Press Release from the Atlas Copco Group

October 21, 2011

Atlas Copco

Interim report at September 30, 2011

(unaudited)

Record revenues and record operating profit

- **Order intake increased to MSEK 21 151, 14% organic growth.**
- **Revenues increased to MSEK 20 739 (17 743), 21% organic growth.**
  - **Strong development in aftermarket.**
- **Operating profit increased 27% to MSEK 4 800 (3 782).**
  - **Whereof MSEK 164 from release of provision for share-related long-term incentive programs.**
- **Operating margin was 23.1% (21.3).**
- **Profit before tax amounted to MSEK 4 703 (3 675).**
  - **Whereof capital gain of MSEK 82 from sale of shares in RSC Holdings.**
- **Profit for the period was MSEK 3 601 (2 650).**
- **Basic earnings per share were SEK 2.96 (2.17).**
- **Operating cash flow at MSEK 2 125 (2 479).**

	July - September			January - September		
MSEK	**2011**	**2010**	%	2011	2010	%
Orders received	**21 151**	**19 316**	**9%**	65 028	55 804	17%
Revenues	**20 739**	**17 743**	**17%**	58 913	50 474	17%
Operating profit	**4 800**	**3 782**	**27%**	12 964	9 908	31%
– as a percentage of revenues	***23.1***	***21.3***		*22.0*	*19.6*	
Profit before tax	**4 703**	**3 675**	**28%**	12 840	9 575	34%
– as a percentage of revenues	***22.7***	***20.7***		*21.8*	*19.0*	
Profit for the period	**3 601**	**2 650**	**36%**	9 616	7 028	37%
Basic earnings per share, SEK	**2.96**	**2.17**		7.90	5.77	
Diluted earnings per share, SEK	**2.91**	**2.17**		7.83	5.77	
Return on capital employed, %	**36**	**25**				

Near-term demand outlook

The overall demand for Atlas Copco's products and services is expected to weaken somewhat from the current high level.

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Atlas Copco Group

New business area structure

As of July 1, the Group has four business areas instead of three. The divisions for portable compressors and generators, road construction equipment and construction tools have joined forces in the new Construction Technique business area. Divisions with underground and surface drilling products, crushing, loading and hauling, and exploration equipment belong to the Mining and Rock Excavation Technique business area. These new business areas have created dedicated service divisions. Compressor Technique focuses on stationary equipment for air and gas and related service and Industrial Technique is unchanged.

Note! Business area figures prior to July 1 2011 are pro-forma figures.

Summary of nine-month results

Orders received in the first nine months of 2011 increased 17%, to MSEK 65 028 (55 804). Volume for comparable units increased 23%, price increases added 2% and structural changes 2%, while the negative currency effect was 10%. Revenues were MSEK 58 913 (50 474), corresponding to 25% organic growth.

Operating profit increased 31% to MSEK 12 964 (9 908), corresponding to a margin of 22.0% (19.6). The negative impact of changes in exchange rates was MSEK 1 610 for the first nine months.

Profit before tax increased to MSEK 12 840 (9 575), corresponding to a margin of 21.8% (19.0). Profit for the period totaled MSEK 9 616 (7 028). Basic and diluted earnings per share were SEK 7.90 (5.77) and 7.83 (5.77) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 4 718 (7 169).

Review of the third quarter

Market development

The overall demand for Atlas Copco’s products and services remained at a high level. The important aftermarket business grew strongly, both compared with the previous year and with the previous quarter. Order intake for industrial equipment and for mining equipment increased compared with the previous year, but decreased moderately compared to the strong orders received in the second quarter. Demand for most types of construction equipment was lower than previous periods and order intake decreased, both compared with the previous year and the previous quarter.

In **North America**, order intake stayed relatively strong for all types of industrial equipment compared to previous quarter and increased significantly compared with the previous year. Order intake for mining and construction equipment declined sequentially from the record levels of the second quarter.

The overall demand in **South America** remained favorable. Orders received increased compared with the previous year for mining and industrial equipment, while construction equipment orders were lower.

Order intake in **Europe** increased for all business areas compared with the previous year. Seasonally adjusted, overall demand was unchanged from previous quarter. The demand for equipment and aftermarket from the mining industry improved, whereas demand from the construction industry was weaker.

Orders received in **Africa/ Middle East** were significantly higher than the previous year. Compared with the previous quarter, orders from the mining industry improved further, whereas orders from manufacturing and process industry were lower than in the strong second quarter.

