

INTERIM REPORT  
JANUARY–JUNE

2014



# Interim report January – June 2014

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 223 per share, compared to SEK 212 per share at the beginning of the year. This is an increase of 8.0 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 9.5 per cent. The net asset value was SEK 222 per share at 19 August.<sup>1)</sup>
- The total return on the Latour share was 17.4 per cent during the first six months of the year, which is better than the SIXRX index which reached 9.5 per cent.

## INDUSTRIAL OPERATIONS

### The second quarter

- The industrial operations' incoming orders increased to SEK 1,975 m (1,876), which represents a 2 per cent decrease for comparable entities adjusted for foreign exchange effects.
- The industrial operations recorded net sales of SEK 1,940 m (1,750), which represents a 3 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit before restructuring and non-recurring expenses was SEK 207 m (168), which corresponds to an adjusted operating margin of 10.7 (9.6) per cent for continuing operations. Restructuring and non-recurring expenses within the Specma Group amounted to SEK 41 m during the quarter.
- Swegon acquired Vibro-Acoustics® in North America. The company has 167 employees and generates an annual turnover of approximately SEK 170 m.

### January to June

- The industrial operations' incoming orders increased to SEK 3,833 m (3,544), which represents a 2 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations recorded net sales of SEK 3,686 m (3,356), which represents a 3 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit before restructuring and non-recurring expenses was SEK 331 m (300), which corresponds to an adjusted operating margin of 9.0 (8.9) per cent for continuing 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.

## GROUP

- The Group's profit after financial items was SEK 897 m (710).
- The Group's profit after tax was SEK 829 m (624), which is equivalent to SEK 5.20 (3.91) per share.
- Net debt at the end of June was SEK 2,519 m and is equivalent to 6.6 per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- The value of the investment portfolio rose 9.9 per cent during the first six months, which is slightly higher than the comparable index (SIXRX), which increased by 9.5 per cent.

## EVENTS AFTER THE REPORT PERIOD

- Swegon acquires P. Lemmens in Belgium, with an annual turnover of EUR 26 m, and Econdition in Germany, with an annual turnover of EUR 14 m. Latour Industries takes over Bastec, which has an annual turnover of SEK 45 m.

<sup>1)</sup> The calculation of the net asset value on 19 August 2014 was based on the value of the investment portfolio at 1 p.m. on 19 August and the same values as on 30 June 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 30 June 2014 had a market value of about SEK 27 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 market is still gradually improving but at a relatively slow pace. Sales for the industrial operations have progressed at a satisfactory level on the whole. However, we are seeing a mixed picture. Apart from Swegon, all the business areas are reporting organic growth. This is particularly good in Nord-Lock where sales increased by 17 per cent in the second quarter, adjusted for foreign exchange effects and acquisitions. Our largest business area Swegon, which has a late business cycle pattern, is exhibiting negative growth, adjusted for acquisitions. Nevertheless, growth during the quarter including acquisitions was 6.5 per cent.

Incoming orders increased during the quarter overall by 5 per cent to SEK 1,975 m (1,876). This is equivalent to a 2 per cent organic decline when adjusted for foreign exchange effects and acquisitions. Invoicing increased by 11 per cent to SEK 1,940 m (1,750). 3 per cent of this is organic growth. The adjusted operating profit was SEK 207 m (168), which corresponds to an adjusted operating margin of 10.7 (9.6) per cent. Nord-Lock, Hultafor Group and REAC continue to show a strong earning trend. Performance is satisfactory and slightly better than last year's, despite the negative organic growth in Swegon. The measures and interesting acquisitions that we have undertaken, coupled with the improved economy, provide favourable conditions for the positive earnings trend to continue in the industrial operations.

We are maintaining our focus on developing more new products and enhancing our positions in priority markets. Developments in the second quarter confirm that we are gaining market share in Nord-Lock in Asia and that REAC is gaining market share in Medical Rehab. We believe that developments in other operations are consistent with what can be expected in the prevailing economic climate. The focus on forward-looking acquisitions is also unchanged. This is confirmed by Swegon's acquisition of Vibro-

Acoustics® in the second quarter, and the three acquisitions that Swegon (two) and Latour Industries (one) made after the end of the quarter.

During the quarter, two non-recurring items were charged to the income statement. One relates to the financial strategy decision to buy ourselves out of all Swedish defined-benefit pension liabilities within the FPG/PRI pension system. During the second quarter, the company redeemed a total of SEK 148 m in pension liabilities which incurred a non-recurring expense of SEK 10 m. The underlying net financial items will improve in the future. The other non-recurring item stems from the ongoing changes in the operations of the Specma Group. The non-recurring expense for these measures is SEK 41 m, of which SEK 4 m are indirect costs associated with a cost-reduction programme, and SEK 37 m relate to the disposal of obsolete inventory and a more stringent policy for obsolescence assessment, partly attributable to the organisational change and a new business structure. The cost-reduction measures entail annual savings of approximately SEK 10 m with immediate effect.

In all essential respects, our listed holdings are continuing to show stable progress. The value of the investment portfolio rose 9.9 per cent during the first six months, which is slightly higher than the comparable index (SIXRX), which increased by 9.5 per cent. With regard to acquisitions, it was somewhat quieter than previous periods for the listed holdings. The most important acquisition was announced in April, when Loomis purchased VIA MAT in Switzerland. In addition, Assa Abloy and Securitas made a number of smaller acquisitions in the quarter. In the first six months, the net asset value in Latour increased by 8.0 per cent, adjusted for paid dividends."

*Jan Svensson  
President and Chief Executive Officer*

## Industrial operations

### *Order intake, invoicing and earnings*

The total order intake in continuing operations increased to SEK 1,975 m (1,876) during the second quarter. Invoicing increased to SEK 1,940 m (1,750), which is equivalent to 3 per cent organic growth when adjusted for foreign exchange effects and acquisitions. The adjusted operating profit in the wholly-owned industrial operations increased by 23 per cent to SEK 207 m (168) in the second quarter. The adjusted operating margin was 10.7 (9.6) per cent. The reported operating profit including non-recurring expenses increased to SEK 166 m (158), which corresponds to a reported operating margin of 8.6 (9.0) per cent.

The total order intake in continuing operations increased to SEK 3,833 m (3,544) during the first six months. Invoicing increased to SEK 3,686 m (3,356), which is equivalent to 3 per cent organic growth when adjusted for foreign exchange effects and acquisitions. The adjusted operating profit in the wholly-owned industrial operations increased by 10 per cent to SEK 331 m (300) in the first six months. The adjusted operating margin was 9.0 (8.9) per cent. The reported operating profit including non-recurring expenses increased to SEK 290 m (284), which corresponds to a reported operating margin of 7.9 (8.5) per cent.

