



press information

Group Communications

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Brock comments on Atlas Copco's Q3, 2002, results

Stockholm, Sweden, October 24, 2002—Today, the Atlas Copco Group reported third quarter revenues of MSEK 11,833 (12,885). Profit after financial items was MSEK 1,241(1,287), a margin of 10.5% (9.9), before a goodwill impairment charge of MSEK 6,950. The charge, related to goodwill from acquisitions in the Rental Service business area, has no cash flow effect but turned reported profit to a loss.

"The recent weak market has revealed that the assumptions for average revenue growth and rental rates made at the time of the acquisitions have to be revised," says Gunnar Brock, President and CEO of the Atlas Copco Group, commenting on the impairment charge. *"As a result, the expected financial returns of the rental business do not fully justify the acquisition costs of Prime Service and RSC, acquired at a time of substantially higher market valuations than today."* The strategic rationale as to why Atlas Copco entered into the equipment rental business remains. The outsourcing trend continues, and the rental business brings the Group closer to end-users.

*"As expected, the **Group's** order volume remained fairly stable in the third quarter. At the same time, all business areas reported very strong cash flow."*

The **Compressor Technique** business area advanced its market positions for industrial compressors further with sustained high profit levels.

The non-residential building activity in North America weakened further in the quarter. *"On the positive side, further efficiency improvements in the **Rental Service** business area, together with the continually strong cash flow, show that we can manage this business during tough times. This also means that we are well positioned once the demand improves."*

The motor vehicle industry returned to better demand levels, benefiting the industrial tools operation for the **Industrial Technique** business area. In North America, sales and profit margins increased for the exclusive Milwaukee electric tool brand and its European launch contributed positively to the result.

The **Construction and Mining Technique** business area reported significantly higher order intake for mining equipment in the quarter.

Overall, the demand for Atlas Copco's products and services is expected to stay at the present level in the near-term.

Atlas Copco is an international industrial Group with its head office in Stockholm, Sweden. In 2001, the Group had revenues of SEK 51 billion (EUR 5.4 billion), with 98% of revenues outside Sweden, and close to 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.