

Atlas Copco 1982



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CONTENTS

Five years in summary.....	2
1982 in brief.....	3
Board of Directors' report	4
Proposed distribution of profit.....	9
Consolidated income statement	10
Consolidated balance sheet.....	11
Statement of changes in financial position.....	12
Atlas Copco AB income statement	13
Atlas Copco AB balance sheet	14
Notes to financial statements.....	15
International guidelines	15
Shares and participations.....	23
Auditors' report.....	24
Managing Director's comments on 1982	26
Atlas Copco MCT.....	28
Atlas Copco Airpower	32
Atlas Copco Tools.....	36
Berema.....	40
Monsun-Tison.....	42
Atlas Copco's role in the development of countries	44
Atlas Copco shares data.....	46
Personnel	48
Group value added.....	49
Board of Directors, Auditors and Group Management	50
Group organization	52
Financial information from Atlas Copco	53

THE ATLAS COPCO GROUP

Atlas Copco is an international industrial enterprise with a strong marketing organization in 120 countries and product development and manufacturing in its own facilities in 17 countries. The Group develops, manufactures and markets products based on compressed air or hydraulics technology, e.g. rock drilling equipment, compressors and industrial tools. Atlas Copco's role in the market is to provide knowledge and equipment that can help solve problems related to basic requirements in countries that are in various stages of development.

Front cover:

Atlas Copco's advanced assembly equipment scored major market successes during 1982. The machine on the cover is a multiple nutrunner, which fastens six bolts simultaneously in a car engine screw joint. This type of nutrunner is controlled by Atlas Copco's MACS microcomputer-based system, which monitors and records the fastening of each joint.

Back cover:

A concrete example of the transfer of technology: A Boomer tunnel-drilling rig and a completely equipped workshop on their way to a customer. When needed, an Atlas Copco instructor accompanies equipment of this type, to train customer personnel to operations and maintenance.

Marcus Wallenberg has earned respect and admiration throughout the world. His contributions to Sweden and to Swedish industry cannot be overestimated.

When Marcus Wallenberg in 1927 was elected to the Board of Directors of Atlas Copco – Atlas Diesel, as it was then known – he joined an unprofitable company. When he became Chairman of the Board in the critical year of 1933, there was even a question whether the Company could survive. However, “MW” had great faith in the potential of compressed air and he guided the Board towards its decision to continue and even expand operations in spite of the grim times.

During the 1940s and 1950s Atlas Copco, in cooperation with Sandvik, had great success in the world market with “The Swedish Method,” a rock-drilling system that was cheaper and more efficient than those of our competitors. “MW” supported this development with great enthusiasm. It was also “MW” who was behind the bold decision to concentrate operations on compressed air, which led to the sale of the diesel engine business in 1948.

Together with Atlas Copco’s President at that time, Walter Wehtje, he took the initiative in the Company’s international expansion which then followed. And he continued the work of expanding Atlas Copco’s international organization in association with Kurt-Allan Belfrage and Erik Johnson, former Presidents.

The international marketing programs required production resources outside Sweden as well. When Arpic, the Antwerp-based Belgian compressor company, was offered for sale in 1957, “MW” did not hesitate. Thus began one of the Group’s most successful investment projects to date.

“MW” wanted Atlas Copco to always be a step ahead of the competition



Curious, actively involved, interested: Marcus Wallenberg about to test a rock drilling rig during Atlas Copco’s 100th anniversary celebration in 1973.

and was a driving force behind the Company’s research and development activity. The Central Laboratories in Sickla (Stockholm) were expanded during the 1960s. In 1971 CERAC, Atlas Copco’s research institute, was established in Lausanne, Switzerland.

Marcus Wallenberg was awarded the degree of Honorary Doctor of Technology in 1957 for his outstanding contributions to the development of Swedish technology – contributions which Atlas Copco shared to the highest degree.

“MW” had an exceptional ability to motivate corporate managers and employees. Most of today’s active members of the many boards within the Group, and many managers

throughout the world, joined the Group as a result of his personal involvement.

Until the end – since 1974 as a financial adviser – “MW” retained his strong interest in our Company. We in management could always count on his counsel and guidance and, through him, we established broad international contacts with bankers, businessmen and industrialists.

With deep admiration and affection we will remember Marcus Wallenberg as a friend and exceptional leader of our Company. We are proud to be part of his life-work.

TOM WACHTMEISTER

FIVE YEARS IN SUMMARY

SEK m. unless otherwise noted. For definitions, see page 17.

ATLAS COPCO GROUP

	1978	1979	1980*	1981	1982
PROFIT MARGIN	6.3	6.3	7.1	7.6	4.5
RETURN ON TOTAL CAPITAL EMPLOYED, PERCENT	13.9	14.2	16.1	19.8	15.1
RETURN ON RISK-BEARING EQUITY CAPITAL, PERCENT	8.5	8.8	9.8	11.5	6.3
RATE OF RISK-BEARING EQUITY CAPITAL, PERCENT	39.6	39.7	38.9	37.0	37.7
EARNINGS PER SHARE, SEK	7.75	8.00	10.10	12.95	7.65**
Orders booked	4 888	5 527	6 448	7 651	7 877
Invoiced sales	4 742	5 305	6 227	7 488	7 924
Percent change, current prices	+ 14	+ 12	+ 17	+ 20	+ 6
Percent change in volume	+ 2	+ 5	+ 7	+ 5	- 8
Sales outside Sweden, percent	92	92	91	91	92
Profit after financial income and expense	301	334	442	570	353
Net interest expense	167	171	231	346	385
As percent of invoiced sales	3.5	3.2	3.7	4.6	4.9
Interest coverage	2.5	2.6	2.5	2.2	1.6
Return on shareholders' equity, percent	9.6	9.8	11.4	13.4	7.1
Rate of capital turnover	1.06	1.11	1.11	1.15	1.05
Ratio of assets to liabilities	1.7	1.7	1.6	1.6	1.6
Ratio of current assets to current liabilities	2.3	2.1	2.2	2.1	2.0
Investments in machinery and buildings	133	161	231	342	287
As percent of invoiced sales	2.8	3.0	3.7	4.6	3.6
Degree of self-financing, percent	159	75	101	76	23
Earnings per share, after extraordinary items, SEK	7.95	7.40	10.10	13.25	7.10**
Average number of employees	17 664	17 883	18 786	19 538	18 402
Invoiced sales per employee, SEK thousands	268	297	331	383	431

* Since 1980, cost depreciation has been applied.

** Based on the weighted average number of shares outstanding.

1982

Sales of the Atlas Copco Group rose 6 percent, to SEK 7 924 m. Order bookings increased 3 percent, to SEK 7 877 m. The volume of goods invoiced decreased 8 percent.

Earnings totaled SEK 353 m., equal to 4.5 percent of sales, compared with 1981 earnings of SEK 570 m.

Return on total capital employed within the Atlas Copco Group was 15.1 percent (1981: 19.8).

Earnings per share was SEK 7.65, compared with SEK 12.95 a year earlier.

Investments in research and development totaled SEK 195 m. (180).

The number of employees within the Group at year-end was 17 657, a decrease of 1 465.

The Board of Directors proposes a dividend of SEK 6.00 per share, unchanged from 1981.

During the year Atlas Copco Jarva introduced a newly developed raise-boring rig for boring vertical shafts without the use of explosives. The machine is supervised from a microcomputer-controlled panel which also permits automatic operations.



BOARD OF DIRECTORS' REPORT ON 1982 OPERATIONS

Amounts in SEK m., unless otherwise noted

ATLAS COPCO GROUP

	1982	1981
Invoicing	7 924	7 488
Profit after financial items	353	570

Invoiced sales of the Atlas Copco Group in 1982 amounted to SEK 7 924 m. (1981: 7 488), an increase of 6 percent. The volume of goods sold decreased by 8 percent (+5). Markets outside Sweden accounted for 92 percent of the invoicing. Order bookings rose 3 percent, (19) to SEK 7 877 m. Orders decreased in volume by 10 percent.

Earnings of the Atlas Copco Group after financial income and expense, but before extraordinary items, appropriations and taxes, amounted to SEK 353 m. (570) or 4.5 percent of sales (7.6).

MARKET DEVELOPMENT

The decline in the industrial economy in the Western world continued during the year. The volume of production fell an average of 2 to 3 percent in the industrialized countries. Investments in machinery, which are important for Atlas Copco, declined slightly more than this.

World industry used a smaller amount of metals than the year before, with the result that ore production decreased. Low metal prices and reduced mining caused many mine operators to limit their purchases of equipment and interrupt the mechanization of operations.

The market for construction equipment was also smaller. Public works and infrastructure projects were reduced or deferred throughout the world as a result of restrictions on public expenditures. This was true of both industrialized countries and a number of developing countries, some which were affected by the international payments crisis. Despite the reduced market, Atlas Copco was able to maintain unchanged sales volume in Western Europe, resulting in higher market shares in most countries.

Especially good results were achieved in Great Britain, West Germany, Belgium and Spain. These achievements are attributable to the sales companies' increased efforts in such fields with continuing major investment requirements as the automotive industry and parts of the food industry. They are also attributable to the less favourable cost structure in these countries for American competitors following the strengthening of the U.S. dollar.

Outside Europe, the picture was darker. Sales to mines fell sharply in North and South America, South Africa and Australia, as did sales to industry in these countries. The trend in the construction sector was even weaker, notably in the Third World. Sales to customers in the Middle East also decreased. The markets outside Europe in which Atlas Copco recorded good sales gains were Japan, Southeast Asia, New Zealand and Venezuela.

The sales organization in Southeast Asia was further expanded during the year. New sales companies were formed in Malaysia and South Korea. The independent agency organization in Indonesia was strengthened.

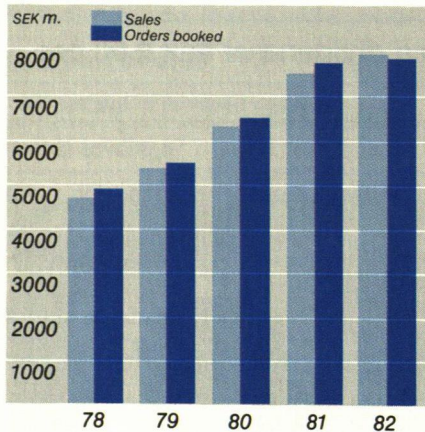
Other subsidiaries

During the year Atlas Copco Management Consulting AB (Nacka) was formed by transferring the service staffs of the Parent Company to a new unit, which sells services to the Parent Company, the divisions and the sales companies.

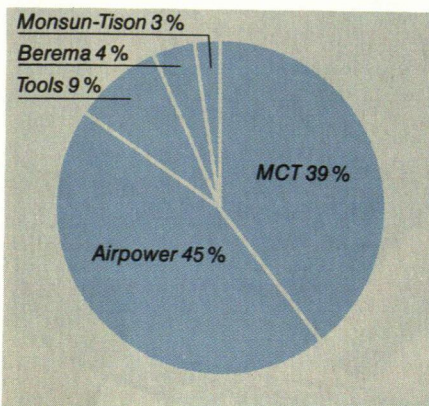
Atlas Copco Data AB (Nacka), which provides computer services for Group companies in Sweden and Norway, is the central unit for automatic data pro-

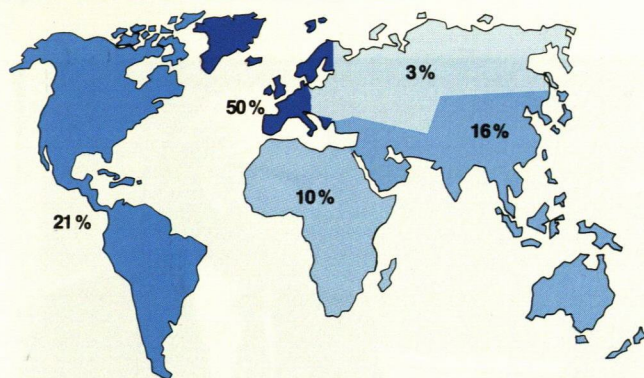
	1982	1981
Order bookings	7 877	7 651
Increase in value, percent	+3	+19
Change in volume, percent	-10	+5

SALES AND ORDERS BOOKED



SALES BY DIVISION

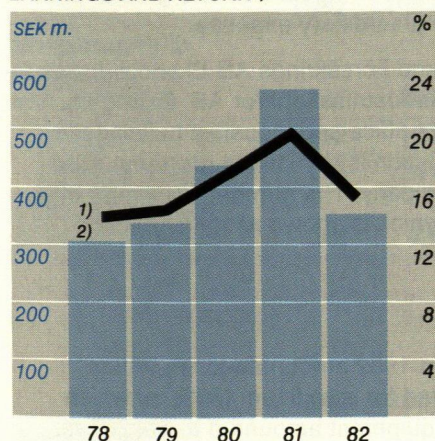




GEOGRAPHIC DISTRIBUTION
OF SALES 1982

	1982	1981
Income as a percentage of invoiced sales	4.5	7.6
Percent return on total capital employed	15.1	19.8

EARNINGS AND RETURN^{*)}



¹⁾ Return on total capital employed, percent (definitions see p. 17)

²⁾ Earnings after financial items, SEK m.

^{*)} Return on capital employed for 1978-79 not adjusted for cost depreciation

EARNINGS AND RETURN, BY DIVISION

	Earnings (SEK m.)		Return (PERCENT)	
	1982	1981	1982	1981
MCT	113	193	14	19
Airpower	182	320	17	23
Tools	19	11	12	9
Berema	38	43	21	27
Monsun-Tison	1	3	7	9
Total	353	570	15	20

EARNINGS BY QUARTER

	1982	1981
First quarter	155	162
Second quarter	94	158
Third quarter	- 46	76
Fourth quarter	150	174
Total	353	570

cessing technology. Major investments were made during the year to further improve ordering, inventory and invoicing routines.

Atlas Copco ABEM (Stockholm) develops, manufactures and sells electronic products for geophysical and industrial measurements. Its invoiced sales amounted to SEK 22 m. (18).

EARNINGS

Group earnings after financial income and expense, but before extraordinary items, appropriations and taxes, amounted to SEK 353 m. (570). Earnings per share was SEK 7.65, compared with SEK 12.95 in 1981.

Return on total capital employed, excluding non-interest-bearing current liabilities, decreased from 19.8 to 15.1 percent. The decrease was due mainly to a lower volume of sales – with an accompanying lower utilization of production facilities and the sales organization – but also to a weaker net interest income-and-expense position, foreign exchange losses and nonrecurring costs of closing down and restructuring certain production units. Despite the harsh business climate, price levels were maintained in most markets.

All divisions except Atlas Copco Tools reported lower returns on total capital employed. Despite the improvement in Tools, its return on capital employed is still not on a level with the objectives set.

Most of the sales companies in Europe reported higher earnings than in 1981. Earnings of the non-European companies declined. Sales companies in the United States and Mexico had substantial losses. Operating results in the U.S. were affected by a sharply declining market and low utilization of the factories. The sharply lower earnings in the Mexican company were largely due to exchange losses resulting from the devaluation of the Mexican peso.

There was a net loss of SEK 36 m. on foreign exchange, compared with a net gain of SEK 33 m. in 1981. This was caused in part by the strong rise of the U.S. dollar during the year and by the devaluation of the Swedish krona. The devaluations in Mexico and in a number of South American countries were also contributing factors.

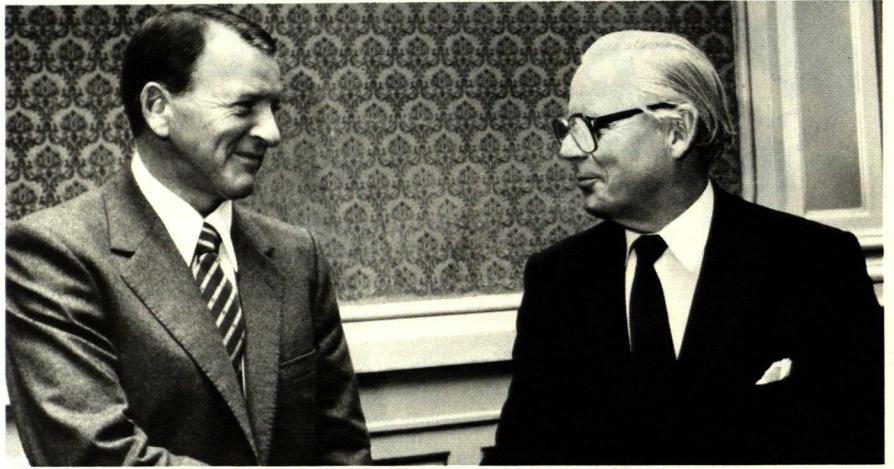
All long-term loans in foreign currency, except those taken up by the Parent Company, have been stated at year-end exchange rates. These loans have been valued so that the unrealized exchange losses have been cycled over the remaining terms of the loans. Unrealized exchange losses attributable to exchange differences during the year amounted to SEK 189 m. Income for the year has been charged with portions of prior years' exchange losses and of those incurred during the year, making a total of SEK 93 m. (26). See Note 2 to the financial statements.

The remaining unrealized exchange losses totaling SEK 212 m. will be charged against Group earnings over the years from 1983 to 1990, with the greater part being charged during the next five years. The degree to which the unrealized exchange losses will be realized (charged against future earnings) will depend on the trend of exchange rates, primarily the U.S. dollar rate. Parent Company loans in foreign currency pertain to the financing of investments in foreign sales and production units, notably in the U.S..

Strong measures were taken during the year to rationalize the sales organization and adjust production capacity to lower demand. However, general ex-

ATLAS COPCO GROUP

Pehr G Gyllenhammar, President of the Volvo Group of Companies, and Atlas Copco's Chairman, Peter Wallenberg, following the press conference at which they announced that Volvo had acquired a 25 percent interest in Atlas Copco.



penses were not reduced parallel with the reduction in sales volume, since the full effect of programs carried out and under way has not yet been felt.

Approximately SEK 50 m. of the decrease in earnings is attributable to the lower workload in Group plants.

A number of smaller units were disposed of or partly closed down. AB Tico (Sweden) was sold, as was Maskinfabriken Pluto A/S (Denmark). One of the plants in Holyoke, Massachusetts (U.S.) and the Andina (Bolivia) and Emac (Italy) production units were shut down, while operations at Copco Nueva Montaña (Spain) and the Dala works (Sweden) were sharply curtailed.

The costs of these measures were of a nonrecurring nature. The greater part, SEK 90 m., was accordingly treated as an extraordinary expense.

Atlas Copco, in association with Fläkt AB and Försäkrings AB Skandia, formed a jointly owned property company, Sickla Industrifastigheter AB. During the year Atlas Copco sold the greater part of its office and industrial buildings in Nacka to this company, whose primary function is to manage property. Atlas Copco has a 33 percent interest in this company. The number of owners may be increased. A capital gain of SEK 67 m., which is shown as extraordinary income, arose in connection with the sale.

	1982	1981
Net financial expense	421	318
Degree of self-financing, percent	23	76
Rate of risk-bearing equity capital, percent	37.7	37.0

FINANCING

The Group's total financing requirements in 1982 amounted to SEK 965 m. (906). Investments in fixed assets accounted for SEK 561 m. (388), of which investments in buildings, machinery and equipment amounted to SEK 287 m. (342), and in shares, to SEK 86 m. (-). Among current assets, the value of inventories increased by SEK 195 m., to SEK 3 011 m. (2 816), equal to 38 percent of sales (38). Trade receivables and notes receivable rose to SEK 1 782 m., equal to 22 (21) percent of sales. The devaluation of the Swedish krona had a negative effect on both inventories and trade receivables, relative to invoicing. The volume of inventories was maintained largely unchanged.

