# press information

Group Communications

July 18, 2002

**ATLAS COPCO**
Interim report at June 30, 2002 (unaudited)

## Order volumes stabilized

- **Order volumes down 1% from Q2 2001, compared to 7% drop in Q1. Currency translation effects turned negative.**
- **Profit after financial items was MSEK 1,074 (1,310).**
- **Industrial Technique took restructuring provision of MSEK 48.**
- **Operating margin equaled 10.8% (13.1)**
- **Earnings per share were SEK 3.22 (3.99).**
- **Operating cash flow totaled MSEK 1,029 (1,280).**

*Note: All comparative figures are for the second quarter of 2001, unless otherwise stated.*

| | April–June | | Change | January–June | | Change |
|---|---|---|---|---|---|---|
| MSEK | 2002 | 2001 | % | 2002 | 2001 | % |
| Orders received | **12,641** | **13,200** | **-4** | 24,699 | 25,688 | -4 |
| Revenues | **12,105** | **12,880** | **-6** | 23,740 | 24,981 | -5 |
| Operating profit* | **1,304** | **1,692** | **-23** | 2,470 | 3,155 | -22 |
| *- as a percentage of revenues* | ***10.8*** | ***13.1*** | | *10.4* | *12.6* | |
| Profit after financial items* | **1,074** | **1,310** | **-18** | 1,986 | 2,359 | -16 |
| *- as a percentage of revenues* | ***8.9*** | ***10.2*** | | *8.4* | *9.4* | |
| **Items affecting comparability* | ***+93*** | ***0*** | | *+192* | *-60* | |
| Earnings per share, SEK | **3.22** | **3.99** | | 6.02 | 7.22 | |
| Equity capital per share, SEK | **122** | **127** | | | | |
| Return on capital employed (12-month value) | **12** | **14** | | | | |

**Net effect of restructuring provisions and accounting adjustments.*

### *Near-term demand outlook*

Overall, the demand for Atlas Copco’s products and services is expected to remain at the present level.

Investment in the two main regions, North America and Europe, is not expected to increase, while recent increases in manufacturing output in the United States are likely to support ongoing modest growth in demand for production-related equipment and tools in that market.

Demand for rental equipment in the United States is expected to remain unchanged in the next quarter.

Demand in Asia is expected to continue to develop favorably.

## Summary of half-year results

### *Atlas Copco Group*

Orders received by the Atlas Copco Group in the first six months of 2002 decreased 4%, to MSEK 24,699 (25,688), all related to a decrease in volumes for comparable units. The translation effect from foreign exchange rate fluctuations was neutral in the first six months. Revenues declined 5%, to MSEK 23,740 (24,981), corresponding to a 5% decline in volume.

The Group's operating profit decreased, to MSEK 2,470 (3,155), down 22% and corresponding to a profit margin of 10.4% (12.6). Profit after financial items amounted to MSEK 1,986 (2,359), down 16% and corresponding to a margin of 8.4% (9.4). The impact of foreign exchange rate fluctuations on profit after financial items was neutral for the first half-year.

Operating cash flow before acquisitions and dividends equaled MSEK 2,552 (2,478).

## Review of second quarter

### *Atlas Copco Group*

**Market development**

The demand in North America improved from the first quarter but remained clearly below the level of the preceding year. Rental equipment saw some seasonal demand improvement in northern parts of the region following the winter season, as expected. However, the level of activity in the crucial non-residential building and industrial sectors remained well below the previous year's.

Demand for investment-related products for large projects, including the automotive industry, also remained lower than in the same period the preceding year. Low capacity utilization and general concerns over the strength of the economic recovery in the United States were the main reasons for this. Production-related equipment and tools experienced a slight improvement in demand from a low level, reflecting growth in manufacturing output.

With few exceptions, markets and customer segments in South America had a negative development. In Brazil, demand was satisfactory for some product groups, but businesses suffered overall from political and financial uncertainties.

