Press Release from the Atlas Copco Group

October 24, 2007

Atlas Copco

Interim report at September 30, 2007

Strong sales and profit growth

- **Solid market conditions and improved market position.**
- **Double-digit growth continued in all regions.**
  - **15% organic order growth.**
  - **22nd consecutive quarter with organic growth.**
- **Revenues reached MSEK 16 431 (12 538), organic growth 19%.**
- **Operating profit increased 36% to MSEK 3 127 (2 306), a margin of 19.0% (18.4).**
- **Profit before tax was MSEK 2 708 (2 081).**
- **Profit for the period was MSEK 1 890 (2 117).**
  - **Profit from continuing operations increased 28% to MSEK 1 890 (1 475).**
- **Earnings per share from continuing operations were SEK 1.54 (1.17).**
- **Basic and diluted earnings per share were SEK 1.54 (1.68).**
- **Operating cash flow for continuing operations was MSEK 1 586 (916).**

	July – September			January – September		
MSEK	2007	2006	%	2007	2006	%
Orders received	17 388	13 847	+26	50 243	41 108	+22
Revenues	16 431	12 538	+31	45 806	36 930	+24
Operating profit	3 127	2 306	+36	8 705	6 739	+29
– as a percentage of revenues	*19.0*	*18.4*		*19.0*	*18.2*	
Profit before tax	2 708	2 081	+30	8 400	6 313	+33
– as a percentage of revenues	*16.5*	*16.6*		*18.3*	*17.1*	
Profit from continuing operations	1 890	1 475	+28	6 040	4 493	+34
Profit from discontinued operations, net of tax	-	642		53	1 708	
Profit for the period [1]	1 890	2 117		6 093	6 201	
Basic earnings per share from continuing operations, SEK	1.54	1.17	+32	4.93	3.56	+38
Basic earnings per share, SEK [1]	1.54	1.68		4.97	4.92	
Diluted earnings per share, SEK [1]	1.54	1.68		4.97	4.91	

[1] Including discontinued operations.

Near-term demand outlook

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

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

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Atlas Copco Group

Summary of nine-month results

Orders received in the first nine months of 2007, increased 22%, to MSEK 50 243 (41 108). Volume for comparable units increased 16%, price increases added 2% and structural changes 9%, while the negative currency translation effect was 5%. Revenues increased 24%, to MSEK 45 806 (36 930), corresponding to 17% volume growth.

Operating profit increased 29% to MSEK 8 705 (6 739), which corresponds to a margin of 19.0% (18.2). The negative impact of changes in exchange rates compared with the previous year was approximately MSEK 650 for the first nine months. Profit before tax amounted to MSEK 8 400 (6 313), up 33% and corresponding to a margin of 18.3% (17.1). This includes an MSEK 134 capital gain from divestment of shares in connection with the initial public offering of common stock in RSC Holdings Inc. Profit from continuing operations increased 34% to MSEK 6 040 (4 493). Profit for the period totaled MSEK 6 093 (6 201), including MSEK 53 (1 708) from discontinued operations. Basic earnings per share were SEK 4.97 (4.92) and diluted earnings per share were 4.97 (4.91). Earnings per share from continuing operations were SEK 4.93 (3.56).

Operating cash flow before acquisitions, divestments and dividends totaled MSEK 3 663 (2 591).

Review of the third quarter

Market development

In **North America,** the demand for industrial equipment and its related aftermarket products increased, supported by a good investment level in most segments. Demand for advanced assembly tools and systems from the motor vehicle industry, however, decreased compared to the previous year. The mining industry, particularly in Mexico and Canada remained very active with strong increases in demand for drilling and loading equipment as well as for consumables. The demand from the construction market was somewhat weaker than in previous quarters but still at a healthy level.

In **South America,** the positive development of demand continued. The very strong growth in Brazil improved further and substantial sales increases were noted for compressors, mining and construction equipment and industrial tools. Demand was also strong in the other countries in the region.

