

The background of the entire page is a dark blue color, overlaid with several thick, curved, lighter blue lines that sweep across the frame from the top and sides towards the center, creating a sense of dynamic movement and depth.

Atlas Copco  
1981

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## FINANCIAL INFORMATION FROM ATLAS COPCO

Atlas Copco will publish the following financial reports for 1982:

<i>Managing Director's Report at the Annual General Meeting</i> ....	April 22
<i>Report on first-quarter operations</i> .....	Middle of May
<i>Report on first six months of operations</i> .....	End of August
<i>Report on first nine months of operations</i> .....	Middle of November
<i>Report on 1982 operations</i> .....	February 1983
<i>Annual Report, 1982</i> .....	Beginning of April, 1983

### *Tryckluft*

Quarterly publication (Swedish) for Atlas Copco shareholders.  
 It is sent to shareholders who request it in writing.

### *Front Cover:*

Close-up of compressor screws. The technique of compressing air using rotating screws was launched by Atlas Copco on the world market in the 1950s. Today, the screw compression technique is one of the key elements contributing to the Company's success.

### *Back Cover:*

An advanced hydraulic drilling rig, offering exceptional range, speed and maneuverability, was introduced by Atlas Copco during 1981. Thanks to the machine's advanced characteristics, Atlas Copco's leading position in the world market for heavy drift- and tunnel-boring equipment is further strengthened.

# 1981:

**Sales of the Atlas Copco Group rose 20 percent to SEK 7 488 m. during 1981. Order bookings totaled SEK 7 651 m., a 19 percent increase. Sales volume rose 5 percent.**

**Profit after financial items but before appropriations and taxes increased by 29 percent, totaling SEK 570 m., equal to 7.6 percent of invoicing.**

**Return on capital employed within the Atlas Copco Group increased from 16.1 percent to 19.8 percent.**

**Earnings per share increased from SEK 12.60 to SEK 16.20.**

**Investment in research and development rose by SEK 20 m. to SEK 180 m.**

**The Board of Directors proposes a bonus share issue of one new share for each four old shares, thereby increasing the share capital by SEK 103.5 m. to 517.4 m.**

**The Board of Directors proposes a dividend of SEK 6.00 on both the shares presently outstanding and the proposed bonus shares. (The equivalent of SEK 7.50 per share on the shares presently outstanding, as against SEK 6.50 in 1980.)**



*Swellex, the rock reinforcement bolt, is the "product of the year" at Atlas Copco. Swellex, demand for which is expected to be strong, is based on one of MCT's newly developed methods.*

# BOARD OF DIRECTORS' REPORT ON 1981 OPERATIONS

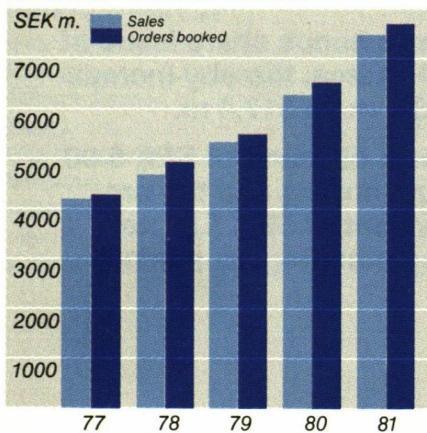
Amounts in SEK m. unless otherwise noted

## ATLAS COPCO GROUP

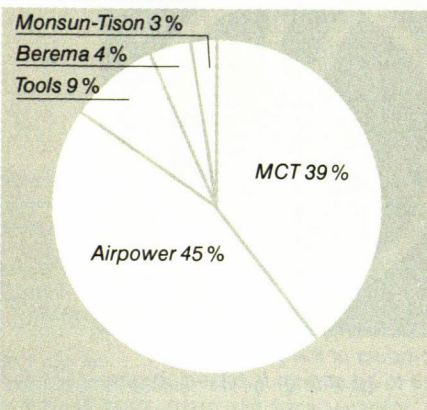
	1981	1980
Invoicing	7 488	6 227
Profit after financial items	570	442

	1981	1980
Order bookings	7 651	6 448
Increase in value, percent	+19	+17
Increase in volume, percent	+ 5	+ 7

## SALES AND ORDERS BOOKED



## SALES BY DIVISION



In connection with the ICC conference in the Philippines, Peter Wallenberg (right) presented Mrs. Imelda Marcos, Minister for Human Settlement, with a deed of gift to a drilled well, in the presence of Bo Kålfors, Sweden's ambassador in Manila.

Total invoiced sales of the Atlas Copco Group in 1981 amounted to SEK 7 488 m., an increase of 20 percent over invoicing in 1980 of SEK 6 227 m. The volume of goods sold increased by approximately 5 percent (7). Sweden accounted for 9 percent of invoicing while more than half went to markets outside Europe. Order bookings rose 19 percent, to SEK 7 651 m., compared with SEK 6 448 m. the preceding year.

Earnings of the Atlas Copco Group after financial income and expense but before extraordinary items, appropriations and taxes amounted to SEK 570 m., (442) or 7.6 percent of invoicing, as against 7.1 percent in 1980.

## MARKET DEVELOPMENT

In spite of the weak trend of the economy in the industrialized world Atlas Copco increased its sales volume. Since the Group's major competitors are based mainly in the United States, the rise in the dollar has improved Atlas Copco's competitive position in the United States and other markets.

Investment as well as industrial production has stagnated in Atlas Copco's most important markets in Western Europe. Sales successes however, were obtained in such European markets as Spain, Portugal and Switzerland. In Norway, sales to the expanding offshore oil industry increased.

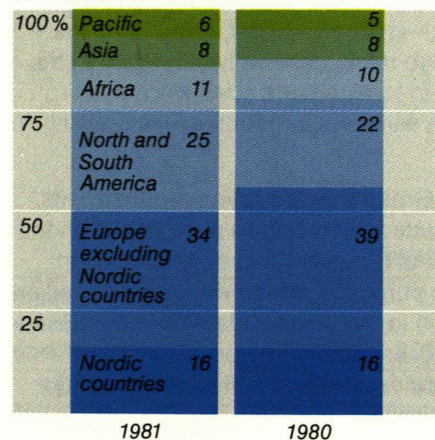
In a number of countries outside Europe, strong economic activity, coupled with the efforts of Atlas Copco's well established marketing organization, resulted in successes. In Australia, Southern Africa, Canada, Peru and Mexico, sales were especially strong. Major successes were noted with respect to deliveries to hydroelectric and infrastructure projects in developing countries, primarily in Latin America, the Middle East and North Africa. Atlas Copco's European sales companies recorded substantial increases in their export sales to international construction companies involved in this expansion.

### Sales Companies

During 1981, Atlas Copco transformed the export division, which was previously in the Parent Company, to form Atlas Copco International AB. The new company is responsible for marketing operations in those countries, primarily in the non-industrialized world, where Atlas Copco does not have its own sales companies. Sales have risen substantially in a number of these markets which include the Middle East, North Africa and Nigeria.

A comprehensive expansion of the organization in the United States has been effected during the past few years. A large number of new dealers have become associated with the American sales company to provide increased market coverage with improved service, among other benefits, making the American company the largest within the Atlas Copco Group.



**GEOGRAPHIC DISTRIBUTION  
OF SALES IN 1981/1980**


During 1981, the Australian sales company achieved a strong increase in sales of mining and contractors' equipment to projects to extract Australia's great mineral and energy resources.

Sales developed favorably in a number of the sales companies which have been established during the past two years. Sales increases were noted in Japan and Singapore. The sales organization will be further expanded in Southeast Asia. In the beginning of 1982, a new company was started in South Korea in association with the former distributor there.

**Other companies**

Atlas Copco Data AB provides computer services for the companies in Sweden and Norway and operates as the center for ADP techniques within the Group. Great emphasis was placed during the year on using computer techniques to improve ordering, inventory and invoicing routines.

Atlas Copco ABEM AB develops, manufactures and sells electronics products for taking geophysical and industrial measurements. Invoiced sales amounted to SEK 18 m. (17).

	1981	1980
Income as a percentage of invoiced sales	7.6	7.1
Percent return on total capital employed	19.8	16.1

**EARNINGS**

Group earnings after financial income and expense amounted to SEK 570 m., (442) an increase of 29 percent. Profit per share amounted to SEK 16.20, as against SEK 12.60 in 1980.

Return on total capital employed, excluding non-interest-bearing liabilities improved from 16.1 percent to 19.8 percent. This increase was due to an increase in the volume of sales and improvements in the rate of capital turnover. Prices were raised in many markets at the same time that currency exchange developments in certain important markets contributed to higher margins.

All divisions showed improved earnings and higher yields. However, yields are still not wholly satisfactory for the Tools Division and Monsun-Tison.

Most of the sales companies outside Europe, including the ones in Australia, Brazil, Canada, India, Peru, South Africa and Zambia recorded good improvements in earnings. Earnings in the companies in Argentina and Bolivia were unsatisfactory. Atlas Copco International was successful during its first year of operation. The sales companies in Italy, Norway and Portugal improved their results further. Earnings in Great Britain and Spain improved during the year but are still unsatisfactory. The remaining European companies could not fully match 1980's profit levels.

**EARNINGS DISTRIBUTED**

BY DIVISION:	1981	1980
MCT	193	153
Airpower	320	250
Tools	11	5
Berema	43	33
Monsun-Tison	3	1
	570	442

The Atlas Copco Group's exchange differences amounted to a surplus of SEK 33 m., compared with a surplus of SEK 36 m. in 1980. Unrealized exchange losses affected the Group's income for the year negatively in the amount of SEK 48 m. (-), while realized exchange gains and translation differences contributed SEK 81 m. (36) to earnings.

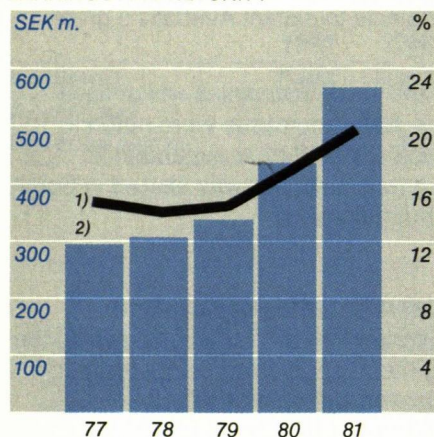
**EARNINGS DISTRIBUTED**

BY QUARTER:	1981	1980
First quarter	162	131
Second quarter	158	101
Third quarter	76	81
Fourth quarter	174	129
	570	442

All long-term loans in foreign currencies have been valued at the year-end exchange rates, except foreign long-term loans of the Parent Company. In contrast to prior years, unrealized exchange losses on these loans have been valued so that they are charged against earnings over the remaining terms of the loans. Total unrealized exchange losses on Parent Company loans amounted to SEK 142 m. (3), of which only SEK 26 m. (3) was charged against income for the year.

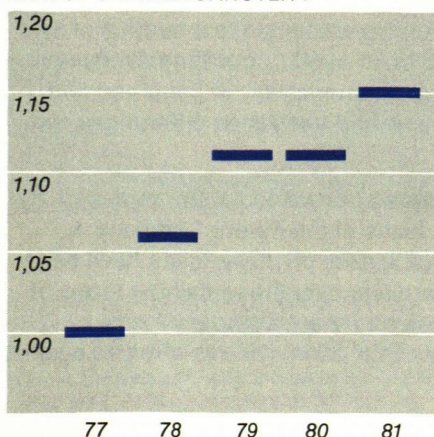
The Parent Company's remaining unrealized exchange losses of SEK 116 m.

## ATLAS COPCO GROUP

EARNINGS AND RETURN<sup>\*)</sup>

- 1) Return on total capital employed, percent (definitions see p. 14)  
 2) Earnings after financial items, SEK m.  
 \*) Return on capital employed for 1977-79 not adjusted for depreciation according to plan

	1981	1980
<b>Net financial expense</b>	-318	-197
<b>Degree of self-financing, %</b>	76	101
<b>Rate of risk-bearing equity capital, %</b>	35.8	37.7

RATE OF CAPITAL TURNOVER<sup>\*)</sup>

- \*) Rate of capital turnover 1977-79 not adjusted for depreciation according to plan

will be charged against Group income during the years up to 1990, with the greater part being booked in the next five years. The degree to which unrealized exchange losses will be realized – charged against future earnings – depends primarily on the trend of exchange rates, especially in relation to the U.S. dollar. The Parent Company's loans in foreign currencies were used primarily to finance investments in foreign sales and production units, mainly in the United States.

To provide a more uniform picture of the Group's depreciation requirements, depreciation of fixed assets has been effected according to plan, based on the expected economic life of the assets. The difference between depreciation according to plan and depreciation for tax purposes, which was chiefly used in previous years, is shown as appropriations in the income statement. In the balance sheet, accumulated additional depreciation is treated as untaxed reserves. In the income statements and balance sheets, the figures for 1980 have been adjusted for purposes of comparison.

At the end of 1981 the Parent Company sold its 9/28ths participation in The Swedish Lamco Syndicate and its holdings of preferred shares in Lamco to Gränges AB. This sale did not influence the income of the Group, since a complete reservation had been made in prior years.

## FINANCING

The total financing requirements of the Atlas Copco Group in 1981 amounted to SEK 906 m. (737), of which a continually increasing portion, 38 percent in 1981, as against 31 percent in 1980, was devoted to capacity-increasing investments in plant and equipment. These amounted to SEK 342 m. (231), of which SEK 25 m. pertained to facilities in newly acquired companies. As a result of the improvements in profit, self-financing was maintained at a satisfactory level of 76 percent (101).

Inventories increased by SEK 181 m. (468), or only 7 percent. As a percent of invoicing, inventories decreased to 38 percent from 42 percent in 1980. Notes receivable, and trade receivables increased during 1981 by SEK 209 m. (29), representing a decrease to 21 percent of invoiced sales, compared with 22 percent in 1980. The rate of capital turnover, so essential for profitability, was thereby raised from 1.11 in 1980 to 1.15 in 1981.

Total interest-bearing liabilities (translated to SEK) rose by SEK 418 m. (494), of which current interest-bearing liabilities increased by SEK 162 m. (143), and long-term interest-bearing liabilities increased by SEK 256 m. (351). Of the increase SEK 180 m. was due to currency changes relative to the Swedish krona.

Net increase of interest-bearing debt was SEK 159 m. (290), taking into consideration an increase of SEK 259 m. (204) in the Group's liquid funds. At year-end, these funds amounted to SEK 775 m. (516), of which SEK 576 m. was in Swedish companies. Available but unutilized lines of credit in banks in and outside of Sweden amounted to SEK 1 098 m. (567).

Net interest costs increased by SEK 116 m. to SEK 346 m., equal to 4.6 percent (3.7) of invoiced sales. The increased interest charge was primarily caused by the high rates during 1981 and increased interest costs as a result of the weakened Swedish krona.

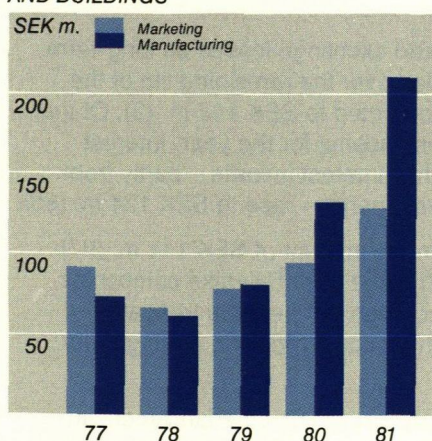
Risk-bearing equity capital in 1980 was reported as 35.2 percent of total assets. As mentioned earlier, the Group changed its depreciation accounting principles during 1981. Accordingly, accumulated additional depreciation, which amounted to SEK 219 m., is reported in untaxed reserves. This, to-

gether with write-ups of buildings in Sweden of SEK 113 m., resulted in visible equity capital, including untaxed reserves, amounting to 35.8 percent of total assets. If planned depreciation had been applied for 1980, the percentage of risk-bearing capital would have been 37.7 percent.

During the year, Atlas Copco AB became part-owner in a newly formed finance company, Atlas Copco Leasing AB, whose primary objective is to finance the sale and leasing of Atlas Copco equipment in Sweden.

	1981	1980
<b>Investments in machinery and buildings</b>	<b>342</b>	<b>231</b>
Sweden	101	51
Outside Sweden	241	180
<b>Total, as percent of invoiced sales</b>	<b>4.6</b>	<b>3.7</b>

#### INVESTMENTS IN MACHINERY AND BUILDINGS



	1981	1980
<b>Number of employees in direct R&amp;D work</b>	<b>730</b>	<b>710</b>
<b>Investment in direct R&amp;D work</b>	<b>180</b>	<b>160</b>

#### INVESTMENTS

During 1981 investments in buildings and machinery in production amounted to SEK 212 m. (135), and in the marketing organization to SEK 130 m. (96).

The plants in Holyoke, Massachusetts, were equipped for efficient series production of Atlas Copco's air compressors. The first deliveries were made during the year. A new plant for Atlas Copco Holyoke Inc. was established in Southampton, Mass., where machines and equipment were installed for the production of track-mounted drills for surface operations.

Atlas Copco Turbonetics Inc., now wholly owned, moved to a newly acquired plant in Voorheesville, New York. This increased the company's capacity and offers good possibilities for expansion.

Expansion of the Brazilian plant was completed, and special machines for the production of screw compressors were installed. Older machines in the plants in Brazil and India were replaced with numerically controlled machines. Expansion of the plant in India will be completed in 1982. A new plant in San Luis Potosi, Mexico was ready for occupancy in September.

A new warehouse and distribution center has been built by the sales company in Essen, West Germany. This is the final link in an advanced materials administration system for the branch offices and regional warehouses.

The Swedish sales company moved to a newly built main office in Nacka during the autumn.

#### RESEARCH AND DEVELOPMENT

Developments within the energy field, electronics and certain sectors of materials technology, among others, are moving extremely rapidly. All these areas cannot be covered fast enough through traditional "in-house" development methods. Atlas Copco, therefore, has used a number of alternative methods of introducing new techniques, such as acquisitions and cooperative agreements. Acquiring technology in this manner means that R&D expenditures were larger than shown in the accompanying table.

During 1981, new products based on new technical solutions were introduced. Examples include the Swellex rock reinforcement system, a recoil-dampened riveting hammer and a compressor with a one-tooth rotor.

A new customer-tailored generation of MACS, the automatic system for the monitoring and control of nutrunners, was developed. The painting robot, Coat-A-Matic, was acquired, which means its further development will also be taken over by Atlas Copco.

Substantial work was done to refine and utilize the technology acquired over the past few years. Turbonetic's turbo technology is a case in point. To increase Atlas Copco's technical know-how, especially in coal mining, the MCT Division formed a consulting company with Geb. Eickhoff Maschinenfabrik und Eisengiesserei of West Germany.

**ATLAS COPCO AB**

	1981	1980
<b>Number of employees</b>	<b>19 538</b>	<b>18 786</b>
<b>Head office</b>	<b>264</b>	<b>231</b>
<b>Sales companies</b>	<b>9 923</b>	<b>9 630</b>
<b>Divisions</b>	<b>9 351</b>	<b>8 925</b>

Salaries, wages and other remuneration:	1981	1980
Directors and senior executives	34.3	27.5
Other employees	1 552.8	1 351.5
	1 587.1	1 379.0

**PARENT COMPANY****PERSONNEL**

Information on the average number of employees and a specification of salaries, wages and other employee costs appear on page 42.

Employment was strained at some Swedish units during the year. There is however a shortage of skilled labor and qualified computer personnel in Sweden.

