



2017

YEAR-END REPORT

# Year-end report 2017

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 95 per share, compared with SEK 87 per share at the beginning of the year. This is an increase of 11.6 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 9.5 per cent. The net asset value was SEK 93 per share at 14 February.<sup>1</sup>
- The total return on the Latour share was 20.3 per cent during the year compared with 9.5 per cent for the SIXRX.
- The Board of Directors proposes that the dividend be increased to SEK 2.25 (2.00) per share.

## INDUSTRIAL OPERATIONS

### Fourth quarter

- The industrial operations' order intake rose 11 per cent to SEK 2,528 m (2,276), which represents a 4 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 16 per cent to SEK 2,645 m (2,278), which represents an 8 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 18 per cent to SEK 321 m (272), which equates to an operating margin of 12.1 (11.9) per cent for continuing operations.
- Latour Industries made three minor acquisitions during the quarter. These were Micor AB for LSAB, NODA AB for BEMSIQ and Hakaser Oy for DENSIQ.

### Full year

- The industrial operations' order intake rose 18 per cent to SEK 9,901 m (8,384), which represents a 6 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 19 per cent to SEK 9,748 m (8,199), which represents a 6 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 12 per cent to SEK 1,181 m (1,052), which equates to an operating margin of 12.1 (12.8) per cent for continuing operations.
- Seven acquisitions were completed in the wholly-owned industrial operations during the year. These contribute annualised net sales of around SEK 750 m.

## THE GROUP

- Consolidated net sales totalled SEK 9,930 m (8,344) and profit after financial items rose 7 per cent to SEK 3,063 m (2,864) adjusted for capital gains. The capital gains amounted to SEK 6 m (890).
- Consolidated profit after tax was SEK 2,788 m (3,670), which is equivalent to SEK 4.37 (5.75) per share. Excluding capital gains, profit increased to SEK 4.36 (4.07) per share. This represents an increase of 7.1 per cent.
- Net debt at the end of December was SEK 4,084 m (1,446) and is equivalent to 6.3 per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- During the year, the value of the investment portfolio increased by 11.9 per cent adjusted for dividends and net investments. The benchmark index (SIXRX) rose 9.5 per cent.
- The acquisition of 689,000 shares increased the ownership stake in Tomra to 26.3 per cent of the capital in the first and second quarters.
- During the third quarter, 26.7 per cent of the shares in Alimak Group were acquired, making it a new long-term holding in Latour's investment portfolio.

## EVENTS AFTER THE REPORTING PERIOD

- There were no material events subsequent to the end of the reporting period.

<sup>1</sup> The calculation of the net asset value on 14 February 2018 was based on the value of the investment portfolio at 1 p.m. on 14 February and the same values as at 31 December 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 had a market value of about SEK 47 billion as at 31 December 2017. The wholly-owned industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock Group and Swegon. In 2017, they generated a turnover of SEK 10 billion.

## Comments from the CEO

"The wholly-owned industrial operations have experienced vigorous growth throughout the year and in the fourth quarter too. We can report organic growth of 4 per cent in order intake and of 8 per cent in invoiced sales for the fourth quarter. Including acquisitions and foreign exchange effects, order intake grew in total by 11 per cent and invoiced sales by 16 per cent in 2017. At the close of the year, the order backlog stood at SEK 1,183 m (1,023), up 16 per cent on the previous year. Although comparative figures gradually became tougher as the year progressed, we have managed to continue our organic growth. In absolute terms, we are yet again able to report the best quarter ever, with an operating profit that rose to SEK 321 m (272) to give an operating margin of 12.1 (11.9) per cent. Moreover, this excellent close has given us our best full-year profit to date of SEK 1,181 m (1,052).

We are continuing to invest resources consistently in product development, sales and marketing, and to improve the digital presence of our business areas. As far as we can see, the economic climate remains strong in the markets where we are primarily represented, i.e. mainly in the Nordic countries and the rest of western Europe. However, we are still finding that capacity issues in the construction industry are hampering growth somewhat and this is resulting in delays. In our industrial operations, it is mainly Swegon that is feeling the repercussions of this. Outside of Europe, we are viewing developments in Asia, including China and India, with continued optimism, even though the industrial operations do not yet have a significant stake there. Nord-Lock is continuing to report pleasing growth in Asia, with organic growth exceeding 20 per cent in 2017. There is still some uncertainty about North America, although not for Nord-Lock which has experienced 19 per cent growth during the year.

Three minor acquisitions were made in the industrial operations in the fourth quarter, all of them within Latour Industries. Read more about our acquisitions and disposals on page 4 in the report. All in all, this means that transactions made during 2017 represent approximately 8 per cent growth on an annual basis for the industrial operations.

Thanks to our growth and stable earnings performance, we are as firmly positioned as before to think and act ahead no matter how the markets change. Our healthy financial position allows for investments of more than SEK 3 billion.

Those of our listed holdings that have reported so far have posted strong, stable reports for the fourth quarter and the pleasing performance for the whole of 2017 means that dividends received in spring 2018 increases by about 17 per cent.

The value of the investment portfolio has increased during the year by 11.9 per cent, adjusted for dividends and net investments, while the benchmark index (SIXRX) was up 9.5 per cent. In the same period, the net asset value in Latour increased by 11.6 per cent to SEK 95 per share, adjusted for dividends.

Once again, it gives me great pleasure to be able to round off a year with the assurance that our businesses are stronger than ever. Overall, we are able to report that the operating profit continues to grow, despite major investments that are recognised in the income statement. The Board of Directors proposes that the dividend be increased by 12.5 per cent to SEK 2.25 (2.00) per share."

*Jan Svensson  
President and Chief Executive Officer*

# Industrial operations

## Order intake, invoiced sales and earnings

The order intake increased in the fourth quarter by 11 per cent to SEK 2,528 m (2,276), which is equivalent to 4 per cent organic growth. Invoiced sales rose 16 per cent to SEK 2,645 m (2,278), which is equivalent to 8 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 18 per cent to SEK 321 m (272) in the quarter. The operating margin was 12.1 (11.9) per cent.

