

Atlas Copco AB

Major Rating Factors

Strengths:

- Leading market positions in core business areas.
- Revenue diversification by geography and customer base.
- Strong and relatively stable cash flow generation, supported by aftermarket sales.

Weaknesses:

- Maturity of most of the company's markets and cyclical demand patterns for its products.
- Competitive pressure in most segments, necessitating continuous product development.
- A shareholder-friendly financial policy, with most free cash flow generation paid in dividends.

Rationale

The ratings on Sweden-based industrial machinery manufacturer Atlas Copco AB reflect Standard & Poor's Ratings Services' view of its strong business risk profile and modest financial risk profile. Support for the ratings comes from the group's leading market positions, good cost flexibility, strong profitability, a high share of more stable aftermarket sales, and a diverse earnings base. In addition, Atlas Copco enjoys strong and relatively stable cash generation and, in our view, demonstrates good liquidity management. Offsetting these strengths are the group's exposure to demand cyclicity and meaningful competition, and what we see as a shareholder-friendly financial policy.

Corporate Credit Rating

A-/Stable/A-2

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Key business and profitability development

The economic downturn in 2009 lowered Atlas Copco's sales volumes substantially. Despite good cost flexibility, the company could not fend off some margin erosion due to underabsorption of costs. Key developments include:

- Sales down by 14% on an organic basis from 2008 (28% on a volume basis), and a 21% year-on-year drop in order intake.
- A book-to-bill ratio reaching 0.92x in financial 2009 (ending Dec. 31, 2009) and 0.96x in the fourth quarter, with a trough in the second quarter. The order intake for the construction and mining division appears to have improved most toward the end of the year. Aftermarket sales are also reported to have improved alongside short-cycle segments of the business areas (that is, segments that do not have a large advanced order book).
- Margin development that was negative overall across the divisions on an annual basis, with the Industrial Technique business area being most negatively affected (being a key supplier to the auto industry). Even so, the group reported an operating margin of 14.3% compared with 18.6% in financial 2008, an improving trend from a low point in the second quarter of 2009.
- No significant pricing pressure, according to Atlas Copco management.

We anticipate that the weak global economy and low investment levels will likely continue to temper Atlas Copco's sales in 2010. However, further improvements in the mining area and short-cycle segments, together with customer restocking, should help stabilize the situation. In our view, growth should resume in 2011 at a mid single-digit level.

We believe Atlas Copco should be able to maintain margins in 2010 at about the 2009 level, with some improvement in the medium term. The group should be able to take advantage of efficiency measures implemented at the start of the downturn, along with its successful outsourcing manufacturing concept.

Key cash-flow and capital structure development

Atlas Copco's financial performance in 2009 was stronger than we had expected. Despite the considerable drop in sales, the group confirmed its strong cash generating ability. On an estimated basis, its adjusted debt levels declined considerably more than we had anticipated.

The ratio of estimated funds from operations (FFO) to debt was about 46% for financial 2009 (about 55% when we adjust for captive finance operations), against the level commensurate for the current rating of 40%. Free operating cash flow (FOCF) to debt was even stronger at about 72% (about 85% when adjusting for captive finance operations), benefitting from a strong release of working capital. This compares with financial 2008 figures of about 42% and 21%, respectively. On a discretionary cash flow basis, Atlas Copco generated SEK9.1 billion, compared with SEK2.1 billion in 2008.

Our estimate of adjusted debt levels declined by about SEK10 billion in financial 2009 to SEK17.9 billion, affected by positive cash flow and translation effects from a stronger Swedish krona.

According to our base case, we think that Atlas Copco's debt protection measures will weaken somewhat in 2010, before improving again in 2011 and beyond. Specifically:

- We think that 2010 cash generation will be burdened by higher acquisition spending and a reinstated share buyback program. With flat sales volumes, we do not anticipate any significant further inflow of working capital reduction. Consequently, we believe debt levels may increase somewhat.

- We anticipate that modest sales and margin growth as of 2011 should improve FFO, at the same time moderating FOCF due to some working capital buildup. This should help balance a further modest debt increase arising from further acquisitions and share buybacks.
- Overall, in our view, FFO to debt could drop to about 35% in 2010, and recover to more than 40% in 2011 and beyond. We think that FOCF to debt should remain in the 20%-25% range (or about 5%-10% higher for both key ratios when including adjustments for captive finance operations).

