



Revenues increased by 15 percent to SEK 12,101 m. The operating margin was 12.1 percent (12.6). Earnings per share increased to SEK 3.23, compared to SEK 2.80 the preceding year.

Income Statement

MSEK	3 months ended		12 months ended		
	Mar. 31, 2001	Mar. 31, 2000	Mar. 31, 2001	Dec. 31, 2000	Mar. 31, 2000
Revenues	12,101	10,517	48,111	46,527	39,000
Operating expenses	-10,638	-9,189	-41,584	-40,135	-33,927
Operating profit	1,463	1,328	6,527	6,392	5,073
<i>– as a percentage of revenues</i>	<i>12.1</i>	<i>12.6</i>	<i>13.6</i>	<i>13.7</i>	<i>13.0</i>
Financial income and expenses	-414	-385	-1,732	-1,703	-1,275
Profit after financial items	1,049	943	4,795	4,689	3,798
<i>– as a percentage of revenues</i>	<i>8.7</i>	<i>9.0</i>	<i>10.0</i>	<i>10.1</i>	<i>9.7</i>
Taxes	-364	-347	-1,740	-1,723	-1,288
Minority interest	-9	-10	-41	-42	-35
Net profit	676	586	3,014	2,924	2,475
<i>Earnings per share, SEK</i>	<i>3.23</i>	<i>2.80</i>	<i>14.38</i>	<i>13.95</i>	<i>12.43</i>
<i>Return on capital employed before tax, %</i>			<i>14.3</i>	<i>14.5</i>	<i>14.6</i>
<i>Return on equity after tax, %</i>			<i>13.0</i>	<i>13.2</i>	<i>13.9</i>
<i>Debt/equity ratio, %</i>			<i>85</i>	<i>92</i>	<i>87</i>
<i>Rate of equity, %</i>			<i>40</i>	<i>39</i>	<i>40</i>
<i>Number of employees at end of period</i>			<i>26,442</i>	<i>26,772</i>	<i>26,053</i>

Balance Sheet

MSEK	Mar. 31, 2001	Dec. 31, 2000	Mar. 31, 2000
Intangible fixed assets	22,516	20,792	19,060
Rental equipment	16,044	15,225	11,703
Other fixed assets	7,601	7,032	6,985
Inventories	6,346	5,881	5,592
Receivables	11,844	11,521	9,502
Cash, bank, and short-term investments	1,319	1,237	857
Total assets	65,670	61,688	53,699
Equity	25,980	23,982	21,512
Minority interest	251	219	202
Interest-bearing liabilities and provisions	23,721	23,507	19,639
Non-interest-bearing liabilities and provisions	15,718	13,980	12,346
Total liabilities and equity	65,670	61,688	53,699

Changes in Shareholders' Equity

MSEK	Jan.–Mar. 2001	Jan.–Dec. 2000	Jan.–Mar. 2000
Opening balance	23,982	20,885	20,885
Dividend to shareholders	–	-996	–
Translation differences for the period	1,322	1,169	41
Net profit for the period	676	2,924	586
Closing balance	25,980	23,982	21,512

Financial Targets The overall objective for the Atlas Copco Group is to achieve a return on capital employed that will always exceed the Group's total cost of capital. The targets for the next business cycle are to grow revenue at an annual rate of 8 percent, to have an average operating margin of 15 percent, and to continuously challenge the operating capital efficiency in

terms of stock, receivables, and rental fleet utilization. Overall, this will ensure that shareholder value is created and continuously increased. The strategy to reach these objectives should follow the proven development path for all operational units in the Group: stability first, then profitability, and finally growth.

Slower growth – improved results

Interim report at March 31, 2001 (unaudited)

- Order volume 4 percent above first quarter 2000.
- Slowdown of orders in the U.S.
- Adjustments of cost structure to current demand level.
- Operating profit up 10 percent, at MSEK 1,463, including non-recurring costs of MSEK –60.
- Profit after financial items up 11 percent to MSEK 1,049. Positive currency effect about MSEK 100 compared to Q1 2000.
- Earnings per share increased 15 percent, to SEK 3.23.

Near-term outlook In North America, the demand for equipment and consumables related to manufacturing and construction output is expected to remain weak. Demand for equipment rental is expected to continue at a higher level than the underlying markets, supported by the outsourcing trend. Overall, the demand in Europe is foreseen to prevail at the present good level. In Asia, the high level of demand is expected to continue, particularly in China.

