

INTERIM REPORT  
JANUARY-SEPTEMBER

2014



# Interim report January – September 2014

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 233 per share, compared to SEK 212 per share at the beginning of the year. This is an increase of 12.8 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 9.2 per cent. The net asset value was SEK 236 per share at 5 November.<sup>1</sup>
- The total return on the Latour share was 14.4 per cent during the nine-month period, which can be compared against the SIXRX index which reached 9.2 per cent.

## INDUSTRIAL OPERATIONS

### Third quarter

- Strongest quarter performance ever.
- The industrial operations' incoming orders increased to SEK 1,864 m (1,644), which means an unchanged level for comparable entities adjusted for foreign exchange effects.
- The industrial operations recorded net sales of SEK 1,877 m (1,702), which represents a 3 per cent decrease for comparable entities adjusted for foreign exchange effects.
- The operating profit before restructuring and non-recurring expenses was SEK 237 m (207), which corresponds to an adjusted operating margin of 12.6 (12.2) per cent for continuing operations. Restructuring and non-recurring expenses amounted to SEK 0 m (11) during the quarter.
- Swegon acquired P Lemmens in Belgium. The company has 59 employees and generates an annual turnover of approximately EUR 26 m. Swegon also acquired Econdition in Germany. The company has 40 employees and generates an annual turnover of approximately EUR 14 m. Swegon also acquired Luftmiljö AB in Sweden. The company has 14 employees and generates an annual turnover of approximately SEK 15 m. Latour Industries acquired Bastec AB in Malmö. The company has 28 employees and generates an annual turnover of approximately SEK 45 m.

### January to September

- The industrial operations' incoming orders increased to SEK 5,696 m (5,188), which represents a 1 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations recorded net sales of SEK 5,563 m (5,057), which represents a 1 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit before restructuring and non-recurring expenses was SEK 567 m (507), which corresponds to an adjusted operating margin of 10.2 (10.0) per cent for continuing operations.

## GROUP

- The Group's profit after financial items was SEK 1,457 m (1,242).
- The Group's profit after tax was SEK 1,322 m (1,103), which is equivalent to SEK 8.29 (6.92) per share.
- Net debt at the end of September was SEK 3,302 m and is equivalent to 8.2 per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- The value of the investment portfolio increased by 15.8 per cent during the nine-month period. The comparable index (SIXRX) increased by 9.2 per cent.

## EVENTS AFTER THE REPORTING PERIOD

- Hultafors has signed an agreement to acquire Tradeport AB.

<sup>1</sup> The calculation of the net asset value at 5 November 2014 was based on the value of the investment portfolio at 1 p.m. on 5 November and the same values at 30 September 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 had a market value of about SEK 28 billion as at 30 September 2014. 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

"It is gratifying to be able to report a quarter with a really robust performance. It is our strongest ever, expressed in absolute terms, and only one-tenth or so away from our best in terms of operating margin. And this is despite subdued volume growth. This proves that we are maintaining a high level of efficiency and good cost control in our operations.

My picture of market development is of a generally weak Europe. Indicators look positive in the United Kingdom and Ireland and the markets in Sweden, Denmark and Norway are relatively stable. Russia, Finland, France and southern Europe, on the other hand, have weak market situations. The fact that the important German market is currently marked by considerable uncertainty gives cause for concern.

The picture within industrial operations is still mixed. Apart from Swegon and Latour Industries, all the business areas are continuing to report organic growth. This is particularly good in Nord-Lock where sales increased by 13 per cent in the third 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 12.1 per cent.

Incoming orders increased during the quarter overall by 13 per cent to SEK 1,864 m (1,644). This is equivalent to unchanged organic growth when adjusted for foreign exchange effects and acquisitions. Invoicing increased by 10 per cent to SEK 1,877 m (1,702). The adjusted operating profit was SEK 237 m (207), which corresponds to an adjusted operating margin of 12.6 (12.1) per cent. Nord-Lock and the Hultafors Group continue to show a strong earnings trend. Performance in the industrial operations is better than last year's, despite the negative organic growth in Swegon. The measures that we have undertaken and the interesting acquisitions that we have made provide favourable conditions for a continuation of the positive earnings trend in the industrial operations. It is currently uncertain whether market developments will give us any other help.

We completed a number of very interesting acquisitions in the summer months. These were primarily in Swegon, where we acquired three companies in the third quarter, one in each business area. These are P Lemmens in Belgium for Commercial Ventilation, Econdition in Germany for Cooling and Luftmiljö for Residential. In addition to these, Swegon acquired Vibro-Acoustics® in North America in June. Moreover, Latour Industries acquired Bastec at the end of June. The coming period will be marked by the integration of these acquisitions, and Swegon, above all, has a period of consolidation ahead. (More information about the acquisitions later in the interim report.)

In all essential respects, our listed holdings are continuing to show stable progress. The value of the investment portfolio rose 15.8 per cent, adjusted for dividends, during the nine-month period. This is slightly higher than the comparable index (SIXRX), which rose 9.2 per cent. With regard to acquisitions, the last two quarters have been somewhat quieter than previous periods for the listed holdings. The most significant acquisition was announced in April, when Loomis purchased VIA MAT in Switzerland. The most important news in the third quarter was Nobia's announcement that it had managed to sell the troubled French division of its operations at favourable terms.

In the nine-month period, the net asset value in Latour increased by 12.8 per cent, adjusted for paid dividends."

*Jan Svensson  
President and Chief Executive Officer*

## Industrial operations

### *Order intake, invoicing and earnings*

#### *Third quarter*

The total order intake increased to SEK 1,863 m (1,644) during the third quarter. Invoicing increased to SEK 1,877 m (1,702), which is equivalent to a 3 per cent organic decline when adjusted for foreign exchange effects and acquisitions. The adjusted operating profit in the wholly-owned industrial operations increased by 15 per cent to SEK 237 m (207) in the third quarter. The adjusted operating margin was 12.6 (12.1) per cent. The reported operating profit including non-recurring expenses increased to SEK 237 m (196), which corresponds to a reported operating margin of 12.6 (11.5) per cent.

