



2018

INTERIM REPORT
JANUARY - MARCH

Interim report January - March 2018

NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 99 per share, compared with SEK 95 per share at the beginning of the year. This is an increase of 4.1 per cent. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) decreased by 0.5 per cent. The net asset value was SEK 97 per share at 25 April.¹
- In the period, the total return on the Latour share fell by 6 per cent measured against the SIXRX, which was down by 0.5 per cent.

INDUSTRIAL OPERATIONS

- The industrial operations' order intake rose 14 per cent to SEK 2,752 m (2,426 m), which represents a 6 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 15 per cent to SEK 2,553 m (2,219 m), which represents a 7 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 11 per cent to SEK 279 m (251 m), which equates to an operating margin of 10.9 per cent (11.3) for continuing operations.
- In March, Latour Industries sold its subsidiary Kabona and acquired the Swiss company Sensortec through its subsidiary Bemsig.

THE GROUP

- Consolidated net sales totalled SEK 2,590 m (2,269 m) and profit after financial items rose 7 per cent to SEK 656 m (611 m).
- Consolidated profit after tax was SEK 586 m (554 m), which is equivalent to SEK 0.92 (0.87) per share. This represents an increase of 6 per cent.
- Net debt at the end of March was SEK 4,338 m (1,598 m) and is equivalent to 6 per cent of the market value of total assets.
- In February, Latour established a Medium Term Note (MTN) programme with an aggregate nominal amount of SEK 4 billion and, in March, implemented a successful issue of the company's first bonds with a total value of SEK 2.5 billion.

INVESTMENT PORTFOLIO

- During the first quarter, the value of the investment portfolio increased by 4.2 per cent adjusted for dividends and net investments. The benchmark index (SIXRX) decreased by 0.5 per cent.
- During the quarter, the ownership stake in Alimak Group increased to 28.2 per cent of the capital following the acquisition of 800,000 shares.

EVENTS AFTER THE REPORTING PERIOD

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

¹ The calculation of the net asset value on 25 April 2018 was based on the value of the investment portfolio at 1 p.m. on 25 April and the same values as 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 ten substantial holdings that on 31 March 2018 had a market value of about SEK 50 billion. 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 almost SEK 10 billion.

Comments from the CEO

"The positive trend experienced by Latour's wholly-owned industrial operations in 2017 has continued in the first quarter with both organic and acquisition-based growth. Organic order intake is up by 6 per cent and invoiced sales by 7 per cent. In total, including acquisitions, order intake grew by 14 per cent and invoiced sales by 15 per cent. The order backlog at the close of the period is SEK 1,338 m (1,219 m), up 10 per cent on the previous year's value. This strong growth means that in absolute terms we are yet again able to report the best first quarter ever, with an operating profit that rose to SEK 279 m (251 m) to give an operating margin of 10.9 per cent (11.3). The fact that part of the Easter weekend fell in March this year has affected earnings adversely to some extent.

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. There is more uncertainty about developments in North America. 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. In the industrial operations, it is primarily Nord-Lock that is represented in Asia, where it continues to perform well with 28 per cent organic growth in the first quarter. As in the past, we are constantly investing more resources into product development, sales and marketing, and into improving the digital presence of our business areas.

During the quarter, two transactions were made in the industrial operations, both in Latour Industries. Sensortec has been acquired for Bemsig AB, and Kabona has been sold. Read more about our acquisitions and disposals on page 4 in the report.

Thanks to our growth and stable earnings performance, we are as firmly positioned as before to think ahead and act proactively, regardless of the market climate. During the quarter, we registered a SEK 4 billion Medium Term Note (MTN) programme with the Swedish Financial Supervisory Authority (Finansinspektionen), which gives us yet another source of finance. This was followed up in March with a successful issue of Latour's first three bonds with a total value of SEK 2.5 billion.

Most of our listed holdings are presenting their report after Latour this quarter. Those that have been presented so far are generally showing strong and stable first-quarter performances.

The growth in value on the Stock Exchange has been weak during the beginning of the year and this is also reflected in the growth in value of our holdings. In spite of this, the value of the investment portfolio has increased by 4.2 per cent, adjusted for dividends and net investments, while the SIXRX benchmark index was down 0.5 per cent. The net asset value in Latour increased by 4.1 per cent to SEK 99 per share in the same period."

*Jan Svensson
President and Chief Executive Officer*

Industrial operations

Order intake, invoiced sales and earnings

The order intake increased in the first quarter by 14 per cent to SEK 2,752 m (2,426 m), which is equivalent to 6 per cent organic growth. Invoiced sales rose 15 per cent to SEK 2,553 m (2,219 m), which is equivalent to 7 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 11 per cent to SEK 279 m (251 m) in the quarter. The operating margin was 10.9 per cent (11.3).

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

One acquisition and one disposal were made in the first quarter, both in the Latour Industries business area.

In March, the subsidiary Kabona AB was sold to Nordomatic AB, the largest independent system integrator within building automation in the Nordic region. The transfer is in line with Latour's long-standing policy of streamlining its operations to include investments in companies with clear product ownership and opportunities for internationalisation. Kabona AB was divided into two separate companies in 2017, with Ecopilot AB taking over the product ownership of the Ecopilot product concept. Kabona AB has subsequently had a more streamlined focus on energy efficiency projects in building automation.

