

Investment AB Latour (publ)
Interim Report January–March 2009



Interim Report January – March 2009

- Group profit after net financial items amounted to SEK 102 (818) million.
- Group profit after tax amounted to SEK 79 (777) million, which corresponds to SEK 0.60 (5.93) per share.

INDUSTRIAL AND TRADING OPERATIONS

- Orders received volumes in industrial and trading operations fell to SEK 1,399 (1,840) million, a reduction of 25 percent adjusted for bought and sold operations.
- Net sales in industrial and trading operations amounted to SEK 1,437 (1,754) million, a reduction of 20 percent, adjusted for bought and sold operations.
- Operating results in industrial and trading operations contracted by SEK 65 (173) million, a reduction of 67 percent, corresponding to an operating margin of 4.5 (9.8) percent, adjusted for bought and sold operations.
- At the beginning of the year Hand Tools business area followed through on the acquisition of the Snickers franchise in England.

INVESTMENT PORTFOLIO

- The investment portfolio contracted by 4.6 percent at the same time the comparable index (SIXRX) contracted by 1.6 percent.

EVENTS AFTER THE REPORT PERIOD

- No significant events have taken place.

Description of Operations

Investment AB Latour is a mixed investment company consisting of wholly owned industrial and trading operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principle owners. The investment portfolio consists of eleven substantial holdings that on 31 March 2009 had a market value of SEK 6.5 billion. The holdings in the investment portfolio with the greatest value are Assa Abloy, Securitas and Sweco, and collectively they make up 73 percent of the entire value of the portfolio.

The wholly owned industrial and trading operations are organised in six business areas; Automotive, Hand Tools, Hydraulics, Air Treatment, Machinery Trading and Engineering Technology. Annual net sales in the industrial and trading operations amount to SEK 6.7 billion.

Industrial and Trading Operations

Results and market

The first quarter was precisely as weak as feared. The drastic decline that began at the end of 2008 has continued in the first quarter of 2009. Orders received declined by 25 percent for comparable units compared with the same period the previous year. The Automotive business area has suffered the most and the rate of sales is less than half the rate in the first quarter of 2008. Hydraulics has also been hit hard as well as Machinery Trading. Hand Tools and Engineering Technology have also been affected negatively but not as dramatically. By increasing its market shares Air Treatment has maintained a good order level and, after elimination of exchange effects, has declined only marginally.

The total level of orders received in continuing operations contracted to SEK 1,399 (1,840) million. Invoicing decreased to SEK 1,437 (1,754) million. The combined operating result for the six business areas was SEK 65 (173) million, entailing an operating margin of 4.5 (9.8) percent.

Significant adjustments to offset the lower level of orders have been made and continue to be made in all the business areas. However, these savings will not affect of results for the first quarter. If all the reductions in personnel had been in effect in the first quarter, the operating result would have amounted to SEK109 million and the operating margin would have been 7.6 percent. In addition to this is the effect of other cost reductions not related to personnel.

Acquisitions and divestitures

Latour's ambition is to continue to develop the wholly owned industrial and trading operations at the same rate as previously. This means that we evaluate both small and large acquisition opportunities that fit in with our current operations. Our objective is to own stable industrial companies with their own products and a platform for internationalisation.

In the first quarter the acquisition of the Snickers franchise in Great Britain for the Hand Tools business area was followed through. The acquisition makes it possible to better structure the sales of all the products in the business area in Great Britain. Snickers Workwear is one of Europe's leading brands in work wear for craftsmen and is represented in 20 countries. There are other strong brands such as Hultafors Tools and Wibe Ladders in the business area.

Business area results

Mkr	Net sales		Operating results		Operating margin %	
	2009 3 mon	2008 3 mon	2009 3 mon	2008 3 mon	2009 3 mon	2008 3 mon
Automotive	68	161	-29	8	-42.9	5.1
Hand Tools	252	288	25	30	9.8	10.3
Hydraulics	233	339	-3	32	-1.3	9.5
Air Treatment	535	536	42	56	7.9	10.5
Machinery Trading	221	285	9	21	4.2	7.3
Engineering Technology	130	151	21	26	15.9	16.9
Elimination	-2	-6	-	-	-	-
	1,437	1,754	65	173	4.5	9.8
Capital gains from divested companies	-	-	-	-		
Other companies & items	-	36	4	-3		
	1,437	1,790	69	170		