#### *January to September*

The total order intake in continuing operations increased to SEK 5,696 m (5,188) during the nine-month period. Invoicing increased to SEK 5,563 m (5,058), which is equivalent to 1 per cent organic growth when adjusted for foreign exchange effects and acquisitions. The adjusted operating profit in the wholly-owned industrial operations increased by 12 per cent to SEK 567 m (507). The adjusted operating margin was 10.2 (10.0) per cent. The reported operating profit including non-recurring expenses increased to SEK 526 m (480), which corresponds to a reported operating margin of 9.5 (9.5) per cent.

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

### *Acquisitions and divestitures*

There was a high level of acquisition activity in the third quarter.

In early July, Swegon acquired 90 per cent of the shares in P. Lemmens, a leading manufacturer of air handling units in Belgium. 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. 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. This acquisition increases the net debt of the Latour Group by approximately SEK 720 m. This figure includes full additional purchase price as the acquisition is fully consolidated from day one.

Swegon acquired Econdition GmbH in Germany at the end of August. Econdition is a leading supplier of cooling systems and service for data centres and industrial applications. 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 of Econdition is in line

with Swegon's strategy to expand its presence in the German market and will increase Swegon's cooling systems sales, especially in the growing segment of data centre cooling.

Swegon also acquired Luftmiljö AB in Lidköping in early September. Luftmiljö is a manufacturer of proprietary air handling units for residential buildings with integrated control equipment for air flows up to about 0.5 m<sup>3</sup>/s. The company was founded in 1999 with production and development in Lidköping and with sales offices in Stockholm and Gothenburg. It has annual sales of SEK 15 m and 14 employees.

Latour Industries officially took over 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 has 20 employees and annual sales in excess of SEK 60 m. In addition, Swegon took a key step into the North American market in the second quarter via its acquisition of Vibro-Acoustics®, a leading manufacturer of HVAC noise and vibration control products in North America. The company has 167 employees and generated a turnover in 2013 of CAD 28 m, which is equivalent to approximately SEK 170 m.

The annual sales of the acquisitions announced so far this year add up to approximately SEK 660 m. SEK 142 m of this have been consolidated in the financial statements for the first nine months.

After the end of the quarter Hultafors Group has signed an agreement to acquire Tradeport AB with expected closing during the month of November. Tradeport is mainly active on the Swedish market with a turnover of SEK 68 m and 23 employees. Tradeport offers premium safety shoes and workwear clothing, with the assortment built around the own brands Solid Gear, Toe Guard and Dunderdon which are complemented by Puma safety shoes. The acquisition is a part of the growth strategy of Hultafors Group and will complement the brand portfolio with premium products to extend the offer in the right direction to become the first choice among customers and professional workers.

# Industrial operations summary

## Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths
Hultafors Group	315	305	940	875	50	45	124	85	15.8	14.7	13.2	9.7
Latour Industries	229	223	769	717	11	19	39	50	4.9	8.6	5.0	6.9
Nord-Lock	193	162	554	470	68	36	166	102	35.6	22.0	30.0	21.7
Specma Group	302	265	966	847	18	6	37	13	5.9	2.1	3.8	1.5
Swegon	839	748	2,339	2,152	90	101	201	257	10.7	13.5	8.6	11.9
Eliminations	-1	-1	-5	-3	-	-	-	-	-	-	-	-
	<b>1,877</b>	<b>1,702</b>	<b>5,563</b>	<b>5,058</b>	<b>237</b>	<b>207</b>	<b>567</b>	<b>507</b>	<b>12.6</b>	<b>12.2</b>	<b>10.2</b>	<b>10.0</b>
Restructuring and non-recurring expenses	-	-	-	-	-	-11	-41	-27	-	-	-	-
	<b>1,877</b>	<b>1,702</b>	<b>5,563</b>	<b>5,058</b>	<b>237</b>	<b>196</b>	<b>526</b>	<b>480</b>	<b>12.6</b>	<b>11.5</b>	<b>9.5</b>	<b>9.5</b>
Gain/loss from sale/purchase of businesses	-	-	-	-	-4	-2	-13	-5				
Other companies and items <sup>2</sup>	-	14	-	42	29	8	22	9				
	<b>1,877</b>	<b>1,716</b>	<b>5,563</b>	<b>5,100</b>	<b>262</b>	<b>202</b>	<b>535</b>	<b>484</b>				

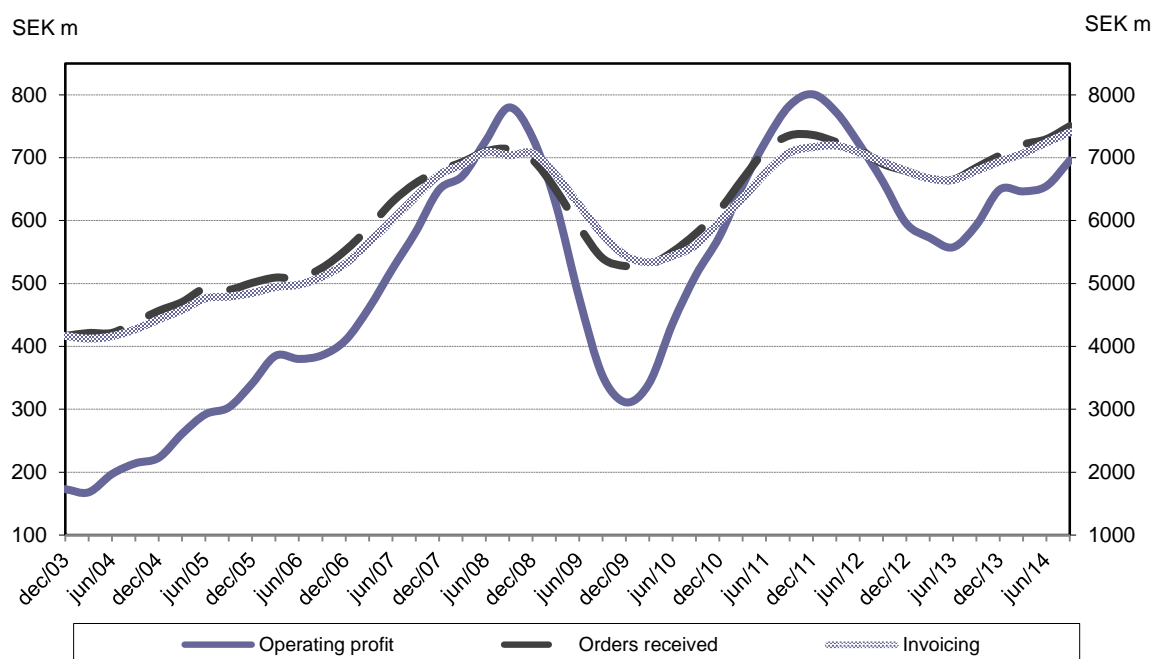
\* The comparative year have been adjusted to correspond to the existing structure