Also in March, the subsidiary Bemsig AB acquired Sensortec Holding AG, a leading Swiss company active in sensors and transmitters for building automation. Sensortec is based in Ins in the canton of Bern in Switzerland. The product range includes a full line of field units for building automation, as well as touchless sensors for automatic door systems marketed under the brand name of SENSIR. Most of its products are based on proprietary design and technology but the portfolio also includes selected third-party products from leading suppliers, such as Produal which is also part of Bemsig, in order to be able to offer a full range. The company has 10 employees and had an annual turnover of CHF 5.3 million in 2017.

Industrial operations summary

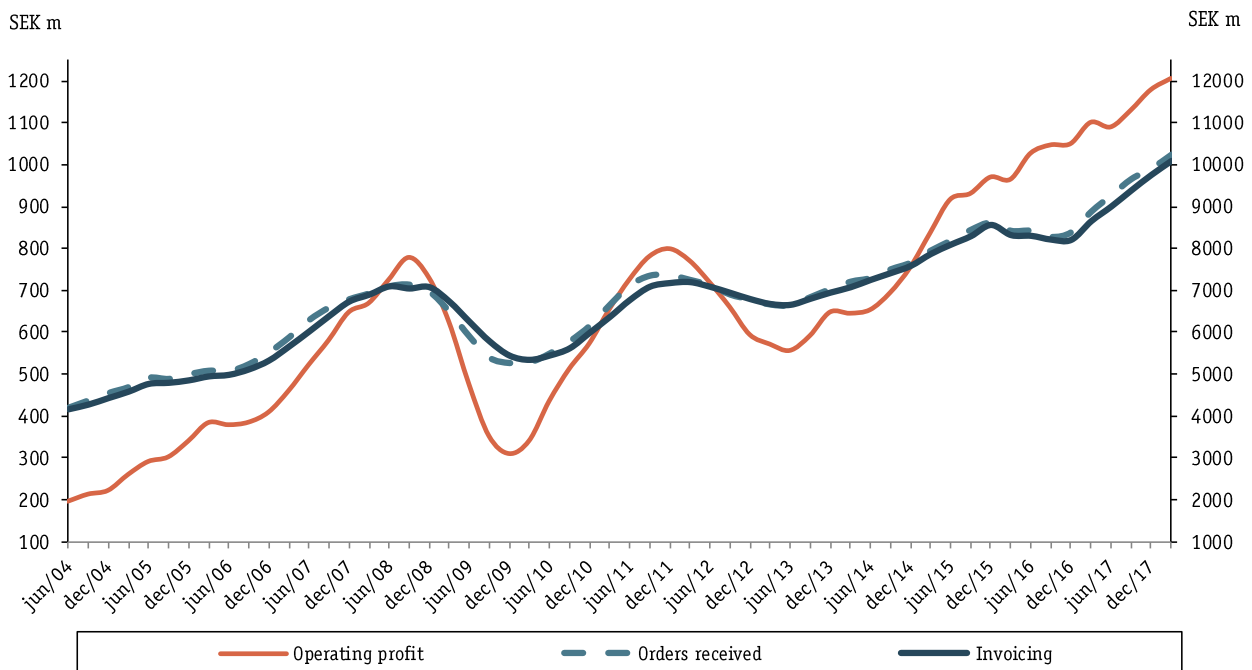
Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Hultafors Group	477	444	1,901	1,933	65	62	287	290	13.6	14.0	15.1	15.0
Latour Industries	652	464	2,314	2,502	31	32	171	170	4.7	6.9	7.4	6.8
Nord-Lock Group	303	283	1,114	1,135	94	89	340	345	30.9	31.5	30.5	30.4
Swegon	1,121	1,029	4,378	4,470	89	68	381	402	8.0	6.6	8.7	9.0
Eliminations	-	-	-2	-2	-	-	-	-	-	-	-	-
	2,553	2,220	9,705	10,038	279	251	1,179	1,207	10.9	11.3	12.1	12.0
Part-owned subsidiaries	37	34	182	185	-5	-6	-	1	-14.5	-9.8	0.1	-
	2,590	2,254	9,887	10,223	274	245	1,179	1,208	10.5	10.9	11.7	11.8
Gain/loss from sale/purchase of businesses	-	-	-	-	-1	-5	-30	-26				
Other companies and items	-	15	43	28	-6	-	-24	-30				
	2,590	2,269	9,930	10,251	267	240	1,125	1,152				

SEK m	Operating capital ¹		Return on operating capital %		Growth in net sales, 2018 %			
	2018 Trailing 12	2017 Trailing 12	2018 Trailing 12	2017 Trailing 12	Total	Organic	Currency	quisitions
Hultafors Group	1,274	1,232	22.7	22.2	7.3	3.7	1.8	1.6
Latour Industries	2,893	2,072	5.9	7.8	40.6	9.7	2.3	25.8
Nord-Lock Group	956	910	36.0	32.1	7.1	8.2	-1.0	-
Swegon	2,951	2,621	13.6	14.3	9.0	6.4	1.6	0.8
Total	8,074	6,835	14.9	16.1	15.0	6.9	1.5	6.1

¹ 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)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Net sales	477	444	1,901	1,933
EBITDA	68	65	300	303
EBITA	65	62	287	290
EBIT	65	62	287	290
EBITA %	13.6	14.0	15.1	15.0
EBIT %	13.6	14.0	15.1	15.0
Total growth %	7.3	16.2	11.9	
Organic %	3.7	14.2	9.3	
Exchange effects %	1.8	0.8	0.3	
Acquisitions %	1.6	0.9	2.1	
Average number of employees	729	687	697	

Highlights

- Although cold weather and fewer business days cause sales to decline slightly, the quarter sees continued growth.
- Demand increases across all the product areas and most of the markets. Growth is highest in the Netherlands and Ireland, while growth in Germany and the UK is below the previous year's figures.
- The continued growth results in a solid performance for the quarter.

