

INTERIM REPORT  
JANUARY - JUNE

2016



# Interim report January - June 2016

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 320 per share, compared with SEK 317 per share at the beginning of the year. This is an increase of 3.1 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) decreased by 3.7 per cent. The net asset value was SEK 339 per share at 22 August.<sup>1</sup>
- The total return on the Latour share was 3.6 per cent in the first six months compared with -3.7 per cent for the SIXRX.

## INDUSTRIAL OPERATIONS

### The second quarter

- The industrial operations' order intake rose 19 per cent to SEK 2,216 m (1,856), which represents a 15 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 19 per cent to SEK 2,144 m (1,798), which represents a 15 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 36 per cent to SEK 307 m (226), which is equivalent to an operating margin of 14.4 (12.6) per cent for continuing operations.
- Latour Industries acquired the Aritco Group with annual sales of SEK 369 m and 157 employees. Swegon acquired bluMartin with annual sales of EUR 2 m and 16 employees.

### January – June

- The industrial operations' order intake rose 14 per cent to SEK 4,167 m (3,642), which represents an 11 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 13 per cent to SEK 3,933 m (3,484), which represents a 9 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 24 per cent to SEK 509 m (410), which equates to an operating margin of 12.9 (11.8) per cent for continuing operations.

## GROUP

- In the first six months, consolidated net sales totalled SEK 3,997 m (3,484) and profit after financial items was SEK 2,149 m (1,832). The profit includes capital gains of SEK 890 m (670), which is equivalent to SEK 5.58 per share.
- The Group's profit after tax was SEK 2,224 m (1,735), which is equivalent to SEK 13.94 (10.88) per share.
- Net debt at the end of June was SEK 1,700 m (3,599) and is equivalent to 3.2 per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- During the first six months, the value of the investment portfolio increased by 1.3 per cent adjusted for dividends and changes in the portfolio. The benchmark index (SIXRX) decreased by 3.7 per cent.

## EVENTS AFTER THE REPORTING PERIOD

- Nord-Lock acquired the Swedish company Expander Group with annual sales of SEK 72 m and 45 employees.

<sup>1</sup> The calculation of the net asset value on 22 August 2016 was based on the value of the investment portfolio at 1 p.m. on 22 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 ten substantial holdings that on 30 June 2016 had a market value of about SEK 38 billion. The wholly-owned industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock Group and Swegon, and in 2015 generated a turnover of SEK 7.2 billion.

## Comments from the CEO

"We're pleased to announce that the second quarter of 2016 turned out to be the best quarter ever for the industrial operations, with total net sales growth exceeding 19 per cent and organic growth topping 15 per cent. This has been underpinned by a good construction market in large parts of Europe, but I think it's fair to say that most of our operations are gaining market share. In the quarter, the Hultafors Group reported 19 per cent organic growth and Swegon 18 per cent. Even a business area like Nord-Lock, which is primarily exposed to the general industry, is reporting a double-figure organic growth rate in the quarter. Latour Industries grew by 7 per cent. I'm delighted to see how successfully our business areas are performing and I know, that after all the systematic work that they've been doing right across their operations, from product development to sales, this success is well-deserved.

The order intake in the quarter increased in total by 19 per cent and organically by 15 per cent. Net sales rose 19 per cent to SEK 2,144 m (1,798). The excellent performance means we can announce record earnings of SEK 307 m (226) and a strong operating margin of 14.4 (12.6) per cent.

We believe that the market growth in Europe is good, especially in the Nordic region, with the exception of Norway. Germany is also enjoying favourable growth and there is clear evidence of stability in other regions of Europe. We feel that the immediate effects of Brexit are manageable, but the UK is not an unimportant export market for any of the business areas. Some of the business areas have operations in the UK that may benefit from the Brexit decision. But the immediate effects on existing business flows are likely to be more negative than positive. The indirect effects of Brexit are as difficult for us to ascertain as they are for many others.

It is more difficult to assess how markets in the rest of the world will develop. There are many indications of negative growth in North America. However, this is particularly evident, just as before, in the oil & gas and the mining industries. We believe the general market situation in South-East Asia, including China, is still relatively uncertain.

Thanks to our fine performance and stable financial situation, we are well-positioned to consistently think and act ahead, as we have in the past, no matter how the markets change. Despite relatively weak market growth, we are confident that our firm footing will allow us to continue to report strong earnings.

Our new part-owned subsidiary in Germany, Neuffer Fenster + Türen GmbH, is continuing to grow and reported an order intake of SEK 33 m in the second quarter, compared with SEK 28 m in the first. Neuffer sells windows via online sales sites in Germany, Sweden and France. The table on page 5 of the interim report shows that we report Neuffer separately to the wholly-owned industrial operations.

The industrial operations were complemented with two acquisitions in the second quarter. In April, Swegon acquired the German company bluMartin, which is an innovative manufacturer of residential ventilation systems. The company generates sales of EUR 2 m and has 16 employees. Latour Industries acquired the Aritco Group, a leading Swedish manufacturer of home lifts and platform lifts. The company generates sales of SEK 369 m, has 157 employees and has achieved a double-figure growth rate with stable profitability in recent years. In our opinion, there are favourable conditions for this trend to continue.

Most of our listed holdings have submitted their reports for the second quarter. These companies are reporting strong growth, with some exceptions.

The value of the investment portfolio increased by 1.3 per cent in the first six months, adjusted for dividends, while the benchmark index (SIXRX) decreased by 3.7 per cent. The net asset value in Latour increased in the same period by 3.1 per cent to SEK 320 per share, adjusted for dividends.

In summary, I believe that these developments are extremely positive."

*Jan Svensson  
President and Chief Executive Officer*

## Industrial operations

### Order intake, invoiced sales and earnings

The order intake increased in the second quarter by 19 per cent to SEK 2,216 m (1,856), which is equivalent to 15 per cent organic growth. Invoiced sales increased to SEK 2,144 m (1,798), which is equivalent to 15 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 36 per cent to SEK 307 m (226) in the quarter. The operating margin was 14.4 (12.6) per cent.

The cumulative amount of the order intake increased by 14 per cent to SEK 4,167 m (3,642), which is equivalent to 11 per cent organic growth. Invoiced sales increased to SEK 3,933 m (3,484), which is equivalent to 9 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 24 per cent to SEK 509 m (410). The operating margin was 12.9 (11.7) per cent.

The above figures do not include the part-owned subsidiary Neuffer Fenster + Türen GmbH. See page 5 for a separate report. In addition, the divested business area, Specma Group, has been excluded from the comparative figures.

### Acquisitions/disposals

The industrial operations were complemented with two acquisitions in the second quarter. In April, Swegon acquired bluMartin, which is a niche player in the residential ventilation sector in the German market. The company generates sales of EUR 2 m and has 16 employees. The acquisition of bluMartin is in line with Swegon's strategy to bolster its presence in the German market and in the residential ventilation market. At the end of May/beginning of June, Latour Industries acquired the Aritco Group, a leading Swedish manufacturer of home lifts and platform lifts. The company, which has achieved a double-figure growth rate in recent years, generated sales of SEK 369 m in 2015 and reported an EBITDA margin of 19 per cent. The Aritco Group has 157 employees and its head office and manufacturing facilities are located in Kungsängen, outside of Stockholm. Its products are sold via partners and distributors, primarily in Europe, the Middle East and South-East Asia, and through its own subsidiary in the UK. The acquisition of the Aritco Group increased the Latour Group's net debt by approximately SEK 750 m.

