

# Atlas Copco AB 1974









# Atlas Copco AB

## Annual report 1974

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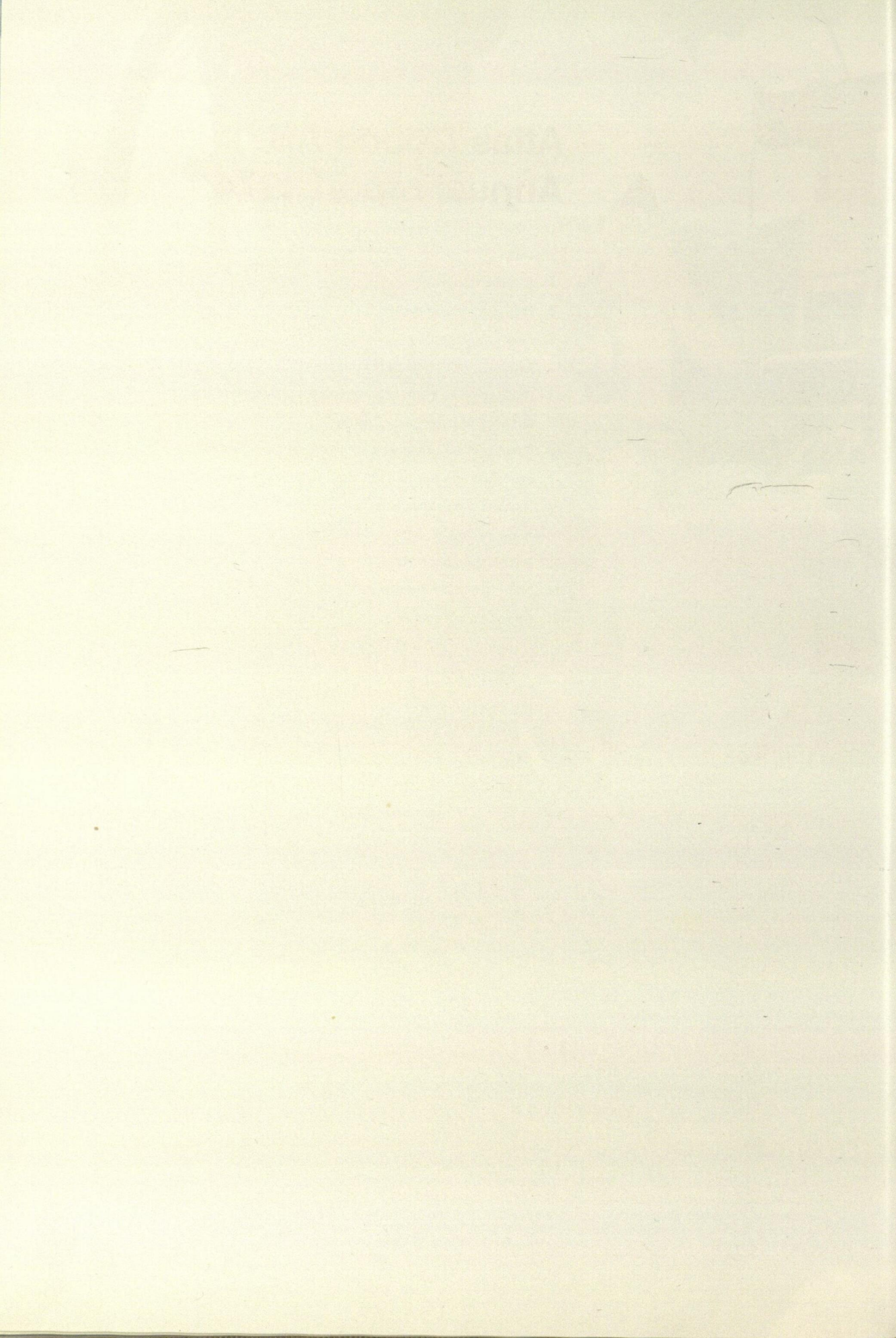
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*Areas visited by chronic drought can often be awakened to new life by drilling to depths greater than those of ordinary wells. Here a Romanian contracting company has reached water with Aquadrill equipment in a well drilling project in Lusaka.*

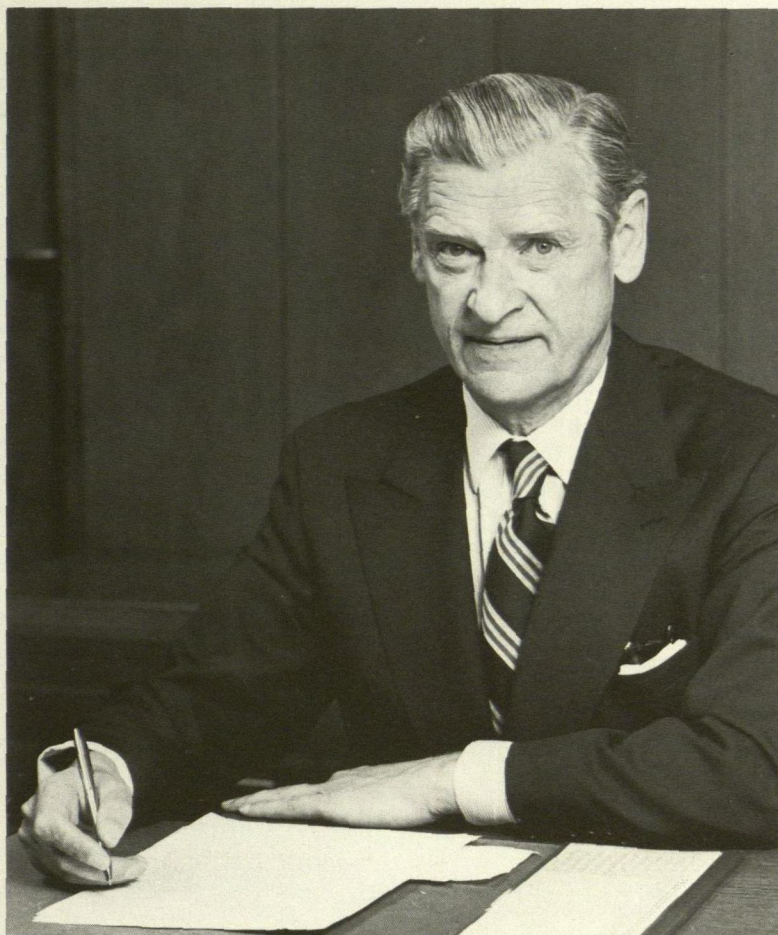
#### *Front cover:*

*To lower assembly costs and increase precision multiple-spindle nut runners are finding increasing use in the automobile and other industries. This silenced multiple nut runner is employed in mounting wheels.*









Mr. Erik Johnsson, active in the company's service since 1930 and its managing director since 1970, will step down from his post at the 1975 Annual General Meeting, on having reached retirement age.

Erik Johnsson's service has spanned a long series of positions of responsibility in the company, both in Sweden and abroad. In all these offices his efforts have been marked by his strong faith in the potential of the company. His lasting achievement, not solely within Atlas Copco but in Swedish industry as a whole, lies chiefly in the

sphere of industrial marketing, where he has acted as a trail-blazer and never-failing source of energy. The position which Atlas Copco enjoys today in its world-wide market can be ascribed to a great extent to Erik Johnsson's enthusiasm, organizational ability and perseverance.

On the occasion of his retirement the Board of Directors would like to express its gratitude to Erik Johnsson for his distinguished leadership, which has had a far-reaching influence on the company, on its employees, and on Swedish society as a whole.



# Atlas Copco AB

## Board of Directors

### Elected by the Annual General Meeting

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

### Employee Representatives

Bo Henning  
P-E Nyholm

## Group Management Committee

Erik Johnsson  
Man. Dir.  
Bengt Andersson  
Finance, Admin., Personnel  
Dep. Man. Dir.  
Einar Liwendahl  
Market Operations  
Dep. Man. Dir.  
Göran Lundborg  
Manufacturing and Technical  
Operations  
Dep. Man. Dir.  
Sven-Ingvar Svensson  
Marketing Dir.  
Bo Gyllenberg  
Production Dir.  
Gunnar Ruding  
Dir. of Physical Resources  
Jan Holdo  
Dir. of Research and Development  
Rune Back  
Man. Dir.  
Atlas Copco MCT AB  
Iwan Åkerman  
Man. Dir.  
Atlas Copco Airpower N.V.  
Theo Dietz  
Man. Dir.  
Atlas Copco Tools AB

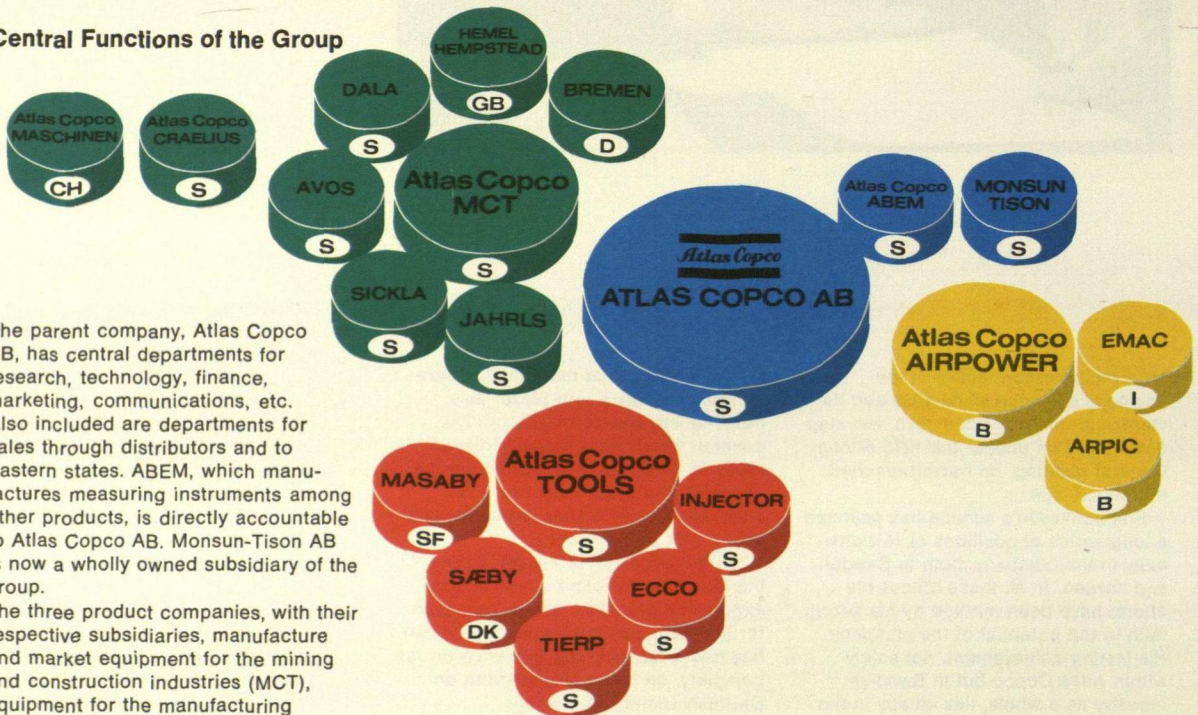
## Special Adviser

Stig Unger

## Associate Directors

Anders Björk  
Lennart Friberg  
Hans Johnsson  
Rolf Lahnagen  
Olle Lindberg  
Pelle Löfström  
Nils Starfelt

## Central Functions of the Group



The parent company, Atlas Copco AB, has central departments for research, technology, finance, marketing, communications, etc. Also included are departments for sales through distributors and to Eastern states. ABEM, which manufactures measuring instruments among other products, is directly accountable to Atlas Copco AB. Monsun-Tison AB is now a wholly owned subsidiary of the group.

The three product companies, with their respective subsidiaries, manufacture and market equipment for the mining and construction industries (MCT), equipment for the manufacturing industry (Tools), and portable and stationary compressors (Airpower). The Atlas Copco Group includes subsidiaries or distributors in 120 countries.

