

YEAR-END REPORT

2013



Year-end Report 2013

NET ASSET VALUE AND THE LATOUR SHARE

- Net asset value at 31 December amounted to SEK 212 per share, up from SEK 162 per share at the beginning of the year. This is equivalent to a 35.0 per cent increase after adjusting for dividends compared with the dividend-adjusted comparable index (SIXRX), which increased by 28.0 per cent. Net asset value at 18 February was SEK 212 per share.¹⁾
- In 2013 the total return on Latour shares was 44.3 per cent, which exceeded the index (SIXRX) for the eighth year in a row.
- The Board of Directors proposes an increased regular dividend to SEK 5.50 (5.00) per share.

INDUSTRIAL OPERATIONS

Fourth quarter

- The order intake in the industrial operations increased to SEK 1,806 m (1,596), which represents organic growth for comparable units of 4 per cent after adjusting for exchange effects.
- Net sales in the industrial operations increased to SEK 1,844 m (1,682), which represents organic growth for comparable units of 0 per cent after adjusting for exchange effects.
- The operating profit before restructuring costs was SEK 181 m (153), an increase of 18 per cent, which corresponds to an adjusted operating margin of 9.8 (9.1) per cent for continuing operations²⁾.
- Specma AB acquired Kiruna Hydraulik AB for the Nordic Division. The company has net sales of around SEK 36 m and 25 employees. For more information, see page 3.

Full year

- The order intake in Latour's industrial operations increased to SEK 7,037 m (6,694), which represents organic growth for comparable units of -2 per cent adjusted for exchange effects.
- Net sales in the industrial operations were SEK 6,944 m (6,697), which represents organic growth for comparable units of -3 per cent adjusted for exchange effects.
- The operating profit before restructuring costs was SEK 687 m (645), an increase of 7 per cent, which corresponds to an operating margin of 9.9 (9.6) per cent for continuing operations²⁾.

GROUP

- The consolidated profit after financial items amounted to SEK 1,658 m (1,497).
- The consolidated profit after tax was SEK 1,483 m (1,351), which is equivalent to SEK 9.31 (8.47) per share.
- Net debt at year-end was SEK 1,787 m, compared with SEK 1,568 m at year-end 2012, and is equivalent to 5.0 per cent of the market value of total assets.

INVESTMENT PORTFOLIO

- During the year the investment portfolio's value increased by 40.6 per cent adjusted for dividends. The comparable index (SIXRX) increased by 28.0 per cent.

¹⁾ The net asset value on 18 February 2014 was based on the value of the investment portfolio at 1 p.m. on 18 February and the same values as on 31 December were used for the unlisted portfolio.

²⁾ Divestitures in 2012 excluded.

LATOUR AT A GLANCE

Investment AB Latour is a mixed investment company consisting primarily of wholly owned industrial operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principal owners. The investment portfolio consists of nine substantial holdings that on 31 December 2013 had a market value of about SEK 24 billion. The holdings in the investment portfolio with the greatest value are Assa Abloy, Securitas and Sweco. The wholly owned industrial operations are organised in four business areas: Hultafors Group, Latour Industries, Specma Group and Swegon. Net sales in 2013 in the wholly owned industrial operations amounted to just under SEK 7 billion.

Comments from the CEO

"For the second quarter in a row we are pleased to announce an increase in our order intake. In the previous quarter we achieved organic growth of 4 per cent, and this has now been followed by another quarter of 4 per cent organic growth. Orders are increasing mainly in early-cyclical segments of our operations. The impression we get is that the economic situation is relatively stable and improving slowly and steadily. Net sales for comparable units remained flat in the fourth quarter, however. Including acquisitions, fourth-quarter net sales grew by around 10 per cent. For the full year the increase was about 4 per cent including acquisitions, despite negative full-year organic growth of around 3 per cent.

Earnings before restructuring costs in the fourth quarter were SEK 181 m. This equates to an adjusted operating margin of 9.8 (9.1) per cent after adjusting for restructuring costs. Our operating profit thus improved by 18 per cent even in the absence of any organic growth. The level of the result is an indication of good cost control in our operations.

We are sticking to our strategy of gradually developing new products and consolidating our position in priority markets. The focus on forward-looking acquisitions is also unchanged. Our most important business area, Swegon, made three acquisitions in 2013 representing annual acquired growth of around 15 per cent. Swegon has also established production of chillers in India and launched a number of new products, among them WISE Apartment which enables cost effective installation of ventilation and heat recycling in apartment buildings.

Our other business areas have also had expansive agendas. Hultafors Group has launched several interesting products. In Latour Industries both LSAB and REAC have grown through acquisitions while Kabona achieved organic growth of an impressive 21 per cent. Specma has strengthened its position in Nordic Division through the acquisition of Kiruna Hydraulik. Despite a relatively weak market, we have continued to increase our investments in marketing and product development. I am confident about the future and about our prospects to increase our net sales and operating margin.

On the whole, our listed holdings have continued to perform well or very well. The conclusion to the year was strong for several companies. This, coupled with a strong stock market performance, resulted in a strong increase in the market value of our holdings in 2013. During the year the value of our investment portfolio increased by an impressive 41 per cent after adjusting for dividend payments. Acquisitions-wise, Assa Abloy has been the most active company. Sweco has also grown strongly through the acquisition of Vectura shortly before the summer, as has Fagerhult, which acquired I-Valo of Finland in the previous year. Recently Fagerhult also concluded the acquisition of Arlight in Turkey.

Net asset value increased by 35 per cent, adjusted for dividends, i.e. somewhat lower than the investment portfolio. This is partly because we have chosen a valuation multiple for the wholly owned operations which is slightly lower than comparable listed companies can support. At an impressive 44.3 per cent, the total return on Latour shares in 2013 exceeded SIXRX for the eighth year in a row.

Thanks to our strong performance, the Board has been able to propose a 10 per cent increase in the dividend, to SEK 5.50 per share."