The Nord-Lock Group acquired the Expander Group after the close of the reporting period. The company specialises in the design and manufacture of the Expander® System, an expandable pivot pin system for heavy machinery. The Expander Group has grown successfully over the years, and the product range has been developed to cover thousands of machine models. The main target markets are applications for pivotal joints on heavy machinery and equipment within Mining, Construction, Forestry, Process Industry and Oil/Gas/Marine. The company's head office is in Åtvidaberg in Sweden and it also has operations in the USA and Germany. During the financial year ending 30 April 2016, the Expander Group reported sales of SEK 72 m.

Earlier in the year, the Norwegian company All Sealing Solutions was acquired by Latour Industries via its subsidiary Specma Seals. All Sealing Solutions has its head office in Sandnes close to Stavanger and is a leading supplier of gaskets and seals, primarily for the oil and gas industry. In 2015, the company generated sales of approximately NOK 27 m. It has 15 employees. Furthermore, the Latour Group increased its shareholding in the first quarter in the part-owned company Terratech (parent company of Steelwrist) from 18.0 per cent to 21.6 per cent. The shareholding was increased by a new issue of shares in connection with Terratech's acquisition of SVAB, which manufactures and markets products for steering controls and control electronics systems, such as tiltrotators. In the first quarter, Latour Industries also acquired 24.6 per cent of the shareholding in LumenRadio. LumenRadio develops, manufactures and sells state-of-the-art equipment for wireless radio communication.

# Industrial operations summary

## Business area results

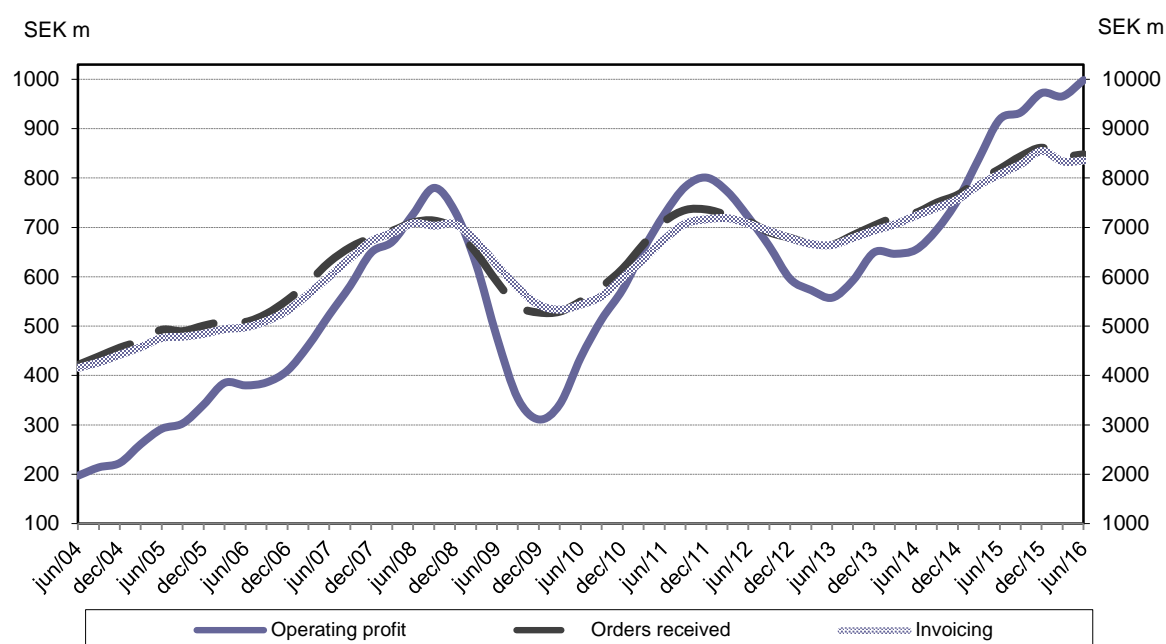
SEK m	Net sales				Operating profit				Operating margin %			
	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths
Hultafors Group	422	362	805	712	60	48	112	90	14.2	13.2	14.0	12.6
Latour Industries	421	311	774	601	51	41	88	78	12.2	13.3	11.3	13.0
Nord-Lock Group	234	197	458	405	72	57	140	123	30.9	28.9	30.5	30.3
Swegon	1,070	928	1,903	1,770	124	80	169	119	11.6	8.6	8.9	6.7
Eliminations	-3	-	-7	-4	-	-	-	-	-	-	-	-
	<b>2,144</b>	<b>1,798</b>	<b>3,933</b>	<b>3,484</b>	<b>307</b>	<b>226</b>	<b>509</b>	<b>410</b>	<b>14.4</b>	<b>12.6</b>	<b>12.9</b>	<b>11.8</b>
Neuffer	35	-	64	-	0	-	-2	-	-1	-	-3	-
	<b>2,179</b>	<b>1,798</b>	<b>3,997</b>	<b>3,484</b>	<b>307</b>	<b>226</b>	<b>507</b>	<b>410</b>	<b>14.1</b>	<b>12.6</b>	<b>12.7</b>	<b>11.8</b>
Gain/loss from sale/purchase of businesses	-	-	-	-	-1	-3	7	-5				
Other companies and items <sup>1</sup>	-	363	-	707	5	19	4	42				
	<b>2,179</b>	<b>2,161</b>	<b>3,997</b>	<b>4,191</b>	<b>311</b>	<b>242</b>	<b>518</b>	<b>447</b>				

<sup>1</sup> Net sales refer to the operations (Specma Group) divested 2015/2016.

SEK m	Operating capital <sup>2</sup>		Return on operating capital %		Growth in net sales %		
	2016 Trailing 12	2015 Trailing 12	2016 Trailing 12	2015 Trailing 12	2016	Of which acquisitions	Of which currency
Hultafors Group	1,215	1,030	19.9	18.7	13.0	-	-2.0
Latour Industries	1,480	991	12.5	12.0	28.9	24.9	-1.6
Nord-Lock Group	786	617	32.3	38.2	13.1	8.9	-1.6
Swegon	2,360	2,279	13.6	13.4	7.5	0.3	-2.5
Total	5,841	4,917	17.1	17.3	12.9	5.5	-2.1

<sup>2</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 by business area

### Hultafors Group

### HULTAFORS GROUP

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Net sales	422	362	805	712	1,549	1,642
EBITDA, adjusted*	64	52	120	97	233	256
EBITA, adjusted*	61	49	114	91	221	244
EBIT, adjusted*	60	48	112	90	218	241
EBIT, reported	60	48	112	90	218	241
EBITA %, adjusted*	14.4	13.4	14.1	12.8	14.3	14.8
EBIT %, adjusted*	14.2	13.2	14.0	12.6	14.1	14.7
Growth %	16.5	12.7	13.0	13.9	18.6	
Of which exchange effects	-2.2	3.3	-2.0	4.3	3.0	
Of which acquisitions	-	5.5	-	5.6	4.7	
Average number of employees	685	654	681	648	658	

\* Excluding restructuring costs.