Demand remained healthy in **Europe**. Investments in compressed air equipment and industrial tools from manufacturing and process industries increased. The development in the mining industry continued to be very strong, while the demand for construction equipment leveled off in some countries. The strongest growth in order intake was noted in Eastern Europe and the Nordic countries.

The **Africa/Middle East** region continued to develop very positively. Mining demand remained high and sales of construction and industrial equipment grew strongly in Northern Africa and the Middle East.

Demand for all types of equipment was good throughout **Asia**, with particularly strong increases in China and India, the two biggest markets. In **Australia**, the demand from most customer segments remained strong.

Sales bridge

	July – September	
MSEK	Orders Received	Revenues
2006	13 847	12 538
Structural change, %	+14	+15
Currency, %	-3	-3
Price, %	+3	+3
Volume, %	+12	+16
Total, %	+26	+31
2007	17 388	16 431

Geographic distribution of orders received

%, last 12 months incl. September 2007	Compressor Technique	Construction and Mining Technique	Industrial Technique	Atlas Copco Group
North America	15	23	27	19
South America	6	11	4	7
Europe	43	32	53	40
Africa/Middle East	8	15	2	10
Asia/Australia	28	19	14	24
	100	100	100	100

Earnings and profitability

Operating profit increased 36% to MSEK 3 127 (2 306), corresponding to a margin of 19.0% (18.4). All business areas contributed to the improvement in operating profit, which primarily was an effect of higher revenue volumes and a positive price development. Recent acquisitions affected the operating margin negatively by almost two percentage points, while the net of a capital gain in Compressor Technique and restructuring costs in Industrial Technique (see pages 4 and 6) had a positive effect of 0.3 percentage points or MSEK 50. The changes in exchange rates had a negative effect of approximately MSEK 100 compared to the previous year. The negative impact on the combined results of the business areas was larger, but this was partly offset by a positive comparison for corporate currency hedges.

Net financial items were MSEK -419 (-225). The increased interest net at MSEK -263 (-189) reflected the Group's new capital structure. The rest of the negative financial net was primarily due to fair value adjustments (unrealized, non-cash) of derivatives, also related to the new capital structure.

Profit before tax improved 30% to MSEK 2 708 (2 081), corresponding to a margin of 16.5% (16.6).

Profit from continuing operations increased 28% to MSEK 1 890 (1 475). Profit for the period totaled MSEK 1 890 (2 117, including MSEK 642 from discontinued operations). Basic and diluted earnings per share were SEK 1.54 (1.68). Earnings per share from continuing operations were SEK 1.54 (1.17).

The return on capital employed, including discontinued operations, during the last 12 months, was 31% (36) and the return on equity was 63% (32). The Group currently uses a weighted average cost of capital (WACC) of 8.5%, pre-tax equivalent approximately 11.8%, as an investment and overall performance benchmark.

Operating cash flow and investments, continuing operations

Net cash from operating activities reached MSEK 2 408 (1 697). Working capital increased MSEK 168 (315), reflecting the strong sales growth. The increase was due to higher inventory levels while receivables and accounts payable only showed small variations.

Cash flows from investing activities, excluding acquisitions and divestments of businesses, were MSEK -822 (-781).

Operating cash flow equaled MSEK 1 586 (916).

Net indebtedness

The Group's net indebtedness amounted to MSEK 20 252 (7 984), of which MSEK 1 770 (1 771) was attributable to post-employment benefits. The debt/EBITDA ratio, indicating the Group's ability to service its interest bearing debt, was 1.57 (0.8). The debt/equity ratio was 155% (28).

Employees

On September 30, 2007, the number of employees was 31 624 (25 273). For comparable units, the number of employees increased by 2 567 from September 30, 2006.