*Jan Svensson
President and CEO*

Industrial operations

Order intake, invoicing and results

The total order intake in continuing operations increased during the fourth quarter to SEK 1,806 m (1,596) and during the year to SEK 7,037 m (6,694). Invoicing increased during the fourth quarter to SEK 1,844 m (1,682) and during the year to SEK 6,944 m (6,697). After adjusting for exchange effects and acquisitions, the growth rate was flat quarter on quarter and -3 per cent year on year.

The reported operating profit for the four business areas increased to SEK 170 (113) m during the fourth quarter. The adjusted operating profit before restructuring costs increased by 18 per cent to SEK 181 (153), which is equivalent to an operating margin of 9.8 (9.1) per cent.

For the full year the operating profit increased to SEK 650 m (588), which is equivalent to an operating margin of 9.4 (8.8) per cent. The adjusted operating profit before restructuring costs increased to SEK 687 m (645), which is equivalent to an operating margin of 9.9 (9.6) per cent. Divestitures in 2012 are excluded from the figures indicated in this section.

Please refer to pages 5-6 for more details about developments in each business area.

Acquisitions

In the fourth quarter Specma Group acquired Kiruna Hydraulik AB for their Nordic Division. The company has net sales of over SEK 36 m and 25 employees and delivers hydraulic and piping components as well as offers maintenance and service, primarily in the mining industry. Specma already owned 35 per cent of the company.

In the first half of the year Swegon acquired Coolmation Ltd in Great Britain and the German company Walter Meier (Klima Deutschland) GmbH. In the third quarter Swegon acquired RCS AG in Switzerland, a Swiss distributor of chillers. In aggregate, the acquisitions in Swegon will add annual acquired growth of around 15 per cent compared with 2012.

During the year LSAB in Latour Industries acquired a number of smaller grinding stations, including the grinding operation of Teroteknisk Service AS in Tangen, Norway, which grinds tools for the Norwegian wood industry. The company also acquired Lidens Slip in Skepplanda as well as Trollhättans Verktygssliperi.

REAC also made an acquisition during the year, acquiring MBL/ABU in Poland, which has now become REAC Polen.

Hultafors Group acquired its Italian agent for Workwear, Nordtec SRL.

Acquisitions made in 2013 contribute annualised net sales of around SEK 500 m, which compared with 2012 corresponds to growth of more than 7 per cent. Of total net sales for 2013, SEK 380 m refers to the acquisitions.

Industrial operations summary

Business area results

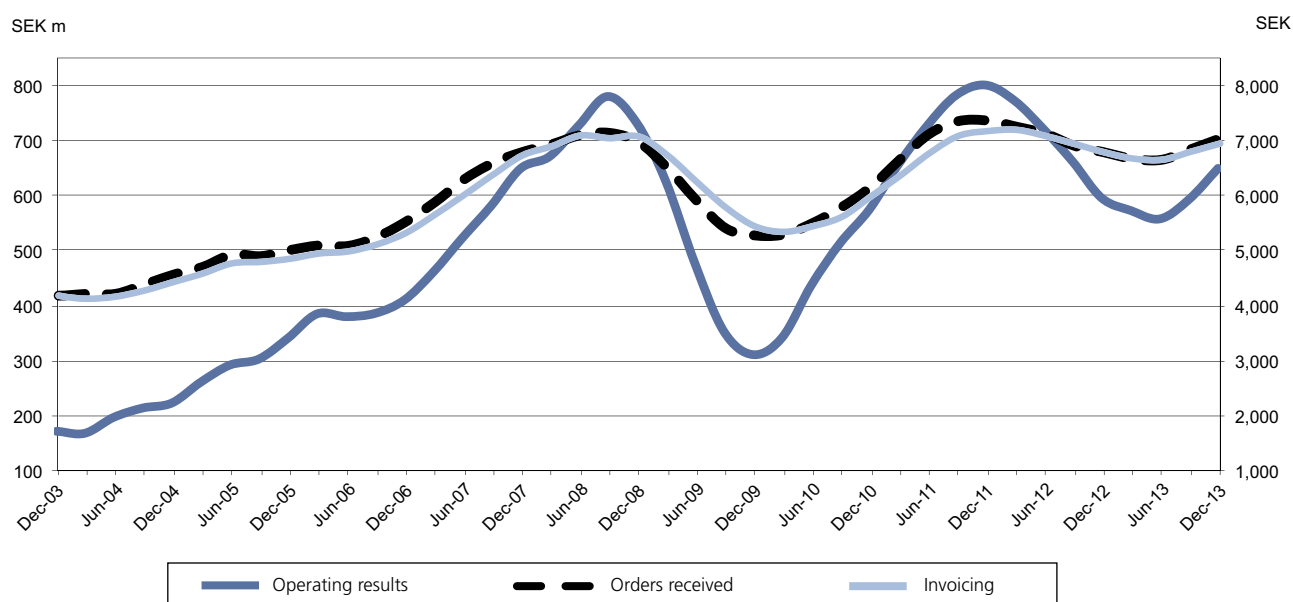
SEK m	Net sales				Operating profit				Operating margin %			
	2013 Q4	2012 Q4	2013 12 mths	2012 12 mths	2013 Q4	2012 Q4	2013 12 mths	2012 12 mths	2013 Q4	2012 Q4	2013 12 mths	2012 12 mths
Hultafors Group	317	316	1,153	1,197	53	35	133	127	16.5	11.1	11.6	10.6
Latour Industries	439	387	1,705	1,519	40	25	196	163	9.2	6.4	11.5	10.8
Specma Group	306	268	1,152	1,198	-1	-4	12	18	-0.2	-1.5	1.0	1.5
Swegon	783	711	2,936	2,785	89	97	346	337	11.4	13.6	11.8	12.1
Eliminations	-1	-	-2	-2	-	-	-	-	-	-	-	-
	1,844	1,682	6,944	6,697	181	153	687	645	9.8	9.1	9.9	9.6
Restructuring costs	-	-	-	-	-11	-40	-37	-57	-	-	-	-
	1,844	1,682	6,944	6,697	170	113	650	588	9.2	6.7	9.4	8.8
Result from purchase/sale of companies	-	-	-	-	-20	7	-25	7				
Other companies and items ²⁾	-	15	-	91	-13	23	-4	40				
	1,844	1,697	6,944	6,788	137	143	621	635				

SEK m	Operating capital ¹⁾		Return on operating capital %		Growth in net sales %		
	2013 Rolling 12	2012 Rolling 12	2013 Rolling 12	2012 Rolling 12	2013	Of which acquisitions	Of which currency
Hultafors Group	774	835	15.6	13.7	-3.6	0.6	-1.6
Latour Industries	1,279	1,060	14.3	14.5	12.3	15.0	-1.6
Specma Group	572	596	-0.1	-1.5	-3.8	1.3	-0.6
Swegon	1,155	1,093	30.0	29.8	5.4	8.8	-1.6
Total	3,780	3,584	17.2	16.4	3.7	7.4	-1.4

¹⁾ Defined as total assets reduced by cash and other interest-bearing assets and reduced by non-interest-bearing liabilities. Calculated on average for the past 12 months.