*A comprehensive programme of pneumatic standard components for mechanization and automation is included in the Atlas Copco product assortment. One example is this special machine for drilling planetary shafts,*

*built by and installed at Atlas Copco Tools. It is fully automatic and the work cycle is directed by a pneumatic tape reader, seen on the left in the illustration.*







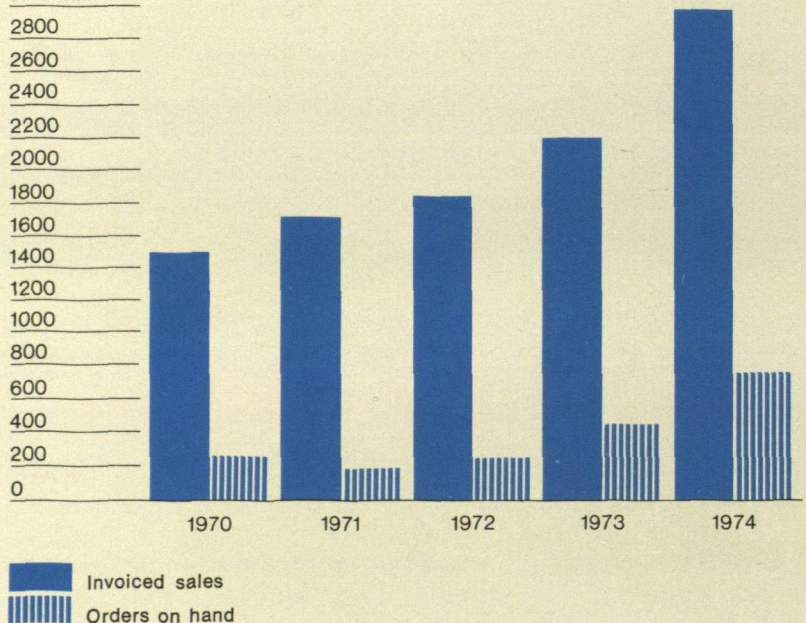
# The Atlas Copco Group

## Five years in summary

		1974	1973	1972	1971	1970
<b>From the profit and loss account</b>						
Invoiced sales . . . . .	mill. Kr	2 949	2 213	1 849	1 696	1 542
Profit before appropriations and taxes . . . . .	mill. Kr	366	273	190	171	161
Depreciation . . . . .	mill. Kr	63	52	43	42	36
Appropriations . . . . .	mill. Kr	124	16	18	12	3
Taxes . . . . .	mill. Kr	124	122	81	72	71
Net profit after taxes . . . . .	mill. Kr	118	135	92	87	87
Adjusted profit per share* . . . .	Kr	17.68	16.48	11.50	10.31	10.28
<b>From the balance sheet</b>						
Fixed assets . . . . .	mill. Kr	987	829	716	663	604
Accumulated depreciation . . . .	mill. Kr	408	343	293	251	214
Current assets . . . . .	mill. Kr	2 282	1 806	1 519	1 465	1 430
Short-term liabilities . . . . .	mill. Kr	1 067	791	637	683	716
Long-term liabilities . . . . .	mill. Kr	487	450	403	368	378
Net worth . . . . .	mill. Kr	970	857	729	669	575
<b>Other items</b>						
Number of employees . . . . .		17 392	15 473	13 881	13 706	13 764

\* The adjusted group profit per share represents profit before appropriations and taxes, from which tax has been deducted at a standard rate calculated at 50 %. Adjustment has been made for 1971 and 1973 bonus issues.

**Invoiced sales and orders on hand**  
3000 mill. Kr





# Atlas Copco AB

## Directors' report to the shareholders

*This report on company activities in 1974 is a translation of the Swedish original signed by the members of the Board and the Managing Director of Atlas Copco AB.*

The market situation for the company's products was affected during the year by a series of factors which, when combined, create an extremely disparate impression. Demand was generally on a high level for the greater part of the year, while costs and profit margins were negatively affected by the unusually strong inflationary trends.

The rate of investment was high in most countries and capital-goods producers were favoured by a lively demand. In the course of the year, however, the business climate worsened in the major industrialized nations due to the secondary effects of the oil crisis, first in the USA and Japan, later in European countries as well.

Demand remained stable in the mining sector throughout the entire year. A strong expansion of production capacity in this branch, combined with heightened wage costs and reduced availability of manpower, led to a substantial increase in the sale of mechanized mining equipment.

In the construction industry a declining demand could be noted on the European markets. Yet this was balanced to some degree by increased activity in other parts of the world, due in part to large international contracts awarded to European contracting companies.

The continued intensification of marketing efforts directed at the processing and manufacturing industries yielded good results during the year. It further contributed to widen the range of markets served by the company and thus lessening its sensitivity to limited fluctuations in the business cycle.

Total invoicing for the Atlas Copco Group in 1974 amounted to Kr 2 949 million (2 213), or US\$ 726.4 million. Orders received totalled Kr 3 358 million (2 474), or US\$ 827.1 million.

Foreign markets accounted for 90 %

(90 %) of total Group sales. Sweden remained the largest individual market. Sales in Sweden as in the other Scandinavian countries developed favourably.

In Western Europe varying sales results could be noted on the different markets. Particularly good results were achieved in Holland, Portugal and Spain. Even in Great Britain and Italy the increase in sales was considerable despite domestic problems in these countries. In West Germany and Switzerland the demand remained limited, due primarily to measures taken there to curb inflation.

Seen as a whole, overseas markets were characterized by strong increases in sales. Vigorous activity in the mining industry led to good sales results in Australia, Canada, Chile, Peru, South Africa and Zambia. Also in Argentina, Mexico, New Zealand and the Philippines a favourable development of sales could be observed. In the USA sales developed well despite a slackening of the market towards the close of the year.

Sales efforts in Eastern markets yielded good returns in 1974 and numerous successes were registered. The largest single sales agreement ever concluded by the Group — an order for more than Kr 200 million — was signed with the Democratic People's Republic of Korea. The greater part of this order involves deliveries in 1975 and later.

The markets in the Middle East expanded rapidly. The new sales company in Iran showed a promising development during its first year of activity.

The possible development of the market in 1975 is difficult to evaluate when seen against the background of the high rate of inflation, uncertainty concerning the distribution of profits from oil and the difficulty in predicting the effects of incentive measures which will be taken in response to increasing unemployment.

### Production and employment

The level of investment, unusually high in 1973, was even higher in 1974. This created the prerequisites for meeting

the market's continuously increasing demand for the company's products.

Employment and utilization of capacity have been on a high level at all plants. Increased use of numerically controlled machines, among others, and more efficient materials controls made it possible to satisfy the wishes of the sales organization better than previously.

An important share of the company's investment has been directed toward increased mechanization with a view to reducing heavy, monotonous work and thus creating a better, more congenial working environment. Great efforts were made to improve noise and lighting conditions in the plants and a number of semi-shielded working places were established. The health and medical programme was further strengthened.

During the year Atlas Copco Tools began the construction of a new plant in Tierp, Sweden, with a floor area of 11,200 m<sup>2</sup>. It is estimated that the new facilities will be ready for use by mid-1975. They will be employed in the manufacture of rotary industrial tools.

During the year the company acquired the Svenska Elektromagneter plant in Ämål, in western Sweden, with a floor area of 10,000 m<sup>2</sup>. The manufacture of light compressors is expected to be transferred from the Ecco Works to the Ämål workshop in the autumn of 1975.

At the Dala Works, Atlas Copco MCT took into service in the autumn of 1974 a new extension covering 1700 m<sup>2</sup> for the after-treatment of forgings.

Atlas Copco Craelius had its workshops and office facilities in Sundbyberg renovated and modernized. The Craelius plants at Carros and Worpswede were expanded by 800 and 500 m<sup>2</sup>, respectively.

In the course of the year Jahrls Mekaniska Verkstad in Örebro was purchased. This meant an addition of 3600 m<sup>2</sup> of workshop facilities for Atlas Copco MCT. 94 persons are currently employed at this plant.

Another new Atlas Copco MCT plant facility, namely an extension of 5400 m<sup>2</sup> at the Bremen Works, also entered service in 1974. In addition, a further



expansion of the same magnitude is already under construction there.

In São Paulo work was begun on the construction of a new production plant with a floor surface of 8800 m<sup>2</sup>. By mid-1975 it is estimated that the manufacture of rock drills will be transferred from the old facilities, now required by the sales organization for its expansion. The new factory will also house the manufacture of compressors for the local market.

At the Belgian sales company work began on the construction of new regional facilities covering a total of 1000 m<sup>2</sup>. They are situated on the industrial lot purchased last year in Ghent.

The Belgian company also completed new regional facilities in Luxembourg and an agreement has been reached for the site of new facilities in Charleroi.

In France a plot of 7000 m<sup>2</sup> was acquired for new regional facilities to be called Paris Sud in Melun.

At the sales company in Chile a 15,000 m<sup>2</sup> plot has been acquired for new central facilities for the Chilean company.

In Portugal new regional facilities are currently under construction at Oporto. They will cover more than 2000 m<sup>2</sup> of a roughly 5000 m<sup>2</sup> industrial site.

The sales company in the USA has acquired additional property, a plot of approximately 23,000 m<sup>2</sup>, at its headquarters in Wayne, New Jersey.

At the sales company in Australia the regional offices in Townsville, Mount Isa and Newcastle have been expanded and renovated. The regional office at Darwin was badly damaged by the hurricane in December, but it is planned to rebuild it completely.

In Teheran Atlas Copco Iran has completed a new head office. An additional area of 30,000 m<sup>2</sup> was purchased and a further expansion is projected.

In the course of the year a new manufacturing company was formed — Atlas Copco Andina S.A., La Paz. While awaiting the conclusion of the projecting work on the industrial facilities, operations have begun on rented premises covering 2000 m<sup>2</sup>, adjacent to the Murillo School with which Atlas Copco also collaborates in the training of manpower.

The now wholly owned Monsun-Tison AB, which manufactures hydraulic and pneumatic components, has 540 employees at plants in Borås and Falköping, Sweden. In Falköping a new

workshop with an area of 3600 m<sup>2</sup> was completed in 1974 and a further expansion of 3000 m<sup>2</sup> has begun.

New subsidiaries for the sale of the Monsun-Tison hydraulics programme have been formed in France and Canada.

#### Research and development

Atlas Copco research resources received a valuable reinforcement during the year by the installation of new, larger computers at both the Central Laboratories in Stockholm and Institut Cerac S.A. in Lausanne. In this connection the library of programmes was also enlarged.

This reinforcement will enable Atlas Copco to handle research problems in a more efficient way, benefitting the technical development of products and methods for the group as a whole.

At Cerac construction began in 1974 of a new, combined office and workshop. It will house the design department and the experimental workshop. The new building is expected to be ready in the second quarter of 1975. With the completion of this building, the initial expansion phase will have been completed at Institut Cerac S.A.

Working environment and conservation had high priority in 1974. No change was made in the volume of resources allocated to research and development work in these areas. Complementing Atlas Copco's already well-known system for dust collection in rock drilling, development work with dust collection systems for grinding operations in the manufacturing industry has been quite successful. A large number of customer installations are already projected.

Great interest was also focussed on techniques for automation and remote control for various applications in the mining and manufacturing industries.

Heightened demand for operational reliability, in conjunction with the growing complexity of equipment, led to special attention being devoted to the sphere of "reliability technology".

In the field of fullface boring, collaboration continues with Sandvik to make more efficient the processes of rock disintegration and to increase the useful life of the cutter tools employed in this unique method, to which Atlas Copco has exclusive rights.

Offshore prospecting for oil has increased greatly in recent years and entails a large, but not always apparent,

utilization of compressed air equipment, both on drilling platforms, and onboard supply ships and at their onshore bases. There is also a large market for compressed air equipment in the construction of such drilling platforms and installations for the transport to land and storage of oil. During the year the present and future uses of compressed air technology in the offshore sector were mapped in detail. Based on this, special or modified compressed air equipment is being matched to the offshore market.

