Atlas Copco

Press Release from the Atlas Copco Group

April 27, 2009

Atlas Copco

Interim report at March 31, 2009

(unaudited)

Global economic crisis hit demand for equipment

- **Organic order intake declined 33%.**
  - **37% decline including cancellations in mining.**
  - **Stable demand for aftermarket products and services.**
- **Revenues decreased 3% to MSEK 16 577 (17 122), organic decline 17%.**
- **Operating profit at MSEK 2 172 (3 248), a margin of 13.1% (19.0).**
  - **Includes redundancy costs of MSEK 230, adjusted operating margin 14.5%.**
  - **Positive net currency effect of MSEK 500 compared to previous year.**
- **Profit before tax amounted to MSEK 1 794 (3 026).**
- **Profit for the period was MSEK 1 378 (2 376).**
- **Basic and diluted earnings per share were SEK 1.13 (1.94).**
- **Strong operating cash flow at MSEK 2 851 (900).**

	January – March		
MSEK	2009	2008	%
Orders received	**14 331**	**19 505**	**-27**
Revenues	**16 577**	**17 122**	**-3**
Operating profit	**2 172**	**3 248**	**-33**
– as a percentage of revenues	***13.1***	***19.0***	
Profit before tax	**1 794**	**3 026**	**-41**
– as a percentage of revenues	***10.8***	***17.7***	
Profit for the period [1)]	**1 378**	**2 376**	**-42**
Basic and diluted earnings per share from continuing operations, SEK	**1.13**	**1.79**	**-37**
Basic and diluted earnings per share, SEK [1)]	**1.13**	**1.94**	

[1)] Including discontinued operations (MSEK 184 in 2008).

Near-term demand outlook

The economic situation still makes the outlook very uncertain. Demand is however expected to remain weak in most industries and regions and stay around the current level.

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Update on measures to adapt capacity and costs

The actions to adapt capacity and costs to the weak business environment continued in the quarter. The number of employees was reduced by about 2 500 in total, and MSEK 230 in redundancy costs were charged to the result. Further adjustments of capacity and costs will take place in the coming quarters and in total the number of employees is expected to decline by around 5 000 compared to September 2008 (reduction of 3 846 so far). Total redundancy costs are estimated to about MSEK 700 (so far 488). The total reductions in workforce correspond to more than MSEK 2 000 in annual savings.

Review of the first quarter

Market development

The global business climate remained very weak in the first quarter and customer demand was low in all regions and for most types of equipment. A very low level of new investments as well as inventory reductions affected the demand negatively. The demand was lower than in Q4 2008 but held a fairly constant level throughout the first quarter. In comparison with a strong first quarter the previous year, all regions showed a significant decline.

In **North America,** demand was stable on a low level for compressed air solutions for industrial applications. Demand for mining equipment from both underground and open-pit mines remained low and some further order cancellations were received. Order intake for all types of equipment for the construction industry continued below the levels from the previous year. Demand for industrial power tools also remained weak.

The comparison with the previous year was less negative in **South America**, although the demand for most types of equipment remained rather low. Demand held up better within the construction segment than in the mining sector.

Demand remained low from most industries in **Europe**, both in Eastern and Western Europe. Order intake continued on a low level for industrial compressors and tools for the manufacturing industries. Sales of construction equipment in Eastern Europe were boosted by a big order in Russia, while demand for mining equipment was well below the previous year's level. Demand was relatively better in the Alpine region and the Nordic countries.

The demand held up well in the **Africa/Middle East** region. Sales to the construction segment and certain industrial segments grew in the Middle East and demand was good for mining equipment in central Africa. Demand was weaker in South Africa, both for mining and industrial equipment.

The sales development in **Asia** was relatively good compared to the other regions, mainly because of good demand for construction equipment in China and some large orders for mining equipment in Southwest Asia. Demand from the manufacturing industries in most parts of the region was still low.

Demand for compressed air solutions was good in **Australia**, while the important mining segment was weak.