²⁾ Net sales refer to the operations divested in 2012 (Pressmaster) previously presented as part of Latour Industries

Group rolling 12 months



Development per business area

Hultafors Group



SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Net sales	317	316	1,153	1,197
EBITDA, adjusted*	57	40	152	147
EBITA, adjusted*	53	37	137	134
EBIT, adjusted*	53	35	133	127
EBIT, reported	52	35	120	123
EBITA %, adjusted*	16.8	11.7	11.9	11.2
EBIT %, adjusted*	16.5	11.1	11.6	10.6
Growth %	0.4	-5.3	-3.6	1.3
Of which foreign currency effects	-0.2	-2.3	-1.6	-1.2
Of which acquisitions	1.0	1.9	0.6	2.1
Average number of employees	626	640	629	642

* Excl. restructuring costs.

Highlights

- Invoicing in the quarter was SEK 317 m (316), the same level as in the previous year.
- Strong profit in the fourth quarter, adjusted EBITA margin of 17 per cent.
- The relocation of Workwear's central warehouse from the Netherlands to Poland was completed in June, resulting in restructuring costs of SEK 9 m. In addition, other measures incurred a charge to earnings of SEK 4 m.
- The annual savings generated by the relocation are estimated at nearly SEK 20 m as of 2014.

Allocation of net sales

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Workwear	194	195	639	670
Tools	94	94	388	395
Ladders	29	27	126	132
	317	316	1,153	1,197
Pro forma adjustment ¹⁾			0	
Rolling 12 month pro forma			1,153	

¹⁾ Pro forma for completed acquisitions

Hultafors Group offers the market three product groups: work wear under the Snickers Workwear brand, hand tools under the Hultafors Tools brand and ladders and scaffolding marketed under the Wibe Ladders brand. Its business concept is to be an attractive partner to distributors of consumables and work equipment in Europe and to be the obvious first choice for the end user.

Latour Industries



SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Net sales	439	387	1,705	1,519
EBITDA, adjusted*	51	35	235	202
EBITA, adjusted*	41	26	201	168
EBIT, adjusted*	40	25	196	163
EBIT, reported	31	18	184	149
EBITA %, adjusted*	9.4	6.7	11.8	11.1
EBIT %, adjusted*	9.2	6.4	11.5	10.8
Growth %	13.4	-5.4	12.3	3.4
Of which foreign currency effects	-0.7	-1.3	-1.6	-0.2
Of which acquisitions	12.2	8.3	15.0	7.2
Average number of employees	1,048	851	1,075	874

* Excl. restructuring costs.

Highlights

- Continued robust growth attributable to completed acquisitions.
- Stable improvement in full-year and quarterly earnings. The achieved profits are still too low in view of the business area's potential.
- Continued efforts have been made to increase organic growth and develop new products, primarily in REAC, Kabona, LSAB and Nord-Lock. This work will continue.
- Profitability problems at AVT had a negative impact on earnings.
- A minor operation, Brickpack, has been sold and has therefore not been consolidated after 1 November 2013. The comparative figures will be adjusted in 2014.

Allocation of net sales

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Nord-Lock	154	142	623	640
Specma Tools	15	15	54	60
Specma Seals	23	24	101	92
BrickPack	6	14	48	56
AVT Group	21	23	92	91
LSAB Group	111	100	405	371
Carstens	14	18	60	75
REAC	56	30	196	114
Kabona	39	21	128	21
	439	387	1,705	1,519

Pro forma adjustment¹⁾

Rolling 12 month pro forma 5
1,710

¹⁾ Pro forma for acquisitions/divestitures

Latour Industries consists of a number of operating areas, each with its own business concept and business model. Our ambition is to develop independent units in the business area which can eventually become new business areas in Latour. The common denominator is that most customers are active in manufacturing.

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Net sales	306	268	1,152	1,198
EBITDA, adjusted*	4	1	30	36
EBITA, adjusted*	-1	-4	12	18
EBIT, adjusted*	-1	-4	12	18
EBIT, reported	-3	-27	0	-9
EBITA %, adjusted*	-0.2	-1.4	1.1	1.5
EBIT %, adjusted*	-0.2	-1.5	1.0	1.5
Growth %	14.2	-26.8	-3.8	-13.3
Of which foreign currency effects	0.1	-0.7	-0.6	-0.5
Of which acquisitions	4.9	1.6	1.3	0.4
Average number of employees	729	730	699	742

* Excl. restructuring costs.

Highlights

- Invoicing increased by 9.2 per cent for the quarter after adjusting for exchange effects and acquisitions. The increase was generated in all areas but primarily in Global Division.
- The restructuring project of relocating operations from Sjömarken to Örnsköldsvik has essentially been completed. Restructuring costs charged the quarter by SEK 2 m and the full year by SEK 12 m.
- The acquisition of Kiruna Hydraulik resulted in a number of interesting projects in the mining industry.
- Bo Jägnefält has been appointed new CEO with effect from January 2014.