With Monsun-Tison AB now a wholly owned subsidiary of Atlas Copco AB, the company's product programme in pneumatics/hydraulics has been expanded and made more comprehensive.

The development and manufacture of pneumatic components began in 1966 in collaboration with Atlas Copco Tools and the programme today is both up-to-date and complete. A new logical control system with miniaturized components is an excellent example of the continuing development in this field.

Monsun-Tison AB has won a strong position in the extensive area of hydraulics with components for excavators, cranes, forest machinery and mining and construction machines. In particular Monsun-Tison's development of various remote control systems with completely hydraulic, pneumatic-hydraulic and electro-hydraulic solutions has attracted a great deal of attention. A new control system for earth-moving machines, which is independent of pressure, has created interest internationally. The new system results in substantially improved machine performance.

#### Finance, investment and administration

The share capital of the company was raised in 1974 from Kr 205,955,000 to Kr 258,693,750, i.e. by Kr 51,738,750 by means of a new issue at a rate of Kr 25 per share, with preferential rights for the company's shareholders to subscribe one new share for every four shares held.

The share capital in Atlas Copco Airpower N.V. has been raised from BFRs 600 million to BFRs 1000 million by a bonus issue.

Increases in share capital were also carried out in West Germany, Greece, Brazil and Venezuela. The parent company subscribed the new shares in all these issues.



A new manufacturing company, Atlas Copco Andina S.A., was established in Bolivia. The parent company and Atlas Copco Airpower N.V. subscribed the shares, one half each.

In 1974 the company acquired from Incentive AB the remaining 52 % of the shares in Monsun-Tison AB. In addition, the company acquired from Nordströms Linbanor AB a further 3/28 of the subscribed capital of the Swedish Lamco Syndicate. The company's share is now 9/28 of the subscribed capital.

In January 1975 a 9 1/2 % promissory note for SFRs 40 million at par was contracted through the intermediary of a Swiss bank. It will be completely repaid by 1980.

#### Personnel development

In conjunction with the Centenary in 1973 the Board allocated Kr 1 million to be put at the disposal of company personnel for travel to promote contacts within the Atlas Copco Group. In 1974 a total of 627 employees were able to visit another company within the Group. The parent company received 246 visitors from 21 subsidiaries. 196 employees from the Swedish companies were given the opportunity to visit subsidiaries in five different countries.

The outcome of these trips has been so positive that the Board has decided

to allocate a further sum of Kr 1.1 million for similar travel in 1975.

In conjunction with the intensive product development a corresponding training programme was carried out for Group employees thus affected. A new management training programme has also been outlined and has partially been put into practice.

The personnel resources of the Group were increased during the year by a total of 1,919 persons. Of these, 833 are employed by new companies in the Group: Monsun-Tison, Atlas Copco Iran, and Jahrls Mekaniska Verkstad.

Of the total increase approximately 65 % are employees with a collective labour contract.

The number of employees in Sweden and abroad at the close of the year is given in the following table.

		Sweden	Abroad	Total
Industrial employees	1973	2,354	4,736*)	7,090
	1974	3,062	5,211*)	8,273
Office staff	1973	2,301	6,082	8,383
	1974	2,601	6,518	9,119
Total	1973	4,655	10,818	15,473
	1974	5,663	11,729	17,392

\*) 50 % of which were employed by the sales companies.

#### Group results

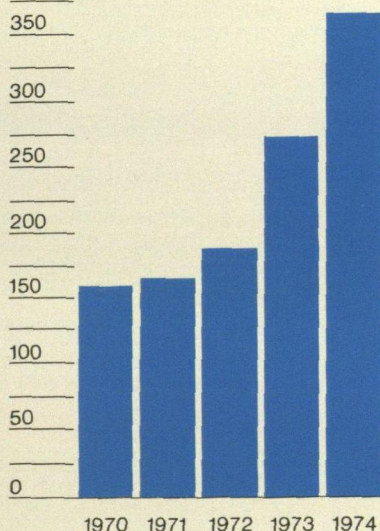
Group invoicing amounted to Kr 2,949 million (US\$ 726.4 million) in 1974, an increase of Kr 736 million (US\$ 181.3 million) or 33 %. The operating profit for 1974, Kr 501 million (US\$ 123.4 million) was 37 % higher than for the previous year. High utilization of capacity and further improved productivity, both in manufacturing and in sales, compensated for the great inflationary cost increases and the losses which occurred due to fluctuations in rates of exchange.

Depreciation of buildings and machines increased by 22 %, or about Kr 11 million, to about Kr 63 million due to large investments, primarily in manufacturing facilities.

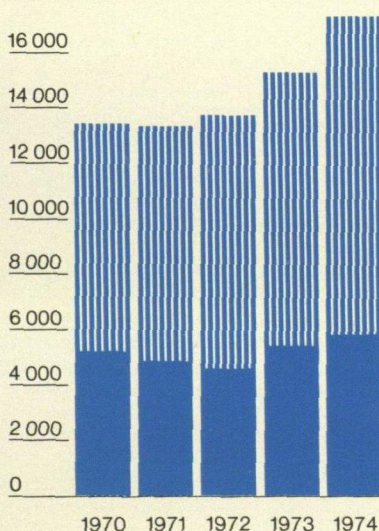
The excess of financial expense over financial income for the Group in 1974 amounted to Kr 71.5 million (41.5). The chief reason for this was the heightened level of interest rates on several of the Group's markets. There also occurred considerable short-term borrowing in order to finance the increased volume of production and sales.

The Group result before appropriations and taxes amounted to Kr 366.0 million (272.8), or US\$ 90.1 million, an increase of approximately 34 %.

**Profit before appropriations and taxes**  
Mill. Kr

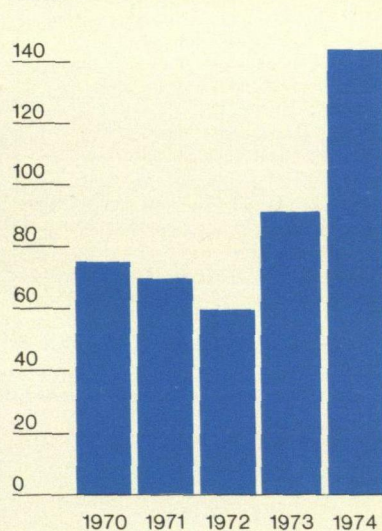


**Number of employees**  
18,000



Abroad  
Sweden

**Investments**  
160 Mill. Kr





**Consolidated balance sheet**

Accounts receivable, including acceptances from customers, increased by about Kr 99 million or US\$ 24.4 million, viz. 18 %, which reflects the somewhat shorter credit periods as compared with the previous year.

Group inventories grew at approximately the same pace as invoicing. The greater share of this increase can be credited to the product companies.

Investments in machinery amounted to Kr 87 million (US\$ 21.4 million), mainly in the product companies.

Property investment in 1974 totalled Kr 55 million (US\$ 13.5 million), and refers primarily to expanded facilities for the manufacturing units in Bremen, Carros and Worswede, and a new factory building in Brazil. Also included here are Monsun-Tison AB with Kr 9 million and the industrial facilities acquired from AB Svenska Elektromagnet in Åmål.

Rising production and sales volumes led to an increase in the interest-bearing, short-term borrowing by about Kr 93 million (US\$ 22.9 million).

For further details see the separate notes to items in the balance sheet (pages 18—19).

The consolidated balance sheet shows an unappropriated profit of Kr 280.0 million (US\$ 69.0 million).

**Profit and loss account of the parent company**

Operating profit rose from Kr 138.4 million to Kr 192.8 million (US\$ 47.5 million), due above all to a strong increase in the invoicing, transferred in 1973 from the product companies, for the markets where the group is not represented by sales companies of its own. In 1974 this invoicing amounted to Kr 347.6 million (151.9), or US\$ 85.6 million.

Operating costs were Kr 8.3 million (US\$ 2.0 million) higher than the previous year, and include pension and social security costs of Kr 12.0 million (US\$ 3.0 million), and costs in connection with the increase of the share capital and transfer to the VPC system (Swedish Securities Register Centre) Kr 2.6 million (2.9), or US\$ 0.6 million.

Because of the higher interest level net financial costs increased by Kr 3.7

million (US\$ 0.9 million). The entry "Dividends from Others" refers chiefly to the company's share of profits from the Swedish Lamco Syndicate.

The profit after taxes improved by Kr 6.1 million to Kr 57.2 million (US\$ 14.1 million).

**Balance sheet of the parent company**

Accounts receivable and acceptances increased by Kr 50.2 million to Kr 148.6 million (US\$ 36.6 million). The chief reason is the more than doubled invoicing of the parent company as compared with 1973. Similarly, inventories have increased greatly.

Share-holding in subsidiaries increased from Kr 236.5 million to Kr 266.3 million (US\$ 65.6 million), or by Kr 29.8 million (US\$ 7.3 million). Of this increase, Kr 25.9 million represent the previously noted acquisition of shares in Monsun-Tison AB. A revaluation was made of the book value of shares in certain companies, but this was countered by the devaluation of share values in other companies. Changes in other long-term liabilities refer primarily to the increased share in the Swedish Lamco Syndicate, effected in 1974.

The increase in value of industrial properties is explained by the acquisition of the industrial facilities in Åmål.

Promissory notes increased by Kr 21.6 million (US\$ 5.3 million) and refer chiefly to the above-mentioned purchase of shares and rights and acquisition of real estate.

All investment reserves in the company and Atlas Copco MCT AB were transferred to Atlas Copco Tools AB to finance new construction in Tierp.

Inasmuch as all 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 of the Parent Company during the year was 629, as compared to 587 the previous year.

The Company has no claims on shareholders, members of the Board, deputy members, or Managing Director with regard to loans or any contingent liabilities relating to the above, which, according to the provisions of the Company Act, are to be accounted for in the Directors' Report.

Claims on and contingent liabilities of employees in the Group who are members or deputy members of the Board of subsidiaries amount to:

	Loans	Contingencies
Members of the Board and deputy members	Kr 13,915:23	Kr 157,500:—
Managing Directors also members of the Board	Kr 33,376:95	—
	Kr 47,292:18	Kr 157,500:—

The above-mentioned loans and contingent liabilities predate the entry into force of the law which restricts the right of companies to make loans to shareholders, etc.

A total of Kr 2,459,062 (US\$ 605,680) was paid to the Board of Directors, the Managing Director and other Senior Management, and Kr 39,992,761 (US\$ 9,850,434) to other staff.

