



2017

INTERIM REPORT  
JANUARY – MARCH

# Interim report January – March 2017

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 381 per share, compared with SEK 348 per share at the beginning of the year. This is an increase of 9.4 per cent. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 6.5 per cent. The net asset value was SEK 399 per share at 27 April.<sup>1</sup>
- The total return on the Latour share was 4.6 per cent in the period compared with 6.5 per cent for the SIXRX.

## INDUSTRIAL OPERATIONS

- The industrial operations' order intake rose 25 per cent to SEK 2,441 m (1,951), which represents a 12 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 25 per cent to SEK 2,235 m (1,788), which represents an 11 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 25 per cent to SEK 252 m (201), which equates to an operating margin of 11.3 (11.3) per cent for continuing operations.
- Swegon acquired the Irish company Safeguard, which has an annual turnover of EUR 8 m and 24 employees.
- Hultafors Group acquired Puvab AB, which has an annual turnover of SEK 42 m and 49 employees.

## GROUP

- Consolidated net sales totalled SEK 2,269 m (1,818) and profit after financial items was SEK 611 m (1,466), of which SEK 0 m (890) are capital gains.
- The Group's profit after tax was SEK 554 m (1,602), which is equivalent to SEK 3.48 (10.05) per share. Excluding capital gains, earnings rose to SEK 3.48 (3.33) per share.
- Net debt at the end of March was SEK 1,598 m (582) and is equivalent to 2.5 per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- During the first quarter, the value of the investment portfolio increased by 11.2 per cent adjusted for dividends. The benchmark index (SIXRX) increased by 6.5 per cent.
- Ownership in Tomra increased to 26.1 per cent of the capital after the acquisition of 340,000 shares.

## EVENTS AFTER THE REPORTING PERIOD

- An agreement was signed on 3 April for the acquisition of AAT in Germany for REAC within Latour Industries.

<sup>1</sup> The calculation of the net asset value at 27 April 2017 was based on the value of the investment portfolio at 1 p.m. on 27 April and the same values at 31 March were used for the unlisted portfolio.

## LATOUR AT A GLANCE

Investment AB Latour is a mixed investment company consisting primarily of wholly-owned industrial operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principal owners. The investment portfolio consists of nine substantial holdings that had a market value of about SEK 46 billion as at 31 March 2017. The wholly-owned industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock Group and Swegon. In 2016, they generated turnover in excess of SEK 8 billion.

## Comments from the CEO

"We are delighted to be able to report once again a quarter of robust organic growth. Order intake saw organic growth of 12 per cent with corresponding growth in invoiced sales of 11 per cent. Including acquisitions, both order intake and invoiced sales grew by 25 per cent. This continues the trend of record quarters in absolute figures. This time, we're pleased to report the best first quarter ever. The operating profit improved by 25 per cent to SEK 252 m (201) to give an operating margin of 11.3 (11.3) per cent. The improvement in absolute figures can be attributed in part to the timing impact resulting from Easter occurring in April this year. At the same time, non-recurring costs of SEK 15 m have been recognised in the income statement.

We have been consistently investing resources in product development, sales and marketing for a long time. We have also been consciously focusing on improving the digital presence of our business areas, particularly with the aim of making it easier for our customers to do business with us. Past and present investments and initiatives in the aforementioned areas are currently producing results in the form of growth rather than a rise in the operating margin. The industrial operations as a whole continue to deliver a stable performance above our 10 per cent annual growth target and well above our 10 per cent operating margin target.

We see that activity and growth in the building and construction industry remains strong across much of Europe. Best business climate is in the Nordic countries, although key markets like Germany and the UK are gradually improving too. As well as impressive growth in the construction market, we have noted that demand from our customers in the general manufacturing industry is also stronger. We're also seeing signs of a new-born optimism in North America and in parts of Asia, although not in China. The concern that many feel about the situation in China is not shared by Nord Lock, who continues its fine growth there.

We made two acquisitions for the industrial operations in the first quarter. Swegon acquired the Irish company Safegard, which is a market leading provider of smoke and fire dampers in the UK and Ireland. Hultafors acquired the Swedish company Puvab which complements the earlier range of Hultafors' products extremely well with so-called multi-norm clothing, i.e. high-quality, certified clothes with an innovative design that provide protection to the wearer when working in hazardous and demanding conditions. After the end of the reporting period, REAC in Latour Industries has signed an agreement for the acquisition of the German company AAT. Read more about our acquisitions on page 4 in the report. In total, acquisitions made so far corresponds to a growth of 3.5 per cent on an annual basis.

Thanks to our growth and fine earnings performance, we are well positioned to think and act ahead, as we have in the past, no matter how the markets change. We're expecting acquisition activity to remain relatively high throughout 2017. Our healthy financial position allows for investments of more than SEK 5 billion.

Only a few of our listed holdings have submitted their reports for the first quarter. Those that have submitted a report have, as previously, mainly posted a strong performance.

The value of the investment portfolio increased by 11.2 per cent in the first quarter, adjusted for dividends, compared against the benchmark index SIXRX which increased by 6.5 per cent. The net asset value in Latour increased in the same period by 9.4 per cent to SEK 381 per share, adjusted for dividends."

*Jan Svensson  
President and Chief Executive Officer*

# Industrial operations

## Order intake, invoiced sales and earnings

The order intake increased in the first quarter by 25 per cent to SEK 2,441 m (1,951), which is equivalent to 12 per cent organic growth. Invoiced sales rose 25 per cent to SEK 2,278 m (1,942), which is equivalent to 11 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 25 per cent to SEK 252 m (201) in the quarter. The operating margin was 11.3 (11.3) per cent.

