



press information

Group Communications

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Brock comments on Atlas Copco's Q4 results 2003

Stockholm, Sweden, February 2, 2004—Today, the Atlas Copco Group reported its fourth quarter results. *"The Group recorded a volume increase for the second quarter in a row," says Gunnar Brock, President and CEO. "The three industrial business areas have together had volume increases for seven consecutive quarters, which is a great achievement considering the prevailing market environment during most of that period."*

In the fourth quarter, orders received were MSEK 11,141 (11,414), corresponding to a volume increase of 5%. Revenues were up 3% in volume, and amounted to MSEK 11,473 (11,949). The operating margin increased to 12.8% (11.6). Profit after financial items increased 10% to MSEK 1,377 (1,254), a 12.0% (10.5) margin, despite a sustained negative currency impact.

In 2003, the return on capital employed improved from 12% to 17%. *"The efficiency improvement was achieved through a combination of measures taken; including product cost reductions, price increases, and capital efficiency improvements, especially in the rental fleet utilization."* Revenue volume increased 2%, but the negative currency effect resulted in a 6% drop for the full year, to MSEK 44,619 (47,562). The operating profit margin increased to 11.9% (11.1). Profit after financial items was up 10% to MSEK 4,913 (4,481), a margin of 11.0% (9.4).

During the past year, Atlas Copco has put further emphasis on its aftermarket strategy, which aims at generating more revenues during the time the products are in use. *"Investments have been made both to increase the competence level of our service engineers, and to develop more and new aftermarket products and services. As a result, we can clearly see that the proportion of revenues coming from aftermarket activities is increasing."*

The acquisition of Shenyang Rock Drilling Machinery, China's leading producer of pneumatic rock drilling equipment for the mining and construction industry, was completed in the quarter. The acquisition is in line with the Group's strategy to increase its presence in high potential markets.

Overall, the recent positive demand development for Atlas Copco's products and services is expected to continue in the near-term. *"We expect that the manufacturing and process industries will increase their investments in productivity-enhancing equipment, and that they will demand more aftermarket products and services. The demand from the construction and mining industries is anticipated to remain at current levels."*

All comparative figures are for the same period last year, excluding the goodwill impairment charge of MSEK 6,950 made in Q3 2002

Atlas Copco is an international industrial Group with its head office in Stockholm, Sweden. In 2003, the Group had revenues of approximately SEK 45 billion (EUR 4,9 billion), with 98% of revenues outside Sweden, and about 26,000 employees. The Group produces and markets compressed air equipment and generators, construction and mining equipment, electric and pneumatic tools, and assembly systems and offers related service and equipment rental. The Atlas Copco Group includes famous brands such as Atlas Copco, RSC, Milwaukee Electric Tool, Chicago Pneumatic, and AEG Power Tools. More information can be found on the web site: www.atlascopco-group.com.