



2018

AT A GLANCE



LATOUR

**Jan Svensson**, President and CEO:

# “Yet another good year”

Our strategy to be a long-term, active owner of all the holdings continues to yield good results. In 2018, Latour's net asset value rose 8.3 per cent and our wholly-owned industrial operations posted new record highs for both sales and profitability.

**T**otal operating profit in the wholly-owned industrial operations reached SEK 1.5 billion, and the total sales increase was 20 per cent, of which organic growth was 10 per cent. Sales surpassed SEK 11 billion and once again we exceeded our financial targets. The total return on the investment portfolio was 1.9 per cent, in a year when the Stockholm Stock Exchange produced a negative total return. All in all, this led to a 8.3 per cent increase in Latour's net asset value and made it possible for raising the dividend to our shareholders, for the ninth consecutive year, by 11 per cent to SEK 2.50 (2.25) per share.

We are an active owner who strives to achieve long-term, profitable growth across our holdings. Some of our largest holdings today, including Securitas and Fagerhult, have been in the portfolio for more than 30 years and have experienced an amazing growth trajectory which we, as active owners, have been part of and contributed to. Moreover, our portfolio has been built up and developed with a clear focus on how global trends provide opportunities to create value. TOMRA Systems' world-leading recycling and sorting systems are meeting the need for sustainable resource management, Nederman's development of environmental technology is creating clean and safe work environments, and Alimak Group's vertical transportation systems are facilitating urbanisation around the world.

**THE ACQUISITIONS MADE IN 2018** provide opportunities to react to and take advantage of strong, global trends. Prices for many target companies remained high throughout the year, making acquisition activities somewhat difficult for us. Nevertheless, five acquisitions were made in the wholly-owned industrial operations, resulting in additional annual sales of more than SEK 700 m.

Following the acquisition of the Swedish company Hellberg Safety, Hultafors Group will soon be able to offer a full

range of workwear and protective equipment for professional users. The acquisition of Johnson Level & Tool has also given it a strategically significant position in North America and is generating business opportunities through its distribution network for all of the Hultafors Group brands. In 2018, the business area's sales rose 27 per cent and it maintained strong profitability.

Swegon also continued to strengthen its product portfolio and its position in key geographic markets in 2018 with the acquisition of Germany's leading manufacturer of radiant ceilings, Zent-Frenger. The successful strategy coupled with good underlying economic conditions enabled Swegon to report 12 per cent organic growth and an operating margin that once again achieves the Group target.

**"The long-term success of our companies depends greatly on our skilful management teams."**

**Jan Svensson**

About the reason for Latour's strong performance for many years

The business area Latour Industries is a miniature version of Latour and, as such, focuses on building up entities that can eventually become separate business areas within the Group. The only acquisition made in 2018 was of the Swiss company Sensortec, which will be incorporated into Bemsig, the group of companies that focuses on building automation and energy management systems. In early 2019, the acquisition of TKS Heis marked the next phase of investment in companies offering mobility and access solutions, an area that accounts for more than 50 per cent of Latour Industries' sales and is well on its way to becoming established as a separate business area.

Nord-Lock Group used to be part of Latour Industries but became a separate business area in the Latour Group in 2014. Its operations have reported strong growth for several years and 2018 was no exception, with 13 per cent organic growth and a sustained high level of profitability. Nord-Lock Group's new CEO, Fredrik Meuller, is now aiming to take the business to the next level on its growth journey.

Acquisition activity remained at a satisfactory level in the investment portfolio too. ASSA ABLOY, Loomis, Securitas and Sweco have continued to acquire businesses in order to consolidate their positions in local markets around the world. Nederman has acquired the Swiss company Luwa, a global market leader in fibre and textile air filtration systems, and HMS Networks has acquired the German technology company Beck IPC. Fagerhult's acquisition of the Italian lighting group iGuzzini creates one of the three largest professional lighting companies in Europe, generating annual sales in excess of SEK 8 billion.

**WE ARE SEEING A CLEAR TREND** in which consumers around the world are starting to make completely different demands on where, how and of what various goods are produced. This is leading to a need to move closer to the customers in all regions, and digitalisation is facilitating this development. In the wholly-owned industrial operations, we are continuing to establish our presence in markets outside the Nordic region. 45 per cent of overall sales in 2018 came from other countries in Europe and 16 per cent from Asia and North America. Hultafors Group's acquisition of the American company Johnson Level & Tool and Nord-Lock Group's success in Asia are important steps in achieving greater exposure in markets of long-term importance. We believe that Asia and North America will be especially important for our wholly-owned business in the longer term. We can also learn from the companies in our investment portfolio which have already progressed far on this exciting journey. Such companies are ASSA ABLOY and Securitas, which have a large percentage of their sales outside of Europe, and TOMRA Systems which operates in the recycling and sorting sector and is in the midst of a major international expansion in Asia and other parts of the world.

**GLOBAL STOCK MARKETS SHOWED** a relatively weak performance in 2018, mainly due to growing concern about the economic outlook. Although the overall sales and earnings performance of our companies in the investment portfolio remained robust, the share prices of several of the companies were impacted negatively by this concern. On the whole, however, the growth in value was positive and was thus much better than the market in general. One reason for the good returns was TOMRA Systems, which with a 48 per cent increase in share price in 2018 has become our second largest holding. No new portfolio companies were added during the year, but we increased our shareholding in Alimak Group.



Strong earnings performance in the industrial operations and a stable investment portfolio bolstered the Latour share price by 11 per cent. Throughout most of the year, the share has been valued above the net asset value. Our ambitious and focused work, our low management costs and our transparency vis-à-vis the valuation of our wholly-owned companies has an impact on this valuation. Moreover, the higher level of profitability in the industrial operations has meant that this continues to grow in importance. In 2018, the total operating margin reached 12.7 per cent, which is well above the 10 per cent target.

**THE LONG-TERM SUCCESS** of our companies depends greatly on our skilful management teams. Latour's delegated decision-making structure, allowing leaders to act independently, also continues to attract some of the top corporate leaders in the Swedish business community. During the year, it has been our privilege to welcome Nico Delvaux as CEO of ASSA ABLOY, Åsa Bergman as CEO of Sweco and Bodil Sonesson as CEO of Fagerhult. Just over ten years ago, it was also my privilege to assist in recruiting Johan Hjertonsson as the then new CEO of Fagerhult, and I now welcome him to the role of CEO for the entire Latour Group, which he will assume on 1 September 2019. I wish Johan all the best for the future!