Short-term credit factors

The short-term rating is 'A-2'. It reflects our long-term issuer credit rating as well as our view that Atlas Copco's overall liquidity is strong. At Dec. 31, 2009, liquidity sources consisted of:

- Cash and liquid assets of SEK12.1 billion (of which we consider about SEK8.1 billion as excess cash).
- An undrawn committed revolving credit facility of \$1 billion (about SEK7.3 billion) maturing 2012. This facility is free of financial covenants that would restrict Atlas Copco from drawing on the facility.
- Our expectation of FOCF of well over SEK6 billion in 2010 and beyond.

This compares with the following near-term expected cash calls:

- Debt maturities of about SEK2 billion in 2010, no debt maturities in 2011, and SEK2.5 billion in 2012.
- Dividends of about SEK3.7 billion.
- Acquisition payments of about SEK1.5 billion.

Furthermore, the proposed share buyback program could result in cash outflows of up to SEK6 billion.

Outlook

The stable outlook reflects our view that Atlas Copco's business environment will stabilize in 2010 and modestly recover subsequently, and that the underlying business risk of the group is unchanged. We anticipate that the financial profile will remain in line with levels commensurate with the rating following some underperformance in 2010, supported by Atlas Copco's strong underlying cash generation ability and strong liquidity position.

To maintain ratings stability, the adjusted FFO-to-debt ratio should in our view remain well above the 40% level as of 2011 following a low point of around 35% in 2010, while we believe FOCF to debt should remain above 20%. Furthermore, we anticipate that Atlas Copco's management will utilize its requested share repurchase mandate gradually during 2010, although not to its full extent, and with a careful view of business and market developments.

The ratings could come under pressure if there were to be a further deterioration in the group's trading performance resulting in sustained weaker profitability and cash generation. This is especially the case if such a deterioration were to be combined with debt-financed acquisitions and continued aggressive shareholder distributions.

We could raise the ratings if the group were to develop a stronger-than-anticipated financial profile over the longer term. However, this would in our view also likely require the implementation of a more conservative financial policy.

Business Description

Atlas Copco is an international manufacturer of compressed air and gas equipment, generators, construction and mining equipment, and industrial tools and assembly systems. It also provides related aftermarket and rental equipment. The group, which is based in Sweden, operates a decentralized network spanning more than 160 countries. Operations are divided into three business segments:

- Compressor Technique. This segment produces and services different types of compressors, turbines, and pumps, and also offers specialty rentals services (primarily compressors and generators).
- Construction and Mining Technique. This segment produces and services rock-drilling tools, tunneling and mining equipment, construction and demolition tools, drill rigs, and loading equipment.
- Industrial Technique. This segment produces industrial power tools and assembly systems, aftermarket products, and software and services.

In terms of specific strengths, the group is the world's market leader in compressors, for example, with a one-third share of a reasonably well-consolidated market. The compressor industry is very mature, although certain markets such as China are growing rapidly.

Atlas Copco's divisions focus on high-quality products within existing technology fields that in our view should be less price sensitive. Moreover, we believe the group's high share of consumables sales and strong market positions should enable it to preserve margins at healthy levels despite the weaker demand environment. Industry characteristics of Construction and Mining Technique, along with Atlas Copco's position in this business area, are not as favorable as those for Compressor Technique. That said, the group benefits from a leading market position in rock-drilling equipment and a broad product range.

Industrial Technique, meanwhile, focuses on manufacturing industry, which is highly cyclical. Here, volume growth is driven by production levels, assembly line investments, and the replacement and service of tools and systems. The auto industry accounts for almost one-half of sales.

Atlas Copco is publicly listed on the Nordic Exchange (Stockholm). The group's largest shareholder is Sweden-based investment holding company Investor AB (AA-/Stable/A-1+), which accounts for 21.2% of voting rights and 15.4% of the capital as of Dec. 31, 2009.

Table 1

Atlas Copco AB Reported Sales And EBIT Margin 2007-2009						
—Year ended Dec. 31—						
Business area	Sales (Mil. SEK)			Operating margin (%)		
	2009	2008	2007	2009	2008	2007
Compressor Technique	32,524.0	35,587.0	31,900.0	17.7	20.5	21.2
Construction and Mining Technique	25,909.0	31,660.0	25,140.0	13.4	17.7	17.4
Industrial Technique	5,392.0	7,450.0	6,871.0	4.7	17.8	22.4
Common group functions/eliminations	(63.0)	(520.0)	(556.0)	N.A.	N.A.	N.A.
Total for group	63,762.0	74,177.0	63,355.0	14.3	18.6	19.0

N.A.—Not available.

