April 28, 2010

Atlas Copco

Interim report at March 31, 2010

(unaudited)

Strong recovery in orders and good operating margin

- **Organic order intake increased 22%. Orders received was MSEK 17 267.**
  - **All business areas recorded double-digit organic order growth.**
- **Revenues decreased 8% to MSEK 15 301 (16 577), organic decline 3%.**
- **Operating profit increased to MSEK 2 627 (2 172).**
- **Operating margin was 17.2% (13.1).**
  - **Previous year included restructuring costs of MSEK 230 and adjusted operating margin was 14.5%.**
- **Profit before tax amounted to MSEK 2 497 (1 794).**
- **Profit for the period was MSEK 1 855 (1 378).**
- **Basic earnings per share were SEK 1.53 (1.13).**
- **Strong operating cash flow at MSEK 2 223 (2 851).**

	January – March		
MSEK	2010	2009	%
Orders received	**17 267**	**14 331**	**+20**
Revenues	**15 301**	**16 577**	**-8**
Operating profit	**2 627**	**2 172**	**+21**
– as a percentage of revenues	***17.2***	***13.1***	
Profit before tax	**2 497**	**1 794**	**+39**
– as a percentage of revenues	***16.3***	***10.8***	
Profit for the period	**1 855**	**1 378**	**+35**
Basic earnings per share, SEK	**1.53**	**1.13**	**+35**
Diluted earnings per share, SEK	**1.52**	**1.13**	**+35**

Near-term demand outlook

The overall demand for the Group’s products and services is expected to improve somewhat from current levels.

Demand in most emerging markets is foreseen to develop favorably in all business areas. Demand in North America is expected to increase gradually, whereas Europe is expected to remain largely unchanged.

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Atlas Copco Group

Review of the first quarter

Market development

Demand improved sequentially, i.e. compared with previous quarter, both for equipment and aftermarket. This was particularly pronounced in emerging markets and for mining equipment, but an improvement was also noted for industrial and construction equipment. Overall, order intake was significantly above the low levels of previous year.

Demand for mining equipment developed very favorably in **North America**. Demand for most types of industrial and construction equipment and for the aftermarket improved sequentially and compared with previous year.

The sales development for all types of equipment and most customer segments was favorable in **South America** and orders received were record high.

In **Europe**, overall demand remained relatively weak. Compared to the fourth quarter 2009, orders improved slightly in aftermarket, but stayed more or less flat for equipment. Compared with previous year, there was a moderate increase both for equipment and aftermarket. An improvement was seen in Germany and the Nordic countries, whereas southern Europe remained weak.

The order intake in the **Africa/ Middle East** region increased, with positive development primarily for mining and industrial equipment.

In **Asia,** order intake reached record levels. Sales improved both sequentially and compared with previous year in India, China and many other markets for most types of equipment. Order intake in Japan and in South Korea was below previous year's levels.

In **Australia**, demand from the mining industry was very strong. Sales of construction equipment improved.

Sales bridge

	January – March	
MSEK	Orders Received	Revenues
2009	14 331	16 577
Cancellations, %	+5*	-
Structural change, %	+1	+1
Currency, %	-8	-6
Price, %	+1	+1
Volume, %	+21	-4
Total, %	+20	-8
2010	17 267	15 301

*Cancellations in Q1 2009

Geographic distribution of orders received

%, last 12 months incl. March 2010	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	15	17	22	16
South America	8	14	5	10
Europe	38	27	52	35
Africa/Middle East	11	14	2	12
Asia/Australia	28	28	19	27
	100	100	100	100

Earnings and profitability
Operating profit amounted to MSEK 2 627 (2 172), previous year includes redundancy costs of MSEK 230. The operating margin improved to 17.2% (14.5 adjusted) and was positively affected by the cost and efficiency measures that were introduced as from Q4 2008. A favorable sales mix and price increases also supported the profit margin. This more than offset the negative effects of lower volumes and less favorable currency rates. The net currency effect was MSEK -75.