I would like to end by saying that my fifteen years as CEO of Latour have been fantastic. I am grateful for everyone whom I have had the honour of working with, all those who have helped to make Latour the success that it is today. ●

Göteborg, 2019

Jan Svensson  
President and CEO

# This is Latour



## We believe in active ownership

**LATOUR'S OPERATIONS** are primarily carried out in two business lines, a wholly owned industrial operations and a portfolio of listed holdings. In addition, Latour own a few part-owned unlisted operations with good future prospects. Latour is an active principal owner in the companies, regardless of whether the holdings are listed, wholly-owned or part-owned, where the work of the Board is an important platform for the value creation.

**A STRUCTURED APPROACH** is used for Board work, acquisition processes and integration processes in all holdings. Thanks to Latour's interests in a number of global companies, they can exchange experiences and thereby learn from each other's knowledge and contribute to developing the businesses in accordance with the international expansion strategy.

**LEADERSHIP PLAYS** a central role in corporate governance. Senior executives in the Group must maintain high integrity, act as role models and assume accountability for the performance, sustainable value creation and well-being of the organisations. Leadership is characterized by freedom with responsibility which goes hand in hand with feedback and transparency.

### LOW NET DEBT

Latour's total net debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and divestitures.

### CORPORATE GOVERNANCE WORTH ITS PRICE

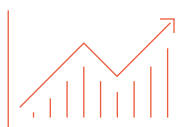
Latour operates an active corporate governance programme for a management fee of approximately 0.1 per cent of the managed market value.

### FINANCIAL TARGETS FOR THE INDUSTRIAL OPERATIONS OVER A BUSINESS CYCLE

Average annual growth	>10 per cent
Operating margin	>10 per cent
Return on operating capital	15–20 per cent

### DIVIDEND POLICY

Further payment of dividend from listed holdings	100 per cent
Profit after tax in wholly-owned companies	40–60 per cent



### VISION

Latour's vision is to be a sustainable and attractive choice for long-term investors that want good returns. Latour creates added value in its holdings by being an active and steadfast owner that, with financial strength and solid industrial know-how, contributes to the sustainable development of the companies.



### BUSINESS IDEA

Latour's main business concept is to invest in sound companies with proprietary products, strong growth potential supported by global megatrends and with good prospects for the future. The long-term vision is to create growth and added value in these holdings through active ownership. In turn, this should be reflected in the company's share.

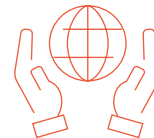


### CORE VALUE

Latour's core values are:

- Long-term perspective
- Professionalism
- Development

The operations are managed by a clearly delegated decision-making structure. This means that each holding has a unique company culture and its own strategic process. However, Latour's three core values permeate all holdings.

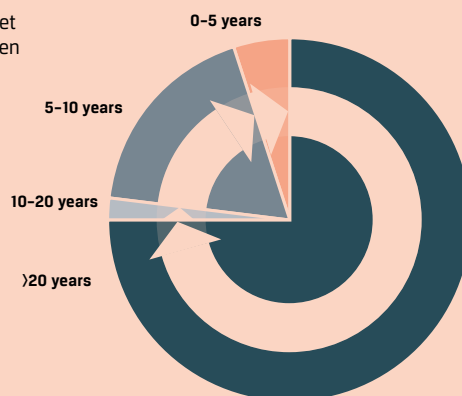
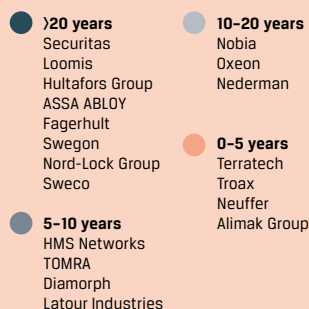


### A SUSTAINABLE STRATEGY

Sustainability is an integral part of Latour's investment strategy. Long-term values are created by developing sustainable operations. Latour has its greatest impact on sustainability by being an active and responsible owner. Through the work of Boards, Latour places high expectations on and drives the sustainable development of the holdings.

## CREATING LONG-TERM VALUE

Latour is a long-term investor. The diagram shows that 75 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.



## GROWING INTERNATIONALLY

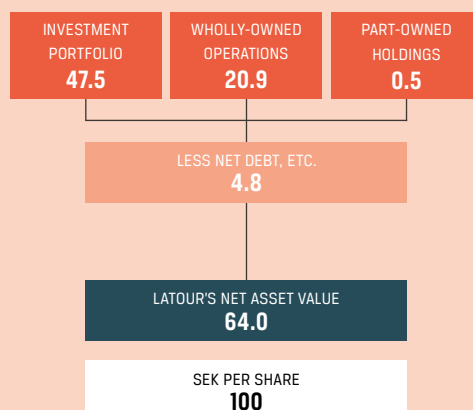
Latour's holdings have a solid foundation on which to grow with proprietary products and through international expansion. The wholly-owned operations' sales outside the Nordic countries have increased from 20 per cent in 2003, when the new strategy was adopted, to 61 per cent in 2018.

**2003**  
20%

**2018**  
61%

## THE NET ASSET VALUE AND ITS COMPONENTS

Latour's net asset value is dominated by the portfolio companies and the wholly-owned industrial operations.



All amounts in SEK billion unless otherwise stated.  
These figures as at 31 December 2018.

## 115,000 PER CENT TOTAL RETURN

Since the start in 1985, the Latour share has had a total return of approximately 115,000 per cent. This can be compared with 4,600 per cent for the SIXRX. Latour's market value was SEK 71.7 billion (64.6 billion) at the close of 2018.

**Latour**  
115,000%

**SIXRX**  
4,600%

## Organisation

# Latour, a small, flexible organisation with a delegated structure

With 10 employees at the head office and some 450,000 in the holdings, Latour underscores a delegated decision-making structure in the Group. In turn, this means that leadership has a central position in Latour's corporate governance.

### ENGAGED PRINCIPAL OWNER

Just as Latour's principal owners are represented in Latour's Board, Latour is likewise an engaged principal owner in all of its investments. Corporate governance of the listed holdings is performed efficiently by its own representatives and a network of experienced Board members.

### CLEAR, DELEGATED RESPONSIBILITIES

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership plays a central role in Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. The parent company consists of 10 employees and the aim is to provide an attractive, stimulating and productive workplace.

The main functions in the parent company are business management, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

### GOOD RELATIONSHIPS WITH STAKEHOLDERS

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard and that contact with Latour is easy and straightforward.

## Board of Directors



**From the left:** Anders G. Carlberg, Anders Böös, Jan Svensson (CEO), Lena Olving, Carl Douglas, Eric Douglas, Mariana Burenstam Linder, Olle Nordström (Chairman).

## Latour's employees



**From the left:** Ida Saalman (Business Development), Torbjörn Carlén (Cash Manager), Maria Asterholm (Accounting), Jan Svensson (President and CEO), Gustav Samuelsson (Business Development), Jonas Davidsson (Group Controller), Angelica Pavlic (Accounting), Anders Mörck (CFO), Katarina Rautenberg (Controller and Compliance), Fredrik Lycke (Business Development).