*Employees' share investment fund*

Atlas Copco's share investment fund, established in 1981 for employees in all Group units in Sweden, was received with great interest on the part of company personnel. The share savings program will therefore be continued in 1982 on the same terms as in 1981.

**INCOME STATEMENT**

Atlas Copco International AB, a newly formed company, assumed responsibility for marketing in countries where the Group does not have its own sales companies. The new company operates on a commission basis for Atlas Copco AB. Invoicing amounted to SEK 567 m., compared with SEK 441 m. in 1980. Income was satisfactory.

In contrast to prior years' practice, unrealized exchange losses on long-term loans in foreign currencies have been cycled over the remaining life of the loans. Total unrealized exchange losses amounted to SEK 142 m. (3). Of this amount, SEK 26 m. (3) was charged against income for the year. Interest expense increased to SEK 141 m. (92), while interest income – partly from subsidiaries and partly from short-term investments – rose to SEK 124 m. (85).

The Parent Company received dividends in the amount of SEK 111 m. (97) from subsidiaries, of which SEK 12 m. (12) came from Swedish companies. "Share in net result of non-consolidated companies" pertains to Atlas Copco's share of the deficit in the Swedish Lamco Syndicate, among other items.

In late 1981, Atlas Copco disposed of its interest in The Liberian American-Swedish Minerals Company (LAMCO) to Gränges AB. The book value of the company's 9/28ths participation in The Swedish Lamco Syndicate, receivables on this partnership, and preferred shares in Lamco, exceeded the selling price by SEK 40.2 m.

After appropriations which amounted to SEK 79 m. (23), the Parent Company reports a profit before taxes of SEK 180 m. (124). After provision for taxes, stated net profit in 1981 was SEK 178 m. (122).

Parent Company purchases from subsidiaries amounted to 96 percent of total purchases. The Company's invoicing involves sales to customers exclusively.

**BALANCE SHEET**

Cash, bank deposits and other short-term investments increased to SEK 520 m. (273), partly as a result of changed payment terms, in the form of shorter supplier credits, for the sales companies outside Sweden.

Increases in share capital were made in a number of foreign subsidiaries, including Atlas Copco North America Inc. and Atlas Copco Deutschland GmbH.

SEK 100 m. was allocated to a write-up reserve through write-ups of the Company's industrial buildings in the amount of SEK 75 m. and write-ups of shares in Swedish subsidiaries in the amount of SEK 25 m. These subsidiaries, in turn, have effected corresponding write-ups of their plants.



Salaries, other remuneration:	1981	1980
Directors and senior executives including bonus payments of 1.1 (0.9)	4.1	3.5
Other employees	53.8	46.6
	57.9	50.1

The average number of employees in the Parent Company and Atlas Copco International AB during the year was 381 (368).

### BONUS ISSUE

In order to bring share capital into more appropriate relation to the size of the company's business, the Board proposes a bonus issue of 4,139,100 new shares, which means that shareholders will receive one new share for each four old shares. The share capital will thereby be raised by SEK 103.5 m. to SEK 517.4 m.

It is proposed that the new issue be effected partly by using the write-up reserve, and partly by using SEK 3.5 m. from retained earnings.

### APPROPRIATION OF PROFIT

For information on the Company's financial position and its operation in general, reference is made to the accompanying income statement and balance sheet. The following funds are available for appropriation by the Annual General Meeting:

Unappropriated earnings from preceding year	SEK 91,121,479
Contingency reserve	SEK 12,500,000
Net profit for the year	SEK 178,095,655
	<u>SEK 281,717,134</u>

The Board of Directors and the Managing Director propose that these earnings be disposed of as follows:

that there be transferred to share capital, in addition to SEK 100,000,000 from the write-up reserve, unappropriated earnings of SEK 3,447,000 through a bonus issue of shares whereby the shareholders will receive one new share for each four old shares held	SEK 3,477,500
To the shareholders, a dividend of SEK 6.00 per share on the shares currently outstanding, as well as the proposed bonus shares, which is the equivalent of SEK 7.50 per share on the shares currently outstanding*	SEK 124,173,000
To be retained in the business, including contingency reserves which were previously reported separately	SEK 154,066,634
	<u>SEK 281,717,134</u>

\* Mr P-E Nyholm made a reservation against the proposal for distribution of dividends and favored a dividend of SEK 6.50 per share currently outstanding.

Nacka, February 10, 1982

PETER WALLENBERG  
Chairman

K-A BELFRAGE  
JAN HELLNER  
AXEL IVEROTH

STURE ÖDNER  
CURT G OLSSON

H N SPORBORG  
ERIK JOHNSON  
TOM WACHTMEISTER  
Managing Director

BO HENNING

PER-ERIK NYHOLM

Our auditors' report was issued March 18, 1982

BIRGER SONESSON  
Authorized Public Accountant

BERTIL E OLSSON  
Authorized Public Accountant

# CONSOLIDATED INCOME STATEMENT

ATLAS COPCO GROUP

Amounts in SEK m.

	1981	1980
Invoiced sales	7 488.4	6 226.8
Cost of goods sold, technical development, sales, administration, etc.	6 451.8	5 463.8
Operating profit before depreciation	1 036.6	763.0
Depreciation according to plan (NOTE 1)		
Goodwill	29.1	14.8
Machinery and equipment	91.7	85.0
Buildings	28.0	24.5
Operating profit after depreciation	887.8	638.7
Financial income and expense		
Interest received	+ 123.1	+ 56.5
Interest paid	- 469.4	- 287.0
Dividends received	+ 0.5	+ 0.4
Share in net result of non-consolidated companies	- 4.8	- 2.8
Foreign exchange differences (NOTE 2)	+ 32.8	+ 36.2
Profit after financial income and expense	570.0	442.0
Extraordinary income and expense (NOTE 3)	+ 13.9	-
Profit before appropriations and taxes	583.9	442.0
Appropriations		
General inventory reserves	- 27.5	- 48.4
Investment reserves	- 15.6	- 5.0
Compulsory investment reserves	-	- 40.0
Difference between book depreciation and depreciation according to plan	- 8.4	- 10.8
Accumulated additional depreciation on fixed assets sold	+ 0.9	-
Utilization of work environment, compulsory investment and investment reserves	+ 9.5	+ 4.5
Change in reserve for exchange losses	+ 0.3	-
Profit before taxes	543.1	342.3
Taxes (NOTE 4)	- 269.2	- 222.1
Minority interest	- 17.4	- 12.4
<b>NET PROFIT</b>	<b>256.5</b>	<b>107.8</b>

# CONSOLIDATED BALANCE SHEET

ATLAS COPCO GROUP

Amounts in SEK m.

<b>ASSETS</b>		<b>Dec. 31 1981</b>	<b>Dec. 31 1980</b>	
<b>Current assets</b>	Cash, bank and short-term deposits (NOTE 5)	<b>774.6</b>		515.6
	Receivables (NOTE 6)	<b>1 954.0</b>		1 617.7
	Inventories (NOTE 7)	<b>2 816.3</b>	<b>5 544.9</b>	2 634.9
	<b>Blocked accounts in Bank of Sweden (NOTE 8)</b>		<b>31.8</b>	4 768.2
<b>Fixed assets</b>	Shares and participations (NOTE 9)	<b>28.6</b>		22.6
	Goodwill (NOTE 10)	<b>33.3</b>		47.8
	Long-term receivables	<b>69.1</b>		44.0
	Construction work in progress	<b>40.1</b>		52.4
	Machinery and equipment (NOTE 11)	<b>474.3</b>		401.4
	Buildings (NOTE 12)	<b>650.2</b>		490.4
	Land (NOTE 13)	<b>205.4</b>	<b>1 501.0</b>	150.1
				1 208.7
<b>TOTAL ASSETS</b>			<b>7 077.7</b>	5 982.6
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>	<i>Interest-bearing liabilities</i>			
	Bank loans	<b>1 135.1</b>		956.3
	Current portions of long-term liabilities	<b>73.6</b>		90.0
	<i>Non-interest-bearing liabilities</i>			
	Notes payable	<b>180.5</b>		142.6
	Suppliers	<b>442.6</b>		359.8
	Provision for taxes	<b>164.3</b>		109.7
	Accrued expenses and prepaid income	<b>197.5</b>		180.1
	Other short-term liabilities	<b>462.0</b>	<b>2 655.6</b>	320.7
<b>Long-term liabilities</b>	<i>Interest-bearing liabilities</i>			
	Debenture and bond loans (NOTE 14)	<b>250.1</b>		269.8
	Mortgage and other long-term loans (NOTE 14)	<b>1 102.6</b>		827.0
	<i>Non-interest-bearing liabilities</i>			
	Provision for pensions (NOTE 15)	<b>383.3</b>		333.4
	Other long-term liabilities	<b>65.7</b>	<b>1 801.7</b>	66.4
				1 496.6
<b>TOTAL LIABILITIES</b>			<b>4 457.3</b>	3 655.8
<b>Untaxed reserves</b>	General inventory reserves (NOTE 16)	<b>392.1</b>		364.6
	Accumulated additional depreciation (NOTE 17)	<b>218.5</b>		230.6
	Investment reserves (NOTE 18)	<b>20.8</b>		11.1
	Work environment reserves (NOTE 19)	<b>0.5</b>		1.5
	Special investment reserves (NOTE 19)	<b>3.3</b>		3.3
	Compulsory investment reserves (NOTE 20)	<b>37.4</b>		40.0
	Reserve for exchange losses	<b>43.0</b>	<b>715.6</b>	43.3
				694.4
<b>Minority interest</b>			<b>84.1</b>	71.5
<b>Shareholders' equity</b>	<i>Restricted equity</i>			
	Share capital (PAGE 40)	<b>413.9</b>		413.9
	Legal reserve (NOTE 21)	<b>320.2</b>		312.8
	Other reserves not available for distribution (NOTE 22)	<b>510.8</b>	<b>1 244.9</b>	389.0
	<i>Unrestricted equity</i>			
	Contingency reserve	<b>38.8</b>		38.8
	Retained earnings (NOTE 23)	<b>280.5</b>		298.6
	Net profit for the year	<b>256.5</b>	<b>575.8</b>	107.8
				445.2
<b>TOTAL SHAREHOLDERS' EQUITY</b>			<b>1 820.7</b>	1 560.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>7 077.7</b>	5 982.6
<b>Assets pledged (NOTE 24)</b>			<b>514.3</b>	469.0
<b>Contingent liabilities (NOTE 25)</b>	Notes discounted		<b>221.3</b>	228.5
	Other contingent liabilities		<b>301.2</b>	322.9

# STATEMENT OF CHANGES IN FINANCIAL POSITION

Amounts in SEK m.

	GROUP		ATLAS COPCO AB	
	1981	1980	1981	1980
<b>SOURCE OF FUNDS</b>				
Internal				
Profit before appropriations and taxes	583.9	442.0	101.4	101.8
Depreciation	+ 148.8	+ 124.3	+ 5.7	+ 4.9
Write-downs and write-ups	-	+ 32.3	-	-
Capital gain/loss on fixed assets sold	- 14.2	+ 0.2	+ 27.6	-
Taxes	- 269.2	- 222.1	- 2.0	- 2.0
Minority interest in profit	- 17.4	- 12.4	-	-
Withdrawals/deposits, blocked accounts	- 26.1	+ 0.2	- 18.7	-
Dividend from Parent Company	- 107.6	- 99.3	- 107.6	- 99.3
Dividend to minority interests in subsidiaries	- 2.6	- 2.1	-	-
<i>Internal funds supplied</i>	<b>295.6</b>	263.1	<b>6.4</b>	5.4
External				
Sales of fixed assets	+ 52.4	+ 17.8	+ 14.1	-
Change in interest-bearing liabilities	+ 418.3	+ 494.3	+ 156.3	+ 32.1
Change in other liabilities	+ 383.2	+ 150.2	+ 48.4	+ 63.7
Minority interest in shareholders' equity	+ 12.6	+ 20.6	-	-
Change in composition of Group, etc.	+ 2.5	- 4.5	-	-
<b>TOTAL FUNDS SUPPLIED</b>	<b>1 164.6</b>	941.5	<b>225.2</b>	101.2
<b>APPLICATION OF FUNDS</b>				
Investments in property, plant and equipment	342.2	230.5	31.7	13.0
Investments in other fixed assets	31.1	20.5	65.3	57.6
Goodwill acquired	14.6	8.4	-	-
Increase in inventories	181.4	467.8	1.0	28.3
Increase in short-term receivables	336.3	10.2	- 120.2	- 164.9
<b>TOTAL FUNDS APPLIED</b>	<b>905.6</b>	737.4	<b>- 22.2</b>	- 66.0
Change in liquid funds	+ 259.0	+ 204.1	+ 247.4	+ 167.2

# INCOME STATEMENT

ATLAS COPCO AB

Amounts in SEK m.

		1981	1980
<b>Operating income</b>	Invoiced sales	<b>567.3</b>	440.9
	Commissions etc. from subsidiaries	<b>80.1</b>	82.0
<b>Operating expense</b>	Cost of goods sold, technical development, sales, administration, etc.	<b>-622.8</b>	-510.6
<b>Operating profit before depreciation</b>		<b>24.6</b>	12.3
<b>Depreciation according to plan (NOTE 1)</b>	Machinery and equipment	<b>- 3.2</b>	- 2.5
	Buildings	<b>- 2.5</b>	- 2.4
<b>Operating profit after depreciation</b>		<b>18.9</b>	7.4
<b>Financial income and expense</b>	Dividends received from subsidiaries	<b>+111.2</b>	+ 96.5
	Interest received from subsidiaries, net	<b>+ 59.7</b>	+ 63.6
	Interest received (excluding subsidiaries)	<b>+ 64.2</b>	+ 21.6
	Interest paid (excluding subsidiaries)	<b>-140.8</b>	- 92.2
	Dividends received (excluding subsidiaries)	<b>+ 0.4</b>	+ 0.4
	Share in net result of non-consolidated companies	<b>- 4.8</b>	- 2.8
	Foreign exchange differences (NOTE 2)	<b>+ 20.5</b>	+ 7.3
<b>Profit after financial income and expense</b>		<b>129.3</b>	101.8
	Extraordinary income and expense (NOTE 3)	<b>- 27.9</b>	-
<b>Profit before appropriations and taxes</b>		<b>101.4</b>	101.8
<b>Appropriations</b>	Difference between book depreciation and depreciation according to plan	<b>- 0.7</b>	-
	Accumulated additional depreciation on fixed assets sold	<b>+ 0.5</b>	-
	Intra-group transfers	<b>+ 78.6</b>	+ 60.0
	Compulsory investment reserve	<b>-</b>	- 37.3
	Change in reserve for exchange losses	<b>+ 0.3</b>	-
<b>Profit before taxes</b>		<b>180.1</b>	124.5
<b>Taxes</b>		<b>- 2.0</b>	- 2.0
<b>NET PROFIT</b>		<b>178.1</b>	122.5

**BALANCE SHEET**

ATLAS COPCO AB

Amounts in SEK m.

<b>ASSETS</b>		<b>Dec. 31 1981</b>		<b>Dec. 31 1980</b>	
Current assets	Cash, bank and short-term deposits (NOTE 5)	520.1		272.7	
	Receivables (NOTE 6)	569.6		659.5	
	Inventories	63.7	1 153.4	62.7	994.9
Blocked accounts in Bank of Sweden (NOTE 8)			20.9		3.2
Fixed assets	Shares and participations in subsidiaries (PAGE 19)	693.4		588.4	
	Shares and participations (excluding subsidiaries) (PAGE 19)	23.9		22.6	
	Notes receivable	1.7		3.8	
	Long-term receivables from subsidiaries	41.6		87.2	
	Other long-term receivables	43.2		51.6	
	Construction work in progress	5.8		11.1	
	Machinery and equipment (NOTE 11)	15.6		11.8	
	Buildings (NOTE 12)	96.3		44.7	
	Land (NOTE 13)	88.5	1 010.0	47.0	868.2
<b>TOTAL ASSETS</b>			<b>2 184.3</b>		<b>1 866.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities	<i>Interest-bearing liabilities</i>				
	Liabilities to subsidiaries	218.2		139.6	
	Short-term loans	16.3		2.1	
	Current portion of long-term liabilities	16.9		16.2	
	<i>Non-interest-bearing liabilities</i>				
	Suppliers	9.6		7.2	
	Provision for taxes	2.2		2.4	
	Accrued expenses and prepaid income	40.1		22.5	
	Other current liabilities	40.7	344.0	21.3	211.3
	Long-term liabilities	<i>Interest-bearing liabilities</i>			
Debenture and Bond loans (NOTE 14)		250.1		269.8	
Mortgage and other long-term loans (NOTE 14)		369.1		334.9	
<i>Non-interest bearing liabilities</i>					
Provision for pensions, PRI		98.1		85.4	
Provision for pensions, other	11.2	728.5	14.7	704.8	
<b>TOTAL LIABILITIES</b>			<b>1 072.5</b>		<b>916.1</b>
Untaxed reserves	Accumulated additional depreciation (NOTE 17)	7.4		15.0	
	Work environment reserve (NOTE 19)	0.2		1.2	
	Special investment reserve (NOTE 19)	2.0		2.0	
	Compulsory investment reserve (NOTE 20)	37.3		37.3	
	Reserve for exchange losses	43.0	89.9	43.3	98.8
Shareholders' equity	<i>Restricted equity</i>				
	Share capital (16 556 400 nom. value SEK 25) (PAGE 40)	413.9		413.9	
	Legal reserve (NOTE 21)	226.3		226.3	
	Write-up reserve	100.0	740.2	—	640.2
	<i>Unrestricted equity</i>				
	Contingency reserve	12.5		12.5	
	Retained earnings (NOTE 23)	91.1		76.2	
Net profit for the year	178.1	281.7	122.5	211.2	
<b>TOTAL SHAREHOLDERS' EQUITY</b>			<b>1 021.9</b>		<b>851.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>2 184.3</b>		<b>1 866.3</b>
Assets pledged (NOTE 24)	Real estate mortgages	29.7		32.3	
	Trade mortgages	98.4		98.4	
Contingent liabilities (NOTE 25)	Notes discounted	—		8.7	
	Guarantees and other liabilities, of which 681.7 (522.3) on behalf of subsidiaries	793.1		599.2	
	Capital value of pension obligation	33.7		26.6	

# NOTES TO FINANCIAL STATEMENTS

SEK millions unless otherwise noted

## ACCOUNTING PRINCIPLES

### *Principles of consolidation*

The consolidated accounts of the Atlas Copco Group cover all companies in which the Parent Company, directly or indirectly, has more than half of the shares' voting rights, as well as those companies in which the Group in some other way has a decisive influence and a significant portion of their earnings.

The balance sheets have been prepared in accordance with the purchase method, whereby the equity in acquired companies at the date of their acquisition, with the addition of subsequent new issues of shares, has been eliminated against the book value of the shares.

Companies acquired during the year have been included in the consolidated income statement from their respective acquisition dates.

The share capital of established subsidiaries has been eliminated against the book value of these shares in their respective parent companies. Differences due to bonus issues in subsidiaries have been allocated to the Group's restricted equity.

### *Translation of foreign currencies*

The balance sheets of foreign subsidiaries have been translated to Swedish kronor in accordance with the monetary/non-monetary method. Real property (land and buildings), machinery and equipment, inventory and equity have been translated at the exchange rates at date of acquisition. Other items in the balance sheet have been translated at year-end exchange rates.

A reserve for exchange losses amounting to SEK 65 m. was created in 1978 to cover the unrealized exchange losses on Parent Company long-term loans prior to 1978. To the extent that the unrealized exchange losses, covered by the reserve of 1978, are realized in connection with repayment of the loans concerned, this reserve will be liquidated and a corresponding amount will be charged against profit as an extraordinary expense. (See Note 3.)

