

October 24, 2012

## Atlas Copco

**Interim report at September 30, 2012**

(unaudited)

### Good quarter despite softer market

- Orders received increased to MSEK 21 379, organic growth 1%
- Revenues up 7% to MSEK 22 094 (20 739), organic growth 6%
- Operating profit increased by 2% to MSEK 4 918 (4 800), corresponding to an operating margin of 22.3% (23.1)
  - Includes items affecting comparability of MSEK +68 (+134). Adjusted operating margin was 22.0% (22.5)
- Profit before tax amounted to MSEK 4 734 (4 703)
- Profit for the period was MSEK 3 486 (3 601)
- Basic earnings per share were SEK 2.87 (2.96)
- Operating cash flow at MSEK 4 611 (2 125)
  - Including divestment of customer financing assets of approx. MSEK 1 400

MSEK	July - September			January - September		
	2012	2011	%	2012	2011	%
Orders received	21 379	21 151	+1	69 469	65 028	+7
Revenues	22 094	20 739	+7	67 785	58 913	+15
Operating profit	4 918	4 800	+2	14 541	12 964	+12
– as a percentage of revenues	22.3	23.1		21.5	22.0	
Profit before tax	4 734	4 703	+1	14 062	12 840	+10
– as a percentage of revenues	21.4	22.7		20.7	21.8	
Profit for the period	3 486	3 601	-3	10 508	9 616	+9
Basic earnings per share, SEK	2.87	2.96		8.65	7.90	
Diluted earnings per share, SEK	2.86	2.91		8.62	7.83	
Return on capital employed, %	37	36				

### Near-term demand outlook

The overall demand for Atlas Copco's products and services is expected to decrease somewhat.

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## Atlas Copco Group

### Summary of nine month results

Orders received in the first nine months of 2012 increased 7%, to MSEK 69 469 (65 028).

Volume for comparable units increased 1%, price increases added 2%, structural changes 3%, and the currency effect was 1%. Revenues were MSEK 67 785 (58 913), corresponding to 11% organic growth.

Operating profit increased 12% to MSEK 14 541 (12 964), corresponding to a margin of 21.5% (22.0). The positive impact of changes in

exchange rates was MSEK 450 for the first nine months.

Profit before tax increased to MSEK 14 062 (12 840), corresponding to a margin of 20.7% (21.8). Profit for the period totaled MSEK 10 508 (9 616). Basic and diluted earnings per share were SEK 8.65 (7.90) and 8.62 (7.83) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 7 943 (4 718).

### Review of the third quarter

#### Market development

The order intake for Atlas Copco's equipment weakened somewhat from the high level seen in the previous quarters. A weaker development was seen in the construction, mining and manufacturing industries, whereas the process industry had a more stable development. The order volumes for compressors remained healthy, while orders decreased for most other types of equipment, both compared to the previous year and sequentially (compared to the previous quarter). The order intake for service, parts and consumables was supported by a good activity level in most industries and increased compared to the previous year. Some customers, however, were cautious in replenishing their inventories of consumables.

The overall demand remained healthy in **North America**. Order intake increased for compressors. Orders for mining and rock excavation equipment were, however, lower compared to the previous year and previous quarter.

Orders received in **South America** increased slightly compared to the previous year, but was lower than the previous quarter, with lower order volumes for mining and rock excavation equipment and industrial tools.

In **Europe**, orders received decreased somewhat compared to the previous year. Order growth was achieved in the United Kingdom and in Germany, while most other markets had an unchanged or negative order development. Sequentially, the orders received were largely

flat in Compressor Technique, but declined for the other three business areas.

Orders received in **Africa/Middle East** increased somewhat both compared to the previous year and sequentially. All business areas had a healthy order intake.

In **Asia**, the demand development was mixed. The order intake increased somewhat compared to the previous year, but was somewhat weaker compared to the previous quarter. Sequentially, order volumes were largely flat in Compressor Technique, but declined for the other three business areas. Geographically, the best development was seen in South East Asia, whereas both China and India had somewhat lower order intake than in the previous quarter.

Order intake in **Australia** increased compared to the previous year, but decreased sequentially.

