



press information

Group Communications

Mazzalupi comments on Atlas Copco's Q2 results

Stockholm, Sweden, July 19, 2001—In the second quarter of 2001, Atlas Copco's order intake increased 14 percent, to MSEK 13,200. *"The Group's order volume stayed at the same healthy level as in the previous year,"* said Giulio Mazzalupi, President and Chief Executive Officer of Atlas Copco. *"Profits were up, with earnings per share increasing 20 percent, and we generated strong cash flow."*

Sales of industrial compressors, industrial tools, and rock drilling equipment and tools developed favorably, while the order intake for professional electric tools and large process compressors was weak.

Profits increased in the second quarter, supported by positive foreign exchange effects. The operating margin was 13.1 percent (13.5). Profit after financial items was MSEK 1,310 (1,130), up 16 percent year-on-year, and the margin grew to 10.2 percent (9.9).

Yet again, Q2 results benefited greatly from positive exchange rate movements, boosting sales about MSEK 1,500 and profit MSEK 200. *"It takes a good model to analyze the full implications of foreign exchange rate changes on a global operation like ours, as the impact of currency fluctuations is so varied."*

Atlas Copco's revenues for the first six months totaled MSEK 24,981 (21,891). Operating profit improved 10 percent, to MSEK 3,155, and the margin was 12.6 percent (13.1).

In North America, demand for rental equipment continued to grow, albeit at a slower pace than in the preceding quarters. *"The prevailing business climate in the United States had a strong influence on this sector. However, the rental industry is doing better than the industries that it serves. With a new and more efficient management structure in place, we improved our cost structure and achieved a positive cash flow for the period. Still, there is a need to further improve capital efficiency and territory management."*

Overall, demand for Atlas Copco's products and services is expected to be somewhat lower, or at best unchanged, in the near-term. *"We believe that demand in North America has stabilized and will not deteriorate further. Europe remained at a good level during the second quarter; however, looking ahead we are more cautious about this region. We see Asia continuing to develop positively, chiefly thanks to strong growth in China."*

Atlas Copco is an international group of industrial companies with its head office in Stockholm, Sweden. In 2000, the Group had revenues of more than SEK 46 billion, with 98 percent of revenues outside Sweden, and more than 26,000 employees. Atlas Copco companies develop, manufacture, and market industrial and professional tools, compressed air equipment, construction and mining equipment, and assembly systems and offer related service and equipment rental. Additional information about Atlas Copco is available at the Group's web site, www.atlascopco-group.com, which provides access to current news about the Company.

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.

More detailed information on results is published in the interim report for the period.

For further information, please contact:

Annika Berglund, Senior Vice President, Group Communications, (media)

Phone +46 8 743 8070, mobile +46 70 322 8070, annika.berglund@atlascopco.com

Mattias Olsson, Investor Relations Manager, (analysts)

Phone +46 8 743 8291, mobile +46 70 518 8291, mattias.olsson@atlascopco.com