

ANALYSIS

Atlas Copco AB

Stockholm, Sweden

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Analyst Contacts:

FRANKFURT	49.69.70730.700
Oliver Giani	4969.70730.722
<i>Vice President-Senior Analyst</i>	
Oliver.Giani@moodys.com	
Christian Hendker, CFA	4969.70730.720
<i>Assistant Vice President-Analyst</i>	
Christian.Hendker@moodys.com	
PARIS	33.1.70.70.22.29
Eric de Bodard	33.1.5330.1040
<i>Team Managing Director</i>	
Eric.DeBodard@moodys.com	

This Analysis provides an in-depth discussion of credit rating(s) for Atlas Copco AB and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Corporate Profile

Resilient industrial group with world-leading market position

Headquartered in Stockholm, Sweden, Atlas Copco AB¹ (A3/ Prime-2, stable outlook) is an international manufacturer of gas and air compression and expansion machinery, compressed air equipment, pneumatic tools, sophisticated electric, hydraulic and pneumatic assembly systems, and a large variety of construction and mining equipment, and also provides related services and equipment. It operates in more than 170 countries and is considered the market leader in most of its business segments. The group generated sales of SEK63.8 billion (€6 billion) in the fiscal year ended 31 December 2009 (FY 2009) and employed 29,802 people as of year-end 2009. Atlas Copco is listed on the Stockholm Stock Exchange and had a market capitalisation of SEK120 billion (€11.3 billion) at the end of February 2010.

Atlas Copco operates through three business segments:

- » Compressor Technique (CT): Development, manufacture and distribution/rental of air compressors, gas and process compressors, turbo expanders, electric power generators, air treatment equipment and air management systems.
- » Construction and Mining Technique (CMT): Development, manufacture and distribution of rock drilling tools, loading equipment, exploration drilling equipment and construction tools.
- » Industrial Technique (IT): Development and manufacture of industrial power tools, assembly systems and aftermarket products and services.

¹ AB Atlas, as the group was named at inception, was founded in 1873 to manufacture and sell railway equipment and has been changed by restructuring, mergers and acquisitions and international expansion since then. In 1917, Atlas merged with AB Diesel Motors, becoming AB Atlas Diesel. During 1950-69, the group completely focused on compressed air, and in 1956 the group's name was changed to Atlas Copco AB, where "Copco" stands for "Compagnie Pneumatique Commerciale".

FIGURE 1

Operational Highlights 2009

SEGMENT REVENUES	REVENUES (SEK M)		% OF TOTAL REVENUES 2009	REVENUE GROWTH Y-ON-Y (%)	OPERATING PROFIT (SEK M)		% OF OPERATING PROFIT 2009	OPERATING MARGIN		TREND
	2008	2009			2008	2009		2008	2009	
Compressor Technique	35,587	32,524	51%	-8.6%	7,291	5,752	61%	20.5%	17.7%	stabilising
Construction and Mining Technique	31,660	25,909	41%	-18.2%	5,602	3,471	37%	17.7%	13.4%	stabilising
Industrial Technique	7,450	5,392	8%	-27.6%	1,328	253	3%	17.8%	4.7%	stabilising
Eliminations	-520	-63			-415	-386				
Total	74,177	63,762		-14.0%	13,806	9,090		18.6%	14.3%	stabilising

Source: Atlas Copco, figures as reported

Management Strategy

Management is focused on growth, both organic and via acquisitions

Atlas Copco aims to achieve the following financial targets:

- » Annual revenue growth of 8% (2009 actual: -14%; 5-year average: 8.1%)
- » Operating margin of 15% (2009 actual: 14.3%; 5-year average: 17.4%)
- » To challenge and continuously improve the efficiency of operating capital in terms of fixed assets, inventories, receivables and rental-fleet utilisation

The overall objective is to grow, while achieving a return on capital employed (ROCE) that always exceeds the group's weighted-average total cost of capital (WACC). In 2009, Atlas Copco achieved an actual ROCE of 17.7% versus WACC of 7.4%.

The growth target is to be achieved largely through organic growth (about two-thirds), with the remainder achieved through acquisitions. The aim is to grow both vertically into distribution channels and horizontally into related products and technology. Moody's estimates that the group usually has a budget for bolt-on acquisitions of approximately SEK2 billion (€180 million) per year, which Atlas Copco should be able to fund from internal cash generation. Given the increased cash position from strong free cash flow generation during 2009, Atlas Copco is preparing itself for increased acquisition activity; however Moody's understands that any corporate activity will be in line with the stated policy to maintain an adequate capital structure and without endangering the current single A rating.

