Press Release from the Atlas Copco Group

February 4, 2008

Atlas Copco

Interim report on Q4 and full-year 2007 summary

(unaudited)

Record quarter – growth accelerated

- **Solid market conditions and improved market position.**
- **33% order growth of which 20% organic; double-digit growth in all regions.**
- **Revenues reached a record MSEK 17 549 (13 582), organic growth 18%.**
- **Record operating profit, up 36% to MSEK 3 361, a margin of 19.2%.**
- **MSEK 864 non-cash charge in financial items from write-down of right to notes.**
- **Profit before tax was MSEK 2 134 (2 382).**
- **Profit for the period was MSEK 1 376 (9 172, incl. discontinued operations).**
- **Basic earnings per share were SEK 1.12 (7.37).**
  - **Earnings per share from continuing operations and excluding the non-cash charge of MSEK 864 were SEK 1.83 (1.42).**
- **Operating cash flow for continuing operations was MSEK 926 (474).**
- **The Board proposes a dividend of SEK 3.00 per share and a share buy-back program.**

	October - December			January – December		
MSEK	2007	2006	%	2007	2006	%
Orders received	18 816	14 131	+33	69 059	55 239	+25
Revenues	17 549	13 582	+29	63 355	50 512	+25
Operating profit	3 361	2 464	+36	12 066	9 203	+31
– as a percentage of revenues	*19.2*	*18.1*		*19.0*	*18.2*	
Profit before tax	2 134	2 382	-10	10 534	8 695	+21
– as a percentage of revenues	*12.2*	*17.5*		*16.6*	*17.2*	
Profit from continuing operations	1 376	1 767	-22	7 416	6 260	+18
Profit from discontinued operations, net of tax	-	7 405		53	9 113	
Profit for the period [1)]	1 376	9 172		7 469	15 373	
Basic earnings per share from continuing operations, SEK	1.12	1.42	-21	6.05	4.98	+21
Basic earnings per share, SEK [1)]	1.12	7.37		6.09	12.24	
Diluted earnings per share, SEK [1)]	1.12	7.36		6.09	12.22	

[1)] Including discontinued operations.

Near-term demand outlook

The demand for Atlas Copco's products and services from most customer segments and regions is expected to remain at the current high level.

The positive outlook includes the main part of the construction segment, while construction related to housing is expected to remain weak, primarily in North America.

Atlas Copco Group

Summary of full year 2007 results

Orders received by the Atlas Copco Group in 2007 increased 25%, to MSEK 69 059 (55 239). Volume for comparable units increased 16%, price increases added 2% and structural changes 11%, while the negative currency translation effect was 4%. Revenues increased 25%, to MSEK 63 355 (50 512), corresponding to 16% volume growth.

Operating profit increased 31% to MSEK 12 066 (9 203), which corresponds to a margin of 19.0% (18.2). The negative impact of changes in exchange rates compared with the previous year was approximately MSEK 870 for the year. Profit before tax amounted to MSEK 10 534 (8 695), up 21% and corresponding to a margin of 16.6% (17.2). Financial items include an MSEK 134 capital gain from divestment of shares in connection with the initial public offering of common stock in RSC Holdings Inc. as well as a charge of MSEK 864 for the write-down of right to notes, initially received as a conditional extra-payment in the divestment of the construction rental business in November 2006. Profit from continuing operations increased 18% to MSEK 7 416 (6 260). Profit for the period totaled MSEK 7 469 (15 373), including MSEK 53 (9 113) from discontinued operations. Basic and diluted earnings per share were SEK 6.09 (12.24 and 12.22 respectively). Earnings per share from continuing operations were SEK 6.05 (4.98).

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 4 589 (3 065).

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 3.00 (2.38) per share be paid for the 2007 fiscal year. Excluding shares currently held by the company, this corresponds to a total of MSEK 3 662 (2 899).

Proposed share repurchase mandate

The Board of Directors has decided to propose that the Annual General Meeting approves a mandate for the repurchase of a maximum of 10% of the total number of shares issued by the company over the OMX Nordic Exchange. This authorization would cover the period up to the Annual General Meeting in 2009.

The intention with the proposal is to continuously be able to adapt the capital structure to the capital needs of the company and thus contribute to increased shareholder value.

Personnel stock option program

The Board of Directors will also propose a remuneration program in the form of a performance related personnel stock option program. In relevant aspects, the program will have the same structure as the 2007 program.

It is proposed that the program is hedged as before through the repurchase of the company’s own shares or through total return swaps.

The details of the proposals will be communicated in connection with the Notice of the Annual General Meeting.

Review of the fourth quarter

Market development

The global demand situation showed no major change compared to the most recent quarters.

