

To an organization for research and development

geared to the future problems of users it is clear that other forms of energy transmission and transformation must also be considered. Hydraulic power is an excellent complement to air power in this respect, particularly in mining and construction. For this reason many Atlas Copco products — tunnelling rigs, diamond core drills, loaders and so on — utilize compressed air as well as hydraulic techniques, separately or combined. The research and development activities of the Group have accordingly been extended to cover a wider concept, "pressurized energy", which includes both pneumatics and hydraulics.

The method mentioned in last year's report for restoring lakes with the aid of compressed air has now left the development stage and is being used commercially. During the UN Conference on the Environment in Stockholm, a much publicized demonstration was arranged of Atlas Copco's efforts for environmental control, in particular the bubble methods for oil barriers and lake restoration.

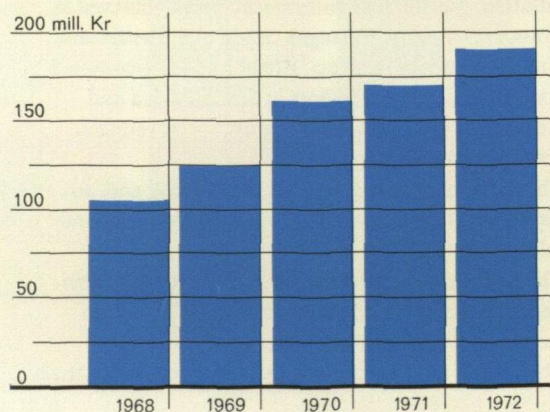
The same high standard of quality and performance is expected of all Atlas Copco products no matter where they are manufactured. To ensure that this standard is maintained, measurement equipment is required for performance tests. To this end a new series of equipment has been developed at the Central Laboratory for installation at Atlas Copco's production units and service workshops throughout the world.

The intensive nature of product development within the Group is reflected in an unusually large number of patent applications submitted in 1972.

## Finance, Investment and Administration

During the year the Group acquired the remaining 40 % of the shares in the manufacturing company EMAC SpA in Turin.

## Profit before Capital Gains, Appropriations and Taxes





The share capital of the Indian subsidiary was raised by means of a new issue from R 4.8 million to R 8.0 million. The whole of the new issue was subscribed by the Indian public, which thereby has a 40 % holding.

Share capital was increased by the subsidiaries in Austria, Denmark, France, Great Britain, Italy, the Netherlands, West Germany, USA and Argentina. The Parent Company subscribed all the new shares in these issues.

### Number of employees

The number of employees in Sweden and abroad at the end of the year was as follows:

		Sweden	Abroad	Total
Industrial employees	1971	2,198	3,718	5,916
	1972	2,106	3,904	6,010
Office staff	1971	2,232	5,558	7,790
	1972	2,177	5,694	7,871
Total	1971	4,430	9,276	13,706
	1972	4,283	9,598	13,881

### Group Results

Group invoiced sales increased Kr 153 million (US\$ 32.2 million) in 1972, exceeding the result in 1971 by 9 %. The operating profit for 1972, Kr 269 million (US\$ 56.6 million), was about 7 % higher than in the previous year. The profit margin fell from 14.8 % in 1971 to 14.6 %. The main reason was that, as already mentioned, sales prices could not be increased sufficiently to offset rising prices on account of the market situation and persistently keen international competition.

Further satisfactory results were noted by the sales company in Sweden as well as by those in Belgium, Norway, Italy, Portugal and New Zealand. Marked

improvements in profits were achieved in the Netherlands, France, Switzerland, Spain and Brazil.

The regular depreciation of buildings and machinery rose only slightly in 1972 because investments were somewhat lower than in recent years.

Interest and dividends showed a net improvement of Kr 3.5 million (US\$ 0.7 million) from 1971, chiefly because interest costs fell Kr 6.8 million (US\$ 1.4 million) as a consequence of reduced borrowing and somewhat lower interest rates.

The Group result before appropriations and taxes amounted to Kr 190.3 million (170.6) or US\$ 40.1 million, an increase of about 12 %.

### Consolidated Balance Sheet

Property investments during 1972 totalled Kr 25 million (US\$ 5.3 million). This included the extension of the Avos Works in Örebro and the building investments already mentioned in certain sales companies, in particular those in Denmark, Great Britain and Brazil.

Investments in machinery amounted to Kr 35 million (US\$ 7.4 million), the major part being for Atlas Copco Airpower and Atlas Copco MCT.

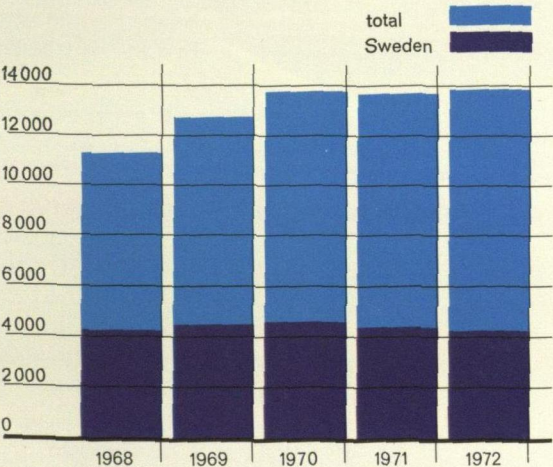
Group inventories grew very slightly during the year. The increase came from sales companies, some drop being noted for the product companies.

Accounts receivable, including acceptances from customers, increased by about 4 %.

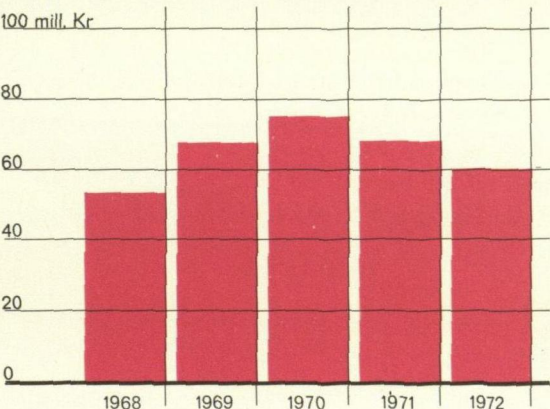
Mortgage and other long-term loans increased about Kr 33 million (US\$ 6.9 million), partly due to increased investment loans in Belgium to finance the expansion of Atlas Copco Airpower. In addition, several sales companies raised long-term loans locally to finance new premises for sales, storage and service facilities.

The interest-bearing short-term borrowing was re-

### Number of Employees



### Investments





duced to a not inconsiderable extent. For further details see the notes on p. 16—17.

The consolidated balance sheet shows an unappropriated profit of Kr 255.1 million (US\$ 53.7 million).

### Profit and Loss Account of the Parent Company

Operating income rose from Kr 106.6 million (US\$ 22.4 million) to Kr 120 million (US\$ 25.3 million) as a result of increased commissions and dividends from subsidiaries.

Operating costs were Kr 6.5 million (US\$ 1.4 million) higher than for the previous year. They include pension costs of Kr 4.7 million.

The lower interest costs were offset by the dividend from Lamco being reduced by about Kr 3 million (US\$ 0.6 million). Consequently the net financial result deteriorated by Kr 0.6 million.

Some of the Company's consignment inventories were disposed of during the year and the resultant decrease in stocks necessitated a reduction of Kr 1.4 million (US\$ 0.3 million) in the Company's inventory reserve.

The profit before tax increased by almost Kr 8 million (US\$ 1.7 million) and the net profit improved by Kr 4.8 million (US\$ 1.0 million) to a figure of Kr 41.1 million (US\$ 8.7 million).

### Balance Sheet of the Parent Company

Shareholdings in subsidiaries increased from Kr 133.2 million to Kr 184.8 million, a rise of Kr 51.6 million (US\$ 10.9 million). This reflects the increased holdings already mentioned in several sales companies that were undercapitalized in relation to the growing extent of their operations.

The share capital increases, which were effected to a large extent by the Parent Company converting part of its accounts receivable from subsidiaries into shares, are the main explanation for the substantial reduction — by about Kr 48 million (US\$ 10.1 million) altogether — of long and short-term advances to subsidiaries.

A slight reduction in the book value of the Company's shareholding in certain subsidiaries is offset by increases in book values for other subsidiaries and does not affect the Company's profit.

Inasmuch as the industrial activities are conducted by wholly-owned subsidiaries, none of the employees of the Parent Company are directly engaged in industrial production. The average number of employees during the year was 601, compared with 602 during the previous year.

A total of Kr 1,758,360 (US\$ 370,181), was paid to the Board of Directors and Senior Management and Kr 33,935,425 (US\$ 7,144,300) to other staff.

### Appropriation of Profits

Further details regarding the Company's accounts are given in the attached Balance Sheets and Profit and Loss Accounts.

To bring about a better balance between the share capital of the Company and the scope of its activities and also a better ratio of net worth to liabilities the Board proposes a bonus issue of 2,759,400 shares, giving the shareholders one new share for every two shares held. The share capital will by this issue be increased from Kr 137,970,000 to Kr 206,955,000, an increase of Kr 68,985,000. It is proposed that the issue be made by an increase of Kr 20,000,000 in the book value of the Company's office and industrial properties as well as by a revaluation by Kr 48,985,000 of the Company's shareholdings in some of its subsidiaries.