Demand in Europe remained stagnant owing to relatively low capacity utilization in most manufacturing and process industries, but no further deterioration was noted. Demand from the construction industry was also largely unchanged. The trend for demand in France and Great Britain was clearly negative for most sectors, while Germany was mixed, with no overall trend apparent. In the Nordic and East European regions, demand increased.

Thanks to some large projects, growth continued in the Middle East. In southern Africa, demand deteriorated somewhat.

In Asia, demand from manufacturing and construction customers rose significantly. Apart from Japan, where the negative development continued, most markets contributed to growth. China reported outstanding advances again, thanks to large projects and increased demand from ongoing business.

**Orders and revenues**

Orders received totaled MSEK 12,641 (13,200), down 4% from the second quarter of 2001. This corresponds to a 1% decrease in volumes after adjusting for a 4% negative translation effect and a small positive acquisition effect. The comparison was affected by a slightly longer second quarter this year, a couple of working days more. In North America, representing 50% of Group sales, volumes remained somewhat lower than in the same quarter in 2001, while in Europe, representing 30% of sales, a small volume increase was noted. Asia/Australia and Africa/Middle East, representing 11% and 5% of total sales respectively, grew considerably. South America, 4% of the total, reported a sharp drop in sales.

Revenues decreased 6%, to MSEK 12,105 (12,880), corresponding to a 2% volume drop for comparable units.

**Earnings and profitability**

Operating profit dropped 23%, to MSEK 1,304 (1,692), corresponding to a margin of 10.8% (13.1). The decrease in the margin resulted primarily from lower volumes and lower rental rates in the Rental Service business area. Operating profit includes a restructuring provision of MSEK 48, for the planned move of certain assembly operations for electric tools from Germany to the Czech Republic. New accounting standards regarding capitalization of development costs and the adjustment of rental fleet useful life estimates had a positive effect on profit of MSEK 96 and MSEK 45 respectively. Excluding the effects of these items, MSEK +93 in total, the operating margin was 10.0%.

Net financial items amounted to MSEK -230 (-382), of which net interest items accounted for MSEK -199 (-382) and foreign exchange differences MSEK -31 (0). Interest expense declined year-on-year owing to strong cash flow and lower effective interest rates.

Profit after financial items decreased 18%, to MSEK 1,074 (1,310), for a margin of 8.9% (10.2). Following several quarters of net positive foreign exchange effects, in Q2 2002 these items produced a net negative of about MSEK 50. The negative effects were caused primarily by the depreciation of some Latin American currencies.

Net profit totaled MSEK 674 (836), or SEK 3.22 (3.99) per share.

The return on capital employed during the 12 months to June 30, 2002, was 12% (14), and the return on shareholders' equity 11% (13). The Group's weighted average cost of capital (WACC) is calculated at 8.5% (7.5), corresponding to a pretax cost of capital of approximately 13%.

**Cash flow and net indebtedness**

The operating cash surplus after tax reached MSEK 1,605 (1,762), corresponding to 13% (14) of Group revenues. Working capital increased marginally, MSEK 19 (decrease of 84).

Total cash flow from operations reached MSEK 1,586 (1,846).

Net investment in tangible fixed assets was MSEK 436 (518).

Operating cash flow before acquisitions and dividends equaled MSEK 1,029 (1,280).

**Summary cash-flow analysis**

| MSEK | April – June 2002 | April – June 2001 | January – June 2002 | January – June 2001 |
|---|---|---|---|---|
| Operating cash surplus after tax | **1,605** | **1,762** | 3,158 | 3,454 |
| *of which depreciation added back* | ***1,012*** | ***1,119*** | *2,069* | *2,178* |
| Change in working capital | **-19** | **84** | 649 | -51 |
| Cash flow from operations | **1,586** | **1,846** | 3,807 | 3,403 |
| Investments in tangible fixed assets | **-882** | **-1,064** | -2,056 | -1,831 |
| Sale of tangible fixed assets | **446** | **546** | 948 | 1,006 |
| Other investments, net | **-121** | **-48** | -147 | -100 |
| Company acquisitions/divestments | **-696** | **-63** | -701 | -135 |
| Cash flow from investments | **-1,253** | **-629** | -1,956 | -1,060 |
| Dividends paid | **-1,159** | **-1,121** | -1,163 | -1,122 |
| **Net cash flow** | **-826** | **96** | 688 | 1,221 |
| Change in interest-bearing liabilities | **718** | **1,019** | -623 | -78 |
| Cash flow after financing | **-108** | **1,115** | 65 | 1,143 |
| Liquid funds at beginning of period | **1,486** | **1,319** | 1,343 | 1,237 |
| Translation difference | **-78** | **36** | -108 | 90 |
| Liquid funds at end of period | **1,300** | **2,470** | 1,300 | 2,470 |