In **North America,** the demand for industrial equipment and its related aftermarket products increased, supported by a good investment level in most segments. Demand for advanced assembly tools and systems from the motor vehicle industry, however, remained relatively weak. The mining industry, particularly in Mexico and Canada remained very active with strong increases in demand for drilling and loading equipment as well as for consumables. The demand from the construction industry was affected by the turmoil in the capital markets, especially for equipment related to the residential building segment.

In **South America,** the positive development of demand continued. The very strong growth in Brazil continued supported by increased investments in infrastructure, mining and most industrial segments.

Geographic distribution of orders received

%, last 12 months incl. December 2007	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	15	23	25	20
South America	6	10	4	7
Europe	44	32	55	40
Africa/Middle East	8	15	2	10
Asia/Australia	27	20	14	23
	100	100	100	100

Demand remained strong in **Europe**, driven primarily by continued high level of investments in compressed air equipment and industrial tools from manufacturing industries. The development in the mining industry, mainly in Eastern Europe, continued to be very good, while the demand for construction equipment in Western Europe weakened. Many major countries reported strong organic growth rates with Russia having the highest growth.

The **Africa/Middle East** region continued to develop very positively. Mining demand increased further, particularly in South Africa, and sales of construction and industrial equipment grew strongly in Northern Africa and the Middle East.

Demand for all types of equipment was good throughout **Asia**, with particularly strong increases in India. Growth in China and South Korea was also very good, while it turned negative in Japan. In **Australia**, the demand from the mining industry remained strong.

Sales bridge

	October - December	
MSEK	Orders Received	Revenues
2006	14 131	13 582
Structural change, %	+15	+13
Currency, %	-2	-2
Price, %	+3	+3
Volume, %	+17	+15
Total, %	+33	+29
2007	18 816	17 549

Earnings and profitability

Operating profit increased 36% to MSEK 3 361 (2 464), corresponding to a margin of 19.2% (18.1). All business areas contributed significantly to the improvement in operating profit. Increased revenue volumes and a continued positive price development were the main reasons behind the profit and margin improvements, while recent acquisitions affected the operating margin negatively by about one and a half percentage point. A net capital gain in Compressor Technique and restructuring costs in Industrial Technique (see pages 4 and 6) had a net positive effect of MSEK 20. Common Group costs include a non-cash accounting adjustment of MSEK -50 related to previous quarters' cost for the personnel stock option program. The changes in exchange rates had a negative effect of approximately MSEK 220 compared to the previous year, or almost one percentage point effect on the operating margin.

Net financial items were MSEK -1 227 (-82), heavily affected by the MSEK 864 write-down of right to notes, initially received as a conditional extra-payment in the divestment of the construction rental business in November 2006. The increased interest net at MSEK -260 (-95) reflected the Group's new capital structure with more interest-bearing debt. The rest of the negative financial net was primarily due to fair value adjustments (unrealized, non-cash) of derivatives.

Profit before tax amounted to MSEK 2 134 (2 382). Excluding the non-recurring write-down, profit before tax was MSEK 2 998, corresponding to a margin of 17.1% (17.5).

Profit for the period totaled MSEK 1 376 (9 172) or MSEK 2 240 excluding the non-recurring write-down for which no tax deduction has been recorded. Previous year included MSEK 7 405 from discontinued operations. Basic and diluted earnings per share were SEK 1.12 (7.37 and 7.36 respectively). Basic earnings per share from continuing operations were SEK 1.12 (1.42) and SEK 1.83 excluding the non-recurring write-down.

The return on capital employed, during the last 12 months, was 29% (35, including discontinued operations) and the return on equity was 35% (55). Excluding the non-recurring write-down the return on capital employed was 31% and the return on equity 39%. The Group currently uses a weighted average cost of capital (WACC) of 8.5%, pre-tax equivalent approximately 11.8%, as an investment and overall performance benchmark.

Operating cash flow and investments, continuing operations

Net cash from operating activities reached MSEK 1 828 (1 315). Working capital increased MSEK 865 (462), reflecting the strong sales growth.

Cash flows from investing activities, excluding acquisitions and divestments of businesses, were MSEK -902 (-841).

Operating cash flow equaled MSEK 926 (474).

Net indebtedness

The Group's net indebtedness amounted to MSEK 19 800 (12 364 net cash position), of which MSEK 1 728 (1 647) was attributable to post-employment benefits. The net debt/EBITDA ratio, indicating the Group's ability to service its interest bearing debt, was 1.4 (-1.1). The debt/equity ratio was 135% (-38).

Employees

On December 31, 2007, the number of employees was 32 947 (25 900). For comparable units, the number of employees increased by 3 103 from December 31, 2006.