The cumulative amount of the order intake increased by 18 per cent to SEK 9,901 m (8,384), which is equivalent to 6 per cent organic growth. Invoiced sales rose 19 per cent to SEK 9,748 m (8,199), which is equivalent to 6 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 12 per cent to SEK 1,181 m (1,052). The operating margin was 12.1 (12.8) per cent.

The above figures do not include the jointly-owned subsidiaries that are not subsidiaries of the wholly-owned business areas. See the separate report on page 5.

## Acquisitions/disposals

In the fourth quarter, three acquisitions were made for the wholly-owned industrial operations. Latour Industries acquired two small businesses in October. Its subsidiary LSAB acquired the saw blade manufacturer Micor, based in Laholm. Micor has 19 employees and annual sales of approximately SEK 27 m. The subsidiary BEMSIQ acquired remaining shares in NODA, a company that specialises in energy optimisation for district heating grids. Its business model is based on recurring license fees. The company has 15 employees and annual sales of approximately SEK 5 m. Finally, the subsidiary DENSIQ acquired the Finnish company Hakaser Oy in December. Hakaser specialises in the repair and maintenance of industrial valves for process-related industries in the Finnish market. The acquisition was part of DENSIQ's strategy to bolster its position as an end-to-end service provider of sealing technology solutions and to enhance its geographic coverage in the Nordic region. Hakaser generates sales of EUR 1.4 m and has 8 employees.

AVT within Latour Industries was sold during the quarter. The reason for the sale was the process of streamlining its operations that has been underway for some time within Latour, plus the fact that AVT does not meet Latour's investment criteria. In 2016, the company generated sales of SEK 52 m (55) with an operating profit of SEK 1 m (2). As the business is small, the transaction has only a very marginal impact on the results and financial position of the Group.

Several acquisitions were made earlier in the year. In February, Swegon acquired the Irish company Safegard System Ltd. 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 March, Hultafors Group acquired Puvab AB, a Swedish company specialising in protective wear for the energy and utility sector. It 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 April, through its subsidiary REAC, Latour Industries acquired the German company AAT, which is a leading supplier of powered stair climbing solutions and add-on drive products to the European mobility rehab market. The acquisition enhances REAC's product range, which provides a good base for further growth within interesting market segments. AAT generates annual sales of approximately EUR 18 m and has 72 employees.

In May, Latour Industries also acquired VIMEC in Italy, a leading manufacturer of platform lifts and stair lifts. The acquisition of VIMEC was a natural next step for Latour Industries after the acquisition of the Swedish lift manufacturer Aritco in the spring of 2016. VIMEC generates annual sales of approximately EUR 45 m and has 166 employees.

In the first quarter, Latour-Gruppen increased its ownership stake in Diamorph from 26.4 per cent to 28.2 per cent.

# Industrial operations summary

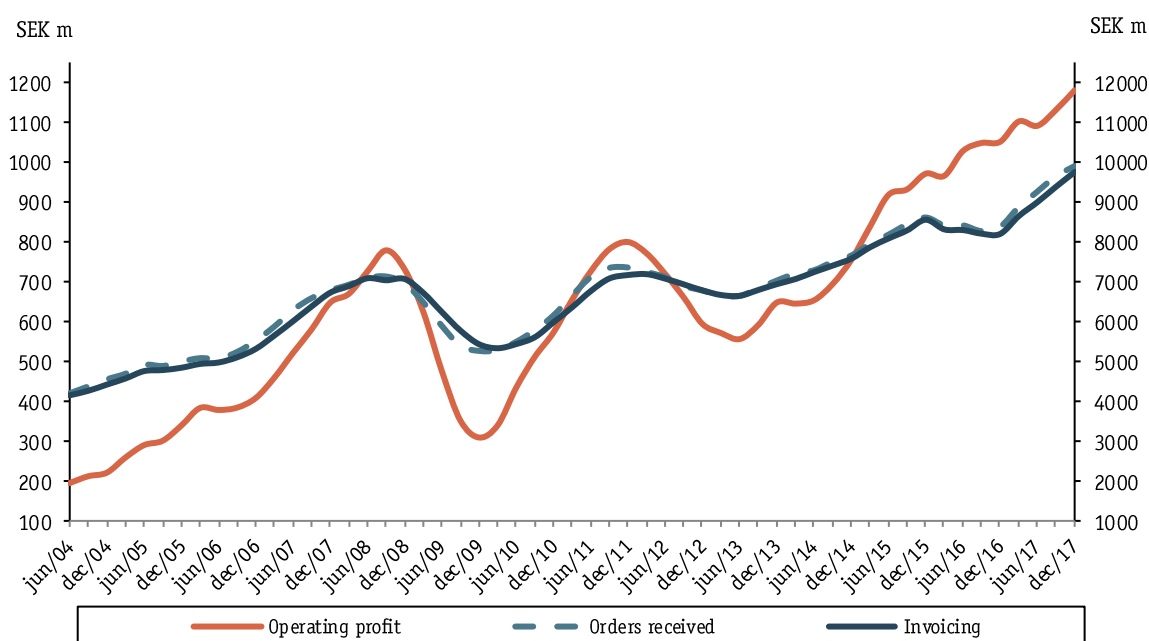
## Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Hultafors Group	542	498	1,901	1,698	92	95	287	264	17.0	19.1	15.1	15.6
Latour Industries	706	477	2,357	1,671	55	35	173	167	7.8	7.2	7.4	10.0
Nord-Lock Group	268	240	1,114	927	76	61	340	270	28.3	25.6	30.5	29.2
Swegon	1,130	1,063	4,378	3,913	98	81	381	351	8.7	7.6	8.7	9.0
Eliminations	-1	-	-2	-10	-	-	-	-	-	-	-	-
	2,645	2,278	9,748	8,199	321	272	1,181	1,052	12.1	11.9	12.1	12.8
Part-owned subsidiaries	54	37	182	145	8	-3	-	-2	15.5	-3.5	0.1	-1.2
	2,699	2,315	9,930	8,344	329	269	1,181	1,050	12.1	11.6	11.7	12.5
Gain/loss from sale/purchase of businesses	-	-	-	-	-10	-24	-30	-21				
Other companies and items	-	-	-	-	-22	-14	-26	-8				
	2,699	2,315	9,930	8,344	297	231	1,125	1,021				

