

INTERIM REPORT
JANUARY–MARCH

2014



Interim report January – March 2014

NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 220 per share, compared to SEK 212 per share at the beginning of the year. This is an increase of 3.8 per cent. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 5.0 per cent. The net asset value was SEK 223 per share at 2 May.¹⁾
- The total return on the Latour share was 13.8 per cent for the period, which is significantly better than the SIXRX index which reached 5.0 per cent.

INDUSTRIAL OPERATIONS

- Nord-Lock is reported as a new business area from the start of the first quarter of 2014. Nord-Lock was previously a business entity within Latour Industries.
- The industrial operations recorded incoming orders of SEK 1,856 m (1,668), which represents a 4 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales increased to SEK 1,746 m (1,605), which represents a 3 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit before restructuring costs was SEK 124 m (131), which corresponds to an adjusted operating margin of 7.1 (7.9) per cent for continuing operations.
- Latour Industries acquired Elvaco AB, which has 20 employees and generates an annual turnover of more than SEK 60 m.

GROUP

- The Group's profit after financial items was SEK 406 m (328).
- The Group's profit after tax was SEK 376 m (294), which is equivalent to SEK 2.36 (1.85) per share.
- Net debt at the end of March was SEK 2,164 m and is equivalent to 5.8 per cent of the market value of total assets.

INVESTMENT PORTFOLIO

- The value of the investment portfolio rose 4.9 per cent during the quarter, which is in line with the comparable index (SIXRX), which increased by 5.0 per cent.

SUBSEQUENT EVENTS

- Hultafors Group acquired Specma Tools from Latour Industries.

¹⁾ The calculation of the net asset value on 2 May 2014 was based on the value of the investment portfolio at 1 p.m. on 2 May and the same values as on 31 March were used for the unlisted portfolio.

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 March 2014 had a market value of about SEK 26 billion. The holdings in the investment portfolio with the greatest value are Assa Abloy, Securitas and Sweco. The wholly-owned industrial operations are grouped into five business areas: Hultafors Group, Latour Industries, Nord-Lock, Specma Group and Swegon. The wholly-owned industrial operations generated a turnover of approximately SEK 7 billion in 2013.

Comments from the CEO

"The increase in orders that we could announce in the autumn of 2013 is now gradually having an effect on the amounts invoiced. For obvious reasons, it is the early-cycle operations that are exhibiting strong organic growth. Our new business area, Nord-Lock, is at the top, with more than 11 per cent organic growth adjusted for currency. However, it varies between our operations. Our largest business area Swegon is a late cycle operation and has recorded an organic decline of more than 4 per cent.

Overall, incoming orders were up by 11 per cent to SEK 1,856 m (1,668), of which 4 per cent is organic growth. The order book is 24 per cent higher than at the end of the year. Invoicing increased by 9 per cent to SEK 1,746 m (1,605). 3 per cent of this is organic growth. The operating profit was SEK 124 m (127), which is equivalent to a 7.1 (7.9) per cent operating margin. I am pleased about the strong earnings trend in Nord-Lock, the Hultafors Group and in REAC within Latour Industries. Despite this, these positive results are not enough to compensate for the decline in earnings reported by Swegon as a result of the drop in volumes. The value of Swegon's incoming orders is however more than SEK 50 m higher than the invoiced figure achieved in the first quarter, and this development is consistent with Swegon's late business cycle pattern with which we are familiar. Swegon's cooling product operations, which have a seasonally weak first quarter, have also expanded as a result of last year's acquisitions.

Our wholly-owned operations, which previously comprised four business areas, have now been grouped into five. The new business area is Nord-Lock, previously a business entity within Latour Industries, which has now attained the size and structure necessary to function as a fifth business area. It is pleasing and a good sign that Latour Industries can be used successfully as a nursery for new business areas. Latour Industries can now focus on continuing to develop other smaller entities within the business area.

We are maintaining our focus on developing more new products and enhancing our positions in priority markets. Nord-Lock seems to be gaining market share, as is REAC with its Medical Rehab products. The fact that incoming orders are generally on the increase is also a positive sign, although I have the feeling that for several of the operations this is more a result of the economic climate than that we are gaining market share.

The focus on forward-looking acquisitions is also unchanged. We have acquired Elvaco for Latour Industries this quarter. The acquisition affords us another opportunity in the area to streamline and optimise energy costs and indoor climate in buildings.

On the whole, our listed holdings have continued to perform well. Coupled with a strong stock market performance, this means that we continue to see good growth in the market value of our holdings. The value of the

investment portfolio increased by 4.9 per cent during the quarter, which was in line with SIXRX, the comparative index. On the acquisition front, Assa Abloy continued to make a number of acquisitions. Loomis also made a significant acquisition with the purchase of VIA MAT in Switzerland. The net asset value increased by 3.8 per cent during the quarter."

Jan Svensson
President and Chief Executive Officer

Industrial operations

Order intake, invoicing and earnings

The total order intake in continuing operations increased to SEK 1,856 m (1,668) during the first quarter. Invoicing increased to SEK 1,746 m (1,605), which is equivalent to 3 per cent organic growth when adjusted for foreign exchange effects and acquisitions.

