Atlas Copco

Press Release from the Atlas Copco Group

January 31, 2012

Atlas Copco

Interim report on Q4 and full-year 2011 summary

(unaudited)

Solid end to a record year

- **Order intake increased to MSEK 21 927, organic growth of 14%.**
- **Revenues increased to MSEK 22 290 (19 401), organic growth of 16%.**
- **Operating profit increased 15% to MSEK 4 596 (4 007).**
  - **Including restructuring costs of MSEK 125 and a negative effect of MSEK 116 (177) for share-related long-term incentive programs.**
- **Operating margin at 20.6% (20.7).**
  - **Adjusted margin at 21.7% (21.6).**
- **Profit before tax amounted to MSEK 4 436 (3 920).**
  - **Whereof capital gain of MSEK 43 from sale of shares in RSC Holdings.**
- **Profit for the period was MSEK 3 372 (2 916).**
- **Basic earnings per share were SEK 2.78 (2.39).**
- **Operating cash flow at MSEK 1 574 (2 529).**
- **The Board of Directors proposes a dividend of SEK 5.00 (4.00) per share.**

	October - December			January - December		
MSEK	**2011**	**2010**	**%**	2011	2010	%
Orders received	**21 927**	**19 374**	**13%**	86 955	75 178	16%
Revenues	**22 290**	**19 401**	**15%**	81 203	69 875	16%
Operating profit	**4 596**	**4 007**	**15%**	17 560	13 915	26%
– as a percentage of revenues	***20.6***	***20.7***		*21.6*	*19.9*	
Profit before tax	**4 436**	**3 920**	**13%**	17 276	13 495	28%
– as a percentage of revenues	***19.9***	***20.2***		*21.3*	*19.3*	
Profit for the period	**3 372**	**2 916**	**16%**	12 988	9 944	31%
Basic earnings per share, SEK	**2.78**	**2.39**		10.68	8.16	
Diluted earnings per share, SEK	**2.77**	**2.38**		10.62	8.15	
Return on capital employed, %	**37**	**29**				

Near-term demand outlook

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

Atlas Copco Group

Summary of full year 2011

Orders and revenues
Orders received in 2011 increased 16%, to a record MSEK 86 955 (75 178), corresponding to an organic increase of 22%. Revenues increased 16%, to MSEK 81 203 (69 875), corresponding to a 22% organic increase.

Sales bridge

	January - December	
MSEK	Orders received	Revenues
2010	75 178	69 875
Structural change, %	+2	+2
Currency, %	-8	-8
Price, %	+2	+2
Volume, %	+20	+20
Total, %	+16	+16
2011	86 955	81 203

Results and cash flow
Operating profit increased 26% and reached MSEK 17 560 (13 915), corresponding to a margin of 21.6% (19.9). Restructuring costs amounted to MSEK 155 (100). Adjusted operating margin was 21.8% (20.1). Changes in exchange rates compared with the previous year had a negative effect on the operating profit of approximately MSEK 1 840 and affected the margin negatively with 0.7 percentage points. Profit before tax amounted to MSEK 17 276 (13 495), up 28% and corresponding to a margin of 21.3% (19.3). Profit for the period totaled MSEK 12 988 (9 944). Basic and diluted earnings per share were SEK 10.68 (8.16) and SEK 10.62 (8.15) respectively.

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 6 292 (9 698).

Dividend
The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 5.00 (4.00) per share be paid for the 2011 fiscal year. Excluding shares currently held by the company, this corresponds to a total of MSEK 6 058 (4 851).

Personnel stock option program
The Board of Directors will propose to the Annual General Meeting a similar performance-based long-term incentive program as in previous years. For Group Executive Management, participation in the plan requires own investment in Atlas Copco shares.

It is proposed that the plan is covered as before through the repurchase of the company's own shares. The details of the proposals will be communicated in connection with the Notice of the Annual General Meeting.

Administrative processes to be outsourced
In November, Atlas Copco entered into an agreement with Infosys Limited to handle parts of its administrative processes, such as accounting to reporting and processing of supplier invoices.

The project will affect approximately 230 positions within Atlas Copco, and of these Infosys will offer employment to around 70 staff working in the Czech Republic. Costs of MSEK 50 related to this project were charged in Common Group functions (Corporate) in the fourth quarter.

