Atlas Copco AB 1975

The Board of Directors of Atlas Copco AB. From the left, seated: Jan Hellner, Kurt-Allan Belfrage, Peter Wallenberg, Henry N Sporborg, Erik Johnsson. Standing: Bo Henning, Sture Ödner, Tom Wachtmeister, P-E Nyholm, Axel Iveroth.

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

Axel Iveroth

Erik Johnsson

Sture Ödner

Tom Wachtmeister
Man. Dir.

Employee Representatives

Bo Henning

P-E Nyholm

Group Management Committee

Tom Wachtmeister
Man. Dir.

Bengt Andersson
Dep. Man. Dir.
Finance, Admin., Personnel

Einar Liwendahl
Dep. Man. Dir.
Market Operations

Göran Lundborg
Dep. Man. Dir.
Manufacturing and Technical Operations

Sven-Ingvar Svensson
Marketing Dir.

Bo Gyllenberg
Production Dir.

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

Associate Directors

Anders Björk

Lennart Friberg

Hans Johnsson

Rolf Lahnhagen

Olle Lindberg

Nils Starfelt

Special Advisers

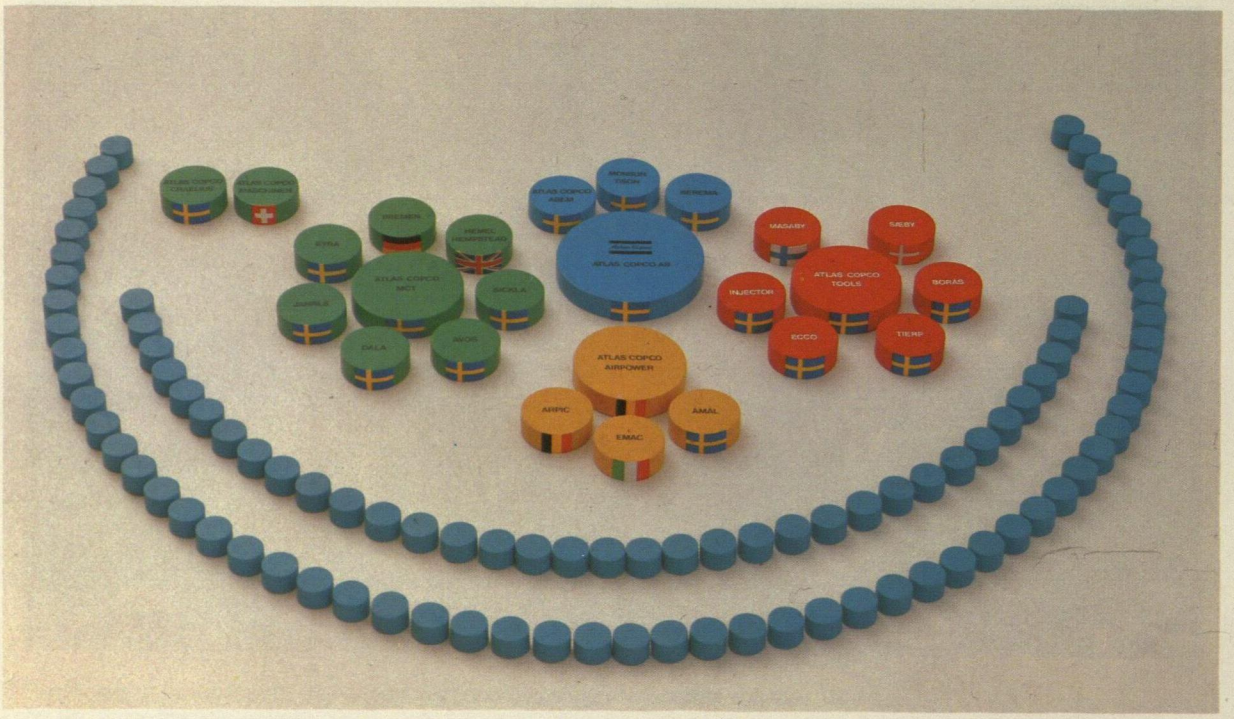
Olof Landenius

Stig Unger

Front cover:
Streetwork at night in noise-sensitive surroundings calls for special equipment. Atlas Copco are well ahead in this respect with the new super-silenced screw compressor and the silenced and recoil-damped paving breaker.

Atlas Copco AB
Annual Report 1975

Contents



The Group organization with the parent company in the centre, surrounded by the three product companies MCT, Airpower and Tools. The chains of small discs symbolize the marketing organization.

The Atlas Copco Group Organization

Atlas Copco AB
The Group's parent company has central departments for research, technology, manufacturing, marketing, finance, personnel, material management and communications. ABEM, Monsun-Tison and Berema with their own product programs are directly accountable to Atlas Copco AB.

Atlas Copco MCT AB
Atlas Copco MCT AB (Mining and Construction Technique), with its manufacturing units, is specialized on products for mining and construction. The product range includes pneumatic and hydraulic rock-drilling equipment, loaders, pneumatic breakers, pumps and air line accessories. The company also markets Sandvik Coromant drill steels and bits.

Atlas Copco Craelius AB with subsidiaries, manufactures and markets equipment for prospecting and diamond drilling including diamond bits.

Atlas Copco Maschinen AG develops and markets full-face tunnelling machines.

Atlas Copco Airpower N.V.
Atlas Copco Airpower N.V., with its production units, manufactures and markets portable and stationary piston and screw compressors and installation equipment including aftercoolers and airdryers. The product range also includes pneumatic oil barriers and lake restoration systems.

Atlas Copco Tools AB
Atlas Copco Tools AB, with its production units, manufactures and markets compressed air equipment for the engineering industry, e.g. drills, grinders, assembly tools and riveting and chipping hammers. The product range also includes air motors, hoists, pneumatic components and systems, finishing equipment and air line accessories.

The marketing organization
The Atlas Copco Group is represented by its own sales companies in some 40 countries. These companies have their own sales and service organization on their respective markets and, in some cases, manufacturing.
The Group is represented in another 85 countries through two separate sales departments within the parent company: The Distributors' Sales Department and the Eastern Sales Department, which market through agents or direct to the customer.

Europe's biggest hydro-electric storage plant is being built at Bajina Básta, Yugoslavia. The project includes an artificial lake, located on top of the Tara mountain, and connected via a tunnel with lake Bajina Básta.

Between the two lakes, having a difference in level of approx. 800 m, an 11-kilometre road is being built using Atlas Copco equipment—here a PR 700 screw compressor and a crawler drill rig ROC 601.

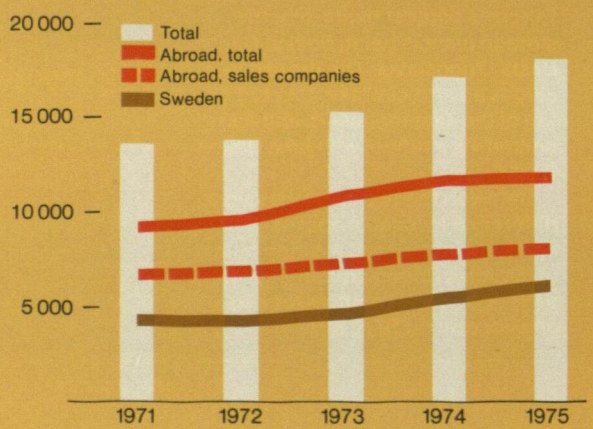
The Atlas Copco Group
Five years in summary

	1975	1974	1973	1972	1971
Invoiced sales, mill.Kr.	3385	2949	2213	1849	1696
Increase (%)	14.8	33.3	19.7	9.0	10.0
Profit before appropriations and taxes, mill.Kr.	423	366	273	190	171
in % of invoiced sales	12.5	12.4	12.3	10.3	10.1
Return on total assets (%) [1]	16.8	18.0	16.8	12.8	12.5
Adjusted profit after taxes, mill.Kr. [2]	212	183	137	95	86
Return on equity (%) [3]	17.7	17.6	15.5	12.2	12.2
Earnings per share, Kr. [4]	20.43	17.68	13.62	9.50	8.52
Total assets, mill.Kr. [5]	3569	2864	2302	1953	1888
Solidity (%) [6]	35.2	39.4	41.3	41.6	39.6
Investment in fixed assets, mill.Kr.	174	142	93	60	69
Number of employees	18236	17392	15473	13881	13706
Dividend per share, Kr. [4]	6.00[7]	5.50	4.13	3.31	2.75
Stock market price, Kr. [4] high	196	200	135	135	121
low	138	107	95	113	86

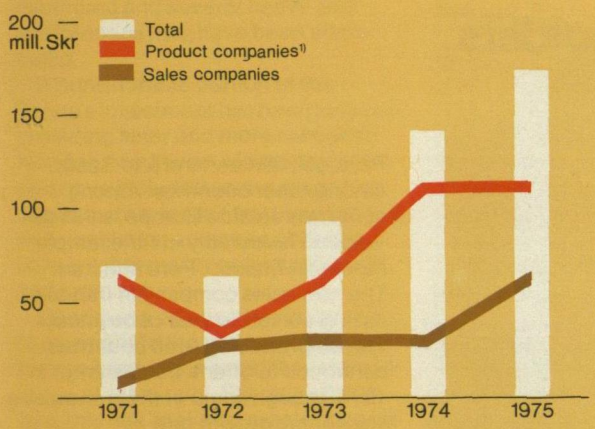
[1] *Profit before appropriations, taxes and interest paid in % of the year average of total assets as defined in footnote 5.*
[2] *After deduction for a calculated tax (50%).*
[3] *Equity is defined as net worth and reserves — after deduction for future tax liability.*
[4] *Adjusted for new issues for cash 1971 and 1974 and bonus issue 1971 and 1973.*
[5] *Fixed assets are included at book value (i.e. fixed assets at cost less accumulated depreciation).*
[6] *Equity as defined in footnote 3 in % of total assets as defined in footnote 5.*
[7] *Board of directors' proposal.*

Invoiced sales and orders received

Number of employees

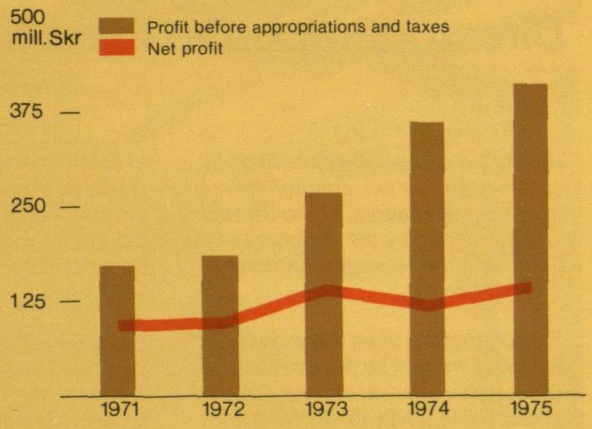


Investment in fixed assets

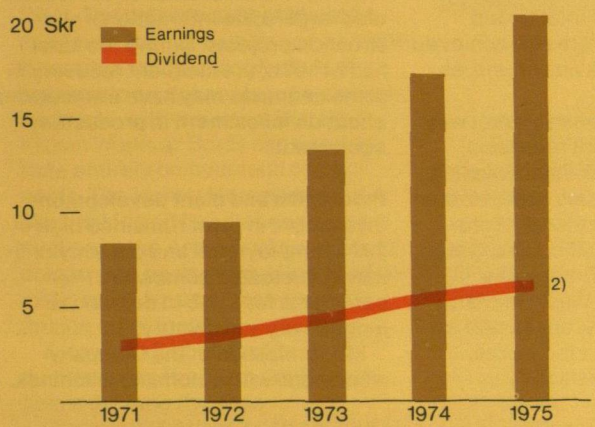


1) Including the parent company.

Profit before appropriations and taxes/net profit

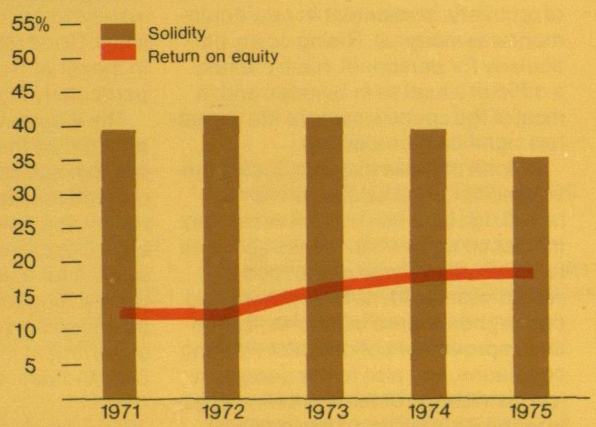


Earnings and dividend per share[1)]



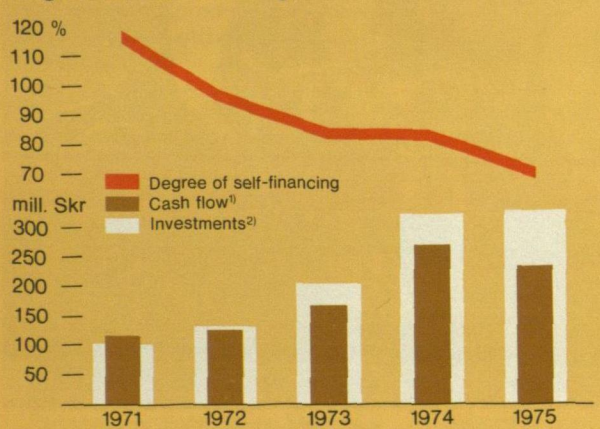
1) As defined on page 4.
2) 1975 as proposed by the Board of Directors.