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	Organic	Currency	quisitions
Hultafors Group	1,256	1,230	22.8	21.5	11.9	9.3	0.3	2.1
Latour Industries	2,697	1,901	6.4	8.8	41.1	6.1	0.7	32.2
Nord-Lock Group	950	877	35.8	30.8	20.2	15.4	-0.3	4.4
Swegon	2,903	2,510	13.1	14.0	11.9	3.1	0.6	7.9
Total	7,806	6,518	15.1	16.1	18.9	6.4	0.5	11.3

<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 Q4	2016 Q4	2017 Full Year	2016 Full Year
Net sales	542	498	1,901	1,698
EBITDA	96	99	300	279
EBITA	92	96	287	267
EBIT	92	95	287	264
EBITA %	17.0	19.3	15.1	15.7
EBIT %	17.0	19.1	15.1	15.6
Total growth %	8.8	11.6	11.9	9.7
Organic %	6.5	10.4	9.3	10.8
Exchange effects %	-0.6	1.1	0.3	-1.0
Acquisitions %	2.8	-	2.1	-
Average number of employees	700	696	696	685

#### Highlights

- Good organic growth during the quarter with increasing demand across all the product areas and most markets.
- Sales of safety footwear under the brand names Solid Gear and Toe Guard are continuing to increase through our European sales companies and growth of 44 per cent was reported for the quarter.
- Strong earnings as a consequence of the robust growth.

#### Breakdown of net sales

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Workwear	284	268	960	855
Tools	144	140	548	522
Ladders	41	40	158	158
Safety Shoes	74	51	235	163
	542	498	1,901	1,698
Pro forma adjustment <sup>1</sup>			7	
Trailing 12 month pro forma			1,908	

<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 Q4	2016 Q4	2017 Full Year	2016 Full Year
Net sales	706	477	2,357	1,671
EBITDA	70	43	224	200
EBITA	61	37	191	173
EBIT	55	35	173	167
EBITA %	8.7	7.7	8.1	10.4
EBIT %	7.8	7.2	7.4	10.0
Total growth %	48.0	26.4	41.1	29.6
Organic %	10.7	0.3	6.1	2.4
Exchange effects %	0.2	0.5	0.7	-0.9
Acquisitions %	33.4	25.4	32.2	27.6
Average number of employees	1,713	1,150	1,422	1,143

#### Highlights

- Strong invoiced sales during the quarter, net sales increased by 48 per cent, with organic growth accounting for 11 per cent.
- The operating profit was up slightly during the quarter but is still unsatisfactory.
- Major investments in marketing, sales and product development.
- Acquisition of NODA for Bemsig, Micor for LSAB in October, and Hakaser for DENSIQ in December. See page 4 for further information.

#### Breakdown of net sales

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Produal	48	48	188	182
Kabona	38	46	145	154
Ecopilot	1	-	6	-
Elvaco	38	25	110	84
Bastec	15	16	53	48
Noda	2	-	2	-
Elimination	-3	-2	-13	-5
Sum Bemsig	140	133	490	464
Aritco Group	139	98	458	222
VIMEC	126	-	276	-
REAC	121	79	445	341
LSAB Group	138	118	502	457
DENSIQ	41	34	143	135
AVT	-	15	43	52
	706	477	2,357	1,671
Pro forma adjustment <sup>1</sup>			200	
Trailing 12 month pro forma			2,557	

<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 Q4	2016 Q4	2017 Full Year	2016 Full Year
Net sales	268	240	1,114	927
EBITDA	84	70	368	295
EBITA	77	63	345	275
EBIT	76	61	340	270
EBITA %	28.8	26.2	31.0	29.7
EBIT %	28.3	25.6	30.5	29.2
Total growth %	12.0	23.8	20.2	16.3
Organic %	16.5	8.4	15.4	4.8
Exchange effects %	-4.0	3.2	-0.3	-0.1
Acquisitions %	-	10.7	4.4	11.1
Average number of employees	505	459	488	426

### Highlights

- During the quarter, net sales rose 12 per cent, with organic growth accounting for 17 per cent.
- The order intake was up 15 per cent organically in the quarter.
- Sales growth was strong in Europe with 21 per cent growth in the quarter. And in the Americas, growth was 16 per cent.
- The operating profit continued to perform strongly and rose 25 per cent during the quarter over the previous year period.

### Breakdown of net sales

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Europe	129	107	534	453
Americas	74	64	317	253
Asia Pacific	57	59	233	189
Emerging markets	8	10	31	32
	268	240	1,114	927

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma 1,114

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

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Net sales	1,130	1,063	4,378	3,913
EBITDA	117	100	462	427
EBITA	100	83	391	358
EBIT	98	81	381	351
EBITA %	8.9	7.8	8.9	9.2
EBIT %	8.7	7.6	8.7	9.0
Total growth %	6.3	14.6	11.9	9.9
Organic %	5.2	4.7	3.1	8.4
Exchange effects %	-0.9	2.0	0.6	-0.8
Acquisitions %	2.0	7.3	7.9	2.2
Average number of employees	2,289	2,106	2,228	1,958

### Highlights

- Net sales rose 6 per cent in the quarter, of which 5 per cent was organic growth.
- Earnings performance improved slightly over the previous year due to an increase in invoiced sales during the quarter.
- Swegon's order backlog was SEK 100 m higher at the close of the year than at the beginning of 2017.
- Products launched in previous years have been well received by the market. Significant investment has been made in product development, digitisation and production efficiencies.
- The most recent acquisitions, Safegard and Swegon Air Management in the UK and Ireland, continue to deliver robust performances.

### Breakdown of net sales

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Sweden	256	249	1,022	971
Rest of Nordic region	211	213	817	776
Rest of world	663	601	2,539	2,166
	1,130	1,063	4,378	3,913

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma 4,386

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

(SEK m)	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Cooling	316	292	1,242	1,185
Home Solutions	92	78	358	276
Light Commercial	55	58	220	222
Commercial Ventilation	628	583	2,404	2,032
North America	67	66	248	247
Eliminations	-28	-14	-94	-49
	1,130	1,063	4,378	3,913

**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.

**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, this is reflected in the table 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 therefore 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.