The reported operating profit in the wholly-owned industrial operations was SEK 124 m (127) in the first quarter. Restructuring costs of SEK 4 m were included in the previous year, which means that the operating profit, adjusted for this, fell by about 5 per cent. The operating margin was 7.1 (7.9) per cent. The drop in earnings is mainly due to a change in our sales mix. Swegon, which is our largest wholly-owned holding and a late-cycle business, reported an organic decline of more than 4 per cent, while other parts of the wholly-owned operation are growing. We are of the opinion that our costs are under good control and, although the performance in the first quarter was disappointing, we see that the increase in incoming orders should have a positive impact.

Please refer to pages 4–7 for more details about developments in each business area.

Acquisitions and divestitures

In the first quarter, Latour Industries acquired 80 per cent of the shares in Elvaco AB from the company's founder, with the option of acquiring the remaining 20 per cent in the first quarter of 2017. Elvaco develops and markets communication equipment and software for the collection, processing and presentation of metrics data. Elvaco has its head office in Kungsbacka, employs 20 people and generates more than SEK 60 m per year. The company's products are used primarily in properties to collect metrics data in compliance with the M-Bus EN13757 European standard. Typical customers are utility companies, such as electricity and district heating companies, with metres spread over a wide geographic area, or real estate companies that want to measure the electricity, heating, water and temperature in a property holding. Elvaco will be an independent business entity in the Latour Industries business area. Its present management will continue to be responsible for its operations.

Industrial operations summary

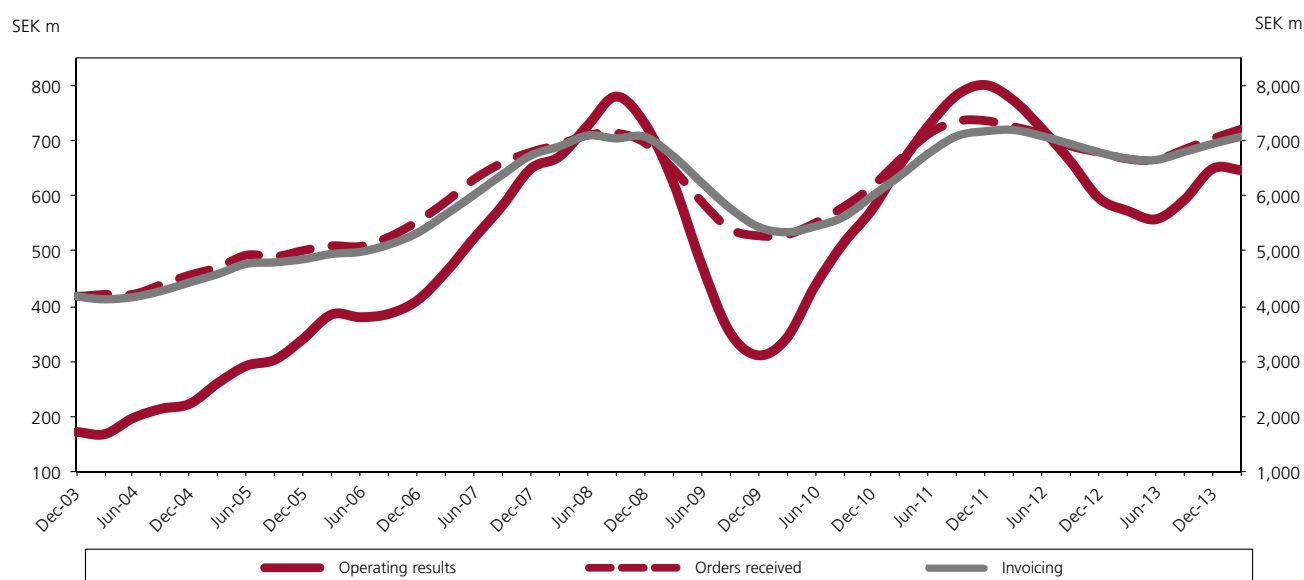
Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Hultafors Group	289	276	1,153	1,166	33	21	133	145	11.2	7.6	11.6	12.4
Latour Industries	274	251	1,036	1,059	8	17	72	65	3.1	6.8	6.9	6.1
Nord-Lock	169	150	624	643	42	31	123	134	24.7	21.0	18.3	19.5
Specma Group	320	279	1,152	1,192	4	3	12	13	1.2	1.1	1.0	1.1
Swegon	700	652	2,936	2,984	37	59	346	324	5.3	9.1	11.8	10.9
Eliminations	-6	-3	-4	-5	-	-	-	-	-	-	-	-
	1,746	1,605	6,897	7,038	124	131	687	681	7.1	7.9	9.9	9.7
Restructuring costs	-	-	-	-	-	-4	-37	-35	-	-	-	-
	1,746	1,605	6,897	7,038	124	127	650	646	7.1	7.9	9.4	9.2
Gain/loss from sale/purchase of businesses	-	-	-	-	-1	-3	-25	-23	-	-	-	-
Other companies and items	-	15	47	32	-12	7	-4	-22	-	-	-	-
	1,746	1,620	6,944	7,070	111	131	621	601				