Chart 1

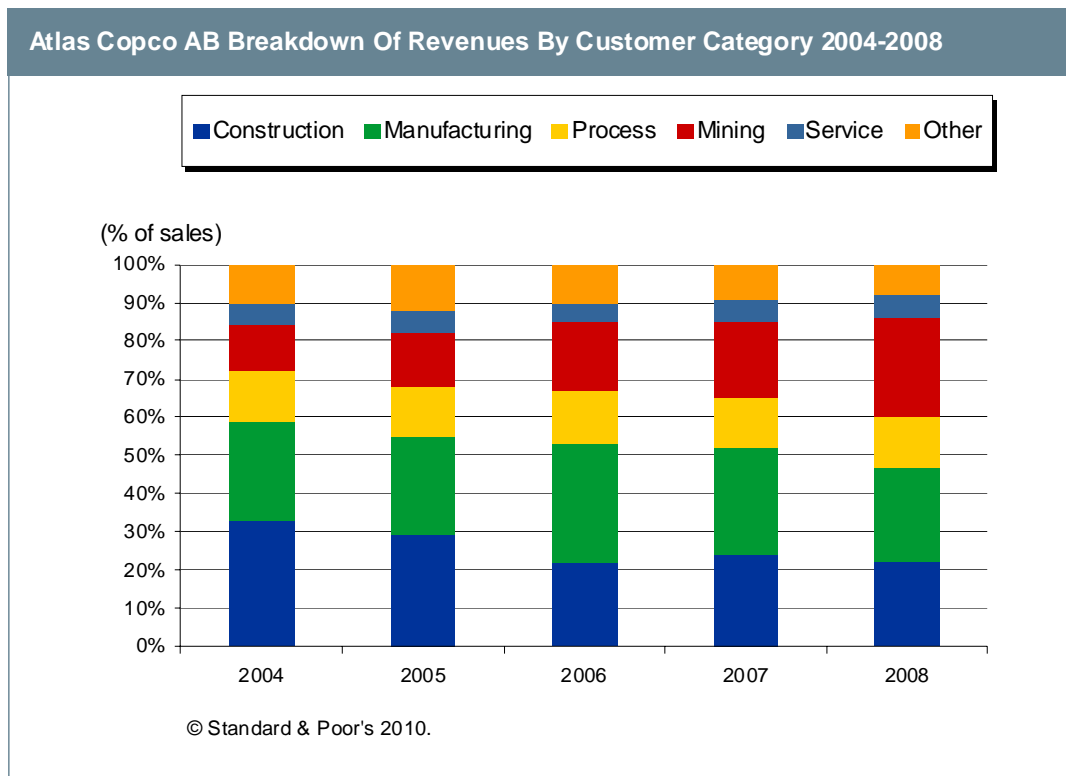
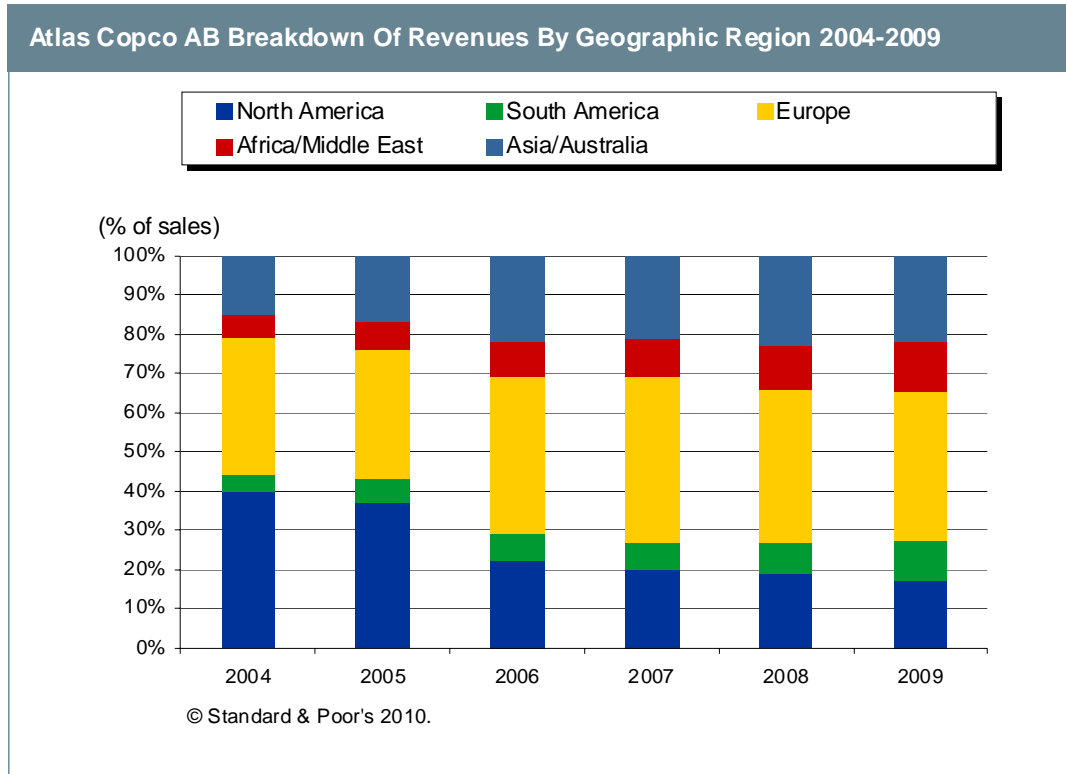