New business area structure and new divisions
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. Compressor Technique focuses on stationary equipment for air and gas and related service. A new division, Quality Air, has been created to strengthen the focus on air and gas treatment products. All business areas now have dedicated service divisions.

Business area figures for 2010 have been restated.

Purchase of minority shares in India and delisting of the Indian subsidiary
During 2011, the Group acquired 11.3% of minority shares in Atlas Copco (India) Ltd. for MSEK 991. The Group owned 95.1% of the shares at the end of the year and delisted the Indian subsidiary from Indian exchanges in the second quarter.

Review of the fourth quarter

Market development

The overall demand for Atlas Copco's products and services remained at a high level, although demand weakened somewhat for some types of equipment. Order intake for rock excavation equipment, primarily for mining applications increased both sequentially (compared with the previous quarter) and compared with the previous year. Sales of construction equipment were lower than the previous quarter and the previous year. Order intake from manufacturing and process industries improved compared to the previous year and was in line with the previous quarter. The aftermarket business grew strongly, both compared with the previous year and with the previous quarter.

In **North America**, demand remained favorable from most customer segments. Order intake increased in all business areas compared with the previous year.

Orders received in **South America** increased, positively impacted by strong demand from the mining and manufacturing industries. Demand from the construction industry remained weak.

Demand was relatively stable in **Europe** compared to the previous quarter, with better levels in northern Europe than in the south. Orders received developed positively for mining and rock excavation equipment, was unchanged for industrial compressors and tools, and decreased for construction equipment.

Sales in **Africa/Middle East** decreased sequentially and compared to the previous year, primarily a result of high order intake for mining equipment in the comparison periods.

In **Asia,** order intake remained at a high level and increased compared to the previous year in all major markets. Compressed air equipment, industrial tools as well as mining and rock excavation equipment continued to be in good demand, whereas demand for construction equipment continued to decrease. In **Australia**, demand from the mining industry remained strong and order intake reached a new record level.

Sales bridge

	October - December	
MSEK	Orders received	Revenues
2010	19 374	19 401
Structural change, %	+2	+3
Currency, %	-3	-4
Price, %	+2	+2
Volume, %	+12	+14
Total, %	+13	+15
2011	21 927	22 290

Geographic distribution of orders received

%, last 12 months incl. Dec. 2011	Compressor Technique	Industrial Technique	Mining and Rock Excavation Tech.	Construction Technique	Atlas Copco Group
North America	17	24	23	13	19
South America	7	6	13	13	10
Europe	33	47	21	38	31
Africa/Middle East	9	1	16	11	11
Asia/Australia	34	22	27	25	29
	100	100	100	100	100

Earnings and profitability

Operating profit increased 15% to MSEK 4 596 (4 007), including restructuring costs totaling MSEK 125 in Corporate and in Construction Technique (see page 8).

Corporate costs were MSEK 222 (284), including restructuring of MSEK 50 related to outsourcing of financial processes, as well as a negative effect from the provision for share-related long-term compensation programs of MSEK 116 (177). The programs are hedged with own shares, but the off-setting effect from the hedge is recognized in equity when the shares are sold.

Operating margin reached 20.6% (20.7). Adjusted for the above referred items of MSEK 241 (177), the operating margin was 21.7% (21.6). The margin was positively affected by higher production and revenue volumes but this was offset by negative effects from revenue mix and acquisitions. The net currency effect, compared with the previous year was MSEK -230 and had only a small negative effect on the operating margin.

Net financial items were MSEK -160 (-87), of which interest net MSEK -159 (-132). The interest net was primarily affected by the significant capital distribution in 2011. Other financial items include negative valuation differences from derivative contracts on loans and a capital gain of MSEK 43 from the sale of all remaining shares in RSC Holdings Inc.

Profit before tax amounted to MSEK 4 436 (3 920), corresponding to a margin of 19.9% (20.2).

Profit for the period totaled MSEK 3 372 (2 916). Basic and diluted earnings per share were SEK 2.78 (2.39) and SEK 2.77 (2.38) respectively.

