2018

LATOUR

Fagerhult is one of Latour's portfolio companies and one of Europe's leading lighting companies that develops, manufactures and markets innovative and energy-efficient lighting solutions.

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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 CONCEPT

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

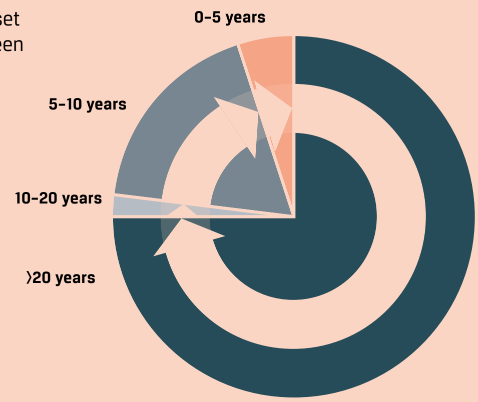
Latour is a long-term investor. The diagram shows that 75 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.

>20 years
Securitas
Loomis
Hultafors Group
ASSA ABLOY
Fagerhult
Swegon
Nord-Lock Group
Sweco

10–20 years
Nobia
Oxeon
Nederman

0–5 years
Terratech
Troax
Neuffer
Alimak Group

5–10 years
HMS Networks
TOMRA
Diamorph
Latour Industries

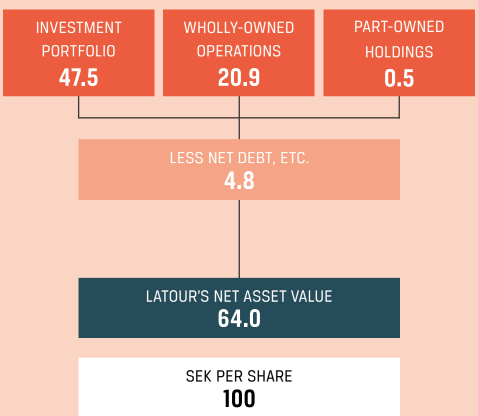


GROWING INTERNATIONALLY

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.

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.

Highlights of the year

Further acquisitions and good profitability

Q1

ACQUISITION of the Swiss company Sensortec Holding AG via the Latour Industries business area. A leading Swiss company active in sensors and transmitters for building automation. It generates annual sales of CHF 5.3 million.

DISPOSAL of Kabona, a wholly-owned company within the Latour Industries business area, to Nordomatic AB.

INCREASED SHAREHOLDING in listed Alimak Group, from 26.8 per cent to 28.1 per cent following the acquisition of 800,000 shares.

Q2

ACQUISITION of the US company Johnson Level & Tool via the Hultafors Group business area. The company is a highly reputable provider of measuring tools and a market leader in several channels of distribution in the USA. It generates annual sales of USD 36 million.

ACQUISITION of the Spanish distributor IDQ via the Nord-Lock Group business area. This acquisition strengthens Nord-Lock Group's local presence in Spain and ensures a high level of service.

Q3

ACQUISITION of the Swedish company Hellberg Safety via the Hultafors Group business area. The company develops and sells communication solutions, hearing protection and face protection. It generates annual sales of SEK 66 million.

INCREASED SHAREHOLDING in listed Alimak Group, from 28.1 per cent to 29.2 per cent following the acquisition of 545,000 shares.

Q4

ACQUISITION of the German company Zent-Frenger via the Swegon business area. The company is a leading provider of radiant ceilings in Germany. It generates annual sales of EUR 29 million.

DISPOSAL of the entire shareholding in the part-owned holding Diamorph, corresponding to 28.2 per cent of the capital. An agreement was reached in November and the deal is expected to be concluded in Q1 2019.

INDUSTRIAL OPERATIONS

20%

Total growth of the industrial operations

- Net sales increased in total by 20 per cent to SEK 11.6 billion (9.7 billion).
- Organic growth reached 10 per cent.
- The operating profit increased to SEK 1.5 billion (1.2 billion).

INVESTMENT PORTFOLIO

1.9%

Increase in value of the investment portfolio

- The value increased by 1.9 per cent (11.9) adjusted for dividends.
- The dividends to Latour increased by 6 per cent against the benchmark portfolio to SEK 1,102 m (1,038 m).

NET ASSET VALUE

SEK 100

Net asset value per share

- At the end of 2018, Latour's estimated net asset value reached SEK 100 (95) per share, representing an increase of 8.3 per cent, adjusted for paid dividends.

TOTAL RETURN

13.7%

Total return on the share

- The total return on the Latour share for 2018 was 13.7 per cent (20.3), and 193 per cent for the 2014-2018 period.

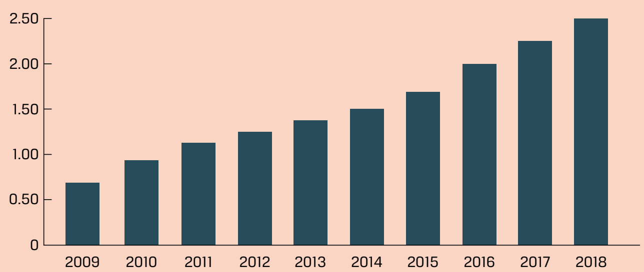
DIVIDEND

SEK 2.50

Proposed dividend per share

- The Board of Directors **proposes** a dividend of SEK 2.50 (2.25) per share for the 2018 financial year.

DIVIDEND GROWTH, SEK/SHARE



Underlying profit 2018

Increase in profit by 19 per cent

This page shows the holdings' growth in underlying earnings in 2018 and how this can be linked to the proposed dividend to Latour's shareholders after the end of the financial year.

DEVELOPMENTS IN OPERATIONS

Underlying operating profit in the wholly-owned operations

Underlying profit rose

24%

Expected dividends from the investment portfolio and part-owned holdings

The dividends from the holdings are expected to increase in the spring of 2019 by

6%

in comparable holdings

LATOUR'S ACTUAL INCOME STATEMENT

	2018	2017
Business areas		
Operating profit for business areas	1,477	1,179
Gain/loss from purchase/sale of companies	-38	-30
Other items	-42	-24
Investment portfolio etc.		
Dividends from the investment portfolio and associated companies	1,102	1,013
Capital gains in the investment portfolio	0	0
Other equity investment/short-term trading	-9	-4
Other items	-21	-18
Net financial items for the Latour Group	-31	-54
Reported tax expense	-322	-281
Total underlying operating profit, net financial items and tax	2,116	1,781

COMMENTS: In the above table, remeasured items, shares in associates and similar items are excluded.
The table is based on considerable simplification of accounting and does not claim to be exact. Its purpose is to make it easier to understand Latour's profit and loss.
The dividends presented in the table for 2018 are proposed to be distributed to Latour in the spring of 2019 as these dividends reflect the performance of the investment portfolio in 2018.

EFFECT FOR SHAREHOLDERS

DIVIDEND POLICY

Latour shall distribute 100 per cent of incoming dividends from the investment portfolio and partly-owned holdings as well as 40-60 per cent of the net profit in the wholly-owned industrial operations.

	SEK m spring 2019	SEK m spring 2018	SEK/share spring 2019	SEK/share spring 2018
Dividends from industrial operations	440	424		
Per cent of underlying profit %	41	52		
Dividends from the investment portfolio/ associated companies	1,102	1,013		
Per cent of underlying profit %	100	100		
Total ordinary dividends as stated in the policy	1,598	1,437	2.50	2.25

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.

Total 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.

> "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

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 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 Bemsiq, 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

JAN SVENSSON

Position:
President and CEO
Years with the Group:
15 years
Career experience:
Including CEO and president of AB Sigfrid Stenbergs.

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.

"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."

Jan Svensson explains the importance of regionalisation in Latour's various operations, in order to improve its offering to customers and the internal processes.

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.

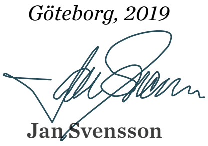
GLOBAL STOCK MARKETS SHOWED a relatively weak performance in 2018, mainly due to growing concern about the economic outlook. Although the overall sales and earnings performance of our companies in the investment portfolio remained robust, the share prices of several of the companies were impacted negatively 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

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.

Latour'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"

Gustav, 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 Bemsiq 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."

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."

International expansion: Nord-Lock Group

Growth in Asia with local expertise

Latour has been focusing on international growth since 2003, through acquisitions and investment in organic growth. Latour's long-term strategy and financial strength enable the companies to build their own organisations in new markets. An excellent illustration of this is Nord-Lock Group's growth in Asia.

Nord-Lock Group first established a presence in Asia in 2008 when its Japanese distributor and partner was acquired. The previously family-owned business, with its head office in Osaka and an extensive customer base in the Japanese processing and manufacturing industry, gave Nord-Lock Group a strong position in a growing but fiercely competitive market. It has continued to expand in the region, driven by its success in Japan, but has adapted its strategy depending on the market. A local distributor was acquired in South Korea in 2016, but the main focus has been on establishing its own companies in order to grow from scratch by recruiting local expertise.

33%

In the past five years, Nord-Lock Group's sales in Asia have risen 33% on average each year

CHINA IS A MARKET IN WHICH the sales organisation has been built up in this way. It began with the recruitment of Dony Hu as the first employee at the new office in Shanghai in 2011. The business has successfully expanded to a workforce of 28 at the end of 2018, having focused strongly on establishing contacts with customers in the automotive and train manufacturing industries. It is a highly dedicated organisation with excellent expertise in both Nord-Lock Group's technologies and key customer applications. The sales office and technology centre are located in Shanghai, but the salesforce is spread across the provinces to be close to customers and local distributors.

THE SUCCESSFUL development in countries like Japan and China is evidence of the strength of Nord-Lock Group's offering in this expansive region. But success is not given. The most important factor is to find leaders with a head for business and an ability to recruit and develop local talent.

"Asia is a large and complex region. All of its markets are unique. Cultures differ, selling differs and recruitment

Nord-Lock Group has a sales office and a technology centre in Shanghai.

methods differ. Our strength lies in understanding what is needed for successful growth in each market," says **Kristine Lindberg**, Regional Sales Director Asia at Nord-Lock Group.

Nord-Lock Group has a regional head office in Singapore, from where Malaysia, Taiwan, Indonesia, Australia and other countries that do not yet have their own sales organisations are managed. India was also managed from Singapore until May 2018 when a sales company and office were set up in Mumbai. Like China, India is a huge, dynamic market that requires local expertise and the right strategy to enable successful growth. At the end of 2018, Nord-Lock Group had its own sales companies in six countries in Asia and sales in another eleven.

The Nord-Lock brand offers a world-leading wedge-lock technology and accounts for almost 90 per cent of the Group's sales in Asia, with plenty more potential in many industries and segments. The Superbolt multi-jackbolt tensioning technology also has great potential in the energy market, for example, and has been growing rapidly since its launch on the Asian market. The supply of energy is a critical factor across the whole of Asia which is having to contend with challenges like population growth and rapid urbanisation.

"Despite the strong growth rate in the past few years, it is clear that Asia still has considerable growth potential, and there are many industries and applications in the region in real need of Nord-Lock Group's world-leading secure bolting solutions. That means all four of our technologies, including Expander and Boltight," says Kristine.

NORD-LOCK GROUP'S organisation in Asia has grown to a size where it is becoming increasingly important to coordinate employee training, skills development and other resources. It is essential to give greater consideration to HR issues to enable the business to continue its successful development.

"We will be holding our annual regional sales meeting in Mumbai at the beginning of 2019. At the meeting, we will be focusing on career paths and other employee opportunities within Nord-Lock Group. Our success in the region depends on the skills of the employees and, by harnessing the strengths of the entire organisation, we are preparing the business for the next phase of this exciting journey together," says Kristine.

SUSTAINABILITY REPORT

Sustainability is central to Latour

Development of sustainable operations creates long-term values. Sustainability issues are therefore well integrated into Latour's investment strategy and are a central component of the investment analysis.

"**SUSTAINABILITY HAS ALWAYS** been part of the core mission of our operations and our business. Long-term success requires our companies' products to be sustainable and our employees to be happy and well," says Katarina Rautenberg.

Katarina Rautenberg
Controller & Compliance manager, Latour

LATOUR IS AN ACTIVE and responsible owner. There are ten employees at the head office and some 450,000 in the holdings. The head office's direct influence in the area of sustainability is therefore limited compared with the holdings, but through active board-work, Latour drives and has high expectations for the sustainable development of the holdings. These expectations are based on Latour's investment criteria, with a focus on the companies, in which Latour invests and owns, being able to respond to long-term global trends.
Latour's trend analysis and acquisition process are described on pages 11-15.

LATOUR'S CODE OF CONDUCT and Environmental Policy contain guidelines and policies for all wholly-owned companies and their employees. All the companies in the investment portfolio have their own codes of conduct and policies that meet Latour's sustainability requirements. ●

STAKEHOLDER DIALOGUES AND RISK ANALYSIS

LATOUR IS COMMITTED TO ongoing dialogue with its stakeholders. In 2018, discussions were held with various representatives from the capital market with responsibility for sustainability issues. One of the viewpoints that came out of these discussions was that Latour needs to improve the description of its sustainability risk analysis.

It is not considered relevant to prepare and report just one risk analysis for all of Latour's holdings because of the differences between the various operations. All of the wholly-owned companies regularly conduct their own risk analyses in the various sustainability-related areas and their findings determine how their sustainability activities will be managed. The same applies to all of the listed holdings. Many of them have produced good risk analyses in their own sustainability reports.

LATOUR'S HOLDINGS FACE different challenges and opportunities and offer internationally leading products and systems in areas that are clearly linked to sustainability. Examples include:

Wholly-owned companies

- **Swegon** – leading indoor climate systems with the least possible impact on the outdoor environment.
- **Hultafors Group** – products that lead the way in safety and performance, designed for professional tradespeople.

Investment portfolio

- **Fagerhult** – leading producer of innovative, energy-efficient and environmentally-friendly lighting systems.
- **TOMRA** – a world leader in sorting and recycling technologies.
- **Sweco** – a leading consultancy in Europe specialising in the planning and design of sustainable communities and cities.

THE SUSTAINABILITY REPORT 2018

LATOUR REPORTS ITS sustainability activities from three perspectives. Together these comprise reporting of the areas that are statutorily required by the Swedish Annual Accounts Act. EMPLOYEE PERSPECTIVE covers social conditions and personnel. The second part is the ENVIRONMENTAL PERSPECTIVE. The third part, the BUSINESS ETHICS PERSPECTIVE covers anti-corruption and respect for human rights.

THE SUSTAINABILITY REPORT LARGELY describes how the wholly-owned operations work to achieve sustainable development and how Latour as an active owner works for long-term sustainable growth and development.

All key performance indicators are a compilation of values reported from the Group's four business areas, along with corresponding KPIs from the parent company.

Latour's business model for the wholly-owned operations and the portfolio holdings is presented on pages 4-5.

The auditor's opinion on the statutory sustainability report is presented on page 111.

"All of Latour's holdings make a positive contribution to a more sustainable world through their products and robust sustainable governance, which we are proud to talk about."

Katarina Rautenberg
about working at Latour with responsibility for sustainability reporting.

EMPLOYEES

Leaders in the Latour Group must be good role models

The ability to offer attractive workplaces that create opportunities to recruit and retain the right skills and individuals is key to the achievement of Latour's growth targets.

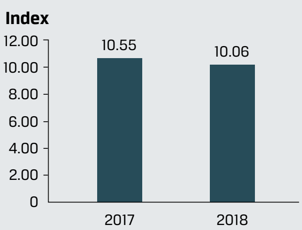
Latour's wholly-owned industrial operations employ just over 5,000 people and the companies' management teams have a great responsibility to recruit and motivate employees in order to reach their high-set goals. Leadership is an integral part of Latour's corporate governance and all senior executives in the Group shall serve as role models for employees. It is important to set the right tone and create a healthy culture throughout the company. Each business area has its own, unique corporate culture which is clearly imbued with the Latour spirit and the core values Long-term Perspective, Professionalism and Development.

BEING PART of the Latour Group should offer opportunities to progress one's career internally and develop within one's professional sphere. Moving within the Group is considered a sign of job satisfaction and offers individuals opportunities for career growth. Investment is made in skills-building initiatives such as the Latour Executive Program, which is a tailored leadership course run in collaboration with the Gothenburg School of Business, Economics and Law. The programme was first held in 2017 with sixteen managers from the wholly-owned industrial operations. The next programme will start in March 2019, with leaders from the wholly-owned companies and from the investment portfolio companies.

Job satisfaction and good health contribute to a happy workplace and are very important for the individual's and the company's long-term development. Most of the Latour companies perform annual surveys asking employees about personal development, teamwork and interaction, and job satisfaction. These surveys are followed up and action is taken as necessary. Latour has a vision of zero accidents at work. Preventive actions are conducted on a continual basis. These include consequence analyses, safety inspections and risk reports. In 2018, 51 workplace accidents that resulted in at least one day's absence were reported at 40 facilities around the world. That is an average of 1.3 accidents per workplace, compared with an average of 1.4 in 2017.

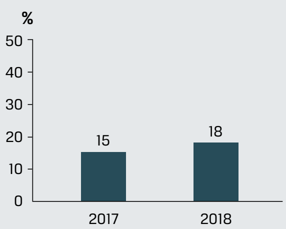
A DIVERSITY OF experience and backgrounds in the workforce promotes a stimulating environment where equality is valued. Latour's business areas all have an equal opportunities and diversity policy that is carefully complied with. Equal opportunities in terms of gender ratios present a challenge in the Latour Group. The manufacturing industry is traditionally male-dominated and there are more men than women in the management teams and boards. Latour is actively committed to recruiting women at all levels in the companies and realises that further activities are required to ensure that a better gender balance is eventually achieved.

WORKPLACE ACCIDENTS THAT HAVE RESULTED IN AT LEAST ONE DAY'S ABSENCE



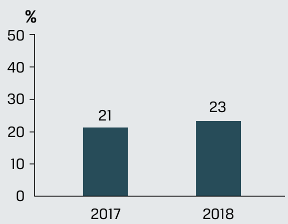
Index number per thousand employees
Target: Zero vision

PERCENTAGE OF WOMEN IN LATOUR'S GROUP AND BUSINESS AREA MANAGEMENT



Target: Higher percentage of women annually

PERCENTAGE OF WOMEN IN LATOUR'S ENTIRE WORKFORCE



Target: Higher percentage of women annually

Aritco Group, a wholly-owned company in Latour Industries, is a leading Swedish manufacturer of platform lifts and home lifts. At the end of the year, it had almost 200 employees, with just over 100 of them in Sweden.

Target: one of Sweden's best workplaces

IN 2017, Aritco began a strategic process with a clear objective; to build a successful company and become a world leader in its sector. It was agreed that the strategy for achieving this was to create a workplace filled with committed, enthusiastic, competent and proud employees. Quite simply, putting employee satisfaction at the heart of its operations. That required the support of a clear and systematic process of improvement.

It was decided to partner with the global consulting and training firm Great Place to Work. This company provides its services to organisations from all industries around the world, thereby offering opportunities for qualitative and quantitative comparisons and an understanding of where the company stands today and what is possible. According to Great Place To Work's definition, there is a clear relationship between employee satisfaction and business performance. Aritco's goal is to become one of Sweden's best workplaces and the process of achieving this is well under way. The improvement programme includes individual activities and focus areas that are conducted systematically and can vary over time depending on employee feedback. The operations in Sweden moved to new premises during this process.

The employees have been involved in helping to create a physical workplace that is a source of energy and inspiration for teamwork and innovation. Inaugurated in November 2018, the premises offer a stimulating environment for meetings and work. There are no hierarchies or barriers between departments and functions, which is conducive to creativity and enhanced productivity. This and other initiatives that Aritco Group is working on with Great Place to Work are helping it move closer to the goal of becoming one of the best workplaces in Sweden.

"We are convinced that the best and most long-term way of building a world-leading company is to start at the bottom and create an environment and culture with committed and enthusiastic employees."

Martin Idbrant
CEO of Aritco Group

THE ENVIRONMENT

Sustainable products lead to increased profitability

Latour is committed to continuously reducing its environmental footprint and requires the companies to do likewise. The use of the companies' sustainable products produces the greatest positive environmental impact.

Thanks to sustainability having been an integral part of Latour's investment strategy for many years, the majority of the holdings are operations with sustainable products, i.e. products that make a positive contribution to the environment compared with the alternatives available in the market. If products are developed that help reduce the environmental impact and increase the customers' revenue, this generates more sales and higher profitability. Hultafors Group has created a checklist for sustainability in product development to ensure awareness of what it means from the environmental perspective. One of the most important parameters in Swegon's development activities is the positive impact of the products on the indoor climate.

The chemical content of the companies' products must comply with legislation, and there is a constant focus on phasing out all substances that are harmful to the environment and human health.

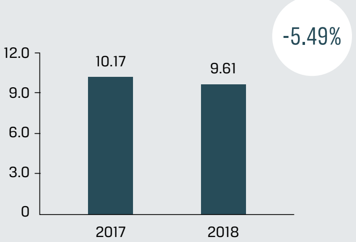
LATOUR STRIVES TO develop all processes in a way that promotes efficient use of energy and resources, and minimises waste and by-products. All companies have agreements with certified waste recycling companies to deal with waste, which ranges from electrical and metal scrap to waste generated from packaging materials. A good control tool is a set of specific targets for reducing environmental impacts in the operations.

Since Latour's holdings are made up of many operations with different requirements, operating in different geographic markets, Latour has set a small number of common targets. In most cases, the companies have set their own more relevant targets for their own operations.

LATOUR HAS a central environmental policy with which all holdings comply. Most of Latour's holdings also have their own environmental policy tailored to their specific operations. As the owner, Latour supports the companies in environmental activities. These include purchasing all electricity centrally in Sweden from renewable sources. The companies also strive to minimise their consumption of energy for heating, production, distribution and other areas. The findings of energy analyses conducted at many of the larger entities in Sweden in recent years show that the companies' factories are highly energy-efficient.

ENERGY CONSUMPTION OF THE PRODUCTION UNITS:

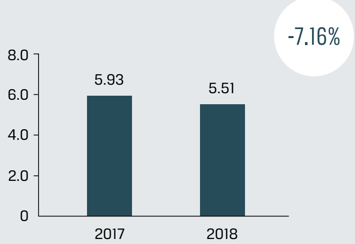
Consumed MWh in relation to added value (SEK m)



Target:
5% annual decrease in relative consumption

ENERGY CONSUMPTION OF THE PRODUCTION UNITS:

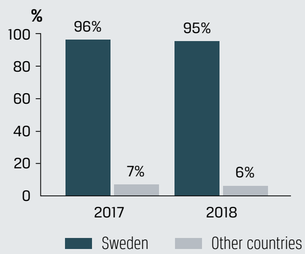
Consumed MWh in relation to sales (SEK m)



Target:
5% annual decrease in relative consumption

RENEWABLE ENERGY:

Percentage of total energy consumption



New target: Increase the amount of renewable energy used by our foreign entities so that they reach the level of our Swedish entities

In February, Hultafors Group launched a ruler made of FSC-certified wood. It is the first "green" ruler in the market.

Strong environmental focus and "green" tools

HULTAFORS GROUP is undertaking an extensive programme to strengthen the company's sustainability credentials. This includes closer dialogues with suppliers, an increased focus on environmental issues in production and logistics, and being able to offer customers "green" products. Users of Hultafors clothing and tools have not been overly interested in environmental issues in the past, but awareness has been growing in recent years, especially among the younger generation. These days, there are requirements for new buildings to comply with LEED, Nordic Ecolabel and other environmental standards, but there are no such requirements for the equipment that is used to build them. Hultafors Group sees an opportunity here to take a leading position in product development and communication. A programme for the development and launch of sustainable, environmentally-friendly tools has been produced following dialogues with users, distributors and construction companies. First out is a ruler, made of FSC-certified wood. It was launched in early February and is the first "green" ruler in the market. A considerable amount of work has gone into producing this simple product to ensure that the wood is responsibly sourced and the production process is environmentally compliant, without compromising on performance in any way. The launch has been communicated to users directly via social media and other channels.

ANOTHER KEY AREA is plastic content. Great efforts are being made to reduce the amount of plastic in handles and other products and to replace it with other materials. When it comes to packaging, Hultafors Group has come a long way in minimising resources and only uses recycled materials. But there is still room for improvement in this area too.

"Hultafors Group has embarked on an exciting journey that has the necessary factors for improving the company's market position and contributing to a more sustainable approach in what is one of society's major and important industries."

Per Eriksson
Product Management
& R&D Manager Hultafors Group

BUSINESS ETHICS

Responsibility and trust drive value creation

Latour's basic business concept is to invest in sound companies and create added value in these holdings. For this, it is essential to be a credible and responsible owner.

Latour has a long tradition of accountability, with operations based on credibility and trust derived from responsible actions. This is underscored by Latour's corporate governance in which the delegated decision-making structure is deeply rooted. In turn, this means that leadership has a central position in Latour's corporate governance.

LATOUR'S CODE OF CONDUCT emphasises the principles that govern the company's relationship with its employees, business partners and other stakeholders. The Code is approved by Latour's Board and applies to all employees in the Group. The Code sets out the minimum requirements for the Group's holdings but with a stated requirement to establish their own guidelines and policies with specific targets that are relevant for their own operations. All operations comply with this requirement. All companies in the Latour Group have also introduced a whistleblowing system that enables employees to report concerns about malpractice or wrongdoing inside the organisation.

AS THE global presence increases, the companies face new challenges, including the problems associated with corruption, which can be more prevalent in certain regions of the world. In addition to its Code of Conduct, Latour has a central anti-corruption policy. An important aspect of the policy is Latour's standpoint that employees should not engage in any business transaction where the grounds are dubious. All holdings comply with the policy and with the local legislation and generally accepted rules in the areas in which they operate. To maintain a high level of expertise in the companies and ensure compliance with policies and principles, all employees in management teams and in sales and purchasing positions attend a training course in respect of this every other year. The next course will be held in 2019.

LATOUR SUPPORTS and respects the protection of human rights and guarantees that it is not involved in crimes against human rights. Suppliers, distributors, consultants and other business partners must apply the principles of Latour's Code of Conduct. When subcontractors are hired, it must be ascertained that no child labour is used. There were no incidents reported of the Code of Conduct being breached during the year. Nor have any of the holdings been fined or made the subject of sanctions as a result of a breach of laws or regulations. However, one individual in a senior role in a foreign subsidiary has been relieved of his position due to extensive private tax planning.

ANTI-CORRUPTION

Latour does not engage in questionable business dealings and always acts impartially in relation to business partners.

"TONE AT THE TOP"

Everyone at Latour should be perceived as role models – managers, employees, business partners and board members.

BUSINESS PRINCIPLES

The national laws and regulations of all countries in which Latour has operations must be complied with at all times.

Latour's Code of Conduct can be viewed at: latour.se/en/om-oss/hallbarhet/uppforandekod

Nord-Lock Group has offices around the world. The corporate culture can vary from one country and one company to the next, but Latour's core values are an integral part of all documents and communications in the organisations.

Right culture leads to good business ethics

GOOD BUSINESS ETHICS in an organisation are often the result of a healthy corporate culture. Latour makes it a priority to embed the company's core values of long-term perspective, professionalism and development in the organisation and make them an integral part of all documents and communications from senior management down. Everyone, leaders in particular, shall act as ambassadors of Latour's culture and core values. Senior executives must exhibit strong values of integrity, be role models and take responsibility for sustainable creation of value in their own companies.

BUSINESS ETHICS IS ESSENTIALLY about communicating key signals. A good illustration of this is the choice of location for Latour's head office in Gothenburg. It is not in an attractive city centre location but on an industrial estate close to some of the Group's operations. Proximity to its own operations is a strength and helps drive long-term, profitable business growth.

> "There are no shortcuts to a long-term sustainable business."
>
> **Anders Mörck**
> CFO of Latour

FOR LATOUR, GOOD BUSINESS ETHICS is also about transparency in all tax matters. Neither Latour nor any of the companies in the Group shall apply any form of tax planning, but shall always operate with full accountability and pay taxes in compliance with the applicable laws of each country. It is about maintaining an honest and constructive dialogue with all relevant tax authorities and continually striving to achieve greater transparency and ultimately greater social trust.

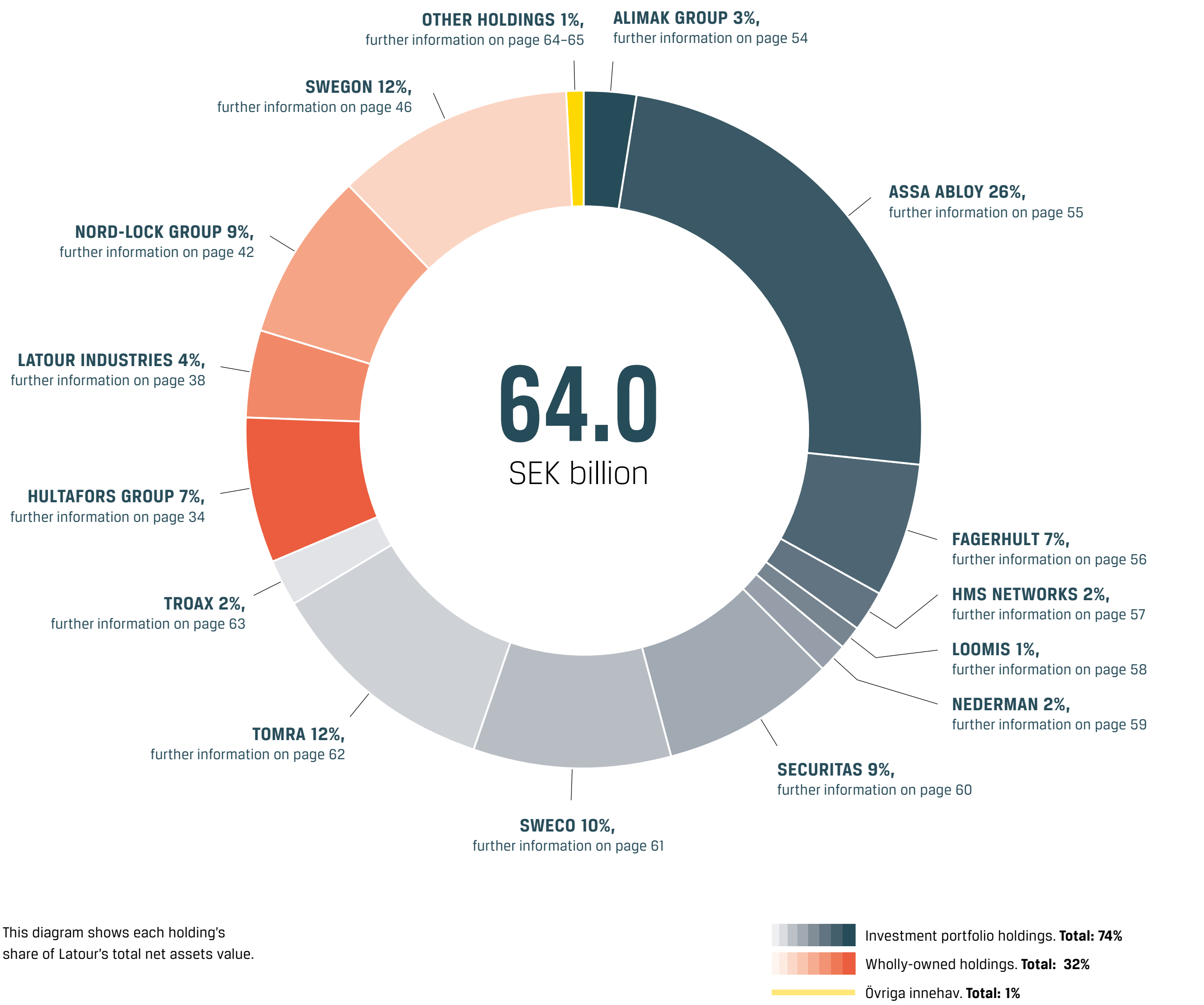
Net asset value

Latour's net asset value continues to exceed the index

LATOUR'S NET ASSET VALUE increased from SEK 95 to SEK 100 per share in 2018, which is an increase in value of 8.3 per cent, adjusted for paid dividends. This can be compared against the total return for Nasdaq OMX Stockholm (SIXRX), whose value decreased by 4.4 per cent.