## Acquisition process

# Trend analysis forms the basis



Latour's acquisition process is centred on long-term assumptions about which technologies and companies have the best prospects, based on the overall trends that are expected to lead to new and growing needs.

**L**atour's business is based on identifying the best opportunities for creating long-term value, and on avoiding risks that might lead to diminished value. These opportunities and risks can be viewed on two levels – company-specific and market-related. Latour takes the company-specific opportunities and risks into account in its investment strategy and active corporate governance.

**THE MARKET-RELATED OPPORTUNITIES** and risks build on general trends that have an impact on the long-term development of entire industries and niches. Consequently, they form the basis for attractive investment opportunities.

Demographic changes, urbanisation, globalisation, sustainability and digitalisation are global megatrends that Latour considers to be particularly interesting in the analysis of different industries and individual companies. Furthermore, the trends are becoming ever more interrelated and are shaping one another. A growing number of older people is leading to an increasing demand for healthcare and medical services, and putting pressure on finding ways to enable people to remain in their own homes and have easy access to local facilities. This is

posing additional challenges for rapidly expanding cities around the world. The cities are also the hub of the globalisation trend that is shaping different consumer behaviours and competition between companies. Efficiency throughout the entire value chain is a key element in this and digitalisation plays a major role in cutting costs and reaching all end customers in a simple way. The goal is to be close to the customers in sales and aftersales operations, and to be able to balance this with the efficient provision of goods. This development has been accelerated, in part, by the growth in protectionism that has appeared across the world recently, and also by the need for sustainable production methods that focus on recycling and circular economy solutions. In addition, global economic power is increasingly shifting from the USA and Europe to Asia and other areas with rapidly expanding populations and rising standards of living.

**IN 2018, LATOUR CONTINUED** to focus heavily on international expansion in its operations, both organically and via acquisition. It is also continuing its search for technologies, products and distribution that complement existing operations and enable it to maintain its profitable growth. ●

### INVESTMENT CRITERIA

#### PROSPECTS FOR THE NICHE

- Addresses identified trends.
- The industry is showing profitable growth.
- Favourable position in the value chain.

#### POTENTIAL IN THE COMPANIES

- Next wave of development.
- Potential for geographic expansion.
- Latour adds value.

#### THE COMPANIES MUST ALSO SATISFY THE FOLLOWING CRITERIA

- Development, manufacture and marketing of proprietary products under their own brands.
- Products with high added value which offer a benefit that customers are willing to pay for.
- Not being dependent on a handful of suppliers or customers.

## Acquisition process

# “International expansion in focus”

**G**ustav, what has the level of activity been like in 2018?

“It has continued to be high. Five acquisitions were made in the wholly-owned industrial operations, contributing annual sales of more than SEK 700 m. No new holdings were added to the investment portfolio, but our existing companies have remained active and acquired a number of businesses.”

*Are there any differences between the acquisition criteria for the industrial operations and for the investment portfolio?*

“No, acquisitions are made on the same basic philosophy of creating long-term value. The difference is that, in the wholly-owned industrial operations, we work closely with the companies during the acquisition process, while in the investment portfolio, we operate through the Board of Directors, often in the chair role.”

*What has characterised the acquisitions in the industrial operations?*

“We have continued to focus on building scalability in order to speed up our international expansion. This includes taking positions in new markets, enhancing product portfolios and expanding our distribution reach. Hultafors Group’s acquisition of Johnson Level & Tool Mfg opens the door to the market in the USA and broadens our product range. Nord-Lock Group’s acquisition of its Spanish main distributor strengthens its local presence and ensures that, with regard to secure bolted joints, it continues to

provide its customers with a high level of service. Swegon’s acquisition of the German company Zent-Frenger, a provider of radiant ceilings, brings a valuable addition to the product portfolio and strengthens its presence in a priority growth market. The acquisitions are always based on how the companies address the global trends. Another excellent example of this is the acquisition by Latour Industries of the Swiss company Sensortec, a provider of sensors for building automation. This acquisition complements the product range and geographic reach of the subsidiary Bem-siq in the provision of solutions for smart buildings.”

*How important are the global trends for the strategy?*

“Latour has a long-term strategy and so it has to be based on assumptions about the long-term megatrends. Globalisation continues to be a strong driving force for our acquisition strategy, and we are also working to increase regionalisation and to create a sustainable value chain. Digitalisation is facilitating this and making it possible to improve both our offering to customers and our internal processes. At the same time, protectionism is increasingly affecting the world. We must take this into consideration in our risk-taking activities, while making sure that the long-term globalisation trend remains intact.”

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### GUSTAV SAMUELSSON

**Position:** Business Development  
**Years within the Group:** 2 years  
**Previous experience:** 12 years as a management consultant at Arthur D. Little, focusing on strategy development and operational improvements for international manufacturing companies.



"Latour has a long-term strategy and so it has to be based on assumptions about the long-term megatrends."

**Gustav Samuelsson**

on how globalisation continues to be a strong driving force for the acquisition strategy

*What is the deciding factor when considering an acquisition?*

"We have a long list of potential candidates and are engaged in ongoing dialogues with numerous interesting companies. Our acquisition criteria are specific and provide clear guidelines for each investment. We look for efficiently-run companies with a solid management team, an attractive offering of strong proprietary products, and an opportunity for Latour to contribute, usually by helping the company to accelerate its growth. Most of the acquisitions are made to complement existing holdings and, with this type of acquisition, the focus is on how the company enhances the original business. Then, of course, it depends on whether the owners will agree to sell the company at a reasonable price."

*What happens after an acquisition has been made?*

"There is always a clear plan for the companies that we acquire. This plan is decided by the management team and owners before the acquisition process moves forward. Latour's long-term perspective is naturally a strength in the discussions, and I believe the fact that most of the companies in Latour's portfolio have been there for many years and have grown both organically and through complementary acquisitions makes it absolutely clear that we are serious about this.

A successful and seamless integration process is key to this development. Our integration programme involves a specific agenda with frequent reviews in the first one hundred days for each new company in the Group, regardless of its size or focus. Much attention is given to the specific needs of the companies."