Sales bridge

	January – March	
MSEK	Orders Received	Revenues
2008	19 505	17 122
Structural change, %	0	+1
Currency, %	+10	+13
Price, %	+1	+2
Cancellations, %	-4	-
Volume, %	-34	-19
Total, %	-27	-3
2009	14 331	16 577

Geographic distribution of orders received

%, last 12 months incl. March 2009	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	15	20	20	17
South America	7	10	5	8
Europe	41	30	57	38
Africa/Middle East	11	17	2	13
Asia/Australia	26	23	16	24
	100	100	100	100

Earnings and profitability

Operating profit amounted to MSEK 2 172 (3 248), including redundancy costs of MSEK 230. Adjusted operating margin was 14.5% (18.9). The decrease in adjusted margin was primarily due to the continued low level of order intake resulting in low utilization of production facilities and under-absorption of fixed costs. Costs related to inventory adjustments also affected the margin negatively. A positive net currency effect of MSEK 500, compared to the previous year, and a small increase in prices, affected the margin positively.

Net financial items were MSEK -378 (-222), of which interest net MSEK -277 (-258). The quarter also includes about MSEK -100 in increased provisions for finance lease receivables, unfavorable exchange rate differences, and fair value adjustments on loans and financial derivatives.

Profit before tax amounted to MSEK 1 794 (3 026), corresponding to a margin of 10.8% (17.7).

Profit for the period totaled MSEK 1 378 (2 376, including 184 from discontinued operations). Basic and diluted earnings per share were SEK 1.13 (1.94).

The return on capital employed during the last 12 months was 29% (31) and 31% (33) excluding the customer financing business. The return on equity was 46% (44). The Group currently uses a weighted average cost of capital (WACC) of 7.4%, pre-tax equivalent approximately 9.9%, as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus reached MSEK 2 679 (3 792). A reduction in working capital of MSEK 1 394 (increase of 1 625) contributed to the cash flow, primarily due to a reduction of customer receivables.

Net cash flow from financial items was positively affected by hedge-transactions of foreign subsidiaries' equity.

Cash flows from investing activities, excluding acquisitions and divestments of businesses, were MSEK -428 (-779).

Operating cash flow equaled MSEK 2 851 (900).

Net indebtedness

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 19 057 (18 106), of which MSEK 1 944 (1 671) was attributable to post-employment benefits. The funding situation for the Group is favorable, with an average tenor of five and a half years and no major loan maturity in the next 12 months. The net debt/EBITDA ratio, indicating the Group's ability to service its interest bearing debt, was 1.3 (1.2). The debt/equity ratio was 74% (112).

Employees

On March 31, 2009, the number of employees was 31 984 (33 523). In the quarter, the number of employees was reduced by 2 110 for comparable units. In addition, the number of full-time consultants/external workforce was reduced by 371 to 969.

Compressor Technique

The Compressor Technique business area consists of seven divisions in the following product areas: industrial compressors, compressed air treatment products, portable compressors and generators, gas and process compressors and expanders, service and specialty rental.

MSEK	January – March 2009	2008	Change %
Orders received	**7 703**	**9 382**	**-18**
Revenues	**8 360**	**8 053**	**+4**
Operating profit	**1 384***	**1 643***	**-16**
– as a percentage of revenues	***16.6****	***20.4****	
Return on capital employed, %	**53**	**63**	

** Includes MSEK 120 of redundancy costs in 2009 and an MSEK 19 capital gain in 2008. Adjusted margin 18.0% (20.2).*

- Very low investments from customers resulted in a 30% organic order decline.
- Aftermarket sales at same level as the previous year.
- Adjusted profit margin at 18% showed resilience.

Sales bridge

MSEK	January – March Orders Received	Revenues
2008	9 382	8 053
Structural change, %	0	+1
Currency, %	+13	+16
Price, %	+1	+1
Cancellations, %	-1	-
Volume, %	-31	-14
Total, %	-18	+4
2009	7 703	8 360

Industrial compressors

Demand for stationary industrial compressors was well below the levels from the previous year in all geographic regions and for most product segments. The least negative development was seen in Australia and Africa/Middle East. Customer segments that were relatively strong in the quarter were public services and utilities and oil and gas extraction. Demand from most manufacturing industries continued to be low. Order intake for air treatment products such as dryers, coolers, and filters was lower than the previous year.