**Appropriation of profits**

Further details regarding the Company's accounts and activity are given 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 29,068,517
to which should be added the net profit for the year	Kr 57,200,352*)
	Kr 86,268,869

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

in paying shareholders a dividend of Kr 5:50 per share	Kr 56,912,625
leaving a balance to be carried forward of	Kr 29,356,244
	Kr 86,268,869

\*) Net Profit for the Year US\$ 14,088,757

*Sandvik Coromant button bits are an interesting new product which can drill four times longer between regrindings than conventional insert bits. Collaring is easier as well and the rate of penetration increases by 10 to 20 %.*







Assets	1974	1973
<b>Current assets</b>	Kronor	Kronor
Cash in hand and at banks . . . . .	132 182 520	127 142 744
Customers acceptances . . . . .	49 376 253	46 666 927
Accounts receivable from customers . . . . .	99 227 146	51 784 453
Estimated tax claim . . . . .	2 939 422	—
Advances to subsidiaries (less: due to subsidiaries Kr 121 853 971 and Kr 91 140 739) . . . . .	13 263 157	1 494 616
Other accounts receivable . . . . .	22 213 609	27 829 638
Inventories . . . . .	42 774 835	23 814 309
	<b>361 976 942</b>	<b>278 732 687</b>
<b>Blocked account with Sveriges Riksbank . . . . .</b>	—	<b>7 947 732</b>
<b>Shares and long-term receivables</b>		
Shares in other companies . . . . .	6 344 082	14 182 956
Shares in subsidiaries . . . . .	266 280 013	236 450 014
Long-term receivables . . . . .	61 404 738	47 134 760
	<b>334 028 833</b>	<b>297 767 730</b>
<b>Fixed assets (note 1)</b>		
Machinery and equipment . . . . .	26 631 405	24 550 831
Office and industrial properties . . . . .	94 087 842	85 254 311
Housing properties . . . . .	1 667 067	1 667 067
Installation and plant under construction . . . . .	1 371 100	1 093 400
	<b>123 757 414</b>	<b>112 565 609</b>
	1974	1973
<b>Pledged Assets (note 2) . . . . .</b>	48 730 190	43 335 190
	<b>819 763 189</b>	<b>697 013 758</b>



<b>Liabilities</b>	<b>1974</b>		<b>1973</b>	
<b>Short-term liabilities</b>	Kronor		Kronor	
Suppliers . . . . .	8 920 742		2 308 796	
Current portion of long-term debts . . . . .	20 450 080		8 731 430	
Employees' preliminary taxes . . . . .	2 727 886		2 273 217	
Provision for taxes . . . . .	—		9 495 798	
Sundry accounts payable . . . . .	19 970 496	<b>52 069 204</b>	17 356 785	<b>40 166 026</b>
<b>Long-term liabilities</b>				
Promissory notes . . . . .	52 080 369		30 472 348	
Mortgage loans . . . . .	239 599		241 581	
4 <sup>3</sup> / <sub>4</sub> % Bond loan, 1963 . . . . .	7 680 000		8 460 000	
5 <sup>1</sup> / <sub>2</sub> % Debenture loan, 1963 . . . . .	6 710 000		8 720 000	
7 <sup>1</sup> / <sub>2</sub> % Debenture loan, 1967 . . . . .	20 998 000		23 220 000	
9 <sup>1</sup> / <sub>2</sub> % US\$ Bond loan, 1970 . . . . .	70 870 100		81 216 100	
Provision for pensions (note 3) . . . . .	41 623 830	<b>200 201 898</b>	36 677 817	<b>189 007 846</b>
<b>Accumulated depreciation on fixed assets (note 1) . . . .</b>	<b>50 066 169</b>		<b>47 032 101</b>	
<b>Inventory reserve . . . . .</b>	<b>25 605 591</b>		<b>11 465 591</b>	
<b>Investment reserve . . . . .</b>	<b>—</b>		<b>17 277 677</b>	
<b>Working environment reserve . . . . .</b>	<b>18 404 405</b>		<b>—</b>	
<b>Special investment reserve . . . . .</b>	<b>13 803 303</b>		<b>—</b>	
<b>Capital, reserves and surplus</b>				
Share capital . . . . .	258 693 750		206 955 000	
Legal reserve fund . . . . .	102 150 000		102 150 000	
	360 843 750		309 105 000	
Contingency fund . . . . .	12 500 000		12 500 000	
<b>Surplus</b>				
Profit brought forward . . . . .	70 459 517		52 436 190	
Less: dividend . . . . .	41 391 000		33 112 800	
	29 068 517		19 323 390	
Profit for the year . . . . .	57 200 352		51 136 127	
	86 268 869	<b>459 612 619</b>	70 459 517	<b>392 064 517</b>
<b>Contingent liabilities (note 2)</b>	1974	1973		
Other contingent liabilities . . . . .	235 138 464	211 799 433		
Bills discounted . . . . .	7 046 553	6 028 119		
			<b>819 763 189</b>	<b>697 013 758</b>



# Profit and loss account

For the year 1974

	1974	1973
<b>Operating revenue</b>	Kronor	Kronor
Operating profit incl. commissions etc. from subsidiaries . . . . .	148 472 421	101 860 689
Interest received from subsidiaries . . . . .	5 521 991	4 415 955
Interest paid to subsidiaries . . . . .	— 5 864 939	— 3 021 736
Dividends from subsidiaries . . . . .	47 014 975	37 026 777
Other costs and revenue . . . . .	— 2 316 906	— 1 900 250
	<b>192 827 542</b>	<b>138 381 435</b>
<b>Cost of technical development, sales, administration, etc.</b>		
(of which general administrative costs, Kr 24 639 526 and Kr 19 503 271) . . . . .	— 76 949 123	— 68 625 910
Balance	<b>115 878 419</b>	<b>69 755 525</b>
<b>Depreciation</b>		
Buildings . . . . .	1 605 194	1 513 765
Machinery and equipment . . . . .	1 497 234	1 493 104
	<b>— 3 102 428</b>	<b>— 3 006 869</b>
<b>Financial costs and revenue</b>		
Interest paid to others (excl. subsidiaries) . . . . .	— 27 550 770	— 22 810 651
Interest received from others (excl. subsidiaries) . . . . .	+ 16 838 361	+ 15 206 980
Dividends from others (excl. subsidiaries) . . . . .	+ 4 084 478	+ 4 691 142
	<b>— 6 627 931</b>	<b>— 2 912 529</b>
Profit before appropriations and taxes	<b>106 148 060</b>	<b>63 836 127</b>
<b>Appropriations</b>		
Inventory reserve . . . . .	— 14 140 000	— 3 200 000
Working environment reserve . . . . .	— 18 404 405	—
Special investment reserve . . . . .	— 13 803 303	—
	<b>— 46 347 708</b>	<b>— 3 200 000</b>
<b>Profit before taxes</b> . . . . .	<b>59 800 352</b>	<b>60 636 127</b>
<b>Taxes</b> . . . . .	<b>— 2 600 000</b>	<b>— 9 500 000</b>
Net profit	<b>*) 57 200 352</b>	<b>51 136 127</b>

\*) Net profit for the year US\$ 14 088 757



# Shares and participating rights

As at 31st December 1974

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	150 000 shares	kr 100	15 000 000
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
Monsun-Tison AB, Borås	70 000 shares	kr 100	25 900 000
Atlas Copco Airpower N.V., Antwerp	59 500 shares	no par value	60 000 000
Atlas Copco Belgium S.A., Overijse	49 994 shares	BFrs 1 000	5 000 000
Atlas Copco (Cyprus) Ltd., Nicosia	99 998 shares	£ 1	650 000
Atlas Copco A/S, Copenhagen	11 997 shares	Dkr 1 000	6 880 000
Atlas Copco (Great Britain) Ltd., Hemel Hempstead	999 997 shares	£ 1	11 340 000
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	6 720 000
Atlas Copco Italia S.p.A., Milan	269 998 shares	Lire 10 000	15 150 000
Atlas Copco A/S, Oslo	1 198 shares	Nkr 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	1 995 shares	SFRs 1 000	2 400 000
Atlas Copco S.A.E., Madrid	197 000 shares	Ptas 500	3 650 000
Atlas Copco Deutschland G.m.b.H., Essen	4 part.rts	no par value	19 800 000
Atlas Copco G.m.b.H., Vienna	19 990 part.rts	ÖS 1 000	2 670 000
Atlas Copco Inc., Wayne, New Jersey	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 Paulista Ltda., São Paulo	55 499 982 part.rts	no par value	7 050 000
Atlas Copco Andina S.A., La Paz	1 000 shares	Pesos 1 000	220 000
Atlas Copco Venezuela S.A., Caracas	100 shares	BS 1 000	90 000
Atlas Copco Iran AB, Stockholm	50 shares	kr 100	1
Atlas Copco Hellas A.E., Athens	4 131 shares	Drs 10 000	1
Soc. Atlas Copco de Portugal Lda., Lisbon	1 part.rt	no par value	1
Atlas Copco Industrial S.A., Madrid	95 shares	Ptas 10 000	1
Copco Nueva Montaña S.A., Santander	29 999 shares	Ptas 1 000	1
Atlas Copco Maroc S.A., Casablanca	940 shares	Dirh. 1 500	1
Atlas Copco Ticaret ve Sanayi T.A.S., Istanbul	1 140 shares	T£ 500	1
Atlas Copco (India) Ltd., Bombay	482 000 shares	Rs 10	1
Atlas Copco (Philippines) Inc., Makati, Rizal	11 995 shares	Pesos 100	1
Atlas Copco Argentina S.A.C.I., Buenos Aires	3 000 000 shares	Pesos 1	1
Atlas Copco Chilena S.A.C., Santiago de Chile	3 998 335 shares	Esc. 1	1
Atlas Copco Colombiana Ltda., Bogotá	190 part.rts	Pesos 100	1
Other subsidiaries			1
			Kronor 266 280 013
<b>Other companies</b>			
Atlas Copco Finans AB, Stockholm	12 000 shares	kr 100	1 006 370
The Swedish Lamco Syndicate, Gränges AB & Co., Stockholm	9/28 of the capital		675 000
The Liberian American-Swedish Minerals Company, preference shares, Series A	4 085.6 shares	US\$ 100	2 261 601
AB Stadsfastigheter, Stockholm	6 shares	kr 1 000	6 000
Svensk Interkontinental Lufttrafik AB, Stockholm	14 100 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
Casa de Suecia S.A., Madrid	90 shares	Ptas 5 000	50 000
Other companies			1
			Kronor 6 344 082



# The Atlas Copco Group

## Consolidated balance sheet

As at 31st December 1974

Assets	1974	1973
<b>Current assets</b>	tkr	tkr
Cash in hand and at banks . . . . .	225 206	208 562
Acceptances . . . . .	105 888	114 994
Accounts receivable from customers . . . . .	553 655	445 085
Other accounts receivable . . . . .	132 685	98 847
Inventories (note 4) . . . . .	1 264 137	938 126
	<b>2 281 571</b>	<b>1 805 614</b>
<b>Blocked accounts</b> . . . . .	<b>3 482</b>	<b>10 781</b>
<b>Fixed assets (note 5)</b>		
Shares . . . . .	7 310	15 177
Other investments . . . . .	66 903	53 228
Machinery and equipment at cost . . . . .	454 680	367 750
Land and buildings at cost . . . . .	458 499	392 796
	<b>987 392</b>	<b>828 951</b>
	<b>3 272 445</b>	<b>2 645 346</b>
<b>Liabilities</b>		
<b>Short-term liabilities</b>		
Bills payable . . . . .	253 385	170 766
Suppliers . . . . .	253 229	153 617
Bank loans . . . . .	222 949	212 399
Current portion of long-term debts . . . . .	44 896	30 745
Provision for taxes . . . . .	74 505	63 117
Other short-term liabilities . . . . .	217 732	160 758
	<b>1 066 696</b>	<b>791 402</b>
<b>Long-term liabilities</b>		
Mortgage and other long-term loans (note 6) . . . . .	242 534	208 606
Bond and debenture loans (note 6) . . . . .	106 258	121 616
Provision for Pensions (note 7) . . . . .	132 173	115 812
Other long-term liabilities . . . . .	6 197	3 538
	<b>487 162</b>	<b>449 572</b>
<b>Accumulated depreciation on fixed assets</b> (note 5) . . . . .	<b>408 398</b>	<b>342 681</b>
<b>Inventory reserves (note 8)</b> . . . . .	<b>240 845</b>	<b>152 443</b>
<b>Investment reserves (note 9)</b> . . . . .	<b>36 571</b>	<b>31 915</b>
<b>Working environment reserves (note 10)</b> . . . . .	<b>23 618</b>	—
<b>Special investment reserves (note 11)</b> . . . . .	<b>17 601</b>	—
<b>Minority holdings</b> . . . . .	<b>21 305</b>	<b>19 919</b>
<b>Capital, reserves and surplus</b>		
Share capital . . . . .	258 694	206 955
Legal reserves . . . . .	185 490	174 756
Other reserves, not available for distribution (note 12) . . . . .	207 305	125 135
Contingency fund . . . . .	38 780	38 780
Surplus . . . . .	*) 161 901	176 684
Profit for the year . . . . .	*) 118 079	135 104
	<b>970 249</b>	<b>857 414</b>
	<b>3 272 445</b>	<b>2 645 346</b>
<b>Pledged assets (note 13)</b> . . . . .	<b>227 808</b>	<b>183 383</b>
<b>Contingent liabilities</b>		
Bills discounted . . . . .	104 767	107 659
Other contingent liabilities . . . . .	117 486	60 449
	<b>3 272 445</b>	<b>2 645 346</b>