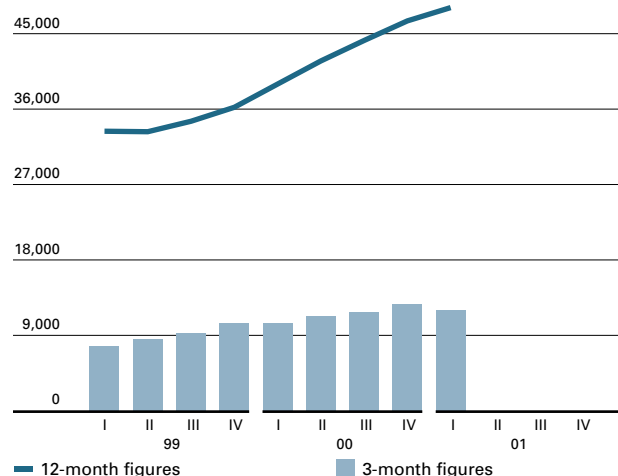
In summary, overall demand for Atlas Copco's products and services is expected to remain unchanged, even though the degree of uncertainty in the outlook has increased.

MSEK	January–March		Change %
	2001	2000	
Orders received	12,488	11,088	+13
Revenues	12,101	10,517	+15
Operating profit	1,463	1,328	+10
– as a percentage of revenues	12.1	12.6	
Profit after financial items	1,049	943	+11
– as a percentage of revenues	8.7	9.0	
Earnings per share*, SEK	3.23	2.80	+15
Return on capital employed (12 month value)	14	15	

*) Number of shares: 209.6 m.

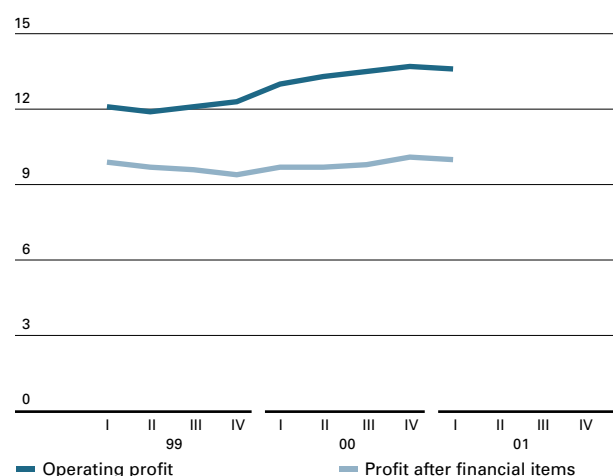
Revenues

MSEK
54,000



Profit Margin, 12-month figures

%
18



Review of first-quarter business

Atlas Copco Group

Market development

The demand in North America slowed down during the first quarter. Customer purchases from equipment manufacturers decreased compared to the same period last year, partly due to the lower level of activity in the U.S. economy and partly due to a substantial de-stocking within the distribution channels. Demand for rental equipment, however, continued to increase although at a somewhat slower pace than in previous quarters. The demand for investment-related products within the manufacturing and process industry remained favorable as a result of continued productivity enhancing investments. Demand from the mining industry in this region decreased compared to last year.

In Europe, the overall level of demand continued to improve, but imbalance still exists in the region. Among the major markets, Italy, France and the U.K. recorded the best demand development in the region with a steady growth, while demand in Germany, primarily from the construction industry, remained relatively low. Demand from both the manufacturing and mining industries improved further in Russia.

The overall positive development in Asia continued in the quarter. India and South Korea recorded improved demand while the already high level remained in China and southeast Asia.

Orders and revenues

Orders received totaled MSEK 12,488 (11,088), up 13 percent from the first quarter of 2000. The increase consists of a 4 percent volume gain and a positive translation effect of 9 percentage points. The volume gain was achieved thanks to a further increase in orders for industrial compressors and for rental equipment, while sales of equipment to the construction industry, primarily

professional electric tools, decreased. Geographically, the overall positive sales development in Europe and Asia managed to offset the negative impact of a slowing U.S. economy.

Revenues increased 15 percent, to MSEK 12,101 (10,517), corresponding to a 5 percent volume gain for comparable units.

