Press Release from the Atlas Copco Group

July 17, 2012

Atlas Copco
Interim report at June 30, 2012

Healthy demand, record revenues and operating profit

- **Orders received increased by 5% to MSEK 23 263, organic decline 2%**
- **Revenues up 17% to a record of MSEK 23 437 (19 951), organic growth 9%**
- **Operating profit increased by 20% to MSEK 5 019 (4 177)**
- **Operating margin at 21.4% (20.9)**
- **Profit before tax amounted to MSEK 4 839 (4 081)**
- **Profit for the period was MSEK 3 617 (2 982)**
- **Basic earnings per share were SEK 2.98 (2.46)**
- **Operating cash flow at MSEK 1 891 (567)**

	April - June			January - June		
MSEK	**2012**	**2011**	**%**	2012	2011	%
Orders received	**23 263**	**22 202**	**+5**	48 090	43 877	+10
Revenues	**23 437**	**19 951**	**+17**	45 691	38 174	+20
Operating profit	**5 019**	**4 177**	**+20**	9 623	8 164	+18
– as a percentage of revenues	***21.4***	***20.9***		*21.1*	*21.4*	
Profit before tax	**4 839**	**4 081**	**+19**	9 328	8 137	+15
– as a percentage of revenues	***20.6***	***20.5***		*20.4*	*21.3*	
Profit for the period	**3 617**	**2 982**	**+21**	7 022	6 015	+17
Basic earnings per share, SEK	**2.98**	**2.46**		5.78	4.94	
Diluted earnings per share, SEK	**2.97**	**2.45**		5.76	4.92	
Return on capital employed, %	**38**	**34**				

Near-term demand outlook
The overall demand for Atlas Copco’s products and services is expected to remain at the current high level.

Atlas Copco Group Center
Atlas Copco AB
SE-105 23 Stockholm
Sweden
Visitors address:
Sickla Industriväg 19
Nacka
Telephone: +46 (0)8 743 8000
Telefax: +46 (0)8 644 9045
Web site www.atlascopco.com
A Public Company (publ)
Reg. No: 556014-2720
Reg. Office Nacka

Atlas Copco Group

Summary of half-year results

Orders received in the first six months of 2012 increased 10% to MSEK 48 090 (43 877). Volume for comparable units increased 2%, price increases added 2%, structural changes 3%, and the positive currency effect was 3%. Revenues were MSEK 45 691 (38 174), corresponding to 14% organic growth.

Operating profit increased by 18% to MSEK 9 623 (8 164). The operating margin was 21.1% (21.4). The positive impact of changes in exchange rates amounted to MSEK 630 for the first half-year.

Profit before tax increased by 15% to MSEK 9 328 (8 137), corresponding to a margin of 20.4% (21.3). Profit for the period totaled MSEK 7 022 (6 015). Basic and diluted earnings per share were SEK 5.79 (4.94) and 5.76 (4.92), respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 3 332 (2 593).

Review of the second quarter

Market development

The overall demand for Atlas Copco's products and services remained at a high level, reflecting a good activity level in most industries. Sales of small and medium sized equipment were relatively stable. The aftermarket business developed well and strong growth was achieved. Compared to the high order intake in the comparison periods, however, the order volumes decreased both compared with the previous year and sequentially (compared with the previous quarter), mostly related to lower order volumes for large compressors and mining equipment.

In **North America**, demand from most customer segments remained robust. Orders received remained on a high level and was particularly strong for industrial tools and assembly systems. Order intake for construction equipment increased year-on-year, while mining equipment orders were lower compared to the strong order intake achieved in the previous year and previous quarter.

Orders received in **South America** increased in all business areas compared with the previous year, with the best development for mining and construction equipment.

In **Europe**, orders received were largely flat, both compared to the previous year and sequentially. Healthy order growth was achieved in Russia and Eastern Europe, while most of the markets in the rest of Europe had a flat or slight negative order development.

Orders received in **Africa/Middle East** were at a high level, but decreased both compared with the previous year and sequentially, primarily due to strong order intake in the comparison periods.

In **Asia,** demand remained healthy. Orders received increased slightly both compared with the previous year and sequentially. Mining and rock excavation equipment had a positive year-on-year development, while orders for both industrial compressors and construction equipment declined. Order volumes improved sequentially in China, but did not reach the high levels of the previous year.

Order intake of mining equipment remained at a high level in **Australia.** This, in combination with a large order for compressors, contributed to a healthy order growth compared with the previous year.