Mkr	Operating capital ¹⁾		Return on operating capital %		Growth in net sales %		
	2009 roll 12	2008 roll 12	2009 roll 12	2008 roll 12	2009	From acquisitions	From exchange effects
Automotive	257	281	-11.4	8.6	-57.6	0.0	0.0
Hand Tools	886	712	16.2	19.8	-12.6	7.5	8.7
Hydraulics	528	503	12.3	18.6	-31.4	0.0	2.7
Air Treatment	634	547	43.9	46.0	-0.3	0.0	4.7
Machinery Trading	285	222	26.0	38.4	-22.3	-2.1	3.4
Engineering Technology	257	218	36.7	35.5	-13.8	11.5	2.6
Total	2,847	2,483	22.0	27.1	-18.1	1.9	4.2

¹⁾ Calculated as total assets, reduced by liquid funds and other interest-bearing assets and reduced by non interest-bearing liabilities. Calculated on the average of the past 12 months.

Investment Portfolio 2009-03-31

In the first quarter the value of the investment portfolio decreased by 4.6 percent while the comparable index (SIXRX)

decreased by 1.6 percent. During the quarter another 171,700 shares in HMS Networks were acquired, thereby increasing ownership to 14.2 percent of capital and votes.

Share	Number	Acquisition value SEK m	Listed price ¹⁾ SEK	Market value SEK m	Share of votes %	Share of equity %
Assa Abloy A ²⁾	6,746,425	786	77	518		
Assa Abloy B	19,000,000	414	77	1,458	16.1	7.0
Elanders B	2,210,000	397	25	56	14.7	22.6
Fagerhult ³⁾	4,106,800	296	110	452	32.6	32.6
HMS Networks	1,501,700	102	55	82	14.2	14.2
Loomis A ²⁾	800,000	10	63	51		
Loomis B	4,618,000	55	63	292	12.1	7.4
Munters	10,950,000	631	24	257	14.8	14.8
Nederman ³⁾	3,100,000	265	57	175	26.5	26.5
Niscayah Group A ²⁾	4,000,000	87	10	39		
Niscayah Group B	24,000,000	93	10	233	12.3	7.7
OEM International A ²⁾	636,000	37	41	26		
OEM International B	1,300,000	71	41	54	11.6	8.4
Securitas A ²⁾	4,000,000	309	60	239		
Securitas B	23,090,000	275	60	1,380	12.1	7.4
Sweco A ³⁾	1,222,760	8	40	49		
Sweco B ³⁾	29,525,000	159	38	1,107	24.3	35.3
Total		3,995		6,468		

¹⁾ Market price paid.

²⁾ A shares in Assa Abloy, Loomis, Niscayah Group, OEM International and Securitas are unlisted. In this table they have been given the same listing price as corresponding B shares.

³⁾ Shown as associated companies in the balance sheet.

The Latour share's net asset value

In order to facilitate the evaluation of Latour's asset value, Latour provides an estimated interval of the value (Enterprise Value) for each business area based in 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 shown in the tables by valuating each business area in an interval. As in earlier calculations deductions for the company's net debt have been made. The evaluation of comparable companies has been made based on the market price after the balance sheet

date. A more detailed description can be found on pages 8–9 in Latour's Annual Report for 2008.

The drastic downturn in the economy has led to great variations in the results for both business areas and comparable companies. This in turn has led to comparable valuation multiples stretching over a very big interval. For this reason this report has also used other valuation multiples (for instance EV/sales) as support for the chosen multiple intervals. Consequently an EV/sales multiple has been used for Automotive which has shown a loss the last 12 months.