According to the Parent Company's Balance Sheet, unappropriated earnings from the previous year amounted to . . . . .	Kr	11,361,895
To which should be added the Net Profit for the Year . . . . .	Kr	*41,074,295
	Kronor	52,436,190

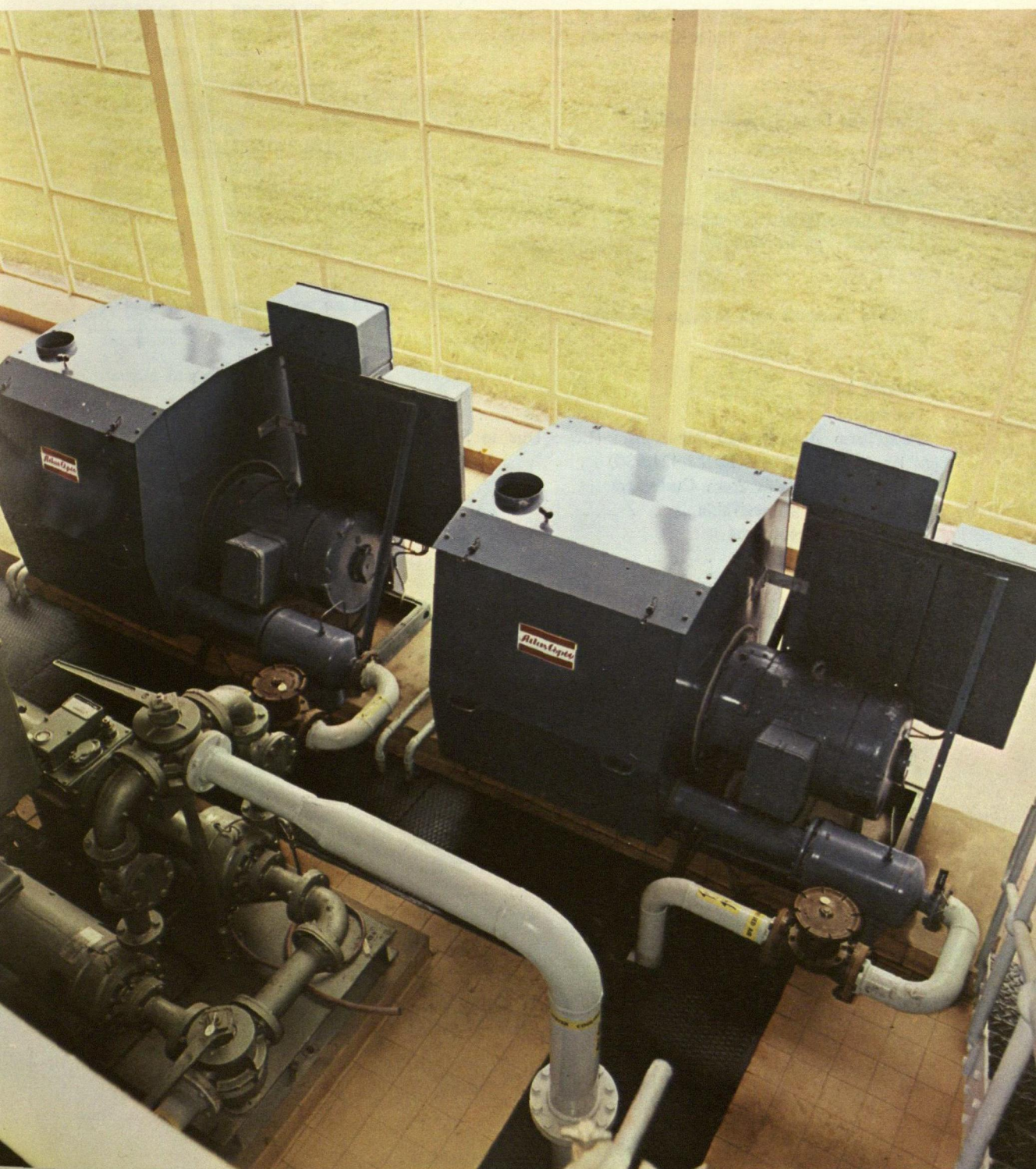
The Board of Directors and the Managing Director propose that the unappropriated earnings be applied as follows:

in paying shareholders a dividend of Kr 4 per share on both existing shares and shares derived from the proposed bonus issue . . . . .	Kr	33,112,800
leaving a balance to be carried forward of . . . . .	Kr	19,323,390
	Kronor	52,436,190

\* Net Profit for the Year US\$ 8,647,220.



*Philips Domestic Appliances Ltd., Halifax, England, utilize two ZR 3 oil-free rotary screw compressors in the manufacture of washing machines. Compressed air is used for painting cabinets, operation of power processes, automatic transfer equipment, welding equipment, small hand tools and air hoists.*





# Atlas Copco AB

Balance Sheet — as at 31st December 1972

ASSETS	1972	1971
	Kronor	
<b>Fixed Assets (note 1)</b>		
Office and Industrial Properties at Cost . . . . .	65,021,095	63,877,025
Housing Properties at Cost . . . . .	2,129,619	2,385,895
Machinery and Equipment at Cost . . . . .	23,803,298	22,629,389
Installation and Plant under Construction . . . . .	982,700	825,200
	<u>91,936,712</u>	<u>89,717,509</u>
<b>Shares and Long-Term Receivables</b>		
Shares in Subsidiaries . . . . .	184,750,012	133,155,012
Shares in Other Companies . . . . .	14,182,956	14,182,956
Advances to Subsidiaries . . . . .	15,892,777	45,189,341
Other Long-Term Receivables . . . . .	45,793,957	47,190,417
	<u>260,619,702</u>	<u>239,717,726</u>
<b>Blocked Account with Sveriges Riksbank . . . . .</b>	<u>7,947,732</u>	<u>7,947,732</u>
<b>Current Assets</b>		
Inventories . . . . .	13,812,286	24,158,020
Short-Term Advances to Subsidiaries (Less: Due to Subsidiaries Kr 26,391,209 and Kr 22,421,930) . . . . .	3,452,696	22,222,806
Accounts Receivable from Customers . . . . .	36,211,436	33,412,870
Other Accounts Receivable . . . . .	27,335,165	29,679,578
Customers' Acceptances . . . . .	22,173,513	24,453,433
Tax Claim . . . . .	—	590,482
Cash in Hand and at Banks . . . . .	121,898,627	99,833,586
	<u>224,883,723</u>	<u>234,350,775</u>
	1972	1971
<b>Pledged Assets (note 2) . . . . .</b>	44,655,597	47,589,276
	<u>585,387,869</u>	<u>571,733,742</u>



**LIABILITIES**

1972

1971

**Capital, Reserves and Surplus**

Kronor

Share Capital . . . . .	137,970,000	137,970,000
Legal Reserve Fund . . . . .	102,150,000	102,150,000
	<u>240,120,000</u>	<u>240,120,000</u>
Contingency Fund . . . . .	12,500,000	12,500,000
Surplus		
Profit brought forward . . . . .	38,955,895	39,523,863
Less: Dividend . . . . .	27,594,000	25,294,500
Transferred to Share Capital . . . . .	—	11,497,500
	<u>11,361,895</u>	<u>2,731,863</u>
Profit for the Year . . . . .	41,074,295	36,224,032
	<u>52,436,190</u>	<u>38,955,895</u>
	<u>305,056,190</u>	<u>291,575,895</u>
Accumulated Depreciation on Fixed Assets (note 1) . . . . .	44,160,377	41,098,461
Inventory Reserve . . . . .	8,265,591	9,665,591
Special Investment Reserve . . . . .	17,277,677	17,277,677
Long-Term Liabilities		
4 ¾ % Bond Loan, 1963 . . . . .	9,200,000	9,910,000
5 ½ % Debenture Loan, 1963 . . . . .	10,630,000	12,440,000
7 ½ % Debenture Loan, 1967 . . . . .	25,290,000	27,210,000
9 ½ % US\$ Bond Loan, 1970 . . . . .	91,562,100	96,735,100
Provision for Pensions (note 3) . . . . .	30,170,862	27,567,298
Mortgage Loans . . . . .	517,658	672,581
Promissory Notes . . . . .	5,551,059	7,176,148
	<u>172,921,679</u>	<u>181,711,127</u>
Short-Term Liabilities		
Suppliers . . . . .	2,699,238	3,450,434
Sundry Accounts Payable . . . . .	15,649,748	16,040,056
Employees' Preliminary Taxes . . . . .	2,172,524	1,951,961
Current Portion of Long-Term Debts . . . . .	11,578,970	8,962,540
Provision for Taxes . . . . .	5,605,875	—
	<u>37,706,355</u>	<u>30,404,991</u>
Contingent Liabilities (note 2)	1972	1971
Other Contingent Liabilities . . . . .	208,237,282	227,160,456
Bills Discounted . . . . .	9,458,513	7,268,464
	<u>585,387,869</u>	<u>571,733,742</u>