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	October – December 2007	2006*	Change %	January – December 2007	2006*	Change %
Orders received	**8 638**	**7 097**	**+22**	35 005	28 491	+23
Revenues	**8 676**	**6 944**	**+25**	31 900	25 488	+25
Operating profit	**1 886**	**1 411**	**+34**	6 749	5 323	+27
– as a percentage of revenues	***21.7***	***20.3***		*21.2*	*20.9*	
Return on capital employed, %	**65**	**70**				

* Restated to include Prime Energy and Prime Mexico, previously part of the Rental Service Business Area.

- Strong growth continued in all regions and most product areas.
- Record operating profits include MSEK 37 gain from sale of rental assets in Europe.
- Increased focus on the aftermarket through the creation of a Service Division.

Sales bridge

MSEK	October – December Orders Received	Revenues
2006	7 097	6 944
Structural change, %	+10	+10
Currency, %	-1	-1
Price, %	+2	+2
Volume, %	+11	+14
Total, %	+22	+25
2007	8 638	8 676

All major customer segments and geographical markets contributed to a continued favorable demand for stationary industrial compressors and related aftermarket business. Investments for general capacity increases as well as for productivity enhancements and energy savings remained the important drivers for equipment sales. The general industry and the pulp and paper industries were among the segments that had notable increases. The high-pressure applications for compressed natural gas (CNG) recorded very strong demand. Sales of aftermarket products and services continued to grow at a steady pace with particularly strong development in emerging markets.

Applications like air separation, liquid natural gas transport, and power generation, continued to generate good demand for gas and process compressors and expanders. The level of order intake in this product area was good, also supported by the recently acquired Mafi-Trench company, but lower than previous year when some very large orders were received in Asia and the Middle East.

Sales of portable compressors, primarily serving construction-related customers, increased significantly. Large orders were won in the Middle East and in Europe, which more than offset the drop of sales to construction rental companies, primarily in the United States.

The specialty rental business, i.e. rental of portable air and power, grew organically in most markets but was also affected by the divestment of non-core rental assets, primarily in Australia.

Recent investments and other measures to increase production capacity yielded results in the quarter and the delivery efficiency was improved.

Several new smaller screw-compressors were launched, some of which with the energy-saving Variable Speed Drive (VSD) feature. A new series of portable compressors for off-shore applications was also introduced.

In December it was announced that the business area had divested ABIRD Holding B.V. in the Netherlands, a non-core part of its rental business.

The business area also announced in the quarter that a new service division will be created effective January 1, 2008. Customer service and spare parts operations from the other divisions within the business area will be merged into this newly created division.

Operating profit increased 34% to a record MSEK 1 886 (1 411), corresponding to an operating margin of 21.7% (20.3). This includes the gain of MSEK 37 from the sale of rental assets in Netherlands. The net effect on the margin from the above sale and currency changes was almost one percentage point negative, while recent acquisitions diluted the margin by another percentage point.

Return on capital employed (last 12 months) was 65% (70).

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.

MSEK	October – December 2007	2006	Change %	January – December 2007	2006	Change %
Orders received	**8 507**	**5 509**	**+54**	27 447	20 563	+33
Revenues	**7 121**	**5 060**	**+41**	25 140	18 914	+33
Operating profit	**1 228**	**838**	**+47**	4 384	3 010	+46
– as a percentage of revenues	***17.2***	***16.6***		*17.4*	*15.9*	
Return on capital employed, %	**32**	**35**				

- Continued strong demand in most markets and from most customer segments.
- Strong order growth, 30% organically.
- Operating margin increased to 17.2%, low contribution from the acquired Dynapac business.

Sales bridge

MSEK	October – December Orders Received	Revenues
2006	5 509	5 060
Structural change, %	+26	+21
Currency, %	-2	-2
Price, %	+4	+4
Volume, %	+26	+18
Total, %	+54	+41
2007	8 507	7 121

The demand from the mining industry remained strong in most markets as mining companies and mining contractors continued to invest in new equipment. Most geographic regions recorded growth for both equipment and aftermarket for mining applications, with a particularly strong development in North America, Asia and Australia. Sales of underground drilling and loading equipment recorded strong growth compared to the fourth quarter previous year. Order intake for surface drill rigs used in open pit applications continued on a high level in most markets. The demand for exploration equipment was strong in the quarter and showed exceptional growth compared to the previous year, reflecting continued high activity among mining customers. Sales of spare parts, consumables, and service remained healthy, in line with the high market activity.

The demand from the construction industry continued on a high level, and growth was particularly strong in Asia and Eastern Europe. Order intake for drill rigs for surface applications, used in quarries and road construction, increased compared with the previous year. The demand for underground drilling rigs for infrastructure projects, e.g. tunneling and hydropower, remained strong. A large order including several drill rigs to be used in a tunnel project in Turkey was won in the quarter. Sales of light construction equipment remained somewhat soft in some of the major markets and did not reach previous year’s level. Order intake for road construction equipment was good in the quarter and recorded healthy growth compared to the previous year.