Gas and process compressors

Demand for large gas and process compressors, including expanders, weakened in all geographic regions. The decline was more pronounced in Europe and North America while it was much less negative in Asia.

Portable compressors, generators and rental

Sales of portable compressors and generators were down in all regions but Australia. The sharpest decline was seen in North America.

The specialty rental business, i.e. rental of portable air and power, noted slightly weakening demand in total. Good growth was recorded in some of the smaller regions but this was offset by a decline in Europe and North America.

Aftermarket

Sales of service and spare parts held up well in most regions. In total, sales were in line with previous year's level. Strong growth was seen in the sales of AirOptimizer, a product developed to bring energy savings to customers.

Product development

A new energy-efficient compressor element was introduced in the high-pressure portable compressor range in the quarter. The range of large oil-injected screw compressors, successfully launched during 2008, in the quarter received the P&A Best Product 2008 Award, one of European industry's highest honors. The main reason was the energy efficiency of the new product line.

Structural changes

The outstanding parts of the acquisition of the European oil-free compressor rental business from Aggreko plc was finalized in March after approval from all relevant anti-trust authorities.

Measures to adjust the capacity and cost structure included reductions of some 950 employees in total in the quarter.

Profit and returns

Operating profit decreased to MSEK 1 384 (1 643), including redundancy costs of MSEK 120. Adjusted for these costs and the previous year's capital gain, comparable operating margin reached 18.0% (20.2). Changes in exchange rates affected the margin positively with one and a half percentage points, while low capacity utilization and inventory adjustments affected the margin negatively.

Return on capital employed (last 12 months) was 53% (63).

Construction and Mining Technique

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

	January – March		Change
MSEK	2009	2008	%
Orders received	**5 340**	**8 285**	**-36**
Revenues	**6 816**	**7 344**	**-7**
Operating profit	**868***	**1 252***	**-31**
– as a percentage of revenues	***12.7****	***17.0****	
Return on capital employed, %	**26**	**30**	

** Includes MSEK 58 of redundancy costs in 2009 and restructuring costs of MSEK 10 in 2008. Adjusted margin 13.6% (17.2).*

- Very low equipment demand but growth in aftermarket sales.
- Organic order decline of 35%, excluding cancellations of about MSEK 700.
- Adjusted profit margin at 13.6% supported by currency.

Sales bridge

	January – March	
MSEK	Orders Received	Revenues
2008	8 285	7 344
Structural change, %	0	0
Currency, %	+8	+11
Price, %	+2	+3
Cancellations, %	-9	-
Volume, %	-37	-21
Total, %	-36	-7
2009	5 340	6 816

Mining

Demand from both underground and surface mines continued to be very weak compared to the previous year throughout the quarter. Cancellations of orders continued, albeit at a lower rate than in the fourth quarter of 2008. The demand for underground drilling and loading equipment was sharply down in all geographic regions but Asia. Order intake for surface drill rigs used in open pit applications was weak. Demand for exploration equipment was very weak in all markets.

Construction

Demand was also weak within the construction segment. Order intake was down in all geographic regions for drilling rigs for surface applications used in quarries and road construction, as well as for underground drilling rigs for infrastructure projects, e.g. tunneling and hydropower. The only exception was sales of underground drilling rigs in Eastern Europe, boosted by an order in Russia for equipment to be used in construction work around Sochi, host of the 2014 Olympic Games.

Sales of light construction equipment declined in all regions except Eastern Europe, which showed a positive development, and Asia, which was flat compared with the previous year. The demand for road construction equipment was very low in North America and Europe, while Asia continued to show growth.

Aftermarket and consumables

Order intake for service and spare parts continued to grow in most regions. A particularly strong development was recorded in Asia. Sales of consumables, mainly drill bits and drill steel, were lower than the previous year's levels, primarily because of the weak exploration segment but also affected by a general inventory reduction at customers and dealers.

Product development

The range of hydraulic breakers was extended with a light solid body breaker as well as a heavy breaker. For drilling customers, a drill rod with a new kind of threading was launched offering straighter holes, quicker bit changes, and longer rod service life. A new surface drill rig for construction work was also introduced.

