



2019

YEAR-END REPORT

Year-end Report 2019

NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 136 per share, compared with SEK 100 per share at the start of the year. This is an increase of 39.4 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 35.0 per cent. The net asset value was SEK 137 per share at 13 February.¹
- The total return on the Latour share was 39.1 per cent during the year measured against the SIXRX, which rose 35.0 per cent.
- The Board of Directors proposes an increased dividend of SEK 2.75 (2.50) per share.

INDUSTRIAL OPERATIONS

Fourth quarter

- The industrial operations' order intake rose 17 per cent to SEK 3,632 m (3,116 m), which represents a 4 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 12 per cent to SEK 3,591 m (3,216 m), which is unchanged for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 8 per cent to SEK 434 m (401 m), which equates to an operating margin of 12.1 (12.5) per cent for continuing operations.
- The Danish company Caljan was acquired in the fourth quarter. Caljan, which now comprises a new business area within Latour, generates annual sales of approximately EUR 100 m and has some 450 employees.
- Latour Industries reached an agreement, through Bemsig, to acquire the German company S+S Regeltechnik. Further to this, Latour Industries acquired the lift installation companies Invalift and Ability Lifts in England through Aritco.

Full year

- The industrial operations' order intake rose 16 per cent to SEK 13,663 m (11,817 m), which represents a 5 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 17 per cent to SEK 13,519 m (11,586 m), which represents a 6 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 23 per cent to SEK 1,817 m (1,476 m), which equates to an operating margin of 13.4 (12.7) per cent for continuing operations.

THE GROUP

- Consolidated net sales totalled SEK 13,738 m (11,785 m), and profit after financial items was SEK 5,725 m (2,646 m). Capital gains and other items impacting comparability amounting to SEK 1,134 m (-1,164 m) are recognised in the income statement.
- Consolidated profit after tax was SEK 5,310 m (2,324 m), which is equivalent to SEK 8.33 (3.66) per share.
- Net debt, excluding impacts of IFRS 16, was SEK 7,478 m (4,812 m) and is equivalent to 8 (7) per cent of the market value of total assets. Recognised Group net debt, where IFRS 16 had full impact, amounted to SEK 8,095 m.

INVESTMENT PORTFOLIO

- During the year, the value of the investment portfolio increased by 40.0 per cent adjusted for dividends and net investments. The benchmark index (SIXRX) rose 35.0 per cent.
- In the first quarter, all of the class A shares in Loomis were divested.
- In the second quarter, the investment in Fagerhult increased by SEK 995 m in connection with a preference share issue. In the fourth quarter, Latour continued to increase its ownership in Fagerhult when it acquired additional shares in the amount of SEK 221 m, thereby increasing its ownership to 46.6 per cent.

EVENTS AFTER THE REPORTING PERIOD

- In January, Hultafors Group AB acquired Emma Safety Footwear and Latour Industries acquired Batec Mobility through MS Group. Further to this, Latour Industries completed the previously announced acquisition of S+S Regeltechnik via the Group's subsidiary Bemsig.

¹ The calculation of the net asset value on 13 February was based on the value of the investment portfolio at 1 p.m. on 13 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 nine substantial holdings that had a market value of SEK 66 billion as at 31 December 2019. The wholly-owned industrial operations are grouped into five business areas: Caljan, Hultafors Group, Latour Industries, Nord-Lock Group and Swegon. They generate annual sales amounting to approximately SEK 15 billion.

Comments from the CEO

"As the fourth quarter unfolded, it became increasingly clear that the economic climate was worsening. While the overall growth rate in order intake remains positive, it has slowed compared to before. Net sales are unchanged for comparable entities, but there are variations and some of our operations are experiencing negative organic growth. In our assessment, operations that are indirectly dependent on investments in the European automotive industry are facing the greatest challenges at the moment. A large share of our holdings is exposed to economic trends in the construction industry, which is experiencing a smaller lapse.

During the fourth quarter, the order intake in our industrial operations grew by 17 per cent and, excluding acquisitions and foreign exchange effects, growth was 4 per cent. Net sales rose 12 per cent during the quarter and, excluding acquisitions and foreign exchange effects, growth was unchanged. The order backlog at the end of the quarter was SEK 2,544 m (1,866 m), and for comparable entities this corresponds to an increase of approximately 5 per cent over the previous year. The operating profit for the quarter increased by 8 per cent to SEK 434 m (401 m) with an operating margin of 12.1 (12.5) per cent. We can thus sum up yet another record year for the industrial operations, where net sales rose 17 per cent to SEK 13,519 m (11,586 m) and the operating profit increased by 23 per cent to SEK 1,817 m (1,476 m) with an operating margin of 13.4 (12.7) per cent.

We remain confident as we have skilled leaders and own businesses that are well equipped and prepared for a possible continued economic decline. We should be able to continue to advance our positions even in a harsher climate. We continue to take a forward-looking perspective and are investing with undiminished strength in product development, sales and marketing in our business areas. Sustainability is a key aspect of our investments and is critical to underpinning further growth; an aspect that remains central to all our business operations. Our portfolio today comprises companies with long-term sustainable businesses that offer the market products that contribute to the building of a better world. We are committed to the daily challenge of continuously developing sustainable practices.

Our level of acquisition activity during the quarter has been high and our determination to seek out and evaluate new interesting companies has yielded excellent results. We began the quarter with the acquisition of a completely new business area for Latour, the Danish company Caljan, a leading supplier of automation technology for parcel handling in the logistics and e-commerce sectors.

We also acquired the German sensor manufacturer S+S Regeltechnik and the British lift installation companies Invalifts and Ability Lifts for Latour Industries. As reported above, our run of acquisitions has continued into the new year too with the acquisition of the Dutch company Emma Safety Footwear for Hultafors Group and the Spanish company Batec Mobility for Latour Industries. Read more about our acquisitions on page 4.

The stock market performed very well in the fourth quarter. Since the beginning of the year, our investment portfolio has increased by 40.0 per cent, adjusted for dividends and changes in the portfolio, while the benchmark index SIXRX increased by 35.0 per cent. The net asset value in Latour increased by 39.4 per cent adjusted for dividends to SEK 136 per share in the same period.

Most of our listed holdings have now submitted reports. In the light of the uncertainty currently seen in the economy, these reports are stable, which again corroborates the high quality of the companies in our portfolio. Following a relatively high level of acquisition activity in the listed companies of the investment portfolio during the first half of the year, the second half was marked by slightly less activity.

Although we are experiencing an economic situation that is increasingly uncertain and, to some extent, challenging, we are pleased to see that, thanks to the strong development of our industrial operations combined with the excellent performance of our investment portfolio, we can once again propose an increased dividend. The Board of Directors proposes an increased dividend of SEK 2.75 (2.50) per share."

*Johan Hjertnsson
President and Chief Executive Officer*

Industrial operations

Order intake, net sales and earnings

In the fourth quarter, the order intake increased by 17 per cent to SEK 3,632 m (3,116 m), with organic growth accounting for 4 per cent of this. Net sales rose 12 per cent to SEK 3,591 m (3,216 m), which is unchanged for comparable units and adjusted for currency effects. The operating profit in the wholly-owned industrial operations increased by 8 per cent to SEK 434 m (401 m) during the quarter. The operating margin was 12.1 (12.5) per cent.