#### Sales bridge

MSEK	July - September	
	Orders received	Revenues
2011	21 151	20 739
Structural change, %	+3	+3
Currency, %	-3	-2
Price, %	+2	+2
Volume, %	-1	+4
Total, %	+1	+7
2012	21 379	22 094

**Geographic distribution of orders received**

% , last 12 months incl. Sept. 2012	Compressor Technique	Industrial Technique	Mining and Rock Excavation Tech.	Construction Technique	Atlas Copco Group
North America	19	25	20	15	19
South America	7	6	14	13	11
Europe	32	47	20	35	29
Africa/Middle East	9	1	17	13	12
Asia/Australia	33	21	29	24	29
	100	100	100	100	100

**Earnings and profitability**

Operating profit increased 2% to MSEK 4 918 (4 800), corresponding to a margin of 22.3% (23.1). Previous year includes restructuring costs of MSEK 30 in Construction Technique. Corporate costs were MSEK -12 (+63), including a gain of MSEK 100 from sales of assets in the customer financing portfolio and an effect from the provision for share-related long-term incentive programs of MSEK -32 (+164). The operating margin, adjusted for the items above, was 22.0% (22.5), and was negatively affected by acquisitions and currency. The net currency effect, compared to the previous year, was MSEK -180.

Compared to the second quarter, the operating margin increased partly as a result of actions taken for improved cost efficiency.

Net financial items were MSEK -184 (-97). The interest net was MSEK -141 (-153). Previous year includes a capital gain of MSEK 82 from the sale of shares in RSC Holdings Inc.

Profit before tax amounted to MSEK 4 734 (4 703), corresponding to a margin of 21.4% (22.7).

Profit for the period totaled MSEK 3 486 (3 601). Basic and diluted earnings per share were SEK 2.87 (2.96) and 2.86 (2.91), respectively.

The return on capital employed during the last 12 months was 37% (36). The return on equity was 47% (47). The Group currently uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

**Operating cash flow, including investments**

Operating cash surplus reached MSEK 5 333 (5 132).

Working capital increased with MSEK 106 (925). Rental equipment investments, net, reached MSEK 53 (330).

Investments in property, plant and equipment were MSEK 365 (411).

Operating cash flow equaled MSEK 4 611 (2 125) and includes approximately MSEK 1 400 related to a divestment of assets in the customer financing portfolio.

**Divestment of financial assets**

Atlas Copco Customer Finance has sold a portfolio of financing and leasing contracts, related to customer financing, to an independent bank. The value of the portfolio amounted to MSEK 1 400, and a gain of approximately MSEK 100 related to the transaction was reported in the quarter.

**Net indebtedness**

The Group's net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 12 092 (14 129), of which MSEK 1 420 (1 609) was attributable to post-employment benefits. The Group has an average maturity of 4.6 years on interest bearing liabilities. The net debt/EBITDA ratio was 0.6 (0.7). The net debt/equity ratio was 39% (53).

**Acquisition and divestment of own shares**

During the quarter 545 274 series A shares and 8 192 series B shares were divested, for a net value of MSEK 87. These transactions are in accordance with mandates granted by the 2012 Annual General Meeting and relate to the Group's long-term incentive programs.

**Employees**

On September 30, 2012, the number of employees was 39 921 (36 638). The number of consultants/external workforce was 2 131 (2 199). For comparable units, the total workforce increased with 2 505 since September 30, 2011.

**Recognitions**

Atlas Copco has been selected for inclusion in the Dow Jones Sustainability Index in 2012/2013. Atlas Copco was also included on Forbes innovation list of the world's 100 most innovative companies.

**Compressor Technique**

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

MSEK	July - September			January - September		
	2012	2011	%	2012	2011	%
Orders received	8 895	8 919	0	27 102	26 254	+3
Revenues	8 599	8 264	+4	25 597	22 929	+12
Operating profit	2 065	1 990	+4	5 808	5 531	+5
<i>– as a percentage of revenues</i>	<b>24.0</b>	<b>24.1</b>		22.7	24.1	
Return on capital employed, %	<b>62</b>	<b>72</b>				

- Orders received remained at a healthy level
- Operating margin at 24.0%, supported by currency
- Several new innovative products introduced

**Sales bridge**

MSEK	July - September	
	Orders received	Revenues
2011	8 919	8 264
Structural change, %	+1	+1
Currency, %	-3	-3
Price, %	+1	+1
Volume, %	+1	+5
Total, %	0	+4
2012	8 895	8 599

**Industrial compressors**

The order intake for industrial compressors remained at a healthy level, even though the volumes decreased slightly compared to the previous year and compared to the previous quarter.

Order volumes increased sequentially in North America, were stable in Europe and South America, while they decreased in Asia.

**Gas and process compressors**

Orders received for gas and process compressors increased compared to the previous year and the previous quarter.

**Specialty rental**

The specialty rental business improved slightly compared to the previous year supported by demand from the oil and gas industry. The best development was achieved in North America.

**Aftermarket**

Order intake from service and spare parts increased compared to the previous year.