In **Asia** in general, and in China in particular, the demand from manufacturing, process and mining industries remained healthy, whereas the demand from the construction industry continued to weaken. Orders received for most types of industrial and mining equipment was slightly lower than the high level in the second quarter, whereas the decrease for construction equipment was more pronounced.

In **Australia**, orders received from the important mining industry decreased compared with the record levels recorded the previous quarter and the previous year. The aftermarket business, however, developed strongly.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2010	19 316	17 743
Structural change, %	+1	+2
Currency, %	-6	-6
Price, %	+2	+2
Volume, %	+12	+19
Total, %	+9	+17
2011	21 151	20 739

Geographic distribution of orders received

%, last 12 months incl. Sep. 2011	Compressor Technique	Industrial Technique	Mining and Rock Excavation Tech.	Construction Technique	Atlas Copco Group
North America	17	24	23	12	19
South America	8	6	12	13	10
Europe	34	47	21	38	31
Africa/Middle East	9	1	18	10	12
Asia/Australia	32	22	26	27	28
	100	100	100	100	100

Earnings and profitability

Operating profit increased 27% to MSEK 4 800 (3 782), corresponding to a margin of 23.1% (21.3). The profit includes restructuring costs of MSEK 30, previous year MSEK 100, both related to the consolidation of manufacturing in the Construction Technique business area. The margin was supported by increased revenue volumes and prices, and a release of provisions in corporate of MSEK 164, for share-related long-term incentive programs. The programs are hedged with own shares, but the off-setting effect from the hedge is recognized in equity when the shares are sold.

The net currency effect, compared with the previous year was MSEK -150, but the effect on the margin was positive with approximately 0.5 percentage points.

Net financial items were MSEK -97 (-107), of which interest net MSEK -153 (-96). Interest net was affected by this year’s significant capital distribution as well as higher interest rates compared with the previous year. Financial exchange rate differences were negative, while other financial items include a capital gain of MSEK 82 from the sale of shares in RSC Holdings Inc, a financial participation remaining from the sale of the Rental Service business area in 2006.

Profit before tax amounted to MSEK 4 703 (3 675), corresponding to a margin of 22.7% (20.7).

Profit for the period totaled MSEK 3 601 (2 650). Basic and diluted earnings per share were SEK 2.96 (2.17) and 2.91 (2.17), respectively.

The return on capital employed during the last 12 months was 36% (25) and 39% (27) excluding the customer financing business. The return on equity was 47% (34). 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 5 132 (4 680).

Working capital increased with MSEK 925 (1 035) as a result of increased sales. Rental equipment investments, net, reached MSEK 330 (92).

Investments in property, plant and equipment was MSEK 411 (274).

Operating cash flow equaled MSEK 2 125 (2 479).

Net indebtedness

The Group’s net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 14 129 (8 416), of which MSEK 1 609 (1 630) was attributable to post-employment benefits. The funding situation for the Group is stable and favorable, with an average tenor of about four years. The net debt/EBITDA ratio was 0.7 (0.6). The net debt/equity ratio was 53% (32).

Acquisition and divestment of own shares

During the quarter 302 545 series A shares and 2 270 series B shares were divested, for a net value of MSEK 43. These transactions are in accordance with mandates granted by the 2011 Annual General Meeting and relate to the Group’s long-term incentive programs.

Employees

On September 30, 2011, the number of employees was 36 638 (32 152). The number of consultants/external workforce was 2 199 (1 512). For comparable units, the total workforce increased with 4 781 since September 30, 2010.

Compressor Technique

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

	July - September			January - September		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**8 919**	**7 873**	**13%**	26 254	22 536	16%
Revenues	**8 264**	**7 598**	**9%**	22 929	21 614	6%
Operating profit	**1 990**	**2 030**	**-2%**	5 531	5 207	6%
– as a percentage of revenues	***24.1***	***26.7***		*24.1*	*24.1*	
Return on capital employed, %	**72**	**65**				

- 17% organic order growth; continued healthy demand.
- Solid operating margin at 24.1%.
- Acquisition of medical gas solutions business.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2010	7 873	7 598
Structural change, %	+3	+3
Currency, %	-7	-6
Price, %	+1	+1
Volume, %	+16	+11
Total, %	+13	+9
2011	8 919	8 264

Industrial compressors

The overall demand for stationary industrial compressors and air treatment equipment remained at a healthy level, with a better development for small- and medium-sized compressors than for larger machines. The demand in North America was particularly strong. Order intake was higher than previous year in all major regions, but somewhat lower compared with the strong second quarter.