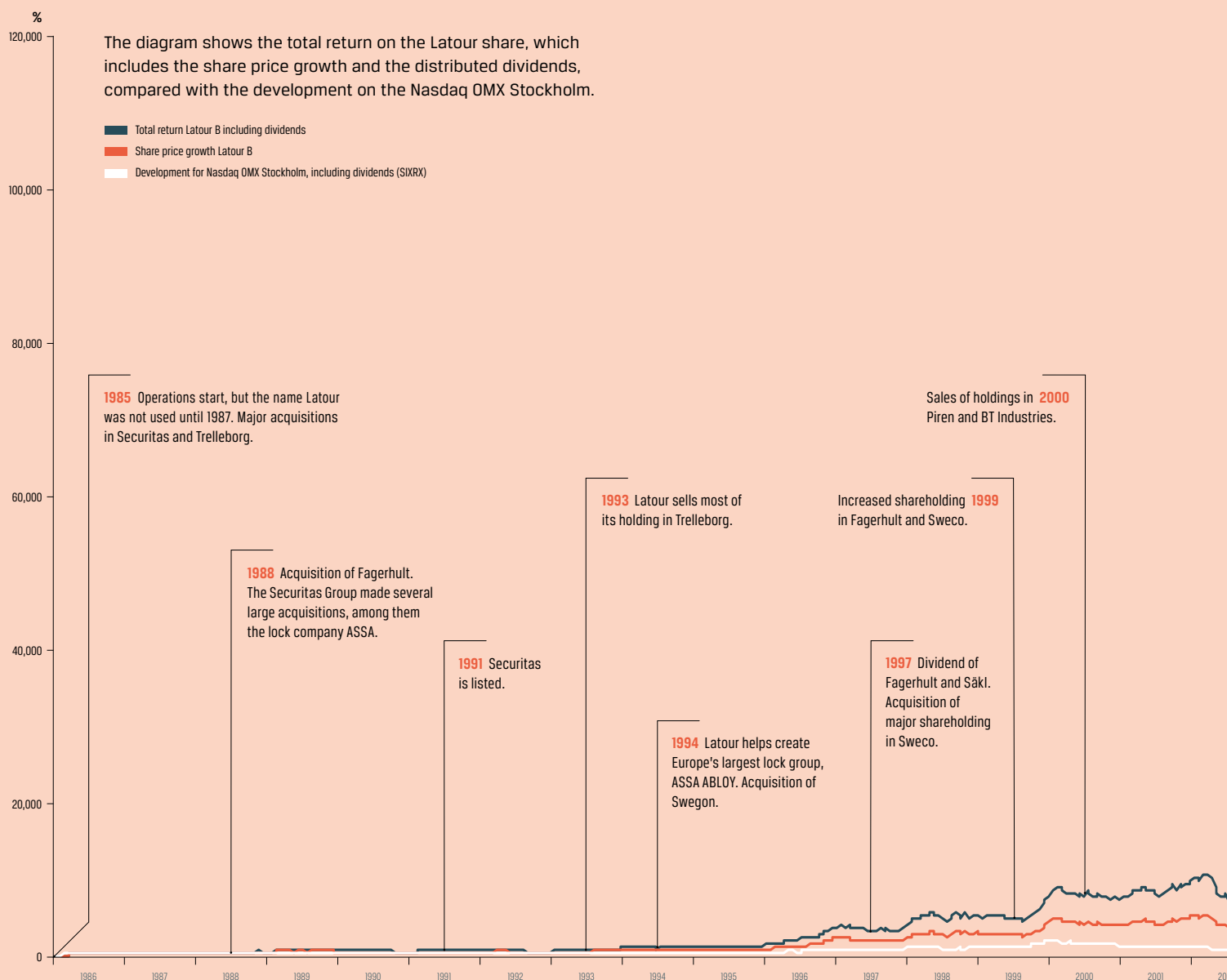
*What is the theme for 2019?*

"We will stay focused on international expansion and will also benefit from the growing importance of digitalisation to the value chain. The acquisition of companies with strong products in the area is a priority and will help us maintain our technological edge in our various operations." ●

## The Latour share

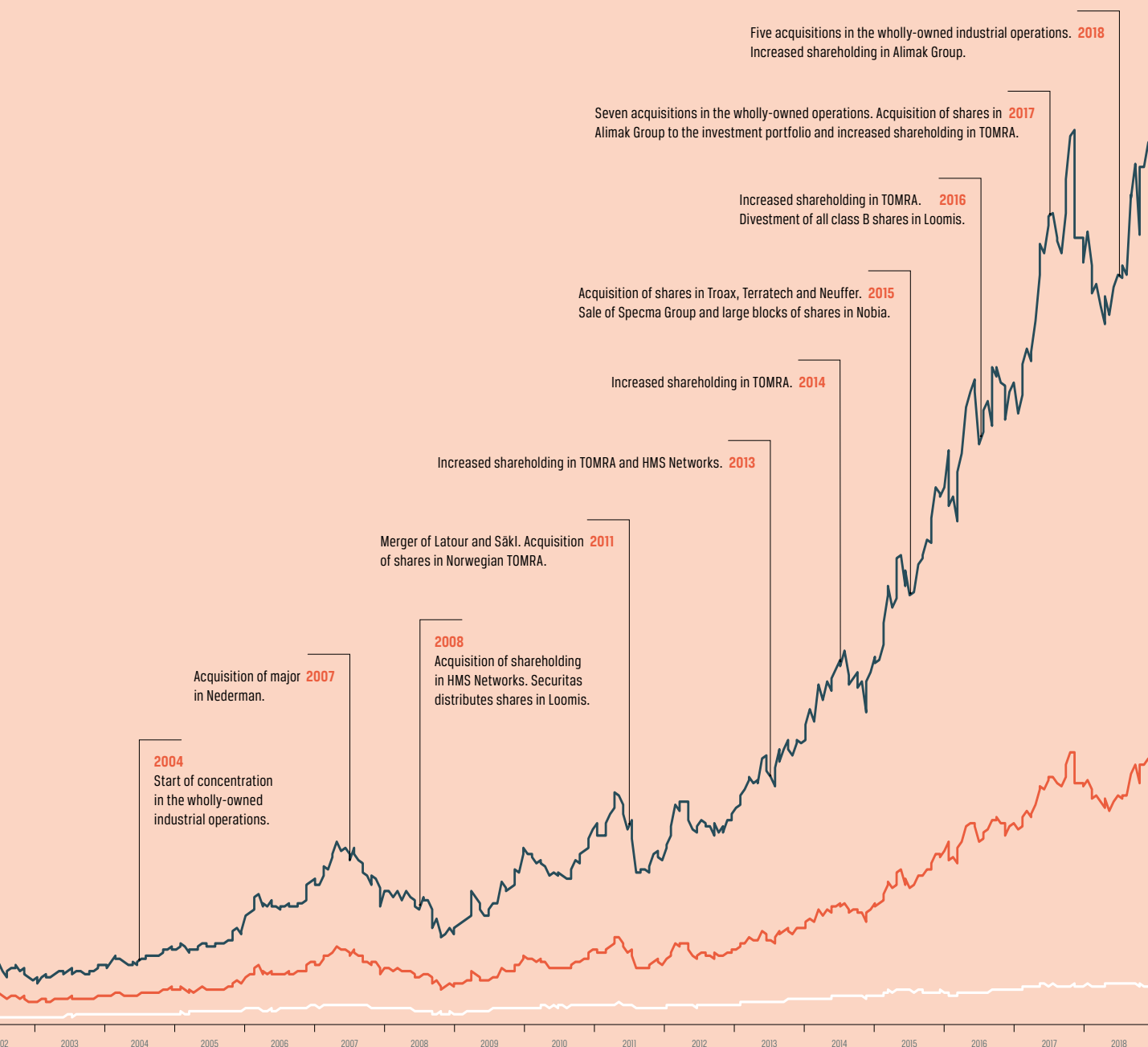
# Total return of 115,000 per cent

Latour's share is listed on the Nasdaq OMX Stockholm Large Cap list that includes companies with a market value in excess of EUR 1 billion. Latour's history stretches back to the end of 1985. Since then the total return, including share price growth and dividends, has been over 115,000 per cent. In 2018 the total return was 13.7 per cent.



## LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2018

Shareholders	Number of A shares, thousands	Number of B shares, thousands	% of share capital	% of voting rights
Gustaf Douglas, family and companies	39,958	457,554	77.8	80.3
Fredrik Palmstierna, family and companies	6,409	7,100	2.1	6.7
Skirner AB	800	1,696	0.4	0.9
Bertil Svensson, family and companies		6,208	1.0	0.6
SEB Investment Management		5,330	0.8	0.5
Lannebo Funds		4,300	0.7	0.4
AMF - Försäkring och Fonder		3,916	0.6	0.4
Spiltan Funds		3,416	0.5	0.3
Försäkringsaktiebolaget Avanza Pension		2,660	0.4	0.2
Livförsäkringsbolaget Skandia		1,805	0.3	0.2
Other	475	97,491	15.3	9.6
Investment AB Latour, share buyback		723	0.1	—
	47,642	592,198	100.0	100.0





One of the brands within Hultafors Group is Snickers Workwear. Their range includes protective wear for work in high risk environments.



# Continuing strong growth for the industrial operations in 2018

Latour's wholly-owned industrial operations, with four business areas and a total of about 100 companies, continued its profitable growth in 2018. Including acquisitions, sales growth amounted to 20 per cent in total, and the operating margin increased to 12.7 per cent.

**SINCE 2003 AND UNTIL 2016** there has been a clear consolidation of activities in Latour's wholly-owned industrial operations. Following the sale of the Specma Group business area in early 2016 and a focus on complementary acquisitions that bring greater strength to the core activities of the continuing business areas, there is now a solid base on which to build and forge ahead with profitable growth. The four business areas are strongly positioned in their respective niche segments with companies that develop, manufacture and market their own products in customer segments that represent considerable, growing international demand.

The growth of recent years has been strong, but the ambitions remain undiminished with a focus on growth being achieved both organically and through acquisitions. In 2018, organic growth totalled 10 per cent. In order to grow at a faster rate than the general development of the economy, the operations work systematically to enhance their product portfolios,

increase their international presence and gain market share in existing markets. In 2018, sales generated outside the Nordic region increased from 57 to 61 per cent of total sales. Although the international share of sales has more than tripled since 2003, there is still considerable potential for growth. The acquisitions in the industrial operations made in 2018 contributes annual net sales of more than SEK 700 m, of which 91 per cent are generated outside the Nordic region.

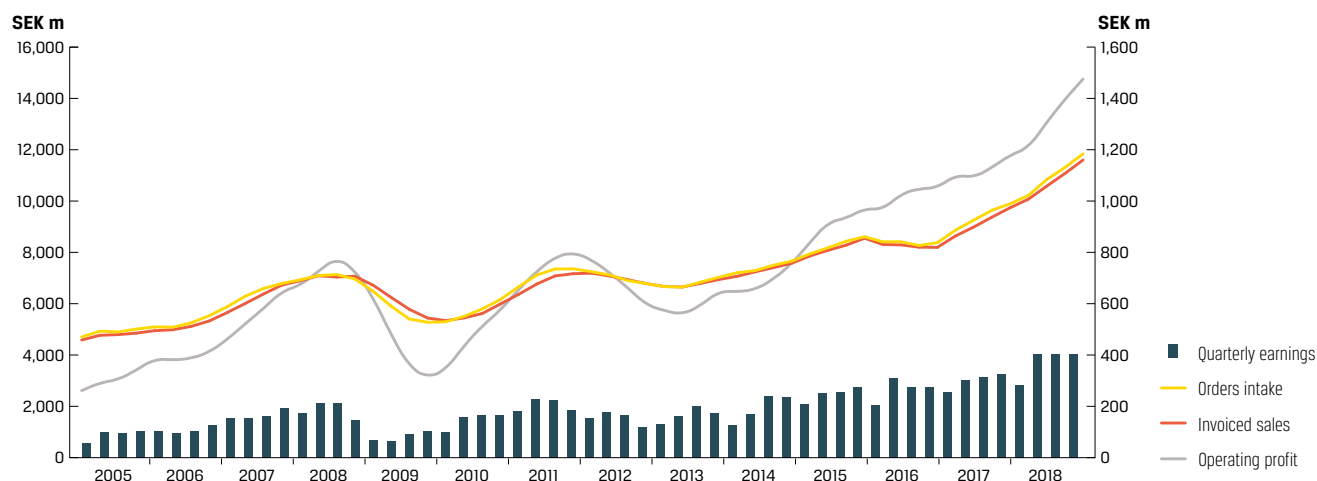
**THE OPERATIONS' FINANCIAL TARGETS** are to achieve a minimum of 10 per cent average annual growth and operating margin and 15 to 20 per cent return on operating capital over a business cycle. All financial targets have been reached in the last three years.

All operations are at the forefront of product development, which is critical to the achievement of key competitive advantages in the future too.

## 20%

The industrial operations' net sales grew by 20% during the year, including acquisitions.

## GROUP - TRAILING 12 MONTHS







# Hultafors Group

Hultafors Group provides a portfolio of leading brands that keep driven professional users at the forefront in terms of functionality, safety and overall productivity.

## HULTAFORS GROUP AT A GLANCE

Hultafors Group is one of Europe's largest companies to supply workwear, footwear, head protection, hand tools and ladders for professional users. The products are developed, manufactured and marketed as their own brands, which are available through leading distributors in about 40 markets, with emphasis on Europe and North America.