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	795	781	22.4	13.8	7.5	-	3.5
Latour Industries	814	675	6.7	7.9	7.2	2.3	1.2
Nord-Lock	548	530	32.8	21.8	17.9	-	3.9
Specma Group	589	566	-1.2	-4.3	14.1	3.6	1.7
Swegon	1,461	1,114	19.8	30.8	8.7	12.6	2.9
Total	4,207	3,666	16.5	16.2	10.0	6.3	2.7

<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.

<sup>2</sup> Net sales refer to the operations (Brickpack) divested in 2013 previously presented as part of Latour Industries.

## Group trailing 12 months



## Development per business area

### Hultafors Group



(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Net sales	315	305	940	875	1,208	1,273
EBITDA, adjusted*	54	49	137	99	157	195
EBITA, adjusted*	51	46	127	87	142	182
EBIT, adjusted*	50	45	124	85	138	178
EBIT, reported	50	40	124	72	126	178
EBITA %, adjusted*	16.1	15.0	13.5	10.0	11.8	14.3
EBIT %, adjusted*	15.8	14.7	13.2	9.7	11.5	14.0
Growth %	3.4	2.6	7.5	-5.4	-3.9	
Of which exchange effects	4.8	-0.1	3.5	-2.0	-1.6	
Of which acquisitions	-	0.5	-	0.5	0.6	
Average number of employees	614	640	614	647	642	

\* Excluding restructuring costs

### Highlights

- Invoicing increased by 3.4 per cent in the quarter. 4.8 per cent of this is foreign exchange effects.
- Adjusted for last year's non-recurring impact of the relocation of the central warehouse, organic growth amounts to 3.2 per cent, adjusted for exchange rate effects.
- Growth in all three product areas.
- Increased demand compared to last year, particularly in the UK, Germany, Ireland, Belgium and Italy.
- Good operating profit. A programme of measures to improve efficiencies has led to increased profitability despite the modest growth in volumes.
- After the end of the period an agreement was signed to acquire Tradeport AB with a turnover of SEK 68 m. See page 4 for more information.

### Breakdown of net sales

(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Workwear	161	159	483	442	635	676
Tools	117	113	351	333	443	461
Ladders	35	32	103	97	126	131
New Business	1	2	3	3	5	5
	315	305	940	875	1,208	1,273

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma 1,273

<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 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Net sales	229	223	769	717	982	1,034
EBITDA, adjusted*	17	25	55	66	89	77
EBITA, adjusted*	12	20	40	51	69	58
EBIT, adjusted*	11	19	39	50	67	56
EBIT, reported	11	18	39	47	63	55
EBITA %, adjusted*	5.2	8.9	5.3	7.1	7.0	5.6
EBIT %, adjusted*	4.9	8.6	5.0	6.9	6.8	5.4
Growth %	2.7	34.9	7.2	30.8	28.5	
Of which exchange effects	1.8	0.3	1.2	-0.5	-0.4	
Of which acquisitions	5.8	35.8	2.3	33.5	25.0	
Average number of employees	705	602	711	618	642	

\* Excluding restructuring costs

### Highlights

- Growth amounts to 2.7 per cent including acquisitions.
- Weak organic growth during the quarter, - 4.9 per cent, adjusted for exchange rate effects.
- Low earnings level, mainly due to the slow growth in volumes
- Acquisition of Bastec which is included in the income statement from the start of the third quarter. See page 4 for more information.
- Björn Lenander is the new acting CEO.

### Breakdown of net sales

(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
LSAB Group	92	91	322	293	405	434
REAC	51	46	179	140	196	235
Kabona	25	28	91	89	128	130
Elvaco	14	-	32	-	-	32
Specma Seals	24	25	72	79	102	95
AVT	14	20	43	71	92	64
Carstens	-	12	21	46	60	35
Bastec	9	-	9	-	-	9
	229	223	769	718	982	1,034

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma 1,071

<sup>1</sup> Pro forma for completed acquisitions

**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 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Net sales	193	162	554	470	624	707
EBITDA, adjusted*	73	40	179	112	139	205
EBITA, adjusted*	69	36	168	104	126	190
EBIT, adjusted*	68	36	166	102	123	188
EBIT, reported	68	36	166	101	114	180
EBITA %, adjusted*	35.4	22.4	30.4	22.1	20.2	26.9
EBIT %, adjusted*	35.1	22.0	30.0	21.7	19.8	26.5
Growth %	19.5	-1.0	17.9	-5.5	-2.5	
Of which exchange effects	6.5	-1.6	3.9	-3.8	-3.4	
Of which acquisitions	-	-	-	-	-	
Average number of employees	376	378	375	380	382	

\* Excluding restructuring costs

### Highlights

- Net sales increased by 19.5 per cent in the quarter and by 17.9 per cent in the January to September period.
- Strong earnings trend in the quarter, EBIT increased to SEK 68 m (36), mainly attributable to growth in volumes and implementation of a programme of measures to improve efficiencies.
- Strong developments in Asia, net sales increased by 33 per cent in the quarter and by 41 per cent in the January to September period.
- Nord-Lock is reported as a new business area from the start of the first quarter of 2014.