Solidity and return on equity[1)]



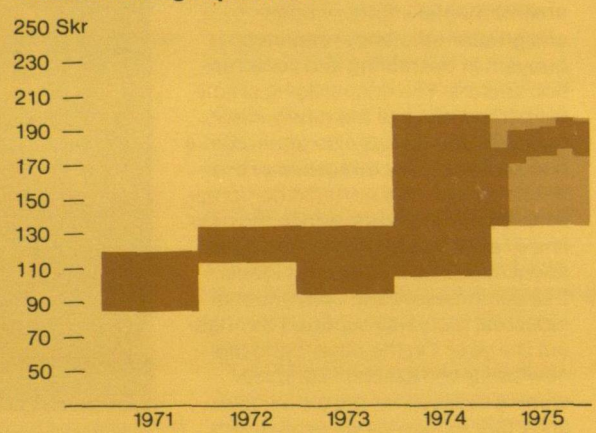
1) As defined on page 4, footnotes 5 and 6.

Degree of self-financing



1) According to funds statement, page 16.
2) Investments in fixed assets, inventories and current receivables *less increase in short-term liabilities.*

Stock exchange quotation[1)]



1) Adjusted for bonus issue 1973 and new issue for cash 1974.

Atlas Copco AB
Directors' report to the shareholders

This report on company activities in 1975 is a translation, adapted for international readers, of the Swedish original signed by the members of the Board and the Managing Director of Atlas Copco AB.

Throughout the year, the world economy was marked by the deepest recession in post-war history. Metal prices fell in time with demand and investments in the mining industry diminished accordingly. Industrial capacity utilization was low—in some cases very low—in all leading industrial nations so that, even in those few countries where there were faint signs of recovery, investment in new equipment was marginal. Rising costs, particularly for personnel, have created a difficult situation in Sweden and in most of the countries where the Group has significant production.

In spite of these circumstances, the volume of Group sales was maintained. In some markets sales actually increased somewhat, thanks above all to the product range developed in recent years, with its heavy emphasis on a higher degree of mechanization and improvement of operator working conditions, and also to the geographical distribution of the marketing organization. This diffusion has made it possible to counterbalance the decline in the volume of orders received in some of the traditional markets.

Demand for such heavy, highly mechanized equipment offering both environmental improvements and greater efficiency remained buoyant in the mining and construction sectors. The encouraging practical performance of the newly introduced hydraulic rigs also generated a heavy demand for this group of products. Demand for portable compressors recovered, much due to the new line of such machines introduced at about mid-year. Demand for industrial compressors and conventional industrial tools was subdued throughout the year. On the other hand the new advanced assembly and machining systems for the automotive and other industries were given a good reception, as were the new lines of finishing equipment, which represent a new step forward in the improvement of operator working conditions.

Sales by the Atlas Copco Group for 1975 totalled Kr 3 385 million (2 949), or US$ 771.1 million. Orders received totalled Kr 3 186 million (3 358), or US$725.7 million. These figures include the last quarter's figures for the Berema Group, in which Atlas Copco acquired a majority holding on 30th September 1975.

Sales in Sweden developed favourably during the year, confirming the position of Sweden as the Group's largest national market, with approximately 10 per cent of total Group sales. Good results were also achieved in the other Scandinavian countries, particularly Norway.

The Western European market was affected by the current recession, and in some countries the increasing protectionist tendencies noted during recent years were further accentuated. Despite these difficulties, Group sales in for example France, the United Kingdom and West Germany developed favourably, due in part to government incentive measures. Demand was less satisfactory in Portugal, Switzerland and Spain, among other countries. Among countries outside Europe, sales developed favourably in for example Morocco, Mexico, Peru and Iran. The new sales company in Iran had its first complete year of business. The oil-producing Arab countries continued to offer a good market in 1975, though some of them showed a slackening growth rate.

During 1976 general economic growth is expected to remain weak in most of the main purchasing countries, but greater activity is to be hoped for in certain areas of manufacturing industry and in connection with scheduled large-scale international construction projects. During the latter half of 1976, the incipient recovery in some countries may have a stimulating effect on investment in production equipment.

Production and plant development

Investment in plant remained high in 1975. Employment and capacity utilization fluctuated somewhat. Preparedness for a rise in demand is judged very satisfactory.

Modernization of the Company workshops with automatic machines,

Tom Wachtmeister (right) was appointed at the Annual General Meeting on 15th April to succeed Erik Johnsson as Group Managing Director.

mainly numerically controlled, has continued and several heavy and monotonous jobs have been eliminated.

A considerable portion of the Group's investment has been aimed at providing safer and more congenial working conditions. Measures to this end have included sound absorption of productive areas, improved lighting and ventilation and more attractive colour schemes for both machinery and premises.

Continuing efforts have been made to co-ordinate the various production units and thus avoid the fragmentation of resources. For many facilities, this has implied a greater degree of product specialization. Airpower's new factory in Sweden, the Åmål Works, has taken over the manufacture of small compressors from the Ecco Works at Skara, leaving the latter free to concentrate on hand tools. The enlargement of the Monsun-Tison plant at Falköping has made it possible for the manufacture of pneumatic components to be centralized here, with the result that the Viskan Works at Borås can concentrate entirely on hydraulic components. The Hemel Hempstead plant has transferred its compressor production to the Arpic Works so as to be able to step up its production of pneumatic breakers and down-the-hole drilling equipment.

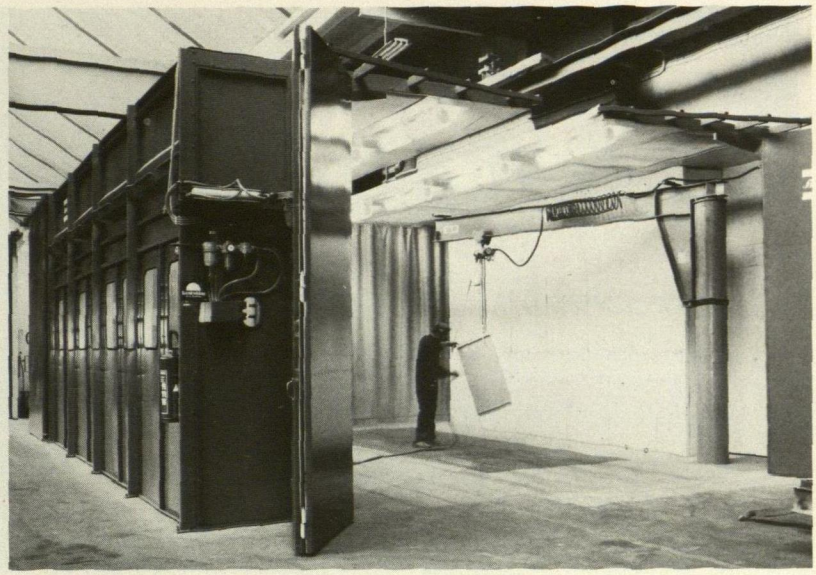
A new production facility for industrial tools, the Tierp Works, was opened during the year.

During 1975 Atlas Copco acquired a majority holding in Berema AB, which has its head office at Solna and workshops at Kalmar, Gävle and Bräcke, all in Sweden. This acquisition raised Atlas Copco's personnel strength by 400. Berema's production resources fit in very well with Atlas Copco's structure.

During 1975, Atlas Copco Andina made its first deliveries of compressors and rock drilling equipment to the Andean market.

New production facilities were completed in Sao Paulo in December 1975, and as a first step, production of rock drills was transferred there from the old plant. The transfer was accomplished without any loss of output, and practically the entire personnel accompanied the firm to its new factory.

In Mexico, Atlas Copco Manufacturera S.A. de C.V. completed an enlargement of its workshop and office premises. The additional resources will be applied to the production of light rock drills for the Mexican market.



The Sickla Works paint shop acquired a new spray booth with effective paint dust evacuation through the floor. The new installation can cope with large units and has improved the working environment.

Investments by the sales companies in marketing and in service facilities have to a large extent proceeded according to plan.

Within the Swedish sales company, the Gothenburg facilities have been enlarged and a new site has been purchased for the Malmö region.

The Norwegian sales company has started to build its central office and service facilities at Ski, about 20 km from Oslo.

In the Netherlands a new warehouse is being erected for the central facilities in Zwijndrecht, and new compressed air centres have been put into operation in Luxemburg and in Ghent, Belgium.

The French sales company has embarked on the renewal and modernization of district facilities. During the year, new regional facilities were opened at Melun, south of Paris and supplementary land purchases have been made to add to this site.

Central facilities are being built at Studen, Switzerland, and a new compressed air centre has been completed in Oporto, Portugal.

Sites for new facilities were purchased at several more places during the year, and expansion plans are being put into effect. Oviedo and La Coruña, Spain, Rizal in the Philippines and Lima in Peru are among the places where new facilities are planned or in the process of erection.

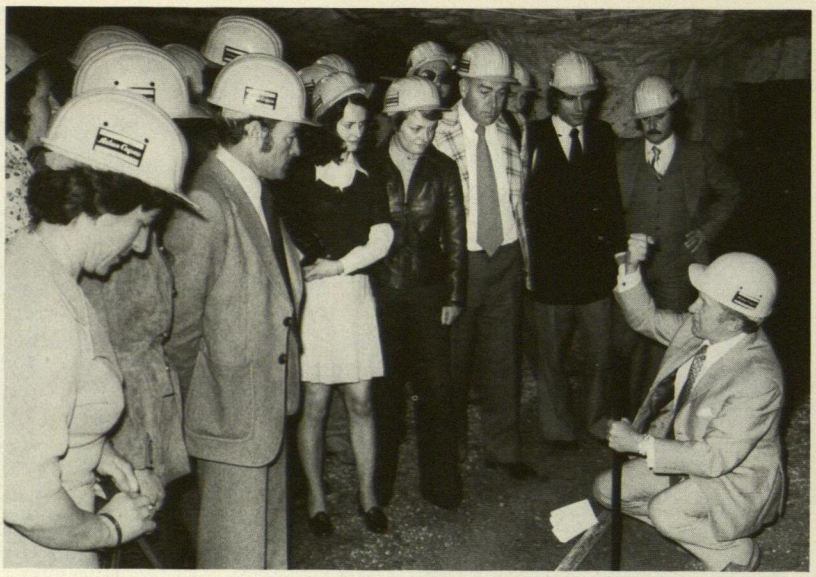
Research and development

Research and development expenditure by the Atlas Copco Group in 1975 totalled more than Kr 100 million, or approx. US$23 million. This expenditure was divided between product development—primarily the responsibility of the product companies—and long-term research at the Group's laboratories.

Studies here include conventional mechanical rock drilling and mining techniques and various unconventional processes.

In response to demands for closer checks on screw joints of different kinds, particularly in the automotive industry, the central laboratory has developed a new electronic measuring and monitoring system for multiple nutrunners.

There has been a great deal of international activity during the past year in the standardization department, due among other things to the



"Contact travellers" from Atlas Copco France. The Nacka test mine was one of the items on their visiting program.

compilation by the EEC Commission and the US Environment Protection Agency of noise regulations for compressors, pneumatic breakers and other contractor's machinery. Efforts are being made in this connection to implement the ISO standard which Atlas Copco has helped draw up. In the long term, international standardization in these matters can mean a great deal of simplification and economies for users of pneumatic equipment all over the world.

Atlas Copco contributes to a better working environment by vibration damping of products, and has taken an active part in the setting of international standards for measuring vibrations.

Personnel

During the year the Group's personnel strength rose by 844 to 18 236. The newly acquired units Berema AB, Atlas Copco Airpower AB (Åmål), the Eyra Works and Atlas Copco Venezuela S.A. accounted for 617 of the increased total.

		Sweden	Abroad	Total
Industrial employees	1974	3 062	5 211	8 273
	1975	3 390	5 179	8 569
Office staff	1974	2 601	6 518	9 119
	1975	2 940	6 727	9 667
Total	1974	5 663	11 729	17 392
	1975	6 330	11 906	18 236

Personnel training at all levels has been given high priority. The central training department embarked on a new analysis of training needs at home and abroad, and an extensive survey was made of the special requirements of the service sector. Advanced training was provided for parent company personnel in such fields as financial planning, industrial marketing, data processing and reporting and communications techniques. To these activities were added the traditional language courses which are open to all personnel in the Stockholm area.

Safety committee work, aimed among other things at operator working conditions, has been intensified in recent years, and constant improvements have been made to the regular health checks. Despite these and other measures in the health sector, absenteeism on grounds of sickness continues to rise in a manner which gives cause for concern. This applies above all to the Swedish units. In the Stockholm area, for instance, absenteeism among industrial employees on grounds of sickness averaged 27.5 working days per employee.

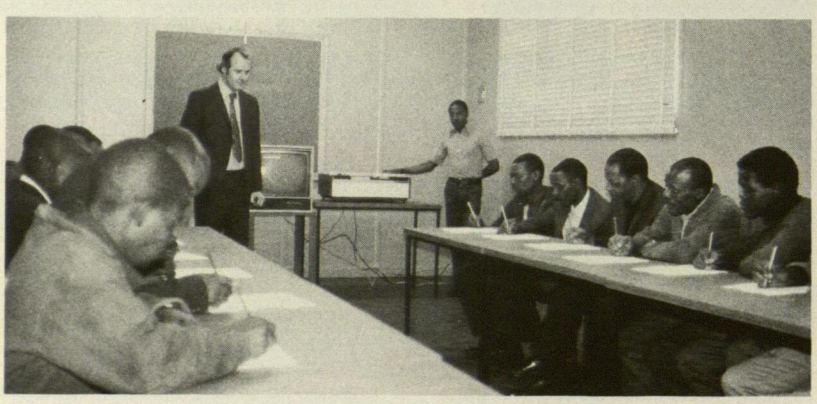
For several years now, funds have been allocated by the Company towards leisure activities among employees in Sweden. The year's appropriation of Kr 437 700 was divided between a variety of sporting, cultural and trade union associations.