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2011	22 202	19 951
Structural change, %	+3	+3
Currency, %	+4	+5
Price, %	+2	+2
Volume, %	-4	+7
Total, %	+5	+17
2012	23 263	23 437

Geographic distribution of orders received

%, last 12 months incl. June 2012	Compressor Technique	Industrial Technique	Mining and Rock Excavation Tech.	Construction Technique	Atlas Copco Group
North America	18	25	20	15	19
South America	8	6	14	13	11
Europe	32	46	21	37	30
Africa/Middle East	9	1	17	12	11
Asia/Australia	33	22	28	23	29
	100	100	100	100	100

Earnings and profitability

Operating profit increased 20% to a record of MSEK 5 019 (4 177), corresponding to an operating margin of 21.4% (20.9). The margin was supported by increased volumes and prices and favorable exchange rates, while increased costs for marketing and product development as well as an unfavorable revenue mix affected negatively. The currency effect, compared with the previous year, was MSEK 430 (-915) and affected the operating margin positively by about one percentage point.

Net financial items were MSEK -180 (-96). Previous year includes a capital gain of MSEK 75 related to the sale of shares in RSC Holdings Inc. Interest net increased to MSEK -177 (-120), primarily due to higher net indebtedness.

Profit before tax amounted to MSEK 4 839 (4 081), corresponding to a margin of 20.6% (20.5).

Profit for the period totaled MSEK 3 617 (2 982). Basic and diluted earnings per share were SEK 2.98 (2.46) and 2.97 (2.45), respectively.

The return on capital employed during the last 12 months was 38% (34). The return on equity was 50% (44).

The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus increased to MSEK 5 522 (4 817).

Working capital increased by MSEK 401 (1 469) as a result of increased sales. Rental equipment increased by, net, MSEK 193 (206).

Investments in property, plant and equipment was MSEK 456 (472).

Operating cash flow equaled MSEK 1 891 (567).

Capital distribution

Dividends paid to shareholders amounted to MSEK 6 069 (previous year: 4 852 dividends paid and 6 067 redemption of shares).

Net indebtedness

The Group’s net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 17 621 (15 314) of which MSEK 1 492 (1 570) was attributable to post-employment benefits. A bond loan of MSEK 2 495 was repaid in the quarter and the average tenor of interest bearing debt was 4.2 years. The net debt/EBITDA ratio was 0.8 (0.8) and the net debt/equity ratio was 60% (69).

Sale of financial assets

A portfolio of receivables and rental equipment related to customer financing, amounting to approximately MSEK 1 400, has been reclassified as assets held for sale. These assets are expected to be divested in the third quarter.

Acquisition and divestment of own shares

During the quarter, 123 091 series A shares and 137 000 series B shares were divested, for a net value of MSEK 38. These transactions are in accordance with mandates granted by the AGM and relate to the Group’s long-term incentive programs.

Employees

On June 30, 2012, the number of employees was 39 332 (34 976). The number of consultants/ external workforce was 2 225 (2 068). For comparable units, the total workforce increased by 3 520 since June 30, 2011 and by 1 312 since December 31, 2011.

Compressor Technique

The Compressor Technique business area consists of seven divisions and provides industrial compressors, gas and process compressors and expanders, air and gas treatment equipment and air management systems. The business area has a global service network and offers specialty rental services.

	April – June			January – June		
MSEK	**2012**	**2011**	**%**	2012	2011	%
Orders received	**9 041**	**8 997**	**+0**	18 207	17 335	+5
Revenues	**8 692**	**7 676**	**+13**	16 998	14 665	+16
Operating profit	**1 910**	**1 840**	**+4**	3 743	3 541	+6
– as a percentage of revenues	***22.0***	***24.0***		*22.0*	*24.1*	
Return on capital employed, %	**64**	**73**				

- Healthy level of order intake
- 22% operating margin, affected by investments in marketing and product development
- Agreement to acquire a compressor manufacturer in Turkey

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2011	8 997	7 676
Structural change, %	+2	+3
Currency, %	+5	+5
Price, %	+1	+1
Volume, %	-8	+4
Total, %	+0	+13
2012	9 041	8 692

Industrial compressors

The order volumes for industrial compressors remained on a healthy level, but decreased compared with the previous year. The decline was most pronounced in larger equipment. Compared to the previous quarter, however, the order intake was largely unchanged with, again, a better development for small and medium-sized compressors relative to the larger equipment.

Orders received increased sequentially in North America, were stable in Asia, whereas most other regions noted a decline.

Gas and process compressors

Orders received for gas and process compressors were below the high order intake of the previous year and the previous quarter.

Specialty rental

The specialty rental business increased somewhat compared with the previous year. The best development was achieved in Asia and Africa/Middle East.

Aftermarket

Revenues from service and spare parts continued to develop well. All major regions recorded healthy growth.

Innovation

In the quarter, Atlas Copco extended the product offer by launching a range of oil-sealed rotary screw vacuum pumps. A new central controller, which can control an entire compressed air network, was introduced to the market. It can help save, on average, 10% energy. A new oil-free, water-injected screw compressor range, with an installed motor power from 15 to 30 kW and Variable Speed Drive (VSD) technology, was also introduced.