### Breakdown of net sales

(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Europe	110	91	308	264	348	391
North America	51	44	149	130	172	191
Asia Pacific	28	21	82	58	83	107
Emerging markets	6	5	20	13	16	23
Other	-2	1	-5	5	5	-5
	193	162	554	470	624	707

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

**Trailing 12 month pro forma** 707

<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 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Net sales	302	265	966	847	1,152	1,272
EBITDA, adjusted*	23	10	51	26	30	55
EBITA, adjusted*	18	6	37	13	12	36
EBIT, adjusted*	18	6	37	13	12	36
EBIT, reported	18	-	-4	2	-	-7
EBITA %, adjusted*	5.9	2.1	3.8	1.5	1.1	2.9
EBIT %, adjusted*	5.9	2.1	3.8	1.5	1.0	2.8
Growth %	14.0	5.7	14.1	-9.0	-3.8	
Of which exchange effects	2.7	-0.2	1.7	-0.9	-0.7	
Of which acquisitions	3.6	2.3	3.6	1.9	1.3	
Average number of employees	774	709	770	703	731	

\* Excluding restructuring costs

### Highlights

- Sales rose 14 per cent, which is equivalent to 7.7 per cent organic growth when adjusted for foreign exchange effects and acquisitions. The business area that has shown particularly strong growth is Industry/Marin, part of Global Division.
- The effects of the restructuring measures that have been implemented are starting to be felt. The improvement in earnings is essentially explained by the growth in volumes. There is a focus on continuing efficiency improvement efforts.

### Breakdown of net sales

(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Global Division	222	197	687	614	832	905
Nordic Division	80	68	279	233	320	367
	302	265	966	847	1,152	1,272
Pro forma adjustment <sup>1</sup>						-
<b>Trailing 12 month pro forma</b>						1,272

<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 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Net sales	839	748	2,339	2,152	2,936	3,124
EBITDA, adjusted*	111	119	258	308	415	364
EBITA, adjusted*	91	102	204	259	349	294
EBIT, adjusted*	90	101	201	257	346	290
EBIT, reported	90	101	201	257	346	290
EBITA %, adjusted*	10.8	13.6	8.7	12.0	11.9	9.4
EBIT %, adjusted*	10.7	13.5	8.6	11.9	11.8	9.3
Growth %	12.1	13.6	8.7	3.8	5.4	
Of which exchange effects	4.6	-0.2	2.9	-1.9	-1.6	
Of which acquisitions	17.0	14.9	12.6	7.4	8.8	
Average number of employees	1,765	1,499	1,629	1,443	1,461	

\* Excluding restructuring costs

### Highlights

- Net sales rose 12.1 per cent, which is equivalent to a 9.4 per cent organic decline during the quarter when adjusted for foreign exchange effects and acquisitions.
- High volatility and short-term concern reflected the market situation and demand, although Swegon continued to see positive developments in its key markets, the UK and Scandinavia.
- Despite a low level of invoicing, the EBIT margin was well over 10 per cent in the quarter.
- Companies acquired in the quarter were P. Lemmens with an annual turnover of EUR 26 m, Econdition in Germany with an annual turnover of EUR 14 m and Luftmiljö in Sweden with an annual turnover of SEK 15 m. Please see page 4 for more information.

### Breakdown of net sales

(SEK m)	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	2013 Full Year	Trailing 12 mths
Sweden	168	165	532	572	783	743
Rest of Nordic region	186	183	568	572	752	748
Rest of world	485	400	1,240	1,008	1,401	1,633
	<b>839</b>	<b>748</b>	<b>2,339</b>	<b>2,152</b>	<b>2,936</b>	<b>3,124</b>
Pro forma adjustment <sup>1</sup>						416
<b>Trailing 12 month pro forma</b>						<b>3,540</b>

<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 233 per share during the period from SEK 212 at the beginning of the year. The net asset value consequently increased by 12.8 per cent, adjusted for dividends, which can be compared to SIXRX which rose 9.2 per cent.

SEK m	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 <sup>2</sup> SEK/share <sup>3</sup> Range
Hultafors Group	1,273	178	11 – 14	1,960 – 2,495	2,228	12 – 16
Latour Industries	1,071	73	11 – 15	804 – 1,097	950	5 – 7
Nord-Lock	707	188	13 – 17	2,440 – 3,191	2,816	15 – 20
Specma Group	1,272	36	0.4 – 0.6	509 – 763	636	3 – 5
Swegon	3,540	359	13 – 17	4,666 – 6,101	5,384	29 – 38
	<b>7,863</b>	<b>834</b>		<b>10,379 – 13,646</b>	<b>12,013</b>	<b>65 – 86</b>
Listed shares (see table on page 10 for breakdown)					<b>27,921</b>	<b>175</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					44	0
Dilution effect of option programme					-29	-0
Other					1	0
Consolidated net debt					-3,302	-21
<b>Estimated value</b>					<b>37,117</b>	<b>233</b>
					<b>(35,484 – 38,751)</b>	<b>(223 – 243)</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 September 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 September 2014

In the first nine months, the aggregate value of the investment portfolio increased by 15.8 per cent, while the comparable index (SIXRX) increased by 9.2 per cent.

4,370,000 shares were acquired in Tomra in the reporting period. After the end of the period, a further 870,000 shares were acquired in Tomra.

Aktie	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	373	13,103	29.5	9.5
Fagerhult <sup>3 4</sup>	18,620,400	571	146	2,715	49.2	49.2
HmS Networks <sup>3</sup>	3,027,322	250	151	457	26.7	26.7
Loomis <sup>2 3</sup>	7,538,328	108	206	1,553	28.6	10.0
Nederman <sup>3</sup>	3,512,829	306	157	552	30.1	30.1
Nobia	23,100,000	469	63	1,451	13.8	13.8
Securitas <sup>2 3</sup>	39,732,600	1,081	80	3,183	29.6	10.9
Sweco <sup>2 3</sup>	28,997,760	152	102	2,943	22.8	31.9
Tomra <sup>3 5</sup>	35,690,000	1,752	55	1,966 NOK <sup>6</sup>	24.1	24.1
<b>Total</b>		<b>6,385</b>		<b>27,921</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.