Also in 1975, the Board allocated Kr 1.1 million, or US$0,25 million to be put at the disposal of company personnel for travel to promote contacts with Atlas Copco companies in other countries. Altogether 567 employees visited other Group companies under this program.

Investments

Group investments in fixed assets totalled Kr 174.0 million (142.0), or US$39.6 million. The product companies and parent company accounted for Kr 112.3 million (111.3) of this amount. Corresponding investments in the sales companies totalled Kr 61.7 million (30.7).

Share capital increases were effected by means of new issues in the USA, France, Switzerland and Bolivia.



Arithmetics training for personnel in South Africa.

Liquidity and finance
Working capital requirements have increased, due above all to inventories having risen by a total of Kr 408.6 million (326.0), or US$93.1 million.

Most of this inventory accumulation took place within the product companies. Short-term receivables, mainly comprising notes receivable and accounts receivable from customers, rose by Kr 78.2 million (133.3), or US$17.8 million, i.e. slightly less rapidly than invoicing. Consequently the average credit term has declined in comparison with the previous year. Cash in hand and at banks increased by Kr 83.3 million (16.6), or US$19.0 million.

Funds generated internally accounted for Kr 233.2 million (269.7), or US$53.1 million of Group finance. This reduction was due to the payment of investment and working environment reserves totalling Kr 40.9 million into a blocked account with Sveriges Riksbank. This money was derived from appropriations made in the accounts for 1974. Externally generated funds totalled Kr 506.7 million (364.6), or US$115.4 million. The parent company accounted for the bulk of long-term borrowing, which rose by Kr 183.8 million (US$41.9 million). Current liabilities rose by Kr 322.9 million (US$73.6 million). Most borrowing operations during the year were conducted outside Sweden.

A debenture loan of SFrs 80 million was floated in the Swiss market in January of 1976. This loan, which matures in 15 years, carries 7 3/4 % interest.

With a view to anticipated investment requirements and the need for additional working capital for inventories and accounts receivable, and also with a view to maintaining the balance between internal and external capital, an extraordinary general meeting on 16th February 1976 resolved to increase the share capital of the parent company by a new issue whereby Kr 103.5 million (US$23.6 million) will be added to Group capital.

Group results
Group invoicing amounted to Kr 3 385 million (US$771.1 million), an increase of Kr 436 million (US$99.3 million) or approximately 15 per cent.

The operating profit for 1975, Kr 584 million (US$133 million), was approximately 17 per cent higher than for the previous year. Rising costs have been offset by price increases and by a continuing rise in productivity within manufacturing and marketing facilities.

The balance of interest paid and interest and dividends received, amounted to Kr 85.7 million (71.5), or US$19.5 million. This decline was mainly due to the rise in borrowing by the parent company.

The Group result before appropriations and taxes amounted to Kr 422.9 (366.0), or US$96.3 million, an increase of approximately 16 per cent compared with the preceding year.

Profit and loss account of the parent company
Invoiced sales by the parent company in 1975 totalled Kr 467.4 million (347.6), or US$106.5 million.

This figure refers to sales to markets where the Group is not represented by sales companies of its own. Deliveries to North Korea accounted for a large portion of the increase.

Operating costs were Kr 17.5 million (US$4.0 million) higher than for the previous year and include pension and social security costs amounting to Kr 18.6 million (12.0), or US$4.2 million.

Due to increased borrowing, net financial costs have risen by Kr 10.0 million (US$2.28 million). The entry "Dividends received" refers mainly to the company's share of profits from the Swedish Lamco Syndicate.

Profit after taxes improved by Kr 11.4 million to Kr 68.6 million (US$15.6 million).

Balance sheet of the parent company
Inventories have risen by Kr 33.3 million to Kr 76.1 million (US$17.3 million), due to the working up of finished products for the final Korea consignment, due to be shipped in March 1976.

Share-holdings in subsidiaries rose from Kr 266.3 to 323.2 million (US$ 73.6 million) or by Kr 56.9 million (US$13.0 million). Kr 21.0 million of this increase stem from the above mentioned acquisition of shares in Berema AB.

Long-term promissory notes increased by Kr 123.5 million (US$28.1 million). Loans amounting to SFrs 90 million were negotiated through the intermediary of Swiss banks. These loans are repayable in full in 1980. As a result of the loans, cash at banks rose by Kr 87.5 million (US$19.9 million). A short-term loan of SFrs 15 million at par value was also raised.

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 686, as against 629 the previous year.

During the year Kr 2 146 916 (US$ 489 047) were paid to the Board of Directors, the Managing Director and other senior management, while Kr 45 116 696 (US$10 277 151) were paid to other staff.

New issue
An extraordinary general meeting on 16th February 1976 resolved in favour of a new issue of 2 069 550 shares at a rate of Kr 50 per share, with preferential rights for the company's shareholders to subscribe one new share for every five shares held. The new issue thus proposed will raise the company's share capital from Kr 258 693 750 to Kr 310 432 500 (US$ 70.7 million). The legal reserve fund will simultaneously be increased by Kr 51 738 750 to Kr 153 888 750 (US$ 35.0 million).

Appropriation of profits
Further details concerning 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 29 356 244
to which should be added the net profit for the year Kr 68 590 788*
Kr 97 947 032

The Board of Directors and the Managing Director propose that the unappropriated earnings be applied as follows:
in paying shareholders a dividend of Kr 6 per share Kr 62 086 500
leaving a balance to be carried forward of Kr 35 860 532
Kr 97 947 032

* Net profit for the year US$15 624 500.

Balance sheet

At 31st December 1975

Assets

	1975 t.Kr		1974 t.Kr	
Current assets				
Cash in hand and at banks	219 655		132 183	
Notes receivable	47 311		49 376	
Accounts receivable from customers	89 481		99 227	
Estimated tax claim	—		2 939	
Advances to subsidiaries (less amounts due t. Kr 123 416 and t. Kr 121 854)	1 543		13 263	
Other accounts receivable	21 427		22 214	
Inventories	76 117	**455 534**	42 775	**361 977**
Blocked account with Sveriges Riksbank				
Working environment account	18 405		—	
Special investment account	13 803	**32 208**	—	—
Shares and long-term receivables				
Shares in other companies	6 116		6 344	
Shares in subsidiaries	323 194		266 280	
Long-term receivables	66 962	**396 272**	61 405	**334 029**
Fixed assets (*note 1*)				
Machinery and equipment	30 185		26 631	
Office and industrial properties	98 236		94 088	
Housing properties	1 761		1 667	
Fixed assets under construction	3 711	**133 893**	1 371	**123 757**
		1 017 907		**819 763**
Pledged Assets (*note 2*)		48 601		48 730

Notes

Loans to shareholders and others
The company has the following claims arising out of financial loans and contingent liabilities which are notifiable in the Directors' Report under the Company Act.

	Loans	*Contingencies*
Board members and deputy board members of subsidiaries	2 t. Kr	48 t.Kr
Managing directors and board members of subsidiaries	75 t.Kr	—
	77 t.Kr	48 t.Kr

The above-mentioned loans and contingent liabilities predate the entry into force of the law restricting the right of companies to advance loans to shareholders etc.

Note 1 Fixed assets
(mill. Kr)

	Machinery and equipment	
	1975	*1974*
Cost value	30.2	26.6
Accumulated depreciation	25.4	23.7
Book value	4.8	2.9
Fire insurance value	36.4	31.1

	Industrial properties		*Housing properties*	
	1975	*1974*	*1975*	*1974*
Cost value	78.2	74.1	1.8	1.7
Revaluation in connection with 1973 issue	20.0	20.0	—	—
Accumulated depreciation	27.6	25.8	0.5	0.6
Book value	70.6	68.3	1.3	1.1
Assessment value	99.8	74.4	1.7	1.4
Fire insurance value	164.0	147.6	6.5	5.8

Note 2 Pledged assets and contingent liabilities
Total pledged assets include mortgaged properties amounting to Kr 30.3 million (30.4) and trade mortgages amounting to 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$15.1 million and SFrs 47.7 million. By the terms of the agreement, Atlas Copco's share is US$4.8 million and SFrs 15.3 million.

Note 3 Promissory notes
During 1975 the company contracted two long-term and one short-term foreign loans, the latter being for SFrs 15 million. These loans have been converted at the highest exchange rate applying at the date of acquisition and at the date of the balance sheet.

	1975	*1974*
9½% SFrs 40 mill.	66.4	—
8% SFrs 50 mill.	83.1	—
Other Swedish long-term loans	26.1	52.1
	175.6	52.1

Note 4 Provision for pensions
The total pension obligations amount to Kr 47.5 million (41.6), including obligations totalling Kr 38.2 (32.2) for supplementary pension plans.

Liabilities

	1975 t. Kr		1974 t. Kr	
Current liabilities				
Suppliers	2 341		8 921	
Promissory notes (note 3)	24 900		—	
Current portion of long-term debts	25 197		20 450	
Employees' preliminary taxes	3 595		2 728	
Provision for taxes	3 838		—	
Other accounts payable	37 528	**97 399**	19 970	**52 069**
Long-term liabilities				
Promissory notes (note 3)	175 552		52 080	
Mortgage loans	114		240	
4¾% Bond loan, 1963	6 870		7 680	
5½% Debenture loan, 1963	4 590		6 710	
7½% Debenture loan, 1967	18 604		20 998	
9½% US$ Bond loan, 1970	65 697		70 870	
Provision for pensions (note 4)	47 466	**318 893**	41 624	**200 202**
Accumulated depreciation on fixed assets (*note 1*)		**53 511**		**50 066**
General inventory reserve		**44 605**		**25 605**
Working environment reserve		**18 405**		**18 405**
Special investment reserve		**13 803**		**13 803**
Capital, reserves and surplus				
Share capital	258 694		258 694	
Legal reserve	102 150		102 150	
	360 844		360 844	
Contingency fund	12 500		12 500	
Surplus				
Profit brought forward	86 269		70 460	
Less: dividend	56 913		41 391	
	29 356		29 069	
Profit for the year	68 591		57 200	
	97 947	**471 291**	86 269	**459 613**
		1 017 907		**819 763**
Contingent liabilities (*note 2*)				
Other contingent liabilities		338 619		235 138
Notes discounted		10 503		7 047

Profit and loss account

For the year 1975

	1975 t.Kr		1974 t.Kr	
Operating revenue				
Operating profit incl. commissions etc. from subsidiaries	182014		148472	
Interest received from subsidiaries	7996		5522	
Interest paid to subsidiaries	− 7178		− 5865	
Dividends received from subsidiaries	51805		47015	
Other costs and revenue	− 19421	**215216**	− 2317	**192827**
Cost of technical development, sales, administration, etc. (of which general administrative costs t.Kr 33844 and t.Kr 24640)		**− 94443**		**− 76949**
Balance		**120773**		**115878**
Depreciation				
Buildings	1808		1605	
Machinery and equipment	1750	**− 3558**	1497	**− 3102**
Financial charges and other income				
Interest expense (excl. subsidiaries)	− 41685		− 27551	
Interest income (excl. subsidiaries)	+ 20607		+ 16838	
Dividends received (excl. subsidiaries)	+ 4454	**− 16624**	+ 4085	**− 6628**
Profit before appropriations and taxes		**100591**		**106148**
Appropriations				
General inventory reserve	− 19000		− 14140	
Working environment reserve	—		− 18405	
Special investment reserve	—	**− 19000**	− 13803	**− 46348**
Profit before taxes		**81591**		**59800**
Taxes		**− 13000**		**− 2600**
Net profit		***)68591**		**57200**

*) Net profit for the year US$15 624 500.