During 1981, all loans in foreign currencies have been translated to Swedish kronor at the year-end rate of exchange, except for the foreign loans of the Parent Company. Unrealized exchange losses have been cycled over the remaining life of these loans.

The income statements have been translated at the average exchange rates during the year, except for depreciation, which has been translated at the exchange rate of the corresponding asset.

The translation differences arising from the use of different exchange rates have been credited to the year's earnings. (See Note 2.)

## APPROPRIATIONS

Tax legislation in Sweden and certain other countries give companies the opportunity to strengthen their positions through tax-deductible allowances to untaxed reserves. By utilizing these regulations, companies may retain profits in the company without their being taxed. Dividends cannot be paid out from untaxed reserves created using this procedure. The transfers to, and withdrawals from, such reserves and funds during the year are reported under appropriations in the income statement. In the balance sheet, the accumulated value

of the allocations is reported under untaxed reserves. These reserves first become subject to taxation upon liquidation. If a company has incurred losses, the untaxed reserves can be used to cover the losses without the effective tax being applied. Thus, the total value of the untaxed reserves can be considered to be risk capital since potential losses can, to a large extent, be covered by liquidating the untaxed reserve.

## CURRENCY POLICY

Today, the currency market is much too easily influenced by political and economic events, making it impossible to predict a currency's future value. Therefore, Atlas Copco uses a system which lessens the dependence on the values of currencies, that is, which lessens exposure to currency fluctuations. Atlas Copco's exposure to currency fluctuations can be divided into two areas – transaction and translation exposure. Transaction exposure encompasses all the payments which take place in each individual company within the Group, both incoming and outgoing, in currencies other than their own. Translation exposure is exposure to currency fluctuations resulting from the currency translation accounting procedures used to translate the various legal units' income statements and balance sheets.

The currency policy of the Atlas Copco Group is aimed at reducing the Group's vulnerability to currency fluctuations by minimizing the net of both transaction and translation exposure. Minimizing transaction exposure is always given top priority, since this exposure affects cash flow. After all possible measures have been taken to reduce exposure to translation and transaction losses, a net or risk exposure remains. To further reduce currency dependency, the remaining net transaction exposure is covered through forward contracts.

## CURRENCY EXCHANGE RATES

Country	Cur- rency value	Cur- rency code	Year-end rate, SEK		Average rate, SEK	
			1981	1980	1981	1980
Denmark	100	DKK	75.50	72.50	71.50	75.00
Norway	100	NOK	95.00	84.50	88.00	85.50
Austria	100	ATS	35.00	31.50	32.00	32.50
Great Britain	1	GBP	10.585	10.425	10.240	9.825
Portugal	100	PTE	8.45	8.30	8.23	8.40
Switzerland	100	CHF	309.00	247.50	259.00	251.50
Belgium	100	BEC	14.50	13.90	13.70	14.50
France	100	FRF	97.00	96.50	93.50	100.00
The Netherlands	100	NLG	223.50	206.00	203.50	212.50
Italy	100	ITL	0.4580	0.4700	0.4450	0.4925
West Germany	100	DEM	246.00	223.00	224.50	232.50
Spain	100	ESP	5.7000	5.4975	5.4780	5.9055
India	100	INR	61.00	55.00	58.00	53.50
Bolivia	100	BOP	22.00	17.50	20.50	18.40
Mexico	100	MXP	21.00	18.80	20.50	18.40
USA	1	USD	5.560	4.370	5.060	4.225
Argentina	100	ARP	0.0610	0.2195	0.1340	0.2305
Brazil	100	BRC	4.3545	6.7000	5.5875	8.1000
Peru	100	PES	1.1160	1.3325	1.1865	1.4760
Canada	1	CAD	4.695	3.655	4.210	3.590
Venezuela	100	VEB	130.00	100.50	117.00	98.00
South Africa	1	ZAR	5.810	5.845	5.760	5.405
Japan	100	JPY	2.535	2.119	2.284	1.865
Australia	1	AUD	6.235	5.115	5.770	4.790

## NOTES TO FINANCIAL STATEMENTS

### EFFECTS OF INFLATION

Traditional accounting provides a picture of the Group's operating results and financial position that is incomplete in certain respects during periods in which there are sharp price changes, such as those that have occurred during 1981 in Sweden and many other countries where Atlas Copco operates. Accordingly, certain of the effects on Group earnings resulting from changes in monetary values should be noted.

The first step towards a measurement of results that is unaffected by inflation is to charge earnings with the current cost of goods sold, that is, the replacement value of the product on the day of sale. Doing this results in a negative effect of SEK 135 m. on earnings. The next step is the use of replacement cost depreciation on machinery and buildings. This means that the depreciation is based on the estimated replacement cost of the asset, rather than historical cost. Total replacement cost depreciation for the Atlas Copco Group in 1981 amounted to SEK 224 m. (173), as against recorded depreciation according to plan of SEK 120 m. (110).

An additional effect of inflation is the change in buying power that arises with respect to so-called monetary assets and liabilities. With rising prices, increasingly less buying power is required to pay a company's debts, while the value of cash and customer receivables declines. During 1981 the Atlas Copco Group's liabilities (short- and long-term) exceeded its monetary assets, on an average, by approximately SEK 1.6 billion.

Taking into account the specific net liability of each Atlas Copco Group company and the inflation prevailing in the respective country, this total monetary net liability has a positive effect on earnings for the Atlas Copco Group during the year of approximately SEK 160 m.

The unrealized inflation profit which Atlas Copco makes on inventories and fixed assets corresponds largely to the price increases prevailing in the industry. In Atlas Copco's case consequently, real earnings are not affected by the changes in the value of non-monetary assets.

#### THE ATLAS COPCO GROUP'S EARNINGS, INFLATION ADJUSTED

Profit before appropriations and taxes according to traditional accounting methods	584
Difference between reported costs for products sold and current costs	- 135
Difference between replacement cost depreciation and depreciation according to plan	- 104
Inflation adjusted monetary capital, net	+ 160
Inflation adjusted earnings before appropriations and taxes	505

The monetary assets of the Brazilian subsidiary have been excluded in the calculation, as the effect of inflation has already been charged against earnings in accordance with the laws applicable in Brazil.

### INTERNATIONAL GUIDELINES

Atlas Copco welcomes the guidelines for multinational enterprises, formulated by the OECD, the organization for economic cooperation between the western industrialized countries. We believe that we conform with these guidelines in all essential respects.

We have observed the OECD guidelines in preparing this Annual Report, except for certain information which, for competitive reasons, we do not now feel that we can disclose.

The Company is also favorably disposed to the guidelines with respect to multinational companies and the labor market, prepared by ILO, the United Nations' organization for handling labor questions.

In conformity with international standards, the following designations have been used in this Annual Report.

Currencies: SEK = Swedish kronor  
Other currencies, see page 13

Suffixes: k = thousands  
m = millions

### DEFINITIONS

#### *Return on total capital employed*

Profit after financial income and expense plus interest paid as a percentage of average total assets less non-interest-bearing current liabilities.

#### *Return on risk-bearing equity capital*

Profit after financial income and expense less a standard tax deduction (50 percent) and minority interest as a percentage of average shareholders' equity and untaxed reserves.

#### *Return on shareholders' equity*

Profit after financial income and expense less a standard tax deduction (50 percent) and minority interest as a percentage of average shareholders' equity and 50 percent of untaxed reserves (deduction for latent tax liability).

#### *Rate of risk-bearing equity capital*

Shareholders' equity and untaxed reserves, as a percentage of total assets.

#### *Degree of self-financing*

Funds generated internally as a percentage of investments in total fixed assets.

#### *Rate of capital turnover*

Invoiced sales divided by average total assets.

#### *Interest coverage*

Profit after financial income and expense plus interest expense divided by interest expense.

#### *Earnings per share*

Profit after financial income and expense less a deduction for calculated tax of 50 percent, and minority interest in the year's earnings, divided by the number of shares.



## 1. DEPRECIATION

Effective in 1981, Atlas Copco is reporting depreciation according to plan. The difference between book depreciation and depreciation according to plan in 1981 amounted to SEK 8.4 m. For purposes of comparison, figures for 1980 have also been translated using this procedure. The difference between book depreciation and depreciation according to plan in 1980 amounted to SEK 10.8 m.

The Atlas Copco Group uses three types of depreciation concepts: planned depreciation, book depreciation and replacement cost depreciation.

*Depreciation according to plan* is based on the original purchase value (increased through write-ups where appropriate) and is applied using the straight-line method over the economic life of the asset. Depreciation according to plan is based on the following rates: machinery and equipment, 7 to 20 percent; vehicles, 20 percent; and buildings, 2 to 4 percent. Goodwill is depreciated according to a plan established for each specific case. Planned depreciation amounted to SEK 148.8 m. in 1981, compared with SEK 124.3 m. in 1980.

*Book depreciation* is generally used in accordance with agreements with tax authorities in the respective countries. The difference between book depreciation and depreciation according to plan is recorded under "Appropriations" in the income statement. The total value is recorded in the balance sheet among untaxed reserves under the heading "Accumulated additional depreciation." Book depreciation amounted in 1981 to SEK 157.2 m. (135.1), of which write-downs were charged against the following reserves:

	GROUP	
	1981	1980
Investment reserves (NOTE 18)	2.1	2.8
Work environment and special investment reserves (NOTE 19)	1.0	1.7
Compulsory investment reserves (NOTE 20)	2.6	—
	5.7	4.5

*Replacement cost depreciation* is based on the replacement value of the fixed asset and is depreciated using straight-line depreciation over the economic life of the asset. This depreciation for the Group amounted in 1981 to SEK 224 m. (173) and consequently exceeded depreciation according to plan, excluding depreciation on goodwill, by SEK 104 m. (63).

## 2. FOREIGN EXCHANGE DIFFERENCES

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Realized foreign exchange differences, net	60.3	35.9	38.4	9.8
Unrealized foreign exchange differences				
Long-term loans	-51.5	-2.5	-26.8	-2.5
Other receivables and liabilities	3.3	2.6	8.9	—
Translation differences	20.7	0.2	—	—
	32.8	36.2	20.5	7.3

## 3. EXTRAORDINARY INCOME AND EXPENSE

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Capital gains, on fixed assets sold	14.2	—	12.6	—
Capital losses, on participations and shares sold and write-downs of receivables in non-consolidated companies	—	—	-40.2	—
Exchange losses on foreign loans	-0.3	—	-0.3	—
	13.9	—	-27.9	—

## 4. TAXES

Income taxes are treated in accordance with the rules and regulations prevailing in the countries in which the profit was made. These taxes are based on the local recorded profit before taxes, which can vary from the Group's accounting principles.

Consolidated reservations for unrealized internal profits in the sales companies' inventories have reduced the Group's total earnings without, at the same time, corresponding reductions in taxes.

Consolidated net profit has been arrived at after deducting taxes thereon, including coupon taxes on profits earned outside Sweden which have been distributed to the respective parent companies.

Of the year's tax provision of SEK 269.2 m., SEK 265.2 m. was in countries outside Sweden and SEK 4.0 m. was in Sweden.

## 5. CASH, BANK AND SHORT-TERM DEPOSITS

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Liquid funds	486.3	436.9	250.9	228.7
Short-term deposits	288.3	78.7	269.2	44.0
	774.6	515.6	520.1	272.7

## 6. RECEIVABLES

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Notes receivable	129.2	133.4	4.0	36.7
Receivables from subsidiaries	—	—	401.5	414.9
Trade receivables	1 469.8	1 256.4	69.1	188.2
Deferred expenses and accrued income	67.1	47.9	23.1	13.9
Other receivables	287.9	180.0	71.9	5.8
	1 954.0	1 617.7	569.6	659.5

## NOTES TO FINANCIAL STATEMENTS

### 7. INVENTORIES

Inventories have been valued at the lower of cost or market value, generally in accordance with the first-in/first-out method, after depreciation for obsolescence.

The main flow of inventory within the Group is from the divisions to the Group's sales companies, which in turn sell to the final customer. The internal profit arising from intra-group transactions has been eliminated in the consolidated accounts.

Internal pricing between companies is based as far as possible on comparable market prices.

Inventories on December 31, 1981 were distributed as follows:

	GROUP	
	1981	1980
Raw materials	118.3	118.2
Products under manufacture	281.8	288.4
Semi-finished goods	656.9	554.4
Finished goods	1 759.3	1 673.9
	2 816.3	2 634.9

### 8. BLOCKED ACCOUNTS IN BANK OF SWEDEN

Funds in blocked accounts belong to the following reserves:

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Investment reserves	9.9	1.5	—	—
Work environment reserves	0.3	1.3	0.2	1.2
Special investment reserves	2.9	2.9	2.0	2.0
Compulsory investment reserve	18.7	—	18.7	—
	31.8	5.7	20.9	3.2

### 9. SHARES AND PARTICIPATIONS

	GROUP	
	1981	1980
Shares and participations reported by Atlas Copco AB according to specifications on page 19	23.9	22.6
Shares and participations reported by other companies	4.7	—
	28.6	22.6

### 10. GOODWILL

Consolidated surplus value amounts to SEK 41.2 m. (58.6). This surplus value has been allocated under the following items in the balance sheet: goodwill, SEK 33.3 m.; machinery and equipment, SEK 2.5 m.; and buildings, SEK 5.4 m. The item goodwill primarily refers to patents, manufacturing rights and know-how. Goodwill acquired during the year amounted to SEK 14.6 m.

Depreciation of consolidated surplus value amounts to SEK 29.5 m. and refers to the following assets:

	GROUP	
	1981	1980
Goodwill	29.1	14.8
Machinery and equipment	0.1	0.6
Buildings	0.3	0.4
	29.5	15.8

### 11. MACHINERY AND EQUIPMENT

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Cost	1 072.9	920.1	46.0	39.3
Accumulated depreciation according to plan	— 598.6	— 518.7	— 30.4	— 27.5
Plan value	474.3	401.4	15.6	11.8
Accumulated additional depreciation	— 157.9	— 156.4	— 7.2	— 6.8
Book value, net	316.4	245.0	8.4	5.0

### 12. BUILDINGS

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Cost	812.0	675.0	103.3	79.0
Write-ups	52.8	10.0	29.2	—
Accumulated depreciation according to plan	— 214.6	— 194.6	— 36.2	— 34.3
Plan value	650.2	490.4	96.3	44.7
Accumulated additional depreciation	— 60.6	— 74.2	— 0.2	— 8.2
Book value, net	589.6	416.2	96.1	36.5
Tax assessment value			72.8	63.5

The remaining undepreciated write-up amounts to SEK 52.0 m. (9.6) for the Group and SEK 29.2 m. (—) for the Parent Company.

Included in Parent Company's reported book value are buildings with a construction cost of SEK 25.9 m. which have not been assigned a tax assessment value.

### 13. LAND

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Cost	120.0	115.1	30.5	27.0
Write-up	85.4	35.0	58.0	20.0
Book value, net	205.4	150.1	88.5	47.0
Tax assessment value			91.7	50.7

## NOTES TO FINANCIAL STATEMENTS

**14. LONG-TERM LOANS**

*Debenture loan* 1981

## PARENT COMPANY

1967 7½ % loan in the amount of SEK 35 m.,  
amortization 1982 3.7

*Bond loans*

## PARENT COMPANY

1963 4¾ % loan, SEK 15 m.,  
amortization period 1964–1983 1.1

1970 9½ % loan, USD 20 m.,  
amortization period 1971–1985,  
(amortized, USD 13.7 m.) 31.4

1976 7¾ % loan, CHF 80 m.,  
amortization period 1981–1991,  
(amortized, CHF 0.5 m.) 158.6

1978 10¼ % loan, SEK 100 m.,  
amortization period 1979–1993 70.1

Less: 1982 maturities – 14.8

Bond and debenture loans of the Parent Company and  
Group as shown in balance sheets 250.1

Bond and debenture loan interest  
expense for 1981 were SEK 31.6 m.

*Mortgage and other long-term loans*

## PARENT COMPANY

1978 multicurrency loan, USD 20 m. 98.0

1979 loan, USD 10 m. 45.7

1979 multicurrency loan, USD 0.7 m. 3.2

1980 multicurrency loan, USD 20 m. 90.9

1980 multicurrency loan, USD 10 m. 45.2

1980 multicurrency loan, USD 13.4 m. 61.0

1981 multicurrency loan, USD 2.8 m. 14.4

National Pensions Fund loan 11.2

National Labor Market Board loan 1.1

Other mortgage and long-term loans 0.5

Less: 1982 maturities – 2.1

Parent Company mortgage and other long-term loans,  
as shown in the balance sheet 369.1

Parent Company interest expense on mortgage and  
other long-term loans in 1981 was SEK 68.4 m.

## SUBSIDIARIES

Atlas Copco MCT 63.2

Atlas Copco Airpower 202.1

Atlas Copco Tools 36.4

Berema 35.6

Monsun-Tison 14.6

Other subsidiaries 438.3

Less: 1982 maturities – 56.7

The Group's mortgage and other long-term loans  
as shown in the balance sheet 1 102.6

Parent Company bond, mortgage and other long-term loans  
totaling SEK 619.2 m. are amortized according to the following:

1983 137.1

1984 45.4

1985 32.4

1986 62.8

1987 and beyond 341.5

Atlas Copco's combined long-term loans, including current  
portions of long-term loans, are distributed among the following  
currencies:

CURRENCY	AMOUNT	SEK m.	%
USD m.	131.7	659.4	46.3
SEK m.	229.5	229.5	16.1
CHF m.	88.3	185.8	13.0
NOK m.	76.4	72.6	5.1
VEB m.	34.2	44.5	3.1
FRF m.	39.7	38.5	2.7
AUD m.	5.2	32.5	2.3
BEC m.	192.0	27.8	1.9
DEM m.	8.9	21.9	1.5
BOP m.	95.5	21.0	1.5
Other	–	92.8	6.5
		1 426.3	100.0

**15. PROVISION FOR PENSIONS**

This item pertains mainly to the Swedish companies and cor-  
responds to the actuarially calculated amount of pension  
obligations under the negotiated supplementary pension plan  
in excess of the National Supplementary Pension Plan. The  
entire amount of change in balance sheet items is included in  
operating expenses.

**16. GENERAL INVENTORY RESERVES**

Allocations to these reserves are made principally in the  
Group's Scandinavian companies. Swedish legislation permits  
a write-down of a maximum of 60 percent of the value after a  
general deduction for obsolescence.

	GROUP
General inventory reserves, December 31, 1980	364.6
Allocation to inventory reserves	43.4
Liquidation of inventory reserves	– 15.9
General inventory reserves, December 31, 1981	392.1

Unutilized rights for allocations to inventory reserves in the  
Swedish companies amount to SEK 136 m. There is SEK 4.4  
m. in excess of the inventory reserve reported in the balance  
sheet which has been eliminated with application of the  
purchase accounting method.

**17. ACCUMULATED ADDITIONAL DEPRECIATION**

	GROUP	PARENT COMPANY
Accumulated additional de- preciation, December 31, 1980	230.6	15.0
Difference between book depreciation and depreciation according to plan, 1981	+ 8.4	+0.7
Accumulated additional de- preciation on fixed assets sold during the year	– 0.9	– 0.5
Write-ups against accumulated additional depreciation	– 19.6	– 7.8
Accumulated additional de- preciation, December 31, 1981	218.5	7.4

## NOTES TO FINANCIAL STATEMENTS

The accumulated additional depreciation is distributed as follows:

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Machinery and equipment	157.9	156.4	7.2	6.8
Buildings	60.6	74.2	0.2	8.2
	218.5	230.6	7.4	15.0

### 18. INVESTMENT RESERVES

Swedish companies have the right to allocate 50 percent of their profits before appropriations to a general investment reserve. The amount allocated is tax deductible if 50 percent of the sum is placed in a non-interest-bearing account in the Bank of Sweden. Employees must be consulted before application is made to utilize investment reserves. The reserve may be used with permission of governmental authorities, in which connection proportional amounts may be withdrawn from the sum placed in the account with the Bank of Sweden.