SEK m	Operating capital ¹⁾		Return on operating capital %		Growth in net sales %		
	2014 trailing 12	2013 trailing 12	2014 trailing 12	2013 trailing 12	2014	Of which acquisitions	Of which currency
Hultafors Group	778	808	17.3	13.8	4.9	0.0	2.0
Latour Industries	734	523	8.2	8.1	8.9	0.0	0.6
Nord-Lock	533	544	23.5	21.6	12.8	0.0	1.6
Specma Group	582	578	0.4	-3.3	14.4	4.0	1.2
Swegon	1,197	1,084	27.0	29.7	7.4	10.5	1.1
Total	3,824	3,537	16.9	16.3	8.8	4.9	1.2

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

Group trailing 12 months



Development per business area

Hultafors Group



SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Net sales	289	276	1,153	1,166
EBITDA, adjusted*	36	26	152	162
EBITA, adjusted*	33	22	137	148
EBIT, adjusted*	33	21	133	145
EBIT, reported	33	19	121	135
EBITA %, adjusted*	11.5	8.0	11.9	12.7
EBIT %, adjusted*	11.2	7.6	11.6	12.4
Growth %	4.9	-8.8	-3.6	
Of which exchange effects	2.0	-2.9	-1.6	
Of which acquisitions	0.0	0.5	0.6	
Average number of employees	597	640	629	

* Exclusive restructuring costs

Highlights

- Invoicing increased by 4.9 per cent in the quarter. 2.9 per cent of this is organic growth adjusted for exchange effects.
- Increased demand compared to last year, particularly in the Netherlands, the UK, Ireland, Belgium and Sweden.
- A programme of measures carried out in 2013 to improve efficiencies, has led to increased profitability despite the modest growth in volumes.
- In April, Hultafors Group acquired Specma Tools from Latour Industries. This will strengthen the offer towards Swedish end-customers with the addition of power tools under the Fein brand name. Specma Tools has a turnover of around SEK 60 M.

Breakdown of net sales

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Workwear	155	150	639	644
Tools	100	96	388	392
Ladders	34	30	126	130
	289	276	1,153	1,166

Pro forma adjustment¹⁾ —

Trailing 12 month pro forma 1,166

¹⁾ Pro forma for completed acquisitions

Hultafors Group offers the market three product groups: clothing for professionals 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 the most attractive partner for distributors and the number one choice for end users in Europe.

Latour Industries



SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Net sales	274	251	1,036	1,059
EBITDA, adjusted*	14	22	94	85
EBITA, adjusted*	9	17	74	66
EBIT, adjusted*	8	17	72	63
EBIT, reported	8	17	68	60
EBITA %, adjusted*	3.3	6.9	7.1	6.2
EBIT %, adjusted*	3.1	6.8	6.9	6.1
Growth %	8.9	22.4	25.7	
Of which exchange effects	0.6	-0.7	-0.4	
Of which acquisitions	0.0	27.3	28.4	
Average number of employees	692	622	625	

* Exclusive restructuring costs

Highlights

- Good organic growth of more than 8 per cent, adjusted for exchange effects, especially in REAC, Kabona and LSAB.
- Nord-Lock has been spun off to form a separate business area, in line with Latour Industries' mission to be a nursery for the new business areas within Latour.
- Acquisition of Elvaco, with a turnover of SEK 60 m and 20 employees. The acquisition will affect the profit from the second quarter. For more information, see page 3.
- Profitability problems at AVT have continued, lowering the overall profitability of the business area and generating a negative operating profit of SEK -5 m in the quarter.
- In April, Specma Tools was divested and acquired by Hultafors Group.

Breakdown of net sales

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
LSAB Group	115	101	405	419
REAC	57	40	196	213
Kabona	33	29	128	132
Specma Seals	21	27	101	96
AVT	17	25	92	83
Specma Tools	14	12	54	56
Carstens	17	17	60	59
	274	251	1,036	1,059

Pro forma adjustment¹⁾ 77

Trailing 12 month pro forma 1,136

¹⁾ Pro forma for completed acquisitions and divestitures

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

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Net sales	169	150	624	643
EBITDA, adjusted*	46	35	139	150
EBITA, adjusted*	42	32	126	136
EBIT, adjusted*	42	31	123	134
EBIT, reported	42	31	114	125
EBITA %, adjusted*	25.1	21.5	20.2	21.2
EBIT %, adjusted*	24.7	21.0	18.3	19.5
Growth %	12.8	-10.1	-2.5	
Of which exchange effects	1.6	-4.3	-3.4	
Of which acquisitions				

Average number of employees

386 366 382

* Exclusive restructuring costs

Highlights

- Good organic growth of more than 11 per cent, adjusted for exchange effects. All the markets are expanding.
- Continued investment to expand sales teams in Asia Pacific, primarily in China, has resulted in 40 per cent growth in net sales in the region.
- Good earnings performance, the operating profit rose to SEK 42 m (31).
- Coordination of administration and warehouse management was undertaken in the USA and the Netherlands in late 2013 and early 2014.