Significant events and structural changes

In June, Atlas Copco agreed to acquire the Ekomak Group, a Turkish manufacturer of industrial screw compressors. The acquisition, which is expected to be completed in the third quarter, will strengthen Atlas Copco's market position in the region. Ekomak had revenues in the last 12 months of approximately MEUR 23 (MSEK 200) and around 160 employees.

Profit and returns

Operating profit increased to MSEK 1 910 (1 840), corresponding to a margin of 22.0% (24.0). The positive effects on operating margin from higher volumes, price increases and currency effects were more than offset by higher costs for marketing and product development, negative revenue mix and dilution from acquisitions.

Return on capital employed (last 12 months) was 64% (73).

Industrial Technique

The Industrial Technique business area consists of four divisions and provides industrial power tools, assembly systems, quality assurance products, software and services through a global network.

	April – June			January – June		
MSEK	**2012**	**2011**	**%**	2012	2011	%
Orders received	**2 465**	**2 111**	**+17**	4 963	4 106	+21
Revenues	**2 420**	**1 800**	**+34**	4 891	3 568	+37
Operating profit	**552**	**392**	**+41**	1 144	793	+44
– as a percentage of revenues	***22.8***	***21.8***		*23.4*	*22.2*	
Return on capital employed, %	**48**	**61**				

- Robust order intake supported by strong demand for advanced tools from the motor vehicle industry
- Good performance of the aftermarket
- Operating margin improved to 22.8%, supported by higher volume

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2011	2 111	1 800
Structural change, %	+12	+14
Currency, %	+4	+5
Price, %	+1	+1
Volume, %	+0	+14
Total, %	+17	+34
2012	2 465	2 420

General industry

Order volumes for industrial power tools from the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, remained healthy even though the level was somewhat lower than the previous year.

Orders received increased in North America, decreased in Europe, and remained on a high level in Asia.

Motor vehicle industry

The demand for advanced industrial tools and assembly systems from the motor vehicle industry continued to develop favorably.

Order volumes increased in all major regions compared with the previous year with the highest growth achieved in Europe and North America.

Aftermarket

The aftermarket business continued to perform well. Sales grew significantly in North and South America as well as in Asia and healthy growth was also achieved in Europe.

Innovation

In the quarter, an advanced assembly tool for high torque applications was introduced in selected markets. An improved product for torque measurement and testing of assembly tools was introduced. A new range of percussive tools, scalers and chippers, as well as a number of new pneumatic grinders, sanders and impact wrenches were also launched.

Profit and returns

Operating profit increased 41% to MSEK 552 (392), corresponding to a margin of 22.8% (21.8). The margin increase was primarily due to the effects of higher volumes.

Return on capital employed (last 12 months) was 48% (61).

Mining and Rock Excavation Technique

The Mining and Rock Excavation Technique business area consists of seven divisions and provides equipment for drilling and rock excavation, a complete range of related consumables and service through a global network.

	April – June			January – June		
MSEK	**2012**	**2011**	**%**	2012	2011	%
Orders received	**8 435**	**7 868**	**+7**	18 168	15 717	+16
Revenues	**8 846**	**6 994**	**+26**	17 280	13 510	+28
Operating profit	**2 191**	**1 641**	**+34**	4 263	3 178	+34
– as a percentage of revenues	***24.8***	***23.5***		*24.7*	*23.5*	
Return on capital employed, %	**65**	**61**				

- Continued strong mining activity
- Order volumes for equipment were somewhat lower, while the aftermarket business continued to grow
- Operating margin increased to 24.8%, supported by volume growth

Sales Bridge

	April - June	
MSEK	Orders received	Revenues
2011	7 868	6 994
Structural change, %	+1	+2
Currency, %	+5	+5
Price, %	+3	+3
Volume, %	-2	+16
Total, %	+7	+26
2012	8 435	8 846

Mining

The activity in the mining industry remained high, and the demand for new equipment was also at a good level. Order intake, however, decreased compared with the previous year and was significantly lower compared with the record order intake in the previous quarter.

Compared with the recent quarters, order intake was lower for exploration equipment and for large open-pit mining equipment, whereas order intake for underground rock excavation products remained robust.

Civil engineering

Order intake for drilling equipment for infrastructure applications increased compared with the previous year, but was lower than the previous quarter.

Aftermarket and consumables

Demand for service, spare parts and consumables developed strongly and high sales growth was, again, achieved. The primary driver for this development was continued high activity in the mining industry.

Innovation

A new drill rig for tunneling applications, equipped with a more powerful rock drill and a new control system, was presented in selected markets in the quarter. Three new models of surface drill rigs were launched and the range of overburden drilling systems was extended with a system for large diameter holes.

Profit and returns

Operating profit increased 34% to a record MSEK 2 191 (1 641), corresponding to an operating margin of 24.8% (23.5). The margin was supported primarily by increased volume and price.