Compressor Technique

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

MSEK	July – September 2007	2006*	Change %	January – September 2007	2006*	Change %
Orders received	**8 984**	**7 412**	**+21**	26 367	21 394	+23
Revenues	**8 304**	**6 540**	**+27**	23 224	18 544	+25
Operating profit	**1 801**	**1 442**	**+25**	4 863	3 912	+24
– as a percentage of revenues	***21.7***	***22.0***		*20.9*	*21.1*	
Return on capital employed, %	**65**	**72**				

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

- Strong growth continued in all regions and most product areas.
- Record operating profits include MSEK 78 gain from sale of rental assets in Australia.
- Acquisition of Mafi-Trench strengthens product offering to the booming oil and gas industry.

Sales bridge

MSEK	July – September Orders Received	Revenues
2006	7 412	6 540
Structural change, %	+13	+13
Currency, %	-3	-3
Price, %	+2	+2
Volume, %	+9	+15
Total, %	+21	+27
2007	8 984	8 304

Order volumes for stationary industrial compressors continued to grow, supported by favorable demand and further strengthening of presence and penetration in new and existing market segments. Investments for general capacity increases and investments for energy savings continued to be the important drivers for equipment sales, with chemical and petrochemical applications accounting for the strongest increases. Sales of compressed air treatment products like medical air equipment, filters and dryers continued to increase and the high-pressure applications for compressed natural gas (CNG) recorded very strong demand. The aftermarket business for industrial compressors continued to grow at a steady pace with strong development in all emerging markets. Geographically, total sales were strong in all markets with particularly good growth in Eastern Europe, South America, China and India.

Orders for gas and process compressors for a variety of applications, e.g. air separation, liquid natural gas transport, and power generation, continued at a high level. The order intake in the quarter even managed to surpass the previous year when a few very large orders were booked. Many important orders were also won this quarter, including the order for a geothermal power application in the recently acquired Mafi-Trench company.

Sales of portable compressors, primarily serving construction-related customers, grew modestly. A strong demand in Asia and Africa/Middle East was partly offset by lower sales to construction rental houses in North America and Western Europe.

The specialty rental business, i.e. rental of portable air and power, continued to grow significantly in all major markets.

New products and solutions are continuously introduced. A new series of portable compressors for the Atlas Copco brand, as well as a series of small stationary screw compressors for the non-Atlas Copco branded product lines, were released during the quarter. Also, a number of up-grades and development projects are underway, including projects to capture synergies with recently acquired businesses.

The acquisition of Mafi-Trench Corporation, a leading U.S. based supplier of turboexpanders for the oil and gas industry, was consolidated as of August 1. The total business had a turnover of approximately MSEK 360 (MUSD 54) in 2006 and has about 120 employees.

Operating profit increased 25% to a record MSEK 1 801 (1 442), corresponding to an operating margin of 21.7% (22.0). This includes the gain of MSEK 78 from the sale of rental assets in Australia. The net effect on the margin from the above sale, recent acquisitions and currency was approximately one percentage point negative.

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

Construction and Mining Technique

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

MSEK	July – September 2007	2006	Change %	January – September 2007	2006	Change %
Orders received	**6 814**	**5 046**	**+35**	18 940	15 054	+26
Revenues	**6 634**	**4 567**	**+45**	18 019	13 854	+30
Operating profit	**1 119**	**748**	**+50**	3 156	2 172	+45
– as a percentage of revenues	***16.9***	***16.4***		*17.5*	*15.7*	
Return on capital employed, %	**33**	**34**				

- Continued strong development in most customer segments, particularly underground mining.
- Organic order growth at 21%.
- Operating profit up 50%; margin affected negatively by acquisition and currency.