Shares and participating rights

At 31st December 1975

Subsidiaries	Number of shares/ part. rts	Par value per share/ part. rt		Book value t.Kr
Atlas Copco MCT AB, Nacka	300000	SKr	100	30000
Atlas Copco Svenska Försäljnings AB, Nacka	150000	SKr	100	15000
AB Sicklahus, Nacka	2000	SKr	100	200
Atlas Copco Tools AB, Stockholm	100000	SKr	100	10000
Atlas Copco ABEM AB, Stockholm	15000	SKr	100	1500
Monsun-Tison AB, Borås	70000	SKr	100	25900
Berema AB, Solna	2173	SKr	1000	21000
Atlas Copco Airpower N.V. Antwerp	59500	no par value		60000
Atlas Copco Belgium S.A. Overijse	49994	BFrs	1000	5000
Atlas Copco (Cyprus) Ltd., Nicosia	99998	£	1	650
Atlas Copco A/S, Copenhagen	11997	DKr	1000	6880
Atlas Copco UK Holdings Ltd., Hemel Hempstead	1000000	£	1	11340
Atlas Copco France S.A., Franconville	59960	Frs	500	25020
Atlas Copco Nederland b.v., Zwijndrecht	5000	Hfl.	1000	6720
Atlas Copco Italia S.p.A., Milan	269978	Lire	10000	15150
Atlas Copco A/S, Oslo	1198	NKr	10000	3960
Atlas Copco Notz A.G., Biel	7600	SFrs	1000	11070
Institut CERAC S.A., Ecublens	1995	SFrs	1000	2400
Atlas Copco S.A.E., Madrid	197000	Ptas	500	3650
Atlas Copco Deutschland G.m.b.H., Essen	4	no par value		19800
Atlas Copco G.m.b.H., Vienna	19990	AS	1000	2670
Atlas Copco Inc., Wayne, New Jersey	1400	no par value		34520
Delfos & Atlas Copco (Pty) Ltd., Benoni	650640	R	0.5	3000
Atlas Copco Paulista Ltda., Sao Paulo	90499982	no par value		7050
Atlas Copco Andina S.A., La Paz	3000	Pesos	1000	624
Atlas Copco Venezuela S.A., Caracas	99	BS	1000	90
Atlas Copco Iran AB, Stockholm	50	SKr	100	—
Atlas Copco Hellas A.E. Athens	4480	Drs	10000	—
Soc. Atlas Copco de Portugal Lda., Lisbon	1	no par value		—
Atlas Copco Industrial S.A. Madrid	95	Ptas	10000	—
Copco Nueva Montana S.A. Santander	29999	Ptas	1000	—
Atlas Copco Maroc S.A. Casablanca	940	Dirh.	1500	—
Atlas Copco Ticaret ve Sanayi T.A.S., Istanbul	1140	T£	500	—
Atlas Copco (India) Ltd., Bombay	482000	Rs	10	—
Atlas Copco (Philippines) Inc., Makati, Rizal	11995	Pesos	100	—
Atlas Copco Argentina S.A.C.I. Buenos Aires	3900000	Pesos	1	—
Atlas Copco Chilena S.A.C., Santiago de Chile	3999134	Esc.	1	—
Atlas Copco Colombiana Ltda., Bogota	190	Pesos	100	—
Other subsidiaries				—
				323194
Other companies				
Atlas Copco Finans AB, Stockholm	12000	SKr	100	1006
The Swedish Lamco Syndicate, Gränges AB & Co., Stockholm	9/ 28 of the capital			675
The Liberian American-Swedish Minerals Company, preferance shares, Series A	3404.0	US$	100	1827
Handelsbolaget Svenska Dagbladets AB & Co., Stockholm	100	SKr	1000	100
AB Stadsfastigheter, Stockholm	6	SKr	1000	6
Svensk Interkontinental Lufttrafik AB, Stockholm	100	SKr	100	705
AB Byggnadsgaranti, Stockholm	40	SKr	100	4
Cockerill-Ougree-Providence et Espérance-Longdoz, Liège	1420	no par value		203
ADELA Investment Company S.A., Luxemburg	1820	US$	100	916
SIFIDA Investment Company S.A., Luxemburg	25	US$	5000	624
Casa de Suecia S.A., Madrid	90	Ptas	5000	50
Other companies				—
				6116

The Atlas Copco Group
Consolidated balance sheet
At 31st December 1975

Assets

	1975		1974	
	t. Kr		t. Kr	
Current assets				
Cash in hand and at banks	308496		225206	
Notes receivable	113126		105888	
Accounts receivable from customers	622014		553655	
Other accounts receivable	135249		132685	
Inventories (*note 5*)	1672733	**2851618**	1264137	**2281571**
Blocked accounts		**44407**		**3482**
Fixed assets				
Shares (*note 6*)	7426		7310	
Other investments	79148		66903	
Machinery and equipment at cost (*note 7*)	533946		454680	
Land and buildings at cost (*note 7*)	544394	**1164914**	458499	**987392**
		4060939		**3272445**

Notes

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

Note 5 Inventories
Inventories are valued at the lower of cost or market; in general utilizing the principle of "first in—first out," after depreciation for obsolescence.

Note 6 Shares
Refers mainly to Atlas Copco AB. See page 13.

Note 7 Fixed assets
The amounts of accumulated depreciation shown under liabilities and book values are as follows (in mill. Kr):

	Machinery and Equipment		*Land and Buildings*	
	1975	*1974*	*1975*	*1974*
Cost value	533.9	454.7	524.4	438.5
Revaluation in connection with 1973 bonus issue			20.0	20.0
Accumulated depreciation	362.5	303.9	132.3	104.5
Book value	171.4	150.8	412.1	354.0

Note 8 Long-term loans (in mill. Kr)

	1975	*1974*
Mortgage and other long-term loans		
Atlas Copco AB	175.7	52.3
Atlas Copco MCT AB	49.4	44.9
Atlas Copco Airpower N.V.	23.2	33.6
Atlas Copco Tools AB	24.4	16.5
Other Group companies	129.2	95.2
	401.9	242.5
Bond and debenture loans		
Atlas Copco AB		
4¾% Bonds from 1963	6.9	7.7
5½% Subordinated Debentures from 1963	4.6	6.7
7½% Subordinated Debentures from 1967	18.6	21.0
9½% Debentures (US$20 mill.) from 1970	65.7	70.9
	95.8	106.3
Total long-term loans	497.7	348.8

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 in addition to the National Pension Plans.

Note 10 General inventory reserves
Appropriations to these reserves occur primarily in the Swedish companies of the Group, but also in Finland, Denmark, Norway and Switzerland. Swedish fiscal legislation permits a general reserve of up to 60 per cent of inventory value after deductions for possible obsolescence. The appropriations for "General Inventory Reserves" in the profit and loss account represent the year's reserve, and the "General Inventory Reserves" in the balance sheet represent the accumulated value of such reserves.

Liabilities

	1975		1974	
	t. Kr		t. Kr	
Current liabilities				
Notes payable	324 264		253 385	
Accounts payable	265 860		253 229	
Bank loans	341 914		222 949	
Current portion of long-term debts	61 259		44 896	
Provision for taxes	117 173		74 505	
Other liabilities	279 083	**1 389 553**	217 732	**1 066 696**
Long-term liabilities				
Mortgage and other long-term loans (*note 8*)	401 936		242 534	
Bond and debenture loans (*note 8*)	95 761		106 258	
Provision for pensions (*note 9*)	161 936		132 173	
Other long-term liabilities	11 316	**670 949**	6 197	**487 162**
Accumulated depreciation on fixed assets (*note 7*)		**494 784**		**408 398**
General inventory reserves (*note 10*)		**375 989**		**240 845**
Investment reserves (*note 11*)		**26 336**		**36 571**
Working environment reserves (*note 12*)		**23 974**		**23 618**
Special investment reserves (*note 13*)		**17 228**		**17 601**
Minority holdings		**29 722**		**21 305**
Capital, reserves and surplus				
Share capital	258 694		258 694	
Legal reserves	208 210		185 490	
Other reserves, not available for distribution (*note 14*)	235 673		207 305	
Contingency fund	38 780		38 780	
Surplus	*) 155 747		161 901	
Profit for the year	*) 135 300	**1 032 404**	118 079	**970 249**
		4 060 939		**3 272 445**
Pledged assets (*note 15*)		297 909		227 808
Contingent liabilities				
Notes discounted		119 047		104 767
Other contingent liabilities		161 938		117 486

*) Surplus US$ 35 477 700
Profit for the year US$ 30 820 000
Disposable profit US$ 66 297 700

Note 11 Investment reserves
As in Sweden companies in Norway, France and Spain make appropriations in accordance with local regulations.

Swedish companies have the option of setting aside 40 per cent of profit to investment reserves before appropriations and taxes. However, 46 per cent of the reserve must be deposited in an interest-free account with Sveriges Riksbank.

Subject to permission from the Government, the investment reserve is used for immediate depreciation of fixed assets.

Permission of this kind has been obtained by Atlas Copco Tools AB and Monsun-Tison AB.

Note 12 Working environment reserves (with reference to 1974)
A temporary law required Swedish companies to set aside 20 per cent of their profits before appropriations and taxes to a working environment reserve. The amount, which was tax-deductible, was deposited in an interest-free account with Sveriges Riksbank.

Permission to utilize on the reserve is granted by the Government or the National Labour Market Board following an application accompanied by a statement of opinion by employee representatives. One of the requirements is that the company intends to improve the working environment of its employees. After five years the entire reserve is available without permission, and then becomes subject to taxation.

Note 13 Special investment reserves (with reference to 1974)
In addition to the appropriation for the working environment reserve, Swedish companies have to set aside 15 per cent of profits before appropriations and taxes to a special investment reserve. The entire amount was deposited in an interest-free account with Sveriges Riksbank.

Permission to utilize the reserve is granted by the Government or the National Labour Market Board. If the reserve is not employed within five years, the amount becomes available, and when withdrawn, subject to taxation.

Note 14 Other reserves not available for distribution
These reserves mainly represent profits invested in the share capital of subsidiaries.

Note 15 Pledged assets
See note 2. Mortgaged properties amount to Kr 175.8 million (139.0). Trade mortgages represent Kr 66.2 million (48.2).

Note 16 Additional depreciations on fixed assets.
Refers mainly to the companies in Norway and Belgium. In accordance with local tax rules accelerated depreciation on new investments in machinery and equipment is used.

Consolidated profit and loss account

For the year 1975

	1975 t. Kr		1974 t. Kr	
Invoiced sales		**3385338**		**2949021**
Costs of goods sold, technical development, sales, administration, etc		**−2801835**		**−2448258**
Operating profit		**583503**		**500763**
Depreciation				
Buildings	13581		11676	
Machinery and equipment	61291	**− 74872**	51599	**− 63275**
Financial charges and other income				
Interest expense (excl. subsidiaries)	−117674		−97385	
Interest income (excl. subsidiaries)	+ 27482		+21787	
Dividends received (excl. subsidiaries)	+ 4454	**− 85738**	+ 4085	**− 71513**
Profit before appropriations and taxes		**422893**		**365975**
Appropriations				
Additional depreciation on fixed assets (note 16)	− 5440		− 2203	
General inventory reserve (note 10)	−112053		−76633	
Investment reserve (note 11)	− 4812		− 3575	
Working environment reserve (note 12)	−		−23618	
Special investment reserve (note 13)	−		−17601	
Utilization of investment reserve (note 11)	+ 16767		−	
Depreciation against investment reserve (note 11)	− 16767	**−122305**	−	**− 123630**
Profit before taxes		**300588**		**242345**
Taxes		**−165288**		**− 124266**
Net profit		***)135300**		**118079**

*) Net profit for the year US$30 820 000

Funds statement

	1975	*1974*
	(mill. Kr)	
SOURCE OF FUNDS		
Internal		
Profit before appropriations and taxes	422.9	366.0
Depreciation	+ 74.9	+ 63.3
Taxes	−165.5	−124.3
Withdrawals from/payments into blocked accounts	− 40.9	+ 7.3
Dividend	− 58.2	− 42.6
	233.2	269.7
External		
Increase in		
long-term liabilities	183.8	37.6
current liabilities	322.9	275.3
New issue	—	51.7
Total source of funds	739.9	634.3

	1975	*1974*
	(mill. Kr)	
USE OF FUNDS		
Increase in long-term receivables	12.4	5.8
Investment in fixed assets	174.0	142.0
Investment in current assets:		
inventories	408.6	326.0
current receivables	78.2	133.3
Sundry changes net	− 16.6	+ 10.6
Total use of funds	656.6	617.7
Change in liquid assets	83.3	16.6

Atlas Copco AB
Auditors' report

The undersigned, auditors of Atlas Copco Aktiebolag, present the following report for the financial year ended December 31, 1975.

We have examined the Report of the Board of Directors and the Managing Director, the Company's accounts, minutes and other documents containing information about the Company's financial position and administration and have carried out such other auditing procedures as we considered necessary.

The company's accounts have been examined by test check methods by Bohlins Revisionsbyrå Aktiebolag.

Company Law requirements regarding shareholdings and Group reporting as well as presentation of loans, pledged assets and contingent liabilities to certain persons whose rights to receive such loans are restricted, have all been complied with.

Our examination has revealed no reason for criticism of the accounts, the accounting procedures, the inventory of the Company's assets, or the administration of the Company.

The Board of Directors and the Managing Director propose that the profit for the year, Kr 68 590 788, together with unappropriated earnings from the previous year, Kr 29 356 244, a total of Kr 97 947 032, be appropriated as follows:

Dividend to shareholders	62 086 500
Unappropriated earnings carried forward	35 860 532
Kronor	97 947 032

This proposal does not conflict with the Company Law requirement concerning transfers to legal reserves or with sound business practice.

We recommend:

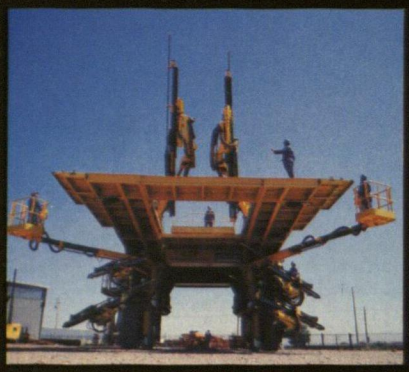
That the Balance Sheet as at 31st December 1975, included in the Annual Report and signed by us, be adopted,

that the profits be appropriated as proposed above, and

that the Board of Directors and the Managing Director be granted discharge from responsibility for their administration during the year.

Nacka, March 18th, 1976

Birger Sonesson Bertil E. Olsson
Authorized Public Accountants



Seventy kilometres west of Turin, parallel to the old Fréjus-tunnel for the railway between Italy and France, a new 13-kilometre roadtunnel is now being driven through the Alps. The Italian consortium CTF, responsible for the Italian part of the tunnel is using this specially designed Atlas Copco drill Jumbo. It is fully hydraulic with six booms and feeds for six rock drills and also has two booms carrying charging platforms. The drill rig is of impressive dimensions —height 7 m, width 8 m, length 21 m —and weighs over 70 tons. The small picture shows the rig on the surface during the final check before delivery.

Atlas Copco MCT AB 1975 in review

Metal prices fell in time with demand during the year, causing a general decline in results for the mining industry and in the availability of capital. The low profitability of mining enterprises reduced their willingness and ability to invest in new machinery and equipment.

On the other hand, efficiency measures and demands for a better working environment led to an increasing mechanization of underground work. The shortage of labour for underground work also had a favourable effect on sales of mechanized tunnelling and production drilling equipment.