The return on capital employed during the last 12 months was 37% (29). Return on equity was 48% (38).

The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus reached MSEK 5 199 (4 784).

Working capital increased MSEK 1 371 (643) as a result of the strong sales development. Higher inventory in relation to revenue compared to previous year is also explained by strong growth in the mining business, which has a higher inventory ratio than the Group average.

Rental equipment increased, net, MSEK 126 (71).

Investments in property, plant and equipment were MSEK 544 (224) and cash flow from acquisitions and divestments was MSEK -1 582 (-23).

Operating cash flow equaled MSEK 1 574 (2 529).

Net indebtedness

The Group’s net indebtedness, adjusted for the fair value of interest rate swaps, amounted to MSEK 14 194 (5 510), of which MSEK 1 504 (1 578) was attributable to post-employment benefits. The average tenor of interest-bearing debt was 3.4 years. The net debt/EBITDA ratio was 0.7 (0.3). The net debt/equity ratio was 49% (19).

Acquisition and divestment of own shares

During the quarter 2 639 857 series A shares, net, were acquired and 183 467 series B shares were divested, for a net amount of MSEK 323. 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 December 31, 2011, the number of employees was 37 579 (32 790). The number of consultants/external workforce was 2 198 (1 696). For comparable units, the total workforce increased by 4 742 from December 31, 2010.

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.

	October - December			January - December		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**8 410**	**7 430**	**13%**	34 664	29 966	16%
Revenues	**8 831**	**8 139**	**9%**	31 760	29 753	7%
Operating profit	**2 061**	**2 026**	**2%**	7 592	7 233	5%
– as a percentage of revenues	***23.3***	***24.9***		*23.9*	*24.3*	
Return on capital employed, %	**70**	**70**				

- 12% organic order growth; continued favorable demand for equipment and aftermarket.
- Record revenues with solid operating margin at 23.3%.
- Acquisitions in China and the United States.

Sales bridge

	October - December	
MSEK	Orders received	Revenues
2010	7 430	8 139
Structural change, %	+3	+2
Currency, %	-2	-4
Price, %	+1	+1
Volume, %	+11	+10
Total, %	+13	+9
2011	8 410	8 831

Industrial compressors

The overall demand for stationary industrial compressors and air treatment equipment remained at a healthy level. Order intake increased compared with the previous year, but was somewhat lower than in the previous quarter. Sales of small- and medium-sized compressors were robust in all regions, while orders received for larger machines declined somewhat sequentially, for example in Asia and Europe.

Gas and process compressors

Order intake for gas and process compressors was somewhat lower sequentially but significantly higher compared to a low quarter the previous year. The best year-on-year development was seen in Asia.

Specialty rental

The specialty rental business increased compared with the previous year. The best development was recorded in Europe.

Aftermarket

Sales of service and spare parts continued to develop strongly. All major regions recorded healthy growth with Asia performing particularly well.

Sustainable product development

A range of piston compressors intended primarily for railway applications was introduced. Several large oil-injected machines, both with and without Variable Speed Drive, were introduced in selected markets. Some of these machines were specifically developed for the markets in China and India. Also, a number of compressor models were introduced with integrated dryers and filters.

Structural changes and subsequent events

A new division, Quality Air, has been created to strengthen the focus on air and gas treatment products.

In November, Atlas Copco began construction of a new compressor assembly factory, a test lab and a center for research and development in Wuxi, China. The new facility is planned to be operational in July 2012.

In December, Atlas Copco agreed to acquire certain assets of Guangzhou Linghein Compressor Co., Ltd, China. The acquisition adds a brand of industrial air compressors with a strong regional presence. The business has a turnover of about MCNY 110 (MSEK 100) and 160 employees.

In January 2012, Atlas Copco acquired Houston Service Industries, Inc., a U.S. manufacturer of low-pressure blowers and vacuum pumps. The company had revenues in the last 12 months of MUSD 37 (MSEK 240) and 123 employees.

Profit and returns

Operating profit was MSEK 2 061 (2 026), corresponding to a margin of 23.3% (24.9). The margin was negatively impacted by revenue mix as well as by dilution from acquisitions.

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

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.

