



2020

INTERIM REPORT  
JANUARY – SEPTEMBER

# Interim report January – September 2020

## NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 148 per share, compared with SEK 136 per share at the start of the year. This is an increase of 9.8 per cent. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 8.2 per cent. The net asset value was SEK 143 per share at 4 November.<sup>1</sup>
- The total return on the Latour share was 39.1 per cent during the period measured against the SIXRX, which rose 8.2 per cent.

## INDUSTRIAL OPERATIONS

### Third quarter

- The industrial operations' order intake rose 10 per cent to SEK 3,431 m (3,133 m), which represents a 2 per cent decrease for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 11 per cent to SEK 3,622 m (3,275 m), which represents a 1 per cent decrease for comparable entities adjusted for foreign exchange effects.
- The industrial operations' highest operating profit to date. Operating profit increased by 29 per cent to SEK 602 m (466 m), which equates to an operating margin of 16.6 (14.2) per cent for continuing operations.

### January – September

- The industrial operations' order intake rose 9 per cent to SEK 10,954 m (10,028 m), which represents a 5 per cent decrease for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 9 per cent to SEK 10,794 m (9,924 m), which represents a 5 per cent decrease for comparable entities adjusted for foreign exchange effects.
- Operating profit increased by 9 per cent to SEK 1,524 m (1,393 m), which equates to an operating margin of 14.1 (14.0) per cent for continuing operations.

## THE GROUP

- Consolidated net sales totalled SEK 10,975 m (10,091 m), and profit after financial items was SEK 4,307 m (4,399 m). This year, the income statement has been impacted negatively by SEK -243 m due to a write-down of Alimak, and positively by a capital gain of SEK 1,976 m from the sale of Tomra shares. Capital gains and other items that affect the comparability of results had a favourable SEK 849 m impact on last year's income statement.
- Consolidated profit after tax was SEK 4,035 m (4,063 m), which is equivalent to SEK 6.31 (6.35) per share.
- The Group reported net debt of SEK 6,461 m (5,913 m). Net debt, excluding lease liabilities recognised under IFRS 16, was SEK 5,999 m (5,268 m) and is equivalent to 6 (6) per cent of the market value of total assets.

## INVESTMENT PORTFOLIO

- The value of the investment portfolio increased by 9.0 per cent in the third quarter when adjusted for portfolio changes and dividends. The benchmark index (SIXRX) rose 8.2 per cent.
- In the third quarter, 1,000,000 shares in Fagerhult were acquired. Earlier this year, 2,560,000 shares in Fagerhult were acquired. The resulting ownership stake at the end of the period is 47.8 per cent.
- In the second quarter, 7.8 million shares in Tomra were sold for a consideration of SEK 2.5 billion. After the sale, Latour holds 21.1 per cent of outstanding shares in the company and remains its principal owner.
- The shareholding in Alimak increased earlier in the year to 29.6 per cent following acquisition of 210,000 shares.

## EVENTS AFTER THE REPORTING PERIOD

- On 2 November, Swegon acquired 100 per cent of the shares in the German company SLT Schanze Lufttechnik, which in 2019 generated net sales of EUR 10 m and had 70 employees.

<sup>1</sup> The calculation of the net asset value on 4 November was based on the value of the investment portfolio at 1 p.m. on 4 November, and the same values as at 30 September 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 68 billion as at 30 September 2020. 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

“Despite the ongoing pandemic, we can report a strong set of results for the wholly-owned industrial operations. This is very gratifying and confirms that we own sustainable and well-managed companies. During the summer months, the markets have opened up to varying degrees and demand has gradually increased. Sales in the industrial operations grew organically towards the end of the quarter. We can now state that we are in a second wave, and there is a high risk of new shutdowns and thus restrictions on the economy. What is more, we have probably not seen the long-term consequences of the pandemic with regard to changes in behaviour and investment decisions. It may bring threats as well as opportunities.

In the third quarter, order intake fell 2 per cent when adjusted for acquisitions and foreign exchange effects, and invoiced sales were slightly below last year's level. Operating profit increased by 29 per cent in the quarter to SEK 602 m (466 m) with a strong operating margin of 16.6 (14.2) per cent. Adjusted for acquisitions and exchange rate movements, we outperformed the previous year's quarter by 12 per cent. Given the current situation, we are extremely pleased with the performance, much of which was due to our operations' keen cost awareness and ability to steer their organisations.

Our business areas have introduced significant measures to help mitigate the impact of Covid-19 and have taken advantage of the available government support, where appropriate, although to a relatively little extent and far less than in the previous quarter. The operations have been gradually resuming normal activities, but the pandemic is far from over and the companies are ready to adjust and adapt again to new conditions if necessary. We have observed various trends and impacts during the period, depending on which market and segment one looks at. Generally, it can be said that, as in the previous quarter, the countries of northern Europe have been less affected than the rest of Europe. The operations in Asia and North America have experienced relatively positive growth. We have a diversified portfolio of holdings that are exposed to different geographic markets, customers and product segments, which has alleviated the negative impact of the crisis.

We stepped up our acquisition activities again during the quarter and are looking forward to what will hopefully be a busier fourth quarter in terms of transactions. Swegon's announcement that it had acquired SLT Schanze Lufttechnik in Germany earlier in the week was good news.

We are also maintaining our relentless focus on positioning ourselves for the future by investing continuously in various aspects of product development, sales and marketing. Furthermore, we currently have a high rate of investment in our factories. We remain committed to our focus on sustainability and digitalisation which is key to underpinning future growth. During the quarter, we launched several different initiatives to support the companies' within these areas and also implemented additional central sustainability targets that apply to all of the wholly-owned holdings.

The stock market has had a strong development during the quarter and this is reflected in our investment portfolio. Since the beginning of the year, the investment portfolio has increased by 9.0 per cent when adjusted for portfolio changes and dividends, while the benchmark index (SIXRX) increased by 8.2 per cent. The underlying growth in earnings of the companies has also been good considering the pandemic. Several companies have been hit by a sharp fall in organic sales, but have demonstrated considerable resilience and are posting strong operating profits. The net asset value in Latour increased in the same period by 9.8 per cent to SEK 148 per share.”

*Johan Hjertsonsson  
President and Chief Executive Officer*

# Industrial operations

## Order intake, invoiced sales and earnings

In the third quarter, order intake grew by 10 per cent to SEK 3,431 m (3,133 m), with organic growth accounting for minus 2 per cent of this. Invoiced sales rose 11 per cent to SEK 3,622 m (3,275 m), which represents a 1 per cent decrease for comparable entities and when adjusted for foreign exchange effects. Operating profit in the wholly-owned industrial operations increased by 29 per cent in the quarter to SEK 602 m (466 m). The operating margin was 16.6 (14.2) per cent.

Order intake grew by 9 per cent in the 9-month period to SEK 10,954 m (10,028 m), of which organic growth was minus 5 per cent. Invoiced sales rose 9 per cent to SEK 10,794 m (9,924 m), of which organic growth was minus 5 per cent. Operating profit in the wholly-owned industrial operations increased by 9 per cent in the 9-month period to SEK 1,525 m (1,393 m). The operating margin was 14.1 (14.0) per cent.