The order intake increased during the full year by 16 per cent to SEK 13,663 m (11,817 m), which is equivalent to 5 per cent organic growth. Net sales rose 17 per cent to SEK 13,519 m (11,586 m), which is equivalent to 6 per cent organic growth. The operating profit in the wholly-owned industrial operations increased by 23 per cent to SEK 1,817 m (1,476 m) during the year. The operating margin was 13.4 (12.7) per cent.

The above figures only include subsidiaries of the wholly-owned business areas. See the separate report on page 5.

Acquisitions/disposals

On 11 October, Latour entered into an agreement to acquire Caljan, based in Aarhus, Denmark. On 29 November, the effective date of the acquisition, this created a fifth business area within the wholly-owned industrial operations. Caljan is a leading supplier of automation technology for parcel handling in the logistics and e-commerce sectors. It generates net sales of approximately EUR 100 m with just over 15 per cent in operating margin and good growth. The company has some 450 employees.

On 22 October, Bemsig AB, part of Latour Industries, signed an agreement to acquire the German company S+S Regeltechnik, with the acquisition completed on 22 January 2020. The company is a pan-European leader in advanced sensor technology for measurement and control within building automation and mechanical engineering. The acquisition further strengthens Bemsig's offering to the building automation segment and broadens the Group's geographical reach with a strong base in Germany. The company has 65 employees and generates sales of approximately EUR 16 m with good profitability.

On 2 December, Aritco Group, part of Latour Industries, acquired the UK operations Invalift Ltd and Ability Lifts Ltd. These companies distribute, install and service platform lifts in the UK. Together, they generate sales of about GBP 5 m and have 18 employees. The acquisition further strengthens Aritco's position in the important UK market.

Earlier in the year, four transactions were made within the scope of our wholly-owned industrial operations. Aritco Group, part of the Latour Industries business area, acquired the Norwegian company TKS Heis AS. The effective date of the acquisition was 31 January. TKS Heis is a leading Norwegian manufacturer and installer of platform lifts and installer of passenger lifts. In 2018, the company generated sales of NOK 155 m. It has 74 employees. The acquisition complements Aritco's product portfolio and strengthens its already strong position in the Norwegian market.

Swegon acquired Klimax AS on 13 August. The company is a leading distributor of indoor heating and cooling products in the Norwegian market. The acquisition gives Swegon a strong platform on which to grow, by being able to offer its range of heating and cooling products through Klimax's regional offices in Norway. Klimax has 12 employees and generated sales of NOK 66 m in 2018.

On 16 September, Hultafors Group acquired Custom LeatherCraft Mfg. LLC ("CLC") based in Los Angeles, California, USA. CLC is an industry leading designer, developer and marketer of work gear (e.g. tool belts and softside tool carriers), personal protective equipment (e.g. kneepads and gloves) and other outdoor gear. The acquisition is part of Hultafors Group's strategy to strengthen its presence in North America and broaden its portfolio within attractive product categories. The company generated net sales of USD 53 m in 2018 and has some 60 employees.

On 3 September, Produal, part of the Latour Industries business area, acquired SyxthSense Ltd, a UK company with a comprehensive range of field devices and room controllers for building automation. The acquisition strengthens Produal's product offering to the building automation segment and expands the Group's geographical reach with a strong base in the UK. In 2018, SyxthSense generated sales of approximately GBP 2 m.

During the first half of the year, Latour's shareholding in the part-owned holdings Diamorph and Terratech was divested, resulting in a combined capital gain of SEK 109 m.

Events after the reporting period

On 28 January 2020, MS Group AB (formerly REAC), part of Latour Industries, acquired the Spanish company Batec Mobility, S.L., a leading manufacturer of electric drive units for manual wheelchairs operating in the global mobility rehab market. Batec Mobility generates annual sales of EUR 4.8 m and has 41 employees.

On 30 January 2020, Hultafors Group acquired 80 per cent of the shares in Daan Holding B.V., which in turn owns EMMA Safety Footwear B.V. ("EMMA") based in Kerkrade, the Netherlands. Leading up to the first quarter of 2023, Hultafors Group will successively acquire 100 per cent of the shares in Daan Holding B.V. EMMA is a leading European company in safety footwear with a strong presence in Central Europe with a focus on the Benelux countries. This acquisition is part of Hultafors Group's strategy to strengthen its position in personal protective equipment in Europe and North America. The company has about 140 employees and generated net sales of EUR 23 m in 2019.

Industrial operations summary

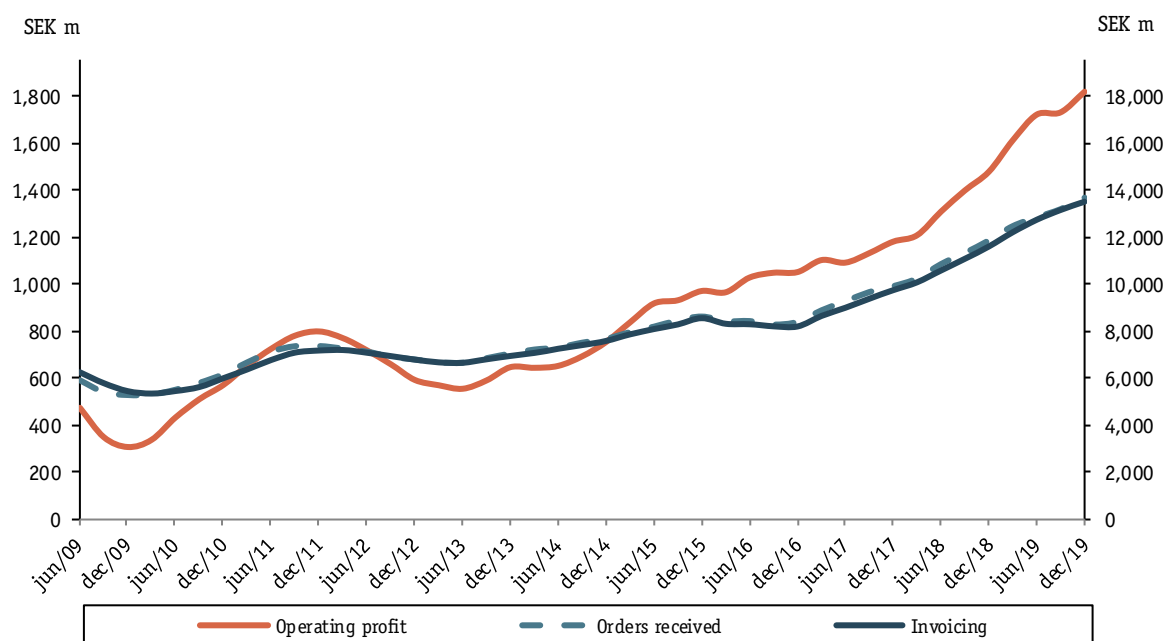
Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Caljan	113	-	113	-	20	-	20	-	17.4	-	17.4	-
Hultafors Group	866	716	2,896	2,407	138	119	412	375	15.9	16.6	14.2	15.6
Latour Industries	810	747	3,079	2,737	60	55	257	190	7.4	7.3	8.3	6.9
Nord-Lock Group	330	333	1,448	1,309	71	89	411	397	21.6	26.8	28.4	30.3
Swegon	1,473	1,421	5,986	5,137	145	138	717	514	9.9	9.7	12.0	10.0
Eliminations	-1	-1	-3	-4	-	-	-	-	-	-	-	-
	3,591	3,216	13,519	11,586	434	401	1,817	1,476	12.1	12.5	13.4	12.7
Part-owned subsidiaries	56	52	219	176	2	4	5	-12	3.5	7.9	2.6	-6.8
	3,647	3,268	13,738	11,762	436	405	1,822	1,464	11.9	12.4	13.3	12.4
Gain/loss from sale/purchase of business	-	-	-	-	-63	-17	29	-39				
Other companies and items	-	-	-	23	-8	-3	-33	-28				
	3,647	3,268	13,738	11,785	365	385	1,818	1,397				
Changed accounting policies	-	-	-	-	-1	-	1	-				
	3,647	3,268	13,738	11,785	364	385	1,819	1,397				