Sales bridge

MSEK	July – September Orders Received	Revenues
2006	5 046	4 567
Structural change, %	+18	+25
Currency, %	-4	-4
Price, %	+4	+4
Volume, %	+17	+20
Total, %	+35	+45
2007	6 814	6 634

The demand from the mining industry was strong in most markets as mining companies and mining contractors continued to invest in new equipment. Sales of underground drilling and loading equipment increased significantly compared with the same period previous year. Order intake for surface drill rigs used in open pit applications was favorable, with the exception of large rotary drill rigs used for coal and gas extraction, where demand in the United States continued on a softer level. Sales of exploration equipment were strong, reflecting continued high activity among customers. The demand for spare parts, consumables, and service remained very strong, in line with the high activity level on the market. Most geographic regions recorded growth for both equipment and aftermarket for mining applications, with a particularly strong development in South America, South Africa, Asia and Australia.

The demand from the construction industry continued on a high level and sales of drill rigs for surface applications, used in quarries and road construction, increased compared with the previous year. Sales of underground drilling rigs for infrastructure projects, e.g. tunneling and hydropower, also remained on a good level, while order intake for light construction equipment flattened out in some of the major markets. Demand for road construction equipment was on a higher level than the same quarter previous year but experienced the normal seasonal slowdown compared with the first half of the year. Within the construction segment, growth was particularly strong in Asia.

A high and consistent level of product development to increase customer productivity is very important for the business area. In the quarter, a new line of loaders for coal applications was introduced. Several upgrades were also made on surface drill rigs used for drilling small diameter holes in rough terrain.

Operating profit increased to MSEK 1 119 (748), corresponding to an operating margin of 16.9% (16.4). For comparable units the margin increased significantly, in spite of negative currency effects, while the acquired Dynapac business had a low profit contribution at 6% operating margin (see also page 14). Apart from a seasonally slow quarter, the business also suffered from the effects of production disturbances in one of the business lines.

Return on capital employed (last 12 months) was 33% (34).

Industrial Technique

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

MSEK	July – September 2007	2006	Change %	January – September 2007	2006	Change %
Orders received	**1 685**	**1 480**	**+14**	5 217	4 936	+6
Revenues	**1 646**	**1 493**	**+10**	4 951	4 798	+3
Operating profit	**343**	**311**	**+10**	1 113	998	+12
– as a percentage of revenues	***20.8***	***20.8***		*22.5*	*20.8*	
Return on capital employed, %	**58**	**64**				

- Strong order growth from general industry.
- 13% organic order growth.
- Operating profit increased 10%; operating margin affected by restructuring costs.

Sales bridge

MSEK	July – September Orders Received	Revenues
2006	1 480	1 493
Structural change, %	+4	+4
Currency, %	-3	-3
Price, %	+2	+1
Volume, %	+11	+8
Total, %	+14	+10
2007	1 685	1 646

Order intake in local currency increased in the quarter compared with the previous year. This reflects strong growth in general industry, while demand from the motor vehicle industry in North America continued to be relatively weak.

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

The demand for advanced industrial tools and assembly systems from the motor vehicle industry continued to be relatively weak in North America and parts of Europe, while it was stable or increased in other regions. Total order intake for the segment, compared with the same period previous year, improved for the first quarter in over a year.

The aftermarket business continued to perform well and recorded robust sales growth in all important markets with particularly good growth in Europe and Asia.

The vehicle service business, providing large fleet operators and specialized repair shops with tools, recorded healthy growth for comparable units in most geographic regions. The growth was, however, partly offset by a weaker development in North America.

The business area continuously introduces new products with improved productivity. In the quarter a new battery tool was introduced under the successful Tensor name. The new battery nutrunner has all the advantages of a cordless tool and offers superior performance and reliability compared to other alternatives on the market.

On September 28, the business area announced the decision to establish a factory for assembly of pneumatic power tools in Hungary. The proposal is to transfer assembly from Hemel Hempstead, Great Britain. Total costs related to this restructuring are estimated to reach close to MSEK 50, whereof MSEK 28 was taken in the third quarter.

Operating profit increased to MSEK 343 (311), corresponding to a margin of 20.8% (20.8). The operating margin was affected negatively by the above mentioned restructuring cost (MSEK 28), while the higher sales volume gave the biggest positive contribution.