Breakdown of net sales

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Personal Protective Equipment	300	277	1,195	1,218
Tools	136	130	548	554
Access Solutions	40	38	158	161
	477	444	1,901	1,933
Pro forma adjustment ¹				-
Trailing 12 month pro forma				1,933

¹ Pro forma for completed acquisitions.

Hultafors Group offers products within the segments Personal Protective Equipment, Tools and Access Solutions. 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)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Net sales	652	464	2,314	2,502
EBITDA	45	41	221	226
EBITA	36	34	189	191
EBIT	31	32	171	170
EBITA %	5.5	7.3	8.2	7.6
EBIT %	4.7	6.9	7.4	6.8
Total growth %	40.6	35.6	43.0	
Organic %	9.7	7.0	6.3	
Exchange effects %	2.3	0.6	0.7	
Acquisitions %	25.8	26.0	33.4	
Average number of employees	1,389	1,123	1,422	

Highlights

- Begins the year with strong invoiced sales, net sales increase by 41 per cent, with organic growth accounting for 10 per cent.
- Weak operating profit during the quarter, partly attributable to non-recurring expenses related to relocation, and to foreign exchange effects.
- Investments continue to be made in marketing, sales and product development.
- Two company transactions completed in March. The acquisition of Sensortec in Switzerland via Bemsig, and the sale of Kabona. See page 4 for further information.

Breakdown of net sales

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Produal	52	47	188	192
Ecopilot	1	1	6	5
Elvaco	35	26	110	119
Bastec	15	14	53	55
Elimination	-	-	-1	-2
Sum Bemsig	104	87	356	374
Aritco Group	126	101	458	484
VIMEC	111	-	276	386
REAC	117	80	445	482
LSAB	141	128	502	514
DENSIQ	32	32	143	144
Kabona	22	39	145	128
Elimination	-1	-3	-11	-9
	652	464	2,314	2,502

Pro forma adjustment¹

Trailing 12 month pro forma	2,541
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¹ 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)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Net sales	303	283	1,114	1,135
EBITDA	102	96	368	374
EBITA	96	91	345	351
EBIT	94	89	340	345
EBITA %	31.6	32.0	31.0	30.9
EBIT %	30.9	31.5	30.5	30.4
Total growth %	7.1	26.3	20.2	
Organic %	8.2	13.1	15.4	
Exchange effects %	-1.0	2.3	-0.3	
Acquisitions %	-	9.1	4.4	
Average number of employees	517	468	488	

Highlights

- Net sales continue to increase. During the quarter sales grew by 7 per cent, with organic growth accounting for 8 per cent.
- Strong upward sales trajectory in Asia Pacific with 28 per cent organic growth, and EMEA with 14 per cent growth.
- The sustained growth produces an operating profit that is 5 per cent up on the previous year's quarter.

Breakdown of net sales

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
EMEA	167	147	559	580
Americas	67	81	322	308
Asia Pacific	70	56	233	247
	303	283	1,114	1,135
Pro forma adjustment ¹				-
Trailing 12 month pro forma				1,135

¹ Pro forma for completed acquisitions.

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Net sales	1,121	1,029	4,378	4,470
EBITDA	112	89	462	485
EBITA	93	70	391	413
EBIT	89	68	381	402
EBITA %	8.3	6.8	8.9	9.2
EBIT %	8.0	6.6	8.7	9.0
Total growth %	9.0	23.5	11.9	
Organic %	6.4	10.1	3.1	
Exchange effects %	1.6	1.4	0.6	
Acquisitions %	0.8	10.6	7.9	
Average number of employees	2,233	2,165	2,228	

Highlights

- Organic net sales growth in all business units during the quarter.
- The Swedish market remains strong, while growth in the other Nordic countries has levelled off.
- The market in continental Europe remains at a stable level and sales in North America continue at a brisk pace.
- The order backlog is at a good level at the close of the period.
- Products launched in previous years continue to be well received by the market.

Breakdown of net sales

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Sweden	284	266	1,022	1,040
Rest of Nordic region	210	211	817	816
Rest of world	627	552	2,539	2,614
	1,121	1,029	4,378	4,470
Pro forma adjustment ¹				-
Trailing 12 month pro forma				4,470

¹ Pro forma for completed acquisitions.

(SEK m)	2018 Q1	2017 Q1	2017 Full Year	Trailing 12 mths
Cooling	276	257	1,241	1,261
Home Solutions	94	90	358	361
Light Commercial	54	51	220	223
Commercial Ventilation	564	504	2,068	2,128
North America	66	60	248	253
UK	136	121	502	517
Eliminations	-69	-55	-259	-273
	1,121	1,029	4,378	4,470

Nord-Lock Group is a world leader in secure bolting solutions. The Group offers a wide range of innovative technologies including Nord-Lock wedge-locking, Superbolt multi-jackbolt tensioning, Boltight hydraulic tensioning and Expander System pivot technology. With a global sales organization and international partners the customers benefit from bolting expertise and the optimum solution for any bolting challenge.

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 21 in Latour's Annual Report for 2017.

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 99 per share from SEK 95 at the beginning of the year. The net asset value thus increased by 4.1 per cent, while the SIXRX benchmark index decreased by 0.5 per cent.