Business in the contracting sector has also been rather subdued, but an upturn could be discerned towards the end of the year. Demand benefitted from the government incentive measures that were taken in many countries to combat unemployment.

Very good sales results were obtained in Sweden, Norway, France and Germany. Outside Europe, sales in South Africa, Canada and Mexico showed satisfactory increase. There has also been a substantial rise in sales to developing countries.

Large deliveries were made during the year to the USSR and North Korea. These deliveries mainly comprised rock drilling equipment, Sandvik Coromant drill steels, loaders and prospecting equipment.

Hydraulic drill rigs consolidated their hold on the market in 1975. Several interesting orders were received, including one for a six-boomed tunnelling rig for the Italian side of the motorway between Italy and France, the Fréjus Tunnel. All but one of the major Alpine tunnelling projects now in progress are using hydraulic drills, mostly supplied by Atlas Copco.

All mechanized rigs in the comprehensive range of surface drilling equipment can now be fitted with dust collectors and sound suppression devices. These environmental improvements strongly accounted for the rise in sales.

Sales of light rock drilling equipment and pneumatic breakers were satisfactory despite the instability of the contracting industry.

The Diamec hydraulic core drilling rigs have been highly successful in the prospecting sector.

Sales of Sandvik Coromant rock drilling equipment rose during the year, due among other things to an expansion of production facilities and additions to the product range.

Production and employment

The total output volume at MCT's production facilities rose for the third year in succession.

Land and industrial facilities amounting to 180 000 m² and 8 700 m² respectively were acquired at Örebro, Sweden. The new unit, the Eyra Works, manufactures booms and feeds. The employees of the former owner have been assured of continuing employment.

The chuck manufacturing at Atlas Copco Jahrls at Örebro has been sold and the available resources will now be exclusively applied to the manufacture of rock drills and pumps.

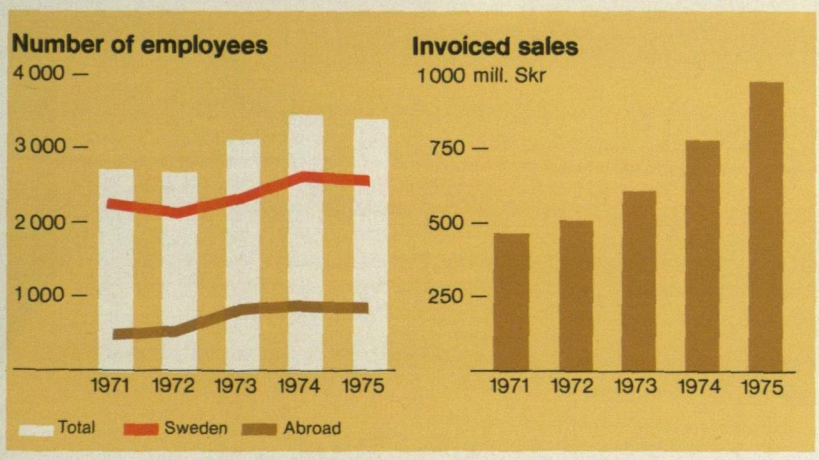
A third expansion phase, measuring 5 400 m², was concluded at the Bremen Works. The resources thus created will make it possible to double the output of surface drill rigs.

The Mini Fullfacer, a unit for advancing small tunnels without blasting, showed its capacity in many parts of the world.

At the Hemel Hempstead Works, compressor manufacture was discontinued during the year in favour of a heavy increase in the production of pneumatic breakers and down-the-hole drilling equipment. Manufacturing facilities are being substantially increased. A comprehensive training program was provided for the personnel affected by the change.

The first rock drills for the Andean market were delivered during the year by Atlas Copco Andina, Bolivia.

Machinery investments were considerably increased during the year and were mainly concerned with the mechanization of heavy and monotonous jobs as a means of improving the working environment. Another aim has been to increase the flexibility of production, among other things by acquiring compatible machines, most of them numerically controlled.



Some Kr 4 mill. of the above mentioned investments were directly connected with improvements to the working environment. Special priority has been given to measures concerning workshop illumination, sound suppression and ventilation.

Product development

A completely new crawler drill rig, the ROC 701, equipped with a new efficient air powered drill, was introduced during the year. The new rig, which is highly mobile even in difficult terrain, is fitted with a precision alignment system for the feed and drill. The dust collector is of established design.

The Rotamec series of surface drill rigs for large hole dimensions, combining Atlas Copco drills and compressors with components from the US Schramm company, was introduced at the end of 1975. These rigs can be fitted with down-the-hole drills or roller bits and used, for instance, for well drilling or for drilling large blast holes.

During the year, Atlas Copco MCT arranged a symposium of international experts on surface drilling. Suggestions and ideas were presented which can form a basis of future development work.

Measures for the improvement of reliability and measures to ensure that new products satisfy ergonomic requirements are today a natural ingredient of design work. Control techniques are given high priority in this connection.

Technical development is paralleled by the compilation of complete training kits for marketing introduction purposes. These training activities are representative of the company policy. It is not enough merely to produce the machines but also to provide the customers with comprehensive guidance and service.

At the Sickla Works a monotonous routine in the manufacture of rock drilling equipment has been taken over by a robot.

For the same reason, Group service resources have been expanded to assure customers of good working results.

Personnel

The Swedish wage negotiations were protracted and complicated, and they resulted in a very steep rise in costs. In the United Kingdom too, pay talks led to new agreements involving heavily increased costs. In Germany, on the other hand, costs rose more moderately.

Although in terms of employment a very large portion of the year deserves to be classed as a boom period, personnel turnover at manufacturing facilities remained within reasonable limits. However, the constantly rising short-term absenteeism at the Swedish units gives cause for concern.

As in previous years, training activities have been very intensive.

Altogether more than one out of every six employees underwent some form of company-related training during the year.

The work of the safety committees was intensified during the year. Special mention can be made of the introduction of previously determined guidelines for the working environment, the charting of environmentally dangerous substances and the integration of the safety delegates in the normal renewal activities of the company.

The delegation of decision-making powers on certain environmental questions to the Sickla Works group committees, has been incorporated as a normal routine in the company's decision-making and budgeting process. In this way employees can easily influence their own working environment within the framework of the budget.

With a view to improving the remuneration system, a large number of experimental schemes are being conducted in collaboration with employees. These schemes involve various forms of remuneration, based above all on job evaluation and merit rating.

Results

Orders received during 1975 amounted to Kr 948.2 million. Invoiced sales totalled Kr 976.2 million (+25%).

Profit before appropriations and taxes was Kr 82.1 million (+66%). As in previous years, new products have accounted for a good deal of the improvement in results. Rising costs have on the whole been counterbalanced by efficiency measures, production plant investments and price increases.

Investments in buildings, machinery and equipment totalled Kr 51.6 million (44.3).

This year's fledglings from the MCT Industrial School perched on a drilling rig.

Sandvik Coromant drill steels and bits constitute an important part of the Atlas Copco sales program. Sandvik and Atlas Copco also co-operate closely on product development. Here stress distribution in a drill bit is being studied by means of a plastic model at the Sandvik drill steel laboratory.

A crane lift above the roof proved to be the smartest way of getting two new GA-pack compressor units into position at the Swedish Esso oil plant in the Värtan harbour, Stockholm.

The GA-pack, which was successfully introduced during the year, is a complete, fully automatic compressed-air plant—silenced and ready to run.

Atlas Copco Airpower N.V. 1975 in review

The downturn which had begun to make itself felt during the latter half of 1974 continued during early 1975 and demand in the principal markets for both portable and stationary compressors remained low during the first half of the new year.

There was a slight improvement in the building sector at mid-year thanks to the incentive measures taken by the governments of various countries, but no such indications of an impending recovery could be discerned elsewhere in industry, least of all in the European countries.

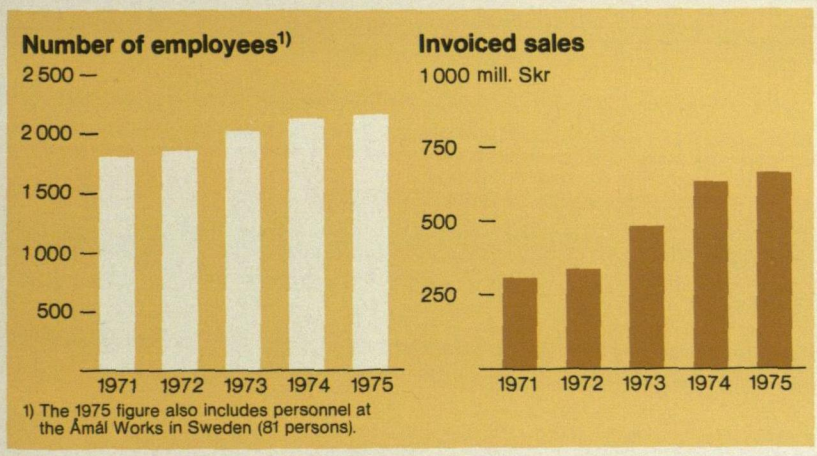
Sales of portable compressors increased during the second half of the year. This increase can be ascribed to the more favourable tendency in the building and construction industry and also to the introduction of a new series of portable compressors. It is expected to continue during 1976. The annual result for this group of products as a whole can be considered satisfactory.

The measures taken during the second half of 1975 to find new sales channels for the small stationary compressors designed for garages and repair shops revealed that there still remained an unexploited marketing potential for these products. Demand for medium-size and large stationary compressors is expected to remain low, although some improvement can be achieved in this respect by the introduction of new products.

As part of the collaboration established with Linde AG of West Germany some years ago, Atlas Copco has continued its development of the gas compressor sales organization in several export markets outside West Germany.

The devotion of a considerable proportion of production capacity to "quality air" equipment has been justified by results. This is shown by the large orders received from the electrical power industry, e.g. the Ontario Hydro Electric Board in Canada, which has ordered oil-free rotary screw compressors for its nuclear power program. In Europe, Electricité de France has ordered similar compressors for its nuclear power projects, and in Sweden, compressors of the same type have been supplied to ASEA-Atom. The range of air dryers was greatly expanded during 1975, and sales in this relatively new area have confirmed that there is a wide market for high quality compressed air.

Sales of portable compressors in 1975 pointed clearly in favour of the silenced varieties, of which Atlas Copco has long been able to offer a comprehensive range. Atlas Copco now has a complete series of silenced portable compressors in all capacity ranges. The leading position occupied by the company in this field and the introduction during the past year of a new series of oil-free rotary screw compressors in the larger size ranges should open up very good development prospects when the economic recovery sets in.



1) The 1975 figure also includes personnel at the Åmål Works in Sweden (81 persons).

Production and employment

During the year Atlas Copco Airpower N.V. took over from Atlas Copco AB the shares in a new manufacturing company, Atlas Copco Airpower AB, at Åmål, Sweden. The new company will be responsible for the manufacture and sale of Atlas Copco's new series of small compressors for garages and repair shops. This arrangement will give Atlas Copco the resources to meet the demand for small quality machines both from traditional quarters and from the installation market.

At the Arpic Works, heavy investments were made during the year in machinery to raise the output of oil-injected rotary screw compressors.

A new investment program was drawn up to cater for the need for increased storage and manufacturing facilities.

A series of sound-proof cabins for compressor testing was developed in order to improve the customer services of the sales companies and also to improve the working conditions of service personnel.

Product development

The principal events in the medium and large stationary industrial compressor sector during the past year were the introduction of the new GA-pack series of silenced oil-injected rotary screw compressors and the addition to the Z-pack series of silenced, oil-free, rotary screw compressors of two high capacity units. The latter units are designed for heavy consumers of compressed air, such as the automotive industry.

Both the GA-pack and Z-pack series are designed for quick and easy installation, automatic operation and low maintenance costs.

Atlas Copco's development of the "pack" principle, which among other things implies a lower noise level, represents a major contribution towards the improvement of working

conditions. Free-standing standard compressors are still included in the product range for cases where the noise level is of minor importance, e.g. installations in separate compressor rooms.

Atlas Copco's long experience of rotary screw compressor technology provides a firm foundation for the development of progressively more efficient rotary screw compressors at a time when energy costs are putting more and more of a premium on compressor efficiency.

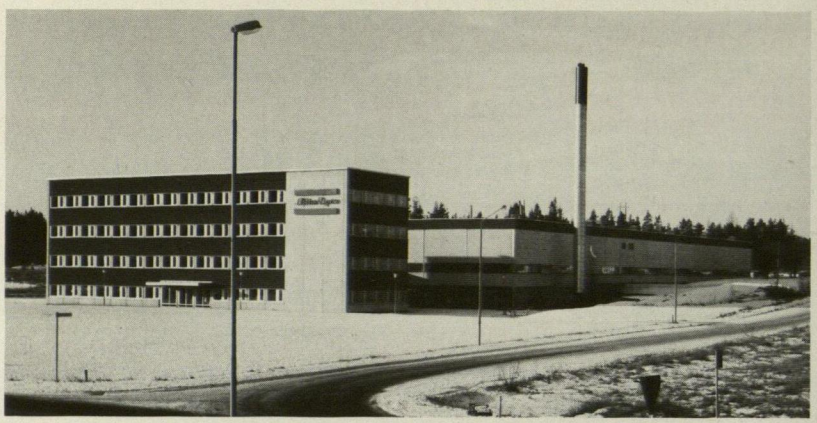
Another important innovation during the year was the introduction of a completely new series of portable oil-injected rotary screw compressors in the intermediate class, the XA series, in three versions: standard, silenced and super-silenced.

Parallel production is, however, being maintained of portable piston compressors, so as to offer customers a free choice between the two technologies and also to cater for the need existing in certain countries for the more established piston type.