In view of the group's strong cash generation, the targeted dividend payout ratio of 40-50% is neutral for the rating. However, negative pressure could be exerted on the rating if Atlas Copco's ability to generate cash materially weakens, or if the company shifts to a more shareholder-oriented policy, with material share redemptions or share buybacks, resulting in higher total payout ratios.

Key Rating Considerations

Credit profile resilient in difficult environment

The A3 senior unsecured rating with a stable outlook mainly reflects Atlas Copco's strong global market positions in most of its operations and solid operational performance track record, which has driven strong and stable earnings and cash flow generation throughout the cycle despite the cyclicality of its end markets. The rating also takes into account the material increase of Atlas Copco's net indebtedness to SEK27 billion as of year-end 2008 (compared to a net cash position of SEK9 billion as of FY 2006) reflecting an adjustment of the group's capital structure as well as the resilience Atlas Copco exhibited since the beginning of the global economic downturn at the end of 2008.

Supported by the balancing effect of the weak Swedish krona and some order backlog, Atlas Copco reported only a 14% decline in sales in 2009, despite a 29% organic decline in order intake, a level which reflects the severity of the economic downturn. On the back of the cost-cutting measures taken at an early stage, Atlas Copco was able to defend an EBITA-margin level of 15.3%. The generation of retained cash flow was constrained by weakening funds from operations reflecting the sales decline; however, Atlas Copco actually improved free cash flow coverage above 30% of debt primarily on the back of substantial working capital releases. The financial strength of the company is mirrored by the ability to reduce reported net debt by SEK10 billion (-37.3%) to SEK16.9 billion since year-end 2008 in such an adverse environment.

Sales visibility is low, given that orders received are currently below sales level. Atlas Copco has a shorter-cycle business portfolio – compared to large-scale project business – with short lead time and low advance payments (2-4% of sales). However, the company benefits from the fact that about 40% of revenues (2009) are generated from relatively stable sources, i.e. aftermarket, consumables and rentals business, supported by its large installed base.

The key factors currently influencing the company's ratings are described below and are applied in accordance with Moody's Global Heavy Manufacturing Industry Rating Methodology. Given that Atlas Copco relies to a large extent on capital investment of industrial companies, and considering that most of its peers are rated using the heavy manufacturing industry rating methodology, the application of this methodology facilitates consistency. It is important to note that the rating mapping – as described in the following paragraphs for illustrative purposes – is based on three-year historical figures only, whereas the actual rating assigned is based on both historical performance and expectations for the future.

Atlas Copco's A3 rating is one notch above the indication obtained from Moody's Global Heavy Manufacturing Industry Rating Methodology. Key strengths identified relate to profitability and interest coverage, reflecting the company's strengths as a leading market player. The methodology grid indicates weaknesses with regard to sales volatility and the ratio of debt to book capital.

In accordance with the above-mentioned methodology, the key rating factors currently influencing Atlas Copco's rating and stable outlook are as follows:

Rating Factor 1: Scale and Market Position (30% Weight, Baa Rating Category)

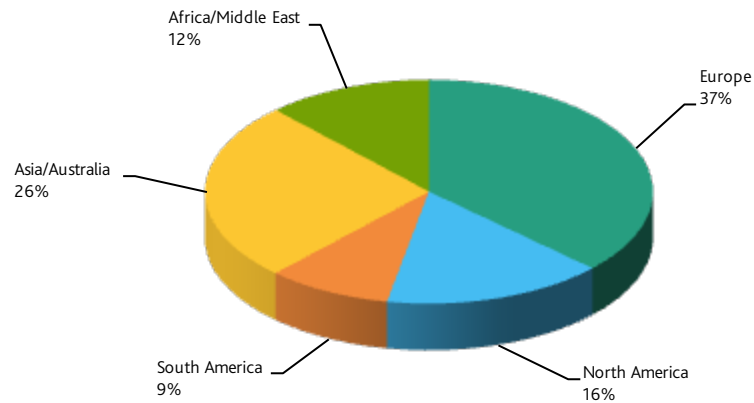
Scale reflects market strength and high degree of operating flexibility

In our rating methodology we use the company's most recent annual revenues as a determinant of its relative market strength and operating flexibility. Absolute and relative size should provide a platform for sustainable earnings and cash flow and should also have a positive bearing on other key rating factors, such as geographic and product diversification, flexibility of capacity allocation and cost absorption, and R&D capabilities. All of this can be observed in the case of Atlas Copco. However, the grid settings indicate that Atlas Copco's score for this factor declined to a strong Baa in 2009 in this category compared to an A score the year before, due to a 14% decline in sales to SEK63.8 billion (US\$9 billion) reflecting the impact of the global economic downturn on the company's business.