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

## Acquisitions/disposals

There were no business acquisitions or sales in the wholly-owned industrial operations in the third quarter.

Four transactions took place earlier on in the year. The acquisition of 100 per cent of the shares in S+S Regeltechnik in Germany for Bemsig AB within Latour Industries was finalised on 22 January. 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 28 January, MS Group, within Latour Industries, acquired 100 per cent of the shares in the Spanish company Batec Mobility which generates annual sales of EUR 4.8 m and has 41 employees. The company's products offer manual wheelchair users greater freedom of movement. An electric-powered add-on motor allows users to travel more quickly over longer distances, even where there are steep slopes and rough ground.

On 30 January, Hultafor Group AB 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, Hultafor Group will successively acquire 100 per cent of the shares in Daan Holding B.V. EMMA has a strong presence in central Europe with a focus on the Benelux countries. In 2019, net sales totalled EUR 23 m with a level of profitability in line with Hultafor Group's goal. The company has some 140 employees and recently set up a state-of-the-art facility in Kerkrade, the Netherlands, for the production of safety footwear. This acquisition is part of Hultafor Group's strategy to strengthen its position in personal protective equipment in Europe and North America. It is expected that the acquisition will further expand the company's sales and marketing capabilities in Europe and will also strengthen the supply chain with a footwear production facility and other resources.

On 11 March, Swegon acquired 100 per cent of the shares in the UK company Waterloo Air Products, a leading manufacturer of air terminal devices. This acquisition enhances Swegon's offering, which now comprises a full range of high-quality indoor climate products. The company employs 140 people and its head office and production site are in Aylesford. In 2019, the acquired operation reported net sales of GBP 12 m.

# Industrial operations summary

## Business area results

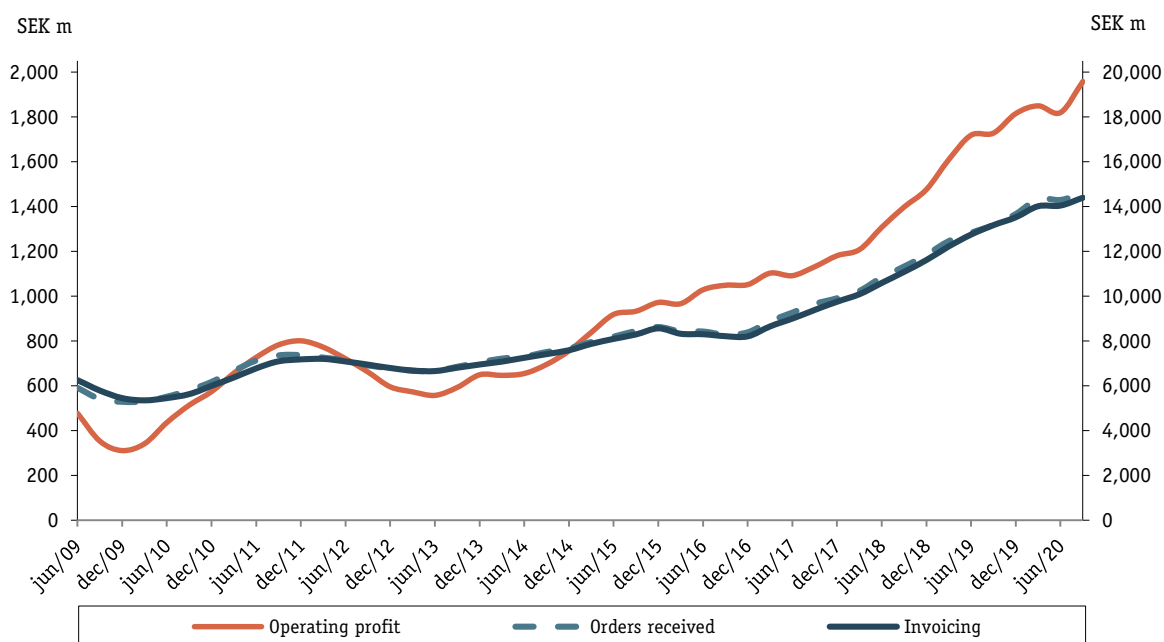
SEK m	Net sales				Operating profit				Operating margin %			
	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths
Caljan <sup>1</sup>	311	-	752	-	58	-	114	-	18.7	-	15.2	-
Hultafor Group	915	693	2,600	2,030	157	97	379	275	17.1	13.9	14.6	13.5
Latour Industries	725	738	2,226	2,265	87	76	206	207	12.0	10.3	9.3	9.2
Nord-Lock Group	300	340	981	1,118	83	94	264	340	27.6	27.8	26.9	30.4
Swegon	1,372	1,505	4,238	4,513	217	199	561	571	15.8	13.2	13.2	12.7
Eliminations	-1	-1	-3	-2	-	-	-	-	-	-	-	-
	3,622	3,275	10,794	9,924	602	466	1,524	1,393	16.6	14.2	14.1	14.0
Part-owned subsidiaries	70	63	181	163	2	2	4	4	2.4	3.3	2.0	2.3
	3,692	3,338	10,975	10,087	604	468	1,528	1,397	16.3	14.0	13.9	13.8
Gain/loss from sale/purchase of businesses	-	-	-	-	1	-15	-26	92				
Other companies and items	-	1	-	4	-6	-10	-23	-36				
	3,692	3,339	10,975	10,091	599	443	1,479	1,453				
Effect IFRS 16	-	-	-	-	-3	-	3	2				
	3,692	3,339	10,975	10,091	596	443	1,482	1,455				

SEK m	Operating capital <sup>2</sup>		Return on operating capital %		Growth in net sales, 2020 %			
	2020 Trailing 12	2019 Trailing 12	2020 Trailing 12	2019 Trailing 12	Total	Organic	Currency	Acquisitions
Caljan <sup>1</sup>	2,487	-	5.4	-	-	3.9	-0.1	-
Hultafor Group	3,784	2,456	13.7	16.0	28.1	4.0	-0.7	24.0
Latour Industries	3,431	3,035	7.8	8.6	-1.7	-10.7	-1.0	11.2
Nord-Lock Group	1,193	1,092	28.1	39.3	-12.3	-11.7	-0.6	-
Swegon	3,271	3,262	21.6	21.7	-6.1	-7.4	-1.3	2.8
Total	14,166	9,845	13.8	18.2	8.8	-5.4	-0.9	16.0

<sup>1</sup> The figures for the previous year and trailing 12 months refer to the time from the acquisition date on 1 December 2019.

<sup>2</sup> Calculated as total assets less cash and other interest-bearing assets and less non-interest-bearing liabilities. Calculated on the average for the past 12 months.