Net financial items were MSEK -130 (-378) of which interest net MSEK -85 (-277). The improvement in interest net reflects the significant reduction of the net indebtedness in the last year, as well as a lower effective interest rate. Other financial items were MSEK -45 and include unfavorable exchange rate differences and fair value adjustments on financial instruments.

Profit before tax amounted to MSEK 2 497 (1 794), corresponding to a margin of 16.3% (10.8).

Profit for the period totaled MSEK 1 855 (1 378). Basic and diluted earnings per share were SEK 1.53 (1.13) and SEK 1.52 (1.13), respectively.

The return on capital employed during the last 12 months was 19% (29) and 20% (31) excluding the customer financing business. The return on equity was 27% (46). The Group currently uses a weighted average cost of capital (WACC) of 8.0%, pre-tax equivalent approximately 10.5%, as an investment and overall performance benchmark.

Operating cash flow and investments
Operating cash surplus reached MSEK 3 228 (2 679). A reduction in working capital of MSEK 275 (1 394) contributed to the cash flow, as operating liabilities increased more than inventories and receivables.

Investments in property, plant and equipment was MSEK -177 (-291).

Net cash flow from other investing activities, excluding acquisitions of MSEK -1 361 (-142), was MSEK -261 (-46). The increase was primarily due to customer financing.

Operating cash flow equaled MSEK 2 223 (2 851).

Net indebtedness
The Group’s net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 9 808 (19 057), of which MSEK 1 685 (1 944) was attributable to post-employment benefits. The funding situation for the Group is favorable, with an average tenor of 4.7 years. The net debt/EBITDA ratio, indicating the Group’s ability to service its interest bearing debt, was 0.8 (1.3). The debt/equity ratio was 37% (74).

Employees
On March 31, 2010, the number of employees was 30 492 (31 984). The number of full-time consultants/external workforce was 1 103 (964). For comparable units, the total workforce decreased 1 838 since March 31, 2009, but increased 386 since December 31, 2009.

Compressor Technique

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

MSEK	January – March 2010	2009	Change %
Orders received	**7 968**	**7 703**	**+3**
Revenues	**7 659**	**8 360**	**-8**
Operating profit	**1 577**	**1 384***	**+14**
– as a percentage of revenues	***20.6***	***16.6****	
Return on capital employed, %	**49**	**53**	

** Includes items affecting comparability of MSEK -120 in 2009. Adjusted margin was 18.0%.*

- 10% organic order growth; best development in aftermarket and smaller machines.
- Operating margin increased to 20.6%.
- Acquisition of Quincy Compressor finalized.

Sales bridge

MSEK	January – March Orders Received	Revenues
2009	7 703	8 360
Cancellations, %	+1*	-
Structural change, %	+1	+1
Currency, %	-9	-7
Price, %	+1	+1
Volume, %	+9	-3
Total, %	+3	-8
2010	7 968	7 659

*Cancellations in Q1 2009

Industrial compressors

The demand for stationary industrial compressors improved. Strong growth was recorded in Asia and sales in North and South America increased. Order intake in Europe remained on a low level. Demand for small and medium-sized compressors was relatively better than for large machines. Order intake for air treatment products such as dryers, coolers, and filters improved slightly both sequentially and compared with previous year.

Gas and process compressors

Order intake of gas and process compressors were higher than previous quarter and slightly better than previous year, primarily thanks to orders won in the Middle East.

Portable compressors, generators and rental

Demand for portable compressors and generators improved significantly from a low level. Strong development was seen in most emerging markets and in the United States, partly due to increased sales to rental companies.

The specialty rental business, i.e. rental of portable air and power, recorded lower revenues in North America and Europe, partly compensated by higher sales in emerging markets.

Aftermarket

Sales of service and spare parts increased firmly in all regions. The best development was seen in emerging markets.

Product development

A range of oil-free screw blowers, which offers a more energy efficient solution for low pressure applications, was introduced. The range of dryers was also extended with several new models, including a range of integrated refrigerant dryers for small oil-injected compressors for the Asian market. The smallest oil-injected screw compressor range with variable speed drive has been redesigned with a new compression element and a new electronic control unit. This new range offers significant energy savings and lower noise.