The Group's net indebtedness (defined as the difference between interest-bearing liabilities and liquid assets) amounted to MSEK 17,184 (23,200), of which MSEK 1,798 (1,676) was attributable to pension provisions. The debt/equity ratio (defined as net indebtedness divided by shareholders' equity) was 67% (87).

**Investments, depreciation and amortization**

Gross investments in property and machinery totaled MSEK 253 (275). Gross investments in rental equipment ended at MSEK 629 (789). Depreciation on these two asset groups was MSEK 237 (237) and MSEK 595 (701), respectively, while amortization of intangible assets equaled MSEK 180 (181).

**People**

At June 30, 2002, the number of employees was 26,222 (26,248). For comparable units, the number of employees decreased by 780 from June 30, 2001.

**Distribution of shares**

Share capital equaled MSEK 1,048 (1,048) at the end of the period, distributed as follows.

| Class of share | Shares outstanding |
|---|---|
| A shares | 139,899,016 |
| B shares | 69,703,168 |
| Total | 209,602,184 |

### ***Compressor Technique Business Area***

The Compressor Technique business area consists of five divisions in the following product areas: industrial compressors, portable compressors, generators, and gas and process compressors.

| | April–June | | Change | January–June | | Change |
|---|---|---|---|---|---|---|
| MSEK | 2002 | 2001 | % | 2002 | 2001 | % |
| Orders received | **4,300** | **4,260** | **+1** | 8,542 | 8,476 | +1 |
| Revenues | **4,039** | **4,189** | **-4** | 7,824 | 8,117 | -4 |
| Operating profit | **771** | **831** | **-7** | 1,428 | 1,569 | -9 |
| *- as a percentage of revenues* | ***19.1*** | ***19.8*** | | *18.3* | *19.3* | |
| Return on capital employed (12-month values) | ***67*** | ***67*** | | | | |

- Order volume increased year-on-year.
- Healthy sales growth in China continued.
- Acquisition of Liutech in China was completed.

Orders received were up 1%, at MSEK 4,300 (4,260), corresponding to an increase in volume of 2%. The negative translation effect into SEK was approximately 3%, while acquisitions and a slight average price increase added 2%.

Orders for industrial compressors returned to growth in the second quarter, primarily owing to stronger sales of small and medium-sized standard machines. In some markets, an improvement for larger units was also noted. In North America, orders for industrial compressors showed no clear trend. Europe performed somewhat better than expected, on a par with the same quarter in the preceding year but with large variations between different countries. In Asia, China recorded another quarter of strong growth, and in South Korea sales improved steadily. The rest of the region remained mixed. A bulk order in the Middle East for gas and process compressors boosted sales.

Portable compressors, primarily serving construction-related customers through rental companies and distributors, had another mixed quarter. Weak demand from both external and internal rental operations, had a negative effect on order volumes. Sales increased in Asia and the Middle East but were weak in some parts of Europe and in South America.

Sales of generators grew significantly in most regions. However, in Brazil sales of generators were much lower, as Q2 2001 included extraordinary sales levels as a result of electric power shortages.

The after-market business continued to grow slightly in the quarter.

The acquired Chinese company, Liutech, was consolidated from May 1, 2002. Liutech reported sales of approximately MSEK 100 for 2001.

Revenues decreased 4% for the quarter, to MSEK 4,039 (4,189), corresponding to a volume decrease of 3%. The order backlog grew, as manufacturing output was somewhat less than planned.