## Industrial operations trailing 12 months



## Development by business area



(MEUR)	2020 Q3	2019* Q3	2020 9 mths	2019 9 mths	2019* Full Year	Trailing* 12 mths
Net sales	29.8	23.1	71.2	68.5	92.2	94.9
EBITDA	5.8	3.9	12.0	10.4	14.1	15.6
EBITDA <sup>1</sup>	5.8	3.9	11.8	10.4	14.0	15.4
EBITA <sup>1</sup>	5.7	3.6	11.3	9.7	13.1	14.7
EBIT <sup>1</sup>	5.7	3.6	11.0	9.7	13.1	14.3
EBITA % <sup>1</sup>	19.2	15.5	15.9	14.2	14.2	15.5
EBIT % <sup>1</sup>	19.2	15.5	15.5	14.2	14.2	15.1
Total growth %	26.0		4.0			
Organic %	29.1		3.9			
Exchange effects %	-2.5		-0.1			
Acquisitions %	-		-			
Average number of employees	496	468	488	467	465	

<sup>1</sup> Excl. IFRS 16.

\* Pro forma

### Highlights

- Although Covid-19 continues to have some negative impact on demand, the order book remains on a good level as we move into the fourth quarter.
- Invoiced sales for the quarter are 26 per cent above last year's figure.
- The increase in invoiced sales and good cost control contribute to a very good performance in the quarter.
- Caljan continues to expand with the construction of a new factory in Latvia and the establishment of a factory in the USA.

### Breakdown of net sales

(MEUR)	2020 Q3	2019* Q3	2020 9 mths	2019 9 mths	2019* Full Year	Trailing* 12 mths
Telescopes	16.4	12.8	44.2	43.5	56.0	56.9
Document Handling & Labelling	2.1	4.6	4.5	7.1	9.0	6.2
Depot Automation Solutions	6.1	0.3	7.6	2.2	5.0	11.0
Aftermarket	4.9	4.9	15.0	15.0	22.0	21.0
	29.5	22.6	71.3	67.7	92.0	95.0

\*Pro forma

**Caljan** is a global supplier of automation technology for parcel handling in the logistics and e-commerce sectors. Caljan's products help packing companies, distributors 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)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Net sales	915	693	2,600	2,030	2,896	3,466
EBITDA	172	109	426	311	462	576
EBITDA <sup>1</sup>	166	102	408	291	435	551
EBITA <sup>1</sup>	159	97	386	277	416	525
EBIT <sup>1</sup>	157	97	379	275	412	517
EBITA % <sup>1</sup>	17.4	14.1	14.9	13.7	14.4	15.2
EBIT % <sup>1</sup>	17.1	13.9	14.6	13.5	14.2	14.9
Total growth %	32.2	12.1	28.1	20.1	20.3	
Organic %	14.4	9.0	4.0	6.6	3.2	
Exchange effects %	-3.7	2.5	-0.7	3.1	3.2	
Acquisitions %	20.1	0.4	24.0	9.2	13.1	
Average number of employees	964	874	975	859	885	

<sup>1</sup> Excl. IFRS 16.

### Highlights

- All the product areas and main markets have experienced positive growth after an initial drop in demand in March/April this year.
- During the period, CLC in the USA won a major contract with the retail company Lowe's which has boosted invoiced sales in North America during the quarter.
- A combination of continued good cost control and a high turnover resulted in a very strong performance for the quarter.
- In order to maintain and further improve the competitive edge, investments in sales, marketing and digitalisation are gradually being increased.

### Breakdown of net sales

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
PPE/Workwear	502	382	1,441	1,151	1,660	1,957
Hardware	413	311	1,159	879	1,236	1,509
	915	693	2,600	2,030	2,896	3,466

Pro forma adjustment<sup>1</sup>

Trailing 12 month pro forma

<sup>1</sup> 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 Level, Hellberg Safety and EMMA. Hultafors Group is also a distributor for the German manufacturing company Fein in the Swedish market.

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Net sales	725	738	2,226	2,265	3,075	3,036
EBITDA	115	103	290	289	379	380
EBITDA <sup>1</sup>	102	91	252	250	327	329
EBITA <sup>1</sup>	91	80	219	220	285	283
EBIT <sup>1</sup>	87	76	206	207	267	266
EBITA % <sup>1</sup>	12.6	10.9	9.8	9.7	9.3	9.3
EBIT % <sup>1</sup>	12.0	10.3	9.3	9.2	8.7	8.8
Total growth %	-1.8	11.9	-1.7	13.8	12.4	
Organic %	-9.3	3.8	-10.7	5.6	3.8	
Exchange effects %	-2.7	1.4	-1.0	1.7	1.7	
Acquisitions %	11.2	6.3	11.2	6.0	6.5	

Average number of employees 1,607 1,448 1,562 1,459 1,465

<sup>1</sup> Excl. IFRS 16.

### Highlights

- Sales growth in the third quarter shows that most of the business entities are experiencing recovery.
- Good cost control resulted in increased profitability to 12 per cent in the quarter.
- The majority of the companies shows positive growth and profitability towards the end of the quarter.
- The companies within Building Automation have had limited impact from the Covid-19 pandemic during the quarter.
- The businesses are prepared to adapt to future market changes.

### Breakdown of net sales

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Bemsiq	166	114	537	361	497	673
Aritco Group	193	201	599	568	792	823
Vimec	118	136	303	382	541	462
MS Group	118	128	355	411	529	473
LSAB	90	114	326	406	533	454
Densiq	43	48	115	145	193	163
Elimination	-5	-2	-8	-7	-10	-11
	725	738	2,226	2,265	3,075	3,036

Pro forma adjustment<sup>1</sup> 74

Trailing 12 month pro forma 3,110

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

**Latour Industries** consists of a number of operating areas, each with its own business concept and business model. Our ambition is to develop independent entities within the business area, so that they are eventually able to become established as separate business areas within Latour.

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Net sales	300	340	981	1,118	1,448	1,311
EBITDA	97	110	308	384	471	395
EBITDA <sup>1</sup>	92	103	290	366	446	371
EBITA <sup>1</sup>	85	97	271	347	420	345
EBIT <sup>1</sup>	83	94	264	340	411	335
EBITA % <sup>1</sup>	28.4	28.5	27.6	31.0	29.0	26.3
EBIT % <sup>1</sup>	27.6	27.8	26.9	30.4	28.4	25.6
Total growth %	-11.8	2.6	-12.3	14.6	10.7	
Organic %	-6.3	-1.6	-11.7	7.9	4.4	
Exchange effects %	-5.9	4.1	-0.6	5.5	5.4	
Acquisitions %	-	0.3	-	0.7	0.5	

Average number of employees 537 568 563 588 594

<sup>1</sup> Excl. IFRS 16.

### Highlights

- The impact of both the pandemic and exchange rates has resulted in negative growth, although Asia Pacific has seen organic growth.
- Non-recurring costs totalling SEK 5 m, associated with the relocation of production to the business area's new factory in Pittsburgh, USA, were charged to operating profit in the quarter.
- Despite lower sales and a lack of major project deliveries, profitability in the quarter has remained in line with the previous year, which should be seen as good.
- Improved order intake was reported across most of the regions and segments towards the end of the quarter.
- Key reference projects have been won for the Group's Load Sensing Tensioner (LST) with SMART technology.