The above figures do not include the jointly-owned subsidiary Neuffer Fenster + Türen GmbH. See page 5 for a separate report.

## Acquisitions/disposals

In the first quarter, two acquisitions were made in the wholly-owned industrial operations.

Swegon acquired the Irish company Safegard in February. Safegard is the leading provider in the UK and Ireland of intelligent control and monitoring systems for smoke and fire dampers. Safegard's systems are used to contain and extract smoke within the ducted ventilation systems of commercial buildings such as hospitals, airports and multi-storey office blocks. The acquisition has a natural link to Swegon's previous acquisition of the smoke and fire damper manufacturer Swegon Air Management in the UK (former Ruskin Air Management). Safegard has an annual turnover of EUR 8 m and 24 employees.

In addition, Hultafors Group acquired the Swedish company Puvab AB in March. Puvab specialises in protective wear for the energy and utility business, and also manufactures flame resistant protective clothing for other industries. It produces high-quality, certified garments with an innovative design for work in demanding conditions. Puvab AB has an annual turnover of SEK 42 m and 49 employees.

In the first quarter, Latour-Gruppen also increased its ownership stake in Diamorph, from 26.4 per cent at the beginning of the year to 28.2 per cent at the end of the year.

# Industrial operations summary

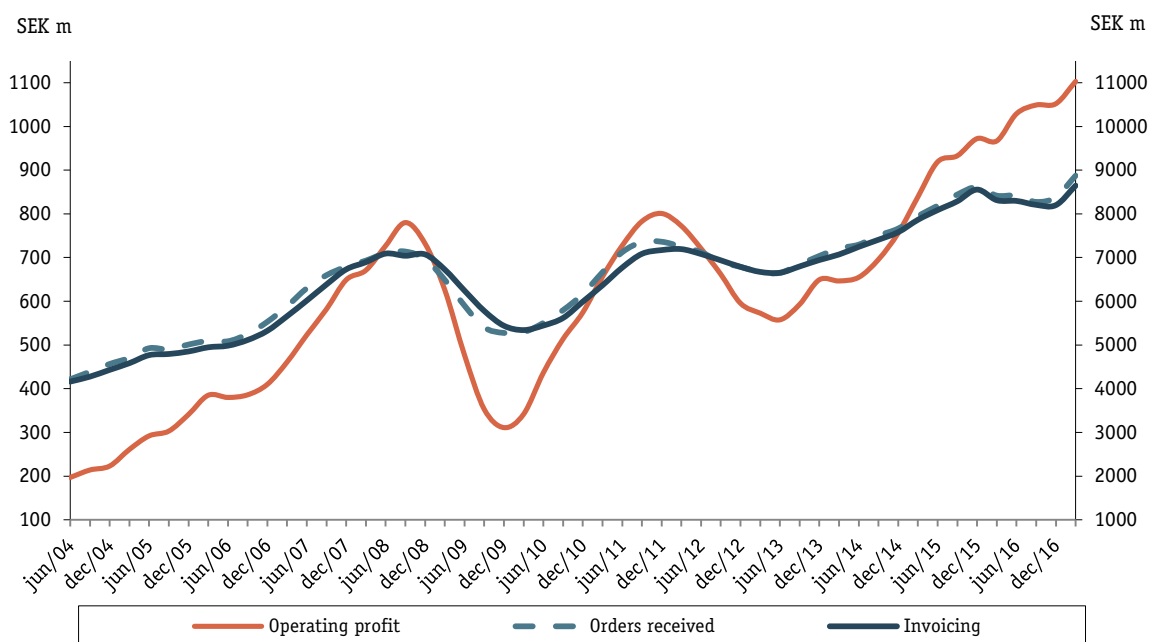
## Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Hultafors Group	444	383	1,698	1,759	62	52	264	274	14.0	13.7	15.6	15.6
Latour Industries	479	354	1,671	1,796	33	36	167	164	6.9	10.3	10.0	9.1
Nord-Lock Group	283	224	927	986	89	68	270	291	31.5	30.1	29.2	29.6
Swegon	1,029	833	3,913	4,109	68	45	351	374	6.6	5.4	9.0	9.1
Eliminations	-	-6	-10	-4	-	-	-	-	-	-	-	-
	2,235	1,788	8,199	8,646	252	201	1,052	1,103	11.3	11.3	12.8	12.8
Neuffer	34	30	145	149	-6	-1	-6	-11	-9.8	-4.4	-1.2	-
	2,269	1,818	8,344	8,795	246	200	1,046	1,092	10.8	11.0	12.5	12.4
Gain/loss from sale/purchase of businesses	-	-	-	-	-5	8	-21	-34				
Other companies and items	-	-	-	-	-1	-1	-4	-4				
	2,269	1,818	8,344	8,795	240	207	1,021	1,054				

SEK m	Operating capital <sup>1</sup>		Return on operating capital %		Growth in net sales 2017, %		
	2017 Trailing 12	2016 Trailing 12	2017 Trailing 12	2016 Trailing 12	Total	quisitions	Organic
Hultafors Group	1,232	1,194	22.2	19.2	16.2	0.9	14.2
Latour Industries	2,101	1,335	7.8	13.1	35.5	25.1	7.7
Nord-Lock Group	910	749	32.1	31.8	26.3	9.1	13.1
Swegon	2,634	2,356	14.2	11.7	23.5	10.6	10.1
Total	6,877	5,633	16.0	16.3	25.0	11.2	11.0