LATOUR PRIMARILY CONSISTS of two parts; the wholly-owned industrial operations and the investment portfolio. The market value of the listed holdings is simple to calculate since there is a stipulated market price available. Determining the value of the wholly-owned operations is much more difficult. This is because the market value, the price that potential buyers are willing to pay for the operations, is not as clearly defined. A description of the method that Latour uses to calculate the value of these operations can be found to the right.

Latour's largest holdings, based on net asset value, are **ASSA ABLOY**, **TOMRA**, **Sweco**, **Swegon**, **Nord-Lock Group** and **Securitas**. The wholly-owned industrial operations account for 32 per cent of the consolidated net asset value, if using the value derived through the chosen calculation method.



This diagram shows each holding's share of Latour's total net assets value.

In addition to the assets presented above the net loan debt is –7%.

Net asset value – our method

1 IDENTIFICATION OF COMPARATORS

Latour identifies listed companies operating in industries related to its wholly-owned industrial operations.

2 CALCULATION OF EBIT MULTIPLES

When comparators are identified, the companies' EBIT multiples are reviewed. An EBIT multiple is based on the company's EV (Enterprise Value). The EV is calculated by taking the market value and increasing it by the company's net debt. The EV is then divided by the operating profit (EBIT). A company with a market value of SEK 90 m, a net debt of SEK 10 m and an EBIT of SEK 10 m will have an EBIT multiple of 10.

3 CONVERSION TO MULTIPLE RANGES

When an EBIT multiple has been calculated for each company, they are weighted by group to obtain a multiple range for each business area. The range is due to variations in the values of the listed companies. If there are two comparators for Swegon, where one has a multiple of 6 and the other has a multiple of 10, then the EBIT multiple, used to calculate the value of the Swegon business area, falls into the 6 to 10 range. The multiples may be adjusted if the range is too large in order to avoid unreasonable values.

4 COMBINING THE NET ASSET VALUE OF THE WHOLLY-OWNED OPERATIONS

When the ranges for the EBIT multiples have been established, the value of each business area is measured by first calculating a trailing 12 month operating profit (EBIT), based on the company structure at the end of the period of comparison. This figure is then multiplied by the EBIT multiple. Let us say that Swegon shows a trailing 12 month operating profit (EBIT) of SEK 100 m. With the EBIT multiple of 6-10, the value becomes SEK 0.6-1.0 billion. When the calculations have been made for all the business areas, the results are put together to obtain a total value in the form of one range.

5 COMBINED WITH THE VALUE OF THE LISTED HOLDINGS

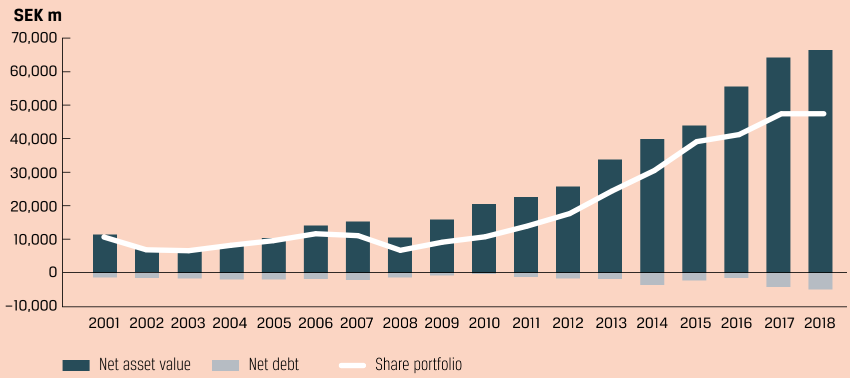
To obtain the net asset value for the investment portfolio, the share prices of the holdings at the end of the period are multiplied with the number of shares owned in each company. This is combined with the net asset value of the wholly-owned operations, according to steps 1-4. After adding other assets and deducting net debt, the total is a net asset value for Latour, which is also in a range.

NET ASSET VALUE AT 31 DECEMBER 2018

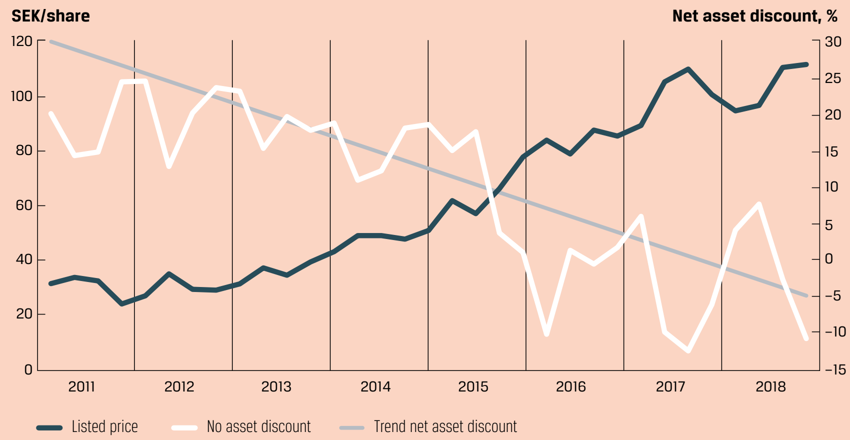
SEK m	Net sales [1]	EBIT [1]	EBIT multiple or EV/sales multiple Range	Valuation SEK m [2] Range	Valuation [2] average	Valuation SEK/share [3] Range
Hultafors Group	2,563	393	10-14	3,930-5,502	4,716	6-9
Latour Industries	2,747	195	12-16	2,340-3,120	2,730	4-5
Nord-Lock Group	1,316	399	12-16	4,788-6,384	5,586	8-10
Swegon	5,376	522	13-17	6,786-8,874	7,830	11-14
	12,002	1,509		17,844-23,880		28-37
Valuation the industrial operations, average					20,862	33
Listed shares (see table on page 53)					47,458	74
Unlisted partly-owned holdings					517	1
Other items					-45	0
Net borrowings					-4,812	-8
Estimated value					63,980	100
					(60,962-66,998)	(95-105)

[1] Trailing 12 months for current company structure
[2] EBIT and EV/SALES restated based on the listed share price at 31 December 2018 for comparable companies in each business area.
[3] Calculated on the number of outstanding shares.

NET ASSET VALUE IN RELATION TO NET DEBT



NET ASSET DISCOUNT RELATIVE TO LISTED PRICE



The diagram shows the net asset discount on the last day of trading of every quarter. The net asset discount shows some seasonal variation and the trend is that the previous discount has become a valuation premium.

The Latour share

Continued price increase and valuation premium for the Latour share

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.

193%

TOTAL RETURN

The last five years (comp. SIXRX 47%)

IR CONTACT

If you have any questions you are welcome to contact:

Anders Mörck, CFO:
tel: +46 31 89 17 90 or
email: anders.morck@latour.se

THE STOCKHOLM STOCK EXCHANGE FELL IN 2018. The growth of the Latour share was 11.0 per cent, compared against OMXSPI (Nasdaq OMX Stockholm) which fell 7.7 per cent in the same period. In the last year, the highest price the stock achieved was SEK 117.90 on 4 December and the lowest was SEK 89.20 on 6 February. The final price paid on 28 December was SEK 112.00.

In 2018, the total return (share development including reinvested dividends) for Latour's class B share was 13.7 per cent, compared against SIXRX which decreased by 4.4 per cent in the same period.

MARKET VALUE At the end of the year, Latour's total market value, calculated on the number of issued shares, amounted to SEK 71.7 billion. This makes Latour the 19th largest of the 315 companies registered on the Nasdaq OMX Stockholm market.

TRADING Latour shares were traded for a value of over SEK 8.5 billion in the last year. This is an increase of SEK 4.0 billion over 2017.

SHARE CAPITAL At 31 December 2018, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 47,642,248 and class B shares 592,197,752. The number of voting rights was 1,068,620,232.

REPURCHASE OF OWN SHARES The total number of shares at 31 December 2018 was 639,840,000, including 722,500 repurchased shares.

SHAREHOLDERS The number of shareholders increased in 2018 from 31,204 till 49,053. At the end of the year, holdings of foreign investors amounted to 2.6 per cent (2.8).

DIVIDEND The Board of Directors proposes a dividend payout of SEK 2.50 (2.25) per share for the 2018 financial year. The dividend yield is 2.2 per cent based on the final share price at the end of the year.

ANALYSTS The following analysts were following Latour at the end of 2018:

- **Derek Laliberte**, ABG Sundal Collier
- **Mikael Löfdahl**, Carnegie
- **Johan Sjöberg**, Danske Bank Markets
- **Joachim Gunell**, DNB
- **Magnus Råman**, Handelsbanken
- **Elias Porse**, Nordea Markets
- **Marie Scheja**, Nordea Markets
- **Gustav Österberg**, Pareto Securities

INVESTOR MEETINGS Each year, Latour participates in a number of investor meetings in Sweden. These provide opportunities for Latour to present its business operations in more detail.

"We place great value on this type of meeting with interested investors from all over the country. We know from experience that the commitment is mutual. We have long had many loyal shareholders. Afterwards, a lot of them come and discuss with us or simply comment on some of the activities or industrial development journeys that most of our holdings are taking," says Latour's CFO, Anders Mörck.

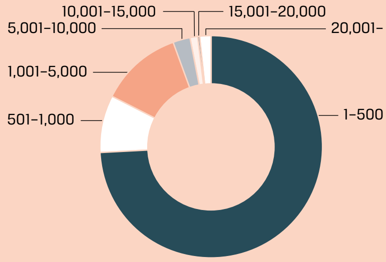
SHAREHOLDER FACTS

- The number of shareholders increased to 49,053 (31,204).
- 77.8 per cent of the capital is owned by the principal shareholder with family and companies.
- Other Board members own 0.6 per cent of the capital.
- Foreign ownership accounts for 2.6 per cent.

SUBSTANTIAL SHAREHOLDINGS AT 31 DECEMBER 2018

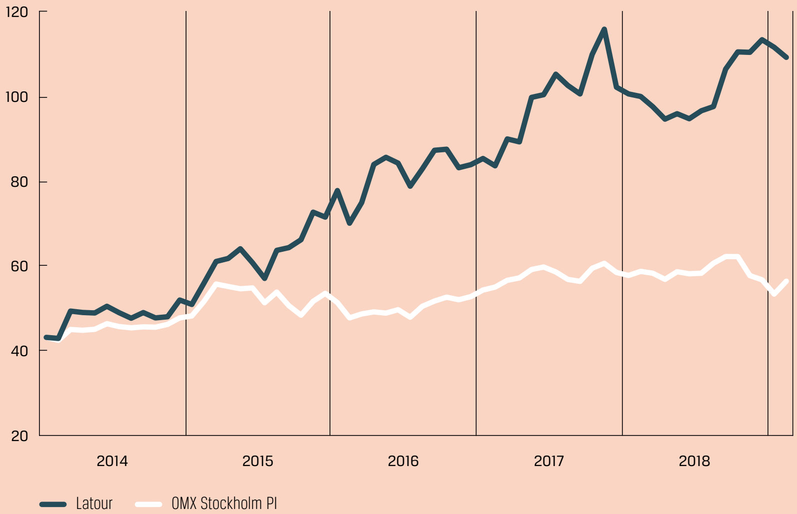
Shareholders	Number of A shares, thousands	Number of B shares, thousands	% of share capital	% of voting rights
Gustaf Douglas, family and companies	39,958	457,554	77.8	80.3
Fredrik Palmstierna, family and companies	6,409	7,100	2.1	6.7
Skirner AB	800	1,696	0.4	0.9
Bertil Svensson, family and companies		6,208	1.0	0.6
SEB Investment Management		5,330	0.8	0.5
Lannebo Fonder		4,300	0.7	0.4
AMF – Insurance and Funds		3,916	0.6	0.4
Spiltan Fonder		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, repurchased shares		723	0.1	–
	47,642	592,198	100.0	100.0

DISTRIBUTION OF SHAREHOLDING

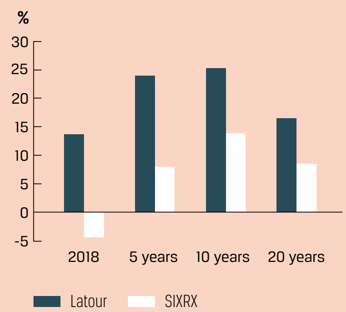


Distribution of shareholders in size categories.

LATOUR SHARE PRICE DEVELOPMENT



AVERAGE TOTAL RETURN, LATOUR COMPARED AGAINST SIXRX

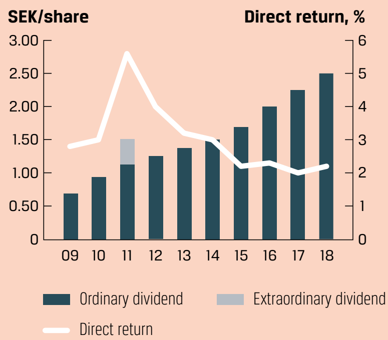


TYPE OF SHARE

	Number of shares	%	Number of votes	%
Class A (10 votes)	47,642,248	7.4	476,422,480	44.6
Class B (1 vote)	592,197,752	92.6	592,197,752	55.4
Total number of shares	639,840,000	100.0	1,068,620,232 [1]	100.0

[1] Including 722,500 repurchased non-voting class B shares.

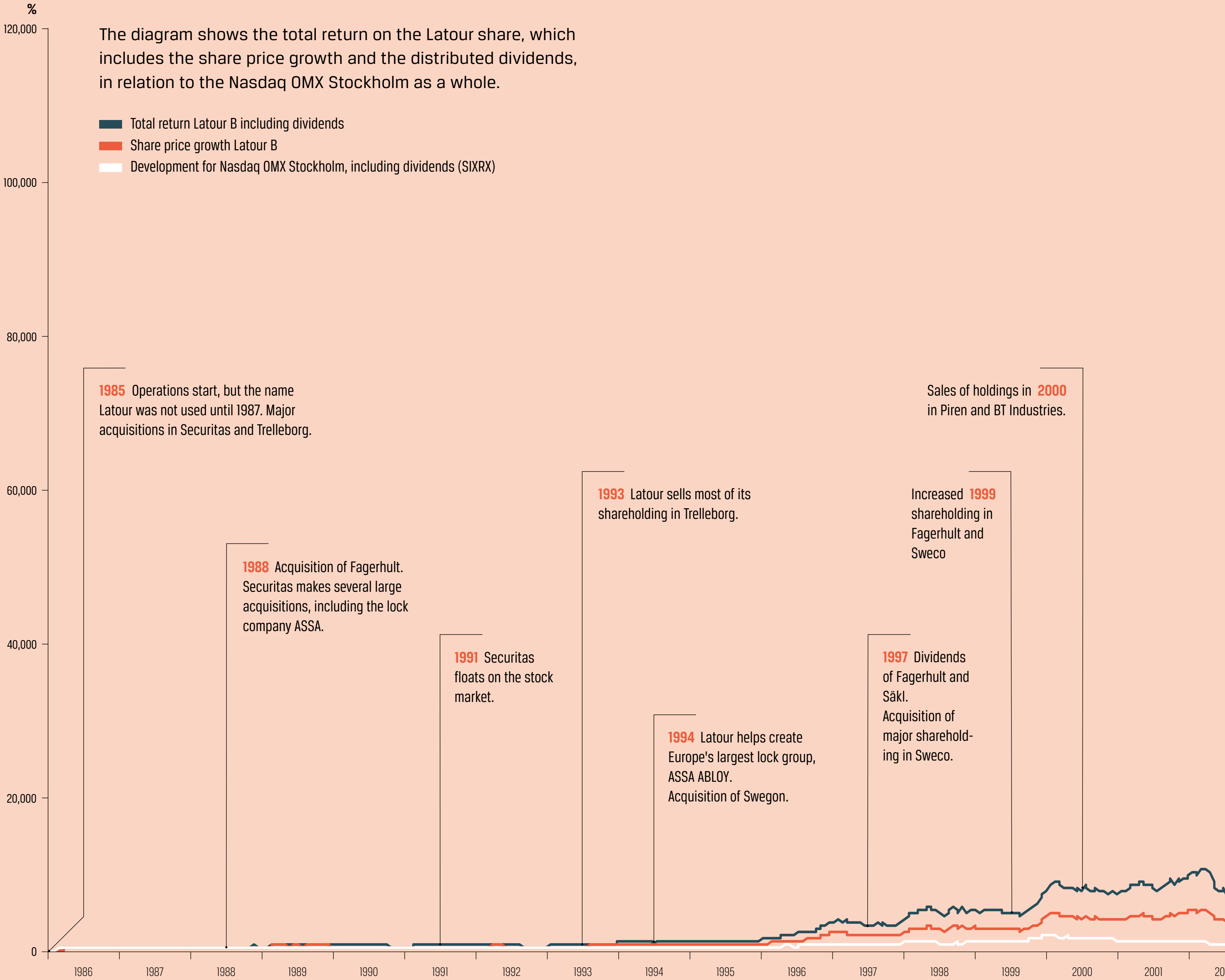
DIVIDENDS THE LAST 10 YEARS



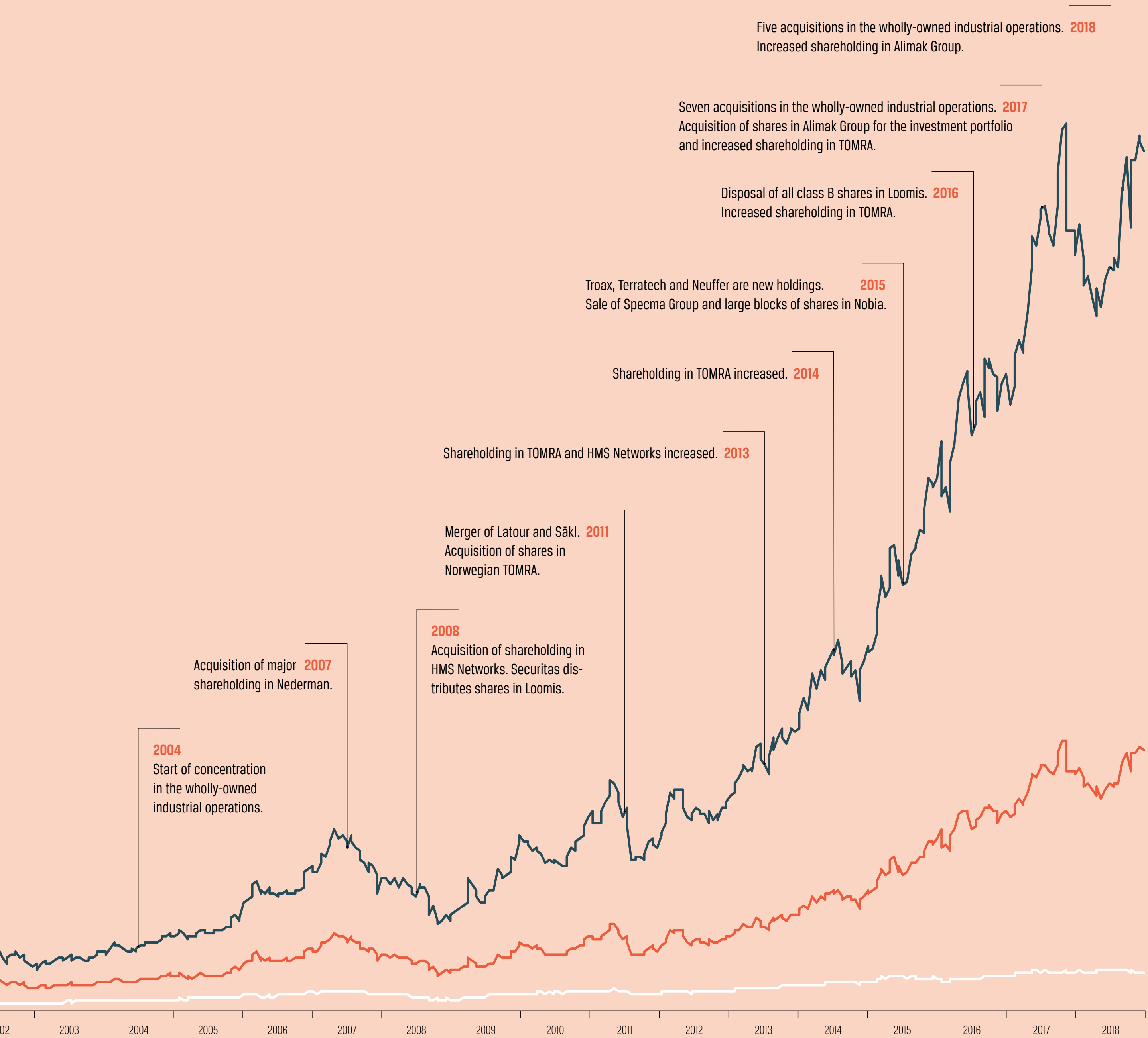
Total return

115,000 per cent since start-up in 1985

Latour's history stretches back to the end of 1985. Since then the total return, including share price growth and dividends, has reached 115,000 per cent. This means that a SEK 10,000 investment in Latour at start-up would have given a total return of almost SEK 11.5 m at the end of 2018.



The diagram shows the total return on the Latour share, which includes the share price growth and the distributed dividends, in relation to the Nasdaq OMX Stockholm as a whole.


Five acquisitions in the wholly-owned industrial operations. 2018
Increased shareholding in Alimak Group.
Seven acquisitions in the wholly-owned industrial operations. 2017
Acquisition of shares in Alimak Group for the investment portfolio
and increased shareholding in TOMRA.
Disposal of all class B shares in Loomis. 2016
Increased shareholding in TOMRA.
Troax, Terratech and Neuffer are new holdings. 2015
Sale of Specma Group and large blocks of shares in Nobia.
Shareholding in TOMRA increased. 2014
Shareholding in TOMRA and HMS Networks increased. 2013
Merger of Latour and Säkl. 2011
Acquisition of shares in
Norwegian TOMRA.
2008
Acquisition of shareholding in
HMS Networks. Securitas dis-
tributes shares in Loomis.
Acquisition of major 2007
shareholding in Nederman.
2004
Start of concentration
in the wholly-owned
industrial operations.
02
2003
2004
2005
2006
2007
2008
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2010
2011
2012
2013
2014
2015
2016
2017
2018

One of the brands in Hultafors Group is Snickers Workwear. Its range includes protective clothing for high-risk work environments.

Industrial operations

Hultafors Group	34
Latour Industries	38
Nord-Lock Group	42
Swegon	46

Significant events in 2018

- Focus remains on growth of holdings with support from acquisitions, organic growth and product development.
- Net sales rose 20 per cent and organic growth rose 10 per cent.
- Continued international growth. Sales generated outside the Nordic region increased from 57 per cent to 61 per cent.
- The operating profit rose 25 per cent and the operating margin reached 12.7 per cent (12.1).
- Five businesses were acquired. These contribute annual sales of just over SEK 700 m.

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.

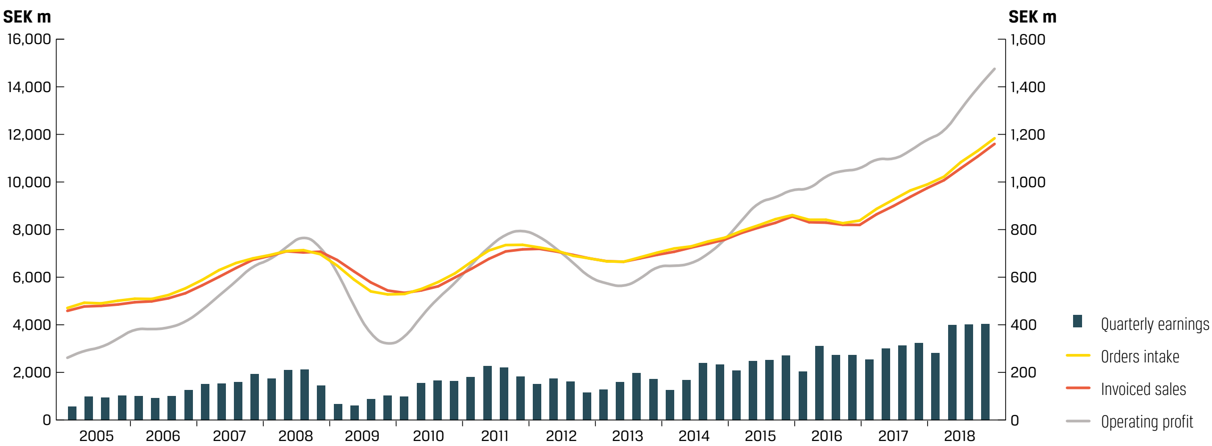
SINCE 2003 AND UNTIL 2016 there has been a clear consolidation of activities in Latour's wholly-owned industrial operations. Following the sale of the Specma Group business area in early 2016 and a focus on complementary acquisitions that bring greater strength to the core activities of the continuing 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.

GROUP – TRAILING 12 MONTHS



PROFIT/LOSS BUSINESS AREAS

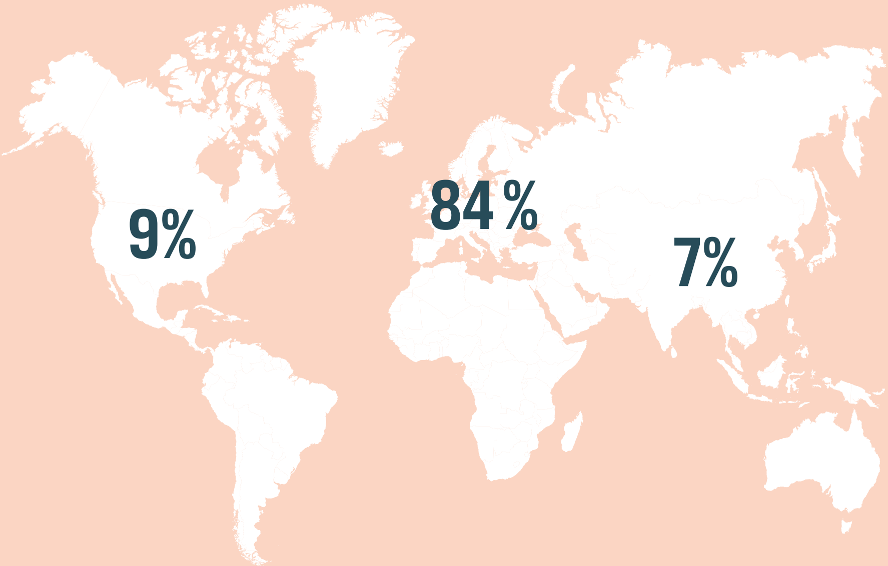
SEK m	Net sales 2018 Full year	Net sales 2017 Full year	Operating profit 2018 Full year	Operating profit 2017 Full year	Operating margin % 2018 Full year	Operating margin % 2017 Full year
Hultafors Group	2,407	1,901	375	287	15.6	15.1
Latour Industries	2,758	2,314	191	171	6.9	7.4
Nord-Lock Group	1,309	1,114	397	340	30.3	30.5
Swegon	5,137	4,378	514	381	10.0	8.7
Eliminations	-3	-2	-	-	-	-
	11,608	9,705	1,477	1,179	12.7	12.1
Gain/loss from purchase/sale of companies	–	–	-38	-30		
Other companies and items	–	43	-30	-24		
Total	11,608	9,748	1,409	1,125		

SEK m	Operating capital[1] 2018 Full year	Operating capital[1] 2017 Full year	Return on operating capital %[2] 2018 Full year	Return on operating capital %[2] 2017 Full year	Growth in net sales % 2018	Growth in net sales % Of which acquisitions	Growth in net sales % Of which currency
Hultafors Group	1,982	1,256	18.9	22.8	26.6	3.3	12.5
Latour Industries	3,068	2,682	6.2	6.4	19.2	3.2	7.2
Nord-Lock Group	1,033	950	38.4	35.8	17.5	3.7	0.2
Swegon	3,094	2,903	16.6	13.1	17.3	4.0	1.2
Total	9,177	7,791	16.1	15.1	19.6	3.7	4.7

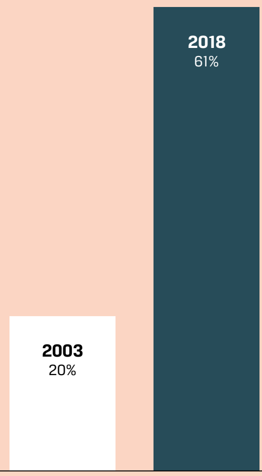
[1] Calculated as total assets less cash and cash equivalents and other interest-bearing assets and less non-interest-bearing liabilities. Calculated on the average for the past 12 months.
[2] Operating profit as a percentage of average operating capital.

FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014
Net sales (SEK m)	11,608	9,748	8,199	7,186	7,581
(of which export)	8,980	7,209	5,877	5,081	5,073
Operating profit (SEK m)	1,409	1,125	1,027	904	746
Average operating capital (SEK m)	9,177	7,806	6,518	5,462	4,612
Total assets (SEK m)	14,680	13,002	11,311	8,905	8,415
Number of employees	5,122	4,897	4,211	3,808	4,184
Return on operating capital (%)	16.1	15.1	16.1	16.5	16.4
Operating margin (%)	12.7	12.1	12.8	12.5	10.0



Breakdown of net sales between Europe, North America and Asia. Europe still dominates, but the industrial operations showed good growth in both North America and Asia in 2018.



International growth. Sales outside the Nordic region have more than tripled since 2003, reported as a percentage of total sales.

Ole Kristian Jødahl, CEO of Hultafors Group:

"Record year and continued expansion"

Acquisitions, successful product launches and continued international expansion helped to push Hultafors Group's sales and earnings to new record levels in 2018, with 27 per cent growth.

An ever increasing focus on safety, health and performance among users in different industries is driving demand for Hultafors Group's market-leading personal protective equipment and hardware. Hellberg Safety and Johnson Level & Tool, the companies acquired during the year, further strengthen the portfolio and enhance the Group's presence in the strategically important North American market.

"With Hellberg Safety's hearing protection, we are now able to offer a more complete range of work and safety equipment, from head to toe, with some of the strongest brands in the market. Johnson Level & Tool gives us access to a broad distribution network in the USA and a portfolio of measuring and marking products," says **Ole Kristian Jødahl**, CEO of Hultafors Group.

TODAY, HULTAFORS GROUP FOCUSES on two main product areas – Personal Protective Equipment (PPE) and Hardware. The brands in PPE are Snickers Workwear, Dunderdon, Solid Gear, Toe Guard and Hellberg Safety. In 2018, PPE generated sales of SEK 1.4 billion. Since 2015, Snickers Workwear has been gradually gaining a position in the European market as a leading brand of professional workwear, supported by launches of family collections for various work environments. The launch of its new ProtecWork collection in the autumn of 2018 was the largest in the brand's more than 40-year-long history.

"By combining Snickers Workwear's strong focus on design, performance and quality with the leading position that Puvab, acquired in 2017, holds in the protective clothing arena, we have been able to develop a complete protective collection comprising 61 different styles.

The addition of ProtecWork means that Snickers Workwear now has one of the most complete ranges of workwear and protective clothing in the market. 2018 also saw the launch of new trouser and jacket styles as part of the launch programme for Snickers Workwear's other family collections."

"The reception given to the new styles has exceeded expectations. We are particularly pleased about this as they were designed using a product development process that responds more quickly to trends and specific customer needs." Overall, Snickers Workwear sales surpassed SEK 1 billion in 2018.

> "The acquisition of Johnson Level & Tool allows us to speed up our long-term process of launching all our brands on the North American market."
>
> **Ole Kristian Jødahl**
> about the new acquisitions and global expansion.

INNOVATIVE AND FAST developments are also taking place in the safety footwear area in response to new and changing market needs. In 2018, a new sole technology was launched which, just like in running shoes, returns energy to the foot. Under the Solid Gear brand, development of materials and technologies is continuing in collaboration with GORE-TEX to achieve the best possible feel for safety footwear users.

"The development of our offering is also driving the strong sales growth of our safety footwear. Sales have increased by 210 per cent in four years," says Ole.

Hellberg Safety, acquired in 2018, is the latest PPE addition. Integration is going according to plan and the brand was launched in early 2019 in Hultafors Group's sales channels, with a strong focus on product development, design and dialogue with users.