SEK m	Net sales ¹	EBIT ¹	EBIT multiple	Valuation ² Range	Valuation ² Average	Valuation ² SEK/share ³ Range
Hultafors Group	1,933	290	11 – 15	3,190 – 4,350	3,770	5 – 7
Latour Industries	2,541	190	12 – 16	2,280 – 3,040	2,660	4 – 5
Nord-Lock Group	1,135	345	12 – 16	4,140 – 5,520	4,830	7 – 9
Swegon	4,471	402	13 – 17	5,226 – 6,834	6,030	8 – 11
	10,080	1,227		14,836 – 19,744		23 – 31
Industrial operations valuation, average					17,290	27
Listed shares (see table on page 9 for breakdown)					49,549	78
Unlisted part-owned companies						
Diamorph ⁵ , 28.2%					246	1
Neuffer ⁵ , 66.1 %					197	0
Oxeon ⁴ , 31.6 %					15	0
Terratech ⁵ , 21.6 %					45	0
Other assets						
Short trading portfolio					52	0
Dilution effect of option programme					-40	0
Consolidated net debt					-4,338	-7
Estimated value					63,016	99
					(60 562 – 65 470)	(95 – 103)

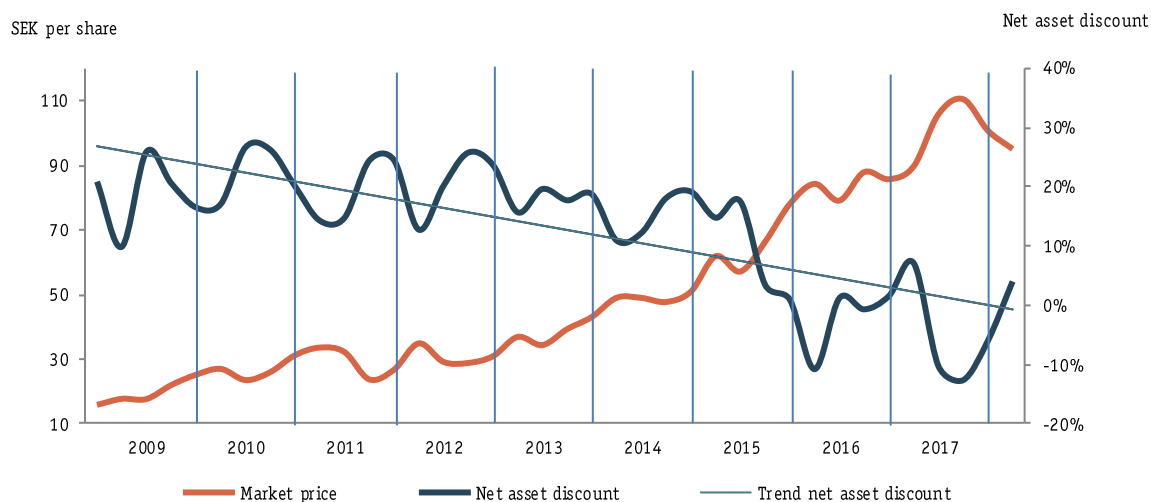
¹ Trailing 12 months for current company structure. EBIT is reported before restructuring costs.

² EBIT and EV/sales recalculated taking into consideration the listed share price on 31 March 2018 for comparable companies in each business area.

³ Calculated on the basis of the number of outstanding shares.

⁴ Valued according to the latest transaction.

⁵ Valued according to Latour's latest acquisition price.



The investment portfolio at 31 March 2018

During the first quarter, the value of the investment portfolio increased by 4.2 per cent, adjusted for dividends and net investments, while the SIXRX benchmark index was down 0.5 per cent.

During the quarter, the ownership stake in Alimak Group increased to 28.2 per cent of the capital following the acquisition of 800,000 shares.

Share ¹	Number	Cost SEK m	Listed share price ² SEK	Market value SEK m	Share of votes ³ %	Share of equity ⁴ %
Alimak Group	15,261,809	2,045	127	1,938	28.2	28.2
Assa Abloy ⁵	105,495,729	1,697	180	19,026	29.5	9.5
Fagerhult	55,861,200	571	102	5,698	48.8	48.3
HMS Networks	12,109,288	250	120	1,448	26.1	25.9
Loomis ⁵	2,528,520	44	300	760	23.8	3.4
Nederman	3,512,829	306	242	850	30.0	30.0
Nobia ⁶	4,649,894	94	75	350	2.8	2.7
Securitas ⁵	39,732,600	1,081	142	5,632	29.6	10.9
Sweco ⁵	32,622,480	445	173	5,627	21.0	26.8
Tomra ⁷	39,000,000	2,000	164 NOK	6,799	26.4	26.3
Troax	6,020,000	397	236	1,421	30.1	30.1
Total		8,930		49,549		

¹ All holdings except Nobia are reported as associated companies in the balance sheet.

² The last price paid is used as the listed share price.

³ Share of votes calculated after deduction of treasury shares.