#### Highlights

- Net sales rose 16 per cent during the quarter. Organic growth was 19 per cent when adjusted for foreign exchange effects.
- Organic growth in all product areas and all main markets.
- Sales of the Solid Gear and Toe Guard safety footwear through our European sales companies have got off to an excellent start.
- The launch of the new generation of Workwear dungarees is enjoying considerable success and attracting both existing and new target groups.

#### Breakdown of net sales

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Workwear	206	178	401	355	800	847
Tools	131	124	249	241	503	512
Ladders	42	39	80	75	147	151
Safety Shoes	43	23	75	41	98	132
	422	362	805	712	1,549	1,642

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma

1,642

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

**Hultafors Group** offers products in the categories of clothing for professionals, safety footwear, hand tools, ladders and scaffolding. The products are marketed through the brands that have strong positions in their respective markets: Snickers Workwear, Dunderdon, Solid Gear, Toe Guard, Hultafors and Wibe Ladders. Hultafors Group is also a distributor for the German manufacturing company Fein in the Swedish market.

### Latour Industries



(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Net sales	421	311	774	601	1,289	1,463
EBITDA, adjusted*	59	47	102	89	199	212
EBITA, adjusted*	52	42	90	80	178	189
EBIT, adjusted*	51	41	88	78	176	185
EBIT, reported	51	41	88	78	176	185
EBITA %, adjusted*	12.5	13.6	11.6	13.3	13.8	12.9
EBIT %, adjusted*	12.2	13.3	11.3	13.0	13.6	12.6
Growth %	35.4	12.3	28.9	15.7	24.7	
Of which exchange effects	-1.8	0.7	-1.6	0.7	0.5	
Of which acquisitions	29.1	6.3	24.9	9.4	13.9	
Average number of employees	1,107	944	1,046	822	938	

\* Excluding restructuring costs.

#### Highlights

- Acquisition of the entire shareholding of the Aritco Group – see page 4 for details.
- Net sales rose 35 per cent during the quarter. Organic growth was 7 per cent.
- The operating profit increased to SEK 51 m (41).
- As a result of planned investments in sales and development in several of the companies, the operating margin fell to 12.2 (13.3) per cent, despite the good growth.

#### Breakdown of net sales

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Kabona	40	36	74	72	146	148
Elvaco	22	21	42	42	91	91
Bastec	11	15	21	26	51	47
Produal	46	-	92	-	91	182
Elimination	-1	-	-2	-	-2	-4
	118	71	227	139	376	465
LSAB Group	126	120	243	232	439	450
Aritco Group	30	-	30	-	-	30
REAC	91	75	178	140	304	342
Specma Seals	40	29	71	60	114	124
AVT	15	15	27	30	55	52
	421	311	774	601	1,289	1,463

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma

1,822

<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.

## Nord-Lock Group



(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Net sales	234	197	458	405	797	850
EBITDA, adjusted*	77	62	151	133	258	276
EBITA, adjusted*	74	58	143	125	241	259
EBIT, adjusted*	72	57	140	123	236	254
EBIT, reported	72	57	140	123	236	254
EBITA %, adjusted*	31.5	29.5	31.1	30.8	30.2	30.4
EBIT %, adjusted*	30.9	28.9	30.5	30.3	29.7	29.8
Growth %	18.8	2.8	13.1	12.5	10.3	
Of which exchange effects	-2.5	12.4	-1.6	13.6	10.7	
Of which acquisitions	9.6	-	8.9	-	2.0	
Average number of employees	408	372	404	367	372	

\* Excluding restructuring costs.

### Highlights

- Continuing strong growth in order intake, which increased in the quarter by 13 per cent, 6 per cent of which was organic.
- Net sales rose in the quarter to SEK 234 m (197). Adjusted for acquisitions and foreign exchange effects, sales increased by 11 per cent.
- Net sales increased in all markets. North America excelled with a 28 per cent increase in the second quarter, which is partly accounted for by the acquisition of Boltight.
- Strong earnings performance with an operating profit that rose to SEK 72 m (57).
- The Expander Group was acquired after the close of the reporting period - see page 4 for details.

### Breakdown of net sales

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Europe	117	106	230	212	420	436
North America	63	49	123	102	205	227
Asia Pacific	44	37	88	75	142	155
Emerging markets	11	6	17	16	29	32
	234	197	458	405	797	850
Pro forma adjustment <sup>1</sup>						19
Trailing 12 month pro forma						869

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

**Nord-Lock Group** is a world-leading manufacturer of safe and reliable bolt-securing solutions. Its product portfolio contains several innovative technologies, including Nord-Lock's wedge-locking products, Superbolt tensioners and Boltight hydraulic tensioning tools. Its global sales organisation and international partners provide customers with in-depth expertise and the right solution for every type of bolt-securing need.

## Swegon



(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Net sales	1,070	928	1,903	1,770	3,559	3,692
EBITDA, adjusted*	144	101	207	160	350	397
EBITA, adjusted*	126	82	173	123	278	328
EBIT, adjusted*	124	80	169	119	270	321
EBIT, reported	124	80	169	119	270	321
EBITA %, adjusted*	11.8	8.8	9.1	6.9	7.8	8.9
EBIT %, adjusted*	11.6	8.6	8.9	6.7	7.6	8.7
Growth %	15.2	15.9	7.5	17.9	10.9	
Of which exchange effects	-2.5	3.4	-2.5	4.2	2.4	
Of which acquisitions	0.5	16.2	0.3	17.1	9.2	
Average number of employees	1,919	1,851	1,905	1,835	1,840	

\* Excluding restructuring costs.

### Highlights

- Continuing strong growth in order intake, which increased organically by 18 per cent in the quarter.
- Sales reached an all-time high in the quarter. Net sales rose in the quarter by 15 per cent to SEK 1,070 m (928). Adjusted for acquisitions and foreign exchange effects, sales increased by 18 per cent.
- The operating profit increased by 55 per cent to SEK 124 m (80) and the operating margin increased to 11.6 (8.6) per cent.
- Most of the markets are experiencing good growth, especially Sweden and Germany, the largest markets.
- The major investments in product development, efficiency enhancements and IT structure are proceeding according to plan.

### Breakdown of net sales

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Sweden	281	221	507	434	848	921
Rest of Nordic region	201	200	364	391	751	724
Rest of world	588	507	1,032	945	1,960	2,047
	1,070	928	1,903	1,770	3,559	3,692
Pro forma adjustment <sup>1</sup>						12
Trailing 12 month pro forma						3,704

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

(SEK m)	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	2015 Full Year	Trailing 12 mths
Cooling	353	277	593	520	1,071	1,144
Home Solutions	71	58	125	111	205	219
Light Commercial	61	54	112	109	208	211
Commercial Ventilation	550	505	994	954	1,911	1,951
North America	59	48	116	99	217	234
Eliminations	-24	-14	-37	-23	-53	-67
	1,070	928	1,903	1,770	3,559	3,692

\*The business units' net sales for 2015 and trailing 12 months have been adjusted to comply with Swegon's structure in 2016.

**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.

# 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 16-17 of Latour's Annual Report for 2015.

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

The net asset value increased to SEK 320 per share during the period from SEK 317 at the beginning of the year. The net asset value consequently increased by 3.1 per cent, adjusted for dividends. By comparison, the SIXRX fell 3.7 per cent.