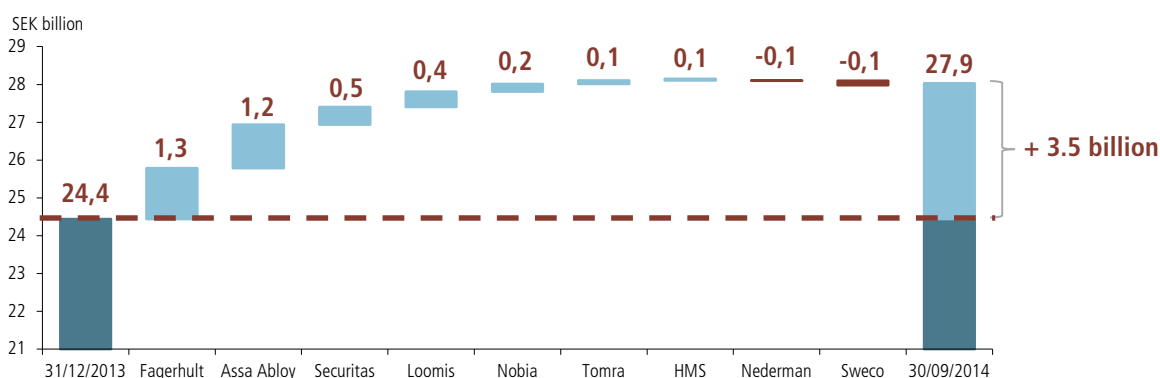
<sup>3</sup> Shown as associated companies in the balance sheet.

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

<sup>5</sup> At the end of the report period, the listed share price was NOK 49.00, which has been translated to SEK at the exchange rate on the balance sheet date.

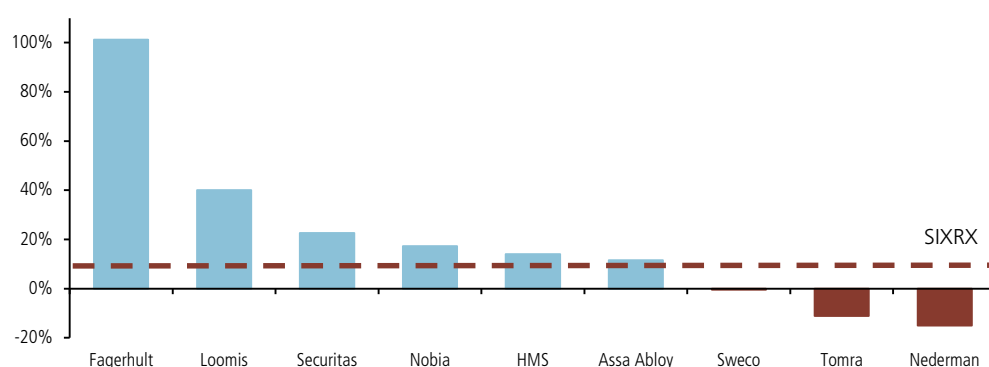
<sup>6</sup> The last price paid is used as the listed share price.

## Movements in investment portfolio values



Movements in investment portfolio values (SEK billion). These figures include acquired cost but not dividend payments for the period.

## Total return for the portfolio companies



The total return, including share price development and dividends, for each portfolio company.

# Result and financial position

## Group

The Group's profit after financial items was SEK 1,457 m (1,242). Profit after tax was SEK 1,322 m (1,103), which is equivalent to SEK 6.92 (6.03) per share.

The Group's cash in hand and liquid investments reached SEK 396 m (269). Interest-bearing debt, excluding pension liabilities, was SEK 3,707 m (2,052). The Group's net debt, including pension liabilities, was SEK 3,302 m (1,972). The equity ratio was 85 (86) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

In the second 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 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 121 m (113) was invested in property, plant and equipment, of which SEK 81 m (85) was machinery and equipment, SEK 23 m (16) vehicles and 17 m (12) buildings. Out of total investments for the year, SEK 50 m (26) refers to fixed assets in new acquisitions.

## Parent company

The parent company's profit after financial items was SEK 818 m (791). The parent company's equity ratio was 80 (88) per cent.

Not including repurchased shares, the number of outstanding shares at 30 September 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 730,000.

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

## Events after the reporting period

After the end of the report period Hultafors signed an agreement to acquire Tradeport AB, a Swedish company with a turnover of SEK 68 m. Closing is expected to take place during the month of November. See page 4 for further information.

After the end of the period, a further 870,000 shares were acquired in Tomra. There were no other material events subsequent to the end of the reporting period.

## 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 at 30 September 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.

## Nomination Committee

The Nomination Committee for the Annual General Meeting on 5 May 2015 comprises the following members: Gustaf Douglas (Chairman, main owner)  
Björn Karlsson (Bertil Svensson's family and trust)  
Johan Strandberg (SEB funds)

The Nomination Committee can be contacted through Latour's website [www.latour.se](http://www.latour.se) under Corporate Governance, Board, Nomination Committee.

Gothenburg, 6 November 2014  
Jan Svensson  
*President and CEO*

## Review report

### *Introduction*

We have conducted a review of the interim report for Investment AB Latour (publ) corporate registration number 556026-3237 as at 30 September 2014 and the nine-month period ended 30 September 2014. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practice. The review procedures

that are undertaken consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the parent company in accordance with the Annual Accounts Act.

Gothenburg, 6 November 2014

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström  
*Authorised Public Accountant*  
*Principal Auditor*

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### **For further information please contact:**

Jan Svensson, President and CEO, tel. +46 (0)705-77 16 40.

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)8 505 982 61. The conference will be broadcast on the Internet.

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

*The 2014 Year-End Report will be published on 18 February 2015*

*The interim report for the period January – March 2015 will be published on 29 April 2015*

*The General Annual Meeting will be held on 5 May at Radisson Blu Scandinavia Hotel in Gothenburg.*

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 6 November 2014, at 8:30 a.m.