Structural changes

March 1, the acquisition of Quincy Compressor, with the exception of the Chinese operations, was finalized. Approvals from the Chinese authorities are expected in the second quarter. In 2009, Quincy had approximately 400 employees, revenues of MUSD 125 and an operating profit margin of approximately 7%.

In January, a compressor distributor in Louisiana, the United States, was acquired.

Profit and returns

Operating profit increased to MSEK 1 577 (1 384 including redundancy costs of MSEK 120). Operating margin reached 20.6% (18.0 adjusted). The increase was primarily due to last year's cost and efficiency measures, but a positive sales mix and price increases also gave support.

Return on capital employed (last 12 months) was 49% (53).

Construction and Mining Technique

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

	January – March		Change
MSEK	2010	2009	%
Orders received	**7 817**	**5 340**	**+46**
Revenues	**6 233**	**6 816**	**-9**
Operating profit	**960**	**868***	**+11**
– as a percentage of revenues	***15.4***	***12.7****	
Return on capital employed, %	**18**	**26**	

** Includes items affecting comparability of MSEK -58 in 2009. Adjusted margin was 13.6%.*

- 38% organic order growth, supported by strong mining demand.
- Solid growth in service, spare parts and consumables.
- Operating margin increased to 15.4%.

Sales bridge

	January – March	
MSEK	Orders Received	Revenues
2009	5 340	6 816
Cancellations, %	+13*	-
Structural change, %	0	0
Currency, %	-5	-4
Price, %	+1	+1
Volume, %	+37	-6
Total, %	+46	-9
2010	7 817	6 233

*Cancellations in Q1 2009

Mining

Demand for mining equipment developed strongly compared with previous quarters and previous year. Order intake for mining equipment, both for underground and surface mines, as well as for exploration equipment increased significantly, underpinned by high mineral prices and improved confidence from mining companies. The best development was seen in Australia, South and North America.

Construction

Overall demand for construction equipment improved from low levels. Most emerging markets continued to show good momentum, whereas the development in Europe and North America was only slightly positive. Orders from rental companies recovered somewhat after a long period of inactivity.

Demand for road construction equipment improved significantly and notable orders were won in Asia, Australia and South America.

Sales of underground drilling equipment for infrastructure projects, e.g. tunneling and hydro-power had a relatively weak quarter, whereas sales of surface drilling rigs used in quarries and road construction improved from low levels.

Sales of light construction equipment also improved from low levels, mainly as a result of improved demand from distributors and rental companies.

Aftermarket and consumables

Demand for service and spare parts continued to improve and sales of consumables recorded solid growth compared with previous year. A primary driver for this development was increased activity in the mining industry, but also the positive development within construction contributed. Geographically, South America and North America had the best development.

Structural changes

In January, the range of handheld and walk-behind products was transferred from the Road Construction Equipment division to the Construction Tools division, in order to enhance synergies with Construction Tools' existing product portfolio and distribution channels.

Product development

A new mine truck for underground haulage and a remote monitoring system for underground equipment was introduced in the quarter.
In addition, new ranges of consumables for exploration, blast hole drilling and piling applications were brought to the market.

Profit and returns

Operating profit increased to MSEK 960 (868 including redundancy costs of MSEK 58), corresponding to an operating margin of 15.4% (13.6 adjusted). A positive revenue mix, price and improved utilization in manufacturing supported the margin, whereas currencies had a negative effect.

Return on capital employed (last 12 months) was 18% (26).

Industrial Technique

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

MSEK	January – March 2010	2009	Change %
Orders received	**1 598**	**1 377**	**+16**
Revenues	**1 483**	**1 483**	**0**
Operating profit	**243**	**76***	**+220**
– as a percentage of revenues	***16.4***	***5.1****	
Return on capital employed, %	**16**	**32**	

** Includes items affecting comparability of MSEK -49 in 2009. Adjusted margin was 8.4%.*

- Improved demand, primarily driven by North America and Asia.
- 27% organic order growth compared with weak Q1 2009.
- Operating margin increased to 16.4% supported by cost savings.