Chart 2



Business Risk Profile: Strong; With Leading Market Positions And Rising Aftermarket Sales, But Facing Cyclical Demand Patterns

We consider Atlas Copco’s Compressor Technique business area to have the lowest industry risk, followed by Construction and Mining Technique. In our view, the Industrial Technique business area has a higher industry risk than that of the overall group.

The major supports for the strong business risk profile are:

- Leading market positions in segments that focus on products crucially important to customer productivity. Barriers to entry are high, and a few well-established companies dominate the industries concerned. We think that Atlas Copco is well positioned in terms of product development capabilities, branding and reputation, access to distribution channels, and cost efficiency.
- Good cost flexibility and high operating efficiency. The group’s strategy of focusing on the manufacture of key components and assembly and using outsourcing for less vital components creates a degree of flexibility to handle swings in demand through the structural advantage of a relatively low fixed-cost base.
- Broad geographic and customer diversification. The three business areas target different customer bases. A diverse customer base characterizes the global market for compressed air equipment and aftermarket products, for example. Compressed air can be used as a source of power in manufacturing or construction activities, or as an integrated part of an industrial process.
- A high share of more stable aftermarket sales, which contribute about 40% of revenues. This includes consumables; maintenance contracts; service; and parts.

- Strong profitability. Atlas Copco's profitability is consistently high and relatively resilient to market downturns. EBITDA margins are typically in the 20%-22% range, the group achieving 18% in 2009. This compares well relative to other rated capital goods companies operating in similar sectors and reflects a good level of operating efficiency and cost management. We believe that the strong margin performance and resilience is due to the combination of high operating efficiency, a high degree of outsourcing, the focus on high-value-added products, a high share of aftermarket sales, and internal efficiency improvements.

These supports are partially offset by:

- Cyclical demand exposure. Atlas Copco is predominantly exposed to the cyclical nature of investment and capacity utilization in the construction, mining, and auto sectors, as well as to demand from original equipment manufacturers in compressors. Capital goods investment and construction activity has been substantially reduced in the last 12 months, with modest prospects for 2010. Overall, we think that Atlas Copco has a bias to mid-cyclical markets.
- Dependence on the business cycle in the Compressor and Industrial Technique business areas. Construction equipment is, we believe, more late cyclical. Mining equipment demand is linked to the mining sector investment cycle, which we think is less correlated to the business cycle. The high share of aftermarket sales is a mitigating factor.
- Meaningful competition in many business areas. Many customers look to Atlas Copco for quality and reliability, and/or solutions to a specific engineering problem. However, in the wake of the economic downturn and accompanying low capacity utilization, we think there is pricing pressure in several business areas.