Breakdown of net sales

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Europe	91	87	349	353
North America	48	38	172	181
Asia Pacific	25	18	83	90
Emerging markets	5	3	16	17
Other	-1	2	5	2
	169	150	624	643

Pro forma adjustment¹⁾

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Trailing 12 month pro forma

643

¹⁾ Pro forma for completed acquisitions

Nord-Lock is a world leader in bolt securing systems. Its innovative products include wedge-locking technology and Superbolt tensioners which have been providing customers in all major industrial sectors with safe, reliable and effective bolt securing solutions for over 30 years. Nord-Lock optimises the most demanding types of applications using its extensive technical expertise.

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Net sales	320	279	1,152	1,192
EBITDA, adjusted*	9	8	30	32
EBITA, adjusted*	4	3	12	13
EBIT, adjusted*	4	3	12	13
EBIT, reported	4	1	0	2
EBITA %, adjusted*	1.2	1.1	1.1	1.1
EBIT %, adjusted*	1.2	1.1	1.0	1.1
Growth %	14.4	-19.8	-3.8	
Of which exchange effects	1.2	-1.0	-0.6	
Of which acquisitions	4.0	1.4	1.3	

Average number of employees

772 674 699

* Exclusive restructuring costs

Highlights

- Net sales rose 14.4 per cent, which is equivalent to about 9 per cent organic growth when adjusted for foreign exchange effects and acquisitions.
- Global Division has still not realised all the effects of the restructuring measures that were implemented in 2013. Further review is being conducted in the second quarter of 2014 under the new management.
- Developments within Nordic Division, which focuses on after sales in the Nordic countries, are progressing in line with plan.

Breakdown of net sales

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Global Division	221	199	832	853
Nordic Division	99	80	320	339
	320	279	1,152	1,192

Pro forma adjustment¹⁾

19

Trailing 12 month pro forma

1,211

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 an MRO concept and serves the after sales market in the Nordic region.

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Net sales	700	652	2,936	2,984
EBITDA, adjusted*	55	75	415	395
EBITA, adjusted*	38	60	349	327
EBIT, adjusted*	37	59	346	324
EBIT, reported	37	59	346	324
EBITA %, adjusted*	5.4	9.2	11.9	11.0
EBIT %, adjusted*	5.3	9.1	11.8	10.9
Growth %	7.4	-3.0	5.4	
Of which exchange effects	1.1	-2.8	-1.5	
Of which acquisitions	10.5	1.3	8.8	

Average number of employees 1,501 1,384 1,461

* Exclusive restructuring costs

Highlights

- Net sales fell by 4.1 per cent in the period when adjusted for foreign exchange effects and acquisitions compared to the same period last year.
- Market demand for commercial ventilation remains volatile. However, there was an increase in the level of activity towards the end of the period.
- Incoming orders increased to SEK 753 m (683), just over SEK 50 m more than the amount invoiced in the quarter.
- The decrease in the operating margin is due to the fall in volume and to the fact that cooling products account for a significant portion of Swegon, which has a different seasonal pattern.
- Successful launch of Wise Apartment, a product for demand-controlled ventilation for heat recovery in apartment buildings. The product can be installed at a low cost.

Breakdown of net sales

SEK m	2014 Q1	2013 Q1	2013 Full year	Trailing 12 mths
Sweden	176	197	783	762
Rest of Nordic region	192	191	752	753
Rest of world	332	264	1,401	1,469
	700	652	2,936	2,984

Pro forma adjustment¹⁾ 66

Trailing 12 month pro forma 3,050

¹⁾ Pro forma for completed acquisitions

Swegon provides components and innovative system solutions that create a good indoor climate and contribute to significant energy savings 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 generates a turnover of approximately SEK 3 billion.



The Latour share'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 Group'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 20–21 in Latour's Annual Report for 2013.

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 for certain entities. The indicative value stated below is not a complete market valuation of Latour's holdings.

The net asset value increased to SEK 220 per share during the quarter from SEK 212 at the beginning of the year. The net asset value thus increased by 3.8 per cent, which can be compared against the SIXRX which increased by 5.0 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	1,166	145	12 – 15	1,740 – 2,175	1,958	11 – 13
Latour Industries	1,136	80	12 – 16	953 – 1,270	1,112	6 – 8
Nord-Lock	643	133	14 – 18	1,868 – 2,401	2,134	12 – 15
Specma Group	1,211	15	0.4 – 0.5	484 – 606	545	3 – 4
Swegon	3,050	326	13 – 18	4,234 – 5,863	5,048	26 – 37
	7,206	699		9,279 – 12,315	10,797	58 – 77
Listed shares (see table on page 8 for breakdown)					25,914	163
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					43	0
Other listed holdings					0	0
Dilution effect of option programme					–41	0
Other					20	0
Consolidated net debt					–2,164	–14
Estimated value					35,022	220
					(33,504 – 36,540)	(210 – 229)

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

²⁾ EBIT and EV/sales recalculated taking into consideration the listed share price on 31 Mar 2014 for comparable companies in each business area.

³⁾ Calculated on the basis of 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 March 2014

In the first quarter, the aggregate value of the investment portfolio increased by 4.9 per cent, while the comparable index (SIXRX) increased by 5.0 per cent.
4,370,000 shares were acquired in Tomra in the first quarter.