Atlas Copco benefits from a highly diversified customer structure and a very good regional diversification. The group's main market is Europe, followed by Asia/Australia and North America.

FIGURE 2

Revenues by Geographic Area



Source: Atlas Copco

Global market leadership in core segments

In terms of market positions, Atlas Copco is the global market leader in its Industrial Technique and Compressor Technique divisions and holds leading positions in most of its operations in the Construction and Mining Technique business, a business which delivers both customised products and large-scale made-to-order products (but are never really mass produced). Through ambitious standardisation and modularisation projects, Atlas Copco has reduced R&D intensity of the group to an apparent low level within the heavy manufacturing universe. Similar to automotive OEMs, Atlas Copco follows a policy of delegating R&D responsibilities to suppliers, thereby supplying Atlas Copco's unique modules ready for final assembly. This, and the group's competitive strength in efficient manufacturing and reliable products, enables the company to sustain strong margins.

Rating Factor 2: Resilience to market volatility (30% Weight, Baa Rating Category)

High sales volatility indicates high exposure to cyclicality...

During the period 2005-2008 Atlas Copco experienced a strong double-digit increase in sales (compound annual growth rate of 20.7%) followed by a 14% decline in 2009. We calculate a sales volatility of 21% for the five-year period from 2005 to 2009, indicating a high exposure to cyclicality. However, although Atlas Copco does not publish the depth of its order book, we note that the company benefits at least to some extent from the cushioning effect of longer lead times in its Gas & Process business (a division of the Compressor Technique segment) and with regard to large drilling equipment at Construction and Mining Technique. This enabled the company to smoothen somewhat the effect on sales from the 20% drop in order intake during 2009 as reflected in the book-to-bill ratio of 91.7%.

FIGURE 3

Development of Order Intake

€ MILLIONS	2002	2003	2004	2005	2006	2007	2008	2009
Revenues	47,562	44,619	43,192	42,205	50,512	63,355	74,177	63,762
Order Intake	47,946	45,149	44,659	44,744	55,239	69,059	73,572	58,451
Book to Bill Ratio	100.8%	101.2%	103.4%	106.0%	109.4%	109.0%	99.2%	91.7%

Source: Company Financial Reports

... balanced by well diversified business profile and flexible cost base

Atlas Copco reports its business under three core business lines which positions the group exactly in the middle of our rating grid (at Baa) for this criterion. We note that the customer base is well diversified which should under normal circumstances bolster end-market volatility. In our view, Atlas Copco is quite resilient to cyclicality. Low sales visibility – given the lack of a material order book cushioning cyclical swings – is compensated by (i) a very flexible cost structure – fixed costs are estimated below 25% of sales – and (ii) limited cost reduction requirements as evidenced by restructuring cost of SEK570 million in 2009 which is below 1% of revenues – even in such a challenging year.

Rating Factor 3: Profitability (10% Weight, Aaa Rating Category)

Strong profit margins, even during the downturn

Atlas Copco has built a track record of delivering strong profitability margins. The group benefited from its flexible cost structure during the global economic downturn as evidenced by the margin resilience shown in 2009. Even without adjusting profits for one-off restructuring cost, EBITA Margin remained at a high level above 15%; this confirms that the margin stability shown over the past few years was not just attributable to the benign economic climate in the company's key markets until mid-2008 but is the result of strong pricing power even during the downturn. The three year EBITA Margin average of 17.5%, against a Aaa minimum threshold of 16%, indicates that Atlas Copco is very well positioned in the highest rating category for this sub-factor.