Allocation of net sales

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Global Division	181	155	687	730
Nordic Division	88	83	320	334
Other	37	30	145	134
	306	268	1,152	1,198

Pro forma adjustment¹⁾

Rolling 12 month pro forma

¹⁾ Pro forma for completed acquisitions

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Net sales	783	711	2,936	2,785
EBITDA, adjusted*	107	110	415	401
EBITA, adjusted*	90	97	349	339
EBIT, adjusted*	89	97	346	337
EBIT, reported	89	86	346	326
EBITA %, adjusted*	11.5	13.6	11.9	12.2
EBIT %, adjusted*	11.4	13.6	11.8	12.1
Growth %	10.2	-0.7	5.4	2.9
Of which foreign currency effects	-0.6	-2.1	-1.6	-1.6
Of which acquisitions	13.4	0.0	8.8	0.0
Average number of employees	1,515	1,304	1,461	1,340

* Excl. restructuring costs.

Highlights

- Invoicing decreased by 1.8 per cent during the year after adjusting for exchange effects.
- A strong conclusion to the quarter in terms of invoicing as well as results.
- Continued volatile demand on the European ventilation market. Swegon's operations are late-cyclical, and this is reflected in the figures.
- The integration of businesses acquired during the year is going to plan.
- The share of sales outside the Nordic region continues to increase, accounting for 48 per cent of total sales for the full year and 50 per cent for the fourth quarter.

Allocation of net sales

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Sweden	211	193	784	775
Rest of Nordic region	180	209	752	835
Rest of world	392	309	1,400	1,175
	783	711	2,936	2,785

Pro forma adjustment¹⁾

Rolling 12 month pro forma

¹⁾ Pro forma for completed acquisitions

Specma Group is an industry leader and Nordic player with an international presence in application customised systems and components for hydraulics. The business is divided into a Global Division that serves major international OEM customers, and a Nordic Division that serves smaller OEM customers, offers industry a MRO concept and serves the after sales market in the Nordic region.

Swegon delivers components and well thought-out system solutions that create a good indoor climate, which highly contributes to saving energy in all types of buildings. Swegon's products constitute a turnkey solution for the perfect indoor climate. Including foreign sales companies, Swegon has 1,500 employees and a turnover of around SEK 3 billion.

Latour's net asset value

In order to facilitate the evaluation of Latour's net asset value, Latour provides an estimated range of the value (Enterprise Value) for each business area based on EBIT multiples. These multiples have been calculated by comparing valuations of listed companies in comparable industries. Since there are variations in the listed companies' valuations these are reflected in the tables by valuing each business area in a range. Deductions are then made for the company's net debt. The evaluation of comparable companies is based on the share price on the balance sheet date. Any price changes after the balance sheet date have not been taken into consideration.

A more detailed description can be found on pages 18–19 in Latour's Annual Report for 2012.

In some cases the valuation multiples for comparable companies span over a very big range. For this reason the multiples may be adjusted in order to avoid unreasonable values. The valuation multiple EV/sales has been used on certain units. The indicative value stated below is not a complete market valuation of Latour's holdings.

Net asset value increased to SEK 212 per share from SEK 162 at the beginning of the year. The net asset value increased by 35.0 per cent adjusted for dividends, which can be compared to SIXRX that increased by 28.0 per cent.

	Net sales ¹⁾	EBIT ¹⁾	EBIT multiple or EV/sales multiple Range	Valuation ²⁾ Range	Valuation ²⁾ Average	Valuation SEK/ share ³⁾ Range
Hultafors Group	1,153	133	12 – 15	1,601 – 2,001	1,801	10 – 12
Latour Industries	1,710	197	13 – 16	2,556 – 3,145	2,851	16 – 20
Specma Group	1,183	14	0.4 – 0.5	473 – 592	532	3 – 4
Swegon	3,077	353	13 – 18	4,585 – 6,349	5,467	29 – 40
	7,123	697		9,215 – 12,087	10,651	58 – 76
Listed shares (allocation see table on page 8)					24,443	153
Unlisted part-owned companies						
Academic Work ⁴⁾ , 20.06 %					303	2
Diamorph ⁵⁾ , 21.18 %					125	1
Oxeon ⁶⁾ , 31.08 %					25	0
Other assets						
Short trading portfolio					45	0
Other listed holdings					0	0
Dilution effect of option programme					–24	0
Other					18	0
Consolidated net debt					–1 787	–11
Estimated value					33,799	212
					(32,363 – 35,235)	(203 – 221)

¹⁾ Rolling 12 months for current company structure. EBIT is reported before restructuring costs.

²⁾ EBIT and EV/sales recalculated taking into consideration the share price on 31 Dec 2013 for comparable companies in each business area.

³⁾ Calculated on the number of outstanding shares.

⁴⁾ Valued according to a statement made by an independent valuer.

⁵⁾ Valued according to the latest transaction.

⁶⁾ Valued according to Latour's latest acquisition price.

Investment portfolio 31 Dec 2013

The combined value of the investment portfolio increased by 40.6 per cent adjusted for dividends for the full-year period while comparable index (SIXRX) increased by 28.0 per cent.

During the fourth quarter 1,500,000 shares were acquired in Tomra. Earlier in the year 1,850,000 shares were acquired in Tomra and 200,000 shares in HMS Networks.

Share	Number	Acquisition value SEK m	Listed price ¹⁾ SEK	Market value SEK m	Share of votes %	Share of equity %
Assa Abloy ²⁾³⁾	35,165,243	1,697	340	11,949	29.5	9.5
Fagerhult ³⁾⁴⁾	6,206,800	571	221	1,372	49.2	49.2
HMS Networks ³⁾	3,027,322	250	136	412	26.7	26.7
Loomis ²⁾³⁾	7,538,328	108	152	1,146	28.5	10.0
Nederman ³⁾	3,512,829	306	190	667	30.0	30.0
Nobia	23,100,000	469	54	1,252	13.8	13.8
Securitas ²⁾³⁾	39,732,600	1,081	68	2,714	29.6	10.9
Sweco ²⁾³⁾	28,997,760	152	106	3,059	22.8	31.8
Tomra ³⁾⁵⁾	31,320,000	1,494	57(NOK) ⁶⁾	1,872	21.2	21.2
Total		6,128		24,443		

¹⁾ Purchase price at the end of the report period.

²⁾ The shareholdings in Assa Abloy, Loomis, Securitas and Sweco consist of both A and B shares. Due to the limited trading in A shares in Sweco, and the fact that the other three companies' A shares are unlisted, the shares are reported together and have been given the same listed price.