# Atlas Copco AB

## Profit and Loss Account for the Year 1972

	1972	1971
	Kronor	
<b>Operating Revenue</b>		
Commission, Licences and Royalties from Subsidiaries . . . . .	84,456,629	73,095,800
Interest Received from Subsidiaries . . . . .	7,875,940	8,934,461
Interest Paid to Subsidiaries . . . . .	— 1,854,624	— 1,213,766
Dividends from Subsidiaries . . . . .	31,756,202	28,854,287
Other Costs and Revenue . . . . .	— 2,233,663	— 3,064,629
	<u>120,000,484</u>	<u>106,606,153</u>
 <b>Cost of Technical Development, Sales, Administration, etc.</b>		
(of which General Administrative Costs, Kr 18,243,182 and Kr 17,066,297) . . . . .	— 64,204,278	— 57,661,584
Balance	<u>55,796,206</u>	<u>48,944,569</u>
 <b>Depreciation</b>		
Buildings . . . . .	1,511,965	1,495,042
Machinery and Equipment . . . . .	1,646,642	1,891,564
	<u>— 3,158,607</u>	<u>— 3,386,606</u>
 <b>Financial Costs and Revenue</b>		
Interest Paid to Others (excl. Subsidiaries) . . . . .	— 21,436,537	— 25,082,406
Interest Received from Others (excl. Subsidiaries) . . . . .	+ 10,285,210	+ 11,117,330
Dividends from Others (excl. Subsidiaries) . . . . .	+ 4,688,023	+ 8,131,145
	<u>— 6,463,304</u>	<u>— 5,833,931</u>
 <b>Legally Required Adjustment of Inventory Reserve</b> . . . . .	<u>+ 1,400,000</u>	<u>—</u>
 <b>Profit before Taxes</b> . . . . .	47,574,295	39,724,032
<b>Taxes</b> . . . . .	— 6,500,000	— 3,500,000
Net Profit	<u>*41,074,295</u>	<u>36,224,032</u>

\* Net Profit for the Year US\$ 8,647,220.



# Shares and Participating Rights

As at 31st December 1972

Subsidiaries	Number of shares/part. rts	Par value per share/part. rt	Book value Kr
Atlas Copco MCT AB, Nacka	300,000 shares	Kr 100	30,000,000
Atlas Copco Svenska Försäljnings AB, Nacka	100,000 shares	Kr 100	10,000,000
AB Sicklahus, Nacka	2,000 shares	Kr 100	200,000
Atlas Copco Tools AB, Stockholm	100,000 shares	Kr 100	10,000,000
Atlas Copco ABEM AB, Stockholm	15,000 shares	Kr 100	1,500,000
Atlas Copco Airpower N.V., Antwerp	59,500 shares	no par value	40,000,000
Atlas Copco Belgium S.A., Overijse	49,994 shares	BFrs 1,000	3,000,000
Atlas Copco (Great Britain) Ltd., Hemel Hempstead	999,997 shares	£ 1	7,340,000
Atlas Copco France S.A., Franconville	39,969 shares	Frs 500	15,700,000
Atlas Copco Nederland b.v., Zwijndrecht	5,000 part. rts	Hfl. 1,000	3,720,000
Atlas Copco Italia S.p.A., Milan	269,998 shares	Lire 10,000	15,150,000
Atlas Copco A/S, Oslo	898 shares	Norw. Kr 10,000	3,960,000
Atlas Copco Notz A.G., Biel	3,600 shares	SFRs 1,000	5,000,000
Institut Cerac S.A., Ecublens	2,000 shares	SFRs 1,000	2,400,000
Atlas Copco S.A.E., Madrid	98,500 shares	Ptas 500	3,650,000
Atlas Copco Deutschland G.m.b.H., Essen	2 part. rts		6,180,000
Atlas Copco G.m.b.H., Vienna	19,990 part. rts	Aust. Sch. 1,000	2,670,000
Atlas Copco Inc., Hackensack	1,400 shares	no par value	14,400,000
Delfos & Atlas Copco (Pty) Ltd., Benoni	650,640 shares	R 0.5	3,000,000
Atlas Copco A/S, Copenhagen	11,997 shares	Dan. Kr 1,000	6,880,000
Atlas Copco Hellas A.E., Athens	3,840 shares	Drs 10,000	1
Soc. Atlas Copco de Portugal Lda., Lisbon	4,980 part. rts	Esc. 1,000	1
Atlas Copco Industrial S.A., Madrid	95 shares	Ptas 10,000	1
Atlas Copco Ticaret ve Sanayi T.A.S., Istanbul	1,140 shares	T£ 500	1
Atlas Copco Maroc S.A., Casablanca	940 shares	Dirh. 1,500	1
Atlas Copco Argentina S.A.C.I., Buenos Aires	25,000 shares	Pesos 100	1
Atlas Copco (India) Ltd., Bombay	482,000 shares	Rs 10	1
Atlas Copco Paulista Ltda., São Paulo	25,499,988 part.rts	no par value	1
Atlas Copco Chilena S.A.C., Santiago de Chile	2,500,000 shares	Esc. 1	1
Atlas Copco Colombiana Ltda., Bogotá	190 part. rts	Pesos 100	1
Atlas Copco (Philippines) Inc., Makati, Rizal	5,995 shares	Pesos 100	1
Copco Nueva Montaña S.A., Santander	29,999 shares	Ptas 1,000	1

Kronor 184,750,012

## Other Companies

Atlas Copco Finans AB, Stockholm	12,000 shares	Kr 100	1,006,370
The Swedish Lamco Syndicate, Trafik AB Grängesberg-Oxelösund & Co., Stockholm	6/28 of the capital		450,000
Monsun-Tison AB, Borås	33,600 shares	Kr 100	10,320,000
AB Stadsfastigheter, Stockholm	6 shares	Kr 1,000	6,000
Svensk Interkontinental Lufttrafik AB, Stockholm	7,050 shares	Kr 100	705,000
AB Byggnadsgaranti, Stockholm	40 shares	Kr 100	4,000
Cockerill-Ougree-Providence et Espérance-Longdoz, Liège	1,420 shares	no par value	203,200
ADELA Investment Company S.A., Luxembourg	1,820 shares	US\$ 100	916,260
SIFIDA Investment Company S.A., Luxembourg	20 shares	US\$ 5,000	516,650
La Maison de Suède, Paris	40 shares	Frs 100	5,475
Casa de Suecia S.A., Madrid	90 shares	Ptas 5,000	50,000
Other Companies			1

Kronor 14,182,956



# The Atlas Copco Group of Companies

Consolidated Balance Sheet — as at 31st December 1972

ASSETS	1972	1971
	1,000 Kr	
<b>Fixed Assets (note 4)</b>		
Land and Buildings at Cost . . . . .	336,751	310,757
Machinery and Equipment at Cost . . . . .	315,187	286,084
Shares . . . . .	14,459	14,438
Other Investments . . . . .	49,166	51,978
	<u>715,563</u>	<u>663,257</u>
<b>Blocked Accounts with Sveriges Riksbank . . . . .</b>	<u>10,930</u>	<u>10,968</u>
<b>Current Assets</b>		
Inventories (note 5) . . . . .	808,726	801,383
Accounts Receivable from Customers . . . . .	355,901	340,002
Acceptances . . . . .	67,371	68,737
Other Accounts Receivable . . . . .	97,998	94,674
Cash in Hand and at Banks . . . . .	189,173	160,258
	<u>1,519,169</u>	<u>1,465,054</u>
	<b><u>2,245,662</u></b>	<b><u>2,139,279</u></b>
<b>LIABILITIES</b>		
<b>Capital, Reserves and Surplus</b>		
Share Capital . . . . .	137,970	137,970
Legal Reserves . . . . .	143,085	139,661
Other Reserves, not available for distribution (note 6) . . . . .	160,984	139,051
Contingency Fund . . . . .	31,500	31,500
Surplus . . . . .	*163,499	133,791
Profit for the Year . . . . .	*91,639	86,969
	<u>728,677</u>	<u>668,942</u>
<b>Accumulated Depreciation on Fixed Assets (note 4) . . . . .</b>	<u>292,529</u>	<u>251,278</u>
<b>Inventory Reserves . . . . .</b>	<u>137,252</u>	<u>125,025</u>
<b>Special Investment Reserves (note 7) . . . . .</b>	<u>30,642</u>	<u>31,140</u>
<b>Minority Holdings . . . . .</b>	<u>15,983</u>	<u>12,717</u>
<b>Long-Term Liabilities</b>		
Bond and Debenture Loans (note 8) . . . . .	136,682	146,295
Mortgage and Other Long-Term Loans (note 8) . . . . .	171,261	138,399
Provision for Pensions (note 9) . . . . .	91,903	79,429
Other Long-Term Liabilities . . . . .	3,577	3,523
	<u>403,423</u>	<u>367,646</u>
<b>Short-Term Liabilities</b>		
Suppliers . . . . .	123,631	144,826
Bills Payable . . . . .	137,198	168,952
Current Portion of Long-Term Debts . . . . .	26,493	24,228
Provision for Taxes . . . . .	51,308	45,677
Bank Loans . . . . .	176,965	200,568
Other Short-Term Liabilities . . . . .	121,561	98,280
	<u>637,156</u>	<u>682,531</u>
	<b>1972</b>	<b>1971</b>
<b>Pledged Assets (note 10) . . . . .</b>	<b>162,370</b>	<b>149,770</b>
<b>Contingent Liabilities</b>		
Bills Discounted . . . . .	79,252	80,759
Other Contingent Liabilities . . . . .	54,098	44,977
	<u>2,245,662</u>	<u>2,139,279</u>