Earnings and returns

Operating profit for the first quarter increased 10 percent, to MSEK 1,463 (1,328), corresponding to a margin of 12.1 percent (12.6). These figures include MSEK 60 in restructuring charges for the Rental Service business area. Favorable foreign exchange effects from a weak Swedish Krona added about MSEK 150 to operating profit compared to last year. A large part of this was attributable to translation effects in March. Adjusted for currency effects and the non-recurring items, the margin was approximately 12 percent.

Net financial items amounted to MSEK -414 (-385), of which net interest items accounted for MSEK -423 (-378) and foreign exchange differences for MSEK 9 (-7). The interest cost was negatively affected by the high USD/SEK ratio, while lower short-term interest in the U.S. had a positive effect compared to last year.

Profit after financial items rose 11 percent, to MSEK 1,049 (943), corresponding to a margin of 8.7 percent (9.0). The total currency effect was about MSEK 100 compared to previous year.

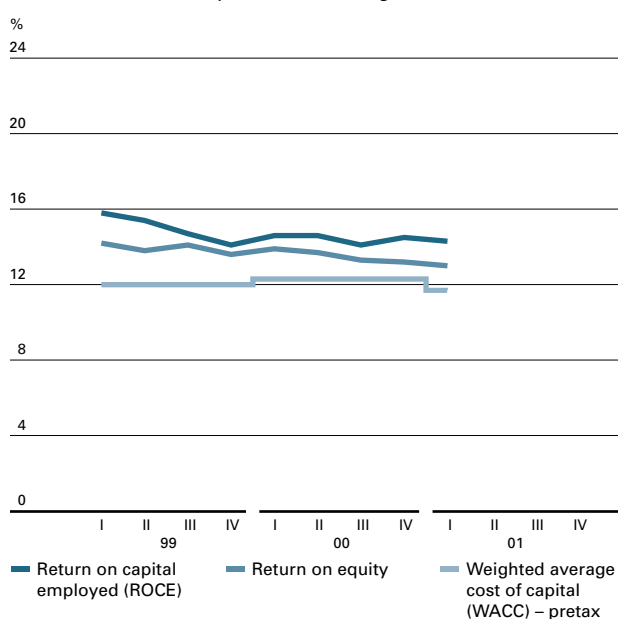
Net profit for the quarter totaled MSEK 676 (586), or SEK 3.23 per share (2.80).

The return on capital employed was 14 percent (15), and the return on shareholders' equity totaled 13 percent (14) during the past 12 months. The Group's weighted average cost of capital (WACC) is approximately 7.5 percent (8), corresponding to a pretax cost of capital of approximately 11.5 percent.

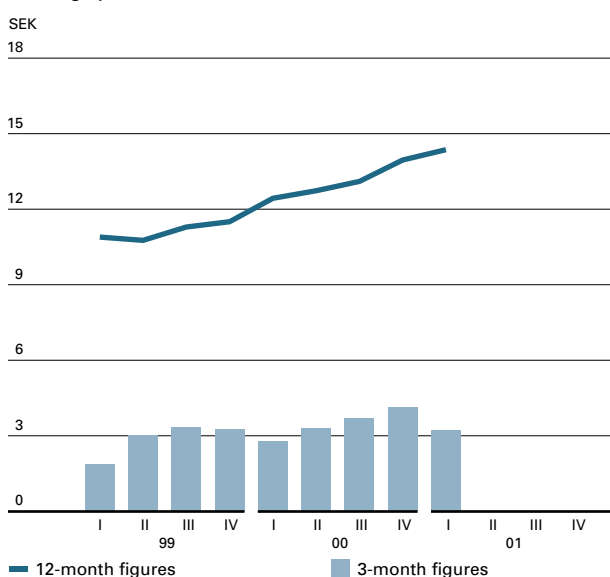
Cash flow and net indebtedness

The operating cash surplus after tax for the first quarter reached MSEK 1,692 (1,296).

Return and Cost of Capital, 12-month figures



Earnings per Share



Working capital increased MSEK 135 (decreased 20) in the quarter.

Total cash flow from operations reached MSEK 1,557 (1,316), corresponding to 13 percent (13) of Group revenues.

Net investments in tangible fixed assets were MSEK 359 (229).

Net cash flow after dividends and acquisitions reached MSEK 1,125 (953).