³⁾ Shown as associated companies in the balance sheet.

⁴⁾ At the end of December 2013, 30,000 shares were lent.

⁵⁾ The listed price at the end of the report period was NOK 56.50, which has been recalculated to SEK by using the exchange rate at the end of the accounting period.

⁶⁾ The listed price is latest price paid.

Result and financial position

Group

The consolidated profit after financial items amounted to SEK 1,658 m (1,497). Profit after tax was SEK 1,483 m (1,351), corresponding to SEK 9.31 (8.47) per share.

The Group's cash in hand and liquid investments amounted to SEK 472 m (241). Interest-bearing debt, excluding pension liabilities, totalled SEK 2,121 m (1,660). The Group's net debt, including pension liabilities, was SEK 1,787 m (1,538). The equity/assets ratio was 88 (86) per cent calculated on reported equity in relation to total assets including surplus value in associated companies.

No transactions with related parties having a significant impact on consolidated earnings or financial position took place.

Investments

During the period SEK 162 m (136) was invested in tangible assets, of which SEK 128 m (105) was machinery and equipment, SEK 20 m (20) vehicles and 14 m (11) buildings. Out of total investments for the year, SEK 30 (12) m refers to fixed assets in new acquisitions.

Parent company

The parent company's profit after financial items amounted to SEK 805 m (780). The parent company equity ratio was 88 (90) per cent.

Not including repurchased shares, the number of outstanding shares on 30 December 2013 amounted to 159,378,000.

At the end of the period Latour held 582,000 repurchased B shares. The total number of outstanding call options is 701,000.

The allocation of issued shares is 11,944,944 A shares and 148,015,056 B shares.

Events after the report period

No significant events have occurred after the end of the report period.

Dividends

The Board of Directors proposes an increase of the regular dividend to SEK 5.50 (5.00) per share. This corresponds to a total dividend payment of SEK 877 m.

Risks and uncertainties

The Group's and the parent company's main risk lies in a change in value of financial instruments, including a general decline in the stock market or decline in the value of an individual holding. This includes uncertainties relating to changes in exchange rates and interest rates. Through a well diversified holding of shares, spread across nine listed holdings and four wholly owned business areas, Latour has a risk diversification which ensures that the performance of any single holding will not have a dramatic impact on the portfolio as a whole. As the wholly owned industrial operations have increased in size, Latour as a whole is influenced to a higher degree by changes attributable to these operations. Latour is deemed to have a good risk diversification in its portfolio, which covers several industries, with a slight emphasis on industries exposed to the construction industry. Construction, too, can be divided into several dimensions, such as new builds or government-subsidised repair, conversion or extension work, locally or globally, and housing, office and industrial premises or infrastructure projects. No other material risks in addition to those described in Note 34 of Latour's Annual Report 2012 are deemed to have arisen.

Accounting principles and auditing

This interim report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Reporting in respect of the Group and in accordance with the Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board in respect of the parent company. Unless otherwise indicated in the following, the accounting principles applied in preparing the consolidated and parent company financial statements are the same as those applied in preparing the latest annual report.

The following accounting principles contained in the international financial reporting standards (IFRS) have come into effect and have been applied for the first time as of January 2013.

IAS 1 Statement of comprehensive income and other comprehensive income, which means that items are divided into two portions: items reclassifiable to the income statement and items not reclassifiable to the income statement.

IFRS 13 Fair Value Measurement, which prescribes that information on measurement of financial instruments should be disclosed in a note, also in interim reports.

IAS 19 Employee Benefits: Changed accounting of actuarial gains and losses. As of 1 January 2013 the Group has switched from reporting actuarial gains and losses in accordance with the corridor method to recognising the full amount of gains or losses in other comprehensive income in the period in which they arise. Under the changed account-

ing principle, equity is reduced by SEK 30 m at the beginning of 2012 and by SEK 28 m at year-end 2012. Pension provisions increase by SEK 33 m at the beginning of 2012 and SEK 29 m at year-end 2012. For 2012 the operating profit is increased by SEK 4 m while comprehensive income is reduced by SEK 2 m.

In the second quarter Latour's share of the votes and equity of Tomra AS exceeded 20 per cent. The holding has therefore been classified as an associated company. The effect of this reclassification is recognised directly in equity as a gradual acquisition of associated companies.

Nominating Committee

The nominating committee for the Annual General Meeting on 8 May 2014 consists of the following members:

Gustaf Douglas (Chairman, main owner)

Björn Karlsson (Bertil Svensson's family and trust)

Per Erik Mohlin (SEB fonder)

The nominating committee can be contacted through Latour's website.

www.latour.se under Corporate Governance, Board of Directors, Nominating Committee.

Gothenburg, 19 February 2014

Jan Svensson

President and CEO

For further information please contact:

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Conference call

Investment AB Latour invites you to listen to a conference call with Jan Svensson and Anders Mörck commencing at 11 a.m. today.

The number to call is +46 (0)8 519 993 50. The conference will be broadcast on the Internet.

To follow the presentation, please visit our website, www.latour.se.

The interim report for the period January – March will be published on 5 May 2014.

The Annual General Meeting will be held on 8 May 2014 at Radisson Blu Scandinavia Hotel in Gothenburg.

The interim report for the period January – June will be published on 20 August 2014.

The interim report for the period January – September will be published on 6 November 2014.

The information contained in this report constitutes information which the company is required to disclose under the Swedish Securities Market Act. The information was submitted for publication on 19 February 2014, at 8:30 a.m.