Apart from the contribution towards a better working environment entailed by the heavy development of silenced compressors, Atlas Copco continues to develop solutions to particular environmental problems, such as oil protection bubble barriers and the LIMNO system for the reoxygenation of polluted lakes.

Both these fields require continuous advanced technological efforts, because two cases are never exactly alike and the equipment has to be tailored to the exigencies of each individual project.

The following instances from 1975 will convey some idea of the varying uses to which the LIMNO system can be applied.



The Åmål Works, the new Swedish manufacturing unit for small compressors.

— LIMNO units were installed in the flotation water tanks at the Gränges mines in Sweden to accelerate the degradation of organic material in process water.

— Surveys were carried out in West Germany with a view to the installation of LIMNO units for lake restoration. The surveys will provide material for the assessment of a lake restoration project which is planned to cover the whole of Bavaria.

— A reoxygenation system comprising 8000 metres of bubble hose was supplied for the oxygenation of the Lake Tunis, when water pollution had developed into a serious threat to tourism.

— A pneumatic oil barrier was installed round the main off-loading point in the oil harbour at Gävle, Sweden, to prevent any oil spillage from escaping into the surrounding water. (See back cover.)

— An experimental installation was supplied for the Ringhals nuclear power station, also in Sweden, using a pneumatic bubble barrier to keep jelly-fish from being sucked into the power station's cooling system.

Rotary screw compressor element in the focus of attention at a servicing instructors' course in Antwerp.

Personnel

Despite the declining state of the market in 1974 and 1975, Atlas Copco Airpower was able to avoid laying off personnel. A certain reduction of manpower was achieved at the Arpic Works by means of a temporary recruitment cut.

A comprehensive service and sales training program was carried out during the year at Atlas Copco Airpower, where personnel from the various sales companies were familiarized with the products introduced during the year.

The company arranged internal training for its administrative personnel with the aim of strengthening relations and communications between the various departments.
The results of this training, which in its initial phase attracted more than 300 persons, were sufficiently interesting to warrant a repetition in 1976.

The year's training activities also included courses in a number of specialized fields, such as materials handling, work studies, product engineering etc., aimed at a general improvement of efficiency.

Results

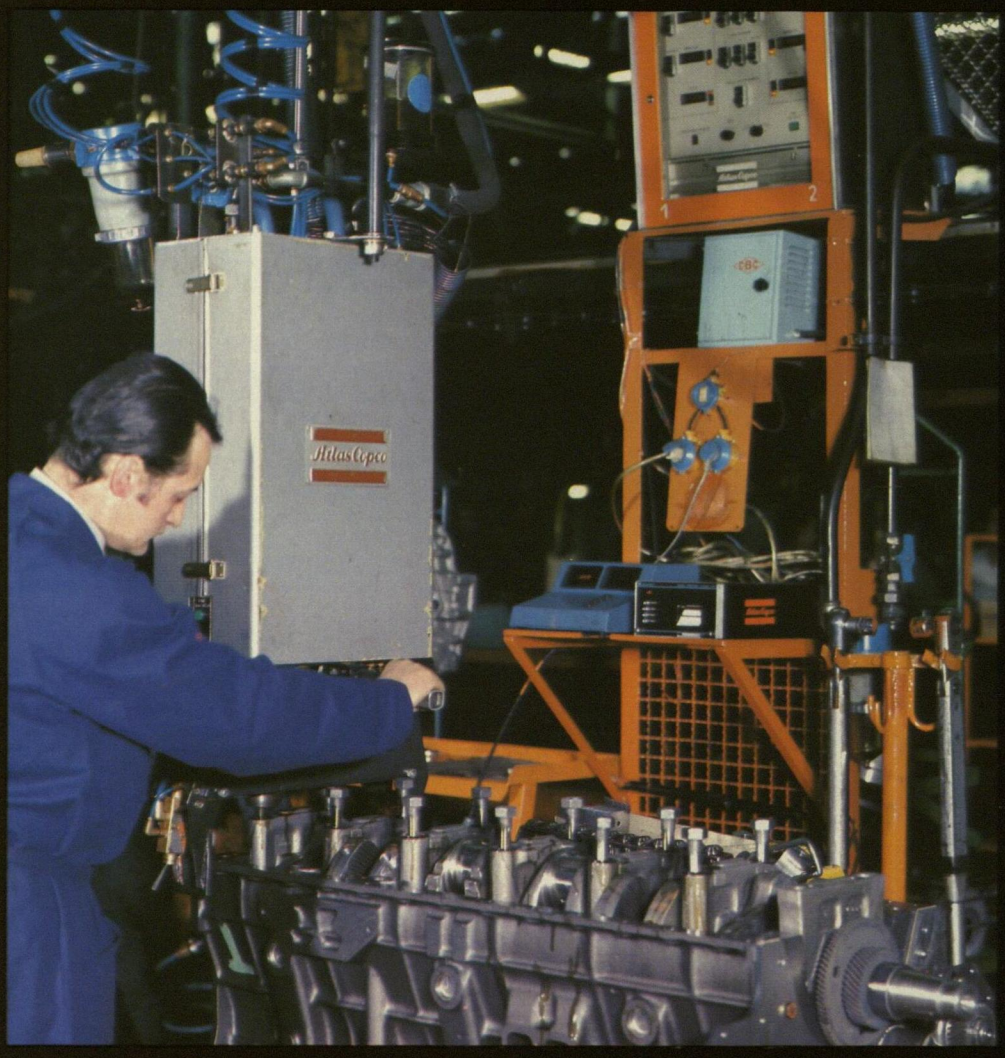
Orders received during 1975 totalled BFrs 5754 million. Invoiced sales amounted to BFrs 5929 million (5652).

Profit before appropriations and taxes was BFrs 1024.4 million (933.4). This increase was mainly due to an improved profit margin and to the lower interest payments incurred as a result of reduced interest rates.

Investments in buildings, machinery and equipment during 1975 amounted to BFrs 215 million (180).

Exploitation of the oil fields in the North Sea means an important market for compressed-air products—mainly compressors, winches and hand tools for maintenance jobs on board drilling platforms. For the construction of platforms compressed air too has its obvious use.

These three photos from Stavanger, Norway, show a final stage in the building of a Condeep type platform. The floating three-legged concrete base (below, right) is sunk to receive the steel deck, carried by two converted tankers (left). Compressed air for the raising and lowering operation is delivered by five Atlas Copco rotary screw compressors, while air for other duties is supplied by four similar compressors on the platform.



Accurate tightening of screw joints is an important safety factor in the automotive industry. Fiat in Turin is one of the big car manufacturers who have installed Atlas Copco's new electronic control system for registration of tightening torque.

Correct tightening torque is also gained with the new handheld impact wrench, fitted with torque control, used here at Saab-Scania in Södertälje, Sweden.

Atlas Copco Tools AB 1975 in review

The market in 1975 was characterized by an international downturn, bringing with it a falling off of investments. Many important customer sectors, such as the automotive and shipbuilding industries, were very hard hit.

Despite this, there was a rise in both order inflow and invoiced sales, so that in many principal sales countries Atlas Copco contrived to enlarge its share of the market. One reason for this success was the growing debate in more and more countries on the quality of the working environment, which meant that the many years devoted by Atlas Copco to environmental questions and ergonomics now bore fruit.

A large number of new products were introduced in response to exacting environmental requirements and to the efficiency measures which are being given priority on account of rising costs. Sales facilities were reinforced in several markets, measures to this end including a comprehensive production of training and information material.

Concerning industrial tools, particular mention can be made of a new grinding dust collecting system, which was introduced in the Scandinavian market and attracted a good inflow of orders, particularly from the plastic boatbuilding industry. The new system serves to improve working conditions during grinding operations and also to reduce the need for uncomfortable personal safety equipment.

A new recoil-damped and silenced chipping hammer introduced at the end of the year has been given a very favourable reception. The recoil-damping eliminates more than 90 per cent of the vibrations.

In the finishing sector, the modified heavy duty version of the high pressure pump proved to be a success. The same goes for the ergonomically designed Ecco 50 spray gun, which is now available in a version fitted with a quick coupling for paint feed, specially designed for industrial painting involving frequent changes of colour. Factors such as reduced paint loss and improved working conditions have also helped to boost demand for electrostatic spray painting units for both wet and powder application.

The decline in investments has been most noticeable in pneumatic components and automatic systems, partly because this market includes a steadily rising proportion of "installation customers" who have had difficulty in finding markets for their products.

However, increased sales efforts have prevented the negative development of the market from affecting the company to such a great extent as could have been feared.

Successful sales products have included pneumatic tape readers, which among other things are used as control members in industrial robots.

Multi-spindle nut runners have scored considerable successes by virtue of their eminent technical properties. The reason for this success is that, despite sales difficulties, the international motor industry has continued its efforts towards efficiency and safety improvement. In this connection the Atlas Copco nut runner, with its exact torque control, provides the meticulous accuracy of torque that is demanded.

One of the more important orders in 1975 was one from Ford primarily concerning assembly tools for their new European Bobcat project with production facilities in Germany, France and Spain. The Spanish works will also be equipped throughout with Atlas Copco spray guns.

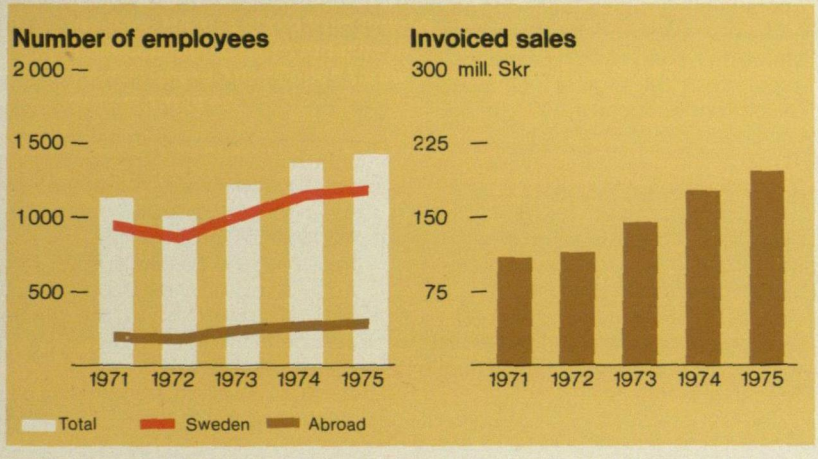
Service personnel from the UK, the Netherlands and Italy attending a course in Stockholm, where they learned how to renovate and test air hoists.

Large orders were received during the year from Fiat in Italy and from several other major automotive factories.

In the electrical engineering market, which among other things includes domestic appliances and television and radio receivers, interesting orders for screwdrivers have been received from Germany, the Netherlands, France, Italy and elsewhere.

During the year, pneumatic components and complete control systems for fully automatic computerized distribution systems were delivered to various customers, including the Arla co-operative dairy in Stockholm.

The volume of orders on hand declined during the year, and the delivery situation has greatly improved.



Production and employment

Atlas Copco Tools AB greatly increased its production capacity during 1975.

The greatest increment was the Tierp Works, which were completed on schedule and opened during the second half of the year. This plant, which is situated north of Stockholm, represents an investment cost of some Kr 25 million and has a total floorspace of about 11300 m².

The quality of the working environment has been a prime consideration in the planning and design of the Tierp Works.

Close co-operation with the employees has been a guiding principle in these matters and in the planning of recreational facilities.

A further increase of production capacity in Sweden has been made possible by the transfer of the manufacture of small compressors from the Ecco Works at Skara to the Åmål Works belonging to Atlas Copco Airpower. This leaves the entire capacity of the Ecco Works available for hand tools, above all spray guns. During the year the Borås Works were transferred from Atlas Copco MCT to Atlas Copco Tools.

The Tierp Works include a complete heat treatment department. The corresponding department at the Masaby Works in Finland has been reinforced, thus eliminating the risk of output disruptions.

The Tierp Works — an important addition to output capacity.

Product development

A comprehensive program of product development and improvement has now been more or less completed, and a number of innovations have already begun to be marketed. The development of air motors and other components for the mechanization of assembly operations continued during the year according to plan. An electronic measurement and control system for the individual registration of torque and tightening angle in multi-spindle assembly machines was put into production.

An angle nut runner with a completely new magnetic clutch for transmission and torque release was introduced during the year. The magnetic clutch transfers the torque accurately and without contact, enabling the operator to work with great precision and security.

Development work on a new series of impact wrenches was completed, and all machines in the series have been put into production.

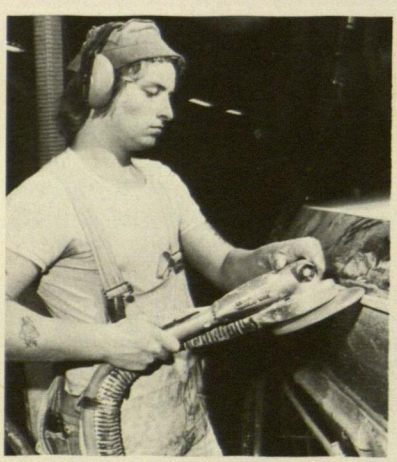
A unique development program was transferred to the production stage with the introduction, towards the end of 1975, of a new vibration-damped chipping hammer. The vibrations in this machine have been reduced to a level which is completely harmless to the operator. The machine has a separate silencer, which drastically reduces the noise level, particularly in operations with little processing noise.

Development work has been completed on a pneumatic tape reader to supplement the range of logic system elements introduced in 1974 for the composition of control systems. A series of thrust cylinders was also put into production.

A combined system for the internal oiling of girder sections has been developed in response to rising demands for rust proofing of motor chassis. Pneumatic timing ensures that each girder is treated in the best way, so that consistent product quality can be maintained.