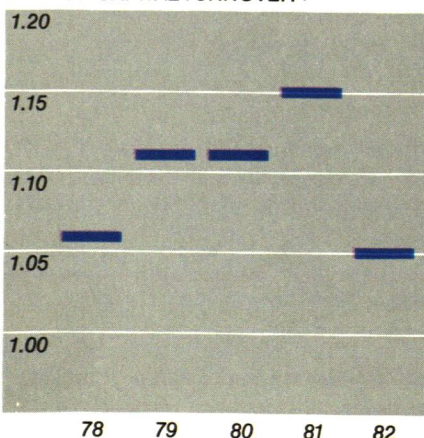
The Group's liquid funds, including short-term investments, increased by SEK 366 m. and amounted at year-end to SEK 1 141 m. The increase in interest-bearing liabilities, as shown in the balance sheet, was SEK 351 m. (418), of which changes in exchange rates accounted for SEK 174 m. (180). Taking into account the increase in liquidity, there was thus a net decrease of SEK 15 m. (1981: increase of 159) in interest-bearing liabilities.

Credit facilities in Swedish and foreign banks totaled SEK 1 653 m. (1 098)

Net interest expense was SEK 385 m. (346), equal to 4.9 percent (4.6) of sales. The higher expense was due largely to the devaluation of the Swedish krona, which increased interest expense on foreign loans.

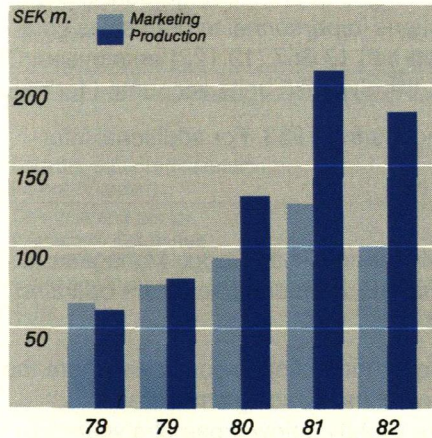
The portion of risk-bearing equity capital at year-end was equal to 37.7 percent (37.0). During the year the share capital was increased by SEK 103.5 m. through a bonus issue of shares, and by SEK 69.1 m. through a special issue subscribed

RATE OF CAPITAL TURNOVER*)



*) Rate of capital turnover 1978-79 not adjusted for cost depreciation

INVESTMENTS IN MACHINERY AND BUILDINGS



	1982	1981
Investments in machinery and buildings	287	342
Sweden	112	101
Outside Sweden	175	241
Total, as percent of invoiced sales	3.6	4.6

	1982	1981
Number of employees in direct R&D work	750	730
Investments in direct R&D work	195	180

by AB Volvo, and now amounts to SEK 586.5 m. The new issue consisted of 2 765 000 shares which were subscribed at a price of SEK 135 per share, adding SEK 373.3 m. to Atlas Copco's shareholders' equity.

During the year Atlas Copco acquired 350 000 shares of Boliden AB, equal to 7.6 percent of the share capital of the latter company.

Atlas Copco AB became a minority shareholder in Atlas Copco Finanz A.G. (Switzerland) during 1982. The function of this company is primarily to support the Group's foreign companies through lending and the purchase of accounts receivable.

Atlas Copco AB also acquired an interest in a newly formed company, Atlas Copco Trading AB, whose main purpose is to finance sales in Sweden of products manufactured by Atlas Copco.

INVESTMENTS

Investments in buildings and machinery amounted to SEK 186 m. (212) in the production sector and to SEK 101 m. (130) in marketing operations. Substantial investments were made in automatic data processing equipment and related software.

Production capacity was expanded at the factories in Bremen (West Germany) and Tuzla (Turkey). A new building was completed in Nacka for Atlas Copco Data AB, for occupancy during the spring of 1983. A new computer hall was constructed at the head office of the Airpower Division in Wilrijk (Belgium). Recreation facilities and buildings for employees were expanded in the Airpower Division in Belgium and at the Avos works in Sweden.

RESEARCH AND DEVELOPMENT

The company acquisitions made in recent years have expanded Atlas Copco's competence in new areas of business and, in many cases, have provided new technology. In addition, existing products are being developed to adapt to the new areas of technology. The screw compressors developed within the Airpower Division for use in gas and processing industries are a notable example. Another example is the MCT Division's development work in the area of rock stabilization, combined with a broader range of machinery for mining coal and other types of loose rock.

Energy is an area which is being given high priority in the development program. This offers new fields for the application of screw compressor technology to recompress steam in process industries, for example. CERAC, the Group's research institute in Switzerland, is playing an important role in this development, together with the Airpower Division.

Atlas Copco's products are used in various types of systems: coal mining, tunnel-driving and manufacturing, as examples. The products are designed so that they fit into a total system. Thus, researchers and engineers must have thorough knowledge of these total systems. Development work is therefore carried out in close cooperation with customers. Atlas Copco is not exclusively a supplier of hardware. It can also offer a comprehensive "package" of knowledge – software – dealing with the use of the products to assure the customer maximum productivity. Software has therefore been made a more important element of the marketing program.

ATLAS COPCO AB

	1982	1981
Average number of employees	18 402	19 538
Head office	73	264
Sales companies	9 757	9 923
Divisions	8 572	9 351

PARENT COMPANY**PERSONNEL**

The Atlas Copco Group underwent many changes during 1982. Rationalization measures and sales of units caused reductions in personnel in both sales companies and divisions. At year-end the Group had 17 657 (19 122) employees. Of the decrease amounting to 1 465 persons, the Swedish units accounted for 465.

There will be further reductions in personnel during 1983. For additional information on personnel, see page 48.

EARNINGS

Parent Company earnings include the newly formed Atlas Copco Management Consulting AB and Atlas Copco International AB. Both companies are operated on a commission basis for Atlas Copco AB.

Atlas Copco International AB is responsible for marketing in countries where the Group does not have its own sales companies. Its invoicing amounted to SEK 524 m. (567) and operating results were slightly below those of a year earlier. The decrease in invoicing is partly attributable to reduced sales in the Middle East.

Exchange differences resulted in a net loss of SEK 39 m., compared with a net gain of SEK 21 m. in 1981.

As in preceding years, unrealized exchange differences on long-term loans in foreign currency have been cycled over the remaining terms of the loans. Unrealized exchange losses attributable to changes in exchange rates during 1982 amounted to SEK 161 m. (143). Income for the year was charged with portions of prior years' exchange losses and of those incurred during 1982, making a total of SEK 87 m. (26). Remaining exchange losses, not charged against income, thus increased from SEK 117 m. to SEK 191 m.

Interest expense increased to SEK 158 m. (150), largely due to the higher exchange rate of the U.S. dollar. Overall, the average rate of interest declined.

As a result of the higher liquidity, interest income from short-term investments rose to SEK 100 m. (64).

Dividends from subsidiaries amounted to SEK 109 m. (111), of which the Swedish companies accounted for SEK 6 m. (12).

The capital gain of SEK 67 m. on the sale of the greater part of the Parent Company's industrial properties in Nacka to the new property management company, Sickla Industrifastigheter AB, is shown as extraordinary income.

After appropriations and taxes, Atlas Copco AB shows a profit of SEK 154 m. (178).

Parent Company purchases from subsidiaries accounted for 88 percent of total procurement. Invoicing was exclusively to customers outside the Group.

FINANCING

Cash, bank deposits and other short-term investments increased to SEK 829 m. (520), partly due to the special issue of shares subscribed by AB Volvo, which provided Atlas Copco AB with SEK 373 m. in liquid funds.

The share capital was increased in a number of foreign subsidiaries, including Atlas Copco Deutschland GmbH, Atlas Copco Venezuela SA and Atlas Copco Chilena SAC. The share capital of Atlas Copco MCT AB was also increased.

Salaries, wages and other remuneration, Atlas Copco Group:	1982	1981
Directors and senior executives	41.9	34.3
Other employees	1 681.6	1 552.8
Total	1 723.5	1 587.1

Salaries, other remuneration, Parent Company:	1982	1981
Directors and senior executives incl bonus payments of 1.7 (1.1)	4.8	4.1
Other employees	60.7	53.8
Total	65.5	57.9

During the year the Parent Company acquired the shares of Atlas Copco Airpower AB (Sweden) from Atlas Copco Airpower N V (Belgium).

Atlas Copco Benelux bv, a newly formed company wholly owned by the Parent Company (Atlas Copco AB), acquired all of the Parent Company's shares in Atlas Copco Belgium S A and Atlas Copco Nederland bv during the year.

The book value of Atlas Copco North America Inc, and that of shares in certain other companies, was written down, while the book value of the shares in Atlas Copco Airpower N V was written up in a corresponding amount.

The bonus issue of shares approved by the 1982 Annual General Meeting was effected during the year, in connection with which the share capital of the Company was increased by SEK 103.5 m., to SEK 517.4 m.

Following the special issue of shares subscribed by AB Volvo the share capital of the Company amounts to SEK 586.5 m., and the Legal reserve to SEK 530.5 m.

The average number of employees in the Parent Company, Atlas Copco Management Consulting AB and Atlas Copco International AB during the year was 402 (381), all of them in Nacka.

APPROPRIATION OF PROFIT

For information on the Company's financial position and its operations 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 154 066 634
Net profit for the year	SEK 153 572 448
	<u>SEK 307 639 082</u>

The Board of Directors and the President propose that these earnings be appropriated as follows:

To the Legal reserve, the capital gain reported on the sale of property	SEK 66 660 277
To the shareholders, a dividend of SEK 6.00 per share	SEK 140 763 000
To be retained in the business	SEK 100 215 805
	<u>SEK 307 639 082</u>

Nacka, February 10, 1983

PETER WALLENBERG
Chairman

K-A BELFRAGE

H N SPORBORG

JAN HELLNER

STURE ÖDNER

ERIK JOHNSON

AXEL IVEROTH

CURT G OLSSON

P HENRY MUELLER

OTTO GRIEG TIDEMAND

PEHR G GYLLENHAMMAR

TOM WACHTMEISTER
President

BO HENNING

PER-ERIK NYHOLM

Our auditors' report was issued March 16, 1983

BIRGER SONESSON
Authorized Public Accountant

BERTIL E OLSSON
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

Amounts in SEK m.

		1982	1981
Invoiced sales		7 923.9	7 488.4
	Cost of goods sold, technical development, sales, administration, etc.	- 6 995.1	- 6 451.8
Operating profit before depreciation		928.8	1 036.6
Cost depreciation (NOTE 1)	Goodwill	- 24.7	- 29.1
	Machinery and equipment	- 93.6	- 91.7
	Buildings	- 37.0	- 28.0
Operating profit after depreciation		773.5	887.8
Financial income and expense	Interest received	174.5	123.1
	Interest paid	- 559.2	- 469.4
	Dividends received	0.7	0.5
	Share in net result of non-consolidated companies	-	- 4.8
	Foreign exchange differences (NOTE 2)	- 36.5	32.8
Profit after financial income and expense		353.0	570.0
	Extraordinary income and expense (NOTE 3)	- 22.6	13.9
Profit before appropriations and taxes		330.4	583.9
Appropriations	General inventory reserves	80.4	- 27.5
	Investment reserves	- 4.1	- 15.6
	Other reserves	- 13.2	-
	Difference between book depreciation and cost depreciation	- 11.1	- 8.4
	Accumulated additional depreciation on fixed assets sold	4.1	0.9
	Utilization of work environment, compulsory investment and investment reserves	6.5	9.5
	Reserve for exchange losses	-	0.3
Profit before taxes		393.0	543.1
Taxes (NOTE 4)		- 175.2	- 269.2
Minority interest		- 16.6	- 17.4
NET PROFIT		201.2	256.5

CONSOLIDATED BALANCE SHEET

ATLAS COPCO GROUP

Amounts in SEK m.

ASSETS		Dec. 31 1982		Dec. 31 1981	
Current assets	Cash, bank and short-term investments (NOTE 5)	1 140.6		774.6	
	Receivables (NOTE 6)	2 162.7		1 954.0	
	Inventories (NOTE 7)	3 011.2	6 314.5	2 816.3	5 544.9
	Blocked accounts in Bank of Sweden (NOTE 8)		-		31.8
Fixed assets	Shares and participations (NOTE 9)	114.7		28.6	
	Goodwill (NOTE 10)	16.7		33.3	
	Long-term receivables	249.5		69.1	
	Construction work in progress	45.5		40.1	
	Machinery and equipment (NOTE 11)	511.2		474.3	
	Buildings (NOTE 12)	625.2		650.2	
	Land (NOTE 13)	144.0	1 706.8	205.4	1 501.0
TOTAL ASSETS			8 021.3		7 077.7
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities	<i>Interest-bearing liabilities</i>				
	Bank loans and notes payable	1 403.8		1 135.1	
	Current portion of long-term liabilities	264.2		73.6	
	<i>Non-interest-bearing liabilities</i>				
	Notes payable	195.2		180.5	
	Suppliers	451.7		442.6	
	Provision for taxes	108.0		164.3	
	Accrued expenses and prepaid income	290.0		197.5	
	Other short-term liabilities	493.1	3 206.0	462.0	2 655.6
Long-term liabilities	<i>Interest-bearing liabilities</i>				
	Debenture and bond loans (NOTE 14)	249.8		250.1	
	Mortgage and other long-term loans (NOTE 14)	994.3		1 102.6	
	<i>Non-interest-bearing liabilities</i>				
	Provision for pensions (NOTE 15)	448.6		383.3	
	Other long-term liabilities	98.3	1 791.0	65.7	1 801.7
TOTAL LIABILITIES			4 997.0		4 457.3
Untaxed reserves	General inventory reserves (NOTE 16)	311.7		392.1	
	Accumulated additional depreciation (NOTE 17)	225.5		218.5	
	Investment reserves (NOTE 18)	20.5		20.8	
	Work environment reserves (NOTE 19)	-		0.5	
	Special investment reserves (NOTE 19)	1.7		3.3	
	Compulsory investment reserves (NOTE 20)	37.4		37.4	
	Reserve for exchange losses	43.0		43.0	
	Other reserves	13.2	653.0	-	715.6
Minority interest			102.1		84.1
Shareholders' equity	<i>Restricted equity</i>				
	Share capital (NOTE 21) (PAGE 46)	586.5		413.9	
	Legal reserves (NOTE 22)	1 108.6	1 695.1	831.0	1 244.9
	<i>Unrestricted equity</i>				
	Contingency reserve	-		38.8	
	Retained earnings (NOTE 23)	372.9		280.5	
	Net profit for the year	201.2	574.1	256.5	575.8
TOTAL SHAREHOLDERS' EQUITY			2 269.2		1 820.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			8 021.3		7 077.7
Assets pledged (NOTE 24)			707.8		514.3
Contingent liabilities (NOTE 25)	Notes discounted		193.8		221.3
	Other contingent liabilities		531.8		301.2

STATEMENT OF CHANGES IN FINANCIAL POSITION

Amounts in SEK m.

		GROUP		ATLAS COPCO AB	
		1982		1982	
SOURCE OF FUNDS					
Internal	Profit before appropriations and taxes	330.4	583.9	45.4	101.4
	Depreciation	155.3	148.8	7.3	5.7
	Capital gain/loss on fixed assets sold	- 67.3	- 14.2	- 67.3	27.6
	Intra-group transfers	-	-	108.3	78.6
	Taxes	- 175.2	- 269.2	- 1.5	- 2.0
	Minority interest in profit	- 16.6	- 17.4	-	-
	Withdrawals/deposits, blocked accounts	31.8	- 26.1	20.9	- 17.7
	Dividend from Parent Company	- 124.2	- 107.6	- 124.2	- 107.6
	Dividend to minority interests in subsidiaries	- 2.8	- 2.6	-	-
	<i>Internal funds supplied</i>	131.4	295.6	- 11.1	86.0
External	Sales of fixed assets	268.8	52.4	180.9	14.1
	Change in interest-bearing liabilities	350.7	418.3	69.1	108.0
	Change in other liabilities	189.0	383.2	7.4	48.4
	Minority interest in shareholders' equity	18.0	12.6	-	-
	Change in composition of Group, etc.	-	2.5	-	-
	Directed issue of new shares	373.3	-	373.3	-
TOTAL FUNDS SUPPLIED		1 331.2	1 164.6	619.6	256.5
APPLICATION OF FUNDS					
	Investments in property, plant and equipment	287.0	342.2	33.2	31.7
	Increase in long-term receivables	180.4	31.1	204.1	- 18.2
	Goodwill acquired	8.1	14.6	-	-
	Investments in shares and participations	86.1	-	196.2	83.5
	Reserves transferred to subsidiaries	-	-	0.3	1.0
	Increase in inventories	194.9	181.4	- 29.0	1.0
	Increase in short-term receivables	208.7	336.3	- 93.9	- 89.9
TOTAL FUNDS APPLIED		965.2	905.6	310.9	9.1
	Increase in liquid funds	366.0	259.0	308.7	247.4

INCOME STATEMENT

ATLAS COPCO AB

Amounts in SEK m.

		1982	1981
Operating income	Invoiced sales	523.8	567.3
	Commissions etc. from subsidiaries	128.6	125.2
Operating expense	Cost of goods sold, technical development, sales, administration, etc.	- 705.4	- 658.7
Operating profit before depreciation		- 53.0	33.8
Cost depreciation (NOTE 1)	Machinery and equipment	- 3.4	- 3.2
	Buildings	- 3.9	- 2.5
Operating profit after depreciation		- 60.3	28.1
Financial income and expense	Dividends received from subsidiaries	109.1	111.2
	Interest received from subsidiaries, net	24.9	59.7
	Interest received (excluding subsidiaries)	100.1	64.2
	Interest paid (excluding subsidiaries)	- 157.9	- 150.0
	Dividends received (excluding subsidiaries)	0.7	0.4
	Share in net result of non-consolidated companies	-	- 4.8
	Foreign exchange differences (NOTE 2)	- 38.5	20.5
Profit after financial income and expense		- 21.9	129.3
	Extraordinary income and expense (NOTE 3)	67.3	- 27.9
Profit before appropriations and taxes		45.4	101.4
Appropriations	Difference between book depreciation and cost depreciation	- 2.1	- 0.7
	Accumulated additional depreciation on fixed assets sold	1.6	0.5
	Utilization of work environment and special investment reserve	1.9	-
	Intra-group transfers	108.3	78.6
	Reserve for exchange losses	-	0.3
Profit before taxes		155.1	180.1
Taxes		- 1.5	- 2.0
NET PROFIT		153.6	178.1

BALANCE SHEET**ATLAS COPCO AB**

Amounts in SEK m.

ASSETS		Dec. 31 1982		Dec. 31 1981	
Current assets	Cash, bank and short-term investments (NOTE 5)	828.8		520.1	
	Receivables (NOTE 6)	475.7		569.6	
	Inventories	34.7	1 339.2	63.7	1 153.4
Blocked accounts in Bank of Sweden (NOTE 8)			—		20.9
Fixed assets	Shares and participations in subsidiaries (PAGE 23)	803.1		693.4	
	Shares and participations (excluding subsidiaries) (NOTE 9) (PAGE 23)	110.4		23.9	
	Long-term receivables from subsidiaries	69.8		41.6	
	Other long-term receivables	220.8		44.9	
	Construction work in progress	35.0		5.8	
	Machinery and equipment (NOTE 11)	13.4		15.6	
	Buildings (NOTE 12)	46.2		96.3	
	Land (NOTE 13)	23.9	1 322.6	88.5	1 010.0
TOTAL ASSETS			2 661.8		2 184.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities	<i>Interest-bearing liabilities</i>				
	Liabilities to subsidiaries	210.6		218.2	
	Bank loans	—		16.3	
	Current portion of long-term liabilities	167.5		16.9	
	Advances from customers	31.2		—	
	<i>Non-interest-bearing liabilities</i>				
	Suppliers	11.6		9.6	
	Provision for taxes	2.2		2.2	
	Accrued expenses and prepaid income	53.3		40.1	
	Other current liabilities	16.7	493.1	40.6	343.9
Long-term liabilities	<i>Interest-bearing liabilities</i>				
	Debenture and bond loans (NOTE 14)	249.8		250.1	
	Mortgage and other long-term loans (NOTE 14)	280.6		369.1	
	<i>Non-interest bearing liabilities</i>				
	Provision for pensions, PRI	112.2		98.1	
	Provision for pensions, other	13.2	655.8	11.2	728.5
TOTAL LIABILITIES			1 148.9		1 072.4
Untaxed reserves	Accumulated additional depreciation (NOTE 17)	7.9		7.4	
	Work environment reserve (NOTE 19)	—		0.2	
	Special investment reserve (NOTE 19)	—		2.0	
	Compulsory investment reserve (NOTE 20)	37.4		37.4	
	Reserve for exchange losses	43.0	88.3	43.0	90.0
Shareholders' equity	<i>Restricted equity</i>				
	Share capital (23 460 500 shares, par SEK 25) (NOTE 21)	586.5		413.9	
	Legal reserve (NOTE 22)	530.5	1 117.0	326.3	740.2
	<i>Unrestricted equity</i>				
	Contingency reserve	—		12.5	
	Retained earnings (NOTE 23)	154.0		91.1	
	Net profit for the year	153.6	307.6	178.1	281.7
TOTAL SHAREHOLDERS' EQUITY			1 424.6		1 021.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			2 661.8		2 184.3
Assets pledged (NOTE 24)	Real estate mortgages		9.7		29.7
	Trade mortgages		98.4		98.4
Contingent liabilities (NOTE 25)	Guarantees and other liabilities, of which 596.1 (681.7) on behalf of subsidiaries		778.8		793.1
	Capital value of pension obligations		45.2		33.7

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, holds 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 substantial portion of operating earnings.