Please refer to pages 5-8 for more details about developments in each business area.

### *Acquisitions and divestitures*

In the second quarter, Swegon took a key step into the North American market via its acquisition of Vibro Acoustics®, a leading provider of Noise and Vibration control solutions in HVAC systems in North America. Vibro-Acoustics® was founded in 1960 and its head office is situated in Toronto, Canada. In addition to Toronto, Vibro-Acoustics® has manufacturing facilities in Nashville and Reno. The company has 167 employees and generated a turnover in 2013 of CAD 28 m, which is equivalent to approximately SEK 170 m. The North American HVAC market is extensive and so far Swegon has only had a limited presence there. Vibro-Acoustics® is well established in the North American market and has an widely developed network of Sales Representatives. The acquisition means that Swegon is embarking on a long-term venture to secure a prominent position in the North American market. This will require significant marketing and product development resources over the coming years. These efforts should be seen as investments in the future.

Latour made another three investments after the end of the quarter. The most important is Swegon's acquisition of 90 per cent of the shares in P. Lemmens, a leading manufacturer of air handling units in Belgium. The transfer was completed on 8 July 2014. P. Lemmens, which has its headquarters in Gembloux in Belgium, has 59 employees and reported a turnover of EUR 26 m in 2013. Its largest product

area is compact air handling units with built-in controls. The product range also includes fans, air curtains and products for heat recovery. The acquisition will have a positive impact on the Latour Group's earnings per share from the very start. All things equal, the earnings per share over the last 12 months would have been SEK 0.14 higher per share under the assumption that the acquisition included the whole period. This acquisition increases the net debt of the Latour Group by approximately SEK 650 m. Swegon holds an option to purchase the remaining outstanding 10 per cent at a price in the range of SEK 47–73 m (in March 2019 at current exchange rates for SEK/EUR) depending on the sales growth in the business.

Swegon has also signed an agreement to acquire Econdition GmbH in Germany. Econdition is a leading distributor of data center and industrial cooling solutions. The company's head office is located in Munich and it employs 40 staff and reported a turnover of approximately EUR 14 m in 2013. The acquisition was approved by the Bundeskartellamt (the German Federal Cartel Office) on August 19, and the transfer is due at the end of August. The acquisition of Econdition is in line with Swegon's strategy to strengthen its presence in the German market and will increase Swegon's cooling systems sales, especially in the growing segment of data centre cooling.

Latour Industries also acquired 100 per cent of the shares in Bastec AB at the beginning of July. Bastec AB is an expanding Swedish company that develops and markets systems for building automation. It has a staff of 28 and a turnover in excess of SEK 45 m. Its main product is BAS2, which is primarily used to control and monitor ventilation, heating, cooling and other technical systems in buildings. BAS2 is based on proprietary hardware and software. Sales are mainly conducted through partners that independently implement customer projects and contracts based on BAS2. Bastec also conducts its own contracts and customer projects in the Malmö region. Bastec's products are currently installed in about 4,000 buildings which must comply with stringent requirements for reliability, ease of use and energy efficiency.

In the first quarter of this year, Latour Industries acquired 80 per cent of the shares in Elvaco AB with an option to acquire the residual 20 per cent of the shares during the first quarter of 2017. Elvaco develops and markets communication equipment and software for the collection, processing and presentation of metering data. Elvaco has its head office in Kungsbacka, employs 20 people and generates more than SEK 60 m per year.

The annual sales of the acquisitions announced so far this year add up to approximately SEK 650 m. SEK 29 m of this have been consolidated in the financial statements for the first six months.

# Industrial operations summary

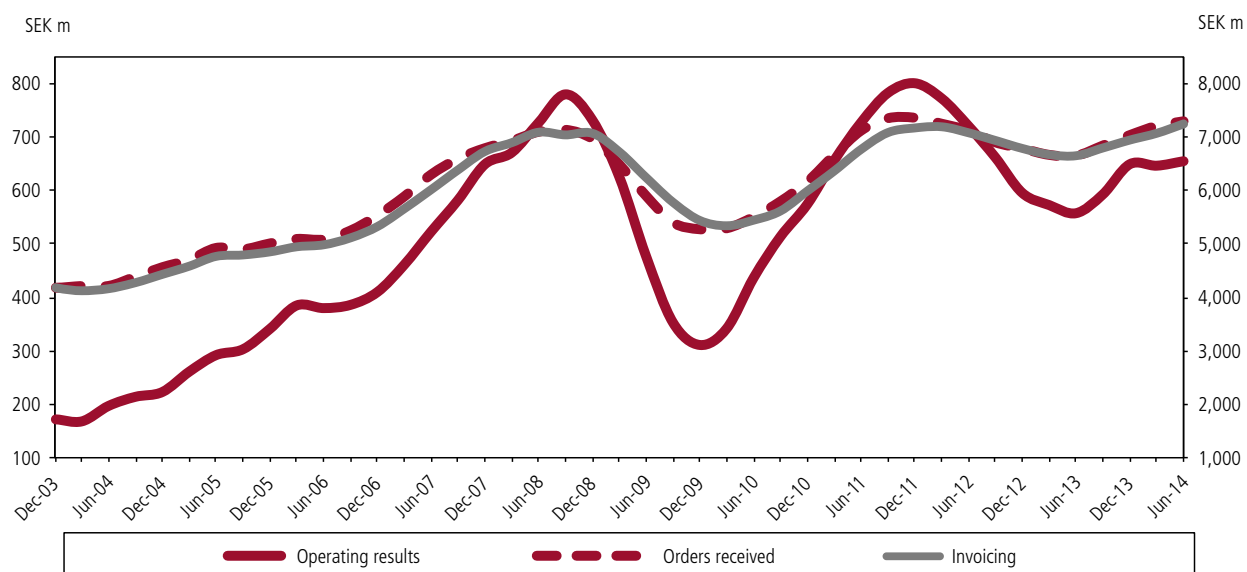
## Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths
Hultafors Group	322	282	625	570	41	18	75	40	12.8	6.5	11.9	7.1
Latour Industries	281	256	541	495	20	15	28	31	7.2	5.6	5.1	6.1
Nord-Lock	192	158	360	308	57	35	98	66	29.6	22.0	27.3	21.5
Specma Group	344	302	664	581	15	4	19	7	4.4	1.3	2.9	1.2
Swegon	801	753	1,501	1,404	74	96	111	156	9.2	12.7	7.4	11.1
Eliminations	–	–1	–5	–2	–	–	–	–	–	–	–	–
	<b>1,940</b>	<b>1,750</b>	<b>3,686</b>	<b>3,356</b>	<b>207</b>	<b>168</b>	<b>331</b>	<b>300</b>	<b>10.7</b>	<b>9.6</b>	<b>9.0</b>	<b>8.9</b>
Restructuring and non-recurring expenses	–	–	–	–	–41	–10	–41	–16	–	–	–	–
	<b>1,940</b>	<b>1,750</b>	<b>3,686</b>	<b>3,356</b>	<b>166</b>	<b>158</b>	<b>290</b>	<b>284</b>	<b>8.6</b>	<b>9.0</b>	<b>7.9</b>	<b>8.5</b>
Gain/loss from sale/purchase of businesses	–	–	–	–	–8	–	–9	–3				
Other companies and items	–	14	–	28	4	–7	–8	1				
	<b>1,940</b>	<b>1,764</b>	<b>3,686</b>	<b>3,384</b>	<b>162</b>	<b>151</b>	<b>273</b>	<b>282</b>				