Structural changes

On April 1, the business area announced the acquisition of two Indian companies in which it already held a 25% stake.

Measures to adjust the capacity and cost structure included reductions of some 1 150 employees in total in the quarter.

Profit and returns

Operating profit decreased to MSEK 868 (1 252) corresponding to an operating margin of 12.7% (17.0). Redundancy costs of MSEK 58 and effects of low capacity utilization and inventory adjustments affected the margin negatively. At the same time, the weaker SEK strongly supported the margin.

Return on capital employed (last 12 months) was 26% (30).

Industrial Technique

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

	January – March		Change
MSEK	2009	2008	%
Orders received	**1 377**	**1 959**	**-30**
Revenues	**1 483**	**1 825**	**-19**
Operating profit	**76***	**412**	**-82**
– as a percentage of revenues	***5.1****	***22.6***	
Return on capital employed, %	**32**	**56**	

** Includes redundancy costs of MSEK 49. Adjusted margin 8.4%.*

- Continued weak demand, both from the motor vehicle industry and general industry.
- New structure – combining resources from two divisions.
- Operating margin suffered heavily from under-absorption and redundancy costs.

Sales bridge

	January – March	
MSEK	Orders Received	Revenues
2008	1 959	1 825
Structural change, %	+1	+1
Currency, %	+11	+12
Price, %	0	0
Cancellations, %	0	-
Volume, %	-42	-32
Total, %	-30	-19
2009	1 377	1 483

General industry

The demand for industrial power tools from the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, was weak in all parts of the world. Sales were considerably down compared to the same period the previous year in all regions, even if the trend was less negative in most emerging markets. Railroad, aerospace, and agricultural equipment were customer segments that held up relatively better.

Motor vehicle industry

Sales of advanced industrial tools and assembly systems to the motor vehicle industry were down in all regions except Africa/Middle East, which, however, is one of the smallest regions for the segment. Demand was also relatively better in many other emerging markets. Even if sales in Asia were down, the region surpassed North America in absolute sales volumes for the first time, a contributing factor being the past years' efforts to increase the presence in the region. The drop in North America was considerable, reflecting the tough times for many North American car manufacturers.

Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, had another quarter with sales well below last year's level. The development was similarly negative in all regions.

Aftermarket

The service business slowed down but much less than equipment sales. A healthy development in most emerging markets could not offset a weaker demand in Europe and North America.

Product development

A battery clutch pistol-grip screwdriver was introduced to customers within both the motor vehicle and general industry. The tool is ergonomically developed, fast, powerful, and communicates to the operator whether or not the tightening was made according to the preset torque.

Structural changes

In March, the two divisions Chicago Pneumatic Industrial and Chicago Pneumatic Vehicle Service were merged into one. The reorganization will strengthen the focus on the Chicago Pneumatic brand and combines resources from the two divisions.

The closure of the factory in Hemel Hempstead, Great Britain, was finalized during the quarter.

Measures to adjust the capacity and cost structure included reductions of some 300 employees in total in the quarter.

Profit and returns

Operating profit was MSEK 76 (412), corresponding to an operating margin of 5.1%. Excluding costs related to personnel reductions of MSEK 49, the margin reached 8.4% (22.6). The main reason for the large drop in profit and margin was the lower volumes, causing under-absorption of fixed costs.

Return on capital employed (last 12 months) was 32% (56).

Previous near-term demand outlook

(Published February 2, 2009)

The current economic situation makes the outlook very uncertain but demand is expected to remain very weak in most industries and regions.

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 2008, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2009, as explained below.

The interim report is prepared in accordance with IAS 34 *Interim Financial Reporting*.

Changes in accounting principles

Revised IAS 1 Presentation of financial statements

The adoption of the revised IAS 1 results in that total comprehensive income is now presented in an income statement and a separate statement of comprehensive income. The statement of changes in equity now includes only transactions with owners and comprehensive income. Items of comprehensive income were previously included in the statement of changes in equity.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting and introduces the “management approach” to segment reporting. The operating segments are identified based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker. The Group’s President has been identified as the Chief Operating Decision Maker.