\*) Surplus US\$ 39 877 100

Profit for the year US\$ 29 083 500

Disposale profit US\$ 68 960 600



# Consolidated profit and loss account

For the year 1974

	1974		1973
	tkr		tkr
Invoiced sales . . . . .	2 949 021		2 212 787
Cost of goods sold, technical development, sales, administration, etc. . . . .	<u>—2 448 258</u>		<u>—1 846 501</u>
Operating profit	500 763		366 286
<b>Depreciation</b>			
Buildings . . . . .	11 676		10 701
Machinery and Equipment . . . . .	<u>51 599</u>	<u>— 63 275</u>	<u>41 332</u>
			<u>— 52 033</u>
<b>Financial costs and revenue</b>			
Interest paid to others (excl. subsidiaries) . . . . .	—97 385		—67 692
Interest received from others (excl. subsidiaries) . . . . .	+21 787		+21 522
Dividends from others (excl. subsidiaries) . . . . .	<u>+ 4 085</u>	<u>— 71 513</u>	<u>+ 4 691</u>
Profit before appropriations and taxes	365 975		272 774
<b>Appropriations</b>			
Extra depreciation on fixed assets . . . . .	— 2 203		— 1 350
Inventory reserve . . . . .	—76 633		—14 328
Investment reserve . . . . .	— 3 575		— 159
Working environment reserve . . . . .	—23 618		—
Special investment reserve . . . . .	<u>—17 601</u>	<u>— 123 630</u>	<u>— 15 837</u>
Profit before taxes . . . . .	242 345		256 937
<b>Taxes</b> . . . . .	<u>— 124 266</u>		<u>— 121 833</u>
Net profit	<u>*) 118 079</u>		<u>135 104</u>

\*) Net profit for the year US\$ 29 083 500



# Notes to balance sheet

## Atlas Copco AB

### Note 1 Fixed assets

	<i>Machinery and equipment</i>			
	1974	1973		
	(mill. Kr)			
Cost value .....	26.6	24.6		
Accumulated depreciation ....	23.7	22.3		
Book value .....	2.9	2.3		
Fire insurance value .....	31.1	28.3		
	<i>Industrial Properties</i>		<i>Housing Properties</i>	
	1974	1973	1974	1973
	(mill. Kr)			
Cost value .....	74.1	65.2	1.7	1.7
Revaluation in connection with 1973 issue .....	20.0	20.0	—	—
Accumulated depreciation ....	25.8	24.2	0.6	0.5
Book value .....	68.3	61.0	1.1	1.2
Assessment value .....	74.4	69.9	1.4	1.4
Fire insurance value .....	147.6	125.2	5.8	5.1

### Note 2 Pledged assets and contingent liabilities

Out of the total amount for pledged assets, mortgaged properties amount to Kr 30.4 million (25.0). Trade mortgages are included in the total with Kr 18.3 million (18.3).

In addition there is the participation in the Swedish Lamco Syndicate, Gränges AB & Co, in the form of guarantees for US\$ 15.2 million and 47.7 million Swiss Francs. By the terms of the agreement, Atlas Copco AB's share is US\$ 4.9 million and 15.3 million Swiss Francs.

### Note 3 Provision for pensions

The total pension obligations amount to Kr 41.6 million (36.7), including obligations for the supplementary pension plan of Kr 32.2 million (27.8).

## The Atlas Copco Group

### Principles for consolidation

When converting foreign currencies into Swedish Kronor, the general rule has been to convert sums for land and buildings, machinery and equipment, at the exchange rate for Swedish Kronor at the time when the assets were acquired and share capital and legal reserves at the exchange rate prevailing at the time of investment while other assets and liabilities have been converted at the rates prevailing on the date of the balance sheet.

### Note 4 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 5 Fixed assets

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

	<i>Machinery and Equipment</i>		<i>Land and Buildings</i>	
	1974	1973	1974	1973
	(mill. Kr)			
Cost value .....	454.7	367.8	438.5	372.8
Revaluation in connection with 1973 bonus issue .....			20.0	20.0
Accumulated depreciation ..	303.9	249.0	104.5	93.7
Book value .....	150.8	118.8	354.0	299.1

### Note 6 Long-term-loans

	1974	1973
	(mill. Kr)	
<i>Mortgage and other long-term loans</i>		
Atlas Copco AB .....	52.3	30.7
Atlas Copco MCT AB .....	44.9	33.8
Atlas Copco Airpower N.V. ....	33.6	44.0
Atlas Copco Tools AB .....	16.5	5.7
Other Group Companies .....	95.2	94.4
	242.5	208.6

### Bond and debenture loans

Atlas Copco AB		
4 <sup>3</sup> / <sub>4</sub> % Bonds from 1963 .....	7.7	8.5
5 <sup>1</sup> / <sub>2</sub> % Subordinated Debentures from 1963	6.7	8.7
7 <sup>1</sup> / <sub>2</sub> % Subordinated Debentures from 1967	21.0	23.2
9 <sup>1</sup> / <sub>2</sub> % Debentures (US\$ 20 mill.) from 1970	70.9	81.2
	106.3	121.6
Total long-term loans .....	348.8	330.2



**Note 7 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 8 Inventory reserves**

Appropriations to these reserves occur chiefly in the Swedish companies of the Group, but also in Finland, Denmark, Norway and Switzerland. Swedish fiscal legislation permits a depreciation of maximum 60 % of the inventory value after deductions for possible obsolescence. The "Appropriations for Inventory Reserves" of the profit and loss account represent the year's depreciation and the "Inventory Reserves" of the balance sheet represent the accumulated value of such depreciations.

**Note 9 Investment reserves**

Similar to the Swedish companies, Norway, France, Spain, Algeria and Morocco make appropriations in accordance with local regulations.

Swedish companies have the possibility of setting aside for investment reserves 40 % of the profit before appropriations and taxes. Such reserves presuppose the deposit of 46 % of the amount of the reserve in an interest-free account with Sveriges Riksbank.

With special permission of the Government the investment reserve may be employed for the direct depreciation of fixed assets.

**Note 10 Working environment reserves**

In accordance with a newly-passed law Swedish companies have to set aside 20 % of the profit before appropriations and taxes for a reserve for the working environment. The amount, which is deductible for taxation purposes, must be deposited in its entirety in an interest-free account with Sveriges Riksbank. Permission to employ the reserve is given by the Government or the National Labour Market Board on application followed by an expression of opinion by employee representatives. A basic prerequisite for permission to be granted is that the company intends to improve the working environment of the employees. After five years, however, the reserve can be employed without permission, and is then subject to taxation.

**Note 11 Special investment reserves**

In addition to the appropriation for the working environment reserve, Swedish companies have to set aside 15 % of the profit before appropriations and taxes for a special investment reserve. The entire amount must be deposited in an interest-free account with Sveriges Riksbank. An expression of opinion by employee representatives shall accompany the application to employ the special invest-

ment fund. The application must be approved by the Government or the National Labour Market Board. If the reserve is not employed in five years, the amount can be drawn and is then subject to taxation.

**Note 12 Other reserves, not available for distribution**

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

**Note 13 Pledged assets**

See note 2. The mortgaged properties amount to Kr 139.0 million (107.4). Trade mortgages represent Kr 48.2 million (34.8).

**Funds statement****The Atlas Copco Group**

The Atlas Copco Group	1974	1973
	(mill. Kr)	
SOURCE OF FUNDS		
<i>Internal</i>		
Profit before appropriations and taxes ..	366.0	272.8
Depreciation .....	+ 63.3	+ 52.0
Taxes .....	—124.3	—121.8
Dividend .....	— 42.6	— 33.1
Generated from current operations ....	262.4	169.9
<i>External</i>		
Increase in		
long-term liabilities .....	37.6	46.1
short-term liabilities .....	275.3	154.2
new issue .....	51.7	—
Total source of funds .....	627.0	370.2
USE OF FUNDS		
Investment in fixed assets .....	142.0	93.1
Investment in current assets		
inventories .....	326.0	129.4
current receivables .....	133.3	137.7
Sundry changes net .....	9.1	— 9.4
Total use of funds .....	610.4	350.8
Change in liquid assets .....	16.6	19.4



# Atlas Copco AB

## Auditors' report

In our capacity of auditors to Atlas Copco Aktiebolag we submit the following report for the year 1974.

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 on a sampling basis.

The provisions of the Company Act concerning shareholdings and Group reporting as well as specification of loans and contingent liabilities regarding such persons, for which restriction in the right to obtain loans is existent, have been complied with.

We have no objection to the revaluation of certain shares and corresponding devaluation of other shares as made in the balance sheet.

In the course of the audit there appeared no reason to remark upon the Annual Report, the bookkeeping 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, Kr 57 200 352, together with unappropriated earnings

from the previous year Kr 29 068 517, a total of Kr 86 268 869, be appropriated as follows:

Dividend to Shareholders	56 912 625
Unappropriated earnings carried forward	<u>29 356 244</u>
Kronor	<u>86 268 869</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 1974, included in the Annual Report and signed by us, be adopted,

that the profits be appropriated as proposed above, and

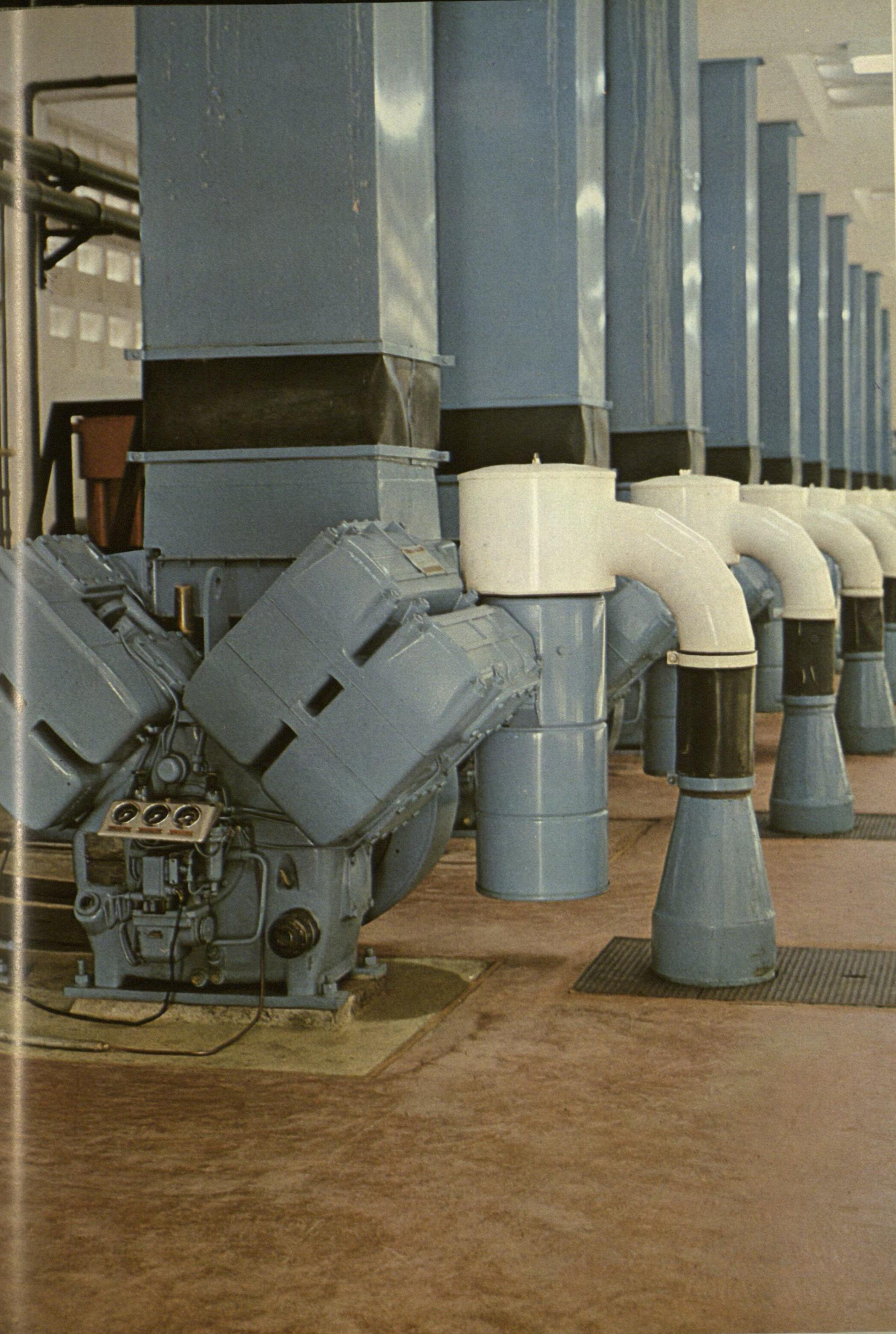
that the Board of Directors and the Managing Director be granted discharge from liability for the period covered by the Annual Report.