## Consolidated income statement

SEK m	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	12 mths Oct-Sep 2013/2014	Full Year 2013
Net sales	1,877	1,716	5,563	5,100	7,407	6,944
Cost of goods sold	-1,131	-1,077	-3,500	-3,226	-4,673	-4,399
<b>Gross profit</b>	<b>746</b>	<b>639</b>	<b>2,063</b>	<b>1,874</b>	<b>2,734</b>	<b>2,545</b>
Sales costs	-358	-319	-1,076	-1,001	-1,457	-1,382
Administrative costs	-133	-105	-401	-318	-505	-422
Research and development costs	-33	-34	-105	-116	-145	-156
Other operating income	42	26	70	55	79	64
Other operating expenses	-2	-5	-16	-10	-34	-28
<b>Operating profit</b>	<b>262</b>	<b>202</b>	<b>535</b>	<b>484</b>	<b>672</b>	<b>621</b>
Income from interests in associates	304	339	921	773	1,208	1,060
Income from portfolio management	4	19	36	44	35	43
Management costs	-4	-4	-11	-11	-14	-14
<b>Profit before financial items</b>	<b>566</b>	<b>556</b>	<b>1,481</b>	<b>1,290</b>	<b>1,901</b>	<b>1,710</b>
Finance income	27	2	62	20	75	33
Finance expense incl redemption of pension liability	-33	-26	-86	-68	-103	-85
<b>Profit after financial items</b>	<b>560</b>	<b>532</b>	<b>1,457</b>	<b>1,242</b>	<b>1,873</b>	<b>1,658</b>
Taxes	-67	-53	-135	-139	-171	-175
<b>Profit for the period</b>	<b>493</b>	<b>479</b>	<b>1,322</b>	<b>1,103</b>	<b>1,702</b>	<b>1,483</b>
<b>Attributable to:</b>						
Parent company shareholders	493	479	1,322	1,103	1,702	1,483
Non-controlling interests	-	-	-	-	-	-
Earnings per share regarding profit attributable to parent company shareholders						
Basic share	3.09	3.01	8.29	6.92	10.68	9.31
Diluted share	3.08	3.00	8.26	6.90	10.63	9.27
Average number of basic shares outstanding	159,421,480	159,337,082	159,421,480	159,315,959	159,334,115	159,357,121
Average number of diluted shares outstanding	160,086,912	159,945,370	160,086,912	159,921,319	160,084,918	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 Q3	2013 Q3	2014 9 mths	2013 9 mths	12 mths Oct-Sep 2013/2014	Full Year 2013
Profit for the period	493	479	1,322	1,103	1,702	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 s</b>						
Change in translation reserve for the period	9	-15	61	-12	96	23
Change in fair value reserve for the period	163	275	193	561	261	629
Change in hedging reserve for the period	-	4	-6	-	-14	-8
Change in associated companies' equity	243	57	361	-69	174	-256
	<b>415</b>	<b>321</b>	<b>609</b>	<b>480</b>	<b>517</b>	<b>388</b>
<b>Other comprehensive income, net after tax</b>	<b>415</b>	<b>321</b>	<b>609</b>	<b>480</b>	<b>523</b>	<b>394</b>
<b>Comprehensive income for the period</b>	<b>908</b>	<b>800</b>	<b>1,931</b>	<b>1,583</b>	<b>2,225</b>	<b>1,877</b>
<b>Attributable to:</b>						
Parent company shareholders	908	800	1,931	1,583	2,225	1,877
Non-controlling interests	-	-	-	-	-	-

## Consolidated cash flow statement

SEK m	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	12 mths Oct-Sep 2013/2014	Full Year 2013
Operating cash flows before movements in working capital	227	141	532	442	726	636
Movements in working capital	-108	-58	-283	-77	-223	-17
<b>Operating cash flows</b>	<b>119</b>	<b>83</b>	<b>249</b>	<b>365</b>	<b>503</b>	<b>619</b>
Acquisitions of subsidiaries	-471	-34	-634	-257	-643	-266
Sale of subsidiaries	-	-	4	-	24	20
Other investments	-10	5	-76	-77	-151	-152
Portfolio management	15	149	369	473	340	444
<b>Cash flow after investments</b>	<b>-347</b>	<b>203</b>	<b>-88</b>	<b>504</b>	<b>73</b>	<b>665</b>
Financial payments	468	-130	-17	-468	16	-435
<b>Cash flow for the period</b>	<b>121</b>	<b>73</b>	<b>-105</b>	<b>36</b>	<b>89</b>	<b>230</b>

## Consolidated balance sheet

SEK m	2014/09/30	2013/09/30	2013/12/31
<b>ASSETS</b>			
Goodwill	3,183	1,924	1,969
Other intangible assets	72	68	69
Property, plant and equipment	728	711	715
Financial assets	10,953	9,557	9,781
Inventories etc.	1,185	1,152	1,069
Current receivables	1,709	1,565	1,405
Cash and bank	396	269	472
<b>Total assets</b>	<b>18,226</b>	<b>15,246</b>	<b>15,480</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to parent company shareholders	12,729	11,364	11,658
Non-controlling interests	0	0	0
<i>Total equity</i>	<i>12,729</i>	<i>11,364</i>	<i>11,658</i>
Interest-bearing long-term liabilities	710	491	463
Non-interest-bearing long-term liabilities	221	149	185
Interest-bearing current liabilities	3,024	1,735	1,832
Non-interest-bearing current liabilities	1,542	1,507	1,342
<b>Equity and liabilities</b>	<b>18,226</b>	<b>15,246</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
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			248	1,683		1,931
Issued call options				3		3
Exercise of call options		10		4		14
Dividends				-877		-877
Closing balance 30 Sep 2014	133	-38	973	11,661	0	12,729

## Key ratios, Group

	2014/09/30	2013/09/30	2013/12/31
Return on equity (%)	14	13	13
Return on total capital (%)	12	12	12
Adjusted equity ratio <sup>1</sup> (%)	85	86	88
Adjusted equity <sup>1</sup> (SEK m)	30,256	24,197	26,830
Surplus value in associated companies <sup>2</sup> (SEK m)	17,527	12,833	15,172
Net debt/equity ratio (%)	11	8	7
Net debt/EBITDA	3.9	2.4	2.3
Listed share price (SEK)	191	157	172
Repurchased shares	467,000	582,000	582,000
Average number of repurchased shares	530,608	645,608	629,575
Average number of employees	4,117	3,842	3,909
Outstanding convertible bonds	-	-	-
Issued warrants	-	-	-
Issued call options on repurchased shares	730,000	533,000	701,000

<sup>1</sup> Incl. fair value gain in associated companies

<sup>2</sup> The difference between the carrying amount and market value

## Parent company income statement

SEK m	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	12 mths Oct-Sep 2013/2014	Full Year 2013
Income from interests i Group companies	-	-	330	325	330	325
Income from interest in associates	-	-	464	438	474	448
Income from portfolio management	-	-	23	12	23	12
Management costs	-3	-2	-7	-6	-9	-8
<b>Profit before financial items</b>	<b>-3</b>	<b>-2</b>	<b>810</b>	<b>769</b>	<b>818</b>	<b>777</b>
Interest income and similar items	12	15	38	46	53	61
Interest expense and similar items	-10	-10	-30	-24	-39	-33
<b>Profit after financial items</b>	<b>-1</b>	<b>3</b>	<b>818</b>	<b>791</b>	<b>832</b>	<b>805</b>
Taxes	-	-	-	-	-	-
<b>Profit for the period</b>	<b>-1</b>	<b>3</b>	<b>818</b>	<b>791</b>	<b>832</b>	<b>805</b>