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

Companies acquired during the year have been consolidated following the date of acquisition.

In the case of companies formed during the year, share capital contributed has been eliminated against the book value of the companies' shares in their respective parent companies. Differences resulting from bonus issues of shares in subsidiaries have been transferred to the Group's restricted reserves.

Translation of foreign currencies

Atlas Copco applies the monetary-nonmonetary method in the translation of the accounts of foreign subsidiaries. The purpose is to present Group accounts as if the subsidiaries were domiciled in the country of the Parent Company.

In accordance with this method, all nonmonetary items – real property (land and buildings), machinery and equipment, inventories, untaxed reserves and shareholders' equity are translated at the rate in effect on the date the item was acquired. Other balance sheet items – nonmonetary items – are translated at year-end exchange rates. The income statement has been translated at the average rate for the year, with the exception of depreciation and appropriations, which have been translated at the investment rate. The exchange differences arising in connection with the translation of the accounts of foreign subsidiaries have been included in the income statement.

In the balance sheets and income statements of the individual companies, receivables and liabilities in currencies other than those of the host country have been translated in accordance with the lowest/highest-value principle. Thus receivables have been translated at the lower of cost and year-end exchange rates, while liabilities have been translated at the higher of these rates. This does not, however, apply to long-term foreign loans raised by the Parent Company. Unrealized exchange losses on these loans have been cycled over the remaining terms of the loans, which have been raised to finance investments outside Sweden. As the value of these loans has increased, due to the declining rate of the Swedish krona, the yield-producing capacity of the acquired properties, calculated in Swedish kronor, has also increased. Atlas Copco has therefore chosen to cycle the exchange losses on these loans.

A new standard (SFAS 52) for translation of the accounts of subsidiaries was adopted in the United States during 1981. It may be assumed that this standard will affect Swedish accounting practices. This means a changed view of subsidiaries in terms of accounting, and a number of Swedish companies have already chosen to use versions of this current rate method.

With this method, a company – instead of stating subsidiaries' accounts as if the parent company and the subsidiary were a unit – choose to treat subsidiaries as independent units, whose operations are conducted in a foreign currency, and in which the parent company has a net investment. Under this method, all assets and liabilities in subsidiaries' balance sheets are translated at year-end rates and all items in the income statement are translated at average exchange rates for the year.

However, the accounts of subsidiaries in so-called high-inflation countries are not translated in the manner stated above, but in accordance with the monetary-nonmonetary method.

The translation differences which arise are simply an effect of the fact that the net investment is translated at year-end at a rate different from that used at the beginning of the year. This difference does not then effect earnings but is transferred directly to shareholders' equity.

If Atlas Copco had applied the current-rate method in 1982, the Group accounts would have been affected in the following manner:

- Profit before appropriations and taxes would have been SEK 10 m. lower, due mainly to higher depreciation in connection with translations to current rates.
- Total assets would have increased by SEK 260 m. The increase is attributable to a higher valuation of fixed assets when current rates are used.
- Shareholders' equity would have been stated in an amount SEK 60 m. higher, attributable to a changed valuation of the Group's total net investment outside Sweden. This change is wholly due to changes in exchange rates.

In the above calculations, exchange losses on foreign loans raised by the Parent Company have not been cycled.

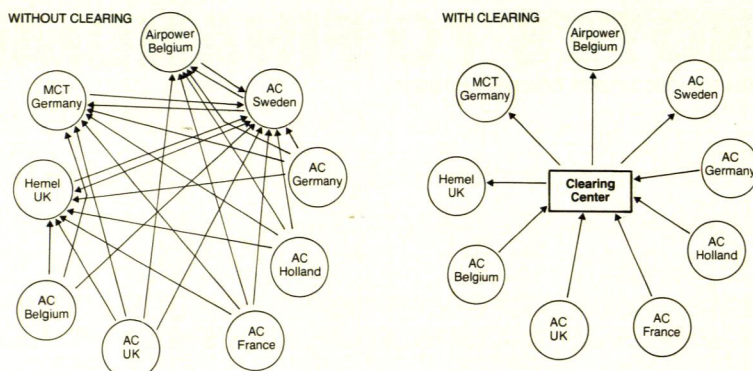
Since it is not now clear, with respect to many points, how the current rate method should be applied in a practical way to Swedish companies, and since there is no compelling technical reason to change methods, Atlas Copco has chosen to prepare its 1982 accounts in conformity with the method applied earlier.

INTERNATIONAL GUIDELINES

Atlas Copco welcomes the international guidelines for multinational enterprises formulated by the OECD, the Organization for Economic Cooperation among western industrialized countries. We believe that we conform to the guidelines in all essential respects.

We have observed the OECD guidelines in preparing this

NOTES TO FINANCIAL STATEMENTS



Annual Report, except for certain information which, for competitive reasons cannot be disclosed.

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

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

Currencies: SEK = Swedish kronor. Other currencies, see "Exchange Rates"

Suffix: m. = millions.

APPROPRIATIONS

Tax legislation in Sweden and certain other countries give companies the opportunity to strengthen their financial position through tax-deductible allowances to untaxed reserves. By utilizing these regulations, companies may retain profit in the business without such profit 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 do not become subject to taxation until they are liquidated. 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 amount of the untaxed reserves may be considered to be risk capital since potential losses can, to a large extent, be covered by liquidating the untaxed reserves.

CASH MANAGEMENT AND CURRENCY TRANSACTIONS

Rising interest rates and increasing uncertainty with respect to the trend of currency exchange rates has made it more important for the Group to create effective routines for the utilization of working capital. As a result, Atlas Copco is directing its attention to this area – cash management – to an even greater extent.

A number of the Group's large companies in and outside Sweden have been the objects of cash management studies made in cooperation with various banks. The objective of these studies is to release working capital and thus reduce the Group's financial costs and at the same time increase the knowledge in the cash management field within the Group.

One of the more comprehensive changes in the cash management area was the introduction of a clearing system for international payments. In this system the liabilities and receivables of various Atlas Copco companies are offset against each other instead of being settled through cash payments. A procedure of this type results in lower transfer costs. Payments that can be offset in this way are arranged via Atlas Copco's clearing center in London once a month when payments and receipts in

the same currency are matched, thereby reducing currency exposure risks. Payments are also received by the payee on the same day they are made, eliminating losses of interest income. The flow of payments within the Group is illustrated in the diagram above.

Effective utilization of working capital also has to be supplemented with purposeful financing, taking into account both interest costs and foreign exchange risks. To minimize the currency risk, the greater part of the borrowing by Atlas Copco's companies takes place in local currency. Borrowing in foreign currency is, in principle, accepted only when the local credit market is not accessible. Local borrowing results in a relatively high level of interest rates in the case of many currencies. To a certain extent, however, the interest expense represents the cost of eliminating currency risks, since assets and liabilities in the same currency are matched. The currency exchange losses that were avoided by following this procedure in 1982 were in the range of SEK 60 m. The greater part of the savings was attributable to reduced borrowing in U.S. dollars in Latin America.

This is an example of Atlas Copco's policy of reducing its "currency dependence" by reducing currency exposure. The Group's currency exposure can be broken down into two segments: transaction exposure and translation exposure. Transaction exposure comprises all the payments incurred and paid

EXCHANGE RATES

Country	Currency value	Code	Year-end rate, SEK		Average rate, SEK	
			1982	1981	1982	1981
Denmark	100	DKK	87:00	75:50	75:50	71:50
Norway	100	NOK	104:00	95:00	97:00	88:00
Austria	100	ATS	43:50	35:00	36:50	32:00
Great Britain	1	GBP	11:820	10:585	10:915	10:240
Portugal	100	PTE	8:21	8:45	7:91	8:23
Switzerland	100	CHF	366:00	309:00	310:00	259:00
Belgium	100	BEC	15:60	14:50	13:80	13:70
France	100	FRF	108:50	97:00	96:00	93:50
The Netherlands	100	NLG	277:00	223:50	234:50	203:50
Italy	100	ITL	0:5310	0:4580	0:4630	0:4450
West Germany	100	DEM	307:50	246:00	259:00	224:50
Spain	100	ESP	5:7900	5:7000	5:6770	5:4780
India	100	INR	75:00	61:00	66:00	58:00
Bolivia	100	BOP	3:70	22:00	7:80	20:50
Mexico	100	MXP	7:70	21:00	12:70	20:50
U.S.A.	1	USD	7:290	5:560	6:265	5:060
Argentina	100	ARP	0:0150	0:0610	0:0375	0:1340
Brazil	100	BRC	2:8900	4:3545	3:6140	5:5875
Peru	100	PES	0:7300	1:1160	0:9280	1:1865
Canada	1	CAD	5:900	4:695	5:065	4:210
Venezuela	100	VEB	170:00	130:00	144:00	117:00
South Africa	1	ZAR	6:770	5:810	5:780	5:760
Japan	100	JPY	3:120	2:535	2:530	2:284
Australia	1	AUD	7:130	6:235	6:340	5:770

by each company in a currency other than that of the country in which it is based. Translation exposure is an accounting currency exposure that arises in connection with the translation of each legal entity's income statement and balance sheet.

Atlas Copco's currency policy seeks to reduce the vulnerability to currency exchange fluctuations by minimizing both net transaction and translation exposure. Minimizing transaction exposure is always given the highest priority, since this exposure affects cash flow. After all conceivable measures have been taken to reduce transaction and translation exposure, a net transaction exposure generally remains. To further reduce the "currency dependence," this remaining net exposure is eliminated through forward exchange contracts.

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 1982 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. This results in a negative effect of SEK 189 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 1982 amounted to SEK 256 m. (224), as against stated cost depreciation of SEK 131 m. (120).

An additional effect of inflation is the change in purchasing power that arises with respect to so-called monetary assets and liabilities. With rising prices, increasingly less purchasing power is required to pay a company's debts, while the value of cash and customer receivables declines. During 1982 the Atlas Copco Group's liabilities (short- and long-term) exceeded its monetary assets, on an average, by approximately SEK 1 710 m.

Taking into account the specific net liability of each Atlas Copco Group company and the inflation prevailing in each country, this total monetary net liability has a positive effect amounting to approximately SEK 171 m. on earnings of the Atlas Copco Group during the year.

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

THE ATLAS COPCO GROUP'S EARNINGS, ADJUSTED FOR INFLATION

Profit before appropriations and taxes, according to traditional accounting methods	330
Difference between stated costs of products sold and current costs	- 189
Difference between replacement cost depreciation and cost depreciation	- 125
Inflation-adjusted monetary capital, net	171
Inflation-adjusted profit before appropriations and taxes	187

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

DEFINITIONS

Profit margin

Profit after financial income and expense as a percentage of invoiced sales.

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) as a percentage of average equity capital, minority interest and untaxed reserves.

Return on shareholders' equity

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

Rate of risk-bearing equity capital

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

Degree of self-financing

Funds generated internally as a percentage of investments in 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 standard tax deduction of 50 percent and minority interest in the year's earnings, divided by the number of shares outstanding.

Earnings per share after extraordinary items

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

NOTES TO FINANCIAL STATEMENTS

1. DEPRECIATION

The Atlas Copco Group applies three types of depreciation: cost depreciation, book depreciation and replacement cost depreciation.

Cost depreciation is based on original cost and is applied using the straight-line method over the economic life of the asset. Goodwill is depreciated according to a plan established for each specific case.

Book depreciation is used in the maximum amount allowable in accordance with tax legislation in each country. The difference between book depreciation and cost depreciation is stated under "Appropriations" in the income statement. The total value is stated in the balance sheet under the heading "Accumulated additional depreciation."

	GROUP	
	1982	1981
Cost depreciation	155.3	148.8
Book depreciation	166.4	157.2
Depreciation in excess of cost (NOTE 17)	11.1	8.4

Book depreciation includes write-downs charged against the following reserves:

	GROUP	
	1982	1981
Investment reserves	4.2	2.1
Work environment and special investment reserves	1.4	1.0
Compulsory investment reserves	—	2.6
	5.6	5.7

Replacement cost depreciation is based on the replacement cost of the fixed asset and is applied on a straight-line basis over the economic life of the asset. The following economic lives are used for cost depreciation and replacement cost depreciation: Machinery and equipment, 5 to 15 years; Vehicles, 5 years; Buildings, 25 to 50 years.

Replacement cost depreciation for the Group amounts to SEK 256 m. (224) during the year, thus exceeding cost depreciation, excluding goodwill, by SEK 125 m. (104).

2. FOREIGN EXCHANGE DIFFERENCES

Foreign exchange differences arising in connection with financial transactions are stated net:

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Realized exchange differences, net	— 2.1	60.3	35.7	38.4
Unrealized exchange differences				
Long-term loans	— 108.8	— 51.5	— 87.3	— 26.8
Other receivables and liabilities	— 0.9	3.3	13.1	8.9
Translation differences	75.3	20.7	—	—
	— 36.5	32.8	— 38.5	20.5

Unrealized exchange losses on foreign loans in the Parent Company have not been charged in their entirety against earnings but have been cycled over the remaining terms of the loans. During 1982 one of the foreign loans raised earlier by the Parent Company was transferred to MCT AB. As in prior years exchange losses on this loan were cycled.

	GROUP
Remaining unrealized exchange losses not charged against earnings at December 31, 1981	116.8
Unrealized exchange losses attributable to exchange differences in 1982	188.8
	305.6

Unrealized exchange losses charged against earnings 1982

Attributable to prior years	29.8	
Attributable to 1982	63.3	93.1
Remaining unrealized exchange losses not charged against earnings at December 31, 1982		212.5

In the 1978 accounts, a currency exchange reserve of SEK 65 m. was created for exchange losses which arose on Parent Company loans prior to 1978. When the unrealized exchange losses covered by the 1978 currency exchange reserve are realized in connection with the repayment of the loans involved, withdrawals will be made from this reserve and a corresponding amount will be charged against earnings as an extraordinary expense. In 1982 no such exchange losses have been charged against earnings.

3. EXTRAORDINARY INCOME AND EXPENSE

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Capital gains on fixed assets sold	67.3	14.2	67.3	12.6
Capital losses on participations and shares sold, and write-downs of receivables in non-consolidated companies	—	—	—	— 40.2
Liquidation and closing down costs	— 89.9	—	—	—
Realized exchange losses on foreign loans raised prior to 1978	—	— 0.3	—	— 0.3
	— 22.6	13.9	67.3	— 27.9

Liquidation and closing down costs are attributable mainly to the closing down and sale of minor production units in Bolivia, the United States, Italy and Sweden.

NOTES TO FINANCIAL STATEMENTS

4. TAXES

Income taxes are treated in accordance with the rules and regulations in the countries in which the profit was made. These taxes are based on the locally stated profit before taxes, which may deviate from the profit arrived at in conformity with the Group's accounting principles.

Consolidated reservations for unrealized internal profit in the inventories of the sales companies 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 profit earned outside Sweden which has been distributed to the respective parent companies.

Of the year's provision of SEK 175.2 m. for taxes, SEK 173.4 m. relates to taxes outside Sweden and SEK 1.8 m. to taxes in Sweden.

5. CASH, BANK AND SHORT-TERM INVESTMENTS

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Liquid funds	528.5	486.3	258.9	250.9
Short-term investments	612.1	288.3	569.9	269.2
	1 140.6	774.6	828.8	520.1

The Group's available but unutilized bank credits amounted December 31, 1982 to SEK 1 653 m. (1 098).

6. RECEIVABLES

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Notes receivable	221.4	129.2	—	4.0
Receivables from subsidiaries	—	—	350.3	401.5
Trade receivables	1 561.0	1 469.8	40.5	69.1
Prepaid expenses and accrued income	81.4	67.1	28.4	23.1
Other receivables	298.9	287.9	56.5	71.9
	2 162.7	1 954.0	475.7	569.6

7. INVENTORIES

Inventories are valued at the lower of cost or market, in accordance with the "first in — first out" principle. Group inventories are shown after deduction for obsolescence and for internal profit arising in connection with deliveries from the divisions to the Group sales companies.

Transfer pricing between companies is based in principle on comparable market prices.

	GROUP	
	1982	1981
Raw materials	128.6	118.3
Work in progress	275.2	281.8
Semifinished goods	641.4	656.9
Finished goods	1 966.0	1 759.3
	3 011.2	2 816.3

8. BLOCKED ACCOUNTS IN BANK OF SWEDEN

Funds in blocked accounts pertain to the following reserves:

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Investment reserves	—	9.9	—	—
Work environment reserves	0.0	0.3	—	0.2
Special investment reserves	—	2.9	—	2.0
Compulsory investment reserve	—	18.7	—	18.7
	0.0	31.8	—	20.9

9. SHARES AND PARTICIPATIONS

	GROUP			
	Book value		Market value	
	1982	1981	1982	1981
Shares and participations reported by Atlas Copco AB:				
Boliden AB	87.7	—	91.1	—
Svensk Interkontinental Lufttrafik AB (SILA)	0.7	0.7	6.3	2.7
Other shares and participations reported by Atlas Copco AB as specified on page 23	22.0	23.2		
	110.4	23.9		

Shares and participations reported by other companies:

Webster Machine Development Ltd	3.8	3.8		
Atlas Copco-Eickhoff Engineering	0.2	0.2		
Others	0.3	0.7		
	114.7	28.6		

NOTES TO FINANCIAL STATEMENTS

10. GOODWILL

Group excess value amounts to SEK 21.8 m. (41.2). This has been distributed over the following items in the balance sheet: Goodwill, SEK 16.7 m. (33.3); machinery and equipment – SEK m. (2.5) and buildings, SEK 5.1 m. (5.4). The Goodwill items pertain mainly to patents, manufacturing rights and know-how. Depreciation of Group excess value amounts to SEK 27.5 m., distributed as follows:

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Goodwill	24.7	29.1		
Machinery and equipment	2.5	0.1		
Buildings	0.3	0.3		
	27.5	29.5		
Acquired goodwill, December 31, 1981			80.2	
Accumulated depreciation, December 31, 1981			– 46.9	
Acquired goodwill, 1982			8.1	
Depreciation during 1982			– 24.7	
Book value, December 31, 1982			16.7	

11. MACHINERY AND EQUIPMENT

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Cost	1 141.2	1 072.9	37.0	46.0
Accumulated cost depreciation	– 630.0	– 598.6	– 23.6	– 30.4
Planned residual value	511.2	474.3	13.4	15.6
Accumulated depreciation in excess of cost depreciation	– 153.2	– 157.9	– 6.0	– 7.2
Book value, net	358.0	316.4	7.4	8.4

12. BUILDINGS

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Cost	812.7	812.0	53.2	103.3
Undepreciated amount of write-ups	23.1	52.0	0.7	29.2
Accumulated cost depreciation	– 210.6	– 213.8	– 7.7	– 36.2
Planned residual value	625.2	650.2	46.2	96.3
Accumulated depreciation in excess of cost depreciation	– 72.3	– 60.6	– 1.9	– 0.2
Book value, net	552.9	589.6	44.3	96.1
Tax assessment value			13.1	72.8

Reported book value in the Parent Company includes buildings with a construction cost of SEK 25.9 m. which have not been assigned a tax assessment value.