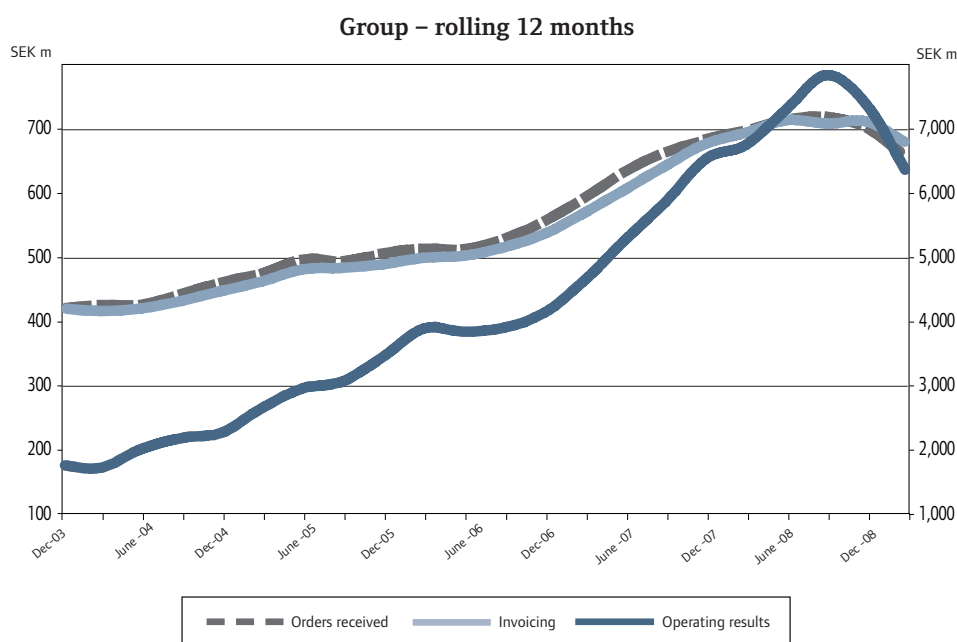
	EBIT ¹⁾ SEK m	EBIT-multiple Interval	Valuation SEK m ²⁾ Interval	Valuation SEK/share ³⁾ Interval
Automotive ⁴⁾	-29	0.2 – 0.3	86 – 129	1 – 1
Hand Tools	136	6 – 10	816 – 1,360	6 – 11
Hydraulics	65	6 – 10	390 – 650	3 – 5
Air Treatment	278	6 – 10	1,668 – 2,780	13 – 21
Machinery Trading	72	4 – 6	288 – 432	2 – 3
Engineering Technology	129	5 – 7	645 – 903	5 – 7
Other operations	0	4 – 6	0 – 0	0 – 0
	651		3,893 – 6,254	30 – 48
Listed shares				
Assa Abloy			1,976	15
Elanders			56	1
Fagerhult			452	3
HMS Networks			82	1
Loomis			343	3
Munters			257	2
Nederman			175	1
Niscayah Group			272	2
OEM International			80	1
Securitas			1,619	12
Sweco			1,156	9
			6,468	50
Other assets			35	0
Net debt			-1,243	-10
Calculated value			9,153 – 11,514	70 – 88

¹⁾ Rolling 12 months operating result, current company structure.

²⁾ EBIT-multiple recalculated taking into consideration the share price 2009-03-31 for comparable companies in each business area.

³⁾ Calculated on the number of outstanding shares.

⁴⁾ Since the rolling 12 months operating result is negative Automotive has been valuated based on an EV/sales multiple of 0.2–0.3.



Results and financial position

Group

Group profit after net financial items were SEK 102 m (818). Group profit after tax amounted to SEK 79 m (777), which corresponds to SEK 0.60 (5.93) per share.

Group cash in hand and liquid investments amounted to SEK 242 m (683). Interest-bearing liabilities, excluding pension liabilities, totalled SEK 1,349 m (1,578). Group net borrowings, including pension liabilities, totalled SEK 1,243 m. The equity ratio was 74 (73) percent calculated on reported equity in relation to total assets. Including surplus value in associated companies the equity ratio was 75 (76) percent.

There are no transactions with related parties that have influenced Group results significantly and they are not presented.

Investments

During the period an investment of SEK 43 m (41) was made in tangible fixed assets, of which SEK 38 m (25) was machinery, SEK 5 m (3) vehicles and SEK 0 m (13) buildings. Of the investments for the year SEK 5 m (14) was fixed assets in newly acquired companies.

Parent company

Parent company profit after net financial items amounted to SEK -2 m (636). Parent company equity ratio amounted to 98 (100) percent.

No shares were bought back in the first quarter. Latour owns 460,000 B shares bought back previously. The number of outstanding shares amounted to 131,000 on 31 March 2009. At the Annual General Meeting on 13 May 2009 the board of directors will propose the Annual General Meeting continue to give the board authority to repurchase shares and to decide on the transfer of shares. In 2008 148,550 A shares were converted to B shares. Henceforth the distribution of issued shares is 25,310,220 A shares and 106,149,780 B shares.

The board of directors and the chief executive officer have proposed a dividend of SEK 3.75 (3.50) per share. With the present number of outstanding shares the dividend sum amounts to SEK 491.3 m (458.5).