During the period, the net asset value increased to SEK 95 per share from SEK 87 at the beginning of the year. The net asset value consequently increased by 11.6 per cent, adjusted for dividends, compared against SIXRX which increased by 9.5 per cent.

SEK m	Net sales <sup>1</sup>	EBIT <sup>2</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	1,908	287	11 – 15	3,157 – 4,305	3,731	5 – 7
Latour Industries	2,556	175	12 – 16	2,100 – 2,800	2,450	3 – 4
Nord-Lock Group	1,114	340	12 – 16	4,080 – 5,440	4,760	6 – 9
Swegon	4,386	382	13 – 17	4,966 – 6,494	5,730	8 – 10
	9,964	1,184		14,303 – 19,039		22 – 30
Industrial operations valuation, average					16,671	26
Listed shares (see table on page 9 for breakdown)					47,446	74
Unlisted part-owned companies						
Diamorph <sup>5</sup> , 28,2%					246	1
Neuffer <sup>5</sup> , 66.1 %					197	0
Oxeon <sup>4</sup> , 31.6 %					15	0
Terratech <sup>5</sup> , 21,6 %					45	0
Other assets						
Short trading portfolio					40	0
Dilution effect of option programme					-55	0
Consolidated net debt					-4,084	-6
Estimated value					60,521	95
					(58 153 – 62 889)	(91 – 98)

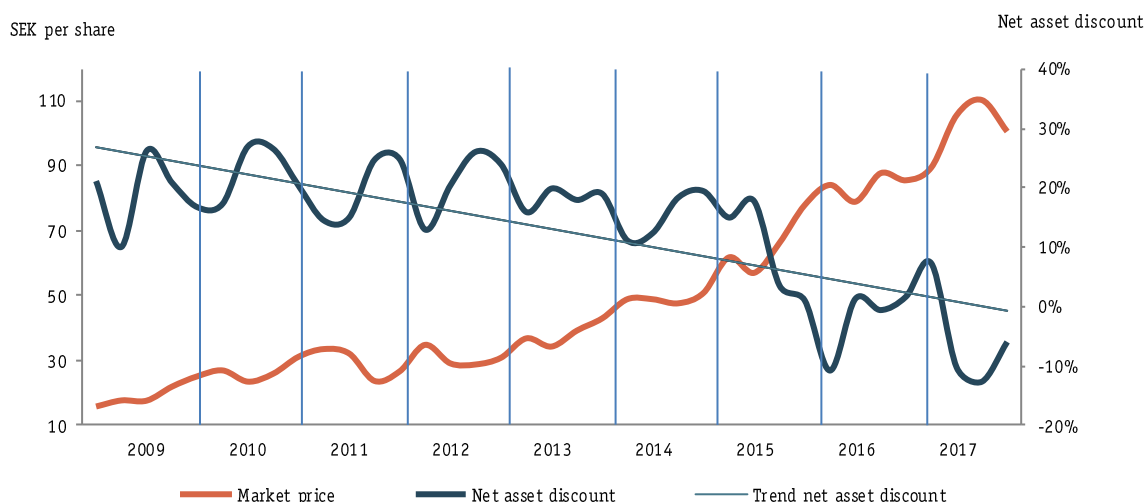
<sup>1</sup> Trailing 12 months for current company structure. EBIT is reported before restructuring costs.

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



## The investment portfolio 31 December 2017

During the year, the value of the investment portfolio increased by 11.9 per cent, adjusted for dividends and net investments, while the benchmark index (SIXRX) was up 9.5 per cent.

In the first and second quarters, the share of equity in

Tomra increased to 26.3 per cent following the acquisition of 689,000 shares. In the third quarter, Latour became the principal owner of Alimak Group with the acquisition of 14,461,809 shares, representing 26.7 per cent of the voting rights and capital.

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> %
Alimak Group	14,461,809	1,942	128	1,851	26.7	26.7
Assa Abloy <sup>5</sup>	105,495,729	1,697	170	17,976	29.5	9.5
Fagerhult	55,861,200	571	101	5,614	48.8	48.3
HMS Networks	12,109,288	250	124	1,501	25.9	25.9
Loomis <sup>5</sup>	2,528,520	44	345	871	23.8	3.4
Nederman	3,512,829	306	250	878	30.0	30.0
Nobia <sup>6</sup>	4,649,894	94	69	323	2.8	2.7
Securitas <sup>5</sup>	39,732,600	1,081	143	5,690	29.6	10.9
Sweco <sup>5</sup>	32,622,480	445	182	5,931	21.0	26.8
Tomra <sup>7</sup>	39,000,000	2,000	132 NOK	5,134	26.4	26.3
Troax	6,020,000	397	279	1,677	30.1	30.1
Total		8,827		47,446		

<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.

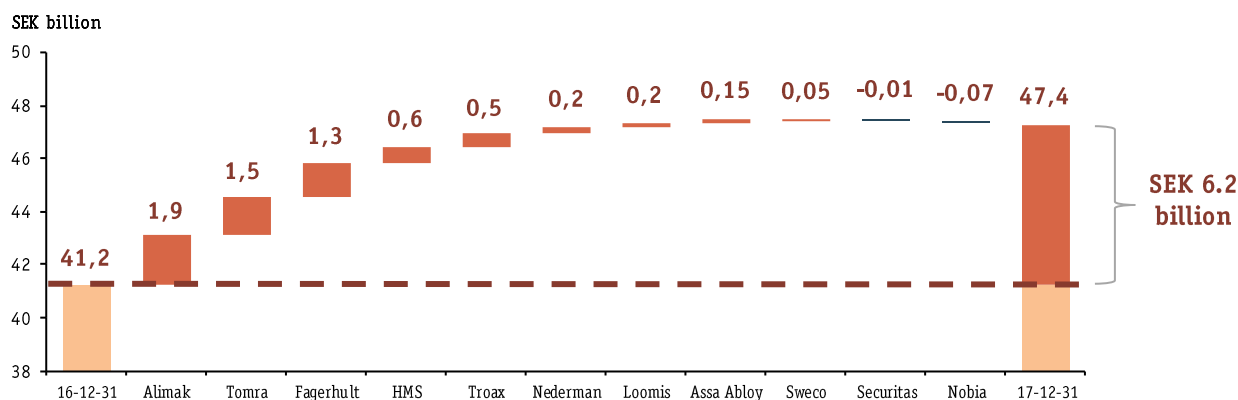
<sup>4</sup> Share of equity calculated based on total number of shares issued.