	October - December			January - December		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**2 343**	**1 738**	**35%**	8 462	6 730	26%
Revenues	**2 437**	**1 885**	**29%**	7 821	6 472	21%
Operating profit	**576**	**413**	**39%**	1 767	1 262	40%
– as a percentage of revenues	***23.6***	***21.9***		*22.6*	*19.5*	
Return on capital employed, %	**55**	**50**				

- Record orders received with 26% organic growth; strong demand from the motor vehicle industry.
- Operating margin increased to 23.6%, supported by strong volume growth.
- Acquisitions in new technologies.

Sales bridge

	October - December	
MSEK	Orders received	Revenues
2010	1 738	1 885
Structural change, %	+13	+14
Currency, %	-4	-4
Price, %	+2	+2
Volume, %	+24	+17
Total, %	+35	+29
2011	2 343	2 437

General industry

Order volumes for industrial power tools from the general manufacturing industries, e.g. electrical appliances, aerospace, and shipyards, increased compared with the previous year. Also the sequential development was positive. Geographically, the strongest sales increase compared with the previous year was noted in Asia, but also Europe and North America developed well.

Motor vehicle industry

The demand for advanced industrial tools and assembly systems to the motor vehicle industry improved and strong growth compared with the previous year was recorded. Order volumes increased significantly in all major regions. The recently acquired adhesive equipment business had a positive development.

Vehicle service

Orders received increased slightly for the vehicle service business, providing large fleet operators and specialized repair shops with tools and other equipment. Sales increased in North America, while it decreased slightly in Europe and in Asia.

Aftermarket

Demand for the aftermarket developed positively and the business continued to grow rapidly in most emerging markets as well as in North America.

Sustainable product development

The next generation of tightening controller, with improved features and more benefits, was launched. A new generation of industrial impact tools, with increased power and weight reduction, was introduced in selected markets. Also, several grinders and sanders were launched.

Structural changes

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 November, Atlas Copco finalized the acquisition of 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 November, Atlas Copco acquired Kalibrierdienst Stenger, a Germany-based business specialized in calibration of measuring instruments for industrial tools. The business employs seven people.

At the end of the year, the business area created a dedicated service division. There is a growth trend in service and a focused organization improves the possibility to increase the presence and the offering in this business.

Profit and returns

Operating profit increased 39% to a record MSEK 576 (413), corresponding to an operating margin of 23.6% (21.9). The margin increase was primarily due to the effects of higher volumes.

Return on capital employed (last 12 months) was 55% (50).

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.

	October - December			January - December		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**8 460**	**7 234**	**17%**	31 751	26 356	20%
Revenues	**8 204**	**6 563**	**25%**	29 356	22 520	30%
Operating profit	**2 059**	**1 544**	**33%**	7 196	4 919	46%
– as a percentage of revenues	***25.1***	***23.5***		*24.5*	*21.8*	
Return on capital employed, %	**66**	**53**				

- 21% organic order growth; continued high demand from the mining industry.
- Strong development of the aftermarket business.
- Operating profit margin increased to 25.1%, supported by increased volumes.

Sales bridge

	October - December	
MSEK	Orders received	Revenues
2010	7 234	6 563
Structural change, %	+0	+0
Currency, %	-4	-5
Price, %	+3	+3
Volume, %	+18	+27
Total, %	+17	+25
2011	8 460	8 204

Mining

Demand for equipment from the mining industry continued to be strong. Order intake for both surface and underground equipment increased both sequentially and compared with the previous year. Orders received were record high in Australia and South America.

Civil engineering

Orders received for drilling rigs for infrastructure applications increased compared with the previous year and the previous quarter. Compared with the previous year, healthy growth was recorded in Europe.

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 low profile underground drill rig specially designed for development and production drilling in low-to-medium height mines was introduced. A series of extreme duty pedestal boom systems for secondary rock breaking in mines and open pits was presented in the quarter. The option of a new boom concept, which enables the rig to switch from downwards drilling to upwards drilling in one easy operation, was introduced for one of the small surface drill rigs.

Structural changes and subsequent events

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.