The compressed air line equipment range acquired a number of interesting new products, including a new direct oil lubricator which gives more accurate oil dosage than conventional fog lubrication and which also greatly reduces the amount of oil in the exhaust air, thus improving the working environment.

New standardized servicing methods have been developed for the majority of products with a view to simplifying and cheapening maintenance and repairs.



A new grinder with built-in dust extractor makes for a clearer view and a healthier working environment.

Personnel

As in previous years, a comprehensive training program was carried out. Activities included English, German, French and Spanish courses, Swedish for immigrants, discussion groups on the subject of "A Better Working Environment", and internal courses on administrative and practical subjects.

Preventive health services have been operated as planned. Thus a comprehensive survey of the hearing of workshop employees was completed during the year.

Results

Orders received in 1975 totalled Kr 192.0 million. Invoiced sales totalled Kr 195.9 million (176.7). Profit before appropriations and taxes was Kr 10.4 million (12.2).

The deterioration compared with the previous year was due to steeply rising costs, which could not be entirely counterbalanced by price increases, and also to the initial costs connected with the opening of the new manufacturing facilities in Tierp.

Investments in buildings, machinery and equipment amounted to Kr 22.2 million. In connection with the opening of the new facilities in Tierp, the investment reserve was drawn on to cover Kr 14.4 million depreciation of buildings and machinery.

The new extra light-weight chipping hammer, introduced by Atlas Copco on the Swedish market at the end of the year, is a good example of an ergonomic tool. The unique design practically eliminates the recoils from the impact mechanism. The sound level is low and the vibrations are reduced by 90% compared with conventional designs.

In Mexico, Atlas Copco's main market is in the contracting field, but the company also has many important customers in the manufacturing industry. Here, a photo from Indetel, a telecommunications industry in Toluca, where Atlas Copco screwdrivers are used.

Balance sheet

At 31st December 1975

Assets	ATLAS COPCO MCT AB[1] 1975	ATLAS COPCO MCT AB[1] 1974	ATLAS COPCO AIRPOWER N V[2] 1975	ATLAS COPCO AIRPOWER N V[2] 1974	ATLAS COPCO TOOLS AB[3] 1975	ATLAS COPCO TOOLS AB[3] 1974
	mill.SKr		mill. BFrs[4]		mill.SKr	
Current assets						
Cash in hand and at banks	2.8	3.2	32.7	13.0	1.2	0.4
Notes receivable	1.4	1.4	29.0	46.0	—	—
Accounts receivable from customers	13.0	11.3	55.6	33.4	0.6	1.4
Advances to Group companies	58.0	68.0	1808.8	1832.3	5.3	20.6
Other accounts receivable	17.2	20.5	84.9	105.8	2.7	3.6
Inventories	408.6	284.8	2015.9	1590.2	119.0	84.6
	501.0	**389.2**	**4026.9**	**3620.7**	**128.8**	**110.6**
Blocked accounts	**6.1**	**—**	**—**	**—**	**3.9**	**2.7**
Fixed assets						
Machinery and equipment at cost	159.6	142.2	910.6	766.5	59.6	43.8
Land and buildings at cost	59.9	41.6	590.2	533.0	37.1	23.3
Fixed assets under construction	0.2	3.3	—	—	—	7.8
Other investments	—	—	35.6	7.1	0.1	—
	219.7	**187.1**	**1536.4**	**1306.6**	**96.8**	**74.9**
	726.8	**576.3**	**5563.3**	**4927.3**	**229.5**	**188.2**
Liabilities						
Current liabilities						
Notes payable	58.2	51.6	1087.6	1051.6	0.9	0.2
Accounts payable	74.3	58.4	475.5	567.1	19.6	16.8
Due to Group companies	18.8	6.9	26.4	5.5	3.9	3.3
Bank loans	31.4	16.4	495.3	195.5	5.6	4.3
Current portion of long-term debts	6.0	4.3	92.9	93.2	2.1	1.5
Provision for taxes	9.8	7.7	107.2	52.1	0.1	0.1
Other liabilities	51.0	46.4	241.5	188.9	22.1	13.2
	249.5	**191.7**	**2526.4**	**2153.9**	**54.3**	**39.4**
Long-term liabilities						
Mortgage and other long-term loans	49.4	44.9	207.1	300.0	24.4	16.5
Provision for pensions	43.2	35.7	21.3	17.7	11.8	9.3
	92.6	**80.6**	**228.4**	**317.7**	**36.2**	**25.8**
Accumulated depreciation on fixed assets	**124.0**	**110.5**	**845.8**	**712.7**	**62.4**	**39.4**
General inventory reserves	**176.4**	**112.9**	**—**	**—**	**47.1**	**39.9**
Investment reserves	**—**	**—**	**—**	**—**	**9.3**	**23.7**
Working environment reserves	**3.6**	**3.6**	**—**	**—**	**0.7**	**0.7**
Special investment reserves	**2.5**	**2.5**	**—**	**—**	**0.5**	**0.5**
Minority holdings	**—**	**—**	**21.9**	**15.5**	**—**	**—**
Capital, reserves and surplus						
Share capital	30.0	30.0	1000.0	1000.0	10.0	10.0
Legal reserves	17.9	14.8	106.9	100.0	4.7	3.5
Surplus	21.0	20.4	324.9	81.9	2.7	3.4
Profit for the year	9.3	9.3	509.0	545.6	1.6	1.9
	78.2	**74.5**	**1940.8**	**1727.5**	**19.0**	**18.8**
	726.8	**576.3**	**5563.3**	**4927.3**	**229.5**	**188.2**
Pledged assets	39.4	38.2	7.8	8.0	22.7	11.1
Contingent liabilities						
Notes discounted	15.1	10.4	69.1	48.7	—	—
Other contingent liabilities	6.9	5.5	53.9	50.3	2.0	2.0

Profit and loss account

For the year 1975

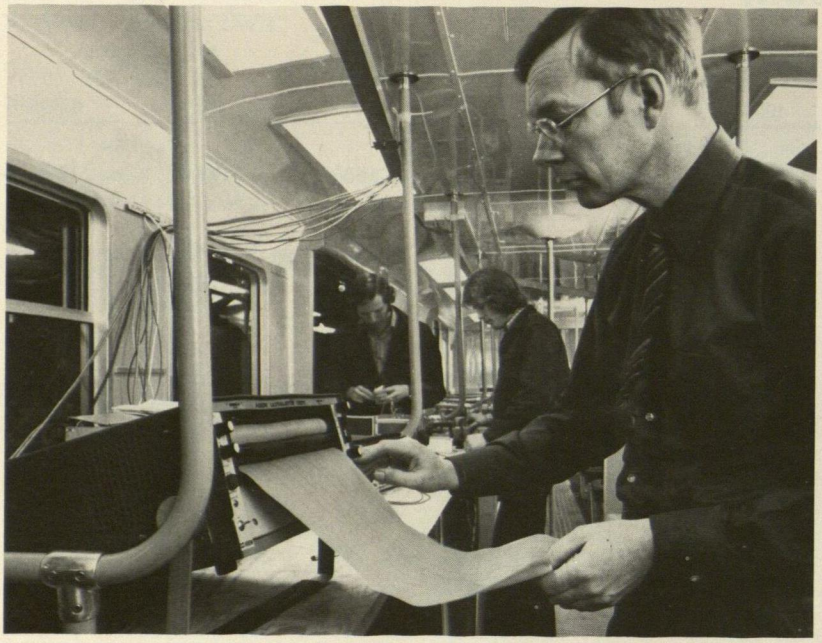
	ATLAS COPCO MCT AB[1]		ATLAS COPCO AIRPOWER N V[2]		ATLAS COPCO TOOLS AB[3]	
	1975	1974	1975	1974	1975	1974
	mill.SKr		mill.BFrs[4]		mill.SKr	
Invoiced sales	**976.2**	**778.4**	**5928.9**	**5652.1**	**195.9**	**176.7**
Cost of goods sold, technical development, sales, administration, etc	**−865.6**	**−706.7**	**−4668.3**	**−4473.9**	**−174.7**	**−157.0**
Operating profit	**110.6**	**71.7**	**1260.6**	**1178.2**	**21.2**	**19.7**
Depreciation						
Buildings	− 2.2	− 1.2	− 24.3	− 24.0	− 1.0	− 0.8
Machinery and equipment	− 21.0	− 16.7	− 99.4	− 87.9	− 7.3	− 5.6
	− 23.2	**− 17.9**	**− 123.7**	**− 111.9**	**− 8.3**	**− 6.4**
Financial charges and other income						
Interest expense (excl. Group companies)	− 9.2	− 8.6	− 157.2	− 169.1	− 3.2	− 2.2
Interest income	+ 0.3	+ 0.4	+ 1.8	+ 3.7	+ 0.1	—
Interest expense to Group companies	− 0.7	− 0.4	—	—	− 0.1	—
Interest income from Group companies	+ 4.3	+ 4.3	+ 42.9	+ 32.5	+ 0.7	+ 1.1
	− 5.3	**− 4.3**	**− 112.5**	**− 132.9**	**− 2.5**	**− 1.1**
Profit before appropriations and taxes	**82.1**	**49.5**	**1024.4**	**933.4**	**10.4**	**12.2**
Appropriations						
Additional depreciation on fixed assets	—	—	− 21.1	− 17.8	− 0.7	− 0.6
General inventory reserve	− 61.3	− 26.2	—	—	− 7.2	− 7.8
Working environment reserve	—	− 3.6	—	—	—	− 0.7
Special investment reserve	—	− 2.5	—	—	—	− 0.5
Utilization of investment reserve	—	—	—	—	+ 14.4	—
Depreciation against investment reserve	—	—	—	—	− 14.4	—
	− 61.3	**− 32.3**	**− 21.1**	**− 17.8**	**− 7.9**	**− 9.6**
Profit before taxes	**20.8**	**17.2**	**1003.3**	**915.6**	**2.5**	**2.6**
Taxes	**− 11.5**	**− 7.9**	**− 494.3**	**− 370.0**	**− 0.9**	**− 0.7**
Net profit	**9.3**	**9.3**	**509.0**	**545.6**	**1.6**	**1.9**

[1]) Including subsidiary companies: Atlas Copco Maschinen AG, Thun; Atlas Copco MCT G.m.b.H., Bremen; Atlas Copco Craelius AB, Sundbyberg, with subsidiary companies; Atlas Copco Jahrls AB, Örebro; and Group companies: Atlas Copco (Manufacturing) Ltd., Hemel Hempstead; Atlas Copco Craelius Company Ltd., Daventry.

[2]) Including subsidiary companies: EMAC S.p.A. Turin; Atlas Copco Makinalari Imalat A.S., Istanbul; Atlas Copco Airpower AB, Åmål.

[3]) Including subsidiary companies: OY Atlas Copco AB, Helsingfors; Maskinfabriken Pluto A/S, Saeby.

[4]) 100 BFrs = 11.20 SKr, 31st December 1975.



Ultralette — an important product in the ABEM range — has many applications in the field of industrial measurement. Here an Ultralette recorder is being used to test motors, brakes and other components of a new underground train.

ABEM

Atlas Copco ABEM AB is a company specializing in advanced measurement techniques and having three main product lines: geophysical instruments for ore and water prospecting and civil engineering, measuring instruments for the engineering industry, medical technology and research and, also electronic and precision-engineered units incorporated in other Atlas Copco products. Sales are organized via Atlas Copco sales companies and through the company's own distribution network. The company's office and workshop facilities are in Sundbyberg on the outskirts of Stockholm. Managing Director: Hans Björklund.

Sales and deliveries
Sales in 1975 were 12 per cent up on the previous year, despite the slackening trend in the mining and engineering industries. Sales of Turam iron ore prospecting equipment were particularly encouraging. The decline in oscillograph sales, due to the current recession, was counterbalanced by increased commission sales in Sweden.

Invoiced sales in 1975 totalled Kr 11.3 million (10.1).

Product development
An important sector of product development is that concerning the application of geophysical principles to the improvement of safety and efficiency in underground work. During the year, special attention was devoted to electronic equipment for locating loose blocks in tunnel roofs and elsewhere.

Production
The level of employment was high, and rising output has led to maximum utilization of workshop capacity.

Personnel development
Personnel strength at the end of the year totalled 62 persons, comprising 26 industrial employees and 36 office staff.

ABEM's varied product range demands a close knowledge of the company's products on the part of employees and distributors. The past years have seen an expansion of the training program both in the production and in the marketing sectors.

The Falköping Works — the factory producing Monsun-Tison's pneumatic components.

Monsun-Tison

Monsun-Tison AB is the Group company specializing in hydraulic and pneumatic control systems. The head office and works for hydraulic components are at Borås, Sweden, while the pneumatic component workshops are at Falköping, Sweden. The company is entirely responsible for the development, manufacture and marketing of hydraulic components in Sweden and abroad, while pneumatic components are marketed through Atlas Copco.

The company has been a fully owned subsidiary of the Atlas Copco Group since 1974. Managing Director: Eric Bursvik.

Sales and deliveries
After two years of steeply rising sales, the volume of orders received declined during the second half of 1975, due above all to a slackening demand for earth-moving equipment, forest machinery and crane equipment. No significant improvement is expected during 1976.

Invoiced sales for the year totalled Kr 88.1 million (67.7).

The French and Canadian sales companies have shown encouraging developments during their first year of business.

Product development
Promotion of company products for mobile machinery has been stepped up during the year by continuing heavy investment in product development within the hydraulic sector.

The range of valve products has acquired new variants offering better productivity and better working conditions where hydraulic machinery is concerned. Monsun-Tison now occupies a strong position in this field.