Forecast for the Latour Group

As mentioned earlier, the downturn in the economy has affected orders received throughout Latour's wholly owned operations, with the most dramatic impact in Automotive, Hydraulics and Machinery Trading. We already predicted in the last quarter that the effect on net sales and results would be significant, and it was also known that the massive cost-reduction measures that had been decided and implemented would not have an impact in the first quarter. Our operations have shown a high awareness of the crisis and are continuously compensating for changes in the market situation. There is still a large amount of uncertainty surrounding the length and depth of the economic slump.

However, the current crisis does not alter Latour's long-term ambitions. The work on developing the industrial and trading companies into larger, more international operations still has high priority. Measures for organic growth are important, but we are continuously evaluating acquisitions, in Sweden and Europe.

In spite of the bad economy Latour's listed holdings have reported good developments in net sales and results. However, the financial unrest has led to a revaluation of the stock market as a whole. The underlying development in the portfolio companies means we have not changed our positive attitude to the holdings on a long-term basis. We therefore consider, in spite of the turbulence on the stock market and with regards to the development in the industrial and trading operations, that there are long-term possibilities for a positive development of the Latour share. No forecast is made for 2009.

Events after the balance sheet date

No important events were reported.

Risks and uncertainties

The Group's and the parent company's main risk lies in changes in the value of financial instruments and due to a general dip in the stock market or in a certain holding. This includes uncertainties concerning exchange and interest developments. Latour has a good diversification of risk through a wide variety of shareholdings divided among eleven listed holdings and six wholly owned business areas. This means that the development of an individual holding will not have a dramatic effect on the Group in general. Because the wholly owned industrial and trading operations have grown changes in them have a greater impact on Latour. The Group as a whole is considered to have good risk diversification in its holding in several different industries, but there is a certain dominance of industries with exposure to the construction industry. However, this industry can also be divided in a number of dimensions, such as new construction or repairs and maintenance, locally or globally, and it is also spread over housing, offices, industrial properties and infrastructure projects. No significant risks besides those described in note 33 in Latour's Annual Report 2009 have cropped up.

Review and accounting principles

The company auditors have not reviewed this report.

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Acts

and the Swedish Financial Accounting Standards Council's recommendation RFR 2.2 Accounting for legal entities. As of 2009 Latour refers to IFRS 8 Operating Segments when reporting operating segments. The application of IFRS 8 has not changed the number of reported operating segments or the presentation thereof. Revised IAS 1 Presentation of financial statements will be applied from 1 January 2009. Implementation entails, among other things, that income and expenses previously recognised directly in equity are now presented in a separate report, Statement of comprehensive income, directly after the income statement. Application of IAS 1 has not affected any valuation principles. In all other aspects the same accounting principles and calculation methods as those in the latest annual accounts have been used.

Nominating Committee

The nominating committee for the Annual General Meeting on 13 May 2009 consists of the following persons:
Gustaf Douglas (chairman, principle owner)
Björn Karlsson (Bertil Svensson's family and foundation)
Fredrik Palmstierna (Palmstierna family)
Mats Tunér (SEB Funds)

The nominating committee can be contacted through the Latour website www.latour.se under About Latour, Organisation.

Gothenburg, 6 May 2009

Jan Svensson
Chief Executive Officer

The Annual General Meeting will be held 13 May 2009 at Radisson SAS Scandinavia Hotel in Gothenburg, Sweden.
Interim Report January-June 2009 will be presented 2009-08-17.
Interim Report for January-September 2009 will be presented 2009-11-10.
The annual accounts for 2009 will be presented 2010-02-23.

The information in this interim report is disclosed pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was made public on 6 May 2009 at 9 a.m.

Consolidated Income

SEK m	3 mon Jan-Mar 2009	3 mon Jan-Mar 2008	12 mon Apr-Mar 2009/2008	12 mon Jan-Dec 2008
Net sales	1,437	1,790	6,718	7,071
Cost of goods sold	-1,033	-1,305	-4,782	-5,054
Gross profit	404	485	1,936	2,017
Sales costs	-248	-225	-945	-922
Administrative costs	-95	-87	-393	-385
Other operating income	14	11	69	66
Other operating costs	-6	-14	-97	-105
Operating result	69	170	570	671
Result from participation in associated companies	45	63	124	142
Result from portfolio management	1	609	235	843
Profit before financial items	115	842	929	1,656
Financial income	4	5	19	20
Financial costs	-17	-29	-74	-86
Profit after financial items	102	818	874	1,590
Taxes	-23	-41	-114	-132
Result for the period	79	777	760	1,458
Attributable to:				
Parent company shareholders	79	777	761	1,459
Minority interests	0	0	-1	-1
Earnings per share regarding profit attributable to				
parent company shareholders	0.60 kr	5.93 kr	5.81 kr	11.14 kr
Number of outstanding shares	131.000.000	131.000.000	131.000.000	131.000.000
Average number of outstanding shares	131.000.000	131.000.000	131.000.000	131.000.000