13. LAND

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Cost	112.6	120.0	17.9	30.5
Write-ups	31.4	85.4	4.0	58.0
Book value, net	144.0	205.4	23.9	88.5
Tax assessment value			28.1	91.7

14. LONG-TERM LOANS

	1982
<i>Bond loans</i>	1982
PARENT COMPANY	
1963 4 ³ / ₄ %, SEK 15 m., amortization period 1964–1983	1.1
1970 9 ¹ / ₂ %, USD 20 m., amortization period 1971–1985, (Amortized: USD 15.4 m.)	29.4
1976 7 ³ / ₄ %, CHF 80 m., amortization period 1981–1991, (Amortized: CHF 0.5 m.)	168.5
1978 10 ¹ / ₄ %, SEK 100 m., amortization period 1979–1993	70.1
Less: 1983 maturities	– 19.3
Parent Company and Group debenture and bond loans as shown in balance sheets	249.8
<i>Mortgage loans and promissory notes</i>	1982
PARENT COMPANY	
1978 multicurrency loan, USD 20 m., amount due in 1983	145.9
1979 multicurrency loan, USD 0.7 m.	4.0
1980 multicurrency loan, USD 20 m.	100.5
1980 multicurrency loan, USD 10 m.	49.3
1980 multicurrency loan, USD 13.4 m.	67.5
1981 multicurrency loan, USD 2.8 m.	15.8
1982 multicurrency loan, GBP 1.7 m.	19.0
1982 multicurrency loan, GBP 1.2 m.	13.8
National Pension Fund loan	11.8
National Labor Market Board loan	0.9
Other mortgage loans and promissory notes	0.3
Less: 1983 maturities	– 148.2
Parent Company mortgage loans and promissory notes as shown in balance sheet	280.6
SUBSIDIARIES	
Atlas Copco MCT	113.5
Atlas Copco Airpower	246.1
Atlas Copco Tools	35.9
Berema	25.4
Monsoon-Tison	16.3
Other companies	373.2
Less: 1983 maturities	– 96.7
Group mortgage loans and promissory notes as shown in balance sheet	994.3

NOTES TO FINANCIAL STATEMENTS

Group bond loans, mortgage loans and promissory notes totaling SEK 1 244.1 m. are amortized as follows:

	GROUP	PARENT COMPANY
1984	108.8	30.5
1985	225.1	72.2
1986	231.6	83.4
1987	181.6	99.9
1988 and thereafter	497.0	244.4
	1 244.1	530.4

Total long-term borrowing of the Atlas Copco Group, including current portion of long-term loans based on year-end exchange rates:

CURRENCY	AMOUNT (m.)	SEK m.	PERCENT
USD	104.4	761.1	43.1
CHF	84.5	309.2	17.5
SEK	222.1	222.1	12.6
NOK	72.1	75.0	4.3
BEC	452.4	70.6	4.0
MXP	873.2	67.2	3.8
AUD	5.5	39.6	2.2
FRF	35.4	38.4	2.2
GBP	3.0	33.3	1.9
DEM	7.4	22.8	1.3
Other	—	124.5	7.1
		1 763.8	100.0

15. PROVISION FOR PENSIONS

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

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Swedish companies				
PRI-pensions	309.8	286.8	112.2	98.1
Other pensions	18.4	19.7	13.2	11.2
Companies outside Sweden	120.4	76.8	—	—
	448.6	383.3	125.4	109.3

Pensionsregistreringsinstitutet (PRI) is a public service organization which administers employee pension plans.

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, 1981	392.1
Allocation to inventory reserves	14.7
Withdrawals from inventory reserves	— 95.1
General inventory reserves, December 31, 1982	311.7

Unutilized rights to make allocations to inventory reserves in the Swedish companies amount to SEK 241.6 m. In addition to the inventory reserves shown in the balance sheet, SEK 7.4 m. has been eliminated in connection with the application of the purchase method of accounting.

17. ACCUMULATED ADDITIONAL DEPRECIATION

	GROUP	PARENT COMPANY
Accumulated additional depreciation, December 31, 1981	218.5	7.4
Difference between book depreciation and cost depreciation in 1982	11.1	2.1
Accumulated additional depreciation on fixed assets sold	— 4.1	— 1.6
Accumulated additional depreciation, December 31, 1982	225.5	7.9

Accumulated additional depreciation is distributed as follows:

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Machinery and equipment	153.2	157.9	6.0	7.2
Buildings	72.3	60.6	1.9	0.2
	225.5	218.5	7.9	7.4

18. INVESTMENT RESERVES

Swedish companies have the right to allocate 50 percent of their profit before appropriations to a general investment reserve. The amount allocated is tax-deductible if 50 percent of the sum is deposited 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 the permission of Governmental authorities and proportional amounts may be withdrawn from the account in Bank of Sweden correspondingly.

When investments in fixed assets are made, the portion of the cost defrayed by utilizing the investment reserve may be written down through a corresponding transfer from the investment reserve.

Certain companies outside Sweden also have the opportunity to make appropriations to similar investment reserves. Companies outside Sweden account for a major part of the investment reserves reported in 1982. During the year Airpower NV and Atlas Copco A/S Denmark appropriated SEK 4.1 m. to investment reserves. Berema and sales companies in Austria, France and Turkey utilized a total of SEK 4.4 m. from investment reserves, of which SEK 4.2 m. was used to write down fixed assets.

NOTES TO FINANCIAL STATEMENTS

19. WORK ENVIRONMENT RESERVES AND SPECIAL INVESTMENT RESERVES

In accordance with a temporary law adopted in 1974, Swedish companies were obliged to allocate 20 percent of their profit before appropriations and taxes to a work environment reserve and 15 percent of their profit before taxes to a special investment reserve. The amount, which was deductible for tax purposes, was placed in a non-interest bearing blocked account in Bank of Sweden.

	GROUP	PARENT COMPANY
Work environment reserves, December 31, 1981	0.5	0.2
Withdrawals:		
For write-downs	- 0.2	-
For other purposes	- 0.3	- 0.3
Transfer from subsidiary	-	0.1
Work environment reserves, December 31, 1982	0.0	-

	GROUP	PARENT COMPANY
Special investment reserves, December 31, 1981	3.3	2.0
Withdrawals:		
For write-downs	- 1.2	- 1.2
For other purposes	- 0.4	- 0.4
Transfer to subsidiary	-	- 0.4
Special investment reserves, December 31, 1982	1.7	-

20. COMPULSORY INVESTMENT RESERVES

Swedish companies which reported a profit exceeding SEK 1.0 m. before appropriations and taxes for 1980 were required to allocate 25 percent of this profit to a special compulsory investment reserve. The entire amount was required to be deposited in a non-interest bearing blocked account in Bank of Sweden.

21. SHARE CAPITAL

	PARENT COMPANY
Share capital, December 31, 1981	413.9
Bonus issue of shares	103.5
Directed issue of new shares	69.1
Share capital, December 31, 1982	586.5

22. LEGAL RESERVES

	GROUP	PARENT COMPANY
Legal reserves, December 31, 1981	831.0	326.3
Transferred from retained earnings	75.2	-
Directed issue of new shares	304.2	304.2
Transferred to share capital in connection with bonus issue of shares	- 100.0	- 100.0
Changes in share capital elimination in subsidiaries	- 1.8	-
Legal reserves, December 31, 1982	1 108.6	530.5

23. RETAINED EARNINGS

	GROUP	PARENT COMPANY
Retained earnings, December 31, 1981	280.5	91.1
1981 net profit	256.5	178.1
Transferred from contingency reserve	38.8	12.5
Dividend to shareholders	- 124.2	- 124.2
Transferred to legal reserves	- 75.2	-
Transferred to share capital in connection with bonus issue of shares	- 3.5	- 3.5
Retained earnings, December 31, 1982	372.9	154.0

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 taxation or restrictions.

24. ASSETS PLEDGED

	GROUP		PARENT COMPANY	
	1982	1981	1982	1981
Real estate mortgages	410.4	319.6	9.7	29.7
Trade mortgages	277.2	178.1	98.4	98.4
Other assets pledged	20.2	16.6	-	-
	707.8	514.3	108.1	128.1

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 261.0 m. (271.5) have been sold with a limited repurchase guarantee. The value to Atlas Copco AB amounts to SEK 94.0 m. (143.7). Appropriate reserves have been allocated for anticipated customer losses.

Data on loans and other contingent liabilities to shareholders and others (Information required in accordance with Chapter 12 of the Swedish Companies Act)

During 1981 and 1982 loans have been granted to employees under terms of an offer related to savings invested in Atlas Copco shares. Exemptions have been obtained from the County Councils in the affected counties.

	GROUP	PARENT COMPANY
Number of borrowers	1 669	320
Other current receivables	2.4	0.5
Long-term receivables	8.0	1.5

SHARES AND PARTICIPATIONS

December 31, 1982

	Number of shares	Per-cent held	Par value loc cur	Book value SEK m.
DIVISIONS				
Atlas Copco MCT AB	1 000 000	100	100	115.0
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)	200.0
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 (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 Italia S.p.A.	539 998	100	10 000	33.1
Atlas Copco A/S, Norway	3 998	100	10 000	26.6
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 ²⁾	500	3.7
Atlas Copco Deutschland G.m.b.H.	6	95	1)	52.5
Atlas Copco Ges.m.b.H., Austria	39 990	100	1 000	8.0
Atlas Copco North America Inc.	5 249	50 ²⁾	1)	50.0
Atlas Copco Boliviana S.A.	5 498	100	1 000	2.1
Atlas Copco Brasil Ltda	1 249 999 832	100	1)	20.8
Atlas Copco Chilena S.A.C.	9 154	100	1 000	6.0
Atlas Copco Ecuatoriana S.A., Ecuador	3 000	60 ²⁾	1 000	0.6
Atlaservis S.A., Ecuador	1 990	100	1 000	0.4
Atlas Copco Venezuela S.A.	7 200	60	1 000	8.7
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 Malaysia Ltd.	1 000	100	1	2.6
Atlas Copco Korea Co. Ltd.	49 000	49	1 000	0.4
Atlas Copco Hellas A.E., Greece	6 400	97 ²⁾	10 000	—
Atlas Copco Ticaret ve Sanayi T.A.S., Turkey	1 130	100	500	—
Atlas Copco Argentina S.A.C.I.	1 500 000 000	100	1	—
Atlas Copco Taiwan Ltd.	15 996	80	100	—
Atlas Copco (India) Ltd.	964 000	40	10	—

	Number of shares	Per-cent held	Par value loc cur	Book value SEK m.
Atlas Copco Kenya Ltd.	14 999	100	100	—
Atlas Copco Maroc S.A.	940	50	1 500	—
OTHER SUBSIDIARIES				
Atlas Copco ABEM AB	25 000	100	100	2.5
Atlas Copco Airpower AB	60 000	100	100	8.2
Atlas Copco Kompressor AB	500	100	100	0.1
Copco Nueva Montaña S.A., Spain	29 999	13 ³⁾	1 000	—
Terratest S.A., Spain	75 000	100	800	5.8
Atlas Copco Andina S.A., Bolivia, in liquidation	18 000	50 ²⁾	1 000	—
Atlas Copco UK Holdings Ltd.	3 623 664	100	1	32.6
Atlas Copco Benelux bv, Holland	15 712	100	2	28.0
Atlas Copco Industrial S.A., Spain	95	50 ²⁾	10 000	—
Institut CERAC S.A., Switzerland	1 995	100	1 000	2.4
Atlas Copco Management Consulting AB	500	100	100	0.1
AB Sicklahus	2 000	100	100	0.2
Atlas Copco Data AB	125	25 ²⁾	100	—
Atlas Copco Fondaktiebolag	2 500	100	100	0.2
10 dormant companies	—	—	—	0.3
				803.1

OTHER COMPANIES

Atlas Copco Finans AB	38 000	40	100	3.8
Atlas Copco Leasing AB	16 000	40	100	2.0
Atlas Copco Trading AB	500	50	100	0.1
Sickla Industrifastigheter AB	10 000	33	100	1.0
Atlas Copco Finanz AG, Basel	2 449	49	1 000	7.2
Mechanical Technology Inc.	140 000	5	1	6.0
Turbonetics Energy Inc.	200	20	1	—
Boliden AB	350 000	8	100	87.7
Bilspedition AB	8 000	1	100	1.0
Svensk Interkontinental Lufttrafik AB (SILA)	16 920	2	100	0.7
Handelsbolaget Svenska Dagbladets AB & Co	100	2	1 000	0.1
AB Stadsfastigheter	6	0	1 000	—
AB SUKAB	40	0	100	—
ADELA Investment Co. S.A., Luxembourg	3 640	0	100	—
SIFIDA Investment Co. S.A., Luxembourg	25	1	5 000	0.6
Casa de Suecia S.A., Spain	90	0	5 000	—
Employment Conditions Abroad Ltd.	100	2	1	—
Näringslivets Utbildnings AB	170	8	1 000	0.2
				110.4

1) No par value

2) Remaining holding owned by other Group companies

3) 62 % owned by other companies within the Group

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 President for the year 1982. 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 President be granted discharge of responsibility for the year 1982.

Group

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

We recommend:

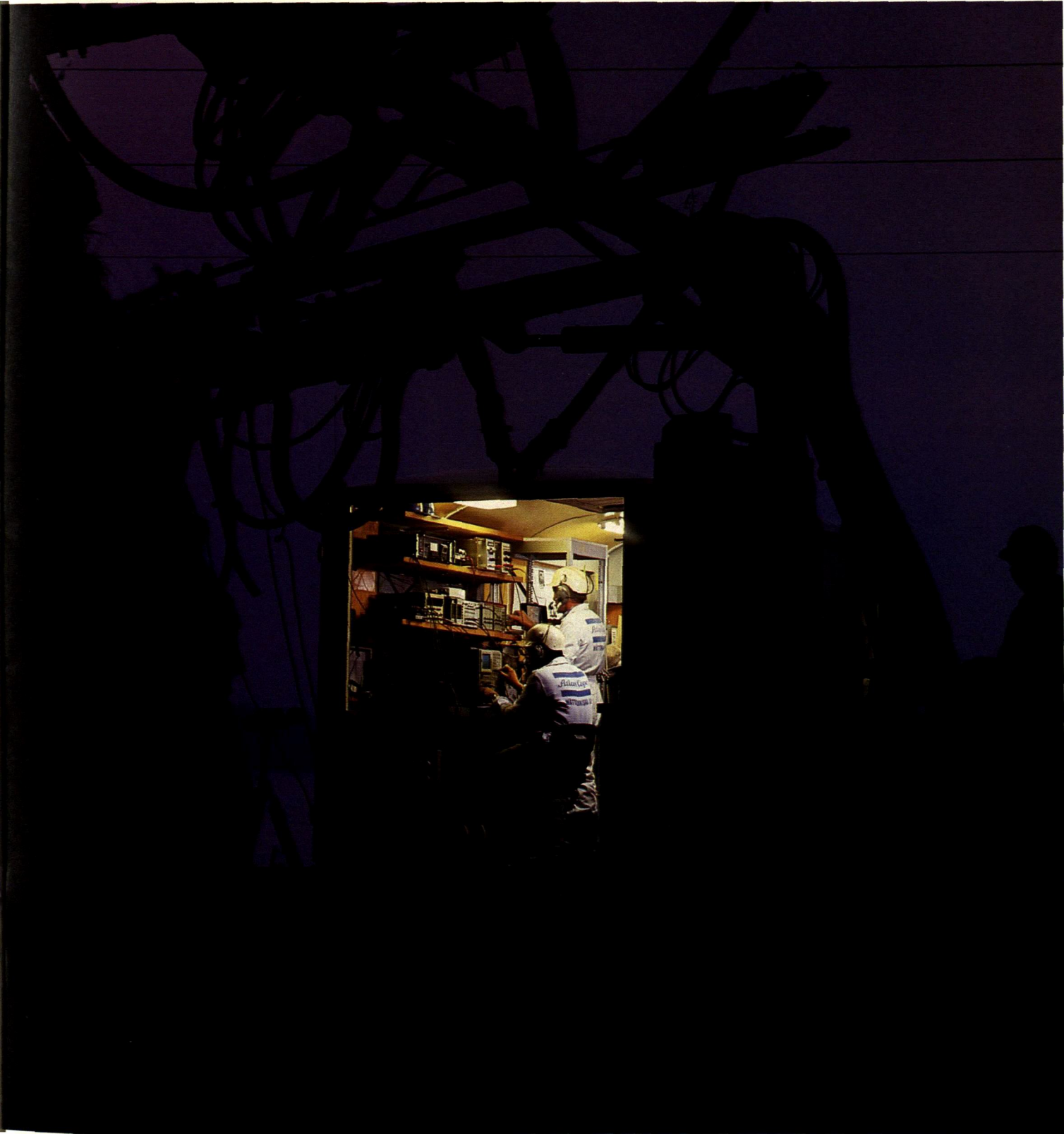
that the consolidated income statement and the consolidated balance sheet be adopted.

Stockholm, March 16, 1983.

BIRGER SONESSON
Authorized Public Accountant

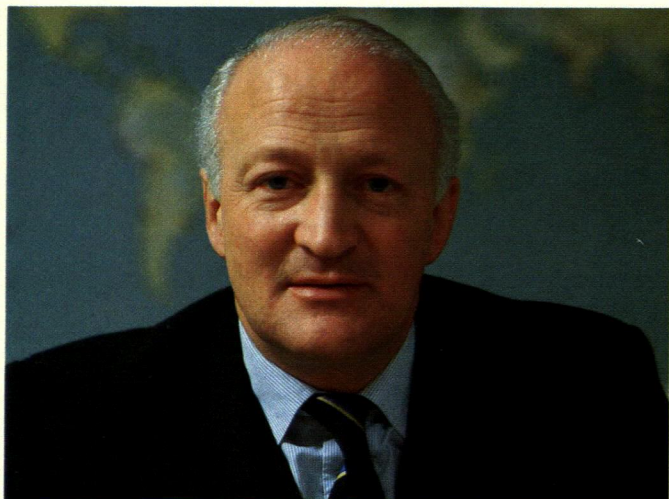
BERTIL E OLSSON
Authorized Public Accountant

An important part of Atlas Copco's research and development work is carried out in the field. Here, with the aid of a specially equipped laboratory bus, new drilling equipment is being tested at a customer's work site.



THE GROUP PRESIDENT ON 1982

A year of transition



Let me note once and for all that 1982 was a difficult year for virtually all of Atlas Copco's customers. Of course, this fact is reflected in the earnings of our operations. Most of our competitors were hit harder than we were, and several recorded losses. Our largest competitor, for example, was forced to reduce its work force by 25 per cent.

Although we managed to maintain or increase our market shares, the volume of products sold decreased for the first time in the modern history of the Company. As a result, less production, distribution and marketing capacity was required. Our production facilities have already been reduced as a result of continuing efforts to streamline our product range, manufacturing processes and administration, but this has been insufficient.

It should be noted that the decline in volume was not related entirely to the business cycle. It was also caused by long-term structural changes in the industrialized nations of the world. For this reason, the Company's operations have to be adapted extensively to the new circumstances. This work was started as early as in 1981, but must continue during the coming year as well. In all, I consider this program a way to add considerably to the vitality of the Atlas Copco Group. More efficient production requires less factory space and fewer employees. New products can fulfill our customers' needs while requiring less manufacturing resources. New sales channels result in quicker turnover. New methods of administration and distribution, as well as a faster cash flow, yield lower costs.

Lower earnings but larger market shares

In view of these conditions, measures carried out in 1982 involved substantial costs, some of which were extraordinary in nature. A number of small production units were sold or closed down, new administrative

systems were introduced, and marketing activities were intensified in many countries. Although a large portion of the costs for these measures were charged against current operations, SEK 90 m. has been shown as extraordinary expense. The return on total capital employed – 15 percent – is still relatively high for a Swedish company.