### Breakdown of net sales

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
EMEA	130	167	432	512	652	572
Americas	80	89	259	292	394	361
Asia Pacific	90	84	290	314	402	378
	300	340	981	1,118	1,448	1,311

Pro forma adjustment<sup>1</sup> -

Trailing 12 month pro forma 1,311

<sup>1</sup> 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)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Net sales	1,372	1,505	4,238	4,513	5,986	5,711
EBITDA	251	241	669	692	875	851
EBITDA <sup>1</sup>	238	222	625	640	804	790
EBITA <sup>1</sup>	221	203	572	584	733	721
EBIT <sup>1</sup>	217	199	561	571	717	706
EBITA % <sup>1</sup>	16.1	13.5	13.5	12.9	12.2	12.6
EBIT % <sup>1</sup>	15.8	13.2	13.2	12.7	12.0	12.4
Total growth %	-8.8	20.6	-6.1	21.5	16.5	
Organic %	-8.0	9.8	-7.4	11.7	8.0	
Exchange effects %	-3.8	2.0	-1.3	2.5	2.5	
Acquisitions %	2.9	7.6	2.8	6.1	5.3	
Average number of employees	2,467	2,473	2,565	2,472	2,454	

<sup>1</sup> Excl. IFRS 16.

## Highlights

- Although actions plans were swiftly implemented in March/April to manage the effects of Covid-19, the pandemic's long-term impact on demand is still unknown.
- The Nordic region and North America continued to exhibit relatively positive growth in the third quarter, while growth varied significantly across other markets.
- The effects of various internal efficiency projects and a generally high level of cost awareness helped achieve strong profitability during the quarter.
- Continuing focus on investments to drive long-term growth.
- Andreas Örje Wellstam started as new CEO on 1 September.
- After the reporting period, Swegon acquired 100 per cent of the shares in the German company SLT Schanze Lufttechnik.

## Breakdown of net sales

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Sweden	253	266	887	899	1,188	1,176
Rest of Nordic region	272	255	837	790	1,046	1,094
Rest of world	847	984	2,514	2,824	3,752	3,441
	1,372	1,505	4,238	4,513	5,986	5,711
Pro forma adjustment <sup>1</sup>						61
Trailing 12 month pro forma						5,772

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

(SEK m)	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	2019 Full Year	Trailing 12 mths
Commercial Ventilation	1,052	1,197	3,274	3,602	4,778	4,450
Residential	127	118	404	361	476	519
North America	88	84	245	253	342	334
UK	171	175	498	510	662	650
Eliminations	-66	-69	-183	-213	-272	-242
	1,372	1,505	4,238	4,513	5,986	5,711

**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 2019.

In some cases, the valuation multiples for comparable companies span over a very big range. For this reason, the

multiples may be adjusted in order to avoid unreasonable values. The indicative value stated below is not a complete market valuation of Latour's holdings.

The net asset value increased in the 9-month period to SEK 148 per share from SEK 136 at the start of the year. The net asset value thus increased by 9.8 per cent, while the SIXRX benchmark increased by 8.2 per cent.

The stock market development in the last quarter have meant that most of the companies in the industrial operations' listed peer group have increased considerably in value, with the business areas' valuation multiples following suit. Latour value the holdings with a cautious approach and the increases in value of comparable companies are therefore not fully reflected in the industrial operations' valuation range.

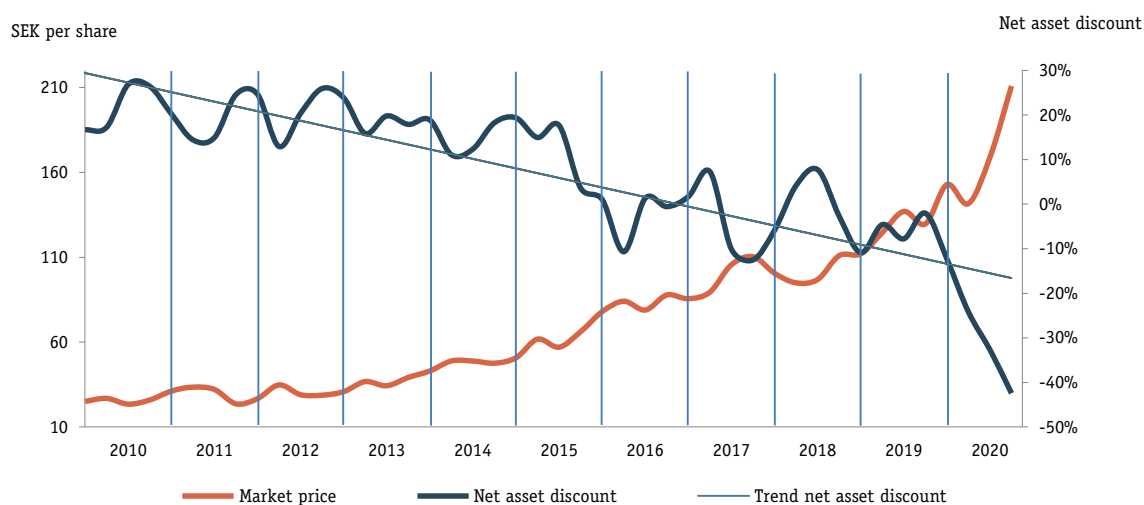
SEK m	Net sales <sup>1</sup>	EBIT <sup>1</sup>	EBIT multiple	Valuation <sup>2</sup> Range	Valuation <sup>2</sup> Average	Valuation <sup>2</sup> SEK/share <sup>3</sup> Range
Caljan	1,004	150	17 – 21	2,548 – 3,147	2,847	4 – 5
Hultafors Group	3,539	528	12 – 16	6,336 – 8,448	7,392	10 – 13
Latour Industries	3,110	281	14 – 18	3,930 – 5,053	4,492	6 – 8
Nord-Lock Group	1,311	335	14 – 18	4,692 – 6,032	5,362	7 – 9
Swegon	5,772	708	15 – 19	10,626 – 13,460	12,043	17 – 21
	14,736	2,002		28,132 – 36,140		44 – 56
Industrial operations valuation, average					32,136	50
Listed shares (see table on page 10 for breakdown)					68,424	107
<i>Unlisted part-owned holdings</i>						
Neuffer <sup>4</sup> , 66.1 %					149	0
Oxeon <sup>4</sup> , 31.3 %					18	0
<i>Other assets</i>						
Short trading portfolio					0	0
Dilution effect of option programme					-143	0
Consolidated net debt (excl IFRS 16)					-5,999	-9
Estimated value					94,585	148
					(90 580 – 98 589)	(142 – 154)

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

<sup>2</sup> EBIT and EV/sales recalculated taking into consideration the listed share price on 30 of September 2020 for comparable companies in each business area.

<sup>3</sup> Calculated on the basis of the number of outstanding shares.

<sup>4</sup> Valued according to the book value.



## The investment portfolio at 30 September 2020

The value of the investment portfolio increased by 9.0 per cent in the 9-month period when adjusted for portfolio changes and dividends, while the benchmark index (SIXRX) increased by 8.2 per cent. In the third quarter, 1,000,000 shares in Fagerhult were acquired. Earlier this year, 2,560,000 shares in Fagerhult were acquired. The resulting ownership stake at the end of the period is 47.8 per cent.