FIGURE 4

Cost Position and Profitability

SEK MILLION	2005 (1)	2006	2007	2008	2009
Revenues	42,205	50,512	63,355	74,177	63,762
EBIT	7,664	9,552	11,225	13,637	9,600
+ Amortisation	298	380	247	298	381
EBITA	7,962	9,932	11,472	13,935	9,981
+ Depreciation	3,289	1,520	1,596	1,858	2,224
EBITDA	11,251	11,452	13,068	15,793	12,205
EBITA Margin	18.9%	19.7%	18.1%	18.8%	15.7%
Employees (in 1000)	21	24	30	34	31
EBITA per Employee	372	407	389	408	321
Total assets	57,137	57,325	57,872	75,746	69,282
EBITA / Avg. assets	14.9%	17.4%	19.9%	20.9%	13.8%

Source: Atlas Copco, Moody's Financial Metrics (MFM)

(1) – restated for discontinued operations

Rating Factor 4: Leverage & Financial Policy (30% Weight, Baa Rating Category)

Historically strong interest coverage

Atlas Copco follows a policy of short interest duration based on the observation that interest rates tend to be lower when the economy is weak. In order to achieve this objective, long-term funding at fixed interest rates is swapped into floating interest. On the back of the reduced net debt level and the current low level of short-term interest rates, Moody's expects Atlas Copco to again improve EBIT interest coverage from the currently still high 6.0x level to above the 7.0x level which is required for an Aa-rating on this category.

Material net debt reduction driven by working capital release

Following the divestiture of the capital intensive equipment rental business at the end of 2006, Atlas Copco has shown higher free cash flows than before, albeit at a relatively low level. In 2009, however, Atlas Copco achieved a record free cash flow of SEK9.1 billion (equal to 30% of debt). The key driver was a SEK6.4 billion reduction of working capital, supported by a one-third reduction of capital expenditures. This achievement, against a 25% reduction in funds from operations, enabled the company to reduce its net debt by 37% in an adverse economic environment, resulting in a reduced net leverage of 1.4x Net debt/EBITDA despite reduced profitability. We note that the net debt reduction allowed retained cash flow coverage of net debt to remain stable at a level around 30% despite the fact that retained cash flow – by definition – does not benefit from the working capital releases. Gross debt leverage increased to 2.4x EBITDA, reflecting the company's high cash position.

FIGURE 5

Financial Policy, Liquidity and Capital Structure

SEK MILLION	2005 (1)	2006	2007	2008	2009
Funds from operations	10,360	12,915	10,016	11,617	8,707
- Dividends	1,890	2,676	2,903	3,667	3,652
Retained cash flow (RCF)	8,470	10,239	7,113	7,950	5,055
+/- Working capital changes	522	-3,085	-2,231	-2,609	6,367
- Capex	7,872	8,342	2,772	3,432	2,319
Free cash flow (FCF)	1,120	-1,188	2,110	1,909	9,103
Acquisitions / Disposals	3,060	20,642	-7,702	-1,431	499
Interest expense	765	823	1,130	1,821	1,565
EBIT / Interest expense	10.0x	11.6x	9.9x	7.5x	6.1x
Debt	14,130	11,181	26,792	32,423	29,070
- Cash and Cash Equivalents	3,727	20,135	3,473	5,455	12,165
Net debt	10,403	-8,954	23,319	26,968	16,905
RCF / Net debt	81.4%	n.a.	30.5%	29.5%	29.9%
FCF / Debt	7.9%	-10.6%	7.9%	5.9%	31.3%
Book Capitalisation	42,731	44,262	41,131	54,749	53,469
Debt / Book capitalisation	33.1%	25.3%	65.1%	59.2%	54.4%
Cash and Mktble Securities (2)	4,116	21,151	4,597	7,114	13,695
Cash and Mktble Securities / Debt	29.1%	189.2%	17.2%	21.9%	47.1%
Debt / EBITDA	1.3x	1.0x	2.1x	2.1x	2.4x
Net debt / EBITDA	0.9x	n.a.	1.8x	1.7x	1.4x

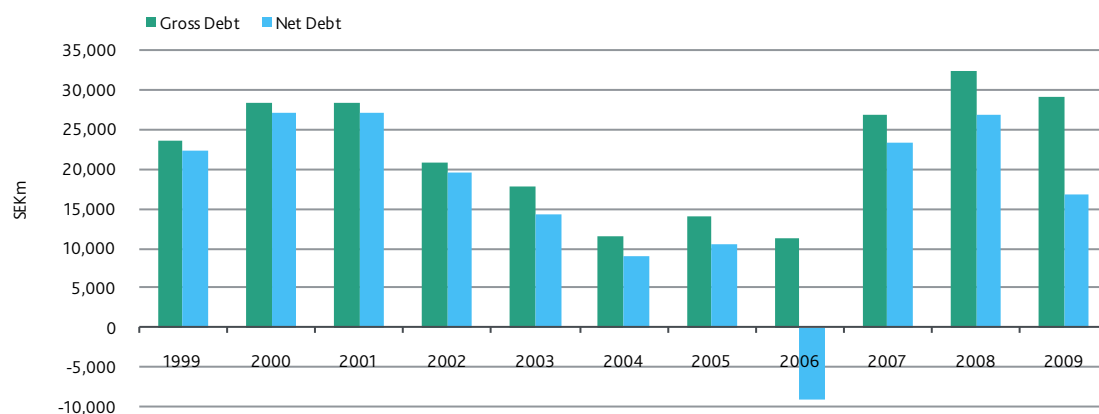
(1) restated for discontinued operations

(2) Cash and marketable securities include other financial assets, available-for-sale investments and cash in assets classified as held for sale.