When investments in fixed assets are made, the portion of the acquisition cost, that have been defrayed by utilizing the investment reserve, may be directly written down.

Some foreign companies also have the opportunity to allocate to similar investment reserves. A large portion of these reserves reported in 1981 relate to foreign companies. During 1981, Monsun-Tison, Berema, Atlas Copco Great Britain and Atlas Copco France have utilized funds from investment reserves totaling SEK 5.9 m., of which, SEK 3.8 m. is reported among operating expenses.

### 19. WORK ENVIRONMENT AND SPECIAL INVESTMENT RESERVES

In accordance with a temporary law adopted in 1974, Swedish companies were obliged to allocate 20 percent of their profits before appropriations and taxes to a work environment reserve. The sum, which was tax deductible, was placed in an interest-free account in the Bank of Sweden.

During 1981, Atlas Copco Tools utilized funds from the work environment reserve amounting to SEK 1.0 m., which was transferred from the Parent Company.

### 20. COMPULSORY INVESTMENT RESERVES

Swedish companies reporting a profit before certain appropriations and taxes for 1980 exceeding SEK 1.0 m. were required to allocate 25 percent of this profit to a special compulsory investment reserve. The entire sum was required to be placed in an interest-free account in the Bank of Sweden. The Berema group withdrew and used SEK 2.6 m. from the reserve during 1981.

### 21. LEGAL RESERVES

	GROUP	PARENT COMPANY
Legal reserves, December 31, 1980	312.8	226.3
Transferred from retained earnings	+ 7.4	—
Legal reserves, December 31, 1981	320.2	226.3

### 22. OTHER RESERVES NOT AVAILABLE FOR DISTRIBUTION

	GROUP	PARENT COMPANY
Other reserves not available for distribution, December 31, 1980	389.0	—
Transferred from retained earnings	+ 9.0	—
Write-up reserves	+112.8	+100.0
Other reserves not available for distribution, December 31, 1981	510.8	100.0

These reserves consist mainly of profits transferred to the share capital of subsidiaries.

### 23. RETAINED EARNINGS

	GROUP	PARENT COMPANY
Retained earnings, December 31, 1980	298.6	76.2
1980 net profit	+107.8	+122.5
Dividends paid	-107.6	-107.6
Transferred to legal reserves	- 7.4	—
Transferred to other reserves not available for distribution	- 9.0	—
Reclassifications, etc., net	- 1.9	—
Retained earnings, December 31, 1981	280.5	91.1

In evaluating the Atlas Copco Group's retained earnings and profit for the year, it should be noted that a substantial portion was earned in companies outside Sweden from which the transfer of profit to the Parent Company is, in certain cases, subject to taxes and restrictions.

### 24. ASSETS PLEDGED

	GROUP		PARENT COMPANY	
	1981	1980	1981	1980
Real estate mortgages	319.6	269.6	29.7	32.3
Trade mortgages	178.1	179.9	98.4	98.4
Other assets pledged	16.6	19.5	—	—
	514.3	469.0	128.1	130.7

### 25. CONTINGENT LIABILITIES

In addition to the contingent liabilities shown, through a financial agreement with Atlas Copco Finans AB, trade receivables and notes receivable, totaling SEK 271.5 (185.7), have been sold with a limited repurchase guarantee. The value to Atlas Copco AB amounts to SEK 143.7 m. (-). Required reserves for anticipated customer losses have been allocated.

#### Data on loans and contingent liabilities to shareholders and others (according to chapter 12 of the Swedish Companies Act)

Loans have been granted to employees in connection with the offer, during 1981, related to savings invested in Atlas Copco shares. Exemptions have been obtained from the County Administrations in the affected counties.

	GROUP	PARENT COMPANY
Number of loans	1 625	220
Other current receivables	1.5	0.2
Long-term receivables	5.8	0.8

# SHARES AND PARTICIPATIONS

December 31, 1981

	Number of shares	Per-cent held	Par value loc cur	Book value SEK m.
<b>DIVISIONS</b>				
Atlas Copco MCT AB	300 000	100	100	45.0
Atlas Copco Tools AB	100 000	100	100	20.0
Berema AB	20 000	100	1 000	39.2
Monsun-Tison AB	140 000	100	100	32.9
Atlas Copco Airpower N.V., Belgium	59 500	99	1)	125.0

## SALES COMPANIES

Atlas Copco Svenska Försäljnings AB	200 000	100	100	20.0
Atlas Copco International AB	10 000	100	100	1.0
Atlas Copco Belgium S.A.	99 988	100	1 000	10.0
Atlas Copco (Cyprus) Ltd.	99 998	100	1	0.6
Atlas Copco A/S, Denmark	12 000	100	1 000	6.9
Atlas Copco France S.A.	79 960	100	500	35.2
Atlas Copco Nederland b.v.	10 000	100	1 000	13.0
Atlas Copco Italia S.p.A.	539 998	100	10 000	28.2
Atlas Copco A/S, Norway	3 998	100	10 000	16.6
Soc. Atlas Copco de Portugal Lda	1	100	1)	4.3
Atlas Copco (Schweiz) A.G.	8 000	100	1 000	12.3
Atlas Copco S.A.E., Spain	197 000	99 <sup>2)</sup>	500	3.7
Atlas Copco Deutschland G.m.b.H.	9	95	1)	47.8
Atlas Copco Ges.m.b.H., Austria	39 990	100	1 000	8.0
Atlas Copco North America Inc.	5 249	50 <sup>2)</sup>	1)	124.0
Atlas Copco Argentina S.A.C.I.	1 500 000 000	100	1	6.5
Atlas Copco Brasil Ltda	1 249 999 832	100	1)	20.0
Atlas Copco Boliviana S.A.	5 498	100	1 000	2.1
Atlas Copco Ecuatoriana S.A., Ecuador	3 000	60	1 000	0.6
Atlas Copco Venezuela S.A.	3 599	60	1 000	3.5
Atlas Copco Iran AB, Sweden	3 500	100	100	0.3
Atlas Copco (Philippines) Inc.	121 995	100	100	3.0
Atlas Copco Gadelius KK, Japan	150 000	60	1 000	12.6
Atlas Copco (HK) Ltd., Hong Kong	2 400	80	1 000	2.1
Atlas Copco (South-East Asia) Pte. Ltd., Singapore	1 500 002	100	1	1.8
Atlas Copco Korea Co. Ltd.	49 000	49	1 000	0.4
Atlas Copco Hellas A.E., Greece	6 400	97 <sup>2)</sup>	10 000	—
Atlas Copco Maroc S.A.	940	50	1 500	—
Atlas Copco Ticaret ve Sanayi T.A.S., Turkey	1 130	100	500	—

	Number of shares	Per-cent held	Par value loc cur	Book value SEK m.
Atlas Copco (India) Ltd.	964 000	40	10	—
Atlas Copco Chilena S.A.C.	9 154	100	1 000	—
Atlas Copco Kenya Ltd.	14 999	100	100	—

## OTHER SUBSIDIARIES

Atlas Copco ABEM AB	15 000	100	100	1.5
Atlas Copco Andina S.A., Bolivia	18 000	50 <sup>2)</sup>	1 000	3.7
Atlas Copco Colombiana Ltda Terratest S.A. de Servicios, Argentina	190	100	100	—
Craelius Terratest Peruana S.A.	22 800	100	10	—
528	100	10 000	—	
Copco Nueva Montaña S.A., Spain	29 999	50	1 000	—
Terratest S.A., Spain	75 000	100	800	5.8
Atlas Copco UK Holdings Ltd.	3 623 664	100	1	32.6
Atlas Copco Industrial S.A., Spain	95	50 <sup>2)</sup>	10 000	—
Institut CERAC S.A., Switzerland	1 995	100	1 000	2.4
AB Sicklahus	2 000	100	100	0.2
Atlas Copco Data AB	125	25 <sup>2)</sup>	100	—
Atlas Copco Fondaktiebolag	2 500	100	100	0.2
9 dormant companies	—	—	—	0.4
				693.4

## OTHER COMPANIES

Atlas Copco Finans AB	38 000	40	100	3.8
Atlas Copco Leasing AB	16 000	40	100	2.0
Mechanical Technology Inc., U.S.A.	140 000	5	1	9.9
Turbonetics Energy Inc., U.S.A.	200	20	1	3.8
Handelsbolaget Svenska Dagbladets AB & Co	100	2	1 000	0.1
Svensk Interkontinental Lufttrafik AB (SILA)	16 920	2	100	0.7
AB Stadsfastigheter	6	0	1 000	—
AB SUKAB	40	0	100	—
ADELA Investment Co. S.A., Luxembourg	3 640	0	100	1.7
SIFIDA Investment Co. S.A., Luxembourg	25	1	5 000	0.6
Casa de Suecia S.A., Spain	90	0	5 000	0.1
Employment Conditions Abroad Ltd., U.K.	100	2	1	—
Näringslivets Utbildnings AB	170	8	1 000	0.2
Bilspedition AB	8 000	1	100	1.0
				23.9

1) No par value

2) Remaining holding owned by other Group companies

# AUDITORS' REPORT

We have examined the Annual Report, the Group accounts, the financial statements and the administration of the Company by the Board of Directors and the Managing Director for the year 1981. Our examination was carried out in accordance with generally accepted auditing standards.

We have been assisted in our examination by Bohlins Revisionsbyrå AB.

## **Parent Company**

The Annual Report has been prepared in accordance with the Swedish Companies Act.

We recommend:

that the income statement and balance sheet be adopted,

that the net profit for the year be disposed of in accordance with the Board of Directors' proposal, and

that members of the Board of Directors and the Managing Director be granted discharge of responsibility for the year 1981.

## **Group**

The Group accounts have been reported in accordance with Swedish Companies Act.

We recommend:

that the consolidated income statement and the consolidated balance sheet be adopted.

Stockholm, March 18, 1982.

BIRGER SONESSON  
Authorized Public Accountant

BERTIL E OLSSON  
Authorized Public Accountant

MANAGING DIRECTOR ON 1981

## Continued expansion

Many of the investments and sacrifices we made in technical development, production and marketing in recent years are now bearing fruit. In spite of tough market conditions during 1981, we have managed to improve our market shares in a number of countries. We have intensified our marketing efforts, adjusted production to meet demand and launched new interesting products. These measures have produced a growth in volume for the Group as a whole, while at the same time we have improved our profitability further.

This growth trend can be reinforced as the Group's investments in local production and marketing in North America begin to pay off, especially when the economy in the United States turns upward. This market unquestionably has the greatest potential of all. But we should not forget that, as the home base for some of our large competitors, it is also the most challenging area.

We are still feeling the effects of the recession in the industrialized world that characterized 1981. On the other hand, demand in Southeast Asia, most of Latin America, the Middle East and Southern Africa continues to be high. Atlas Copco has gained a strong position in these markets and was able to note, for the first year, that more than half of its sales went to customers outside Europe.

### Currency Developments – an Uncertain Factor

The currency situation, with its unstable rates of exchange and the uncertainties they entail, is still a troublesome factor. However, we are devoting much attention to this important problem in order to reduce the effects of the fluctuating rates of exchange.

The devaluation of the Swedish krona facilitated exports from Sweden, and the high dollar exchange rate improved our competitiveness. At the same time, however, this has increased the cost of the loans that, in accordance with the policy of the Bank of Sweden, we were forced to take outside of Sweden. This has placed greater demands on us for higher profitability to compensate for exchange losses. We have chosen to cycle these unrealized exchange losses over the terms of the loans since this method permits a more accurate evaluation of our business operations year-to-year.

### Swedish Costs Require Improved Efficiency

Costs in Sweden are still high; this means that we have to take continuous measures to improve our efficiency. We gradually make more use of electronics. In order to



take advantage of the benefits offered, continued structural changes are necessary – in the shops, in offices, and in management throughout the world. It is satisfying to note that the employee organizations realize the necessity for this development. New technologies, not least computerization, will strengthen the Company. This development will require further training to adapt to the new demands imposed on our products, production and marketing by new technology.

Despite the stress on technology, I wish to emphasize that our success is built primarily upon the quality of our employees all over the world.

### Outlook for 1982

The recession is expected to continue through the early part of 1982. Some recovery and a higher rate of economic activity can be foreseen during the second half of the year. As with many other suppliers of capital goods, we are affected by the high interest rates which restrain customers' willingness to invest. Therefore, the interest situation in the United States, will have a significant influence on our development in 1982.

We have a good foundation for growth, having strengthened our position in most of our markets. We will therefore be able to look forward to a year with a continued favorable sales trend for Atlas Copco, providing that international economic trends and currency fluctuations do not put too serious obstacles in our way.

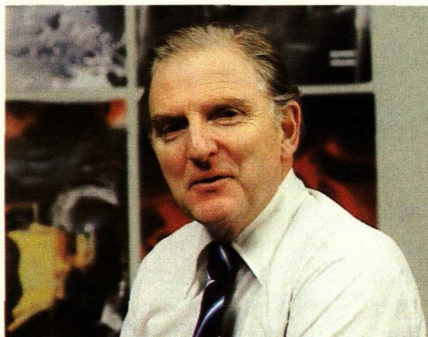


*Swellex, the rock reinforcement system, was invented within Atlas Copco. The principle behind Swellex is to pump water into a tube bolt at high pressure. This swells the bolt so it fastens in the drill-hole. It is used to reinforce tunnel roofs and replaces the current method – an expanding bolt that is fixed mechanically.*





# Expansion outside Europe



JAN HOLDO

<b>INVOICED SALES SEK m.:</b>	<b>2 938</b>
<b>EARNINGS SEK m.:</b> <b>after financial items</b>	<b>193</b>
<b>RETURN %:</b> <b>on total capital employed</b>	<b>19</b>

*Atlas Copco MCT (Mining and Construction Technique) develops, manufactures and markets – through five sectors – pneumatic and hydraulic rock drills, loaders, winches, tunnel boring machines, track-mounted drills, underground drill rigs, breakers, pumps and other equipment, as well as marketing Sandvik Coromant drill steel.*

*Sales are made principally through Atlas Copco sales companies.*

*MCT has its head office in Nacka (Stockholm). MCT products are manufactured at plants in Sweden, Brazil, India, Canada, Great Britain, South Africa, the United States and West Germany.*

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#### MANAGEMENT COMMITTEE

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Jan Holdo Managing Director  
Tord Berggren Marketing  
Lars-Olof Calmered Production and Sector Rock Drills  
Bo Lemcke Engineering  
Stig Wählberg Finance  
Olaf Meyer Sector Surface Drilling  
Lars Lindberg Sector Contractor Tools  
Gösta Torssell Sector Drill Steel  
Gösta Fernström Sector Underground Equipment

#### Sales

Invoiced sales amounted during 1981 to SEK 2 938 m. (2 422), an increase of 21 percent, of which 3 percent represents increased volume. Orders from customers increased by 16 percent to SEK 2 950 m. (2 545), but decreased in volume by 1 percent.

#### Earnings

The return on Atlas Copco MCT's total capital excluding non-interest-bearing current liabilities amounted to 19 percent, compared with 14 percent the previous year. The main reason for the improvement was the increase in invoiced sales. This in turn allowed the division to maintain its high level of production.

Earnings after financial income and expense amounted to SEK 193 m. (153), or 6.6 percent of invoiced sales.

#### Investments

Investments in land and buildings related to production amounted to SEK 11.5 m. (4.4) during 1981 and SEK 56.2 m. (13.9) in machinery and equipment.

#### Market Development

The MCT Division's invoiced sales increased during 1981, despite a declining trend on the world market as a whole. This means that MCT's position was strengthened in relation to a number of important competitors. The MCT Division developed favorably during 1981 in Australia, Canada, Mexico, Peru and in a large number of "distributor countries" for which Atlas Copco International has the marketing responsibility. In the United States and Western Europe the market trend was weak, but sales in Sweden were strong.

The keen competition in the world market continued throughout the year. It was severe for the hydraulic line in the traditional markets all over the world. MCT increased its market shares for compressed air products.

MCT is now working actively to increase its business within the coal industry. This is being done through internal development and adaptation of MCT's present products, and through acquisitions and cooperation agreements.

#### Surface Drilling

Demand for drilling equipment used in quarrying, surface mining and highway construction continued to be high and exceeded production resources, resulting in long delivery times. Measures taken to raise production capacity included the addition of the plant in Southampton, Massachusetts. Notably interesting projects during 1981 included the Vatnedalsvatn project in Norway, one of the largest dam sites in Scandinavia, which is being built with the help of track-mounted drills, among other equipment. Substantial orders were received from European construction contractors for delivery of equipment outside Europe. Atlas Copco in West Germany obtained orders from German contractors for a large number of air powered drill rigs for the Mosul project in Iraq. Sales of Rotamec rotary drill rigs for use in coal mining, were strong in Australia.

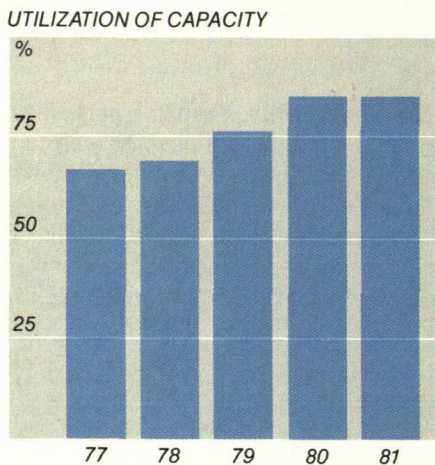
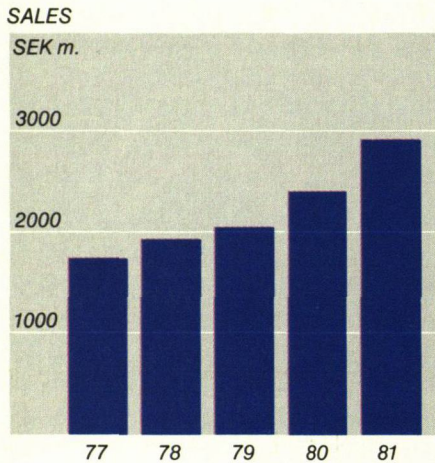
Strong efforts were made during the year to cultivate the markets for water drilling and prospecting equipment, and product development was intensified in order to continue to expand this market.

Invoicing to customers, including drill steel, amounted to SEK 1 183 m.

#### Underground Equipment

Demand during 1981 was strong, especially for energy projects and other

## ATLAS COPCO MCT



construction work. This led to a high utilization of plant capacity. The continuing penetration of the Southeast Asian market was productive, resulting in large orders and deliveries of tunnel rigs. Market interest in Swellex, the new system for reinforcement of tunnel roofs, is substantial. Orders have been received from Sweden, the United States, Spain and Great Britain.

MCT Division resources in the coal sector were reinforced during 1981 by acquiring a 40 percent interest in Webster Machine Development Ltd., Great Britain. Together with the large West German coal machinery company, Geb. Eickhoff Maschinenfabrik und Eisengiesserei, a new consulting company – Atlas Copco-Eickhoff Engineering – was formed. An agreement was reached with Nitro Nobel MEC covering the sale of that company's robots used in charging blast-holes.

Invoicing to customers, including drill steel, amounted to SEK 1 270 m. during the year.