Gas and process compressors

Order intake of gas and process compressors was higher than the previous year, but was lower than the previous quarter. A large order was won in Turkey to deliver equipment to a turnkey geothermal power plant and several orders were also won in Asia.

Specialty rental

The specialty rental business recorded healthy growth compared with both the previous year and the previous quarter.

Aftermarket

Sales of aftermarket service and spare parts continued to develop strongly. The best development was seen in the emerging markets, particularly in Asia.

Sustainable product development

Many new industrial compressors, both small and large were introduced in the quarter. A range of nitrogen generators was launched and the range of air treatment equipment was extended with both small and large dryers. A range of starting air compressors was introduced to increase the offering to the marine industry. These water-cooled piston compressors offers a small and quiet solution with easy installation, low maintenance requirements and low cost of ownership.

Structural changes

As of July 1, the business for portable compressors and generators became part of the Construction Technique business area.

In August, the acquisition of Penlon’s Medical Gas Solutions business, United Kingdom, was completed. The business is a leading provider of medical gas systems, medical vacuum equipment, and pipeline components for hospitals, with revenues of around MGBP 12 (MSEK 120) and about 100 employees in 2010.

Profit and returns

Operating profit was MSEK 1 990 (2 030), corresponding to a margin of 24.1% (26.7). Changes in revenue mix and dilution from recent acquisitions, explain most of the decrease in operating margin.

Return on capital employed (last 12 months) was 72% (65).

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.

	July - September			January - September		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**2 013**	**1 693**	**19%**	6 119	4 992	23%
Revenues	**1 816**	**1 569**	**16%**	5 384	4 587	17%
Operating profit	**398**	**317**	**26%**	1 191	849	40%
– as a percentage of revenues	***21.9***	***20.2***		*22.1*	*18.5*	
Return on capital employed, %	**63**	**38**				

- 24% organic order growth; solid demand from all major customer segments.
- Operating margin increased to 21.9%, supported by volume growth.
- Acquisition of adhesive equipment manufacturer in Germany.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2010	1 693	1 569
Structural change, %	+1	+1
Currency, %	-6	-6
Price, %	+2	+2
Volume, %	+22	+19
Total, %	+19	+16
2011	2 013	1 816

General industry

The demand for industrial power tools for the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, remained favorable. Compared with the previous year, order intake increased significantly. The strongest sales increase compared with previous year was noted in North America and in Asia.

Motor vehicle industry

The demand for advanced industrial tools and assembly systems to the motor vehicle industry remained favorable and strong growth compared with the previous year was recorded. Orders received increased strongly in Europe, notably in Germany, and in Asia.

Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, recorded increased sales in the Americas, while the order intake in Europe decreased slightly.

Aftermarket

Demand for aftermarket services developed positively and the business continued to grow rapidly in most emerging markets, e.g. Brazil, China and India. Solid growth was also recorded in North America and Europe.

Sustainable product development

The business area continuously introduces new products with improved productivity. In the quarter, a range of high torque pneumatic impact wrenches was introduced. These products combine operator comfort with very high power-to-weight ratio. A range of low torque screwdrivers and controllers for the motor vehicle industry was also launched.

Structural changes and subsequent events

In October the German adhesive equipment manufacturer SCA Schucker was acquired. SCA Schucker had sales of MEUR 65 (MSEK 600) and about 280 employees in 2010.

In October, Atlas Copco agreed to acquire Seti-Tec S.A.S., a French manufacturer of advanced drilling equipment and solutions for the aerospace industry. The company employs 14 people and had revenues of MEUR 4.4 (MSEK 40) in 2010.

Also in October, Atlas Copco agreed to acquire Kalibrierdienst Stenger, a Germany-based business specialized in calibration of measuring instruments for industrial tools. The business employs seven people.

Profit and returns

Operating profit increased 26% to MSEK 398 (317), corresponding to an operating margin of 21.9% (20.2). Higher revenue volumes and increased prices supported the margin, but this was partly offset by negative mix.

Return on capital employed (last 12 months) was 63% (38).

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.