Source: Atlas Copco, Moody's Financial Metrics (MFM)

FIGURE 6

Development of Debt



Source: Atlas Copco, Moody's Financial Metrics (MFM)

Other Considerations

Very healthy liquidity profile

Atlas Copco is rated Prime-2 for short-term debt and has commercial paper (CP) programmes for short-term borrowing in the US, Sweden and other European countries – with a combined programme volume of SEK17.7 billion (€1.7 billion).

Moody's considers the liquidity profile of Atlas Copco to be strong. The company's liquidity needs for the next 12 months, totalling approximately SEK17.5 billion (€1.7 billion) primarily include:

- » working cash required to run the business and working capital needs totalling SEK1.9 billion (€190 million);
- » repayment/rollover of short-term debt of approximately SEK2 billion (€200 million);
- » an expected capital expenditure of not more than SEK2.5 billion (€250 million);
- » dividend payments of SEK3.6 billion (€350 million) and share repurchases of up to SEK4.8 billion (€470 million); and
- » moderate spending on bolt-on acquisitions of around SEK2 billion (€200 million).

These potential cash outflows should be comfortably covered by:

- » available cash and marketable securities of around SEK10.7 billion (€1 billion) as of the beginning of 2010;
- » funds from operations estimated not to fall below SEK10 billion (€970 million), based on the group's sustained strong global market positions and the solid and historically predictable cash flow characteristics of its core manufacturing businesses, which show a good resilience to economic cycles); and
- » an undrawn revolving multi-year credit facility of USD1 billion (SEK 7.2 billion; €700 million). This facility represents a good quality source of liquidity, as it contains a general material adverse change clause represented at signing only and a repeating representation of the absence of litigation including environmental asbestos claims, which could have a material adverse impact on the company.

Asbestos litigation ongoing, risk should be manageable during the normal course of business

From a peak in 2004 with some 27 000 plaintiffs as presented in the annual report there has been a substantial drop to below 700 plaintiffs end 2009 reflecting US legislation demanding higher proof of impairment and connections for jurisdiction purposes between the prospective plaintiff and the court where the claim is filed. So far, there is no case pending in which a link between an impairment caused by exposure to asbestos and asbestos contained in a product for which Atlas Copco is responsible has been established. The amount of settlements has not been communicated. However, as the group closely monitors each of these cases and continuously evaluates the actual exposure, Atlas Copco has not deemed it necessary to book any provisions related to these pending cases. In view of a continuous drop in the number of plaintiffs since 2004 indicating reduced risk of being ordered to pay damages, Atlas Copco decided in 2008 to cease publishing detailed numbers in this respect. The rating does not

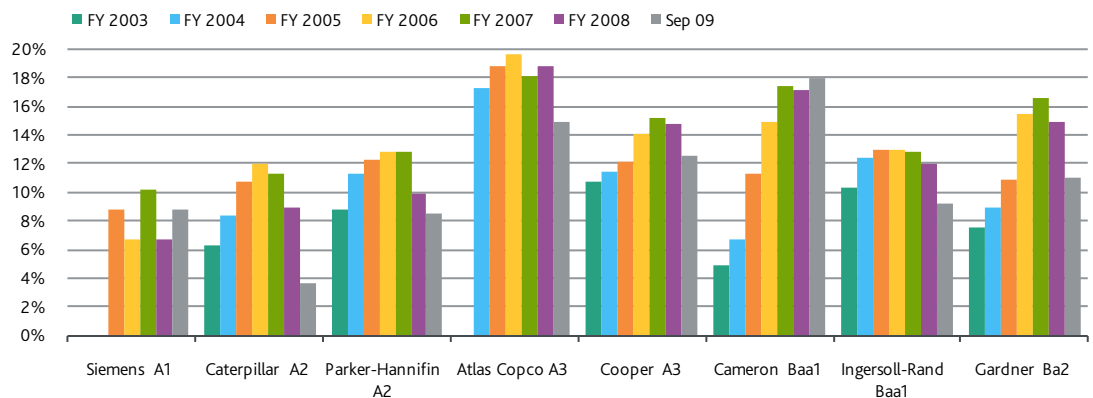
factor in material payments arising from these claims, as it is assumed that any settlements should be manageable by the company during the normal course of business.