Return on capital employed (last 12 months) was 65% (61).

Construction Technique

The Construction Technique business area consists of four divisions and provides construction and demolition tools, portable compressors, pumps and generators, lighting towers, and compaction and paving equipment. The business area offers service through a global network.

	April – June			January – June		
MSEK	**2012**	**2011**	**%**	2012	2011	%
Orders received	**3 498**	**3 319**	**+5**	7 094	6 934	+2
Revenues	**3 697**	**3 599**	**+3**	6 903	6 662	+4
Operating profit	**488**	**499**	**-2**	830	948	-12
– as a percentage of revenues	***13.2***	***13.9***		*12.0*	*14.2*	
Return on capital employed, %	**11**	**14**				

- Overall demand for construction equipment remained largely unchanged
- Order intake increased sequentially in China and Brazil
- Operating margin at 13.2%

Sales bridge

	April - June	
MSEK	Orders received	Revenues
2011	3 319	3 599
Structural change, %	+4	+3
Currency, %	+3	+3
Price, %	+2	+2
Volume, %	-4	-5
Total, %	+5	+3
2012	3 498	3 697

Construction equipment

The order intake increased in North and South America, in Africa/Middle East and in Australia, but this was more than offset by the decrease in Asia and in Europe.

The order volumes for road construction equipment remained weak, but were somewhat better than in the previous year. The order volumes for portable compressors and construction tools were lower than in the previous year.

Compared to the previous quarter, the order intake declined moderately, primarily due to normal seasonal effects. In China and Brazil, however, the order intake increased from the recent low levels.

Aftermarket

The service and spare parts business developed well and achieved healthy growth.

Innovation

A new range of hydraulic breakers was introduced in the quarter. The new range focuses on the essentials: high performance and low weight and essential features, and meets the demands of more customer segments. A range of rig-mounted bucket crushers for efficient and economic recycling of all types of waste materials on site was launched. In addition, several new portable compressors and generators developed for selected markets were introduced.

Profit and returns

Operating profit was MSEK 488 (499), corresponding to a margin of 13.2% (13.9). The operating margin was supported by currency effects, but was negatively affected by lower volumes, increased costs for product development and the establishment of new customer centers.

Return on capital employed (last 12 months) was 11% (14).

Previous near-term demand outlook

(Published April 27, 2012)

The overall demand for Atlas Copco's products and services is expected to remain at the current high level.

Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS) as disclosed in the Annual Report 2011.

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. No new or amended IFRS effective 2012 had any significant impact on the Group.

Risks and factors of uncertainty

Market risks

The demand for Atlas Copco's products and services is affected by changes in the customers' investment and production levels. A widespread financial crisis and economic downturn, such as the one experienced during 2009, affects the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which limits the risk.

Financial risks

Atlas Copco is subject to currency risks, interest rate risks and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow-up financial risks, in line with the policy.

Production risks

Many components are sourced from sub-suppliers. The availability is dependent on the sub-suppliers and if they have interruptions or lack capacity, this may adversely affect production. To minimize these risks, Atlas Copco has established a global network of sub-suppliers, which means that in most cases there is more than one sub-supplier that can supply a certain component.

Atlas Copco is also directly and indirectly exposed to raw material prices. Cost increases for raw materials and components often coincide with strong end-customer demand and can partly be offset by increased sales to mining customers and partly compensated for by increased market prices.

Acquisitions

Atlas Copco has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialize than anticipated.

For further information about risk factors, see the 2011 Annual Report.

Consolidated income statement

	3 months ended		6 month ended		12 months ended		
	June 30	June 30	June 30	June 30	June 30	June 30	Dec. 31
MSEK	2012	2011	2012	2011	2012	2011	2011
Revenues	23 437	19 951	45 691	38 174	88 720	75 318	81 203
Cost of sales	-14 584	-12 391	-28 250	-23 321	-54 980	-46 058	-50 051
Gross profit	**8 853**	**7 560**	**17 441**	**14 853**	**33 740**	**29 260**	**31 152**
Marketing expenses	-2 240	-1 864	-4 376	-3 652	-8 349	-7 152	-7 625
Administrative expenses	-1 209	-1 100	-2 517	-2 111	-4 740	-4 304	-4 334
Research and development costs	-560	-442	-1 061	-841	-2 025	-1 631	-1 805
Other operating income and expenses	175	23	136	-85	393	-220	172
Operating profit	**5 019**	**4 177**	**9 623**	**8 164**	**19 019**	**15 953**	**17 560**
- as a percentage of revenues	*21.4*	*20.9*	*21.1*	*21.4*	*21.4*	*21.2*	*21.6*
Net financial items	-180	-96	-295	-27	-552	-221	-284
Profit before tax	**4 839**	**4 081**	**9 328**	**8 137**	**18 467**	**15 732**	**17 276**
- as a percentage of revenues	*20.6*	*20.5*	*20.4*	*21.3*	*20.8*	*20.9*	*21.3*
Income tax expense	-1 222	-1 099	-2 306	-2 122	-4 472	-4 151	-4 288
Profit for the period	**3 617**	**2 982**	**7 022**	**6 015**	**13 995**	**11 581**	**12 988**
Profit attributable to							
- owners of the parent	3 614	2 976	7 016	5 999	13 980	11 546	12 963
- non-controlling interests	3	6	6	16	15	35	25
Basic earnings per share, SEK	**2.98**	**2.46**	**5.78**	**4.94**	**11.52**	**9.50**	**10.68**
Diluted earnings per share, SEK	2.97	2.45	5.76	4.92	11.46	9.48	10.62
Basic weighted average number of shares outstanding, millions	1 213.9	1 213.4	1 213.1	1 215.3	1 213.2	1 215.8	1 214.3
Diluted weighted average number of shares outstanding, millions	1 215.8	1 216.0	1 215.4	1 218.7	1 215.4	1 218.3	1 217.3