In December, Atlas Copco agreed to acquire the underground business of GIA Industri AB, a Sweden-based manufacturer of electric mine trucks, utility vehicles and equipment for continuous loading for mining and tunneling applications. The business has 113 employees and annual revenues of about MSEK 230. The acquisition is expected to be closed during the first quarter of 2012.

Also in December, an agreement was signed to take over the sales of drilling equipment and related services from the current distributor in Colombia. The deal is being closed on January 31, 2012.

Perfora S.p.A., an Italian company that manufactures and sells drilling and cutting equipment for the dimension stone industry, was acquired in January 2012. The company employs 43 people and has annual revenues of about MEUR 10 (MSEK 90).

Profit and returns

Operating profit increased 33% to a record MSEK 2 059 (1 544), corresponding to an operating margin of 25.1% (23.5). The margin increase was primarily due to increased volumes.

Return on capital employed (last 12 months) was 66% (53).

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.

	October - December			January - December		
MSEK	**2011**	**2010**		2011	2010	
Orders received	**2 874**	**3 082**	**-7%**	12 786	12 534	2%
Revenues	**2 964**	**2 922**	**1%**	12 918	11 485	12%
Operating profit	**122**	**308**	**-60%**	1 460	1 218	20%
– as a percentage of revenues	***4.1***	***10.5***		*11.3*	*10.6*	
Return on capital employed, %	**12**	**11**				

Operating profit includes items affecting comparability of MSEK 75 in Q4 2011 and MSEK 105 (100) for the full year. Adjusted operating margin is 6.6 % (10.5) for Q4 2011 and 12.1% (11.5) for the full year.

- Continued weak demand for road construction equipment and construction tools.
- Strong aftermarket development.
- Operating profit affected by restructuring costs of MSEK 75 and low production volumes.

Sales bridge

	October - December	
MSEK	Orders received	Revenues
2010	3 082	2 922
Structural change, %	+4	+5
Currency, %	-2	-3
Price, %	+1	+1
Volume, %	-10	-2
Total, %	-7	+1
2011	2 874	2 964

Construction equipment

The overall demand for most types of construction equipment continued to weaken. A negative development was seen for road construction equipment and construction tools, but not for portable compressors and generators. Order intake, compared with the previous year, decreased significantly for road construction equipment, decreased somewhat for light construction equipment, and increased for portable compressors and generators.

Order intake was weak in Asia and South America, but was relatively strong in North America, which was positively impacted by orders from equipment rental companies.

Aftermarket

Demand for service and spare parts developed favorably and strong sales growth was recorded in all major regions, with North America performing particularly well.

Sustainable product development

A new range of hydraulic compactor attachments was launched in the quarter and several new demolition cutters and pulverizers were introduced to complement Atlas Copco’s range of silent demolition tools. Several new portable generators were launched and the range of road construction equipment was extended with a new range of pavers and a new range of rollers in selected markets.

Profit and returns

Operating profit was MSEK 122 (308), including restructuring costs of MSEK 75, primarily related to write-down of certain capitalized development projects and redundancy cost. Operating profit was affected by low production volumes in some factories. The adjusted operating margin was 6.6% (10.5).

Return on capital employed (last 12 months) was 12% (11).

Previous near-term demand outlook

(Published October 21, 2011)

The overall demand for Atlas Copco's products and services is expected to weaken somewhat from 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

MSEK	3 months ended Dec. 31 2011	3 months ended Dec. 31 2010	12 months ended Dec. 31 2011	12 months ended Dec. 31 2010
Revenues	22 290	19 401	81 203	69 875
Cost of sales	-13 887	-11 993	-50 051	-43 468
Gross profit	**8 403**	**7 408**	**31 152**	**26 407**
Marketing expenses	-2 076	-1 838	-7 625	-6 914
Administrative expenses	-1 328	-1 208	-4 334	-4 173
Research and development costs	-543	-423	-1 805	-1 517
Other operating income and expenses	140	68	172	112
Operating profit	**4 596**	**4 007**	**17 560**	**13 915**
- as a percentage of revenues	*20.6*	*20.7*	*21.6*	*19.9*
Net financial items	-160	-87	-284	-420
Profit before tax	**4 436**	**3 920**	**17 276**	**13 495**
- as a percentage of revenues	*19.9*	*20.2*	*21.3*	*19.3*
Income tax expense	-1 064	-1 004	-4 288	-3 551
Profit for the period	**3 372**	**2 916**	**12 988**	**9 944**
Profit attributable to				
- owners of the parent	3 368	2 906	12 963	9 921
- non-controlling interests	4	10	25	23
Basic earnings per share, SEK	**2.78**	**2.39**	**10.68**	**8.16**
Diluted earnings per share, SEK	2.77	2.38	10.62	8.15
Basic weighted average number of shares outstanding, millions	1 212.8	1216.9	1 214.3	1215.9
Diluted weighted average number of shares outstanding, millions	1 214.5	1219.5	1 217.3	1217.3