SEK m	Operating capital <sup>1)</sup>		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	787	793	21.5	12.5	9.6	–	2.8
Latour Industries	767	595	8.1	7.2	9.3	0.8	0.9
Nord-Lock	538	533	27.4	22.2	17.0	–	2.5
Specma Group	586	570	–4.3	–4.4	14.2	3.6	1.3
Swegon	1,252	1,082	24.1	30.1	6.9	10.3	2.0
Total	<b>3,930</b>	<b>3,573</b>	<b>16.7</b>	<b>15.7</b>	<b>9.8</b>	<b>5.1</b>	<b>1.9</b>

<sup>1)</sup> 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 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Net sales	322	282	625	570	1,208	1,263
EBITDA, adjusted*	45	22	83	49	157	191
EBITA, adjusted*	42	19	77	42	142	177
EBIT, adjusted*	41	18	75	40	138	173
EBIT, reported	41	12	75	32	126	169
EBITA %, adjusted*	13.1	6.9	12.3	7.4	11.8	14.0
EBIT %, adjusted*	12.8	6.5	11.9	7.1	11.5	13.7
Growth %	14.0	-8.8	9.6	-10.2	-3.9	
Of which exchange effects	3.7	-3.3	2.8	-3.1	-1.6	
Of which acquisitions	-	0.5	-	0.5	0.6	
Average number of employees	619	651	614	651	642	

\* Excluding restructuring costs

### Highlights

- Invoicing increased by 14 per cent in the quarter. 10.3 per cent of this is organic growth adjusted for exchange rate effects. About 5 percentage points of this positive growth are attributable to last year's non-recurring impact of the relocation of the central warehouse.
- Increased demand compared to last year, particularly in the UK, Germany, Ireland, Belgium, the Netherlands and Italy.
- A programme of measures to improve efficiencies has led to increased profitability despite the modest growth in volumes.
- At the end of April, Hultafors Group acquired Specma Tools from Latour Industries. Specma Tools generates a turnover of almost SEK 60 m. The deal strengthens Hultafors' offering to end users in the Swedish market.

### Breakdown of net sales

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Workwear	170	134	324	284	639	679
Tools	118	112	233	220	443	456
Ladders	34	36	68	66	126	128
	<b>322</b>	<b>282</b>	<b>625</b>	<b>570</b>	<b>1,208</b>	<b>1,263</b>

Pro forma adjustment<sup>1)</sup> -

Trailing 12 month pro forma 1,263

<sup>1)</sup> 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 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Net sales	281	256	541	495	982	1,028
EBITDA, adjusted*	25	20	38	41	89	85
EBITA, adjusted*	21	15	29	31	69	66
EBIT, adjusted*	20	15	28	31	67	64
EBIT, reported	20	13	28	29	63	62
EBITA %, adjusted*	7.4	5.8	5.3	6.3	7.0	6.4
EBIT %, adjusted*	7.2	5.6	5.1	6.1	6.8	6.2
Growth %	10.0	31.3	9.3	29.0	28.5	
Of which exchange effects	1.3	-1.0	0.9	-0.9	-0.4	
Of which acquisitions	1.7	30.9	0.8	30.4	25.0	
Average number of employees	710	621	678	614	612	

\* Excluding restructuring costs

### Highlights

- Invoicing increased by 10 per cent in the quarter. 7 per cent of this is organic growth adjusted for exchange rate effects, especially in REAC and LSAB.
- Particularly good earnings performance in REAC.
- Profitability problems at AVT have continued, lowering the overall profitability of the business area and generating a negative operating profit of SEK -4 m in the quarter. Significant cost efficiency measures have been implemented.
- Acquisition of Bastec, with a turnover of SEK 45 m and 20 employees. The acquisition will be recognised in the income statement from the start of the third quarter. Please see page 4 for more information.
- At the end of April, Latour Industries sold Specma Tools to the Hultafors Group business area. Carstens was sold externally as part of long-term streamlining plans. Specma Tools' history was transferred to the Hultafors Group, and Carstens is included in the financial statements through April 2014.

### Breakdown of net sales

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
LSAB Group	115	102	230	203	405	433
REAC	72	54	128	94	196	231
Kabona	33	32	66	61	128	133
Elvaco	18	-	18	-	-	18
Specma Seals	27	26	48	54	102	96
AVT	13	25	30	51	92	71
Carstens	5	16	21	33	60	48
	<b>281</b>	<b>256</b>	<b>541</b>	<b>495</b>	<b>982</b>	<b>1,028</b>

Pro forma adjustment<sup>1)</sup> 10

Trailing 12 month pro forma 1,038

<sup>1)</sup> 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. Our 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.

## Nord-Lock



SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Net sales	192	158	360	308	624	676
EBITDA, adjusted*	61	39	107	73	139	172
EBITA, adjusted*	58	36	100	68	126	158
EBIT, adjusted*	57	35	98	66	123	155
EBIT, reported	57	35	98	66	114	147
EBITA %, adjusted*	30.0	22.4	27.7	21.9	20.2	23.4
EBIT %, adjusted*	29.6	22.0	27.3	21.5	19.8	23.0
Growth %	20.9	-5.3	17.0	-7.7	-2.5	
Of which exchange effects	3.4	-5.4	2.5	-4.9	-3.4	
Of which acquisitions	-	-	-	-	-	

Average number of employees 385 370 382 372 382

\* Excluding restructuring costs

### Highlights

- Excellent organic growth of more than 17 per cent, adjusted for exchange rate effects. All the markets are expanding.
- Incoming orders remain strong on a level with invoicing.
- Good earnings performance, the operating profit rose to SEK 57 m (35).
- Measures to boost production capacity have been implemented with immediate effect.

### Breakdown of net sales

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Europe	106	85	197	173	349	373
North America	50	48	98	86	172	184
Asia Pacific	28	19	54	37	83	100
Emerging markets	10	5	14	8	16	22
Other	-2	1	-3	4	5	-2
	192	158	360	308	624	676

Pro forma adjustment <sup>1)</sup>	-
Trailing 12 month pro forma	676

<sup>1)</sup> 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.