Summary cash-flow analysis

MSEK	January–March	
	2001	2000
Operating cash surplus after tax	1,692	1,296
<i>of which depreciation added back</i>	<i>1,059</i>	<i>870</i>
Change in working capital	-135	20
Cash flow from operations	1,557	1,316
Investments in tangible fixed assets	-767	-775
Sale of tangible fixed assets	408	546
Company acquisitions/divestments	-72	-134
Cash flow from investments	-431	-363
Dividends paid	-1	0
Net cash flow	1,125	953
Change in interest-bearing liabilities	-1,097	-1,379
Cash flow after financing	28	-426
Liquid funds at beginning of period	1,237	1,286
Translation difference	54	-3
Liquid funds at end of period	1,319	857

The Group's net indebtedness (defined as the difference between interest-bearing liabilities and liquid assets) amounted to MSEK 22,402 (18,782), of which MSEK 1,624 (1,395) was attributable to pension provisions. The debt/equity ratio (defined as net indebtedness divided by shareholders' equity) was 85 percent (87).

Investments and depreciation

Gross investments in property, machinery, and buildings totaled MSEK 208 (196). Gross investments in rental equipment amounted to MSEK 559 (579). Depreciation on these two asset groups equaled MSEK 231 (222) and MSEK 655 (492) respectively, while amortization of intangible assets was MSEK 173 (156).

People

At March 31, 2001, the number of employees was 26,442 (26,053). For comparable units, the number of employees decreased by 124 from March 2000. The corresponding decrease for the first quarter 2001 was approximately 600 employees.

Share capital

Share capital totaled MSEK 1,048 (1,048) at the end of the period, distributed as follows.

Class of share	Shares outstanding
A shares	139,899,016
B shares	69,703,168
Total	209,602,184

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20, Interim reports. A number of new accounting standards were implemented in Sweden as of

January 1, 2001. The application of these new standards did not have any material effect on the Group's financial statements.

Compressor Technique Business Area

The Compressor Technique business area consists of five divisions in the following product areas: industrial compressors, portable compressors, generators, and gas and process compressors.

MSEK	January–March		Change %
	2001	2000	
Orders received	4,216	3,741	+13
Revenues	3,928	3,345	+17
Operating profit	738	580	+27
<i>– as a percentage of revenues</i>	<i>18.8</i>	<i>17.3</i>	
Return on capital employed (12 month values)	65	55	

- New products boost sales volume.
- Profit increase 27 percent.
- Europe and Asia more than offset slowdown in the U.S.

Orders received during the first quarter were up 13 percent, at MSEK 4,216 (3,741), corresponding to an increase in volume of 7 percent. The positive translation effect into SEK was 7 percentage points while the net effect of structural changes was -1 percent.

Sales of industrial compressors continued to increase in the first quarter, due to generally improved demand in some geographical markets and the favorable market reception for new products. In spite of the slowdown in the U.S. construction market and the lack of major fleet investments from rental companies, overall sales of portable compressors and generators improved over the same period last year. The aftermarket business continued to increase in the quarter.

Demand in the U.S. was generally somewhat lower than in the same period last year and the trend in South America weakened during the period after several strong quarters. Most major markets in Europe, including Germany, had good, or very good, sales development in the quarter. In Asia, sales continued to increase with particularly strong results in China, India and Japan. Favorable development was also recorded in the Middle East and some African markets.

New small oil-injected screw compressors were successfully launched during the quarter.

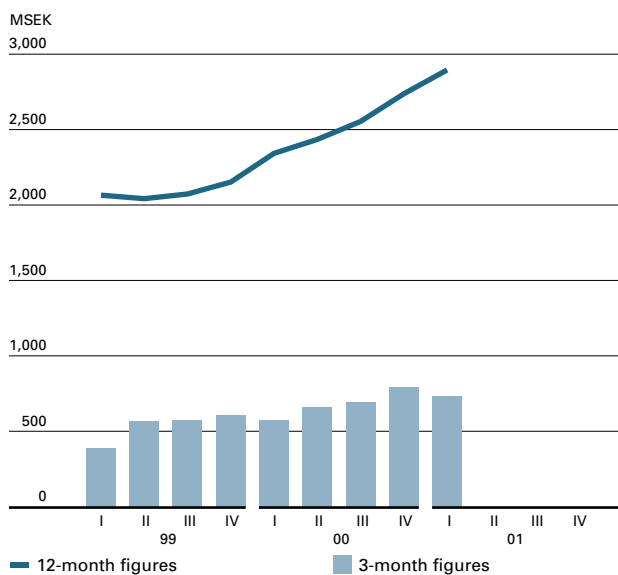
Revenues increased 17 percent, to MSEK 3,928 (3,345), with volume up 11 percent compared to the same quarter the preceding year.