Earnings for the year were adversely affected by the low sales volume and increased operating expenses, and by the continuing high rate for the dollar, which was further strengthened by the devaluation of the Swedish krona. This resulted in substantial exchange losses on loans which Atlas Copco has had to raise abroad because of restrictions imposed by the Bank of Sweden. These loans were used primarily to finance the Group's expansion in the United States. The return from this investment is still not satisfactory. Operations in the U.S. showed considerable losses in 1982, which was an exceptional year of recession for mining and construction activities and general manufacturing industry in North America. However, I would like to emphasize that we are in the United States to stay. The restructuring measures now being carried out will turn this investment into a profitable one.

Payment crises in several Latin American countries also put a considerable strain on operations and caused exchange losses.

In a difficult 1982, Atlas Copco increased its market shares. In Western Europe, for example, our concentration on the manufacturing and process industry was successful. In Asia, market investments made in the past few years resulted in an appreciable increase in sales.

Volvo issue provides opportunities

The special bonus issue subscribed by AB Volvo involved a substantial addition to capital which improved the Group's equity and provided a stronger base for continued expansion.

Volvo and Atlas Copco do not have conflicting product areas. For this reason, the prospects are good for industrial cooperation in certain sectors.

Overstaffing, problem of the 1980s

New aids – robots, computers and other electronic equipment – are opening up new business opportunities for Atlas Copco. At the same time, they offer the Company new ways to rationalize. We intend to utilize both possibilities to the benefit of the Company.

On a socioeconomic level, the "overstaffing" caused by rationalization is expected to create problems during the 1980s. Unfortunately, only a few leading persons in politics and the trade unions have so far understood the implications of the large structural changes that have been going on in the industrialized world during the past few years.

We hope that the climate will improve for a constructive dialog – one that must be opened if industry and society are to solve the new problems.

Recovery in 1983

The improvement in the economy expected a year ago did not materialize, but several factors indicate that recovery will take place in 1983 – especially in the United States, Japan and several West European countries. The rise in industrial activity should be noticeable first within manufacturing industry, but may later result in an upturn in the mining industry. The improvement in the construction market is anticipated to come later and should start in the industrialized nations.

Measures carried out in 1982 by Atlas Copco, to be continued in 1983, will lay the foundation for a more favorable trend of costs. This, combined with expected lower interest rates, should lead to a return to the level of earnings of previous years.



ATLAS COPCO MCT

Atlas Copco's new raise boring rig at a work site in Norway. Raise boring technology is used to bore shafts between two levels underground or, as is being done here, from an underground level to the surface. To bore a raise shaft, the equipment – located on the upper level – first drills a small pilot hole to the lower level. There, the pilot drill bit is replaced by a bore head (small picture). The latter, under strong tension and powerful rotation, expands the raise shaft to its full dimension. The Sandvik company supplies the bore head.



ATLAS COPCO MCT:

Higher market shares in a weak economy



ARNE FORSELL

INVOICED SALES, SEK m.	3 082
EARNINGS, SEK m. after financial items	113
PERCENT RETURN on total capital employed	14

Atlas Copco MCT (Mining and Construction Technique) develops, manufactures and markets pneumatic and hydraulic rock drills, loaders, winches, tunnel boring machines, crawler-mounted drills, pumps and other equipment. MCT also markets Sandvik Coromant drill steel.

Sales are made principally through Atlas Copco sales companies.

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

MANAGEMENT COMMITTEE

Arne Forsell President
(Effective August 18, 1982)

Gösta Fernström Underground
Equipment

Lars Lindberg Surface Equipment

Gösta Torsell Drill Steel Equipment

Lars Calmered Production and Logistics

Stig Wählberg Finance and Administration

Staffan Gullander Business Development

Olaf Meyer Technical Development

Sales

Invoiced sales amounted to SEK 3 082 m. (2 938), an increase of 5 percent in monetary terms but representing a decrease of about 10 percent in volume. Orders from customers totaled SEK 3 120 m. (2 950), 6 percent higher than in 1981.

Earnings

The return on Atlas Copco MCT's total capital, excluding non-interest-bearing current liabilities, was 14 percent (19). The primary reason for the lower return was the reduced sales volume and low utilization of Division factories.

Earnings after financial income and expense were SEK 113 m. (193), equal to 4 percent of invoiced sales.

Investments

Investments in land and buildings related to production amounted in 1982 to SEK 22 m. (12) and SEK 33 m. (56) was invested in machinery and equipment. Extraordinary costs of liquidating production units amounted to SEK 8 m.

Market development

The markets cultivated by the MCT Division were characterized by sharp deterioration. The mining industry throughout the world experienced substantially lower profitability as a result of the weak demand. This also resulted in low metal prices. Many large mines curtailed production considerably, with deferred investments as a consequence.

The building and construction industry also recorded a sharp downturn in its operations in most industrialized countries.

The MCT Division succeeded in increasing its shares of a smaller total market, although at depressed prices. Sales successes were recorded notably in Sweden, Norway, Italy, Spain and Venezuela.

Competition

Competition from U.S.-based competitors was weaker in markets outside the United States in 1982. The competition in the markets in Europe came mainly from SIG, Böhler and Montabert. There was also some competition from European manufacturers in markets outside Europe. Japanese manufacturers, primarily those making surface equipment, were especially active in the markets in Southeast Asia.

Underground equipment

As a result of low demand from the mining industry, sales dropped in such markets as South Africa, Australia, Canada and Mexico. However, sales held up in Spain, Yugoslavia and Chile, among other countries.

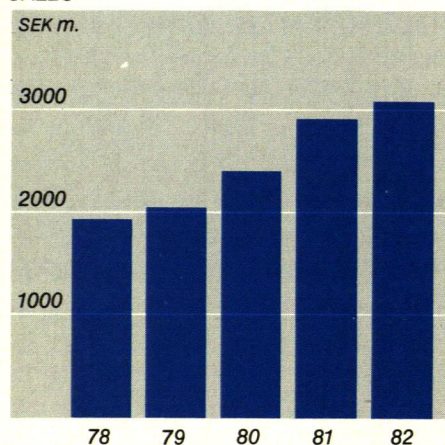
Volume was maintained and market shares were increased in the construction sector. The Division succeeded in further strengthening its position in the U.S.

Equipment to mine coal and other loose types of rock was introduced in a large number of markets. The volume of sales in this product area doubled during the year.

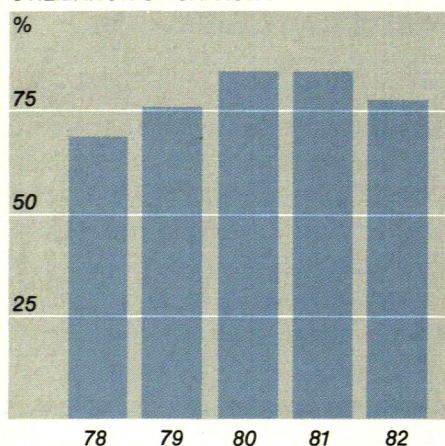
Invoicing to customers, including drill steel, amounted to SEK 1 467 m.

ATLAS COPCO MCT

SALES



UTILIZATION OF CAPACITY



Surface equipment

Demand from the Division's most important customers – quarries, surface mines and building contractors – was lower than in 1981. In North America, in particular, the sharp downturn affected operating results adversely. Despite the general decline in the market, demand for the recently introduced hydraulic crawler-mounted rock drills was relatively high. Notable projects during 1982 included the Korn Hill housing project in Hong Kong, where the drilling is handled by a Japanese contractor using hydraulic rock-drilling equipment from Atlas Copco. Substantial orders for air-powered drill rigs were received from markets in the Middle East and North Africa.

A small hydraulic crawler drill rig, two new rotary drill rigs and a well-drilling unit, were introduced during the year.

Sales of light contractors' equipment were strong during the first half of the year but suffered a sharp decline during the second half.

Sales to customers, including drill steel, amounted to SEK 1 615 m.

Drill steel equipment

Despite much weaker demand, especially from mining customers, the volume of drill steel sold was largely maintained. Additions to the roller bit line made it possible to break into new markets. A new generation of button drill bits from Sandvik Coromant was introduced for the contracting and quarrying industries.

Tunnel boring machines

Five orders, three of them from Norway, were received for tunnel boring machines. A newly developed raise boring machine was introduced during the year. Sales of Jarva tunnel boring machines were hampered by the low rate of activity in the new-tunnel construction field. The MCT Division also faced hard competition from the trading in second-hand tunnel rigs.

Product development

The aim of MCT's product development is to make the customer's production more efficient. MCT develops equipment, systems and services designed to offer improved performance, higher reliability and lower costs. A number of new products were introduced during the year: An improved rock drilling boom with increased reach, designed for customers in the contracting field; a new light hydraulic drill rig for small tunnels; an hydraulic crawler drill rig for small-gauge surface holes; a series of reliable and inexpensive air-powered submersible pumps; and a new series of winches. The Jarva product program was expanded with a raise boring machine developed by the company, and the Swellex rock stabilization system was further developed.

Production

The declining order bookings caused reduced production programs and low utilization of capacity in all factories in Sweden and other countries.

Cutbacks in production were effected in the plants in Nacka and Örebro (Sweden), Hemel Hempstead (Great Britain), Bremen (West Germany) and Southampton, Massachusetts (U.S.). The foundry in Smedjebacken (Sweden) was closed down. Some production is continuing, however. Organizationally, this operation has been transferred to the Jahrls works in Örebro.



A new, fully hydraulic drill rig, the ROC 410HC, was introduced during the year. The first delivery was made to a construction site outside Stockholm. The new rig, designed to drill small holes 27 to 51 mm in diameter, is an important complement to Atlas Copco's series of crawler-mounted drilling equipment.

Continuing investments in numerically controlled machines were made in a large number of plants. There were also substantial programs to improve materials control.

Personnel and organization

During the year the MCT Division employed an average of 2 660 persons (2 733), of whom 1 933 (2 063) were located in Sweden. The decrease in personnel is a consequence of the reduced production program. Employee turnover in the Swedish units fell to a very low level. Recruiting needs were low in all units.

A comprehensive organizational study was begun during the autumn. The objective is to make the organization more business-oriented and efficient, and to adapt the personnel resources to prevailing market conditions.

Outlook for 1983

Little or no improvement is anticipated in Atlas Copco MCT's markets during 1983. Despite increasing prices for metals, no new investments to expand mines are expected, but there will be some investments to rationalize operations. The market for contractors' equipment is expected to remain at a relatively low level. The MCT Division is expecting an unchanged volume of sales during 1983. The possibilities of further increasing the Division's market shares are judged to be good. Some improvement in earnings is expected in 1983.

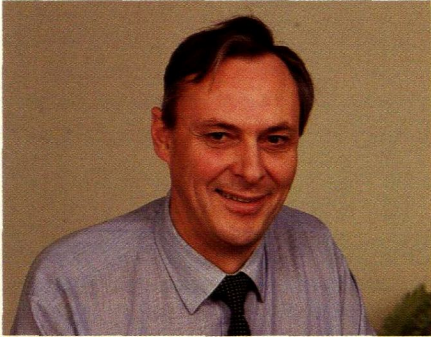
ATLAS COPCO AIRPOWER

The first installation of the Airpower Division's new gas compressor, developed in cooperation with Atlas Copco Saarbrücken. The new screw-type compressor is being used here in a special-steel process at SKF Steel in Hofors (Sweden). Screw compressors for air and other gases require extremely accurate production. The small picture shows measurements of a screw element being checked prior to assembly.



ATLAS COPCO AIRPOWER:

High-technology, strength in a weak market



BERTIL ERIKSSON

INVOICED SALES, SEK m.	3 620
EARNINGS, SEK m. after financial items	182
PERCENT RETURN on total capital employed	17

Atlas Copco Airpower develops, manufactures and markets portable and stationary screw, piston and centrifugal compressors, air dryers, after-coolers and automatic control systems. The product program also includes special compressors to start and service aircraft, industrial energy recovery systems and equipment to restore the quality of water in lakes. Sales are handled mainly through Atlas Copco sales companies.

The Airpower Division has its head office and largest factory in Antwerp, Belgium. Manufacturing is also carried out in Sweden, Brazil, France, India, Yugoslavia, Mexico, Turkey, West Germany and the United States.

MANAGEMENT COMMITTEE

<u>Bertil Eriksson</u>	President
<u>Theo Dietz</u>	Executive Vice President
<u>Carl Johansson</u>	Executive Vice President, Finance
<u>Louis Dierckx</u>	External Relations
<u>Erik Lebrocqy</u>	Personnel
<u>Lars Lindén</u>	Production
<u>Sven-Åke Rosell</u>	Engineering
<u>Jan Barendregt</u>	Industrial Air
<u>Fredric Nijdam</u>	Service Air

Sales

The Airpower Division's invoiced sales rose by 6 percent, to SEK 3 620 m. (3 406), which represents a decrease of 10 percent in volume. Orders booked from customers amounted to SEK 3 517 m. (3 583), a decrease of 2 percent, calculated in current prices, and a decline of 11 percent in volume.

Earnings

The return on Airpower's total capital, excluding non-interest-bearing current liabilities, amounted to 17 percent (23). Earnings after financial items were SEK 182 m. (320), equal to 5 percent of invoiced sales.

Investments

Investments in property, machinery and equipment related to production totaled SEK 51 m. (82). Extraordinary costs of liquidating unprofitable production units are estimated at SEK 73 m.

Market development

Interest in investing on the part of small and medium-size industrial customers weakened further during 1982 in most of Airpower's markets. The downturn in sales of portable compressors was particularly noticeable; this was caused by the lower rate of growth in the oil producing countries, among other factors.

In the United States and Europe there was less interest in investing in the construction and manufacturing industries. This decline affected sales adversely. However, sales successes were recorded in a number of European markets such as Belgium, France, Great Britain and West Germany.

Demand for Airpower's high-technology products continued to be strong. The customers for these products are large, specialized companies with long-term investment programs.

Competition

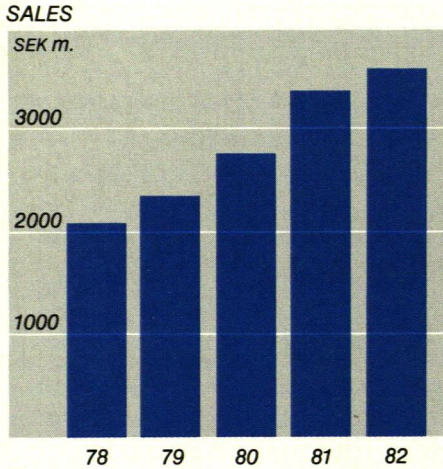
The Airpower Division increased its market shares during the year, especially in Western Europe, where the most important competitors are CompAir, Great Britain and the U.S. companies Ingersoll-Rand and Sullair. In markets in the Middle East and Africa the Division faces competition from such Japanese producers as Airman, Denyo and Komatsu.

Industrial compressors

During the year, thanks to its broad product program, Airpower further improved its position as a supplier of standard compressors and compressors for oil-free air to industrial customers. The weak growth in the market for other compressors was offset as a result of progress in new areas of application, and of better market coverage in Europe through expanded sales channels. The sales climate for the broadened program of oil-free piston and screw compressors was favorable. These products were selected primarily by customers in such processing industries as foods and pharmaceuticals, as well as by chemical and petroleum companies which have a need for quality air.

A large number of important orders for stationary compressors and air dryers were received from power stations in Great Britain and Australia. A new series of high-efficiency refrigeration dryers of compact design was introduced successfully. The market introduction of a new oil-free so-called "tooth compressor" demonstrated that there is a large market potential for this smaller type of rotary compressor.

ATLAS COPCO AIRPOWER



Small compressors

Demand for small compressors in the higher capacity ranges continued to rise, partly as a result of successes in Australia and a number of European countries where improved distribution methods led to increased sales. A new low-price line introduced during the year is expected to further strengthen Atlas Copco's position in the small-compressor market.

Portable compressors

Sales of portable compressors for normal work pressures declined due to the worldwide weakness in the building industry and in public construction projects. The latter led to overcapacity in compressor production, with resulting stiffer competition. A new series of small portable screw compressors for distribution via dealers was introduced during the year with the objective of broadening market coverage. The fruitful cooperation with contractors who are active in international projects continued during the year. The Atlas Copco Group enjoys unique advantages in this field as a result of its presence throughout the world.

Demand for oil-free portable leased compressors for reserve supplies of air, for use in industries that are especially sensitive to interruption of operations, continued to develop favorably in the U.S., among other countries.

Gas and process compressors

The Airpower Division's investment in the important market for gas and process compressors resulted in promising growth during 1982. The range of piston and centrifugal compressors at Atlas Copco Saarbrücken in West Germany and Atlas Copco Turbonetics in the United States was expanded with a new series of screw-type compressors. The first delivery of the new compressor was made to SKF Steel in Hofors (Sweden) for use in a special-steel process.

With the assistance of an expanding marketing organization, important new orders were received in the fields of energy systems for gases and for energy recovery.

Water conservation equipment

During the year the Airpower Division engineered a number of bubble barrier and water restoration facilities in Europe. However, water conservation projects were among those deferred due to the austere economic climate.

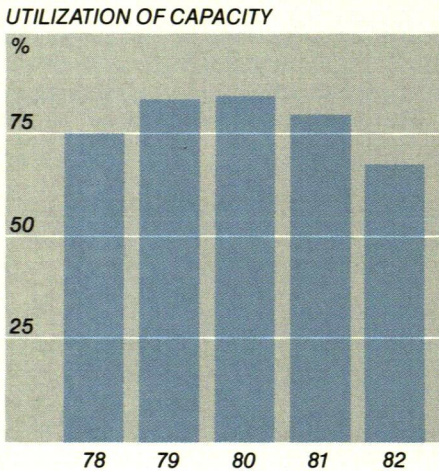
Product development

The line of portable compressors was further developed during the year with new versions for various pressures and volumes of air. This development work also resulted in higher performance for oil-lubricated compressors. The entire range of stationary compressors can now be fitted with extra equipment for heat recovery. A new series of screw-type gas compressors was developed.

A new series of highly efficient refrigeration-dryers for air was placed in production. Development work on air compressors for railway vehicles, among other applications, continued during the year.

Production

A thorough restructuring and rationalization of production was carried out during 1982. A four-day week was introduced at the Division's main plant in Antwerp at midyear to balance the inventory situation.





(Above) The new oil-free tooth compressor in a Belgian pharmaceutical plant. The compressor, which supplements the screw compressor product line in the lower-capacity range, is intended for use in the food processing and pharmaceutical industries, in textile mills and electronics companies, and other applications.

(Above, right) A delivery of portable high-pressure compressors for a pipeline project in Australia. The project includes a 140-kilometer-long pipeline for natural gas. The compressors will be used mainly for pressure testing and blowing down of the pipeline.



A number of investments were made to raise productivity. Quality control was further improved through installation of automated control stations.

Construction of a data processing building was begun during the year. New computer systems were adopted to improve cost control and provide more efficient inventory control, among other benefits.

The Emac plant in Italy was disposed of in order to improve profitability and reduce overcapacity in the manufacture of certain standard products. Production was transferred to the Arpic Works in Antwerp.

As a result of problems within the Andine trading bloc and the deep recession in the Andine mine markets, the compressor plant in Bolivia was closed. Production in the plant in Spain was cut back sharply due to the unprofitable operations.

The small compressor factories, the French Mauguère works and the Swedish Åmål works, showed improved operating results. The percentage of locally manufactured components increased in the production unit for oil-lubricated screw compressors in Brazil.

Production of portable compressors at Atlas Copco Holyoke in the U.S. was adjusted to the stagnating market for contractors' equipment.

Utilization of capacity in the Mexican Enerco works was affected drastically by the country's financial crisis. The production program in the Poona works in India was expanded through the addition of large oil-lubricated compressors. In the Imalat works in Turkey, production is being changed over to oil-lubricated portable and stationary screw compressors as replacements for the older piston types.

The rate of production at Atlas Copco Saarbrücken was raised, thanks to successful marketing of gas compressors.