## Specma Group



SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Net sales	344	302	664	581	1,152	1,235
EBITDA, adjusted*	20	9	28	16	30	42
EBITA, adjusted*	15	4	19	7	12	24
EBIT, adjusted*	15	4	19	7	12	24
EBIT, reported	-26	1	-22	3	0	-25
EBITA %, adjusted*	4.4	1.4	2.9	1.2	1.1	2.0
EBIT %, adjusted*	4.4	1.3	2.9	1.2	1.0	1.9
Growth %	14.0	-8.8	14.2	-14.3	-3.8	
Of which exchange effects	1.4	-1.2	1.3	-1.1	-0.6	
Of which acquisitions	3.2	2.0	3.6	1.7	1.3	

Average number of employees 768 692 770 683 699

\* Excluding restructuring and non-recurring expenses

### Highlights

- Net sales rose 14.0 per cent, which is equivalent to 9.4 per cent organic growth when adjusted for foreign exchange effects and acquisitions.
- Global Division is gradually improving and reported a 2.2 per cent operating margin in the quarter.
- Nordic Division, which focuses on after sales in the Nordic countries, is developing according to plan.
- The additional review that was announced by the new management last quarter has now been completed and has resulted in further measures. These measures have given rise to SEK 41 m in non-recurring expenses, SEK 4 m of which are indirect costs associated with a cost-reduction programme, and SEK 37 m relate to the disposal of obsolete inventory and a more stringent policy for obsolescence assessment, partly attributable to the organisational change and a new business structure. The cost-reduction measures entail annual savings of approximately SEK 10 m with immediate effect.

### Breakdown of net sales

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Global Division	244	217	465	417	832	880
Nordic Division	100	85	199	164	320	355
	344	302	664	581	1,152	1,235

Pro forma adjustment <sup>1)</sup>	10
Trailing 12 month pro forma	1,245

<sup>1)</sup> 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.



## Swegon

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Net sales	801	753	1,501	1,404	2,936	3,033
EBITDA, adjusted*	91	114	146	189	415	372
EBITA, adjusted*	75	97	113	157	349	305
EBIT, adjusted*	74	96	111	156	346	301
EBIT, reported	74	96	111	156	346	301
EBITA %, adjusted*	9.4	12.9	7.5	11.2	11.9	10.1
EBIT %, adjusted*	9.2	12.7	7.4	11.1	11.8	9.9
Growth %	6.5	1.3	6.9	-0.8	5.4	
Of which exchange effects	2.8	-2.0	2.0	-2.4	-1.5	
Of which acquisitions	9.5	6.6	10.3	4.1	8.8	
Average number of employees	1,621	1,446	1,561	1,415	1,461	

\* Excluding restructuring costs

### Highlights

- Net sales rose 6.5 per cent, which is equivalent to 5.8 per cent organic decline during the quarter when adjusted for foreign exchange effects and acquisitions.
- The ventilation industry has a late business cycle. Demand is gradually improving. We are seeing positive trends in the UK and Poland. However, the situation in Russia, Finland, France and southern Europe is still challenging.
- First large order totalling SEK 15 m from China for cooling baffles and ventilation units. The order will be booked in the third quarter.
- In the beginning of June, Swegon acquired Vibro-Acoustics® in Canada. The company employs 167 staff and generates an annual turnover of approximately SEK 170 m. Please see page 4 for more information.
- After the end of the report period, P. Lemmens in Belgium with an annual turnover of EUR 26 m and Econdition in Germany with an annual turnover of EUR 14 m were acquired. Please see page 4 for more information.

### Breakdown of net sales

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	2013 Full year	Trailing 12 mths
Sweden	235	210	411	407	783	787
Rest of Nordic region	191	199	382	389	752	745
Rest of world	375	344	708	608	1,401	1,501
	801	753	1,501	1,404	2,936	3,033

Pro forma adjustment <sup>1)</sup>	147
Trailing 12 month pro forma	3,180

<sup>1)</sup> 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 1,700 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 223 per share during the first six months from SEK 212 at the beginning of the year. The net asset value increased by 8.0 per cent adjusted for dividends, which can be compared to SIXRX that increased by 9.5 per cent.

	Net sales <sup>1)</sup>	EBIT <sup>1)</sup>	EBIT multiple or EV/sales multiple Range	Valuation <sup>2)</sup> Range	Valuation <sup>2)</sup> Average	Valuation SEK/share <sup>3)</sup> Range
Hultafors Group	1,263	173	11 – 14	1,905 – 2,425	2,165	12 – 15
Latour Industries	1,038	75	12 – 16	902 – 1,203	1,053	6 – 7
Nord-Lock	676	155	14 – 18	2,176 – 2,797	2,486	14 – 18
Specma Group	1,245	26	0.4 – 0.6	498 – 747	622	3 – 5
Swegon	3,180	308	13 – 18	4,005 – 5,546	4,776	25 – 35
	<b>7,402</b>	<b>737</b>		<b>9,486 – 12,718</b>	<b>11,102</b>	<b>60 – 80</b>
<b>Listed shares</b> (see table on page 10 for breakdown)					<b>26,502</b>	<b>166</b>
<b>Unlisted part-owned companies</b>						
Academic Work <sup>4)</sup> , 20.06 %					319	2
Diamorph <sup>5)</sup> , 21.18 %					125	1
Oxeon <sup>6)</sup> , 31.08 %					25	0
<b>Other assets</b>						
Short trading portfolio					59	0
Other listed holdings					0	0
Dilution effect of option programme					-31	0
Other					0	0
<b>Consolidated net debt</b>					<b>-2,519</b>	<b>-16</b>
<b>Estimated value</b>					<b>35,582</b>	<b>223</b>
					<b>(33,966 – 37,198)</b>	<b>(213 – 233)</b>

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

<sup>2)</sup> EBIT and EV/sales recalculated taking into consideration the listed share price on 30 June 2014 for comparable companies in each business area.

<sup>3)</sup> Calculated on the basis of the number of outstanding shares.

<sup>4)</sup> Valued according to a statement made by an independent valuer.

<sup>5)</sup> Valued according to the latest transaction.

<sup>6)</sup> Valued according to Latour's latest acquisition price.

# Investment portfolio 30 June 2014

In the first six months, the aggregate value of the investment portfolio increased by 9.9 per cent, while the comparable index (SIXRX) increased by 9.5 per cent.

4,370,000 shares were acquired in Tomra in the first six months.