## Parent company statement of comprehensive income

SEK m	2014 Q3	2013 Q3	2014 9 mths	2013 9 mths	12 mths Oct-Sep 2013/2014	Full Year 2013
Profit for the period	-1	3	818	791	832	805
Change in fair value reserve for the period	155	262	184	534	249	599
Total other comprehensive income	155	262	184	534	249	599
<b>Comprehensive income for the period</b>	<b>154</b>	<b>265</b>	<b>1,002</b>	<b>1,325</b>	<b>1,081</b>	<b>1,404</b>

## Parent company balance sheet

SEK m	2014/09/30	2013/09/30	2013/12/31
<b>ASSETS</b>			
Financial assets	10,245	9,119	9,241
Current receivables from Group companies	12	15	15
Other current liabilities	1	1	2
Cash and bank	6	7	7
<b>Total assets</b>	<b>10,264</b>	<b>9,142</b>	<b>9,265</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	8,231	8,010	8,089
Interese-bearing long-term lilabilities	101	101	101
Non-interest-bearing long-term liabilities	5	5	5
Interese-bearing current liabilities	1,907	1,012	1,056
Non-interest-bearing current liabilities	20	14	14
<b>Equity and liabilities</b>	<b>10,264</b>	<b>9,142</b>	<b>9,265</b>

## Parent company statement of changes in equity

SEK m	2014/09/30	2013/09/30	2013/12/31
Amount at beginning of year	8,089	7,806	7,806
Total comprehensive income for the period	1,002	1,325	1,404
Issued call options	3	2	3
Exercise of call options	14	11	10
Gradual acquisition of associated companies	-	-338	-338
Dividends	-877	-796	-796
<b>Amount at end of year</b>	<b>8,231</b>	<b>8,010</b>	<b>8,089</b>



## Segment reporting:

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

SEK m	Industrial operations						Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other		
<b>INCOME</b>								
External sales	940	765	553	966	2,339	-		5,563
Internal sales	-	4	-	-	-	-		4
<b>RESULT</b>								
Operating profit	124	39	166	-4	201	9		535
Income from portfolio management							946	946
Finance income								62
Finance expense								-86
Taxes								-135
<b>Profit for the period</b>								<b>1,322</b>
<b>OTHER DISCLOSURES</b>								
Investments in:								
property, plant and equipment	7	13	14	11	53	23	-	121
intangible assets		138			1,040		-	1,178
Depreciation/amortisation	12	16	13	14	57	13		125

## Segment reporting:

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

SEK m	Industrial operations						Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Specma Group	Swegon	Other		
<b>INCOME</b>								
External sales	875	716	469	847	2,152	41		5,100
Internal sales	-	1	1	-	-	-		2
<b>RESULTS</b>								
Operating result	72	47	101	2	257	5		484
Income from portfolio management							806	806
Finance income								20
Finance expense								-68
Taxes								-139
<b>Profit for the period</b>								<b>1,103</b>
<b>OTHER DISCLOSURES</b>								
Investments in:								
property, plant and equipment	8	16	6	12	55	16	-	113
intangible assets	4	129		1	137	-	-	271
Depreciation/amortisation	14	16	11	13	52	14	-	120

## Change in consolidated interest-bearing net debt

SEK m	2013/12/31	Change in cash	Change in loans	Other changes	2014/09/30
Interest-bearing receivables	36				36
Cash	472	-76			396
Pensions provisions	-174			147	-27
Long-term liabilities	-310		-373		-683
Utilised bank overdraft facilities	-12		-79		-91
Interest-bearing current liabilities	-1,799		-1,134		-2,933
<b>Interest-bearing net debt</b>	<b>-1,787</b>	<b>-76</b>	<b>-1,586</b>	<b>147</b>	<b>-3,302</b>

## Five year overview

SEK m	Oct-Sep 2013/2014	2013	2012	2011	2010
Net sales, SEK m	7,407	6,944	6,788	7,171	5,991
Operating profit, SEK m	672	621	635	883	620
Income from interest in associates, SEK m	1,208	1,060	914	1,449	226
Income from portfolio management, SEK m	35	43	35	-41	78
Profit after finance items, SEK m	1,873	1,710	1,497	2,230	870
Earnings per share, SEK	11	9	8	14	5
Return on equity, %	14	13	13	18	6
Return on total capital, %	12	12	12	17	7
Adjusted equity ratio, %	85	88	86	84	85
Net debt/equity ratio, %	11	7	8	7	2
Listed share price, SEK	191	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
27 June 2014	Bastec AB	Sweden	Latour Industries	28
8 July 2014	P. Lemmens	Belgian	Swegon	59
30 August 2014	Econdition GmbH	Germany	Swegon	40
1 September 2014	Luftmiljö AB	Sweden	Swegon	14

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

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	93
Property, plant and equipment	44
Finance assets	-
Inventories	73
Account receivable	66
Other receivable	41
Cash	177
Long-term liabilities	-328
Current liabilities	-195
<b>Net identifiable assets and liabilities</b>	<b>-29</b>
Group goodwill	1,086
<b>Total purchase price</b>	<b>1,057</b>
Additional purchase price	-276
<b>Cash settlement purchase price</b>	<b>781</b>
Acquisition of non-cash items	30
Acquired cash	-177
<b>Effect of Group cash</b>	<b>634</b>

During the period, Latour has acquired 80 per cent of the shares in Elvaco AB, 100 per cent of the shares in Vibro-Acoustics®, 100 per cent of the shares in Bastec AB, 90 per cent of the shares in P.Lemmens, 100 per cent of the shares in Econdition GmbH and 100 per cent of the shares in Luftmiljö AB. Elvaco has contributed SEK 32 m in income and SEK 6 m in operating profit during the period. Vibro-Acoustics® has contributed SEK 43 m in income and SEK -4 m in operating profit/loss during the period. Bastec has contributed SEK 9 m in income and SEK 2 m in operating profit during the period. P. Lemmens has contributed SEK 49 m in income and SEK 12 m in operating profit during the period. Econdition has contributed SEK 7 m in income and SEK 0 m in operating profit during the period. Luftmiljö has contributed SEK 2 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 7 m. Estimated additional purchase prices have been booked for acquisitions of Elvaco, Vibro-Acoustics®, Bastec, P.Lemmens, Econdition and Luftmiljö. The final prices are based on performance over the coming years and may amount to as much as SEK 56 m, SEK 76 m, SEK 29 m, SEK 63 m, SEK 35 m and SEK 17 m respectively. These sums have 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 nine months of 2014.