Share	Number	Cost SEK m	Listed share price ¹⁾ SEK	Market value SEK m	Share of votes %	Share of equity %
Assa Abloy ²⁾³⁾	35,165,243	1,697	345	12,118	29.5	9.5
Fagerhult ³⁾⁴⁾	6,206,800	571	296	1,837	49.2	49.2
HMS Networks ³⁾	3,027,322	250	134	405	26.7	26.7
Loomis ²⁾³⁾	7,538,328	108	166	1,248	28.6	10.0
Nederman ³⁾	3,512,829	306	187	655	30.0	30.0
Nobia	23,100,000	469	57	1,317	13.8	13.8
Securitas ²⁾³⁾	39,732,600	1,081	75	2,976	29.6	10.9
Sweco ²⁾³⁾	28,997,760	152	108	3,138	22.8	31.9
Tomra ³⁾⁵⁾	35,690,000	1,752	58 (NOK) ⁶⁾	2,220	24.2	24.2
Total		6,385		25,914		

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

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

³⁾ Shown as associated companies in the balance sheet.

⁴⁾ At the end of March 2014, 30,000 shares were loaned out.

⁵⁾ At the end of the reporting period, the listed share price was NOK 57.50, which has been translated to SEK at the exchange rate on the balance sheet date.

⁶⁾ The last price paid is used as the listed share price.

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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 57. The conference will be broadcast on the Internet.

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

The General Annual Meeting will be held on 8 May 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 2014 Year-End Report will be published on 18 February 2015

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 5 May 2014, at 8:30 a.m.

Results and financial position

Group

The Group's profit after financial items was SEK 406 m (328). Profit after tax was SEK 376 m (294), which is equivalent to SEK 2.36 (1.85) per share.

The Group's cash in hand and liquid investments reached SEK 296 m (198). Interest-bearing debt, excluding pension liabilities, was SEK 2,325 m (1,559). The Group's net debt, including pension liabilities, was SEK 2,164 m (1,818). The equity ratio was 87 (86) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

There have been no transactions with related parties that have had a material effect on the results or financial position of the Group.

Investments

During the period, SEK 44 m (39) was invested in property, plant and equipment, of which SEK 23 m (31) was machinery and equipment, SEK 8 m (6) vehicles and 13 m (2) buildings. SEK 13 m (14) of the year's investments relate to fixed assets in new acquisitions.

Parent company

The parent company's profit after financial items was SEK 1 m (7). The parent company's equity ratio was 87 (91) per cent.

Not including repurchased shares, the number of outstanding shares on 31 March 2014 amounted to 159,378,000.

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

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

Subsequent events

In April, Specma Tools was divested by Latour Industries and acquired by Hultafors Group.

Risks and uncertainties

The Group's and the parent company's main risk lies in a changes in the value of financial instruments, including a general decline in the stock market or in the value of an individual holding. This includes uncertainties relating to changes in exchange rates and interest rates. Latour has a well diversified holding of shares, spread across nine listed

holdings and five wholly-owned business areas. This means that the development and performance of an individual holding will not have a drastic 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 greater degree by changes attributable to these operations. On the whole, Latour is considered to have a good risk diversification in its portfolio, which covers several industries, although there is a certain dominance of industries exposed to the construction industry. However, this industry can also be divided into several dimensions, such as new construction or government-subsidised repair, conversion or extension work, locally or globally, and housing, offices and industrial properties or infrastructure projects. No other material risks in addition to those described in Note 34 of Latour's Annual Report 2013 are deemed to have arisen.

Accounting policies

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. The accounting policies applied in preparing the consolidated and parent company financial statements are the same as those applied in preparing the latest annual report.

This report has not been audited by the company's auditors.

Nomination Committee

The Nomination Committee for the Annual General Meeting on 8 May 2014 comprises the following members:

Gustaf Douglas (Chairman, main owner)
Björn Karlsson (Bertil Svensson's family and trust)
Per Erik Mohlin (SEB fonder)

The Nomination Committee can be contacted through Latour's website www.latour.se under About Latour, Organisation.

Gothenburg, 5 May 2014
Jan Svensson
President and CEO

Consolidated income statement

SEK m	2014 Q1	2013 Q1	12 mths Apr-May 2013/2014	Full year 2013
Net sales	1,746	1,620	7,070	6,944
Cost of goods sold	-1,106	-1,032	-4,473	-4,399
Gross profit	640	588	2,597	2,545
Sales costs	-357	-328	-1,411	-1,382
Administrative costs	-140	-107	-455	-422
Research and development costs	-38	-39	-155	-156
Other operating income	8	21	51	64
Other operating expenses	-2	-4	-26	-28
Operating profit	111	131	601	621
Income from interests in associates	299	212	1,147	1,060
Income from portfolio management	12	5	50	43
Management costs	-4	-3	-15	-14
Profit before financial items	418	345	1,783	1,710
Finance income	13	2	44	33
Finance expense	-25	-19	-91	-85
Profit after financial items	406	328	1,736	1,658
Taxes	-30	-34	-171	-175
Profit for the period	376	294	1,565	1,483
Attributable to:				
Parent company shareholders	376	294	1,565	1,483
Non-controlling interests	–	–	–	–
Earnings per share regarding profit attributable to parent company shareholders				
Basic share	SEK 2.36	SEK 1.85	SEK 9.82	SEK 9.31
Diluted share	SEK 2.35	SEK 1.84	SEK 9.78	SEK 9.27
Average number of basic shares outstanding	159,378,000	159,263,000	159,358,781	159,357,121
Average number of diluted shares outstanding	159,079,000	159,907,167	160,002,595	159,986,921
Number of outstanding shares	159,378,000	159,263,000	159,378,000	159,378,000