Share	Number	Cost SEK m	Listed share price <sup>1)</sup> SEK	Market value SEK m	Share of votes %	Share of equity %
Assa Abloy <sup>2)3)</sup>	35,165,243	1,697	340	11,956	29.5	9.5
Fagerhult <sup>3)4)</sup>	18,620,400	571	126	2,346	49.2	49.2
HMS Networks <sup>3)</sup>	3,027,322	250	160	484	26.7	26.7
Loomis <sup>2)3)</sup>	7,538,328	108	205	1,542	28.6	10.0
Nederman <sup>3)</sup>	3,512,829	306	167	587	30.1	30.1
Nobia	23,100,000	469	56	1,282	13.8	13.8
Securitas <sup>2)3)</sup>	39,732,600	1,081	79	3,147	29.6	10.9
Sweco <sup>2)3)</sup>	28,997,760	152	111	3,204	22.8	31.9
Tomra <sup>3)5)</sup>	35,690,000	1,752	50(NOK) <sup>6)</sup>	1,954	24.1	24.1
<b>Total</b>		<b>6,385</b>		<b>26,502</b>		

<sup>1)</sup> Purchase price at the end of the report period.

<sup>2)</sup> 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.

<sup>3)</sup> Shown as associated companies in the balance sheet.

<sup>4)</sup> At the end of June 2014, 30,000 shares were loaned out.

<sup>5)</sup> At the end of the report period, the listed share price was NOK 49.90, which has been translated to SEK at the exchange rate on the balance sheet date.

<sup>6)</sup> The last price paid is used as the listed share price.

# Result and financial position

## Group

The Group's profit after financial items was SEK 897 m (710). Profit after tax was SEK 829 m (624), which is equivalent to SEK 5.20 (3.91) per share.

The Group's cash in hand and liquid investments reached SEK 265 m (201). Interest-bearing debt, excluding pension liabilities, was SEK 2,794 m (2,244). The Group's net debt, including pension liabilities, was SEK 2,519 m (2,185). The equity ratio was 86 (84) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

In this quarter, a financial strategy decision was taken to buy out all the Swedish pension liabilities within the FPG/PRI pension system. A total of SEK 148 m in pension liabilities was bought out during the quarter and incurred a non-recurring expense of SEK 10 m which is reported in net financial items.

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 89 m (88) was invested in property, plant and equipment, of which SEK 58 m (69) was machinery and equipment, SEK 17 m (13) vehicles and 14 m (6) buildings. Out of total investments for the year, SEK 31 m (24) refers to fixed assets in new acquisitions.

## Parent company

The parent company's profit after financial items was SEK 819 m (788). The parent company's equity ratio was 80 (90) per cent.

Not including repurchased shares, the number of outstanding shares on 30 June 2014 amounted to 159,493,000.

At the end of the period, Latour held 467,000 repurchased class B shares. The total number of outstanding call options is 586,000.

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

## Events after the report period

Three acquisitions have been made after the end of the report period. Swegon has acquired P. Lemmens in Belgium which has an annual turnover of EUR 26 m and 59 employees. Swegon has also reached an agreement for the acquisition of Econdition in Germany, which has an annual turnover of EUR 14 m and 40 employees. Latour Industries

has acquired Bastec, which has a turnover of SEK 45 m and 20 employees. See page 4 for further information about the acquisitions.

## Risks and uncertainties

The main risk to which the Group and the parent company are exposed is the risk attributable to adverse changes in the values 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 deemed to have a good risk diversification in its portfolio, which covers several industries, with a certain emphasis on sectors linked to the construction industry. Construction can also 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 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.

New accounting standard requirements that came into effect on 1 January 2014 have not had any impact on the Group's or parent company's accounting as of 30 June 2014.

In other respects, the accounting policies adopted by the Group and parent company are consistent with those used in the preparation of the most recent annual report.

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

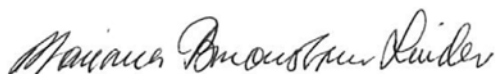
Gothenburg, 20 August 2014  
Jan Svensson  
President and CEO

The Board of Directors and the Chief Executive Officer declare that the statements for the six month period give a true and fair view of the company's and the Group's operations, financial positions and performance and describe significant risks and uncertainties faced by the company and the Group's companies.

Gothenburg, 20 August 2014  
Investment AB Latour (publ)



Fredrik Palmstierna  
*Chairman*



Mariana Burenstam Linder  
*Board member*



Anders G. Carlberg  
*Board member*



Anders Böös  
*Board member*



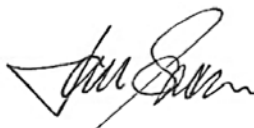
Carl Douglas  
*Board member*



Elisabeth Douglas  
*Board member*



Eric Douglas  
*Board member*



Jan Svensson  
*Board member/CEO*



Caroline af Ugglas  
*Board member*

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Anders Mörck, Chief Financial Officer, tel. +46 (0)706-46 52 11 or +46 (0)31-89 17 90.

**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)8 519 990 30. The conference will be broadcast on the Internet.

To follow the presentation, please visit our website, [www.latour.se](http://www.latour.se).

*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 20 August 2014, at 8:30 a.m.
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## Consolidated income statement

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	12 mths Jul-Jun 2013/2014	Full year 2013
<b>Net sales</b>	<b>1,940</b>	<b>1,764</b>	<b>3,686</b>	<b>3,384</b>	<b>7,246</b>	<b>6,944</b>
Cost of goods sold	-1,263	-1,117	-2,369	-2,149	-4,619	-4,399
<b>Gross profit</b>	<b>677</b>	<b>647</b>	<b>1,317</b>	<b>1,235</b>	<b>2,627</b>	<b>2,545</b>
Sales costs	-361	-354	-718	-682	-1,418	-1,382
Administrative costs	-128	-106	-268	-213	-477	-422
Research and development costs	-34	-43	-72	-82	-146	-156
Other operating income	20	8	28	29	63	64
Other operating expenses	-12	-1	-14	-5	-37	-28
<b>Operating profit</b>	<b>162</b>	<b>151</b>	<b>273</b>	<b>282</b>	<b>612</b>	<b>621</b>
Income from interests in associates	318	222	617	434	1,243	1,060
Income from portfolio management	20	20	32	25	50	43
Management costs	-3	-4	-7	-7	-14	-14
<b>Profit before financial items</b>	<b>497</b>	<b>389</b>	<b>915</b>	<b>734</b>	<b>1,891</b>	<b>1,710</b>
Redemption of pension liability	-10	-	-10	-	-10	-
Finance income	22	16	35	18	50	33
Finance expense	-18	-23	-43	-42	-86	-85
<b>Profit after financial items</b>	<b>491</b>	<b>382</b>	<b>897</b>	<b>710</b>	<b>1,845</b>	<b>1,658</b>
Taxes	-38	-52	-68	-86	-157	-175
<b>Profit for the period</b>	<b>453</b>	<b>330</b>	<b>829</b>	<b>624</b>	<b>1,688</b>	<b>1,483</b>
<b>Attributable to:</b>						
Parent company shareholders	453	330	829	624	1,688	1,483
Non-controlling interests	-	-	-	-	-	-