In the second quarter, 7.8 million shares in Tomra were sold for a consideration of SEK 2.5 billion. After the sale, Latour holds 21.1 per cent of outstanding shares in the company and remains its principal owner.

The shareholding in Alimak increased earlier in the year to 29.6 per cent following acquisition of 210,000 shares.

Share <sup>1</sup>	Number	Cost SEK m	Listed share price <sup>2</sup> SEK	Market value SEK m	Share of votes %	Share of equity %
Alimak Group	16,016,809	2,134	122	1,954	29.7	29.6
Assa Abloy <sup>3</sup>	105,495,729	1,697	210	22,165	29.5	9.5
Fagerhult	84,708,480	1,899	44	3,693	48.1	47.8
HMS Networks	12,109,288	250	206	2,488	25.9	25.9
Nederman	10,538,487	306	138	1,449	30.0	30.0
Securitas <sup>3</sup>	39,732,600	1,081	137	5,455	29.6	10.9
Sweco <sup>3 4</sup>	32,622,480	445	498	16,239	21.3	26.9
Tomra <sup>5</sup>	31,200,000	1,600	402 NOK	11,931	21.1	21.1
Troax	18,060,000	397	169	3,049	30.2	30.1
Total		9,809		68,423		

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

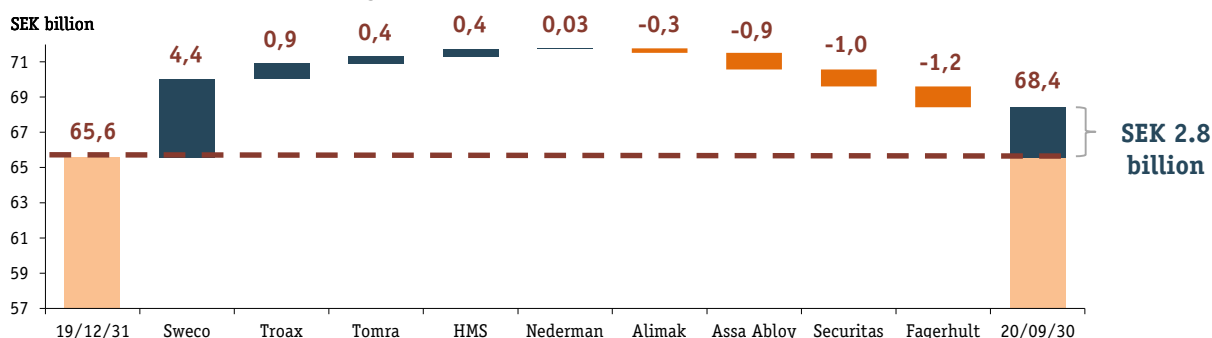
<sup>2</sup> The last price paid is used as the listed share price.

<sup>3</sup> 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.

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

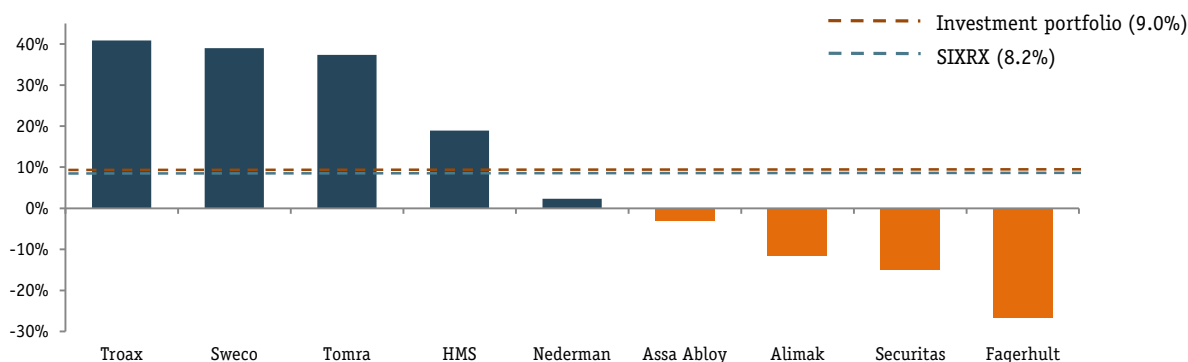
<sup>5</sup> At the end of the report period, the listed share price was NOK 402,10 which has been translated to SEK at the exchange rate on the balance sheet date.

### Investment portfolio during 2020



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

### Total return 2020 for the portfolio companies



# Results and financial position

## The Group

The Group's profit after financial items was SEK 4,307 m (4,399 m). Profit after tax was SEK 4,035 m (4,063 m), which is equivalent to SEK 6.31 (6.35) per share. The income statement has been impacted negatively by SEK -243 m due to a write-down of the value of the holding in Alimak, and positively by a capital gain from the sale of shares in Tomra of SEK 1,976 m. The business areas have availed themselves of government support, due to Covid-19, where applicable, but only to a relatively small extent. Latour have received a total of SEK 69 m, of which SEK 12 m in Sweden.

The Group's cash in hand and liquid investments reached SEK 3,575 m (1,029 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 9,959 m (5,913 m). The Group's net debt was SEK 6,461 m (5,913 m). Net debt, excluding lease liabilities, was SEK 5,999 m (5,268 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 for its existing MTN programme and, at the same time, increased the framework amount to SEK 10 billion at the Swedish Financial Supervisory Authority. In March, Latour issued two new bonds with a total value of SEK 2.5 billion. All in all, Latour has seven outstanding bonds with a total value of SEK 7 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 385 m (98 m) was invested in property, plant and equipment, of which SEK 189 m (79 m) was machinery and equipment, SEK 13 m (13 m) was vehicles, and SEK 183 m (6 m) was buildings. Fixed assets in newly acquired companies account for SEK 129 m (9 m) of investments for the year.

## Parent company

The parent company's profit after financial items was SEK 2,891 m (1,378 m). The parent company's equity ratio was 63 (66) 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 30 September 2020 amounted to 639,379,500. At the end of the period, Latour holds 460,500 repurchased class B shares.

The total number of issued call options is 2,122,900, which give the right to purchase the same amount of shares.

## Events after the reporting period

On 2 November, Swegon acquired 100 per cent of the shares in the German company SLT Schanze Lufttechnik.

## 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 2019 Annual Report, except for the possible consequences of the coronavirus pandemic which have been commented on in other sections of this report.

## Accounting policies

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

New accounting standard requirements that came into effect on 1 January 2020 have not had any impact on the Group's or parent company's accounting as of 30 September 2020.

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 20 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 2019 are available for viewing on Latour's website [www.latour.se](http://www.latour.se).

## Nomination Committee

The Nomination Committee for the Annual General Meeting on 10 May 2021 comprises the following members:

Jan Svensson, Chairman (Förvaltnings AB Wasatornet including related entities), Eric Douglas (Wasatornet Holding AB including related entities), Fredrik Palmstierna (own holding including related entities) and Johan Nordström (Skirner AB).