Personnel

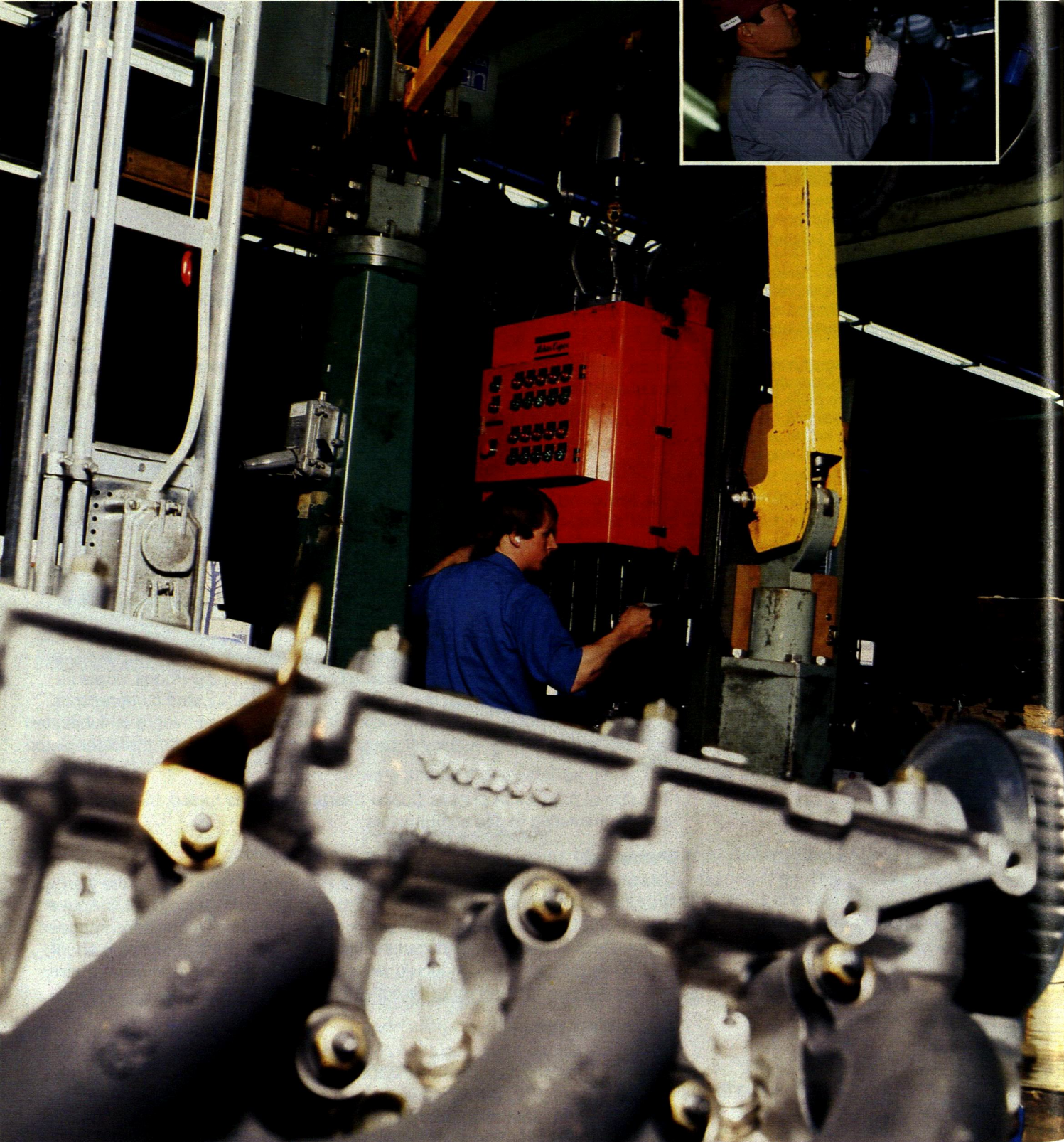
The average number of employees in the Airpower Division during the year was 3 242 (3 681). Of this number, 1 961 (2 010) were in the main plant in Antwerp. The trend of wages and salaries was limited as a result of restrictions imposed by the Belgian Government. A substantial training program comprising about 14 000 man-hours was conducted with a view to improving production quality and productivity, among other objectives.

Outlook for 1983

Market conditions are expected to continue to be difficult during the first half of the year, after which an upturn in industrial investing is anticipated. A certain improvement in the contracting industry is expected during the second half of the year. The increased market shares and the great breadth of the Division's product range are factors which offer a basis for a certain amount of optimism.

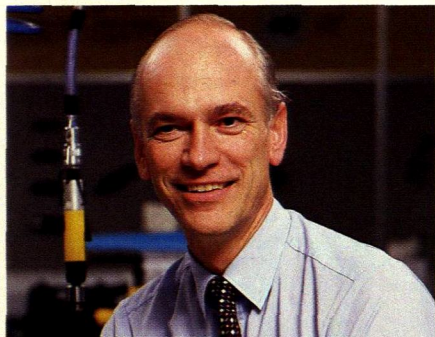
ATLAS COPCO TOOLS

The automotive industry imposes high demands for accuracy in connection with the tightening of the thousands of screw joints in a motor vehicle. Picture below shows engine assembly at Volvo Komponenter in Skövde (Sweden), using a multiple nutrunner that is controlled and monitored by the MACS microcomputer-based assembly system. Insert photo shows a hand-held nutrunner with torque control being used in a Toyota plant in Japan.



ATLAS COPCO TOOLS:

Improved earnings



PER WEJKE

INVOICED SALES, SEK m.	683
EARNINGS, SEK m. after financial items	19
PERCENT RETURN on total capital employed	12

Atlas Copco Tools develops, manufactures and markets industrial machines and systems, primarily for pneumatic operation. Operations are divided into four business areas: Standard machines for machining, handling and mechanization; Advanced assembly systems; Air line accessories; Finishing equipment and systems.

Sales are handled mainly through Atlas Copco Group sales companies.

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

MANAGEMENT COMMITTEE

<u>Per Wejke</u>	President
<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 Techn.
<u>Ulf Bärjegård</u>	Finance
<u>Nils-Åke Jenstav</u>	Personnel and Organization
<u>Stefan Börjesson</u>	Materials Adm.
<u>Rolf Carlsson</u>	Data Processing

Sales

Atlas Copco Tools' invoiced sales during 1982 amounted to SEK 683 m. (645), representing a decrease of 6 percent in volume. Order bookings rose to SEK 709 m. (647), equal to unchanged volume. The Tools Division increased its market shares during the year.

Earnings

The return on Atlas Copco Tools' total capital, excluding non-interest-bearing current liabilities, amounted to 12 percent (9).

Earnings after financial income and expense amounted to SEK 19 m (11), equal to 3 percent of invoiced sales. The improvement was achieved as the result of intensive rationalization work.

Investments

The Division invested SEK 3 m. (4) in machinery and equipment. Extraordinary expense in connection with liquidation of the production unit in Denmark amounted to SEK 1.0 m.

Market development

The Tools Division had a good trend of sales during the first half of the year and there were signs of an upturn in the business of the Division's most important customers, notably within engineering plants and the automotive industry. However, manufacturing industries operated far below capacity during the second half of the year, as a result of which the total market for the Division's products was reduced.

Tools is utilizing the short-term opportunities represented by the devaluation of the Swedish krona. The sales companies displayed good ability to cope with the competition in the most important markets and the Division increased its market shares. The sales companies in France, Spain, Great Britain, West Germany and Brazil, along with Atlas Copco International, achieved good increases in the volume of Tools Division products sold.

Atlas Copco Tools GmbH, formed in the autumn of 1981, increased its sales substantially in the important German market.

Inventory control systems were developed during the year. This resulted in substantial reductions in inventories in the Division's most important markets and will also mean better service to customers.

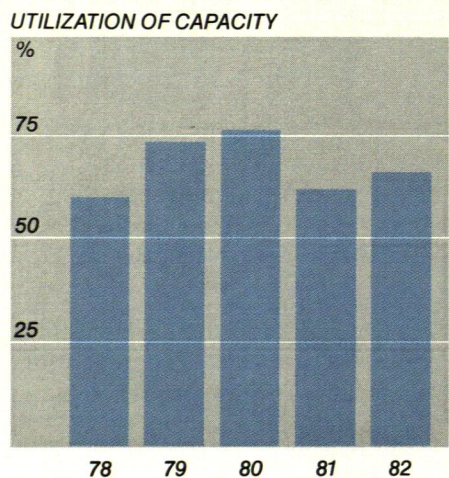
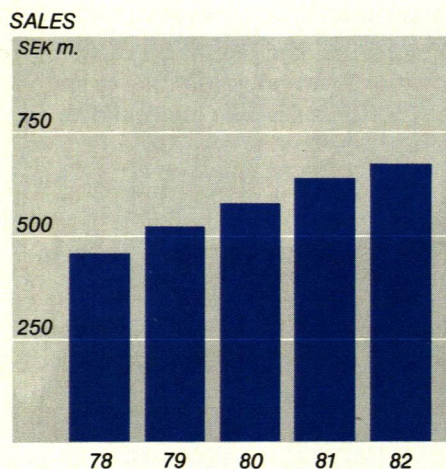
Competition

Competition, primarily from manufacturers in the United States, Great Britain and Japan, continued to be difficult. Atlas Copco is the largest supplier of compressed air machinery in Western Europe and in Third World markets.

Standard machines

This is the Division's most important product line. Invoiced sales and order bookings both rose, but the volume of goods sold decreased. Profitability continued to be good. Market shares increased in a number of areas. The largest individual transactions were with vehicle companies and engineering companies. The greatest successes in sales of standard machines were recorded in Finland, The Soviet Union, Spain and West Germany.

ATLAS COPCO TOOLS



Assembly systems

Invoiced sales increased 50 percent. The increase in order bookings was even higher, representing a very strong increase in volume. Profitability improved.

A new generation of the company's MACS assembly system, as well as a new series of compressed air motors for use in multiple nutrunners were introduced during the year. These new products contributed strongly to the success achieved in 1982. The most important customers, in the automotive industry, include leading car makers in Europe and the United States, and Japanese manufacturers such as Mitsubishi and Toyota.

Air line accessories

Invoiced sales were higher but order bookings fell. Profitability continued to be good. The product line, which consists of quick couplings, air preparation units, balancers, valves and other items, is produced mainly by external suppliers. The accessories program is an important complement to Tools' other lines.

Finishing equipment

Profitability improved slightly. Sales of standard products were lower while systems sales increased. Simple standard equipment as well as spray-paint robots were supplied to the vehicle industry, which is an important customer category.

Most of the automobile manufacturers in Italy have installed Atlas Copco rust prevention systems, which are also delivered to car plants in the U.S.

Atlas Copco signed an agreement with Fläkt AB covering production and marketing of a new type of spraybooth which features low energy consumption and a favorable work environment.

Product development

As in the past, the Division's technical development is focused on the design of machines that provide high productivity for customers and, at the same time, have good ergonomic and environmental characteristics. Vibration-dampening, for example, is an area where Atlas Copco today is the standard setter.

Notable among the most important product innovations were a new series of grinding and filing machines and a new type of recoil- and vibration-dampened riveting hammers used primarily in the aircraft industry.

There was further development of the microcomputer-based equipment for controlling and monitoring nutrunners and a new generation of this equipment was introduced.

The COAT-A-MATIC painting robot was also offered in a new generation, as was a new line of products for electrostatic painting. Development work was completed on a new highway marking system, in cooperation with the Swedish Road Administration.

Production

During the past five years the Division has cut production time per unit by half, which has improved Tools' competitiveness. This has also resulted in a reduced capacity requirement. As a result, the factory in Denmark was sold during the year. Most of the employees were offered continued employment by the new owner.



Atlas Copco's ergonomically designed tools for riveting, drilling and screwdriving are used frequently in aircraft production, where high demands are made on personnel and equipment. Picture shows screwdriving at an aircraft plant in West Germany.



Filing of a part for a ship in an Australian shipyard. The shipbuilding industry is one of the largest users of standard machines such as drilling, grinding and filing machines.

It was decided to close down production at the Injector works in Stockholm. The production of rotary machines will be concentrated completely to the Ecco works and The Tierp works (Sweden), thereby improving capacity utilization and production economy.

Personnel

The average number of employees in the Tools Division in 1982 was 1 097 (1 222), of whom 167 (229) were employed outside Sweden.

Outlook for 1983

The trend of earnings will be affected favorably by the rationalization work now under way. No appreciable growth is expected during 1983 in the Division's most important markets. Trade barriers may increase in some markets. Continued favorable growth is anticipated for systems and equipment with a high technological content.

BEREMA:

Sales volume maintained



LARS ÅSELL

INVOICED SALES, SEK m.	326
EARNINGS, SEK m. after financial items	38
PERCENT RETURN on total capital employed	21

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 has the following subsidiaries: Toolex Alpha AB (fully automatic record presses), KGK Mekaniska Verkstad AB (small compressors), and Flodins Filter AB (air filters). 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 Kalmar, Lysekil, Skara, Sundbyberg and Valdemarsvik (Sweden) and in Frederikshavn (Denmark).

MANAGEMENT COMMITTEE

Lars Åsell President

Arne Gerold Finance and Administration

Per Hallström Marketing

Sales

Berema's invoiced sales increased 11 percent during the year, to SEK 326 m. (295), representing an increase of 3 percent in volume.

Order bookings rose 7 percent, to SEK 319 m. (299), also equal to a volume increase of 3 percent.

Earnings

The return on Berema's total capital employed, excluding non-interest-bearing current liabilities, was 21 percent (27). Earnings for the year were charged with extraordinary expense for the move of Toolex Alpha's production to new premises. Earnings after financial income and expense amounted to SEK 38 m. (43), equal to 12 percent of invoiced sales.

Investments

Investments in machinery and equipment related to production amounted to SEK 31 m. (19) and, as in prior years, were financed in part with funds from investment reserves.

Acquisition

In December, 1982, Berema acquired all of the shares of Flodins Filter AB (Sweden), which manufactures filters for personal protection in industrial and military applications, air and gasoline filters for vehicles, and special filters for use in industry. The company currently exports 26 percent of its products, with good opportunities to increase this figure.

Market development

Weakness in most of the markets cultivated by Berema required large investments in order to achieve established objectives. The company recorded an improved position for its products in markets where there was a general decline.

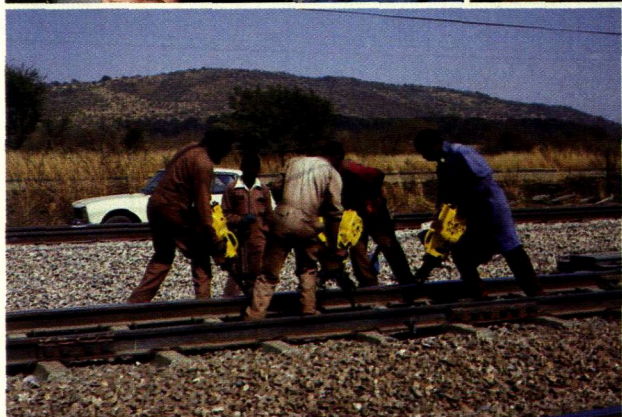
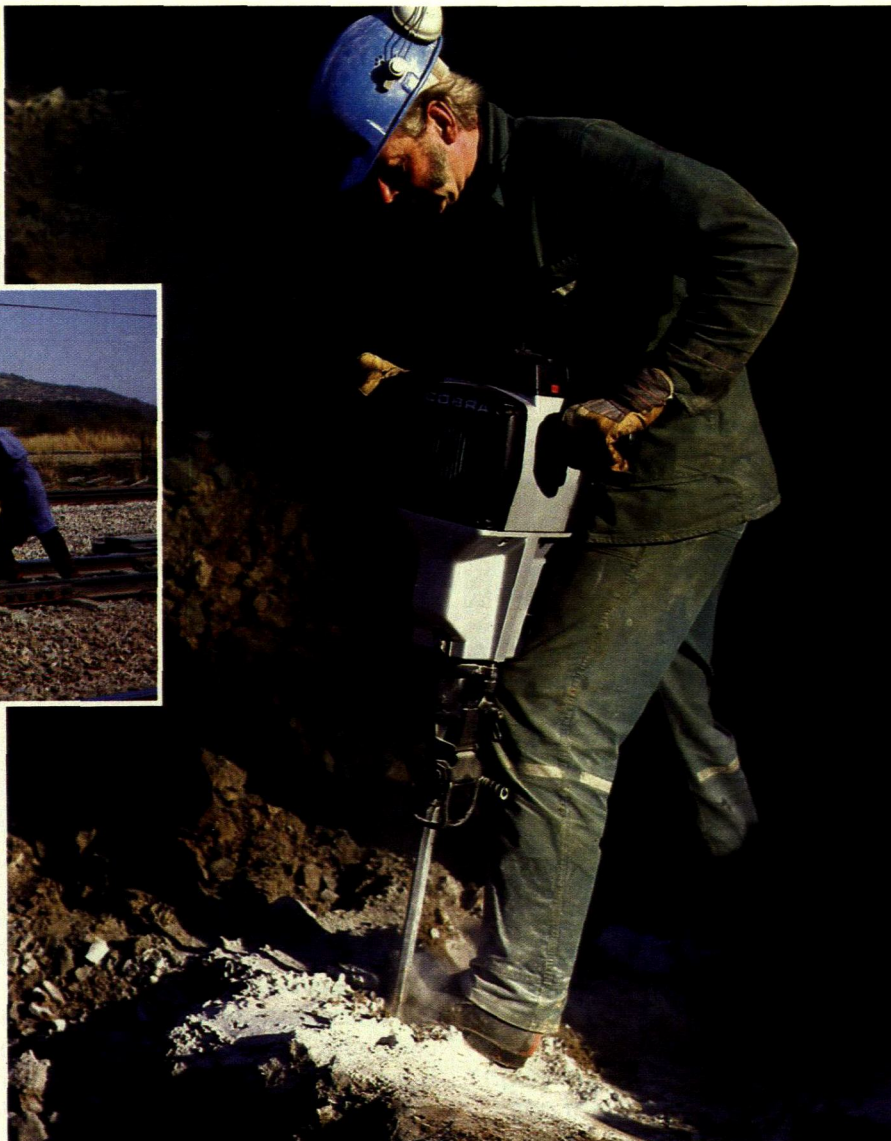
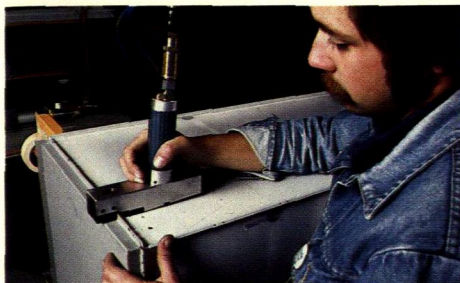
The trend of sales for all Berema product groups was weak, especially during the latter part of the year. Berema's unchanged sales volume meant that the company succeeded in increasing its market shares. As before, marketing was concentrated mainly on export markets for motor drills – primarily in the United States and Asia.

Gasoline-powered drills

The trend of business during the year was favorable and a 10 percent increase in sales was achieved. This was due in part to large bulk orders which resulted from many years of specialized market development work. Increased activities were begun during the year to create new market areas.

Other products

The market within Toolex Alpha's product area – automatic record presses – weakened during the year. A company was formed in the United States to further improve sales and service in this important market. KGK Mekaniska Verkstad's sales of small compressors developed favorably, due to increased export efforts. The Honda agency for "Power Products" in Sweden and Norway strengthened its market position through an expanded distribution network and effective product development.

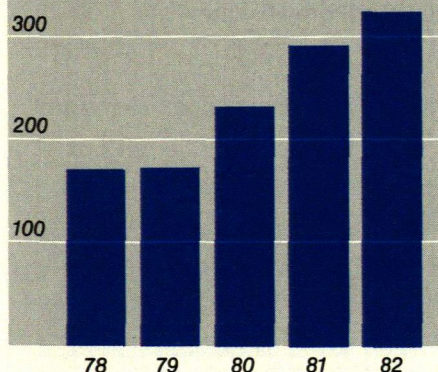


(Upper photo) The Tagger stitch folding pistol which joins metal sheets without rivets, screws or welding, is a new addition to Berema's product program.