Statement of comprehensive income

SEK m	3 mon Jan-Mar 2009	3 mon Jan-Mar 2008	12 mon Apr-Mar 2009/2008	12 mon Jan-Dec 2008
Result for the period	79	777	760	1,458
Other comprehensive income, net after tax				
Change in translation provision for the period	15	-4	99	80
Change in fair value reserve for the period	-373	-1,768	-1,926	-3,321
Change in hedging reserve for the period	-1	2	-36	-33
Changes in equity in associated companies	18	-13	53	22
Other	-	-	6	6
Other comprehensive result, net after tax	-341	-1,783	-1,804	-3,246
Comprehensive result for the period	-262	-1,006	-1,044	-1,788
Attributable to:				
Parent company shareholders	-262	-1,006	-1,043	-1,787
Minority interests	0	0	-1	-1

Consolidated cash flow statement

SEK m	3 mån jan-mar 2009	3 mån jan-mar 2008	12 mån apr-mar 2009/2008	12 mån jan-dec 2008
Cash flow from current operations before changes in operating capital	61	135	614	688
Changes in operating capital	-11	-47	-64	-100
Cash flow from current operations	50	88	550	588
Acquisition of subsidiaries	6	-58	-150	-214
Sales of subsidiaries	0	0	42	42
Other investments	-49	-32	-190	-173
Portfolio management	37	723	237	923
Cash flow after investments	44	721	489	1,166
Financial payments	-78	-187	-959	-1,068
Cash flow for the period	-34	534	-470	98

Consolidated balance sheet

SEK m	2009-03-31	2008-03-31	2008-12-31
ASSETS			
Goodwill	918	683	912
Other intangible assets	72	78	75
Tangible assets	781	741	770
Financial assets	5,896	7,597	6,193
Inventories etc.	1,202	1,253	1,300
Current receivables	1,219	1,481	1,293
Cash and bank	242	683	264
Total assets	10,330	12,516	10,807
EQUITY AND LIABILITIES			
Capital and reserves attributable to parent company shareholders	7,631	9,132	7,893
Minority interest	1	2	1
<i>Total equity</i>	<i>7,632</i>	<i>9,134</i>	<i>7,894</i>
Interest-bearing long-term liabilities	148	153	157
Non-interest-bearing long-term liabilities	149	139	150
Interest -bearing current liabilities	1,338	1,704	1,396
Non-interest-bearing current liabilities	1,063	1,386	1,210
Total equity and liabilities	10,330	12,516	10,807

Change in consolidated equity

SEK m	Share capital	Shares bought back	Other reserves	Profit brought forward	Minority interests	Total
Opening balance 2008-01-01	110	-29	5,116	4,941	2	10,140
Comprehensive result for the period			-3,274	1,486		-1,788
Dividends				-458		-458
Closing balance 2008-12-31	110	-29	1,842	5,969	2	7,894
Opening balance 2009-01-01	110	-29	1,842	5,969	2	7,894
Comprehensive result for the period			-341	79		-262
Dividends				0		0
Closing balance 2009-03-31	110	-29	1,501	6,048	2	7,632

Group key ratios

	2009-03-31	2008-03-31	2008-12-31
Return on equity	4%	32%	16%
Return on total capital	5%	25%	14%
Equity/debt ratio	74%	73%	73%
Adjusted equity/debt ratio	75%	76%	75%
Adjusted equity (SEK m)	8,263	10,452	8,524
Surplus value in associated companies ¹⁾ (SEK m)	631	1,318	630
Net debt/equity ratio	15%	11%	15%
Net borrowings/EBITDA	1,7	1,6	1,5
Market value	70 SEK	92 SEK	62 SEK
Bought back shares	460,000	460,000	460,000
Average number bought back shares	460,000	460,000	460,000
Average number employees	3,250	3,493	3,515
Outstanding conversion loans	0	0	0
Issued subscription options	0	0	0

¹⁾ Difference between acquisition value and market value.