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

Gothenburg, 5 November 2020  
Johan Hjertonsson  
President and CEO

## Auditor's review report

Investmentaktiebolaget Latour, Corporate ID no. 556026-3237

### Introduction

We have conducted a review of the condensed financial statements for the interim period (interim report) for Investmentaktiebolaget Latour as at 30 September 2020 and the nine-month period ending on that date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the *International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practice.

The review procedures that are undertaken do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act.

Gothenburg, 5 November 2020

Ernst & Young AB

Staffan Landén  
Authorised Public Accountant

## Consolidated income statement

SEK m	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	12 mths Oct-Sep 2019/2020	Full Year 2019
Net sales	3,692	3,339	10,975	10,091	14,622	13,738
Cost of goods sold	-2,236	-2,041	-6,679	-6,082	-8,898	-8,301
Gross profit	1,456	1,298	4,296	4,009	5,724	5,437
Sales costs	-535	-535	-1,687	-1,657	-2,299	-2,269
Administrative costs	-260	-247	-875	-781	-1,172	-1,078
Research and development costs	-89	-70	-294	-241	-382	-329
Other operating income	25	17	95	158	121	184
Other operating expenses	-1	-20	-53	-33	-146	-126
Operating profit	596	443	1,482	1,455	1,846	1,819
Income from interests in associates	844	357	2,978	2,925	3,824	3,771
Income from portfolio management	-1	-2	-8	28	182	218
Management costs	-7	-5	-20	-17	-27	-24
Profit before financial items	1,432	793	4,432	4,391	5,825	5,784
Finance income	-5	48	9	71	-24	38
Finance expense	-45	-17	-134	-63	-168	-97
Profit after financial items	1,382	824	4,307	4,399	5,633	5,725
Taxes	-93	-133	-272	-336	-351	-415
Profit for the period	1,289	691	4,035	4,063	5,282	5,310
Attributable to:						
Parent company shareholders	1,289	691	4,034	4,062	5,299	5,327
Non-controlling interests	-	-	1	1	-17	-17
Earnings per share regarding profit attributable to parent company shareholders						
Basic share, SEK	2.02	1.08	6.31	6.35	8.29	8.33
Diluted share, SEK	2.01	1.08	6.29	6.33	8.26	8.31
Average number of basic shares outstanding	639,379,500	639,282,500	639,325,336	639,190,632	639,314,568	639,213,788
Average number of diluted shares outstanding	641,462,215	641,030,500	641,411,586	641,271,584	641,462,215	641,357,640
Number of outstanding shares	639,379,500	639,282,500	639,379,500	639,282,500	639,379,500	639,282,500

## Consolidated statement of comprehensive income

SEK m	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	12 mths Oct-Sep 2019/2020	Full Year 2019
Profit for the period	1,289	691	4,035	4,063	5,282	5,310
Other comprehensive income:						
Items that will not be recycled to the income statement						
Restatement of net pension obligations	-	-	-	-	-15	-15
	0	0	0	0	-15	-15
Items that may subsequently be recycled to the income statement						
Change in translation reserve for the period	-8	117	-40	280	-243	77
Change in fair value reserve for the period	-	-12	-	11	-145	-134
Change in hedging reserve for the period	-32	2	-42	1	26	69
Change in associated companies' equity	-766	-1	-760	271	-503	528
	-806	106	-842	563	-865	540
Other comprehensive income, net after tax	-806	106	-842	563	-880	525
Comprehensive income for the period	483	797	3,193	4,626	4,402	5,835
Attributable to:						
Parent company shareholders	483	797	3,192	4,625	4,417	5,850
Non-controlling interests	-	-	1	1	-15	-15

## Consolidated cash flow

SEK m	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	12 mths Oct-Sep 2019/2020	Full Year 2019
Operating cash flows before movements in working capital	625	430	1,529	1,370	2,023	1,864
Movements in working capital	-72	35	-164	-258	37	-57
Operating cash flows	553	465	1,365	1,112	2,060	1,807
Acquisitions of subsidiaries	125	-1,106	-672	-1,168	-3,356	-3,852
Other investments	-202	-44	-384	-133	-479	-228
Portfolio management	-38	38	2,696	1,468	2,600	1,372
Cash flow after investments	438	-647	3,005	1,279	825	-901
Financial payments	-1,532	769	-440	-1,199	1,909	1,150
Cash flow for the period	-1,094	122	2,565	80	2,734	249

## Consolidated balance sheet

SEK m	2020/09/30	2019/09/30	2019/12/31
<b>ASSETS</b>			
Goodwill	10,726	7,810	9,913
Other intangible assets	247	222	272
Property, plant and equipment <sup>1</sup>	1,845	1,633	1,669
Financial assets	20,021	19,325	20,466
Inventories etc.	2,347	2,105	2,111
Current receivables	3,503	2,988	3,142
Cash and bank	3,575	891	1,029
<b>Total assets</b>	<b>42,264</b>	<b>34,974</b>	<b>38,602</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to parent company shareholders	28,372	24,781	26,010
Non-controlling interests	82	100	80
<i>Total equity</i>	<i>28,454</i>	<i>24,881</i>	<i>26,090</i>
Interest-bearing long-term liabilities	7,987	6,064	7,977
Non-interest-bearing long-term liabilities	524	433	517
Interest-bearing current liabilities	2,069	774	1,195
Non-interest-bearing current liabilities	3,230	2,822	2,823
<b>Equity and liabilities</b>	<b>42,264</b>	<b>34,974</b>	<b>38,602</b>

## Consolidated changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Opening balance 1 Jan 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
Opening balance 1 Jan 2020	133	-67	442	25,502	80	26,090
Total comprehensive income for the period			-83	3,274	2	3,193
Exercise of call options		79		-25		54
Own shares repurchase		-95				-95
Dividends				-799		-799
Closing balance 30 September 2020	133	-83	359	27,963	82	28,454

## Key ratios, Group

	2020/09/30	2019/09/30	2019/12/31
Return on equity (%)	20	23	22
Return on total capital (%)	15	18	15
Equity ratio, incl IFRS 16 (%)	67	71	68
Equity ratio, excl IFRS 16 (%)	68	72	69
Adjusted equity ratio, incl IFRS 16 <sup>1</sup> (%)	85	87	85
Adjusted equity ratio, excl IFRS 16 <sup>1</sup> (%)	85	87	86
Adjusted equity <sup>1</sup> (SEK m)	77,130	65,229	71,398
Surplus value in associated companies <sup>2</sup> (SEK m)	48,658	40,348	45,308
Net debt/equity ratio 1 (%) <sup>3</sup>	8.4	9.1	11.3
Net debt/equity ratio 2 (%) <sup>4</sup>	6.4	6.9	9.4
Listed share price (SEK)	211	130	153
Repurchased shares	460,500	557,500	557,500
Average number of repurchased shares	514,664	649,368	626,212
Average number of employees	6,209	5,441	5,882
Issued call options corresponds to number of shares	2,122,900	2,330,500	2,330,500

<sup>1</sup> Incl. fair value gain in associated companies.

<sup>2</sup> The difference between the carrying amount and market value.