SEK m	Operating capital ¹		Return on operating capital %		Growth in net sales, 2019 %			
	2019 Trailing 12	2018 Trailing 12	2019 Trailing 12	2018 Trailing 12	Total	Organic	Currency	Acquisitions
Caljan	51	-	38.5	-	-	-	-	-
Hultafors Group	2,746	1,981	15.0	18.9	20.3	3.2	3.2	13.1
Latour Industries	3,040	3,070	8.4	6.2	12.5	3.9	1.7	6.5
Nord-Lock Group	1,106	1,033	37.1	38.4	10.7	4.4	5.4	0.5
Swegon	3,284	3,083	21.8	16.7	16.5	8.0	2.5	5.3
Total	10,227	9,167	17.8	16.1	16.7	5.9	2.8	7.2

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.

Industrial operations trailing 12 months



Development by business area



(Proforma MEUR)	2019 Full Year	2018 Full Year
Net sales	92	86
EBITDA ¹	14	13
EBITA ¹	13	12
EBIT ¹	13	12
EBITA % ¹	14.2	14.3
EBIT % ¹	14.2	14.3
Average number of employees	465	456

¹ Excl. IFRS 16.

Highlights

- Caljan is included in Latour's consolidated accounts as of December 2019. Presented above is Caljan's pro forma income statements for the full years 2019 and 2018.
- Growth in net sales in 2019 was 6.4 per cent, with a strong operating profit.
- Further expansion will take place in 2020, with increased production investments in Latvia.

Breakdown of net sales

(Proforma MEUR)	2019 Full Year	2018 Full Year
Telescopes	56	51
Document Handling & Labelling	9	4
Depot Automation Solutions	5	7
Other Products	2	6
Aftermarket	20	18
	92	86

Caljan is a global supplier of automation technology for parcel handling in the logistics and e-commerce sectors. Caljan's products help parcel carriers, retailers and manufacturers around the world to optimise their supply chains. Flows are increased, costs are reduced and working environments are made safer and more ergonomic. Caljan has its head office in Aarhus, Denmark, and subsidiaries in the USA and several European countries.

HULTAFORS GROUP

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	866	716	2,896	2,407
EBITDA	150		462	
EBITDA ¹	144	126	435	395
EBITA ¹	139	121	416	378
EBIT ¹	138	119	412	375
EBITA % ¹	16.0	16.9	14.4	15.7
EBIT % ¹	15.9	16.6	14.2	15.6
Total growth %	20.9	32.2	20.3	26.6
Organic %	-0.3	9.1	3.2	8.9
Exchange effects %	3.2	3.8	3.2	3.3
Acquisitions %	17.5	16.7	13.1	12.5
Average number of employees	929	828	885	821

¹ Excl. IFRS 16.

Highlights

- Growth continues throughout the quarter, driven primarily by acquisitions. Organic growth is affected by challenging comparative figures.
- A combination of good cost control and growth results in strong earnings for the quarter.
- A high rate of investment in sales and marketing as well as digitalisation support continued growth.
- Acquisition of Emma Safety Footwear after the balance sheet date. More details can be found on page 4.

Breakdown of net sales

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
PPE/Workwear	529	444	1,757	1,415
Hardware	337	272	1,139	992
	866	716	2,896	2,407
Pro forma adjustment ¹			312	
Trailing 12 month pro forma			3,208	

¹ Pro forma for completed acquisitions.

Hultafors Group offers products in the Personal Protective Equipment/Workwear and Hardware segments. The products are marketed under brands with strong positions in their respective markets: Snickers Workwear, Dunderdon, CLC, Kuny's Leather, Solid Gear, Toe Guard, Hultafors, Wibe Ladders, Johnson and Hellberg. Hultafors Group is also a distributor for the German manufacturing company Fein in the Swedish market.

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	810	747	3,079	2,737
EBITDA	90		370	
EBITDA ¹	77	74	317	254
EBITA ¹	65	65	274	216
EBIT ¹	60	55	257	190
EBITA % ¹	8.0	8.6	8.9	7.9
EBIT % ¹	7.4	7.3	8.3	6.9
Total growth %	8.5	11.6	12.5	25.5
Organic %	-1.0	5.0	3.9	7.3
Exchange effects %	1.7	3.0	1.7	3.2
Acquisitions %	7.8	3.1	6.5	13.3
Average number of employees	1,461	1,387	1,471	1,412

¹ Excl. IFRS 16.

Highlights

- Profitability for the quarter is on a par with the previous year while the full-year result shows significant improvement.
- The organic growth rate falls slightly during the quarter, although total growth is 8 per cent.
- The companies within Accessibility and Building Automation continue their positive development.
- An agreement on the acquisition of S+S Regeltechnik was entered into in October with the acquisition completed in January 2020. Invalift and Ability Lifts was acquired by Aritco in December. MS Group acquired Batec Mobility in January 2020. More details can be found on page 4.

Breakdown of net sales

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Bemsiq	136	114	500	442
Aritco Group	224	152	792	527
VIMEC	159	148	541	505
MS Group (fd. REAC)	118	140	529	525
LSAB	128	146	533	570
DENSIQ	48	48	193	168
Elimination	-3	-1	-10	-1
	810	747	3,079	2,737
Pro forma adjustment ¹			90	
Trailing 12 month pro forma			3,169	

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)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	330	333	1,448	1,309
EBITDA	87		471	
EBITDA ¹	80	98	446	431
EBITA ¹	74	91	420	406
EBIT ¹	71	89	411	397
EBITA % ¹	22.3	27.5	29.0	31.0
EBIT % ¹	21.6	26.8	28.4	30.3
Total growth %	-0.8	24.1	10.7	17.5
Organic %	-5.9	16.8	4.4	13.0
Exchange effects %	5.4	5.6	5.4	3.7
Acquisitions %	-	0.6	0.5	0.2
Average number of employees	595	575	594	542

¹ Excl. IFRS 16.

Highlights

- Declining demand combined with challenging comparative figures result in slightly negative growth during the quarter.
- A general economic slowdown and specific stock level reductions among customers primarily impact EMEA negatively.
- Asia Pacific continues to develop positively, although a lack of major project deliveries impacts performance for the quarter.
- Strategically important investments in market development and product development continue with undiminished commitment.
- Several major customer projects in the pipeline pending final decisions in the near future.

Breakdown of net sales

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
EMEA	141	161	653	661
Americas	101	92	393	334
Asia Pacific	88	80	402	314
	330	333	1,448	1,309
Pro forma adjustment ¹			-	
Trailing 12 month pro forma			1,448	

¹ Pro forma for completed acquisitions.

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.