Earnings per share regarding profit attributable to parent company shareholders

Basic share	SEK 2.84	SEK 2.07	SEK 5.20	SEK 3.91	SEK 10.59	SEK 9.31
Diluted share	SEK 2.83	SEK 2.06	SEK 5.18	SEK 3.90	SEK 10.55	SEK 9.27
Average number of basic shares outstanding	159,415,912	159,285,912	159,397,061	159,295,852	159,345,567	159,357,121
Average number of diluted shares outstanding	160,079,000	159,911,000	160,079,000	159,909,094	160,044,479	159,986,921
Number of outstanding shares	159,493,000	159,378,000	159,493,000	159,378,000	159,493,000	159,378,000

## Consolidated statement of comprehensive income

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	12 mths Jul-Jun 2013/2014	Full year 2013
Profit for the period	453	330	829	624	1,688	1,483
<b>Other comprehensive income</b>						
<b>Items that will not be recycled to the income statement</b>						
Restatement of net pension obligations	-	-	-	-	6	6
	0	0	0	0	6	6
<b>Items that may subsequently be recycled to the income statement</b>						
Change in translation reserve for the period	45	49	52	3	72	23
Change in fair value reserve for the period	-34	-42	30	286	373	629
Change in hedging reserve for the period	-6	-7	-6	-4	-10	-8
Change in associated companies' equity	-8	-168	118	-126	-12	-256
	-3	-168	194	159	423	388
<b>Other comprehensive income, net after tax</b>	<b>-3</b>	<b>-168</b>	<b>194</b>	<b>159</b>	<b>429</b>	<b>394</b>
<b>Comprehensive income for the period</b>	<b>450</b>	<b>162</b>	<b>1,023</b>	<b>783</b>	<b>2,117</b>	<b>1,877</b>
<b>Attributable to:</b>						
Parent company shareholders	450	162	1,083	783	2,117	1,877
Non-controlling interests	-	-	-	-	-	-

## Consolidated cash flow statement

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	12 mths Jul-Jun 2013/2014	Full year 2013
Operating cash flows before movements in working capital	160	181	305	301	640	636
Movements in working capital	13	18	-175	-19	-173	-17
<b>Operating cash flows</b>	<b>173</b>	<b>199</b>	<b>130</b>	<b>282</b>	<b>467</b>	<b>619</b>
Acquisition of subsidiaries	-69	-113	-165	-223	-208	-266
Sale of subsidiaries	4	-	4	-	24	20
Other investments	-43	-51	-64	-82	-134	-152
Portfolio management	609	468	354	324	474	444
<b>Cash flow after investments</b>	<b>674</b>	<b>503</b>	<b>259</b>	<b>301</b>	<b>623</b>	<b>665</b>
Financial payments	-712	-512	-485	-338	-582	-435
<b>Cash flow for the period</b>	<b>-47</b>	<b>-9</b>	<b>-226</b>	<b>-37</b>	<b>41</b>	<b>230</b>

## Consolidated balance sheet

SEK m	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>			
Goodwill	2,262	1,939	1,969
Other intangible assets	69	68	69
Property, plant and equipment	730	727	715
Financial assets	10,228	8,868	9,781
Inventories etc.	1,139	1,275	1,069
Current receivables	1,710	1,578	1,405
Cash and bank	265	201	472
<b>Total assets</b>	<b>16,403</b>	<b>14,656</b>	<b>15,480</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to parent company shareholders	11,817	10,561	11,658
Non-controlling interests	24	0	0
<i>Total equity</i>	<i>11,841</i>	<i>10,561</i>	<i>11,658</i>
Interest-bearing long-term liabilities	513	473	463
Non-interest-bearing long-term liabilities	193	149	185
Interest-bearing current liabilities	2,308	1,953	1,832
Non-interest-bearing current liabilities	1,548	1,520	1,342
<b>Equity and liabilities</b>	<b>16,403</b>	<b>14,656</b>	<b>15,480</b>

## Consolidated changes in equity

SEK m	Share capital	Repurchased treasury 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		3
Exercise of call options		8		2		10
Dividends				-796		-796
<b>Closing balance 31 Dec 2013</b>	<b>133</b>	<b>-48</b>	<b>725</b>	<b>10,848</b>	<b>0</b>	<b>11,658</b>
Opening balance 1 Jan 2014	133	-48	725	10,848	0	11,658
Total comprehensive income for the period			76	947		1,023
Non-controlling interests at acquisition date					24	24
Exercise of call options		9		4		13
Dividends				-877		-877
<b>Closing balance 30 June 2014</b>	<b>133</b>	<b>-39</b>	<b>801</b>	<b>10,922</b>	<b>24</b>	<b>11,841</b>

## Key ratios, Group

	30 June 2014	30 June 2013	31 Dec 2013
Return on equity (%)	14	12	13
Return on total capital (%)	12	11	12
Adjusted equity ratio (%)	86	84	88
Adjusted equity (SEK m)	28,587	21,494	26,830
Surplus value in associated companies <sup>1)</sup> (SEK m)	16,746	10,933	15,172
Net debt/equity ratio (%)	9	10	7
Net debt/EBITDA	3.2	2.9	2.3
Listed share price (SEK)	196	135	172
Repurchased shares	467,000	582,000	582,000
Average number of repurchased shares	562,939	697,939	629,575
Average number of employees	4,057	3,815	3,909
Outstanding convertible bonds	0	0	0
Issued warrants	0	0	0
Issued call options on repurchased shares	586,000	533,000	701,000

<sup>1)</sup> The difference between the cost and market value.