Return on capital employed (last 12 months) was 58% (64).

Previous near-term demand outlook

(Published July 16, 2007)

The demand for Atlas Copco's products and services, from most customer segments such as mining, construction, and the manufacturing and process industries, is expected to remain at the current high level.

Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with IFRS as disclosed in the Annual Report 2006.

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

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

Risks and factors of uncertainty

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter in order to adjust the balance sheet to a more efficient structure. The higher indebtedness increases the exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries.

Acquisitions

The acquisitions of ABAC and Dynapac were completed in April and May respectively. Although the Group has demonstrated in the past an ability to successfully integrate acquired businesses, the integration of new companies always carries certain risks. Costs related to acquisitions can be higher than anticipated.

Capacity constraints

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

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

Stockholm, October 24, 2007

Atlas Copco AB
(publ)

Gunnar Brock
President and Chief Executive Officer

Auditors' Review Report

Introduction

We have reviewed the interim report for Atlas Copco AB as per September 30, 2007 and the nine-month period ending thereon. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditors of the Entity*, issued by FAR. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, October 24, 2007
KPMG Bohlins AB
Thomas Thiel
Authorised Public Accountant

Consolidated Income Statement

	3 months ended		9 months ended		12 months ended		
	Sep 30	Sep 30	Sep 30	Sep 30	Sep 30	Sep 30	Dec 31
MSEK	2007	2006	2007	2006	2007	2006	2006
Revenues	16 431	12 538	45 806	36 930	59 388	48 912	50 512
Cost of sales	-10 469	-7 830	-28 832	-22 948	-37 400	-30 447	-31 516
Gross profit	**5 962**	**4 708**	**16 974**	**13 982**	**21 988**	**18 465**	**18 996**
Marketing expenses	-1 651	-1 373	-4 769	-4 132	-6 197	-5 477	-5 560
Administrative expenses	-890	-668	-2 588	-2 135	-3 423	-2 909	-2 970
Research and development costs	-323	-258	-936	-817	-1 230	-1 097	-1 111
Other operating income and expenses	29	-103	24	-159	31	-97	-152
Operating profit	**3 127**	**2 306**	**8 705**	**6 739**	**11 169**	**8 885**	**9 203**
- as a percentage of revenues	*19.0*	*18.4*	*19.0*	*18.2*	*18.8*	*18.2*	*18.2*
Net financial items	-419	-225	-305	-426	-387	-475	-508
Profit before tax	**2 708**	**2 081**	**8 400**	**6 313**	**10 782**	**8 410**	**8 695**
- as a percentage of revenues	*16.5*	*16.6*	*18.3*	*17.1*	*18.2*	*17.2*	*17.2*
Income tax expense	-818	-606	-2 360	-1 820	-2 975	-2 382	-2 435
Profit from continuing operations	**1 890**	**1 475**	**6 040**	**4 493**	**7 807**	**6 028**	**6 260**
Profit from discontinued operations, net of tax	-	642	53	1 708	7 458	2 355	9 113
Profit for the period	**1 890**	**2 117**	**6 093**	**6 201**	**15 265**	**8 383**	**15 373**
- attributable to equity holders of the parent	*1 885*	*2 111*	*6 071*	*6 182*	*15 238*	*8 358*	*15 349*
- attributable to minority interest	*5*	*6*	*22*	*19*	*27*	*25*	*24*
Basic earnings per share, SEK	**1.54**	**1.68**	**4.97**	**4.92**	**12.42**	**6.65**	**12.24**
- of which continuing operations	*1.54*	*1.17*	*4.93*	*3.56*	*6.35*	*4.79*	*4.98*
Diluted earnings per share, SEK	1.54	1.68	4.97	4.91	12.42	6.64	12.22
Basic weighted average number of shares outstanding, millions	1 220.8	1 257.6	1 220.8	1 257.6	1 226.6	1 257.6	1 254.2
Diluted weighted average number of shares outstanding, millions	1 221.2	1 258.0	1 220.7	1 258.3	1 227.2	1 258.2	1 256.0