The business area continuously works with product development to increase customer productivity. In the quarter, a new large mine truck was introduced with a loading capacity of up to 60 tonnes.

On November 1, the business area announced the acquisition of the remaining 75% of shares in its joint venture company Shenyang Ruifeng Machinery Ltd. The company produces core components for construction tools and acts as a supplier to the Atlas Copco construction tools factory in Shenyang.

Operating profit increased to MSEK 1 228 (838), corresponding to an operating margin of 17.2% (16.6). For comparable units the margin increased significantly, with good contribution from higher sales volumes and increased prices. The acquired Dynapac business had continued very low profitability due to seasonally low invoicing and continued low efficiency in production (see also page 14).

Return on capital employed (last 12 months) was 32% (35).

Industrial Technique

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

MSEK	October – December 2007	2006	Change %	January – December 2007	2006	Change %
Orders received	**1 826**	**1 597**	**+14**	7 043	6 533	+8
Revenues	**1 920**	**1 642**	**+17**	6 871	6 440	+7
Operating profit	**426**	**348**	**+22**	1 539	1 346	+14
– as a percentage of revenues	***22.2***	***21.2***		*22.4*	*20.9*	
Return on capital employed, %	**58**	**63**				

- Continued strong order growth from general industry, motor vehicle industry growing again.
- 11% organic order growth.
- Operating profit up 22% including restructuring costs.

Sales bridge

MSEK	October – December Orders Received	Revenues
2006	1 597	1 642
Structural change, %	+4	+4
Currency, %	-1	-1
Price, %	+1	+1
Volume, %	+10	+13
Total, %	+14	+17
2007	1 826	1 920

Order intake for the business area increased in the fourth quarter compared with the previous year. The general industry segment recorded strong growth, while demand from the motor vehicle industry continued to be relatively weak in North America.

Order intake for industrial power tools to the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, increased compared to the previous year, reflecting a healthy demand in all important markets. The strongest growth was recorded in Asia and North America.

The demand for advanced industrial tools and assembly systems from the motor vehicle industry was favorable in most regions and order levels exceeded those of the previous year. Particularly good growth was recorded in Asia, while North America continued to be the weak spot.

The aftermarket business continued to perform well in all major markets. The strongest sales growth was recorded in Asia.

The vehicle service business, providing large fleet operators and specialized repair shops with tools, recorded healthy growth for comparable units in most geographic regions. The growth was, however, offset by the development in North America where demand was strong but did not reach the high level of the previous year.

The business area continuously introduces new products with increased productivity. In the quarter a new series of pneumatic grinders were introduced. The new grinders offer almost double the power compared to their predecessors and vibration and noise levels have been reduced.

On December 12, the business area finalized the acquisition of the Japanese company KTS Co. Ltd., a maker of handheld air tools for the vehicle service market. KTS has annual revenues of about MSEK 75 and 46 employees.

On September 28, the business area announced the decision to establish a factory for assembly of pneumatic power tools in Hungary and transfer assembly from Great Britain. Costs amounting to MSEK 17 related to this restructuring were taken in the fourth quarter.

Operating profit increased to MSEK 426 (348), corresponding to a margin of 22.2% (21.2). Adjusted for the restructuring costs, the operating margin reached 23.1%. The margin was also affected negatively by the currency changes; approximately half a percentage point.

Return on capital employed (last 12 months) was 58% (63).

Previous near-term demand outlook

(Published October 24, 2007)

The demand for Atlas Copco's products and services from most customer segments and regions is expected to remain at the current high level.

The positive outlook includes the main part of the construction segment, while construction related to housing is expected to slow down, primarily in North America.

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 2006.

The interim report is prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Financial Accounting Standards Council's recommendation RR 31 *Consolidated Interim Reporting*.

The new or amended IFRS standards or IFRIC interpretations, effective since January 1, 2007, have had no material effect on the consolidated income statements or balance sheets.

Risks and factors of uncertainty

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter 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.

Acquisitions

The acquisitions of ABAC and Dynapac were completed in April and May respectively. Although the Group has demonstrated in the past 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.

Capacity constraints

Atlas Copco's manufacturing strategy is based on manufacturing of core components and outsourcing of non-core components. Currently, capacity utilization is high and if there are interruptions or lack of capacity in the supply chain, this may affect the business, result of operations, and financial position negatively.

For further information about risk factors, please see the 2006 Annual Report.

Stockholm, February 4, 2008

Atlas Copco AB
(publ)

Gunnar Brock
President and Chief Executive Officer

Atlas Copco discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 12:00 CET on February 4, 2008.