<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.

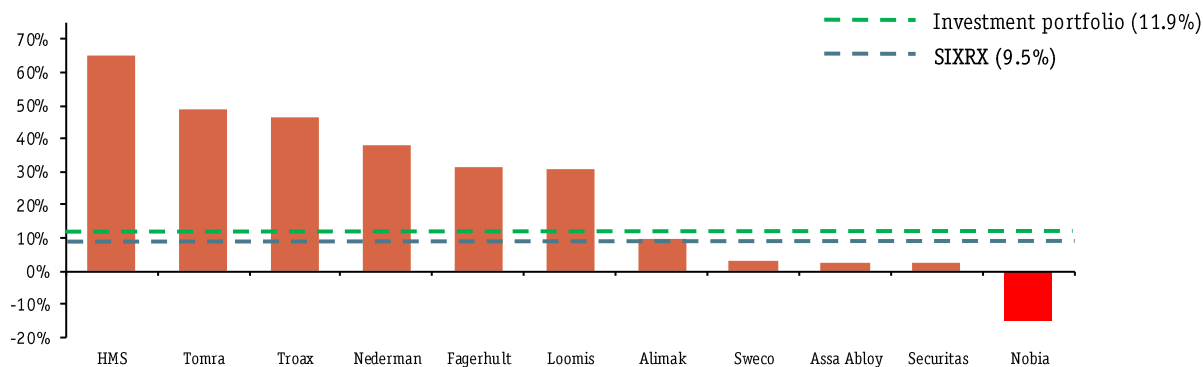
<sup>7</sup> At the end of the report period, the listed share price was NOK 131.50 which has been translated to SEK at the exchange rate on the balance sheet date.

### Investment portfolio during 2017



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

### Total return 2017 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 3,069 m (3,754). Of this figure, SEK 6 m (890) is capital gains. Profit after tax was SEK 2,788 m (3,670), which is equivalent to SEK 4.37 (5.75) per share. Of this figure, SEK 0.01 (1.68) per share is capital gains.

The Group's cash in hand and liquid investments reached SEK 626 m (1,307). Interest-bearing debt, excluding pension liabilities, totalled SEK 4,667 m (2,738). The Group's net debt, including pension liabilities, was SEK 4,084 m (1,446). The equity ratio was 88 (90) 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 268 m (263) was invested in property, plant and equipment, of which SEK 145 m (193) was machinery and equipment, SEK 29 m (22) vehicles and SEK 94 m (48) buildings. Out of total investments for the year, SEK 103 m (79) refers to fixed assets in new acquisitions.

## Parent company

The parent company's profit after financial items was SEK 1,078 m (1,986). The parent company's equity ratio was 100 (100) per cent.

A 4-for-1 share split was implemented on 21 June. Not including repurchased shares, the number of outstanding shares at 31 December 2017 amounts to 638,848,000. At the end of the period, Latour holds 992,000 repurchased class B shares. The total number of issued call options is 1,062,000, which give the right to purchase 2,439,000 shares.

The number of class A shares issued is 47,642,448 and the number of class B shares is 592,197,552.

## Events after the reporting period

There were no material events subsequent to the end of the reporting period.

## Dividends

The Board of Directors proposes an increase of the regular dividend to SEK 2.25 (2.00) per share. In absolute terms, this corresponds to a dividend payout of SEK 1,437 m.

## 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 eleven 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 is generally influenced to a higher degree by changes attributable to these operations. On the whole, Latour is deemed to have a good risk diversification in its portfolio, which covers several industries, with a certain emphasis on sectors linked to the construction industry. Construction can also be divided into several dimensions, such as new builds or government-subsidised repair, conversion or extension work, locally or globally, and housing, office and industrial premises or infrastructure projects. No material risks are deemed to have arisen other than those described in Note 35 of Latour's Annual Report 2016.

## Accounting policies

The Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, "Accounting for Legal Entities". The Latour Group applies the same accounting policies and basis of preparation in the interim reports as in the latest annual report.

None of the published standards and interpretations that are mandatory for the Group for the 2017 financial year have had any impact on the Group's financial statements.

### *IFRS 9 Financial instruments*

IFRS 9 comprises three parts: Classification and measurement; Impairment; and Hedge accounting. Latour's reporting of financial instruments is only marginally affected by this new accounting standard. No impact has been identified relating to the classification and measurement requirements. With regard to impairment, the impact of the impairment model for expected credit losses is likely to be immaterial. No impact has been identified relating to the hedge accounting requirements. Since the impacts are immaterial, the transition to the 2018 opening balance is not affected.

### *IFRS 15 Revenue from contracts with customers*

Latour has opted to use the prospective approach, which means that prior-year comparatives will not have to be restated. Our analysis of the effects of the transition to IFRS 15 shows that there will be no material changes regarding the identification of the performance obligations or allocation of the transaction price to the performance obligations, or regarding the timing of revenue recognition when the performance obligations have been met. This means that the IFRS 15 standard is not expected to have a significant impact on revenue recognition compared with current revenue recognition standards.

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.

### **Nomination Committee**

The Nomination Committee for the Annual General Meeting on 9 May 2018 comprises the following members:

Gustaf Douglas (chair, principal owner)

Fredrik Palmstierna (the Palmstierna family, including companies)

Olle Nordström (Skirner AB)

Johan Strandberg (SEB funds)

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

Gothenburg, 15 February 2018  
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 10.00 a.m. today.