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

## Group trailing 12 months



## Development by business area

### HULTAFORS GROUP

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Net sales	444	383	1,698	1,759
EBITDA	65	56	279	289
EBITA	62	53	267	276
EBIT	62	52	264	274
EBITA %	14.0	13.8	15.7	15.7
EBIT %	14.0	13.7	15.6	15.6
Total growth %	16.2	9.5	9.7	
Organic %	14.2	11.4	10.8	
Exchange effects %	0.8	-1.7	-1.0	
Acquisitions %	0.9	-	-	
Average number of employees	687	675	685	

#### Highlights

- Net sales rose 16 per cent during the quarter. Growth was 14 per cent when adjusted for foreign exchange effects and acquisitions.
- Organic growth in all product areas and increased demand compared with the previous year in all of the markets.
- Sales of safety shoes under the brand names Solid Gear and Toe Guard are continuing to increase through our European sales companies and growth of 45 per cent was reported for the quarter.
- Strong earnings as a consequence of the strong growth. Earnings are also affected by positive forward exchange contracts that are gradually maturing.
- Acquisition of Puvab AB, a company based in Borås, that produces protective workwear. See page 4 for further information.

#### Breakdown of net sales

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Workwear	231	195	855	891
Tools	130	118	522	533
Ladders	38	37	158	159
Safety Shoes	46	32	163	177
	444	383	1,698	1,759
Pro forma adjustment <sup>1</sup>				39
Trailing 12 month pro forma				1,798

<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 under brands with 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.



(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Net sales	479	354	1,671	1,796
EBITDA	42	43	200	199
EBITA	35	37	173	171
EBIT	33	36	167	164
EBITA %	7.3	10.5	10.4	9.5
EBIT %	6.9	10.3	10.0	9.1
Total growth %	35.5	22.0	29.6	
Organic %	7.7	2.6	2.4	
Exchange effects %	0.6	-1.5	-0.9	
Acquisitions %	25.1	20.4	27.6	
Average number of employees	1,163	984	1,143	

#### Highlights

- During the quarter, net sales rose 36 per cent to SEK 479 m (354), which is equivalent to 8 per cent organic growth.
- The operating profit was SEK 33 m (36). Adversely impacted by non-recurring items in DENSIQ, which has moved to new premises.
- Investment in sales and product development will have a short-term negative impact on the operating margin, especially within Bemsig and Aritco, and also in other operations.
- SEK 6 m in non-recurring expenses are reported in the income statement for the quarter.
- An agreement was signed on 3 April for the acquisition of AAT in Germany for REAC.

#### Breakdown of net sales

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Kabona	39	34	154	159
Elvaco	26	20	84	90
Bastec	14	10	48	51
Produal	47	46	182	184
Elimination	-3	-1	-5	-7
Sum Bemsig	123	109	464	477
LSAB Group	128	116	457	469
Aritco Group	101	-	222	323
REAC	80	86	341	334
DENSIQ	32	30	135	136
AVT	16	12	52	56
	479	354	1,671	1,795

Pro forma adjustment<sup>1</sup>

63

Trailing 12 month pro forma

1,858

<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, so that they are eventually able to become established as separate business areas within Latour.

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Net sales	283	224	927	986
EBITDA	96	73	295	318
EBITA	91	69	275	297
EBIT	89	68	270	291
EBITA %	32.0	30.7	29.7	30.1
EBIT %	31.5	30.1	29.2	29.6
Total growth %	26.3	7.7	16.3	
Organic %	13.1	0.2	4.8	
Exchange effects %	2.3	-0.8	-0.1	
Acquisitions %	9.1	8.3	11.1	
Average number of employees	468	400	426	

### Highlights

- During the quarter, net sales rose 26 per cent to SEK 283 m (224), with 13 per cent organic growth.
- Strong growth in order intake, which increased by a full 32 per cent and organically by 18 per cent.
- Operating profit grew strongly in the quarter, EBIT increased to SEK 89 m (68).
- Sales growth in all markets.

### Breakdown of net sales

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Europe	136	112	452	476
Americas	81	62	256	275
Asia Pacific	56	44	190	201
Emerging markets	10	5	30	34
	283	224	927	986

Pro forma adjustment <sup>1</sup>	22
Trailing 12 month pro forma	1,008

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

**Nord-Lock Group** is a world-leading manufacturer of safe and reliable bolt-securing solutions. Innovative technologies in the product portfolio include Nord-Lock's wedge locks, Superbolt tensioners, Boltight's hydraulic tensioning tools and the Expander System pivot pin assembly. Its global sales organisation and international partners provide customers with in-depth expertise and the right solution for every type of bolt-securing need.

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Net sales	1,029	833	3,913	4,109
EBITDA	89	64	427	451
EBITA	70	47	358	381
EBIT	68	45	351	374
EBITA %	6.8	5.6	9.1	9.3
EBIT %	6.6	5.4	9.0	9.1
Total growth %	23.5	-1.1	9.9	
Organic %	10.1	1.4	8.4	
Exchange effects %	1.4	-2.5	-0.8	
Acquisitions %	10.6	-	2.2	
Average number of employees	2,165	1,892	1,958	

### Highlights

- Most of the markets in Europe, particularly the German market, reported strong growth. The Nordic countries, in particular Sweden, also had very strong performances during the quarter.
- Although the first quarter is normally a weak quarter, net sales rose to SEK 1,029 m (833).
- Organic growth continues to improve and was 10 per cent in the quarter. The growth can be attributed to most of Swegon's markets and business entities.
- The operating profit in the quarter was SEK 68 m (45) with a 6.6 (5.4) per cent operating margin.
- The order backlog for the second quarter is at its highest level ever. Customers are showing considerable interest, following Swegon's product launches at major trade fairs and exhibitions.
- For more information on the acquisition of Safegard Systems Ltd in Ireland, please see page 4.