## IMPORTANT EVENTS IN 2018

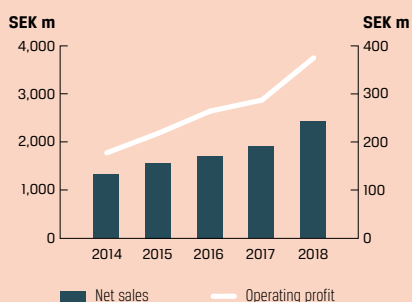
- Increased demand across all product areas and most markets. Strong earnings as a result of the robust growth.
- Investments in product development, sales and marketing to maintain growth momentum.
- Acquisition of the Swedish company Hellberg Safety, specialised in hearing protection, face protection and communication solutions for personal protection within the field of occupational health and safety.

- Acquisition of the US company Johnson Level & Tool Mfg., a leading provider of layout and measuring tools.

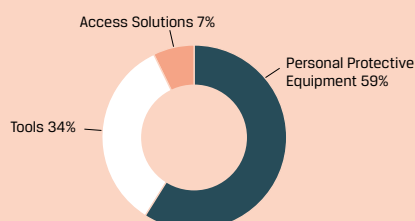
## STRATEGY FOR PROFITABLE GROWTH

- Create organic growth through product development, more efficient use of sales and distribution channels, increased investment in marketing and stronger relationships with end users.
- Make complementary acquisitions of brands with strong positions among distributors and end users.

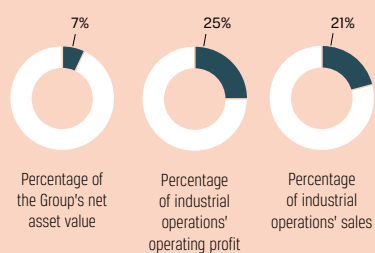
## SALES AND EARNINGS



## BREAKDOWN OF SALES BY BUSINESS UNIT



## PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES





# Latour Industries

Latour Industries is a miniature of Latour in which active and careful ownership contributes to a stable and independent development of each holding. The goal is for the holdings to become independent business area within Latour at some point in the future.

## LATOUR INDUSTRIES AT A GLANCE

Latour Industries consists of six wholly-owned holdings and one part-owned holding, each of them with their own products with high technology content and a clear potential for growth. Each of the holdings has its own business concept and business model.

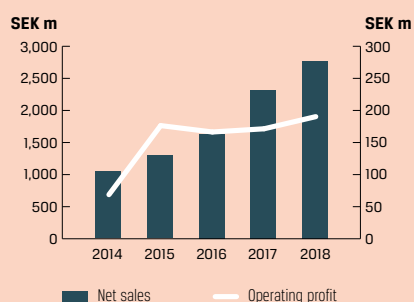
## IMPORTANT EVENTS IN 2018

- ▶ Continued rise in net sales, driven by both organic growth and acquisitions.
- ▶ Acquisition of Sensitivec, an independent Swiss provider of sensors for building automation.
- ▶ Divestment of Kabona.

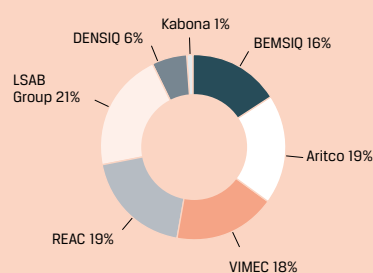
## STRATEGY FOR PROFITABLE GROWTH

- ▶ Pursue expansion of current holdings through strengthened sales organisations, intensified product development and add-on acquisitions to further improve the strategic position.
- ▶ Continue to pursue new platform acquisitions in line with Latours' investment criterias.

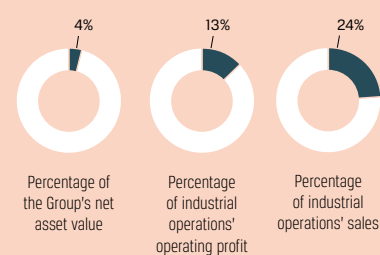
## SALES AND EARNINGS



## BREAKDOWN OF SALES BY BUSINESS UNIT



## PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES





# Nord-Lock Group

Nord-Lock Group is a world leader in secure bolting solutions. For over 35 years, the Group has provided innovative solutions and expertise to customers in all major industries, contributing to the reliability and effectiveness of their bolted connections.

## NORD-LOCK GROUP AT A GLANCE

Nord-Lock Group focuses on customers in all major industries with high demands on quality and safety where the consequences of bolt failure would be significant. Over 90 per cent of sales are exported. Sales are conducted through a combination of own companies and a global network of distributors.

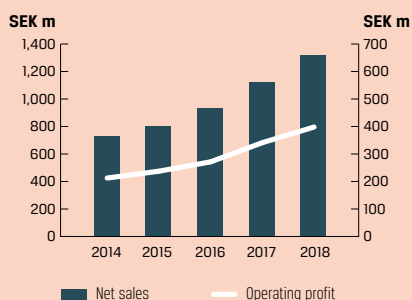
## IMPORTANT EVENTS IN 2018

- ▶ Continued robust sales growth with maintained high profitability.
- ▶ Particularly strong growth of 35 per cent in Asia Pacific.
- ▶ Further investments in product development and marketing.
- ▶ Acquisition of the Spanish distributor partner IDQ.

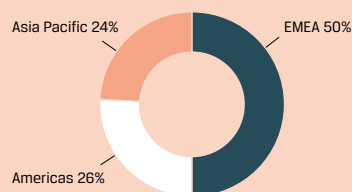
## STRATEGY FOR PROFITABLE GROWTH

- ▶ Development of capacity and efficiency in production and logistics to meet rising customer demand in a cost-effective manner.
- ▶ Expanding the business through organic growth and value-adding acquisitions.
- ▶ Be perceived as the industry thought leader via customer-centric R&D, catalysed by digital and smart technologies.

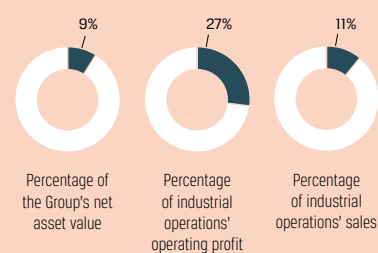
## SALES AND EARNINGS



## BREAKDOWN OF SALES BY MARKET



## PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES





# Swegon

Swegon maintains a clear focus on indoor environmental quality for wellbeing and comfort.

## SWEGON AT A GLANCE

Swegon supplies the market with high quality products and intelligently designed system solutions that promote a superior indoor climate and contribute to lower life-cycle costs for all types of buildings. Sales and marketing activities are conducted through the Group's sales companies in 17 countries and through distributors to other markets. The company has production in Europe, North America and India.