**Innovation**

In the quarter, Atlas Copco extended the offer of oil-injected screw compressors for multiple brand use with new and larger machines. The oil-free compressor range was also extended. Several ranges of nitrogen and oxygen generators for on-site gas generation were introduced. With an independent supply of on-site gas, customers can save on operational costs. A new redesigned filter range was also introduced. These filters have much lower pressure drop than their predecessors leading to substantial energy savings.

**Significant events and structural changes**

In August, Atlas Copco acquired Gazcon A/S, located in Denmark. The acquisition extends the offering of nitrogen and oxygen generators. The company had revenues in 2011 of around MDKK 25 (MSEK 30) and employs 21 people. Also in August, Atlas Copco finalized the acquisition of the Ekomak Group, a Turkish manufacturer of industrial screw compressors. Ekomak had revenues in the last 12 months of approximately MEUR 23 (MSEK 200) and around 160 employees.

**Profit and returns**

Operating profit was MSEK 2 065 (1 990), corresponding to a margin of 24.0% (24.1). The margin was supported by currency effects, but this was offset by higher operating costs and dilution from recent acquisitions.

Return on capital employed (last 12 months) was 62% (72).

**Industrial Technique**

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

MSEK	July - September			January - September		
	2012	2011	%	2012	2011	%
Orders received	2 218	2 013	+10	7 181	6 119	+17
Revenues	2 280	1 816	+26	7 171	5 384	+33
Operating profit	479	398	+20	1 623	1 191	+36
<i>– as a percentage of revenues</i>	<i>21.0</i>	<i>21.9</i>		<i>22.6</i>	<i>22.1</i>	
Return on capital employed, %	44	63				

- The overall demand for tools and assembly systems was weaker than in the most recent quarters
- Operating margin at 21.0%, negatively impacted by currency
- Introduction of new battery nutrunners

**Sales bridge**

MSEK	July - September	
	Orders received	Revenues
2011	2 013	1 816
Structural change, %	+13	+17
Currency, %	-4	-4
Price, %	+1	+1
Volume, %	0	+12
Total, %	+10	+26
2012	2 218	2 280

**General industry**

Order volumes for industrial power tools from the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, declined somewhat, both compared to the previous year and sequentially. The negative trend was visible in all major regions.

**Motor vehicle industry**

The order volume for advanced industrial tools and assembly systems from the motor vehicle industry was higher than in the previous year with strong growth in North America, but it decreased sequentially. Compared to the previous quarter, orders received remained on a high level in Asia and in Europe, but decreased in North America.

**Aftermarket**

Order intake for the aftermarket increased compared to the previous year. The growth, however, was lower than in the most recent quarters.

**Innovation**

An advanced industrial battery nutrunner was introduced in the quarter. The nutrunner offers high joint quality, user-friendliness, operator mobility and low energy costs. With the battery tool, energy consumption can be reduced by as much as 80% compared to using a corresponding air tool. A range of industrial pistol drills were introduced. New features of these tools are improved power-to-weight ratio and durability as well as an ergonomic design that enables greater tool control and reduced operator fatigue.

**Profit and returns**

Operating profit increased 20% to MSEK 479 (398), corresponding to an operating margin of 21.0% (21.9). The negative effect of changes in exchange rates was the main reason for the lower margin.

Return on capital employed (last 12 months) was 44% (63).

**Mining and Rock Excavation Technique**

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

MSEK	July - September			January - September		
	2012	2011	%	2012	2011	%
Orders received	7 603	7 574	0	25 771	23 291	+11
Revenues	8 278	7 642	+8	25 558	21 152	+21
Operating profit	2 031	1 959	+4	6 294	5 137	+23
<i>– as a percentage of revenues</i>	<b>24.5</b>	<b>25.6</b>		24.6	24.3	
Return on capital employed, %	<b>62</b>	<b>64</b>				

- Lower order volumes for mining and rock excavation equipment
- Operating margin at 24.5%, negatively impacted by currency
- Agreement to acquire a U.S. drill bit manufacturer

**Sales Bridge**

MSEK	July - September	
	Orders received	Revenues
2011	7 574	7 642
Structural change, %	+1	+1
Currency, %	-1	-1
Price, %	+3	+3
Volume, %	-3	+5
Total, %	0	+8
2012	7 603	8 278

**Mining**

The overall demand for equipment remained at a good level in the quarter. However, the uncertainty about future investments in capital equipment increased and some hesitation to take decisions was evident. The order volumes for underground and open-pit equipment were slightly lower compared to the previous year and to the previous quarter. Order intake for exploration equipment continued to be weak.