<sup>3</sup> The ratio of net debt to adjusted equity.

<sup>4</sup> The ratio of net debt to the market value of total assets.

## Parent company income statement

SEK m	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	12 mths Oct-Sep 2019/2020	Full Year 2019
Income from interests i Group companies	-	-	499	440	499	440
Income from interest in associates companies	12	-	2,393	953	2,393	953
Income from portfolio management	-	-	-	-	-	-
Management costs	-6	-5	-16	-13	-22	-19
Profit before financial items	6	-5	2,876	1,380	2,870	1,374
Interest income and similar items	11	4	34	11	44	21
Interest expense and similar items	-1	-6	-19	-13	-25	-19
Profit after financial items	16	-7	2,891	1,378	2,889	1,376
Taxes	-	-	-	-	-	-
Profit for the period	16	-7	2,891	1,378	2,889	1,376

## Parent company statement of comprehensive income

SEK m	2020 Q3	2019 Q3	2020 9 mths	2019 9 mths	12 mths Oct-Sep 2019/2020	Full Year 2019
Profit for the period	16	-7	2,891	1,378	2,889	1,376
Change in fair value reserve for the period	-	-	-	-	-	-
Total other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	16	-7	2,891	1,378	2,889	1,376

## Parent company balance sheet

SEK m	2020/09/30	2019/09/30	2019/12/31
<b>ASSETS</b>			
Financial assets	10,886	10,937	11,157
Long-term receivables from Group companies	6,250	4,000	6,000
Current receivables from Group companies	1,760	-	-
Other current liabilities	19	8	13
Cash and bank	6	-	-
Total assets	18,921	14,945	17,170
<b>EQUITY AND LIABILITIES</b>			
Equity	11,911	9,851	9,849
Interese-bearing long-term lilabilities	7,000	4,003	6,000
Non-interest-bearing long-term liabilities	-	-	-
Interese-bearing current liabilities	-	1,082	1,307
Non-interest-bearing current liabilities	10	9	14
Equity and liabilities	18,921	14,945	17,170

## Parent company statement of changes in equity

SEK m	2020/09/30	2019/09/30	2019/12/31
Amount at beginning of year	9,849	10,081	10,081
Total comprehensive income for the period	2,891	1,378	1,376
Issued call options	11	8	8
Exercise of call options	54	39	39
Repurchased treasury shares	-95	-57	-57
Dividends	-799	-1,598	-1,598
Amount at end of year	11,911	9,851	9,849

## Segment reporting:

### Development by business area 1 Jan 2020 – 30 Sept 2020

SEK m	Industrial operations						Portfolio management	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME								
External sales	752	2,600	2,224	981	4,237	181		10,975
Internal sales			2		1			3
RESULT								
Operating profit	114	379	206	264	561	-42		1,482
Income from portfolio management							2,950	2,950
Finance income								9
Finance expense								-134
Taxes								-272
Profit for the period								4,035
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	144	114	36	35	42	14		385
intangible assets	8	303	508	1	69			889
Depreciation/amortisation	10	29	45	26	64	135		309

### Development by business area 1 Jan 2019 – 30 Sept 2019

SEK m	Industrial operations						Portfolio management	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME								
External sales	-	2,030	2,263	1,118	4,513	167		10,091
Internal sales			2					2
RESULTS								
Operating result	-	274	207	340	571	63		1,455
Income from portfolio management							2,936	2,936
Finance income								71
Finance expense								-63
Taxes								-336
Profit for the period								4,063
OTHER DISCLOSURES								
Investments in:								
property, plant and equipment	-	12	34	14	25	13		98
intangible assets	-	874	95	1	52			1,022
Depreciation/amortisation	-	17	43	26	68	16		170

## Change in consolidated interest-bearing net debt

SEK m	2019/12/31	Change in cash	Change in loans	Other changes	2020/09/30
Interest-bearing receivables	48			-28	20
Cash	1,029	2,503		43	3,575
Pensions provisions	-122			25	-97
Long-term liabilities	-7,855		387	-422	-7,890
Utilised bank overdraft facilities	-160		51		-109
Interest-bearing current liabilities	-1,035		-925		-1,960
Interest-bearing net debt	-8,095	2,503	-487	-382	-6,461



## Five-year overview

SEK m	Oct-Sep 2019/2020	2019	2018	2017	2016
Net sales, SEK m	14,622	13,738	11,785	9,930	8,344
Operating profit, SEK m	1,846	1,819	1,397	1,125	1,021
Income from interest in associated companies, SEK m	3,824	3,955	1,278	2,006	2,676
Income from portfolio management, SEK m	155	194	2	-8	101
Profit after finance items, SEK m	5,652	5,725	2,646	3,069	3,754
Earnings per share, SEK <sup>1</sup>	8	8	4	4	6
Return on equity, %	19	22	11	14	21
Return on total capital, %	15	17	9	13	17
Adjusted equity ratio, %	84	86	86	88	91
Net debt/equity ratio, %	9	11	9	8	3
Listed share price, SEK <sup>1</sup>	211	153	112	101	86

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

## Note 1 Business combinations

### Specification of acquisitions

Transfer date		Country	Business area	Share	Contributed		
					Revenues	EBIT	Number of employees
22 January 2020	S+S Regeltechnik GmbH	Germany	Latour Industries	100%	141	43	65
28 January 2020	Batec Mobility, S.L.	Spain	Swegon	100%	31	-1	41
30 January 2020	Emma Safety Footwear B.V.	Netherlands	Latour Industries	80%	126	8	140
11 March 2020	Waterloo Air Products	UK	Hultafors Group	100%	70	4	140

### Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	36
Property, plant and equipment	122
Inventories	107
Account receivable	97
Other receivable	24
Cash	43
Long-term liabilities	-168
Current liabilities	-136
Net identifiable assets and liabilities	211
Group goodwill	842
Total purchase price	1,053
Additional purchase price	-254
Cash settlement purchase price	799
Acquisition of non-cash items	-84
Acquired cash	-43
Effect of Group cash	672

Emma Safety Footwear BV will be fully consolidated into the Group as there is an agreement on the acquisition of the remaining outstanding shares.

All acquisitions have been made to strengthen and develop existing operations within the Latour Group. The acquisition cost calculations are preliminary and may change if new information becomes available.

Transaction costs for acquisitions made during the period amount to SEK 20 m. Estimated additional purchase prices have been booked for the acquisitions of S+S with SEK 27 m, Emma with SEK 126 m and Batec with SEK 13 m.