### Financial instruments – Fair value

GROUP Tuesday-09-30

	Available-for-sales financial assets	Financial assets values at fair value via profit and loss	Loans and accounts receivable, cash	Financial liabilities valued at fair value via profit and loss	Other liabilities	Total carrying amount
<b>FINANCIAL ASSETS</b>						
Listed shares, management	1 451 <sup>1</sup>					1,451
Other long-term securities holdings	0 <sup>2</sup>					0
Other long-term receivables			37 <sup>3</sup>			37
Listed shares, trading		44 <sup>1</sup>				44
Unrealised gains, currency derivatives		15 <sup>2</sup>				15
Other current receivables			1 458 <sup>3</sup>			1,458
Cash			396 <sup>3</sup>			396
<b>Total</b>	<b>1,451</b>	<b>59</b>	<b>1,891</b>	<b>0</b>	<b>0</b>	<b>3,401</b>
<b>FINANCIAL LIABILITIES</b>						
Long-term loans					683 <sup>3</sup>	683
Bank overdraft facilities					91 <sup>3</sup>	91
Current loans					2 934 <sup>3</sup>	2,934
Other liabilities					859 <sup>3</sup>	859
Unrealised gains, currency derivatives				0 <sup>2</sup>		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,567</b>	<b>4,567</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 price 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				
	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	
INCOME STATEMENT														
Net sales	1,877	1,940	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	-1,131	-1,263	-1,106	-4,399	-1,173	-1,077	-1,117	-1,032	-4,299	-1,074	-986	-1,134	-1,105	
Gross profit	746	677	640	2,545	671	639	647	588	2,489	623	585	651	630	
Costs etc. for the operation	-484	-515	-529	-1,924	-534	-437	-496	-457	-1,854	-480	-417	-474	-483	
Operating profit	262	162	111	621	137	202	151	131	635	143	168	177	147	
Total portfolio management	304	335	307	1,089	283	354	238	214	949	292	217	290	150	
Profit before financial items	566	497	418	1,710	420	556	389	345	1,584	435	385	467	297	
Net financial items	-6	-6	-12	-52	-4	-24	-7	-17	-87	-10	-35	-11	-31	
Profit after financial items	560	491	406	1,658	416	532	382	328	1,497	425	350	456	266	
Taxes	-67	-38	-30	-175	-36	-53	-52	-34	-146	-36	-38	-37	-35	
Profit for the period	493	453	376	1,483	380	479	330	294	1,351	389	312	419	231	
KEY RATIOS														
Earnings per share, SEK	3.09	2.84	2.36	9.30	2.38	3.01	2.07	1.85	8.47	2.44	1.96	2.63	1.45	
Cash flow for the period	121	-47	-179	230	194	73	-9	-28	-249	11	44	-338	34	
Adjusted equity ratio, %	85	86	87	88	88	86	84	86	86	86	86	85	86	
Adjusted equity	30,256	28,587	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	37,117	35,582	35,022	33,799	33,799	30,459	27,229	27,942	25,726	25,726	24,080	23,359	25,564	
Net asset value per share	233	223	220	212	212	191	171	175	162	162	151	146	160	
Listed share price	191	196	196	172	172	157	135	148	124	124	114	116	134	
NET SALES														
Hultafors Group	315	322	289	1,208	333	305	282	288	1,257	332	297	309	319	
Latour Industries	229	281	274	982	264	223	256	239	765	216	165	195	189	
Nord-Lock	193	192	169	624	154	162	158	150	639	142	163	167	166	
Specma Group	302	344	320	1,152	306	265	302	279	1,198	268	251	331	348	
Swegon	838	801	700	2,936	783	748	753	652	2,785	711	659	743	672	
Other companies and eliminations	0	0	-6	42	4	13	13	12	144	30	36	40	42	
	1,877	1,940	1,746	6,944	1,844	1,716	1,764	1,620	6,788	1,698	1,571	1,785	1,736	
OPERATING PROFIT														
Hultafors Group	50	41	33	126	54	40	12	20	128	36	32	28	32	
Latour Industries	11	20	8	63	16	18	13	16	26	6	8	9	3	
Nord-Lock	68	57	42	114	13	36	35	30	128	15	38	34	41	
Specma Group	18	-26	4	0	-3	0	2	1	-9	-27	-1	8	11	
Swegon	90	74	37	346	89	101	96	59	326	86	84	93	63	
	237	166	124	649	169	196	158	126	599	116	161	172	150	
Gain/loss from sale/purchase of business	-4	-8	-1	-25	-20	-2	-	-3	7	7	-	-	-	
Other companies and items	29	4	-12	-3	-13	8	-7	8	29	20	7	5	-3	
	262	162	111	621	136	202	151	131	635	143	168	177	147	
OPERATING MARGIN (%)														
Hultafors Group	15.8	12.8	11.1	10.4	16.1	13.3	4.2	6.9	10.2	10.8	10.7	9.1	10.0	
Latour Industries	4.9	7.2	2.8	6.5	6.2	8.2	5.1	6.6	3.4	2.9	4.7	4.4	1.7	
Nord-Lock	35.1	29.6	24.7	18.3	8.6	22.0	22.0	20.5	20.0	10.2	23.3	20.6	24.5	
Specma Group	5.8	-7.5	1.2	0.0	-0.9	-0.2	0.6	0.4	-0.7	-10.0	-0.4	2.3	3.2	
Swegon	10.7	9.2	5.3	11.8	11.4	13.5	12.8	9.1	11.7	12.1	12.8	12.6	9.4	
	12.6	8.6	7.1	9.3	9.2	11.4	8.9	8.6	8.8	6.8	10.2	9.6	8.6	



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