SEK m	Net sales <sup>1</sup>	EBIT <sup>1</sup>	EBIT multiple	Valuation <sup>2</sup> Range	Valuation <sup>2</sup> Average	Valuation <sup>2</sup> SEK/share <sup>3</sup> Range
Hultafors Group	1,642	241	11 – 15	2,651 – 3,615	3,133	17 – 23
Latour Industries	1,822	230	11 – 15	2,530 – 3,450	2,990	16 – 22
Nord-Lock	869	249	12 – 16	2,988 – 3,984	3,486	19 – 25
Swegon	3,703	322	13 – 17	4,186 – 5,474	4,830	26 – 34
	<b>8,036</b>	<b>1,042</b>		<b>12,355 – 16,523</b>	<b>14,439</b>	<b>77 – 104</b>
Listed shares (see table on page 9 for breakdown)					<b>37,803</b>	<b>237</b>
<b>Unlisted part-owned companies</b>						
Diamorph <sup>4</sup> , 21.2 %					125	0
Neuffer <sup>5</sup> , 66.1 %					197	0
Oxeon <sup>5</sup> , 31.1 %					25	1
Terratech <sup>5</sup> , 21,6 %					45	1
<b>Other assets</b>						
Short trading portfolio					199	1
Dilution effect of option programme					-50	0
Consolidated net debt					-1,700	-11
<b>Estimated value</b>					<b>51,083</b>	<b>320</b>
					<b>(49 001 – 53 169)</b>	<b>(307 – 333)</b>

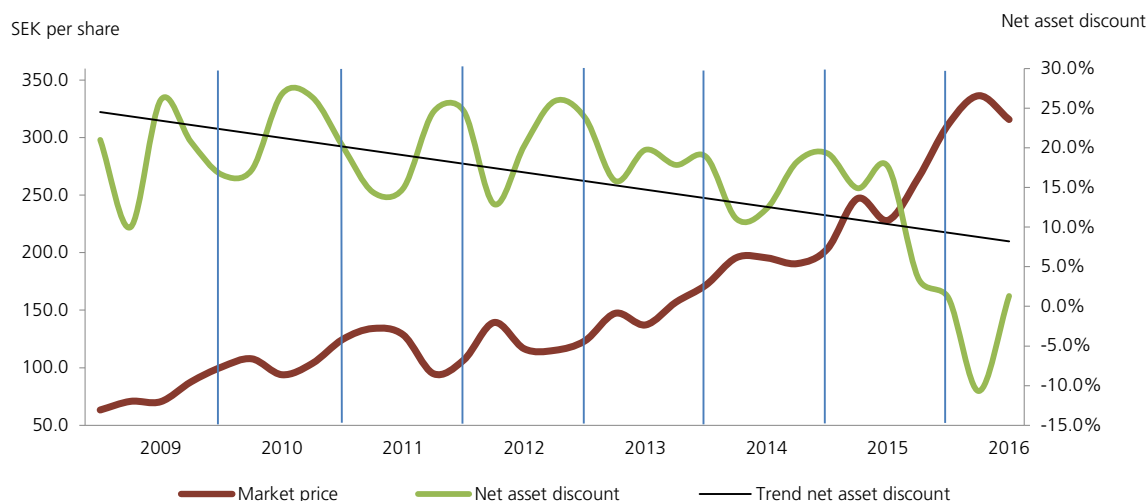
<sup>1</sup> Trailing 12 months for current company structure. EBIT is reported before restructuring costs.

<sup>2</sup> EBIT and EV/sales recalculated taking into consideration the listed share price on 30 June 2016 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 the latest transaction.

<sup>5</sup> Valued according to Latour's latest acquisition price.





# Investment portfolio 30 June 2016

In the first six-month period, the aggregate value of the investment portfolio increased by 1.3 per cent, adjusted for dividends, while the benchmark index (SIXRX) decreased by 3.7 per cent.

All class B shares in Loomis were sold earlier in the year and 1,570,000 shares in Tomra were acquired.

Aktie	Number	Cost SEK m	Listed share price <sup>1</sup> SEK	Market value SEK m	Share of votes <sup>5</sup> %	Share of equity %
Assa Abloy <sup>2 3</sup>	105,495,729	1,697	172	18,156	29.5	9.5
Fagerhult <sup>3</sup>	18,620,400	571	185	3,435	49.2	48.3
HMS Networks <sup>3</sup>	3,027,322	250	221	668	25.9	25.9
Loomis <sup>2 3</sup>	2,528,520	38	206	520	23.8	3.4
Nederman <sup>3</sup>	3,512,829	306	200	703	30.1	30.0
Nobia	4,649,894	94	73	339	2.8	2.7
Securitas <sup>2 3</sup>	39,732,600	1,081	129	5,137	29.6	10.9
Sweco <sup>2 3</sup>	32,622,480	445	146	4,766	21.0	26.7
Tomra <sup>3 4</sup>	38,130,000	1,917	89 NOK	3,404	25.8	25.8
Troax <sup>3</sup>	6,020,000	397	112	675	30.1	30.1
<b>Total</b>		<b>6,797</b>		<b>37,803</b>		

<sup>1</sup> The last price paid is used as the listed share price.

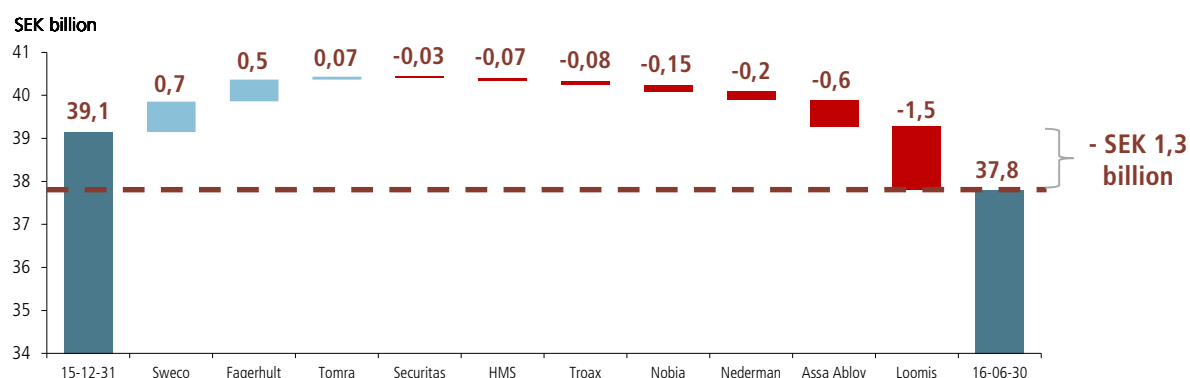
<sup>2</sup> Due to the limited trading in class A shares in Sweco, and the fact that the class A shares in Assa Abloy, Loomis and Securitas are unlisted, they have been given the same listed share price as the companies' class B shares. Holdings consisting of both class A and B shares are reported in the table as unit.

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

<sup>4</sup> At the end of the report period, the listed share price was NOK 88.75 which has been translated to SEK at the exchange rate on the balance sheet date.