Operating profit fell 7%, to MSEK 771 (831), corresponding to an operating margin of 19.1% (19.8). The margin was negatively affected by a lower level of invoicing but was supported by the change in accounting principle concerning capitalization of certain development costs. The return on capital employed (past 12 months) was 67% (67).

### *Rental Service Business Area*

The Rental Service business area consists of one division in the equipment rental industry in North America, providing services to construction and industrial markets.

| MSEK | April–June 2002 | April–June 2001 | Change % | January–June 2002 | January–June 2001 | Change % |
|---|---|---|---|---|---|---|
| Revenues | **3,357** | **3,940** | **-15** | 6,754 | 7,599 | -11 |
| Operating profit | **169** | **430** | **-61** | 290 | 758 | -62 |
| *- as a percentage of revenues* | ***5.0*** | ***10.9*** | | *4.3* | *10.0* | |
| Return on capital employed (12-month values) | ***3*** | ***5*** | | | | |

- Market situation remained weak.
- Profit margins continued to suffer from lower rental rates.
- Fleet utilization ratio increased.
- Cash flow remained strong.

Revenues decreased 15%, to MSEK 3,357 (3,940). This includes a 5% negative translation effect into SEK. Volumes decreased 6%.

Rental revenues, which accounted for 73% of total revenues, dropped 5% by volume, and average rental rates were 4%–5% short of one year previous. However, rental volumes and rental rates improved compared to Q1, partly because of expected seasonal variations but primarily because of the organization being more focused on generating revenue from rentals alone, following structural adjustments made in 2001.

Seasonally adjusted, the market situation was unchanged or slightly worse than in Q1 2002. Spending in the important non-residential building segment remained approximately 15% below previous year. The industrial business remained in a slump, primarily due to less factory maintenance activity. The absence of last year's strong generator demand induced by the power crises of 2001 was also a reason for deterioration in this business.

Rental fleet utilization improved gradually and was higher than in both Q1 2002 and Q2 2001, thanks to continued fleet-efficiency measures. The total number of rental locations at the end of the period was 525, compared to 560 one year earlier.

Sales of new equipment, parts, and merchandise, representing 19% of revenues, and sales of used equipment, representing 8% of revenues, dropped 7% and 6% respectively.

Cash flow remained very strong for the quarter, as no investments were made to expand the fleet. Rental fleet at original cost was 8% less than in Q2 2001.

Operating profit, including goodwill amortization, was MSEK 169 (430), corresponding to a margin of 5.0% (10.9). The decrease in demand and rental rates more than offset the positive effects of higher fleet utilization and reduced depreciation and operational costs. Revised useful life estimates on certain fleet categories led to MSEK 45 less depreciation expense than for the same quarter the preceding year. Return on capital employed (past 12 months) was 3% (5).

### *Industrial Technique Business Area*

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

| MSEK | April–June 2002 | April–June 2001 | Change % | January–June 2002 | January–June 2001 | Change % |
|---|---|---|---|---|---|---|
| Orders received | **2,935** | **3,115** | **-6** | 5,802 | 6,084 | -5 |
| Revenues | **2,827** | **3,054** | **-7** | 5,650 | 5,892 | -4 |
| Operating profit | **188** | **303** | **-38** | 436 | 580 | -25 |
| *- as a percentage of revenues* | ***6.7*** | ***9.9*** | | *7.7* | *9.8* | |
| Return on capital employed (12-month values) | ***12*** | ***15*** | | | | |

- Orders for industrial tools fell.
- Orders for professional electric tools rose.
- A restructuring provision of MSEK 48 was made for electric tools in Germany.
- The profit margin was negatively affected by changes in the sales mix.

Order intake decreased 6%, to MSEK 2,935 (3,115), corresponding to a 2% drop in volumes. The negative translation effect was 4%, and prices were unchanged overall.

The drop in demand for fastening tools to motor-vehicle manufacturers and related industries that became evident at the end of 2001 continued to affect the industrial tools business in the second quarter. Financial as well as business-cycle concerns are believed to be the cause of delays in planned investment projects, particularly in the United States. Orders for other industrial tools also suffered from slow demand, both in Europe and the United States.