**Civil engineering**

The order intake for both underground and surface drilling equipment for infrastructure applications was lower both compared to the previous year and sequentially.

**Aftermarket and consumables**

Demand for service, spare parts and consumables remained strong and orders received increased compared to the previous year. Sequentially, however, order volumes decreased somewhat, partly as some customers were cautious in replenishing their inventories of consumables.

**Innovation**

Several new products were introduced. For open-pit mining a new rotary drill rig was launched. The rig has features for reduced fuel consumption, and the control system supports automatic drilling and remote tramming. A charging truck and a ventilation system for underground applications were introduced. The largest underground mining truck in the world was also presented in the quarter.

**Significant events and structural changes**

In September, Atlas Copco agreed to acquire U.S. based NewTech Drilling Products, LLC. NewTech develops and manufactures bits for mining and oil and gas drilling. The company employs 20 people and had revenues in 2011 of MUSD 6.5 (MSEK 45). The acquisition is expected to be finalized in the fourth quarter.

**Profit and returns**

Operating profit increased to MSEK 2 031 (1 959) corresponding to a margin of 24.5% (25.6). The positive effects of increased volumes and price increases were more than offset by negative changes in exchange rates and dilution from recent acquisitions.

Return on capital employed (last 12 months) was 62% (64).

**Construction Technique**

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

MSEK	July - September			January - September		
	2012	2011	%	2012	2011	%
Orders received	2 872	2 978	-4	9 966	9 912	+1
Revenues	3 074	3 292	-7	9 977	9 954	0
Operating profit	355	390	-9	1 185	1 338	-11
<i>– as a percentage of revenues</i>	<i>11.5</i>	<i>11.8</i>		<i>11.9</i>	<i>13.4</i>	
Return on capital employed, %	10	14				

Operating profit for 2011 includes items affecting comparability. See below.

- Weaker demand for construction equipment
- Operating margin at 11.5%
- Reorganization of road construction equipment production in Karlskrona, Sweden.

**Sales bridge**

MSEK	July - September	
	Orders received	Revenues
2011	2 978	3 292
Structural change, %	0	0
Currency, %	-5	-4
Price, %	+2	+2
Volume, %	-1	-5
Total, %	-4	-7
2012	2 872	3 074

**Construction equipment**

The overall demand for construction equipment declined compared to the previous year and the total order volume decreased somewhat.

Geographically, organic order intake increased in North and South America, in Africa/Middle East and in Australia, it was largely unchanged in Asia, but decreased in Europe. The order volumes for portable compressors and generators were largely unchanged, while sales of road construction equipment and construction tools were lower than in the previous year.

Compared to the previous quarter, the order intake decreased for all types of equipment and in all major markets, partly due to normal seasonal effects and as some rental companies were more hesitant to invest. The least affected business was portable compressors and generators and the least affected region was North America.

**Aftermarket**

The service and spare parts business remained healthy and grew organically compared to the previous year. The order intake was, however, slightly lower compared to the previous quarter.

**Innovation**

A new range of portable generators for construction applications and a range of solar powered light towers were launched in selected markets. A large portable compressor available with a fuel saving system was introduced. A range of mid-size soil rollers with tier-4 engines was introduced worldwide. In addition, several hydraulic and pneumatic construction tools as well as a range of light compaction equipment were launched.

**Significant events and structural changes**

Atlas Copco announced a reorganization of the production of road construction equipment in Karlskrona, Sweden, to create a more competitive production unit with stronger future growth potential. The planned activities will require an investment of about MSEK 30, and a reduction of the workforce. Notice was given to 78 blue collar employees at the end of September.

**Profit and returns**

Operating profit was MSEK 355 (390). Previous year includes restructuring costs of MSEK 30 related to closure of a plant in Sweden and move of that activity to Bulgaria. The adjusted operating margin was 11.5% (12.8) and was negatively affected by investments in new customer centers, currencies and revenue mix.

Return on capital employed (last 12 months) was 10% (14).