Financial Risk Profile: Modest; Supported By Strong Cash Flow Generation

The main strengths of Atlas Copco's modest financial risk profile are:

- Strong cash generation. We think the good profitability, flexible operating structure and low capital intensity allow Atlas Copco to consistently generate strong cash flow. FFO is above SEK8 billion, as it has been since 2004. FOCF is more volatile, but consistently positive at about SEK4 billion or more per year, reaching a record of about SEK13 billion in 2009 on working capital reversal and low capital expenditures (capex).
- Discretionary cash flow, which remains positive despite sizable dividends. We anticipate that Atlas Copco will maintain FFO to debt and FOCF to debt above 40% and 20%, respectively, as of 2011. This follows a slight deviation from these levels in 2010, mainly as a consequence of increased debt levels after shareholder remuneration and acquisition spending rather than weaker cash generation.
- Strong liquidity and financial flexibility. The group has a high share of cash and back-up facilities to short-term debt and solid recurring free cash generation.
- Adequate capitalization. Strong profitability and cash generation has allowed Atlas Copco to reduce debt levels and consequently rapidly reduce debt-to-capital ratios to about 42% at year-end 2009 from a peak of 62% in 2007. (This follows the disposal of the rental service operation and subsequent extraordinary shareholder return.) At the same time, adjusted debt to EBITDA was 1.7x, which is in line with levels adequate for the rating level and a modest financial risk profile.
- We expect leverage to remain around the current level, supported by strong free cash flow generation, a relatively low fixed-cost base, and some financial flexibility in areas such as capex and acquisition spending.

- Strong liquidity and financial flexibility. As of Dec. 31, 2009, Atlas Copco has an adequate average debt maturity of about 5 years, which is comfortably within the minimum target of three years applied by the group's management. Debt maturities in 2010 of around SEK2 billion are also in line with the group's stated policy of ensuring that no more than SEK5 billion matures within any 12-month period. Furthermore, liquidity is strong.

These strengths are moderated by:

- A shareholder-friendly financial policy. We think that Atlas Copco is pursuing a shareholder-friendly financial policy, witness its relatively high dividend payout levels (three-year average dividend payout of 50% of net income), and recurring share repurchases. In addition, there was a management proposal to the 2010 annual shareholder meeting to maintain dividends and resume share buybacks. Furthermore, the group's financial objectives are growth- and profit-oriented, and there are no clear capitalization- or debt protection-related targets.

Financial Statistics/Adjustments

Atlas Copco reports its annual accounts in compliance with International Financial Reporting Standards (IFRS). The group's reporting currency is the Swedish krona.

Derivative positions are modest, reflecting the group's limited hedging activities. This is based on Atlas Copco's assumption that hedging does not have a significant positive or negative effect on group results over the long term. As of Dec. 31, 2008 (latest available data), transactional currency exposure totaled SEK14.2 billion, which was hedged at around 22%. The principal transactional exposure is to the U.S. dollar, reflected by a net surplus of around SEK6 billion at year-end 2008. Fair values of derivatives on the balance sheet represented a net asset of about SEK1.5 billion at year-end 2008.

In line with our criteria, we have made adjustments to the group's reported 2008 accounts in line with our criteria (see table 2), and we do not anticipate major differences in these adjustments for the 2009 accounts or those of subsequent years. (For further information on our analytical adjustments, see "Standard & Poor's Encyclopedia of Analytical Adjustments For Corporate Entities," published July 9, 2007, on RatingsDirect.) The adjustments outlined below refer to the 2008 accounts.

Operating lease commitments

We capitalize operating lease commitments (see note 21 in Atlas Copco's 2008 consolidated financial statement) using a 6% discount rate, resulting in a SEK1.375 billion addition to interest-bearing liabilities, and a reclassification of the cost of goods sold as interest expenses (SEK76 million) and depreciation (€382 million). Capex is increased by €592 million.

Postretirement liabilities

We add unfunded postretirement obligations of about SEK1.66 billion to interest-bearing liabilities, while adjusting equity by €1.0 million (reflecting a postretirement deficit of about SEK1.88 billion and using the reported deferred tax asset of SEK219.0 million; see notes 10 and 23 in the 2008 consolidated financial statement). We adjust FFO upward by SEK105.0 million, reflecting the difference between service and interest costs on the one hand, and contributions paid and the expected return on plan assets on the other. The plan assets are in equity (20%) and the remainder mainly in fixed-income instruments, which we believe should temper any fall in plan asset values.

Capitalized development costs

Although it is acceptable under the applicable accounting rules for a company to capitalize certain research and development costs to facilitate comparability, we adjust reported financial statements. The amounts capitalized are treated as if they had been expensed. As a result, our methodology of expensing these costs leads us to reduce operating cash flows and FFO for the costs capitalized in the period (we treat these costs as an operating cost rather than capex); and to reduce EBITDA and EBIT (net of the period's amortization of previously capitalized expenses). Consequently, our adjustment reduces capex, which ensures that there is no net change to our analysis of free cash flows.