Sales bridge

MSEK	January – March Orders Received	Revenues
2009	1 377	1 483
Structural change, %	0	0
Currency, %	-11	-9
Price, %	+1	+1
Volume, %	+26	+8
Total, %	+16	0
2010	1 598	1 483

General industry

Order intake for industrial power tools to the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, improved slightly sequentially and significantly compared with previous year from relatively low levels. Compared to the first quarter 2009, sales grew significantly in North America and Asia and a moderate improvement was noted in Europe.

Motor vehicle industry

Demand for advanced industrial tools and assembly systems to the motor vehicle industry improved. Year-on-year, the geographical development was similar to that of the general industry with significant growth in North America and Asia. Orders received reached record levels in Asia with several orders won in China and India. In Europe, however, order volumes were unchanged.

Vehicle service

The vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment, increased sales from previous year's low levels in all major regions.

Aftermarket

The service business continued to grow in many emerging markets. Sales grew strongly in North America both sequentially and compared to previous year. Demand in Europe did not improve and sales were unchanged.

Product development

A new range of control units was launched with additional connectivity to enable connection with customer protocols. An additional benefit is lower energy consumption during both stand-by mode and working operations.

A new range of medium torque electric screwdrivers, primarily targeting the automotive industry, was introduced. The range has improved ergonomic features, low weight, high performance and is a platform for future development.

Structural changes

Restructuring activities initiated during 2009 continued in the quarter, but at a rather limited extent. The aim with the activities is to improve manufacturing and logistics efficiency.

Profit and returns

Operating profit more than tripled to MSEK 243 (76 including costs related to personnel reductions of MSEK 49), corresponding to an operating margin of 16.4% (8.4 adjusted). Lower manufacturing, marketing and administration costs, resulting from previous year's restructuring measures, together with increased prices, affected the profit and margin positively.

Return on capital employed (last 12 months) was 16% (32).

Previous near-term demand outlook

(Published February 2, 2010)
The overall demand for the Group's products and services is expected to improve somewhat. Many emerging markets are foreseen to have a continued favorable development and demand from the mining industry is expected to improve.

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 2009, with the exception of new or revised standards and interpretations endorsed by the EU and effective as from January 1, 2010, as explained below.

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

Changes in accounting principles

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements
The revised IFRS 3 and amended IAS 27 result among other things in the following changes: transaction costs related to business combinations must be expensed, contingent considerations are recognized at fair value at the acquisition date and the effects of remeasuring liabilities related to contingent considerations are recognized as income or expense in profit or loss and there are two alternative methods to recognize goodwill and non-controlling interest (minority). The choice between the two methods is made on an individual basis for each acquisition. Changes in a parent's ownership interest that do not result in a loss of control are accounted for as equity transactions.

The changes have not yet had any material effect 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, 2010, 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 objectives with respect to growth, operating margin, 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 the 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 exposed to raw material prices, directly and indirectly. Cost increases for raw materials and components are often coinciding in time with strong end-customer demand and can partly be offset by increased volumes to the producers of the raw material and partly compensated for by increased market prices towards customers.

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, please see the 2009 Annual Report.

Stockholm, April 28, 2010
Atlas Copco AB
(publ)
Ronnie Leten
President and Chief Executive Officer