Orders for professional electrical tools for construction and installation work increased further in North America but remained flat in Europe. A continued healthy level of activity in residential building supported demand in the United States. Sales through U.S. industrial/construction distributors increased again, following a long period of flat or negative sales growth.

The launch of a premium line of Milwaukee-branded professional electric tools in Europe started successfully in Great Britain during the quarter. The launch will continue throughout the region during Q3 and Q4.

A restructuring plan for the Atlas Copco Electric Tools division was announced in the quarter. This includes a relocation of certain assembly operations from Germany to the Czech Republic.

Revenues were MSEK 2,827 (3,054), down 7%. This corresponded to a 4% drop in volumes.

Operating profit was MSEK 188 (303), corresponding to a margin of 6.7% (9.9). The operating profit includes a restructuring provision of MSEK 48. Apart from the restructuring provision, the lower operating margin reflects the drop in revenues and the negative effect of a smaller proportion of sales in industrial tools compared to professional electric tools. Return on capital employed (past 12 months) was 12% (15).

### ***Construction and Mining Technique Business Area***

The Construction and Mining Technique Business Area consists of five divisions in the following product areas: drilling rigs, rock-drilling tools, exploration equipment, construction tools, and loading equipment.

| MSEK | April–June 2002 | April–June 2001 | Change % | January–June 2002 | January–June 2001 | Change % |
|---|---|---|---|---|---|---|
| Orders received | **2,041** | **1,986** | **+3** | 3,834 | 3,780 | +1 |
| Revenues | **1,952** | **1,828** | **+7** | 3,736 | 3,656 | +2 |
| Operating profit | **203** | **182** | **+12** | 389 | 367 | +6 |
| *- as a percentage of revenues* | ***10.4*** | ***10.0*** | | *10.4* | *10.0* | |
| Return on capital employed (12-month values) | **23** | **22** | | | | |

- Demand for drilling equipment increased.
- The after-market business continued growing.
- Operating margins improved further.

Orders received increased 3% to MSEK 2,041 (1,986), corresponding to an increase in volumes of 3%. There was a negative translation effect of 4%, while acquisitions added 4%.

Orders from the mining industry were mixed but overall flat for the quarter. Sales of production drilling rigs remained relatively low in most markets, while the after-market business and sales of consumables kept growing. Following a long period of weak demand for exploration-drilling equipment, this segment showed some improvement in orders. Geographically, good growth was recorded in North America, while other important mining countries showed flat or negative development.

Crawler rigs for surface applications, such as building-stone production in quarries and rock excavation for road and railroad projects, continued to post strong increases in sales. Orders for underground drilling rigs for tunneling projects increased, breaking the recent downward trend. Sales of construction tools, primarily hydraulic breakers, grew. The after-market business for the whole construction segment continued to develop favorably. In China and Middle East, significant orders for drilling and grouting equipment were secured.

The acquisitions of MAI International and Krupp Berco Bautechnik were finalized during the quarter, and the companies were consolidated from May 1 and June 1, respectively. Jointly, these businesses reported sales of approximately MSEK 670 for 2001.

Revenues were MSEK 1,952 (1,828), up 7%, corresponding to a volume increase of 7% for comparable units.

Operating profit reached a record MSEK 203 (182), up 12% and corresponding to a margin of 10.4% (10.0). Higher invoicing volume was the main contributor to the improved margin. Return on capital employed (past 12 months) was 23% (22).

***Acquisitions and divestments 2001–2002***

| Time | Acquisitions | Divestments | Business area | Sales* MSEK | Number of employees* |
|---|---|---|---|---|---|
| 2002 June 3 | Krupp | | Construction & Mining | 600 | 420 |
| 2002 April 18 | Liutech | | Compressor Technique | 100 | 190 |
| 2002 April 17 | MAI | | Construction & Mining | 70 | 15 |
| 2001 Dec. 6 | Grassair | | Compressor Technique | 85 | 75 |
| 2001 Aug. 31 | Christensen Products | | Construction & Mining | 160 | 7 |
| 2001 May 1 | Masons | | Compressor Technique | 140 | 50 |
| 2001 Q1 | Various small rental cos. | | Rental Service | 36 | 30 |

**Annual revenues and number of employees at time of acquisition/divestment.*

**Previous near-term demand outlook**
(Published April 29, 2002)

Overall, demand for our products and services is foreseen to stay at the present level in the near-term.