The adoption of IFRS 8 does not require any change in the presentation of the segments as those previously presented, i.e. the business areas, agree with the operating segments reviewed by the Group’s Chief Operating Decision Maker. Accordingly, there has been no restatement of previously reported information.

The accounting principles applicable for the segment presentation are the same as those principles described in the Annual Report for 2008.

Revised IAS 23 Borrowing costs

The revised standard requires capitalization of borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. The implementation constitutes a change in accounting policy for the Group and is applicable for qualifying assets for which capitalization of borrowing costs commences on or after January 1, 2009. The adoption of this accounting policy has not had a significant impact on the consolidated financial statements.

Other new and amended IFRS standards and IFRIC interpretations

The other new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2009, have had no material effect on the consolidated financial statements.

Risks and factors of uncertainty

The demand for Atlas Copco’s products and services is affected by changes in the customers’ investment and production levels. Sales volumes and the operating profit are therefore affected by customers’ ability and willingness to invest.

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter of 2007 in order to adjust the balance sheet to a more efficient structure. The higher indebtedness increases exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries. See also comments on the current loan structure on page 3.

Acquisitions

Atlas Copco’s strategy is to grow both organically and through acquisitions. Although in the past the Group has demonstrated an ability to successfully integrate acquired businesses, the integration of new companies always carries certain risks. Costs related to acquisitions can be higher than anticipated.

For further information about risk factors, please see the 2008 Annual Report.

Stockholm, April 27, 2009

Atlas Copco AB
(publ)

Gunnar Brock
President and Chief Executive Officer

Consolidated Income Statement

	3 months ended		12 months ended		
MSEK	Mar 31 2009	Mar 31 2008	Mar 31 2009	Mar 31 2008	Dec 31 2008
Revenues	16 577	17 122	73 632	67 087	74 177
Cost of sales	-11 135	-10 670	-48 251	-42 324	-47 786
Gross profit	**5 442**	**6 452**	**25 381**	**24 763**	**26 391**
Marketing expenses	-1 850	-1 761	-7 503	-6 829	-7 414
Administrative expenses	-1 005	-965	-3 954	-3 698	-3 914
Research and development costs	-372	-364	-1 481	-1 350	-1 473
Other operating income and expenses	-43	-114	287	-113	216
Operating profit	**2 172**	**3 248**	**12 730**	**12 773**	**13 806**
- as a percentage of revenues	*13.1*	*19.0*	*17.3*	*19.0*	*18.6*
Net financial items	-378	-222	-850	-1 690	-694
Profit before tax	**1 794**	**3 026**	**11 880**	**11 083**	**13 112**
- as a percentage of revenues	*10.8*	*17.7*	*16.1*	*16.5*	*17.7*
Income tax expense	-416	-834	-2 688	-3 248	-3 106
Profit from continuing operations	**1 378**	**2 192**	**9 192**	**7 835**	**10 006**
Profit from discontinued operations, net of tax	-	184	-	184	184
Profit for the period	**1 378**	**2 376**	**9 192**	**8 019**	**10 190**
Profit for the period attributable to					
- owners of the parent	1 372	2 368	9 161	7 987	10 157
- minority interest	6	8	31	32	33
Basic earnings per share, SEK	**1.13**	**1.94**	**7.52**	**6.54**	**8.33**
- of which continuing operations	*1.13*	*1.79*	*7.52*	*6.39*	*8.18*
Diluted earnings per share, SEK	1.13	1.94	7.52	6.54	8.33
Basic weighted average number of shares outstanding, millions	1 215.9	1 220.8	1 217.9	1 220.8	1 219.1
Diluted weighted average number of shares outstanding, millions	1 216.2	1 221.7	1 218.4	1 222.1	1 219.8

Key ratios, including discontinued operations			
Equity per share, period end, SEK	21	13	20
Return on capital employed before tax, 12 month values, %	29	31	34
Return on equity after tax, 12 month values, %	46	44	58
Debt/equity ratio, period end, %	74	112	91
Equity/assets ratio, period end, %	33	27	32
Number of employees, period end	31 984	33 523	34 043