THE HARDWARE BRANDS ARE Hultafors, Wibe Ladders and Johnson Level. In 2018, hardware generated sales of SEK 1 billion. Hultafors is a leading brand in the Nordic market for hand tools, primarily for professional trades-

OLE KRISTIAN JØDAHL

Position: CEO of Hultafors Group
Years with the Group: 2 years
Career experience: Includes various management and leadership roles at SKF for 17 years. Most recent position, Director Industrial Sales & Marketing, SKF Group.

The companies Hellberg Safety and Johnson Level & Tool were acquired in 2018. This enables Hultafors Group to offer a more complete range of products and services that make the working lives of professional users safer, simpler and more productive.

people who rely on functional, superior-quality tools. Its portfolio is continuously being enhanced and expanded through close dialogue with its users. In 2018, it launched a holster pencil with built-in sharpener, a tape measure with measurement markings on both sides, the Premium axe range and new laser tools. It will also be launching a ruler made of FSC-certified wood as part of its commitment to sustainable product development.

Ole continues:

"Sustainability is a prioritised area for Hultafors Group and essential for creating long-term profitability and credibility. Our range will include high-quality products offering distinct advantages from a life-cycle perspective for both users and the environment. The launch of green Hultafors tools will play a key role in this."

Wibe Ladders is a leading manufacturer of ladders and scaffolding. During the year, it has enhanced its range of working platforms, supported by videos and other forms of communication to spread the message of the importance of proper use to ensure safety.

"Videos are part of our increased focus on upgrading and developing our social media content. The dialogue we have with our users in these channels is of great importance as it helps us to develop the right products and continue improving our brands. The growing interest in health is reflected, for example, in the marketing of our quality products."

GLOBAL EXPANSION has continued with the acquisition of Johnson Level & Tool and through new partnerships in existing and new markets. At the end of the year, the Group had its own sales companies in 15 key markets. Other markets are covered by importers. Hultafors Group's brands are sold in more than 40 countries around the world at some 20,000 outlets in Europe and about the same number in North America. The competitive edge provided by the distribution network enables products and brands to be launched swiftly and effectively.

"The acquisition of Johnson Level & Tool allows us to speed up our long-term process of launching all our brands on the North American market."

HULTAFORS GROUP

Current brands

- Snickers Workwear
- Hultafors
- Wibe Ladders
- Solid Gear
- Toe Guard
- Dunderdon
- Hellberg Safety
- Johnson Level

THE WORK OF MAXIMISING THE EFFICIENCY of various parts of the operations has continued. There is a focus on driving the lean approach and increasing efficiencies in production, logistics and sales through digitalisation and improvement of internal and external processes. The establishment of a new e-commerce feature will enhance collaborative working with the distributors. Completed and planned activities lead to greater control, lower costs, improved lead times and a higher level of service.

"We are building a platform that makes it easier to take the next step in our expansion, both organically and through acquisitions. We are looking at ways of increasing production in Europe and the USA. Otherwise, the same applies in 2019 as in previous years. With the support of our committed and skilful workforce, we will continue to develop our product portfolio to improve the working lives of professional tradespeople all over the world," says Ole Kristian Jødahl in closing.

At a glance

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.

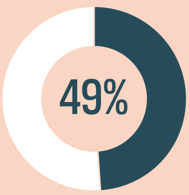
TARGET ACHIEVEMENT

Systematic investment in product development, marketing activities and international expansion has led to increased sales. Coupled with a strong focus on continuous improvements and cost control, this meant that targets for revenue and profitability for the year were exceeded.

STRATEGY FOR PROFITABLE EXPANSION

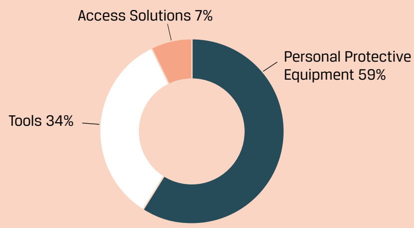
- Create organic growth through product development, more efficient use of sales and distribution channels, increased investment in marketing and stronger relationships with end users.
- Make complementary acquisitions of brands with strong positions among distributors and end users.

DEGREE OF INTERNATIONALISATION

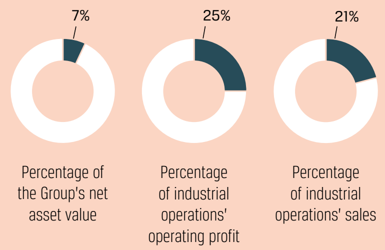


Sales outside the Nordic region accounted for 49 per cent of total sales in 2018 compared with 42 per cent in 2017.

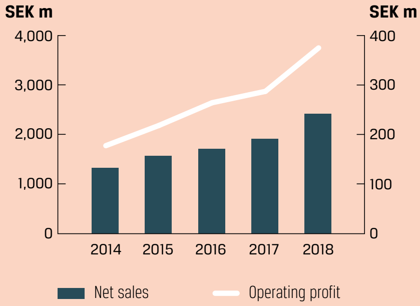
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014	Latour's minimum targets
Net sales (SEK m)	2,407	1,901	1,698	1,549	1,306	>10%
(of which outside of Sweden)	1,752	1,298	1,182	1,081	938	
Operating profit (SEK m)	375	287	264	218	177	
Operating capital[1)] (SEK m)	1,982	1,256	1,230	1,212	1,103	
Operating margin (%)	15.6	15.1	15.6	14.1	13.6	>10%
Return on operating capital (%)	18.9	22.8	21.5	19.0	21.0	15-20%
Investments (SEK m)	11	9	20	11	9	
Number of employees	821	696	685	658	617	

[1)] Average

Björn Lenander, CEO of Latour Industries:

"A year of strong growth"

Latour Industries' sales increased significantly in 2018, driven primarily by organic growth in Accessibility & Mobility, the full-year effect of the acquisitions in 2017 and positive foreign exchange effects.

In 2018, the Swiss company Sensortec was acquired via the subsidiary Bemsiq. Sensortec sells products for building automation in Switzerland and is Bemsiq's first acquisition outside the Nordic region, in line with Latour Industries' international growth strategy. During the year, the operations of Ecopilot and NODA were integrated with Elvaco, and all three brands remain intact. Kabona has been divested.

"Although only one acquisition was made, we have been continually assessing other new potential acquisition targets. However, the sellers price expectations has often been too high. Otherwise, our focus has been on stabilising and improving profitability in our existing operations," explains the CEO of Latour Industries, **Björn Lenander**.

ACCESSIBILITY & MOBILITY COMPRISES companies providing accessibility and mobility solutions. The strong organic growth in 2018 is mainly attributable to Aritco's continued expansion in Asia and Vimec's growth in Europe. In November, Aritco moved into new premises in Järfälla. These are better suited to the company's growth aspirations In early 2019, Aritco acquired the Norwegian company TKS Heis, a leading manufacturer and installer of platform lifts.

"The acquisition of TKS Heis also brings experience and expertise to aftermarket services, which we believe has interesting potential in the area of Accessibility & Mobility."

LSAB HAS CONCENTRATED its operations to fewer entities. Along with robust growth, this delivered a significant improvement in profitability in 2018. DENSIQ also reported good growth and higher profitability during the year. Latour Industries is committed to supporting the development of all companies through proactive, careful ownership, based on years of industrial experience that encourages entrepreneurship in the acquired companies.

"It's a systematic process that involves ensuring transparency of the operations, giving support to management and providing financial resources to facilitate expansion," Björn explains.

OUR HOLDINGS

ARITCO, with its head office in Stockholm, develops, manufactures and sells platform lifts for private, commercial and public use around the world. Sales, installation and service activities are performed through a global network of partners. Aritco's customers are mainly located in Europe and Asia.

VIMEC, with its head office in Luzarra, Italy, develops, produces and sells chair lifts, platform lifts and stair climbers for enhanced access in private homes and public spaces. The company has its own sales and installation operations in Italy. Sales and installation in other countries are managed through local partners. Its customers are mainly located in Europe.

REAC, with its head office in Gothenburg, develops, manufactures and sells mobility systems and electrical drive systems to the global mobility rehab market for electric and manual wheelchairs under the REAC and AAT brand names.

> "In 2019, we will continue to develop our existing holdings, with a focus on driving profitability. There is definite potential for expanding the margins in most of the companies."
>
> **Björn Lenander**
> about the focus and development areas for 2019.

LSAB, with its head office in Gothenburg, develops, manufactures and sells services, tools and solutions for chip removal processes mainly for the woodworking and metal industries. Its primary market is Europe. LSAB has its own operations in Scandinavia, the Baltic states and Russia and reaches its customers under the brands Micor (saw blades), Fortiva (metal sector) and LSAB (woodworking sector).

DENSIQ, with its head office in Gothenburg, is an end-to-end supplier in the area of advanced sealing tech-

BJÖRN LENANDER

Position: CEO of Latour Industries
Years with the Group: 4 years
Career experience: 20 years' experience from executive positions in international industrial B2B and medtech companies.

The Accessibility & Mobility area accounts for more than 50 per cent of Latour Industries' net sales. Aritco HomeLift is a key component of Aritco's growth strategy.

nology and works primarily with the processing industry and its subcontractors. The company provides total solutions based on services, products, technical consultation and training that enable safe systems with high levels of operating reliability for its customers. The customers are mainly located in the Nordic region.

BEMSIQ is a business entity comprising a portfolio of companies (Bastec, Ecopilot, Elvaco, NODA, Produal and Sensortec) in the field of building automation and energy efficiency. The companies will expand in their domestic market and internationally. The business entity creates increased opportunities for coordinated activities and is a step towards a new business area within Latour.

Bastec has its head office in Malmö. This expanding Swedish company develops and markets building automation systems. Its main product is BAS2, which is primarily used to control and monitor ventilation, heating, cooling and other technical systems in more than 4,000 buildings.

Ecopilot develops and markets the Ecopilot software that makes it possible to achieve 25-50 per cent energy efficiency by coordinating a building's systems and thermal storage capacity, weather forecasts, indoor temperatures and air quality. The software is sold mainly through partners in Sweden and other countries.

Elvaco has its head office in Kungsbacka in Sweden. The company develops and markets communication equipment and software for the collection, processing and presentation of metrics data in the energy sector.

LATOUR INDUSTRIES

Current business units:

- Bemsiq
- Aritco
- Vimec
- REAC
- LSAB
- DENSIQ

Typical customers are utility companies, such as electricity and district heating companies, with metres spread over a wide geographic area, or real estate companies that want to measure the electricity, heating, water and temperature in a property portfolio.

NODA develops and provides solutions for optimisation of district heating systems and for improving energy efficiency in buildings. NODA's "Smart Heat Grid" system enables a district heating provider to optimise the load balance by acting as a virtual heat storage tank. Its main customers are energy companies.

Produal, with its head office in Kotka, Finland, develops and sells measurement and room control products for use in building automation. Its product range includes temperature sensors, pressure transmitters, room controllers, transducers and other accessories. The products are sold through subsidiaries in six countries in Europe and through partners in other European countries.

Sensortec, with its head office in Ins, Switzerland, develops and sells sensors and room control products for use in building automation. Its range includes temperature sensors, pressure transmitters, room controllers, transducers and other accessories.

Part-owned **LumenRadio** develops, manufactures and sells equipment for wireless radio communication. The products are based on a number of patents where the idea is basically to enable reliable communication without interference in a world where frequency space is becoming increasingly limited.

At a glance

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.

LATOUR INDUSTRIES AT A GLANCE

Latour Industries consists 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 Sensortec, an independent Swiss provider of sensors for building automation.
- Divestment of Kabona.

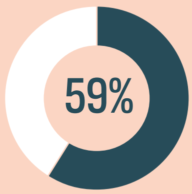
TARGET ACHIEVEMENT

Sales increased significantly, mainly due to the full-year effect of the five acquisitions made in 2017 and the acquisition of Sensortec. Forward-looking investment initiatives led to a slight fall in profitability.

STRATEGY FOR PROFITABLE EXPANSION

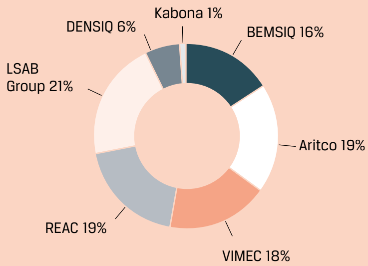
- Pursue expansion of current holdings through strengthened sales organisations, intensified product development and add-on acquisitions to further improve the strategic position.
- Continue to pursue new platform acquisitions in line with Latours' investment criterias.

DEGREE OF INTERNATIONALISATION

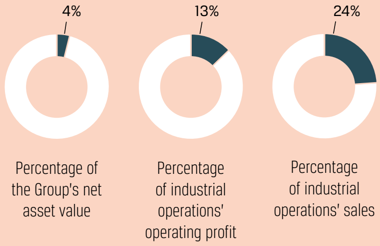


Sales outside the Nordic region accounted for 59 per cent of total sales in 2018 compared with 51 per cent in 2017.

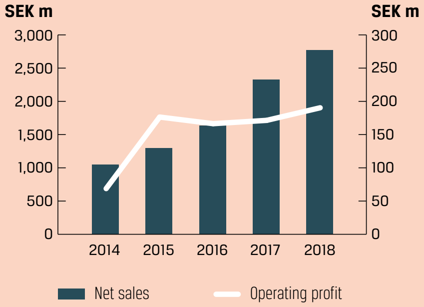
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014	Latour's minimum targets
Net sales (SEK m)	2,758	2,314	1,616	1,283	1,029	>10%
(of which outside of Sweden)	1,985	1,496	854	530	396	
Operating profit (SEK m)	191	171	166	176	68	
Operating capital[1] (SEK m)	3,068	2,682	1,867	1,225	866	
Operating margin (%)	6.9	7.4	10.2	13.6	6.5	>10%
Return on operating capital (%)	6.2	6.4	8.9	14.3	7.8	15-20%
Investments (SEK m)	52	51	39	20	10	
Number of employees	1,412	1,422	1,104	938	733	

[1] Average

Fredrik Meuller, CEO of Nord-Lock Group:

"We are leading the development in secure bolting solutions"

Nord-Lock Group continues its successful journey. In 2018, sales increased by 18 per cent, accomplished almost entirely through organic growth, while the high level of profitability was sustained.

Over the last five years, Nord-Lock Group sales have increased by 110 per cent to SEK 1.3 billion, its workforce has more than doubled and the combination of its own sales companies and distributor partnerships have given it a global presence. Its development into a much larger organisation has resulted in a growing need to review processes and systems to enable future growth in an effective and efficient manner. **Fredrik Meuller**, who became Nord-Lock Group's new CEO in June 2018, has a clear agenda for this:

"We have only scratched the surface of the business potential provided by our portfolio of globally recognised technologies. My management team and I are now putting the structure into place and executing the priorities that will take Nord-Lock Group to the next level."

NORD-LOCK GROUP OFFERS four strong technology brands that are sold around the globe to customer segments where safety is vital for the application. The customer base includes all major international industrial companies and Nord-Lock Group offers state-of-the-art solutions for applications such as trains, bridges, wind turbines and heavy vehicles. Nord-Lock wedge-locking washers are known for their ability to secure bolted joints that are exposed to excessive vibrations or dynamic loads. They are used in wind turbines, Shinkansen trains, NASA satellites, semiconductor factories and other demanding applications all over the world. Powerful, patented mechanical tensioners that replace standard nuts and bolts are made and marketed under the Superbolt brand. Their design makes it easier to tighten large bolted joints or those in confined spaces. The Boltight brand comprises hydraulic bolt tensioning equipment. It has been a market leader for many years, offering products that make a major difference in efficiency and precision for companies within power generation, oil and gas, and manufacturing and processing. The Expander brand manufactures and sells the Expander System, an innovative pivot pin system for heavy machinery and equipment within mining, building and construction, forestry, processing and oil and gas.

Nord-Lock Group's ability to always be first in the market with ground-breaking innovations has been a major contributor to its successful development in recent years. The company's confidence in the high quality of its technologies is reflected in the lifetime warranty that it offers for its entire product portfolio, the most comprehensive warranty in the market.

"We are working with the largest multi-national industrial companies and have to be at the forefront at all times. Our focus now is on doing the right things even faster with the support of, for example, smart technologies and digitalised processes."

Fredrik Meuller
about the importance of being first in the market with ground-breaking innovations.

"We are working with the largest multi-national industrial companies and have to be at the forefront at all times. Our focus now is on doing the right things even faster with the support of, for example, smart technologies and digitalised processes. We have also consolidated product development and marketing activities for Boltight and Superbolt and this is producing multidimensional synergies as our mechanical and hydraulic tensioning options complement each other well," explains Fredrik Meuller.

IN 2018, THE PRODUCT PORTFOLIO HAS been further enhanced in order to meet customer requirements and to broaden the application range. This includes the innovative Superbolt Tool that further simplifies mechanical bolt tensioning, continued optimisation of the corrosion resistance of Nord-Lock washers, and the Expander System Online, a fast and simple web shop offering customers 60,000 different pin applications for over 10,000 different machines. In addition, a brand new testing facility for all four technologies has been opened in Lauchheim, Germany.

"It is a world-class facility. Unique expertise in railway, energy and other industrial segments enables us to respond

FREDRIK MEULLER

Position: CEO of Nord-Lock Group
Years with the Group: 1 year
Career experience: Includes various management and leadership roles at the Trelleborg Group for 16 years, most recently as the Business Area President for Trelleborg Offshore & Construction.

Nord-Lock Group is an innovative technology company with a portfolio of four world-leading brands of secure bolting solutions: Nord-Lock, Superbolt, Boltight and Expander. The products are known for their superior quality and the company carries out rigorous quality controls at its production facilities.

to specific customer needs and carry out training and testing that bring developments forward more rapidly. Our aim is to replicate this model elsewhere in the world."

INTERNATIONAL EXPANSION has continued with new sales offices in Asia as well as the first one in South America, in Santiago, Chile. Nord-Lock Group also acquired its distribution partner IDQ in Spain. At the end of the year, the Group had 25 own sales companies in key industrial markets and representation in more than 65 countries through distributors and authorised resellers. Markets outside the Nordic region account for almost 90 per cent of sales. In recent years, Asia Pacific has reported the greatest sales increase in percentage terms, up by 35 per cent in 2018.

"We have established our first sales office in India and are seeing continued strong growth in China and Japan. In terms of sales, the region is now as large as North America but the geographic and cultural challenges are completely different. We are working to tie our operations in the region together more closely, increase our focus on HR matters and coordinate our marketing activities to expand the customer base in new segments," says Fredrik Meuller.

Nord-Lock Group's global sales organisation represents a major competitive advantage as the sales offices leverage local presence and expertise. The employees' keen interest in the technologies and their unique expertise in secure bolting solutions are driving sales for new applications in new segments.

NORD-LOCK GROUP

Brands in the portfolio:

- Nord-Lock
- Superbolt
- Boltight
- Expander

Investments in digital marketing in recent years have resulted in a greater awareness of Nord-Lock Group's product offering and have helped position the company as a pioneer in its sector. It all began with a video about Nord-Lock patented wedge-locking washers that became a viral success with more than 15 million views. Today, the company works systematically with explainer videos, photos and animations via social media to provide application training and communicate product benefits.

"The short videos that we produce spread quickly to people in the industry, including potential customers. They enable us to explain our complex solutions in a simple way which also helps our salesforce to identify new customers and strengthen existing customer relationships."

URBANISATION AND RAPID DEVELOPMENTS in infrastructure and energy are some of the trends that are making safety considerations increasingly important around the world. It is essential to minimise the risks on railways, bridges, power stations and other critical structures for society to function properly.

"Our mission is to protect human lives and our customers' investments. The cutting-edge expertise of our employees and the investments we are now making will take our operations to the next level and enable us to lead the way in developing high-quality, innovative bolt-securing solutions for many years to come," Fredrik Meuller concludes.

At a glance

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.

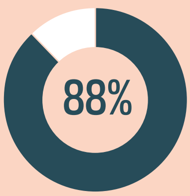
TARGET ACHIEVEMENT

All of the financial targets were achieved in 2018. High demand, successful marketing activities and strong productivity growth made positive contributions.

STRATEGY FOR PROFITABLE EXPANSION

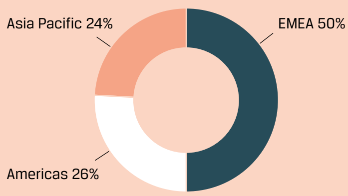
- Development of capacity and efficiency in production and logistics to meet rising customer demand in a cost-effective manner.
- Expanding the business through organic growth and value-adding acquisitions.
- Be perceived as the industry thought leader via customer-centric R&D, catalysed by digital and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

DEGREE OF INTERNATIONALISATION

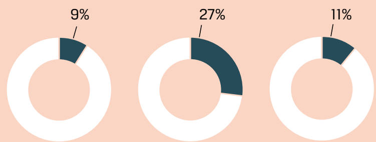


In 2018, sales outside the Nordic countries accounted for 88 per cent of total sales, which is the same level as in 2017.

BREAKDOWN OF SALES BY MARKET

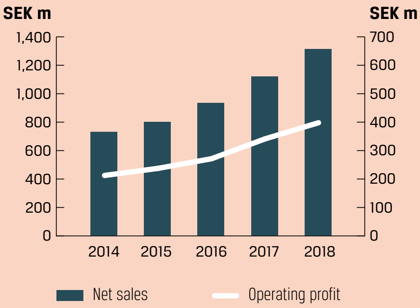


PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



Percentage of the Group's net asset value | Percentage of industrial operations' operating profit | Percentage of industrial operations' sales

SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014	Latour's minimum targets
Net sales (SEK m)	1,309	1,114	927	797	722	>10%
(of which outside of Sweden)	1,244	1,054	882	763	689	
Operating profit (SEK m)	397	340	270	236	211	
Operating capital[1)] (SEK m)	1,033	950	877	806	590	
Operating margin (%)	30.3	30.5	29.2	29.7	29.3	>10%
Return on operating capital (%)	38.4	35.8	30.8	34.0	38.0	15-20%
Investments (SEK m)	35	28	45	24	20	
Number of employees	542	488	426	372	367	

1) Average

Hannu Saastamoinen, CEO at Swegon:

"Our solutions are designed to make people feel good"

Swegon continues its successful journey with its industry-leading portfolio of indoor climate products. In 2018, organic growth reached 12 per cent and there was further improvement in profitability.

Swegon has been transforming from a Swedish niche product company into an international provider of systems over a number of years. Acquisitions in priority markets and product areas have led to its dynamic expansion and a doubling of sales. The operations have been grouped into four business areas and five sales regions that reflect and respond to specific and important customer needs.

"Markets outside of Sweden accounted for 78 per cent of sales in 2018. Our world-class indoor climate solutions are winning the trust of increasing numbers of customers," says **Hannu Saastamoinen**, CEO of Swegon.

The ventilation and indoor climate solutions market was strong in 2018. Demand for cooling products rose as a result of the hot summer in Europe, with Swegon receiving several major orders from hotels. The construction sector is still experiencing a capacity shortage that has delayed many projects. This has resulted in the further growth of Swegon's order book. Demand is being driven by the continuing robust construction market, new energy regulations and, above all, a growing realisation of the importance of indoor climate to our well-being.

"Fresh air is important to a good indoor climate, but sound, temperature and lighting affect its quality too. Indoor Environment Quality is a term commonly used in the business. Property owners and tenants are increasingly focusing on the bigger indoor climate picture and we are, of course, prioritising this in our own product development."

SWEGON IS INVOLVED in all phases of a property development project and, as an industry leader, has an in-depth understanding of the different stakeholders' needs. The consultants that specify the projects want top-quality, highly innovative products, clear specifications and good documentation. The installers demand simplicity, good product availability and fast delivery. Well-being and comfort are, of course, important for the end users who live and work in the properties. Finally, the property owners want value for their investment and want the products to add something extra to the interior and reduce net running costs. Although this diversity of customer relationships and requirements poses challenges, it presents opportunities for Swegon to develop solutions that bring greater overall value.

"Whatever the customer group, we will provide an outstanding experience. We therefore need to know how our customers think and what their needs are today and tomorrow, so that we can develop the best solutions."

THE PRODUCT PORTFOLIO COMPRISES industry-leading air handling units, climate systems, chillers, heat pumps, fire and smoke dampers, ceiling fans, housing ventilation, and flow control and acoustics products for all kinds of buildings. Swegon has also developed intelligent system concepts that help optimise operation, energy use and indoor climate.

> "Property owners and tenants are increasingly focusing on the bigger indoor climate picture and we are, of course, prioritising this in our own product development."
>
> **Hannu Saastamoinen**
> about the importance of a good indoor climate to our well-being.

"Our targeted product development focuses on digitalisation and smart, wireless communication and we have systematically developed strong positions in different segments and markets based on our leading products and systems," says Hannu.

Swegon WISE is an end-to-end solution for demand-controlled ventilation. It uses wireless communications technology and is designed to achieve outstanding comfort and minimum energy consumption. It is regularly upgraded and there is demand for WISE in increasing numbers of projects. GOLD is the most energy-efficient air handling

HANNU SAASTAMOINEN

Position: CEO of Swegon
Years with the Group: 6 years
Career experience: CEO of Huurre Group, Business Area Manager at Munters, and also various management and leadership roles at UTC Carrier Corp. and Electrolux.

Swegon "The indoor climate company" has a sharp focus on energy efficiency and a healthy indoor climate. Swegon's system concept simplifies the entire construction process and has set a new standard for user-friendliness within the industry.

unit on the market with its unique, complete and easy-to operate control system. In North America, GOLD is regarded as a brand for the rapidly expanding passive house sector. P Lemmen's air handling units for smaller volumes of air provide a good complement to the GOLD range and are selling well in Europe. The transition to a new product platform began in 2018. In the UK and Ireland, Swegon continues to consolidate its leading position in the fire and smoke damper area following acquisitions made previously.

Swegon's portfolio also includes the Blueye system which wirelessly integrates service, operational efficiency and other types of services for cooling applications, and the Swegon Connect cloud service which enables simple remote monitoring of the systems.

TO BE ABLE to derive full benefit from the portfolio and its wealth of expertise, Swegon focuses on building up business-critical volumes in individual markets. This has proved to be a successful strategy. Swegon has managed to strengthen its positions step by step through product development and acquisitions. In 2018, it acquired the German company Zent-Frenger, a leading provider of radiant ceilings in Germany, which is one of Swegon's most important markets.

"Our strategy to focus on a limited number of markets and sectors enables us to dynamically deliver world-class experiences to customers. In Germany, for example, we have seen a sixfold increase in sales since 2012 and with Zent-Frenger we are now generating annual sales in excess of SEK 1 billion there."

Sales in the UK have risen from just over SEK 80 m to more than SEK 500 m since 2012, and in Belgium from over SEK 40 m to almost SEK 260 m in the same period. The Nordics and Poland are also reporting good sales growth. Moreover, a long-term commitment is being made in the North American market, based on the position that its acquired Canadian company, Vibro-Acoustics, holds in the region. Parts of Swegon's product range are also sold in certain other markets, but through distributors. In 2019, for example, it began selling products in Lebanon and Australia via new distributors.

SWEGON

Current business units:

- Cooling
- Home Solutions
- Light Commercial
- Commercial Ventilation
- North America
- UK

THE KEY TO SWEGON'S SUCCESS is the market-leading knowledge and expertise in ventilation and indoor climate that exists within the company. Swegon is now entering a more intense phase of skills development, with training and individual development initiatives run by the Swegon Knowledge Center. Industry-leading Swegon also offers courses for its customers.

Hannu Saastamoinen says in closing:

"We have established a solid platform of skills, expertise and products to ensure we are able to continue growing with high profitability. In 2019, we will be increasing the pace of our initiatives, engaging in dialogues with our customers so that we can further increase the value they experience when using our solutions, and continuing to drive Swegon's long-term success as *The Indoor Climate Company*."

At a glance

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.

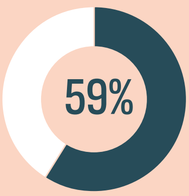
TARGET ACHIEVEMENT

Sales and profitability targets were exceeded. Good market growth, good customer activities and successful product launches contributed to the strong performance. The year ended with the highest order backlog ever.

STRATEGY FOR PROFITABLE EXPANSION

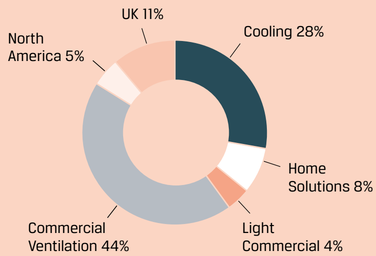
- Differentiation through market-leading, innovative system solutions for improved indoor climate.
- Increased focus on superior customer experience through digital solutions.
- Creation of strongholds in key European markets through acquisitions and development of existing operations. Continue to increase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

DEGREE OF INTERNATIONALISATION

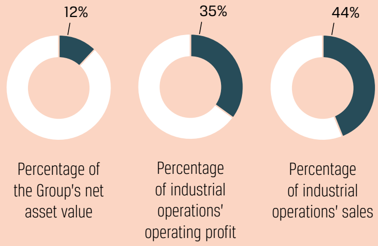


Sales outside the Nordic region accounted for 59 per cent of total sales in 2018 compared with 58 per cent in 2017.

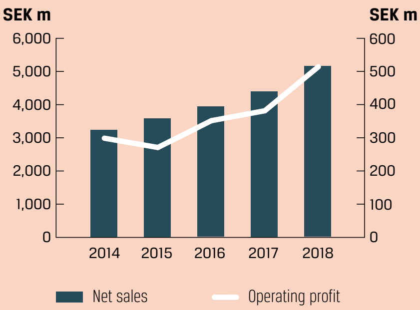
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014	Latour's minimum targets
Net sales (SEK m)	5,137	4,378	3,913	3,559	3,209	>10%
(of which outside of Sweden)	4,000	3,356	2,933	2,712	2,498	
Operating profit (SEK m)	514	381	351	270	298	
Operating capital[1] (SEK m)	3,094	2,903	2,510	2,242	2,363	
Operating margin (%)	10.0	8.7	9.0	7.6	9.3	>10%
Return on operating capital (%)	16.6	13.1	14.0	11.0	17.0	15-20%
Investments (SEK m)	57	62	70	53	65	
Number of employees	2,293	2,228	1,958	1,840	1,674	

[1] Average

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

Investment portfolio

Alimak Group	54
ASSA ABLOY	55
Fagerhult	56
HMS Networks	57
Loomis	58
Nederman	59
Securitas	60
Sweco	61
TOMRA	62
Troax	63
Part-owned holdings	64-65

Significant events in 2018

- The investment portfolio had a market value of SEK 47.5 billion (47.4 billion) at the end of the year.
- The total return on the investment portfolio was 1.9 per cent. This can be compared with -4.4 per cent for the SIXRX.
- Income from equity investment in 2018 totalled SEK 1,280 m (1,998 m).
- The dividends from the investment portfolio companies in the spring of 2019 are expected to total SEK 1,102 m (1,038 m).
- Acquisition of an additional 1,345,000 shares in Alimak Group increased Latour's ownership stake to 29.2 per cent of the capital.

Active principal owner in ten companies

in a portfolio worth more than SEK 47.5 billion

1.9%

TOTAL RETURN ON THE INVESTMENT PORTFOLIO IN 2018

LATOUR'S INVESTMENT PORTFOLIO consists of ten companies where Latour is the principal owner, or one of the principal owners, and where it has a voting power of at least 10 per cent. 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

At the end of 2018, the market value of the investment portfolio was SEK 47.5 billion.

The return was 1.9 per cent in 2018, adjusted for dividends and net investments. This can be compared against Nasdaq OMX Stockholm (SIXRX) which fell 4.4 per cent.

PROFIT OF SEK 1.3 BILLION

Income from equity investment in 2018 totalled SEK 1,280 m (1,998 m).
The majority of the income comes from the portfolio companies' profit shares.