The demand for large investment-related equipment in North America is foreseen to remain weak, while the recent increases in consumption and industrial production in the U.S. should positively affect the demand for production-related equipment and tools. Demand for rental equipment is foreseen to show normal seasonal increases in the next two quarters.

In Europe, the business cycle is expected to lag behind North America and consequently, no improvement of demand is foreseen in the near-term.

Demand in Asia is expected to be good, supported by continued strong growth in China.

**Accounting principles**
The interim report has been prepared using the same accounting principles as disclosed in the Annual Report 2001 with the exception of new standards effective January 1, 2002, issued by the Swedish Accounting Standards Council.

The application of the standard RR 15 dealing with Intangible Assets increased the pre-tax profit by MSEK 150 for the first half of 2002 since certain development costs were recognized as assets instead of being expensed. These intangible assets will be amortized over their estimated useful lives, which is estimated to be between 3 and 5 years. The implementation of the other new standards did not have a material effect on the Group's financial position.

Regarding accounting for goodwill: The International Accounting Standards Committee (IASC) issued a revised standard IAS 22 (1998) which became effective for financial statements covering periods beginning on or after July 1, 1999. Under this standard there is a rebuttable presumption that the useful life of goodwill should not exceed 20 years from initial recognition. However, it also states that in rare cases, there may be persuasive evidence that the useful life will be longer than twenty years. As a consequence of IAS 22, the Swedish Financial Accounting Standards Board also revised the applicable section of the recommendation RR 1:96 and the revised standard RR 1:00 agrees in all material respects to the IASC standard and became effective as of January 1, 2002.

Due to the significant changes in the accounting for goodwill that has happened and is foreseen to happen, Atlas Copco decided to continue to amortize the strategic U.S. acquisitions over a period of 40 years. Given the short time before the Group will adapt the revised IAS standard, this treatment offers readers the best comparability and continuity in the Group’s financial results.

In addition to annual amortization, goodwill is evaluated for impairment on a regular basis by estimating the discounted future cash flows of the business to which the goodwill relates.

*Stockholm, July 18, 2002*

*Gunnar Brock*
*President and Chief Executive Officer*

## Atlas Copco Group

### Income Statement

| MSEK | 3 months ended June 30 2002 | June 30 2001 | 6 months ended June 30 2002 | June 30 2001 | 12 months ended June 30 2002 | Dec. 31 2001 |
|---|---|---|---|---|---|---|
| Revenues | 12,105 | 12,880 | 23,740 | 24,981 | 49,898 | 51,139 |
| Operating expenses | -10,801 | -11,188 | -21,270 | -21,826 | -44,453 | -45,009 |
| **Operating profit** | **1,304** | **1,692** | **2,470** | **3,155** | **5,445** | **6,130** |
| *As a percentage of revenues* | *10.8* | *13.1* | *10.4* | *12.6* | *10.9* | *12.0* |
| Financial income and expenses | -230 | -382 | -484 | -796 | -1,118 | -1,430 |
| **Profit after financial items** | **1,074** | **1,310** | **1,986** | **2,359** | **4,327** | **4,700** |
| *As a percentage of revenues* | *8.9* | *10.2* | *8.4* | *9.4* | *8.7* | *9.2* |
| Taxes | -379 | -464 | -693 | -828 | -1,487 | -1,622 |
| Minority interest | -21 | -10 | -32 | -19 | -24 | -11 |
| **Net profit** | **674** | **836** | **1,261** | **1,512** | **2,816** | **3,067** |
| *Earnings per share, SEK* | *3.22* | *3.99* | *6.02* | *7.22* | *13.44* | *14.63* |
| *Equity per share, SEK* | | | | | *122* | *133* |
| *Return on capital employed before tax, %* | | | | | *12* | *13* |
| *Return on equity after tax, %* | | | | | *11* | *12* |
| *Debt/equity ratio, %* | | | | | *67* | *72* |
| *Rate of equity, %* | | | | | *44* | *43* |
| *Number of employees at end of period* | | | | | *26,222* | *25,529* |