**Previous near-term demand outlook**

(Published July 17, 2012)

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

**Accounting principles**

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

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

**Risks and factors of uncertainty***Market risks*

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

*Financial risks*

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

*Production risks*

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

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

*Acquisitions*

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

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



**Consolidated income statement**

	3 months ended		9 months ended		12 months ended		
	Sept. 30 2012	Sept. 30 2011	Sept. 30 2012	Sept. 30 2011	Sept. 30 2012	Sept. 30 2011	Dec. 31 2011
MSEK							
Revenues	22 094	20 739	67 785	58 913	90 075	78 314	81 203
Cost of sales	-13 432	-12 843	-41 682	-36 164	-55 569	-48 157	-50 051
<b>Gross profit</b>	<b>8 662</b>	<b>7 896</b>	<b>26 103</b>	<b>22 749</b>	<b>34 506</b>	<b>30 157</b>	<b>31 152</b>
Marketing expenses	-2 082	-1 897	-6 458	-5 549	-8 534	-7 387	-7 625
Administrative expenses	-1 180	-895	-3 697	-3 006	-5 025	-4 214	-4 334
Research and development costs	-475	-421	-1 536	-1 262	-2 079	-1 685	-1 805
Other operating income and expenses	-7	117	129	32	269	100	172
<b>Operating profit</b>	<b>4 918</b>	<b>4 800</b>	<b>14 541</b>	<b>12 964</b>	<b>19 137</b>	<b>16 971</b>	<b>17 560</b>
- as a percentage of revenues	22.3	23.1	21.5	22.0	21.2	21.7	21.6
Net financial items	-184	-97	-479	-124	-639	-211	-284
<b>Profit before tax</b>	<b>4 734</b>	<b>4 703</b>	<b>14 062</b>	<b>12 840</b>	<b>18 498</b>	<b>16 760</b>	<b>17 276</b>
- as a percentage of revenues	21.4	22.7	20.7	21.8	20.5	21.4	21.3
Income tax expense	-1 248	-1 102	-3 554	-3 224	-4 618	-4 228	-4 288
<b>Profit for the period</b>	<b>3 486</b>	<b>3 601</b>	<b>10 508</b>	<b>9 616</b>	<b>13 880</b>	<b>12 532</b>	<b>12 988</b>
Profit attributable to							
- owners of the parent	3 482	3 596	10 498	9 595	13 866	12 501	12 963
- non-controlling interests	4	5	10	21	14	31	25
<b>Basic earnings per share, SEK</b>	<b>2.87</b>	<b>2.96</b>	<b>8.65</b>	<b>7.90</b>	<b>11.43</b>	<b>10.29</b>	<b>10.68</b>
Diluted earnings per share, SEK	2.86	2.91	8.62	7.83	11.41	10.24	10.62
Basic weighted average number of shares outstanding, millions	1 214.2	1 213.8	1 213.5	1 214.8	1 213.3	1 215.3	1 214.3
Diluted weighted average number of shares outstanding, millions	1 216.0	1 216.5	1 215.7	1 218.0	1 215.5	1 218.9	1 217.3

**Key ratios**

Equity per share, period end, SEK	26	22	24
Return on capital employed, 12 month values, %	37	36	37
Return on equity, 12 month values, %	47	47	48
Debt/equity ratio, period end, %	39	53	49
Equity/assets ratio, period end, %	40	37	38
Number of employees, period end	39 921	36 638	37 579

**Consolidated statement of comprehensive income**

MSEK	3 months ended		9 months ended		12 months ended		
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Dec. 31
	2012	2011	2012	2011	2012	2011	2011
<b>Profit for the period</b>	<b>3 486</b>	<b>3 601</b>	<b>10 508</b>	<b>9 616</b>	<b>13 880</b>	<b>12 532</b>	<b>12 988</b>
<b>Other comprehensive income</b>							
Translation differences on foreign operations	-1 830	724	-2 484	453	-3 287	306	-350
- realized and reclassified to income statement	-	-	-	-	-2	-	-2
Hedge of net investments in foreign operations	701	-204	1 035	-381	1 509	-167	93
Cash flow hedges	-7	106	6	8	66	-7	68
Available-for-sale investments	-	-9	-	92	19	248	111
- realized and reclassified to income statement	-	-82	-	-308	-43	-373	-351
Income tax relating to components of other comprehensive income	-467	151	-709	319	-1 102	150	-74
<b>Other comprehensive income for the period, net of tax</b>	<b>-1 603</b>	<b>686</b>	<b>-2 152</b>	<b>183</b>	<b>-2 840</b>	<b>157</b>	<b>-505</b>
<b>Total comprehensive income for the period</b>	<b>1 883</b>	<b>4 287</b>	<b>8 356</b>	<b>9 799</b>	<b>11 040</b>	<b>12 689</b>	<b>12 483</b>
Total comprehensive income attributable to							
- owners of the parent	1 879	4 283	8 348	9 791	11 033	12 664	12 476
- non-controlling interests	4	4	8	8	7	25	7