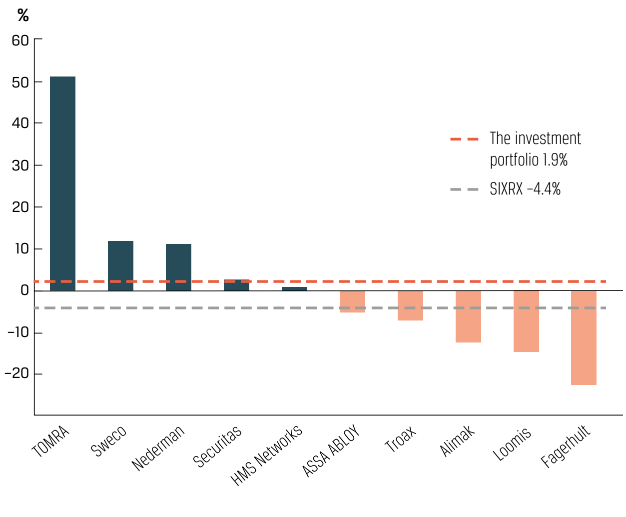
NEW RECORD LEVEL DIVIDENDS

The dividends from the investment portfolio companies in the spring of 2019 are expected to total SEK 1,102 m (1,038 m), in accordance with the proposals of each respective board.
This is an increase of 6 per cent for comparable portfolios.

CHANGES IN THE PORTFOLIO

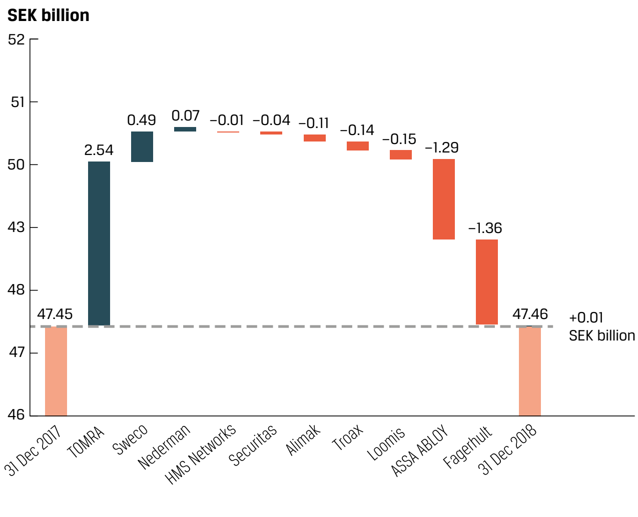
Another 1,345,000 shares in Alimak Group were acquired during the year. This increased the ownership stake to 29.2 per cent of the capital. The company is a global leader in vertical transportation systems for the construction and industrial sectors, which is supported by trends such as urbanisation and environmentally-friendly energy production.

TOTAL RETURN FOR
THE INVESTMENT PORTFOLIO IN 2018



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

MOVEMENTS IN
THE INVESTMENT PORTFOLIO VALUE IN 2018



Movements in the investment portfolio value in 2018 (SEK billion). These figures do not include dividend payments. Changes in value also reflect transactions during the year.

INVESTMENT PORTFOLIO

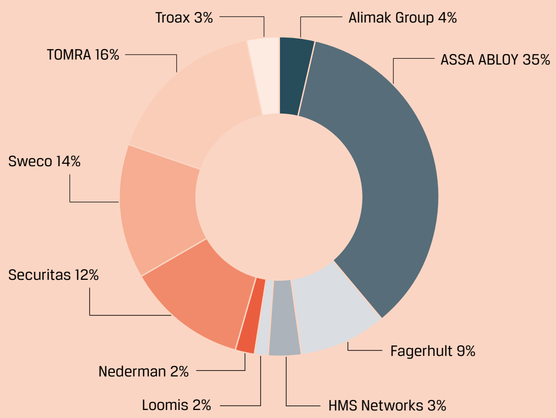
Share [1]	Number of shares	Market value [2] SEK m	Listed price [2] SEK	Acquisition value SEK m	Dividend SEK m	Share of votes [3] %	Share of equity [4] %
Alimak Group	15,806,809	1,739	110	2,113	35	29.2	29.2
ASSA ABLOY [5]	105,495,729	16,689	158	1,697	348	29.5	9.5
Fagerhult	55,861,200	4,251	76	571	112	48.8	48.3
HMS Networks	12,109,288	1,489	123	250	18	26.0	25.9
Loomis [5]	2,528,520	723	286	44	23	23.8	3.4
Nederman	10,538,487	949	90	306	21	30.0	30.0
Nobia [6]	4,649,894	229	49	94	33	2.8	2.7
Securitas [5]	39,732,600	5,654	142	1,081	159	29.6	10.9
Sweco [5]	32,622,480	6,423	197	479 [7]	163	21.3	26.9
TOMRA [8]	39,000,000	7,780	195 (NOK)	2,000	99	26.4	26.3
Troax	6,020,000	1,532	255	397	26	30.1	30.1
TOTAL		47,458		9,033	1,037		

[1] All holdings except for Nobia are recognised as associated companies in the balance sheet.
[2] The last price paid is used as the listed price.
[3] Percentage of voting rights, not including repurchased shares.
[4] Percentage of equity calculated on total number of issued shares.
[5] Due to limited trading in class A shares in Sweco, and because ASSA ABLOY, Loomis and Securitas class A shares are unlisted, they have been given the same listed price as the company's class B shares. In those cases where the holding consists of both class A and class B shares, they are reported in the table as an entity.
[6] The majority of the Nobia shareholding was sold in December 2015, which means that Latour is no longer the principal owner.
[7] The cost of the class B shares in the Group are SEK 34 m higher than in the parent company through the exercise of call options.
[8] At the end of the reporting period, the listed share price was NOK 194.80, which has been translated to SEK at the exchange rate prevailing at the balance sheet date.

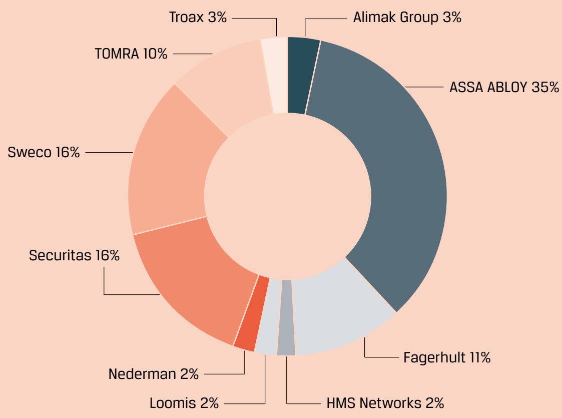
NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2018

Share	Number 1 Jan 2018	Purchase	Sale	Number 31 Dec 2018
Alimak Group	14,461,809	1,345,000	–	15,806,809

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



Alimak Group

3%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

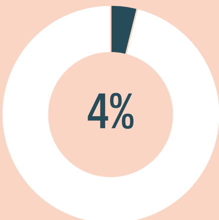
Alimak Group is a market leader in vertical access solutions for industry and the construction sector.

Alimak Group has a strong focus on improving customer safety, productivity and profitability. It has been a pioneer and an industry leader in supplying elevators and work plattforms based on rack-and-pinion technology for more than 70 years. Its portfolio includes vertical transportation systems, such as lifts, platforms, service lifts and building maintenance units (BMU). Alimak Group conducts its activities in four business areas, has 2,400 employees and sales in more than 100 countries.

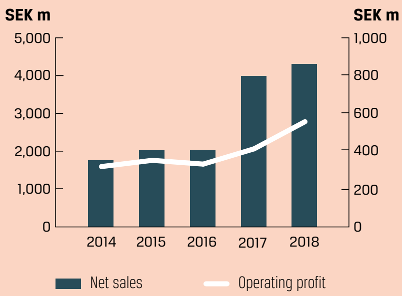
2018 AT A GLANCE: Alimak Group's revenue was up 8 per cent to SEK 4,320 m (4,001 m), with 0 per cent (9) organic growth. The order intake rose 13 per cent to SEK 4,621 m (4,101 m), with 4 per cent (7) organic growth. Adjusted EBITA increased to SEK 555 m (510 m), and the adjusted EBITA margin remained the same at 12.8 per cent (12.8).

The Board of Directors proposes a dividend payout of SEK 2.75 per share for the 2018 financial year. This is an increase of 20 per cent.

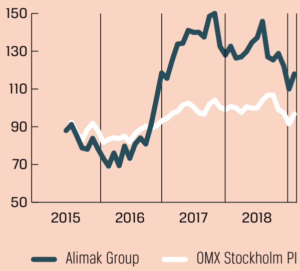
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH ALIMAK



KEY RATIOS

ALIMAK GROUP	Full year 2018	Full year 2017
Net sales (SEK m)	4,320	4,001
Operating profit [1] (SEK m)	555	510
Operating margin [1] (%)	12.8	12.8
Profit after net financial items (SEK m)	397	389
Earnings per share (SEK)	6.35	5.58
Equity ratio (%)	56.5	55.6
Dividend per share [2] (SEK)	2.75	2.30
Equity per share (SEK)	62.96	57.23
Market value at 31 December (SEK m)	5,957	6,932

[1] Adjusted EBITA.
[2] Proposed dividend for 2018.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	15,806,809	29.2	29.2
Lannebo Fonder	4,840,781	8.9	9.0
Swedbank Robur Funds	3,874,268	7.2	7.2
Peder Pråhl	2,902,543	5.4	5.4
Alantra EQMC Asset Management	2,710,400	5.0	5.0
Handelsbanken Fonder	2,378,049	4.4	4.4
BMO Global Asset Management	1,483,561	2.7	2.7
Enter Fonder	1,170,305	2.2	2.2
Länsförsäkringar Fonder	957,221	1.8	1.8
C WorldWide Asset Management	795,859	1.5	1.5
Other shareholders	17,138,065	31.6	31.7
Repurchased shares	100,000	0.2	–
TOTAL	54,157,861	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	1.9
EV/EBIT	16.3
P/E ratio	19.1
Net debt/EBIT	1.6

[3] Calculation based on final share price at 26 February 2019. Excluding items impacting comparability.

Chairman of the Board: Jan Svensson
President and CEO: Tormod Gunleiksrud
Board members connected to Latour: Jan Svensson
alimakgroup.com

ASSA ABLOY

26%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

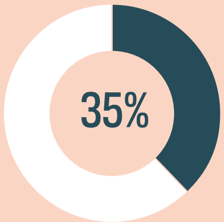
ASSA ABLOY is the global leader in access solutions.

Every day, the Group help billions of people to feel safe, secure and 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.

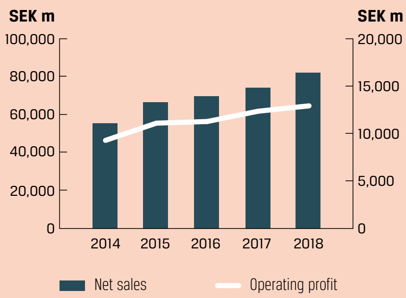
2018 AT A GLANCE: ASSA ABLOY's sales rose 10 per cent (7) to SEK 84 billion. Organic growth was 5 per cent (4). Operating profit and earnings per share increased by 5 per cent and 4 per cent respectively. In 2018, 19 companies with annual sales of SEK 3.8 billion were acquired. The company launched a new restructuring programme at a cost of SEK 1.5 billion at the end of 2018.

The Board of Directors proposes a dividend payout of SEK 3.50 per share for the 2018 financial year. This is an increase of 6 per cent.

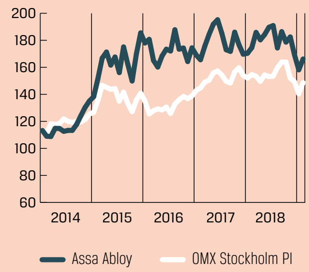
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH ASSA ABLOY



KEY RATIOS

ASSA ABLOY	Full year 2018	Full year 2017
Net sales (SEK m)	84,048	76,137
Operating profit [1] (SEK m)	12,909	12,341
Operating margin [1] (%)	15.4	16.2
Profit after net financial items (SEK m)	12,110	11,673
Earnings per share [1] (SEK)	8.09	7.77
Equity ratio (%)	48.70	50.9
Dividend per share [2] (SEK)	3.50	3.30
Equity per share (SEK)	46.71	45.61
Market value at 31 December (SEK m)	176,010	189,583

[1] Adjusted EBIT.
[2] Proposed dividend for 2018

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of A shares	Number of B shares	Total number of shares	Share of equity %	Share of votes %
Investment AB Latour	41,595,729	63,900,000	105,495,729	9.5	29.5
Melker Schörling AB	15,930,240	21,654,104	37,584,344	3.4	11.1
Government of Singapore		51,230,631	51,230,631	4.6	3.1
Capital Group		42,012,171	42,012,171	3.8	2.6
BlackRock		36,469,288	36,469,288	3.3	2.2
Fidelity Investments		33,090,837	33,090,837	3.0	2.0
Vanguard		29,864,644	29,864,644	2.7	1.8
Norges Bank		26,845,606	26,845,606	2.4	1.6
Swedbank Robur Funds		23,697,324	23,697,324	2.1	1.5
Alecta Pension Insurance		23,695,000	23,695,000	2.1	1.5
Other shareholders		700,790,760	700,790,760	63.0	43.0
Repurchased shares		1,800,000	1,800,000	0.2	–
TOTAL	57,525,969	1,055,050,365	1,112,576,334	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	2.9
EV/EBIT	17.8
P/E ratio	23.8
Net debt/EBIT	2.1

[3] Calculation based on final share price at 26 February 2019.

Chairman of the Board: Lars Renström
President and CEO: Nico Delvaux
Board members connected to Latour: Carl Douglas, Lena Olving, Jan Svensson
assaabloy.com

Fagerhult

7%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

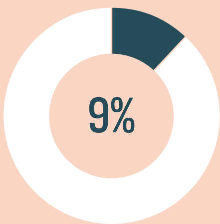
Fagerhult is one of Europe's leading lighting companies with subsidiaries in more than 25 countries.

Fagerhult develops, manufactures and markets innovative and energy-efficient lighting solutions for professional settings in three main products areas – *Indoor*, *Retail* and *Outdoor*. Operations are conducted locally via a number of companies with strong brands. Products are also sold via agents and distributors.

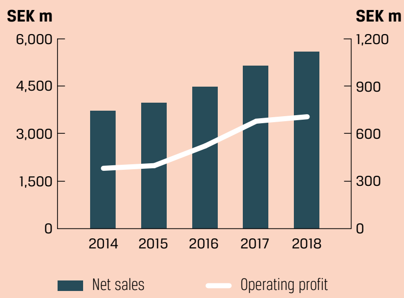
Along with local activities, this gives access to more than 40 markets. Manufacturing is based in facilities in Europe, Africa, Asia and Australia.

2018 AT A GLANCE: Fagerhult increased its net sales by 8.7 per cent to SEK 5,621 m. Organic growth reached -2.5 per cent. The operating profit increased by 4.1 per cent to SEK 706 m, which is equivalent to an operating margin of 12.6 per cent (13.1). An agreement was signed at the end of the year for the acquisition of the Italian company iGuzzini illuminazione S.p.A., thus creating one of Europe's largest professional lighting companies. The Board of Directors proposes a dividend payout of SEK 2.00 per share for the 2018 financial year, unchanged from the previous year.

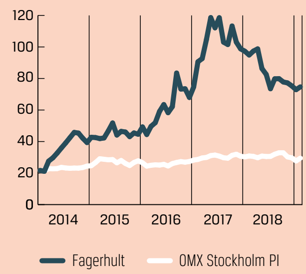
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH FAGERHULT



KEY RATIOS FAGERHULT

	Full year 2018	Full year 2017
Net sales (SEK m)	5,621	5,170
Operating profit [1] (SEK m)	706	678
Operating margin [1] (%)	12.6	13.1
Profit after net financial items (SEK m)	667	653
Earnings per share (SEK)	4.39	4.32
Equity ratio (%)	32.2	31.0
Dividend per share [2] (SEK)	2.00	2.00
Equity per share (SEK)	18.60	16.51
Market value at 31 December (SEK m)	8,801	11,623

[1] EBIT
[2] Proposed dividend for 2018.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	55,861,200	48.3	48.7
Lannebo Fonder	8,161,202	7.1	7.1
Fam Svensson, family, foundation and companies	7,885,199	6.8	6.9
FMR, Fidelity	7,323,923	6.3	6.4
Swedbank Funds	5,651,121	4.9	4.9
Nordea Fonder	3,440,831	3.0	3.0
JP Morgan	3,078,508	2.7	2.7
Palmstierna Family	3,018,600	2.6	2.6
Small business funds, Nordic	2,101,110	1.8	1.8
SEB Fonder	1,374,444	1.2	1.2
Other shareholders	16,604,154	14.4	14.6
Repurchased shares	1,149,708	1.0	–
TOTAL	115,650,000	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	1.9
EV/EBIT	15.5
P/E ratio	17.5
Net debt/EBIT	2.9

[3] Calculation based on final share price at 26 February 2019.

Chairman of the Board: Jan Svensson
President and CEO: Bodil Sonesson
Board members connected to Latour: Eric Douglas, Jan Svensson
fagerhultgroup.com

HMS Networks

2%

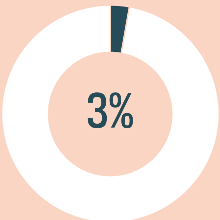
PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

HMS Networks is a world-leading supplier of software and hardware for industrial communication.

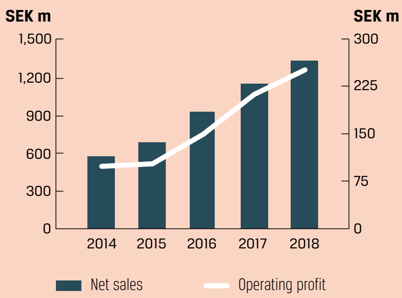
More than 90 per cent of HMS Networks' sales are outside of Sweden to some 60 countries in all. Its head office is in Halmstad in Sweden. It has sales offices in Japan, China, Germany, the USA, Italy, France, India, Singapore, the UK, Switzerland and Finland. The company markets network cards and gateways under the Anybus® and IXXAT® brands as well as products for remote surveillance under the eWon® brand. The company had approximately 550 employees at the end of 2018.

2018 AT A GLANCE: Net sales rose 15 per cent to SEK 1,366 m. The operating margin was 18 per cent (18). HMS Network's long-term targets are annual growth of 20 per cent and an operating margin above 20 per cent. At the end of the year, the number of active Design-Wins was 1,693 (1,590), representing a 6.5 per cent increase. The German technology provider Beck IPC GmbH was acquired during the year. The Board of Directors proposes a dividend payout of SEK 1.80 per share for the 2018 financial year. This is an increase of 20 per cent.

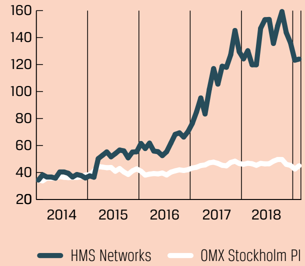
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH HMS



KEY RATIOS

HMS	Full year 2018	Full year 2017
Net sales (SEK m)	1,366	1,183
Operating profit [1] (SEK m)	251	212
Operating margin [1] (%)	18.4	17.9
Profit after net financial items (SEK m)	232	195
Earnings per share (SEK)	3.68	3.06
Equity ratio (%)	54.3	50.2
Dividend per share [2] (SEK)	1.80	1.50
Equity per share (SEK)	17.06	14.65
Market value at 31 December (SEK m)	5,759	5,806

[1] EBIT
[2] Proposed dividend for 2018

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	12,109,288	25.9	26.0
Staffan Dahlström with companies	6,468,292	13.8	13.9
Swedbank Robur Funds	4,341,996	9.3	9.3
SEB Fonder	2,814,160	6.0	6.0
Handelsbanken Fonder	1,572,066	3.4	3.4
Lannebo Fonder	1,434,891	3.1	3.1
Livförsäkringsbolaget Skandia	1,469,383	3.1	3.2
TePe & the Eklund family	989,999	2.1	2.1
State Street Bank & Trust	923,314	2.0	2.0
AMF Equity Fund Small Caps	925,656	2.0	2.0
Other shareholders	13,476,998	28.8	29.0
Repurchased shares	292,825	0.6	–
TOTAL	46,818,868	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	5.7
EV/EBIT	30.9
P/E ratio	43.1
Net debt/EBIT	1.4

[3] Calculation based on final share price at 26 February 2019

Chairman of the Board: Charlotte Brogren
President and CEO: Staffan Dahlström
Board members connected to Latour: Anders Mörck
hms.se

Loomis

1%

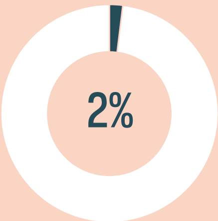
PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

Loomis offers safe and effective comprehensive solutions for the distribution, handling, storage and recycling of cash.

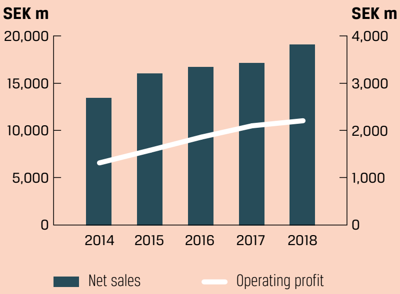
Loomis' customers are mainly banks and retailers. It offers service solutions for cash in transit, cash management and international valuables logistics. Cash in transit remains its main source of income, but revenue from cash management services is rapidly growing. Loomis has a strong international presence with more than 400 local offices in over 20 countries and employs about 24,000 people.

2018 AT A GLANCE: Adjusted for currency movements, sales rose 8 per cent to SEK 19.1 billion. The operating margin was 11.5 per cent (12.1). Loomis' financial targets and sustainability targets for the 2018-2021 strategy period mean that sales must reach SEK 24 billion by 2021, the operating margin must reach the target range 12-14 per cent and carbon emissions and use of plastics must fall by 30 per cent. The Board of Directors proposes a dividend payout of SEK 10.0 per share for the 2018 financial year. This is an increase of 11 per cent.

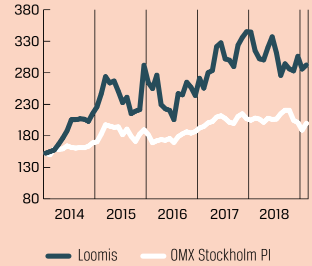
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH LOOMIS



KEY RATIOS LOOMIS

	Full year 2018	Full year 2017
Net sales (SEK m)	19,168	17,228
Operating profit [1] (SEK m)	2,200	2,093
Operating margin [1] (%)	11.5	12.1
Profit after net financial items (SEK m)	2,057	1,882
Earnings per share (SEK)	20.45	18.99
Equity ratio (%)	45.5	46.4
Dividend per share [2] (SEK)	10.00	9.00
Equity per share (SEK)	111.96	93.55
Market value at 31 December (SEK m)	21,530	25,941

[1] Adjusted EBITA
[2] Proposed dividend for 2018

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	1.5
EV/EBIT	13.4
P/E ratio	16.3
Net debt/EBIT	2.0

[3] Calculation based on final share price at 26 February 2019. Excluding items impacting comparability.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of A shares	Number of B shares	Total number of shares	Share of equity %	Share of votes %
Investment AB Latour *	2,528,520	–	2,528,520	3.4	23.8
Melker Schörling with companies and family	900,000	–	900,000	1.2	8.5
BlackRock		6,479,732	6,479,732	8.6	6.1
SEB Fonder		5,367,619	5,367,619	7.1	5.1
Fidelity		4,008,664	4,008,664	5.3	3.8
Capital Group		3,239,042	3,239,042	4.3	3.1
Swedbank Robur Funds		2,902,282	2,902,282	3.9	2.7
Didner & Gerge Fonder		2,523,641	2,523,641	3.4	2.4
Vanguard		2,435,007	2,435,007	3.2	2.3
Handelsbanken Fonder		2,434,289	2,434,289	3.2	2.3
Other shareholders		42,407,236	42,407,236	56.3	40.0
Repurchased shares		53,797	53,797	0.1	–
TOTAL	3,428,520	71,851,309	75,279,829	100.0	100.0

* The holding in Loomis was sold in the first quarter of 2019.

Chairman of the Board: Alf Göransson
President and CEO: Patrik Andersson
Board members connected to Latour: Jan Svensson
loomis.com

Nederman

2%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

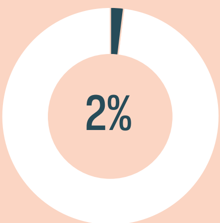
Nederman is a world-leading supplier of environmental technology products and systems.

Nederman's air filtration and recycling solutions help reduce environmental impacts from industrial production, create a clean and safe work environment and improve production efficiency. Its offering includes everything from planning to installation, commissioning and service. Products are marketed through its own subsidiaries in 30 countries and via distributors in another 30 or so countries. Development and production activities are conducted in its own manufacturing and assembly facilities in Europe, North America and Asia.

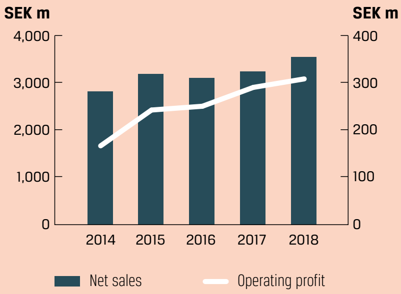
2018 AT A GLANCE: Sales reached SEK 3,554 m, up 10.1 per cent on a currency-neutral basis. The order intake increased 7.4 per cent on a currency-neutral basis. The adjusted operating profit increased to SEK 308 m to give an adjusted operating margin of 8.7 per cent (9.1). During the year, it acquired the Swiss company Luwa Air Engineering and the American company Auburn Filtersense.

The Board of Directors proposes a dividend payout of SEK 2.30 per share for the 2018 financial year. This is an increase of 15 per cent.

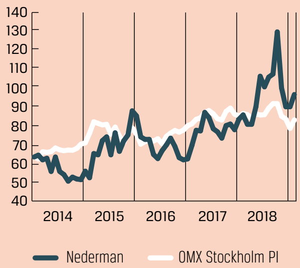
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH NEDERMAN



KEY RATIOS NEDERMAN

	Full year 2018	Full year 2017
Net sales (SEK m)	3,554	3,149
Operating profit [1] (SEK m)	308	286
Operating margin [1] (%)	8.7	9.1
Profit after net financial items (SEK m)	268	260
Earnings per share (SEK)	5.8	5.3
Equity ratio (%)	32.9	36.2
Dividend per share [2] (SEK)	2.30	2.00
Equity per share (SEK)	35.57	30.61
Market value at 31 December (SEK m)	3,163	2,929

[1] Adjusted EBIT.
[2] Proposed dividend for 2018.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	10,538,487	30.0	30.0
Lannebo Fonder	3,635,180	10.3	10.4
Ernström Kapitalpartner	3,525,000	10.0	10.0
IF Skadeförsäkringar AB	3,481,200	9.9	9.9
Swedbank Robur Funds	2,632,929	7.5	7.5
AP4 Fund	2,056,216	5.9	5.9
AP3 Fund	1,285,863	3.7	3.7
Handelsbanken Fonder	843,364	2.4	2.4
Fondita Nordic Micro Cap	755,078	2.1	2.2
UN Joint Staff	718,815	2.0	2.0
Other shareholders	5,616,621	16.0	16.0
Repurchased shares	57,267	0.2	–
TOTAL	35,146,020	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	1.2
EV/EBIT	14.3
P/E ratio	18.0
Net debt/EBIT	1.8

[3] Calculation based on final share price at 26 February 2019.

Chairman of the Board: Jan Svensson
President and CEO: Sven Kristensson
Board members connected to Latour: Jan Svensson, Johan Hjertonsson
nederman.se

Securitas

9%

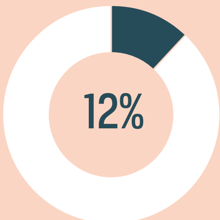
PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

Securitas is a global leading company in the security sector.

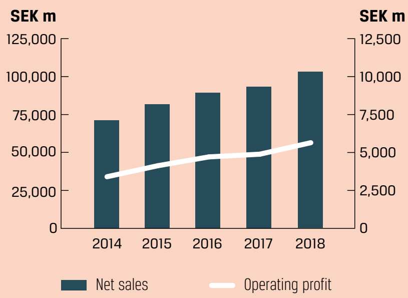
Securitas has operations in North America, Europe, Latin America, the Middle East, Asia and Africa. The organisation is flat and decentralised and has 370,000 employees in 58 countries. Today, Securitas has a broad and expanding range of security services, including an ever-increasing number of technology-based systems. Security solutions built around customer-specific needs are created using different combinations of stationary, mobile and remote monitoring, electronic security, fire protection and risk management.

2018 AT A GLANCE: Securitas' sales rose 10 per cent to SEK 101.5 billion and organic sales growth was 6 per cent (5). The operating profit before depreciation and amortisation increased by 13 per cent and the operating margin reached 5.2 per cent (5.1). Sales in the strategically important area of security solutions and technologies increased by 21 per cent (19) and accounted for 20 per cent (18) of total sales. The Board of Directors proposes a dividend payout of SEK 4.40 per share for the 2018 financial year. This is an increase of 10 per cent.

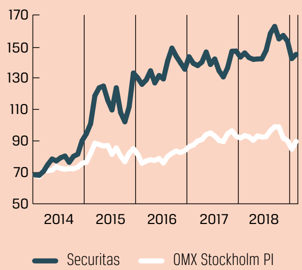
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH SECURITAS



KEY RATIOS SECURITAS

	Full year 2018	Full year 2017
Net sales (SEK m)	101,467	92,197
Operating profit [1] (SEK m)	5,304	4,677
Operating margin [1] (%)	5.2	5.1
Profit after net financial items (SEK m)	4,028	3,998
Earnings per share (SEK)	9.17	7.83
Equity ratio (%)	31.8%	31.0
Dividend per share [2] (SEK)	4.40	4.00
Equity per share (SEK)	48.37	41.77
Market value at 31 December (SEK m)	51,948	52,276

[1] Adjusted EBITA
[2] Proposed dividend for 2018

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of A shares	Number of B shares	Total number of shares	Share of equity %	Share of votes %
Investment AB Latour	12,642,600	27,190,000	39,832,600	10.9	29.6
Melker Schörling with companies and family	4,500,000	12,069,598	16,569,598	4.5	11.0
State Street Bank and Trust		25,276,258	25,276,258	6.9	4.9
BNY Mellon SA/NV		17,346,312	17,346,312	4.8	3.3
HSBC Bank		11,364,949	11,364,949	3.1	2.2
Lannebo Fonder		10,870,392	10,870,392	3.0	2.1
Swedbank Robur Funds		8,743,309	8,743,309	2.4	1.7
AMF – Insurance and Funds		8,056,936	8,056,936	2.2	1.6
Livförsäkringsbolaget Skandia		6,642,571	6,642,571	1.8	1.3
SEB Investment Management		6,395,995	6,395,995	1.8	1.2
Other shareholders		213,959,977	213,959,977	58.6	41.2
Repurchased shares		0	0	0.0	–
TOTAL	17,142,600	347,916,297	365,058,897	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	0.7
EV/EBIT	13.0
P/E ratio	16.3
Net debt/EBIT	2.7

[3] Calculation based on final share price at 26 February 2019. Excluding items impacting comparability.

Chairman of the Board: Marie Ehrling
President and CEO: Magnus Ahlqvist
Board members connected to Latour: Carl Douglas, Anders Böös
securitas.com

Sweco

10%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

Sweco plans and designs the communities and cities of the future.

Sweco is Europe's leading engineering and architecture consultancy. Its work produces sustainable buildings, efficient infrastructure and access to electricity and clean water.

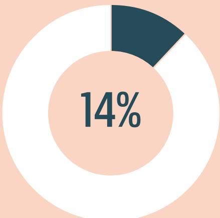
With 15,000 employees in Europe, Sweco offers its customers the right expertise for every situation. The company carries out projects in 70 countries annually.

2018 AT A GLANCE: Net sales rose 11 per cent to SEK 18.7 billion. Organic growth reached 5 per cent. Operating profit (EBITA) reached SEK 1,631 m (1,492 m), resulting in an 8.7 per cent (8.8) margin.

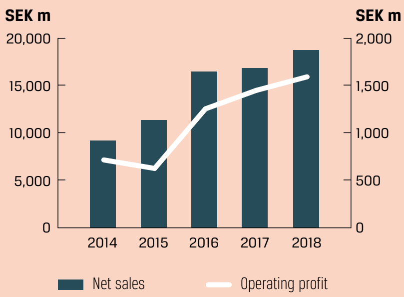
The market for Sweco's services was generally good in 2018. In 2018, Sweco acquired seven companies with annual net sales of approximately SEK 455 m.

The Board of Directors proposes a dividend payout of SEK 5.50 per share for the 2018 financial year. This is an increase of 10 per cent.