Five year overview, Group

	Apr 2008–Mar 2009	2008	2007	2006	2005
Net sales, SEK m	6,718	7,071	6,730	5,313	4,852
Operating result, SEK m	570	671	652	710	342
Result from participation in associated companies, SEK m	125	142	210	171	133
Result from portfolio management, SEK m	235	843	240	384	367
Result after financial items, SEK m	874	1,590	1,102	1,265	792
Earnings per share, SEK ¹⁾	5.81	11.14	6.71	8.54	5.40
Return on equity, %	9	16	8	11	9
Return on total capital, %	8	14	8	10	10
Operating margin, %	9.3	10.3	9.6	7.7	7.0
Equity ratio, %	74	73	75	78	76
Adjusted equity ratio, %	75	75	78	80	78
Net debt/equity ratio, %	15	15	15	13	16
Market value, SEK ¹⁾	70	62	104	94	68

¹⁾ Recalculated for the 3:1 split carried out in June 2007.

Income statement – Parent company

SEK m	3 mon Jan-Mar 2009	3 mon Jan-Mar 2008	12 mon Apr-Mar 2008	12 mon Jan-Dec 2008
Result from participation in associated companies	–	–	–107	–107
Result from portfolio management	–1	642	352	995
Profit before financial items	–1	642	245	888
Interest income and similar profit items	0	1	18	19
Interest costs and similar loss items	–1	–7	–19	–25
Profit after financial items	–2	636	244	882
Taxes	–	–	–	–
Result for the period	–2	636	244	882

Balance sheet – Parent company

SEK m	2009-03-31	2008-03-31	2008-12-31
ASSETS			
Financial assets	5,548	7,568	5,910
Current assets	–	–	–
Cash and bank	7	9	6
Total assets	5,555	7,577	5,916
EQUITY AND LIABILITIES			
Equity	5,426	7,564	5,800
Interest-bearing long-term liabilities	122	–	110
Non-interest-bearing long-term liabilities	6	10	5
Non-interest-bearing current liabilities	1	3	1
Total equity and liabilities	5,555	7,577	5,916

Segment reporting:

Development per business area 2009-01-01 - 2009-03-31

	Industrial and trading								
SEK m	Automotive	Hand Tools	Hydraulics	Air Treatment	Machinery Trading	Engineering Technology	Other	Portfolio Management	Total
INCOME									
External sales	68	252	232	534	221	130	–		1,437
Internal sales	–	–	1	1	–	–	–		2
RESULT									
Operating result	–29	25	–3	42	9	21	4		69
Result from participation in associated companies									45
Result from portfolio management								1	1
Financial income									4
Financial costs									–17
Taxes									–23
Result for the period									79
OTHER INFORMATION									
Investments in:									
tangible assets	7	6	4	18	1	2	5	–	43
intangible assets	–	3	–	–	1	–	–	–	4
Depreciation	7	7	6	14	3	4	4	–	45

Development per business area 2008-01-01 - 2008-03-31

	Industrial and trading								
SEK m	Automotive	Hand Tools	Hydraulics	Air Treatment	Machinery Trading	Engineering Technology	Other	Portfolio Management	Total
INCOME									
External sales	161	288	335	536	284	150	36		1,790
Internal sales	–	–	4	–	1	1	–		6
RESULT									
Operating result	8	30	32	56	21	26	–3		170
Result from participation in associated companies								63	63
Result from portfolio management								609	609
Financial income									5
Financial costs									–29
Taxes									–41
Result for the period									777
OTHER INFORMATION									
Investments in:									
tangible assets	1	18	3	14	1	1	3	–	41
intangible assets	–	40	–	–	–	–	–	–	40
Depreciation	7	6	5	12	3	4	5	–	42

Note 1: Company acquisitions

Specification of acquisitions				
Transfer date		Country	Business area	Number employees
1 January 2009	Snickers Original Ltd.	Great Britain	Hand Tools	39
2 February 2009	Rolf Willstrand AB	Sweden	Machinery Trading	1
Assets and liabilities in acquired operations				
	Recorded value in acquired operation		Fairvalue adjustment	Recorded value in Group
Intangible assets	0			0
Tangible assets	5			5
Inventories	2			2
Accounts receivable	19			19
Other receivables	4			4
Cash	12			12
Long-term liabilities	0			0
Deferred tax liability	-1			-1
Current liabilities	-38			-38
Net identifiable assets and liabilities	3		0	3
Group goodwill				4
Cash settlement purchase price				7
Acquisition of items not included in cash flow				-1
Acquired cash				-12
Change in Group liquid assets				-6



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