Key ratios, including discontinued operations			
Equity per share, period end, SEK	11	23	27
Return on capital employed before tax, 12 month values, %	31	36	35
Return on equity after tax, 12 month values, %	63	32	55
Debt/equity ratio, period end, %	155	31	-38
Equity/assets ratio, period end, %	23	47	59
Number of employees in continuing operations, period end	31 624	25 273	25 900

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

Consolidated Balance Sheet

MSEK	Sep 30, 2007	Dec 31, 2006	Including discontinued operations Sep 30, 2006
Intangible assets	11 578	4 299	4 240
Rental equipment	1 920	1 979	2 072
Other property, plant and equipment	4 629	3 777	3 722
Financial assets and other receivables	4 140	2 542	1 364
Deferred tax assets	653	619	686
Total non-current assets	**22 920**	**13 216**	**12 084**
Inventories	11 962	8 487	8 522
Trade and other receivables	16 141	12 401	12 573
Other financial assets	1 131	1 016	597
Cash and cash equivalents	4 020	20 135	2 616
Assets classified as held for sale	-	-	24 107
Total current assets	**33 254**	**42 039**	**48 415**
TOTAL ASSETS	**56 174**	**55 255**	**60 499**
Equity attributable to equity holders of the parent	12 941	32 616	28 350
Minority interest	113	92	99
TOTAL EQUITY	**13 054**	**32 708**	**28 449**
Borrowings	19 939	1 163	6 392
Post-employment benefits	1 770	1 647	1 771
Other liabilities and provisions	768	592	587
Deferred tax liabilities	939	648	811
Total non-current liabilities	**23 416**	**4 050**	**9 561**
Borrowings	3 694	5 977	3 034
Trade payables and other liabilities	15 115	11 804	11 406
Provisions	895	716	643
Liabilities associated with assets classified as held for sale	-	-	7 406
Total current liabilities	**19 704**	**18 497**	**22 489**
TOTAL EQUITY AND LIABILITIES	**56 174**	**55 255**	**60 499**

Consolidated Statement of Changes in Equity

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

MSEK	Equity attributable to equity holders of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2007	**32 616**	**92**	**32 708**
Translation differences	978	4	982
Hedge of net investments in foreign subsidiaries	-330	-	-330
Change in fair value reserve	874	-	874
Tax on items transferred to/from equity	93	-	93
Net income and expense recognized directly in equity	**1 615**	**4**	**1 619**
Profit for the period	6 071	22	6 093
Total recognized income and expense for the period, excl. shareholders' transactions	**7 686**	**26**	**7 712**
Dividends	-2 899	-4	-2 903
Redemption of shares	-24 416	-	-24 416
Share-based payments, equity settled	-46	-	-46
Acquisition of minority interest	-	-1	-1
Closing balance, September 30, 2007	**12 941**	**113**	**13 054**

MSEK	Equity attributable to equity holders of the parent	Equity attributable to minority interest	Total equity
Opening balance, January 1, 2006	**25 716**	**92**	**25 808**
Translation differences	-952	-9	-961
Cash flow hedges	180	-	180
Tax on items transferred to/from equity	-54	-	-54
Net income and expense recognized directly in equity	**-826**	**-9**	**-835**
Profit for the period	6 182	19	6 201
Total recognized income and expense for the period, excl. shareholders' transactions	**5 356**	**10**	**5 366**
Dividends	-2 672	-3	-2 675
Share-based payments, equity settled	-50	-	-50
Closing balance, September 30, 2006	**28 350**	**99**	**28 449**