Consolidated statement of comprehensive income

SEK m	2014 Q1	2013 Q1	12 mths Apr-Mar 2013/2014	Full year 2013
Profit for the period	376	294	1,565	1,483
Other comprehensive income				
Items that will not be recycled to the income statement				
Restatement of net pension obligations	–	–	6	6
	0	0	6	6
Items that may subsequently be recycled to the income statement				
Change in translation reserve for the period	7	-46	76	23
Change in fair value reserve for the period	64	328	365	629
Change in hedging reserve for the period	0	3	-11	-8
Change in associated companies' equity	126	42	-172	-256
	197	317	258	388
Other comprehensive income, net after tax	197	317	264	394
Comprehensive income for the period	573	621	1,829	1,877
Attributable to:				
Parent company shareholders	573	621	1,829	1,877
Non-controlling interests	–	–	–	–

Consolidated cash flow statement

SEK m	2014 Q1	2013 Q1	12 mths Apr-Mar 2013/2014	Full year 2013
Operating cash flows before movements in working capital	145	120	661	636
Movements in working capital	-188	-37	-168	-17
Operating cash flows	-43	83	493	619
Acquisition of subsidiaries	-96	-110	-252	-266
Sale of subsidiaries	–	–	20	20
Other investments	-21	-31	-142	-152
Portfolio management	-255	-144	333	444
Cash flow after investments	-415	-202	452	665
Financial payments	236	174	-373	-435
Cash flow for the period	-179	-28	79	230

Consolidated balance sheet

SEK m	31 March 2014	31 March 2013	31 Dec 2013
ASSETS			
Goodwill	2,068	1,797	1,969
Other intangible assets	68	68	69
Property, plant and equipment	715	697	715
Financial assets	10,530	9,664	9,781
Inventories etc.	1,124	1,166	1,069
Current receivables	1,540	1,502	1,405
Cash and bank	296	198	472
Total assets	16,341	15,092	15,480
EQUITY AND LIABILITIES			
Capital and reserves attributable to parent company shareholders	12,231	11,500	11,658
Non-controlling interests	22	0	0
<i>Total equity</i>	<i>12,253</i>	<i>11,500</i>	<i>11,658</i>
Interest-bearing long-term liabilities	587	463	463
Non-interest-bearing long-term liabilities	140	140	185
Interest-bearing current liabilities	1,913	1,594	1,832
Non-interest-bearing current liabilities	1,398	1,395	1,342
Equity and liabilities	16,341	15,092	15,480

Consolidated changes in equity

SEK m	Share capital	Repurchased own shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Opening balance 1 Jan 2013	133	-56	419	10,383	0	10,879
Total comprehensive income for the period			644	1,233		1,877
Gradual acquisition of associated companies			-338	23		-315
Issued call options				3		2
Exercise of call options		8		2		-27
Dividends				-957		-957
Closing balance 31 Dec 2013	133	-48	725	10,848	0	11,658
Opening balance 1 Jan 2014	133	-48	725	10,848	0	11,658
Total comprehensive income for the period			71	502		573
Non-controlling interests on acquisitions					22	22
Dividends			—	—		0
Closing balance 31 March 2014	133	-48	796	11,350	22	12,253

Key ratios, Group

	31 March 2014	31 March 2013	31 Dec 2013
Return on equity (%)	13	11	13
Return on total capital (%)	11	10	12
Adjusted equity ratio (%)	87	86	88
Adjusted equity (SEK m)	28,181	22,013	26,830
Surplus value in associated companies ¹⁾ (SEK m)	15,928	10,513	15,172
Net debt/equity ratio (%)	8	8	7
Net debt/EBITDA	2.8	2.3	2.3
Listed share price (SEK)	196	147	172
Repurchased shares	582,000	697,000	582,000
Average number of repurchased shares	582,000	697,000	629,575
Average number of employees	3,965	3,736	3,909
Outstanding convertible bonds	0	0	0
Issued warrants	0	0	0
Issued call options on repurchased shares	701,000	648,000	701,000

¹⁾ The difference between the cost and market value.