### Breakdown of net sales

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Sweden	266	226	971	1,011
Rest of Nordic region	211	163	776	824
Rest of world	552	444	2,166	2,274
	1,029	833	3,913	4,109

Pro forma adjustment <sup>1</sup>	218
Trailing 12 month pro forma	4,327

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

(SEK m)	2017 Q1	2016 Q1	2016 Full Year	Trailing 12 mths
Cooling	257	240	1,185	1,202
Home Solutions	90	54	276	312
Light Commercial	51	51	222	222
Commercial Ventilation	589	444	2,032	2,177
North America	60	57	247	250
Eliminations	-18	-13	-49	-54
	1,029	833	3,913	4,109

**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 page 17 in Latour's Annual Report for 2016.

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 381 per share during the quarter from SEK 348 at the beginning of the year. The net asset value consequently increased by 9.4 per cent, adjusted for dividends, compared against SIXRX which increased by 6.5 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	1,792	276	11 – 15	3,036 – 4,140	3,588	19 – 26
Latour Industries	1,859	171	11 – 15	1,881 – 2,565	2,223	12 – 16
Nord-Lock Group	1,008	295	12 – 16	3,540 – 4,720	4,130	22 – 30
Swegon	4,326	402	13 – 17	5,226 – 6,834	6,030	33 – 43
	8,985	1,144		13,683 – 18,259		86 – 114
Industrial operations valuation, Average					15,971	100
Listed shares (see table on page 9 for breakdown)					45,889	287
Unlisted part-owned companies						
Diamorph <sup>5</sup> , 28,24%					246	2
Neuffer <sup>5</sup> , 66.1 %					197	1
Oxeon <sup>4</sup> , 31.3 %					15	0
Terratech <sup>5</sup> , 21,6 %					45	1
Other assets						
Short trading portfolio					45	1
Dilution effect of option programme					-68	-1
Consolidated net debt					-1,598	-10
Estimated value					60,742	381
					(58 454 – 63 030)	(366 – 395)

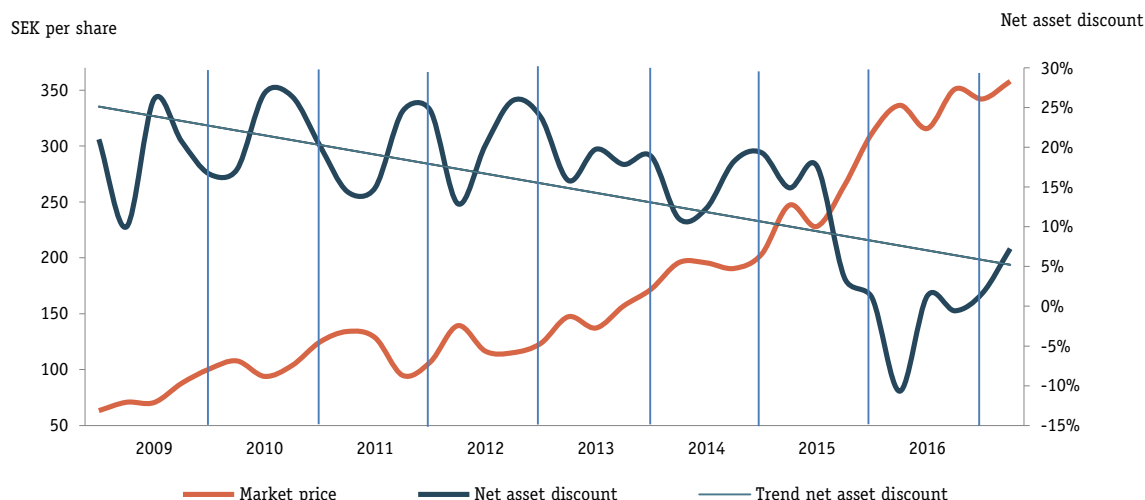
<sup>1</sup> Trailing 12 months for current company structure. EBIT is reported before restructuring costs.

<sup>2</sup> EBIT and EV/sales recalculated taking into consideration the listed share price on 31 March 2017 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 31 March 2017

In the quarter, the aggregate value of the investment portfolio increased by 11.2 per cent, adjusted for dividends, while the benchmark index (SIXRX) increased by 6.5 per cent.

During the first quarter, 340,000 shares in Tomra were acquired, thereby increasing the share of equity to 26.1 per cent.

Share <sup>1</sup>	Number	Cost SEK m	Listed share price <sup>2</sup> SEK	Market value SEK m	Share of votes <sup>3</sup> %	Share of equity <sup>4</sup> %
Assa Abloy <sup>5</sup>	105,495,729	1,697	184	19,443	29.5	9.5
Fagerhult	18,620,400	571	324	6,033	49.1	48.3
HMS Networks	3,027,322	250	333	1,007	25.9	25.9
Loomis <sup>5</sup>	2,528,520	44	284	717	23.8	3.4
Nederman	3,512,829	306	232	813	30.1	30.0
Nobia <sup>6</sup>	4,649,894	94	92	428	2.8	2.7
Securitas <sup>5</sup>	39,732,600	1,081	140	5,563	29.6	10.9
Sweco <sup>5</sup>	32,622,480	445	204	6,662	21.0	26.7
Tomra <sup>7</sup>	38,651,000	1,965	94 NOK	3,782	26.2	26.1
Troax	6,020,000	397	240	1,442	30.1	30.1
Total		6,850		45,890		

<sup>1</sup> All holdings except Nobia are reported as associated companies in the balance sheet.

<sup>2</sup> The last price paid is used as the listed share price.

<sup>3</sup> Share of votes calculated after deduction of treasury shares.