Atlas Copco's capitalization of R&D costs, net of amortization, is not materially relative to underlying operating profits and so does not affect our rating or outlook on the group. In the 12 months to Dec. 31, 2008, Atlas Copco capitalized SEK495 million of development costs (about 3.5% of reported operating profit), while amortization was SEK306 million (see note 12 of the 2008 financial statement). The adjustment only moderately affects FFO to Standard & Poor's-adjusted debt, reducing it by about 1.5 percentage points.

Excess cash

We consider liquid assets equivalent to about SEK3 billion as necessary for the operation of the business. We treat the balance as excess cash and deduct it to arrive at the adjusted debt level. At year-end 2009, excess cash was about SEK8.1 billion.

We make no adjustments for advance payments. Whereas contractors' cash holdings can be significantly inflated by such payments, this is not the case for Atlas Copco. Customer advance payments reported on the balance sheet remain relatively modest at around SEK2.76 billion (3.7% of sales) at year-end 2008, and compare satisfactorily with the reported work-in-progress among assets of about SEK3.30 billion.

The group provides equipment financing to customers and has concluded several hundred transactions in over 50 countries since 1999. Customer financing consists of a portfolio in excess of SEK3.5 billion as of Dec. 31, 2009, of which about SEK2.7 billion is guaranteed by the Swedish export credit agency EKN. So far, we have not made any analytical adjustment to segregate the group's captive finance operations as they are relatively modest in relation to the size of the group and its total reported debt. However, we do calculate indicative complementary ratios that provide further comfort. We anticipate that we will make full analytical adjustments for the group's captive finance operations for the 2009 accounts.

Applying a debt-to-equity ratio of 8.5 to 1 for the captive finance operations, we estimate that this will likely lead to a reduction of about SEK3.2 billion in debt and about SEK0.3 billion in equity in the 2009 accounts.

Table 2

Reconciliation Of Atlas Copco AB Reported Amounts With Standard & Poor's Adjusted Amounts*

—Fiscal year ended Dec. 31, 2008—

Atlas Copco AB reported amounts

<i>(Mil. SEK)</i>	<i>Debt Shareholders' equity</i>	<i>Operating income (before D&A)</i>	<i>Operating income (before D&A)</i>	<i>Operating income (after D&A)</i>	<i>Interest expenses</i>	<i>Cash flow from operations</i>	<i>Cash flow from operations</i>	<i>Capital expenditures</i>

Table 2

Reconciliation Of Atlas Copco AB Reported Amounts With Standard & Poor's Adjusted Amounts* (cont. 'd)

—Fiscal year ended Dec. 31, 2008—

Reported	28,482.0	23,627.0	15,886.0	15,886.0	13,806.0	1,510.0	8,883.0	8,883.0	3,394.0
Standard & Poor's adjustments									
Operating leases	1,372.5	—	458.0	76.0	76.0	76.0	382.0	382.0	592.8
Postretirement benefit obligations	1,659.0	(240.1)	34.0	34.0	34.0	88.0	105.0	105.0	—
Surplus cash and near cash investments	(3,405.2)	—	—	—	—	—	—	—	—
Capitalized development costs	—	—	(495.0)	(495.0)	(189.0)	—	(495.0)	(495.0)	(495.0)
Share-based compensation expense	—	—	—	50.0	—	—	—	—	—
Routine sales of rental equipment stock	—	—	—	—	—	—	—	—	(419.0)
Reclassification of nonoperating income (expenses)	—	—	—	—	425.0	—	—	—	—
Reclassification of working-capital cash flow changes	—	—	—	—	—	—	—	2,991.0	—
Minority interests	—	141.0	—	—	—	—	—	—	—
Total adjustments	(373.6)	(99.1)	(3.0)	(335.0)	346.0	164.0	(8.0)	2,983.0	(321.2)

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	28,108.4	23,527.9	15,883.0	15,551.0	14,152.0	1,674.0	8,875.0	11,866.0	3,072.8

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. SEK—Swedish krona.