### *Tunnel Boring, Jarva*

Three tunnel boring machines were delivered by Atlas Copco Jarva during the year: one each to Wöllla and Zillergrundl in Austria and one to Peru. The first machine will be used to bore a tunnel 6.8 km. long with a diameter of 3.5 meters.

The financial result from operations was not satisfactory.

### *Contractor Tools*

Handheld pneumatic products, excluding pumps, experienced weak demand in the industrialized world. A tractor-mounted hydraulic breaker was introduced in some 15 markets.

A curtailment in production was begun at the Dala Works during the year, where operations were not competitive.

Invoicing to customers, including drill steel, amounted to SEK 448 m.

### *Drill Steel*

The new generation of Sandvik Coromant button drill bits, which were launched during the year, further reinforced Atlas Copco's leading market position.

Drillheads for raise boring made their real breakthrough into the market during 1981. Standard dimensions of one to three meters were delivered throughout the world.

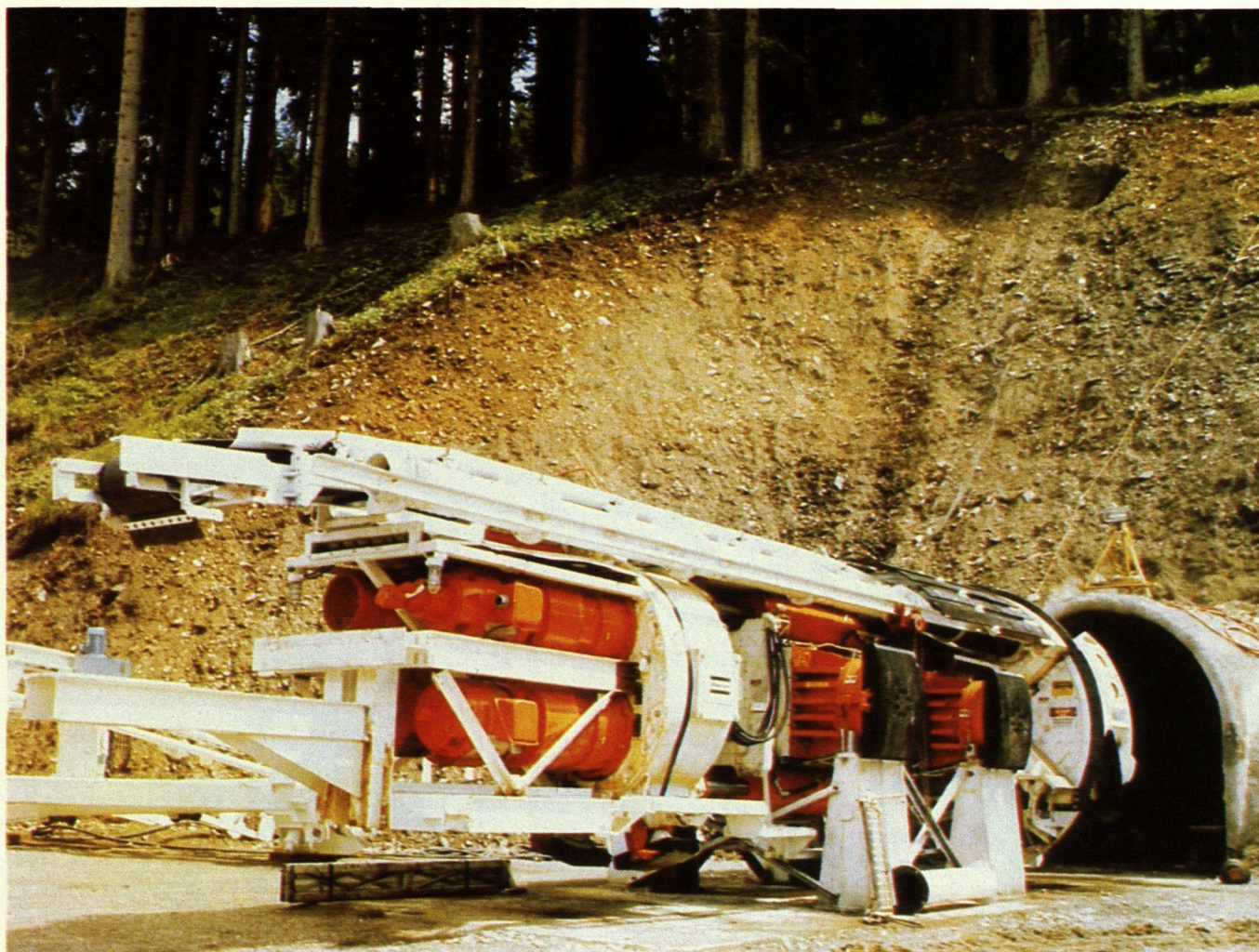
## **Product development**

Concentration on simplified product design and on improved profitability of customer operations resulted during 1981 in a fully hydraulic drilling and loading system. The system, which is built in modules, makes it possible to effectively mechanize even small tunnel projects.

## **Production**

Capacity utilization of the production units was high during 1981, especially in the plants for underground and surface equipment in Örebro, Nacka and Bremen. Order bookings were occasionally greater than delivery capabilities of these plants.

Investments during the year included numerically controlled machine tools in all machinery plants, and materials handling equipment in the factories in Örebro and Nacka.



*Above: During the summer of 1981, Atlas Copco Jarva in the United States delivered its first tunnel boring machine to Europe. The machine went to a power plant construction site in Austria.*

*Below: One of the largest drill heads produced, this unit has been delivered to a West German contractor for raise boring in a coal mine. The head weighs 50 tons and is specially built in segments, making it possible to bore diameters between 3.8 and 6.3 meters. It is produced by Sandvik Coromant and marketed by Atlas Copco MCT.*



Expansion of the plant in Bremen, West Germany was completed during the year. Start-up of the new factory in Southampton, Massachusetts, went according to plan.

#### **Personnel**

The MCT Division employed an average of 2 733 (2 703) persons in production during the year, of whom 2 063 (2 036) in Sweden. Employee turnover in the Swedish units decreased in 1981, compared with previous years. The need for recruiting declined during the second half of 1981.

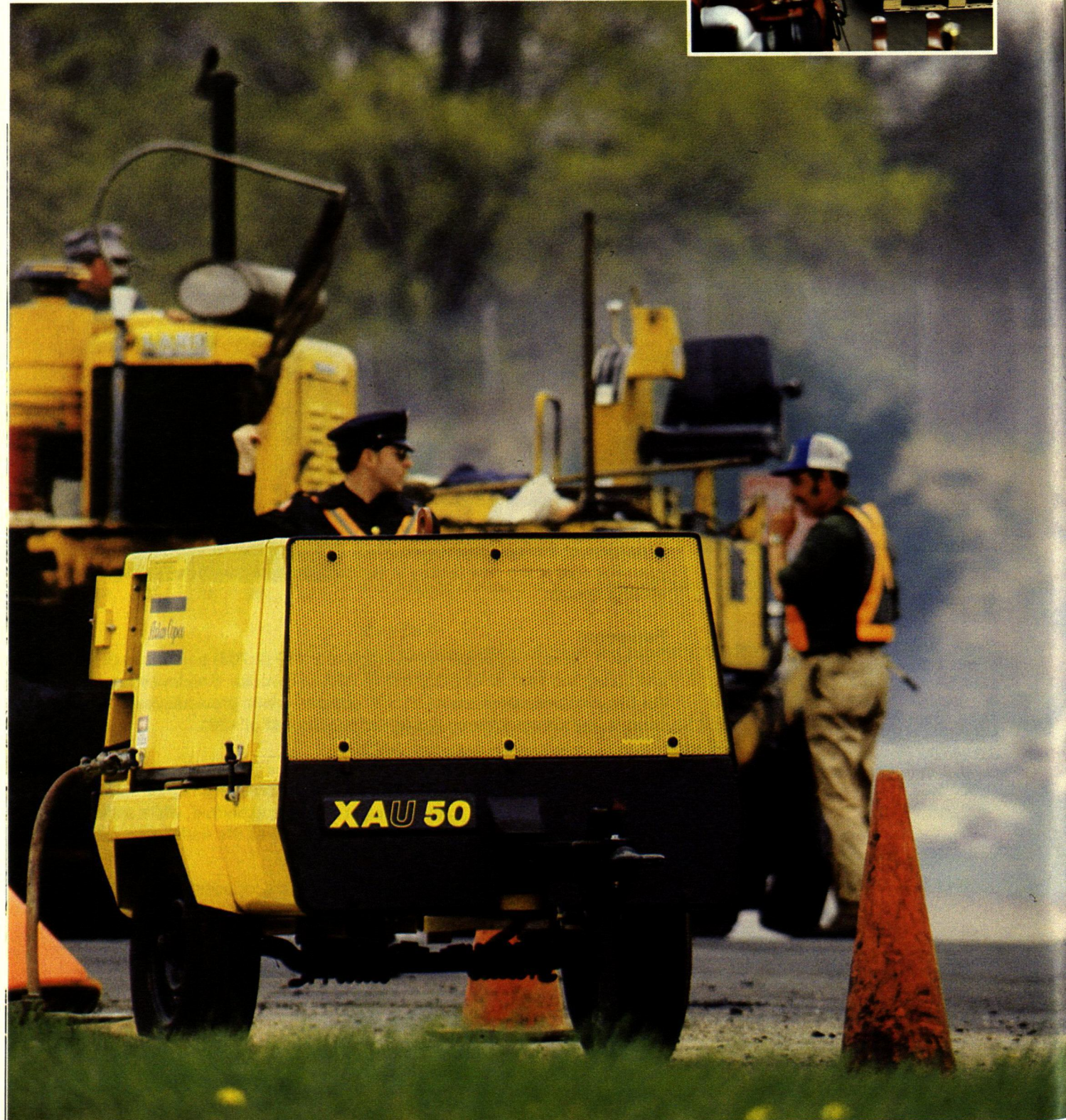
#### **Outlook for 1982**

Invoicing for 1982 by volume is estimated to be somewhat higher than in 1981. A certain decline in sales to the mining industry is expected, while sales to the construction industry, for the underground as well as the surface sectors, are expected to continue to increase.

Increased production resources provide prospects for positive development during 1982.

**ATLAS COPCO AIRPOWER**

*During 1981, Atlas Copco Holyoke in the United States began manufacture of portable compressors. Production in the home market with local subcontractors should have a significant impact on the North American market's confidence in Atlas Copco as a reliable supplier.*



# Broader product lines – new areas of technology



IWAN ÅKERMAN

<b>INVOICED SALES SEK m.:</b>	<b>3 406</b>
<b>EARNINGS SEK m.:</b> after financial items	<b>320</b>
<b>RETURN %:</b> on total capital employed	<b>23</b>

*Atlas Copco Airpower develops, manufactures and markets portable and stationary screw, piston and centrifugal compressors for air and gas, process compressors and air dryers, after-coolers and automatic control systems. The product program also includes equipment to restore the quality of the water in lakes, etc., as well as energy recovery systems. Sales are handled mainly through Atlas Copco sales companies.*

*The Airpower Division has its head office and largest factory in Wilrijk, outside Antwerp, Belgium. Manufacturing and assembly operations are also carried out in Sweden, Bolivia, Brazil, France, India, Italy, Mexico, Spain, Turkey, West Germany and the United States.*

## MANAGEMENT COMMITTEE

<u>Iwan Åkerman</u>	Managing Director
<u>Bertil Eriksson</u>	Deputy Managing Director (from 1/1-82)
<u>Louis Dierckx</u>	External relations
<u>Carl Johansson</u>	Finance
<u>Erik Lebrocqy</u>	Personnel
<u>Giulio Mazzalupi</u>	Marketing
<u>Sven-Åke Rosell</u>	Engineering
<u>Lars Lindén</u>	Production

### Sales

The Airpower Division's invoiced sales rose by 22 percent to SEK 3 406 m. (2 793), with an increase in volume of 7 percent. Order bookings from customers amounted to SEK 3 583 m., up from SEK 2 840 m. in 1980, which is an increase of 26 percent. The increase in volume was 8 percent.

### Income

The return on Airpower's total capital, excluding non-interest-bearing current liabilities, was 23 percent (21). Earnings after financial income and expense amounted to SEK 320 m. (250), or 9.4 percent of invoiced sales.

### Investments

Investments in buildings, machinery and equipment related to production amounted to SEK 82 m. (88).

### Market Developments

Declining industrial investments in Europe, rising steel prices and increased energy costs created problems during the year. These problems were overcome thanks to Airpower's expanded product lines, new areas of technology opened up through acquisitions in the United States and West Germany, and thanks to better market coverage with both old and new products.

The slump in Europe and the zero growth rate in some other markets led to a marginal decrease in order bookings of stationary compressors.

The market situation outside Europe was encouraging throughout the year, with large percentage increases in order bookings in most markets. The Group's increased production facilities in Brazil meant that a number of large orders could be signed despite the country's tightened import restrictions.

The high cost of borrowing had an adverse effect on the volume of investment in many small and medium-size companies who are traditional customers for Airpower's standard products. Within the building and construction sectors, part of the large sales outside Europe were due to orders for portable compressors from European contracting companies with projects outside Europe. In these cases Atlas Copco's good service facilities throughout the world are often a significant competitive factor.

#### *Industrial compressors*

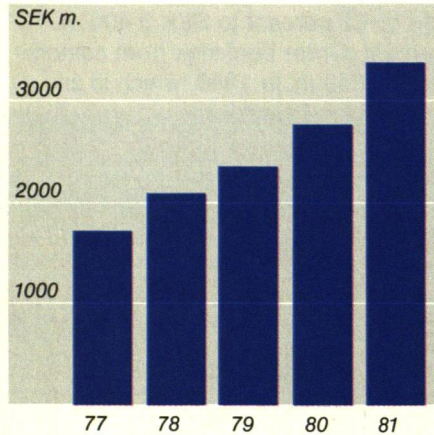
Sales of screw compressors, especially the oil injection type, further strengthened the Division's position in the industrial market. At the same time, the oil-free product line again demonstrated its position as a market leader. Competitiveness was improved, especially with respect to customer-adapted systems, by the oil-free piston compressors from the newly acquired plant in Saarbrücken, West Germany. Gains for these products were noted in such markets as the Philippines, Brazil and Japan. Substantial orders were received from Australia for oil-free compressors for coal-fired power plants and for use in connection with the storage of natural gas.

#### *Small compressors*

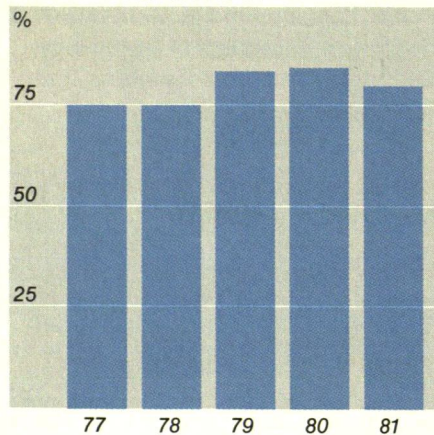
Despite very low growth in demand for small compressors, profitability improved. This was due to increased sales for special applications or market segments. Expansion of the distribution network was also a contributing factor. The acquisition of Standard Industrial Pneumatics in the United States in 1980 creates possibilities for improved coverage of the market for small compressors in North America.

## ATLAS COPCO AIRPOWER

### SALES



### UTILIZATION OF CAPACITY



#### *Portable compressors*

A considerable increase in the sales volume of portable compressors was noted during 1981, primarily in the Middle East, Far East and North America. Sales of portable high pressure compressors for oil and well-drilling were also high.

#### *Gas and process compressors*

Gains were noted during 1981 for the two newly acquired companies – Atlas Copco Turbonetics Inc., U.S., and Atlas Copco Saarbrücken, West Germany – which produce centrifugal compressors. Their product lines and technical know-how offer a wide selection of custom-tailored compressors for the gas and processing industries. They also represent an important step for the Atlas Copco Group into a large and expanding area of high technology. Both companies improved the efficiency of their production and marketing during the year. A service network staffed with local engineers is being expanded to cover world markets. Significant orders were obtained from the petrochemical industry.

#### *Water conservation equipment*

Atlas Copco's environmental conservation technology attracted continued good demand during 1981. The environmental conservation program encompasses bubble barriers, Limno oxygenation units and equipment for revitalizing sediment in polluted lakes.

#### *Energy recovery systems*

In many industries, especially in the petrochemical field, much energy is lost in excess heat or exhaust gases. During the year, the Airpower Division signed an agreement with Turbonetics Energy Inc., U.S., a subsidiary of Mechanical Technology Inc., covering rights to market Turbonetics' energy recovery systems outside North America. Atlas Copco has had a minority interest in both companies since 1980.

### **Product development**

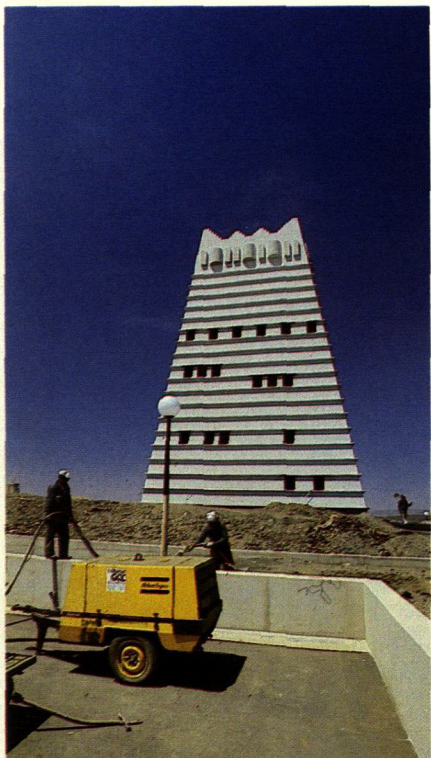
A high level of creativity continues within the Division, some of it directed along new paths. During the year a compressor was introduced that is based on a new technique with a one-tooth rotor and which broadens the line of oil-free compressors. The screw compressor technology was also adapted for steam compression.

Heat recovery from air and water-cooled compressors had a high priority in Airpower's research and development during the year. Certain models, which can recover up to 95 percent of the energy, are ready to be marketed.

The trend towards more custom-tailored systems places increasing demands on the development departments' close cooperation with the market. This is especially true of the product line for the gas and processing industries. This product line has therefore been reorganized to be better adapted to the market.

### **Production**

As a result of the lower order bookings during the second half of 1980, a four-day work week was introduced at Airpower's plant in Wilrijk, Belgium. The Emac plant in Italy replaced the production of earlier types of compressors with small portable compressors. At the Mauguière plant in France production of a new line of small compressors was begun.



*Left: The new small portable compressors have been well received by the local and international contractors who are involved with Saudi Arabia's extensive development program.*

*Right: Four stationary screw compressors deliver 3 796 liters dry, oil-free air per second for the assembly and finishing lines in the SEAT automobile factory in Pamplona, Spain.*



The Brazilian company began production of its own compressor screws during 1981. In the United States, Atlas Copco Turbonetics, now wholly owned by Atlas Copco, moved into its new plant. Atlas Copco Holyoke completed its reorganization and is now producing portable and stationary compressors of Atlas Copco design for the North American market. The plant in Yugoslavia, which is operated in cooperation with Univerzal and Fagram, began series production of portable and stationary compressors. Enerco, the production company in Mexico, moved into a new plant in San Luis Potosi. Atlas Copco Imlat in Turkey began expansion of its plants and also broadened its product program.

### **Personnel**

An average of 3 681 persons were employed during 1981, as against 3 281 in 1980, in the units for which Airpower has operating responsibility. Of this number, 2 010 were employed in Wilrijk, Belgium, as compared with 2 046 a year earlier.