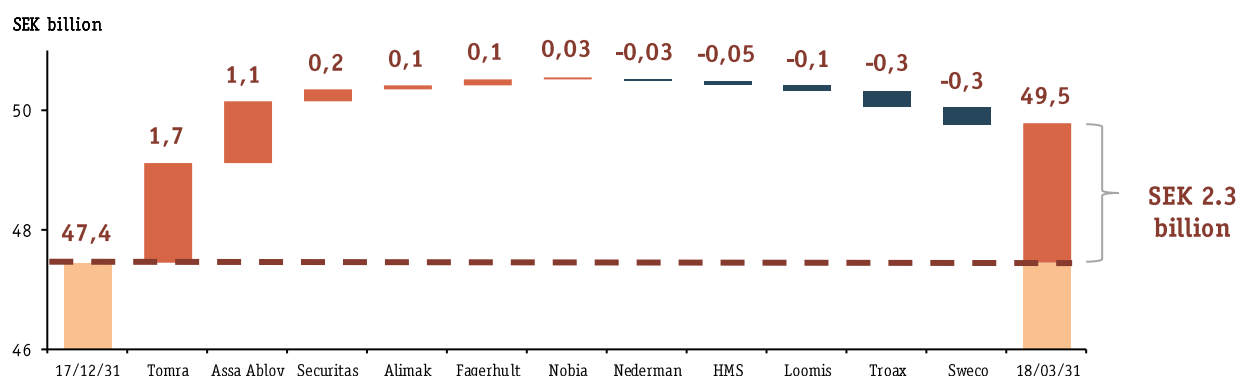
⁴ Share of equity calculated based on total number of shares issued.

⁵ 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.

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

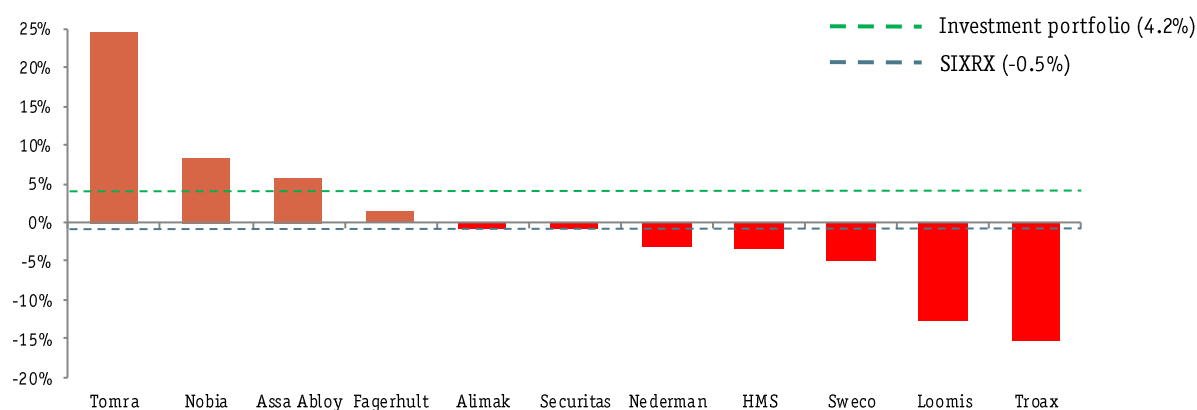
⁷ At the end of the report period, the listed share price was NOK 164 which has been translated to SEK at the exchange rate on the balance sheet date.

Investment portfolio during 2018



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

Total return 2018 for the portfolio companies



Results and financial position

The Group

The Group's profit after financial items was SEK 656 m (611 m). Of this figure, SEK 0 m (0 m) is capital gains. Profit after tax was SEK 586 m (554 m), which is equivalent to SEK 0.92 (0.87) per share.

The Group's cash in hand and liquid investments reached SEK 595 m (1,046 m). Interest-bearing debt, excluding pension liabilities, totalled SEK 4,888 m (2,612 m). The Group's net debt, including pension liabilities, was SEK 4,338 m (1,598 m). The equity ratio was 88 per cent (92) calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

During the quarter, Latour registered a SEK 4 billion Medium Term Note (MTN) programme with the Swedish Financial Supervisory Authority (Finansinspektionen), which gives yet another source of finance. This was followed up in March with a successful issue of Latour's first three bonds with a total value of SEK 2.5 billion which was used to amortise existing bank loans. The first bond loan amounts to SEK 1,000 m with a tenor of 4 years and carries a floating interest rate of three months STIBOR + a margin of 0.70 per cent annually. The other two bond loans were issued with a tenor of 2 years. One amounts to SEK 750 m and carries a floating interest rate of three months STIBOR + a margin of 0.40 per cent annually. The other loan amounts to SEK 750 m and carries a fixed rate of 0.24 per cent annually.

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 33 m (41 m) was invested in property, plant and equipment, of which SEK 22 m (30 m) was machinery and equipment, SEK 11 m (9 m) vehicles and SEK 0 m (2 m) buildings. Out of total investments for the year, SEK 0 m (4 m) refers to fixed assets in new acquisitions.

Parent company

The parent company's profit after financial items was SEK 3 m (-3 m). The parent company's equity ratio was 80 per cent (100).

The number of class A shares issued is 47,642,448 and the number of class B shares is 592,197,552. Not including repurchased shares, the number of outstanding shares on 31 March 2018 amounted 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.

Events after the reporting period

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 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 34 of Latour's 2017 Annual Report.

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.

The Group has started to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect as of 1 January 2018.

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 on opening balances can be identified relating to the hedge accounting requirements. Since the effects are immaterial, the opening balance for 2018 is not affected.

IFRS 15 provides a single model to determine how and when an entity should recognise revenue. Latour has opted to use the prospective approach, which means that prior-year comparatives will not be restated. Our analysis of the effects of the transition to IFRS 15 has shown that there were 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 has not had a significant impact on revenue recognition compared with the former revenue recognition standard.

The parent company's financial statements are not affected by the transition to IFRS 9 and IFRS 15.

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 indicators. 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 indicators 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 2017 are available for viewing on Latour's website www.latour.se.