Consolidated Income Statement

	3 months ended		12 months ended		
MSEK	Mar 31 2010	Mar 31 2009	Mar 31 2010	Mar 31 2009	Dec 31 2009
Revenues	15 301	16 577	62 486	73 632	63 762
Cost of sales	-9 748	-11 135	-41 244	-48 251	-42 631
Gross profit	**5 553**	**5 442**	**21 242**	**25 381**	**21 131**
Marketing expenses	-1 650	-1 850	-6 606	-7 503	-6 806
Administrative expenses	-960	-1 005	-3 800	-3 954	-3 845
Research and development costs	-357	-372	-1 395	-1 481	-1 410
Other operating income and expenses	41	-43	104	287	20
Operating profit	**2 627**	**2 172**	**9 545**	**12 730**	**9 090**
- as a percentage of revenues	*17.2*	*13.1*	*15.3*	*17.3*	*14.3*
Net financial items	-130	-378	-571	-850	-819
Profit before tax	**2 497**	**1 794**	**8 974**	**11 880**	**8 271**
- as a percentage of revenues	*16.3*	*10.8*	*14.4*	*16.1*	*13.0*
Income tax expense	-642	-416	-2 221	-2 688	-1 995
Profit for the period	**1 855**	**1 378**	**6 753**	**9 192**	**6 276**
Profit attributable to:					
- owners of the parent	1 854	1 372	6 726	9 161	*6 244*
- non-controlling interests	1	6	27	31	*32*
Basic earnings per share, SEK	**1.53**	**1.13**	**5.53**	**7.52**	**5.14**
Diluted earnings per share, SEK	1.52	1.13	5.53	7.52	5.13
Basic weighted average number of shares outstanding, millions	1 215.7	1 215.9	1 215.9	1 217.9	1 215.9
Diluted weighted average number of shares outstanding, millions	1 216.3	1 216.2	1 216.3	1 218.4	1 216.3

Key ratios			
Equity per share, period end, SEK	22	21	21
Return on capital employed before tax, 12 month values, %	19	29	18
Return on equity after tax, 12 month values, %	27	46	26
Debt/equity ratio, period end, %	37	74	42
Equity/assets ratio, period end, %	39	33	38
Number of employees, period end	30 492	31 984	29 802

Consolidated Statement of Comprehensive Income

	3 months ended		12 months ended		
MSEK	Mar 31 2010	Mar 31 2009	Mar 31 2010	Mar 31 2009	Dec. 31 2009
Profit for the period	**1 855**	**1 378**	**6 753**	**9 192**	**6 276**
Other comprehensive income					
Translation differences on foreign operations	-1 377	658	-3 133	6 969	-1 098
- realized and reclassified to income statement	-	-	-	-850	-
Hedge of net investments in foreign operations	923	-63	1 937	-3 469	951
- realized and reclassified to income statement	-	-	-	656	-
Cash flow hedges	41	248	203	-170	410
Available-for-sale investments	110	-245	227	-341	-128
- realized and reclassified to income statement	-	-	-	-33	-
Income tax relating to components of other comprehensive income	-759	-21	-1 583	2 435	-845
Income tax relating to components of other comprehensive income, reclassified to income statement	-	-	-	-749	-
Other comprehensive income for the period, net of tax	**-1 062**	**577**	**-2 349**	**4 448**	**-710**
Total comprehensive income for the period	**793**	**1 955**	**4 404**	**13 640**	**5 566**
Total comprehensive income attributable to:					
- owners of the parent	786	1 946	4 380	13 594	5 540
- non-controlling interests	7	9	24	46	26

Consolidated Balance Sheet

MSEK	Mar 31, 2010	Dec. 31, 2009	Mar 31, 2009
Intangible assets	13 607	12 697	13 208
Rental equipment	1 981	2 056	2 344
Other property, plant and equipment	5 974	5 993	6 517
Financial assets and other receivables	4 503	4 175	5 027
Deferred tax assets	1 178	2 381	2 777
Total non-current assets	**27 243**	**27 302**	**29 873**
Inventories	11 632	11 377	17 000
Trade and other receivables	15 896	15 433	20 513
Other financial assets	1 632	1 530	1 780
Cash and cash equivalents	11 958	12 165	8 336
Assets classified as held for sale	64	67	38
Total current assets	**41 182**	**40 572**	**47 667**
TOTAL ASSETS	**68 425**	**67 874**	**77 540**
Equity attributable to owners of the parent	26 215	25 509	25 578
Non-controlling interests	169	162	151
TOTAL EQUITY	**26 384**	**25 671**	**25 729**
Borrowings	20 378	21 008	27 581
Post-employment benefits	1 685	1 768	1 944
Other liabilities and provisions	779	658	711
Deferred tax liabilities	109	589	144
Total non-current liabilities	**22 951**	**24 023**	**30 380**
Borrowings	2 549	2 959	1 294
Trade payables and other liabilities	15 298	13 936	18 786
Provisions	1 243	1 285	1 351
Total current liabilities	**19 090**	**18 180**	**21 431**
TOTAL EQUITY AND LIABILITIES	**68 425**	**67 874**	**77 540**