\* Surplus US\$ 34,420,800  
Profit for the Year US\$ 19,292,400  
Disposable Profit US\$ 53,713,200



# The Atlas Copco Group of Companies

## Consolidated Profit and Loss Account for the Year 1972

	1972	1971
	1,000 Kr	
<b>Invoiced Sales</b> . . . . .	1,848,760	1,696,346
<b>Cost of Goods Sold, Technical Development, Sales, Administration, etc.</b> . . . . .	— 1,579,744	— 1,444,443
<b>Operating Profit</b>	<u>269,016</u>	<u>251,903</u>
 <b>Depreciation</b>		
Buildings . . . . .	9,754	10,072
Machinery and Equipment . . . . .	33,359	32,117
	<u>— 43,113</u>	<u>— 42,189</u>
 <b>Financial Costs and Revenue</b>		
Interest Paid to Others (excl. Subsidiaries) . . . . .	— 55,206	— 62,042
Interest Received from Others (excl. Subsidiaries) . . . . .	+ 14,940	+ 14,813
Dividends from Others (excl. Subsidiaries) . . . . .	+ 4,688	+ 8,131
	<u>— 35,578</u>	<u>— 39,098</u>
<b>Balance</b>	<u>190,325</u>	<u>170,616</u>
 <b>Other Costs and Revenue</b>		
Extra Depreciation on Fixed Assets . . . . .	— 3,397	— 3,450
<b>Profit before Appropriations and Taxes</b>	<u>186,928</u>	<u>167,166</u>
 <b>Appropriations</b>		
Special Investment Reserve . . . . .	— 1,985	—
Inventory Reserve . . . . .	— 12,227	— 8,226
<b>Profit before Taxes</b> . . . . .	<u>172,716</u>	<u>158,940</u>
 <b>Taxes</b> . . . . .	— 81,077	— 71,971
<b>Net Profit</b>	<u><b>*91,639</b></u>	<u><b>86,969</b></u>

\* Net Profit for the Year US\$ 19,292,400.



# Notes to Balance Sheet

## Atlas Copco AB

### Note 1

#### Fixed Assets

	<i>Industrial Properties</i>		<i>Housing Properties</i>	
	1972	1971	1972	1971
	(mill. Kr)			
Cost value	65.0	63.9	2.1	2.4
Accumulated depreciation	22.7	21.2	0.6	0.6
Book value	42.3	42.7	1.5	1.8
Assessment value	66.4	66.4	1.8	1.9
Fire Insurance value	115.0	106.7	5.3	6.0

	<i>Machinery and Equipment</i>	
	1972	1971
	(mill. Kr)	
Cost value	23.8	22.6
Accumulated depreciation	20.9	19.3
Book value	2.9	3.3
Fire Insurance value	26.2	23.1

### Note 2

#### Pledged Assets and Contingent Liabilities

Out of the total amount for pledged assets, mortgaged properties amount to 25.3 million Kr (1971: 25.4). Trade mortgages are included in the total with 18.4 million Kr.

In addition there is the participation in the Swedish Lamco Syndicate, Trafik AB Grängesberg-Oxelösund & Co. in the form of guarantees for US\$ 22.5 million and 47.7 million Swiss Francs. By the terms of the agreement, Atlas Copco AB's share is US\$ 4.8 million and 10.2 million Swiss Francs.

### Note 3

#### Provision for Pensions

The total pension obligations amount to 30.2 million Kr (27.6), including obligations for the supplementary pension plan of 24.1 million Kr (20.9).

## The Atlas Copco Group of Companies

### Principles for Consolidation

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.

### Note 4

#### Fixed Assets

Amounts of accumulated depreciation shown under liabilities and the book values are as follows:

	<i>Land and Buildings</i>		<i>Machinery and Equipment</i>	
	1972	1971	1972	1971
	(mill. Kr)			
Cost value	336.8	310.8	315.2	286.1
Accumulated depreciation	81.2	66.4	211.3	184.9
Book value	255.6	244.4	103.9	101.2

### Note 5

#### Inventories

Inventories are valued at the lower of cost or market value, in general according to the principle "first in — first out", reduced by depreciation for obsolescence.

### Note 6

#### Other Reserves, not available for distribution

These reserves mainly represent profits invested in the share capital of the subsidiaries.

### Note 7

#### Special Investment Reserves

Appropriations to Special Investment Reserves and the utilization of same mainly refer to Swedish Group Companies and are governed by law. The appropriations are deductible from taxable income provided 46 % of the appropriation is blocked with Sveriges Riksbank.



*Note 8*

**Long-Term Loans**

<i>Bond and Debenture Loans</i>	1972	1971
	(mill. Kr)	
Atlas Copco AB		
9½ % Debentures (US\$ 20 mill.)		
from 1970	91.6	96.7
4¾ % Bonds from 1963	9.2	9.9
5½ % Subordinated Debentures		
from 1963	10.6	12.5
7½ % Subordinated Debentures		
from 1967	25.3	27.2
	<u>136.7</u>	<u>146.3</u>
<i>Mortgage and Other Long-Term Loans</i>		
Atlas Copco AB	6.1	7.8
Atlas Copco MCT AB	28.0	28.8
Atlas Copco Airpower N.V.	52.0	41.7
Atlas Copco Tools AB	4.8	4.6
Other Group Companies	80.4	55.5
	<u>171.3</u>	<u>138.4</u>
Total Long-Term Loans	<u>308.0</u>	<u>284.7</u>

*Note 9*

**Provision for Pensions**

Refers mainly to Swedish subsidiaries and corresponds to the actuarially calculated amount for pension obligations under the supplementary pension plans existing beside the National Pension Plans.

*Note 10*

**Pledged Assets**

See note 2. The mortgaged properties amount to 106.8 million Kr (96.2). Trade mortgages represent 31.5 million Kr.

## Funds Statement

**The Atlas Copco Group of Companies**

	1972	1971
	(mill. Kr)	
<b>SOURCE OF FUNDS</b>		
<i>Internal</i>		
Profit before e.o. Items, Appropriations and Taxes . . . . .	190.3	170.6
Depreciation . . . . .	+ 43.1	+ 42.2
Taxes . . . . .	— 81.1	— 72.0
Dividend . . . . .	— 27.6	— 25.3
Generated from Current Operations . . . . .	124.7	115.5
<i>External</i>		
Share Issue . . . . .	—	46.0
Increase in		
Long-Term Liabilities . . . . .	35.8	— 10.2
Short-Term Liabilities . . . . .	— 45.4	— 33.3
Total Source of Funds . . . . .	<u>115.1</u>	<u>118.0</u>
<b>USE OF FUNDS</b>		
Investment in Fixed Assets . . . . .	60.4	68.6
Investment in Current Assets		
Inventories . . . . .	7.3	59.4
Current Receivables . . . . .	17.9	— 59.0
Sundry Changes Net . . . . .	0.6	14.7
Total use of Funds . . . . .	<u>86.2</u>	<u>83.7</u>
Change in Liquid Assets . . . . .	<u>28.9</u>	<u>34.3</u>



# Auditors' Report

In our capacity of auditors to Atlas Copco Aktiebolag we submit the following report for the year 1972.

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 continuously been checked by Bohlins Revisionsbyrå Aktiebolag on a sampling basis.

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

We have no objection to the writing up of certain shares and the corresponding writing down of other shares.

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.

We have no objection to the increase in share capital by Kr 68,985,000 through a bonus issue and to this issue being made by writing up the value of the Company's office and industrial properties by Kr 20,000,000 and a revaluation by Kr 48,985,000 of the Company's shareholdings in some of its subsidiaries.

The Board of Directors and the Managing Director propose that the profit for the year, Kr 41,074,295, together with unappropriated earnings from the previous year Kr 11,361,895, a total of Kr 52,436,190, be appropriated as follows:

Dividend to Shareholders . . . .	33,112,800
Unappropriated earnings carried forward . . . . .	19,323,390
Kronor	<u>52,436,190</u>

These proposals do 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 1972, 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 Ebbe Rybeck and Bertil E. Olsson (Authorized Public Accountants) March 15th, 1973.*



*Tightening and loosening of bolted joints is one example where compressed air can speed up a work operation. The picture below shows an LMS 24 impact wrench being used to mount a safety barrier on a Dutch motorway. Compressed air is supplied by the lightweight UT 85 portable compressor.*





*The interior of the operator's cabin of Atlas Copco's new drifting and tunnelling rig, Boomer 121. The cabin is sound and vibration insulated and has, among other features, filtered ventilation, cabin heating and lighting — details which contribute favourably to the working environment.*





# Atlas Copco MCT AB

## Sales and Deliveries

The sluggish investment climate that prevailed in the mining industry during 1971 persisted in 1972. This limited the opportunities of increasing sales of MCT products in the traditional mining countries — South Africa, Canada and Australia. Most of the established sales companies in the Group nevertheless achieved increased invoicing on account of deliveries to road and waterway construction projects. Exceptionally good results were noted in Sweden, Brazil, Spain and Switzerland. A strong rise was also reported in the countries where sales are handled by agents.