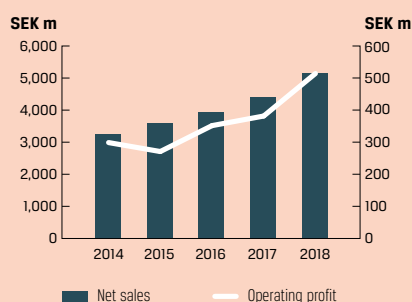
## IMPORTANT EVENTS IN 2018

- ▶ Strong organic sales growth and delivering good profitability.
- ▶ Strong order intake, order backlog 56 per cent higher at the close of the year.
- ▶ Successful introduction of Swegon WISE, a new generation of wireless system for demand controlled indoor climate.
- ▶ Acquisition of the German company Zent-Frenger, a leading provider of radiant ceilings in Germany.

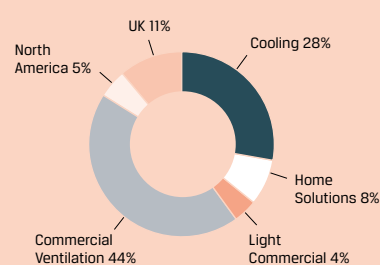
## STRATEGY FOR PROFITABLE GROWTH

- ▶ Differentiation through market-leading, innovative system solutions for improved indoor climate.
- ▶ Increased focus on superior customer experience through digital solutions.
- ▶ Creation of strongholds in key European markets through acquisitions and development of existing operations. Continue to increase presence in North America.

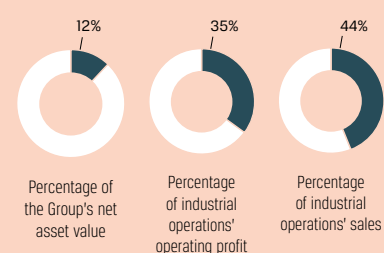
## SALES AND EARNINGS



## BREAKDOWN OF SALES BY BUSINESS UNIT



## PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES







Troax is the leading global supplier of indoor perimeter protection and one of the ten holdings in Latour's investment portfolio.



# Active owner in ten companies in a portfolio worth more than SEK 47 billion

**LATOUR'S INVESTMENT** portfolio consists of ten companies where Latour is the principal owner or one of the principal owners and where Latour controls at least 10 per cent of the voting rights. Just like in the wholly-owned industrial operations, the work of the Board is a platform for Latour's creation of value. Regardless of the ownership stake, a structured approach is applied in the work of the Board, acquisition processes and integration processes. Latour operates as a transparent principal owner committed to initiatives that realise sustainable growth and profitability. Its performance over the past years bears witness to the success of its strategy.

## MARKET VALUE AND TOTAL RETURN

The market value of Latour's holdings at the end of 2018 was SEK 47 billion. The return was 1.9 per cent, adjusted for dividends. This can be compared with -4.4 per cent for Nasdaq OMX Stockholm (SIXRX).

## INVESTMENT PORTFOLIO

Share	Market value, SEK m <sup>1</sup>	Share of votes, % <sup>2</sup>	Share of equity, % <sup>3</sup>
Alimak Group	1,739	29.2	29.2
ASSA ABLOY	16,689	29.5	9.5
Fagerhult	4,251	48.8	48.3
HMS Networks	1,489	26.0	25.9
Loomis	723	23.8	3.4
Nederman	948	30.1	30.0
Nobia <sup>4</sup>	229	2.8	2.7
Securitas	5,654	29.6	10.9
Sweco	6,423	21.3	26.9
TOMRA	7,780	26.4	26.3
Troax	1,532	30.1	30.1
<b>Total</b>	<b>47,458</b>		

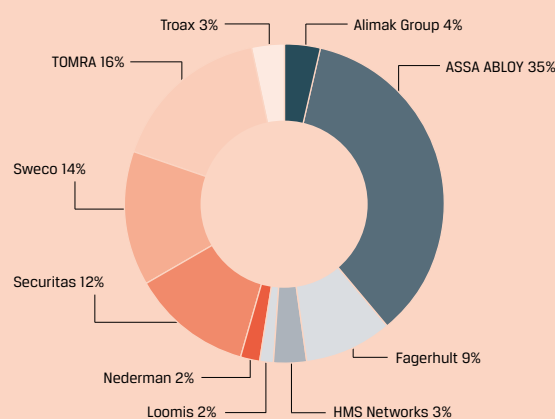
<sup>1</sup> The last price paid is used as the listed share price.

<sup>2</sup> Share of votes calculated after deduction of treasury shares.

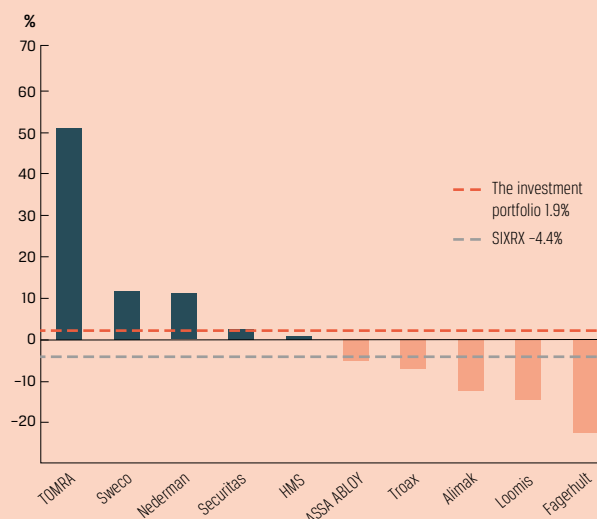
<sup>3</sup> Share of equity calculated based on total number of shares issued.

<sup>4</sup> The majority of the shareholding in Nobia was sold in December 2015, and Latour is therewith no longer a principal owner.

## BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



## TOTAL RETURN OF THE PORTFOLIO COMPANIES FOR 2018



The total return, including share price growth and dividend, for each portfolio company compared with the SIXRX benchmark index in 2018.



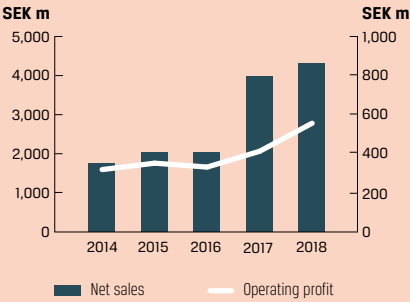
In 2017 Latour acquired 26.7 per cent of listed Alimak Group and became the principal owner of the company. After a further 1,345,000 shares were acquired in 2018, the ownership stake in Alimak Group has increased to 29.2 per cent.

## ALIMAK GROUP

**ALIMAK** is a global market leader in vertical access solutions for industry and the construction sector, with sales in more than 100 countries. The Group has been a pioneer and an industry leader in supplying elevators, hoists and work platforms based on rack-and-pinion technology for 70 years.