Rating Positioning & Peer Comparison

For our peer comparison we have selected Atlas Copco's main competitors rated by Moody's which are Siemens AG (A1 senior unsecured debt rating) in the market for compressors for process gas applications, and Ingersoll-Rand Company (Baa1 senior unsecured debt rating) primarily in the market for compressors and air treatment but also in Industrial Technique. Other rated competitors included in the comparison are, Cameron International Corporation (Baa1 senior unsecured debt rating, competing in CT), Caterpillar (A2 issuer rating, CMT), Cooper Industries LLC (A3 senior unsecured debt rating, IT), Gardner Denver Inc. (Ba2 Corporate Family Rating, CT), and Parker-Hannifin Corporation (A2 senior unsecured debt rating, CT). We note that Atlas Copco's major competitors enjoy strong financial resources and most of them are rated investment grade.

FIGURE 7

Peer Comparison Analysis – EBITA Margin %

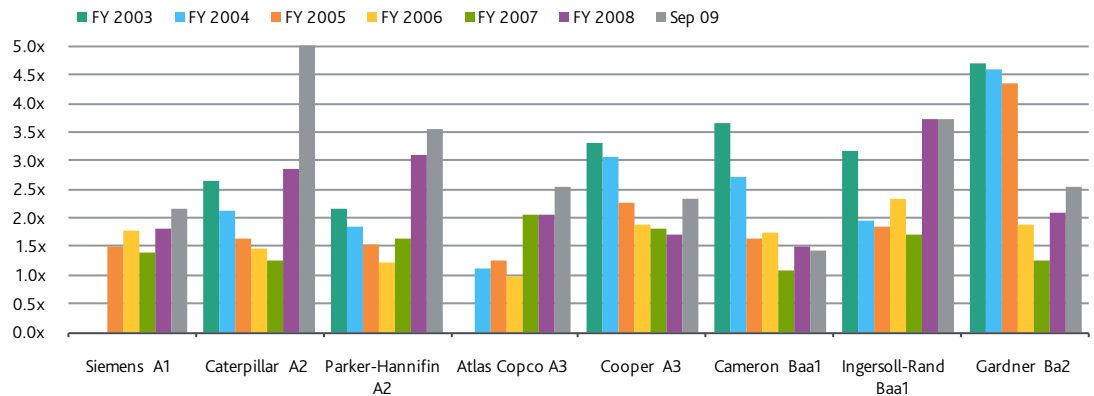


Source: Moody's Financial Metrics (MFM)

Nearly all heavy manufacturing companies have significantly improved their profitability during the period from 2003 until 2008. Our comparison confirms Atlas Copco's absolute and relative strength in terms of profitability margins. Atlas Copco outperforms even higher rated companies like Siemens or Caterpillar; only Cameron International achieved a higher EBITA margin during the 12-month period ending in September 2009 (latest data point available for all selected peers).

FIGURE 8

Peer Comparison Analysis – Debt/EBITDA

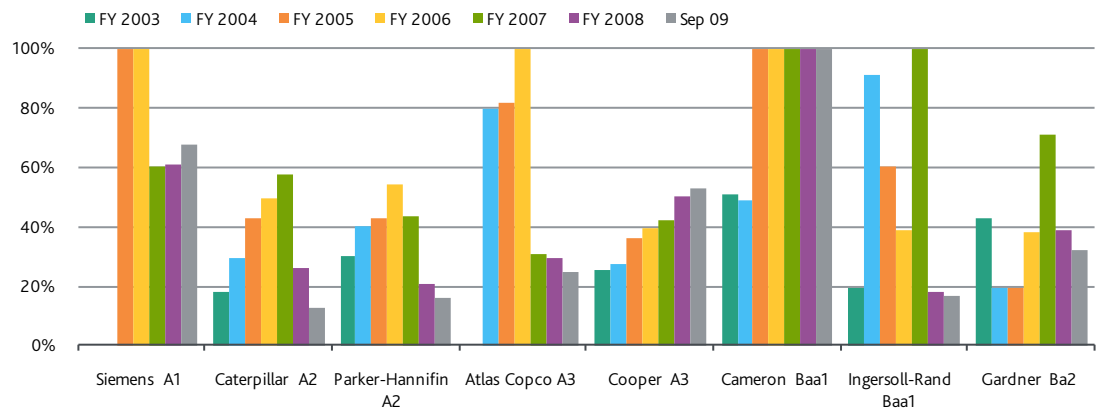


Source: Moody's Financial Metrics (MFM)