	July - September			January - September		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**7 574**	**6 827**	**11%**	23 291	19 122	22%
Revenues	**7 642**	**5 589**	**37%**	21 152	15 957	33%
Operating profit	**1 959**	**1 287**	**52%**	5 137	3 375	52%
– as a percentage of revenues	***25.6***	***23.0***		*24.3*	*21.2*	
Return on capital employed, %	**64**	**47**				

- 16% organic order growth; continued high activity in the mining industry.
- Very strong development of the aftermarket business.
- Operating profit margin increased to 25.6%, supported by volume and price.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2010	6 827	5 589
Structural change, %	+1	+1
Currency, %	-6	-8
Price, %	+3	+3
Volume, %	+13	+41
Total, %	+11	+37
2011	7 574	7 642

Mining

Demand from the mining industry for equipment continued to be strong. Order intake for underground equipment increased compared with the previous year and was in line with the previous quarter. Sales of drill rigs for open-pit mining were lower than the high levels seen earlier in 2011. The best development compared with the previous year was noted in North America.

Civil engineering

Orders received for drilling rigs for infrastructure applications, increased somewhat compared with the previous year and the previous quarter.

Aftermarket and consumables

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

Sustainable product development

A new range of drilling consumables with a new thread design was introduced in the quarter. It offers up to 30% longer service life.

The large rotary drill rigs for surface mining were upgraded with a new cab. The cab is larger than the previous model and offers a number of ergonomic and safety features to increase productivity.

Structural changes and subsequent events

As of July 1, the divisions for road construction equipment and construction tools were transferred to the new Construction Technique business area. All other divisions formerly in the Construction and Mining Technique business area now constitute the Mining and Rock Excavation Technique business area. In addition, a dedicated service division has been created.

In October, Atlas Copco divested its business related to self drilling anchors. The divested business, which is based in Austria, has annual revenues of approximately MSEK 100 and about 45 employees.

Profit and returns

Operating profit increased 52% to MSEK 1 959 (1 287) corresponding to an operating margin of 25.6% (23.0). The margin increase was primarily due to increased volumes with better fixed cost absorption and price increases.

Return on capital employed (last 12 months) was 64% (47).

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.

	July - September			January - September		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**2 978**	**3 044**	**-2%**	9 912	9 452	5%
Revenues	**3 292**	**3 047**	**8%**	9 954	8 563	16%
Operating profit	**390**	**307**	**27%**	1 338	910	47%
– as a percentage of revenues	***11.8***	***10.1***		*13.4*	*10.6*	
Return on capital employed, %	**14**	**9**				

Operating profit includes items affecting comparability. See below.

- Weak demand for equipment, partly offset by strong aftermarket development.
- Acquisition of Spanish generator manufacturer.
- Nico Delvaux new business area president.

Sales bridge

	July - September	
MSEK	Orders received	Revenues
2010	3 044	3 047
Structural change, %	+3	+4
Currency, %	-4	-6
Price, %	+1	+1
Volume, %	-2	+9
Total, %	-2	+8
2011	2 978	3 292

Construction equipment

The overall demand for most types of construction equipment was lower than in the previous quarters. This development was seen in most markets with a more pronounced negative development in some important emerging markets, like China, India and Brazil. The negative development was primarily seen for road construction and light construction equipment and less for portable compressors and generators. Order intake decreased significantly compared with the previous quarter, partly due to seasonal effects. Compared to previous year, the decrease was moderate as orders received increased in Europe and North America, but decreased in Asia and South America.

Aftermarket

Demand for service and spare parts developed favorably and strong sales growth was recorded in all regions.

Structural changes

As of July 1, the divisions for road construction equipment and construction tools as well as portable compressors and generators (previously in Compressor Technique) joined forces in the new Construction Technique business area. A dedicated service division has been created.

In July, Grupo Electrógenos GESAN S.A., Spain, was acquired. GESAN is a manufacturer of diesel and petrol generators sold through a global distributor network. The company had revenues of MEUR 56 (MSEK 510) and about 160 employees in 2010.

New business area president

Nico Delvaux took up the position as business area president on October 1, 2011. He was previously President of the Compressor Technique Service division.

Sustainable product development

The portable compressor ranges were extended with several new small machines, featuring both electric and diesel drives, and also with differentiated offerings. These ranges primarily target the Asian markets.

Profit and returns

Operating profit was MSEK 390 (307), including restructuring costs of MSEK 30 (100) related to closure of a plant in Sweden and move of that activity to Bulgaria (previous year related to a closure of a plant in Germany). The adjusted operating margin was 12.8% (13.4).

Return on capital employed (last 12 months) was 14% (9).