Operating profit improved 27 percent, to MSEK 738 (580), corresponding to an operating margin of 18.8 percent (17.3). The substantial improvement in results was attributable to higher volumes, and a positive exchange rate situation with a continued high USD/EURO ratio. Return on capital employed (past 12 months) increased to 65 percent (55).

Construction and Mining Technique Business Area

The Construction and Mining Technique business area consists of five divisions in the following product areas: drilling rigs, rock drilling tools, exploration equipment, construction tools, and loading equipment.

Compressor Technique, Operating Profit



MSEK	January–March 2001	2000	Change %
Orders received	1,794	1,775	+1
Revenues	1,828	1,650	+11
Operating profit	185	142	+30
– as a percentage of revenues	10.1	8.6	
Return on capital employed (12 month values)	22	15	

- Margin above 10 percent, supported by currency.
- Demand for consumables remained robust.
- Slowdown of demand from construction industry.

Orders received totaled MSEK 1,794 (1,775), corresponding to a decrease in volume of 6 percent compared to a strong first quarter in 2000. There was a positive translation effect of 4 percent, and prices increased by about 1 percent. The net effect of structural changes was +2 percent.

Demand from the mining industry continued at a healthy level, primarily driven by good aftermarket development, while machine sales were somewhat lower than last year's very strong performance. Sales of light drilling and breaking equipment to the construction industry recorded a slowdown, partly due to the lower level of activity in most markets and from very low fleet investments from rental companies. Important orders for exploration drilling and ground-reinforcement equipment were received in the quarter, primarily in India and Russia.

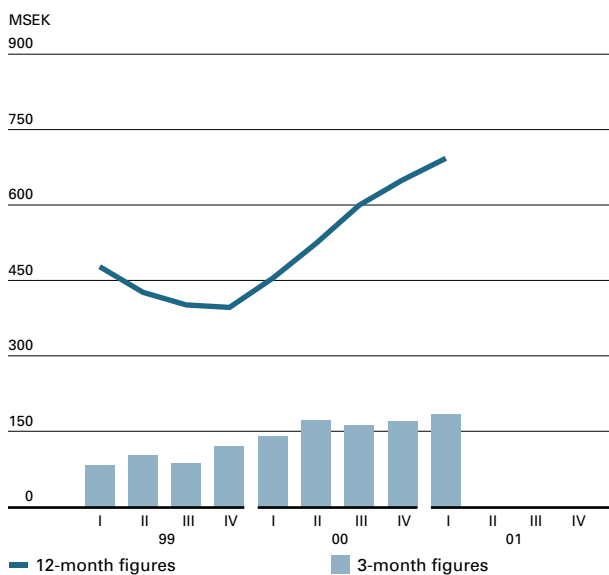
Geographically, the best sales development was recorded in Western Europe, Africa and Asia.

In the period, the Atlas Copco Secoroc division successfully launched a new so-called drifter system for more efficient drilling and straighter holes.

Revenues were MSEK 1,828 (1,650), up 11 percent overall, corresponding to a volume increase of 3 percent.

Operating profit for the quarter rose 30 percent, to MSEK 185 (142), corresponding to a margin of 10.1 percent (8.6). The changes in exchange rates and the somewhat higher sales prices achieved contributed to an improved operating margin and overall results. Return on capital employed (past 12 months) increased to 22 percent (15).

Construction and Mining Technique, Operating Profit



Industrial Technique Business Area

The Industrial Technique business area consists of four divisions in the following product areas: industrial power tools, professional electric tools, and assembly systems.

MSEK	January–March 2001	2000	Change %
Orders received	2,969	2,740	+8
Revenues	2,838	2,619	+8
Operating profit	277	263	+5
– as a percentage of revenues	9.8	10.0	
Return on capital employed (12 month values)	15	14	

- Continued strong order intake for industrial tools.
- Lower demand for professional electric tools.
- Adjustments of operating costs to current demand levels.

Order intake increased 8 percent overall compared with the first quarter of 2000, to MSEK 2,969 (2,740), corresponding to a 1 percent increase in volume. The positive translation effect was 9 percent and prices increased by about 1 percent. Due to structural changes in India, orders and sales representing about 3 percent of the business area's orders in 2000 were transferred to Compressor Technique and Construction & Mining Technique.