Interesting orders for full-face tunnelling machines were received from Greece and Italy and growing interest is being shown in this continuous, unconventional tunnelling technique.

There was a marked increase in sales of contractor equipment, especially crawler drills and breakers. The additional equipment for dust-removal and silencing contributed to the successful sales of these products. The demand for light rock drills and loaders was also very satisfactory. The new diesel-hydraulic loader attracted particular interest and several important orders were obtained.

Sales of Sandvik's drill steel equipment rose strongly. The introduction of the T 38 extension drill steel equipment contributed in particular, being received very favourably in all the markets in which it was launched.

## Production and Employment

The total volume of production for Atlas Copco MCT was lower than previously for the second year in succession. The Bremen Works, however, was run very close to its maximal capacity.

The Company's investments in buildings were higher than in the previous year, chiefly owing to the expansion of the Avos Works by 6,000 sq.m. Investments in machinery were lower than in the previous year. Work on running-in the Dala Works continued during the year.

Personnel turnover in Sweden fell by about 50 % compared with recent boom years. The supply of skilled labour was adequate.

Regular retirement combined with intensive mechanization made it possible to reduce the number of salaried employees and indirectly productive labour in Sweden, mainly at the Sickla Works.

During the year a trial programme was completed for changing the organization of labour at one of the assembly plants at the Sickla Works. The programme, which was initiated in 1969, was carried through in

cooperation with the labour unions; it has resulted in greater job satisfaction and possibilities of improved productivity.

## Product Development

Product development was pursued very energetically during the year and resulted in the launching of several new products. Much consideration has been given to the increased demand for more effective rock drilling equipment that is also more suitable environmentally and ergonomically.

The following are some examples:

- ☐ new rock drilling equipment for drifting and tunnelling.

- ☐ tunnelling rigs with a cabin for the operator, designed to reduce noise and vibration to acceptable levels. The cabin also incorporates various automatic controls.

- ☐ a crawler drill rig intended mainly for quarrying and road sectioning.

- ☐ a new type of eccentric bit for over-burden drilling, developed in cooperation with Sandvik AB. During the year the first underwater trials were made with a new machine for prospecting and core-drilling the seabed. This machine can take 30 m cores from the seabed at a water depth of 200 metres. The electro-hydraulic equipment is remotely controlled from a vessel on the surface.

A full-face tunnelling machine has been developed for small tunnels. With this machine, tunnelling is continuous — with no rock blasting — and the tunnel section is practically rectangular. The machine is suitable for driving water, sewage and cable tunnels in built-up areas.

The development of percussive rock drills powered by hydraulic energy reached the stage at which the first units became operational during the year.

## Company Results

Invoiced sales from Atlas Copco MCT and subsidiary companies increased 7 % from the previous year.

Profits before appropriations and tax amounted to Kr 18.4 million (13.9). The improvement came chiefly from the manufacturing companies abroad. In Sweden, rising costs of materials and wages were not fully compensated for by price increases.

Investments in buildings, machinery and inventories amounted to Kr 17.1 million. Investment reserves were utilized to write down land and buildings by Kr 4.3 million and machinery and inventories by Kr 0.5 million.



# Atlas Copco MCT AB\*

Balance Sheet — as at 31st December 1972

ASSETS	1972	1971
	1,000 Kr	
<b>Fixed Assets</b>		
Land and Buildings at Cost . . . . .	30,465	28,227
Machinery and Equipment at Cost . . . . .	107,293	98,141
Other Investments . . . . .	89	100
	<u>137,847</u>	<u>126,468</u>
<b>Blocked Accounts with Sveriges Riksbank . . . . .</b>	<u>925</u>	<u>925</u>
<b>Current Assets</b>		
Inventories . . . . .	201,339	203,457
Advances to Group Companies . . . . .	8,545	12,810
Accounts Receivable from Customers . . . . .	10,073	6,561
Acceptances . . . . .	800	863
Other Accounts Receivable . . . . .	12,550	18,167
Cash in Hand and at Banks . . . . .	4,338	2,113
	<u>237,645</u>	<u>243,971</u>
	<b><u>376,417</u></b>	<b><u>371,364</u></b>
<b>LIABILITIES</b>		
<b>Capital, Reserves and Surplus</b>		
Share Capital . . . . .	30,000	30,000
Legal Reserves . . . . .	10,341	6,802
Surplus . . . . .	12,553	13,561
Profit for the Year . . . . .	7,626	6,749
	<u>60,520</u>	<u>57,112</u>
<b>Accumulated Depreciation on Fixed Assets . . . . .</b>	<u>80,220</u>	<u>65,107</u>
<b>Inventory Reserves . . . . .</b>	<u>82,960</u>	<u>76,494</u>
<b>Special Investment Reserves . . . . .</b>	<u>3,261</u>	<u>8,037</u>
<b>Long-Term Liabilities</b>		
Mortgage and Other Long-Term Loans . . . . .	27,960	28,823
Provision for Pensions . . . . .	27,651	24,530
	<u>55,611</u>	<u>53,353</u>
<b>Short-Term Liabilities</b>		
Suppliers . . . . .	29,072	39,126
Bills Payable . . . . .	27,077	24,013
Due to Group Companies . . . . .	1,545	1,001
Current Portion of Long-Term Debts . . . . .	2,696	2,006
Provision for Taxes . . . . .	1,217	5,062
Bank Loans . . . . .	10,875	19,792
Other Short-Term Liabilities . . . . .	21,363	20,261
	<u>93,845</u>	<u>111,261</u>
<b>Pledged Assets . . . . .</b>	<u>23,439</u>	<u>24,212</u>
<b>Contingent Liabilities</b>		
Bills Discounted . . . . .	8,936	1,490
Other Contingent Liabilities . . . . .	3,609	2,467
	<u>376,417</u>	<u>371,364</u>

\* Including subsidiaries as per foot note p. 23



# Atlas Copco MCT AB\*

## Profit and Loss Account for the Year 1972

	1972	1971
	1,000 Kr	
Invoiced Sales . . . . .	507,152	473,612
Cost of Goods Sold, Technical Development, Sales, Administration, etc. . . . .	—473,139	—445,237
Operating Profit	34,013	28,375
Depreciation		
Buildings . . . . .	946	1,143
Machinery and Equipment . . . . .	11,605	10,620
	— 12,551	— 11,763
Financial Costs and Revenue		
Interest Paid to Others (excl. Group Companies) . . . . .	— 3,252	— 3,242
Interest Received from Others (excl. Group Companies) . . . . .	+ 166	+ 150
Interest Paid to Group Companies . . . . .	— 1,262	— 1,328
Interest Received from Group Companies . . . . .	+ 1,246	+ 1,690
	— 3,102	— 2,730
Profit before Appropriations and Taxes	18,360	13,882
Appropriations		
Inventory Reserve . . . . .	— 6,466	— 3,344
Profit before Taxes . . . . .	11,894	10,538
Taxes . . . . .	— 4,268	— 3,789
Net Profit	<b>**7,626</b>	<b>6,749</b>

\* Including the subsidiary companies Atlas Copco (Manufacturing) Ltd., Hemel Hempstead, Atlas Copco Maschinen AG, Thun, Atlas Copco MCT GmbH, Bremen, Craelius Company Ltd., Daventry and Craelius Diabor AB, Sundbyberg with subsidiary companies.

\*\* Net Profit for the Year US\$ 1,605,500.



*An Atlas Copco silenced portable compressor, STS, and a silenced TEX breaker used in a road construction project. The STS is a new compressor series comprising four sizes — all with a noise level not exceeding 75 dB(A). The series can also be obtained in a simpler version, ST, which can, if needed, be silenced with the aid of a conversion kit, to the same sound level as the STS.*





# Atlas Copco Airpower N.V.

## **Sales and Deliveries**

The faintly rising tendencies noted in contracting towards the end of 1971 continued during 1972 and became stronger, especially during the second half of the year. This development contributed to increased sales of portable compressors, which exceeded the previous year's result by 20 %. The increase came from most of the larger markets.

Sales of stationary compressors remained on much the same level as in 1971, but increased during the last months of the financial year. The rate of industrial investment was relatively low in most of the industrial countries.

The value of outstanding orders at the end of the year was 25 % larger than at the corresponding date of the previous year. Portable compressors accounted for this increase.

## **Production and Employment**

The expansion of manufacturing capacity for oil-free stationary screw compressors, which was started in 1971, was completed in 1972.

With a view to increasing testing facilities, extensions to the laboratory were started. Utilization of production capacity was lower than the previous year.

During the year the Company acquired 24,000 shares of EMAC S.p.A., Turin, manufacturer of small compressors. The value of these shares is 240 million lire.

## **Product Development**

Towards the end of the year, a new type of compressor with a capacity of 3.5 to 9.5 m<sup>3</sup>/min, was developed from the current series of portable compressors. The new type is produced in two versions, which satisfy different demands for silencing.

With this addition, and including the Super Silensair compressor introduced earlier, Atlas Copco can now offer a complete series of portable compressors that comply with existing and expected legislation regarding noise level in most of the larger countries.

The series of oil-free stationary screw compressors was extended during 1972 and is now complete.

Responsibility for the technical development and

marketing of pneumatic oilbarriers was transferred to Atlas Copco Airpower, where certain additional development work was carried out before the full-scale introduction of the method.