Key ratios			
Equity per share, period end, SEK	24	18	24
Return on capital employed, 12 month values, %	38	34	37
Return on equity, 12 month values, %	50	44	48
Debt/equity ratio, period end, %	60	69	49
Equity/assets ratio, period end, %	38	34	38
Number of employees, period end	39 332	34 976	37 579

Consolidated statement of comprehensive income

	3 months ended		6 months ended		12 months ended		
	June 30	June 30	June 30	June 30	June 30	June 30	Dec. 31
MSEK	2012	2011	2012	2011	2012	2011	2011
Profit for the period	**3 617**	**2 982**	**7 022**	**6 015**	**13 995**	**11 581**	**12 988**
Other comprehensive income							
Translation differences on foreign operations	40	761	-654	-271	-733	-2 490	-350
- realized and reclassified to income statement	-	-	-	-	-2	-	-2
Hedge of net investments in foreign operations	140	-322	334	-177	604	633	93
Cash flow hedges	16	-26	13	-98	179	-193	68
Available-for-sale investments	-	-67	-	101	10	303	111
- realized and reclassified to income statement	-	-75	-	-226	-125	-308	-351
Income tax relating to components of other comprehensive income	-103	269	-242	168	-484	-462	-74
Other comprehensive income for the period, net of tax	**93**	**540**	**-549**	**-503**	**-551**	**-2 517**	**-505**
Total comprehensive income for the period	**3 710**	**3 522**	**6 473**	**5 512**	**13 444**	**9 064**	**12 483**
Total comprehensive income attributable to							
- owners of the parent	3 709	3 517	6 469	5 508	13 437	9 055	12 476
- non-controlling interests	1	5	4	4	7	9	7

Consolidated balance sheet

MSEK	June 30, 2012	Dec. 31, 2011	June 30, 2011
Intangible assets	15 873	15 352	13 245
Rental equipment	1 879 *	2 117	1 889
Other property, plant and equipment	6 855	6 538	5 856
Financial assets and other receivables	2 542 *	2 931	2 782
Deferred tax assets	1 116	1 052	1 190
Total non-current assets	**28 265**	**27 990**	**24 962**
Inventories	19 286	17 579	15 661
Trade and other receivables	23 376	21 996	19 152
Other financial assets	1 308 *	1 773	1 433
Cash and cash equivalents	4 160	5 716	4 481
Assets classified as held for sale	1 484 *	55	51
Total current assets	**49 614**	**47 119**	**40 778**
TOTAL ASSETS	**77 879**	**75 109**	**65 740**
Equity attributable to owners of the parent	29 376	28 776	22 209
Non-controlling interests	51	63	78
TOTAL EQUITY	**29 427**	**28 839**	**22 287**
Borrowings	21 079	17 013	16 634
Post-employment benefits	1 492	1 504	1 570
Other liabilities and provisions	951	1 039	1 043
Deferred tax liabilities	1 543	1 390	758
Total non-current liabilities	**25 065**	**20 946**	**20 005**
Borrowings	767	3 422	3 351
Trade payables and other liabilities	21 367	20 696	18 810
Provisions	1 253	1 206	1 287
Total current liabilities	**23 387**	**25 324**	**23 448**
TOTAL EQUITY AND LIABILITIES	**77 879**	**75 109**	**65 740**

*A portfolio of receivables and rental equipment related to customer financing, amounting to approximately MSEK 1 400, has been reclassified as assets held for sale. See also page 3.