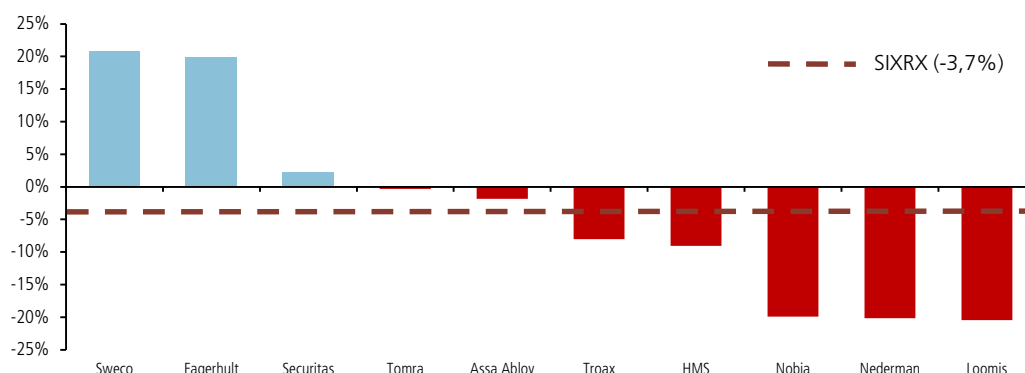
<sup>5</sup> Share of votes calculated after deduction of treasury shares.

## Movements in investment portfolio values



Movements in investment portfolio values (SEK billion). These figures include acquired and divested shares but not dividends.

## Total return for the portfolio companies



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

# Results and financial position

## Group

The Group's profit after financial items was SEK 2,149 m (1,832). Profit after tax was SEK 2,224 m (1,735), which is equivalent to SEK 13.94 (10.88) per share.

The Group's cash in hand and liquid investments reached SEK 886 m (384). Interest-bearing debt, excluding pension liabilities, totalled SEK 2,576 m (3,311). The Group's net debt, including pension liabilities, was SEK 1,700 m (3,599). The equity ratio was 90 (86) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

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

## Investments

During the period, SEK 129 m (67) was invested in property, plant and equipment, of which SEK 53 m (47) was machinery and equipment, SEK 8 m (13) vehicles and 68 m (7) buildings. Out of total investments for the year, SEK 78 m (0) refers to fixed assets in new acquisitions.

## Parent company

The parent company's profit after financial items was SEK 1,991 m (1,522). The parent company's equity ratio was 100 (99) per cent.

Not including repurchased shares, the number of outstanding shares at 30 June 2016 amounted to 159,635,500. At the end of the period, Latour held 324,500 repurchased class B shares. The total number of issued call options is 462,500.

The number of class A shares issued is 11,918,648 and the number of class B shares is 148,041,352.

## Events after the reporting period

On 5 July, the Nord-Lock Group acquired the Expander Group with annual sales of SEK 72 m and 45 employees.

## 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 ten listed holdings and four wholly-owned business areas. This means that the development and performance of an individual holding will not have a drastic impact on the portfolio as a whole. As the wholly-owned industrial operations have increased in size, Latour as a whole is influenced to a greater degree by changes attributable to these operations. On the whole, Latour is considered to have a good risk diversification in its portfolio, which covers several industries, although there is a certain dominance of industries exposed to the construction industry. 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 material risks are deemed to have arisen other than those described in Note 35 of Latour's Annual Report 2015.

## Audit and 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 2016 have not had any impact on the Group's or parent company's accounting as of 30 June 2016.

In other respects, the accounting policies adopted by the Group and parent company are consistent with those used in the preparation of the latest Annual Report.

The Latour Group uses a number of economic indicators that are not defined in the set of accounting rules used by the Group, so-called alternative performance measures. Definitions of the economic indicators can be found on page 19 of this report and in Latour's latest Annual Report. For an explanation of how the financial performance measures have been calculated for the current and prior periods, please see the table in this report and Latour's latest Annual Report. The Annual Reports for 1986 to 2015 are available for viewing on Latour's website [www.latour.se](http://www.latour.se).

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

Gothenburg, 23 August 2016  
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, 23 August 2016  
Investment AB Latour

Olle Nordström  
*Chairman*

Mariana Burenstam Linder  
*Board member*

Anders Böös  
*Board member*

Anders G. Carlberg  
*Board member*

Carl Douglas  
*Board member*

Eric Douglas  
*Board member*

Lena Olving  
*Board member*

Jan Svensson  
*Board member/President*

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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)8 566 426 90. 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 2016 will be published on 3 November 2016*

*The 2016 Year-End Report will be published on 16 February 2017*

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 23 August 2016, at 8.30 a.m.
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## Consolidated income statement

SEK m	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	12 mths Jul-Jun 2015/2016	Full Year 2015
Net sales	2,179	1,798	3,997	3,484	7,699	7,186
Cost of goods sold	-1,262	-1,053	-2,317	-2,046	-4,484	-4,213
<b>Gross profit</b>	<b>917</b>	<b>745</b>	<b>1,680</b>	<b>1,438</b>	<b>3,215</b>	<b>2,973</b>
Sales costs	-405	-354	-770	-697	-1,498	-1,425
Administrative costs	-169	-133	-326	-271	-589	-534
Research and development costs	-56	-51	-112	-97	-209	-194
Other operating income	24	21	52	39	104	91
Other operating expenses	-	-6	-6	-8	-5	-7
<b>Operating profit</b>	<b>311</b>	<b>222</b>	<b>518</b>	<b>404</b>	<b>1,018</b>	<b>904</b>
Income from interests in associates	371	395	1,647	1,059	2,540	1,952
Income from portfolio management	19	368	17	373	1,137	1,493
Management costs	-5	-4	-8	-8	-15	-15
<b>Profit before financial items</b>	<b>696</b>	<b>981</b>	<b>2,174</b>	<b>1,828</b>	<b>4,680</b>	<b>4,334</b>
Finance income	15	-	32	61	82	111
Finance expense incl redemption of pension liability	-28	-16	-57	-57	-146	-146
<b>Profit after financial items</b>	<b>683</b>	<b>965</b>	<b>2,149</b>	<b>1,832</b>	<b>4,616</b>	<b>4,299</b>
Taxes	-61	-76	-108	-128	-210	-230
Net income of disposal group classified as held for sale and discontinued operations (note 3)	-	13	183	31	200	48
<b>Profit for the period</b>	<b>622</b>	<b>902</b>	<b>2,224</b>	<b>1,735</b>	<b>4,606</b>	<b>4,117</b>
	-	-	-	-	-	-
<b>Attributable to:</b>						
Parent company shareholders	622	902	2,225	1,735	4,606	4,117
Non-controlling interests	-	-	-1	-	-1	-
Earnings per share regarding profit attributable to parent company shareholders						
Basic share, SEK	3.90	5.65	13.94	10.88	28.87	25.82
Diluted share, SEK	3.88	5.63	13.89	10.83	28.76	25.71
Average number of basic shares outstanding	159,625,973	159,564,538	159,591,736	159,528,967	159,562,770	159,445,425
Average number of diluted shares outstanding	160,178,099	160,172,725	160,199,049	160,197,724	160,179,764	160,121,214
Number of outstanding shares	159,635,500	159,557,500	159,635,500	159,557,500	159,635,500	159,493,000