Consolidated income statement

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Net sales	1,844	1,697	6,944	6,788
Cost of goods sold	-1,173	-1,074	-4,399	-4,299
Gross profit	671	623	2,545	2,489
Sales costs	-381	-380	-1,382	-1,366
Administrative costs	-104	-87	-422	-400
Research and development costs	-40	-45	-156	-159
Other operating income	9	79	64	124
Other operating costs	-18	-47	-28	-53
Operating profit	137	143	621	635
Result from interests in associated companies	287	287	1,060	914
Result from portfolio management	-1	8	43	49
Administrative costs	-3	-3	-14	-14
Profit before financial items	420	435	1,710	1,584
Financial income	13	2	33	19
Financial expense	-17	-12	-85	-106
Profit after financial items	416	425	1,658	1,497
Taxes	-36	-36	-175	-146
Profit for the period	380	389	1,483	1,351
Attributable to:				
Parent company shareholders	381	389	1,484	1,351
Non-controlling interests	-1	-	-1	-

Earnings per share regarding profit attributable to parent company shareholders

Before dilution	SEK 2.39	SEK 2.44	SEK 9.31	SEK 8.47
Administration costs	SEK 2.38	SEK 2.43	SEK 9.28	SEK 8.45
Average number of outstanding shares before dilution	159,378,000	159,263,000	159,359,981	159,421,000
Average number of outstanding shares after dilution	160,097,000	159,896,000	159,995,156	159,922,885
Number of outstanding shares	159,378,000	159,263,000	159,378,000	159,263,000

Consolidated statement of comprehensive income

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Profit for the period	380	389	1,483	1,351
Other comprehensive income				
Items not reclassifiable to the income statement				
Restatement of net pension obligations	6	-2	6	-2
	6	-2	6	-2
Items reclassifiable to the income statement at a later date				
Change in translation reserve for the period	35	17	23	-38
Change in fair value reserve for the period	68	19	629	357
Change in hedging reserve for the period	-8	-5	-8	8
Change in associated companies' equity	-187	-250	-256	-274
	-92	-219	388	53
Other comprehensive income, net after tax	-86	-221	394	51
Comprehensive income for the period	294	168	1,877	1,402
Attributable to:				
Parent company shareholders	295	168	1,878	1,402
Non-controlling interests	-1	-	-1	-

Consolidated cash flow statement

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Cash flow from current operations before changes in working capital	194	94	636	557
Change in working capital	60	282	-17	318
Cash flow from current operations	254	376	619	875
Acquisition of subsidiaries	-9	-92	-266	-126
Sale of subsidiaries	20	97	20	97
Other investments	-75	-110	-152	-192
Portfolio management	-29	-377	444	80
Cash flow after investments	161	-106	665	734
Financial payments	33	117	-435	-983
Cash flow for the period	194	11	230	-249

Consolidated balance sheet

SEK m	31 Dec 2013	31 Dec 2013
ASSETS		
Goodwill	1,969	1,660
Other intangible assets	69	122
Tangible assets	715	694
Financial assets	9,781	8,988
Inventories etc.	1,069	1,082
Current receivables	1,405	1,299
Cash and bank	472	241
Total assets	15,480	14,086
EQUITY AND LIABILITIES		
Capital and reserves attributable to parent company shareholders	11,659	10,879
Non-controlling interests	-1	0
<i>Total equity</i>	<i>11,658</i>	<i>10,879</i>
Interest-bearing long-term liabilities	484	367
Non-interest-bearing long-term liabilities	185	136
Interest-bearing current liabilities	1,811	1,468
Non-interest-bearing current liabilities	1,342	1,236
Equity and liabilities	15,480	14,086

Consolidated statement of changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Opening balance 1 Jan 2012	133	-29	92	10,293	0	10,489
Change of accounting principle - IAS 19				-30		-30
Adjusted opening balance 1 Jan 2012	133	-29	92	10,263	0	10,459
Total comprehensive income for the period			327	1,075		1,402
Issued call options				2		2
Repurchase of shares		-27				-27
Dividends				-957		-957
Closing balance 31 Dec 2012	133	-56	419	10,383	0	10,879
Opening balance 1 Jan 2013	133	-56	419	10,383	0	10,879
Total comprehensive income for the period			644	1,234	-1	1,877
Gradual acquisition of associated companies			-338	23		-315
Issued call options				3		3
Exercise of call options		8		2		10
Dividends				-796		-796
Closing balance 31 Dec 2013	133	-48	725	10,849	-1	11,658

Key ratios, Group

	31 Dec 2013	31 Dec 2013
Return on equity (%)	13	13
Return on total capital (%)	12	12
Adjusted equity/assets ratio (%) ¹⁾	88	86
Adjusted equity (SEK m) ¹⁾	26,830	20,195
Fair value gain in associated companies ²⁾ (SEK m)	15,172	9,316
Net debt/equity ratio (%)	7	8
Net debt/EBITDA	2.3	1.9
Share price (SEK)	172	124
Repurchased treasury shares	582,000	697,000
Average number of repurchased treasury shares	629,575	539,000
Average number of employees	3,909	3,692
Outstanding convertible bonds	0	0
Issued warrants	0	0
Issued call options on repurchased shares	719,000	633,000

¹⁾ Incl. fair value gain in associated companies.

²⁾ The difference between the carrying amount and market value.

Parent company income statement

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Result from interests in Group companies	–	–	325	331
Result from interests in associated companies	10	–	448	367
Result from portfolio management	–	–	12	29
Administrative costs etc.	-2	-2	-8	-8
Profit before financial items	-8	-2	777	719
Interest income and similar items	15	19	61	92
Interest expense and similar items	-9	-6	-33	-31
Profit after financial items	14	11	805	780
Taxes	–	–	–	–
Profit for the period	14	11	805	780

Parent company statement of comprehensive income

SEK m	2013 Q4	2012 Q4	2013 Full year	2012 Full year
Profit for the period	14	11	805	780
Change in fair value reserve for the period	65	17	599	356
Total other comprehensive income	65	17	599	356
Comprehensive income for the period	79	28	1,404	1,136

Parent company balance sheet

SEK m	31 Dec 2013	31 Dec 2013
ASSETS		
Financial assets	9,241	8,530
Current receivables from Group companies	15	18
Other current receivables	2	2
Cash and bank	7	7
Total assets	9,265	8,557
EQUITY AND LIABILITIES		
Equity	8,089	7,806
Interest-bearing long-term liabilities	101	101
Non-interest-bearing long-term liabilities	5	5
Interest-bearing current liabilities ¹⁾	1,056	641
Non-interest-bearing current liabilities	14	4
Equity and liabilities	9,265	8,557

¹⁾ The increase is directly attributable to increased investments in associated companies.