Consolidated statement of changes in equity

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2012	**28 776**	**63**	**28 839**
Changes in equity for the period			
Total comprehensive income for the period	6 469	4	6 473
Dividends	-6 069	1	-6 068
Change of non-controlling interests	-88	-17	-105
Acquisition and divestment of own shares	394	-	394
Share-based payments, equity settled	-106	-	-106
Closing balance, June 30, 2012	**29 376**	**51**	**29 427**

	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2011	**29 141**	**180**	**29 321**
Changes in equity for the period			
Total comprehensive income for the period	12 476	7	12 483
Dividends	-4 851	-2	-4 853
Redemption of shares	-6 067	-	-6 067
Change of non-controlling interests	-869	-122	-991
Acquisition and divestment of own shares	-1 005	-	-1 005
Share-based payments, equity settled	-49	-	-49
Closing balance, Dec. 31, 2011	**28 776**	**63**	**28 839**

	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2011	**29 141**	**180**	**29 321**
Changes in equity for the period			
Total comprehensive income for the period	5 508	4	5 512
Dividends	-4 851	-	-4 851
Redemption of shares	-6 067	-	-6 067
Change of non-controlling interests	-762	-106	-868
Acquisition and divestment of own shares	-725	-	-725
Share-based payments, equity settled	-35	-	-35
Closing balance, June 30, 2011	**22 209**	**78**	**22 287**

Consolidated statement of cash flows

	April – June		January – June	
MSEK	2012	2011	2012	2011
Cash flows from operating activities				
Operating profit	5 019	4 177	9 623	8 164
Depreciation, amortization and impairment (see below)	661	589	1 309	1 175
Capital gain/loss and other non-cash items	-158	51	-39	236
Operating cash surplus	5 522	4 817	10 893	9 575
Net financial items received/paid	-819	-993	-447	-553
Taxes paid	-1 331	-982	-2 831	-1 733
Change in working capital	-401	-1 469	-2 428	-3 819
Increase in rental equipment	-385	-343	-752	-611
Sale of rental equipment	192	137	365	279
Net cash from operating activities	**2 778**	**1 167**	**4 800**	**3 138**
Cash flows from investing activities				
Investments in property, plant and equipment	-456	-472	-869	-773
Sale of property, plant and equipment	18	16	26	32
Investments in intangible assets	-271	-145	-443	-268
Sale of intangible assets	-1	2	2	10
Acquisition of subsidiaries	-139	-43	-700	-134
Other investments, net	346	-1	-184	454
Net cash from investing activities	**-503**	**-643**	**-2 168**	**-679**
Cash flows from financing activities				
Dividends paid	-6 069	-4 852	-6 069	-4 851
Dividends paid to non-controlling interest	-	-	1	-
Acquisition of non-controlling interest	-76	-144	-105	-866
Redemption of shares	-	-6 067	-	-6 067
Repurchase and sales of own shares	38	128	394	-725
Change in interest-bearing liabilities	-2 782	290	1 590	323
Net cash from financing activities	**-8 889**	**-10 645**	**-4 189**	**-12 186**
Net cash flow for the period	**-6 614**	**-10 121**	**-1 557**	**-9 727**
Cash and cash equivalents, beginning of the period	10 655	14 412	5 716	14 264
Exchange differences in cash and cash equivalents	119	190	1	-56
Cash and cash equivalents, end of the period	**4 160**	**4 481**	**4 160**	**4 481**

Depreciation, amortization and impairment				
Rental equipment	*186*	*175*	*365*	*339*
Other property, plant and equipment	*277*	*238*	*553*	*483*
Intangible assets	*198*	*176*	*391*	*353*
Total	*661*	*589*	*1 309*	*1 175*

Calculation of operating cash flow

	April – June		January – June	
MSEK	2012	2011	2012	2011
Net cash flow for the period	**-6 614**	**-10 121**	**-1 557**	**-9 727**
Add back				
Change in interest-bearing liabilities	2 782	-290	-1 590	-323
Repurchase and sales of own shares	-38	-128	-394	725
Dividends paid	6 069	4 852	6 069	4 851
Dividends paid to non-controlling interest	-	-	-1	-
Redemption of shares	-	6 067	-	6 067
Acquisition of non-controlling interest	76	144	105	866
Acquisitions and divestments	139	43	700	134
Investments of cash liquidity	-523	-	-	-
Operating cash flow	**1 891**	**567**	**3 332**	**2 593**

Revenues by business area

	2011				2012	
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2
Compressor Technique	6 989	7 676	8 264	8 831	8 306	8 692
- of which external	*7 000*	*7 699*	*8 171*	*8 804*	*8 287*	*8 672*
- of which internal	*-11*	*-23*	*93*	*27*	*19*	*20*
Industrial Technique	1 768	1 800	1 816	2 437	2 471	2 420
- of which external	*1 763*	*1 792*	*1 807*	*2 429*	*2 464*	*2 414*
- of which internal	*5*	*8*	*9*	*8*	*7*	*6*
Mining and Rock Excavation Technique	6 516	6 994	7 642	8 204	8 434	8 846
- of which external	*6 485*	*6 987*	*7 609*	*8 183*	*8 418*	*8 807*
- of which internal	*31*	*7*	*33*	*21*	*16*	*39*
Construction Technique	3 063	3 599	3 292	2 964	3 206	3 697
- of which external	*2 930*	*3 422*	*3 090*	*2 784*	*3 006*	*3 477*
- of which internal	*133*	*177*	*202*	*180*	*200*	*220*
Common Group functions/ Eliminations	-113	-118	-275	-146	-163	-218
Atlas Copco Group	**18 223**	**19 951**	**20 739**	**22 290**	**22 254**	**23 437**