Consolidated Statement of Cash Flows, including discontinued operations

	July – September		January – September	
MSEK	2007	2006	2007	2006
Cash flows from operating activities				
Operating profit	3 127	3 775	8 705	10 259
Depreciation, amortization and impairment	445	379	1 302	1 700
Capital gain/loss and other non-cash items	-37	-10	-147	-401
Operating cash surplus	3 535	4 144	9 860	11 558
Net financial items received/paid	-100	-276	-22	-153
Taxes paid	-859	-1 096	-2 526	-2 544
Change in working capital	-168	-569	-1 461	-1 140
Net cash from operating activities	**2 408**	**2 203**	**5 851**	**7 721**
Cash flows from investing activities				
Investments in rental equipment	-278	-1 605	-781	-5 746
Investments in other property, plant and equipment	-357	-263	-926	-871
Sale of rental equipment	131	409	460	1 537
Sale of other property, plant and equipment	34	77	72	174
Investments in intangible assets	-108	-141	-379	-384
Sale of intangible assets	9	1	8	4
Acquisition of subsidiaries	-383	-637	-6 065	-1 051
Divestment of subsidiaries	303	-	-524	1
Other investments, net	-253	-247	-642	-666
Net cash from investing activities	**-902**	**-2 406**	**-8 777**	**-7 002**
Cash flows from financing activities				
Dividends paid	-	-	-2 903	-2 675
Redemption of shares	-	-	-24 416	-
Change in interest-bearing liabilities	-1 042	-138	13 897	973
Net cash from financing activities	**-1 042**	**-138**	**-13 422**	**-1 702**
Net cash flow for the period	**464**	**-341**	**-16 348**	**-983**
Cash and cash equivalents, beginning of the period	3 609	2 968	20 135	3 727
Exchange differences in cash and cash equivalents	-53	4	233	-113
Cash and cash equivalents, end of the period	**4 020**	**2 631**	**4 020**	**2 631**

Summary of Cash Flows from Continuing and Discontinued Operations

	July – September 2007			July – September 2006		
MSEK	Continuing operations	Discont. operations	Total	Continuing operations	Discont. operations	Total
Net cash from						
— operating activities	2 408	-	2 408	1 697	506	2 203
— investing activities	-890	-12*	-902	-1 418	-988	-2 406
— financing activities	-1 042	-	-1 042	-613	475	-138
Net cash flow for the period	**476**	**-12**	**464**	**-334**	**-7**	**-341**
Cash and cash equivalents, beginning of the period			3 609			2 968
Exchange differences in cash and cash equivalents			-53			4
Cash and cash equivalents, end of the period			**4 020**			**2 631**
Depreciation, amortization and impairment						
Rental equipment	130	-	130	129	-	129
Other property, plant and equipment	189	-	189	151	-	151
Intangible assets	126	-	126	99	-	99

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

	January – September 2007			January – September 2006		
MSEK	Continuing operations	Discont. operations	Total	Continuing operations	Discont. operations	Total
Net cash from						
— operating activities	5 851	-	5 851	4 838	2 883	7 721
— investing activities	-7 938	-839*	-8 777	-3 297	-3 705	-7 002
— financing activities	-13 422	-	-13 422	-2 464	762	-1 702
Net cash flow for the period	**-15 509**	**-839**	**-16 348**	**-923**	**-60**	**-983**
Cash and cash equivalents, beginning of the period			20 135			3 727
Exchange differences in cash and cash equivalents			233			-113
Cash and cash equivalents, end of the period			**4 020**			**2 631**
Depreciation, amortization and impairment						
Rental equipment	443	-	443	474	436	910
Other property, plant and equipment	525	-	525	455	68	523
Intangible assets	334	-	334	267	-	267

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

Revenues by Business Area

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

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

Operating profit by Business Area

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

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

Acquisitions and Divestments 2006 – 2007

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

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

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

	Carrying amounts	Fair value adjustments	Recognized values
Goodwill	1 363	-1 363	0
Other intangible assets	83	1 204	1 287*
Property, plant and equipment	320	65	385
Other non-current assets	1		1
Inventories	1 418		1 418
Receivables	1 239		1 239
Cash and cash equivalents	300		300
Borrowings	-2 753		-2 753
Other liabilities and provisions	-1 290	-2	-1 292
Deferred tax liabilities, net	12	-357	-345
Net identifiable assets	**693**	**-453**	**240**
Goodwill			4 434
Consideration paid			**4 674**
Cash and cash equivalents acquired			-300
Net cash paid			**4 374**

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

The purchase price accounting is preliminary and is expected to be finalized in the year-end closing.