## **Company Results**

Total invoicing increased by 9 % compared with the previous year and amounted to Kr 335.7 million.

Profits before appropriations and tax were Kr 51.7 million, an increase of 12 % compared with 1971.



# Atlas Copco Airpower N.V.\*

Balance Sheet — as at 31st December 1972

ASSETS	1972	1971
	1,000 Kr	
<b>Fixed Assets</b>		
Land and Buildings at Cost . . . . .	53,576	51,644
Machinery and Equipment at Cost . . . . .	69,339	59,929
Other Investments . . . . .	307	652
	<u>123,222</u>	<u>112,225</u>
<b>Current Assets</b>		
Inventories . . . . .	111,659	108,890
Advances to Group Companies . . . . .	75,803	91,670
Accounts Receivable from Customers . . . . .	18,126	15,375
Acceptances . . . . .	12,682	16,229
Other Accounts Receivable . . . . .	34,800	32,031
Cash in Hand and at Banks . . . . .	1,375	203
	<u>254,445</u>	<u>264,398</u>
	<u><b>377,667</b></u>	<u><b>376,623</b></u>
<b>LIABILITIES</b>		
<b>Capital, Reserves and Surplus</b>		
Share Capital . . . . .	64,200	64,200
Legal Reserves . . . . .	6,420	6,420
Surplus . . . . .	21,049	8,871
Profit for the Year . . . . .	31,315	25,036
	<u>122,984</u>	<u>104,527</u>
<b>Accumulated Depreciation on Fixed Assets . . . . .</b>	<u>60,485</u>	<u>50,074</u>
<b>Minority Holdings . . . . .</b>	<u>1,504</u>	<u>3,575</u>
<b>Long-Term Liabilities</b>		
Mortgage and Other Long-Term Loans . . . . .	51,972	41,730
Provision for Pensions . . . . .	1,118	942
Other Long-Term Liabilities . . . . .	92	185
	<u>53,182</u>	<u>42,857</u>
<b>Short-Term Liabilities</b>		
Suppliers . . . . .	28,434	23,450
Bills Payable . . . . .	57,476	78,086
Due to Group Companies . . . . .	3,845	6,213
Current Portion of Long-Term Debts . . . . .	6,923	7,210
Provision for Taxes . . . . .	18,447	18,598
Bank Loans . . . . .	11,647	27,326
Other Short-Term Liabilities . . . . .	12,740	14,707
	<u>139,512</u>	<u>175,590</u>
	1972	1971
<b>Pledged Assets . . . . .</b>	<u>1,069</u>	<u>2,138</u>
<b>Contingent Liabilities</b>		
Bills Discounted . . . . .	2,600	523
Other Contingent Liabilities . . . . .	5,196	5,781
	<u><b>377,667</b></u>	<u><b>376,623</b></u>

\* Including subsidiaries as per foot note p. 27.



# Atlas Copco Airpower N.V.\*

## Profit and Loss Account for the Year 1972

	1972	1971
	1,000 Kr	
<b>Invoiced Sales</b> . . . . .	335,694	306,778
<b>Cost of Goods Sold, Technical Development, Sales, Administration, etc.</b> . . . . .	— 268,226	— 245,899
<b>Operating Profit</b>	<u>67,468</u>	<u>60,879</u>
<b>Depreciation</b>		
Buildings . . . . .	2,486	2,357
Machinery and Equipment . . . . .	8,749	7,541
	<u>— 11,235</u>	<u>— 9,898</u>
<b>Financial Costs and Revenue</b>		
Interest Paid to Others (excl. Group Companies) . . . . .	— 8,167	— 8,529
Interest Received from Others (excl. Group Companies) . . . . .	+ 1,146	+ 766
Interest Received from Group Companies . . . . .	+ 2,476	+ 2,942
	<u>— 4,545</u>	<u>— 4,821</u>
<b>Balance</b>	51,688	46,160
<b>Other Costs and Revenue</b>		
Extra Depreciation on Fixed Assets . . . . .	— 2,504	— 2,720
<b>Profit before Taxes</b> . . . . .	<u>49,184</u>	<u>43,440</u>
<b>Taxes</b> . . . . .	— 17,869	— 18,404
<b>Net Profit</b>	<u><b>**31,315</b></u>	<u><b>25,036</b></u>

\* Including the subsidiary companies EMAC S.p.A.,  
Turin and Atlas Copco Makinalari Imalat A.S., Istanbul

\*\* Net Profit for the Year US\$ 6,592,600.



*Compressed air techniques give greater possibilities for the automation of different working processes in industry. Atlas Copco Tools has, therefore, developed a broad assortment of pneumatic components consisting of cylinders, valves and air motors and can, furthermore, offer complete system solutions. The picture shows an automatic machining unit delivered by Atlas Copco Italia S.p.A. to Universal Globe in Florence who manufacture globes for export all over the world.*





# Atlas Copco Tools AB

## Sales and Deliveries

The market was static during most of 1972 owing to weak industrial investment activity in many countries. An improvement was noted, however, towards the end of the year.

Sales followed a similar course, increasing slowly for most of the year and rising substantially towards the end. This occurred in spite of the fact that the business outlook remained unsettled in many important markets.

The recovery resulted in a reduction of stocks held by the sales companies, but has still not brought about a corresponding increase in orders for Atlas Copco Tools AB, whose stocks were nevertheless reduced to a satisfactory level with delivery capacity maintained. The sales increases affected all product groups but mostly industrial tools. The efforts made to develop a product range that can, at reasonable cost, increase the degree of mechanization in the industry have attracted great interest.

The Company's marketing personnel were reinforced during the year. This contributed to increased sales, even though economic activity was low, and to an increased market share of the industrial sector in many countries. In countries with low economic activity, such as Sweden, Great Britain and Italy, the result was a volume expansion although the sales increase was only moderate in comparison with development in the rest of Europe.

## Production and Employment

The volume of production during the year was lower than in previous years. In spite of this, full employment was maintained in all factories. The number of employees was reduced somewhat, however, through the process of regular retirement.

With a view to rationalization, certain production was transferred, together with certain special means of production, between manufacturing units.

The extension of the works at Saeby, Denmark, which was started during the year and will as a first stage increase the factory space by 3,300 sq.m., will provide further possibilities of mechanizing production. Saeby Work's new factory building is planned to be ready for occupation in August, 1973.

Towards the end of the year the operations of the production department were concentrated mainly on meeting an expected increase in demand.

## Product Development

Assembly work in industry is becoming more and more mechanized. At the same time there is a growing demand for accurate torque control of the tools. This is very important, for example, for safety joints in vehicles. In order to provide for these needs, a torque control system has been developed for multiple nut runners, which are used mostly in the motor industry. A new angle nut runner has also been developed and has been successfully tested on the market. During the year a completely new high-torque nut runner was presented for use in the heavy vehicle industry. The tool has been developed in co-operation with Saab-Scania and fulfils high demands for tightening precision and ergonomics.

Two new grinders, with very high performance, replace older models in the programme. A new series of easily operated hoists went into production during the year. Other products which were introduced include a scaler, which effectively removes rust, and a circular saw of totally new design.

In the finishing equipment programme, a new technique is being used for electrostatic powder-coating. Equipment for this new technique has been developed for manual as well as automatic coating. The powder, which is electrically charged, is blown through a pistol at the object to be treated, where it is held on the surface by an electrostatic charge. The other side of the object can thus be coated too. The powder is then melted in a furnace to a high-quality surface finish. This method also has environmental advantages, because no solvents are released into the atmosphere and nearly all the residual powder can be used again.

## Company Results

Invoicing in 1972 exceeded the previous year by 4 %. The year's profits before appropriations and tax amounted to Kr 6.3 million (4.1). The improvements are attributable mainly to mechanization of production and better utilization of the factories, due to a reduction in sub-contracting.



# Atlas Copco Tools AB\*

Balance Sheet — as at 31st December 1972

ASSETS	1972	1971
	1,000 Kr	
<b>Fixed Assets</b>		
Land and Buildings at Cost . . . . .	18,486	17,990
Machinery and Equipment at Cost . . . . .	28,214	26,619
Other Investments . . . . .	87	89
	<u>46,787</u>	<u>44,698</u>
<b>Blocked Accounts with Sveriges Riksbank . . . . .</b>	<u>1,907</u>	<u>1,907</u>
<b>Current Assets</b>		
Inventories . . . . .	57,401	63,851
Advances to Group Companies . . . . .	2,220	1,968
Accounts Receivable from Customers . . . . .	1,466	1,973
Tax Claim . . . . .	—	294
Other Accounts Receivable . . . . .	1,738	2,198
Cash in Hand and at Banks . . . . .	1,424	1,000
	<u>64,249</u>	<u>71,284</u>
	<b><u>112,943</u></b>	<b><u>117,889</u></b>
<b>LIABILITIES</b>		
<b>Capital, Reserves and Surplus</b>		
Share Capital . . . . .	10,000	10,000
Legal Reserves . . . . .	2,161	1,784
Other Reserves, not available for distribution . . . . .	124	124
Surplus . . . . .	3,658	3,945
Profit for the Year . . . . .	1,134	1,099
	<u>17,077</u>	<u>16,952</u>
<b>Accumulated Depreciation on Fixed Assets . . . . .</b>	<u>28,539</u>	<u>25,465</u>
<b>Inventory Reserves . . . . .</b>	<u>25,630</u>	<u>22,281</u>
<b>Special Investment Reserves . . . . .</b>	<u>4,441</u>	<u>4,441</u>
<b>Long-Term Liabilities</b>		
Mortgage and Other Long-Term Loans . . . . .	4,840	4,566
Provision for Pensions . . . . .	6,524	5,433
	<u>11,364</u>	<u>9,999</u>
<b>Short-Term Liabilities</b>		
Suppliers . . . . .	9,023	9,439
Bills Payable . . . . .	—	161
Due to Group Companies . . . . .	5,124	17,769
Current Portion of Long-Term Debts . . . . .	678	543
Provision for Taxes . . . . .	660	57
Bank Loans . . . . .	3,069	2,960
Other Short-Term Liabilities . . . . .	7,338	7,822
	<u>25,892</u>	<u>38,751</u>
<b>Pledged Assets . . . . .</b>	<u>1,538</u>	<u>820</u>
<b>Contingent Liabilities . . . . .</b>	<u>713</u>	<u>673</u>
	<b><u>112,943</u></b>	<b><u>117,889</u></b>

\* Including subsidiaries as per foot note p. 31.