## Consolidated statement of comprehensive income

SEK m	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	12 mths Jul-Jun 2015/2016	Full Year 2015
Profit for the period	622	902	2,224	1,735	4,606	4,117
<b>Other comprehensive income:</b>						
<b>Items that will not be recycled to the income statement</b>						
Restatement of net pension obligations	-	-	-	-	-2	-2
	0	0	0	0	-2	-2
<b>Items that may subsequently be recycled to the income statement</b>						
Change in translation reserve for the period	60	-26	76	-23	22	-77
Change in fair value reserve for the period	-56	-104	-154	51	-941	-736
Change in hedging reserve for the period	-7	-14	-38	39	-43	34
Change in associated companies' equity	-123	356	318	718	-219	181
	-126	212	202	785	-1,181	-598
<b>Other comprehensive income, net after tax</b>	<b>-126</b>	<b>212</b>	<b>202</b>	<b>785</b>	<b>-1,183</b>	<b>-600</b>
<b>Comprehensive income for the period</b>	<b>496</b>	<b>1,114</b>	<b>2,426</b>	<b>2,520</b>	<b>3,423</b>	<b>3,517</b>
<b>Attributable to:</b>						
Parent company shareholders	496	1,114	2,427	2,520	3,424	3,517
Non-controlling interests	-	-	-1	-	-1	-

## Consolidated cash flow statement

SEK m	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	12 mths Jul-Jun 2015/2016	Full Year 2015
Operating cash flows before movements in working capital	288	193	439	356	942	859
Movements in working capital	-114	-82	-212	-176	-160	-124
<b>Operating cash flows</b>	<b>174</b>	<b>111</b>	<b>227</b>	<b>180</b>	<b>782</b>	<b>735</b>
Acquisitions of subsidiaries	-748	-454	-704	-454	-997	-747
Sale of subsidiaries	-	-	-	-	7	7
Other investments	-51	-30	-87	-57	-217	-187
Portfolio management	605	1,117	1,652	1,172	2,708	2,228
<b>Cash flow after investments</b>	<b>-20</b>	<b>744</b>	<b>1,088</b>	<b>841</b>	<b>2,283</b>	<b>2,036</b>
Financial payments	-875	-730	-1,763	-847	-2,466	-1,550
Cash flow from disposal group classified as held for sale	-	15	685	12	714	41
<b>Cash flow for the period</b>	<b>-895</b>	<b>29</b>	<b>10</b>	<b>6</b>	<b>531</b>	<b>527</b>

## Consolidated balance sheet

SEK m	2016/06/30	2015/06/30	2015/12/31
<b>ASSETS</b>			
Goodwill	4,745	3,676	3,702
Other intangible assets	168	125	114
Property, plant and equipment	782	671	703
Financial assets	12,375	12,797	12,511
Inventories etc.	1,394	1,049	1,053
Current receivables	1,776	1,575	1,463
Cash and bank	886	384	858
Assets of disposal group classified as held for sale *	-	790	871
<b>Total assets</b>	<b>22,126</b>	<b>21,067</b>	<b>21,275</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to parent company shareholders	17,412	15,079	16,080
Non-controlling interests	107	0	0
<i>Total equity</i>	<i>17,519</i>	<i>15,079</i>	<i>16,080</i>
Interest-bearing long-term liabilities	835	808	707
Non-interest-bearing long-term liabilities	312	212	256
Interest-bearing current liabilities	1,777	3,183	2,455
Non-interest-bearing current liabilities	1,683	1,445	1,372
Liabilities of disposal group classified as held for sale *	-	340	405
<b>Equity and liabilities</b>	<b>22,126</b>	<b>21,067</b>	<b>21,275</b>

\* For best comparability, Specma Group's net assets and liabilities are reported separately, also for period 2015/06/30.

## Consolidated changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Opening balance 1 Jan 2015	133	-38	1,196	12,232	0	13,523
Total comprehensive income for the period			-779	4,296		3,517
Issued call options				4		4
Exercise of call options		17		13		30
Own shares repurchase		-37				-37
Dividends				-957		-957
Closing balance 31 Dec 2015	133	-58	417	15,588	0	16,080
Opening balance 1 Jan 2016	133	-58	417	15,588	0	16,080
Total comprehensive income for the period			-116	2,543	-1	2,426
Non-controlling interests on acquisitions					108	108
Exercise of call options		29		-4		25
Own shares repurchase		-43				-43
Dividends				-1,077		-1,077
Closing balance 30 June 2016	133	-72	301	17,050	107	17,519

## Key ratios, Group\*

	2016/06/30	2015/06/30	2015/12/31
Return on equity (%)	26	24	28
Return on total capital (%)	20	19	22
Equity ratio (%)	79	72	76
Adjusted equity ratio <sup>1</sup> (%)	90	86	89
Adjusted equity <sup>1</sup> (SEK m)	43,272	37,171	43,161
Surplus value in associated companies <sup>2</sup> (SEK m)	25,753	22,092	27,081
Net debt/equity ratio (%)	4	10	5
Net debt/EBITDA	2.2	3.3	2.7
Listed share price (SEK)	314	228	312
Repurchased shares	324,500	402,500	402,500
Average number of repurchased shares	389,214	456,309	429,184
Average number of employees	4,061	4,412	4,570
Outstanding convertible bonds	-	-	-
Issued warrants	-	-	-
Issued call options on repurchased shares	462,500	513,000	662,500

\* The key ratios include the disposal group classified as held for sale.

<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	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	12 mths Jul-Jun 2015/2016	Full Year 2015
Income from interests i Group companies	-	365	-	365	-	365
Income from interest in associates companies	565	518	1,996	838	1,975	817
Income from portfolio management	1	320	1	320	1,579	1,898
Management costs	-3	-3	-5	-5	-9	-9
<b>Profit before financial items</b>	<b>563</b>	<b>1,200</b>	<b>1,992</b>	<b>1,518</b>	<b>3,545</b>	<b>3,071</b>
Interest income and similar items	-	6	-	15	16	31
Interest expense and similar items	-1	-2	-1	-11	-5	-15
<b>Profit after financial items</b>	<b>562</b>	<b>1,204</b>	<b>1,991</b>	<b>1,522</b>	<b>3,556</b>	<b>3,087</b>
Taxes	-	-	-	-	-	-
<b>Profit for the period</b>	<b>562</b>	<b>1,204</b>	<b>1,991</b>	<b>1,522</b>	<b>3,556</b>	<b>3,087</b>

## Parent company statement of comprehensive income

SEK m	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	12 mths Jul-Jun 2015/2016	Full Year 2015
Profit for the period	562	1,204	1,991	1,522	3,556	3,087
Change in fair value reserve for the period	-	-51	-	97	-1,188	-1,091
Total other comprehensive income	-	-51	-	97	-1,188	-1,091
<b>Comprehensive income for the period</b>	<b>562</b>	<b>1,153</b>	<b>1,991</b>	<b>1,619</b>	<b>2,368</b>	<b>1,996</b>

## Parent company balance sheet

SEK m	2016/06/30	2015/06/30	2015/12/31
<b>ASSETS</b>			
Financial assets	10,302	9,121	9,510
Current receivables from Group companies	-	5	-
Other current liabilities	2	2	2
Cash and bank	5	5	5
<b>Total assets</b>	<b>10,309</b>	<b>9,133</b>	<b>9,517</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	10,303	9,026	9,407
Interest-bearing long-term liabilities	-	101	101
Non-interest-bearing long-term liabilities	5	5	5
Interest-bearing current liabilities	-	-	-
Non-interest-bearing current liabilities	1	1	4
<b>Equity and liabilities</b>	<b>10,309</b>	<b>9,133</b>	<b>9,517</b>