Consolidated Statement of Changes in Equity

MSEK	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Opening balance, January 1, 2009	**23 627**	**141**	**23 768**
Changes in equity for the period			
Total comprehensive income for the period	5 540	26	5 566
Dividends	-3 648	-6	-3 654
Acquisitions of non-controlling interests	-	1	1
Share-based payments, equity settled	-10	-	-10
Closing balance, December 31, 2009	**25 509**	**162**	**25 671**

MSEK	Equity attributable to owners of the parent	Equity attributable to 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	786	7	793
Repurchase of own shares	-80	-	-80
Share-based payments, equity settled	-	-	-
Closing balance, March 31, 2010	**26 215**	**169**	**26 384**

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

Consolidated Statement of Cash Flows

MSEK	January – March 2010	2009
Cash flows from operating activities		
Operating profit	2 627	2 172
Depreciation, amortization and impairment (see below)	574	616
Capital gain/loss and other non-cash items	27	-109
Operating cash surplus	3 228	2 679
Net financial items received/paid	-358	36
Taxes paid	-421	-418
Change in working capital	275	1 394
Increase in rental equipment*	-191	-201
Sale of rental equipment*	128	110
Net cash from operating activities	**2 661**	**3 600**
Cash flows from investing activities		
Investments in property, plant and equipment	-177	-291
Sale of property, plant and equipment	12	19
Investments in intangible assets	-123	-192
Sale of intangible assets	-	2
Acquisition of subsidiaries	-1 361	-142
Other investments, net	-150	125
Net cash from investing activities	**-1 799**	**-479**
Cash flows from financing activities		
Repurchase of own shares	-80	-
Change in interest-bearing liabilities	-575	-315
Net cash from financing activities	**-655**	**-315**
Net cash flow for the period	**207**	**2 806**
Cash and cash equivalents, beginning of the period	12 165	5 455
Exchange differences in cash and cash equivalents	-414	75
Cash and cash equivalents, end of the period	**11 958**	**8 336**

** Cash flow from increase and sale of rental equipment has been reclassified from investing to operating activities.*

Depreciation, amortization and impairment		
Rental equipment	165	181
Other property, plant and equipment	242	254
Intangible assets	167	181

Calculation of operating cash flow

MSEK	January – March 2010	2009
Net cash flow for the period	**207**	**2 806**
Add back		
- Change in interest-bearing liabilities	575	315
- Repurchase of own shares	80	-
- Acquisitions and divestments	1 361	142
- Equity hedges in net financial items	-	-412
Operating cash flow	**2 223**	**2 851**

Revenues by Segment

MSEK (by quarter)	2009 1	2	3	4	2010 1
Compressor Technique	8 360	8 221	7 799	8 144	7 659
- whereof external	*8 292*	*8 180*	*7 757*	*8 083*	*7 593*
- whereof internal	*68*	*41*	*42*	*61*	*66*
Construction and Mining Technique	6 816	6 722	5 976	6 395	6 233
- whereof external	*6 785*	*6 712*	*5 968*	*6 375*	*6 204*
- whereof internal	*31*	*10*	*8*	*20*	*29*
Industrial Technique	1 483	1 211	1 243	1 455	1 483
- whereof external	*1 478*	*1 207*	*1 240*	*1 451*	*1 473*
- whereof internal	*5*	*4*	*3*	*4*	*10*
Common Group functions/ Eliminations	-82	1	70	-52	-74
Atlas Copco Group	**16 577**	**16 155**	**15 088**	**15 942**	**15 301**