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

Gothenburg 26 April 2018

Jan Svensson

President and CEO

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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.

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. The information was provided by the above contact persons for publication on 26 April 2018, at 07.30 AM (CET).

Consolidated income statement

SEK m	2018 Q1	2017 Q1	12 mths Apr-Mar 2017/2018	Full Year 2017
Net sales	2,590	2,269	10,251	9,930
Cost of goods sold	-1,544	-1,327	-6,102	-5,885
Gross profit	1,046	942	4,149	4,045
Sales costs	-487	-443	-1,900	-1,856
Administrative costs	-226	-208	-855	-837
Research and development costs	-83	-61	-308	-286
Other operating income	32	15	158	141
Other operating expenses	-15	-5	-92	-82
Operating profit	267	240	1,152	1,125
Income from interests in associates	394	383	2,017	2,006
Income from portfolio management	-9	2	-1	10
Management costs	-5	-4	-19	-18
Profit before financial items	647	621	3,149	3,123
Finance income	58	32	163	137
Finance expense	-49	-42	-198	-191
Profit after financial items	656	611	3,114	3,069
Taxes	-70	-57	-294	-281
Profit for the period	586	554	2,820	2,788
	-	-	-	-
Attributable to:				
Parent company shareholders	588	556	2,825	2,793
Non-controlling interests	-2	-2	-5	-5
Earnings per share regarding profit attributable to parent company shareholders ¹				
Basic share, SEK	0.92	0.87	4.43	4.37
Diluted share, SEK	0.92	0.87	4.41	4.36
Average number of basic shares outstanding ¹	638,848,000	638,546,000	638,794,060	638,719,595
Average number of diluted shares outstanding ¹	641,287,000	641,015,332	641,049,551	640,982,564
Number of outstanding shares ¹	638,848,000	638,546,000	638,848,000	638,848,000

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

Consolidated statement of comprehensive income

SEK m	2018 Q1	2017 Q1	12 mths Apr-Mar 2017/2018	Full Year 2017
Profit for the period	586	554	2,820	2,788
Other comprehensive income:				
Items that will not be recycled to the income statement				
Restatement of net pension obligations	-	-	-7	-7
	0	0	-7	-7
Items that may subsequently be recycled to the income statement				
Change in translation reserve for the period	192	4	260	72
Change in fair value reserve for the period	27	33	-78	-72
Change in hedging reserve for the period	-41	-4	-71	-34
Change in associated companies' equity	371	204	-269	-436
	549	237	-158	-470
Other comprehensive income, net after tax	549	237	-165	-477
Comprehensive income for the period	1,135	791	2,655	2,311
Attributable to:				
Parent company shareholders	1,137	793	2,660	2,316
Non-controlling interests	-2	-2	-5	-5

Consolidated cash flow statement

SEK m	2018 Q1	2017 Q1	12 mths Apr-Mar 2017/2018	Full Year 2017
Operating cash flows before movements in working capital	201	200	1,032	1,031
Movements in working capital	-220	-59	-265	-104
Operating cash flows	-19	141	767	927
Acquisitions of subsidiaries	-88	-134	-616	-662
Other investments	-43	-71	-163	-191
Portfolio management	-127	-38	-2,125	-2,036
Cash flow after investments	-239	-102	-2,092	-1,955
Financial payments	186	-159	1,603	1,258
Cash flow for the period	-53	-261	-489	-697

Consolidated balance sheet

SEK m	2018/03/31	2017/03/31	2017/12/31
ASSETS			
Goodwill	5,978	5,243	5,796
Other intangible assets	204	180	210
Property, plant and equipment	904	807	885
Financial assets	17,417	14,449	16,508
Inventories etc.	1,599	1,275	1,455
Current receivables	2,217	1,863	1,977
Cash and bank	595	1,046	626
Total assets	28,914	24,863	27,457
EQUITY AND LIABILITIES			
Capital and reserves attributable to parent company shareholders	21,377	20,006	20,245
Non-controlling interests	105	105	102
<i>Total equity</i>	<i>21,482</i>	<i>20,111</i>	<i>20,347</i>
Interest-bearing long-term liabilities	3,057	553	596
Non-interest-bearing long-term liabilities	396	355	391
Interest-bearing current liabilities	1,908	2,098	4,146
Non-interest-bearing current liabilities	2,071	1,746	1,977
Equity and liabilities	28,914	24,863	27,457

Consolidated changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
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 Dec 2017	133	-72	357	19,827	102	20,347
Opening balance 1 Jan 2018	133	-72	357	19,827	102	20,347
Total comprehensive income for the period			174	959	2	1,135
Dividends						0
Closing balance 31 Mars 2018	133	-72	531	20,786	104	21,482

Key ratios, Group

	2018/03/31	2017/03/31	2017/12/31
Return on equity (%)	11	11	14
Return on total capital (%)	10	11	13
Equity ratio (%)	74	81	74
Adjusted equity ratio ¹ (%)	88	92	88
Adjusted equity ¹ (SEK m)	54,105	51,995	51,758
Surplus value in associated companies ² (SEK m)	32,623	31,884	31,411
Net debt/equity ratio 1 (%) ⁴	8.0	3.1	7.9
Net debt/equity ratio 2 (%) ⁵	6.7	2.6	6.3
Listed share price (SEK)	95	90	101
Repurchased shares ³	992,000	1,294,000	992,000
Average number of repurchased shares ³	992,000	1,294,000	1,141,858
Average number of employees	4,928	4,549	4,902
Issued call options on repurchased shares	1,062,000	627,000	1,062,000

¹ Incl. fair value gain in associated companies.