Previous near-term demand outlook

(Published July 18, 2011)

The overall demand for the Group's products and services is expected to remain on 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 2010, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2011, as explained below.

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

Changes in accounting principles

In 2011 the Group has adopted the following new and updated standards and interpretations issued by the IASB. The changes have no significant impact on the consolidated financial statements.

Revised IAS 24 Related Party Disclosures. The change simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement. The amendment results in prepayments of contributions in certain circumstances being recognized as an asset rather than as an expense. It shall be applied from the beginning of the earliest periods beginning on or after January 1, 2011, but may be applied earlier. It only has a limited 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, 2011, have had no material effect on the consolidated financial statements.

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 2010 Annual Report.

Consolidated Income Statement

	3 months ended		9 months ended				12 months ended
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Dec. 31
MSEK	2011	2010	2011	2010	2011	2010	2010
Revenues	20 739	17 743	58 913	50 474	78 314	66 416	69 875
Cost of sales	-12 843	-10 744	-36 164	-31 475	-48 157	-42 068	-43 468
Gross profit	**7 896**	**6 999**	**22 749**	**18 999**	**30 157**	**24 348**	**26 407**
Marketing expenses	-1 897	-1 662	-5 549	-5 076	-7 387	-6 700	-6 914
Administrative expenses	-895	-985	-3 006	-2 965	-4 214	-3 928	-4 173
Research and development costs	-421	-367	-1 262	-1 094	-1 685	-1 467	-1 517
Other operating income and expenses	117	-203	32	44	100	105	112
Operating profit	**4 800**	**3 782**	**12 964**	**9 908**	**16 971**	**12 358**	**13 915**
- as a percentage of revenues	*23.1*	*21.3*	*22.0*	*19.6*	*21.7*	*18.6*	*19.9*
Net financial items	-97	-107	-124	-333	-211	-459	-420
Profit before tax	**4 703**	**3 675**	**12 840**	**9 575**	**16 760**	**11 899**	**13 495**
- as a percentage of revenues	*22.7*	*20.7*	*21.8*	*19.0*	*21.4*	*17.9*	*19.3*
Income tax expense	-1 102	-1 025	-3 224	-2 547	-4 228	-3 171	-3 551
Profit for the period	**3 601**	**2 650**	**9 616**	**7 028**	**12 532**	**8 728**	**9 944**
Profit attributable to							
- owners of the parent	*3 596*	*2 641*	*9 595*	*7 015*	*12 501*	*8 705*	*9 921*
- non-controlling interests	*5*	*9*	*21*	*13*	*31*	*23*	*23*
Basic earnings per share, SEK	**2.96**	**2.17**	**7.90**	**5.77**	**10.29**	**7.16**	**8.16**
Diluted earnings per share, SEK	2.91	2.17	7.83	5.77	10.24	7.16	8.15
Basic weighted average number of shares outstanding, millions	1 213.8	1 215.6	1 214.8	1 215.5	1 215.3	1215.6	1 215.9
Diluted weighted average number of shares outstanding, millions	1 216.5	1 216.8	1 218.0	1 216.5	1 218.9	1 216.4	1 217.3

Key ratios			
Equity per share, period end, SEK	22	21	24
Return on capital employed, 12 month values, %	36	25	29
Return on equity, 12 month values, %	47	34	38
Debt/equity ratio, period end, %	53	32	19
Equity/assets ratio, period end, %	37	39	41
Number of employees, period end	36 638	32 152	32 790

Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended		12 months ended		
	Sep. 30	Sep. 30	Sep. 30	Sep. 30	Sep. 30	Sep. 30	Dec. 31
MSEK	2011	2010	2011	2010	2011	2010	2010
Profit for the period	**3 601**	**2 650**	**9 616**	**7 028**	**12 532**	**8 728**	**9 944**
Other comprehensive income							
Translation differences on foreign operations	724	-2 072	453	-3 272	306	-2 658	-3 419
Hedge of net investments in foreign operations	-204	596	-381	1 818	-167	1 645	2 032
Cash flow hedges	106	-80	8	-34	-7	-25	-49
Available-for-sale investments	-9	46	92	61	248	53	217
- realized and reclassified to income statement	-82	-17	-308	-17	-373	-17	-82
Income tax relating to components of other comprehensive income	151	-461	319	-1 481	150	-1 359	-1 650
Other comprehensive income for the period, net of tax	**686**	**-1 988**	**183**	**-2 925**	**157**	**-2 361**	**-2 951**
Total comprehensive income for the period	**4 287**	**662**	**9 799**	**4 103**	**12 689**	**6 367**	**6 993**
attributable to							
- owners of the parent	4 283	674	9 791	4 098	12 664	6 345	6 971
- non-controlling interests	4	-12	8	5	25	22	22