*Translated from the original Swedish Report signed by the elected auditors Ebbe Rybeck and Bertil E. Olsson (Authorized Public Accountants) March 18th, 1975.*

*A compressed air centre consisting of DT4 compressors at the hydro-electric power station Paulo Afonso IV on the São Francisco River in north-eastern Brazil. The power station forms part of*

*a huge project which is still in progress. There are a further 30 compressors in addition to these 10, and a large number of drilling rigs.*











# Atlas Copco MCT AB

## 1974 in revue

### Sales and deliveries

The vigorous activity of 1973 in all the mining and construction sectors around the world continued in 1974 and was even more pronounced in the mining industry on most markets.

High metal prices, combined with the labour shortage, led to a greatly increased demand for mechanized drill rigs for tunnelling and for production drilling in underground mines. Atlas Copco was able to profit by its prominent position in these areas.

Good sales results can be reported from the traditionally important mining countries Australia, Canada, Norway, Sweden, South Africa and Zambia.

Large orders were received in the course of the year for deliveries to the Democratic People's Republic of Korea and the Soviet Union, comprising mainly rock drilling equipment, Coromant drill steels, loaders and prospecting equipment.

The new hydraulic percussive rock drill has been well received and substantial orders were obtained during the year.

The sales of loaders to mines reached the highest figures thus far, and more crawler drills were sold to the construction industry than previously, despite some slackening toward the close of the year.

Sales results for light rock drills and paving breakers were also good.

The new, highly mechanized prospecting equipment successfully confirmed its leading position as the most advanced machine in the diamond drilling sector.

Fullface tunnelling equipment, intended for boring small tunnels without recourse to conventional drilling and blasting achieved excellent results in 1974 in Europe, Australia and North America.

The successful sales of Sandvik Coromant drill steel equipment continued and the product programme was further completed.

### Production and employment

The year was characterized by a vigorous increase in production at Atlas Copco MCT's manufacturing units. This

was especially true of the Sickla Works, the Bremen Works and the Craelius group. At the Hemei Hempstead plant, earlier disruptions on the British labour market were compensated for during the second half of the year.

The production facilities of the MCT group were increased during the year by approximately 9500 m<sup>2</sup>. Plant extensions entered service in Bremen, Carros, Worpswede and Smedjebacken, and a continued expansion in Bremen has been approved. Jahrls Mekaniska Verkstad AB in Örebro was acquired during the year.

Investments in machinery were considerably higher than previously. A large share of the new machines are numerically controlled. The production resources for hydraulic rock drills have been built up. In addition, the machine resources of the Craelius group have been considerably modernized.

In contrast to the situation during the previous boom period, personnel turnover and absences due to illness increased only negligibly this time. A well-trimmed introduction programme and improvements in the working environment have contributed to this result.

At the Sickla Works a programme for the working environment has been elaborated and adopted after collaboration between the company and employee representatives. Large investments were made during the year, chiefly in sound-suppression and workshop illumination. Experience proved positive in the experiment at the Sickla Works with a delegated right of decision exercised by employee committees in certain environmental matters. It was decided to continue this trial activity.

### Product development

Ergonomical and environmental issues continued to receive high priority in the development of new products.

In 1973 the first standard rig for tunnelling with hydraulic percussive rock drills was introduced. Development work in this new technology led in the course of the year to the introduction of several types of standardized drill rigs.

Parallel to hydraulically powered drifting and tunnelling equipment, pneumatically powered equipment was developed at an unslackened pace; new models of booms and feeds were also introduced.

The development of a new type of crawler-tracked drill rig has advanced so far that the first units have entered regular operation.

A special alignment instrument for the feeds and rock drills of our bench-drilling units was introduced in 1974. It considerably lightens the operator's work of setting the hole inclination.

New equipment for water well drilling was also developed during the year.

Continued development work on the prospecting equipment for core drilling down to depths of 1000 metres, introduced in 1973, has further increased the range of application of the equipment.

A new air powered winch was introduced, specially suited for use on the large drilling platforms of the expanding offshore industry.

### Results

Incoming orders in 1974 amounted to Kr 1,016 million, which resulted in a considerable increase in the volume of orders on hand.

Invoiced sales amounted to Kr 778.4 million (610.6).

The profit before appropriations and taxes amounted to Kr 49.5 million (29.2). Again this year new products have been responsible for an important share of the improved results.

Investments in buildings, machinery and inventories amounted to Kr 44.3 million (18.8).

*Rapid product development, the introduction of new equipment, and the winning of new markets all require the efficient, continuous training of both the company's own personnel and custom-*

*ers. Here a demonstration is in progress with ODEX equipment for drilling through non-consolidated soil strata with an eccentric bit.*



**Balance sheet**

As at 31st December 1974

<b>Assets</b>	1974		1973	
<b>Current assets</b>	tkr		tkr	
Cash in hand and at banks . . . . .	3 177		1 742	
Acceptances . . . . .	1 435		3 095	
Accounts receivable from customers . . . . .	11 300		13 469	
Advances to group companies . . . . .	67 992		54 472	
Other accounts receivable . . . . .	20 482		13 425	
Inventories . . . . .	284 766	389 152	209 144	295 347
<b>Blocked accounts</b> . . . . .		—		925
<b>Fixed assets</b>				
Machinery and equipment at cost . . . . .	142 228		117 724	
Land and buildings at cost . . . . .	41 613		30 163	
Installation and plant under construction . . . . .	3 312		6 380	
Other investments . . . . .	—	187 153	98	154 365
		<b>576 305</b>		<b>450 637</b>
<b>Liabilities</b>				
<b>Short-term liabilities</b>				
Bills payable . . . . .	51 575		37 097	
Suppliers . . . . .	58 419		27 433	
Due to group companies . . . . .	6 903		8 387	
Bank loans . . . . .	16 385		19 287	
Current portion of long-term debts . . . . .	4 338		3 051	
Provision for taxes . . . . .	7 723		12 147	
Other short-term liabilities . . . . .	46 496	191 839	24 287	131 689
<b>Long-term liabilities</b>				
Mortgage and other long-term loans . . . . .	44 878		33 834	
Provision for pensions . . . . .	35 678	80 556	31 270	65 104
<b>Accumulated depreciation on fixed assets</b> . . . . .		110 487		93 896
<b>Inventory reserves</b> . . . . .		112 949		86 360
<b>Investment reserves</b> . . . . .		—		2 011
<b>Working environment reserve</b> . . . . .		3 544		—
<b>Special investment reserve</b> . . . . .		2 540		—
<b>Capital, reserves and surplus</b>				
Share capital . . . . .	30 000		30 000	
Legal reserves . . . . .	14 787		11 695	
Surplus . . . . .	20 351		15 388	
Profit for the year . . . . .	9 252	74 390	14 494	71 577
		<b>576 305</b>		<b>450 637</b>
<b>Pledged assets</b> . . . . .	1974	1973		
	38 223	26 219		
<b>Contingent liabilities</b>				
Bills discounted . . . . .	10 389	3 030		
Other contingent liabilities . . . . .	5 476	3 969		
		<b>576 305</b>		<b>450 637</b>

\*) Including subsidiaries as per foot note p. 25.



# Profit and loss account

For the year 1974

	1974	1973
	tkr	tkr
Invoiced sales . . . . .	778 350	610 575
Cost of goods sold, technical development, sales, administration, etc. . . . .	—706 650	—565 534
Operating profit	71 700	45 041
<b>Depreciation</b>		
Buildings . . . . .	1 236	1 032
Machinery and equipment . . . . .	16 688	13 466
	— 17 924	— 14 498
<b>Financial costs and revenue</b>		
Interest paid to others (excl. group companies) . . . . .	— 8 579	— 3 695
Interest received from others (excl. group companies) . . . . .	+ 365	+ 439
Interest paid to group companies . . . . .	— 364	— 824
Interest received from group companies . . . . .	+ 4 290	+ 2 734
	— 4 288	— 1 346
Profit before appropriations and taxes	49 488	29 197
<b>Appropriations</b>		
Inventory reserve . . . . .	—26 214	— 3 400
Working environment reserve . . . . .	— 3 544	—
Special investment reserve . . . . .	— 2 540	—
	— 32 298	— 3 400
Profit before taxes . . . . .	17 190	25 797
<b>Taxes</b> . . . . .	— 7 938	— 11 303
Net profit	** ) 9 252	14 494

\*) Including subsidiary companies:  
 Atlas Copco (Manufacturing) Ltd., Hemel Hempstead  
 Atlas Copco Maschinen AG, Thun  
 Atlas Copco MCT G.m.b.H., Bremen  
 Atlas Copco Craelius Company Ltd., Daventry

Atlas Copco Craelius AB, Sundbyberg, with subsidiary companies  
 Jahrls Mekaniska Verkstad AB, Örebro

\*\*) Net profit for the year US\$ 2 278 818







# Atlas Copco Airpower N.V.

## 1974 in revue

### Sales and deliveries

The sales of portable compressors remained on a relatively high level during the first half of 1974, due chiefly to orders from several oil-producing countries. The market as a whole, however, was influenced by a drop in activity in the building and construction industry and by credit restrictions in numerous countries. This decline affected incoming orders negatively, especially during the latter half of the year.

The demand for silenced compressors, on the other hand, increased further in industrialized countries. Because of the large orders received from developing countries, the share of silenced machines remained roughly the same.

Despite a drop in industrial investments in several of the highly industrialized countries in 1974, the sales of industrial compressors continued to increase, albeit somewhat more slowly than in 1973. A tendency to slacken became apparent in the closing months of the year.

The demand for larger compressors increased substantially in 1974. A complete series of air dryers was introduced in the course of the year, creating new sales opportunities. The delivery capacity was further improved in 1974 and stipulated delivery times could be met with some few exceptions, primarily for large machine types. The volume of the order stock was somewhat lower at the end of 1974 than at the end of the previous year.

### Production and employment

The volume of production increased in 1974 and this led to higher utilization of the available production capacity.

Production costs rose more than in any previous year due to substantial increases in material prices and working costs. Rationalization efforts continued, but could not completely compensate for the negative effects of the cost inflation. Delays in the delivery of components from suppliers caused delays with certain machine types in a number of cases.

Drilling for oil in the North Sea created a new market for stationary compressors. During the year a large number of orders were received for compressors for installation on oil-drilling platforms.

The capacity of the Arpic Works was further increased in 1974 by investments in new machine tools and other production equipment. A plot of 125,000 m<sup>2</sup> was acquired adjacent to the present facilities in Wilrijk to assure a future opportunity for expansion.

During the year the company subscribed 50 % of the shares in the newly formed company in Bolivia, Atlas Copco Andina S.A., where assembly of stationary and portable compressors for the Andean countries will begin.

The number of employees at the close of the year amounted to 1429 industrial workers and 686 office staff, an increase of 4 % compared with the close of 1973. The increase in personnel is due to the great volume of production noted during the year. Personnel turnover dropped in 1974, while absenteeism, on the other hand, increased slightly.