## Parent company statement of changes in equity

SEK m	2016/06/30	2015/06/30	2015/12/31
Amount at beginning of year	9,407	8,371	8,371
Total comprehensive income for the period	1,991	1,619	1,996
Issued call options	-	-	4
Sold repurchased own shares	25	30	30
Repurchased treasury shares	-43	-37	-37
Dividends	-1,077	-957	-957
<b>Amount at end of year</b>	<b>10,303</b>	<b>9,026</b>	<b>9,407</b>

## Segment reporting:

### Development by business area 1 Jan 2016 – 30 June 2016

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
<b>INCOME</b>							
External sales	805	767	458	1,902	65		3,997
Internal sales		7		1			8
<b>RESULT</b>							
Operating profit	112	88	140	169	9		518
Income from portfolio management						1,656	1,656
Finance income							32
Finance expense							-57
Taxes							-108
Profit for the disposal group classified as held for sale							183
<b>Profit for the period</b>							<b>2,224</b>
<b>OTHER DISCLOSURES</b>							
Investments in:							
property, plant and equipment	13	12	5	12	9		51
intangible assets		716		28	285		1,029
Depreciation/amortisation	7	14	11	39	9		80

## Segment reporting:

### Development per business area 1 Jan 2015 - 30 June 2015

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
<b>INCOME</b>							
External sales	712	597	405	1,770			3,484
Internal sales		4					4
<b>RESULTS</b>							
Operating result	90	78	123	119	-6		404
Income from portfolio management						1,424	1,424
Finance income							61
Finance expense							-57
Taxes							-128
Profit for the disposal group classified as held for sale							31
<b>Profit for the period</b>							<b>1,735</b>
<b>OTHER DISCLOSURES</b>							
Investments in:							
property, plant and equipment	4	22	4	17	14		61
intangible assets		368	46	11			425
Depreciation/amortisation	7	11	10	42	8		78

## Change in consolidated interest-bearing net debt

SEK m	2015/12/31	Change in cash	Change in loans	Other changes	2016/06/30
Interest-bearing receivables	204			-178	26
Cash	934	-124		76	886
Pensions provisions	-32			-4	-36
Long-term liabilities	-853		-124	178	-799
Utilised bank overdraft facilities	-43			14	-29
Interest-bearing current liabilities	-2,415			3	-1,748
<b>Interest-bearing net debt</b>	<b>-2,205</b>	<b>-124</b>	<b>554</b>	<b>75</b>	<b>-1,700</b>

## Five year overview\*

SEK m	Jul-Jun 2015/2016	2015	2014	2013	2012
Net sales, SEK m	8,361	8,555	7,581	6,944	6,788
Operating profit, SEK m	1,046	975	746	621	635
Income from interest in associated companies, SEK m	2,540	1,952	1,347	1,060	914
Income from portfolio management, SEK m	1,122	1,493	36	43	35
Profit after finance items, SEK m	4,807	4,405	2,064	1,710	1,497
Earnings per share, SEK	29	26	12	9	8
Return on equity, %	28	28	15	13	13
Return on total capital, %	22	22	13	12	12
Adjusted equity ratio, %	90	89	86	88	86
Net debt/equity ratio, %	4	5	10	7	8
Listed share price, SEK	314	312	203	172	124

\* Reported key ratios include the disposal group classified as held for sale

## Note 1: Business combinations

### Specification of acquisitions

Transfer date		Country	Business area	Number of employees
1 January 2016	Neuffer Fenster + Türen GmbH	Germany	Neuffer	24
15 January 2016	All Sealing Solutions AS	Norwegian	Latour Industries	15
21 April 2016	bluMartin GmbH	Germany	Swegon	16
31 May 2016	Aritco Group AB	Sweden	Latour Industries	157

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	91
Property, plant and equipment	78
Financial assets	4
Inventories	35
Account receivable	58
Other receivable	11
Cash	98
Long-term liabilities	-26
Current liabilities	-111
<b>Net identifiable assets and liabilities</b>	<b>238</b>
<b>Non-controlling interests</b>	<b>-105</b>
Group goodwill	917
<b>Total purchase price</b>	<b>1,050</b>
	-179
Additional purchase price	-90
<b>Cash settlement purchase price</b>	<b>781</b>
Acquisition of non-cash items	21
Acquired cash	-98
<b>Effect of Group cash</b>	<b>704</b>

During the period, Latour acquired 66.1 per cent of the shares of Neuffer Fenster + Türen GmbH, and the entire shareholdings of All Sealing Solutions AS, bluMartin GmbH and the Aritco Group AB.

During the period, Neuffer contributed SEK 65 m in income and SEK -2 m in operating profit. All Sealing Solutions AS contributed SEK 13 m in income and SEK 0 m in operating profit. bluMartin contributed SEK 6 m in income and SEK 1 m in operating profit. The Aritco Group contributed SEK 30 m in income and SEK 5 m in operating profit.

All acquisitions, with the exception of the Aritco Group, have been made with the aim of strengthening and developing the Latour Group's existing operations. Aritco's goodwill is attributable to the earning capacity the company is expected to deliver.

Transaction costs for acquisitions made during the period amount to SEK 5 m.

Estimated additional purchase prices amounting to SEK 43 m for the acquisition of Neuffer Fenster + Türen GmbH, SEK 28 m for the acquisition of All Sealing Solutions AS and SEK 19 m for the acquisition of the Aritco Group have been booked.



## Note 2: Information regarding financial assets and liabilities

The table below discloses how fair value is determined for the financial instruments valued at fair value in the statement on financial position. Fair value is determined according to three different levels. Compared with the 2015 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 2016.

### Financial instruments – Fair value

THE GROUP 30 June 2016

	Available-for-sales financial assets	Financial assets values at fair value via profit and loss	Derivatives used for hedging purposes	Loans and accounts receivable, cash	Other liabilities	Total carrying amount
<b>FINANCIAL ASSETS</b>						
Listed shares, management	339 <sup>1</sup>					339
Other long-term securities holdings	0 <sup>2</sup>					0
Other long-term receivables				26 <sup>3</sup>		26
Listed shares, trading		199 <sup>1</sup>				199
Unrealised gains, currency derivatives			35 <sup>2</sup>			35
Other current receivables				1 532 <sup>3</sup>		1,532
Cash				886 <sup>3</sup>		886
<b>Total</b>	<b>339</b>	<b>199</b>	<b>35</b>	<b>2,444</b>	<b>0</b>	<b>3,017</b>
<b>FINANCIAL LIABILITIES</b>						
Long-term loans					799 <sup>3</sup>	799
Bank overdraft facilities					29 <sup>3</sup>	29
Current loans					1 759 <sup>3</sup>	1,759
Other liabilities					950 <sup>3</sup>	950
Unrealised gains, currency derivatives			28 <sup>2</sup>			28
<b>Total</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>3,537</b>	<b>3,565</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 measured at the quoted prices on the balance sheet date. Fair value of unlisted financial assets is determined by using valuation techniques such as a recent transaction, the price of a similar instrument or discounted cash flows.