Parent company statement of changes in equity

SEK m	31 Dec 2013	31 Dec 2013
Equity at beginning of year	7,806	7,652
Total comprehensive income for the period	1,404	1,136
Issued call options	3	2
Repurchase of shares	–	-27
Exercise of call options	10	–
Gradual acquisition of associated companies ¹⁾	-338	–
Dividends	-796	-957
Amount at end of year	8,089	7,806

¹⁾ The difference between previously reported market value and acquisition value.

Segment reporting:

Development per business area 1 Jan 2013 - 31 Dec 2013

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Specma Group	Swegon	Other		
ASSETS							
External sales	1,153	1,704	1,152	2,935	–		6,944
Internal sales	–	1	–	1	–		2
RESULT							
Operating profit	120	184	0	346	-29		621
Result from portfolio management						1,089	1,089
Financial income							33
Financial expense							-85
Taxes							-175
Profit for the period							1,483
OTHER DISCLOSURES							
Investments in:							
tangible assets	12	35	17	77	21	–	162
intangible assets	4	136	5	148	–	–	293
Depreciation	19	39	18	69	16	–	161

Development per business area 1 Jan 2012 - 31 Dec 2012

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Specma Group	Swegon	Other		
ASSETS							
External sales	1,196	1,518	1,198	2,785	91		6,788
Internal sales	1	1	–	–	–		2
RESULT							
Operating profit	123	149	-9	326	46		635
Result from portfolio management						949	949
Financial income							19
Financial expense							-106
Taxes							-146
Profit for the period							1,347
OTHER DISCLOSURES							
Investments in:							
tangible assets	17	42	18	34	25	–	136
intangible assets	22	169	5	1	–	–	197
Depreciation	20	39	18	64	20	–	161

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2013	Change in cash	Change in loans	Other changes	31 Dec 2013
Interest-bearing receivables	27			9	36
Cash	241	141		90	472
Pension provisions	-176			2	-174
Long-term liabilities	-192		-100	-18	-310
Utilised bank overdraft facilities	-86			74	-12
Interest-bearing current liabilities	-1,382		-417		-1,799
Interest-bearing net debt	-1,568	141	-517	157	-1,787

Five year overview

SEK m	2013	2012	2011	2010	2009
Net sales, SEK m	6,944	6,788	7,171	5,991	5,440
Operating profit, SEK m	621	631	883	620	296
Result from interests in associated companies, SEK m	1,060	914	1,449	228	242
Result from portfolio management, SEK m	43	35	-41	78	189
Result after financial items, SEK m	1,658	1,493	2,230	872	664
Earnings per share, SEK	9.31	8.45	14.13	5.37	4.21
Return on equity, %	13	13	18	6	6
Return on total capital, %	12	12	17	7	6
Adjusted equity ratio, %	88	86	84	85	82
Net debt/equity ratio, %	7	8	7	2	7
Share price, SEK	172	124	107	124	99

Note 1: Company acquisitions

Specification of acquisitions

Transfer date		Country	Business area	No. of employees
2 January 2013	MBL/ABU (Reac Polen)	Poland	Latour Industries	53
1 February 2013	Coolmation Group	UK	Swegon	70
7 March 2013	NORDTEC SRL	Italy	Hultafors Group	9
3 June 2013	Walter Meier GmbH	Germany	Swegon	111
27 September 2013	RCS AG	Switzerland	Swegon	14
1 October 2013	Kiruna Hudraulik AB	Sweden	Specma Group	25

Two other acquisitions have been made in addition to those mentioned above but these have no material impact on the financial statements.

Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	0
Tangible assets	26
Financial assets	28
Inventories	77
Accounts receivable	64
Other receivables	6
Cash	22
Long-term liabilities	-58
Current liabilities	-96
Net identifiable assets and liabilities	69
Consolidated goodwill	284
Total purchase price	353
Additional purchase price	-59
Previously settled purchase price	-3
Purchase price settled in cash	291
Non-cash items	-3
Acquired cash	-22
Change in Group cash at acquisition	266

During the period Latour has acquired 100 per cent of the shares in MBL/ABU (Reac Polen), Coolmation Group, NORDTEC SRL, Walter Meier GmbH, RCS AG and Kiruna Hydraulik AB. MBL/ABU has during the period contributed SEK 78 m in income and SEK 23 m in operating profit. Coolmation Group has during the period contributed SEK 76 m in income and SEK 5 m in operating profit. NORDTEC SRL has during the period contributed SEK 18 m in income and SEK 0 m in operating profit. Walter Meier GmbH has during the period contributed SEK 196 m in income and SEK 15 m in operating profit. RCS AG has during the period contributed SEK 8 m in income and SEK 0 m in operating profit. Kiruna Hydraulik AB has during the period contributed SEK 12 m in income and SEK 0 m in operating profit. All acquisitions have been made to strengthen and develop already existing operations in the Latour Group.

Transaction costs in connection with the period's acquisitions amount to SEK 5 m.

An estimated extra purchase price has been booked for REAC AB's acquisition of MBL/ABU (Reac Poland), Specma Group's acquisition of Kiruna Hydraulik AB and Swegon's acquisition of RCS AG. The final price, based on the result development over the coming years, can amount to SEK 59 m maximum, and this sum has also been reserved.

Note 2: Information regarding financial assets and liabilities

The table below shows how fair value is determined for the financial instruments valued at fair value in the report on financial positions. Fair value is determined according to three different levels. Compared to the annual accounts 2012 no transfers were made during the period of 2013 between the different levels of fair value hierarchy and no changes have occurred in the applied valuation techniques and/or principles.

Financial instruments – Fair value

GROUP 31 DEC 2013

	Available-for-sales financial assets	Financial assets valued at fair value via profit and loss	Loans and accounts receivable, cash	Financial liabilities valued at fair value via profit and loss	Other liabilities	Total carrying amount
FINANCIAL ASSETS						
Listed shares, management	1,252 ¹⁾					1,252
Other long-term securities holdings	0 ²⁾					0
Other long-term receivables			36 ³⁾			36
Listed shares, trading		63 ¹⁾				63
Unrealised gain/loss, currency derivatives		0				0
Other current receivables			1,220 ³⁾			1,220
Cash			472 ³⁾			472
Total	1,252	63	1,728	0	0	3,043
FINANCIAL LIABILITIES						
Long-term loans					310 ³⁾	310
Overdraft facility					12 ³⁾	12
Short-term loans					1,799 ³⁾	1,799
Other current liabilities					793 ³⁾	793
Unrealised gain/loss, currency derivatives				6 ²⁾		6
Total				6	2,914	2,920

¹⁾ Level 1 – valued at fair value based on quoted prices on an active market for identical assets.