Consolidated Income Statement

	3 months ended		12 months ended	
MSEK	Dec 31 2007	Dec 31 2006	Dec 31 2007	Dec 31 2006
Revenues	17 549	13 582	63 355	50 512
Cost of sales	-11 064	-8 568	-39 896	-31 516
Gross profit	**6 485**	**5 014**	**23 459**	**18 996**
Marketing expenses	-1 780	-1 428	-6 549	-5 560
Administrative expenses	-930	-835	-3 518	-2 970
Research and development costs	-350	-294	-1 286	-1 111
Other operating income and expenses	-64	7	-40	-152
Operating profit	**3 361**	**2 464**	**12 066**	**9 203**
- as a percentage of revenues	*19.2*	*18.1*	*19.0*	*18.2*
Net financial items	-1 227	-82	-1 532	-508
Profit before tax	**2 134**	**2 382**	**10 534**	**8 695**
- as a percentage of revenues	*12.2*	*17.5*	*16.6*	*17.2*
Income tax expense	-758	-615	-3 118	-2 435
Profit from continuing operations	**1 376**	**1 767**	**7 416**	**6 260**
Profit from discontinued operations, net of tax	-	7 405	53	9 113
Profit for the period	**1 376**	**9 172**	**7 469**	**15 373**
- attributable to equity holders of the parent	*1 368*	*9 167*	*7 439*	*15 349*
- attributable to minority interest	*8*	*5*	*30*	*24*
Basic earnings per share, SEK	**1.12**	**7.37**	**6.09**	**12.24**
- of which continuing operations	*1.12*	*1.42*	*6.05*	*4.98*
Diluted earnings per share, SEK	1.12	7.36	6.09	12.22
Basic weighted average number of shares outstanding, millions	1 220.8	1 244.1	1 220.8	1254.2
Diluted weighted average number of shares outstanding, millions	1 221.9	1 245.4	1 222.3	1256.0

Key ratios, including discontinued operations		
Equity per share, period end, SEK	12	27
Return on capital employed before tax, 12 month values, %	29	35
Return on equity after tax, 12 month values, %	35	55
Debt/equity ratio, period end, %	135	-38
Equity/assets ratio, period end, %	26	59
Number of employees in continuing operations, period end	32 947	25 900

Earnings per share and other per share figures have been adjusted for the share split 2:1. No adjustment has been made for the redemption of shares. To adjust historical figures also for the redemption of shares, use factor 0.85.

Consolidated Balance Sheet

MSEK	Dec 31, 2007	Dec 31, 2006
Intangible assets	11 665	4 299
Rental equipment	1 906	1 979
Other property, plant and equipment	4 894	3 777
Financial assets and other receivables	3 413	2 542
Deferred tax assets	832	619
Total non-current assets	**22 710**	**13 216**
Inventories	12 725	8 487
Trade and other receivables	16 627	12 401
Other financial assets	1 124	1 016
Cash and cash equivalents	3 473	20 135
Total current assets	**33 949**	**42 039**
TOTAL ASSETS	**56 659**	**55 255**
Equity attributable to equity holders of the parent	14 524	32 616
Minority interest	116	92
TOTAL EQUITY	**14 640**	**32 708**
Borrowings	19 926	1 163
Post-employment benefits	1 728	1 647
Other liabilities and provisions	568	592
Deferred tax liabilities	823	648
Total non-current liabilities	**23 045**	**4 050**
Borrowings	2 743	5 977
Trade payables and other liabilities	15 303	11 804
Provisions	928	716
Total current liabilities	**18 974**	**18 497**
TOTAL EQUITY AND LIABILITIES	**56 659**	**55 255**

Consolidated Statement of Changes in Equity

MSEK	Equity attributable to equity holders of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2006	**25 716**	**92**	**25 808**
Translation differences	-1 727	-12	-1 739
Realized on divestment of subsidiaries	-199	-	-199
Hedge of net investments in foreign subsidiaries	-3	-	-3
Tax on items transferred to/from equity	1	-	1
Net income and expense recognized directly in equity	**-1 928**	**-12**	**-1 940**
Profit for the period	15 349	24	15 373
Total recognized income and expense for the period, excl. shareholders' transactions	**13 421**	**12**	**13 433**
Dividends	-2 672	-4	-2 676
Repurchase of own shares	-3 776	-	-3 776
Share-based payments, equity settled	-73	-	-73
Acquisition of minority shares in subsidiaries	-	-8	-8
Closing balance, December 31, 2006	**32 616**	**92**	**32 708**