Following substantial shareholder distributions during 2007 and 2008, reflecting a change in the financial strategy with regard to capital structure, Atlas Copco's leverage increased significantly to 2.1x debt/EBITDA. The reduced profitability during 2009 resulted in an increase of debt leverage for most of the companies. While Caterpillar and Parker-Hannifin need to prove that they can return to historic low levels, Atlas Copco is much less affected by this trend.

FIGURE 9

Peer Comparison Analysis – RCF/Net Debt

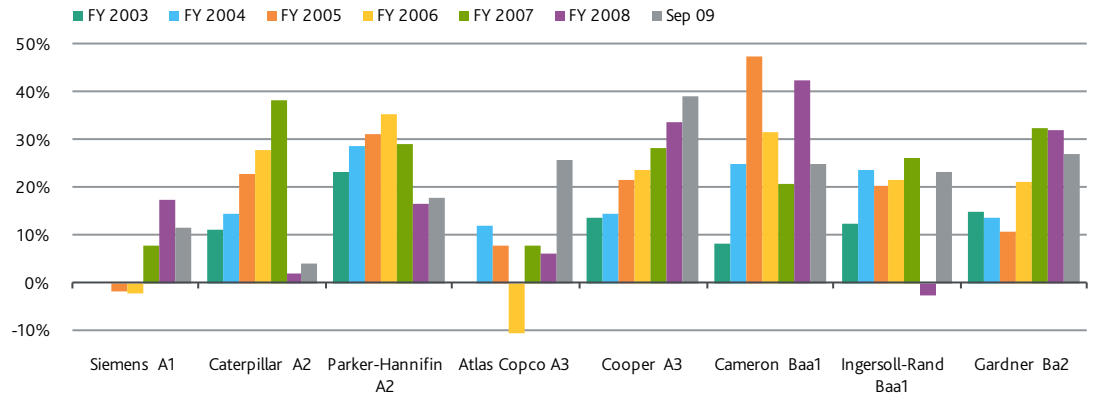


Source: Moody's Financial Metrics (MFM)

Atlas Copco's retained cash flow coverage of net debt was strong historically but has dropped since the capital reallocation in 2006/2007. During the last quarter of 2009 Atlas Copco improved retained cash flow coverage from 24.7% in September (LTM) – shown in the chart above – to 30%, in line with the 2008 level. While in a more benign environment 30% is seen as the lower end of our expectations for a single A rated company, this is considered a solid achievement in light of the economic crisis which materialised at the end of 2008, and solidly positions Atlas Copco compared to some weaker peers.

FIGURE 10

Peer Comparison Analysis – FCF/Debt



Source: Moody's Financial Metrics (MFM)

Many of these peers were able to generate strong free cash flow levels similar to those of Atlas Copco in 2009. However, given that these cash flows were driven by working capital releases, such growth might not be repeated in 2010, but it is considered to be a supporting factor if a company is able to reduce debt during a recession.

Appendix I: Key Indicator Reconciliation

Atlas Copco AB

Credit Opinion Ratios	12/31/09 (Annual) As Rep	Standard Adjustments					Non-Standard Adjustments	Total Adj.	12/31/09 (Annual) As Adj
		Pensions	Op Leases	Cap. Dev. Costs	Align FFO	Unusual			
EBITA Margin %									
Pretax Income	8,271	(102)	(0)	(196)		(128)	(426)	7,845	
+ Interest Expense	1,364	(38)	239				201	1,565	
+ Other Non-Recurring Expenses / (Gains)	0	190					190	190	
+ Amortization	724			(343)			(343)	381	
Revenue	63,762							63,762	
	16.2%							15.7%	
EBIT / Interest Expense									
Pretax Income	8,271	(102)	(0)	(196)		(128)	(426)	7,845	
+ Interest Expense	1,364	(38)	239				201	1,565	
+ Other Non-Recurring Expenses / (Gains)	0	190					190	190	
Interest Expense	1,364	(38)	239				201	1,565	
	7.1x							6.1x	
FCF / Debt									
Cash Flow From Operations	14,816	319	478	(539)			258	15,074	
- Capital Expenditures	(2,380)		(478)	539			61	(2,319)	
- Preferred Dividends	0							0	
- Common Dividends	(3,652)							(3,652)	
- Minority Dividends	0							0	
Short-term debt	815							815	
+ Long-term Debt - Gross	23,152	1,843	4,302			(1,042)	5,103	28,255	
	36.7%							31.3%	
Debt / EBITDA									
Short-term debt	815							815	

