



# press information

Corporate Communications

## Mazzalupi comments on Atlas Copco's half year report

**Stockholm, August 12, 1999—In the second quarter the Atlas Copco Group reached order intake volumes in line with the same period previous year, reversing the negative trend of the first quarter. Order intake for the first half of 1999 was unchanged compared to 1998, corresponding to a volume drop of 3 percent. “We made a good improvement during the second quarter and are back on the same level as last year, mainly thanks to a strong recovery for Compressor Technique,” said Giulio Mazzalupi, President and Chief Executive Officer of Atlas Copco. “Another encouraging sign was that profit after financial items for the second quarter again was higher than the 10 percent we aim for over a business cycle.”**

“Rationalization measures undertaken in our divisions have had positive impact on profitability, compensating for lower revenues,” Mazzalupi commented. “Our second-quarter performance shows that Atlas Copco stands on a solid base for future growth.” Atlas Copco's revenues were down 2 percent, to SEK 16,370 m., corresponding to a volume drop of 5 percent. The profit margin was 8.7 percent for the full period, but reached 10.1 percent during the second quarter.

Atlas Copco sees customer demand for the Group's products increasing somewhat in the short-term, mainly because of growth in the field of equipment rental. “We expect an improvement in sales during the second part of the year, because of a continued strong development in North America, and because Europe is foreseen to gain momentum.”

One of Atlas Copco's strategic goals is to increase the revenues from the use-of-products, and on July 29, 1999, the company made its second major important acquisition in the fast-growing equipment rental business in the United States. “The acquisition of Rental Service Corporation, which consolidates our position in the industry, makes a perfect fit for Atlas Copco and provides for synergies in a number of areas. First, while the operational integrity of Prime Service and Rental Service Corporation will be maintained, the two divisions will benefit from increased purchasing power and better utilization of their rental fleets. Second, we have the opportunity to develop product synergies with other Atlas Copco divisions. Third, Rental Service will immediately benefit from better access to and a lower cost of capital,” said Mazzalupi. The acquisition of Rental Service Corporation is expected to have a positive effect on Atlas Copco's earnings per share from the first full year of consolidation.

**Atlas Copco** is an international group of industrial companies with its head office in Stockholm, Sweden. In 1998, the Group had revenues of SEK 34 billion, with 97 percent of revenues outside Sweden, and more than 22,000 employees. Atlas Copco companies develop, manufacture, and market electric and pneumatic tools, compressed air equipment, construction and mining equipment, assembly systems, motion control products, and offer related service and equipment rental. Additional information about Atlas Copco is available at the Group's web site, [www.atlascopco.com](http://www.atlascopco.com), which provides access to current news about the Company.

## Atlas Copco Group

### Summary of January—June 1999 Results

SEK m.	Jan-June 1999	Jan-June 1998	Change %
<b>Atlas Copco Group</b>			
Orders received	16,900	16,913	0
Revenues	16,370	16,784	-2
Operating profit	1,787	2,155	-17
– as a percentage of revenues	10.9	12.8	
Profit after financial items	1,425	1,824	-22
– as a percentage of revenues	8.7	10.9	
Earnings per share, SEK	5.09	6.34	
<b>Compressor Technique</b>			
Orders received	6,604	6,868	-4
Revenues	6,393	6,844	-7
Operating profit	962	1,202	-20
– as a percentage of revenues	15.0	17.6	
<b>Construction and Mining Technique</b>			
Orders received	3,027	3,365	-10
Revenues	2,830	3,295	-14
Operating profit	188	259	-27
– as a percentage of revenues	6.6	7.9	
<b>Industrial Technique</b>			
Orders received	5,274	4,991	6
Revenues	5,093	4,955	3
Operating profit	473	524	-10
– as a percentage of revenues	9.3	10.6	
<b>Rental Service</b>			
Orders received	2,282	1,842	24
Revenues	2,284	1,847	24
Operating profit	229	220	4
– as a percentage of revenues	10.0	11.9	

More detailed information on the financial results for the first six months is published in the interim report for the first half-year 1999.

The interim report on the Atlas Copco Group's operations for the first nine months of 1999 will be published on October 26, 1999.

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