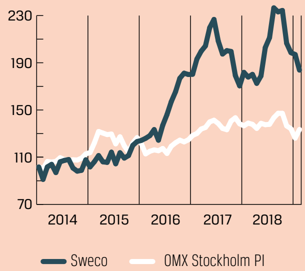
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH SWECO



KEY RATIOS

SWECO	Full year 2018	Full year 2017
Net sales (SEK m)	18,735	16,887
Operating profit [1] (SEK m)	1,631	1,492
Operating margin [1] (%)	8.7	8.8
Profit after net financial items (SEK m)	1,508	1,377
Earnings per share (SEK)	10.58	10.23
Equity ratio (%)	42.9	41.9
Dividend per share [2] (SEK)	5.50	5.00
Equity per share (SEK)	53.83	50.09
Market value at 31 December (SEK m)	23,841	22,104

[1] Adjusted EBITA.
[2] Proposed dividend for 2018.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of A shares	Number of B shares	Total number of shares	Share of equity %	Share of votes %
Nordström family with companies	6,118,808	10,660,646	16,779,454	13.9	34.1
Investment AB Latour	1,375,605	31,246,875	32,622,480	26.9	21.3
J. G. Richert Foundation	1,991,260	67,832	2,059,092	1.7	9.5
BNY Mallon SA/NV		6,772,198	6,772,198	5.6	3.2
SEB Investment Management		5,463,549	5,463,549	4.5	2.6
Swedbank Robur Funds		3,822,723	3,822,723	3.2	1.8
Odin Funds		3,561,539	3,561,539	2.9	1.7
Lannebo Fonder		3,000,631	3,000,631	2.5	1.4
JPMorgan Chase		2,352,347	2,352,347	1.9	1.1
Sweco AB		2,011,397	2,011,397	1.7	1.0
Other shareholders	946,318	37,709,214	38,655,532	31.9	22.4
Repurchased shares		3,982,877	3,982,877	3.3	–
TOTAL	10,431,991	110,651,828	121,083,819	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	1.5
EV/EBIT	17.6
P/E ratio	20.0
Net debt/EBIT	1.2

[3] Calculation based on final share price at 26 February 2019. Excluding items impacting comparability.

Chairman of the Board: Johan Nordström
President and CEO: Åsa Bergman
Board members connected to Latour: Johan Hjertonsson
swecogroup.com

TOMRA

12%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

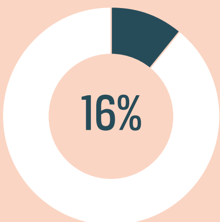
TOMRA is a world leader in sorting and recycling technologies.

TOMRA was founded in Norway in 1972. Today it has about 4,000 employees, with operations in 80 countries around the world. Its operations are divided into two main business areas: TOMRA Collection Solutions produces automated collection systems for drinking bottles. TOMRA Sorting Solutions offers sensor-based technology for efficient sorting processes in the food industry, mining industry and for recycling purposes.

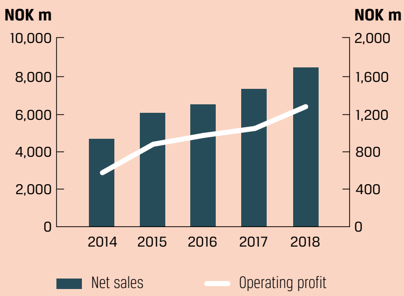
2018 AT A GLANCE: TOMRA'S net sales rose 16 per cent to NOK 8,596 m. TOMRA Collection Solutions' sales growth was 10 per cent (-5), and TOMRA Sorting Solutions' sales increased by 22 per cent (40). EBITA reached NOK 1,253 m and the EBITA margin stood at 15 per cent (14).

The Board of Directors proposes a dividend payout of NOK 4.50 per share for the 2018 financial year. NOK 2.50 of this as an ordinary dividend and NOK 2.00 as an additional dividend payout. The dividend payout for 2017 was NOK 2.35 per share.

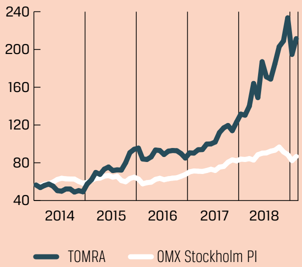
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH TOMRA



KEY RATIOS

TOMRA	Full year 2018	Full year 2017
Net sales (NOK m)	8,596	7,432
Operating profit [1] (NOK m)	1,253	1,068
Operating margin [1] (%)	14.6	14.4
Profit after net financial items (NOK m)	1,033	887
Earnings per share (NOK)	5.01	4.14
Equity ratio (%)	52.9	54.5
Dividend per share [2] (NOK)	4.50	2.35
Equity per share (NOK)	34.36	31.13
Market value at 31 December (SEK m)	29,526	19,484

[1] EBITA.
[2] Proposed dividend for 2018 of which NOK 2.00 is the proposed additional dividend payout.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	39,000,000	26.3	26.4
Folketrygdfondet	11,735,490	7.9	7.9
APG Asset Management N.V.	7,845,000	5.3	5.3
Nordea Investment Management	3,821,401	2.6	2.6
Danske Capital AS	3,194,563	2.2	2.2
The Vanguard Group	2,958,348	2.0	2.0
Capital Research Global Investors	2,887,234	2.0	2.0
Fidelity Management & Research Company	2,781,955	1.9	1.9
Impax Asset Management	2,255,946	1.5	1.5
Storebrand Asset Management AS	2,086,118	1.4	1.4
Other shareholders	69,169,395	46.7	46.8
Repurchased shares	284,628	0.2	–
TOTAL	148,020,078	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	4.0
EV/EBIT	27.5
P/E ratio	38.3
Net debt/EBIT	0.9

[3] Calculation based on final share price at 26 February 2019. Excluding items impacting comparability.

Chairman of the Board: Jan Svensson
President and CEO: Stefan Ranstrand
Board members connected to Latour: Jan Svensson
tomra.com

Troax

2%

PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

Troax is the leading global supplier of indoor perimeter protection.

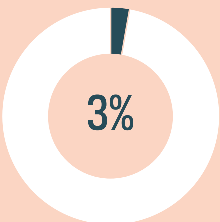
Troax's mission is to develop sustainable, high-quality and innovative security systems that protect people, property and processes. Its systems are used in the market areas of Machinery protection, Storage and Warehousing. Since it was founded in 1955, Troax has developed into a successful listed international group, with some 700 employees and local representation in 42 countries. Its head office is in Hillerstorp in Sweden.

2018 AT A GLANCE: Net sales rose 6 per cent to EUR 161 m. The increase was 8 per cent when adjusted for foreign exchange effects and acquisitions. Operating profit rose to EUR 32.8 m, resulting in an operating margin of 20.4 per cent (20.1).

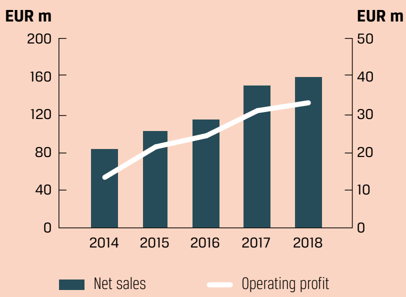
Troax has five market segments and growth was particularly strong in continental Europe and the UK.

The Board of Directors proposes a dividend payout of SEK 5.00 per share for the 2018 financial year. This is an increase of 18 per cent.

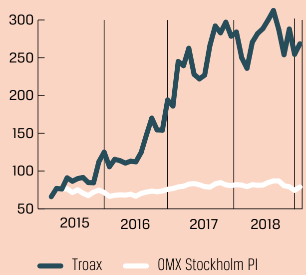
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH TROAX



KEY RATIOS

TROAX	Full year 2018	Full year 2017
Net sales (EUR m)	161.0	152.1
Operating profit [1] (EUR m)	32.8	30.6
Operating margin [1] (%)	20.4	20.1
Profit after net financial items (EUR m)	32.0	25.4
Earnings per share (EUR)	1.22	0.86
Equity ratio (%)	43.1	40.1
Dividend per share [2] (SEK)	5.00	4.25
Equity per share (EUR)	4.13	3.46
Market value at 31 December (SEK m)	5,090	5,570

[1] EBIT.
[2] Proposed dividend for 2018.

PRINCIPAL OWNERS AT 31 DECEMBER 2018

	Number of shares	Share of equity %	Share of votes %
Investment AB Latour	6,020,000	30.1	30.1
Nordea Investment Funds	1,482,312	7.4	7.4
Thomas Widstrand	1,149,260	5.7	5.7
Svolder AB	1,100,000	5.5	5.5
State Street Bank and Trust	966,814	4.8	4.8
BNY Mellon	917,980	4.6	4.6
Spiltan Fonder AB	890,193	4.5	4.5
Catella Fondförvaltning	529,329	2.6	2.6
Handelsbanken Fonder	481,950	2.4	2.4
Ola Österberg	463,270	2.3	2.3
Other shareholders	5,998,892	30.0	30.0
Repurchased shares	0	0	–
TOTAL	20,000,000	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [3]

EV/sales	3.8
EV/EBIT	18.5
P/E ratio	22.9
Net debt/EBIT	1.4

[3] Calculation based on final share price at 26 February 2019.

Chairman of the Board: Jan Svensson
President and CEO: Thomas Widstrand
Board members connected to Latour: Jan Svensson
troax.com

Part-owned holdings

In addition to the wholly-owned industrial operations and the investment portfolio, Latour has interests in a few part-owned unlisted operations. The holdings account for only about 1 per cent of Latour's net asset value.

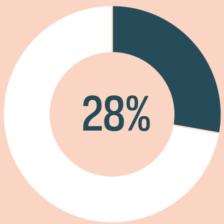
OVER THE YEARS, Latour has developed a part-owned line of business in which it is one of the principal owners of unlisted companies of which full ownership has not been possible for various reasons. These companies often have the same attributes as many of Latour's major holdings, i.e. companies with a significant element of product development and with high-quality products in interesting niche markets. In 2018, an agreement was reached to dispose of Latour's entire holding in Diamorph for SEK 285 m.

Diamorph

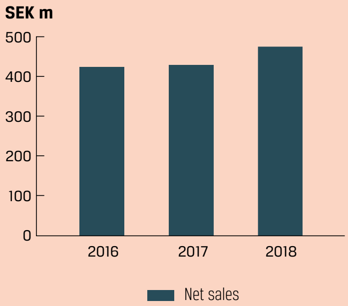
Advanced material for demanding applications.

Diamorph supplies advanced material solutions for especially demanding industrial applications. The Diamorph Group has a global customer base and its production and sales employees work at the two facilities in the UK and the Czech Republic. Diamorph's advanced material is used in trains, submarines, hydroelectric power stations and buildings around the world. In 2018, an agreement was reached for the disposal of all of Latour's holdings in Diamorph.

LATOUR'S PERCENTAGE OF DIAMORPH'S CAPITAL AND VOTING RIGHTS



NET SALES

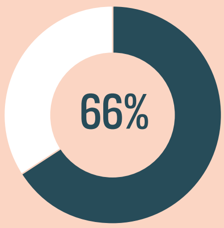


Neuffer

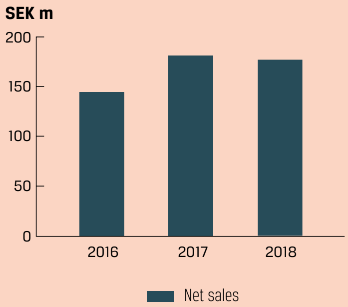
Leading e-commerce player in the window and exterior door market.

Neuffer Fenster + Türen sells and markets windows and exterior doors via its established e-commerce portals. The market for building materials that are sold online is growing steadily and Neuffer has established a strong position in the window and door segment in Germany and France. Its head office is in Stuttgart and the company is in a phase of strong growth with a focus on international expansion.

LATOUR'S PERCENTAGE OF NEUFFER'S CAPITAL AND VOTING RIGHTS



NET SALES



Advanced material solutions from Diamorph.

Reinforced carbon fibre fabric from Oxeon.

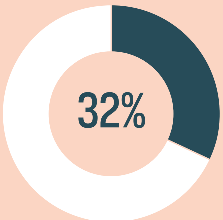
Tiltrotators from Terratech.

Oxeon

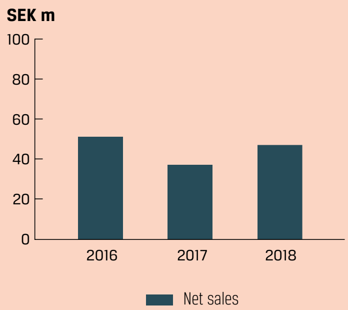
Material that creates unique benefits for the users.

Oxeon develops, manufactures and markets a spread tow fabric that consists of carbon fibre tows instead of threads. The company, founded in 2003, has four patents in this field. Oxeon's reinforced fabric is marketed under the TeXtreme® brand to customers in the composite industry who need to greatly reduce the weight of their products. Customers who use TeXtreme® are able to achieve 25-30 per cent weight reduction and still maintain or improve mechanical performance.

LATOUR'S PERCENTAGE OF OXEON'S CAPITAL AND VOTING RIGHTS



NET SALES

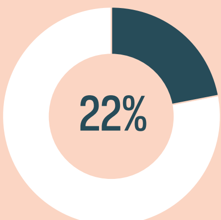


Terratech

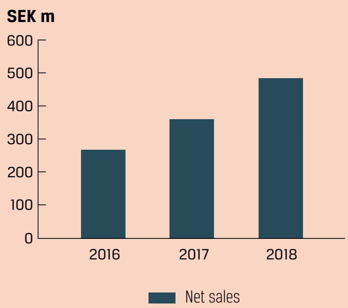
Intelligent products for excavators and tool carriers.

Terratech is an expanding industrial group focused on providing intelligent, safe and efficient products and services for excavators and other tool carriers. The group comprises two companies, Steelwrist and SVAB Hydraulik. Steelwrist develops, manufactures and sells tools that increase excavator efficiency and safety. SVAB develops hydraulic products and solutions, control electronics and ergonomic designs for different types of work vehicles.

LATOUR'S PERCENTAGE OF TERRATECH'S CAPITAL AND VOTING RIGHTS



NET SALES



Annual report 2018

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2018.

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Directors' report

The Group

INVESTMENT AB LATOUR is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation grouped into four business areas and an investment portfolio containing ten holdings in which Latour is the principal owner or one of the principal owners. At 31 December 2018, the market value of the investment portfolio was SEK 47.5 billion. In addition to the above two business lines, Latour has a smaller portfolio of partly-owned holdings.

Group-wide activities are carried out in Latour's subsidiaries Nordiska Industri AB and Latour-Gruppen AB. The subsidiary Karpalunds Ångbryggeri AB trades in shares and other securities and the subsidiary Latour Förvaltning AB specialises in the management of securities.

CHANGES TO INDUSTRIAL OPERATIONS

Latour's aim is at least 10 per cent annual growth of its industrial operations over a business cycle through a combination of organic growth and acquisitions. The goal is to own stable industrial companies with proprietary products and favourable conditions for international expansion.

In 2018, five acquisitions were made in the business areas. The acquisitions in aggregate contribute approximately SEK 720 m to sales, of which approximately SEK 387 m is included in the net sales for 2018.

The Hultafors Group business area made two acquisitions during the year. In April, it acquired Johnson Level & Tool Mfg. Co., Inc., ("Johnson"). The company's head office is located in Wisconsin, USA. Johnson is a highly reputable provider of measuring tools and a market leader in several channels of distribution in the USA. The company generated sales of USD 36 m in 2017 and has about 70 employees. In July, the Swedish company Hellberg Safety AB was acquired. Hellberg develops and supplies communication solutions, hearing protection and face protection for the personal protective equipment (PPE) market. The company has a presence in 50 markets with its own development, production, assembly and logistics operations at its head office in Stenkullen, just outside of Gothenburg. The company generated sales of SEK 66 m in 2017 and has about 20 employees.

The Latour Industries business area made one acquisition and one disposal during the year. In March, the subsidiary Bemsiq AB acquired Sensortec Holding AG, a leading Swiss company active in sensors for building automation. The company has 10 employees and generated sales of CHF 5.3 m in 2017. The subsidiary Kabona AB was sold to Nordomatic AB in March. The transfer is in line with Latour's long-standing policy of streamlining its operations to include investments in companies with clear product ownership and opportunities for internationalisation.

The Nord-Lock Group business area made one acquisition during the year. In September, it acquired the Spanish distributor IDQ Investigación Diseno y Calidad, S.A.U. (IDQ). Spain is a significant market for bolt securing and tensioning and the aim is to guarantee that Nord-Lock Group continues on its trajectory of strong growth. IDQ reported a turnover of SEK 17 m and had 7 employees in 2017.

The Swegon business area made one acquisition during the year. In October, it acquired the German company Zent-Frenger GmbH. The company is a leading provider of radiant ceilings in Germany. It also develops and sells customised commercial heat pumps and thermally active building system (TABS) products. Zent-Frenger develops and assembles its products in Heppenheim, Germany. The company has about 100 employees and generated sales of EUR 29 m in 2017.

Further information about company acquisitions and sales is presented in Notes 46 and 47.

CHANGES TO THE INVESTMENT PORTFOLIO

During the year, the ownership stake in Alimak Group increased to 29.2 per cent of the voting rights and capital following the acquisition of 1,345,000 shares. In December 2018, Latour signed a contract guaranteeing its share of the coming preference share issue in Fagerhult. Latour's share of the new issue will amount to about SEK 975 m.

CHANGES TO OTHER HOLDINGS

In November, an agreement was signed for the disposal of the entire shareholding in Diamorph, amounting to a total of 14,923,571 shares, or 28.2 per cent of the capital. The purchase price amounts to approximately SEK 290 m and the invested capital to SEK 164 m. The deal is expected to be concluded in the first quarter of 2019.

EVENTS AFTER THE REPORTING PERIOD

On 11 January, the Norwegian company TKS Heis was acquired. In 2018, the company generated sales of approximately NOK 155 m. It has 74 employees.

After the reporting period, Latour sold all class A shares in Loomis AB for about SEK 0.8 billion.

Otherwise, there were no material events subsequent to the end of the reporting period.

RESULTS AND FINANCIAL POSITION

The Group's profit after financial items was SEK 2,646 m (3,069 m). Profit after tax was SEK 2,324 m (2,788 m), which is equivalent to SEK 3.66 (4.37) per share. During 2018, the largest holding, ASSA ABLOY, reported a significant goodwill write-down and reserves, which negatively impacted the income statement by SEK 685 m. Additionally, a write-down of the holding in Alimak Group negatively impacted the income statement by SEK 479 m. The Group's cash in hand and liquid investments reached SEK 744 m (626 m). Interest-bearing debt, excluding pension liabilities, totalled SEK 5,870 m (4,667 m). The Group's net debt, including pension liabilities, was SEK 4,812 m (4,084 m). The equity ratio was 86 per cent (88) calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies. For further information, see the ten-year overview on page 119.

INVESTMENTS

During the period, SEK 232 m (268 m) was invested in property, plant and equipment, of which SEK 150 m (145 m) was machinery and equipment, SEK 38 m (29 m) vehicles and SEK 44 m (94 m) buildings. Fixed assets in newly acquired companies account for SEK 62 m (103 m) of investments for the year.

Parent company

PARENT COMPANY PROFIT The parent company's profit after financial items was SEK 1,408 m (1,078 m). The parent company's equity ratio was 76 per cent (100).

THE LATOUR SHARE

Not including repurchased shares, the number of outstanding shares at 31 December 2018 amounted to 639,117,500. The share option scheme from 2014 expired in 2018 and 269,500 repurchased shares were sold through redemption of call options, after which Latour has a total holding of 722,500 class B shares. Remaining options from the share option scheme from 2014 were redeemed at market value. At 31 December 2018, the number of call options issued to senior executives was 1,401,000, which give the right to purchase 2,346,000 shares. 483,000 of the call options were issued during the year according to the resolution of the 2018 Annual General Meeting. 200 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,642,248 class A shares and 592,197,752 class B shares. Further share information can be found on pages 26 and 27 and in Note 36.

PERSONNEL

The average number of employees in the Group was 5,128 (4,902). Of these, 3,357 (3,108) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 10.

CURRENCY EXPOSURE

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint finance function. At the balance sheet date, sales covered by forward exchange contracts totalled SEK 572 m. Currency hedging amounted to SEK 161 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD. See Note 35 for further details.

RISKS IN INDUSTRIAL OPERATIONS

As an owner of diversified industrial operations and an investment portfolio with ten holdings, Latour automatically has a relatively good diversification of risks. The Group has customers in a range of industries with a preponderance in the construction industry. Sales in the construction industry are well distributed between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The Board conducts an annual risk analysis to assess and evaluate Latour's risk exposure.

FINANCIAL RISKS

Information concerning financial instruments and risk exposure is presented in Note 35.

RELATED PARTY TRANSACTIONS

The Group did not enter into any related party transactions that had a material effect on its performance and financial position, except for dividend payments.

BOARD OF DIRECTORS

Latour's Board of Directors consists of eight members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have an operational role in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2018 Annual General Meeting.

Members of the Board represent 80 per cent of the company's voting power and 77 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

Each year, the Board establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

The Board has had four ordinary meetings during the operational period to date, not including the inaugural Board meeting and one additional Board meeting. Three of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on two occasions. Otherwise there has been full attendance.

The company's auditor attended two Board meetings and presented reports and observations from the audits performed.

Matters dealt with by the Board include strategic changes to the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views.

The Corporate Governance Statement is presented on pages 112—114.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines were approved at the 2018 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives are the members of Executive management and business area managers. Variable remuneration is based on the achievement of targets and can amount to 0 to 100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

The Chief Executive Officer is entitled to retire at the age of 62, after which pension is paid out at 60 per cent of the basic salary for three years with related pension premiums, which

Cont. ▸

▸ Parent company cont.

continue to be paid out as if the employment continues with full salary. The retirement age for all other senior executives is 65. The Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

The Board also has the right to approve additional remuneration to the company management in the form of share-related incentive schemes (e.g. a call option programme) provided that they promote long-term commitment to the organisation and they are provided on market-related terms.

The Board's proposed guidelines for the period up to the next Annual General Meeting will be presented in the summons to the 2019 Annual General Meeting..

SUSTAINABILITY REPORT

Sustainability issues have always played a central role for Latour, whether it has been stated or not. Sustainability efforts have been ongoing throughout 2018 and these are presented in Latour's sustainability report on pages 16–23. The auditor's opinion on the statutory sustainability report is presented on page 111.

ENVIRONMENTAL IMPACT

The Latour Group's wholly-owned companies run operations requiring licensing and registration under the Swedish Environmental Code. In Sweden, one of the Group's subsidiaries is required to have licences and eight of the subsidiaries are required to register under the Code. The companies that are required to be licensed and registered have production operations in the engineering industry. The environmental impact is emissions to air and discharge into municipal treatment plants.

All of these companies have the necessary permits and have complied with the current requirements for their operations.

PROPOSED DIVIDENDS AND ALLOCATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting approve an increase in the ordinary dividend to SEK 2.50 (2.25) per share, which in absolute terms equates to a payout of SEK 1,598 m.

The Board's proposal for the allocation of profits is presented in full on page 107.

PROSPECTS FOR 2019

In 2018, demand remained stable with good organic growth and a strong earnings performance. The situation looks good for 2019, with a robust order backlog at the start of the year, but preparedness is in place should there be a slowdown in activity.

No forecast is given for 2019.

Consolidated income statement

SEK m	Note	2018	2017
Net sales	4–6	11,785	9,930
Cost of goods sold		–7,073	–5,885
Gross profit		4,712	4,045
Sales costs		–2,063	–1,856
Administrative costs		–953	–837
Research and development costs		–328	–286
Other operating income	13	143	141
Other operating expenses	13	–114	–82
Operating profit	7–12	1,397	1,125
Income from interests in associates	14	1,278	2,006
Income from equity investment	15	23	10
Management costs		–21	–18
Profit before financial items		2,677	3,123
Finance income	16	44	137
Finance expense	17	–75	–191
Profit after financial items		2,646	3,069
Taxes	18	–322	–281
Profit for the year		2,324	2,788
Attributable to:			
Parent company shareholders		2,336	2,793
Non-controlling interests		–12	–5
Earnings per share, based on earnings attributable to shareholders of the parent company	36		
Basic share		SEK 3.66	SEK 4.37
Diluted share		SEK 3.64	SEK 4.36

Statement of comprehensive income

SEK m	Note	2018	2017
Profit for the year		2,324	2,788
Other comprehensive income:			
Items that will not be recycled to the income statement			
Restatement of net pension obligations		–7	–7
		–7	–7
Items that may subsequently be recycled to the income statement			
Translation differences		196	72
Change in fair value reserve for the year		–94	–72
Change in hedging reserve for the year		–23	–34
Share of other comprehensive income from associates		525	–436
		604	–470
Other comprehensive income, net after tax	39	597	–477
Comprehensive income for the year		2,921	2,311
Attributable to:			
Parent company shareholders		2,933	2,316
Non-controlling interests		–12	–5

Consolidated balance sheet

SEK m	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	19	6,781	6,006
Property, plant and equipment			
Buildings	20	374	378
Land and land improvements	21	34	18
Machinery	22	275	279
Equipment	23	228	190
Construction work in progress and advances	24	48	20
Financial assets			
Interests in associates	26	17,054	16,043
Listed shares	27	229	323
Other long-term securities holdings	28	2	9
Other long-term receivables	29	38	32
Deferred tax asset	39	125	101
		25,188	23,399
Current assets			
Inventories etc.	30		
Raw materials and consumables		620	549
Work-in-progress		124	96
Finished work and goods for resale		974	764
Advance payments to suppliers		11	6
Listed shares trading	31	41	40
Current receivables			
Accounts receivable	32	2,020	1,637
Current tax asset		124	125
Derivative instruments	33	4	0
Other current receivables		187	113
Prepaid expenses and accrued income		130	102
Cash and cash equivalents	*34*	*744*	*626*
		4,979	4,058
Total assets		30,167	27,457

Consolidated balance sheet

SEK m	Note	2018	2017
EQUITY			
Capital and reserves attributable to parent company shareholders	*36*		
Share capital		133	133
Repurchased shares		–60	–72
Reserves		432	357
Profit brought forward		21,263	19,827
		21,768	20,245
Non-controlling interests		*95*	*102*
Total equity		21,863	20,347
LIABILITIES			
Long-term liabilities			
Retirement benefit obligations	38	89	74
Deferred tax liability	39	315	270
Other provisions	40	109	121
Interest-bearing liabilities	41	3,474	521
		3,987	986
Current liabilities			
Overdraft facility	42	72	151
Debts to credit institutions	35	1,954	3,995
Advances from customers		146	94
Accounts payable		945	807
Current tax liability		114	160
Other provisions	40	14	12
Derivative instruments	33	7	20
Other liabilities		248	224
Accrued expenses and deferred income	43	817	661
		4,317	6,124
Total liabilities		8,304	7,110
Total equity and liabilities		30,167	27,457

Consolidated cash flow statement

SEK m	Note	2018	2017
Operating profit		1,397	1,125
Depreciation/amortisation		226	194
Capital gains		3	2
Other adjustments to non-cash items		29	–37
Paid tax		–329	–253
Operating cash flows before movements in working capital		1,326	1,031
Movements in working capital			
Inventories		–230	–185
Accounts receivable		–237	–115
Current receivables		–54	19
Current operating liabilities		309	177
		–212	–104
Operating cash flows		1,114	927
Investments			
Acquisition of subsidiaries	46	–1,057	–662
Sale of subsidiaries	47	72	7
Acquisition of fixed assets		–225	–218
Sale of fixed assets		11	27
Investing cash flows		–1,199	–846
Equity investment			
Dividends received		1,038	862
Management costs etc.		–20	–18
Purchase of listed shares etc.		–95	–68
Purchase of shares in associates		–174	–2,018
Sale of listed shares		96	68
Sales of shares in associates		4	0
Cash flows from equity investment		849	–1,174
Cash flows after investments and equity investment		764	–1,093
Financial payments			
Interest received		44	133
Interest paid		–78	–190
Net change in borrowings	37	772	1,733
Dividends paid		–1,437	–1,277
Exercise of call options		–3	–9
Issued call options		5	6
Cash flows from financial payments		–697	396
Change in cash and cash equivalents		67	–697
Cash and cash equivalents at beginning of the year		626	1,307
Exchange rate difference in cash and cash equivalents		51	16
Cash and cash equivalents at end of the year	34	744	626

Change in consolidated equity

	Note	Attributable to parent company shareholders				Non-controlling interests	Total
		Share capital	Repurchased shares	Reserves	Profit brought forward		
Opening equity 1 Jan 2017	36	133	-72	394	18,757	107	19,319
Total comprehensive income				-37	2,350	-2	2,311
Change in non-controlling interests					-1	-3	-4
Exercise of call options			37		-9		28
Issued call options					7		7
Repurchased shares			-37				-37
Dividends					-1,277		-1,277
Closing balance 31 Dec 2017		133	-72	357	19,827	102	20,347
Adjustment for amended accounting policies					29		29
Opening balance 1 Jan 2018	36	133	-72	357	19,856	102	20,376
Total comprehensive income				75	2,853	-7	2,921
Change in non-controlling interests							0
Exercise of call options					5		5
Issued call options			42		-14		28
Repurchased shares			-30				-30
Dividends					-1,437		-1,437
Closing equity 31 Dec 2018		133	-60	432	21,263	95	21,863

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2017	Change in cash and cash equivalents	Change in loans	Other changes	31 Dec 2018
Receivables	32			4	36
Cash and cash equivalents	626	118			744
Retirement benefit obligations	–75			–14	–89
Long-term liabilities	–521		–2,953		–3,474
Utilised bank overdraft facilities	–151		79		–72
Current liabilities	–3,995		2,038		–1,957
Interest-bearing net debt	–4,084	118	–836	–10	–4,812

Parent company income statement

SEK m	Note	2018	2017
Income from interests in Group companies – dividends		625	425
Income from interests in associates	14	798	666
Income from equity investment		–	–
Management costs		–15	–13
Profit before financial items		1,408	1,078
Interest income		6	0
Interest expense		–6	0
Profit after financial items		1,408	1,078
Taxes	18	–	–
Profit for the year		1,408	1,078

Parent company statement of comprehensive income

SEK m	Note	2018	2017
Profit for the year		1,408	1,078
Other comprehensive income:			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		–	–
Other comprehensive income, net after tax		0	0
Comprehensive income for the year		1,408	1,078

Parent company balance sheet

SEK m	Note	2018	2017
ASSETS			
Fixed assets			
Financial assets			
Interests in subsidiaries	25	2,246	2,246
Interests in associates	26	7,585	7,414
Receivables from Group companies		3,100	448
		12,931	10,108
Current assets			
Current receivables			
Receivables from Group companies		252	0
Prepaid expenses and accrued income		6	2
Cash and cash equivalents		0	0
		258	2
Total assets		13,189	10,110
EQUITY AND LIABILITIES			
Equity	36		
Restricted equity			
Share capital		133	133
Other funds		96	96
Non-restricted equity			
Profit brought forward		8,444	8,800
Profit for the year		1,408	1,078
		10,081	10,107
Long-term liabilities			
Debts to credit institutions		3,100	–
Other non-interest-bearing liabilities		–	–
		3,100	0
Current liabilities			
Debts to Group companies		–	–
Other liabilities		8	3
		8	3
Total equity and liabilities		13,189	10,110

Parent company cash flow statement

SEK m	Note	2018	2017
Current receivables		–3	0
Current operating liabilities		5	1
Operating cash flows		2	1
Equity investment			
Dividends received		798	665
Management costs etc.		–15	–12
Purchase of listed shares etc.		–170	–2,009
Sale of listed shares		0	0
Cash flows from equity investment		613	–1,356
Cash flows after investments and equity investment		615	–1,355
Financial payments			
Interest received		6	0
Interest paid		–6	0
New borrowings		195	2,205
Dividends received from subsidiaries		625	425
Dividends paid		–1,437	–1,277
Exercise of call options		–3	–9
Issued call options		5	6
Cash flows from financial payments		–615	1,350
Change in cash and cash equivalents		0	–5
Cash and cash equivalents at beginning of the year		0	5
Cash and cash equivalents at end of the year		0	0

Change in parent company equity

			Other funds			
SEK m	Note	Share capital	Reserve fund	Fair value fund	Profit brought forward	Total
Closing balance 31 Dec 2016	36	133	96	0	10,079	10,308
Total comprehensive income					1,078	1,078
Dividends paid					–1,277	–1,277
Repurchase of own shares					–37	–37
Exercise of call options					28	28
Issued call options					7	7
Closing balance 31 Dec 2017	36	133	96	0	9,878	10,107
Total comprehensive income					1,408	1,408
Dividends paid					–1,437	–1,437
Repurchase of own shares					–30	–30
Exercise of call options					28	28
Issued call options					5	5
Closing balance 31 Dec 2018		133	96	0	9,852	10,081

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

NOTE 1 General information

Investment AB Latour (publ), corporate registration number 556026-3237, is a mixed investment company with wholly-owned industrial operations and an investment portfolio, which consists of ten substantial holdings.