Operating profit by business area

	2011				2012	
MSEK (by quarter)	Q1	Q2	Q3	Q4	Q1	Q2
Compressor Technique	1 701	1 840	1 990	2 061	1 833	1 910
- as a percentage of revenues	*24.3*	*24.0*	*24.1*	*23.3*	*22.1*	*22.0*
Industrial Technique	401	392	398	576	592	552
- as a percentage of revenues	*22.7*	*21.8*	*21.9*	*23.6*	*24.0*	*22.8*
Mining and Rock Excavation Technique	1 537	1 641	1 959	2 059	2 072	2 191
- as a percentage of revenues	*23.6*	*23.5*	*25.6*	*25.1*	*24.6*	*24.8*
Construction Technique	449	499	390	122	342	488
- as a percentage of revenues	*14.7*	*13.9*	*11.8*	*4.1*	*10.7*	*13.2*
Common Group Functions/Eliminations	-101	-195	63	-222	-235	-122
Operating profit	**3 987**	**4 177**	**4 800**	**4 596**	**4 604**	**5 019**
- as a percentage of revenues	*21.9*	*20.9*	*23.1*	*20.6*	*20.7*	*21.4*
Net financial items	69	-96	-97	-160	-115	-180
Profit before tax	**4 056**	**4 081**	**4 703**	**4 436**	**4 489**	**4 839**
- as a percentage of revenues	*22.3*	*20.5*	*22.7*	*19.9*	*20.2*	*20.6*

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2012 Mar. 16	Guangzhou Linghein Compressor Co.		Compressor Technique	100	160
2012 Feb. 13	Wuxi Shengda Air/Gas Purity Equipment		Compressor Technique	85	130
2012 Jan. 31	Neumatica *Distributor Colombia*		Mining & Rock Excavation Tech.		15
2012 Jan. 31	GIA Industri		Mining & Rock Excavation Tech.	230	113
2012 Jan. 12	Perfora S.p.A.		Mining & Rock Excavation Tech.	90	43
2012 Jan. 4	Houston Service Industries, Inc.		Compressor Technique	240	123
2011 Nov. 21	Seti-Tec S.A.S.		Industrial Technique	40	14
2011 Nov. 1	Kalibrierdienst Stenger		Industrial Technique	6	7
2011 Oct. 7		Self drilling anchors	Mining & Rock Excavation Tech.	100	45
2011 Oct. 7	SCA Schucker		Industrial Technique	600	280
2011 Aug. 17	Penlon Medical Gas Solutions		Compressor Technique	120	100
2011 Jul. 15	Gesan		Construction Technique	510	160
2011 Jul. 1	Sogimair S.A. and Aircom S.A.		Compressor Technique	124	75
2011 May 31	Tencarva *Distributor USA*		Compressor Technique		37
2011 Apr. 1	ABAC Catalunya *Distributor Spain*		Compressor Technique		8
2011 Mar. 7	J.C. Carter		Compressor Technique	175	70

* Annual revenues and number of employees at time of acquisition. No revenues are disclosed for former Atlas Copco distributors. Due to the relatively small size of the acquisitions, full disclosure as per IFRS 3 is not given in this interim report. The annual report for 2012 will include all stipulated disclosures for acquisitions made during 2012. See the annual report for 2011 for disclosure of acquisitions and divestments made in 2011.

Parent company

Income statement

	April - June		January - June	
MSEK	2012	2011	2012	2011
Administrative expenses	-91	-109	-217	-200
Other operating income and expenses	48	35	105	63
Operating profit/loss	**-43**	**-74**	**-112**	**-137**
Financial income and expense	-23	4 317	-413	4 227
Profit/loss before tax	**-66**	**4 243**	**-525**	**4 090**
Income tax	95	113	118	196
Profit/loss for the period	**29**	**4 356**	**-407**	**4 286**

Balance sheet

	June 30	Dec. 31	June 30
MSEK	2012	2011	2011
Total non-current assets	92 885	92 190	91 521
Total current assets	4 746	12 025	5 931
TOTAL ASSETS	**97 631**	**104 215**	**97 452**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	31 737	37 510	33 394
TOTAL EQUITY	**37 522**	**43 295**	**39 179**
Total provisions	1 092	977	917
Total non-current liabilities	53 318	49 578	52 457
Total current liabilities	5 699	10 365	4 899
TOTAL EQUITY AND LIABILITIES	**97 631**	**104 215**	**97 452**
Assets pledged	55	55	52
Contingent liabilities	354	410	394

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, *Accounting for Legal Entities*. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. See also accounting principles, page 8.