Table 3

Atlas Copco AB AB Peer Comparison*

	Atlas Copco AB¶	Sandvik AB¶	Alfa Laval AB¶	Ingersoll-Rand Co. Ltd.	Kennametal Inc.
Corporate credit ratings§	A-/Stable/A-2	BBB/Stable/A-2	BBB+/Stable/—	BBB+/Negative/A-2	BBB/Negative/—
(Mil. SEK)	—Average of past three fiscal years—				
Revenues	62,681.3	83,760.3	24,166.8	79,691.4	16,471.1
Net income from continuing operations	7,865.0	8,096.3	2,876.9	(2,735.0)	1,394.3
Funds from operations (FFO)	11,244.5	11,888.2	3,885.0	8,747.1	1,967.2
Capital expenditures	3,739.4	6,235.7	918.2	2,947.3	772.5
Free operating cash flow	4,948.4	2,040.8	2,355.9	2,370.6	790.6

Table 3

Atlas Copco AB AB Peer Comparison* (cont.'d)

	<i>Atlas Copco AB¶</i>	<i>Sandvik AB¶</i>	<i>Alfa Laval AB¶</i>	<i>Ingersoll-Rand Co. Ltd.</i>	<i>Kennametal Inc.</i>
Debt	17,223.3	30,135.9	4,549.4	31,009.6	3,278.4
Equity	23,563.7	30,356.8	7,909.3	47,359.4	9,804.1
Adjusted ratios					
Operating income (before D&A)/revenues (%)	21.7	19.4	21.2	14.0	15.3
EBIT interest coverage (x)	10.5	7.7	14.5	6.7	8.1
EBITDA interest coverage (x)	11.5	9.3	16.2	8.0	10.4
Return on capital (%)	30.8	23.0	35.6	12.3	14.6
FFO/debt (%)	65.3	39.4	85.4	29.2	60.9
Debt/EBITDA (x)	1.3	1.9	0.9	2.7	1.3
Total debt/debt plus equity (%)	42.2	49.8	36.5	38.5	24.8

*Fully adjusted (including postretirement obligations). ¶Excess cash and investments netted against debt. §On March 23, 2010.

Table 4

Atlas Copco AB Financial Summary*

	—Fiscal year ended Dec. 31—				
<i>(Mil. SEK)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Rating history	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2
Revenues	74,177.0	63,355.0	50,512.0	42,205.0	43,192.0
EBITDA	15,551.0	13,578.9	10,779.5	8,161.0	9,343.5
Net income from continuing operations	9,973.0	7,386.0	6,236.0	4,943.0	4,416.0
Funds from operations (FFO)	11,866.0	10,026.5	11,850.5	10,768.8	8,321.0
Capital expenditures	3,072.8	2,396.2	5,792.0	5,435.1	3,084.5
Free operating cash flow	5,802.1	5,304.3	3,705.5	5,102.6	4,791.5
Debt	28,108.4	23,594.7	0.0	10,336.9	10,067.8
Equity	23,527.9	14,647.7	32,515.5	25,441.3	22,438.6
Debt and equity	51,636.3	38,242.4	32,515.5	35,778.1	32,506.3
Standard & Poor's adjusted ratios					
EBITDA/revenues (%)	21.0	21.4	21.3	19.3	21.6
Oper. income (bef. D&A)/revenues (%)	21.4	21.8	22.0	20.4	22.1
EBIT interest coverage (x)	8.5	12.2	12.7	10.4	8.9
EBITDA interest coverage (x)	7.2	13.2	14.4	11.3	11.9
Return on capital (%)	9.3	34.9	26.3	20.1	20.7
FFO/debt (%)	41.5	42.5	N.M.	104.2	82.7
Free operating cash flow/debt (%)	20.6	22.5	N.M.	49.4	47.6
Debt/EBITDA (x)	1.8	1.7	N.M.	1.3	1.1
Debt/debt and equity (%)	54.4	61.7	N.M.	28.9	31.0

*Fully adjusted (including for postretirement benefit obligations). Excess cash and investments netted against debt. N.M.—Not meaningful.

Related Research

Standard & Poor's Encyclopedia of Analytical Adjustments For Corporate Entities, July 9, 2007

Ratings Detail (As Of 23-Mar-2010)*	
Atlas Copco AB	
Corporate Credit Rating	A-/Stable/A-2
Commercial Paper	
Local Currency	A-2
Nordic National Scale Rating	K-1
Senior Unsecured (6 Issues)	A-
Corporate Credit Ratings History	
30-Jul-1999	A-/Stable/A-2
28-Jun-1999	A/Watch Neg/A-1
26-Jun-1997	A/Negative/A-1
Business Risk Profile	
	Strong
Financial Risk Profile	
	Modest

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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