The number to call is +46 (0)8 566 426 93. 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 – March 2018 will be published on 26 April 2018*

*The Annual General Meeting will be held on 9 May 2018 at Radisson Blu Scandinavia in Gothenburg.*

*The interim report for the period January – June 2018 will be published on 21 August 2018*

*The interim report for the period January – September 2018 will be published on 6 November 2018*

*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 15 February 2018, at 08.30 CET.*

## Consolidated income statement

SEK m	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Net sales	2,699	2,315	9,930	8,344
Cost of goods sold	-1,600	-1,361	-5,885	-4,859
Gross profit	1,099	954	4,045	3,485
Sales costs	-511	-460	-1,856	-1,615
Administrative costs	-221	-182	-837	-663
Research and development costs	-93	-67	-286	-229
Other operating income	78	38	141	106
Other operating expenses	-55	-52	-82	-63
Operating profit	297	231	1,125	1,021
Income from interests in associates	515	461	2,006	2,676
Income from portfolio management	-5	69	10	101
Management costs	-4	-4	-18	-16
Profit before financial items	803	757	3,123	3,782
Finance income	24	34	137	83
Finance expense	-46	-52	-191	-111
Profit after financial items	781	739	3,069	3,754
Taxes	-83	-87	-281	-267
Net income of disposal group classified as held for sale and discontinued operations	-	-	-	183
Profit for the period	698	652	2,788	3,670
Attributable to:				
Parent company shareholders	698	654	2,793	3,673
Non-controlling interests	-	-2	-5	-3
Earnings per share regarding profit attributable to parent company shareholders <sup>1</sup>				
Basic share, SEK	1.09	1.02	4.37	5.75
Diluted share, SEK	1.09	1.02	4.36	5.73
Average number of basic shares outstanding <sup>1</sup>	638,456,500	638,546,000	638,719,595	638,414,600
Average number of diluted shares outstanding <sup>1</sup>	640,698,500	640,996,000	640,982,564	640,793,016
Number of outstanding shares <sup>1</sup>	638,848,000	638,546,000	638,848,000	638,546,000

<sup>1</sup> Comparative years recalculated with regard to the 4:1 share split carried out in June 2017.

## Consolidated statement of comprehensive income

SEK m	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Profit for the period	698	652	2,788	3,670
Other comprehensive income:				
Items that will not be recycled to the income statement				
Restatement of net pension obligations	-7	2	-7	2
	-7	2	-7	2
Items that may subsequently be recycled to the income statement				
Change in translation reserve for the period	117	-15	72	134
Change in fair value reserve for the period	-55	16	-72	-98
Change in hedging reserve for the period	-21	20	-34	-59
	-	5	-	5
Change in associated companies' equity	-313	-5	-436	565
	-272	21	-470	547
Other comprehensive income, net after tax	-279	23	-477	549
Comprehensive income for the period	419	675	2,311	4,219
Attributable to:				
Parent company shareholders	419	677	2,316	4,222
Non-controlling interests	-	-2	-5	-3

## Consolidated cash flow statement

SEK m	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Operating cash flows before movements in working capital	284	240	1 031	943
Movements in working capital	164	195	-104	-128
Operating cash flows	448	435	927	815
Acquisitions of subsidiaries	-66	-17	-662	-1 098
Sale of subsidiaries	7	-	7	-
Other investments	-78	-89	-191	-201
Portfolio management	-16	132	-2 036	1 789
Cash flow after investments	295	461	-1 955	1 305
Financial payments	-355	-228	1 258	-1 543
Cash flow from disposal group classified as held for sale	-	-27	-	658
Cash flow for the period	-60	206	-697	420

## Consolidated balance sheet

SEK m	2017/12/31	2016/12/31
<b>ASSETS</b>		
Goodwill	5,796	5,070
Other intangible assets	210	172
Property, plant and equipment	885	811
Financial assets	16,508	13,783
Inventories etc.	1,455	1,165
Current receivables	1,977	1,740
Cash and bank	626	1,307
<b>Total assets</b>	<b>27,457</b>	<b>24,048</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves attributable to parent company shareholders	20,245	19,212
Non-controlling interests	102	107
<i>Total equity</i>	<i>20,347</i>	<i>19,319</i>
Interest-bearing long-term liabilities	596	735
Non-interest-bearing long-term liabilities	391	347
Interest-bearing current liabilities	4,146	2,042
Non-interest-bearing current liabilities	1,977	1,605
<b>Equity and liabilities</b>	<b>27,457</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				5		5
Exercise of call options		29		-4		25
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			-37	2,350	-2	2,311
Non-controlling interests on acquisitions				-1	-3	-4
Issued call options		37		-9		28
Exercise of call options				7		7
Own shares repurchase		-37				-37
Dividends				-1,277		-1,277
Closing balance 31 December 2017	133	-72	357	19,827	102	20,347

## Key ratios, Group\*

	2017/12/31	2016/12/31
Return on equity (%)	14	21
Return on total capital (%)	13	17
Equity ratio (%)	74	80
Adjusted equity ratio <sup>1</sup> (%)	88	91
Adjusted equity <sup>1</sup> (SEK m)	51,758	47,208
Surplus value in associated companies <sup>2</sup> (SEK m)	31,411	27,889
Net debt/equity ratio 1 (%) <sup>4</sup>	7.9	3.1
Net debt/equity ratio 2 (%) <sup>5</sup>	6.3	2.5
Listed share price (SEK)	101	86
Repurchased shares <sup>3</sup>	992,000	1,294,000
Average number of repurchased shares <sup>3</sup>	1,141,858	1,451,824
Average number of employees	4,902	4,244
Issued call options on repurchased shares	1,062,000	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.

<sup>3</sup> Comparative years recalculated with regard to the 4:1 share split carried out in June 2017.

<sup>4</sup> The ratio of net debt to adjusted equity.

<sup>5</sup> The ratio of net debt to the market value of total assets.