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

Contribution from Dynapac from date of control

Revenues	1 685
Operating profit	133

Parent Company

Income Statement

	July - September		January - September	
MSEK	2007	2006	2007	2006
Administrative expenses	-87	-37	-255	-223
Other operating income and expenses	108	74	126	111
Operating profit/loss	**21**	**37**	**-129**	**-112**
Financial income	375	1 138	1 298	2 543
Financial expense	-796	-496	-1 565	-1 037
Profit after financial items	**-400**	**679**	**-396**	**1 394**
Appropriations	98	81	295	244
Profit before tax	**-302**	**760**	**-101**	**1 638**
Income tax expense	111	29	221	26
Profit for the period	**-191**	**789**	**120**	**1 664**

Balance Sheet

MSEK	Sep 30 2007	Dec 31 2006	Sep 30 2006
Total non-current assets	83 033	80 033	10 259
Total current assets	7 495	8 569	18 124
TOTAL ASSETS	**90 528**	**88 602**	**28 383**
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	28 731	55 979	8 841
TOTAL EQUITY	**34 516**	**61 764**	**14 626**
Untaxed reserves	1 276	1 571	1 652
Total provisions	162	199	285
Total non-current liabilities	43 104	9 923	6 181
Total current liabilities	11 470	15 145	5 639
TOTAL EQUITY AND LIABILITIES	**90 528**	**88 602**	**28 383**

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RR 32:06, *Accounting for Legal Entities* as disclosed in the Annual Report 2006.

Changes in Balance Sheet

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

Share split and mandatory redemption of shares and ordinary dividend

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

Parent Company

Distribution of shares

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

Class of share	Shares
A shares	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which B-shares held by Atlas Copco	-8 828 400
Total shares outstanding, net of shares held by Atlas Copco	1 220 784 704

On July 4, 28 000 000 B-shares held by Atlas Copco were redeemed. At the same time a bonus issue was carried out without issuance of new shares. The two transactions together left the share capital unchanged.

The remaining 8 828 400 B-shares currently held by the company can be divested and 6 400 000 A-shares can be purchased, in accordance with the resolution by the AGM 2007. The objective is to use proceeds from the B-shares primarily to acquire own shares of Series A, which can, subsequently, be delivered under the Company's personnel option programs. Proceeds can also be used to cover related costs for social security charges.

Risks and factors of uncertainty

Financial risks

Atlas Copco completed a multi-currency bond issue program in the second quarter in order to adjust the balance sheet to a more efficient structure. In addition, the parent company has also borrowed funds internally within the Group. The higher indebtedness increases the exposure to changes in interest rates, whereas the borrowings partially hedge the currency exposure of net assets of foreign subsidiaries.

Related parties

There have been no significant changes in the relationships or transactions with related parties compared with the information given in the Annual Report 2006.

Financial targets

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

The financial targets are:

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

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

Forward-looking statements

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

Atlas Copco AB

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

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Conference call

A conference call to comment on the results will be held at 3:30 PM CEST / 9:30 AM EDT, on October 24.

The dial-in number is +44 (0)20 7806 1950 and the code to attend the call is 6245148.

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

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

A recording of the conference call will be available for 2 days on +44 (0)20 7806 1970 with access code 6245148#.

Report on Q4 and full-year 2007 summary

The report on Q4 and full-year 2007 summary will be published on February 4, 2008.