Hedging instruments consist of forward exchange contracts and interest rate swaps and are included in level 2. Valuation at fair value of the forward exchange contracts is based on levels established by the bank 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 book value. 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.

## Note 3: Non-current assets held for sale and discontinued operations

The assets and liabilities relating to Specma AB with subsidiaries have been recognised as held for sale up until its sale on 4 January 2016.

### Statement of income from discontinued operations and recognised income resulting from remeasurement of assets or disposal groups are presented below:

SEK m	2016 Q2	2015 Q2	2016 6 mths	2015 6 mths	Trailing 12 mths	2015 Full Year
Income	-	363	-	707	662	1,369
Capital gain	-	-	183	-	183	-
Costs	-	-343	-	-664	-634	-1,298
Net financial items	-	-2	-	-3	-5	-8
Tax	-	-5	-	-9	-6	-15
<b>Profit of disposal group after tax</b>	<b>0</b>	<b>13</b>	<b>183</b>	<b>31</b>	<b>200</b>	<b>48</b>

## Information by quarter

SEK m	2016		2015					2014				
	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT</b>												
Net sales	2 179	1 818	8 555	2 284	2 080	2 161	2 030	7 581	2 018	1 877	1 940	1 746
Cost of goods sold	-1 262	-1 055	-5 295	-1 417	-1 277	-1 339	-1 260	-4 757	-1 257	-1 131	-1 263	-1 106
Gross profit	917	763	3 260	865	803	822	770	2 824	761	746	677	640
Costs etc. for the operation	-606	-373	-2 285	-596	-544	-580	-565	-2 078	-550	-484	-515	-529
Operating profit	311	390	975	269	259	242	205	746	211	262	162	111
Total portfolio management	385	1 271	3 430	1 543	463	759	665	1 368	422	304	335	307
Profit before financial items	696	1 661	4 405	1 812	722	1 001	870	2 114	633	566	497	418
Net financial items	-13	-12	-43	-11	-33	-18	19	-50	-26	-6	-6	-12
Profit after financial items	683	1 649	4 362	1 081	689	983	889	2 064	607	560	491	406
Taxes	-61	-47	-245	-56	-52	-81	-56	-190	-55	-67	-38	-30
Profit for the period	622	1 602	4 117	1 745	637	902	833	1 874	552	493	453	376
<b>KEY RATIOS</b>												
Earnings per share, SEK	3,90	10,05	25,81	10,94	3,99	5,65	5,22	11,75	3,46	3,09	2,84	2,36
Cash flow for the period	-895	905	527	476	45	29	-23	-86	19	121	-47	-179
Adjusted equity ratio, %	90	91	89	89	86	86	87	85	85	85	86	87
Adjusted equity	43 272	41 546	43 161	43 161	36 936	37 171	39 271	33 015	33 015	30 256	28 587	28 181
Net asset value	51 083	48 665	50 572	50 572	43 833	44 150	46 379	39 859	39 859	37 117	35 582	35 022
Net asset value per share, SEK	320	305	317	317	275	277	291	250	250	233	223	220
Listed share price, SSEK	314	337	312	312	265	228	247	203	203	191	196	196
<b>NET SALES</b>												
Hultafors Group	422	383	1 549	446	390	362	350	1 306	365	315	322	304
Latour Industries	421	354	1 289	377	311	311	290	1 055	286	229	281	243
Nord-Lock Group	234	224	797	193	198	197	208	722	169	193	192	169
Swegon	1 070	833	3 559	927	861	928	842	3 209	870	838	801	700
	2 147	1 794	7 194	1 943	1 760	1 798	1 690	6 292	1 690	1 575	1 596	1 416
Other companies and eliminations	32	24	1 361	341	319	363	340	1 289	328	302	344	330
	2 179	1 818	8 555	2 284	2 079	2 161	2 030	7 581	2 018	1 877	1 940	1 746
<b>OPERATING PROFIT</b>												
Hultafors Group	60	52	218	75	54	48	42	177	53	50	41	33
Latour Industries	51	36	176	53	44	41	37	68	29	11	20	8
Nord-Lock Group	72	68	236	54	59	57	66	211	45	68	57	42
Swegon	124	45	270	78	74	80	39	298	98	90	74	37
	307	201	900	260	231	226	184	754	225	219	192	120
Gain/loss from sale/purchase of	-1	191	-2	-3	6	-3	-2	-13	0	-4	-8	-1
Other companies and items	5	-2	77	12	22	19	23	5	-13	47	-22	-8
	311	390	975	269	259	242	205	746	211	262	162	111
<b>OPERATING MARGIN (%)</b>												
Hultafors Group	14,2	13,7	14,1	16,8	13,8	13,2	11,9	13,6	14,5	15,8	12,8	11,1
Latour Industries	12,2	10,3	13,6	14,1	14,1	13,3	12,7	6,4	10,2	4,9	7,2	2,9
Nord-Lock Group	30,9	30,1	29,7	27,9	30,0	28,9	31,6	29,3	26,7	35,1	29,6	24,7
Swegon	11,6	5,4	7,6	8,4	8,7	8,6	4,6	9,3	11,2	10,7	9,2	5,3
	14,4	11,3	12,5	13,4	13,1	12,6	10,9	12,0	13,3	13,9	12,0	8,5

\* Specma Group included until 2015.

# Definitions of key data

## **Organic growth**

Change in sales in comparable entities after adjustment for acquisitions and foreign exchange effects.

## **Operating profit (EBITDA)**

Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.

## **Operating profit (EBITA)**

Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.

## **Operating margin (EBITA) %**

Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.

## **Operating profit (EBIT)**

Earnings before interest and tax.

## **Operating margin (EBIT) %**

Operating profit divided by net sales.

## **Operating capital**

Total assets less cash and cash equivalents, other interest-bearing assets and non-interest-bearing liabilities. Calculated on the average for the past 12 months.

## **Total growth**

Increase in revenue for the period as a percentage of the previous year's revenue.

## **Currency-driven growth**

Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.

## **Organic growth**

Increase in revenue for the period, adjusted for acquisitions/divestments and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and divestments.

## **Basic earnings per share**

Profit for the period divided by the number of outstanding shares in the period.

Calculations:

Jan-June 2016:  $2,224/159,591,736 \times 1,000=13.94$

Jan-June 2015:  $1,735/159,528,967 \times 1,000=10.88$

## **Diluted earnings per share**

Calculations:

Jan-June 2016:  $2,224/160,199,049 \times 1,000=13.94$

Jan-June 2015:  $1,735/160,197,724 \times 1,000=10.88$

## **Equity ratio**

The ratio of shareholder equity to total assets.

## **Adjusted equity ratio**

The ratio of shareholder equity plus gains in associated companies to total assets including gains in associated companies.

## **Net debt**

Interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables.

## **Return on equity**

The ratio of net income booked in the income statement to average equity.

## **Return on total capital**

The ratio of profit/loss after financial items plus finance expense to average total assets.

## **Return on operating capital**

The ratio of operating profit to average operating capital.

## **Direct return**

Dividends as a percentage of the share purchase price.

## **EBIT multiple**

The ratio of operating profit to market value adjusted for net debt.

## **Net asset value**

The difference between the company's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.

## **Other**

The amounts in tables and other charts have each been rounded off. There may therefore be minor differences in the totals due to rounding-off.



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