Key ratios		
Equity per share, period end, SEK	24	24
Return on capital employed, 12 month values, %	37	29
Return on equity, 12 month values, %	48	38
Debt/equity ratio, period end, %	49	19
Equity/assets ratio, period end, %	38	41
Number of employees, period end	37 579	32 790

Consolidated Statement of Comprehensive Income

MSEK	3 months ended Dec. 31 2011	Dec. 31 2010	12 months ended Dec. 31 2011	Dec. 31 2010
Profit for the period	**3 372**	**2 916**	**12 988**	**9 944**
Other comprehensive income				
Translation differences on foreign operations	-803	-147	-350	-3 419
- realized and reclassified to income statement	-2	-	-2	-
Hedge of net investments in foreign operations	474	214	93	2 032
Cash flow hedges	60	-15	68	-49
Available-for-sale investments	19	156	111	217
- realized and reclassified to income statement	-43	-65	-351	-82
Income tax relating to components of other comprehensive income	-393	-169	-74	-1 650
Other comprehensive income for the period, net of tax	**-688**	**-26**	**-505**	**-2 951**
Total comprehensive income for the period	**2 684**	**2 890**	**12 483**	**6 993**
Total comprehensive income attributable to				
- owners of the parent	2 685	2 873	12476	6 971
- non-controlling interests	-1	17	7	22

Consolidated Balance Sheet

MSEK	Dec. 31, 2011	Dec. 31, 2010
Intangible assets	15 352	13 464
Rental equipment	2 117	1 843
Other property, plant and equipment	6 538	5 702
Financial assets and other receivables	2 931	2 814
Deferred tax assets	1 052	1 309
Total non-current assets	**27 990**	**25 132**
Inventories	17 579	12 939
Trade and other receivables	21 996	17 474
Other financial assets	1 773	1 734
Cash and cash equivalents	5 716	14 264
Assets classified as held for sale	55	79
Total current assets	**47 119**	**46 490**
TOTAL ASSETS	**75 109**	**71 622**
Equity attributable to owners of the parent	28 776	29 141
Non-controlling interests	63	180
TOTAL EQUITY	**28 839**	**29 321**
Borrowings	17 013	19 615
Post-employment benefits	1 504	1 578
Other liabilities and provisions	1 039	1 042
Deferred tax liabilities	1 390	1 167
Total non-current liabilities	**20 946**	**23 402**
Borrowings	3 422	499
Trade payables and other liabilities	20 696	17 125
Provisions	1 206	1 275
Total current liabilities	**25 324**	**18 899**
TOTAL EQUITY AND LIABILITIES	**75 109**	**71 622**

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	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
Closing balance, Dec. 31, 2011	**28 776**	**63**	**28 839**