(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	1,473	1,421	5,986	5,137
EBITDA	183		873	
EBITDA ¹	164	157	804	599
EBITA ¹	149	141	733	528
EBIT ¹	145	138	717	514
EBITA % ¹	10.1	9.9	12.2	10.3
EBIT % ¹	9.9	9.7	12.0	10.0
Total growth %	3.7	25.8	16.5	17.3
Organic %	-2.0	16.3	8.0	11.5
Exchange effects %	2.4	4.2	2.5	4.0
Acquisitions %	3.3	3.8	5.3	1.2
Average number of employees	2,401	2,188	2,454	2,293

¹ Excl. IFRS 16.

Highlights

- The positive development in selected stronghold markets in Central Europe continues.
- The growth rate slows somewhat during the quarter, negatively impacted by a slower market development in the Nordic region.
- North America continues to develop positively, and the UK market remains stable despite some concerns about Brexit.
- Increased productivity result in strong earnings performance.

Breakdown of net sales

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Sweden	290	294	1,188	1,137
Rest of Nordic region	257	275	1,046	969
Rest of world	927	851	3,752	3,030
	1,473	1,421	5,986	5,137
Pro forma adjustment ¹			38	
Trailing 12 month pro forma			6,024	

¹ Pro forma for completed acquisitions.

(SEK m)	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Cooling	433	416	1,741	1,502
Home Solutions	113	113	467	413
Light Commercial	63	55	254	225
Commercial Ventilation	620	630	2,563	2,388
North America	89	84	342	281
UK	151	150	663	583
Eliminations	4	-29	-44	-256
	1,473	1,421	5,986	5,137

Swegon provides components and innovative system solutions that create a good indoor climate and contribute to significant energy savings in all types of buildings. Swegon's products constitute a turnkey solution for the perfect indoor climate.

The Latour share's net asset value

In order to facilitate the evaluation of Latour's net asset value, Latour provides an estimated range of the value (Enterprise Value) for each business area based on EBIT multiples. These multiples have been calculated by comparing valuations of listed companies in comparable industries. Since there are variations in the listed companies' valuations these are reflected in the tables by valuing each business area in a range. Deductions are then made for the Group's net debt. The evaluation of comparable companies is based on the share price on the balance sheet date. Any price changes after the balance sheet date have not been taken into consideration.

A more detailed description can be found on page 25 of Latour's Annual Report for 2018.

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 136 per share from SEK 100 at the start of the year. The net asset value consequently increased by 39.4 per cent, adjusted for dividends, measured against SIXRX which increased by 35.0 per cent.

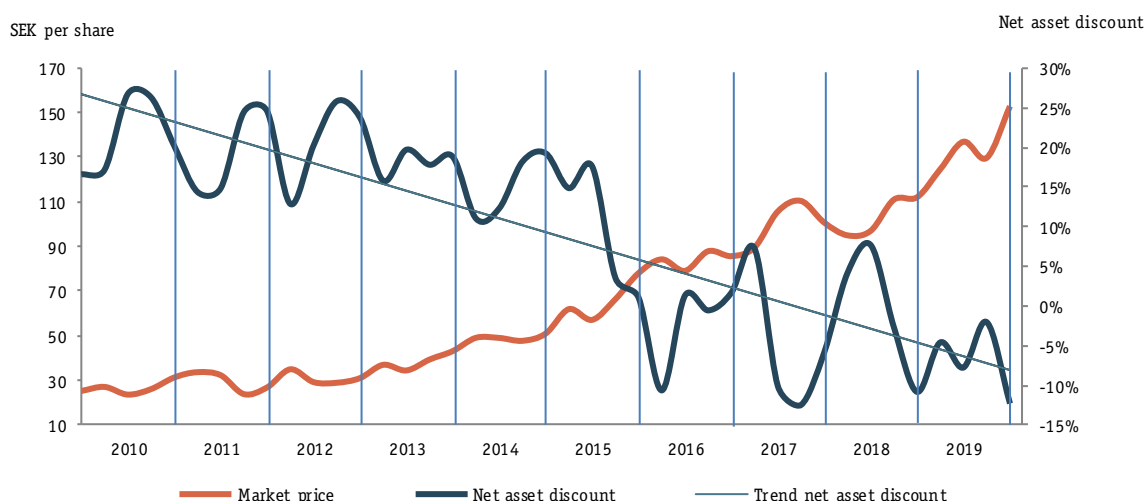
SEK m	Net sales ¹	EBIT ¹	EBIT multiple	Valuation ² Range	Valuation ² Average	Valuation ² SEK/share ³ Range
Caljan	976	138	15 – 19	2,077 – 2,631	2,354	3 – 4
Hultafors Group	3,208	476	11 – 15	5,238 – 7,143	6,191	8 – 11
Latour Industries	3,169	264	12 – 16	3,171 – 4,227	3,699	5 – 7
Nord-Lock Group	1,448	411	12 – 16	4,930 – 6,573	5,751	8 – 10
Swegon	6,024	720	13 – 17	9,362 – 12,243	10,803	15 – 19
	14,827	2,010		24,778 – 32,817		39 – 51
Industrial operations valuation, average					28,798	45
Listed shares (see table on page 9 for breakdown)					65,574	103
<i>Unlisted part-owned holdings</i>						
Neuffer ⁴ , 66.1 %					149	0
Oxeon ⁴ , 31.6 %					18	0
<i>Other assets</i>						
Short trading portfolio					-4	0
Dilution effect of option programme					15	0
Dilution effect of option programme					-98	0
Consolidated net debt (excl IFRS 16)					-7,478	-12
Estimated value					86,974	136
					(82 955 – 90 994)	(130 – 142)

¹ Trailing 12 months for current company structure (proforma). EBIT is, as appropriate, reported before restructuring costs.

² EBIT and EV/sales recalculated taking into consideration the listed share price on 31 of December 2019 for comparable companies in each business area.

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

⁴ Valued according to the book value.



The investment portfolio at 31 December 2019

During the year, the value of the investment portfolio increased by 40.0 per cent, adjusted for dividends and net investments, while the benchmark index (SIXRX) increased by 35.0 per cent. During the first quarter, all 2,528,520 class A shares in Loomis were sold. This represents 3.4 per cent of the capital and 23.8 per cent of the voting rights.

In the second quarter, the investment in Fagerhult increased by SEK 995 m in connection with a preference share issue. In the fourth quarter, Latour continued to increase its ownership in Fagerhult when it acquired additional shares in the amount of SEK 221 m, and at the end of the year the share of votes was 46.6 per cent.