Consolidated Statement of Comprehensive Income

	3 months ended		12 months ended		
MSEK	Mar 31 2009	Mar 31 2008	Mar 31 2009	Mar 31 2008	Dec 31 2008
Profit for the period	**1 378**	**2 376**	**9 192**	**8 019**	**10 190**
Other comprehensive income					
Translation differences on foreign operations	658	-547	6 969	268	5 764
- realized and reclassified to income statement	-	-	-850	-	-850
Hedge of net investments in foreign operations	-63	-26	-3 469	-624	-3 432
- realized and reclassified to income statement	-	-	656	-	656
Cash flow hedges	248	26	-170	-60	-392
Available-for-sale investments	-245	-185	-341	195	-281
- realized and reclassified to income statement	-	-	-33	-15	-33
Income tax relating to components of other comprehensive income	-21	-83	2 435	8	2 373
Income tax relating to components of other comprehensive income, reclassified to income statement	-	-	-749	-	-749
Other comprehensive income for the period, net of tax	**577**	**-815**	**4 448**	**-228**	**3 056**
Total comprehensive income for the period	**1 955**	**1 561**	**13 640**	**7 791**	**13 246**
Total comprehensive income attributable to					
- owners of the parent	1 946	1 564	13 594	7 769	13 212
- minority interest	9	-3	46	22	34

Consolidated Balance Sheet

MSEK	Mar 31, 2009	Dec 31, 2008	Mar 31, 2008
Intangible assets	13 208	12 916	11 475
Rental equipment	2 344	2 282	1 712
Other property, plant and equipment	6 517	6 353	4 914
Financial assets and other receivables	5 027	5 287	3 827
Deferred tax assets	2 777	2 690	610
Total non-current assets	**29 873**	**29 528**	**22 538**
Inventories	17 000	17 106	13 721
Trade and other receivables	20 513	21 603	17 737
Other financial assets	1 780	1 659	1 265
Cash and cash equivalents	8 336	5 455	3 975
Assets classified as held for sale	38	43	-
Total current assets	**47 667**	**45 866**	**36 698**
TOTAL ASSETS*	**77 540**	**75 394**	**59 236**
Equity attributable to owners of the parent	25 578	23 627	16 068
Minority interest	151	141	113
TOTAL EQUITY	**25 729**	**23 768**	**16 181**
Borrowings	27 581	26 997	19 792
Post-employment benefits	1 944	1 922	1 671
Other liabilities and provisions	711	660	622
Deferred tax liabilities	144	155	719
Total non-current liabilities	**30 380**	**29 734**	**22 804**
Borrowings	1 294	1 485	2 309
Trade payables and other liabilities	18 786	19 033	17 041
Provisions	1 351	1 374	901
Total current liabilities	**21 431**	**21 892**	**20 251**
TOTAL EQUITY AND LIABILITIES	**77 540**	**75 394**	**59 236**

* The large increase in total assets is partly explained by currency translation effects that have had an impact of approximately MSEK 9 000 since March 2008.

Consolidated Statement of Changes in Equity

MSEK	Equity attributable to owners of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2008	**14 524**	**116**	**14 640**
Changes in equity for the period			
Dividends	-3 662	-5	-3 667
Repurchase of own shares	-453	-	-453
Acquisition of minority shares in subsidiaries	1	-4	-3
Share-based payments, equity settled	5	-	5
Total comprehensive income for the period	13 212	34	13 246
Closing balance, December 31, 2008	**23 627**	**141**	**23 768**

MSEK	Equity attributable to owners of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2009	**23 627**	**141**	**23 768**
Changes in equity for the period			
Acquisition of minority shares in subsidiaries	-	1	1
Share-based payments, equity settled	5	-	5
Total comprehensive income for the period	1 946	9	1 955
Closing balance, March 31, 2009	**25 578**	**151**	**25 729**

MSEK	Equity attributable to owners of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2008	**14 524**	**116**	**14 640**
Changes in equity for the period			
Repurchase of own shares	-21	-	-21
Share-based payments, equity settled	1	-	1
Total comprehensive income for the period	1 564	-3	1 561
Closing balance, March 31, 2008	**16 068**	**113**	**16 181**