(Lower photo) The gasoline-powered Pionjär drilling and tamping machine is used throughout the world to stabilize sleepers in railway beds, among other applications.

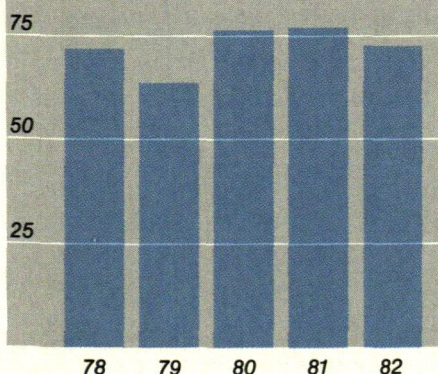
SALES

SEK m.



UTILIZATION OF CAPACITY

%



The Cobra motor drill/breaker is used by contractors, municipalities and others for various types of small construction and maintenance jobs. With its advanced design and low weight, it meets the highest demands for ergonomic benefits.

Product development

The investment in product development was increased during the year. In addition to development work on existing product lines, a new product was acquired: a stitch folding pistol used in industrial assembly routines. The company entered into a cooperation agreement with the Hilti AG company to develop a new motor drill.

Production

Viewed as a whole, utilization of capacity in Berema plants during the year was slightly better than in 1981, due primarily to higher production of motor drills. The greater part of the year's investments was attributable to Toolex Alpha's move to new quarters. The purpose of the move is to achieve more efficient production and improved possibilities for expansion.

Personnel

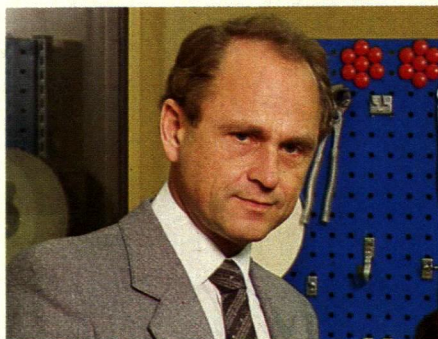
The average number of employees decreased during the year to 458 (602), primarily the result of the sale of AB Tico early in the year.

Outlook for 1983

Assuming that demand continues, the devaluation of the Swedish krona will mean improved sales possibilities in export markets. Despite the great financial problems throughout the world, Berema views its opportunities in 1983 relatively optimistically.

MONSUN-TISON:

Increasing market shares in a weak market



ERIK BURSVIK

INVOICED SALES, SEK m.	213
EARNINGS, SEK m. after financial items*)	6
PERCENT RETURN on total capital employed*)	10

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 United States and Canada to manufacturers of mobile machines such as cranes, forest machinery and mining machinery. The pneumatics product line is marketed through Monsun-Tison sales companies in Denmark, West Germany and Great Britain, – and in the rest of Europe through Atlas Copco sales companies – to manufacturers of packaging machinery, transport equipment, etc.

Monsun-Tison's head office is in Borås and the company has production facilities in Borås and Falköping (Sweden).

*) Excluding extraordinary costs of SEK 5 m. reported by Monsun-Tison.

MANAGEMENT COMMITTEE

Erik Bursvik President
 Anders Perner Finance
 Hans-Jörgen Lindström Pneumatics
 Torngy Segerberg Hydraulics

Sales

Monsun-Tison's invoiced sales amounted in 1982 to SEK 213 m. (204), representing a decrease of 8 percent in volume. The company also invoiced SEK 23 m. (21) to other units within the Atlas Copco Group. Orders booked totaled SEK 211 m. (172), equal to an increase of 8 percent in volume.

Earnings

The return on Monsun-Tison's total capital employed, excluding non-interest-bearing current liabilities, was 7 percent (9), which is lower than is required over a business cycle.

Monsun-Tison's earnings after financial income and expense amounted to SEK 1 m. (3).

Earnings were charged with extraordinary expenses totaling SEK 5 m. for conversion of the company's plants to "product factories," and the cost of special marketing programs in the pneumatics sector.

Investments

Investments in machinery and equipment amounted to SEK 11 m. (7).

Market development

The company increased its market shares in a harsh business climate. To compensate for the negative trend experienced by traditionally large customers in such fields as contractors' equipment, the company systematically cultivated new customers and new areas of application with growth potentials.

Hydraulics

Customers' production rates declined in 1982. The construction, mining and forest machinery markets were especially hard hit.

The company's determined efforts on sales to new customers were effective, and market shares were increased in all areas, providing a base for improved sales when the economy turns upward.

The profitability of the hydraulics line of products declined during the year.

Pneumatics

Sales of pneumatics are concentrated to Western Europe. This market stagnated during the year and was characterized by very severe competition. The development of new electronic products provided a broader line for automation within industry. The efficiency of the sales organization was improved as the result of a number of measures. Market shares were increased in a number of areas.

The profitability of pneumatic products improved considerably during the year.

Production

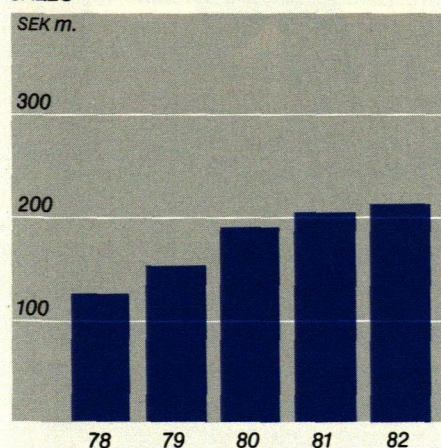
Production was restructured thoroughly during the year and three "product factories" were established: one each for hydraulic valves, hydraulic cylinders and pneumatic components. As a result, the company is achieving shorter throughput times, lower manufacturing costs and greater flexibility vis-à-vis the market.

Utilization of capacity was low, but increased towards the end of the year.

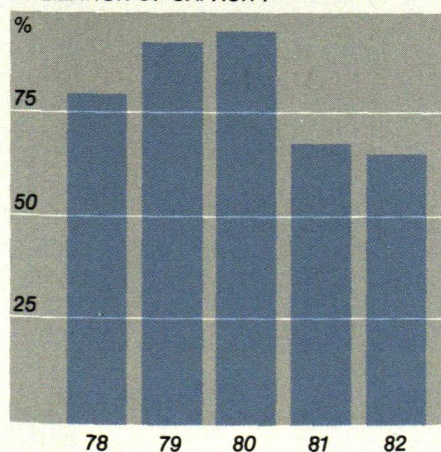


The greater part of Monsun-Tison's hydraulic products are sold for assembly in such mobile equipment as forest machinery, front loaders, excavators and cranes, as well as for various functions aboard ships. The timber loader in the picture is equipped with hydraulic cylinders and control valves supplied by Monsun-Tison.

SALES



UTILIZATION OF CAPACITY



Product development

Product development focused on energy-efficient systems continued in the field of hydraulics. A number of new valves reached the marketing stage. The company's electronic control systems were further developed and showed good results.

In the pneumatics sector, additional components were developed for both the standard line and special customer applications. Electronic control systems were refined. The program of pneumatic control systems was expanded.

Personnel

Monsun-Tison employed an average of 736 (762) persons during the year. Of this number, 80 (63) were located outside Sweden.

Substantial training and retraining programs were conducted in connection with the reorganization of the factories.

Short work weeks were introduced in the beginning of the year, due to the light workload. During the autumn some termination notices were issued in the factory sector and a reduction in the office workforce was begun.

Outlook for 1983

The year 1983 will be one of low demand for hydraulics due to the continuing low rate of building and construction activity.

Automation – which in Monsun-Tison's case means primarily pneumatic components and systems – may offer a slightly improved market during 1983.

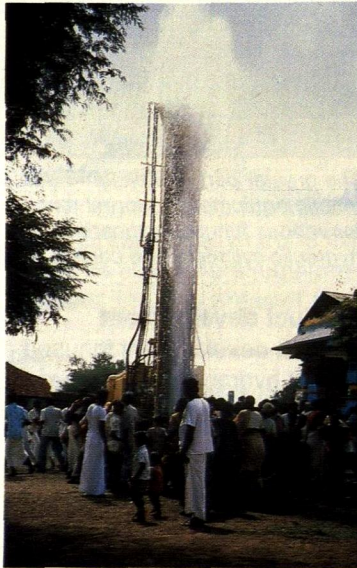
Accordingly, Monsun-Tison is expecting a slight increase in volume. An improvement in earnings is anticipated.

Atlas Copco's role in the development of countries

Atlas Copco's role in the market is to assist, with its knowledge and equipment, in the solution of problems related to basic needs in countries that are in various stages of development. This assistance may relate to the supply of water or electricity, the extraction and transport of natural resources, or to advanced industrial operations. Atlas Copco therefore tries to analyze the specific needs of each country in order to determine the products or services that can contribute to a country's development. Part of this philosophy is a commitment in the form of a permanent establishment in a country in order to provide customers with the training and service that is required if equipment is to function properly, and to provide the intended contribution to the development of the country.

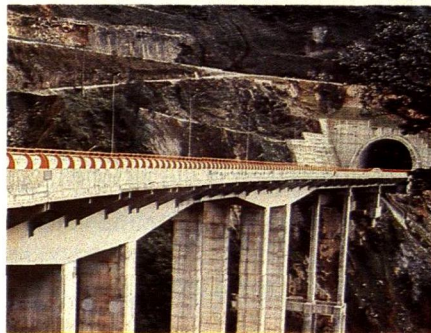
Water – a basic need

Too little or too much water can be catastrophic. One has to locate water-bearing formations, drill wells, construct distribution networks and irrigation systems for human beings, cattle and vegetation, control flooding and utilize hydro power to produce electricity. Atlas Copco – with its knowledge and equipment – is a part of the entire "water chain."



Transportation – a basic need

Atlas Copco technology is used to a great extent in the construction and maintenance of a country's infrastructure: highways, bridges, tunnels, railways, harbors, airports and the like. A continuous expansion of infrastructures is under way throughout the world. In developing countries, they are being built up to transport natural resources, raw materials and food to be processed and consumed within the country, or exported. In the developed countries, infrastructures are being expanded, maintained and improved.

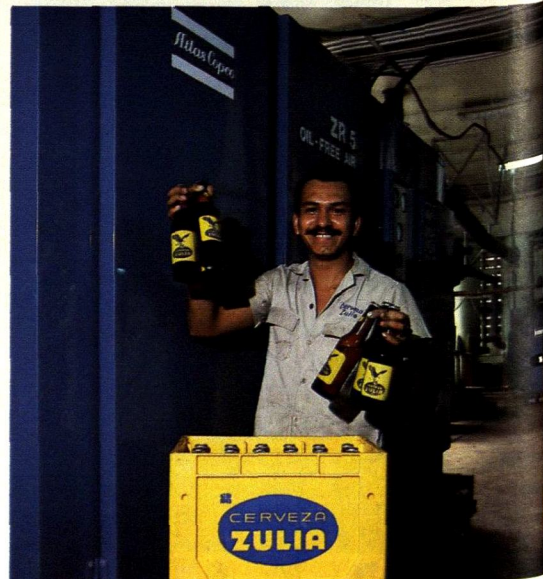
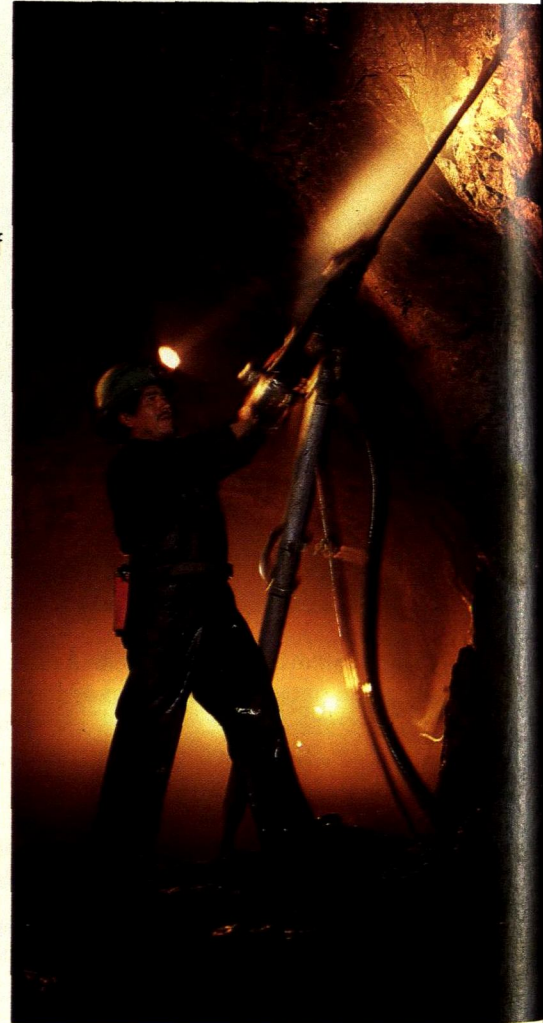


Extraction of natural resources – a basic need

There are great amounts of unutilized mineral resources throughout the world. Atlas Copco has geological exploration equipment with which to locate and identify these resources. The Company also has the drilling machines, drill steel and loaders needed to recover them.

The recovery of natural resources in the form of coal, gas and oil involves areas in which Atlas Copco's knowledge and technology is playing an important role. The rapidly expanding offshore industry, for example, requires compressed air as an efficient and safe source of power. Today, a large percentage of all the oil drilling

platforms in the world are equipped with Atlas Copco compressors. Winches and air-powered hand tools are also part of the systems Atlas Copco supplies to the offshore industry. The Company's equipment is also used in the construction of pipelines to carry oil or gas.





Processing of raw materials – a basic need

The processing industry is largely based on Atlas Copco's areas of technology: for example, metallurgical processes in steel production, where both air and gas compressors are used. Compressors also play an important role in refineries and the petrochemical industries.

Compressed air of a very high quality is required in the packaging of foodstuffs. In this field, Atlas Copco has unique capabilities to offer clean, dry, oil-free compressed air to dairies, breweries, slaughterhouses and packaging companies, among others. Pharmaceutical companies require compressed air in the manufacture of drugs. Oxygenation in the manufacture of antibiotics requires sterile compressed air, for example.

Energy – a basic need

Atlas Copco products are required in virtually the entire energy field, regardless of the source: hydro power, nuclear power, oil, coal, or geothermic heat. Atlas Copco is part of the picture in more than the construction or extraction stage. For example, compressed air is used to control and

monitor daily operations in various types of power stations.

Energy recovery is an increasingly important field in which heat recovery systems for compressor stations have long been part of Atlas Copco's line of standard products. The Company's compressors also face a rapidly expanding market as a result of the opportunities they offer for utilizing energy from industrial processes, exhaust systems and other sources.

Manufacturing – a basic need

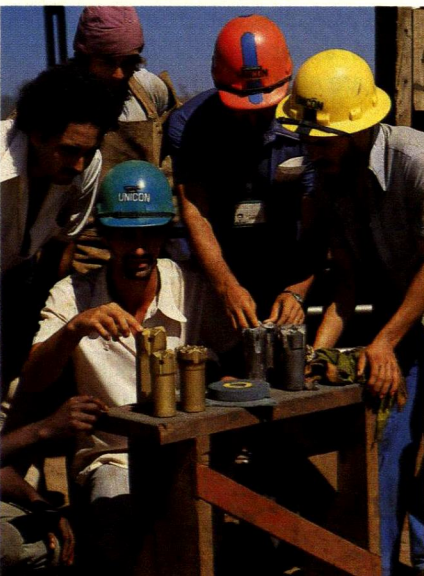
Atlas Copco supplies large industrial companies with compressor stations, compressed air networks, and everything from hand tools to advanced assembly and spray-painting systems. The equipment often specifies guaranteed levels of performance with respect to productivity and product life. Where the handling and processing of product parts are concerned, Atlas Copco's pneumatic components program is filling an important need in the ongoing process of mechanization and automation. Compressors and compressed air tools are also found in most small industries, repair shops, gasoline stations and carpentry shops, etc. One of the advantages of compressed air equipment is that it is highly efficient, relative to weight, and that it can be used in environments where there is a risk of explosion.

Housing – a basic need

Compressed air equipment is often the first to be delivered to a construction site – and the last to leave it. With compressed air, a contractor can remove rock, and car break, pump, pile-drive, drill, saw, nail and trim. Small, portable compressors are used on small construction jobs. Stationary or semistationary compressor units are also used for large construction projects.

Training – a basic need

No matter how good Atlas Copco's products are, or how efficient the sales organization is, a successful contribution to a country's development depends more on training than on anything else. The "product" Atlas Copco is supplying to the Third World – and actually to all customers, no matter which world they are in – consists of more than the hardware. It consists in equal measure of the software: planning assistance; training of the customer's machine operators, service mechanics, foremen and supervisors; maintenance program proposals; and spare parts management. This work is performed by the sales companies, at the project sites or through courses organized in a central location. Atlas Copco also produces a substantial amount of literature and audiovisual aids that are also used in technical schools throughout the world.



ATLAS COPCO SHARE DATA

DIVIDEND POLICY

The dividend per share for the fiscal years 1976 through 1981 increased an average of 8.4 percent annually. The corresponding increase for the most recent 10-year period was 14.4 percent. The average monetary depreciation in Sweden during the two periods was 10.9 and 9.9 percent, respectively. If the Board of Directors' proposal of a dividend of SEK 6.00 for the year 1982 is adopted, the dividend growth for the years 1977 through 1982 will amount to 8.4 percent.

The Board intends that the shareholders should receive a reasonable percentage of the improvement in earnings of the Atlas Copco Group. Efforts will continue to be made to cover the greater part of dividends paid through dividend income from the subsidiaries outside Sweden.

For purposes of comparison between years, adjustments have been made to reflect new issues of shares.

- 1) Profit after financial income and expense, less standard provision for tax (50 %) and minority interest in income, divided by the number of shares outstanding.
- 2) Based on the weighted average number of shares outstanding.
- 3) Proposed by Board of Directors.
- 4) Shareholders' equity and untaxed reserves divided by the number of shares outstanding.
- 5) Dividend as a percentage of average quoted price during year.
- 6) Average quoted price during year in relation to earnings per share as defined in Note 1.
- 7) Cash flow defined as internally generated funds as shown in statement of changes in financial position on page 12.

PER-SHARE DATA, SEK

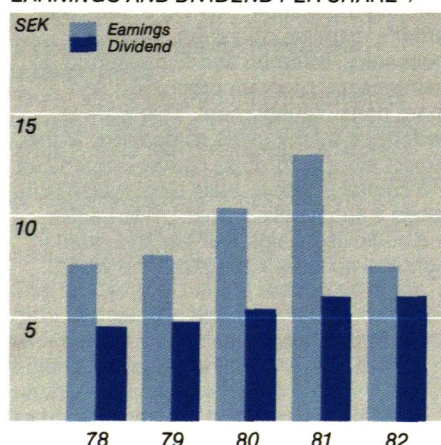
	1978	1979	1980	1981	1982
Earnings ¹⁾	7.70	8.00	10.10	12.95	7.65 ²⁾
Earnings after extraordinary items	7.95	7.40	10.10	13.25	7.10 ²⁾
Dividend	4.60	4.80	5.20	6.00	6.00 ³⁾
Dividend as percent of earnings	59.7	60.0	52.0	46.3	78.4
Highest price quoted	94	78	68	106	109
Lowest price quoted	70	54	48	61	82
Average price quoted	80	62	56	83	93
Risk-bearing equity capital ⁴⁾	141	116	136	153	125
Direct yield, percent ⁵⁾	5.8	7.7	9.3	7.2	6.5
Price/earnings ⁶⁾	10.4	7.8	5.6	6.4	12.2
Cash-flow ⁷⁾	9.55	8.25	12.70	14.30	6.30 ²⁾

OWNERSHIP OF ATLAS COPCO SHARES

Through a bonus issue and a new issue of shares during 1982, the share capital was increased to SEK 586.5 m., represented by 23 460 500 shares, each with a par value of SEK 25. All shares are unrestricted and carry one vote each. Shares are traded on the Stockholm Stock Exchange in lots of 100.