MSEK	Equity attributable to equity holders of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2007	**32 616**	**92**	**32 708**
Translation differences	1 683	4	1 687
Hedge of net investments in foreign subsidiaries	-824	-	-824
Cash flow hedges	-86	-	-86
Change in fair value reserve	547	-	547
Tax on items transferred to/from equity	467	-	467
Net income and expense recognized directly in equity	**1 787**	**4**	**1 791**
Profit for the period	7 439	30	7 469
Total recognized income and expense for the period, excl. shareholders' transactions	**9 226**	**34**	**9 260**
Dividends	-2 899	-4	-2 903
Repurchase of own shares	-25	-	-25
Redemption of shares	-24 416	-	-24 416
Share-based payments, equity settled	22	-	22
Acquisition of minority interest	-	-6	-6
Closing balance, December 31, 2007	**14 524**	**116**	**14 640**

Consolidated Statement of Cash Flows, including discontinued operations

	October – December		January – December	
MSEK	2007	2006	2007	2006
Cash flows from operating activities				
Operating profit	3 361	3 322	12 066	13 581
Depreciation, amortization and impairment	498	442	1 800	2 142
Capital gain/loss and other non-cash items	11	27	-136	-374
Operating cash surplus	3 870	3 791	13 730	15 349
Net financial items received/paid	-357	141	-379	-12
Cash flow from other items	-	-4	-	-4
Taxes paid	-820	-1 231	-3 346	-3 775
Change in working capital	-865	-1 213	-2 326	-2 353
Net cash from operating activities	**1 828**	**1 484**	**7 679**	**9 205**
Cash flows from investing activities				
Investments in rental equipment	-247	-611	-1 028	-6 357
Investments in other property, plant and equipment	-405	-327	-1 331	-1 198
Sale of rental equipment	126	226	586	1 763
Sale of other property, plant and equipment	54	26	126	200
Investments in intangible assets	-151	-140	-530	-524
Sale of intangible assets	-5	-	3	4
Acquisition of subsidiaries	-74	-282	-6 139	-1 333
Divestment of subsidiaries	49	22 968	-475	22 969
Other investments, net	-274	-321	-916	-987
Net cash from investing activities	**-927**	**21 539**	**-9 704**	**14 537**
Cash flows from financing activities				
Dividends paid	-	-1	-2 903	-2 676
Repurchase of own shares	-25	-3 776	-25	-3 776
Redemption of shares	-	-	-24 416	-
Change in interest-bearing liabilities	-1 496	-2 018	12 401	-1 045
Net cash from financing activities	**-1 521**	**-5 795**	**-14 943**	**-7 497**
Net cash flow for the period	**-620**	**17 228**	**-16 968**	**16 245**
Cash and cash equivalents, beginning of the period	4 020	2 631	20 135	3 727
Exchange differences in cash and cash equivalents	73	276	306	163
Cash and cash equivalents, end of the period	**3 473**	**20 135**	**3 473**	**20 135**

Summary of Cash Flows from Continuing and Discontinued Operations

	October – December 2007			October – December 2006		
MSEK	Continuing operations	Discont. operations	Total	Continuing operations	Discont. operations	Total
Net cash from						
— operating activities	1 828	-	1 828	1 315	169	1 484
— investing activities	-870	-57*	-927	-1 123	22 662	21 539
— financing activities	-1 521	-	-1 521	-5 509	-286	-5 795
Net cash flow for the period	**-563**	**-57**	**-620**	**-5 317**	**22 545**	**17 228**
Cash and cash equivalents, beginning of the period			4 020			2 631
Exchange differences in cash and cash equivalents			73			276
Cash and cash equivalents, end of the period			**3 473**			**20 135**
Depreciation, amortization and impairment						
Rental equipment	145	-	145	162	-	162
Other property, plant and equipment	206	-	206	167	-	167
Intangible assets	147	-	147	113	-	113

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

	January – December 2007			January – December 2006		
MSEK	Continuing operations	Discont. operations	Total	Continuing operations	Discont. operations	Total
Net cash from						
— operating activities	7 679	-	7 679	6 152	3 053	9 205
— investing activities	-8 808	-896*	-9 704	-4 419	18 956	14 537
— financing activities	-14 943	-	-14 943	-7 973	476	-7 497
Net cash flow for the period	**-16 072**	**-896**	**-16 968**	**-6 240**	**22 485**	**16 245**
Cash and cash equivalents, beginning of the period			20 135			3 727
Exchange differences in cash and cash equivalents			306			163
Cash and cash equivalents, end of the period			**3 473**			**20 135**
Depreciation, amortization and impairment						
Rental equipment	588	-	588	634	438	1 072
Other property, plant and equipment	731	-	731	623	67	690
Intangible assets	481	-	481	380	-	380

* Includes taxes paid, purchase price adjustment and costs related to the divestment of the equipment rental business.