Operating profit by Segment

MSEK (by quarter)	2009 1	2	3	4	2010 1
Compressor Technique	1 384	1 323	1 451	1 594	1 577
- as a percentage of revenues	*16.6*	*16.1*	*18.6*	*19.6*	*20.6*
Construction and Mining Technique	868	875	823	904	960
- as a percentage of revenues	*12.7*	*13.0*	*13.8*	*14.1*	*15.4*
Industrial Technique	76	-13	83	107	243
- as a percentage of revenues	*5.1*	*-1.1*	*6.7*	*7.4*	*16.4*
Common Group functions/ Eliminations	-156	-119	45	-155	-153
Operating profit	**2 172**	**2 066**	**2 402**	**2 450**	**2 627**
- as a percentage of revenues	*13.1*	*12.8*	*15.9*	*15.4*	*17.2*
Net financial items	-378	-123	-192	-126	-130
Profit before tax	**1 794**	**1 943**	**2 210**	**2 324**	**2 497**
- as a percentage of revenues	*10.8*	*12.0*	*14.6*	*14.6*	*16.3*

Acquisitions and Divestments 2009 – 2010

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2010 Mar. 1	Quincy Compressor		Compressor Technique	900	400
2010 Jan. 18	Premier Equipment – US distributor		Compressor Technique		12
2009 Sep. 8	Servis A.C. s.r.o.		Compressor Technique	10	10
2009 Apr. 1	Focus and Prisma		Construction & Mining	93	104
2009 Jan. 12	Compressor Engineering - UK distributor		Compressor Technique	40	39

* 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 2010 will include all stipulated disclosures for acquisitions made during 2010. See the annual report for 2009 for disclosure of acquisitions and divestments made in 2009.

Parent Company

Income Statement

	January – March	
MSEK	2010	2009
Administrative expenses	-72	-65
Other operating income and expenses	32	54
Operating profit/loss	**-40**	**-11**
Financial income and expense	93	-472
Profit after financial items	**53**	**-483**
Appropriations	-	-
Profit before tax	**53**	**-483**
Income tax	-67	145
Profit for the period	**-14**	**-338**

Balance Sheet

MSEK	March 31 2010	Dec. 31 2009	March 31 2009
Total non-current assets	95 546	93 880	93 387
Total current assets	15 117	14 657	17 732
TOTAL ASSETS	**110 663**	**108 537**	**111 119**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	36 847	35 483	27 101
TOTAL EQUITY	**42 632**	**41 268**	**32 886**
Total provisions	223	202	98
Total non-current liabilities	60 070	53 059	56 078
Total current liabilities	7 738	14 008	22 057
TOTAL EQUITY AND LIABILITIES	**110 663**	**108 537**	**111 119**

Assets pledged	47	47	47
Contingent liabilities	244	248	248

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 2.3, *Accounting for Legal Entities* as disclosed in the Annual Report 2009.

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	*-12 068 416*
- of which B shares held by Atlas Copco	*-2 363 139*
Total shares outstanding, net of shares held by Atlas Copco	1 215 181 549

Atlas Copco presently has a mandate to buy back a maximum of 5 570 000 series A shares on NASDAQ OMX Stockholm to be able to fulfill the obligations under the performance stock option plan 2009 and the part of the board fee relating to synthetic shares. The mandate was granted at the Annual General Meeting in April 2009 and is valid up until the AGM in 2010. The A shares are held for possible delivery under the 2006, 2007 and 2008 performance stock option plans. The B shares held can be divested over time to cover costs related to the stock option plans. The current mandate covers the sale of not more than 1 445 000 series B shares.

During the first quarter 2010, 793 416 A shares, net, were repurchased and 65 261 B shares were divested.

The company's present holding of own shares 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 is exposed. A financial risk management committee meets regularly to take decisions about how to manage financial risks.

For further information about risk factors, please see the 2009 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 2009.

Financial targets

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

The financial targets are:

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

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

Forward-looking statements

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

Atlas Copco AB

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

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 / 9:00 AM EDT, on April 28.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0110 and the code to attend the call is 863213.

To help ensure that the conference call begins in a timely manner, please dial in 5-10 minutes prior to the scheduled start time.

The conference call will be broadcasted live via the Internet. Please see the Investor Relations section of our website for the link, presentation material, and further details: www.atlascopco.com/ir

A recording of the conference call will be available for 2 days on +44 (0)20 7031 4064 or +46 (0)8 5052 0333 with access code 863213.

Interim report on Q2 2010

The report on Q2 will be published on July 16, 2010.