+ Long-term Debt - Gross	=	23,152	1,843	4,302			(1,042)	5,103	28,255	=	29,070
Pretax Income		8,271	(102)	(0)	(196)	(128)		(426)	7,845		12,205
+ Interest Expense		1,364	(38)	239				201	1,565		
+ Other Non-Recurring Expenses / (Gains)		0	190					190	190		
+ Depreciation		1,746		478				478	2,224		
+ Amortization		724			(343)			(343)	381		
		2.0x									2.4x
Debt / Book Capitalization											
Short-term debt		815							815		
+ Long-term Debt - Gross	=	23,152	1,843	4,302			(1,042)	5,103	28,255	=	29,070
Short-term debt		815							815		53,469
+ Long-term Debt - Gross		23,152	1,843	4,302			(1,042)	5,103	28,255		
+ Total Equity		25,509	(421)		(951)			(1,372)	24,137		
+ Deferred Income Taxes - Non-Current		589	(150)		(339)			(489)	100		
+ Minority Interest		162							162		
		47.7%									54.4%
RCF / Net Debt											
Funds from Operations		8,101		478	(539)	348	319		606		8,707
- Preferred Dividends		0							0		0
- Common Dividends		(3,652)							(3,652)		
- Minority Dividends	=	0							0	=	5,055
Short-term debt		815							815		16,905
+ Long-term Debt - Gross		23,152	1,843	4,302			(1,042)	5,103	28,255		
- Cash & Cash Equivalents		(12,165)							(12,165)		
		37.7%									29.9%

Source: Moody's Financial Metrics (MFM)

Appendix II: Rating Methodology Grid for Atlas Copco

Heavy Manufacturing Rating Methodology Grid for Atlas Copco
-based on 2009 figures as well as three-year averages where appropriate:

GLOBAL HEAVY MANUFACTURING RATING METHODOLOGY	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale and Market Position (30.0%)							
a) Sales (USD Billion)				\$8.4			
b) Market Structure and Issuer's Position			X				
Factor 2: Resilience to Market Volatility (30.0%)							
a) 5-Year Sales Volatility					21.3%		
b) Industry Diversification (No. of segments with $\geq 10\%$ of sales)				X			
c) Vulnerability to Cyclicity			X				
Factor 3: Profitability (10.0%)							
a) EBITA Margin (3 Year Avg)		17.6%					
b) EBITA / Avg Assets (3 Year Avg)		18.0%					
Factor 4: Financial Policy (30.0%)							
a) EBIT / Interest (3 Year Avg)		7.6x					
b) Gross Debt / EBITDA (3 Year Avg)			2.1x				
c) RCF / Net Debt (3 Year Avg)				29.9%			
d) FCF / Gross Debt (3 Year Avg)				14.9%			
e) Gross Debt / Book Capital (3 Year Avg)					59.1%		
f) (Cash & Marketable Securities) / Debt (3 Year Avg)				28.8%			
Rating:							
a) Indicated Rating from Methodology Grid				Baa1			
b) Actual Rating Assigned			A3				

Note: 3-year averages for the period 2007 – 2009
Source: Moody's Financial Metrics (MFM)

Related Research

Analysis:

- » [Siemens AG, February 2010 \(123020\)](#)
- » [Caterpillar Inc., January 2010 \(122971\)](#)
- » [Investor AB, November 2009 \(121401\)](#)

Rating Methodology:

- » [Global Heavy Manufacturing Industry, November 2009 \(120885\)](#)
- » [Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations – Part II, February 2006 \(96729\)](#)

Special Comment:

- » [Corporate Default and Recovery Rates, 1920-2009, February 2010 \(123042\)](#)
- » [European Corporate Default and Recovery Rates, 1985-2008, May 2009 \(115292\)](#)
- » [Currency Volatility – Distinguishing Red Flags from Red Herrings, February 2009 \(114768\)](#)
- » [Guideline Rent Expense Multiples for Use with Moody's Global Standard Adjustment to Capitalise Operating Leases, February 2006, revised March 2006 \(96830\).](#)

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 Author
 Oliver Giani

 Editor
 Wendy Arthur

 Senior Production Associate
 Wendy Kroeker

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