The parent company is a limited company registered in Gothenburg. The head office address is J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden. The parent company is listed on the Nasdaq OMX Stockholm Large Cap list.

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 15 March 2019. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 7 May 2019 for approval.

NOTE 2 Accounting policies

Basis of preparation of the consolidated financial statements

The consolidated financial statements for Investment AB Latour have been prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standard Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU. Furthermore, the Group has applied the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The consolidated financial statements have been prepared using the cost method except for revaluations of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) measured at fair value through the income statement.

The preparation of statements in conformity with the IFRS requires the use of certain estimates for accounting purposes. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas that involve a significant degree of estimation that are complex, or where assumptions and estimates are critical to the consolidated financial statements, are set out in Note 50.

The parent company applies the same accounting policies as the Group, except in the cases presented below in "Parent company accounting policies". The differences between the parent company's and the Group's policies are due to limitations in the ability to apply the IFRS in the parent company because of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and also, in some cases, because of tax reasons.

New and amended accounting policies

New and amended standards are mandatory for the first time for the financial year beginning 1 January 2018.
The Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect as of 1 January 2018.

Participating interests in associates and participating equity have increased by SEK 29 m as a consequence of an increase in Securitas' equity with the introduction of IFRS 15. Otherwise, no other new accounting policies that became effective on 1 January 2018 have had a material impact on the financial performance or position of Investment AB Latour.

New standards, amendments to and interpretations of existing standards that have not yet come into effect and have not been adopted early.
The following new standards and interpretations have been published and are applicable for annual reporting periods beginning 1 January 2019 onwards and have not been adopted for the preparation of these financial statements. IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments.

The Group has adopted IFRS 16 with effect from 1 January 2019. Upon transition, all leases will be recognised in the consolidated balance sheet, with the exception of short-term leases and leases for which the underlying asset is of low value. The standard requires recognition of a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The impact on property, plant and equipment is expected to be just over SEK 700 m and mainly pertains to land and buildings. Interest-bearing debt is expected to increase by just over SEK 700 m. This will have no significant impact on the consolidated income statement. The Group applies the simplified transition approach and is therefore not required to restate comparative information. The Group has also elected not to recognise right-of-use and liabilities for short-term leases and leases of low-value assets.

IFRIC 23 explains how entities should measure and recognise a transaction if there is uncertainty over a tax treatment. The Group has adopted the new guidelines with effect from 1 January 2019 and they are not expected to have a material impact on the Group's financial statements.

Consolidated financial statements

Subsidiaries
Subsidiaries are all entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Business combinations are accounted for using the acquisition method. This method means that equity, including the capital portion of untaxed reserves in the subsidiary at the acquisition date, is entirely eliminated. Consequently, only profit generated after the acquisition date is included in Group equity.

The purchase price for the acquisition of a subsidiary is the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price includes the fair value of all assets or liabilities resulting from an agreement on conditional consideration. If the group-wise cost of the shares exceeds the book value of the company's net assets in the acquisition analysis, the difference is recognised as goodwill in the consolidated statement. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets and any contingent liabilities, the difference is recognised directly in the income statement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and transferred liabilities in a business combination are initially measured at fair value at the acquisition date. The Group determines, for each acquisition, whether all the non-controlling interests in the acquired entity will be recognised at fair value or at the proportional share of the acquired entity's net assets.

Companies acquired during the year are included in the consolidated financial statements with amounts relating to the post-acquisition period Profits from companies sold during the year have been included in the consolidated income statement for the period up to the disposal date.

The assets and liabilities of Latour's foreign Group companies are translated at the exchange rate prevailing at the balance sheet date. All items in the income statement are translated at the average exchange rate for the year. Translation differences are recognised directly in Group equity.

Internal Group transactions, balance sheet items, income and expenses on transactions between Group companies are eliminated. Gains and losses arising from internal Group transactions reported under assets are also eliminated.

Associated companies
Associates are entities over which the Group exercises significant influence, but not control. As a rule, significant influence exists when the Group holds between 20 per cent and 50 per cent of the voting rights.

Latour holds shares in AB Fagerhult representing 49 per cent of the voting rights. Management has concluded that Latour does not have a controlling influence over Fagerhult and the holding is therefore regarded as an associated company. This is based on the following factors:

Even though Latour has a significant ownership interest, there are several

Cont. ▸

▸ Note 2 cont.

other large shareholders, the three largest of which (apart from Latour) have approximately 21 per cent. Moreover, two of these shareholders are represented in the Nomination Committee. Fagerhult's Board operates as a professional board with a majority of members with no relationship to Latour. Fagerhult is operated as a wholly independent company and not as an integrated company. The companies' management functions are completely separate from one another and there is no exchange or other practical circumstances whatsoever to suggest that Fagerhult's management reports to Latour.

Investment in associates is accounted for using the equity method. This method entails that the book value of shares in associated companies in the Group's accounts corresponds to the Group's participation in associated companies' equity and any residual value in group-wise surplus and deficits. The Group's share of the profit after tax of its associates, with any adjustment for amortisation or reversal of acquired surpluses or deficits, is recognised in the Group's income statement as "Income from interests in associates".

When the Group no longer has a controlling or significant influence, each retained holding is remeasured to fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the retained holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the associated assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

If the ownership stake in an associated company is reduced, but a significant influence is retained, only a proportional share of the amounts previously reported in other comprehensive income are, where relevant, reclassified to the income statement.

Revenue

Revenue in the ordinary operations comprises the sale of goods or services. Revenue from the sale of services is defined as invoiced business activities that do not include physical goods, or where the physical good is of subordinate importance to the service in the agreement. Goods that are not covered by a service agreement are recognised as separate performance obligations and classified as revenue from the sale of goods. Revenue is recognised when control has passed to the buyer. The sale is recognised net of volume discounts, returns and other variable remuneration. Revenue from the sale of goods is recognised at a point in time. Revenue from service and/or maintenance agreements is recognised either at a point in time or over a period of time. For income and expenses arising from the rendering of services, revenue and costs should be recognised by reference to the stage of completion of the transaction at the balance sheet date (the percentage-of-completion method). The stage of completion of a transaction is determined by comparing the costs incurred at the balance sheet date with estimated total costs.

Any expected losses on agreements are recognised in full in the period when the loss is likely to occur and can be estimated. See Notes 3, 4 and 6 for a breakdown of revenue by segment, geographic area and category.

Other operating income and operating expenses

Other operating income and operating expenses include income and expenses from activities outside ordinary operations. See Note 13.

Finance income and expense

Finance income and finance expense comprise interest income and interest costs, dividend revenue and realised and unrealised foreign exchange losses and gains.

Interest income on receivables and interest costs on liabilities are calculated using the effective interest rate method. Interest costs are charged to the income statement in the period in which they occur regardless of how the borrowed funds have been used. Interest costs include transaction costs for loans which have been recorded over the term of the contract, which also applies for any difference between received funds and repayment amounts. Dividend revenue is recognised when the dividend has been approved and the right to receive the payment has been established.

Borrowing costs

Borrowing costs that are directly attributable to the production of an asset, for which borrowing costs can be added to the cost, are capitalised during the period of time required to complete the work and get the asset ready for its intended use. Other borrowing costs are expensed as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method or the weighted average cost method if this is a good estimate of FIFO. The net realisable value is the estimated sales price in the operating activities, with a deduction for applicable variable sales costs. The value of finished goods and work-in-progress includes raw materials, direct work, other direct costs and production-related overheads. Obsolescence is depreciated separately. When assessing net realisable values, consideration is given to the age and turnover rate for the items in question. The change between the opening and closing provision for obsolescence for the year affects operating profit in its entirety.

Translation of foreign currencies

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swedish crowns (SEK), which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the date of the transaction. Currency gains and losses arising on payment of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the balance sheet date are recognised in the income statement. The exception to this is when the transactions relate to qualifying cash flow hedges and qualifying net investment hedges, in which case gains/losses are recognised in equity.

Translation differences on non-monetary items, such as shares measured at fair value through the income statement, are recognised as part of the fair value gain/loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are taken to a reserve for fair value in equity.

Group companies

The results and financial position of all Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all exchange differences arising are presented as a separate line item under equity.

On consolidation, exchange differences arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. On disposal of a foreign operation, the exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and changes in fair value arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and are translated at the exchange rate ruling at the balance sheet date.

Property, plant and equipment

Land and buildings largely comprise factories, warehouses and offices. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred. Depreciation of assets is calculated using the straight line method over the following estimated useful economic lives:

Buildings	25–50 years
Land improvements	10–20 years
Machinery	5–10 years
Vehicles and computers	3–5 years
Other inventories	5–10 years

▸ Note 2 cont.

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses in divestitures are determined by comparing sales revenue and carrying amount and are reported in the income statement.

Intangible assets

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's or associated company's identifiable net assets on the date of acquisition. Goodwill arising on acquisition of subsidiaries is recognised as an intangible asset. Goodwill arising on acquisition of associated companies is included in the value of holdings in associates.

Goodwill is tested for impairment annually and is carried at cost less any accumulated impairment losses. Impairment losses recognised in respect of goodwill are not reversed. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Trademarks and licences

Trademarks and licences are recognised at cost. Trademarks and licences have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful lives (5-20 years) of the trademarks and licences.

Impairment

Assets that have an indefinite useful life are not subject to amortisation but are tested for impairment annually. Assets that are subject to amortisation are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised as the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). With the exception of financial assets and goodwill, the recoverability of assets, for which impairment losses have been recognised previously, is assessed at each balance sheet date.

Research and development

Research expenditure is expensed as incurred. Development expenditure is capitalised if it is expected to yield economic benefits in the future. The carrying amount includes expenditure for materials, direct costs for wages and salaries and indirect expenditure attributable to the asset in a reasonable and consistent manner. Other development expenditure is recognised in the income statement as an expense as incurred.

Financial instruments

Financial instruments recognised in the balance sheet comprise accounts receivable, securities, loan receivables and derivatives. Accounts payable, any issued debt or equity instruments, loan liabilities and derivatives are recorded as liabilities and equity.

All financial instruments are initially recognised at cost equal to the fair value of the instrument plus transaction costs, except those classified as Financial assets, which are recognised at fair value through the income statement. Recognition then takes place on the basis of classification as specified below.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when an item has been delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised, mature or the company loses control over them. The same holds true for part of a financial asset. A financial liability is derecognised from the balance sheet when the commitment in the contract is met or otherwise extinguished. The same holds true for part of a financial liability.

Acquisitions and disposals of financial assets are recognised on the transaction date. This is the date on which the company pledges to acquire or dispose of the asset. The fair value of listed financial assets is the equivalent of the asset's listed purchase 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. See Note 35 for further details.

The Group measures future expected credit losses on investments in debt instruments that are recognised at amortised cost or fair value, with changes in value recognised in other comprehensive income based on forward-looking information. The Group uses the provision method based on whether there has been a significant increase in credit risk or not.

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual cash flow characteristics of the assets. Measurement of an equity investment not held for trading depends on whether the Group made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income.

Financial assets are classified in three categories, which are based on the Group's business model and the asset's contractual cash flows.

Financial assets measured at fair value through comprehensive income

This category includes equity instruments not held for trading for which the Group made an irrevocable election at initial recognition to measure the holding at fair value through other comprehensive income. Latour's listed shares that are not held for trading are included in this category.

At the time of disposal of equity instruments, items previously recognised in other comprehensive income are transferred to profit brought forward and are not reclassified to the income statement.

Under IFRS 9, the classification has not led to any change or reclassification compared with previous recognition in this category.

Financial assets measured at fair value through the income statement

Assets that do not meet the requirements to be recognised at amortised cost or fair value through other comprehensive income are measured at fair value through the income statement. A gain or loss on debt instruments recognised at fair value through the income statement and which is not in a hedging relationship is recognised net in the income statement in the period in which the gain or loss occurs. Latour's listed shares that are held for trading are included in this category. Derivates that do not meet the eligibility criteria for hedge accounting are recognised at fair value through the income statement.

Under IFRS 9, the classification has not led to any change or reclassification compared with previous recognition in this category.

Amortised cost

Assets held with the objective of collecting the contractual cash flows that are solely payments of principal and interest, and that are not designated as measured at fair value through the income statement are measured at amortised cost. The carrying amount of these assets is adjusted for any recognised expected credit losses.

The Group applies the simplified approach for accounts receivable whereby the provision will equal the expected credit loss over the entire life of the receivable. To measure the expected credit losses, accounts receivable have been put into groups based on shared credit risk characteristics and days past due. The Group uses forward-looking factors for expected credit losses. Expected credit losses are recognised under Sales and administrative costs in the consolidated statement of comprehensive income.

Under IFRS 9, the classification has not led to any change in value. However, the previous categories “Derivatives used for hedging purposes” and “Loans and receivables, cash and cash equivalents” are now included in the Amortised cost category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is calculated based on expected contractual cash flows that are solely payments of principal and interest.

Cont. ▸

Note 2 cont.

Other financial liabilities
Financial liabilities not held for trading are initially measured at fair value, net after transaction costs, and thereafter at amortised cost. Amortised cost is determined using the effective interest rate calculated when the liability was recognised. This means that surpluses or deficits as well as direct issue costs are amortised over the term of the liability.

Derivatives used in hedge accounting
Derivative instruments are initially recognised at fair value in the balance sheet on the contract date and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group identifies certain derivatives as either: a hedge of a very probable forecast transaction (cash flow hedge); or a hedge of a net investment in a foreign operation.

When a transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item as well as the purpose of the risk management and strategy in order to take various hedging measures. The Group also documents its assessment when initiating the hedge and continuously thereafter to see if the derivative instruments used in hedging transactions are effective as an offset to changes in the fair value or cash flows of hedged items.

Cash flow hedges
The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and become a component of equity.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (e.g. when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss relating to the hedge that exists in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedges
Hedges of net investments in foreign operations are recognised in the same way as cash flow hedges. Gains or losses attributable to the hedging instrument associated with the effective portion of the hedge are recognised in equity. Gains or loss associated with the ineffective portion are transferred directly to the income statement.

Gains and losses accumulated in equity are recognised in the income statement when the foreign operations are sold.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement under Other income or Other expenses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, and immediately available balances in banks and similar institutions, and short-term liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

Long-term receivables and other current receivables
Long-term receivables and other current receivables are receivables that arise when the company supplies money without intending to trade on the receivable rights. Receivables that are expected to be held for longer than one year are long-term receivables. If they are expected to be held for less than one year, they are other receivables. These receivables belong to the category of amortised cost. Amortised cost is calculated based on expected contractual cash flows that are solely payments of principal and interest.

Income taxes

Recognised income taxes comprise tax that is payable or receivable for the current year, adjustment of tax attributable to previous years and changes in deferred taxes.

All tax liabilities and assets are measured at nominal amounts using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Tax is reported in the income statement except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Deferred tax is calculated using the balance sheet method, based on all temporary differences arising between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets relating to future tax deductions are recognised only if it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

In legal entities, untaxed reserves are reported including deferred tax liabilities.

Deferred tax is not recognised for temporary differences associated with interests in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions involving inflows and outflows of cash. Cash and cash equivalents comprise, besides bank and cash balances, short-term financial investments with maturities of three months or less.

Leases

A lease is classified either as a finance lease or as an operating lease in the consolidated financial statements. Leased fixed assets, where the Group essentially has the same risks and rewards as direct ownership, are classified as finance leases. The leased asset is then reported as a fixed asset and future lease payments as interest-bearing debts. A leased asset is classified as an operating lease if the lessor essentially retains ownership of the asset and the rental is charged on a straight-line basis over the lease term. The parent company classifies all leases as operating leases.

Government grants

Government grants are recognised in the income statement and balance sheet when there is reasonable assurance that they will be received and that the conditions associated with the grant will be met. Grants that are compensation for expenses incurred are recognised on a systematic basis in the same way and in the same periods in which the expenses are recognised. Grants pertaining to investments in property, plant and equipment have reduced the carrying amounts of the assets in question.

Provisions

A provision is recognised when the Group/company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for warranties are based on the previous years' actual costs.

Pensions

The Group has several defined contribution and defined benefit pension plans. In Sweden, Norway, Germany, Switzerland and Italy, employees are covered by defined benefit, alternatively defined contribution, pension plans. In other countries, the employees are covered by defined contribution plans.

In defined contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay any additional fees. Costs are expensed to the consolidated income statement as the benefits are earned.

In defined benefit plans, remuneration to employees and ex-employees is paid on the basis of salary at the point of retirement and the number of years of service. The Group bears the risk for payment of the pledged remuneration.

The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The pension cost and the pension obligation of defined benefit plans are calculated using the Projected Unit Credit Method. The method allocates the cost for pensions at the same rate as employees carry out services for the company which increase their right to future remuneration. The calculation is made annually by independent actuaries.

The company's obligations are measured at the present value of anticipated future payments by using a discount rate. The Group primarily deter-

▸ Note 2 cont.

mines this rate using the interest rate for high-quality government bonds measured in the currency in which the benefits are to be paid. For obligations in Sweden, the Group uses the interest rate for 12-year mortgage bonds which are then extrapolated with the growth rate estimate for the 23-year government bond rate to correspond to the remaining maturity period for the obligations in question.

The most important actuarial assumptions are set out in Note 36.

The net interest amount is calculated by applying the discount rate to the defined benefit plans and to the fair values of plan assets. This cost is recognised as personnel costs in the income statement.

Prior service costs are recognised directly in the income statement. Other pension expense items are charged to comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Contingent liabilities

A contingent liability is reported when an obligation may result from events that have occurred and its existence is only confirmed by one or several uncertain future events or when an obligation is not recorded as a liability or provision because it is improbable that an expenditure of resources will be required to regulate it.

Segment reporting

The Group's operations are managed and grouped into Industrial operations and Equity investment. Industrial operations are in turn divided into four business areas. Together with equity investment, these business lines make up the Group's operating segments. Revenue, operating profit, assets and liabilities pertaining to the segments include directly attributable items together with items that can be allocated to the respective segment in a reliable way. Non-allocated items generally comprise interest-bearing assets and liabilities, interest income, interest expenses, costs common to the Group and taxes.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. This measurement requirement does not apply to deferred tax assets, assets arising from employee benefits, financial assets, management properties and contractual rights under insurance contracts.

Assets within a disposal group classified as held for sale are recognised separately from other assets in the balance sheet. Liabilities associated with a disposal group classified as held for sale are recognised separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business. The profit or loss from discontinued operations is recognised separately in the income statement.

Parent company accounting policies

The parent company complies with the requirements of the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. RFR 2 requires the parent company to comply with IFRS/IAS as far as possible. Differences between parent company and Group accounting policies are primarily due to the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and, in certain cases, special tax regulations. In the following cases, the parent company's accounting policies are not consistent with the IFRS.

Associated companies

The parent company recognises associated companies using the cost method.

Payments to employees/defined benefit pensions

The parent company's defined benefit pension plans have been calculated according to the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's regulations since this is a prerequisite for fiscal deductions.

Income taxes

From a fiscal perspective, Investment AB Latour is an investment company. Profits on sales of shares are not liable to tax and losses are not deductible. The company must however declare 1.5 per cent of the market value of all shareholdings at the beginning of the year as standard taxable income. However this is only valid for listed shares where the share of votes is under 10 per cent. Dividends received are taxable and dividends paid are deductible. Interest income is taxable while management costs and interest expenses are deductible.

NOTE 3 Segment reporting

DEVELOPMENT BY BUSINESS AREA 1 JAN 2018-31 DEC 2018

	Industrial operations						
SEK m	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other	Equity investment	Total
REVENUE							
External sales	2,407	2,756	1,309	5,136	177		11,785
Internal sales		2		1			3
INCOME							
Operating profit	375	191	397	514	–80		1,397
Income from equity investment						1,280	1,280
Finance income							44
Finance expense							–75
Taxes							–322
Profit for the year							**2,324**
OTHER DISCLOSURES							
Assets	2,758	3,604	1,343	4,388	784	16,959	29,836
Unallocated assets							331
Total assets							**30,167**
Liabilities	355	642	200	1,095	120	12	2,424
Unallocated liabilities							5,880
Total liabilities							**8,304**
Investments in:							
property, plant and equipment	46	49	29	69	39		232
intangible assets	719	86	14	84	2		905
Depreciation/amortisation	20	65	34	85	22		226

DEVELOPMENT BY BUSINESS AREA 1 JAN 2017-31 DEC 2017

	Industrial operations						
SEK m	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other	Equity investment	Total
REVENUE							
External sales	1,901	2,355	1,114	4,378	182		9,930
Internal sales		2					2
INCOME							
Operating profit	287	173	340	381	–56		1,125
Income from equity investment						1,998	1,998
Finance income							137
Finance expense							–191
Taxes							–281
Profit for the year							**2,788**
OTHER DISCLOSURES							
Assets	1,621	3,629	1,195	3,916	443	16,090	26,894
Unallocated assets							563
Total assets							**27,457**
Liabilities	297	631	159	879	68	6	2,040
Unallocated liabilities							5,070
Total liabilities							**7,110**
Investments in:							
property, plant and equipment	9	136	27	65	31		268
intangible assets	20	646	6	175			847
Depreciation/amortisation	14	51	29	81	19		194

Executive management has determined the operating segments based on the reports reviewed by Latour's Board of Directors that are used to make strategic decisions. The Board primarily assesses the business areas from an operational perspective and also, to some extent, from a geographic viewpoint.

The operations can be divided into two main areas: wholly-owned industrial operations and equity investment. The industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock Group and Swegon.

Equity investment primarily consists of portfolio management of long-term holdings where Latour owns at least 10 per cent of the votes.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable and reliable basis. Segment assets and liabilities do not include tax assets and tax liabilities (deferred and current), nor do they include interest-bearing assets and liabilities. Segment investments in property, plant and equipment and intangible assets include all investments, except for those in expendable equipment and low-value equipment.

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2018	2017
Sweden	2,627	2,539
Nordics, excl. Sweden	1,994	1,690
Europe, excl. Nordics	5,258	4,303
Other markets	1,906	1,398
Total	11,785	9,930

Breakdown of assets by geographic markets:

	2018	2017
Sweden	26,006	24,052
Nordics, excl. Sweden	1,159	976
Europe, excl. Nordics	2,553	2,122
Other markets	449	307
Total	30,167	27,457

Breakdown of investments by geographic markets:

	2018	2017
Sweden	315	254
Nordics, excl. Sweden	4	27
Europe, excl. Nordics	252	800
Other markets	566	34
Total	1,137	1,115

Historically, the Group's domestic market has been the Nordic countries, with the majority of production located in Sweden. Today, the Group's main area of expansion is Europe although it is moving into other parts of the world too. Based on the size criteria, no specific countries are deemed large enough to be reported separately.

NOTE 5 Related party transactions

The Douglas family has a controlling influence over Investment AB Latour. Privately and through companies, the Douglas family controls 80.3 per cent of the voting rights in Latour. Two members of the family each received Board fees of SEK 520,000, i.e. a total of SEK 1,040,000.

Investment AB Latour thus has a holding of 722,500 shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 1,401,000, which give the right to purchase 2,346,000 shares. The Board was authorised by the Annual General Meeting on 9 May 2018 to resolve on the repurchase and transfer of the company's own shares. The options are based on market-competitive terms. See Note 10 for details about salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives.

Purchasing and sales for the year between Group companies in the Latour Group total SEK 4,990 m (4,376 m). There were no purchases or sales with the parent company.

There have been no transactions with other related parties or other companies during the year.

NOTE 6 Breakdown of revenues

THE GROUP	2018	2017
Revenue from the sales of goods	10,538	8,610
Revenue from services	1,247	1,320
	11,785	9,930
Fixed price agreement	9,107	7,830
Existing agreements	2,678	2,100
	11,785	9,930
Sales directly to customers	6,135	5,096
Sales via distributors	5,650	4,834
Total	11,785	9,930

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

NOTE 7 Breakdown of expenses by type of cost

THE GROUP	2018	2017
Change in inventories	5,711	4,695
Remuneration to personnel	3,101	2,740
Depreciation/amortisation	226	194
Other expenses	1,350	1,176
Total	10,388	8,805

NOTE 8 Exchange rate differences

Operating profit includes exchange rate differences relating to operating receivables and liabilities as follows:

THE GROUP	2018	2017
Net sales	-16	-5
Cost of goods sold	–	-7
Sales costs	–	2
Other operating expenses	4	–
Total	-12	-10

NOTE 9 Remuneration to auditors

THE GROUP	2018	2017
PWC		
Audit services	8	7
of which to PriceWaterhouseCoopers AB	3	3
Non-audit work	0	0
Tax advisory services	1	1
of which to PriceWaterhouseCoopers AB	0	1
Other services	1	1
of which to PriceWaterhouseCoopers AB	1	0
Total	10	9
Audit fees to others	3	4
Total	13	13

Remuneration to auditors for audit services in the parent company amounted to SEK 90,000 (90,000) and for other services SEK 0,000 (0,000).

NOTE 10 Personnel

Salaries, other remuneration and social costs

	2018		2017	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	5	1	4	1
Subsidiaries	2,413	691	2,121	620
The Group	2,418	692	2,125	621

SEK 26 m (16 m) of the Group's pension costs relate to boards and managing directors.

Breakdown of salaries and other remuneration by country and between board members and others, and employees:

	2018		2017	
	Board and CEO (of which bonus)	Other employees	Board and CEO (of which bonus)	Other employees
Parent company				
Sweden	5 (0)	–	4 (0)	–
Subsidiaries				
Sweden	51 (12)	838	53 (11)	816
Italy	6 (1)	173	7 (0)	134
Finland	7 (1)	115	5 (1)	96
Germany	11 (1)	250	9 (1)	198
UK	11 (1)	213	10 (2)	180
Norway	4 (1)	78	2 (0)	73
USA	4 (0)	155	4 (1)	105
Switzerland	8 (1)	54	5 (1)	44
Denmark	4 (1)	46	3 (1)	39
Poland	3 (2)	64	2 (2)	51
France	1 (0)	32	1 (0)	27
The Netherlands	1 (0)	10	1 (0)	9
Belgium	4 (0)	67	7 (0)	58
Ireland	3 (0)	19	1 (0)	7
Other countries	8 (0)	152	9 (0)	145
Group total	131 (21)	2,266	123 (20)	1,982

Periods of notice within the Group are between 3 and 24 months, depending on age and position.

Remuneration to senior executives
Policies

The Chairman of the Board and Board members receive the remuneration decided by the Annual General Meeting. They are not paid extra for committee work.

Remuneration to the Chief Executive Officer and other senior executives is comprised of basic salary, variable remuneration, other benefits and pension. Other senior executives are the members of Group management and business area managers, who report directly to the Chief Executive Officer.

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and was capped at 53 per cent of basic salary in 2018. Variable remuneration for other senior executives is based on profits and return on operating capital. Under current agreements for the annual variable remuneration, the remuneration is capped at between 25 and 50 per cent of basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, that is connected to the business areas' long-term value development over a three-year period.

The Board also has the right to approve additional remuneration to the company management in the form of share-related incentive schemes (e.g. call option schemes) provided that they promote long-term commitment to the organisation and they are provided on market terms. The Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

2018 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ Board fees	Variable remuneration [3]	Other benefits [2]	Pension costs	Total
Chairman of the Board	1,460	–	–	–	1,460
Other Board members (6 people) [1]	3,120	–	–	–	3,120
Chief Executive Officer [2]	5,475	2,690	104	4,230	12,499
– retirement pension as per agreement [4]				4,349 [4]	4,349
Other senior executives (5 people)	15,144	9,938	861	4,734	30,677

[1] Other Board members have received SEK 520,000 each.
[2] Other benefits relate mainly to car benefits.
[3] Variable remuneration to the Chief Executive Officer was equal to 49 per cent of his basic salary and to other senior executives it ranged from 0-66 per cent of their basic salary.
[4] According to the original contract of employment, everyone in the company and the Chief Executive Officer are entitled to retirement benefits from the age of 62, with the right to 60 per cent of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO through 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday). During the year, the Board of Directors has approved a further SEK 3 m in retirement pension to the Chief Executive Officer as a non-recurring remuneration to be paid upon termination of employment on 31 August 2019. This is awarded for outstanding service over many years with Latour.

▸ Note 10 cont.

2017 Remuneration and other benefits during the year

(SEK 000)	Basic salary/Board fees	Variable remuneration [3]	Other benefits [2]	Pension costs	Total
Chairman of the Board	1,400	–	–	–	1,400
Other Board members (6 people) [1]	3,000	–	–	–	3,000
Chief Executive Officer	5,094	3,895	45	2,100	11,134
- retirement pension as per agreement [4]				7,389[4]	7,389
Other senior executives (5 people)	14,076	5,160	717	4,513	24,466

[1] Other Board members have received SEK 500,000 each.
[2] Other benefits relate mainly to car benefits.
[3] Variable remuneration to the Chief Executive Officer was equal to 76 per cent of his basic salary and to other senior executives it ranged from 0-50 per cent of their basic salary.
[4] According to the original contract of employment, everyone in the company and the Chief Executive Officer are entitled to retirement benefits from the age of 62, with the right to 60 per cent of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO through 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday).

Pensions

The Chief Executive Officer may retire at the age of 62, whereupon the company pays a pension of 60 per cent of his basic salary for three years.

The retirement age for other senior executives is 65, whereupon a pension is paid in accordance with the defined-benefit ITP pension scheme or the equivalent. Premiums are paid on an ongoing basis.

Option schemes

Share option schemes from 2014 vested during 2018, whereupon 144,000 options were exercised for the purchase of shares. As an effect of the 4-to-1 share split in June 2017, each option entitles the holder to purchase four shares, and the exercise price has thus been recalculated from SEK 194.20 to SEK 48.55. The table below shows the option schemes outstanding at the end of the year.

THE GROUP	No. issued options	Equivalent to the number of shares	Option price	Exercise price
2015/2019 [1]	149,500	598,000	25.00	64.725
2016/2020 [1]	151,000	604,000	35.40	93.80
2016/2020 [1]	3,000	12,000	34.80	89.575
2016/2020 [1]	11,500	46,000	33.00	85.325
2017/2021	603,000	603,000	10.00	106.30
2018/2022	483,000	483,000	10.80	111.30

[1] As an effect of the 4-to-1 share split in June 2017, each option entitles the holder to purchase four shares.

Severance payment

The period of notice between the company and the Chief Executive Officer is 12 months. In the case of dismissal by the company, the Chief Executive Officer will receive a severance payment equal to 12 months of salary. The severance payment is not set off against any other income. The Chief Executive Officer is required to give at least 6 months' notice of resignation and does not receive a severance payment.

Notice of termination of employment between the company and other senior executives varies from 6 to 12 months. In the case of dismissal by the company, the senior executives receive their salary during their notice period. Senior executives must give 6 months' notice and do not receive severance pay.

Preparation and decision process

The policies for remuneration to senior executives are decided by the Annual General Meeting. The pay and terms of employment of the Chief Executive Officer are determined by the Board of Directors. The Board has given the Chairman the task of reaching an agreement with the Chief Executive Officer after contact with the Remuneration Committee. The Board is then informed of the outcome of the negotiations.

Remuneration to other senior executives is determined by the Chief Executive Officer in consultation with the Chairman of the Board.