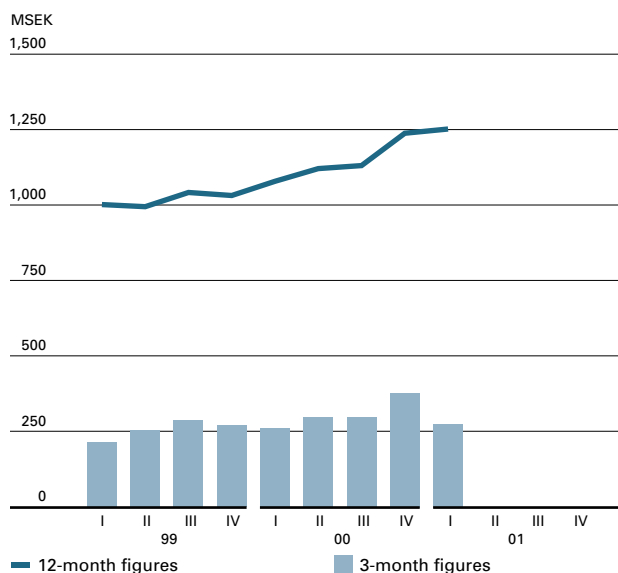
Order intake from the motor vehicle industry for assembly tools and systems continued to be very strong in the quarter, both in the United States and in Europe. Orders for other industrial tools remained at a high level, particularly in Europe.

The demand for professional electrical tools for construction and installation work weakened in the quarter, primarily in North America. Lower demand from home centers was compensated by an increase in product range coverage, while sales to industrial and hardware distribution channels decreased substantially.

Revenues were MSEK 2,838 (2,619), up 8 percent from the first quarter 2000. This corresponded to a flat volume development.

Operating profit increased 5 percent to MSEK 277 (263). The operating profit margin was 9.8 percent (10.0). The operating margin reflects lower volumes in the professional electric tool

Industrial Technique, Operating Profit



business, mitigated by operating cost adjustments, and a continued strong performance in the industrial tools segment. Return on capital employed (past 12 months) was 15 percent (14).

Rental Service Business Area

Since January 1, 2001, the Rental Service business area consists of a single division in the North American equipment rental industry, providing services to construction and industrial markets.

MSEK	January–March		Change %
	2001	2000	
Revenues	3,659	3,023	+21
Operating profit*	328	390	-16
– as a percentage of revenues*	9.0	12.9	
Return on capital employed (12 month values)	5	6	

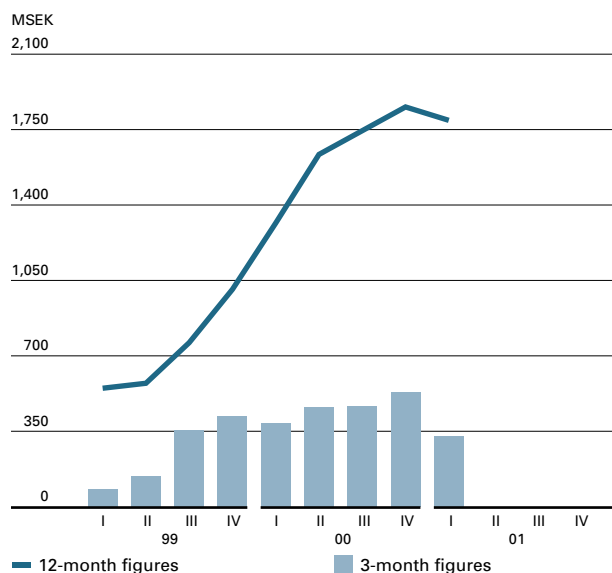
*) 2001 operating profit includes MSEK 60 in restructuring costs. Excluding these items, the margin was 10.6 percent.

- Rental revenue continues to grow even if at a slower rate.
- Restructuring program launched to safeguard operating efficiency.
- Eight greenfield starts-ups, four stores acquired and 34 stores closed. Total locations now 561.

Total revenues for the first quarter increased 21 percent, to MSEK 3,659 (3,023). The volume gain was 5 percent for comparable units. Translation effects from the much higher USD/SEK rate added 14 percent, while acquisitions and price changes had a net effect of +2 percent. On average, rental rates were still marginally lower than in the preceding year. Rental revenues, which accounted for 74 percent of total revenues, grew about 10 percent in volume in the quarter while sales of equipment, parts and merchandise, representing 16 percent of revenues, and sales of used equipment, representing 10 percent of revenues, decreased.