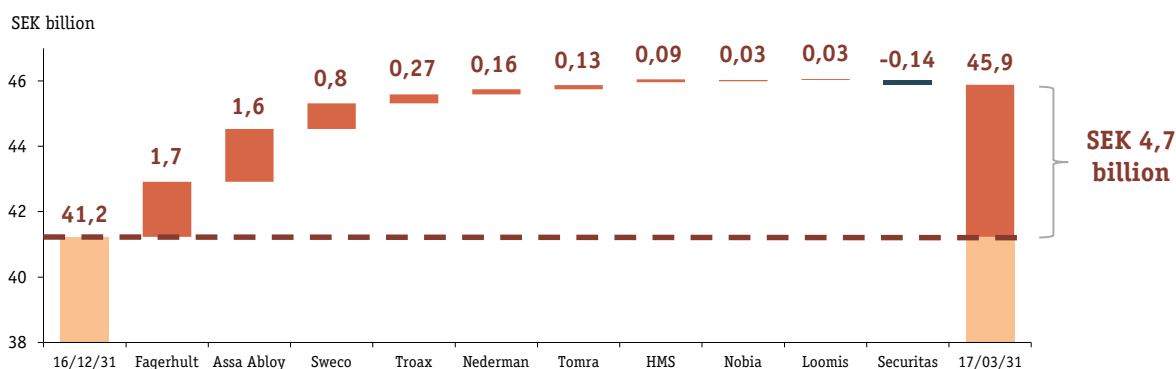
<sup>4</sup> Share of equity calculated based on total number of shares issued.

<sup>5</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>6</sup> The majority of the shareholding in Nobia was sold in December 2015, and Latour is therewith no longer a principal owner.

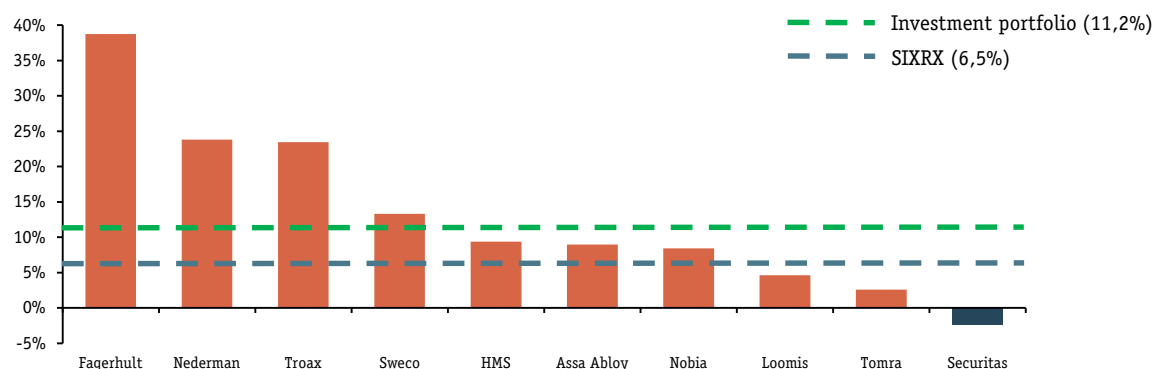
<sup>7</sup> At the end of the report period, the listed share price was NOK 94.00 which has been translated to SEK at the exchange rate on the balance sheet date.

### 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 611 m (1,466). Of this figure, SEK 0 m (890) are capital gains. Profit after tax was SEK 554 m (1,602), which is equivalent to SEK 3.48 (10.05) per share. Of this figure, SEK 0.0 (5.58) per share are capital gains.

The Group's cash in hand and liquid investments reached SEK 1,046 m (1,307). Interest-bearing debt, excluding pension liabilities, totalled SEK 2,612 m (2,738). The Group's net debt, including pension liabilities, was SEK 1,598 m (1,446). The equity ratio was 92 (91) 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 41 m (19) was invested in property, plant and equipment, of which SEK 30 m (13) was machinery and equipment, SEK 9 m (5) vehicles and 2 m (1) buildings. Out of total investments for the year, SEK 4 m (1) refers to fixed assets in new acquisitions.

## Parent company

The parent company's profit after financial items was SEK -3 m (1,429). The parent company's equity ratio was 100 (99) per cent.

Not including repurchased shares, the number of outstanding shares at 31 March 2017 amounted to 159,636,500. At the end of the period, Latour held 323,500 repurchased class B shares. The total number of issued call options is 627,000.

The number of class A shares issued is 11,917,258 and the number of class B shares is 148,042,742.

The Board of Directors recommends to the Annual General Meeting a 4:1 share split, whereby each old share is split into four new shares.

## Events after the reporting period

An agreement was signed on 3 April for the acquisition of AAT in Germany for REAC within Latour Industries.

Otherwise, there were no 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 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 2016.

## 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 2017 have not had any impact on the Group's or parent company's accounting as at 31 March 2017.

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.

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 2016 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, 28 April 2017  
Jan Svensson  
*President and CEO*

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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)8 566 42 666. The conference will be broadcast on the Internet.