Share ¹	Number	Cost	Listed share price ²	Market value	Share of votes	Share of equity
		SEK m	SEK	SEK m	%	%
Alimak Group	15,806,809	2,113	140	2,207	29.2	29.2
Assa Abloy ³	105,495,729	1,697	219	23,104	29.5	9.5
Fagerhult	82,118,480	1,787	60	4,886	46.6	46.3
HMS Networks	12,109,288	250	173	2,092	26.0	25.9
Nederman	10,538,487	306	134	1,416	30.0	30.0
Securitas ³	39,732,600	1,081	162	6,417	29.6	10.9
Sweco ^{3 4}	32,622,480	479	361	11,783	21.3	26.9
Tomra ⁵	39,000,000	2,000	278 NOK	11,487	26.4	26.3
Troax	18,060,000	397	121	2,182	30.1	30.1
Total		10,110		65,574		

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

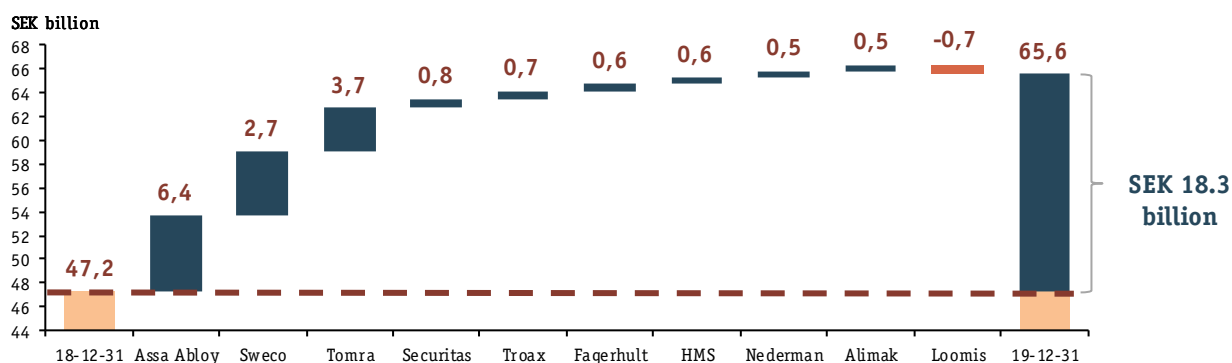
² The last price paid is used as the listed share price.

³ Due to the limited trading in class A shares in Sweco, and the fact that the class A shares in Assa Abloy 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.

⁴ The cost of the class B shares are SEK 34 m higher than in the parent company through the exercise of call options.

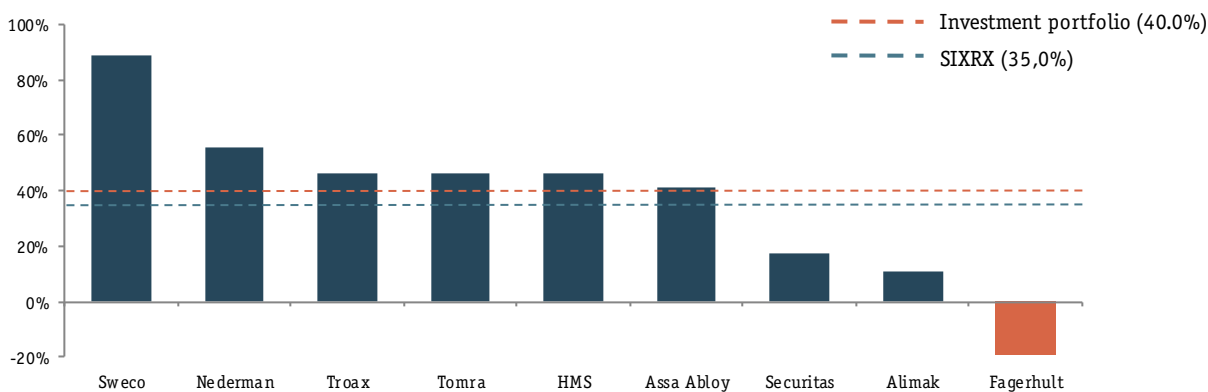
⁵ At the end of the report period, the listed share price was NOK 278,40 which has been translated to SEK at the exchange rate on the balance sheet date.

Investment portfolio during 2019



Movements in investment portfolio values (SEK billion). These figures include acquired and divested shares but not dividends. Acquisitions have been made in Fagerhult with SEK 1,216 m.

Total return 2019 for the portfolio companies



Results and financial position

The Group

The Group's profit after financial items was SEK 5,725 m (2,646 m). Profit after tax was SEK 5,310 m (2,324 m), which is equivalent to SEK 8.33 (3.66) per share. There has been a positive impact on earnings from a reversal of previous impairment of the holding in Alimak of SEK 326 m along with capital gains of SEK 808 m.

The Group's cash in hand and liquid investments amounted to SEK 1,029 m (744 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 8,433 m (5,870 m). The Group's net debt was SEK 8,095 m. Net debt, excluding lease liabilities, was SEK 7,478 m (4,812 m). The equity ratio was 85 (86) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

In the first quarter, Latour updated the base prospectus at the Swedish Financial Supervisory Authority for the existing MTN programme with a framework of SEK 4 billion. Following this, a bond loan totalling SEK 600 m was issued in September. In November, a supplementary prospectus was used to increase the framework amount to SEK 6 billion. Later the same month, this was followed by the successful issue of two bonds totalling SEK 2 billion. All in all, Latour has seven outstanding bonds with a total value of SEK 6 billion.

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 251 m (232 m) was invested in property, plant and equipment, of which SEK 174 m (150 m) was machinery and equipment, SEK 17 m (38 m) was vehicles, and SEK 60 m (44 m) was buildings. Fixed assets in newly acquired companies account for SEK 77 m (62 m) of investments for the year.

Parent company

The parent company's profit after financial items was SEK 1,376 m (1,408 m). The parent company's equity ratio was 57 (76) per cent.

The number of class A shares issued is 47,641,048 and the number of class B shares is 592,198,952. Not including repurchased shares, the number of outstanding shares at 31 December 2019 amounted to 639,282,500. At the end of the period, Latour holds 557,500 repurchased class B shares.

The total number of issued call options is 1,834,000, which give the right to purchase 2,330,500 shares.

Events after the reporting period

On 28 January 2020, MS Group AB, part of Latour Industries, acquired the Spanish company Batec Mobility, S.L. On 30 January 2020, Hultafors Group acquired 80 per cent of the shares in the Dutch company Daan Holding B.V., which is

the owner of EMMA Safety Footwear B.V. Further to this, on 22 January Latour Industries completed the previously announced acquisition of S+S Regeltechnik via the Group's subsidiary Bemsig.

Dividends

The Board of Directors proposes an increased regular dividend of SEK 2.75 (2.50) per share. In absolute terms, this corresponds to a dividend payout of SEK 1,758 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 nine listed holdings and five wholly-owned business areas. This means that the development and performance of an individual holding will not have a drastic impact on the portfolio as a whole. As the wholly-owned industrial operations have increased in size, Latour as a whole is influenced to a 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 2018 Annual Report.

Accounting policies

This year-end report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Reporting in respect of the Group, and in accordance with the Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board in respect of the parent company.

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 21 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 2018 are available for viewing on Latour's website www.latour.se.

This report has not been subject to formal review by the auditors.

New accounting policies

IFRS 16 Leases applies for accounting periods starting on or after 1 January 2019 and replaces IAS 17 Leases.

Reconciliation from IAS 17 to IFRS 16	SEK m
Operating lease commitment under IAS 17 at 31 December 2018	852
Impact of discounting	-36
Finance leases reported 31 December 2018	62
Short-term leases and leases of low-value assets	-87
Lease liability under IFRS 16 at 1 January 2019	791

Latour has elected to transition to the new standard using the simplified approach which does not require a restatement of comparatives. The main impact for Latour relates to recognition of leases for premises.

The opening effect on the consolidated balance sheet is shown in the table below.

Analysis OB/CB	CB	IFRS 16 effect	OB
SEK m	1812	1901	1901
Assets			
Property, plant and equipment	959	729	1,688
Total assets	30,167	729	30,896
Liabilities and equity			
Equity	21,863	-	21,863
Liabilities	8,304	729	9,033
Total liabilities and equity	30,167	729	30,896

In the income statement, the straight-line expense for operating leases is replaced by a depreciation charge for the right-of-use asset and interest expense on the lease liability. For the full year 2019, the operating profit was impacted positively by SEK 1 m, and net profit was impacted adversely by SEK -7 m. Depreciation of SEK -180 m and interest expense of SEK -8 m have been charged to earnings compared with previous leasing accounting policy in accordance with IAS 17 where operating leasing costs are charged with earnings of SEK 181 m. The equity ratio fell 1 percentage point due to an increase in total assets.