## Parent company income statement

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	12 mths Jul-Jun 2013/2014	2013 Full year
Income from interests in Group companies	330	325	330	325	330	325
Income from interests in associates	464	438	464	438	474	448
Income from portfolio management	23	12	23	12	23	12
Management costs	-2	-2	-4	-4	-8	-8
<b>Profit before financial items</b>	<b>815</b>	<b>773</b>	<b>813</b>	<b>771</b>	<b>819</b>	<b>777</b>
Interest income and similar items	13	15	26	31	56	61
Interest expense and similar items	-10	-7	-20	-14	-39	-33
<b>Profit after financial items</b>	<b>818</b>	<b>781</b>	<b>819</b>	<b>788</b>	<b>836</b>	<b>805</b>
Taxes	-	-	-	-	-	-
<b>Profit for the period</b>	<b>818</b>	<b>781</b>	<b>819</b>	<b>788</b>	<b>836</b>	<b>805</b>

## Parent company statement of comprehensive income

SEK m	2014 Q2	2013 Q2	2014 6 mths	2013 6 mths	12 mths Jul-Jun 2013/2014	2013 Full year
Profit for the period	818	781	819	788	836	805
Change in fair value reserve for the period	-32	-48	29	272	356	599
Total other comprehensive income	-32	-48	29	272	356	599
<b>Comprehensive income for the period</b>	<b>786</b>	<b>733</b>	<b>848</b>	<b>1,060</b>	<b>1,192</b>	<b>1,404</b>

## Parent company balance sheet

SEK m	30 June 2014	30 June 2013	31 Dec 2013
<b>ASSETS</b>			
Financial assets	10,084	8,595	9,241
Current receivables from Group companies	13	15	15
Other current receivables	1	1	2
Cash and bank	6	7	7
<b>Total assets</b>	<b>10,104</b>	<b>8,618</b>	<b>9,265</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	8,073	7,742	8,089
Interest-bearing long-term liabilities	101	101	101
Non-interest-bearing long-term liabilities	5	5	5
Interest-bearing current liabilities	1,912	765	1,056
Non-interest-bearing current liabilities	13	5	14
<b>Equity and liabilities</b>	<b>10,104</b>	<b>8,618</b>	<b>9,265</b>

## Parent company statement of changes in equity

SEK m	30 June 2014	30 June 2013	31 Dec 2013
Amount at beginning of year	8,089	7,806	7,806
Total comprehensive income for the period	848	1,060	1,404
Issued call options	-	2	3
Exercise of call options	13	8	10
Gradual acquisition of associated companies	-	-338	-338
Dividends	-877	-796	-796
<b>Amount at end of year</b>	<b>8,073</b>	<b>7,742</b>	<b>8,089</b>



## Segment reporting:

### Development per business area 1 Jan 2014 – 30 June 2014

	Industrial operations							
SEK m	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other	Portfolio management	Total
INCOME								
External sales	625	537	360	663	1,501	–		3,686
Internal sales	–	4	–	–	–	–		4
RESULTS								
Operating profit	75	28	98	-22	111	-17		273
Income from portfolio management							642	642
Finance income								35
Finance expense								-53
Taxes								-68
Profit for the period								829
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	6	11	12	8	33	10	–	80
intangible assets	–	106	–	–	158	–	–	264
Depreciation/amortisation	8	11	8	9	35	9	–	80

## Segment reporting:

### Development per business area 1 Jan 2013 - 30 June 2013

	Industrial operations							
SEK m	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other	Portfolio management	Total
INCOME								
External sales	570	493	308	581	1,404	28		3,384
Internal sales	–	2	–	–	–	–		2
RESULTS								
Operating profit	32	29	66	3	156	-13		282
Income from portfolio management							452	452
Finance income								18
Finance expense								-42
Taxes								-86
Profit for the period								624
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	7	11	5	10	42	13	–	88
intangible assets	4	128	–	1	136	–	–	269
Depreciation/amortisation	9	11	7	9	34	9	–	79

## Change in consolidated interest-bearing net debt

SEK m	31 Dec 2013	Change in cash	Change in loans	Other changes	30 June 2014
Interest-bearing receivables	36			1	37
Cash	472	-207			265
Pension provisions	-174			147	-27
Long-term liabilities	-310		-176		-486
Utilised bank overdraft facilities	-12		-65		-77
Interest-bearing current liabilities	-1,799		-432		-2,231
<b>Interest-bearing net debt</b>	<b>-1,787</b>	<b>-207</b>	<b>-673</b>	<b>147</b>	<b>-2,519</b>

## Five year overview

SEK m	Jul–Jun 2013/2014	2013	2012	2011	2010
Net sales, SEK m	7,246	6,944	6,788	7,171	5,991
Operating profit, SEK m	612	621	631	883	620
Income from interests in associates, SEK m	1,243	1,060	914	1,449	228
Income from portfolio management, SEK m	50	43	35	-41	78
Profit after financial items, SEK m	1,845	1,658	1,493	2,230	872
Earnings per share, SEK	10.59	9.31	8.45	14.13	5.37
Return on equity, %	15	13	13	18	6
Return on total capital, %	12	12	12	17	7
Adjusted equity ratio, %	86	88	86	84	85
Net debt/equity ratio, %	9	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
4 June 2014	Vibro-Acoustics®	Canada	Swegon	167

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	86
Property, plant and equipment	31
Financial assets	0
Inventories	27
Accounts receivable	34
Other receivables	5
Cash	4
Non-controlling interests	-24
Long-term liabilities	-58
Deferred tax liability	-1
Current liabilities	-40
<b>Net identifiable assets and liabilities</b>	<b>64</b>
Group goodwill	178
<b>Total purchase price</b>	<b>242</b>
Acquisition costs	2
Additional purchase price	-76
<b>Cash settlement purchase price</b>	<b>168</b>
Acquisition of non-cash items	1
Acquired cash	-4
<b>Effect on Group cash</b>	<b>165</b>

During the period, Latour has acquired 80 per cent of the shares of Elvaco AB and 100 per cent of the shares in Vibro-Acoustics®. Elvaco has contributed SEK 18 m in income and SEK 4 m in operating profit during the period. Vibro-Acoustics® has contributed SEK 11 m in income and SEK 0 m in operating profit during the period. All acquisitions have been made with the aim of strengthening and developing the Latour Group's existing operations.

Transaction costs for acquisitions made during the period amount to SEK 2 m. An estimated additional purchase price has been booked for Swegon's acquisition of Vibro-Acoustics®. The final price is based on performance over the coming years and may amount to as much as SEK 76 m. 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 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 six months of 2014.