### Product development

Great efforts were made to improve existing products, primarily to meet more rigorous environmental demands. "Package versions" (complete, silenced, ready-assembled compressor units) of the stationary D and Z series were developed and introduced during the year. The company can now offer a comprehensive series of stationary compressors, sound-suppressed to 75 dB(A) according to ISO standards. In 1974 the series of air dryers introduced during the previous year was complemented by a series of cooler-dryers.

### Results

Invoiced sales in 1974 amounted to BFrs 5,652 million (4,354). The profit before appropriations and taxes was BFrs 933.4 million (774.9). The increase in profits is due to the rise in invoiced sales. The margin of profit, however, dropped somewhat because of the great increase in costs, which could not be

completely balanced out by increases in prices.

Investments in buildings, machinery and equipment amounted in 1974 to BFrs 180 million (65).

*Scarcely any large-scale civil engineering project can be accomplished without the aid of compressed air. Atlas Copco equipment is often at the*

*worksites no matter where in the world it may be. In the illustration, the newly built bridge over the Bosphorus, the seventh longest in the world.*



**Balance sheet**

As at 31st December 1974

<b>Assets</b>	1974		1973	
<b>Current assets</b>	1000 BFRs**)		1000 BFRs	
Cash in hand and at banks . . . . .	12 957		61 667	
Acceptances . . . . .	46 019		104 291	
Accounts receivable from customers . . . . .	33 404		121 564	
Advances to group companies . . . . .	1 832 291		1 252 295	
Other accounts receivable . . . . .	105 832		537 870	
Inventories . . . . .	1 590 221	<b>3 620 724</b>	1 050 228	<b>3 127 915</b>
<b>Fixed assets</b>				
Machinery and equipment at cost . . . . .	766 469		660 235	
Land and buildings at cost . . . . .	532 988		516 556	
Other investments . . . . .	7 090	<b>1 306 547</b>	5 138	<b>1 181 929</b>
		<b>4 927 271</b>		<b>4 309 844</b>
<b>Liabilities</b>				
<b>Short-term liabilities</b>				
Bills payable . . . . .	1 051 610		808 603	
Suppliers . . . . .	567 078		376 913	
Due to group companies . . . . .	5 505		25 923	
Bank loans . . . . .	195 486		88 158	
Current portion of long-term debts . . . . .	93 190		93 209	
Provision for taxes . . . . .	52 062		305 923	
Other short-term liabilities . . . . .	188 849	<b>2 153 780</b>	140 226	<b>1 838 955</b>
<b>Long-term liabilities</b>				
Mortgage and other long-term loans . . . . .	300 005		392 860	
Provision for pensions . . . . .	17 724		12 317	
Other long-term liabilities . . . . .	24	<b>317 753</b>	725	<b>405 902</b>
<b>Accumulated depreciation on fixed assets . . . . .</b>		<b>712 738</b>		<b>638 427</b>
<b>Minority holdings . . . . .</b>		<b>15 475</b>		<b>15 491</b>
<b>Capital, reserves and surplus</b>				
Share capital . . . . .	1 000 000		600 000	
Legal reserves . . . . .	100 000		60 000	
Surplus . . . . .	81 892		326 325	
Profit for the year . . . . .	545 633	<b>1 727 525</b>	424 744	<b>1 411 069</b>
<b>Pledged assets . . . . .</b>	1974	1973		
	8 036	8 571		
<b>Contingent liabilities</b>				
Bills discounted . . . . .	48 670	58 161		
Other contingent liabilities . . . . .	50 313	34 902		
		<b>4 927 271</b>		<b>4 309 844</b>

\*) Including subsidiaries as per foot note p. 29.

\*\*) 100 BFRs = 11:20 kr (31/12 1974).



# Profit and loss account

For the year 1974

	1974	1973
	1000 BFrS**)	1000 BFrS
Invoiced sales . . . . .	5 652 093	4 354 142
Cost of goods sold, technical development, sales, administration, etc. . . . .	—4 473 934	—3 422 070
Operating profit	1 178 159	932 072
<b>Depreciation</b>		
Buildings . . . . .	23 992	24 048
Machinery and equipment . . . . .	87 846	68 872
	— 111 838	— 92 920
<b>Financial costs and revenue</b>		
Interest paid to others (excl. group companies) . . . . .	—169 126	—98 376
Interest received from others (excl. group companies) . . . . .	+ 3 659	+ 17 172
Interest received from group companies . . . . .	+ 32 545	+ 16 952
Profit before appropriations and taxes	933 399	774 900
<b>Appropriations</b>		
Extra depreciation on fixed assets . . . . .	— 17 804	— 12 053
Profit before taxes . . . . .	915 595	762 847
<b>Taxes</b> . . . . .	— 369 962	— 338 103
Net profit	***) 545 633	424 744

\*) Including the subsidiary companies:

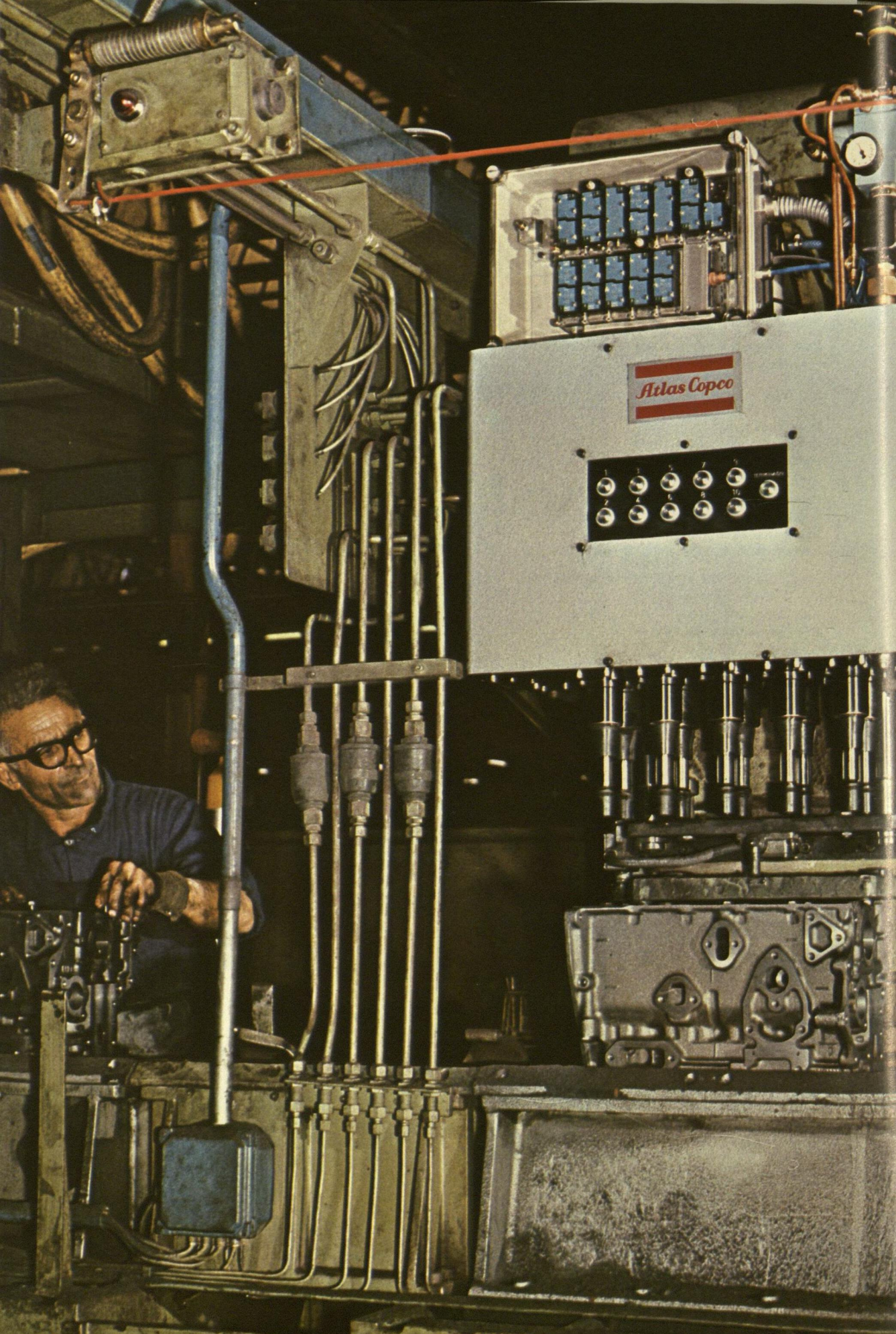
EMAC S.p.A., Turin

Atlas Copco Makinalari Imajet A.S., Istanbul

\*\* ) 100 BFrS = 11:20 Kr (31/12 1974)

\*\*\* ) Net profit for the year US\$ 15 051 945





Atlas Copco

1 2 3 4 5 6 7 8 9 10



# Atlas Copco Tools AB 1974 in revue

## Sales and deliveries

The market situation in 1974 was generally favourable, even though the last months of the year were affected by a slackening in demand in several countries. The year was characterized by a disparate development on the different markets. Certain countries displayed a pronounced stagnation, while others were almost unaffected by the international business climate. The strong increase in the sales of industrial equipment in the earlier months of the year resulted in the final sales figures for the year being well above those forecast.

New emphasis was put on sales promotional measures in the surface treatment sector. The sales increase was fairly evenly distributed among the various product groups, but certain distinct types of product are worth special mention. Thus, multiple nut runners displayed a marked upward swing, as did pneumatic components and the new series of air hoists.

## Production and employment

Production increased strongly at all manufacturing units, so that the higher demand for products could in the main be met. The greater volume of production was made possible by extensive investment in new, highly productive machine tools and equipment, and by a more complete utilization of production resources. Employment increased and two-shift operations occurred to a greater extent than during the previous year.

At Saeby, Denmark, where new workshops were completed during the previous year, the volume of production was almost doubled after investment in new machine tools and the engagement and training of personnel.

Production and employment increased to near maximum level at the rented workshop facilities in Tierp, Sweden.

During the year a decision was made to build a new production unit at Tierp. It will be equipped for the manufacture of rotary industrial tools. Construction is advancing according to plan and

production in the new factory is estimated to begin in the summer of 1975.

At the Masaby Works in Finland, where the manufacture of percussive tools is situated, the workshops have been completed by a new service building, comprising both warm and cold stocks. In addition to reinforcing existing production resources, a further increase in production was made possible by employing rented workshop facilities.

The company acquired in 1974 all the shares in Gematic AB, which manufactures special machines for the engineering industry.

## Product development

After several years of developmental work the programme of impact wrenches was completed by machines equipped with automatic control of the degree of tightening.

Equipment was introduced in the same product range for indicating and registering torque. This equipment, which permits improved torque accuracy when tightening screw fasteners, has found a greatly increased application in the international automobile industry.

The development and introduction of dust collection systems for grinding operations continued with success. A large number of complete installations have been projected.

A new chipping hammer was developed and a device intended to relieve the operator of the tiring manual work in heavy chiselling is currently being tested on the market.

In the surface treatment sector the development of a new type of paint meter was completed. The development of electrostatic painting methods continued and the product assortment was completed by spray guns for both manual and automatic wet painting.

## Results

Invoiced sales amounted in 1974 to Kr 176.7 million (142.1). The profit before appropriations and taxes was Kr 12.2 million (10.5).

The improvement in results can be referred chiefly to the increased volume of invoicing. But the increase in profit has been limited to 16 % due to a poorer net rate of interest and increased depreciations.

Investments in property, buildings, machinery and inventories amounted to Kr 19.2 million (10.2).