A discount rate has been set for each country and is adjusted annually based on the Group's borrowing rate. Leases of right-of-use assets with a term of less than 12 months and leases for assets with a value of less than SEK 0.2 m are not included in the recognised liabilities or the right-of-use assets.

Since 1 January 2019, Latour recognises leases in accordance with IFRS 16 and the following accounting policies are applied:

The Group's leases primarily consist of rights-of-use to facilities and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment is apportioned between the reduction of the outstanding liability and the finance charge. The finance charge should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

The lease term is defined as the non-cancellable period, plus periods covered by a lessee's extension option if extension is reasonably certain and periods covered by a lessee's termination option if the lessee is reasonably certain not to terminate.

The Group's lease liabilities are reported at the present value of the Group's fixed payments (including in-substance fixed payments). The payments include purchase options if the lessee is reasonably certain to exercise those options to acquire the underlying asset. Penalties associated with termination of the lease are included if the lease term reflects that the lessee will exercise an option to terminate the lease. Leasing payments are discounted using the implied interest rate of the lease if this rate can easily be determined, otherwise the Group's marginal borrowing rate is used.

The Group's right-of-use assets are reported at cost, which includes the initial present value of the lease liability, adjusted for any lease payments made at or before the commencement date, along with any initial direct expenditure. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

Nomination Committee

The Nomination Committee for the Annual General Meeting on 11 May 2020 comprises the following members.

Jan Svensson, Chairman (the Douglas family with companies)
 Fredrik Palmstierna (the Palmstierna family with companies)
 Olle Nordström (Skirner AB)
 Per Trygg (SEB Fonder)

The Nomination Committee can be contacted through Latour's website www.latour.se under Corporate Governance, Nomination Committee.

Gothenburg, 14 February 2020
 Johan Hjertonsson
 President and CEO

For further information, please contact:

Johan Hjertonsson, President and CEO, tel. +46 (0)702-29 77 93.

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 participate in a conference call with Johan Hjertonsson and Anders Mörck commencing today at 10.00.

The number to call is +46 (0)8 566 427 03. The conference will be broadcast on the Internet.

To follow the presentation, please visit our website, www.latour.se.

The interim report for the period January – March 2020 will be published on 28 April 2020

The Annual General Meeting will be held on 11 May 2020 at Radisson Blu Scandinavia in Gothenburg

The interim report for the period January – June 2020 will be published on 20 August 2020

The interim report for the period January – September 2020 will be published on 5 November 2020

<p><i>The information contained in this report constitutes information which Investment AB Latour (publ) is required to disclose under the EU Market Abuse Regulation. The information was provided by the above contact persons for publication on 14 February 2020 at 08.30 CET.</i></p>
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Consolidated income statement

SEK m	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	3,647	3,268	13,738	11,785
Cost of goods sold	-2,219	-1,984	-8,301	-7,073
Gross profit	1,428	1,284	5,437	4,712
Sales costs	-612	-555	-2,269	-2,063
Administrative costs	-297	-265	-1,078	-953
Research and development costs	-88	-88	-329	-328
Other operating income	26	74	184	143
Other operating expenses	-93	-65	-126	-114
Operating profit	364	385	1,819	1,397
Income from interests in associates	872	334	3,771	1,278
Income from portfolio management	164	-8	218	23
Management costs	-7	-5	-24	-21
Profit before financial items	1,393	706	5,784	2,677
Finance income	-33	11	38	44
Finance expense	-34	-23	-97	-75
Profit after financial items	1,326	694	5,725	2,646
Taxes	-79	-67	-415	-322
Profit for the period ¹	1,247	627	5,310	2,324
Attributable to:				
Parent company shareholders	1,265	636	5,327	2,336
Non-controlling interests	-18	-9	-17	-12
Earnings per share regarding profit attributable to parent company shareholders				
Basic share, SEK	1.98	1.00	8.33	3.66
Diluted share, SEK	1.97	0.99	8.31	3.64
Average number of basic shares outstanding	639,282,500	639,117,500	639,213,788	639,005,270
Average number of diluted shares outstanding	641,613,000	641,463,500	641,357,640	641,229,881
Number of outstanding shares	639,282,500	639,117,500	639,282,500	639,117,500

¹ Profit for 2019 has been negatively affected by SEK -7 m through the introduction of IFRS 16.

Consolidated statement of comprehensive income

SEK m	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Profit for the period	1,247	627	5,310	2,324
Other comprehensive income:				
Items that will not be recycled to the income statement				
Restatement of net pension obligations	-15	-7	-15	-7
	-15	-7	-15	-7
Items that may subsequently be recycled to the income statement				
Change in translation reserve for the period	-203	-29	77	196
Change in fair value reserve for the period	-145	-64	-134	-94
Change in hedging reserve for the period	68	1	69	-23
Change in associated companies' equity	257	-348	528	525
	-23	-440	540	604
Other comprehensive income, net after tax	-38	-447	525	597
Comprehensive income for the period	1,209	180	5,835	2,921
Attributable to:				
Parent company shareholders	1,225	189	5,850	2,933
Non-controlling interests	-16	-9	-15	-12

Consolidated cash flow

SEK m	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Operating cash flows before movements in working capital	494	391	1,864	1,326
Movements in working capital	201	168	-57	-212
Operating cash flows	695	559	1,807	1,114
Acquisitions of subsidiaries	-2,684	-153	-3,852	-1,057
Sale of subsidiaries	-	34	-	72
Other investments	-95	-66	-228	-214
Portfolio management	-96	-19	1,372	849
Cash flow after investments	-2,180	355	-901	764
Financial payments	2,349	-282	1,150	-697
Cash flow for the period	169	73	249	67

Consolidated balance sheet

SEK m	2019/12/31	2018/12/31
ASSETS		
Goodwill	9,913	6,565
Other intangible assets	272	216
Property, plant and equipment ¹	1,669	959
Financial assets	20,466	17,448
Inventories etc.	2,111	1,770
Current receivables	3,142	2,465
Cash and bank	1,029	744
Total assets¹	38,602	30,167
EQUITY AND LIABILITIES		
Capital and reserves attributable to parent company shareholders	26,010	21,768
Non-controlling interests	80	95
<i>Total equity</i>	<i>26,090</i>	<i>21,863</i>
Interest-bearing long-term liabilities ¹	7,977	3,563
Non-interest-bearing long-term liabilities	517	424
Interest-bearing current liabilities ¹	1,195	2,029
Non-interest-bearing current liabilities	2,823	2,288
Equity and liabilities¹	38,602	30,167

¹ Through the introduction of IFRS 16, fixed assets have increased by SEK 611 m and interest-bearing liabilities have increased by SEK 617 m on 31 December.