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

*The Annual General Meeting will be held on 2 May 2017 at Radisson Blu Scandinavia in Gothenburg.*

*The interim report for the period January – June 2017 will be published on 22 August 2017*

*The interim report for the period January – September 2017 will be published on 7 November 2017*

<p><i>The information contained in this report constitutes information which Investment AB Latour (publ) is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was provided by the above contact persons for publication on 28 April 2017 at 08.30 CET</i></p>
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## Consolidated income statement

SEK m	2017 Q1	2016 Q1	12 mths Apr-Mar 2016/2017	Full Year 2016
Net sales	2,269	1,818	8,795	8,344
Cost of goods sold	-1,327	-1,055	-5,131	-4,859
Gross profit	942	763	3,664	3,485
Sales costs	-443	-365	-1,693	-1,615
Administrative costs	-208	-157	-714	-663
Research and development costs	-61	-56	-234	-229
Other operating income	15	28	93	106
Other operating expenses	-5	-6	-62	-63
Operating profit	240	207	1,054	1,021
Income from interests in associates	383	1,276	1,783	2,676
Income from portfolio management	2	-2	105	101
Management costs	-4	-3	-17	-16
Profit before financial items	621	1,478	2,925	3,782
Finance income	32	17	98	83
Finance expense	-42	-29	-124	-111
Profit after financial items	611	1,466	2,899	3,754
Taxes	-57	-47	-277	-267
Net income of disposal group classified as held for sale and discontinued operations	-	183	-	183
Profit for the period	554	1,602	2,622	3,670
Attributable to:				
Parent company shareholders	556	1,603	2,626	3,673
Non-controlling interests	-2	-1	-4	-3
Earnings per share regarding profit attributable to parent company shareholders				
Basic share, SEK	3.48	10.05	16.45	23.01
Diluted share, SEK	3.47	10.00	16.39	22.93
Average number of basic shares outstanding	159,636,500	159,557,500	159,623,256	159,603,650
Average number of diluted shares outstanding	160,253,833	160,220,000	160,206,537	160,198,254
Number of outstanding shares	159,636,500	159,557,500	159,636,500	159,636,500

## Consolidated statement of comprehensive income

SEK m	2017 Q1	2016 Q1	12 mths Apr-Mar 2016/2017	Full Year 2016
Profit for the period	554	1,602	2,622	3,670
Other comprehensive income:				
Items that will not be recycled to the income statement				
Restatement of net pension obligations	-	-	2	2
	0	0	2	2
Items that may subsequently be recycled to the income statement				
Change in translation reserve for the period	4	16	122	134
Change in fair value reserve for the period	33	-98	33	-98
Change in hedging reserve for the period	-4	-31	-32	-59
Change in associated companies' equity	204	441	328	565
	237	328	451	547
Other comprehensive income, net after tax	237	328	453	549
Comprehensive income for the period	791	1,930	3,075	4,219
Attributable to:				
Parent company shareholders	793	1,931	3,084	4,222
Non-controlling interests	-2	-1	-4	-3

## Consolidated cash flow statement

SEK m	2017 Q1	2016 Q1	12 mths Apr-Mar 2016/2017	Full Year 2016
Operating cash flows before movements in working capital	200	151	992	943
Movements in working capital	-59	-98	-89	-128
Operating cash flows	141	53	903	815
Acquisitions of subsidiaries	-134	44	-1,276	-1,098
Other investments	-71	-36	-236	-201
Portfolio management	-38	1,047	704	1,789
Cash flow after investments	-102	1,108	95	1,305
Financial payments	-159	-888	-814	-1,543
Cash flow from disposal group classified as held for sale	-	685	-27	658
Cash flow for the period	-261	905	-746	420

## Consolidated balance sheet

SEK m	2017/03/31	2016/03/31	2016/12/31
<b>ASSETS</b>			
Goodwill	5,243	4,046	5,070
Other intangible assets	180	114	172
Property, plant and equipment	807	698	811
Financial assets	14,449	12,882	13,783
Inventories etc.	1,275	1,194	1,165
Current receivables	1,863	1,467	1,740
Cash and bank	1,046	1,743	1,307
<b>Total assets</b>	<b>24,863</b>	<b>22,144</b>	<b>24,048</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to parent company shareholders	20,006	18,011	19,212
Non-controlling interests	105	105	107
<i>Total equity</i>	<i>20,111</i>	<i>18,116</i>	<i>19,319</i>
Interest-bearing long-term liabilities	553	903	735
Non-interest-bearing long-term liabilities	355	265	347
Interest-bearing current liabilities	2,098	1,446	2,042
Non-interest-bearing current liabilities	1,746	1,414	1,605
<b>Equity and liabilities</b>	<b>24,863</b>	<b>22,144</b>	<b>24,048</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 2016	133	-58	417	15,588	0	16,080
Total comprehensive income for the period			-23	4,245	-3	4,219
Non-controlling interests on acquisitions					110	110
Issued call options		29		-4		25
Exercise of call options				5		5
Own shares repurchase		-43				-43
Dividends				-1,077		-1,077
Closing balance 31 Dec 2016	133	-72	394	18,757	107	19,319
Opening balance 1 Jan 2017	133	-72	394	18,757	107	19,319
Total comprehensive income for the period			33	760	-2	791
Exercise of call options				1		1
Dividends						0
Closing balance 31 Mars 2017	133	-72	427	19,518	105	20,111

## Key ratios, Group\*

	2017/03/31	2016/03/31	2016/12/31
Return on equity (%)	11	37	21
Return on total capital (%)	11	28	17
Equity ratio (%)	81	82	80
Adjusted equity ratio <sup>1</sup> (%)	92	91	91
Adjusted equity <sup>1</sup> (SEK m)	51,995	41,554	47,208
Surplus value in associated companies <sup>2</sup> (SEK m)	31,884	23,438	27,889
Net debt/equity ratio (%)	5	6	3
Net debt/EBITDA	2.2	2.1	1.2
Listed share price (SEK)	358	337	342
Repurchased shares	323,500	402,500	323,500
Average number of repurchased shares	323,500	402,500	362,956
Average number of employees	4,549	3,976	4,244
Outstanding convertible bonds	-	-	-
Issued warrants	-	-	-
Issued call options on repurchased shares	627,000	662,500	612,500