Consolidated Statement of Cash Flows, including discontinued operations

MSEK	January – March 2009	2008
Cash flows from operating activities		
Operating profit	2 172	3 248
Depreciation, amortization and impairment (see below)	616	469
Capital gain/loss and other non-cash items	-109	75
Operating cash surplus	2 679	3 792
Net financial items received/paid	36	114
Taxes paid	-418	-602
Change in working capital	1 394	-1 625
Net cash from operating activities	**3 691**	**1 679**
Cash flows from investing activities		
Investments in rental equipment	-201	-191
Investments in other property, plant and equipment	-291	-352
Sale of rental equipment	110	122
Sale of other property, plant and equipment	19	5
Investments in intangible assets	-192	-164
Sale of intangible assets	2	-
Acquisition of subsidiaries	-142	-4
Divestment of subsidiaries	-	91
Other investments, net	125	-199
Net cash from investing activities	**-570**	**-692***
Cash flows from financing activities		
Repurchase of own shares	-	-21
Change in interest-bearing liabilities	-315	-358
Net cash from financing activities	**-315**	**-379**
Net cash flow for the period	**2 806**	**608**
Cash and cash equivalents, beginning of the period	5 455	3 473
Exchange differences in cash and cash equivalents	75	-106
Cash and cash equivalents, end of the period	**8 336**	**3 975**

* Includes taxes paid and costs related to the divestment of the equipment rental business of -41.

Depreciation, amortization and impairment		
Rental equipment	181	135
Other property, plant and equipment	254	198
Intangible assets	181	136

Calculation of operating cash flow

MSEK	January – March 2009	2008
Net cash flow for the period	**2 806**	**608**
Add back		
- Change in interest-bearing liabilities	315	358
- Repurchase and redemption of shares	-	21
- Acquisitions and divestments	142	-87
- Equity hedges in net financial items	-412	-
Operating cash flow	**2 851**	**900**

Revenues by Segment

MSEK (by quarter)	2008 1	2	3	4	2009 1
Compressor Technique	8 053	8 640	9 028	9 866	8 360
- whereof external	*7 967*	*8 544*	*8 937*	*9 777*	*8 292*
- whereof internal	*86*	*96*	*91*	*89*	*68*
Construction and Mining Technique	7 344	8 567	7 742	8 007	6 816
- whereof external	*7 304*	*8 474*	*7 681*	*7 917*	*6 785*
- whereof internal	*40*	*93*	*61*	*90*	*31*
Industrial Technique	1 825	1 836	1 788	2 001	1 483
- whereof external	*1 819*	*1 829*	*1 783*	*1 995*	*1 478*
- whereof internal	*6*	*7*	*5*	*6*	*5*
Common Group functions/ Eliminations	-100	-159	-118	-143	-82
Atlas Copco Group	**17 122**	**18 884**	**18 440**	**19 731**	**16 577**

Operating profit by Segment

MSEK (by quarter)	2008 1	2	3	4	2009 1
Compressor Technique	1 643	1 711	1 921	2 016	1 384
- as a percentage of revenues	*20.4*	*19.8*	*21.3*	*20.4*	*16.6*
Construction and Mining Technique	1 252	1 615	1 455	1 280	868
- as a percentage of revenues	*17.0*	*18.9*	*18.8*	*16.0*	*12.7*
Industrial Technique	412	318	337	261	76
- as a percentage of revenues	*22.6*	*17.3*	*18.8*	*13.0*	*5.1*
Common Group functions/ Eliminations	-59	-14	-73	-269	-156
Operating profit	**3 248**	**3 630**	**3 640**	**3 288**	**2 172**
- as a percentage of revenues	*19.0*	*19.2*	*19.7*	*16.7*	*13.1*
Net financial items	-222	-276	-416	220	-378
Profit before tax	**3 026**	**3 354**	**3 224**	**3 508**	**1 794**
- as a percentage of revenues	*17.7*	*17.8*	*17.5*	*17.8*	*10.8*