Revenues by Business Area

MSEK (by quarter)	2006 1	2	3	4	2007 1	2	3	4
Compressor Technique*	5 789	6 215	6 540	6 944	6 794	8 126	8 304	8 676
Construction and Mining Technique	4 568	4 719	4 567	5 060	5 093	6 292	6 634	7 121
Industrial Technique	1 676	1 629	1 493	1 642	1 591	1 714	1 646	1 920
Eliminations	-85	-119	-62	-64	-88	-147	-153	-168
Atlas Copco Group	**11 948**	**12 444**	**12 538**	**13 582**	**13 390**	**15 985**	**16 431**	**17 549**

* Restated to include Prime Energy and Prime Mexico, previously part of the Rental Service Business Area.

Operating profit by Business Area

MSEK (by quarter)	2006 1	2	3	4	2007 1	2	3	4
Compressor Technique*	1 195	1 275	1 442	1 411	1 440	1 622	1 801	1 886
- as a percentage of revenues	*20.6*	*20.5*	*22.0*	*20.3*	*21.2*	*20.0*	*21.7*	*21.7*
Construction and Mining Technique	703	721	748	838	912	1 125	1 119	1 228
- as a percentage of revenues	*15.4*	*15.3*	*16.4*	*16.6*	*17.9*	*17.9*	*16.9*	*17.2*
Industrial Technique	351	336	311	348	378	392	343	426
- as a percentage of revenues	*20.9*	*20.6*	*20.8*	*21.2*	*23.8*	*22.9*	*20.8*	*22.2*
Common Group Functions/ Eliminations	-153	5	-195	-133	-189	-102	-136	-179
Operating profit	**2 096**	**2 337**	**2 306**	**2 464**	**2 541**	**3 037**	**3 127**	**3 361**
- as a percentage of revenues	*17.5*	*18.8*	*18.4*	*18.1*	*19.0*	*19.0*	*19.0*	*19.2*
Net financial items	-64	-137	-225	-82	-64	178	-419	-1 227
Profit before tax	**2 032**	**2 200**	**2 081**	**2 382**	**2 477**	**3 215**	**2 708**	**2 134**
- as a percentage of revenues	*17.0*	*17.7*	*16.6*	*17.5*	*18.5*	*20.1*	*16.5*	*12.2*

* Restated to include Prime Energy and Prime Mexico, previously part of the Rental Service Business Area.

Acquisitions and Divestments 2006 – 2007

Date	Acquisitions	Divestments	Business area	Sales* MSEK	Number of employees*
2007 Dec. 17		ABIRD	Compressor Technique	94	31
2007 Dec. 12	KTS		Industrial Technique	75	46
2007 Nov. 1	Shenyang Ruifeng		Construction & Mining	100	700
2007 Aug. 1	Mafi-Trench		Compressor Technique	360	120
2007 May 31	Dynapac		Construction & Mining	4 600	2 100
2007 April 2	ABAC		Compressor Technique	1 700	650
2007 Mar. 15	Greenfield		Compressor Technique	270	200
2007 Mar. 1	Rodcraft		Industrial Technique	208	78
2006 Nov. 28		Rental Service Corporation	Rental Service	11 958	5 100
2006 Oct. 31	Technisches Büro Böhm		Industrial Technique	54	30
2006 Oct. 2	Bolaite		Compressor Technique	137	309
2006 Aug. 28	Microtec Systems		Industrial Technique	18	18
2006 Aug. 25	BeaconMedaes		Compressor Technique	720	386
2006 July 13	BEMT Tryckluft		Compressor Technique	50	40
2006 May 8	Thiessen Team		Construction & Mining	160	142
2006 Feb. 24	Fuji Air Tools		Industrial Technique	190	120
2006 Jan. 3	Consolidated Rock Machinery		Construction & Mining	160	50
2006 Jan. 2	BLM		Industrial Technique	59	44

* Annual revenues and number of employees at time of acquisition/divestment.
For disclosure as per IFRS 3 for the Dynapac acquisition, the only significant acquisition in 2007, see below. See the Annual Report 2006 for information about acquisitions and divestments made in 2006.
No equity instruments have been issued in connection with the acquisitions.

Total fair value of assets and liabilities for the acquisition of Dynapac

	Carrying amounts	Fair value adjustments	Recognized values
Goodwill	1 363	-1 363	0
Other intangible assets	83	1 204	1 287*
Property, plant and equipment	320	65	385
Other non-current assets	1		1
Inventories	1 422		1 422
Receivables	1 260		1 260
Cash and cash equivalents	300		300
Borrowings	-2 753		-2 753
Other liabilities and provisions	-1 412	94	-1 318
Deferred tax liabilities, net	40	-385	-345
Net identifiable assets	**624**	**-385**	**239**
Goodwill			4 437
Consideration paid			**4 676**
Cash and cash equivalents acquired			-300
Net cash paid			**4 376**

*The majority of other intangible assets consist of the trademark Dynapac, which has been deemed to have an indefinite useful life. In accordance with IAS 38, this asset should not be amortized. It will instead be tested for impairment at least once per year.

