



press information

Group Communications

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Atlas Copco to form a Joint venture Chinese Power Tools business

Stockholm, Sweden, February 23, 2004—Atlas Copco (China) Investment Company Ltd. has today signed a contract to acquire assets of air tool manufacturer Qingdao Qianshao Precision Machinery Corporation, in Peoples Republic of China. The current yearly turnover is approximately MSEK 50. The purchase price was not disclosed. The Joint Venture is subject to approval from local authorities.

Qingdao Qianshao Precision Machinery Corporation (QQPMC), based in Qingdao, Shandong Province, is a leading producer of pneumatic tools for the industrial market as well as for the automotive aftermarket and the aerospace industry. The joint venture is in line with Atlas Copco's overall strategy to expand its business in Asia. It will complement the strong position of the Chicago Pneumatic (CP) brand in the industrial and automotive aftermarket business. CP is a brand within the Atlas Copco Group.

A new Equity Joint Venture, CP Qianshao (Qingdao) Power Tools Ltd., will be formed. This Joint Venture will initially be owned 80% by Atlas Copco and 20% by QQPMC. The company will be a part of Atlas Copco's Industrial Technique business area, and will employ approximately 80 people.

"With this joint venture, we focus on sales, design and assembly to give Chicago Pneumatic an immediate presence in China as well as to provide important sourcing for the division's global needs," says Göran Gezelius, Senior Executive Vice President, Business Area Executive Industrial Technique. "Through the joint venture we get a distribution network with branches in 8 locations and access to key market segments like aerospace, which will be extremely valuable in our ambitions to expand on this market."

At the same time, Atlas Copco (China) Investment Company Ltd. will also form a minority (25%) Equity Joint Venture with Qingdao Qianshao Precision Machinery Corporation owning 75% for power tools component manufacturing.

The Atlas Copco Group is a global industrial group of companies headquartered in Stockholm, Sweden. In 2003, the Group had revenues of BSEK 44.6 (MUSD 6 100), with 98 percent of revenues outside Sweden, and close to 26 000 employees. Atlas Copco Group companies develop, manufacture, and market electric and pneumatic tools, compressed air equipment and generators, construction and mining equipment, assembly systems, and offer related service and equipment rental. More information is available on www.atlascopco-group.com

Chicago Pneumatic, a company within the Atlas Copco Group, is a leading manufacturer of pneumatic industrial hand tools and assembly systems. More information is available on the company's web site: www.chicagopneumatic.com