Monti control systems, which are independent of load and which provide volume flow control independent of pressure, have been further developed and are now being used for earth-moving equipment, mobile cranes and winches.

In the pneumatic sector a logical modular system has been enlarged to cater for all essential installations.

Production
The renovation of the company's production facilities, commenced some years ago, is still in progress. Phase II of the enlargement of the new Falköping factory was completed during the year, and the factory now has about 6500 m² floor space.

In the Borås area a new 115000 m² site has been purchased for future expansion requirements.

Personnel development
Personnel strength at the end of the year totalled 649 persons, comprising 476 industrial employees and 173 office staff.

Extensive training measures have been organized during the year. As a representative of advanced engineering industry in the Borås area, the company has helped to provide training and employment for redundant employees from the declining textile industry.

Berema

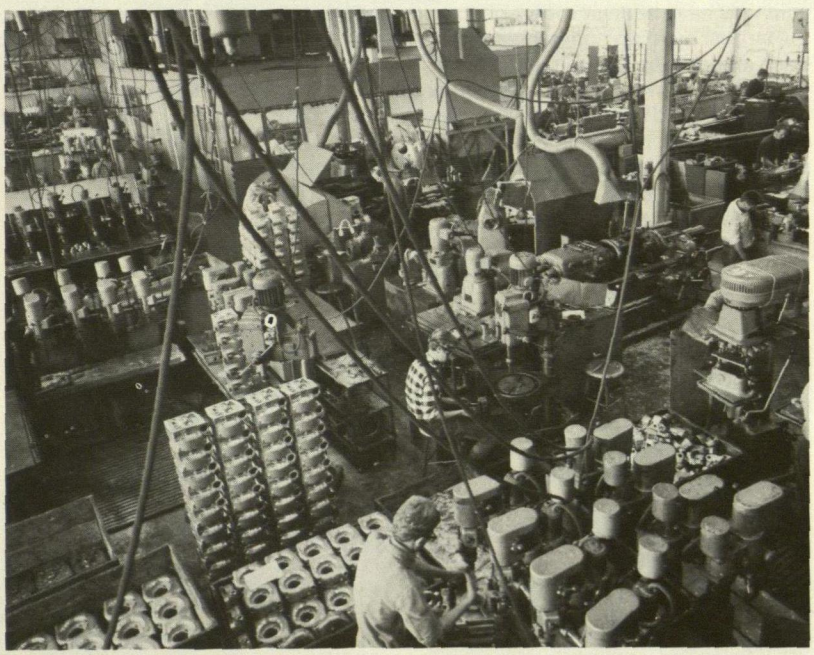
The Berema companies, with their head office in Solna and production facilities in Kalmar, Gävle and Bräcke, all in Sweden, have formed part of the Atlas Copco Group since October 1975, when Atlas Copco AB acquired a majority holding. Berema's product range, which mainly comprises motor drills and hydraulic truck cranes, is marketed through separate sales companies in Germany, Norway and USA, and also via agents in several other countries.

Managing Director: Lars Åsell.

Sales and deliveries
Sales, 70 per cent of which in form of exports, have been affected during the year by the international recession. This has particularly been the case with Tico's hydraulic truck cranes. Demand for Pionjär petrol-driven motor drills, on the other hand, has been relatively buoyant. Sales have developed favourably in Sweden and Norway, where the company is also agent for Honda Power Products.

Total invoiced sales by the Berema companies amounted to Kr 68.0 million.

Product development
Product development has to a great extent been concentrated on environmental and safety questions within existing programs. Intensive new development work is also in progress in the field of motor drills, and the merger with the Atlas Copco Group has led to an interesting expansion and deepening of this work. Two new types of crane have been developed and should be introduced in the course of 1976.



Production of Berema motor drills at Kalmar.

Production
At the Kalmar factory, which produces the Pionjär motor drill, work began during the year on enlargements to personnel and office facilities.

Improvements have been made to the working environment in the foundry, above all by making the ventilation more efficient.

Personnel development
At the end of the year, personnel strength within the Berema group totalled 427, comprising 251 industrial workers and 176 office staff.

Personnel development showed greater stability during the year, with a steady decline in both personnel turnover and absenteeism. In-plant training for supervisory personnel was conducted at the workshops.

Market reports

A selection of interesting markets are presented here in order to convey some idea of the various conditions encountered by Atlas Copco in different parts of the world. Atlas Copco has its own sales companies in Sweden, West Germany, Morocco and India. Sales in Yugoslavia, on the other hand, are administered through a marketing division of the parent company.

Sweden

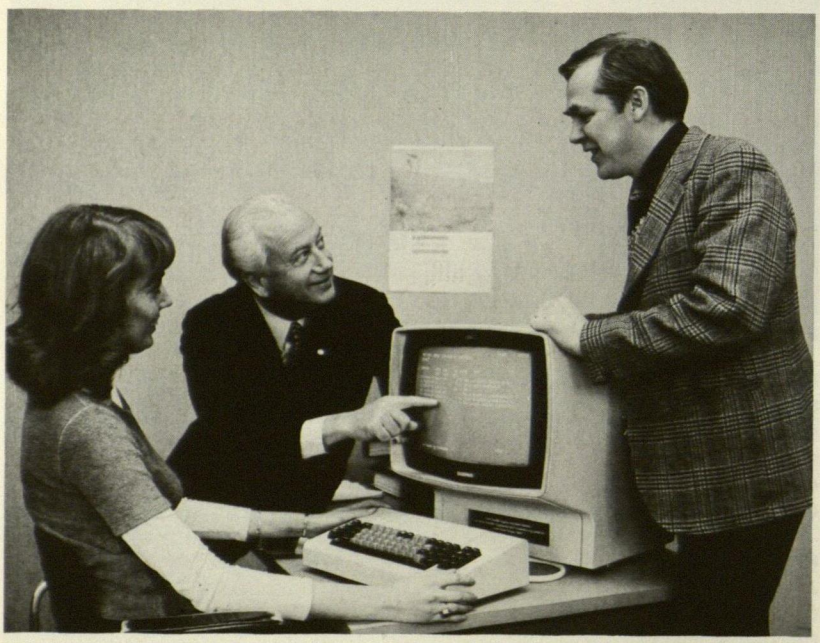
The industrial downturn, which began in mid-1974, continued throughout 1975. With certain exceptions, building activities have been at a low ebb, but the largest building companies have been able to step up their activities in the foreign market. Mining companies have continued to invest in machinery and equipment in spite of the stockpiling of ore which has taken place all over the world. Most of these investments have aimed at environmental and productivity improvements.

The activities of Atlas Copco Svenska Försäljnings AB during 1975 were influenced by the current recession in that the total volume of orders received for the range of industrial products only came up to the 1974 level. On the other hand, orders for mining and construction equipment rose more than had been expected, so that the total volume of orders received was substantially greater than in 1974. The volume of spares and service also expanded heavily during 1975, which suggests that customers' airpowered equipment was working at a high utilization level.

Atlas Copco occupies a powerful position in Sweden, but this is not to say that the company is exempt from foreign competition. International competitors have made active efforts to strengthen their foothold in Sweden during the past few years. Foreign companies have benefitted from the depreciation of the dollar and pound sterling, which among other things has enabled them to offer discounts. What is more, Swedish producers have had to contend with steeply rising wage costs.

Among the many visitors at the Technical Fair in Stockholm, who tested the new RRD chipping hammer, was Sweden's Minister of Industry, Rune Johansson. Atlas Copco's Dick Jansson here presents the hit of the year for the minister and the Fair's managing director, Bengt Hult (to the right).

Atlas Copco has nonetheless been able to increase its already considerable share of the Swedish market. Above all this has been achieved through the introduction of new machinery, such as hydraulic rock-drilling equipment, pneumatic components for the engineering industry and the new portable XA and stationary GA rotary screw compressors.



A new computer installation provides instant information on the state of deliveries at the Swedish sales company. Gunnar Widegren, Managing Director of the company, is seen here with Christina Andersson and Kurt Gladh (right) in front of one of the visual display units.

West Germany

Production and investments were very low in West Germany during 1975, but the latter half of the year witnessed a slow recovery, due in part to incentive measures by the Federal Government, such as tax relief for investments. The limited duration of this relief led to a heavy influx of orders at about mid-year.

Products in demand included the new portable and stationary rotary screw compressors, of which the former—the XA compressors—sold particularly well.

Crawler drill rigs and large underground tunnelling units both increased their sales volume. Good figures were noted for the Cobra light petrol-driven motor drill and for Sandvik Coromant drill steel equipment.

The automotive industry seemed to

be one of the first to raise the low development curve for manufacturing industry, and better demand was noted for air-powered tools.

Apart from the sales company Atlas Copco Deutschland G.m.b.H., Atlas Copco have a manufacturing company, Atlas Copco MCT G.m.b.H., in Bremen. This manufacturing unit, producing surface drill rigs, has acquired additional resources during the year and is now wellequipped to meet rising orders. A smaller engineering unit, Atlas Copco Craelius G.m.b.H. in Worpswede, manufactures certain types of prospecting equipment. Both these factories produce for export as well as for the German market.

Univerzal service staff demonstrating industrial tools at a symposium arranged for the Yugoslavian motor industri.

The main facility of the German sales company in Essen.

Yugoslavia

Atlas Copco has been represented in Yugoslavia since the early sixties by the Univerzal company. Turnover has risen steeply during this period, and today Univerzal's Atlas Copco division in Belgrade has over 50 employees working on new premises with generous storage and service facilities. Univerzal has regional offices in Zagreb, Ljubljana, Sarajevo, Novisad, Rijeka, Skopje and Split, from which sales staff cover all six of the Yugoslavian republics.

Atlas Copco is the biggest supplier of air-powered equipment to Yugoslavia, and the company's co-operation with Univerzal means that there is every prospect of the favourable developments to date being continued.

The traditional emphasis of Atlas Copco's sales has been on rock drilling equipment, rigs, loaders and other items of mining equipment. The Yugoslavian mining industry is in the process of expanding, with the result that there is a growing demand for mechanized equipment.

Considerable sales of rock drilling equipment and compressors are also made in connection with construction projects such as power stations, new roads etc.

Sales of air-powered tools and industrial compressors have developed encouragingly, and large orders have been received from the automotive and shipbuilding industries.

One of the German company's sales engineers discussing technical problems "at source".

Well drillers with their Aquadrill units are welcome visitors in rural India.

India

Atlas Copco is represented in India by a considerable sales company together with a production unit in the Poona district. The sales company has regional offices and service workshops providing ample coverage throughout the subcontinent.

Since 1973 Atlas Copco has been a public company, which implies that the company is 40 per cent owned by local interests.

The trade cycle in India follows its own course, with little regard for cyclic fluctuations in the rest of the world. Rainfall and harvests are the crucial factors here. A good harvest in the autumn of 1975 gave the country added resources for investments in both agriculture and industry.

Atlas Copco has made an active contribution towards the solution of urgent problems in India, including problems concerning water supply, by delivering reliable, easily operated equipment and by providing new methods. One example of this contribution is the revitalization technique, which makes it possible to increase the flow of water into existing wells, thereby balancing the heavy fluctuation between surplus and shortage of water.

By tradition, India has provided Atlas Copco with a good market for well drilling equipment in the form of light and heavy rock drills, Sandvik Coromant drill steel equipment and portable compressors. Concerning 1975, special mention should be made of a large order for well drilling projects financed by UNICEF.

Work has begun on the big Pench dam project in Maharashtra, and this has yielded an initial order mainly for light rock drilling equipment, drill steels and compressors.

There is quite a considerable amount of manufacturing industry in India, especially in the Bombay-Poona area. During the year, Atlas Copco supplied pneumatic equipment, mainly in the form of stationary compressors, to the automotive and other engineering industries.

Atlas Copco has also organized major training ventures aimed at the communication of technical and administrative knowledge. For instance, the Produ program of training for the maintenance and servicing of technical equipment has been translated into eight of the most widely spoken languages in India.

Atlas Copco's self-instructional Produ-system is greatly in demand among customers and company personnel in India.

Morocco

The Moroccan economy is based to a great extent on certain important minerals, including phosphates, copper and lead. The prices of these minerals were rather subdued during the year and this adversely affected the economic development of the country.

Nevertheless, Atlas Copco's sales in Morocco rose substantially. Several customer areas and product groups combined to bring about this favourable pattern of development.

Both large scale and minor civil engineering projects led to a steep rise in sales of portable compressors, which were further boosted by the introduction of the new XA series of portable rotary screw compressors. This new series was given a very favourable reception by the market. Sales of Sandvik Coromant drill steels continued to rise steeply.

Despite the general development in the mining sector, a great deal of equipment was sold to this group of customers, including large stationary compressors for phosphate and coal mines.

Recently, efforts have been made to safeguard water supplies by means of systematic well drilling. The first Aquadrill units for this purpose were sold in Morocco in 1975.

Atlas Copco's sales company in Morocco, which is owned jointly by Atlas Copco and local interests, is making an active contribution towards the technological development of the country by supporting technical education through the publication of technical literature in French and (to an increasing degree) in Arabic, and also by arranging advanced technical symposia at expert level.

A cement works at Agadir, Morocco. The raw material is extracted from the nearby chalkpit using Atlas Copco equipment.

Atlas Copco's ambitious work in the field of environment protection is now beginning to win wide-spread recognition. The DCT dust collector, being supplied to customers all over the world, is a case in point. Pictured here is a DCT fitted to a ROC 601 drill rig at work in a quarry in Pretoria, South Africa.

During the year, an Atlas Copco bubble barrier was installed at the oil terminal in the harbour of Gävle. Compressed air escaping from a perforated hose on the sea bed initiates currents in the water to prevent oil spill from spreading.

Atlas Copco

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