\* 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	2017 Q1	2016 Q1	12 mths Apr-Mar 2016/2017	Full Year 2016
Income from interests i Group companies	-	-	-	-
Income from interest in associates companies	-	1,431	565	1,996
Income from portfolio management	-	-	1	1
Management costs	-3	-2	-11	-10
Profit before financial items	-3	1,429	555	1,987
Interest income and similar items	-	-	-	-
Interest expense and similar items	-	-	-1	-1
Profit after financial items	-3	1,429	554	1,986
Taxes	-	-	-	-
Profit for the period	-3	1,429	554	1,986

## Parent company statement of comprehensive income

SEK m	2017 Q1	2016 Q1	12 mths Apr-Mar 2016/2017	Full Year 2016
Profit for the period	-3	1,429	554	1,986
Change in fair value reserve for the period	-	-	-	-
Total other comprehensive income	-	-	-	-
Comprehensive income for the period	-3	1,429	554	1,986

## Parent company balance sheet

SEK m	2017/03/31	2016/03/31	2016/12/31
<b>ASSETS</b>			
Financial assets	7,760	7,712	10,304
Current receivables from Group companies	2,543	3,223	-
Other current liabilities	4	3	2
Cash and bank	-	5	5
Total assets	10,307	10,943	10,311
<b>EQUITY AND LIABILITIES</b>			
Equity	10,306	10,836	10,308
Interese-bearing long-term lilabilities	-	100	-
Non-interest-bearing long-term liabilities	-	5	-
Interese-bearing current liabilities	-	-	-
Non-interest-bearing current liabilities	1	2	3
Equity and liabilities	10,307	10,943	10,311

## Parent company statement of changes in equity

SEK m	2017/03/31	2016/03/31	2016/12/31
Amount at beginning of year	10,308	9,407	9,407
Total comprehensive income for the period	-3	1,429	1,986
Dissolution of reserve for fund and coupon shares	-	-	5
Issued call options	1	-	5
Exercise of call options	-	-	25
Repurchased treasury shares	-	-	-43
Dividends	-	-	-1,077
Amount at end of year	10,306	10,836	10,308

## Segment reporting:

### Development by business area 1 Jan 2017 - 31 March 2017

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
INCOME							
External sales	444	479	283	1,029	34		2,269
Internal sales							-
RESULT							
Operating profit	62	33	89	68	-12		240
Income from portfolio management						381	381
Finance income							32
Finance expense							-42
Taxes							-57
Profit for the period							554
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	3	10	4	14	10		41
intangible assets	32	11		148			191
Depreciation/amortisation	-3	-9	-7	-21	-5		-45

## Segment reporting:

### Development by business area 1 Jan 2016 - 31 March 2016

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
INCOME							
External sales	383	349	224	833	29		1,818
Internal sales		5					5
RESULTS							
Operating result	52	36	68	45	189		390
Income from portfolio management						1,271	1,271
Finance income							17
Finance expense							-29
Taxes							-47
Profit for the period							1,602
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	1	6	2	6	5		20
intangible assets		47		1	284		332
Depreciation/amortisation	-3	-7	-6	-19	-4		-39

## Change in consolidated interest-bearing net debt

SEK m	2016/12/31	Change in cash	Change in loans	Other changes	2017/03/31
Interest-bearing receivables	24			-17	7
Cash	1,307	-261			1,046
Pensions provisions	-39				-39
Long-term liabilities	-696		183		-513
Utilised bank overdraft facilities	-52		-7		-59
Interest-bearing current liabilities	-1,990		-50		-2,040
Interest-bearing net debt	-1,446	-261	126	-17	-1,598

## Five-year overview\*

SEK m	2017	2016	2015	2014	2013
Net sales, SEK m	8,795	8,344	8,555	7,581	6,944
Operating profit, SEK m	1,054	1,021	975	746	621
Income from interest in associated companies, SEK m	1,783	2,676	1,952	1,347	1,060
Income from portfolio management, SEK m	88	101	1,493	36	43
Profit after finance items, SEK m	2,899	3,754	4,405	2,064	1,710
Earnings per share, SEK	16	23	26	12	9
Return on equity, %	14	21	28	15	13
Return on total capital, %	13	17	22	13	12
Adjusted equity ratio, %	92	91	89	86	88
Net debt/equity ratio, %	5	3	5	10	7
Listed share price, SEK	358	342	312	203	172

\* 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
13 February 2017	Safegard System Ltd.	Ireland	Swegon	76
8 Mars 2017	Puvab AB	Sweden	Hultafors Group	42

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	4
Property, plant and equipment	4
Financial assets	1
Inventories	13
Account receivable	19
Other receivable	2
Cash	9
Long-term liabilities	-6
Current liabilities	-23
Net identifiable assets and liabilities	23
Group goodwill	173
Total purchase price	196
Additional purchase price	-52
Cash settlement purchase price	144
Acquisition of non-cash items	-1
Acquired cash	-9
Effect of Group cash	134

During the first quarter of 2017, Latour acquired the entire shareholdings of Safegard System Ltd. and Puvab AB.

Safegard contributed SEK 10 m in income and SEK 2 m in operating profit. Puvab contributed SEK 4 m in income and SEK 1 m in operating profit. 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 3 m. Estimated additional purchase prices amounting to SEK 37 m for the acquisition of Safegard and SEK 15 m for the acquisition of Puvab 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 2016 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 2017.