Gender diversity on the Board and within senior management

	2018		2017	
	Men %	Women %	Men %	Women %
Board members	75	25	75	25
Group management	100	0	100	0

Average number of employees

	2018		2017	
PARENT COMPANY	Number employees	Of which men %	Number employees	Of which men %
Sweden	–	–	–	–
SUBSIDIARIES				
Sweden	1,771	81	1,794	83
Italy	429	84	425	84
UK	538	71	521	70
Germany	448	76	414	73
Poland	236	67	223	77
USA	267	85	194	93
Finland	221	83	213	81
Norway	128	72	123	76
Romania	112	41	104	38
Other countries	978	66	891	77
Total in subsidiaries	5,128	75	4,902	79
Total	**5,128**	**75**	**4,902**	**79**

OPERATING AREAS	2018	2017
Industrial operations	5,127	4,901
Equity investment	1	1
Total	5,128	4,902

NOTE 11 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 53 m (35 m) and depreciation of property, plant and equipment amounts to SEK 173 m (159 m). A breakdown of depreciation/amortisation by function in the income statement is shown below:

THE GROUP	2018	2017
Trademarks, licences		
Cost of goods sold	1	2
Sales costs	8	5
Administrative costs	18	12
Research and development costs	26	16
Total	53	35
Buildings		
Cost of goods sold	19	16
Sales costs	2	1
Administrative costs	4	3
Research and development costs	0	2
Total	25	22
Land and land improvements		
Cost of goods sold	–	–
Total	0	0
Machinery		
Cost of goods sold	64	63
Sales costs	1	1
Administrative costs	5	3
Research and development costs	2	2
Total	72	69
Equipment		
Cost of goods sold	29	24
Sales costs	10	13
Administrative costs	36	29
Research and development costs	1	2
Total	76	68
Total depreciation	226	194

NOTE 12 Leases

Lease costs for premises, machinery, computers and office equipment for the Group were SEK 213 m (105 m).

Future minimum lease payments in the Group for non-cancellable operating leases fall due as follows:

Year	Future minimum lease payments
2019	221
2020–2023	492
2024–	138
Total	851

The Group leases a building under a finance lease. This is recognised as a fixed asset at a book value of SEK 78 m (80 m). Future lease payments on this building are recognised as interest-bearing debt amounting to SEK 61 m (64 m). The term is until 2027. See Note 20. Finance lease payments of SEK 4 m (4 m) have been recognised in the income statement. Minimum lease payments are grouped into <1 year, SEK 4 m, 1–5 years, SEK 16 m and >5 years, SEK 41 m.

NOTE 13 Operating income and operating expenses

Other operating income

THE GROUP	2018	2017
Capital gains on sales	30	8
Share of result in associated companies [1]	8	22
Exchange rate differences	4	0
Adjustment of additional purchase price	18	38
Other income	83	73
Total	143	141

Other operating expenses

THE GROUP	2018	2017
Acquisition costs	–15	–20
Impairment of goodwill	–70	–31
Exchange rate differences	0	0
Other expenses	–29	–31
Total	–114	–82

[1] Relates to share of earnings from Oxeon at SEK –3 m (–4 m), Diamorph at SEK 8 m (25 m), Terratech at SEK 3 m (5 m) and other companies at SEK –1 m (–4 m).

NOTE 14 Income from interests in associates

THE GROUP	2018	2017
Income from interests after tax	1,757	1,980
Dilutive effect	–	26
Impairment	–479	–
Total	1,278	2,006

Individual holdings have affected results as follows:

	2018	2017
Alimak Group	–394	19
ASSA ABLOY	277	776
Fagerhult	244	239
HMS Networks	33	37
Loomis	55	45
Nederman	62	55
Securitas	322	310
Sweco	420	285
TOMRA	192	180
Troax	67	60
Total	1,278	2,006

Since Latour normally cannot wait for the income statements from each associated company, Latour applies the principle of basing each company's quarterly financial report on the outcome of the previous quarter and then extrapolating an estimated outcome. The companies' results vary, which means the reported profit share can deviate from the recorded outcome. This is corrected in the next quarterly financial report. The book value of interests in associates is compared with the market value, which is adjusted for impairment if necessary.

Parent company

In the parent company, the dividend income from associates comprises SEK 798 m (666 m) and capital gains SEK 0 m (0 m).

NOTE 15 Income from portfolio management

THE GROUP	2018	2017
Income from fixed assets		
Dividends	32	14
Capital gains	–	–
	32	14
Income from current assets		
Dividends	2	1
Capital gains	–11	–5
Revaluation, booked in the income statement	–	–
	–9	–4
Total equity investment	23	10

NOTE 16 Finance income

THE GROUP	2018	2017
Interest income	4	6
Exchange gains	38	120
Other finance income	2	11
Total	44	137

NOTE 17 Finance expense

THE GROUP	2018	2017
Other cost interest	-56	-54
Exchange losses	-16	-133
Other finance expense	-3	-4
Total	-75	-191

NOTE 18 Tax on profit for the year

THE GROUP	2018	2017
Current tax expense for the period	-284	-258
Deferred tax attributable to changes in temporary differences		
Deferred tax income	19	16
Deferred tax expense	-57	-39
Total	-322	-281

SEK –3 m (+9 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK –12 m (–34 m).

Difference between actual tax expense and tax expense based on the effective tax rate.

THE GROUP	2018	2017
Profit before tax	2,646	3,069
Tax according to effective tax rate, 22%	-582	-675
Tax effect of special taxation rules for investment companies	172	143
Effect of associated company accounts	109	298
Tax effect of non-deductible costs	-44	-55
Tax effect of previous year adjustments	5	2
Tax effect of non-taxable income	5	0
Other tax effects	13	6
Tax on profit for the year according to the income statement	-322	-281

PARENT COMPANY	2018	2017
Profit before tax	1,408	1,078
Tax according to effective tax rate, 22%	-310	-237
Tax effect of special taxation rules for investment companies	310	237
Tax on profit for the year according to the income statement	0	0

The effective tax rate for the Group and the parent company is 22 per cent. Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are taxed on a standardised basis in stead. See Note 39.

NOTE 19 Intangible assets

THE GROUP	Goodwill	Trade-marks, licences	Total
Accumulated cost			
Opening balance 1 Jan 2017	5,171	334	5,505
Opening cost from acquisitions	0	17	17
Acquisitions for the year	778	52	830
Sales for the year	-6	0	-6
Reclassification	0	4	4
Translation difference	53	0	53
Closing balance 31 Dec 2017	5,996	407	6,403
Opening balance 1 Jan 2018	5,996	407	6,403
Opening cost from acquisitions	0	32	32
Acquisitions for the year	850	23	873
Sales for the year	-64	-5	-69
Translation difference	175	10	185
Closing balance 31 Dec 2018	6,957	467	7,424
Accumulated depreciation			
Opening balance 1 Jan 2017	0	-162	-162
Depreciation for the year	–	-34	-34
Sales for the year	–	0	0
Translation difference	–	-1	-1
Closing balance 31 Dec 2017	0	-197	-197
Opening balance 1 Jan 2018	0	-197	-197
Depreciation for the year	–	-53	-53
Sales for the year	–	5	5
Translation difference	–	-6	-6
Closing balance 31 Dec 2018	0	-251	-251
Accumulated impairment losses			
Opening balance 1 Jan 2017	-100	0	-100
Impairment for the year	-100	–	-100
Closing balance 31 Dec 2017	-200	0	-200
Opening balance 1 Jan 2018	-200	0	-200
Impairment for the year	-192	–	-192
Closing balance 31 Dec 2018	-392	0	-392
Book value	6,565	216	6,781
Carrying amounts			
At 1 Jan 2017	5,071	172	5,243
At 31 Dec 2017	5,796	210	6,006
At 1 Jan 2018	5,796	210	6,006
At 31 Dec 2018	6,565	216	6,781

See Note 11 for the impact of depreciation expense on the income statement.

All goodwill refers to the segment Industrial operations. An impairment test on goodwill for 2018 resulted in a SEK 192 m write-down.

Testing goodwill for impairment

Certain valuation assumptions, which are the basis of the evaluation, have been given for the Group's most significant goodwill items.

A breakdown of the Group's value of goodwill by business area is shown below.

THE GROUP	Book value, SEK m
Hultafors Group	1,347
Latour Industries	2,251
Nord-Lock Group	598
Swegon	2,082
Neuffer	287
	6,565

Cont. ▸

▸ Note 19 cont.

Assumptions for the Group's significant goodwill items are given below.

31 Dec 2018	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
Snickers Workwear	368	3–5	16.0–17.5
Johnson	527	2–10	18.5–18.9
Reac	393	3–9	11.3–14.2
Aritco	630	6–19	4.5–15.5
Vimec	329	3–7	7.4–14.2
Produal	405	5–8	12.1–16.0
Nord-Lock Group	598	3–14	28.0–31.1
Light Commercial Swegon	716	10–15	19.9–25.0
Cooling Swegon	568	2–6	6.3–10.0
Neuffer	287	2–24	-0.1–8.0

31 Dec 2018	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
Snickers Workwear	10.9	2	16.0
Johnson	11.5	2	18.5
Reac	9.0	2	14.2
Aritco	10.2	2	15.5
Vimec	10.0	2	14.2
Produal	9.2	2	16.0
Nord-Lock Group	11.1	2	28.0
Light Commercial Swegon	9.6	2	25.0
Cooling Swegon	8.7	2	10.0
Neuffer	12.3	2	8.0

31 Dec 2017	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
Snickers Workwear	366	3–8	16.0–17.4
Tradeport	217	2–15	7.8–15.0
Reac	433	6–13	11.8–12.0
Aritco	630	6–19	5.1–15.5
Vimec	312	6–7	7.3–11.5
Produal	389	8–10	14.9–22.0
Nord-Lock Group	558	3–8	27.0–30.9
Light Commercial Swegon	678	10–20	21.9–27.0
Cooling Swegon	538	2–10	5.4–10.0
Neuffer	303	2–66	-6.2–8

31 Dec 2017	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
Snickers Workwear	11.1	2	16.0
Tradeport	11.9	2	15.0
Reac	10.7	2	12.0
Aritco	9.7	2	15.5
Vimec	11.1	2	11.5
Produal	11.7	2	22.0
Nord-Lock Group	11.1	2	27.0
Light Commercial Swegon	9.8	2	27.0
Cooling Swegon	9.6	2	10.0
Neuffer	10.4	2	8.0

All Group goodwill items have been evaluated, as required by IAS 36, in order to determine the individual recoverable amount for all of the smallest cash-generating units. The valuations are not market value. Individual assumptions about growth, profit margins, tied-up capital, investment needs and risk premiums have been made for each of the Group's goodwill items. The risk premium increment that has been added to the risk-free interest level is made up of a general risk premium for company investments and a specific risk premium for individual operations based on their circumstances.

Key assumptions

Impairment tests were performed with forecasts for five years (one or more years following individual testing). Future cash flows have been estimated on the basis of the assets' existing structure and do not include future acquisitions. The required return after tax varies from 8.5 per cent to 12.3 per cent (9.1 to 12.0). The higher part of the interval has been used in most of the tests.

Market, growth and margin
The forecasts are based on previous experience and external sources of information.

Personnel expenses
The forecast for personnel expenses is based on anticipated inflation, a certain real wage increase (historical average) and planned rationalisations in company production. The forecast concurs with previous experience and external sources of information.

Exchange rates
Exchange rate forecasts are based on current listed exchange rates and forward rates. The forecast concurs with external sources of information.

Exchange rate CAD	6.8
Exchange rate CHF	8.6
Exchange rate DKK	1.36
Exchange rate EUR	10.2
Exchange rate GBP	11.5
Exchange rate NOK	1.08
Exchange rate PLN	2.45
Exchange rate USD	8.8

The recoverable amount for the Group's most important units exceeds the carrying amounts by a clear margin. The effect of a minor change to a key assumption is not so great that the recoverable amount could fall below its carrying amount. This applies to all cash-generating units where significant value is created. However, the risk is greater for some of the smallest goodwill items because the margin is smaller. Yet they have no significant impact on the Latour Group. The greatest risk of the occurrence of impairment is when disruptive changes in an industry radically alter the position of a company in the market. Each company conducts a comprehensive risk analysis every year to review and modify its operations in the light of such risks.

NOTE 20 Buildings

THE GROUP	2018	2017
Opening cost	635	554
Opening cost from acquisitions	22	85
Purchases	6	9
Sale	-23	-18
Reclassification	0	-3
Translation differences	16	8
Closing cost	*656*	*635*
Opening depreciation	-257	-241
Sale	5	9
Depreciation for the year	-25	-22
Translation differences	-5	-3
Closing depreciation	*-282*	*-257*
Opening impairment	0	0
Impairment for the year		
Sales and reversals	0	0
Closing impairment	*0*	*0*
Book value	374	378

Depreciation for the year, see Note 11.

The item buildings includes a property owned by the Group through a finance lease with the following amounts:

	2018	2017
Cost – capitalised finance lease	117	112
Accumulated depreciation	-39	-32
Carrying amount	78	80

NOTE 21 Land and land improvements

THE GROUP	2018	2017
Opening cost	26	26
Purchases	16	1
Sales and disposals	0	-1
Translation differences	0	0
Closing cost	*42*	*26*
Opening depreciation	-8	-8
Depreciation for the year	–	–
Sales and disposals	–	–
Translation differences	0	0
Closing depreciation	*-8*	*-8*
Book value	34	18

Depreciation for the year, see Note 11.

NOTE 22 Machinery

THE GROUP	2018	2017
Opening cost	1,105	1,083
Opening cost from acquisitions	11	8
Purchases	50	76
Sale	-51	-52
Reclassification	2	-3
Translation differences	23	-7
Closing cost	*1,140*	*1,105*
Opening depreciation	-826	-815
Sale	49	48
Depreciation for the year	-72	-69
Reclassification	0	5
Translation differences	-16	5
Closing depreciation	*-865*	*-826*
Book value	275	279

Depreciation for the year, see Note 11.

NOTE 23 Equipment

THE GROUP	2018	2017
Opening cost	638	608
Opening cost from acquisitions	13	10
Purchases	114	80
Sale	-75	-50
Reclassification	0	-10
Translation differences	14	0
Closing cost	*704*	*638*
Opening depreciation	-448	-425
Sale	58	41
Depreciation for the year	-76	-68
Reclassification	0	4
Translation differences	-10	0
Closing depreciation	*-476*	*-448*
Book value	228	190

Depreciation for the year, see Note 11.

NOTE 24 Construction work in progress and advances for property, plant and equipment

THE GROUP	2018	2017
Opening cost	20	29
Opening cost from acquisitions	0	0
Costs expended during the year	36	12
Completed facilities	-8	-21
Book value	48	20

NOTE 25 Interests in subsidiaries

	2018	2017
Opening cost	2,246	2,246
Change for the year	–	–
Closing cost	2,246	2,246

Cont. ▸

▸ Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	1,049
Hultafors Group AB	556365-0752	Bollebygd		100	
Hultafors AB	556023-7793	Bollebygd		100	
Hultafors Group Finland OY	0664406-9	Finland		100	
Hultafors Group Norge AS	983513328	Norway		100	
Hultafors Group Danmark AS	14252533	Denmark		100	
Hultafors UMI S.R.L.	J32/572/22.11.1996	Romania		100	
Hultafors Group Italy	1660130210	Italy		100	
Fisco Tools Ltd.	755735	UK		100	
Hultafors Group NL BV	8054149	The Netherlands		100	
Hultafors Group Sverige AB	556113-7760	Bollebygd		100	
Snickers Workwear Ltd.	01952599	UK		100	
Snickers Production SIA Latvia	40003077239	Latvia		100	
Hultafors Group Belgium NV	0444.346.706	Belgium		100	
Hultafors Group France SARL	529 004 046	France		100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland		100	
Hultafors Group Switzerland AG	CH 036.3.044.124-4	Switzerland		100	
Hultafors Group Ireland Ltd.	65695194	Ireland		100	
Hultafors Group Germany GmbH	147860778	Germany		100	
Hultafors Group Austria GmbH	ATU 65856344	Austria		100	
Hultafors Group Holding Inc	38-4080874	USA		100	
Johnson Level & Tool Mfg. Co.	39-1041797	USA		100	
Tradeport AB	556649-0230	Stockholm		100	
Skillers GmbH	HRB 755172	Germany		100	
Puvab AB	556346-4600	Borås		100	
Hellberg Safety AB	556214-4898	Lerum		100	
Latour Industries AB	556018-9754	Gothenburg		100	
LSAB Group AB	556655-6683	Hedemora		100	
Fortiva AB	556563-6742	Malmö		100	
Fortiva Danmark A/S	182650	Denmark		100	
Bergmans Chuck AB	556059-1736	Hässleholm		100	
LSAB Produktion AB	556456-8060	Laholm		100	
LSAB Norge AS	95882479	Norway		100	
LSAB Sverige Försäljning AB	556248-1936	Långshyttan		100	
LSAB Sverige Produktion AB	556222-1746	Hedemora		100	
LSAB Instrument Service	1089847103950	Russia		100	
LSAB Suomi OY	0140601-0	Finland		100	
LSAB Vändra AS	10120018	Estonia		100	
LSAB Latvia SIA	40003381260	Latvia		100	
LSAB Westlings AB	556442-0767	Vansbro		100	
Micor AB	556557-7862	Laholm		100	
MachToolRent	1107847394687	Russia		100	
Densiq AB	556198-5077	Gothenburg		100	
Densiq AS	997495365	Norway		100	
Specma Seals ApS	35645144	Denmark		100	
Densiq Oy	2494676-5	Finland		100	
AVT Group AB	556863-5964	Gothenburg		100	
Elvaco AB	556248-6687	Kungsbacka		100	
Bastec AB	556346-6738	Malmö		100	
REAC AB	556520-2875	Åmål		100	
REAC A/S	19,353,508	Denmark		100	
REAC Poland Sp. z.o.o.	0000444016	Poland		100	
REAC Components Sp. z.o.o	0000551205	Poland		100	
AAT GmbH	401006	Germany		100	
Bemsiq AB	559013-7351	Gothenburg		100	
Bestec Holding AG	CHE-196.418.074	Switzerland		100	
Sensortec AG	CHE-110.126.181	Switzerland		100	
Sensir AG	CHE-105.140.229	Switzerland		100	
Produal Holding Oy	2497873-2	Finland		100	
Produal Oy	0680909-7	Finland		100	
Produal Sverige AB	556538-4236	Stockholm		100	
Produal A/S	33378203	Denmark		100	
Produal S.A.S.	75264028400010	France		100	
Noda Intelligent System AB	556681-1096	Karlshamn		100	
Aritco Group AB	556720-1131	Kungsängen		100	
Aritco Lift AB	556316-6114	Kungsängen		100	
Aritco DE GmbH	HRB 753033	Germany		100	
Aritco HomeLift Ltd.	91310000MA1GBK649Y	China		100	
Aritco Lift Thailand Ltd	105560115885	Thailand		100	
Gartec Ltd.	02898632	UK		100	
Ecopilot AB	559080-5502	Gothenburg		100	
Vimec Srl	00758850358	Italy		100	
Vimec Polska Sp. z.o.o.	5252490288	Poland		100	
Vimec Accessibility Ltd.	GB 898121786	London		100	
Vimec Iberica Accesibilidad SL	ES B84584457	Spain		100	

▸ Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Vimec France Accessibilité Sarl	FR 08492484357	France		100	
AAT GmbH	401006	Germany		100	
Nord-Lock International AB	556610-5739	Gothenburg		100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland		100	
Nord-Lock ApS	33 878 605	Denmark		100	
Nord-Lock Co. Ltd.	310000400676819	China		100	
Nord-Lock AB	556137-1054	Åre		100	
Nord-Lock Inc.	38-3418590	USA		100	
Nord-Lock Australia Pty Ltd.	602531279	Australia		100	
Superbolt Inc.	25-1478791	USA		100	
Nord-Lock Benelux BV	2050318	The Netherlands		100	
Nord-Lock Ltd.	4117670	UK		100	
Nord-Lock Poland Sp. z. o.o.	0000273881	Poland		100	
Nord-Lock France	439-251-901	France		100	
Nord-Lock Japan Co, Ltd.	1299-01-047553	Japan		100	
Nord-Lock OY	0893691-1	Finland		100	
Nord-Lock s.r.o.	27294714	The Czech Republic		100	
Nord-Lock Latin America SpA	76.921.019-9	Argentina		100	
Nord-Lock GmbH	HRB 510204	Germany		100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland		100	
Nord-Lock AS	895,421,812	Norway		100	
Nord-Lock Italy s.r.l	2,464,160,015	Italy		100	
Nord-Lock PTE. LTD.	201110682R	Singapore		100	
Boltight Ltd.	03832926	UK		100	
Boltight Inc	814794151	USA		100	
Twin-Lock AB	559009-2614	Gothenburg		100	
Nord-Lock Korea Co Ltd.	606-86-01043	Korea		100	
Nord-Lock India Pvt. Ltd.	U28999MH2017FTC301839	India		100	
IDQ INVESTIGACION DISEÑO Y CALIDAD, SL	A81843575	Spain		100	
Expander System Sweden AB	556392-6442	Åtvidaberg		100	
Expander America Inc	0967510-8	USA		100	
Swegon Group AB	559078-3964	Gothenburg		100	
Swegon Operation AB	556077-8465	Gothenburg		100	
Swegon Sverige AB	559078-3931	Gothenburg		100	
Swegon GmbH	HRB209158	Germany		100	
Econdition GmbH	HRB152462	Germany		100	
Swegon A/S	247231	Denmark		100	
Swegon Ltd.	1529960	UK		100	
Swegon Cooling Ltd.	01744381	UK		100	
Swegon Service Ltd.	03443661	UK		100	
Swegon Hire Ltd.	03284785	UK		100	
Swegon SARL	409-770-195	France		100	
Swegon SA	48-205-4517	Switzerland		100	
Swegon s.r.o.	275 90 071	The Czech Republic		100	
Swegon North America Inc	1916764	Canada		100	
Swegon Inc.	26-1934480	USA		100	
Swegon BVA System Inc	98-0149314	USA		100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA		100	
Swegon BVA System (Texas) Inc	46-0524581	USA		100	
Swegon Eesti OU	11726958	Estonia		100	
Zent-Frenger GmbH	HRB21013	Germany		100	
Swegon AS	933-765-806	Norway		100	
OY Swegon AB	240.505	Finland		100	
Lewaco Trading AB	556343-3423	Vara		100	
Berguven 2AB	556935-7782	Vara		100	
Swegon Sp. z.o.o.	632031333	Poland		100	
Swegon BV	24408522	The Netherlands		100	
Swegon Belgium S.A.	893.224.696	Belgium		100	
Swegon P Lemmens Group S.A.	829.386.721	Belgium		90 [1]	
P Lemmens Company S.A.	429.188.970	Belgium		90 [1]	
Safeguard Systems Ltd.	IE8213635D	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	03991770276	Italy		100	
Blue Box Group s.r.l	02481290282	Italy		100	
Blue Box Air	U74210MH2008FTC189149	India		100	
Swegon Lidköping AB	556640-0346	Lidköping		100	
Swegon Air Management	00738495	UK		100	
bluMartin GmbH	HRB 187767	Germany		100	
Neuffer Fenster + Türen GmbH	HRB 4339	Germany		66,1	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg		100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
Total book value					2,246

[1] Consolidated to 100 per cent due to holdings of call options on remaining shares.

Smaller inactive subsidiaries are not included above.

NOTE 26 Interests in associates

THE GROUP	2018	2017
Opening book value	16,043	13,277
Acquisitions during the year	175	2,031
Sold during the year	0	–10
Profit share for the year after tax	1,765	2,002
Dilutive effect	0	26
Dividends received	–1,004	–848
Impairment	–479	0
Net change in capital	554	–435
Closing value	17,054	16,043

PARENT COMPANY	2018	2017
Opening book value	7,414	5,405
Acquisitions during the year	171	2,009
Sold during the year	0	0
Closing value	7,585	7,414
Alimak Group AB	2,113	1,943
ASSA ABLOY AB	1,200	1,199
AB Fagerhult	289	289
HMS Networks AB	250	250
Loomis AB	0	0
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	445	445
TOMRA Systems ASA	2,000	2,000
Troax Group AB	397	397
Closing value	7,585	7,414

THE GROUP	Description of business	Number of shares	Share of equity	Market value [1]	Cost	Share of equity (%)	Share of votes (%)
Alimak Group (CRN 556714-1857 Domicile Stockholm) [2]	See page 54	15,806,809	1,739	1,739	2,113	29	29
ASSA ABLOY AB (CRN 556059-3575 Domicile Stockholm) [2]	See page 55	105,495,729	5,532	16,689	1,697	10	29
AB Fagerhult (CRN 556110-6203 Domicile Habo)	See page 56	55,861,200	1,307	4,251	571	49	49
HMS Networks AB (CRN 556661-8954 Domicile Halmstad)	See page 57	12,109,288	399	1,489	250	26	26
Loomis AB (CRN 556620-8095 Domicile Stockholm) [2]	See page 58	2,528,520	278	723	44	3	24
Nederman Holding AB (CRN 556576-4205 Domicile Helsingborg)	See page 59	10,538,487	551	948	306	30	30
Securitas AB (CRN 556302-7241 Domicile Stockholm) [2]	See page 60	39,732,600	1,907	5,654	1,081	11	30
Sweco AB (CRN 556542-9841 Domicile Stockholm)	See page 61	32,622,480	1,911	6,423	480 [3]	27	21
TOMRA Systems ASA (CRN NO927124238 Domicile Asker)	See page 62	39,000,000	2,517	7,780	2,000	26	26
Troax Group AB (CRN 556916-4030.Domicile Hillerstorp)	See page 63	6,020,000	541	1,532	397	30	30
Diamorph AB (CRN 556647-5371 Domicile Stockholm)	See pages 64-65	14,923,571	282	279	189	26	28
Oxeon AB (CRN 556614-1197 Domicile Borås)	See pages 64-65	314,684	8	9	15	31	32
Terratech AB (CRN 556932-5102 Domicile Stockholm)	See pages 64-65	1,172,202	64	49	49	22	22
LumenRadio AB (CRN 556761-7492 Domicile Göteborg)		246,000	17	20	20	25	25
Other smaller holdings			1	1	1		
			17,054	47,586	9,213		

[1] Listed holdings at purchase price. Unlisted holdings firstly at the last valuation, secondly at the last traded price and thirdly the acquisition price.
[2] Class A shares in Assa Abloy, Loomis and Securitas are unlisted. In this table they have been given the same listed price as corresponding class B shares.
[3] The cost of Sweco B is SEK 34 m higher in the Group due to the exercise of a call option.

▸ Note 26 cont.

Summary of balance sheet information

2018	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	3,457	2,576	6,032	1,438	1,185	2,623	3,410
ASSA ABLOY AB	76,991	29,577	106,568	26,283	28,385	54,668	51,900
AB Fagerhult	3,915	2,706	6,621	3,049	1,443	4,492	2,129
HMS Networks AB	1,158	419	1,577	454	266	720	857
Loomis AB	13,580	4,911	18,491	5,904	4,165	10,069	8,422
Nederman Holding AB	1,782	2,019	3,801	1,287	1,264	2,551	1,250
Securitas AB	30,418	25,051	55,469	18,837	18,975	37,812	17,657
Sweco AB	8,004	6,703	14,707	3,084	5,312	8,396	6,311
TOMRA Systems ASA	5,567	4,258	9,825	1,054	3,409	4,463	5,362
Troax Group AB	1,229	739	1,969	803	317	1,119	849
Diamorph AB	800	158	958	60	47	107	851
Oxeon AB	19	10	30	0	17	17	12
Terratech AB	128	247	375	23	197	220	155
LumenRadio AB	10	35	45	1	15	16	29
2017							
Alimak Group AB	3,360	2,217	5,577	1,587	891	2,478	3,099
ASSA ABLOY AB	73,299	26,145	99,444	24,293	24,494	48,787	50,657
AB Fagerhult	3,449	2,648	6,097	3,220	987	4,206	1,891
HMS Networks AB	1,072	366	1,438	474	243	717	721
Loomis AB	11,311	3,852	15,163	5,376	2,751	8,127	7,036
Nederman Holding AB	1,471	1,500	2,971	1,126	769	1,895	1,076
Securitas AB	26,788	22,344	49,132	16,347	17,535	33,882	15,250
Sweco AB	7,546	6,733	14,279	2,988	5,313	8,301	5,978
TOMRA Systems ASA	4,759	3,678	8,437	1,394	2,305	3,700	4,737
Troax Group AB	1,010	410	1,419	635	193	828	591
Diamorph AB	758	154	912	373	70	443	469
Oxeon AB	21	9	30	0	10	10	20
Terratech AB	107	172	279	13	126	139	140
LumenRadio AB	8	25	33	1	5	6	27

The following table summarises information from profit/loss and comprehensive income

2018	Revenue	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
Alimak Group AB	4,320	344	103	447	35
ASSA ABLOY AB	84,048	2,755	2,169	4,924	348
AB Fagerhult	5,621	503	–40	463	112
HMS Networks AB	1,366	171	39	210	18
Loomis AB	19,168	1,538	612	2,150	23
Nederman Holding AB	3,554	203	43	246	21
Securitas AB	101,467	3,021	566	3,587	159
Sweco AB	18,735	1,254	78	1,332	163
TOMRA Systems ASA	9,189	833	80	912	99
Troax Group AB	1,652	250	–29	222	26
Diamorph AB	475	38	–11	27	0
Oxeon AB	47	–8	0	–8	0
Terratech AB	501	2	0	2	0
LumenRadio AB	56	3	0	3	0
2017					
Alimak Group AB	4,001	291.6	–83.2	208	0
ASSA ABLOY AB	76,137	8,635	–1,839	6,796	316
AB Fagerhult	5,170	494	–108	387	84
HMS Networks AB	1,183	143	20	163	12
Loomis AB	17,228	1,428	–435	993	20
Nederman Holding AB	3,149	186	–28	158	19
Securitas AB	92,197	2,737	–607	2,130	149
Sweco AB	16,887	1,223	26	1,249	140
TOMRA Systems ASA	7,432	658	–174	484	84
Troax Group AB	1,498	168	–60	108	23
Diamorph AB	429	77	–143	–66	0
Oxeon AB	37	–14	0	–14	0
Terratech AB	360	9	0	9	0
LumenRadio AB	31	–6	0	–6	0

Cont. ▸

▸ Note 26 cont.

Summarised reconciliation of financial information [1]

2018	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	3,099	270	94	-124	3,339	975	764	1,739
ASSA ABLOY AB	50,657	2,628	1,921	-3,666	51,540	4,895	637	5,532
AB Fagerhult	1,891	469	-51	-229	2,080	1,015	292	1,307
HMS Networks AB	721	159	35	-69	846	221	178	399
Loomis AB	7,037	1,551	587	-677	8,498	278	0	278
Nederman Holding AB	1,076	183	73	-70	1,262	379	172	551
Securitas AB	15,250	3,018	740	-1,460	17,548	1,907	0	1,907
Sweco AB	5,979	1,245	-18	-593	6,613	1,824	87	1,911
TOMRA Systems ASA	4,742	793	-130	-355	5,050	1,333	1,184	2,517
Troax Group AB	681	231	6	-85	833	250	291	541
Diamorph AB	534	41	75	0	650	183	99	282
Oxeon AB	20	-8	0	0	12	4	4	8
Terratech AB	158	24	37	0	219	48	16	64
LumenRadio AB	29	-3	0	0	26	7	10	17
2017								
Alimak Group AB	2,963	70	1	0	3,034	810	1,152	1,962
ASSA ABLOY AB	47,224	8,350	-2,845	-3,332	49,397	4,692	637	5,329
AB Fagerhult	1,627	463	-40	-171	1,879	917	292	1,209
HMS Networks AB	637	153	-6	-47	737	191	178	369
Loomis AB	6,647	1,343	-462	-602	6,926	225	0	225
Nederman Holding AB	982	163	-35	-64	1,046	314	172	486
Securitas AB	14,508	2,793	-1,036	-1,369	14,896	1,619	0	1,619
Sweco AB	5,435	943	-240	-513	5,625	1,541	87	1,628
TOMRA Systems ASA	4,606	720	-311	-310		1,242	1,157	2,399
Troax Group AB	631	173	-2	-75	727	219	278	497
Diamorph AB	461	91	-53	0	499	141	99	240
Oxeon AB	19	-14	15	0	20	7	4	11
Terratech AB	143	27	-3	0	167	36	16	52
LumenRadio AB	32	-3	0	0	29	7	10	17

[1] The carrying amounts are estimated full-year values, based on each company's Q3 report, which may include some differences from the actual results presented in previous tables (Summary of information from the balance sheet, income and comprehensive income statements).