Consolidated Balance Sheet

MSEK	Sep. 30, 2011	Dec. 31, 2010	Sep. 30, 2010
Intangible assets	13 886	13 464	13 539
Rental equipment	2 103	1 843	1 867
Other property, plant and equipment	6 215	5 702	5 702
Financial assets and other receivables	2 896	2 814	3 339
Deferred tax assets	1 265	1 309	1 113
Total non-current assets	**26 365**	**25 132**	**25 560**
Inventories	16 961	12 939	12 287
Trade and other receivables	20 457	17 474	16 575
Other financial assets	1 625	1 734	1 554
Cash and cash equivalents	6 520	14 264	11 388
Assets classified as held for sale	48	79	64
Total current assets	**45 611**	**46 490**	**41 868**
TOTAL ASSETS	**71 976**	**71 622**	**67 428**
Equity attributable to owners of the parent	26 457	29 141	25 960
Non-controlling interests	68	180	164
TOTAL EQUITY	**26 525**	**29 321**	**26 124**
Borrowings	17 307	19 615	19 522
Post-employment benefits	1 609	1 578	1 630
Other liabilities and provisions	846	1 042	920
Deferred tax liabilities	979	1 167	871
Total non-current liabilities	**20 741**	**23 402**	**22 943**
Borrowings	3 621	499	761
Trade payables and other liabilities	19 917	17 125	16 355
Provisions	1 172	1 275	1 245
Total current liabilities	**24 710**	**18 899**	**18 361**
TOTAL EQUITY AND LIABILITIES	**71 976**	**71 622**	**67 428**

Consolidated Statement of Changes in Equity

	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2011	**29 141**	**180**	**29 321**
Changes in equity for the period			
Total comprehensive income for the period	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
Closing balance, Sep. 30, 2011	**26 457**	**68**	**26 525**

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2010	**25 509**	**162**	**25 671**
Changes in equity for the period			
Total comprehensive income for the period	6 971	22	6 993
Dividends	-3 646	-4	-3 650
Change of non-controlling interests	1	-	1
Acquisition and divestment of own shares	384	-	384
Share-based payments, equity settled	-78	-	-78
Closing balance, December 31, 2010	**29 141**	**180**	**29 321**

	Equity attributable to		
MSEK	owners of the parent	non-controlling interests	Total equity
Opening balance, January 1, 2010	**25 509**	**162**	**25 671**
Changes in equity for the period			
Total comprehensive income for the period	4 098	5	4 103
Dividends	-3 646	-3	-3 649
Change of non-controlling interests	1	-	1
Acquisition and divestment of own shares	-10	-	-10
Share-based payments, equity settled	8	-	8
Closing balance, Sep. 30, 2010	**25 960**	**164**	**26 124**

Consolidated Statement of Cash Flows

	July - September		January – September	
MSEK	2011	2010	2011	2010
Cash flows from operating activities				
Operating profit	4 800	3 782	12 964	9 908
Depreciation, amortization and impairment (see below)	644	639	1 819	1 834
Capital gain/loss and other non-cash items	-312	259	-76	147
Operating cash surplus	5 132	4 680	14 707	11 889
Net financial items received/paid	-159	-72	-712	-311
Taxes paid	-857	-869	-2 590	-2 072
Change in working capital	-925	-1 035	-4 744	-1 087
Increase in rental equipment	-439	-98	-1 050	-620
Sale of rental equipment	109	6	388	346
Net cash from operating activities	**2 861**	**2 612**	**5 999**	**8 145**
Cash flows from investing activities				
Investments in property, plant and equipment	-411	-274	-1 184	-644
Sale of property, plant and equipment	12	14	44	37
Investments in intangible assets	-148	-130	-416	-362
Sale of intangible assets	2	5	12	7
Acquisition of subsidiaries	-490	-282	-624	-1 668
Other investments, net	-191	252	263	-14
Net cash from investing activities	**-1 226**	**-415**	**-1 905**	**-2 644**
Cash flows from financing activities				
Dividends paid	-	-	-4 851	-3 649
Dividends paid to non-controlling interest	-2	-	-2	-
Acquisition of non-controlling interest	-92	-	-958	-
Redemption of shares	-	-	-6 067	-
Repurchase and sales of own shares	43	41	-682	-10
Change in interest-bearing liabilities	285	571	608	-1 607
Net cash from financing activities	**234**	**612**	**-11 952**	**-5 266**
Net cash flow for the period	**1 869**	**2 809**	**-7 858**	**235**
Cash and cash equivalents, beginning of the period	4 481	9 054	14 264	12 165
Exchange differences in cash and cash equivalents	170	-475	114	-1 012
Cash and cash equivalents, end of the period	**6 520**	**11 388**	**6 520**	**11 388**
Depreciation, amortization and impairment				
Rental equipment	*189*	*161*	*528*	*506*
Other property, plant and equipment	*249*	*262*	*732*	*769*
Intangible assets	*206*	*216*	*559*	*559*
Total	*644*	*639*	*1 819*	*1 834*