Acquisitions and Divestments 2008 – 2009

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2009 Apr. 1	Focus and Prisma		Construction & Mining	93	104
2009 Jan. 12	Compressor Engineering - UK distributor		Compressor Technique	40	39
2008 Nov. 20**	Aggreko European Rental		Compressor Technique	91	25
2008 Aug. 8	Industrial Power Sales - distributor		Industrial Technique		61
2008 May 23	Two US distributors		Compressor Technique		60
2008 May 2	Hurricane and Grimmer		Compressor Technique	146	90
2008 Apr. 30	Fluidcon		Construction & Mining	68	223
2008 Feb. 13		Guimera	Compressor Technique	130	92

* Annual revenues and number of employees at time of acquisition/divestment. 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 2009 will include all stipulated disclosures for acquisitions made during 2009. See the annual report for 2008 for disclosure of acquisitions and divestments made in 2008.

** The acquisition was finalized on March 1, 2009 after anti-trust approval in all relevant countries.

Parent Company

Income Statement

	January – March	
MSEK	2009	2008
Administrative expenses	-65	-87
Other operating income and expenses	54	39
Operating profit/loss	**-11**	**-48**
Financial income and expense	-472	632
Profit after financial items	**-483**	**584**
Appropriations	-	105
Profit before tax	**-483**	**689**
Income tax	145	161
Profit for the period	**-338**	**850**

Balance Sheet

MSEK	March 31 2009	Dec 31 2008	March 31 2008
Total non-current assets	93 387	93 055	97 236
Total current assets	17 732	15 654	9 566
TOTAL ASSETS	**111 119**	**108 709**	**106 802**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	27 101	27 475	29 778
TOTAL EQUITY	**32 886**	**33 260**	**35 563**
Untaxed reserves	-	-	1 073
Total provisions	98	95	79
Total non-current liabilities	56 078	52 287	43 310
Total current liabilities	22 057	23 067	26 777
TOTAL EQUITY AND LIABILITIES	**111 119**	**108 709**	**106 802**

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 2.2, *Accounting for Legal Entities* as disclosed in the Annual Report 2008.

Restatement of 2008 comparative figures

As from January 1, 2008, the Parent Company applies IFRIC 11, IFRS 2 – Group and Treasury Share Transactions. In applying this principle retrospectively, the January – March 2008 administrative expenses have been restated by MSEK 17. Non-current assets have been increased by the corresponding amount.

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	*-11 275 000*
- of which B shares held by Atlas Copco	*-2 428 400*
Total shares outstanding, net of shares held by Atlas Copco	1 215 909 704

Atlas Copco has had a mandate to buy back a maximum of 10% of the total number of shares issued by the company over NASDAQ OMX Stockholm. The mandate was approved at the Annual General Meeting in April 2008 and was valid up until the AGM in 2009. Share repurchases for the specific purpose of covering the commitments under the 2008 personnel stock option plan and in relation to the synthetic shares offered as part of the board remuneration, were made in the third quarter of 2008. No repurchases were made in the first quarter of 2009. The company's present holding of own shares appears in the table to the left. The A shares are held for possible delivery under the 2006, 2007 and 2008 personnel stock option plans. The B shares held can be divested over time to cover costs related to the stock option programs.

Risks and factors of uncertainty

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter of 2007 in order to adjust the balance sheet to a more efficient structure. The higher indebtedness increases the exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries.

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 2008.

Financial targets
The overall objective for the Atlas Copco Group is to grow and to achieve a return on capital employed that will always exceed the Group's average total cost of capital.

The financial targets are:
- to have an annual revenue growth of 8%;
- to reach an operating margin of 15%; and
- to challenge and continuously improve the efficiency of operating capital in terms of fixed assets, stocks, receivables, and rental fleet utilization.

This will have the result that shareholder value is created and continuously increased.

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.

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Conference call
A conference call to comment on the results will be held at 3:00 PM CEST / 9:00 AM EDT, on April 27.

The dial-in number is +44 (0)20 7806 1953 and the code to attend the call is 8344875.

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

A recording of the conference call will be available for 2 days on +44 (0)20 7806 1970 with access code 8344875#.

Interim report on Q2 2009
The report on Q2 will be published on July 17, 2009.