² The difference between the carrying amount and market value.

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

⁴ The ratio of net debt to adjusted equity.

⁵ The ratio of net debt to the market value of total assets.

Parent company income statement

SEK m	2018 Q1	2017 Q1	12 mths Apr-Mar 2017/2018	Full Year 2017
Income from interests i Group companies	-	-	425	425
Income from interest in associates companies	-	-	666	666
Income from portfolio management	-	-	-	-
Management costs	-3	-3	-13	-13
Profit before financial items	-3	-3	1,078	1,078
Interest income and similar items	-	-	-	-
Interest expense and similar items	-	-	-	-
Profit after financial items	-3	-3	1,078	1,078
Taxes	-	-	-	-
Profit for the period	-3	-3	1,078	1,078

Parent company statement of comprehensive income

SEK m	2018 Q1	2017 Q1	12 mths Apr-Mar 2017/2018	Full Year 2017
Profit for the period	-3	-3	1,078	1,078
Change in fair value reserve for the period	-	-	-	-
Total other comprehensive income	0	0	0	0
Comprehensive income for the period	-3	-3	1,078	1,078

Parent company balance sheet

SEK m	2018/03/31	2017/03/31	2017/12/31
ASSETS			
Financial assets	9,763	7,760	9,661
Current receivables from Group companies	2,841	2,543	447
Other current liabilities	6	4	2
Cash and bank	-	-	-
Total assets	12,610	10,307	10,110
EQUITY AND LIABILITIES			
Equity	10,104	10,306	10,107
Interese-bearing long-term lilabilities	2,500	-	-
Non-interest-bearing long-term liabilities	-	-	-
Interese-bearing current liabilities	-	-	-
Non-interest-bearing current liabilities	6	1	3
Equity and liabilities	12,610	10,307	10,110

Parent company statement of changes in equity

SEK m	2018/03/31	2017/03/31	2017/12/31
Amount at beginning of year	10,107	10,308	10,308
Total comprehensive income for the period	-3	-3	1,078
Issued call options	-	1	7
Exercise of call options	-	-	28
Repurchased treasury shares	-	-	-37
Dividends	-	-	-1,277
Amount at end of year	10,104	10,306	10,107

Segment reporting:

Development by business area 1 Jan 2018 – 31 March 2018

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME							
External sales	477	652	303	1,121	37		2,590
Internal sales	-	-	-	-	-		-
RESULT							
Operating profit	65	31	94	89	-12		267
Income from portfolio management						380	380
Finance income							58
Finance expense							-49
Taxes							-70
Profit for the period							586
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	2	9	3	7	12		33
intangible assets		86	1	1			88
Depreciation/amortisation	3	14	8	22	6		53

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 Group	Swegon	Other		
INCOME							
External sales	444	464	283	1,029	49		2,269
Internal sales	-	-	-	-	-		-
RESULTS							
Operating result	62	32	89	68	-11		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

Change in consolidated interest-bearing net debt

SEK m	2017/12/31	Change in cash	Change in loans	Other changes	2018/03/31
Interest-bearing receivables	32				32
Cash	626	-31			595
Pensions provisions	-75			-2	-77
Long-term liabilities	-521		-2,459		-2,980
Utilised bank overdraft facilities	-151		40		-111
Interest-bearing current liabilities	-3,995		2,198		-1,797
Interest-bearing net debt	-4,084	-31	-221	-2	-4,338

Five-year overview

SEK m	2018	2017	2016	2015	2014
Net sales, SEK m	10,251	9,930	8,344	8,555	7,581
Operating profit, SEK m	1,152	1,125	1,021	975	746
Income from interest in associated companies, SEK m	2,017	2,006	2,676	1,952	1,347
Income from portfolio management, SEK m	-1	-8	101	1,493	36
Profit after finance items, SEK m	3,149	3,069	3,754	4,405	2,064
Earnings per share, SEK ¹	4	4	6	6	3
Return on equity, %	13	14	21	28	15
Return on total capital, %	12	13	17	22	13
Adjusted equity ratio, %	88	88	91	89	86
Net debt/equity ratio, %	8	8	3	5	10
Listed share price, SEK ¹	101	101	86	78	51

¹ 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
23 March 2018	Sensortec Holding AG	Switzerland	Latour Industries	10

Assets and liabilities in acquisitions

	Consolidated carrying amount
Inventories	3
Account receivable	4
Other receivable	1
Cash	16
Long-term liabilities	-1
Current liabilities	-5
Net identifiable assets and liabilities	18
Group goodwill	86
Cash settlement purchase price	104
Acquired cash	-16
Effect of Group cash	88

During 2018, Latour has acquired the entire shareholding of Sensortec Holding AG.

Sensortec has not contributed with income or profit during the period. The acquisition has 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 1 m.

Note 2 Information regarding financial assets and liabilities

Classification of financial instruments

THE GROUP 31 March 2018

	Available-for-sales financial assets	Financial assets values at fair value via profit and loss	Derivatives used for hedging purposes	Total carrying amount
FINANCIAL ASSETS				
Listed shares, management	349 ¹			349
Other long-term securities holdings	9 ²			9
Other long-term receivables			32 ³	32
Listed shares, trading		52 ¹		52
Unrealised gains, currency derivatives	0 ²			0
Other current receivables			1 940 ³	1,940
Cash				
Total	358	52	1,972	2,382
FINANCIAL LIABILITIES				
Long-term loans			2 981 ³	2,981
Bank overdraft facilities			111 ³	111
Current loans			1 797 ³	1,797
Other liabilities			1 236 ³	1,236
Unrealised gains, currency derivatives	36 ²			36
Total	36	0	6,125	6,161

¹ Level 1 – valued at fair value based on quoted prices on an active market for identical assets.