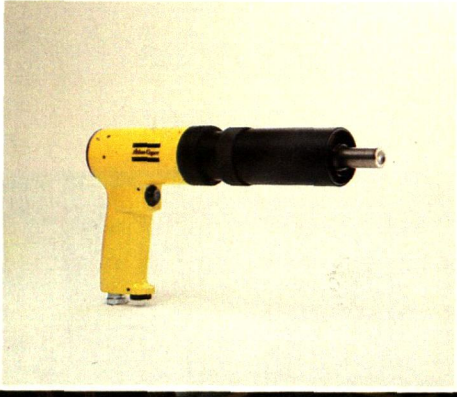
Special emphasis was placed during the year on the training of sales and technical personnel at the various production facilities. Nearly 18 000 hours of training in various subjects was conducted for Wilrijk personnel, mainly at the foreman level.

### **Outlook for 1982**

In spite of uncertain economic trends throughout the world, and continued unstable exchange rates, the Airpower Division should be able to develop new markets and broaden its range of customers.

The expanded product line – especially equipment used in energy recovery and applications for gas and process compressors – is expected to contribute in a primary way to these favorable developments, but improved market coverage through new distribution systems will also play a role.

## ATLAS COPCO TOOLS



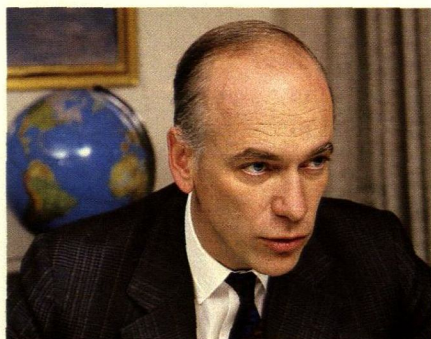
*Final assembly of an Airbus at the Aérospatiale plant in Toulouse, France, one of the aviation companies which uses Atlas Copco's new vibration-dampened riveting hammer. The vibration-dampening characteristic places the riveting hammer in a special class in the market. Riveting is the dominant method of assembling aircraft.*





# Strengthened position in a weak market

ATLAS COPCO TOOLS



PER WEJKE

<b>INVOICED SALES SEK m.:</b>	<b>645</b>
<b>INCOME SEK m.:</b> <b>after financial items</b>	<b>11</b>
<b>RETURN, %:</b> <b>on total capital employed</b>	<b>9</b>

*Atlas Copco Tools develops, manufactures, and markets industrial machines and systems, primarily for pneumatic operation.*

*Activities are divided into four business lines: Standard machines for machining, assembly, handling and mechanization; Advanced assembly systems; Air line accessories; and Finishing equipment and systems.*

*Sales are conducted chiefly through Atlas Copco sales companies.*

*The Division's head office is in Stockholm, and there are plants in Stockholm, Skara, Tierp, and Borås (Sweden), Saeby (Denmark) and Masaby and Idensalmi (Finland).*

## MANAGEMENT COMMITTEE

<u>Per Wejke</u>	Managing Director
<u>Michael Treschow</u>	Engineering and production
<u>Wolfgang Emmerich</u>	Engineering and production, Finland
<u>Kurt Ottosson</u>	Marketing
<u>Gösta Henningsson</u>	Finishing techniques
<u>Ulf Bärjegård</u>	Finance
<u>Nils-Åke Jenstav</u>	Personnel and organization
<u>Stefan Börjesson</u>	Materials administration
<u>Rolf Carlsson</u>	Data processing

### Sales

Atlas Copco Tools' invoiced sales rose from SEK 583 m. in 1980 to SEK 645 m. in 1981, an increase of 11 percent. This represents a decrease in volume of 4 percent. There was a sharp increase in the volume of assembly systems sold, but it was not sufficient to offset the decline in other business lines. Order bookings amounted to SEK 647 m. (622), equal to a decrease in volume of 8 percent. Markets outside Sweden accounted for 86 percent of total sales.

### Earnings

The return on Atlas Copco Tools' total capital, excluding non-interest-bearing current liabilities, was 9 percent, as against 6 percent in 1980, which is not entirely satisfactory. The lower sales volume and new rational designs resulted in lower utilization of plant capacity.

Earnings after financial income and expense amounted to SEK 11 m., (5), equal to 2 percent of invoiced sales. The improvement was a result of intensive work to improve efficiency.

### Investments

Investments in buildings, machinery and equipment related to production amounted to SEK 3.6 m. (14.2).

### Market Development

The majority of the Tools Division's primary customers are in the manufacturing industries, notably the engineering and transport vehicle industries. The Division's equipment is used in manufacturing in connection with machining, assembly and finishing operations.

The industrial sector was weaker than expected in most markets during 1981. Favorable trends in the U.S. and Australia, among other countries, were insufficient to compensate for the downturn in Western Europe. Total industrial production in Atlas Copco Tools' markets decreased by about 1 percent.

The Tools Division's dependence on industrial development in Western Europe is demonstrated by the fact that the Division's sales volume increased each year during the past ten years except for the recession years of 1975 and 1981.

During the year the Tools Division simplified and adapted its organization in Stockholm in order to offer strong support to the sales companies.

The Tools departments in the sales companies concentrated their direct selling on customers in need of specialized service. At the same time other customer categories were served to an increasing extent through distributors.

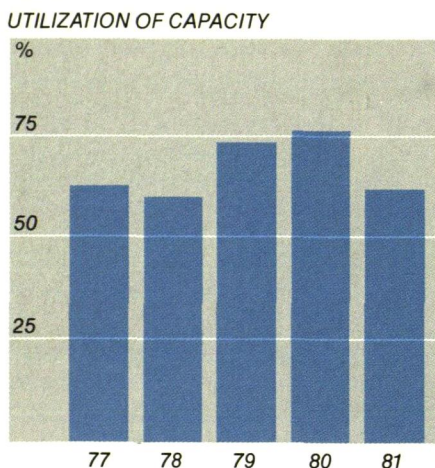
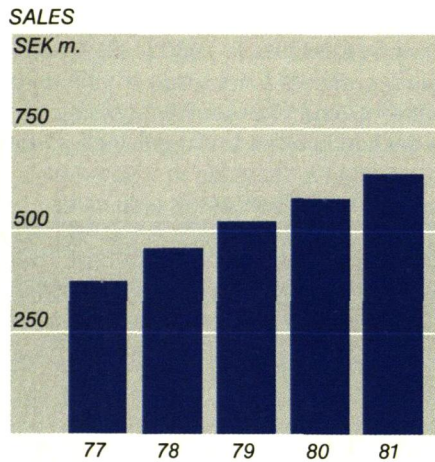
To further strengthen its marketing, the Division is adopting new approaches. As of January 1, 1982, the key market of West Germany – the largest in Western Europe for industrial products – is being handled through a sales company, Atlas Copco Tools GmbH, formed in Essen in 1981.

### Standard Machines

Sales of standard machines, which accounted for the main portion of the Division's sales, increased somewhat. This business line is the most important and profitable within the Division. Promising gains were noted among such large industrial customers as the aviation and automotive companies as well as in small and medium-size companies within various branches of the mechanical engineering industry.

Pneumatic hand tools are manufactured by a large number of companies on a highly competitive basis. In Europe, there are a dozen European manufactur-

## ATLAS COPCO TOOLS



ers, almost as many American companies and several Japanese competitors. Atlas Copco, with a 15 percent market share in Europe as a whole, is the largest of these manufacturers. The difficult situation during 1981 resulted in the disappearance of some of these competitors from the market, which should improve Atlas Copco's future growth potential. The Division has, in general, larger market shares in the Third World. Atlas Copco Tools' sales are being expanded in the U.S. and Japan.

### *Assembly Systems*

Invoiced sales increased markedly. Atlas Copco Tools continued its penetration of the automotive industry with advanced control and monitoring systems. Substantial orders were received from Fiat, Ford, General Motors, Renault, Saab-Scania, Volkswagen and Volvo.

### *Air Line Accessories*

Invoiced sales rose slightly. This business line includes quick couplings, air preparation units, lubrication systems, valves, etc. These products, largely produced by external suppliers, constitute a valuable complement to the Division's other products.

### *Finishing Equipment*

A good increase was shown in invoiced sales. The finishing sector's operations, which are concentrated almost entirely in Western Europe, were affected during the year by the low levels of investment. In the Swedish market, however, a large delivery was made to the Saab-Fairchild airplane project. Atlas Copco has earlier delivered its unique rust protection system to European car manufacturers. Similar facilities were planned and delivered to American automobile manufacturers in 1981. This was primarily the result of stiffer product liability laws and their stricter requirements for prevention of rust damage.

The Coat-A-Matic painting robot, acquired by Tools during the year, was received with much interest by the market and units were delivered to a number of important European customers.

### **Technical Development**

The technical development work was, to a great extent, concentrated on measures to increase profitability.

A new smaller, angle grinding machine was developed during the year to meet the needs of the mechanical engineering industry. Other interesting new products were hoists and a series of pneumatic screw drivers.

Development work also aims to meet work environment demands with regard to noise, dust and vibration. One example of products developed to meet these needs are the recoil-dampened riveting hammers primarily intended for use in the aviation industry, which were launched during the year.

One of the Tools Division's most advanced products, MACS, the microcomputer-based equipment for the monitoring and control of nutrunners, has been further developed in close cooperation with customers in the automobile industry.

A new paint heater was developed for both conventional and high-pressure painting. It meets the environmental demands for reduced discharge of solvents in the air.

The Finishing sector took a further step into the robot era by taking over all further development and production of the Coat-A-Matic painting robot from the Retab company.



*Above: A new series of silenced screw drivers with high productivity was introduced during the year. The machine offers even and secure tightening in the assembly of such household appliances as radio and television receivers, as well as other products within the electronics industry.*

*Right: Despite all the technical advancements and mechanization of processes there is still a large market for handheld standard machines: in grinding work, for example. In volume, grinders are one of Tools' most important products.*



### **Production**

Continuous rationalization measures, improved production methods and new designs that raise productivity, coupled with the decrease in volume in 1981, led to a lower capacity utilization in all production units.

Negotiations with the unions over the concentration of production of rotary machines, were initiated in the beginning of the year. It was decided to concentrate this production to the Ecco and Tierp Works, to cut production at the Injector Works, Sweden, and at Saeby, Denmark. Proposals to further adapt production capacity to actual needs were worked out at the end of the year.

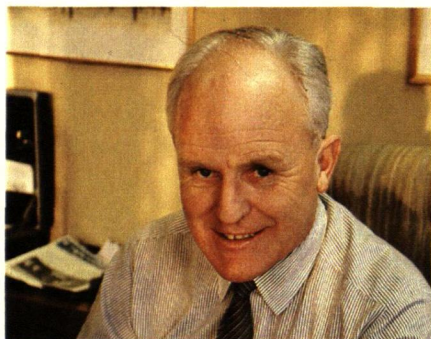
### **Personnel**

The number of employees in the Division averaged 1 222 (1 322) during the year; of these, 229 (246) were outside Sweden. These figures do not include persons employed by the sales companies for the sale, service, delivery, etc., of Tools' products.

### **Outlook for 1982**

Some increase in industrial production is expected in Western Europe during the first half of the year, with additional strengthening during the second half. The new market-oriented organization increases the Tools Division's prospects of meeting growing demand.

# Improved profitability



LARS ÅSELL

<b>INVOICED SALES SEK m.:</b>	<b>295</b>
<b>INCOME SEK m.:</b> <b>after financial items</b>	<b>43</b>
<b>RETURN, %:</b> <b>on total capital employed</b>	<b>27</b>

*Berema develops, manufactures and markets gasoline-powered drills. The products are marketed partly through Atlas Copco's sales companies and partly through Berema's own sales companies and distributors. Berema subsidiaries are: Toolex Alpha AB, which manufactures and markets fully automatic record presses; and KGK Mekaniska Verkstad AB, which manufactures and markets small compressors. Berema is the general agent in Sweden and Norway for Honda Power Products, for whom it markets rotary cultivators, lawn mowers, generators and pumps.*

*Berema's head office is located in Solna (Stockholm) and its production facilities are situated in other localities in Sweden (Kalmar, Skara, Sundbyberg and Valdemarsvik) and Denmark (Fredrikshavn).*

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#### MANAGEMENT COMMITTEE

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Lars Åsell Managing Director  
Arne Gerold Finance and administration  
Per Hallström Marketing

### Sales

Berema's invoiced sales increased by 25 percent during the year, to SEK 295 m., compared with SEK 237 m. in 1980, equal to an increase in volume of 7 percent. Of this increase, KGK Mekaniska Verkstad AB, which was acquired during the year, accounted for SEK 9 m.

Order bookings amounted to SEK 299 m., an increase of 21 percent over 1980 bookings of SEK 247 m., a volume increase of 7 percent.

### Earnings

The return on Berema's total capital employed, excluding non-interest-bearing current liabilities, was 27 percent, compared with 22 percent in 1980.

The improved profitability can be attributed primarily to an increase in the sales volume of gasoline-powered drills. An important contributing factor were the investments in numerically controlled machines, which resulted in considerable improvements in production efficiency.

Earnings after financial income and expense amounted to SEK 43 m. (33), or 14.5 percent of invoiced sales.

### Investments

Investments in machinery and equipment related to production amounted to SEK 18.5 m. (6.9) and were financed mainly with funds from the investment and compulsory investment reserves.

### Market developments

Sales of gasoline-powered drills were higher, primarily due to the new gasoline-powered drill, which was introduced in virtually all markets during the year.

The distributor network in the various export markets were made more effective. At the same time, increased marketing investments were being made in the form of sales-support measures.

The hydraulic truck cranes product group, which is marketed by AB Tico, experienced weakened demand during the year, primarily in the European market. In contrast, some sales successes were achieved outside Europe. Profitability is still unsatisfactory, however. The company was sold in the beginning of 1982.

Despite an expanded program for Honda products, which complemented the earlier line, demand declined in the Swedish market, although the market share in this sector is estimated to have increased.

### Company acquisition

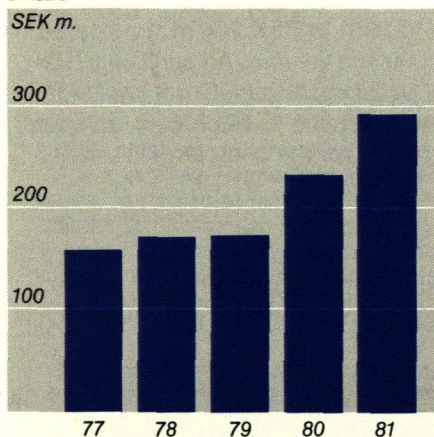
In the autumn of 1981, Berema acquired KGK Mekaniska Verkstad AB, which manufactures small compressors and supplementary equipment. The company conducts its operations in Skara, Sweden, and in Fredrikshavn, Denmark. A substantial portion of sales are exported.

### Product development

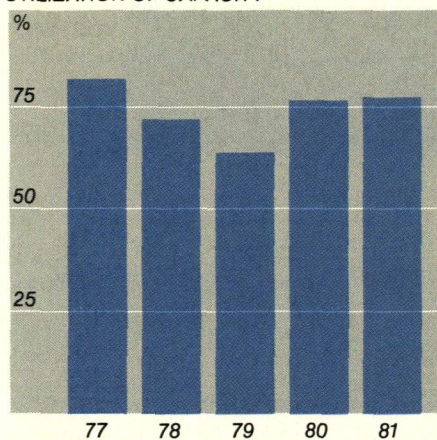
Product development during the year continued to be concentrated on energy and environmental problems, especially pertaining to motor drills. Toolex Alpha supplemented its line of record presses with labor-saving auxiliary equipment.

### Production

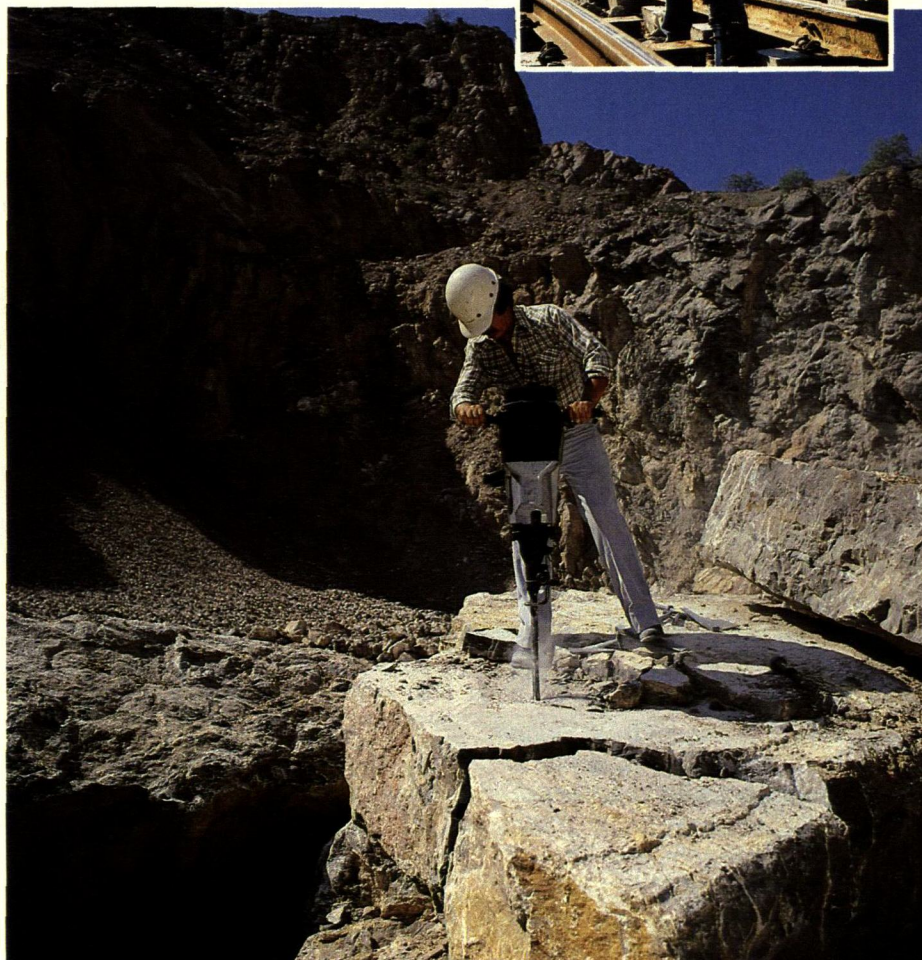
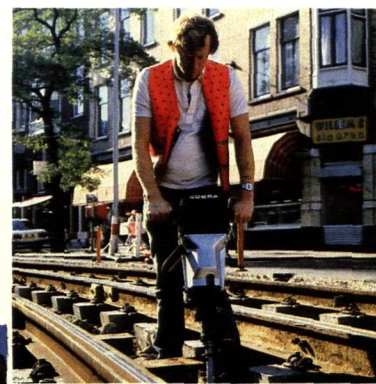
The investment program begun in 1980, with the Kalmar plant as the focal point, was completed during 1981, thereby making it possible to increase

SALES  
SEK m.

UTILIZATION OF CAPACITY



*Cobra, Berema's gasoline powered motor drill, has scored major successes, both in Sweden and in the export market. In the large picture, the Cobra is being used in a quarry in Mexico. In the small picture, it is being used for work on a streetcar track in Amsterdam.*



production efficiency. Preliminary investments have been effected at Toolex Alpha for new and more rational production premises, expected to be ready for occupancy during the first half of 1982.

#### **Personnel**

The average number of employees increased from 543 in 1980 to 602 in 1981, of whom 69 were employed outside Sweden. The increase is primarily a result of the acquisition of KGK Mekaniska Verkstad AB during the year. Employee turnover and absenteeism declined during 1981.