*Pneumatics are important for the automobile industry. Here is a wholly automatic multiple unit for tightening frame bearing bolts for passenger car engines at the Chrysler plant in Madrid.*



# Balance sheet

As at 31st December 1974

Assets	1974		1973	
<b>Current assets</b>	tkr		tkr	
Cash in hand and at banks . . . . .	405		1 204	
Accounts receivable from customers . . . . .	1 363		710	
Tax claims . . . . .	526		—	
Advances to group companies . . . . .	20 584		8 056	
Other accounts receivable . . . . .	3 142		3 963	
Inventories . . . . .	84 627	110 647	59 494	73 427
<b>Blocked accounts . . . . .</b>		2 712		1 908
<b>Fixed assets</b>				
Machinery and equipment at cost . . . . .	43 826		34 913	
Land and buildings at cost . . . . .	23 313		21 512	
Installation and plant under construction . . . . .	7 664		—	
Other investments . . . . .	53	74 856	52	56 477
		188 215		131 812
<b>Liabilities</b>				
<b>Short-term liabilities</b>				
Bills payable . . . . .	170		387	
Suppliers . . . . .	16 807		13 471	
Due to group companies . . . . .	3 339		940	
Bank loans . . . . .	4 257		5 289	
Current portion of long-term debts . . . . .	1 506		792	
Provision for taxes . . . . .	80		742	
Other short-term liabilities . . . . .	13 228	39 387	8 188	29 809
<b>Long-term liabilities</b>				
Mortgage and other long-term loans . . . . .	16 464		5 695	
Provision for pensions . . . . .	9 324	25 788	7 772	13 467
<b>Accumulated depreciation on fixed assets . . . . .</b>		39 380		32 869
<b>Inventory reserves . . . . .</b>		39 915		32 090
<b>Investment reserves . . . . .</b>		23 731		4 443
<b>Working environment reserve . . . . .</b>		714		—
<b>Special investment reserve . . . . .</b>		535		—
<b>Capital, reserves and surplus</b>				
Share capital . . . . .	10 000		10 000	
Legal reserves . . . . .	3 485		2 537	
Other reserves, not available for distribution . . . . .	122		124	
Surplus . . . . .	3 291		3 453	
Profit for the year . . . . .	1 867	18 765	3 020	19 134
		188 215		131 812
<b>Pledged assets . . . . .</b>	1974	1973		
	11 136	3 618		
<b>Contingent liabilities . . . . .</b>	1 996	700		
		188 215		131 812

\*) Including subsidiaries as per foot note p. 33.



# Profit and loss account

For the year 1974

	1974	1973
	tkr	tkr
Invoiced sales . . . . .	176 716	142 122
Cost of goods sold, technical development, sales, administration, etc. . . . .	<u>—157 037</u>	<u>—126 327</u>
Operating profit	19 679	15 795
Depreciation		
Buildings . . . . .	823	800
Machinery and equipment . . . . .	<u>5 554</u>	<u>4 026</u>
	— 6 377	— 4 826
Financial costs and revenue		
Interest paid to others (excl. group companies) . . . . .	— 2 208	— 957
Interest received from others (excl. group companies) . . . . .	+ 48	+ 25
Interest received from group companies . . . . .	<u>+ 1 077</u>	<u>+ 499</u>
Profit before appropriations and taxes	12 219	10 536
Appropriations		
Extra depreciation on fixed assets . . . . .	— 523	—
Inventory reserve . . . . .	— 7 839	— 6 357
Working environment reserve . . . . .	— 714	—
Special investment reserve . . . . .	<u>— 535</u>	<u>—</u>
	— 9 611	— 6 357
Profit before taxes . . . . .	2 608	4 179
Taxes . . . . .	— 741	— 1 159
Net profit	<u>**1 867</u>	<u>3 020</u>

\*) Including the subsidiary companies:

OY Atlas Copco AB, Helsinki

Maskinfabriken Pluto A/S, Saeby

\*\*) Net profit for the year US\$ 459 852





*To further strengthen the company's position in the field of pneumatics and hydraulics Monsun-Tison AB was incorporated in 1974 in the Atlas Copco Group as a wholly owned subsidiary. The photograph shows pneumatic*

*cylinders ready for delivery at Monsun-Tison's Borås plant. The pneumatic cylinders are primarily employed in automating various operations in the engineering industry.*





*Atlas Copco has contributed to the technology of lake restoration with both research and equipment. In Lake Caldonazzo in northern Italy six Limno units were recently installed. They will reoxygenate the polluted water by*

*means of compressed air and thus restore the natural biological balance.*





A photograph from the Annual General Meeting, 1974, at the Grand Hotel, Stockholm. Participants had an opportunity to express their gratitude to Dr. Marcus Wallenberg who left the Board after 46 years, of which 40 were as Chairman.

Mr. Peter Wallenberg, Chairman of the Board, who assumed his position at the 1974 Annual General Meeting.

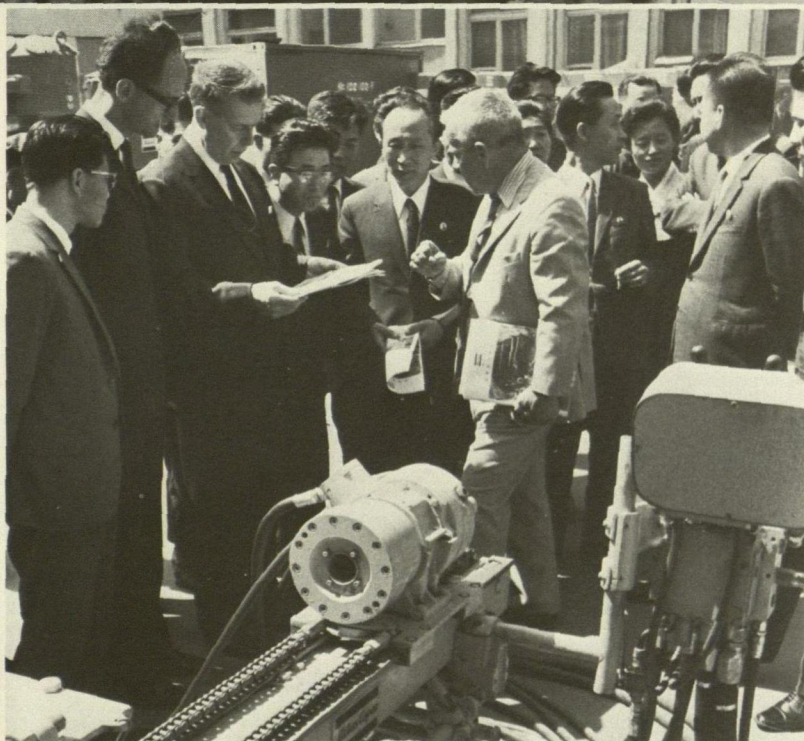
Drill rig Boomer S121 was one of the products which won the Association of Swedish Industrial Designers' prize in 1974. In front of the rig are the chief designer Rune Zernell (left) and the then Man. Dir. of Atlas Copco MCT AB, Mr. Bo Gyllenberg.





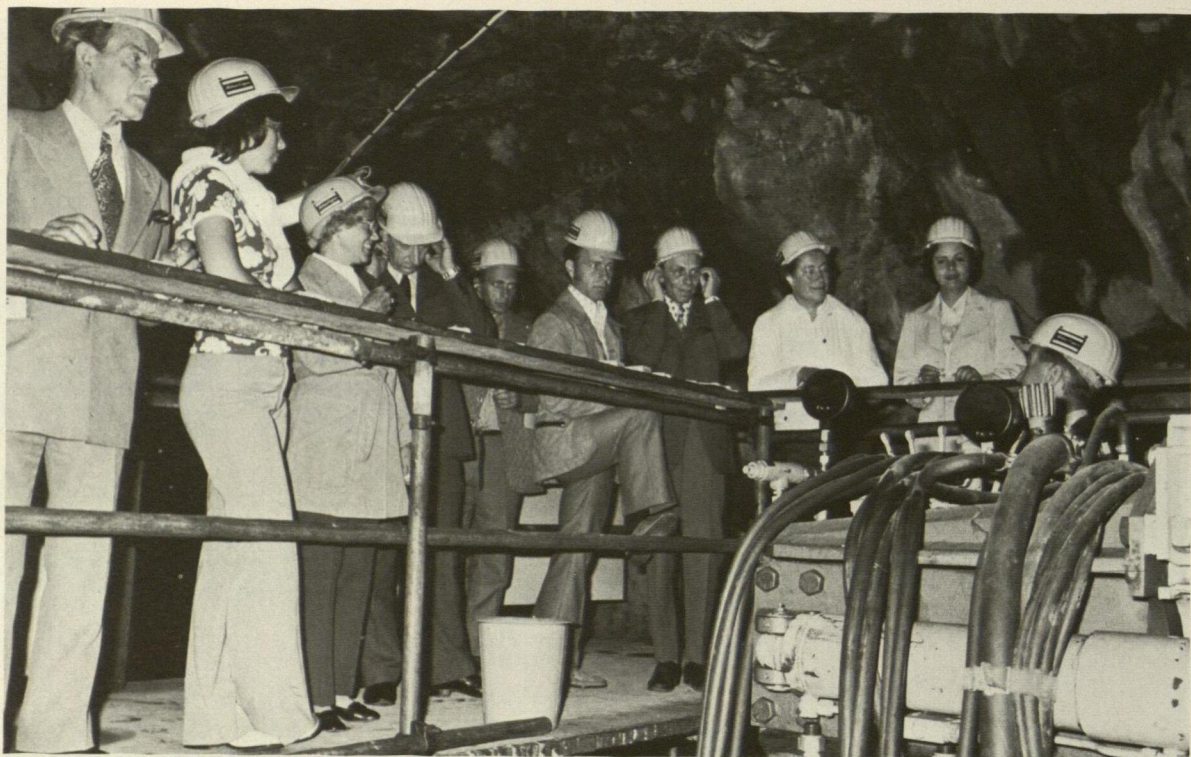


The Managing Directors of the Group, with Erik Johnsson at their head, gathered for a "top meeting" in conjunction with the Annual General Meeting.



Mr. Olle Lindberg and Mr. Gunnar Rydebrandt provide information on a Diamec core drill at an exhibition in Pyongyang in North Korea. Atlas Copco signed its largest contract thus far, for more than Kr 200 million, with the Democratic People's Republic of Korea.





As of past year employees have the possibility of making contact-promoting trips within the Group. Seen here are personnel from the Norwegian subsidiary on a study visit to the test mine in Nacka.



The American ambassador to Sweden, Mr. Robert Strausz-Hupé, had the opportunity on his visit to the company to study rock drilling techniques in the test mine. From the left Man. Dir. Erik Johnsson, and the three Deputy Managing Directors Bengt Andersson, Einar Liwendahl, Göran Lundborg.





Swedish Commander-in-Chief Stig Synnergren on a visit to EXPO discusses with (from the left) Mr. Erik Johnsson, Mr. Börje Nilsson and the Man. Dir. of the Swedish sales company, Mr. Gunnar Widegren.

The Peruvian Minister of Power, Major General Jorge Fernandez Maldonado, who opened the 8th World Mining Congress in Peru, also called on the Atlas Copco pavilion.

The 1974 winners of the Atlas Copco Mining Bursary were Mr. Richard Skelton, Zambia, (left) and Mr. Simon Olinze, Nigeria.







Technical and trade journalists from 14 countries participated in a visit sponsored by the parent company to the Ritsem hydro-electric power project north of the Arctic Circle in Sweden.



The communications officers of the Group met in Stockholm in June for a three-day conference, called the C74.

Atlas Copco New Zealand was the first company in the country to receive an award from the head of the national broadcasting company for efforts in the field of noise suppression. Man. Dir. Colin Read (left) and NZBC head, Mr. E. G. Rowell.



Atlas Copco has been manufacturing air powered grinders since the beginning of the century. With time the designs have become more and more advanced. This recently introduced LSS surface grinder is among the most efficient on the market.

**Back cover:**  
In recent years Atlas Copco has worked with hydraulics parallel to pneumatics. In certain cases hydraulics offer advantages such as higher output and a lower sound level. One of the results of these efforts is this fully hydraulic drill

rig Boomer H132, which features not only hydraulic booms but also rock drills with hydraulic impact mechanisms. This rig in the Niccioleta mine in Tuscany was the first delivered to Italy.









*Atlas Copco*