Parent company

Distribution of shares
Share capital equaled MSEK 786 (786) at the end of the period, distributed as follows:

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which A shares held by Atlas Copco	*-14 586 720*
- of which B shares held by Atlas Copco	*-1 001 879*
Total shares outstanding, net of shares held by Atlas Copco	1 214 024 505

Personnel stock option program
The Annual General Meeting 2012 approved a performance-based long-term incentive program. For Group Executive Management, the plan requires management's own investment in Atlas Copco shares. The intention is to cover Atlas Copco's obligation under the plan through the repurchase of the company's own shares.

Transactions in own shares
Atlas Copco has mandates to purchase and sell own shares as per below:

- The purchase of not more than 4 550 000 series A shares, whereof a maximum 3 500 000 may be transferred to personnel stock option holders under the Performance Stock Option Plan 2012.
- The purchase of not more than 70 000 series A shares, later to be sold on the market in connection with payment to Board members who have opted to receive synthetic shares as part of their board fee.
- The sale of not more than 15 000 series A shares to cover costs related to previously issued synthetic shares to Board members.
- The sale of maximum of 4 700 000 series A shares in order to cover the obligations under the performance stock option plans 2008 and 2009 and the sale of maximum 1 200 000 series B shares to cover the corresponding costs for the plan 2007.

The shares may only be purchased or sold on NASDAQ OMX Stockholm and only at a price per share within the registered trading range in effect from time to time.

During the first six months 2012, 2 100 910 series A shares and 309 567 series B shares were divested, net, in accordance with mandates granted.

The company's holding of own shares on June 30, 2012 appears in the table to the left.

Risks and factors of uncertainty
Financial risks

Atlas Copco is subject to currency risks, interest rate risks and other financial risks. Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group are exposed. A financial risk management committee meets regularly to take decisions about how to manage financial risks.

For further information about risk factors, see the 2011 Annual Report.

Related parties
There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the Annual Report 2011.

Goals for sustainable, profitable development

Atlas Copco's vision is to become and remain First in Mind—First in Choice® of its customers and prospects, and of other key stakeholders. This vision drives the Group's strategies and goals for its operations.

The financial goals are:

- annual revenue growth of 8% over a business cycle;
- sustained high return on capital employed;
- all acquired businesses to contribute to economic value added; and
- annual dividend distribution about 50% of earnings per share.

This will have the result that shareholder value is created and continuously increased. Atlas Copco is committed to sustainable productivity and aims to be an industry leader in this area. This is manifested by ambitious goals for its operations, products, services and solutions. See the Annual Report 2011 for a summary of all Group goals.

Forward-looking statements

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Atlas Copco AB

Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco. Any mentioning of the Board of Directors or the Directors refers to the Board of Directors of Atlas Copco AB.

For further information

Atlas Copco AB
SE-105 23 Stockholm, Sweden
Phone: +46 8 743 8000, Fax: +46 8 643 3718
Internet: www.atlascopco.com
Corp. id. no: 556014-2720

Analysts and investors
Mattias Olsson
Vice President Investor Relations
Phone: +46 8 743 8295 or +46 72 729 8295
ir@se.atlascopco.com

Media
Daniel Frykholm
Media Relations Manager
Phone: +46 8 743 8060 or +46 70 865 8060
media@se.atlascopco.com

Conference call

A conference call to comment on the results will be held at 2:00 PM CEST, on July 17.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0110 and the code to attend the call is 918752.

To help ensure that the conference call begins in a timely manner, please dial in 5-10 minutes prior to the scheduled start time.

The conference call will be broadcasted live via the Internet. Please see the Investor Relations section of our website for the link, presentation material, and further details: www.atlascopco.com/ir

The webcast and the recorded audio presentation will be available on our homepage following the call.

Interim report on Q3 2012

The report on Q3 will be published on October 24, 2012.

The Board of Directors and President declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Nacka, July 17, 2012

Atlas Copco AB

Sune Carlsson *Chairman*	Ronnie Leten *Director* *President and CEO*	Ulla Litzén *Director*	Anders Ullberg *Director*
Staffan Bohman *Director*	Margareth Øvrum *Director*	Johan Forssell *Director*	Gunilla Nordström *Director*
Peter Wallenberg Jr *Director*	Bengt Lindgren *Director* *Union representative*	Mikael Bergstedt *Director* *Union representative*	

Auditors' Review Report

Introduction

We have reviewed the interim report for Atlas Copco AB for the period January 1 - June 30, 2012. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Nacka, July 17, 2012

Deloitte AB

Jan Berntsson
Authorized Public Accountant