**Consolidated balance sheet**

MSEK	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011
Intangible assets	15 718	15 352	13 886
Rental equipment	1 900	2 117	2 103
Other property, plant and equipment	6 723	6 538	6 215
Financial assets and other receivables	2 565	2 931	2 896
Deferred tax assets	1 173	1 052	1 265
<b>Total non-current assets</b>	<b>28 079</b>	<b>27 990</b>	<b>26 365</b>
Inventories	18 642	17 579	16 961
Trade and other receivables	21 551	21 996	20 457
Other financial assets	1 395	1 773	1 625
Cash and cash equivalents	8 772	5 716	6 520
Assets classified as held for sale	1	55	48
<b>Total current assets</b>	<b>50 361</b>	<b>47 119</b>	<b>45 611</b>
<b>TOTAL ASSETS</b>	<b>78 440</b>	<b>75 109</b>	<b>71 976</b>
Equity attributable to owners of the parent	31 333	28 776	26 457
Non-controlling interests	53	63	68
<b>TOTAL EQUITY</b>	<b>31 386</b>	<b>28 839</b>	<b>26 525</b>
Borrowings	20 052	17 013	17 307
Post-employment benefits	1 420	1 504	1 609
Other liabilities and provisions	967	1 039	846
Deferred tax liabilities	2 058	1 390	979
<b>Total non-current liabilities</b>	<b>24 497</b>	<b>20 946</b>	<b>20 741</b>
Borrowings	1 050	3 422	3 621
Trade payables and other liabilities	20 327	20 696	19 917
Provisions	1 180	1 206	1 172
<b>Total current liabilities</b>	<b>22 557</b>	<b>25 324</b>	<b>24 710</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78 440</b>	<b>75 109</b>	<b>71 976</b>

**Consolidated statement of changes in equity**

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2012</b>	<b>28 776</b>	<b>63</b>	<b>28 839</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	8 348	8	8 356
Dividends	-6 069	-1	-6 070
Change of non-controlling interests	-90	-17	-107
Acquisition and divestment of own shares	481	-	481
Share-based payments, equity settled	-113	-	-113
<b>Closing balance, September 30, 2012</b>	<b>31 333</b>	<b>53</b>	<b>31 386</b>

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

	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
<b>Opening balance, January 1, 2011</b>	<b>29 141</b>	<b>180</b>	<b>29 321</b>
<b>Changes in equity for the period</b>			
Total comprehensive income for the period	9 791	8	9 799
Dividends	-4 851	-2	-4 853
Redemption of shares	-6 067	-	-6 067
Change of non-controlling interests	-841	-118	-959
Acquisition and divestment of own shares	-682	-	-682
Share-based payments, equity settled	-34	-	-34
<b>Closing balance, September 30, 2011</b>	<b>26 457</b>	<b>68</b>	<b>26 525</b>

**Consolidated statement of cash flows**

MSEK	July - September		January – September	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Operating profit	4 918	4 800	14 541	12 964
Depreciation, amortization and impairment (see below)	664	644	1 973	1 819
Capital gain/loss and other non-cash items	-249	-312	-288	-76
<b>Operating cash surplus</b>	<b>5 333</b>	<b>5 132</b>	<b>16 226</b>	<b>14 707</b>
Net financial items received/paid	-164	-159	-611	-712
Taxes paid	-1 111	-857	-3 942	-2 590
Change in working capital	-106	-925	-2 534	-4 744
Increase in rental equipment	-209	-439	-961	-1 050
Sale of rental equipment	156	109	521	388
<b>Net cash from operating activities</b>	<b>3 899</b>	<b>2 861</b>	<b>8 699</b>	<b>5 999</b>
<b>Cash flows from investing activities</b>				
Investments in property, plant and equipment	-365	-411	-1 234	-1 184
Sale of property, plant and equipment	15	12	41	44
Investments in intangible assets	-218	-148	-661	-416
Sale of intangible assets	2	2	4	12
Acquisition of subsidiaries	-349	-490	-1 049	-624
Other investments, net	1 278	-191	1 094	263
<b>Net cash from investing activities</b>	<b>363</b>	<b>-1 226</b>	<b>-1 805</b>	<b>-1 905</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	-6 069	-4 851
Dividends paid to non-controlling interest	-2	-2	-1	-2
Acquisition of non-controlling interest	-2	-92	-107	-958
Redemption of shares	-	-	-	-6 067
Repurchase and sales of own shares	87	43	481	-682
Change in interest-bearing liabilities	400	285	1 990	608
<b>Net cash from financing activities</b>	<b>483</b>	<b>234</b>	<b>-3 706</b>	<b>-11 952</b>
<b>Net cash flow for the period</b>	<b>4 745</b>	<b>1 869</b>	<b>3 188</b>	<b>-7 858</b>
Cash and cash equivalents, beginning of the period	4 160	4 481	5 716	14 264
Exchange differences in cash and cash equivalents	-133	170	-132	114
<b>Cash and cash equivalents, end of the period</b>	<b>8 772</b>	<b>6 520</b>	<b>8 772</b>	<b>6 520</b>