## Parent company income statement

SEK m	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Income from interests i Group companies	-	-	425	-
Income from interest in associates companies	-	-	666	1,996
Income from portfolio management	-	-	-	1
Management costs	-4	-3	-13	-10
Profit before financial items	-4	-3	1,078	1,987
Interest income and similar items	-	-	-	-
Interest expense and similar items	-	-	-	-1
Profit after financial items	-4	-3	1,078	1,986
Taxes	-	-	-	-
Profit for the period	-4	-3	1,078	1,986

## Parent company statement of comprehensive income

SEK m	2017 Q4	2016 Q4	2017 Full Year	2016 Full Year
Profit for the period	-4	-3	1,078	1,986
Change in fair value reserve for the period	-	-	-	-
Total other comprehensive income	0	0	0	0
Comprehensive income for the period	-4	-3	1,078	1,986

## Parent company balance sheet

SEK m	2017/12/31	2016/12/31
<b>ASSETS</b>		
Financial assets	9,661	10,304
Current receivables from Group companies	447	-
Other current liabilities	2	2
Cash and bank	-	5
Total assets	10,110	10,311
<b>EQUITY AND LIABILITIES</b>		
Equity	10,107	10,308
Interese-bearing long-term lilabilities	-	-
Non-interest-bearing long-term liabilities	-	-
Interese-bearing current liabilities	-	-
Non-interest-bearing current liabilities	3	3
Equity and liabilities	10,110	10,311

## Parent company statement of changes in equity

SEK m	2017/12/31	2016/12/31
Amount at beginning of year	10,308	9,407
Total comprehensive income for the period	1,078	1,986
Dissolution of reserve for fund and coupon shares	-	5
Issued call options	7	5
Exercise of call options	28	25
Repurchased treasury shares	-37	-43
Dividends	-1,277	-1,077
Amount at end of year	10,107	10,308

## Segment reporting:

### Development by business area 1 Jan 2017 – 31 Dec 2017

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
INCOME							
External sales	1,901	2,355	1,114	4,378	182		9,930
Internal sales		2					2
RESULT							
Operating profit	287	173	340	381	-56		1,125
Income from portfolio management						1,998	1,998
Finance income							137
Finance expense							-191
Taxes							-281
Profit for the period							2,788
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	9	136	27	65	31		268
intangible assets	20	646	6	175			847
Depreciation/amortisation	14	51	29	81	19		194

## Segment reporting:

### Development by business area 1 Jan 2016 – 31 Dec 2016

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
INCOME							
External sales	1,698	1,662	927	3,912	145		8,344
Internal sales		9		1			10
RESULTS							
Operating result	264	167	270	351	-31		1,021
Income from portfolio management						2,761	2,761
Finance income							83
Finance expense							-111
Taxes							-267
Profit for the disposal group classified as held for sale							183
Profit for the period							3,670
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	20	72	59	88	24		263
intangible assets		762	66	252	285		1,365
Depreciation/amortisation	15	33	25	76	18		167

## Change in consolidated interest-bearing net debt

SEK m	2016/12/31	Change in cash	Change in loans	Other changes	2017/12/31
Interest-bearing receivables	24			8	32
Cash	1,307	-681			626
Pensions provisions	-39			-36	-75
Long-term liabilities	-696		175		-521
Utilised bank overdraft facilities	-52		-99		-151
Interest-bearing current liabilities	-1,990		-2,005		-3,995
Interest-bearing net debt	-1,446	-681	-1,929	-28	-4,084

## Five-year overview\*

SEK m	2017	2016	2015	2014	2013
Net sales, SEK m	9,930	8,344	8,555	7,581	6,944
Operating profit, SEK m	1,125	1,021	975	746	621
Income from interest in associated companies, SEK m	2,006	2,676	1,952	1,347	1,060
Income from portfolio management, SEK m	-8	101	1,493	36	43
Profit after finance items, SEK m	3,069	3,754	4,405	2,064	1,710
Earnings per share, SEK <sup>1</sup>	4	6	6	3	2
Return on equity, %	14	21	28	15	13
Return on total capital, %	13	17	22	13	12
Adjusted equity ratio, %	88	91	89	86	88
Net debt/equity ratio, %	8	3	5	10	7

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

<sup>1</sup> Comparative years recalculated with regard to the 4:1 share split carried out in June 2017.

## Note 1 Business combinations

### Specification of acquisitions

Transfer date		Country	Business area	Number of employees
13 February 2017	Safegard System Ltd.	Ireland	Swegon	24
8 Mars 2017	Puvab AB	Sweden	Hultafors Group	49
3 April 2017	AAT GmbH	Germany	Latour Industries	72
18 May 2017	VIMEC S.R.L	Italy	Latour Industries	166
11 October 2017	Noda Intelligent System AB	Sweden	Latour Industries	16
12 October 2017	Micor AB	Sweden	Latour Industries	19
19 December 2017	Hakaser Oy	Finland	Latour Industries	8

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	236
Property, plant and equipment	111
Financial assets	10
Inventories	122
Account receivable	117
Other receivable	32
Cash	38
Long-term liabilities	-192
Current liabilities	-206
Net identifiable assets and liabilities	268
Group goodwill	563
Total purchase price	836
Additional purchase price	-120
Cash settlement purchase price	698
Acquisition of non-cash items	-1
Acquired cash	-35
Effect of Group cash	662

During 2017, Latour acquired the entire shareholdings of Safegard System Ltd., Puvab AB, AAT GmbH, VIMEC SRL, Noda Intelligent System AB, Micor AB and Hakaser Oy.

Safegard contributed SEK 43 m in income and SEK 17 m in operating profit. Puvab contributed SEK 41 m in income and SEK -2 m in operating loss. AAT contributed SEK 119 m in income and SEK 12 m in operating profit. VIMEC contributed SEK 275 m in income and SEK 27 m in operating profit. Noda contributed SEK 2 m in income and SEK -2 m in operating loss. Micor contributed SEK 4 m in income and SEK 0 m in operating profit. Hakaser has not contributed any income or 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 20 m. Estimated additional purchase prices amounting to SEK 37 m for the acquisition of Safegard, SEK 3 m for the acquisition of Puvab, SEK 48 m for the acquisition of AAT, and SEK 5 m for the acquisition of Hakaser have been booked.