Atlas Copco has approximately 41 000 shareholders. The ten largest shareholders, as reported by VPC (Swedish Securities Register Center) in February, 1983, are shown in the following table:

EARNINGS AND DIVIDEND PER SHARE¹⁾

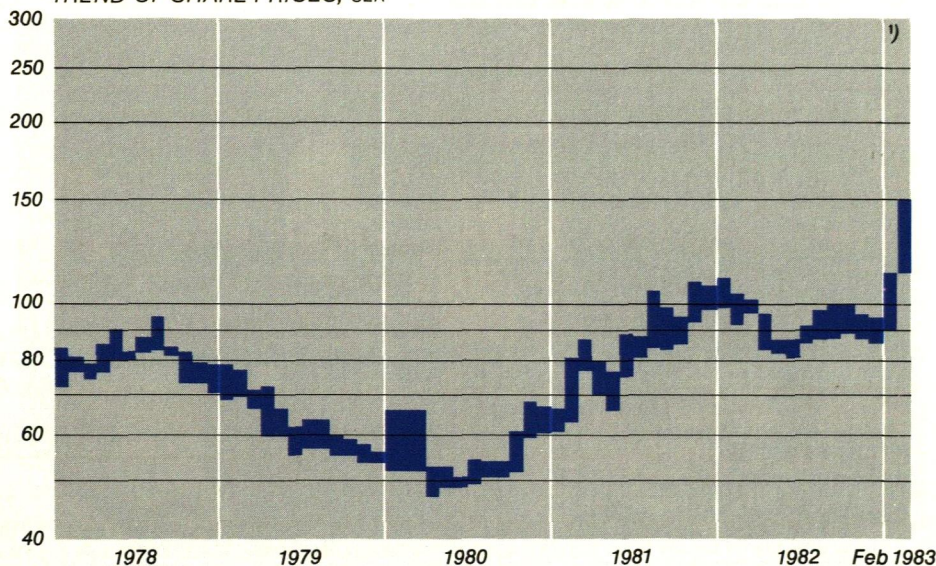


1) Dividend for 1982 as proposed by the Board of Directors

	Number of shares	Percentage of total
1. AB Volvo	5 865 125	25.00
2. Förvaltnings AB Providentia	2 338 392	9.97
3. AB Investor	1 319 891	5.63
4. General Pension Fund, Fourth Board	1 000 293	4.26
5. Swedish Staff Pension Society (SPP)	737 369	3.14
6. Livförsäkrings AB Skandia	603 853	2.57
7. S E-Banken's Share Savings Fund	548 700	2.34
8. Trygg Ömsesidig Sakförsäkring	281 500	1.20
9. AB Custos	216 793	0.92
10. AB Exportinvest	200 000	0.85

Atlas Copco shares are also listed on the stock exchanges in Frankfurt am Main, Düsseldorf and Hamburg.

TREND OF SHARE PRICES, SEK



¹⁾ Affärsvärlden (financial publication) general index

Logarithmic scale

During 1982 a total of 5 634 268 (3 662 861) Atlas Copco shares were traded on the Stockholm Stock Exchange. This was equal to 22 358 shares (14 776) per trading day during the year. The number of shares traded amounted to 27 per cent (22) of total shares outstanding.

SHARE ISSUES DURING 1982

During the year Management effected the bonus issue approved by the 1982 Annual General Meeting for the purpose of bringing the Company's share capital into a more appropriate relation to the scope of the Company's operations. The bonus issue, which involved issuance of one new share for each four old shares held, increased the share capital by SEK 103.5 m.

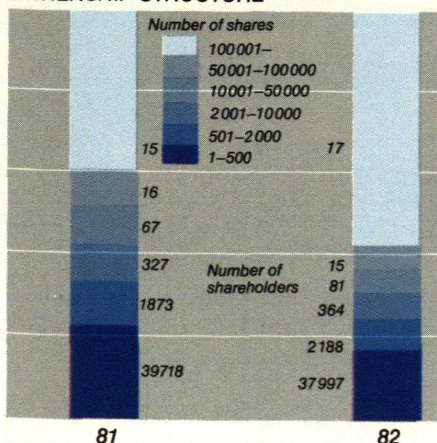
A special issue of shares subscribed in its entirety by AB Volvo was also made during the year in connection with Volvo's acquisition of a 25 percent interest in Atlas Copco. This new issue involved an addition to capital totaling SEK 373.3 m., which improved the Company's solidity and provided a stronger base for continued expansion. As a result of the new issue of shares, the share capital increased by SEK 69.1 m. and amounted at year-end to SEK 586.5 m. Solidity (equity ratio), defined as equity capital plus 50 percent of untaxed reserves relative to total capital, amounted at year-end to 32.4 percent (30.8).

SHARE ISSUES 1965-1982

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
1982	Bonus issue	1:4	103.5	-
	New issue	2 765 000 shares à 135 SEK	69.1	373.3

OWNERSHIP STRUCTURE



GROWTH IN SHARE SAVINGS FUND

Atlas Copco was the first Swedish company to start a company-related share savings fund. In December, 1982 a total of 1 745 (1 637) employees, equal to 34 percent of Atlas Copco's employees in Sweden, were participating in the fund. Of this number, 947 paid in savings during 1982.

The fund, which invests only in Atlas Copco shares, acquired 39 570 shares during the year. An additional 25 741 shares were received as a result of the bonus issue. At December 31, 1982, the fund held 137 808 shares (72 497), representing a market value of SEK 12.4 m. (8.9). The share savings fund is one of the 12 largest shareholders in Atlas Copco.

PERSONNEL

	1982	1981
Invoiced sales per employee, SEK thousands	431	383
Earnings per employee, SEK thousands	19	29
Value added per employee, SEK thousands	177	162

PERSONNEL DATA, ATLAS COPCO GROUP

	Average number of employees		Wages, salaries and other personnel costs, SEK m.	
	1982	1981	1982	1981
SWEDEN				
Headquarters	73	264	25	69
Divisions	4 196	4 690	557	547
Sales companies	1 014	818	159	115
	5 283	5 772	741	731
OUTSIDE SWEDEN				
Divisions	4 376	4 661	603	539
Sales companies	8 743	9 105	1 005	853
	13 119	13 766	1 608	1 392
Total	18 402	19 538	2 349	2 123

The average number of employees within the Atlas Copco Group during 1982 was 18 402 (19 538). The number of employees in Sweden was 5 283 (5 772) and in other countries 13 119 (13 766). The decrease was attributable to an adjustment of production to lower demand, as well as to greater efficiency in the sales organization and in the administration of both sales companies and the divisions. Total wage and salary costs rose 11 percent, to SEK 2 349 m. (2 123), of which social costs represents SEK 625 m. (536).

Employee turnover declines

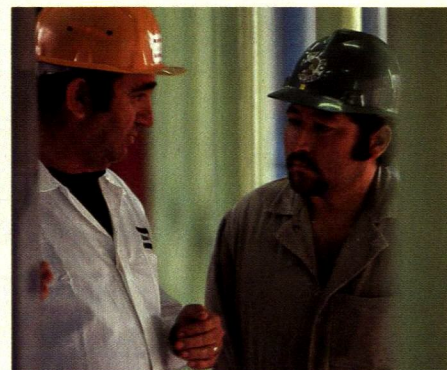
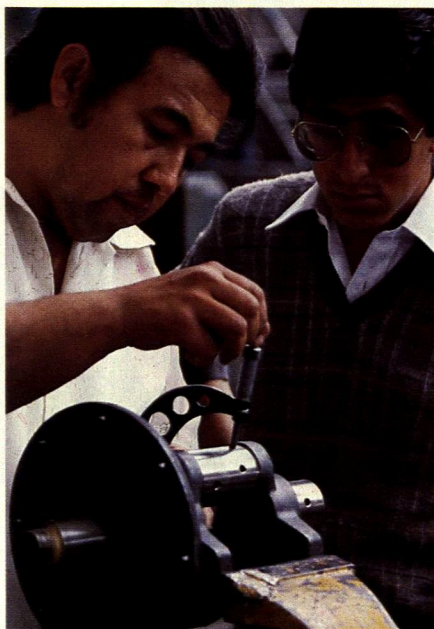
Employee turnover declined appreciably during the year. The turnover in the plants in the Sickla (Stockholm) area during 1982 was 8 percent (14). As a result of continuing rationalization measures, a not insignificant number of staff positions became redundant. The excess personnel was reduced mainly through the early retirement of staff personnel over the age of 60.

Time worked and absenteeism decline

The average time worked continued to decline. This was due primarily to the fact that Atlas Copco employees in Sweden utilized the possibility to work on a semi-retired basis. Because of the extended recession, a short work week was introduced in a number of units in Sweden and other countries during certain periods of the year.

Absenteeism in Sweden due to illness decreased considerably during the year. Between 1981 and 1982 it has dropped from 9.9 percent to 9.2 percent. In contrast, there was an appreciable increase in "institutional" absenteeism for purposes of study, union activity and childbirth.



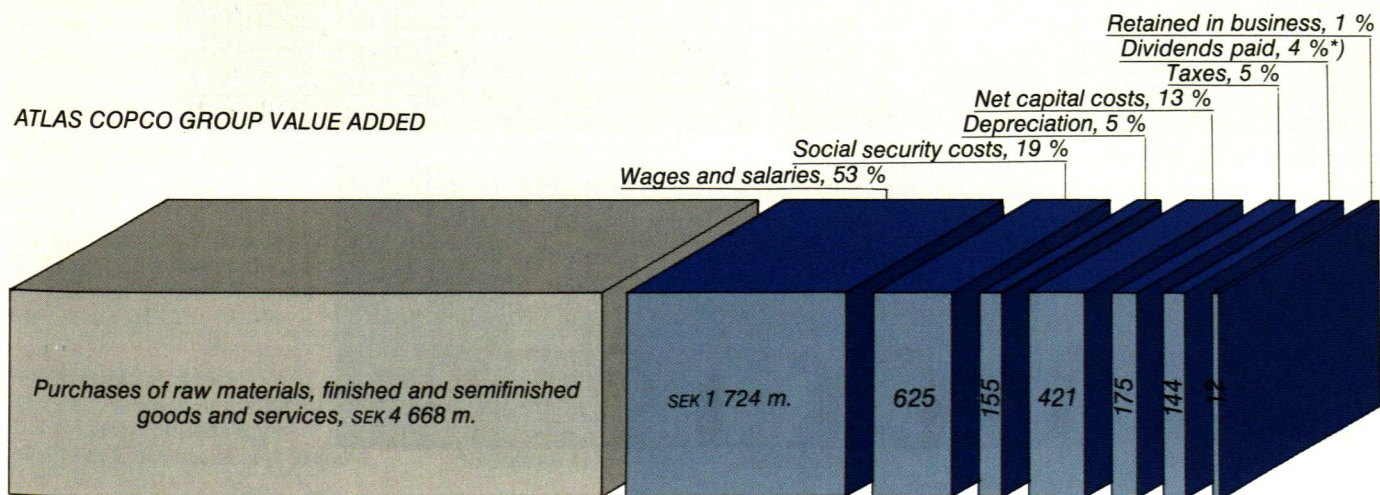


Atlas Copco Group value added

Value added expresses the production input made by the Company; that is, the increase in value that arises through handling, processing, etc. The value added per employee in 1982 amounted to SEK 177 000. Of this amount, 72 percent, equal to a total of SEK 2 349 m., was in the form of wages and salaries (1 724) and social costs (625).

A net amount of SEK 421 m., equal to 13 percent of value added, was paid to creditors. The public sector received, in addition to social costs and taxes for employees, corporate taxes amounting to SEK 175 m., equal to 5 percent of value added. The 4 percent received by shareholders represents interest on the risk capital they invested in the business.

ATLAS COPCO GROUP VALUE ADDED



*) Incl dividends to minority interest

Value added, SEK 3 256 m.

BOARD OF DIRECTORS, AUDITORS AND GROUP MANAGEMENT COMMITTEE



Tom Wachtmeister

Peter Wallenberg

Pehr G Gyllenhammar



K-A Belfrage

Henry N Sporborg

Jan Hellner

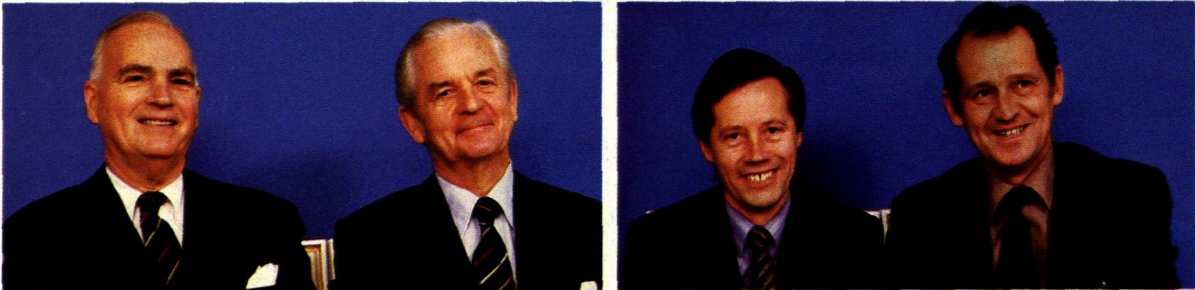


Erik Johnsson

Curt G Olsson

Sture Ödner

Axel Iveroth



P Henry Mueller

Otto Grieg Tidemand

Per-Erik Nyholm

Bo Henning



Carl Strömdahl

Kjell Nordström

BOARD OF DIRECTORS*ELECTED BY THE ANNUAL GENERAL MEETING*

PETER WALLENBERG, Chairman (1970)
Industrial Adviser, Skandinaviska Enskilda Banken and Vice Chairman of its Board. Employed in various positions within Atlas Copco, 1953–1974. Chairman of the Boards of Investor, Nymölla, Papyrus, Providentia, SKF, Knut and Alice Wallenberg Foundation. Vice Chairman of the Boards of ASEA, Broströms, Electrolux, Ericsson and Stora Kopparberg.

KURT-ALLAN BELFRAGE, Vice Chairman (1956)
President, Atlas Copco AB, 1957–1970. Member of the Board of Fläkt AB.

HENRY N SPORBORG (1969)
Director, Hambros Ltd., Great Britain, 1949–1977. Chairman of the Board of LKB Instruments Ltd., Almex Ticket Machine Co Ltd., Papyrus Ltd., Papyrus Kopparfors (UK) Ltd., Vice Chairman of the Board of LKB Biochrom Ltd.

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

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

ERIK JOHNSON (1972)
Dr. Tech.h.c., President of 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 of 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 the OECD.

CURT G OLSSON (1976)
First Vice Chairman of the Board of Skandinaviska Enskilda Banken. Member of the Boards of Esselte and Skandia.

P HENRY MUELLER (1982)
Ph. Dr. h.c., Chairman of the Boards of Atlas Copco North America Inc. and Saab-Scania of America Inc. in the United States.

OTTO GRIEG TIDEMAND (1982)
Shipowner, Belstove Shipping, Oslo. Chairman of the Boards of A/S Kosmos and Atlas Copco A/S, Oslo. Chairman and Board member of shipping companies, insurance companies, etc. in Norway and other countries.

PEHR G GYLLENHAMMAR (1982)
Dr. Med. h.c., President, AB Volvo, Chairman of the Board of the Swedish Ships' Mortgage Bank. Member of the Boards of Skandinaviska Enskilda Banken, United Technologies Corp., U.S., Pearson and Son, London. Member of the International Advisory Committee of Chase Manhattan Bank, New York. Vice Chairman of the Board of Trustees of Aspen Institute, U.S.

TOM WACHTMEISTER (1975)
President, Atlas Copco AB, since 1975. Employed in the Company since 1959. Vice Chairman of the Board of Boliden. Member of the Boards of Saab-Scania, Skandinaviska Enskilda Banken, the Swedish Association for Metal Transforming, Mechanical and Electromechanical Engineering Industries.

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

BO RIBERS
Authorized Public Accountant, Deputy

GROUP MANAGEMENT COMMITTEE

TOM WACHTMEISTER, President and Chief Executive Officer

OLOF SJÖSTRÖM, Senior Executive Vice President and Deputy Chief Executive Officer

EINAR LIWENDAHL, Executive Vice President

SVEN-INGVAR SVENSSON, Executive Vice President

IWAN ÅKERMAN, Executive Vice President

ARNE FORSELL, President

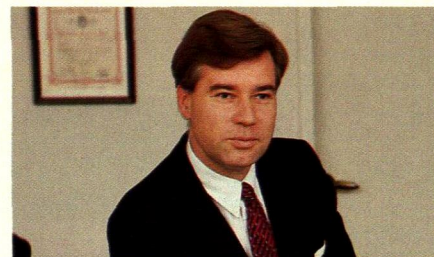
Atlas Copco MCT AB

BERTIL ERIKSSON, President

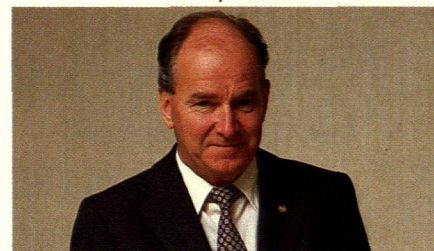
Atlas Copco Airpower NV

PER WEJKE, President

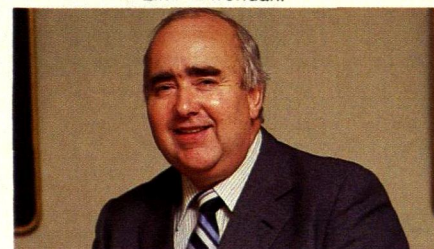
Atlas Copco Tools AB



Olof Sjöström



Einar Liwendahl



Sven-Ingvar Svensson



Iwan Åkerman

ORGANIZATION

GROUP MANAGEMENT COMMITTEE

Tom Wachtmeister
President
ATLAS COPCO AB

Olof Sjöström, Senior Executive Vice President
Einar Liwendahl, Executive Vice President
Sven-Ingvar Svensson, Executive Vice President
Iwan Åkerman, Executive Vice President

Arne Forsell
President
ATLAS COPCO
MCT AB

Bertil Eriksson
President
ATLAS COPCO
AIRPOWER NV

Per Wejke
President
ATLAS COPCO
TOOLS AB

SENIOR VICE PRESIDENTS

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

MANUFACTURING AND SALES

ATLAS COPCO MCT

ATLAS COPCO AIRPOWER

ATLAS COPCO TOOLS

BEREMA

MONSUN-TISON

SALES COMPANIES IN 46 COUNTRIES

Sales made directly and through distributors
in 80 countries

ATLAS COPCO AB

GROUP STAFF

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

SPECIAL ADVISERS

Ambassador Olof Landenius
Ambassador Lennart Petri
Ambassador Stig Unger

ATLAS COPCO INTERNATIONAL AB

President: Erland von Redlich

ABEM AB

President: Lars Helgöstm

ATLAS COPCO DATA AB

President: Rolf Johanson

SERVICE STAFF

Atlas Copco Management Consulting AB

President: J-A Darlin
Accounting: Hans Lindblad
Administrative Development: Kurt Gladh
Communications: Vacant
Office Administration: Karin Palm Karnell
Organization Development: Leif Aadde
Patents: Alexis Molin
Personnel: J-A Darlin
Physical Resources: Ulf Hernestam
Special Projects: Bo Lemcke
Standards: Jan Wenström

FINANCIAL INFORMATION FROM ATLAS COPCO

Atlas Copco will publish the following financial reports for 1983:

Managing Director's Report at the
Annual General Meeting April 28
Report on first-quarter operations Middle of May
Report on first six months of operations . End of August
Report on first nine months of operations Middle of November
Preliminary report on 1983 operations February, 1984
Annual Report, 1983 Beginning of April, 1984

The following publications may be ordered from Department ZRE, Atlas Copco Management Consulting AB, S-105 23 Stockholm, Sweden:

Atlas Copco 1983 (Annual Report in Swedish)

Atlas Copco Nytt/Utveckling (Quarterly news publication in Swedish, distributed to shareholders upon request in writing.)



Atlas Copco service

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