Dynapac is a leading supplier of compaction and paving equipment for the road construction market. It has production sites in six countries and sales in over 115 countries. In 2006, Dynapac had a turnover of approximately BSEK 4.6 (MEUR 505) and 2 100 employees.

Contribution from Dynapac from date of control

Revenues	2 737
Operating profit	151

Parent Company

Income Statement

	October – December		January – December	
MSEK	2007	2006	2007	2006
Administrative expenses	-124	-82	-379	-305
Other operating income and expenses	44	34	170	145
Operating profit/loss	**-80**	**-48**	**-209**	**-160**
Financial income	1 913	51 524	3 211	54 067
Financial expense	-1 239	-140	-2 804	-1 177
Profit after financial items	**594**	**51 336**	**198**	**52 730**
Appropriations	98	81	393	325
Profit before tax	**692**	**51 417**	**591**	**53 055**
Income tax expense	-278	-392	-57	-366
Profit for the period	**414**	**51 025**	**534**	**52 689**

Balance Sheet

MSEK	Dec 31 2007	Dec 31 2006
Total non-current assets	96 636	80 033
Total current assets	8 725	8 569
TOTAL ASSETS	**105 361**	**88 602**
Total restricted equity	5 785	5 785
Total non-restricted equity	28 638	55 979
TOTAL EQUITY	**34 423**	**61 764**
Untaxed reserves	1 177	1 571
Total provisions	138	199
Total non-current liabilities	43 662	9 923
Total current liabilities	25 961	15 145
TOTAL EQUITY AND LIABILITIES	**105 361**	**88 602**

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 RR 32:06, *Accounting for Legal Entities* as disclosed in the Annual Report 2006.

Income statement

Profit after financial items for Atlas Copco AB totaled MSEK 198 (52 730) in 2007. The profit from previous year includes very large dividends and capital gains as a result of a significant capital restructuring within the Group.

Profit for the year, after appropriations and taxes, was MSEK 534 (52 689).

Changes in Balance Sheet

At the end of 2006, following the divestment of the North American equipment rental business, an intra-group restructuring gave rise to substantial increases in the value of shares in Group companies, non-restricted equity and borrowings.

Share split and mandatory redemption of shares and ordinary dividend

In the second quarter Atlas Copco carried out a share split with a mandatory redemption procedure. This led to a distribution of MSEK 24 416 to the shareholders in addition to the MSEK 2 899 which was distributed as ordinary dividend. The distribution reduced non-restricted equity with MSEK 27 315.

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	-3 577 500
- of which B-shares held by Atlas Copco	-5 250 900
Total shares outstanding, net of shares held by Atlas Copco	1 220 784 704

After the redemption of 28 000 000 of the B-shares held by Atlas Copco on July 4, 2007, the company held 8 828 400 of its own B-shares. In accordance with the resolution by the AGM 2007, the remaining B-shares held by the company can be divested and 6 400 000 A-shares can be purchased.

The objective is to use proceeds from the B-shares primarily to acquire own shares of series A, which can, subsequently, be delivered under the Company's personnel stock option programs. Proceeds can also be used to cover related costs for social security charges.

Trading in own shares were initiated on December 13, 2007 and on December 31, 2007 3 577 500 B-shares had been sold and the same amount of A-shares purchased. Holdings at the end of the year appear in the table above.

Risks and factors of uncertainty

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter in order to adjust the balance sheet to a more efficient structure. In addition, the parent company has also borrowed funds internally within the Group. 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 compared with the information given in the Annual Report 2006.

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 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.

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
Ingrid Andersson, Investor Relations Manager,
Phone: +46 8 743 8290 or +46 70 497 8290
ir@se.atlascopco.com

Media
Daniel Frykholm, Media Relations Manager,
Corporate Communications,
Phone: +46 8 743 8060 or +46 70 865 8060

Presentation and conference call

A combined presentation and conference call to comment on the results will be held at 2:30 PM CET / 8:30 AM EST, on February 4.

The presentation will be held at Operaterassen, Stockholm, Sweden.

The dial-in number for the conference call is +44 (0)20 7806 1957 and the code to attend the call is 8720497.

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 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 8720497#.

Interim report on Q1 2008

The first quarter report will be published on April 24, 2008.

Annual Report

The Annual Report will be published on the web site www.atlascopco.com on March 25. It will also be sent to shareholders that have requested the information.

Annual General Meeting

The Annual General Meeting for Atlas Copco AB will be held on Thursday, April 24, 2008, at 5 p.m. in Aula Magna, Stockholm University, Frescativägen 6, Stockholm, Sweden.