#### **Outlook for 1982**

The devaluation of the Swedish krona in September created better conditions for Berema's export sales, which account for 70 percent of total sales.

Viewed as a whole, the trend of business in 1982 is expected to be similar to that in 1981.

# Optimism in a harsh marketing climate



ERIC BURSVIK

<b>INVOICED SALES SEK m.:</b>	<b>204</b>
<b>EARNINGS SEK m.:</b> <b>after financial items</b>	<b>3</b>
<b>RETURN, %:</b> <b>on total capital employed</b>	<b>9</b>

*Monsun-Tison develops, manufactures and markets hydraulic and pneumatic components and control systems.*

*Hydraulics are marketed through Monsun-Tison's own sales companies in Denmark, West Germany, France, Great Britain, the U.S., and Canada to manufacturers of mobile machines, such as cranes, forest machinery and mining machinery. The pneumatic product line is marketed through Atlas Copco sales companies in Europe to manufacturers of packaging machinery, transportation equipment, etc.*

*Monsun-Tison's head office is in Borås (Sweden) and its production facilities are in Borås and Falköping (Sweden).*

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#### MANAGEMENT COMMITTEE

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Eric Bursvik Managing Director  
Anders Perning Finance  
Hans-Jörgen Lindström Pneumatics

### Sales

Monsun-Tison's invoiced sales amounted in 1981 to SEK 204 m., compared with SEK 192 m. in 1980, a 4 percent decrease in volume. An additional SEK 21 m. (21) was invoiced to other divisions within the Group. Order bookings amounted to SEK 172 m. (194), a decrease in volume of 19 percent. This was largely due to the fact that customers are buying for the short term in a weak economy.

### Earnings

The return on Monsun-Tison's total capital employed, excluding non-interest-bearing current liabilities, was 9 percent, as against 5 percent in 1980, which is not entirely satisfactory.

Capacity utilization was low, especially towards year-end. A comprehensive rationalization program will be undertaken in 1982 to adapt costs to market conditions. At the same time, strengthened preparations for an economic upturn will be considered.

Monsun-Tison acquired a large number of new customers during the year, and this is expected to contribute to a somewhat more rapid recovery when the economy turns upward.

Monsun-Tison's earnings after financial income and expense amounted to SEK 3 m. (1), or 1.5 percent of invoiced sales.

### Investments

Investments in machinery and equipment related to production amounted to SEK 6.7 m., compared with SEK 7.8 m. in 1980.

### Market development

Economic activity was low in Europe and North America, the Company's most important markets. Manufacturers of machines that use Monsun-Tison's products cut back on production, which resulted in lower demand. The Swedish and British markets, where increases were noted, were exceptions.

#### Hydraulics

New products were introduced in all product areas. A new electro/hydraulic control system was well received in the forest machinery sector. Market shares rose in all markets thanks to the successful introduction of new products.

Demand for hydraulic products was down in the second half of 1981 in most of Monsun-Tison's markets. However, manufacturers of mobile machines in the Swedish and British markets continue to maintain their high rates of production.

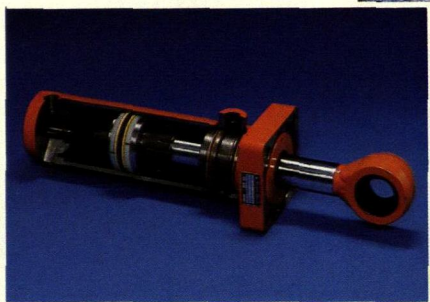
Profitability continued to improve slightly during the year.

#### Pneumatics

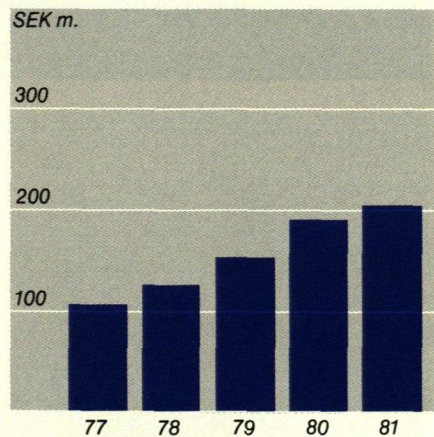
A substantial reorganization was undertaken during the year and a special division for pneumatic components was formed, with total responsibility for operations in this product area. The division works independently and has its own resources for product development, production and marketing.

Sales of pneumatic products, primarily concentrated in the Western European markets, stagnated during the year. Profitability of the pneumatic components sector improved during 1981 but is still unsatisfactory. Measures aimed at strengthening the marketing of pneumatic components were taken. Additional investments will be made in marketing in order to increase profitability.

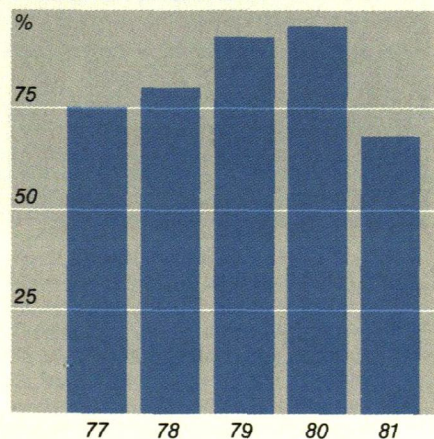
Monsun-Tison's standard products have been delivered to four of the Stena Line's service ships which serve oil platforms in the North Sea. Hydraulic cylinders and valves, and a load sensing system are included in the mooring system the ships use. Thanks to these systems, among others, the Stena Line's service ships can handle the rough weather north of the 62nd parallel.



#### SALES



#### UTILIZATION OF CAPACITY



#### Product development

A range of hydraulic valves were adapted for "load-sensing" systems on machines for the mining, forestry, and construction industries.

Fully hydraulic and electrohydraulic products were further developed for use in the remote control of mobile machines. Monsun-Tison thereby maintained its technical leadership in this product area.

Several product development projects within the pneumatics area were completed during the year and introduced on the market. These included cylinders adapted for electronics and a microcomputer-based control system. The latter was designed entirely in-house and is intended for use in controlling pneumatic components within a broad range of application areas.

#### Personnel

Monsun-Tison employed an average of 762 persons during 1981, compared with 808 in 1980. Of the 1981 total, 63 were employed outside Sweden, compared with 55 in 1980.

Due to weakened demand, the Company had difficulties in providing work for all employees, as a result of which there were temporary lay-offs at some plants.

#### Outlook for 1982

Monsun-Tison's backlog of orders declined during 1981, which will result in an underutilization of capacity during the first half of 1982. Increased sales are expected during the second half, however.

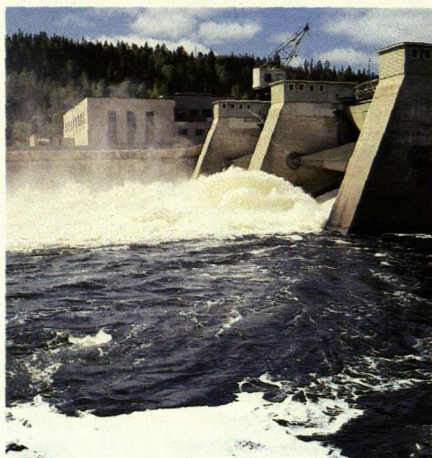
# The energy sector increases Atlas Copco's business opportunities

Rising oil prices have forced a shift to alternative energy sources at an increasingly rapid rate. This means additional expansion of hydroelectric power, more and more use of coal, utilization of nuclear power technology, more efficient transportation of oil and gas, and the increased recovery of energy in industrial processes. These developments significantly increase Atlas Copco's business opportunities. Atlas Copco already has finished products, the demand for which is increasing as alternative energy sources replace oil. Major deliveries have been made to energy projects throughout the world during the past few years.

## Tunnels for hydroelectric power

Large hydroelectric plants have been built in Africa and Latin America, among other places, with Atlas Copco as a supplier. Atlas Copco has delivered nearly all the rock drilling equipment for power plants such as Tucuruí and Itaipú in Brazil — among the world's largest.

A large project for the construction of dams and hydropower plants is presently under way in the Austrian Alps. A Jarva tunnel boring machine was delivered during 1981 to this project from the company's plant in the U.S. to drill a water tunnel 6.8 km. long and with a diameter of 3.5 meters. Experience gained from work on this tunnel has shown that tunneling with the Jarva machine, under special conditions as those that prevailed in this case, may be an attractive alternative to conventional drilling and blasting.



## Compressed air important for nuclear power plants

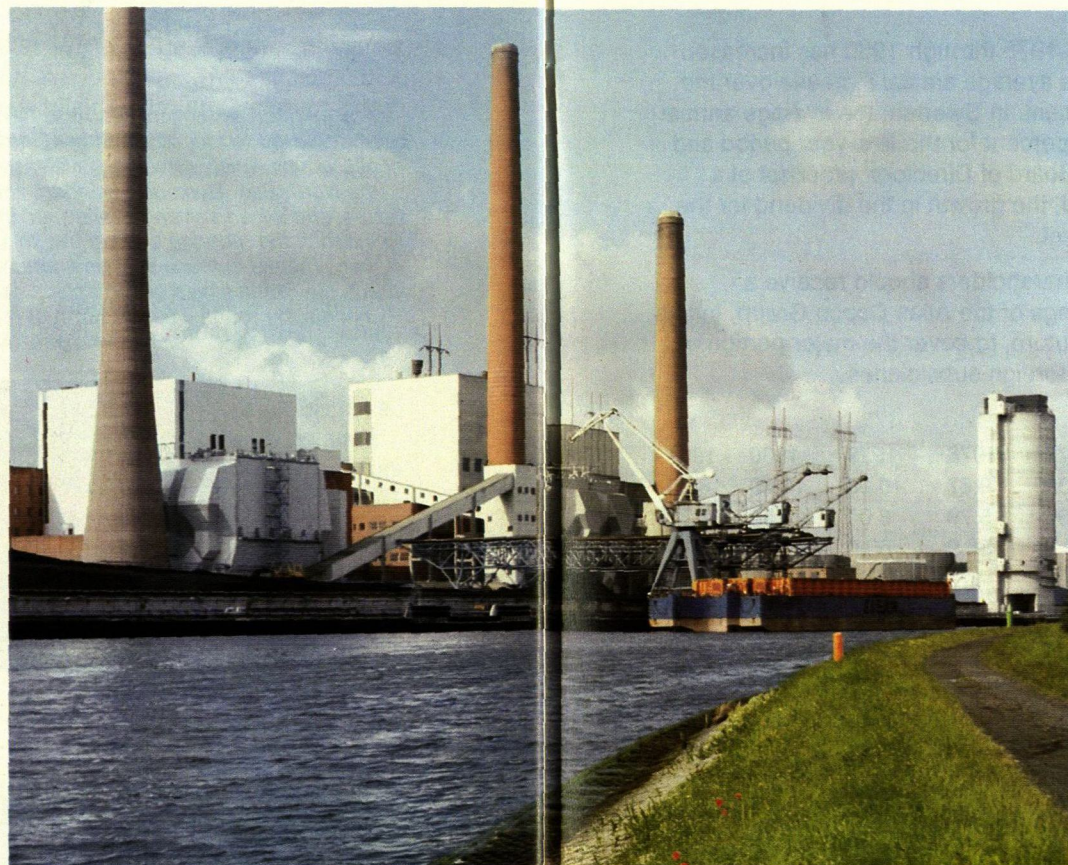
Compressed air is essential for the operation of nuclear plants. Atlas Copco's compressors supply nuclear power plants in many countries with oil-free instrument air for control of a multitude of automatic processes. For safety reasons, regular pressure tests of reactors are required. This imposes great demands on a continuous supply of compressed air that meets the nuclear power industry's strict regulations. Atlas Copco has sold and leased equipment to the industry for the past 15 years. Sales have been especially good in Sweden, France, Canada and the United States.

The Group has strengthened its position in this area through its two new units, Atlas Copco Turbonetics and Atlas Copco Saarbrücken, both of which are important suppliers of compressors to the nuclear power industry.

Atlas Copco's know-how in rock technology has also been used in connection with the construction of nuclear power plants. For example, two Promec rigs were used at the Forsmark nuclear plant in Sweden to drive a 2.5 km. tunnel for transporting cooling water between the plant and the Baltic Sea.

## Offshore industry uses Atlas Copco products

Due to the emphasis on safety, compressed air plays an important role aboard oil platforms. Every sixth oil platform in the world is outfitted with Atlas Copco equipment. This includes the world's largest, the Dyvi Delta, which is outfitted with Atlas Copco compressors, air dryers, winches, and a complete workshop with compressed air machinery for drilling, grinding, nutrunning, chiseling, painting, etc.

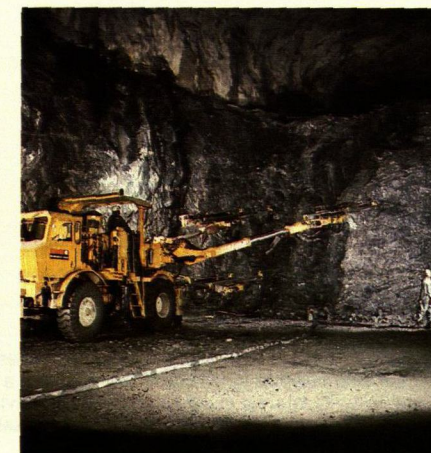


## Pipeline project uses twenty drillings rigs

Together with their customers, Atlas Copco's engineers in Italy have devised a suitable method to build the world's first intercontinental pipeline for natural gas. When the project is completed, the gas will be transported through a 2 500 km. pipeline that will run from Algeria, under the Mediterranean and overland to northern Italy. Other large oil discoveries recently made in Nigeria and Libya will also require large investments of machinery.

## Coal industry — a growing market

The use of coal is expected to increase by 3 to 4 percent annually during the next 10 to 15 years. Because Atlas Copco has equipment suited for surface as well as underground mining of coal, higher sales may be expected in this sector. Atlas Copco has been successful in selling equipment to West Germany for the drifting in coal mines and has delivered equipment to Australia for surface mining. China, which is dependent on coal for 70 percent of its energy, has turned to Atlas Copco for help in mechanizing its coal mining. To meet demand, Atlas



Copco has begun to cooperate with the British company, Webster Machine Co. and the German company, Geb. Eickhoff Maschinenfabrik und Eisengiesserei, both of which specialize in the design and manufacture of machines for coal mines. Atlas Copco has also developed drills and rigs which are tailored for coal mining but can be used also in mining oil shale and uranium.

In order to be less dependent on oil, many countries are converting their oil-fired power plants to coal. Atlas Copco products are also used for the handling of the large amounts of ash that are produced when coal is burned in power plants. Two separate oil-free compressed air systems with different pressures are used in coal-fired plants. One is employed to dry and transport the ash, and the other is used for instrumentation and control.

## Storage of oil in rock caverns

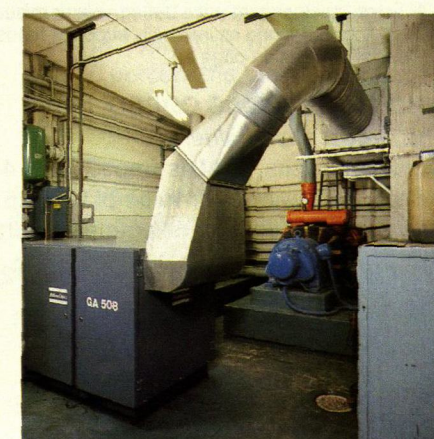
Many countries realize the strategic importance of having sufficient supplies of oil. In Sweden, enormous rock caverns are being built for the storage of millions of cubic meters of crude oil reserves. A number of the facilities are already completed and additional caverns are under construction. The rock drilling work is being done with Atlas Copco hydraulic drilling rigs.

## Atlas Copco processes for energy recovery

Atlas Copco has become a forerunner in recovering heat from compressors. Nearly all the energy, which would otherwise be lost, can be recovered in the form of hot air or water which can be used, for example, as boiler feed water.

Atlas Copco is also involved in a project based on converting solar energy to electrical energy with the aid of screw compressor technique.

Atlas Copco's screw and piston compressors will also be used for converting low-grade energy into high-grade energy.



The intensive development work now under way to solve the world's future energy needs is a big challenge for Atlas Copco. It should mean expansion and attractive growth potential throughout the Eighties, at the same time that the company can make a contribution of true value to society.



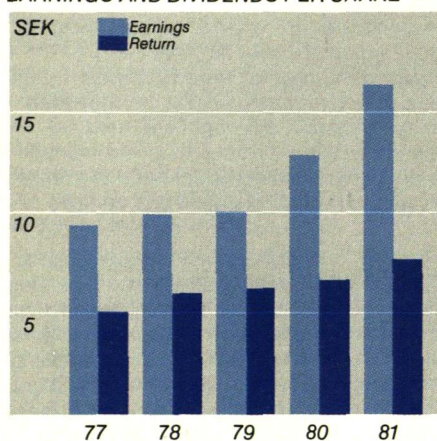
# ATLAS COPCO SHARES

## DIVIDEND POLICY

The dividend per share for the fiscal years 1975 through 1980 has increased by an average of 8.2 percent per year. The average annual increase over the most recent ten-year period was 13.0 percent. In Sweden, the average annual decrease in the value of money was 10.6 percent for the five-year period and 9.7 percent for the ten year period. If the Board of Directors' proposal of a dividend of SEK 7.50 for 1981 is approved, the growth in the dividend for the years 1976 through 1981 will be 8.6 percent.

The Board of Directors' intent is that the shareholders should receive a reasonable share of improvement in earnings of the Atlas Copco Group. In this connection the goal is to continue, in the future, to cover the major portion of dividends paid with dividend income from foreign subsidiaries.

EARNINGS AND DIVIDENDS PER SHARE <sup>1)</sup>



<sup>1)</sup> Dividend for 1981 as proposed by the Board of Directors

## DATA PER SHARE, SEK

	1977	1978	1979	1980	1981
Earnings <sup>1)</sup>	9.39	9.67	10.00	12.60	16.20
Dividend	4.96	5.79	6.00	6.50	7.50 <sup>2)</sup>
Payout ratio <sup>3)</sup> , percent	52.8	59.9	60.0	51.6	46.3
Highest stock market price	129	117	98	85	133
Lowest stock market price	74	88	68	60	76
Average stock market price	101	100	78	70	104
Direct yield <sup>4)</sup>	4.9	5.8	7.7	9.3	7.2
Price/earnings ratio <sup>5)</sup>	10.7	10.4	7.8	5.6	6.4
Cash flow <sup>6)</sup>	9.45	11.95	10.30	15.90	17.85

For comparison between years, figures have been adjusted to reflect new issues of shares.

<sup>1)</sup> Profit after financial income and expense less a deduction for calculated tax of 50 percent and minority interest in the year's earnings, divided by the number of shares.

<sup>2)</sup> In accordance with Board of Directors' proposal.

<sup>3)</sup> Dividend as a percent of earnings per share.

<sup>4)</sup> Dividend as percent of average stock market price during year.

<sup>5)</sup> Average stock market price during year in relation to earnings per share as defined in note 1.

<sup>6)</sup> Cash flow is defined as internally supplied funds as shown in the statement of changes in financial position on page 10.