### Financial instruments – Fair value

THE GROUP 30 JUNE 2014

	Available-for-sales financial assets	Financial assets valued at fair value via profit and loss	Loans and accounts receivable	Financial liabilities valued at fair value via profit and loss	Other liabilities	Total carrying amount
<b>FINANCIAL ASSETS</b>						
Listed shares, management	1,282 <sup>1)</sup>					1,282
Other long-term securities holdings	0 <sup>2)</sup>					0
Other long-term receivables			37 <sup>3)</sup>			37
Listed shares – trading		59 <sup>1)</sup>				59
Unrealised gains, currency derivatives		0 <sup>2)</sup>				0
Other current receivables			1,496 <sup>3)</sup>			1,496
Cash			295 <sup>3)</sup>			295
<b>Total</b>	<b>1,282</b>	<b>59</b>	<b>1,798</b>	<b>0</b>	<b>0</b>	<b>3,139</b>
<b>FINANCIAL LIABILITIES</b>						
Long-term loans					485 <sup>3)</sup>	485
Bank overdraft facilities					77 <sup>3)</sup>	77
Current loans					2,231 <sup>3)</sup>	2,231
Other liabilities					886 <sup>3)</sup>	886
Unrealised gains, currency derivatives				8 <sup>2)</sup>		8
<b>Total</b>				<b>8</b>	<b>3,689</b>	<b>3,697</b>

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

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

<sup>3)</sup> 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 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 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				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT</b>												
Net sales	1,940	1,746	<b>6,944</b>	1,844	1,716	1,764	1,620	<b>6,788</b>	1,697	1,571	1,785	1,735
Cost of goods sold	-1,263	-1,106	<b>-4,399</b>	-1,173	-1,077	-1,117	-1,032	<b>-4,299</b>	-1,074	-986	-1,134	-1,105
Gross profit	<b>677</b>	<b>640</b>	<b>2,545</b>	<b>671</b>	<b>639</b>	<b>647</b>	<b>588</b>	<b>2,489</b>	<b>623</b>	<b>585</b>	<b>651</b>	<b>630</b>
Costs etc. for the operation	-515	-529	<b>-1,924</b>	-534	-437	-496	-457	<b>-1,854</b>	-480	-417	-474	-483
Operating profit	<b>162</b>	<b>111</b>	<b>621</b>	<b>137</b>	<b>202</b>	<b>151</b>	<b>131</b>	<b>635</b>	<b>143</b>	<b>168</b>	<b>177</b>	<b>147</b>
Total portfolio management	335	307	<b>1,089</b>	283	354	238	214	<b>949</b>	292	217	290	150
Profit before financial items	<b>497</b>	<b>418</b>	<b>1,710</b>	<b>420</b>	<b>556</b>	<b>389</b>	<b>345</b>	<b>1,584</b>	<b>435</b>	<b>385</b>	<b>467</b>	<b>297</b>
Net financial items	-6	-12	<b>-52</b>	-4	-24	-7	-17	<b>-87</b>	-10	-35	-11	-31
Profit after financial items	<b>491</b>	<b>406</b>	<b>1,658</b>	<b>416</b>	<b>532</b>	<b>382</b>	<b>328</b>	<b>1,497</b>	<b>425</b>	<b>350</b>	<b>456</b>	<b>266</b>
Taxes	-38	-30	-175	-36	-53	-52	-34	-146	-36	-38	-37	-35
Profit for the period	<b>453</b>	<b>376</b>	<b>1,483</b>	<b>380</b>	<b>479</b>	<b>330</b>	<b>294</b>	<b>1,351</b>	<b>389</b>	<b>312</b>	<b>419</b>	<b>231</b>
<b>KEY RATIOS</b>												
Earnings per share, SEK	2.84	2.36	<b>9.31</b>	2.39	3.01	1.85	1.85	<b>8.47</b>	2.44	1.96	2.63	1.45
Cash flow for the period	-47	-179	<b>230</b>	194	73	-9	-28	<b>-249</b>	11	44	-338	34
Adjusted equity ratio, %	86	87	<b>88</b>	88	86	84	86	<b>86</b>	86	86	85	86
Adjusted equity	28,587	28,181	<b>26,830</b>	26,830	24,197	21,494	22,013	<b>20,223</b>	20,223	18,604	17,984	19,195
Net asset value	35,582	35,022	<b>33,799</b>	33,799	30,459	27,229	27,942	<b>25,726</b>	25,726	24,080	23,359	25,564
Net asset value per share	223	220	<b>212</b>	212	191	171	175	<b>162</b>	162	151	146	160
Listed share price	196	196	<b>172</b>	<b>172</b>	<b>157</b>	<b>135</b>	<b>147</b>	<b>124</b>	124	114	116	134
<b>NET SALES</b>												
Hultafors Group	322	289	<b>1,153</b>	317	291	268	276	<b>1,197</b>	316	285	293	302
Latour Industries	281	274	<b>1,036</b>	280	236	269	251	<b>824</b>	231	177	211	205
Nord-Lock	192	169	<b>624</b>	154	162	159	150	<b>640</b>	142	163	167	166
Specma Group	344	320	<b>1,152</b>	306	265	302	279	<b>1,198</b>	268	251	331	348
Swegon	801	700	<b>2,936</b>	783	748	753	652	<b>2,785</b>	711	659	743	672
Other companies and eliminations	-	-6	<b>43</b>	4	13	13	12	<b>90</b>	30	36	40	42
	1,940	1,746	<b>6,944</b>	1,844	1,715	1,764	1,620	<b>6,788</b>	1,697	1,571	1,785	1,735
<b>OPERATING PROFIT</b>												
Hultafors Group	41	33	<b>121</b>	53	39	10	19	<b>128</b>	35	31	27	30
Latour Industries	20	8	<b>68</b>	18	20	14	17	<b>26</b>	7	9	10	5
Nord-Lock	57	42	<b>114</b>	13	36	35	30	<b>128</b>	15	38	34	41
Specma Group	-26	4	<b>0</b>	-3	0	2	1	<b>-9</b>	-27	-1	8	11
Swegon	74	37	<b>346</b>	89	101	97	59	<b>326</b>	86	84	93	63
	166	124	<b>649</b>	170	196	158	126	<b>599</b>	116	161	172	150
Gain/loss from sale/purchase of businesses	-8	-1	<b>-25</b>	-20	-2	-	-3	<b>7</b>	7	-	-	-
Other companies and items	4	-12	<b>-3</b>	-13	8	-7	8	<b>29</b>	20	7	5	-3
	162	111	<b>621</b>	137	202	151	131	<b>635</b>	143	168	177	147
<b>OPERATING MARGIN (%)</b>												
Hultafors Group	12.7	11.2	<b>10.5</b>	16.5	13.4	3.8	6.9	<b>10.2</b>	11.1	10.9	9.1	9.9
Latour Industries	7.1	3.1	<b>6.6</b>	6.3	8.3	5.4	6.6	<b>3.8</b>	3.1	4.8	4.8	2.5
Nord-Lock	29.7	24.7	<b>18.3</b>	8.6	22.0	22.0	20.5	<b>20.0</b>	10.2	23.3	20.6	24.5
Specma Group	4.4	1.2	<b>0.0</b>	-0.9	-0.2	0.6	0.4	<b>-0.7</b>	-10.0	-0.4	2.3	3.2
Swegon	9.2	5.3	<b>11.8</b>	11.4	13.5	12.8	9.1	<b>11.7</b>	12.1	12.8	12.6	9.3
	10.6	7.1	<b>9.3</b>	9.2	11.4	8.9	8.6	<b>8.8</b>	6.7	10.2	9.7	8.6



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