Consolidated changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Closing balance 31 Dec 2017	133	-72	357	19,827	102	20,347
Adjustment for changed accounting policies				29		29
Opening balance 1 Jan 2018	133	-72	357	19,856	102	20,376
Total comprehensive income for the period			75	2,853	-7	2,921
Issued call options				5		5
Exercise of call options		42		-14		28
Own shares repurchase		-30				-30
Dividends				-1,437		-1,437
Closing balance 31 December 2018	133	-60	432	21,263	95	21,863
Adjustment for changed accounting policies				0		0
Opening balance 1 Jan 2019	133	-60	432	21,263	95	21,863
Total comprehensive income for the period			10	5,840	-15	5,835
Issued call options				8		8
Exercise of call options		49		-11		38
Own shares repurchase		-56				-56
Dividends				-1,598		-1,598
Closing balance 31 December 2019	133	-67	442	25,502	80	26,090

Key ratios, Group

	2019/12/31	2018/12/31
Return on equity (%)	22	11
Return on total capital (%)	17	9
Equity ratio, incl IFRS 16 (%)	68	
Equity ratio, excl IFRS 16 (%)	69	72
Adjusted equity ratio, incl IFRS 16 ¹ (%)	85	
Adjusted equity ratio, excl IFRS 16 ¹ (%)	86	86
Adjusted equity ¹ (SEK m)	71,398	52,395
Surplus value in associated companies ² (SEK m)	45,308	30,532
Net debt/equity ratio 1 (%) ³	11.3	9.2
Net debt/equity ratio 2 (%) ⁴	9.4	7.0
Listed share price (SEK)	153	112
Repurchased shares	557,500	722,500
Average number of repurchased shares	626,212	834,730
Average number of employees	5,882	5,128
Issued call options corresponds to number of shares	2,330,500	2,346,000

¹ Incl. fair value gain in associated companies.

² The difference between the carrying amount and market value.

³ The ratio of net debt to adjusted equity.

⁴ The ratio of net debt to the market value of total assets.

Parent company income statement

SEK m	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Income from interests i Group companies	-	-	440	625
Income from interest in associates companies	-	-2	953	798
Income from portfolio management	-	-	-	-
Management costs	-6	-3	-19	-15
Profit before financial items	-6	-5	1,374	1,408
Interest income and similar items	10	6	21	6
Interest expense and similar items	-6	-4	-19	-6
Profit after financial items	-2	-3	1,376	1,408
Taxes	-	-	-	-
Profit for the period	-2	-3	1,376	1,408

Parent company statement of comprehensive income

SEK m	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Profit for the period	-2	-3	1,376	1,408
Change in fair value reserve for the period	-	-	-	-
Total other comprehensive income	0	0	0	0
Comprehensive income for the period	-2	-3	1,376	1,408

Parent company balance sheet

SEK m	2019/12/31	2018/12/31
ASSETS		
Financial assets	11,157	9,831
Long-term receivables from Group companies	6,000	3,100
Current receivables from Group companies	-	252
Other current liabilities	13	6
Cash and bank	-	-
Total assets	17,170	13,189
EQUITY AND LIABILITIES		
Equity	9,849	10,081
Interese-bearing long-term lilabilities	6,000	3,100
Non-interest-bearing long-term liabilities	-	-
Interese-bearing current liabilities	1,307	-
Non-interest-bearing current liabilities	14	8
Equity and liabilities	17,170	13,189

Parent company statement of changes in equity

SEK m	2019/12/31	2018/12/31
Amount at beginning of year	10,081	10,107
Total comprehensive income for the period	1,376	1,408
Issued call options	8	5
Exercise of call options	39	28
Repurchased treasury shares	-57	-30
Dividends	-1,598	-1,437
Amount at end of year	9,849	10,081

Segment reporting:

Development by business area 1 Jan 2019 – 31 Dec 2019

SEK m	Industrial operations						Portfolio management	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME								
External sales	113	2,895	3,077	1,448	5,986	219		13,738
Internal sales		1	2					3
RESULT								
Operating profit	20	412	257	411	717	2		1,819
Income from portfolio management							3,957	3,957
Finance income								38
Finance expense								-89
Taxes								-415
Profit for the period								5,310
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	71	27	40	21	75	17		251
intangible assets	2,369	879	143	2	57	-		3,450
Depreciation/amortisation	1	22	60	36	87	202		408

Development by business area 1 Jan 2018 – 31 Dec 2018

SEK m	Industrial operations						Portfolio management	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME								
External sales	-	2,407	2,735	1,309	5,136	198		11,785
Internal sales			2		1			3
RESULTS								
Operating result	-	375	190	397	514	-79		1,397
Income from portfolio management							1,280	1,280
Finance income								44
Finance expense								-75
Taxes								-322
Profit for the period								2,324
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	-	46	49	29	69	39		232
intangible assets	-	719	86	14	84	2		905
Depreciation/amortisation	-	20	65	34	85	22		226

Change in consolidated interest-bearing net debt

SEK m	2018/12/31	Open IFRS 16	Change in cash	Change in loans	Other changes	2019/12/31
Interest-bearing receivables	36				12	48
Cash	744		227		58	1,029
Pensions provisions	-89				-33	-122
Long-term liabilities	-3,474	-554		-3,905	78	-7,855
Utilised bank overdraft facilities	-72			-88		-160
Interest-bearing current liabilities	-1,957	-175		1,080	17	-1,035
Interest-bearing net debt	-4,812	-729	227	-2,913	132	-8,095

Five-year overview

SEK m	2019	2018	2017	2016	2015
Net sales, SEK m	13,738	11,785	9,930	8,344	8,555
Operating profit, SEK m	1,819	1,397	1,125	1,021	975
Income from interest in associated companies, SEK m	3,955	1,278	2,006	2,676	1,952
Income from portfolio management, SEK m	194	2	-8	101	1,493
Profit after finance items, SEK m	5,725	2,646	3,069	3,754	4,405
Earnings per share, SEK ¹	8.33	3.66	4.37	5.75	6.45
Return on equity, %	22	11	14	21	28
Return on total capital, %	17	9	13	17	22
Adjusted equity ratio, %	69	86	88	91	89
Net debt/equity ratio, %	11.3	9.2	7.9	3.0	5.0

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
31 January 2019	TKS Heis AS	Norway	Latour Industries	74
13 August 2019	Klimax AS	Norway	Swegon	12
3 September 2019	SyxthSense Ltd.	Switzerland	Latour Industries	6
16 September 2019	Custom LeatherCraft Mfg. LLC	USA	Hultafors Group	60
29 November 2019	Caljan AS	Denmark	Caljan	450
2 December 2019	Invalift Ltd/Abiliy Lifts Ltd	UK	Latour Industries	18

Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	103
Property, plant and equipment	73
Inventories	293
Account receivable	480
Other receivable	53
Cash	91
Long-term liabilities	-48
Current liabilities	-415
Net identifiable assets and liabilities	630
Group goodwill	3,308
Total purchase price	3,938
Additional purchase price	-22
Cash settlement purchase price	3,916
Acquisition of non-cash items	27
Acquired cash	-91
Effect of Group cash	3,852

In 2019, Latour acquired the entire shareholdings of TKS Heis AS, Klimax AS, SyxthSense Ltd., Custom LeatherCraft Mfg. LLC., Caljan AS and Invalift Ltd/Abiliy Lifts Ltd. TKS has contributed SEK 175 m in income and SEK 6 m in operating profit during the period. Klimax AS has contributed SEK 21 m in income and SEK -1 m in operating profit during the period. SyxthSense Ltd. has contributed SEK 10 m in income and SEK 2 m in operating profit during the period. Custom LeatherCraft has contributed SEK 163 m in income and SEK 20 m in operating profit during the period. Caljan has contributed SEK 113 m in income and SEK 20 m in operating profit during the period. Invalift Ltd/Abiliy Lift Ltd has contributed SEK 5 m in income and SEK 0 m in operating 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 19 m.