²⁾ Level 2 – valued at fair value based on other observable inputs for assets and liabilities than quoted prices included in level 1.

³⁾ Level 3 – valued at fair value based on inputs for assets and liabilities unobservable to the market.

Listed financial assets are valued at the quoted prices on the balance sheet date. Fair value on unlisted financial assets is determined by using valuation techniques such as a recent transaction, the price of a similar instrument or discounted cash flows.

Currency derivatives consist of forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks on an active market.

The fair value of accounts receivable and other receivables, current receivables, cash and other liquid funds, accounts payable and other liabilities as well as long-term liabilities are estimated to have the same value as their carrying amount. Market interest is not believed to materially deviate from the discount rate for interest-bearing long-term liabilities and therefore the reported value is considered in essence equal to the fair value.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

Information by quarter

SEK m	2013					2012					2011				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
INCOME STATEMENT															
Net sales	6,944	1,844	1,716	1,764	1,620	6,788	1,697	1,571	1,785	1,735	7,171	1,846	1,714	1,898	1,713
Cost of goods sold	-4,399	-1,173	-1,077	-1,117	-1,032	-4,299	-1,074	-986	-1,134	-1,105	-4,639	-1,179	-1,103	-1,237	-1,120
Gross profit	2,545	671	639	647	588	2,489	623	585	651	630	2,532	667	611	661	593
Costs etc. for the operation	-1,924	-534	-437	-496	-457	-1,854	-480	-417	-474	-483	-1,649	-468	-295	-452	-434
Operating profit	621	137	202	151	131	635	143	168	177	147	883	199	316	209	159
Total portfolio management	1,089	283	354	238	214	949	292	217	290	150	1,408	338	734	275	61
Profit before financial items	1,710	420	556	389	345	1,584	435	385	467	297	2,291	537	1,050	484	220
Net financial items	-52	-4	-24	-7	-17	-87	-10	-35	-11	-31	-61	-9	-19	-7	-26
Profit after financial items	1,658	416	532	382	328	1,497	425	350	456	266	2,230	528	1,031	477	194
Taxes	-175	-36	-53	-52	-34	-146	-36	-38	-37	-35	-182	-36	-61	-52	-33
Profit for the period	1,483	380	479	330	294	1,351	389	312	419	231	2,048	492	970	425	161
KEY RATIOS															
Earnings per share, SEK	9.31	2.39	3.01	1.85	1.85	8.47	2.44	1.96	2.63	1.45	14.13	3.08	6.15	3.24	1.23
Cash flow for the period	230	194	73	-9	-28	-249	11	44	-338	34	-76	-490	587	-126	-47
Adjusted equity ratio, %	88	88	86	84	86	86	86	86	85	86	84	84	83	84	86
Adjusted equity	26,830	26,830	24,197	21,494	22,013	20,223	20,223	18,604	17,984	19,195	16,709	16,709	14,809	13,347	13,813
Net asset value	33,799	33,429	30,459	27,229	27,942	25,726	25,726	24,080	23,359	25,564	22,652	22,652	20,099	24,168	20,599
Net asset value per share	212	212	191	171	175	162	162	151	146	160	142	142	126	152	157
Share price	172	172	157	135	147	124	124	114	116	134	107	107	95	129	134
NET SALES															
Hultafors Group	1,153	317	291	268	276	1,197	316	285	293	302	1,182	334	285	289	275
Latour Industries	1,705	439	411	442	414	1,518	387	353	392	386	1,573	432	380	401	360
Specma Group	1,152	306	265	302	279	1,198	268	251	331	348	1,381	366	324	355	336
Swegon	2,936	783	748	753	652	2,785	711	659	743	672	2,707	716	668	731	592
Other companies and eliminations	-2	-1	-	-1	-1	90	16	23	26	27	328	-2	57	122	150
	6,944	1,844	1,715	1,764	1,620	6,788	1,697	1,571	1,785	1,735	7,171	1,846	1,714	1,898	1,713
OPERATING PROFIT															
Hultafors Group	120	52	39	10	19	123	35	31	27	30	151	30	48	41	33
Latour Industries	184	31	56	49	47	149	18	45	43	43	248	45	60	67	75
Specma Group	0	-3	0	2	1	-9	-27	-1	8	11	79	19	20	19	21
Swegon	346	89	101	97	59	326	86	84	93	63	312	86	90	94	42
	650	170	196	158	127	589	112	159	171	147	790	180	218	221	171
Gain/loss from sale/purchase of businesses	-25	-20	-2	-	-3	7	7	-	-	-	63	-	65	-	-2
Other companies and items	-4	-13	8	-7	7	39	24	9	6	0	30	19	33	-12	-10
	621	137	202	151	131	635	143	168	177	147	883	199	316	209	159
OPERATING MARGIN (%)															
Hultafors Group	10.5	16.5	13.4	3.8	6.9	10.2	11.1	10.9	9.1	9.9	12.8	8.9	17.0	17.0	11.8
Latour Industries	10.8	7.1	13.6	11.1	11.0	9.7	4.7	12.2	10.8	11.0	15.7	10.4	15.9	15.9	20.8
Specma Group	0.0	-0.9	-0.2	0.6	0.4	-0.7	-10.0	-0.4	2.3	3.2	5.7	5.2	6.1	6.1	6.2
Swegon	11.8	11.4	13.5	12.8	9.1	11.7	12.1	12.8	12.6	9.3	11.5	12.1	13.5	13.5	7.1
	9.4	9.2	11.4	8.9	8.6	8.8	6.7	10.2	9.7	8.6	11.6	9.8	12.7	12.7	11.0



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