### Balance Sheet

| MSEK | June 30, 2002 | Dec. 31, 2001 | June 30, 2001 |
|---|---|---|---|
| Intangible fixed assets | 19,951 | 22,600 | 23,354 |
| Rental equipment | 12,634 | 14,935 | 16,594 |
| Other fixed assets | 7,002 | 7,887 | 7,798 |
| Inventories | 6,249 | 5,987 | 6,658 |
| Receivables | 11,105 | 11,605 | 12,352 |
| Cash, bank, and short-term investments | 1,300 | 1,343 | 2,470 |
| **Total assets** | **58,241** | **64,357** | **69,226** |
| Equity | 25,338 | 27,568 | 26,423 |
| Minority interest | 208 | 221 | 247 |
| Interest-bearing liabilities and provisions | 18,484 | 21,421 | 25,670 |
| Non-interest-bearing liabilities and provisions | 14,211 | 15,147 | 16,886 |
| **Total liabilities and equity** | **58,241** | **64,357** | **69,226** |

### Changes in Shareholders' Equity

| MSEK | Jan. – June 2002 | Jan. – Dec. 2001 | Jan. – June 2001 |
|---|---|---|---|
| Opening balance | 27,568 | 23,982 | 23,982 |
| Dividend to shareholders | -1,153 | -1,100 | -1,100 |
| Translation differences for the period | -2,338 | 1,619 | 2,029 |
| Net profit for the period | 1,261 | 3,067 | 1,512 |
| Closing balance | 25,338 | 27,568 | 26,423 |

### *Revenues by Business Area*

| MSEK | April–June 2000 | 2001 | 2002 | January–June 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| Compressor Technique | 3,625 | 4,189 | 4,039 | 6,970 | 8,117 | 7,824 |
| Rental Service | 3,332 | 3,940 | 3,357 | 6,355 | 7,599 | 6,754 |
| Industrial Technique | 2,805 | 3,054 | 2,827 | 5,424 | 5,892 | 5,650 |
| Construction and Mining Technique | 1,809 | 1,828 | 1,952 | 3,459 | 3,656 | 3,736 |
| Eliminations | -197 | -131 | -70 | -317 | -283 | -224 |
| Atlas Copco Group | 11,374 | 12,880 | 12,105 | 21,891 | 24,981 | 23,740 |

| MSEK (by quarter) | 2001 1 | 2 | 3 | 4 | 2002 1 | 2 |
|---|---|---|---|---|---|---|
| Compressor Technique | 3,928 | 4,189 | 4,324 | 4,432 | 3,785 | 4,039 |
| Rental Service | 3,659 | 3,940 | 4,094 | 3,776 | 3,397 | 3,357 |
| Industrial Technique | 2,838 | 3,054 | 3,002 | 3,232 | 2,823 | 2,827 |
| Construction and Mining Technique | 1,828 | 1,828 | 1,766 | 1,831 | 1,784 | 1,952 |
| Eliminations | -152 | -131 | -145 | -154 | -154 | -70 |
| Atlas Copco Group | 12,101 | 12,880 | 13,041 | 13,117 | 11,635 | 12,105 |