# Atlas Copco Tools AB\*

## Profit and Loss Account for the Year 1972

	1972	1971
	1,000 Kr	
<b>Invoiced Sales</b> . . . . .	112,072	107,693
<b>Cost of Goods Sold, Technical Development, Sales, Administration, etc.</b> . . . . .	— 101,398	— 99,162
<b>Operating Profit</b>	<u>10,674</u>	<u>8,531</u>
<b>Depreciation</b>		
Buildings . . . . .	566	593
Machinery and Equipment . . . . .	2,575	2,884
	<u>— 3,141</u>	<u>— 3,477</u>
<b>Financial Costs and Revenue</b>		
Interest Paid to Others (excl. Group Companies) . . . . .	— 712	— 725
Interest Received from Others (excl. Group Companies) . . . . .	+ 84	+ 36
Interest Paid to Group Companies . . . . .	— 598	— 248
Interest Received from Group Companies . . . . .	+ 7	+ 19
	<u>— 1,219</u>	<u>— 918</u>
<b>Balance</b>	6,314	4,136
<b>Other Costs and Revenue</b>		
Extra Depreciation on Fixed Assets . . . . .	— 295	—
<b>Profit before Appropriations and Taxes</b>	<u>6,019</u>	<u>4,136</u>
<b>Appropriations</b>		
Inventory Reserve . . . . .	— 3,388	— 2,471
<b>Profit before Taxes</b> . . . . .	<u>2,631</u>	<u>1,665</u>
<b>Taxes</b> . . . . .	— 1,497	— 566
<b>Net Profit</b>	<u><b>**1,134</b></u>	<u><b>1,099</b></u>

\* Including the subsidiary companies  
OY Atlas Copco AB, Helsinki and  
Maskinfabriken Pluto A/S, Saeby

\*\* Net Profit for the Year US\$ 238,700.



*PROMEC is the name applied to drilling rigs which the Atlas Copco Project Department designs in co-operation with the customer to meet special demands. The picture shows one of the four PROMEC rigs which AB Skånska Cementgjuteriet is using for power plant construction in Tanzania. The rigs are equipped with BUT 14E heavy hydraulic booms and COP 125D rock-drills.*





*It has become somewhat of a tradition to use the RRC 01 engraving pen at the different inaugurations within the Group. It was used once more on the occasion of the inauguration of the Danish sales company's new Headquarters in Glostrup, outside Copenhagen.*

*On the left, Dr. Marcus Wallenberg engraves his name on a copper plate closely watched by Hans P. Sigvardt, Managing Director of Atlas Copco A/S, Denmark.*

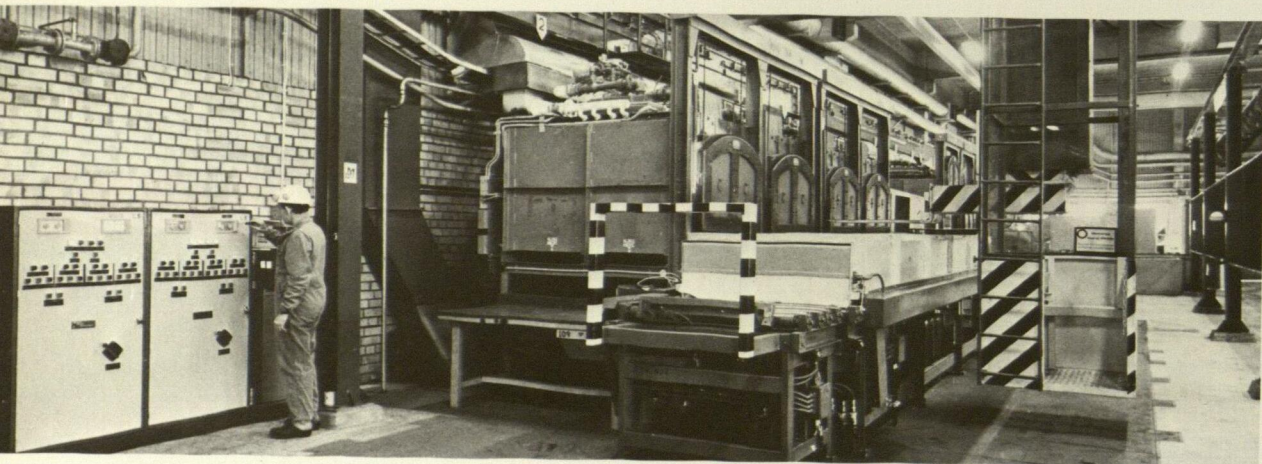
*The new premises cover a total floor area of 5,400 sq.m.*



*The inauguration of the Atlas Copco Cyprus Ltd.'s new Compressed Air Centre coincided with their 20 year anniversary. In connection with the event representatives of the Atlas Copco Group were invited to meet His Beatitude the President of the Republic of Cyprus, Archbishop Makarios. In the picture, from left to right, Mrs. M. Criticos, Mrs. P. Griggs, Mr. B. J. Criticos, Man. Dir. of Atlas Copco Hellas A.E., Mrs. U. Back, Archbishop Makarios, Atlas Copco's Marketing Dir. R. Back and Mr. C. H. Griggs, Man. Dir. of Atlas Copco (Cyprus) Ltd.*



*Interior view of the Dala Works, the new forge in Sweden, which was officially inaugurated in June by Dr. Marcus Wallenberg. The Works, which have been in operation for just over a year, were designed to meet the greater part of the Atlas Copco Group's forging requirements.*