## Note 2 Disclosures about financial assets and liabilities

### Classification of financial instruments

THE GROUP 30 Sept 2020

	Available-for-sales financial assets	Financial assets values at fair value via profit and loss	Derivatives used for hedging purposes	Total carrying amount
<b>FINANCIAL ASSETS</b>				
Listed shares, management	0 <sup>1</sup>			0
Other long-term securities holdings	3 <sup>2</sup>			3
Other long-term receivables			23 <sup>3</sup>	23
Listed shares, trading		0 <sup>1</sup>		0
Unrealised gains, currency derivatives	32 <sup>2</sup>			32
Other current receivables			3 041 <sup>3</sup>	3,041
Cash			3 575 <sup>3</sup>	3,575
<b>Total</b>	<b>35</b>	<b>0</b>	<b>6,639</b>	<b>6,674</b>
<b>FINANCIAL LIABILITIES</b>				
Long-term loans			7 543 <sup>3</sup>	7,543
Bank overdraft facilities			109 <sup>3</sup>	109
Current loans			1 827 <sup>3</sup>	1,827
Other liabilities			1 890 <sup>3</sup>	1,890
Unrealised gains, currency derivatives	5 <sup>2</sup>			5
<b>Total</b>	<b>5</b>	<b>0</b>	<b>11,369</b>	<b>11,374</b>

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

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

<sup>3</sup> Level 3 – valued at fair value based on inputs for assets and liabilities unobservable to the market.

The basis of fair value for listed financial assets is the quoted market price 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 30 Sept 2020

SEK m	2020 Q3	2019 Q3	2019 Full Year
Revenue from goods	10,294	9,509	12,287
Revenue from services	681	582	1,451
	10,975	10,091	13,738
Fix-price contract	8,687	7,279	10,286
Time-and-materials contracts	2,288	2,812	3,452
	10,975	10,091	13,738
Sold directly to consumers	5,610	5,341	7,248
Sold through intermediaries	5,365	4,750	6,490
	10,975	10,091	13,738

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

# Information by quarter

SEK m	2020			2019					2018				
	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT</b>													
Net sales	3,692	3,605	3,678	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590
Cost of goods sold	-2,236	-2,209	-2,234	-8,301	-2,219	-2,041	-2,137	-1,904	-7,073	-1,984	-1,743	-1,802	-1,544
Gross profit	1,456	1,396	1,444	5,437	1,428	1,298	1,430	1,281	4,712	1,284	1,160	1,222	1,046
Costs etc. for the operation	-860	-935	-1,019	-3,618	-1,064	-855	-831	-868	-3,315	-899	-786	-851	-779
Operating profit	596	461	425	1,819	364	443	599	413	1,397	385	374	371	267
Total portfolio management	836	2,469	-355	3,965	1,029	350	1,209	1,377	1,280	321	473	106	380
Profit before financial items	1,432	2,930	70	5,784	1,393	793	1,808	1,790	2,677	706	847	477	647
Net financial items	-40	-121	46	-59	-67	31	-24	1	-31	-12	-14	-14	9
Profit after financial items	1,382	2,809	116	5,725	1,326	824	1,784	1,791	2,646	694	833	463	656
Taxes	93	-67	-112	-415	-79	-133	-113	-90	-322	-67	-90	-95	-70
Profit for the period	1,289	2,742	4	5,310	1,247	691	1,671	1,701	2,324	627	743	368	586
<b>KEY RATIOS</b>													
Earnings per share, SEK	2.02	4.29	0.01	8.33	1.98	1.08	2.61	2.66	3.66	1.00	1.16	0.58	0.92
Cash flow for the period	483	2053	1606	249	169	122	-1171	1129	67	73	22	25	-53
Adjusted equity ratio, %	85	82	80	86	86	87	88	87	86	86	87	87	88
Adjusted equity	77,112	67,933	59,626	71,398	71,398	65,229	66,481	62,720	52,395	52,395	58,490	56,880	54,105
Net asset value	94,584	81,418	72,863	86,974	86,974	81,027	81,276	76,054	63,980	63,980	69,105	66,841	63,016
Net asset value per share, SEK	148	127	114	136	136	127	127	119	100	100	108	105	99
Listed share price, SEK	211	169	142	153	153	130	137	125	112	112	111	97	95
<b>NET SALES</b>													
Caljan	311	219	222	113	113	0	0	0	0	0	0	0	0
Hultafors Group	915	839	846	2,896	866	693	689	648	2,407	716	618	596	477
Latour Industries	725	689	812	3,079	810	739	790	740	2,758	747	660	700	652
Nord-Lock Group	300	324	357	1,448	330	340	395	384	1,309	333	332	341	303
Swegon	1,372	1,472	1,394	5,986	1,473	1,505	1,639	1,370	5,137	1,421	1,248	1,347	1,121
	3,622	3,542	3,631	13,519	3,591	3,276	3,512	3,142	11,611	3,217	2,858	2,984	2,553
Other companies and eliminations	70	63	47	219	56	63	55	43	174	51	45	40	37
	3,692	3,605	3,678	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590
<b>OPERATING PROFIT</b>													
Caljan	58	27	30	20	20	0	0	0	0	0	0	0	0
Hultafors Group	157	114	108	412	138	97	90	88	375	119	93	98	65
Latour Industries	87	48	71	257	60	74	67	56	191	55	57	48	31
Nord-Lock Group	83	84	97	411	71	94	124	121	397	89	106	108	94
Swegon	217	201	143	717	145	199	226	147	514	138	144	143	89
	602	474	449	1,817	434	464	507	412	1,477	401	399	397	279
Gain/loss from sale/purchase of	1	-10	-17	29	-63	-15	108	-1	-38	-17	-10	-10	-1
Other companies and items	-4	-7	-8	-27	-7	-6	-17	2	-42	1	-15	-16	-11
	599	457	424	1,819	364	443	598	413	1,397	385	374	371	267
<b>OPERATING MARGIN (%)</b>													
Caljan	18.7	12.2	13.3	17.4	17.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hultafors Group	17.1	13.6	12.8	14.2	15.9	13.9	13.3	13.6	15.6	16.6	15.1	13.6	13.6
Latour Industries	12.0	7.0	8.8	8.3	7.4	10.0	7.7	7.6	6.9	7.3	8.6	4.7	4.7
Nord-Lock Group	27.6	25.8	27.3	28.4	21.6	27.8	40.8	31.4	30.3	26.8	31.9	30.9	30.9
Swegon	15.8	13.7	10.2	12.0	9.9	13.2	10.7	10.7	10.0	9.7	11.5	8.0	8.0
	16.6	13.4	12.4	13.4	12.1	14.2	13.1	13.1	12.7	12.5	14.0	10.9	10.9

# 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–Sept 2020:  $4,035/639,325,336 \times 1,000=6.31$

Jan–Sept 2019:  $4,063/639,190,632 \times 1,000=6.35$

## Diluted earnings per share

Calculations:

Jan–Sept 2020:  $4,035/641,411,586 \times 1,000=6.29$

Jan–Sept 2019:  $4,063/641,271,584 \times 1,000=6.33$

## 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.

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**Presentation of performance for the quarter:**

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)8 505 583 55. The conference will be broadcast on the Internet.

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

**Financial dates:**

*The 2020 Year-End Report will be published on 12 February 2021*

*The interim report for the period January – March 2021 will be published on 29 April 2021*

*The AGM will be held on 10 May 2021 at the Swedish Exhibition & Congress Centre (Svenska Mässan) in Gothenburg*

*The interim report for the period January – June 2021 will be published on 23 August 2021*

*The interim report for the period January – September 2021 will be published on 9 November 2021*

*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 5 November 2020, at 08.30 CET.*