### *Reported Operating Profit by Business Area*

| MSEK | April–June 2000 | 2001 | 2002 | January–June 2000 | 2001 | 2002 |
|---|---|---|---|---|---|---|
| Compressor Technique | 664 | 831 | 771 | 1,244 | 1,569 | 1,428 |
| *As a percentage of revenues* | *18.3* | *19.8* | *19.1* | *17.8* | *19.3* | *18.3* |
| Rental Service | 464 | 430 | 169 | 854 | 758 | 290 |
| *As a percentage of revenues* | *13.9* | *10.9* | *5.0* | *13.4* | *10.0* | *4.3* |
| Industrial Technique | 299 | 303 | 188 | 562 | 580 | 436 |
| *As a percentage of revenues* | *10.7* | *9.9* | *6.7* | *10.4* | *9.8* | *7.7* |
| Construction and Mining Technique | 173 | 182 | 203 | 315 | 367 | 389 |
| *As a percentage of revenues* | *9.6* | *10.0* | *10.4* | *9.1* | *10.0* | *10.4* |
| Corporate items | -59 | -54 | -27 | -106 | -119 | -73 |
| Operating profit | 1,541 | 1,692 | 1,304 | 2,869 | 3,155 | 2,470 |
| *As a percentage of revenues* | *13.5* | *13.1* | *10.8* | *13.1* | *12.6* | *10.4* |
| Financial income and expenses | -411 | -382 | -230 | -796 | -796 | -484 |
| Profit after financial items | 1,130 | 1,310 | 1,074 | 2,073 | 2,359 | 1,986 |
| *As a percentage of revenues* | *9.9* | *10.2* | *8.9* | *9.5* | *9.4* | *8.4* |

| MSEK (by quarter) | 2001 1 | 2 | 3 | 4 | 2002 1 | 2 |
|---|---|---|---|---|---|---|
| Compressor Technique | 738 | 831 | 829 | 804 | 657 | 771 |
| *As a percentage of revenues* | *18.8* | *19.8* | *19.2* | *18.1* | *17.4* | *19.1* |
| Rental Service | 328 | 430 | 378 | 119 | 121 | 169 |
| *As a percentage of revenues* | *9.0* | *10.9* | *9.2* | *3.2* | *3.6* | *5.0* |
| Industrial Technique | 277 | 303 | 305 | 238 | 248 | 188 |
| *As a percentage of revenues* | *9.8* | *9.9* | *10.2* | *7.4* | *8.8* | *6.7* |
| Construction and Mining Technique | 185 | 182 | 178 | 191 | 186 | 203 |
| *As a percentage of revenues* | *10.1* | *10.0* | *10.1* | *10.4* | *10.4* | *10.4* |
| Corporate items | -65 | -54 | -63 | -4 | -46 | -27 |
| Operating profit | 1,463 | 1,692 | 1,627 | 1,348 | 1,166 | 1,304 |
| *As a percentage of revenues* | *12.1* | *13.1* | *12.5* | *10.3* | *10.0* | *10.8* |
| Financial income and expenses | -414 | -382 | -340 | -294 | -254 | -230 |
| Profit after financial items | 1,049 | 1,310 | 1,287 | 1,054 | 912 | 1,074 |
| *As a percentage of revenues* | *8.7* | *10.2* | *9.9* | *8.0* | *7.8* | *8.9* |

### *Financial targets*

The overall objective for the Atlas Copco Group is to achieve a return on capital employed that will always exceed the Group's total cost of capital. The targets for the next business cycle are:

- to have an average annual revenue growth of 8%,
- to have an average operating margin of 15%, and
- to continuously challenge the efficiency of operating capital in terms of stock, receivables, and rental fleet utilization.

Overall, achievement of these targets will ensure that shareholder value is created and continuously increased. The strategy for reaching these objectives will adhere to the Group's proven development process for all operational units, focusing on stability first, then profitability, and finally growth.

### *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.

### *For further information:*

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**Internet site for the Atlas Copco Group**
www.atlascopco-group.com.

**Presentations from Atlas Copco**
For your convenience, a PowerPoint presentation of Atlas Copco's second-quarter results will be published on www.atlascopco-group.com > Investor Relations > Presentations

**Interim report at September 30, 2002**
The third quarter report will be published on October 24, 2002.

**Capital Market Days – September 19-20, 2002**
Atlas Copco will host capital market days in Antwerp, Belgium, on September 19–20, 2002. Please, look at www.atlascopco-group.com > Investor Relations > Calendar