### NET SALES AND OPERATION PROFIT

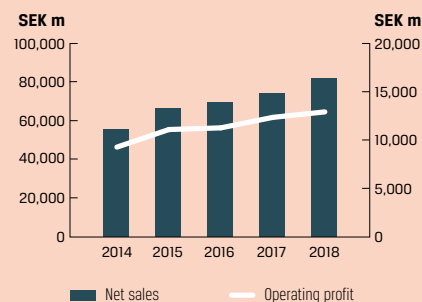


## ASSA ABLOY

**ASSA ABLOY GROUP** is the global leader in access solutions. Every day, the Group help billions of people to experience a more open world. ASSA ABLOY's innovations enable safe, secure and convenient access to physical and digital places. The Group has leading positions in areas such as efficient door openings, trusted identities and entrance automation.



### NET SALES AND OPERATION PROFIT

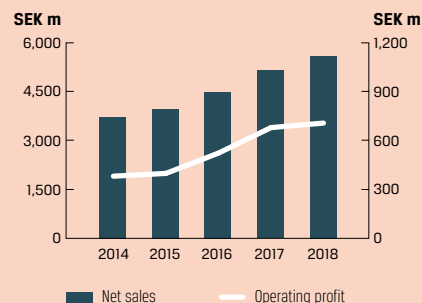


## FAGERHULT

**FAGERHULT** is one of Europe's leading lighting companies with subsidiaries in more than 25 countries in four geographical business areas. The company designs, develops, manufactures and markets innovative and energy-efficient lighting solutions for professional indoor, retail and outdoor application areas.



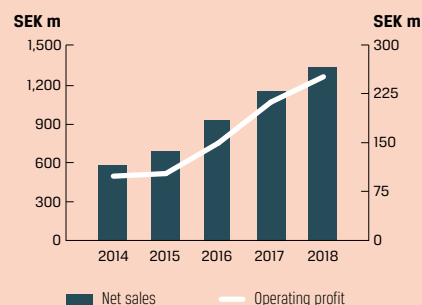
### NET SALES AND OPERATION PROFIT



**HMS NETWORKS** is a world-leading supplier of software and hardware for industrial communication and the industrial Internet of Things (IIoT). Over 90 per cent of its sales are outside of Sweden to some 60 countries in all. The head office is located in Halmstad in Sweden.



### NET SALES AND OPERATION PROFIT

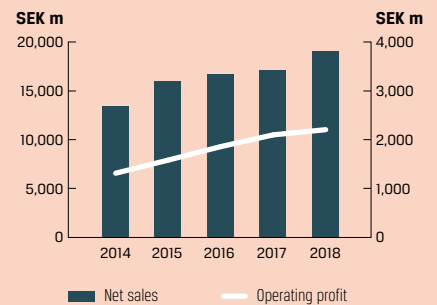




**LOOMIS** offers safe and effective comprehensive solutions for the distribution, handling, storage and recycling of cash and other valuables. Loomis customers are banks, retailers and other operators. Loomis operates through an international network of more than 400 branches in more than 20 countries.



#### NET SALES AND OPERATION PROFIT

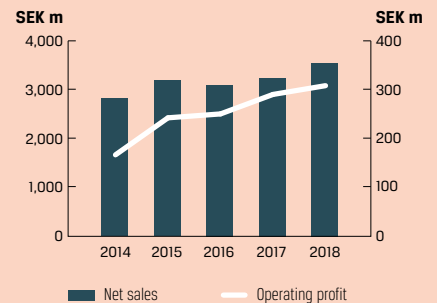


## Nederman

**NEDERMAN** is a world-leading supplier of environmental technology products and systems with a focus on air filtering and recycling. The company's solutions help reduce environmental impacts from industrial production, create a clean and safe work environment and improve production efficiency.



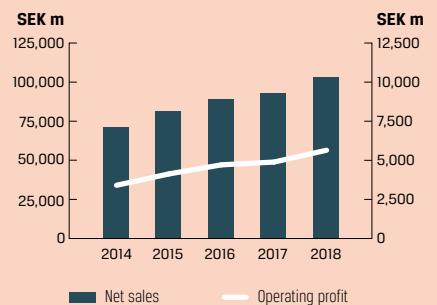
#### NET SALES AND OPERATION PROFIT



**SECURITAS** is a leading company in the security sector with operations in North America, Europe, Latin America, the Middle East, Asia and Africa. The organisation is flat and decentralised and has more than 370,000 employees in 58 countries. Securitas offers a wide and growing range of protective services, including more technology-based solutions.



#### NET SALES AND OPERATION PROFIT



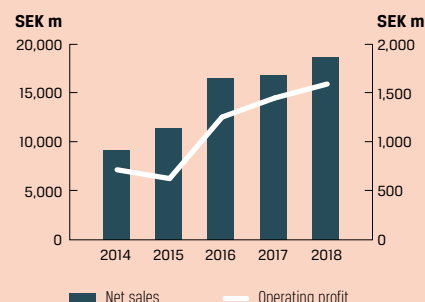




**SWECO** is Europe's leading engineering and architecture consultancy. Sweco has 15,000 employees and applies its expertise in 70 countries. Its work produces sustainable buildings, efficient infrastructure and access to electricity and clean water.



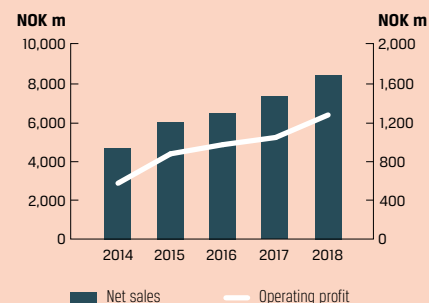
#### NET SALES AND OPERATION PROFIT



**TOMRA** is a world leader in sorting and recycling technologies for optimal resource productivity. The company was founded in Norway in 1972 and today has about 4,000 employees and operations in over 80 countries worldwide. Its products and services are offered in two business areas: TOMRA Collection Solutions and TOMRA Sorting Solutions.



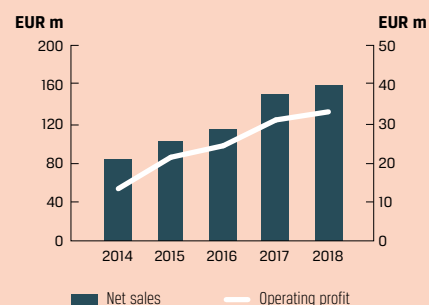
#### NET SALES AND OPERATION PROFIT



**TROAX** is the leading global supplier of indoor perimeter protection. The company produces high-quality, innovative, metal-based mesh panel solutions for the market areas of machine protection, storage and warehousing, and for the protection of people, property and processes.



#### NET SALES AND OPERATION PROFIT





Latour is a mixed investment company that makes long-term investments in sound companies which have their own products that meet growing international demand. Its operations are primarily carried out in two business lines; a wholly-owned industrial operation and a portfolio of ten listed holdings of which Latour is the principal owner or one of the principal owners.



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