Depreciation, amortization and impairment				
<i>Rental equipment</i>	155	189	520	528
<i>Other property, plant and equipment</i>	279	249	832	732
<i>Intangible assets</i>	230	206	621	559
<b>Total</b>	<b>664</b>	<b>644</b>	<b>1 973</b>	<b>1 819</b>

**Calculation of operating cash flow**

MSEK	July - September		January – September	
	2012	2011	2012	2011
<b>Net cash flow for the period</b>	<b>4 745</b>	<b>1 869</b>	<b>3 188</b>	<b>-7 858</b>
Add back				
Change in interest-bearing liabilities	-400	-285	-1 990	-608
Repurchase and sales of own shares	-87	-43	-481	682
Dividends paid	-	-	6 069	4 851
Dividends paid to non-controlling interest	2	2	1	2
Redemption of shares	-	-	-	6 067
Acquisition of non-controlling interest	2	92	107	958
Acquisitions and divestments	349	490	1 049	624
<b>Operating cash flow</b>	<b>4 611</b>	<b>2 125</b>	<b>7 943</b>	<b>4 718</b>

**Revenues by business area**

MSEK (by quarter)	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	6 989	7 676	8 264	8 831	8 306	8 692	8 599
- of which external	7 000	7 699	8 171	8 804	8 287	8 672	8 584
- of which internal	-11	-23	93	27	19	20	15
Industrial Technique	1 768	1 800	1 816	2 437	2 471	2 420	2 280
- of which external	1 763	1 792	1 807	2 429	2 464	2 414	2 271
- of which internal	5	8	9	8	7	6	9
Mining and Rock							
Excavation Technique	6 516	6 994	7 642	8 204	8 434	8 846	8 278
- of which external	6 485	6 987	7 609	8 183	8 418	8 807	8 265
- of which internal	31	7	33	21	16	39	13
Construction Technique	3 063	3 599	3 292	2 964	3 206	3 697	3 074
- of which external	2 930	3 422	3 090	2 784	3 006	3 477	2 910
- of which internal	133	177	202	180	200	220	164
Common Group functions/ Eliminations	-113	-118	-275	-146	-163	-218	-137
<b>Atlas Copco Group</b>	<b>18 223</b>	<b>19 951</b>	<b>20 739</b>	<b>22 290</b>	<b>22 254</b>	<b>23 437</b>	<b>22 094</b>

**Operating profit by business area**

MSEK (by quarter)	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Compressor Technique	1 701	1 840	1 990	2 061	1 833	1 910	2 065
- as a percentage of revenues	24.3	24.0	24.1	23.3	22.1	22.0	24.0
Industrial Technique	401	392	398	576	592	552	479
- as a percentage of revenues	22.7	21.8	21.9	23.6	24.0	22.8	21.0
Mining and Rock							
Excavation Technique	1 537	1 641	1 959	2 059	2 072	2 191	2 031
- as a percentage of revenues	23.6	23.5	25.6	25.1	24.6	24.8	24.5
Construction Technique	449	499	390	122	342	488	355
- as a percentage of revenues	14.7	13.9	11.8	4.1	10.7	13.2	11.5
Common Group Functions/Eliminations	-101	-195	63	-222	-235	-122	-12
<b>Operating profit</b>	<b>3 987</b>	<b>4 177</b>	<b>4 800</b>	<b>4 596</b>	<b>4 604</b>	<b>5 019</b>	<b>4 918</b>
- as a percentage of revenues	21.9	20.9	23.1	20.6	20.7	21.4	22.3
Net financial items	69	-96	-97	-160	-115	-180	-184
<b>Profit before tax</b>	<b>4 056</b>	<b>4 081</b>	<b>4 703</b>	<b>4 436</b>	<b>4 489</b>	<b>4 839</b>	<b>4 734</b>
- as a percentage of revenues	22.3	20.5	22.7	19.9	20.2	20.6	21.4