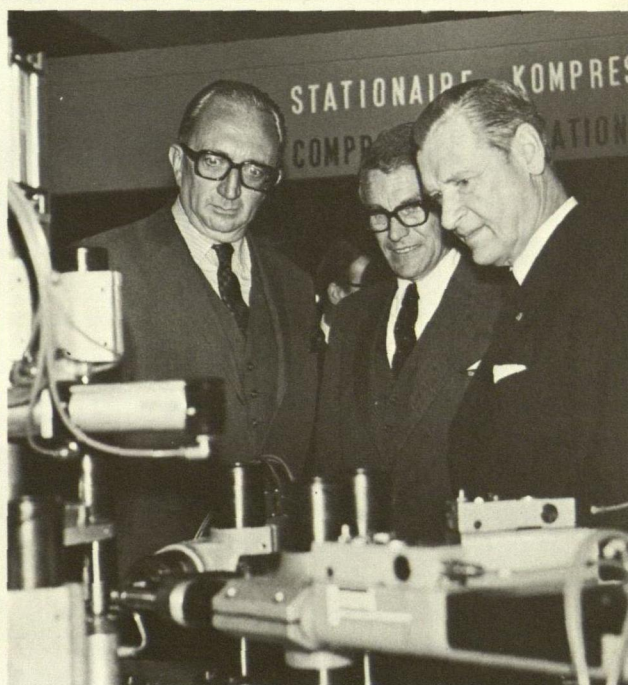
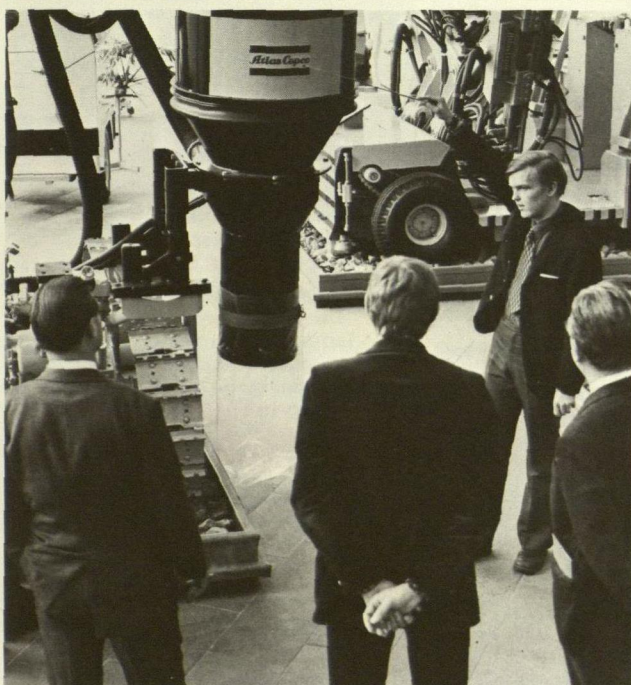
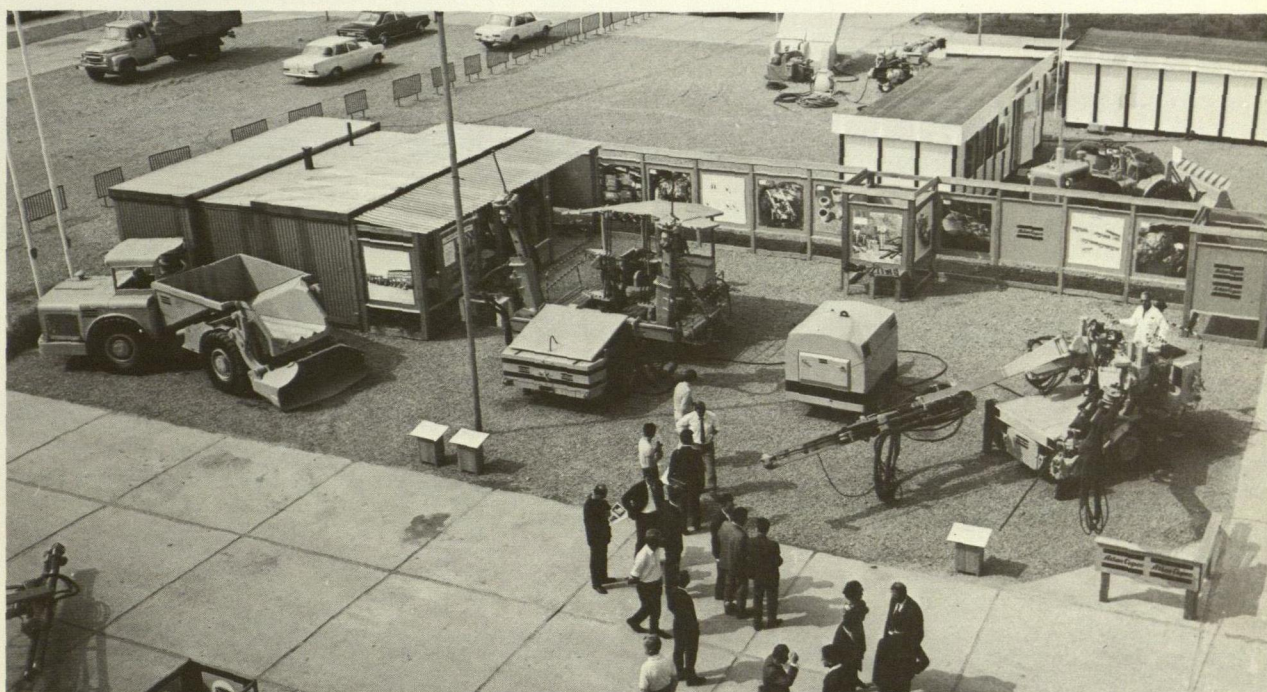




The diesel loader CAVO D710 and the production drilling rig SIMBA 322 were among the new products shown in connection with the 7th International Mining Congress in Bucharest.

Atlas Copco's new dust collectors, type DCT for rock drilling, contribute to a better working environment by keeping the work-site clear of rock dust. The picture shows the unit's designer, Mr. Göran Sundström, explaining the function of the dust collector to a group of Norwegian visitors to Expo.

The Belgian sales company presented an impressive array of Atlas Copco compressed air equipment when they arranged the "AIR SHOW 72", which covered an area of 8,000 sq.m. The picture shows the Belgian Minister of Economy, Mr. Henri Simonet, who officially opened the show, studying an automatic drilling and tapping unit together with the Managing Director of Atlas Copco Belgium S.A., Mr. Hans Jeppson and the Group Managing Director, Mr. Erik Johnsson.

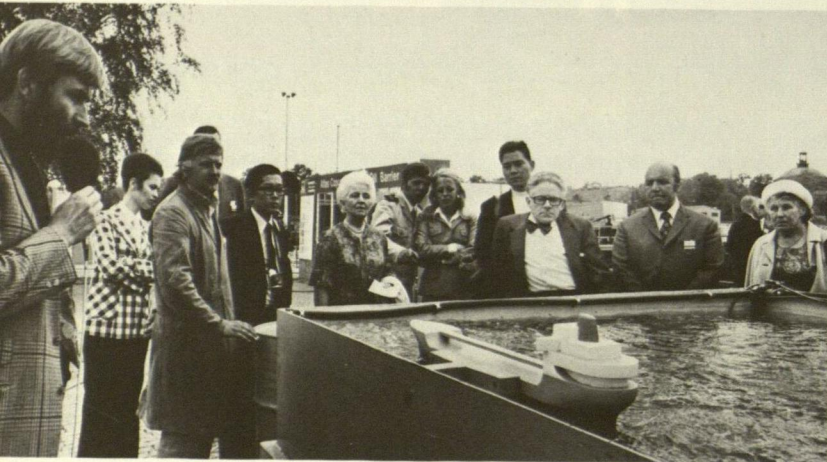
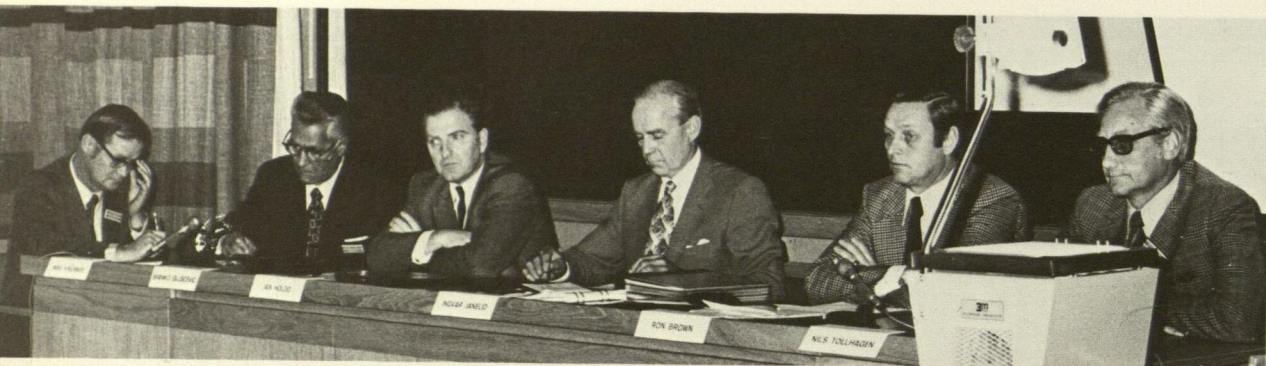




In September, Atlas Copco MCT arranged a 3-day symposium on sub-level caving. The meeting, which attracted delegates from all parts of the world, was led by a panel of experts consisting of, from left to right, Mr. Mike Kirchner, South Africa, Professor Branko Glušćević, Yugoslavia, Mr. Jan Holdo, Technical Director of Atlas Copco AB, Professor Ingvar Janelid, Sweden, Mr. Ron Brown, Canada, and Mr. Nils Tollhagen, Sweden.

Atlas Copco Inc. chose New York's Central Park as the venue for introducing the VSS Super Silensair compressor. Apart from the natural quietness of the park Atlas Copco Inc. also supplied a canary in a cage to demonstrate that a song bird can be heard over the noise of the compressor. Mr. Charles Burton, Managing Director of Atlas Copco Inc., is seen here being interviewed by an ABC Television Newscaster.

"PRODU" — a completely new educational project within the Group with the aim of furthering personnel knowledge of the ever increasing technical advancement of Atlas Copco products. The training method utilizes modern audio-visual aids for self-tutoring by the pupil in his own time and at his own speed. Mr. Rune Back, the Group Marketing Director, is seen here testing the training package for COP 4 Down-the-Hole drill.



During the UN Conference on the Human Environment in Stockholm, Atlas Copco arranged an impressive display of the Group's contributions to environmental protection, placing special emphasis on oil barriers and lake restoration. In the picture Mr. Bo Verner, Atlas Copco Airpower, demonstrates the effective use of the Atlas Copco oil barrier with the aid of a working scale model.



*In the Grängesberg iron-ore mine the loading and transporting of the ore is carried out by Atlas Copco's new diesel-hydraulic loader CAVO D710.*

*The machine fulfills high demands placed on it ergonomically — all operations are carried out in complete safety from the operator's cabin where the controls are conveniently placed. Four wheel drive and centrally articulated steering ensures good practicability in cramped mine areas.*





*An Atlas Copco FF 340 FULLFACER is being employed to drive a 550 metre long tunnel at San Giovanni Valdarno, 40 kilometres south-east of Florence.*

*The tunnel has a circular cross-section with a diameter of 3.4 metres. The project is being carried out to redirect a water course which has caused troublesome flooding in the district.*

*The tunnelling machines are built at Atlas Copco Maschinen AG, Thun, Switzerland. The cutter tools, with tungsten carbide inserts, are SANDVIK products.*

**Atlas Copco**