² Level 2 – valued at fair value based on other observable inputs for assets and liabilities than quoted price included in level 1.

³ 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 at 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.

Note 3 Breakdown of revenues

Revenue by category

THE GROUP 31 March 2018

SEK m	2018 Q1	2017 Full Year
Revenue from goods	2,439	8,609
Revenue from services	151	1,320
	2,590	9,929
Fix-price contract	2,055	7,650
Time-and-materials contracts	535	2,279
	2,590	9,929
Sold directly to consumers	1,325	5,095
Sold through intermediaries	1,265	4,834
	2,590	9,929

Latour's revenues are derived from a variety of operations conducted in about a hundred subsidiaries.

Information by quarter

SEK m	2018	2017					2016				
	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
INCOME STATEMENT											
Net sales	2,590	9,930	2,699	2,423	2,538	2,269	8,344	2,315	2,033	2,179	1,818
Cost of goods sold	-1,544	-5,885	-1,600	-1,445	-1,512	-1,327	-4,859	-1,361	-1,182	-1,262	-1,055
Gross profit	1,046	4,045	1,099	978	1,026	942	3,485	954	851	917	763
Costs etc. for the operation	-779	-2,920	-802	-669	-747	-702	-2,464	-723	-579	-606	-373
Operating profit	267	1,125	297	309	279	240	1,021	231	272	311	390
Total portfolio management	380	1,998	506	514	597	381	2,761	526	579	385	1,271
Profit before financial items	647	3,123	803	823	876	621	3,782	757	851	696	1,661
Net financial items	9	-54	-22	-11	-11	-10	-28	-18	15	-13	-12
Profit after financial items	656	3,069	781	812	865	611	3,754	739	866	683	1,649
Taxes	-70	-281	-83	-73	-68	-57	-267	-87	-72	-61	-47
Profit for the period	586	2,788	698	739	797	554	3,670	652	794	622	1,602
KEY RATIOS											
Earnings per share, SEK ¹	0.92	4.37	1.09	1.16	1.25	3.48	5.75	1.03	1.24	0.98	2.51
Cash flow for the period	-53	-697	-60	-135	-241	-261	420	206	203	-895	905
Adjusted equity ratio, %	88	88	88	88	90	92	91	91	90	90	91
Adjusted equity	54,105	51,758	51,758	54,343	53,222	51,995	47,208	47,208	47,319	43,272	41,546
Net asset value	63,016	60,521	60,521	62,625	61,450	60,742	55,500	55,500	55,673	51,083	48,665
Net asset value per share, SEK ¹	99	95	95	98	96	95	87	87	87	80	76
Listed share price, SEK ¹	95	101	101	110	105	90	86	86	88	79	84
NET SALES											
Hultafors Group	477	1,901	542	454	460	444	1,698	498	395	422	383
Latour Industries	652	2,357	706	601	571	479	1,671	477	419	421	354
Nord-Lock Group	303	1,114	268	277	286	283	927	240	229	234	224
Swegon	1,121	4,378	1,130	1,043	1,177	1,029	3,913	1,063	947	1,070	833
	2,553	9,750	2,646	2,375	2,494	2,235	8,209	2,278	1,990	2,147	1,794
Other companies and eliminations	37	180	53	49	44	34	135	37	43	32	24
	2,590	9,930	2,699	2,424	2,538	2,269	8,344	2,315	2,033	2,179	1,818
OPERATING PROFIT											
Hultafors Group	65	287	92	68	64	62	264	95	56	60	52
Latour Industries	31	173	55	49	36	33	167	35	45	51	36
Nord-Lock Group	94	340	76	88	86	89	270	61	69	72	68
Swegon	89	381	98	104	110	68	351	81	101	124	45
	279	1,181	321	309	297	252	1,052	272	271	307	201
Gain/loss from sale/purchase of business	-1	-30	-10	-5	-10	-5	-21	-24	-4	-1	191
Other companies and items	-11	-26	-14	5	-8	-7	-10	-17	5	5	-2
	267	1,125	297	309	279	240	1,021	231	272	311	390
OPERATING MARGIN (%)											
Hultafors Group	13.6	15.1	17.0	15.0	14.0	14.0	15.6	19.1	14.3	14.2	13.7
Latour Industries	4.7	7.4	7.8	8.2	6.3	6.9	10.0	7.2	10.7	12.2	10.3
Nord-Lock Group	30.9	30.5	28.3	31.8	30.2	31.5	29.2	25.6	30.1	30.9	30.1
Swegon	8.0	8.7	8.7	10.0	9.4	6.6	9.0	7.6	10.6	11.6	5.4
	10.9	12.1	12.1	13.1	11.9	11.3	12.8	11.9	13.6	14.4	11.3

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

Definitions of key ratios

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 2018: $588/638,848,000 \times 1,000 = 0.92$

Jan-Mar 2017: $556/638,546,000 \times 1,000 = 0.87$

Diluted earnings per share

Calculations:

Jan-Mar 2018: $588/641,287,000 \times 1,000 = 0.92$

Jan-Mar 2017: $556/641,015,332 \times 1,000 = 0.87$

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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