**Acquisitions and divestments**

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2012 Aug. 2	Ekomak Group		Compressor Technique	200	160
2012 Aug. 1	Gazcon A/S		Compressor Technique	30	21
2012 Mar. 16	Guangzhou Linghein Compressor Co.		Compressor Technique	100	160
2012 Feb. 13	Wuxi Shengda Air/Gas Purity Equipment		Compressor Technique	85	130
2012 Jan. 31	Neumatica <i>Distributor Colombia</i>		Mining & Rock Excavation Tech.		15
2012 Jan. 31	GIA Industri		Mining & Rock Excavation Tech.	230	113
2012 Jan. 12	Perfora S.p.A.		Mining & Rock Excavation Tech.	90	43
2012 Jan. 4	Houston Service Industries, Inc.		Compressor Technique	240	123
2011 Nov. 21	Seti-Tec S.A.S.		Industrial Technique	40	14
2011 Nov. 1	Kalibrierdienst Stenger		Industrial Technique	6	7
2011 Oct. 7		Self drilling anchors	Mining & Rock Excavation Tech.	100	45
2011 Oct. 7	SCA Schucker		Industrial Technique	600	280
2011 Aug. 17	Penlon Medical Gas Solutions		Compressor Technique	120	100
2011 Jul. 15	Gesan		Construction Technique	510	160
2011 Jul. 1	Sogimair S.A. and Aircom S.A.		Compressor Technique	124	75
2011 May 31	Tencarva <i>Distributor USA</i>		Compressor Technique		37
2011 Apr. 1	ABAC Catalunya <i>Distributor Spain</i>		Compressor Technique		8
2011 Mar. 7	J.C. Carter		Compressor Technique	175	70

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

## Parent company

### Income statement

MSEK	July - September		January - September	
	2012	2011	2012	2011
Administrative expenses	-92	-13	-309	-213
Other operating income and expenses	47	44	152	107
<b>Operating profit/loss</b>	<b>-45</b>	<b>31</b>	<b>-157</b>	<b>-106</b>
Financial income and expense	-115	17	-528	4 244
<b>Profit/loss before tax</b>	<b>-160</b>	<b>48</b>	<b>-685</b>	<b>4 138</b>
Income tax	12	114	130	310
<b>Profit/loss for the period</b>	<b>-148</b>	<b>162</b>	<b>-555</b>	<b>4 448</b>

### Balance sheet

MSEK	Sept. 30	Dec. 31	Sept. 30
	2012	2011	2011
Total non-current assets	91 751	92 190	91 855
Total current assets	9 545	12 025	7 738
<b>TOTAL ASSETS</b>	<b>101 296</b>	<b>104 215</b>	<b>99 593</b>
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	32 444	37 510	33 317
<b>TOTAL EQUITY</b>	<b>38 229</b>	<b>43 295</b>	<b>39 102</b>
Total provisions	1 370	977	622
Total non-current liabilities	51 745	49 578	50 872
Total current liabilities	9 952	10 365	8 997
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>101 296</b>	<b>104 215</b>	<b>99 593</b>
Assets pledged	55	55	52
Contingent liabilities	359	410	416

### Accounting principles

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



## Parent company

### Distribution of shares

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

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
<i>- of which A shares</i>	
<i>held by Atlas Copco</i>	<i>-14 041 446</i>
<i>- of which B shares</i>	
<i>held by Atlas Copco</i>	<i>-993 687</i>
Total shares outstanding, net of shares held by Atlas Copco	1 214 577 971

### Personnel stock option program

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

### Transactions in own shares

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

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

- The sale of maximum of 4 700 000 series A shares in order to cover the obligations under the performance stock option plans 2008 and 2009 and the sale of maximum 1 200 000 series B shares to cover the corresponding costs for the plan 2007.

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

During the first nine months of 2012, 2 646 184 series A shares and 317 759 series B shares were divested, net, in accordance with mandates granted.

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

### Risks and factors of uncertainty

#### Financial risks

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

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

#### Related parties

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

Stockholm, October 24, 2012

Atlas Copco AB

Ronnie Leten  
President and Chief Executive Officer

### **Goals for sustainable, profitable development**

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

The financial goals are:

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

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

### **Forward-looking statements**

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

### **Atlas Copco AB**

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

### **For further information**

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### **Conference call**

A conference call to comment on the results will be held at 3:00 PM CEST, on October 24.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0110 and the code to attend the call is 923585.

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](http://www.atlascopco.com/ir)

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

### **Capital Markets Day**

Atlas Copco invites investors, analysts and financial media to its annual Capital Markets Day on November 15, 2012, in Örebro, Sweden. Please visit [www.atlascopco.com/CMD2012](http://www.atlascopco.com/CMD2012) for more information.

### **Report on Q4 and full-year 2012 summary**

The report on Q4 and full-year 2012 summary will be published on January 31, 2013.