The purchase of minority shares in India has been reclassified as acquisition of non-controlling interest.

Calculation of operating cash flow

	July - September		January – September	
MSEK	2011	2010	2011	2010
Net cash flow for the period	**1 869**	**2 809**	**-7 858**	**235**
Add back				
Change in interest-bearing liabilities	-285	-571	-608	1 607
Repurchase and sales of own shares	-43	-41	682	10
Dividends paid	-	-	4 851	3 649
Dividends paid to non-controlling interest	2	-	2	-
Acquisition of non-controlling interest	92	-	958	-
Redemption of shares	-	-	6 067	-
Acquisitions and divestments	490	282	624	1 668
Operating cash flow	**2 125**	**2 479**	**4 718**	**7 169**

Revenues by business area

MSEK (by quarter)	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3
Compressor Technique	6 622	7 394	7 598	8 139	6 989	7 676	8 264
- of which external	*6 616*	*7 378*	*7 596*	*8 112*	*7 000*	*7 699*	*8 171*
- of which internal	*6*	*16*	*2*	*27*	*-11*	*-23*	*93*
Industrial Technique	1 483	1 535	1 569	1 885	1 768	1 800	1 816
- of which external	*1 473*	*1 529*	*1 564*	*1 880*	*1 763*	*1 792*	*1 807*
- of which internal	*10*	*6*	*5*	*5*	*5*	*8*	*9*
Mining and Rock Excavation Technique	4 876	5 492	5 589	6 563	6 516	6 994	7 642
- of which external	*4 878*	*5 488*	*5 587*	*6 559*	*6 485*	*6 987*	*7 609*
- of which internal	*-2*	*4*	*2*	*4*	*31*	*7*	*33*
Construction Technique	2 394	3 122	3 047	2 922	3 063	3 599	3 292
- of which external	*2 304*	*3 003*	*2 962*	*2 809*	*2 930*	*3 422*	*3 090*
- of which internal	*90*	*119*	*85*	*113*	*133*	*177*	*202*
Common Group functions/ Eliminations	-74	-113	-60	-108	-113	-118	-275
Atlas Copco Group	**15 301**	**17 430**	**17 743**	**19 401**	**18 223**	**19 951**	**20 739**

Operating profit by business area

MSEK	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3
Compressor Technique	1 422	1 755	2 030	2 026	1 701	1 840	1 990
- as a percentage of revenues	*21.5%*	*23.7%*	*26.7%*	*24.9%*	*24.3%*	*24.0%*	*24.1%*
Industrial Technique	243	289	317	413	401	392	398
- as a percentage of revenues	*16.4%*	*18.8%*	*20.2%*	*21.9%*	*22.7%*	*21.8%*	*21.9%*
Mining and Rock Excavation Technique	917	1 171	1 287	1 544	1 537	1 641	1 959
- as a percentage of revenues	*18.8%*	*21.3%*	*23.0%*	*23.5%*	*23.6%*	*23.5%*	*25.6%*
Construction Technique	198	405	307	308	449	499	390
- as a percentage of revenues	*8.3%*	*13.0%*	*10.1%*	*10.5%*	*14.7%*	*13.9%*	*11.8%*
Common Group Functions/Eliminations	-153	-121	-159	-284	-101	-195	63
Operating profit	**2 627**	**3 499**	**3 782**	**4 007**	**3 987**	**4 177**	**4 800**
- as a percentage of revenues	*17.2%*	*20.1%*	*21.3%*	*20.7%*	*21.9%*	*20.9%*	*23.1%*
Net financial items	-130	-96	-107	-87	69	-96	-97
Profit before tax	**2 497**	**3 403**	**3 675**	**3 920**	**4 056**	**4 081**	**4 703**
- as a percentage of revenues	*16.3%*	*19.5%*	*20.7%*	*20.2%*	*22.3%*	*20.5%*	*22.7%*