	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**

Consolidated Statement of Cash Flows

	October - December		January - December	
MSEK	2011	2010	2011	2010
Cash flows from operating activities				
Operating profit	4 596	4 007	17 560	13 915
Depreciation, amortization and impairment (see below)	703	664	2 522	2 498
Capital gain/loss and other non-cash items	-100	113	-176	260
Operating cash surplus	5 199	4 784	19 906	16 673
Net financial items received/paid	-563	-649	-1 275	-960
Taxes paid	-717	-741	-3 307	-2 813
Change in working capital	-1 371	-643	-6 115	-1 730
Increase in rental equipment	-282	-205	-1 332	-825
Sale of rental equipment	156	134	544	480
Net cash from operating activities	**2 422**	**2 680**	**8 421**	**10 825**
Cash flows from investing activities				
Investments in property, plant and equipment	-544	-224	-1 728	-868
Sale of property, plant and equipment	8	16	52	53
Investments in intangible assets	-203	-155	-619	-517
Sale of intangible assets	-	3	12	10
Acquisition of subsidiaries	-1 674	-42	-2 298	-1 710
Divestment of subsidiaries	92	19	92	19
Other investments, net	-109	209	154	195
Net cash from investing activities	**-2 430**	**-174**	**-4 335**	**-2 818**
Cash flows from financing activities				
Dividends paid	-	-	-4 851	-3 646
Dividends paid to non-controlling interest	-	-1	-2	-4
Acquisition of non-controlling interest	-33	-	-991	-
Redemption of shares	-	-	-6 067	-
Repurchase and sales of own shares	-323	394	-1 005	384
Change in interest-bearing liabilities	-427	133	181	-1 474
Net cash from financing activities	**-783**	**526**	**-12 735**	**-4 740**
Net cash flow for the period	**-791**	**3 032**	**-8 649**	**3 267**
Cash and cash equivalents, beginning of the period	6 520	11 388	14 264	12 165
Exchange differences in cash and cash equivalents	-13	-156	101	-1 168
Cash and cash equivalents, end of the period	**5 716**	**14 264**	**5 716**	**14 264**
Depreciation, amortization and impairment				
Rental equipment	*188*	*174*	*716*	*680*
Other property, plant and equipment	*259*	*226*	*991*	*995*
Intangible assets	*256*	*264*	*815*	*823*
Total	*703*	*664*	*2 522*	*2 498*

Calculation of operating cash flow

	October - December		January - December	
MSEK	2011	2010	2011	2010
Net cash flow for the period	**-791**	**3 032**	**-8 649**	**3 267**
Add back				
Change in interest-bearing liabilities	427	-133	-181	1 474
Repurchase and sales of own shares	323	-394	1 005	-384
Dividends paid	-	-	4 851	3 646
Dividends paid to non-controlling interest	-	1	2	4
Acquisition of non-controlling interest	33	-	991	-
Redemption of shares	-	-	6 067	-
Acquisitions and divestments	1 582	23	2 206	1 691
Operating cash flow	**1 574**	**2 529**	**6 292**	**9 698**

Revenues by business area

MSEK (by quarter)	Q1	Q2	Q3	2010 Q4	Q1	Q2	Q3	2011 Q4
Compressor Technique	6 622	7 394	7 598	8 139	6 989	7 676	8 264	8 831
- of which external	*6 616*	*7 378*	*7 596*	*8 112*	*7 000*	*7 699*	*8 171*	*8 804*
- of which internal	*6*	*16*	*2*	*27*	*-11*	*-23*	*93*	*27*
Industrial Technique	1 483	1 535	1 569	1 885	1 768	1 800	1 816	2 437
- of which external	*1 473*	*1 529*	*1 564*	*1 880*	*1 763*	*1 792*	*1 807*	*2 429*
- of which internal	*10*	*6*	*5*	*5*	*5*	*8*	*9*	*8*
Mining and Rock Excavation Technique	4 876	5 492	5 589	6 563	6 516	6 994	7 642	8 204
- of which external	*4 878*	*5 488*	*5 587*	*6 559*	*6 485*	*6 987*	*7 609*	*8 183*
- of which internal	*-2*	*4*	*2*	*4*	*31*	*7*	*33*	*21*
Construction Technique	2 394	3 122	3 047	2 922	3 063	3 599	3 292	2 964
- of which external	*2 304*	*3 003*	*2 962*	*2 809*	*2 930*	*3 422*	*3 090*	*2 784*
- of which internal	*90*	*119*	*85*	*113*	*133*	*177*	*202*	*180*
Common Group functions/ Eliminations	-74	-113	-60	-108	-113	-118	-275	-146
Atlas Copco Group	**15 301**	**17 430**	**17 743**	**19 401**	**18 223**	**19 951**	**20 739**	**22 290**