Parent company income statement

SEK m	2014 Q1	2013 Q1	2013/2014 12 mths Apr-Mar	2013 Full year
Income from interests in Group companies	–	–	325	325
Income from interests in associates	–	–	448	448
Income from portfolio management	–	–	12	12
Management costs	-2	-2	-8	-8
Profit before financial items	-2	-2	777	777
Interest income and similar items	13	16	58	61
Interest expense and similar items	10	-7	-36	-33
Profit after financial items	1	7	799	805
Taxes	–	–	–	–
Profit for the period	1	7	799	805

Parent company statement of comprehensive income

SEK m	2014 Q1	2013 Q1	2013/2014 12 mths Apr-Mar	2013 Full year
Profit for the period	1	7	799	805
Change in fair value reserve for the period	61	320	340	599
Total other comprehensive income	61	320	340	599
Comprehensive income for the period	62	327	1,139	1,404

Parent company balance sheet

SEK m	31 March 2014	31 March 2013	31 Dec 2013
ASSETS			–
Financial assets	9,305	8,932	9,241
Current receivables from Group companies	13	16	15
Other current receivables	1	1	2
Cash and bank	7	7	7
Total assets	9,326	8,956	9,265
EQUITY AND LIABILITIES			
Equity	8,151	8,133	8,089
Interest-bearing long-term liabilities	101	101	101
Non-interest-bearing long-term liabilities	5	5	5
Interest-bearing current liabilities	1,056	712	1,056
Non-interest-bearing current liabilities	13	5	14
Equity and liabilities	9,326	8,956	9,265

Parent company statement of changes in equity

SEK m	31 March 2014	31 March 2013	31 Dec 2013
Amount at beginning of year	8,089	7,806	7,806
Total comprehensive income for the period	62	327	1,404
Issued call options	–	–	3
Exercise of call options	–	–	10
Gradual acquisition of associated companies ¹⁾	–	–	-338
Dividends	–	–	-796
Amount at end of year	8,151	8,133	8,089

Segment reporting:

Development per business area 1 Jan 2014 – 31 March 2014

	Industrial operations							
SEK m	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other	Portfolio management	Total
INCOME								
External sales	289	270	168	320	699	–		1,746
Internal sales	–	4	1	–	1	–		6
RESULTS								
Operating profit	33	8	42	4	37	-13		111
Income from portfolio management							307	307
Finance income								13
Finance expense								-19
Taxes								-30
Profit for the period								376
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	1	8	7	3	15	10	–	44
intangible assets	–	101	–	–	–	–	–	101
Depreciation/amortisation	4	5	4	5	18	4	–	40

Segment reporting:

Development per business area 1 Jan 2013 - 31 March 2013

	Industrial operations							
SEK m	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other	Portfolio management	Total
INCOME								
External sales	276	249	150	279	651	15		1,620
Internal sales	–	2	–	–	1	–		3
RESULTS								
Operating profit	19	17	31	1	59	4		131
Income from portfolio management							214	214
Finance income								2
Finance expense								-19
Taxes								-34
Profit for the period								294
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	3	5	1	7	17	6	–	39
intangible assets	4	128	–	–	31	–	–	163
Depreciation/amortisation	5	5	4	4	16	4	–	38

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2013	Change in cash	Change in loans	Other changes	31 March 2014
Interest-bearing receivables	36			4	40
Cash	472	-176			296
Pension provisions	-174			-1	-175
Long-term liabilities	-310		-102		-412
Utilised bank overdraft facilities	-12		-117		-129
Interest-bearing current liabilities	-1,799		15		-1,784
Interest-bearing net debt	-1,787	-176	-204	3	-2,164

Five year overview

SEK m	Apr–Mar 2013/2014	2013	2012	2011	2010
Net sales, SEK m	7,070	6,944	6,788	7,171	5,991
Operating profit, SEK m	601	621	631	883	620
Income from interests in associates, SEK m	1,147	1,060	914	1,449	228
Income from portfolio management, SEK m	50	43	35	-41	78
Profit after financial items, SEK m	1,783	1,658	1,493	2,230	872
Earnings per share, SEK	9.82	9.31	8.45	14.13	5.37
Return on equity, %	13	13	13	18	6
Return on total capital, %	12	12	12	17	7
Adjusted equity ratio, %	87	88	86	84	85
Net debt/equity ratio, %	8	7	8	7	2
Listed share price, SEK	196	172	124	107	124

Note 1: Business combinations

Specification of acquisitions

Transfer date		Country	Business area	Number of employees
17 March 2014	Elvaco AB	Sweden	Latour Industries	20

Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	0
Property, plant and equipment	13
Financial assets	0
Inventories	7
Accounts receivable	9
Other receivables	1
Cash	6
Non-controlling interests	-22
Long-term liabilities	-1
Deferred tax liability	-1
Current liabilities	-11
Net identifiable assets and liabilities	1
Group goodwill	100
Total purchase price	101
Additional purchase price	–
Cash settlement purchase price	101
Acquisition of non-cash items	1
Acquired cash	-6
Effect on Group cash	96

During the period, Latour has acquired 80 per cent of the shares of Elvaco AB. During the period, Elvaco has not contributed any revenues or profit but will be entered into the consolidated income statement from 1 April 2014. If the acquisition had been made on 1 January 2014, the company's revenues would have been SEK 19 m and operating profit would have been SEK 4 m. There are no transaction costs attributable to this acquisition in the period.