Acquisitions and Divestments 2010 – 2011

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
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 May 31	Tencarva *Distributor USA*		Compressor Technique		37
2011 Apr. 1	ABAC Catalunya *Distributor Spain*		Compressor Technique		8
2011 Mar. 7	J.C. Carter		Compressor Technique	175	70
2010 Oct. 1	Cirmac International		Compressor Technique	127	42
2010 Sep. 8	Kramer Air Tool *Distributor USA*		Industrial Technique	125	50
2010 Sep. 1	H&F Drilling Supplies		Mining & Rock Excavation Tech.	59	20
2010 Aug. 31	Hartl Anlagenbau		Mining & Rock Excavation Tech.	197	110
2010 Jun. 2	Tooling Technologies *Distributor USA*		Industrial Technique		22
2010 May 28	American Air Products *Distributor USA*		Compressor Technique		18
2010 Mar. 1	Quincy Compressor		Compressor Technique	900	400
2010 Jan. 18	Premier Equipment *Distributor USA*		Compressor Technique		12

* 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 2011 will include all stipulated disclosures for acquisitions made during 2011. See the annual report for 2010 for disclosure of acquisitions and divestments made in 2010.

Parent Company

Income Statement

	July - September		January - September	
MSEK	2011	2010	2011	2010
Administrative expenses	-13	-87	-213	-257
Other operating income and expenses	44	22	107	97
Operating profit/loss	**31**	**-65**	**-106**	**-160**
Financial income and expense	17	456	4 244	3 196
Profit before tax	**48**	**391**	**4 138**	**3 036**
Income tax	114	76	310	213
Profit for the period	**162**	**467**	**4 448**	**3 249**

Balance Sheet

	Sept. 30	Dec. 31	Sept. 30
MSEK	2011	2010	2010
Total non-current assets	91 855	91 156	91 744
Total current assets	7 738	17 635	12 081
TOTAL ASSETS	**99 593**	**108 791**	**103 825**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	33 317	41 122	37 886
TOTAL EQUITY	**39 102**	**46 907**	**43 671**
Total provisions	622	1 034	293
Total non-current liabilities	50 872	48 389	48 986
Total current liabilities	8 997	12 461	10 875
TOTAL EQUITY AND LIABILITIES	**99 593**	**108 791**	**103 825**
Assets pledged	52	52	47
Contingent liabilities	416	525	510

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* (September 2011).

Parent Company

Distribution of shares

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

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which A shares held by Atlas Copco	*-14 047 773*
- of which B shares held by Atlas Copco	*-1 494 913*
Total shares outstanding, net of shares held by Atlas Copco	*1 214 070 418*

Personnel stock option program

The Annual General Meeting 2011 approved a performance-based long-term incentive program. For Group Executive Management, the plan requires own investment in Atlas Copco shares. The intention is to cover the plan through the repurchase of the company's own shares.

Transaction in own shares

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

- The purchase of not more than 4 300 000 series A shares, whereof a maximum 3 420 000 may be transferred to personnel stock option holders under the Performance Stock Option Plan 2011.
- 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 70 000 series A shares to cover costs related to previously issued synthetic shares to Board members.
- The sale of maximum 4 700 000 series A shares and maximum 1 500 000 series B shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the performance stock option plans 2006-2009.

Repurchases and sales are subject to market conditions, regulatory restrictions and the capital structure at any given time.

During the first nine months 2011, 4 522 933 series A shares, net, were repurchased and 217 120 series B shares were divested in accordance with mandates granted.

The company's holding of own shares on September 30, 2011 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 2010 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 2010.

Stockholm, October 21, 2011

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 2010 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 2:30 PM CEST, on October 21.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0114 and the code to attend the call is 904718.

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 two days on +44 (0)20 7031 4064 or +46 (0)8 5052 0333 with access code 904718.

Capital Markets Day

Atlas Copco invites investors, analysts and media to its annual Capital Markets Day on November 29, 2011, in Antwerp, Belgium. Please visit www.atlascopco.com/CMD2011 for more information.

Report on Q4 and full-year 2011 summary

The report on Q4 and full-year 2011 summary will be published on January 31, 2012.