Note 2 Disclosures about financial assets and liabilities

Classification of financial instruments

THE GROUP 31 DEC 2019

	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	0 ¹			0
Other long-term securities holdings	3 ²			3
Other long-term receivables			51 ³	51
Listed shares, trading		15 ¹		15
Unrealised gains, currency derivatives	70 ²			70
Other current receivables			2 742 ³	2,742
Cash			1 029 ³	1,029
Total	73	15	3,822	3,910
FINANCIAL LIABILITIES				
Long-term loans			7 396 ³	7,396
Bank overdraft facilities			160 ³	160
Current loans			877 ³	877
Other liabilities			1 659 ³	1,659
Unrealised gains, currency derivatives	0 ²			0
Total	0	0	10,092	10,092

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 and currency swaps and are included in level 2. Valuation at fair value of 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 DEC 2019

SEK m	2019 Full Year	2018 Full Year
Revenue from goods	12,287	10,528
Revenue from services	1,451	1,247
	13,738	11,785
Fix-price contract	10,286	9,107
Time-and-materials contracts	3,452	2,678
	13,738	11,785
Sold directly to consumers	7,248	6,135
Sold through intermediaries	6,490	5,650
	13,738	11,785

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

Information by quarter

SEK m	2019					2018					2017				
	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
INCOME STATEMENT															
Net sales	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590	9,930	2,699	2,423	2,538	2,269
Cost of goods sold	-8,301	-2,219	-2,041	-2,137	-1,904	-7,073	-1,984	-1,743	-1,802	-1,544	-5,885	-1,600	-1,445	-1,512	-1,327
Gross profit	5,437	1,428	1,298	1,430	1,281	4,712	1,284	1,160	1,222	1,046	4,045	1,099	978	1,026	942
Costs etc. for the operation	-3,618	-1,064	-855	-831	-868	-3,315	-899	-786	-851	-779	-2,920	-802	-669	-747	-702
Operating profit	1,819	364	443	599	413	1,397	385	374	371	267	1,125	297	309	279	240
Total portfolio management	3,965	1,029	350	1,209	1,377	1,280	321	473	106	380	1,998	506	514	597	381
Profit before financial items	5,784	1,393	793	1,808	1,790	2,677	706	847	477	647	3,123	803	823	876	621
Net financial items	-59	-67	31	-24	1	-31	-12	-14	-14	9	-54	-22	-11	-11	-10
Profit after financial items	5,725	1,326	824	1,784	1,791	2,646	694	833	463	656	3,069	781	812	865	611
Taxes	-415	-79	-133	-113	-90	-322	-67	-90	-95	-70	-281	-83	-73	-68	-57
Profit for the period	5,310	1,247	691	1,671	1,701	2,324	627	743	368	586	2,788	698	739	797	554
KEY RATIOS															
Earnings per share, SEK ¹	8.33	1.98	1.08	2.61	2.66	3.66	1.00	1.16	0.58	0.92	4.37	1.09	1.16	1.25	3.48
Cash flow for the period	249	169	122	-1171	1129	67	73	22	25	-53	-697	-60	-135	-241	-261
Adjusted equity ratio, %	86	86	87	88	87	86	86	87	87	88	88	88	88	90	92
Adjusted equity	71,398	71,398	65,229	66,481	62,720	52,395	52,395	58,490	56,880	54,105	51,758	51,758	54,343	53,222	51,995
Net asset value	86,974	86,974	81,027	81,276	76,054	63,980	63,980	69,105	66,841	63,016	60,521	60,521	62,625	61,450	60,742
Net asset value per share, SEK ¹	136	136	127	127	119	100	100	108	105	99	95	95	98	96	95
Listed share price, SEK ¹	153	153	130	137	125	112	112	111	97	95	101	101	110	105	90
NET SALES															
Caljan	113	113	-	-	-	-	-	-	-	-	-	-	-	-	-
Hultafors Group	2,896	866	693	689	648	2,407	716	618	596	477	1,901	542	454	460	444
Latour Industries	3,079	810	739	790	740	2,758	747	660	700	652	2,314	706	601	571	479
Nord-Lock Group	1,448	330	340	395	384	1,309	333	332	341	303	1,114	268	277	286	283
Swegon	5,986	1,473	1,505	1,639	1,370	5,137	1,421	1,248	1,347	1,121	4,378	1,130	1,043	1,177	1,029
	13,519	3,591	3,276	3,512	3,142	11,611	3,217	2,858	2,984	2,553	9,707	2,646	2,375	2,494	2,235
Other companies and eliminations	219	56	63	55	43	174	51	45	40	37	223	53	49	44	34
	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590	9,930	2,699	2,424	2,538	2,269
OPERATING PROFIT															
Caljan	20	20	-	-	-	-	-	-	-	-	-	-	-	-	-
Hultafors Group	412	138	97	90	88	375	119	93	98	65	287	92	68	64	62
Latour Industries	257	60	74	67	56	191	55	57	48	31	171	55	49	36	33
Nord-Lock Group	411	71	94	124	121	397	89	106	108	94	340	76	88	86	89
Swegon	717	145	199	226	147	514	138	144	143	89	381	98	104	110	68
	1,817	434	464	507	412	1,477	401	399	397	279	1,179	321	309	297	252
Gain/loss from sale/purchase of busi	29	-63	-15	108	-1	-38	-17	-10	-10	-1	-30	-10	-5	-10	-5
Other companies and items	-27	-7	-6	-17	2	-42	1	-15	-16	-11	-24	-14	5	-8	-7
	1,819	364	443	598	413	1,397	385	374	371	267	1,125	297	309	279	240
OPERATING MARGIN (%)															
Caljan	17.4	17.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hultafors Group	14.2	15.9	13.9	13.3	13.6	15.6	16.6	15.1	13.6	13.6	15.1	17.0	15.0	14.0	14.0
Latour Industries	8.3	7.4	10.0	7.7	7.6	6.9	7.3	8.6	4.7	4.7	7.4	7.7	8.2	6.3	6.9
Nord-Lock Group	28.4	21.6	27.8	40.8	31.4	30.3	26.8	31.9	30.9	30.9	30.5	28.3	31.8	30.2	31.5
Swegon	12.0	9.9	13.2	10.7	10.7	10.0	9.7	11.5	8.0	8.0	8.7	8.7	10.0	9.4	6.6
	13.4	12.1	14.2	13.1	13.1	12.7	12.5	14.0	10.9	10.9	12.1	12.1	13.1	11.9	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/disposals and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and disposals.

Basic earnings per share

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

Calculations:

Jan-Dec 2019: $5,310 / 639,213,788 \times 1,000 = 8.33$

Jan-Dec 2018: $2,324 / 639,005,270 \times 1,000 = 3.66$

Diluted earnings per share

Calculations:

Jan-Dec 2019: $5,310 / 641,357,640 \times 1,000 = 8.31$

Jan-Dec 2018: $2,324 / 641,229,881 \times 1,000 = 3.64$

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.

Share of voting rights

Share of voting rights is calculated after deduction for repurchased shares.

Share of equity

Share of equity is calculated on total number of issued shares.

Other

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

Investment AB Latour (publ)
Corporate ID no. 556026-3237
J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden
Tel +46 (0)31 89 17 90
info@latour.se, www.latour.se