## WHO OWNS ATLAS COPCO

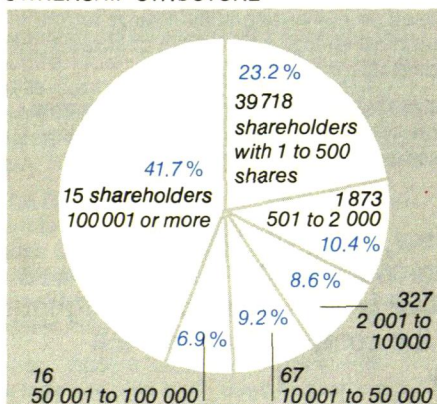
### The largest shareholders

The share capital of Atlas Copco, SEK 413.9 m., consists of 16 556 400 shares, each with a par value of SEK 25. All shares outstanding are unrestricted, representing one vote each. Shares are traded in 100-share lots.

As of August 1981, there were about 42 000 shareholders, the largest of whom are shown in the following table.

	Number of shares	Percent of total
1. Förvaltnings AB Providentia	1 650 000	9.97
2. Swedish Staff Pension Society	879 895	5.31
3. AB Investor	800 000	4.83
4. General Pension Plan, Fourth Board	778 234	4.70
5. Livförsäkrings AB Skandia	571 963	3.46
6. Trygg Ömsesidig Livförsäkring	370 000	2.23
7. Försäkrings AB Skandia	255 857	1.54
8. AB Custos	229 434	1.39
9. SE-Bankens Aktiesparfond	227 850	1.38
10. Skandinaviska Banken Pension Fund	225 000	1.36

OWNERSHIP STRUCTURE



In addition to being listed on the Stockholm Stock Exchange, Atlas Copco AB shares are also listed on the exchanges in Frankfurt am Main, Düsseldorf and Hamburg.

### SHARE ISSUES 1965 TO 1981

The following table shows the increase in share capital through bonus share issues and new share issues since 1965.

				Increase of share capital, SEK m.	Amount paid in, SEK m.
1965	Bonus issue	1:4		19.1	—
	New issue	1:4	60 SEK	19.1	46.0
1971	Bonus issue	1:10		11.5	—
	New issue	1:10	100 SEK	11.5	46.0
1973	Bonus issue	1:2		69.0	—
1974	New issue	1:4	25 SEK	51.7	51.7
1976	New issue	1:5	50 SEK	51.7	103.5
1979	Bonus issue	1:6		51.7	—
	New issue	1:6	60 SEK	51.7	124.1
1981	Bonus issue*	1:4		103.5	—

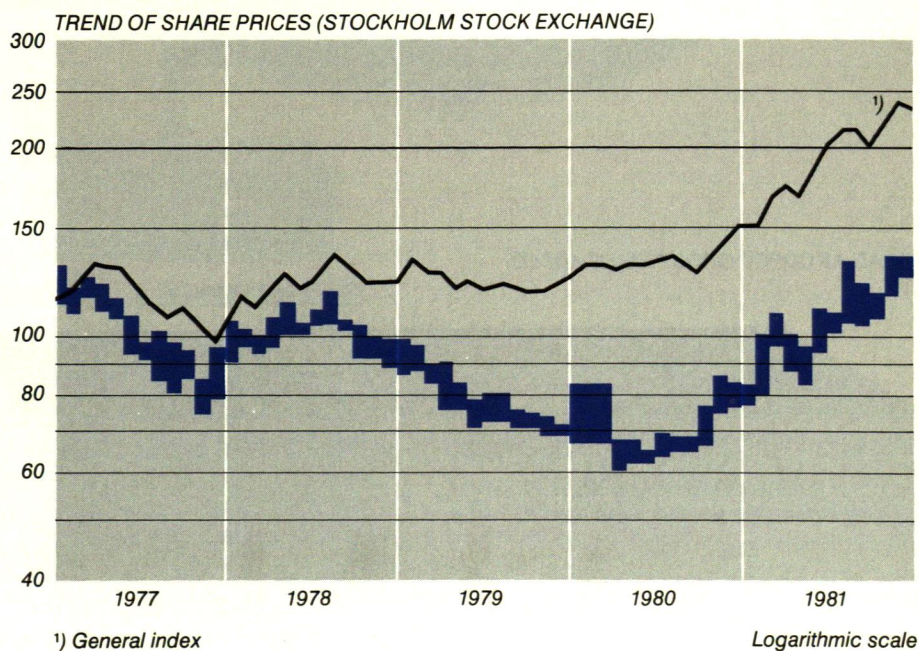
\* Board of Directors' proposal

### EMPLOYEES SHARE INVESTMENT FUND

The Swedish Parliament made the decision in December 1980 to allow companies listed on the Stockholm Stock Exchange to initiate a share investment program for their employees in Sweden. Atlas Copco was the first company to start such a company related savings investment fund. In December 1981, 1 637 employees, or 28 percent of the employees in Sweden, were associated with the fund. At December 31, 1981 the fund held 72 500 shares in Atlas Copco, with a market value of SEK 8.9 m., making the fund one of the 20 largest holders of Company shares.

### TREND OF STOCK EXCHANGE PRICES

On the Stockholm Stock Exchange, 3 662 861 shares in Atlas Copco were traded in 1981, an average of 14 776 shares per trading day, compared with 7 350 in 1980. This was equal to 22 percent of shares outstanding, compared with 10 percent the previous year.



# PERSONNEL

	1981	1980
<b>Sales per employee SEK thousands</b>	<b>383</b>	<b>331</b>
<b>Value added per employee SEK thousands</b>	<b>162</b>	<b>144</b>

## PERSONNEL DATA, ATLAS COPCO GROUP

	Average number of employees*		Wages, salaries and other personnel costs, SEK m.	
	1981	1980	1981	1980
<b>SWEDEN</b>				
Headquarters	264	231	69.0	66.5
Divisions	4 690	4 864	547.1	525.9
Sales companies	818	818	115.3	104.4
	5 772	5 913	731.4	696.8
<b>OUTSIDE SWEDEN</b>				
Divisions	4 661	4 061	538.9	450.5
Sales companies	9 105	8 812	853.2	757.9
	13 766	12 873	1 392.1	1 208.4
<b>Total</b>	<b>19 538</b>	<b>18 786</b>	<b>2 123.5</b>	<b>1 905.2</b>

\*) The average number of employees in Sweden has been calculated in accordance with the principles established for reporting to the National Social Insurance Board.

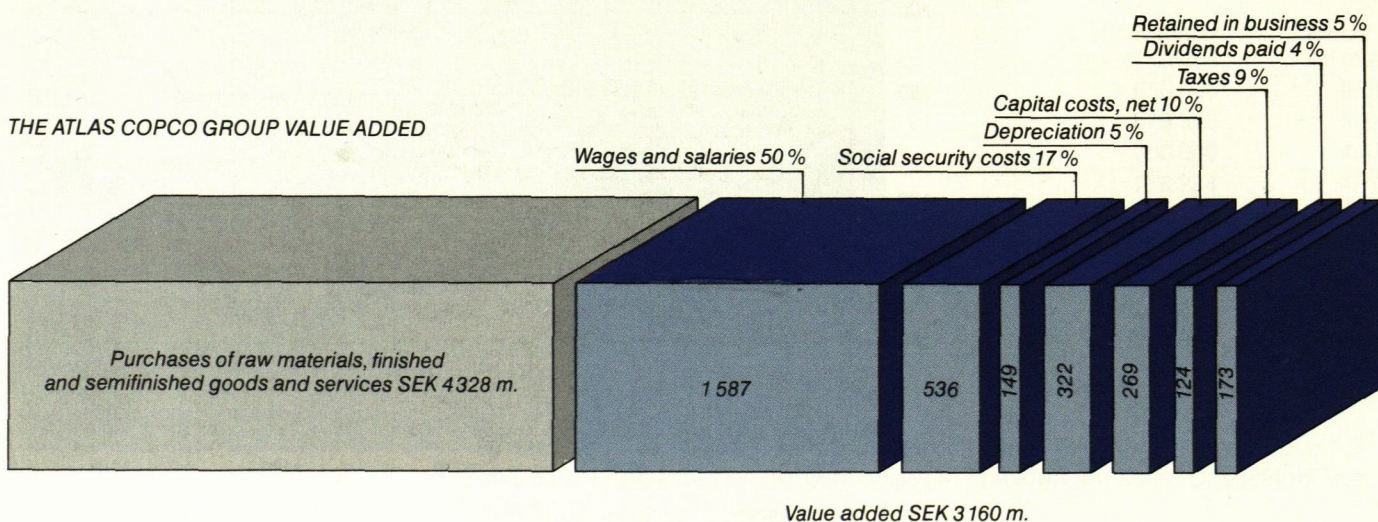
A detailed presentation showing the average number of employees and wages, salaries and other remuneration paid, prepared in conformity with the Swedish Companies Act, is included in the Annual Report filed with the National Patent & Registration Office in Sweden and can be obtained free of charge from Atlas Copco's headquarters in Nacka, Sweden.

## ATLAS COPCO'S VALUE ADDED

Value added expresses the Company's production input, that is, the increase in value arising from such operations as handling, processing, etc. Value added per employee in 1981 amounted to SEK 162 000. Of the value added, 67 percent, or SEK 2 123 m., consisted of wages and salaries SEK 1 587 m. and social welfare costs SEK 536 m.

A net amount of SEK 322 m., equal to 10 percent of the value added, was paid to lenders, etc. In addition to social welfare fees and withholding taxes, the public sector also received corporate taxes of SEK 269 m., equal to 9 percent of the value added. The 4 percent attributable to the shareholders pertains to the interest on the risk capital they invested in the Company.

The Diagram shows value added in relation to Group sales, as well as the component parts of value added.



# ORGANIZATION

## GROUP MANAGEMENT COMMITTEE

Tom Wachtmeister,  
Managing Director  
ATLAS COPCO AB

Olof Sjöström, First Dep. Man. Dir.  
Einar Liwendahl, Dep. Man. Dir. Marketing, East  
Sven-Ingvar Svensson, Dep. Man. Dir. Marketing, West  
William J. Hogg, Managing Director, Atlas Copco  
North America Inc., Marketing North America

Jan Holdo,  
Managing Director  
ATLAS COPCO  
MCTAB

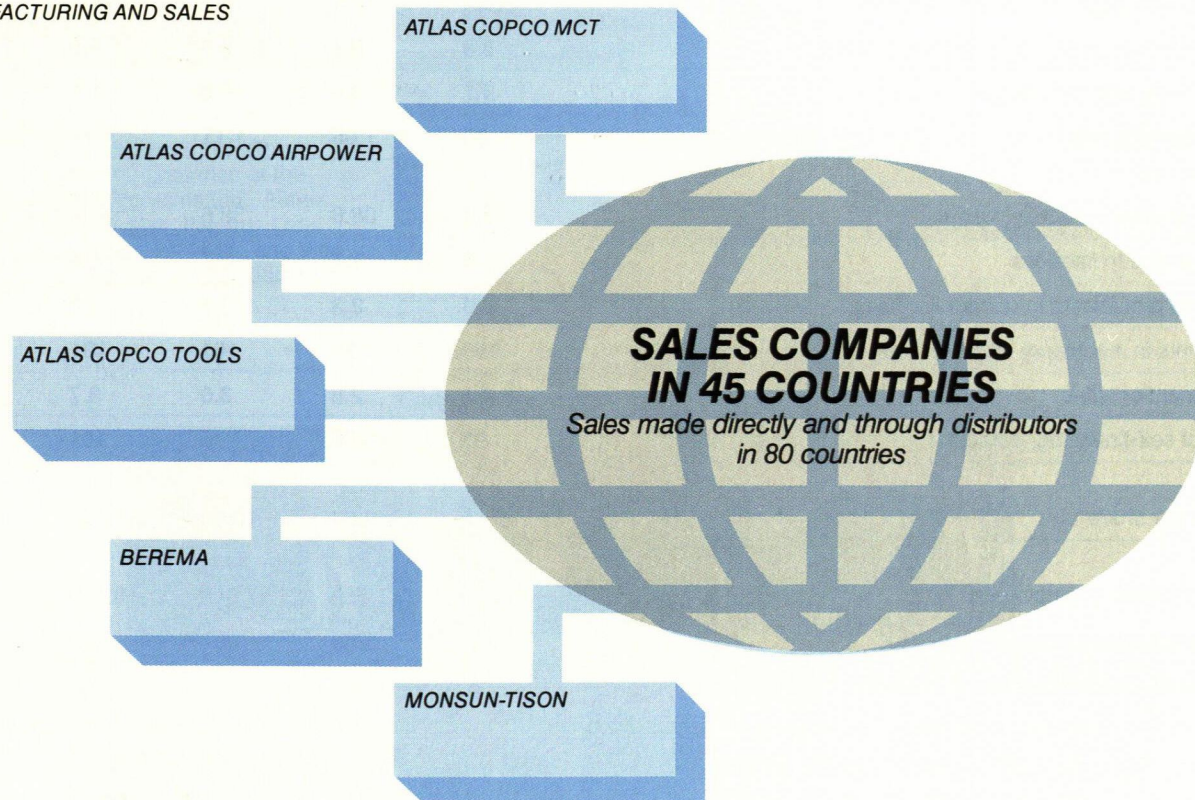
Iwan Åkerman,  
Managing Director  
ATLAS COPCO  
AIRPOWER NV

Per Wejke,  
Managing Director  
ATLAS COPCO  
TOOLS AB

## OTHER MEMBERS OF THE GROUP MANAGEMENT COMMITTEE

Anders Björk, Bo Gyllenberg, Hans Johnsson,  
Rolf Lahnhausen, Göran Lundborg, Gunnar Ruding

## MANUFACTURING AND SALES



## SPECIAL ADVISERS TO THE MANAGING DIRECTOR

Ambassador Olof Landenius  
Ambassador Lennart Petri  
Ambassador Stig Unger

## GROUP STAFF

Communications and  
Public Affairs: Hans Johnsson  
Corporate Planning: Gunnar Ruding  
Economy: Jan Petersson  
Engineering: Vacant  
Finance: Bo Johansson  
Legal: Bo Eklöf  
Logistics: Göran Lundborg  
Markets: Anders Björk  
Personnel: Rolf Lahnhausen  
Production: Bo Gyllenberg

## SERVICE STAFF

Accounting: Hans Lindblad  
Administrative Development: Kurt Gladh  
Communications and Public  
Affairs: Hans Johnsson  
Market Support: Anders Björk  
Patents: Alexis Molin  
Personnel and Office  
Administration: J-A Darlin  
Physical Resources: Kjell Boman  
Standards: Jan Wenström

# FIVE YEARS IN SUMMARY

SEK m. unless otherwise noted

<b>THE ATLAS COPCO GROUP</b>	1977	1978	1979	1980*	1981
Orders booked	4 249	4 888	5 527	6 448	<b>7 651</b>
Invoiced sales	4 157	4 742	5 305	6 227	<b>7 488</b>
Volume increase, percent	3	2	5	7	<b>5</b>
Sales outside Sweden, percent	91	92	92	91	<b>91</b>
Profit after financial income and expense	297	301	334	442	<b>570</b>
As percent of invoiced sales	7.1	6.3	6.3	7.1	<b>7.6</b>
Net interest expense	144	167	171	231	<b>346</b>
As percent of invoiced sales	3.5	3.5	3.2	3.7	<b>4.6</b>
Interest coverage	2.7	2.5	2.6	2.5	<b>2.2</b>
Return on total capital employed, percent	14.4	13.9	14.2	16.1	<b>19.8</b>
Return on risk-bearing equity capital, percent	8.3	8.4	9.0	9.5	<b>11.2</b>
Return on shareholders' equity, percent	9.7	9.5	10.0	11.1	<b>13.1</b>
Rate of capital turnover	1.00	1.06	1.11	1.11	<b>1.15</b>
Rate of risk-bearing equity capital	38.4	38.6	38.6	37.7	<b>35.8</b>
Ratio of assets to liabilities	1.6	1.7	1.7	1.6	<b>1.6</b>
Ratio of current assets to current liabilities	2.0	2.3	2.1	2.2	<b>2.1</b>
Investments in machinery and buildings	169	133	161	231	<b>342</b>
As percent of sales	4.1	2.8	3.0	3.7	<b>4.6</b>
Degree of self-financing, percent	95	159	75	101	<b>76</b>
Earnings per share	9.39	9.67	10.00	12.60	<b>16.20</b>
Average number of employees	18 032	17 664	17 883	18 786	<b>19 538</b>
Sales per employee (thousands of SEK)	231	268	297	331	<b>383</b>

\* 1980 figures adjusted to reflect depreciation according to plan.

# BOARD OF DIRECTORS, AUDITORS

## BOARD OF DIRECTORS

*Elected by the Annual General Meeting*  
PETER WALLENBERG

Chairman of the Board (1970). Industrial Adviser, Skandinaviska Enskilda Banken and Vice Chairman of the Board. Employed in various positions within Atlas Copco (1953–1974). Chairman of the Board of SKF and Vice Chairman of the Boards of ASEA, Broströms, Electrolux, L M Ericsson, Investor, Providentia, Saab-Scania, Stora Kopparberg and Swedish Match

KURT-ALLAN BELFRAGE

Vice Chairman (1956). Managing Director, Atlas Copco AB (1957–1970). Chairman of the Board, Sveriges Exportråd (1972–1979). Member of the Board of Svenska Fläktfabriken

HENRY N SPORBORG

(1969). Director, Hambros Ltd, Great Britain (1949–1977). Chairman of the Boards of LKB Instruments Ltd., Almex Ticket Machine Co. Ltd., Papyrus Ltd., Papyrus Kopparfors (U.K.) Ltd., and Vice Chairman of the Board of LKB Biochrom Ltd

JAN HELLNER

(1969). Dr. Jur., Professor, Stockholm University. Member of the Board of Papyrus. Member of the Swedish Academy of Sciences

STURE ÖDNER

(1970). Managing Director, Saléninvest AB. Chairman of the Board of J S Saba AB. Member of the Boards of Trygg-Hansa and Gorthon Invest

ERIK JOHNSON

(1972). Dr. Tech. Managing Director, Atlas Copco AB (1970–1975). Member of the Boards of Alfa Laval, Almex, Skega, Tour & Andersson, C E Johansson, Skandinavisk Träimport, and Carl Munters. Member of the Swedish State Mining Property Commission and the Scientific Advisory Council of Incentive AB

AXEL IVEROTH

(1975). Vice Chairman of the Boards of the Federation of Swedish Industries and the Business and Industry Advisory Committee of OECD

CURT G OLSSON

(1976). Managing Director, Skandinaviska Enskilda Banken. Member of the Boards of Esselte and Skandia

TOM WACHTMEISTER

(1975). Managing Director, Atlas Copco AB since 1975. Employed in the Company since 1959

## Employee Representatives

BO HENNING

(1973). Chairman, Atlas Copco local of Salaried Staff Union

PER-ERIK NYHOLM

(1973). Chairman Atlas Copco local of Metal Workers' Union

KJELL NORDSTRÖM

(1977). Deputy member. Chairman, Ecco Works local of Metal Workers' Union

CARL STRÖMDAHL

(1981). Deputy member. Vice Chairman, Atlas Copco local of Graduate Engineers' Union

## AUDITORS

BIRGER SONESSON

Authorized Public Accountant

BERTIL E OLSSON

Authorized Public Accountant

KARL-G GIERTZ

Authorized Public Accountant, Deputy

ROLAND VALTERSSON

Authorized Public Accountant, Deputy



Upper row, from left:

Tom Wachtmeister, Peter Wallenberg, Jan Hellner, Henry N Sporborg, Erik Johnson, Kurt-Allan Belfrage, Einar Liwendahl.

Middle row, from left:

Sture Ödner, Axel Iveroth, Curt G Olsson, Sven-Ingvar Svensson, Olof Sjöström, Bo Henning, Kjell Nordström.

Bottom row, from left:

Per-Erik Nyholm, Carl Strömdahl.



*Atlas Copco*