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 2013 annual accounts, there were no transfers between the different levels of the fair value hierarchy and there were no changes in the methods and/or principles used during the first quarter of 2014.

Financial instruments – Fair value

THE GROUP 31 MARCH 2014

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Other liabilities	Total carrying amount
FINANCIAL ASSETS						
Listed shares, management	1,317 ¹⁾					1,317
Other long-term securities holdings	0 ²⁾					0
Other long-term receivables			39 ³⁾			39
Listed shares – trading		69 ¹⁾				69
Unrealised gains, currency derivatives		0 ²⁾				0
Other current receivables			1,338 ³⁾			1,338
Cash			296 ³⁾			296
Total	1,317	69	1,673	0	0	3,059
FINANCIAL LIABILITIES						
Long-term loans					412 ³⁾	412
Bank overdraft facilities					129 ³⁾	129
Current loans					1,784 ³⁾	1,784
Other liabilities					827 ³⁾	827
Unrealised gains, currency derivatives				11 ²⁾		11
Total				11	3,152	3,163

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 purchase price on the balance sheet date. Fair value on unlisted financial assets is determined by using valuation techniques such as recent transactions, 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 carrying amount 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	2014	2013					2012				
	Q1	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
INCOME STATEMENT											
Net sales	1,746	6,944	1,844	1,716	1,764	1,620	6,788	1,697	1,571	1,785	1,735
Cost of goods sold	-1,106	-4,399	-1,173	-1,077	-1,117	-1,032	-4,299	-1,074	-986	-1,134	-1,105
Gross profit	640	2,545	671	639	647	588	2,489	623	585	651	630
Costs etc. for the operation	-529	-1,924	-534	-437	-496	-457	-1,854	-480	-417	-474	-483
Operating profit	111	621	137	202	151	131	635	143	168	177	147
Total portfolio management	307	1,089	283	354	238	214	949	292	217	290	150
Profit before financial items	418	1,710	420	556	389	345	1,584	435	385	467	297
Net financial items	-12	-52	-4	-24	-7	-17	-87	-10	-35	-11	-31
Profit after financial items	406	1,658	416	532	382	328	1,497	425	350	456	266
Taxes	-30	-175	-36	-53	-52	-34	-146	-36	-38	-37	-35
Profit for the year	376	1,483	380	479	330	294	1,351	389	312	419	231
KEY RATIOS											
Earnings per share, SEK	2.36	9.31	2.39	3.01	1.85	1.85	8.47	2.44	1.96	2.63	1.45
Cash flow for the period	-179	230	194	73	-9	-28	-249	11	44	-338	34
Adjusted equity ratio, %	87	88	88	86	84	86	86	86	86	85	86
Adjusted equity	28,181	26,830	26,830	24,197	21,494	22,013	20,223	20,223	18,604	17,984	19,195
Net asset value	35,022	33,799	33,429	30,459	27,229	27,942	25,726	25,726	24,080	23,359	25,564
Net asset value per share	220	212	212	191	171	175	162	162	151	146	160
Listed share price	196	172	172	157	135	147	124	124	114	116	134
NET SALES											
Hultafors Group	289	1,153	317	291	268	276	1,197	316	285	293	302
Latour Industries	274	1,036	280	236	269	251	824	231	177	211	205
Nord-Lock	169	624	154	162	159	150	640	142	163	167	166
Specma Group	320	1,152	306	265	302	279	1,198	268	251	331	348
Swegon	700	2,936	783	748	753	652	2,785	711	659	743	672
Other companies and eliminations	-6	43	4	13	13	12	90	30	36	40	42
	1,746	6,944	1,844	1,715	1,764	1,620	6,788	1,697	1,571	1,785	1,735
OPERATING PROFIT											
Hultafors Group	33	121	53	39	10	19	123	35	31	27	30
Latour Industries	8	68	18	20	14	17	31	7	9	10	5
Nord-Lock	42	114	13	36	35	30	128	15	38	34	41
Specma Group	4	0	-3	0	2	1	-9	-27	-1	8	11
Swegon	37	346	89	101	97	59	326	86	84	93	63
	124	649	170	196	158	126	599	116	161	172	150
Gain/loss from sale/purchase of businesses	-1	-25	-20	-2	-	-3	7	7	-	-	-
Other companies and items	-12	-3	-13	8	-7	8	29	20	7	5	-3
	111	621	137	202	151	131	635	143	168	177	147
OPERATING MARGIN (%)											
Hultafors Group	11.2	10.5	16.5	13.4	3.8	6.9	10.2	11.1	10.9	9.1	9.9
Latour Industries	3.1	6.6	6.3	8.3	5.4	6.6	3.8	3.1	4.8	4.8	2.5
Nord-Lock	24.7	18.3	8.6	22.0	22.0	20.5	20.0	10.2	23.3	20.6	24.5
Specma Group	1.2	0.0	-0.9	-0.2	0.6	0.4	-0.7	-10.0	-0.4	2.3	3.2
Swegon	5.3	11.8	11.4	13.5	12.8	9.1	11.7	12.1	12.8	12.6	9.3
	8.6	9.3	9.2	11.4	8.9	8.6	8.8	6.7	10.2	9.7	8.6



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