## Note 2 Information regarding financial assets and liabilities

The table below discloses how fair value is determined for financial instruments in the statement on financial position. Fair value is determined according to three different levels. 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 in 2017 compared with the 2016 annual accounts.

### Financial instruments – Fair value

THE GROUP 31 Dec 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	323 <sup>1</sup>					323
Other long-term securities holdings	9 <sup>2</sup>					9
Other long-term receivables				32 <sup>3</sup>		32
Listed shares, trading		40 <sup>1</sup>				40
Unrealised gains, currency derivatives			0 <sup>2</sup>			0
Other current receivables				1 750 <sup>3</sup>		1,750
Cash				626 <sup>3</sup>		626
<b>Total</b>	<b>332</b>	<b>40</b>	<b>0</b>	<b>2,408</b>	<b>0</b>	<b>2,780</b>
<b>FINANCIAL LIABILITIES</b>						
Long-term loans					522 <sup>3</sup>	522
Bank overdraft facilities					151 <sup>3</sup>	151
Current loans					3 995 <sup>3</sup>	3,995
Other liabilities					1 125 <sup>3</sup>	1,125
Unrealised gains, currency derivatives			20 <sup>2</sup>			20
<b>Total</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>5,793</b>	<b>5,813</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				
	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT *</b>															
Net sales	9,930	2,699	2,423	2,538	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	-5,885	-1,600	-1,445	-1,512	-1,327	-4,859	-1,361	-1,182	-1,262	-1,055	-5,295	-1,417	-1,276	-1,339	-1,260
Gross profit	4,045	1,099	978	1,026	942	3,485	954	851	917	763	3,260	865	803	822	770
Costs etc. for the operation	-2,920	-802	-669	-747	-702	-2,464	-723	-579	-606	-373	-2,285	-596	-544	-580	-565
Operating profit	1,125	297	309	279	240	1,021	231	272	311	390	975	269	259	242	205
Total portfolio management	1,998	506	514	597	381	2,761	526	579	385	1,271	3,430	1,543	463	759	665
Profit before financial items	3,123	803	823	876	621	3,782	757	851	696	1,661	4,405	1,812	722	1,001	870
Net financial items	-54	-22	-11	-11	-10	-28	-18	15	-13	-12	-43	-11	-33	-18	19
Profit after financial items	3,069	781	812	865	611	3,754	739	866	683	1,649	4,362	1,081	689	983	889
Taxes	-281	-83	-73	-68	-57	-267	-87	-72	-61	-47	-245	-56	-52	-81	-56
Profit for the period	2,788	698	739	797	554	3,670	652	794	622	1,602	4,117	1,745	637	902	833
<b>KEY RATIOS</b>															
Earnings per share, SEK <sup>1</sup>	4.37	1.09	1.16	1.25	3.48	5.75	1.03	1.24	0.98	2.51	6.45	2.74	1.00	1.41	1.31
Cash flow for the period	-697	-60	-135	-241	-261	420	206	203	-895	905	527	476	45	29	-23
Adjusted equity ratio, %	88	88	88	90	92	91	91	90	90	91	89	89	86	86	87
Adjusted equity	51,758	51,758	54,343	53,222	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	60,521	60,521	62,625	61,450	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 <sup>1</sup>	95	95	98	96	95	87	87	87	80	76	79	79	69	69	73
Listed share price, SEK <sup>1</sup>	101	101	110	105	90	86	86	88	79	84	78	78	66	57	62
<b>NET SALES</b>															
Hultafors Group	1,901	542	454	460	444	1,698	498	395	422	383	1,549	446	390	362	350
Latour Industries	2,357	706	601	571	479	1,671	477	419	421	354	1,289	377	311	311	290
Nord-Lock Group	1,114	268	277	286	283	927	240	229	234	224	797	193	198	197	208
Swegon	4,378	1,130	1,043	1,177	1,029	3,913	1,063	947	1,070	833	3,559	927	861	928	842
	9,750	2,646	2,375	2,494	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 *	180	53	49	44	34	135	37	43	32	24	1,361	341	319	363	340
	9,930	2,699	2,424	2,538	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	287	92	68	64	62	264	95	56	60	52	218	75	54	48	42
Latour Industries	173	55	49	36	33	167	35	45	51	36	176	53	44	41	37
Nord-Lock Group	340	76	88	86	89	270	61	69	72	68	236	54	59	57	66
Swegon	381	98	104	110	68	351	81	101	124	45	270	78	74	80	39
	1,181	321	309	297	252	1,052	272	271	307	201	900	260	231	226	184
Gain/loss from sale/purchase of busi	-30	-10	-5	-10	-5	-21	-24	-4	-1	191	-2	-3	6	-3	-2
Other companies and items *	-26	-14	5	-8	-7	-10	-17	5	5	-2	77	12	22	19	23
	1,125	297	309	279	240	1,021	231	272	311	390	975	269	259	242	205
<b>OPERATING MARGIN (%)</b>															
Hultafors Group	15.1	17.0	15.0	14.0	14.0	15.6	19.1	14.3	14.2	13.7	14.1	16.8	13.8	13.2	11.9
Latour Industries	7.4	7.8	8.2	6.3	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	30.5	28.3	31.8	30.2	31.5	29.2	25.6	30.1	30.9	30.1	29.7	27.9	30.0	28.9	31.6
Swegon	8.7	8.7	10.0	9.4	6.6	9.0	7.6	10.6	11.6	5.4	7.6	8.4	8.7	8.6	4.6
	12.1	12.1	13.1	11.9	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, when the business was divested.

<sup>1</sup> Comparative years recalculated with regard to the 4:1 share split carried out in June 2017.

## 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-Dec 2017:  $2,793/638,719,595 \times 1,000=4.37$

Jan-Dec 2016:  $3,673/638,414,600 \times 1,000=5.75$

### Diluted earnings per share

Calculations:

Jan-Dec 2017:  $2,793/640,982,564 \times 1,000=4.36$

Jan-Dec 2016:  $3,673/640,793,016 \times 1,000=5.73$

### 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.

### Net debt/equity ratio

The ratio of net borrowings to either adjusted equity or the market value of total assets.

### 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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