Equipment rental revenues continue to grow at a faster pace than the industries it serves because of the trend towards renting instead of owning equipment. The lower sales of new equipment, parts and merchandise reflect the general slow-down of activity in the construction sector. Sales of used

Rental Service, Operating Profit



equipment decreased, mainly as a temporary effect of organizational changes.

The merger of Prime and RSC was effective January 1, 2001. By the end of the first quarter all planned store consolidations and personnel reductions (approximately 450 employees) were finalized. In March, the company launched an additional rationalization program with a one-time cost of MSEK 60, which included the elimination of one organizational level and further personnel reductions (about 300 employees). The new measures aim to reduce costs and create a more efficient structure, better equipped to meet changes in the business environment.

Operating profit, including goodwill amortization, was MSEK 328 (390), corresponding to a margin of 9.0 percent. Excluding one-time items, the margin was 10.6 percent (12.9). The lower margin is because operating costs were too high in relation to revenues, and a combination of seasonally low revenues and a larger rental fleet than the previous year. Return on capital employed (past 12 months) was 5 percent (6).

Stockholm, April 26, 2001


Giulio Mazzalupi
President and Chief Executive Officer

Forward-looking statements Some statements in this report are forward-looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes. 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.

Acquisitions and Divestments 2000–2001

Time	Acquisitions	Divestments	Business Area	Sales* MSEK	No. of employees*
2001 Q1	Various small rental cos.		Rental Service	36	30
2000 Q4	Various small rental cos.		Rental Service	49	41
2000 Oct. 31		JKS Lamage	Construction & Mining T.	50	35
2000 Sep. 6	Hobic Bit Industries		Construction & Mining T.	60	85
2000 Q3	Various small rental cos.		Rental Service	115	
2000 Q2	Various small rental cos.		Rental Service	130	
2000 Apr. 24		Atlas Copco Rotoflow	Compressor Technique	300	140
2000 Q1	Various small rental cos.		Rental Service	80	

*) Annual revenues and number of employees at time of acquisition/divestment.

Internal Structural Changes 2001

Time	Company/ business	From Business area	To Business area	Sales* MSEK
2001 Jan. 1	Chicago Pneumatic Brand Construction Tools–India	Industrial Technique	Construction & Mining T.	175
2001 Jan. 1	Chicago Pneumatic Brand Compressors–India	Industrial Technique	Compressor Technique	90

*) Annual revenues at time of transfer.

Revenues by Business Area

MSEK	January–March		
	1999	2000	2001
Compressor Technique	2,971	3,345	3,928
Construction and Mining Technique	1,353	1,650	1,828
Industrial Technique	2,448	2,619	2,838
Rental Service	1,082	3,023	3,659
Eliminations	–103	–120	–152
Atlas Copco Group	7,751	10,517	12,101

MSEK (by quarter)	2000				
	1	2	3	4	1
Compressor Technique	3,345	3,625	3,643	4,107	3,928
Construction and Mining Technique	1,650	1,809	1,726	1,898	1,828
Industrial Technique	2,619	2,805	2,869	3,161	2,838
Rental Service	3,023	3,332	3,751	3,849	3,659
Eliminations	–120	–197	–194	–174	–152
Atlas Copco Group	10,517	11,374	11,795	12,841	12,101

Earnings by Business Area

MSEK	January–March		
	1999	2000	2001
Compressor Technique	390	580	738
Construction and Mining Technique	84	142	185
Industrial Technique	216	263	277
Rental Service	83	390	328
Corporate items	–48	–47	–65
Operating profit	725	1,328	1,463
– as a percentage of revenues	9.4	12.6	12.1
Financial income and expenses	–168	–385	–414
Profit after financial items	557	943	1,049
– as a percentage of revenues	7.2	9.0	8.7

MSEK (by quarter)	2000				
	1	2	3	4	1
Compressor Technique	580	664	698	795	738
Construction and Mining Technique	142	173	164	171	185
Industrial Technique	263	299	298	378	277
Rental Service	390	464	469	532	328
Corporate items	–47	–59	71	–53	–65
Operating profit	1,328	1,541	1,700	1,823	1,463
– as a percentage of revenues	12.6	13.5	14.4	14.2	12.1
Financial income and expenses	–385	–411	–455	–452	–414
Profit after financial items	943	1,130	1,245	1,371	1,049
– as a percentage of revenues	9.0	9.9	10.6	10.7	8.7