### Financial instruments – Fair value

THE GROUP 31 March 2017

	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	428 <sup>1</sup>					428
Other long-term securities holdings	0 <sup>2</sup>					0
Other long-term receivables				7 <sup>3</sup>		7
Listed shares, trading		45 <sup>1</sup>				45
Unrealised gains, currency derivatives			19 <sup>2</sup>			19
Other current receivables				1 604 <sup>3</sup>		1,604
Cash				1 046 <sup>3</sup>		1,046
<b>Total</b>	<b>428</b>	<b>45</b>	<b>19</b>	<b>2,657</b>	<b>0</b>	<b>3,149</b>
<b>FINANCIAL LIABILITIES</b>						
Long-term loans					514 <sup>3</sup>	514
Bank overdraft facilities					59 <sup>3</sup>	59
Current loans					2 039 <sup>3</sup>	2,039
Other liabilities					1 004 <sup>3</sup>	1,004
Unrealised gains, currency derivatives			17 <sup>2</sup>			17
<b>Total</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>3,616</b>	<b>3,633</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.

The basis of fair value for listed financial assets is the quoted market price on the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments 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 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	2017	2016					2015				
	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT *</b>											
Net sales	2,269	8,344	2,315	2,033	2,179	1,818	8,555	2,284	2,079	2,161	2,030
Cost of goods sold	-1,327	-4,859	-1,361	-1,182	-1,262	-1,055	-5,295	-1,417	-1,276	-1,339	-1,260
Gross profit	942	3,485	954	851	917	763	3,260	865	803	822	770
Costs etc. for the operation	-702	-2,464	-723	-579	-606	-373	-2,285	-596	-544	-580	-565
Operating profit	240	1,021	231	272	311	390	975	269	259	242	205
Total portfolio management	381	2,761	526	579	385	1,271	3,430	1,543	463	759	665
Profit before financial items	621	3,782	757	851	696	1,661	4,405	1,812	722	1,001	870
Net financial items	-10	-28	-18	15	-13	-12	-43	-11	-33	-18	19
Profit after financial items	611	3,754	739	866	683	1,649	4,362	1,081	689	983	889
Taxes	-57	-267	-87	-72	-61	-47	-245	-56	-52	-81	-56
Profit for the period	554	3,670	652	794	622	1,602	4,117	1,745	637	902	833
<b>KEY RATIOS</b>											
Earnings per share, SEK	3.48	23.01	4.10	4.97	3.90	10.05	25.81	10.94	3.99	5.65	5.22
Cash flow for the period	-261	420	206	203	-895	905	527	476	45	29	-23
Adjusted equity ratio, %	92	91	91	90	90	91	89	89	86	86	87
Adjusted equity	51,995	47,208	47,208	47,319	43,272	41,546	43,161	43,161	36,936	37,171	39,271
Net asset value	60,742	55,500	55,500	55,673	51,083	48,665	50,572	50,572	43,833	44,150	46,379
Net asset value per share, SEK	381	348	348	349	320	305	317	317	275	277	291
Listed share price, SSEK	358	342	342	351	314	337	312	312	265	228	247
<b>NET SALES</b>											
Hultafors Group	444	1,698	498	395	422	383	1,549	446	390	362	350
Latour Industries	479	1,671	477	419	421	354	1,289	377	311	311	290
Nord-Lock Group	283	927	240	229	234	224	797	193	198	197	208
Swegon	1,029	3,913	1,063	947	1,070	833	3,559	927	861	928	842
	2,235	8,209	2,278	1,990	2,147	1,794	7,194	1,943	1,760	1,798	1,690
Other companies and eliminations *	34	135	37	43	32	24	1,361	341	319	363	340
	2,269	8,344	2,315	2,033	2,179	1,818	8,555	2,284	2,079	2,161	2,030
<b>OPERATING PROFIT</b>											
Hultafors Group	62	264	95	56	60	52	218	75	54	48	42
Latour Industries	33	167	35	45	51	36	176	53	44	41	37
Nord-Lock Group	89	270	61	69	72	68	236	54	59	57	66
Swegon	68	351	81	101	124	45	270	78	74	80	39
	252	1,052	272	271	307	201	900	260	231	226	184
Gain/loss from sale/purchase of busi	-5	-21	-24	-4	-1	191	-2	-3	6	-3	-2
Other companies and items *	-7	-10	-17	5	5	-2	77	12	22	19	23
	240	1,021	231	272	311	390	975	269	259	242	205
<b>OPERATING MARGIN (%)</b>											
Hultafors Group	14.0	15.6	19.1	14.3	14.2	13.7	14.1	16.8	13.8	13.2	11.9
Latour Industries	6.9	10.0	7.2	10.7	12.2	10.3	13.6	14.1	14.1	13.3	12.7
Nord-Lock Group	31.5	29.2	25.6	30.1	30.9	30.1	29.7	27.9	30.0	28.9	31.6
Swegon	6.6	9.0	7.6	10.6	11.6	5.4	7.6	8.4	8.7	8.6	4.6
	11.3	12.8	11.9	13.6	14.4	11.3	12.5	13.4	13.1	12.6	10.9

\* 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-Mar 2017:  $554/159,636,500 \times 1,000=3.48$

Jan-Mar 2016:  $1,602/159,557,500 \times 1,000=10.05$

### Diluted earnings per share

Calculations:

Jan-Mar 2017:  $554/160,253,833 \times 1,000=3.47$

Jan-Mar 2016:  $1,602/160,220,000 \times 1,000=10.00$

### 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 borrowings

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.

Investment AB Latour (publ)  
Corporate ID no. 556026-3237  
J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden  
Tel +46 31 89 17 90, Fax +46 31 45 60 63  
[info@latour.se](mailto:info@latour.se), [www.latour.se](http://www.latour.se)