Operating profit by business area

MSEK (by quarter)	Q1	Q2	Q3	2010 Q4	Q1	Q2	Q3	2011 Q4
Compressor Technique	1 422	1 755	2 030	2 026	1 701	1 840	1 990	2 061
- as a percentage of revenues	*21.5%*	*23.7%*	*26.7%*	*24.9%*	*24.3%*	*24.0%*	*24.1%*	*23.3%*
Industrial Technique	243	289	317	413	401	392	398	576
- as a percentage of revenues	*16.4%*	*18.8%*	*20.2%*	*21.9%*	*22.7%*	*21.8%*	*21.9%*	*23.6%*
Mining and Rock Excavation Technique	917	1 171	1 287	1 544	1 537	1 641	1 959	2 059
- as a percentage of revenues	*18.8%*	*21.3%*	*23.0%*	*23.5%*	*23.6%*	*23.5%*	*25.6%*	*25.1%*
Construction Technique	198	405	307	308	449	499	390	122
- as a percentage of revenues	*8.3%*	*13.0%*	*10.1%*	*10.5%*	*14.7%*	*13.9%*	*11.8%*	*4.1%*
Common Group Functions/Eliminations	-153	-121	-159	-284	-101	-195	63	-222
Operating profit	**2 627**	**3 499**	**3 782**	**4 007**	**3 987**	**4 177**	**4 800**	**4 596**
- as a percentage of revenues	*17.2%*	*20.1%*	*21.3%*	*20.7%*	*21.9%*	*20.9%*	*23.1%*	*20.6%*
Net financial items	-130	-96	-107	-87	69	-96	-97	-160
Profit before tax	**2 497**	**3 403**	**3 675**	**3 920**	**4 056**	**4 081**	**4 703**	**4 436**
- as a percentage of revenues	*16.3%*	*19.5%*	*20.7%*	*20.2%*	*22.3%*	*20.5%*	*22.7%*	*19.9%*

Acquisitions and Divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
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		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 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		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 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

	October – December		January – December	
MSEK	2011	2010	2011	2010
Administrative expenses	-179	-140	-392	-397
Other operating income and expenses	66	44	173	141
Operating profit/loss	**-113**	**-96**	**-219**	**-256**
Financial income and expense	5 129	3 606	9 373	6 802
Profit before tax	**5 016**	**3 510**	**9 154**	**6 546**
Income tax	-1 256	-934	-946	-721
Profit for the period	**3 760**	**2 576**	**8 208**	**5 825**

Group contributions paid are reported in financial income and expense.
Figures for 2010 have been restated.

Balance Sheet

	Dec. 31	Dec. 31
MSEK	2011	2010
Total non-current assets	92 190	91 156
Total current assets	11 131	17 635
TOTAL ASSETS	**103 321**	**108 791**
Total restricted equity	5 785	5 785
Total non-restricted equity	37 510	41 122
TOTAL EQUITY	**43 295**	**46 907**
Total provisions	977	1 034
Total non-current liabilities	49 578	48 389
Total current liabilities	9 471	12 461
TOTAL EQUITY AND LIABILITIES	**103 321**	**108 791**
Assets pledged	55	52
Contingent liabilities	410	525

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	*-16 687 630*
- of which B shares held by Atlas Copco	*-1 311 446*
Total shares outstanding, net of shares held by Atlas Copco	1 211 614 028

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 2011, 7 162 790 series A shares, net, were repurchased and 400 587 series B shares were divested in accordance with mandates granted in 2010 and 2011.

The company's holding of own shares on December 31, 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, January 31, 2012

Atlas Copco AB

Board of Directors

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 3:00 PM CET, on January 31.

The dial-in number is +44 (0)20 7162 0077 or +46 (0)8 5052 0110 and the code to attend the call is 909486.

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 2 days on +44 (0)20 7031 4064 or +46 (0)8 5052 0333 with access code 909486.

Interim report - Q1 2011

The Q1 2012 report will be published on April 27, 2012.

Annual Report 2011

The 2011 Annual Report will be published on the website www.atlascopco.com/ir on March 19, 2012. It will also be sent to shareholders that have requested the information.

Annual General Meeting

The Annual General Meeting for Atlas Copco AB will be held April 27, 2012 at 3 PM in Aula Magna, Stockholm University, Frescativägen 6, Stockholm, Sweden.