NOTE 27 Listed shares

THE GROUP	2018	2017
Opening cost	94	94
Purchases	–	–
Sale	–	–
Closing cost	*94*	*94*
Opening fair value reserve	229	300
Disposal recognised in the income statement	–	–
Revaluation recognised in equity	-94	-71
Closing fair value reserve	*135*	*229*
Book value	229	323

Specification of listed shares

Share	Number	Market value, SEK m	Listed price, SEK	Cost, SEK m	Share of votes %	Share of equity %
Nobia	4,649,894	229	49	94	2.8	2.7
Total		229		94		

NOTE 28 Other securities owned

THE GROUP	2018	2017
Opening cost	10	1
Purchases	1	9
Sales	-8	0
Reclassification	–	–
Closing cost	*3*	*10*
Opening impairment	-1	-1
Impairment for the year	–	–
Closing impairment	*-1*	*-1*
Book value	2	9

NOTE 29 Long-term receivables

THE GROUP	2018	2017
Opening cost	32	24
Increase for the year	6	8
Decrease for the year	–	–
Book value	38	32

The Group's interest-bearing receivables have an average interest rate of 0 per cent and run for an average period of 12 months.

NOTE 30 Inventories

The value of goods pledged as security for loans or other obligations is SEK 0 (0).

Inventory value:	2018	2017
At net realisable value		
Raw materials and consumables	54	51
Work-in-progress	3	6
Finished work and goods for resale	60	68
At cost		
Raw materials and consumables	566	498
Work-in-progress	121	90
Finished work and goods for resale	914	696
	1,718	1,409

NOTE 31 Listed shares, trading

THE GROUP	2018	2017
Book value at beginning of the year	40	40
Acquisitions for the year	96	68
Sales	-97	-67
Revaluation, booked in the income statement	2	-1
Book value at end of the year	41	40

THE GROUP	Number	Cost value	Book value	Market value
Alimak Group	40,000	5	4	4
Axfood	25,000	4	4	4
Boliden	18,000	5	3	3
Dustin Group	50,000	4	4	4
Essity	22,000	5	5	5
Garo	10,000	2	2	2
H&M	7,000	2	1	1
Investor	10,000	4	4	4
Netent	30,000	2	1	1
Sandvik	30,000	5	4	4
Thule Group	23,000	4	4	4
Veoneer Inc	11,000	5	2	2
ÅF	20,000	4	3	3
		51	41	41

NOTE 32 Accounts receivable

THE GROUP	2018	2017
Nominal value	2,078	1,699
Provision for bad debts	-58	-62
Net accounts receivable	2,020	1,637
Reserve for bad debts		
Opening reserve	-62	-44
Opening reserve for acquired companies	-6	-9
Provisions for bad debts for the year	-2	-12
Realised losses during the year	6	3
Reversed unutilised amount	8	1
Exchange rate differences	-2	-1
	-58	-62

Individually assessed accounts receivable that are considered uncollectable are written off by directly reducing the carrying amount. Other receivables are assessed collectively to determine whether there is objective evidence of impairment. For these receivables, the estimated impairment losses are recognised in a separate provision for doubtful debts. Objective evidence of impairment is considered to exist if any of the following indicators are present: a debtor has significant financial difficulties, default or delinquency in payments (more than 30 days), or a probability that the debtor will enter into bankruptcy or financial reorganisation. Receivables for which an impairment provision was previously recognised are written off against the provision when the Group is no longer expected to recover additional cash. Impairment losses are recognised in the income statement within other expenses. If, in a subsequent period, the amount of the impairment loss decreases, the amount of the reversal of the previously recognised impairment is recognised in the consolidated income statement.

Apart from impairment losses made, the credit risk is deemed to be small since the receivables relate to bona fide, paying customers.

Age analysis of accounts receivable	2018	2017
Not past due	1,493	1,247
Past due but not impaired at 31 December		
Due less than 3 months	461	345
Due 3 to 6 months	30	26
Due more than 6 months	36	19
	2,020	1,637

NOTE 33 Derivative instruments

THE GROUP	2018	2017
Assets		
Forward exchange contracts – cash flow hedging	4	0
Liabilities		
Forward exchange contracts – cash flow hedging	0	-7
Interest rate swaps	-7	-13
	-7	-20

Forward exchange contracts
The nominal amount of outstanding forward exchange contracts at 31 December was SEK 411 m (250 m). See Note 35.

It is considered that the cash flow hedges meet the terms for effective hedge accounting and the change is therefore recognised in its entirety in other comprehensive income. The impact from the hedging on other comprehensive income during the year was SEK 12 m (–32 m).

Hedges on net investments in foreign operations
Borrowing that has been identified as net investment hedging in Group subsidiaries is SEK 308 m (295 m) in Italy, SEK 380 m (364 m) in Belgium, SEK 359 m (0 m) in the USA and SEK 164 m (158 m) in Finland.

At the end of the reporting period, the change in exchange rate on translation of borrowing into Swedish krona is SEK –47 m (–19 m). This is recognised in other comprehensive income.

Interest rate swaps
The fair value gain or loss associated with the effective portion of an interest rate swap that hedges variable-rate borrowing is recognised in other comprehensive income and was SEK 7 m (7 m) in 2018.

NOTE 34 Cash and cash equivalents

Cash and cash equivalents comprise SEK 737 m (621 m) in bank balances and SEK 7 m (5 m) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

NOTE 35 Financial instruments and financial risk management

Hedge accounting

Latour uses hedge accounting on forward exchange contracts. Changes in market values of cash flow hedges are recognised in other comprehensive income when they are considered effective, otherwise directly in the income statement. Latour also uses interest rate swaps on the Group's short-term borrowing by converting the interest rates from variable to fixed and, like forward exchange contracts, the change is recognised in the market value in other comprehensive income if efficiency is achieved. Accumulated amounts in other comprehensive income are recycled to the income statement during the periods the hedged item affects results. Unrealised gains or losses that arise from market valuation of derivative instruments attributable to hedges of net investments, and which are attributable to exchange rate fluctuations, are recognised in other comprehensive income.

Book value and fair value of financial assets and liabilities

The table below discloses how fair value is determined for the financial instruments measured in the statement on financial position. Fair value is determined according to three different levels. There were no transfers between the different levels of the fair value hierarchy and there were no changes in the valuation techniques and/or principles used in 2018 compared with the 2017 annual accounts.

The Group 2018	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
Financial assets				
Listed shares management	229 [1]			229
Other long-term securities holdings	3 [2]			3
Other long-term receivables			38 [3]	38
Listed shares – trading		41 [1]		41
Unrealised gains, currency derivatives	4 [2]			4
Other current receivables			2,207 [3]	2,207
Cash and cash equivalents			744 [3]	744
Total	236	41	2,989	3,266
Financial liabilities				
Long-term loans			3,474 [3]	3,474
Overdraft facility			72 [3]	72
Current loans			1,957 [3]	1,957
Other current liabilities			1,329 [3]	1,329
Unrealised gains, currency derivatives	7 [2]			7
Total	7	–	6,832	6,839

[1] Level 1 – fair value is measured using quoted prices in an active market for identical assets.
[2] Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.
[3] Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

The Group 2017	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
Financial assets				
Listed shares management	323 [1]			323
Other long-term securities holdings	9 [2]			9
Other long-term receivables			32 [3]	32
Listed shares – trading		40 [1]		40
Unrealised gains, currency derivatives	0 [2]			0
Other current receivables			1,750 [3]	1,750
Cash and cash equivalents			626 [3]	626
Total	332	40	2,408	2,780
Financial liabilities				
Long-term loans			522 [3]	522
Overdraft facility			151 [3]	151
Current loans			3,995 [3]	3,995
Other current liabilities			1,125 [3]	1,125
Unrealised gains, currency derivatives	20 [2]			20
Total	20	–	5,793	5,813

[1] Level 1 – fair value is measured using quoted prices in an active market for identical assets.
[2] Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.
[3] Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

▸ Note 35 cont.

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.

Currency derivatives comprise forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks 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. The market interest rate for the interest-bearing long-term liabilities is not expected to deviate significantly from the discount rate. The carrying amounts are therefore assumed in essence to approximate their fair values.

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.

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run according to the finance policy adopted by the Board and are characterised by a low level of risk. The aim is to secure the Group's long-term financing, minimise the Group's capital expense and effectively manage and control the Group's financial risks.

Currency exposure

The Group's operations face currency exposure in the form of exchange rate fluctuations. The Group's currency exposure consists partly of transaction exposure relating to purchases and sales in foreign currency, and partly to translation exposure relating to net investments in foreign subsidiaries and exchange rate fluctuations when the results from foreign subsidiaries are translated into Swedish crowns.

Transaction exposure

The Group's goal for transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash inflows and outflows. The impact of hedging transactions on income was SEK –9 m (–25 m) and is recognised in other comprehensive income. See Note 36.

A breakdown of the net currency flows for Swedish entities for the year is shown below:

Currencies (amounts in SEK m)	2018	2017
NOK	445	378
DKK	105	116
GBP	247	308
USD	–464	–348
EUR	524	–44
CHF	60	46
Total	917	455

+ = net inflow, – = net outflow

Assuming the same net transaction exposure as in 2018 and provided no hedging has been used, profit would have been positively impacted by SEK 9 m (5 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 4 m in NOK, SEK 5 m in EUR, SEK 1 m in DKK, SEK 2 m in GBP, and SEK –5 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2018 is shown below:

Amount in SEK m	2019	2020	Total
Sell EUR	298	–	298
Sell NOK	74	–	74
Sell USD	32	–	32
Sell DKK	81	–	81
Sell GBP	64	–	64
Sell CHF	23	–	23
Sell total	*572*	*0*	*572*
Buy EUR	0	–	0
Buy USD	161	–	161
Buy total	*161*	*0*	*161*
Net	411	0	411

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK 4 m (–7 m), which is recognised in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currencies. Profit/loss from hedges in foreign operations is SEK –37 m (–15 m). The amount is reported in other comprehensive income and in reserves in equity. See Note 36.

A breakdown of the net assets of the foreign subsidiaries is shown below:

	2018		2017	
Currency	Amount SEK m	%	Amount SEK m	%
EUR	1,047	60	662	59
DKK	15	1	15	1
NOK	45	3	40	4
USD	253	15	177	16
GBP	18	–1	–50	–4
RON	25	1	25	2
CAD	–32	–2	–29	–3
PLN	261	15	218	19
CHF	82	5	41	4
JPY	22	1	21	2
CNY	50	3	8	1
Other	–17	–1	–7	–1
Total	1,733	100	1,121	100

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 192 m (69 m) and is reported in other comprehensive income and reserves in equity. See Note 36.

Financing risk and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is automatically handled within long-term financing. Nonetheless, high demands are placed on the regular reporting of the cash flow situation in each of the individual business units.

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted lines of credit:

		Of which has been used
Overdraft facility etc.	250	72
Credits granted through 2019	1,154	254
Credits granted through 2020	2,100	2,100
Credits granted through 2021	0	0
Credits granted through 2022	2,565	2,098 [1)]
Credits granted through 2023	2,535	747 [1)]
	8,604	5,271

1) Promissory notes with maturities of up to 1 year are recognised in the balance sheet as current liabilities, even though they are included under long-term credit facilities.

At 31 December 2018, the Group's net financial liabilities, excluding shareholdings and other securities, was SEK 4,812 m. Most of the Group's loans are in SEK with a maturity period of less than one year, but within the framework for the long-term lines of credit presented above.

The non-current interest-bearing debts of SEK 3,474 m, due through 2023, are equivalent to a SEK 3,478 m cash outflow, of which SEK 4 m is accumulated interest.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2018.

Cont. ▸

▶ Note 35 cont.

Interest rate risk

The Latour Group's main sources of financing are cash flows from its operating activities and its equity investment, as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. The Group uses interest rate swaps to minimise the interest rate risk. See Note 33.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2018, the average fixed loan period was about 20 months.

If the interest rate level had been one percentage point higher, profit/loss for the year would have been impacted by SEK -48 m (-41 m). No other effects on equity.

The average cost for outstanding long-term and short-term borrowing at the balance sheet date (see Note 41 for long-term liabilities):

	Debt in 2018		Debt in 2017	
	%	SEK m	%	SEK m
Long-term borrowing SEK	0.4	3,263	0.8	100
Long-term borrowing EUR	1.2	204	1.4	370
Long-term borrowing CAD	–	–	1.9	47
Long-term borrowing other	0.7	7	1.1	5
	0.5	**3,474**	**1.3**	**522**
Short-term borrowing SEK	1.2	372	0.8	2,804
Short-term borrowing EUR	1.1	1,114	1.1	998
Short-term borrowing USD	3.1	436	2.0	125
Short-term borrowing GBP	1.0	79	1.0	189
Short-term borrowing PLN	1.5	28	2.0	30
	1.5	**2,029**	**1.2**	**4,146**

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's 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 disposals. The debt has always been well below this threshold.

Credit risk

The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance. Group management is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

Price risk

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet, are classified as either available-for-sale financial instruments or assets measured at fair value through the income statement. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market value of holdings in the investment portfolio changed by 5 per cent, it would affect comprehensive-income and equity by SEK 11 m (16 m). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, exercised through board representation and in other ways. Liquidity risk can occur if a share, for example, is hard to sell. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

The Group is not exposed to any price risk concerning raw materials or commodities.

Operational risks

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations, as well as policies adopted by the Board, are the basis of Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continuously controls and develops its systems and procedures for IT security.

NOTE 36 Equity

Reserves THE GROUP	Hedging reserve	Translation reserve	Fair value reserve [1]	Total
Opening balance 1 Jan 2017	-22	117	299	394
Translation differences for the year		69		69
Available-for-sale financial assets:				
Revaluation recognised directly in other comprehensive income			-72	-72
Recognised in the income statement on disposal				0
Cash flow hedges	-25			-25
Interest rate swaps	6			6
Net asset hedge, currency effects	-15			-15
Closing other reserves 31 Dec 2017	-56	186	227	357
Opening balance 1 Jan 2018	-56	186	227	357
Translation differences for the year		192		192
Available-for-sale financial assets:				
Revaluation recognised directly in other comprehensive income			-94	-94
Recognised in the income statement on disposal				0
Cash flow hedges	9			9
Interest rate swaps	5			5
Net asset hedge, currency effects	-37			-37
Closing other reserves 31 Dec 2018	-79	378	133	432

[1] The investment portfolio has a fair value of SEK 229 m and issued call options have a fair value of SEK 0 m.

▸ Note 36 cont.

Share capital
The parent company's share capital. The par value of each share is SEK 0.21.

Other contributed capital
Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

Repurchased shares
Repurchased shares comprise the historic cost of the company's shares held by the parent company and are recognised as a deduction from equity. Proceeds from the sale of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Reserves
Translation reserve
The translation reserve includes all foreign exchange differences arising from the translation of foreign operations that have prepared their financial statements in a different currency to the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Hedging reserve
The hedging reserve comprises foreign exchange differences arising from the translation of debts, derivatives classified as hedging instruments of net investments in a foreign operation and interest rate swaps.

Fair value reserve
The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognised in the balance sheet.

Profit brought forward including part of comprehensive income for the year
Profit brought forward including part of comprehensive income for the year contains profits earned in the parent company, its subsidiaries and associates. Previous provisions to the statutory reserve, not including transferred share premium reserves, are included in this equity item.

Non-controlling interests
Non-controlling interests comprise the share of equity not owned by the parent company.

Dividends
Dividends are proposed by the Board of Directors in accordance with the rules laid down by the Swedish Companies Act and are approved by the Annual General Meeting. The dividend proposed, but not as yet approved, for 2018 is SEK 1,598 m (SEK 2.50 per share). The amount has not been reported as a liability.

Earnings per share

THE GROUP	2018	2017
Profit for the year	2,336	2,793
Average number of shares outstanding basic share	639,005,270	638,719,595
Average number of shares outstanding diluted share	641,229,881	640,982,564
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 3.66	SEK 4.37
Diluted share	SEK 3.64	SEK 4.36

Outstanding shares	Class A	Class B	Total
Number of shares at 1 January 2018	47,642,448	591,205,552	638,848,000
Repurchase	0	269,500	269,500
Conversion	–200	200	0
Total outstanding shares at 31 December 2018	47,642,248	591,475,252	639,117,500

Own shareholding	Class A	Class B	Total
Shares held at 1 January 2018	–	992,000	992,000
Repurchase during the year	–	306,500	306,500
Disposal	–	–576,000	–576,000
Total own shareholding at 31 December 2018	0	722,500	722,500
Total number of shares at 31 December 2018	47,642,248	592,197,752	639,840,000

The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2018. This represents 0.1 per cent of the share capital. The transaction costs relating to the repurchases are recognised as a deduction from equity. These costs have not affected recognised tax expenses. A repurchase of own shares has been performed to create added value for current shareholders in Latour. Call options have been issued to senior executives on all repurchased shares.

	2018		2017	
Own shareholding	Number	Expense	Number	Expense
Accumulated at beginning of the year	992,000	72	323,500	72
Repurchase during the year	306,500	30	92,500	37
Disposal	–576,000	–42	–168,000	–37
4:1 split	–	–	744,000	–
Accumulated at end of the year	722,500	60	992,000	72

NOTE 37 Reconciliation of loans related to financing activities

	31 Dec 2017	Cash flow	Changes with no cash-flow effects: Effect of movements in foreign exchange	Impairment	Interest	Acquisition company	31 Dec 2018
Interest-bearing receivables	32	4					36
Pension provisions	-75	-10			-1	-3	-89
Long-term liabilities	-63	-3,112	-116			-20	-3,311
Additional purchase price	-518	276		139		-60	-163
Finance lease liabilities	-63	2	-1				-62
Utilised bank overdraft facilities	-151	79					-72
Interest-bearing current liabilities	-3,872	1,977					-1,895
Net debts related to financing activities	-4,710	-784	-117	139	-1	-83	-5,556

NOTE 38 Retirement benefit obligations

Nearly all Latour Group employees are covered by either defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta is unable to provide sufficient details to report the ITP plan as a defined benefit plan, it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta for the year are SEK 47 m. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2018, Alecta's surplus in the form of the collective consolidation level was 142 per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

The company's costs and the value of outstanding obligations for defined benefit plans are calculated using actuarial calculations which aim to establish the present value of the obligations.

THE GROUP	2018	2017
Defined benefit obligations	153	87
Present value at the beginning of the periods	153	87
Reclassification	6	29
Acquisitions	3	11
Pension earned	12	14
Interest	1	0
Pension payments	-4	-1
Actuarial gain/loss	4	12
Translation difference	3	1
Closing balance	178	153
Plan assets		
Opening balance	79	48
Reclassification	6	29
Change in reserves	4	2
Closing balance	89	79
Net defined benefit obligations	89	74

2018

Defined benefit obligations by country	Present value of obligations	Fair value of plan assets	Total
Sweden	23	0	23
Norway	31	-25	6
Switzerland	49	-34	15
Germany	49	-30	19
Italy	24	0	24
Other	2	0	2
Total	178	-89	89

2017

Defined benefit obligations by country	Present value of obligations	Fair value of plan assets	Total
Sweden	21	0	21
Norway	27	-23	4
Switzerland	38	-26	12
Germany	43	-30	13
Italy	24	0	24
Total	153	-79	74

At the last measurement date, the present value of the defined benefit obligation of approximately SEK 77 m was attributable to active employees and SEK 12 m to retired employees.

Amounts reported in the income statement	2018	2017
Interest on pension provision	1	0
Cost of defined benefit plans	1	0
Pension costs, defined contribution plans	190	168
Special employer's tax and taxes on return	24	22
Total pension costs	215	190

The actuarial calculation of pension obligations and pension costs is based on the following principal assumptions:

2018

%	Switzerland	Germany	Italy	Norway
Discount rate [1]	1.0	1.7	1.6	2.6
Inflation	1.0	1.8	1.3	2.8
Pay increases	2.5	–	–	3
Pension indexation	0.0	2.0	0.0	0.8

2017

%	Switzerland	Germany	Italy	Norway
Discount rate [1]	0.8	1.6	1.3	2.3
Inflation	1.0	1.8	1.0	2.3
Pay increases	2.0	2.5	–	2.5
Pension indexation	0.0	2.0	0.0	0.4

[1] See policies in Note 2 on page 79.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 5.9 per cent. If the interest rate is raised by 0.5 per cent, the present value of the obligations decreases by 5.4 per cent.

NOTE 39 Taxes

Deferred tax in the balance sheet

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

THE GROUP	2018	2017
Deferred tax assets		
Intangible assets	13	5
Land and buildings	0	0
Machinery and equipment	5	4
Inventories	44	45
Current receivables	18	8
Provisions	24	18
Current liabilities	3	10
Other items	18	11
	125	101
Deferred tax liabilities		
Intangible assets	-47	-43
Land and buildings	-3	-3
Machinery and equipment	-11	-3
Inventories	0	0
Current receivables	0	0
Untaxed reserves	-236	-206
Provisions	-18	-15
	-315	-270

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax recognised in other comprehensive income amounts to SEK 6 m (9 m).

No current tax is recognised in the Group's or the parent company's statement of comprehensive income.

The SEK 2,777 m (2,588 m) tax loss carryforward with an unlimited carryforward period in the parent company has not taken deferred tax into account.

NOTE 40 Other provisions

THE GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2017	79	36	115
Acquisition (company)	0	8	8
Provisions for the year	15	6	21
Amounts claimed during the year	-10	-3	-13
Exchange rate difference	1	1	2
Closing value 31 Dec 2017	85	48	133
Acquisition (company)	2	0	2
Provisions for the year	26	11	37
Amounts claimed during the year	-49	-3	-52
Exchange rate difference	2	1	3
Closing value 31 Dec 2018	66	57	123

The provisions consist of:	2018	2017
Long-term part	109	121
Current part	14	12
	123	133

Other provisions primarily consist of provisions for restructuring costs.

NOTE 41 Long-term liabilities

THE GROUP	2018	2017
Liabilities to credit institutions falling due in 1-5 years	3,416	461
Liabilities to credit institutions falling due in >5 years	–	–
Liabilities referring to finance leases	58	60
Other long-term liabilities	0	0
Total	3,474	521

See Note 35 for further details about long-term liabilities.

NOTE 42 Overdraft facility

The overdraft facility available to the Group is SEK 250 m (200 m), of which SEK 72 m (151 m) has been used.

NOTE 43 Accrued expenses and deferred income

THE GROUP	2018	2017
Accrued interest expenses	5	2
Accrued social security fees	118	108
Accrued other pay-related costs	273	233
Other items	421	318
Total	817	661

NOTE 44 Pledged assets

THE GROUP	2018	2017
For own liabilities and provisions		
Relating to pension obligations		
– Floating costs	–	–
– Other securities	1	2
Shares as collateral for net loans [1]	2,940	2,718
Other		
– Floating costs	3	3
– Property mortgages	2	2
– Other securities	0	0
Total	2,946	2,725

PARENT COMPANY	2018	2017
For the Group's liabilities		
Shares as collateral for net loans [1]	516	516
Total collateral pledged	516	516

[1] As collateral for loans from credit institutions, 37,200,000 Assa Abloy class B and 20,600,000 Securitas class B shares have been pledged at a market value of SEK 8,816 m and a book value in the Group of SEK 2,940 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

NOTE 45 Contingent liabilities

THE GROUP	2018	2017
Underwriting agreements	–	–
Other obligations	7	3
Total	7	3

PARENT COMPANY	2018	2017
Guarantees for subsidiaries	5,406	4,065
Total	5,406	4,065

The parent company has pledged to assume certain obligations that may befall Group companies.

NOTE 46 Business combinations

	2018	2017
Intangible assets	26	236
Property, plant and equipment	62	111
Financial assets	5	10
Inventories	85	122
Accounts receivable	164	117
Other current receivables	53	32
Cash	36	38
Long-term net borrowing	-21	-192
Current liabilities	-104	-206
Net identifiable assets and liabilities	306	268
Non-controlling interests	0	5
Group goodwill	852	563
Total purchase price	1,158	836
Previously settled purchase price	0	-18
Additional purchase price	-60	-120
Cash settlement purchase price	1,098	698
Acquisition of non-cash items	-5	-1
Cash and cash equivalents in acquired companies	-36	-35
Effect on Group cash and cash equivalents	1,057	662

Sensortec Holding AG

On 23 March 2018, the Group acquired the entire shareholding of Sensortec Holding AG. The acquired operations contributed SEK 40 m in revenues and SEK 13 m in net profit for the period 23 March to 31 December 2018. If the acquisition had been made on 1 January 2018, the company's revenues would have been SEK 51 m and profit for the year would have been SEK 18 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs amounted to SEK 2 m for this acquisition.

Inventories	3
Accounts receivable	5
Other receivables	1
Cash	24
Long-term net borrowing	-1
Current liabilities	-6
Net identifiable assets and liabilities	26
Group goodwill	80
Cash and cash equivalents in acquired companies	-24
Change in Group cash and cash equivalents on acquisition	82

Johnson Level & Tool Mfg. Co., Inc.

On 30 April 2018, the Group acquired the entire shareholding of Johnson Level & Tool Mfg. Co., Inc. The acquired operations contributed SEK 226 m in revenues and a SEK 30 m net profit for the period 30 April to 31 December 2018. If the acquisition had been made on 1 January 2018, the company's revenues would have been SEK 335 m and profit for the year would have been SEK 45 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs of SEK 7 m for this acquisition were charged to the income statement for the period.

Intangible assets	4
Property, plant and equipment	14
Financial assets	5
Inventories	66
Accounts receivable	73
Other receivables	2
Cash	6
Current liabilities	-22
Net identifiable assets and liabilities	148
Group goodwill	527
Cash settlement purchase price	675
Acquisition of non-cash items	-5
Cash and cash equivalents in acquired companies	-6
Change in Group cash and cash equivalents on acquisition	664

Hellberg Safety AB

On 6 July 2018, the Group acquired the entire shareholding of Hellberg Safety AB. The acquired operations contributed SEK 61 m in revenues and SEK 4 m in net profit for the period 6 July to 31 December 2018. If the acquisition had been made on 1 January 2018, the company's revenues would have been SEK 109 m and profit for the year would have been SEK 7 m. An estimated additional purchase price has been reserved. The final price is based on performance over the next years and may amount to as much as SEK 60 m. This sum has also been reserved. Goodwill is attributable to the earning capacity of the company and the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs of SEK 1 m for this acquisition were charged to the income statement for the period.

Intangible assets	3
Property, plant and equipment	20
Inventories	10
Accounts receivable	15
Other receivables	4
Long-term net borrowing	-16
Current liabilities	-15
Net identifiable assets and liabilities	21
Group goodwill	170
Additional purchase price	-60
Change in Group cash and cash equivalents on acquisition	131

▸ Note 46 cont.

IDQ Investigación Diseno y Calidad, S.A.U.

On 1 September 2018, the Group acquired the entire shareholding of IDQ Investigación Diseno y Calidad, S.A.U. The acquired operations contributed SEK 7 m in revenues and SEK 1 m in net profit for the period 1 September to 31 December 2018. If the acquisition had been made on 1 January 2018, the company's revenues would have been SEK 14 m and profit for the year would have been SEK 2 m. Goodwill is attributable to the earning capacity of the company and the synergies that will be created when the sales organisation is merged with Nord-Lock Group's existing operations. Transaction costs of SEK 1 m for this acquisition were charged to the income statement for the period.

Inventories	
Accounts receivable	5
Current liabilities	-4
Net identifiable assets and liabilities	1
Group goodwill	9
Change in Group cash and cash equivalents on acquisition	10

Zent-Frenger GmbH

On 31 October 2018, the Group acquired the entire shareholding of Zent-Frenger GmbH. The acquired operations contributed SEK 56 m in revenues and a SEK -1 m net loss for the period 31 October to 31 December 2018. If the acquisition had been made on 1 January 2018, the company's revenues would have been SEK 295 m and profit for the year would have been SEK 7 m. Goodwill is attributable to the earning capacity of the company and the synergies that will be created when the manufacturing and sales organisation is merged with Swegon's existing operations. Transaction costs of SEK 4 m for this acquisition were charged to the income statement for the period.

Intangible assets	2
Property, plant and equipment	28
Inventories	6
Accounts receivable	66
Other receivables	46
Cash	4
Long-term net borrowing	-4
Current liabilities	-57
Net identifiable assets and liabilities	91
Group goodwill	66
Cash settlement purchase price	157
Acquired cash	-4
Change in Group cash and cash equivalents on acquisition	153

The Director's Report on page 68 provides further details about business combinations.
All acquired goodwill relates to Group goodwill on acquisition which is non tax-deductible.

NOTE 47 Sale of subsidiaries

	2018	2017
Fixed assets	85	–
Current assets	8	–
Long-term net borrowing	-7	–
Current liabilities	-46	–
Profit on sale of subsidiaries	27	–
Received purchase price	96	0
Additional purchase price	-15	–
Cash in divested companies	-9	–
Effect on Group cash and cash equivalents	72	0

Kabona AB was sold in the first quarter of 2018. The company's annual sales were SEK 140 m and it contributed SEK 1 m in operating profit in 2018. The real estate management company Brunna Fastighetsmiljö AB was also sold during the year.

NOTE 48 Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

THE GROUP	2018	2017
Grants that affected income for the year	5	6
Grants that affected assets	3	6

Grants consist primarily of development and investment aid.

NOTE 49 Events after the reporting period

On 11 January, the Norwegian company TKS Heis was acquired. In 2018, the company generated sales of approximately NOK 155 m. It has 74 employees.

After the reporting period, Latour sold all class A shares in Loomis AB for about SEK 0.8 billion.

Otherwise, there were no material events subsequent to the end of the reporting period.

NOTE 50 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items and the revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources, these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

Executive management and the audit committee have discussed the development, selection and disclosures concerning the Group's critical accounting policies and estimates and the application of these policies and estimates.

Cont. ▸

▸ Note 50 cont.

Goodwill impairment

Each year, the Group assesses whether goodwill has suffered any impairment loss, based on the accounting policy described in Note 2.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of certain estimates (Note 19).

Pension obligations

The present value of the pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 for information on how the Group determines an appropriate discount rate.

Other principal actuarial assumptions for pension obligations are based in part on current market conditions. See Note 38 for further details.

Warranties

The management of each subsidiary estimates necessary reserves to guarantee future warranty requirements based on information about past warranty requirements and current trends that indicate that the past information may differ from future requirements.

The factors that may affect the information about warranty requirements include the success of the Group's productivity and quality initiatives and the cost of labour and materials.

NOTE 51 Definitions

Return on equity	Net profit in the income statement as a percentage of average shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital
Return on total capital	Profit/loss after net financial items plus financial costs in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
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 profit (EBIT)	Earnings before interest and taxes.
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 margin (EBIT) %	Operating profit divided by net sales.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net gearing ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net borrowings	Interest-bearing liabilities plus interest-bearing provisions less cash and cash equivalents and interest-bearing receivables.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non-interest-bearing liabilities.
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.
P/E ratio	The share purchase price in relation to profit after paid tax.
Basic earnings per share	Profit for the period divided by the number of outstanding shares in the period. Calculations: Jan–Dec 2018: 2,336/639,005,270 x 1,000=3.66 Jan–Dec 2017: 2,793/638,719,595 x 1,000=4.37
Diluted earnings per share	Calculations: Jan–Dec 2018: 2,336/641,229,881 x 1,000=3.64 Jan–Dec 2017: 2,793/640,982,564 x 1,000=4.36 The call options that had been issued as at the balance sheet date were included in the calculation of diluted earnings.
Equity ratio	Equity in relation to total assets.
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.
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.
Profit margin	Profit after net financial items plus finance expense as a percentage of invoiced sales.
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.

Proposed allocation of profits

SEK 0 m of parent company equity at the balance sheet date was attributable to assets and liabilities measured at fair value in accordance with chapter 4 section 14a of the Swedish Annual Accounts Act. Net changes in fair value of SEK 133 m are included in consolidated equity.

The following profits in the parent company are at the disposal of the Annual General Meeting:

Profit brought forward	SEK 8,444.2 m
Profit for the year	SEK 1,407.5 m
	SEK 9,851.7 m

At 15 March 2019, the number of shares entitling the holder to receive dividends was 639,117,500 after the exclusion of repurchased shares. The Board of Directors proposes the following allocation:

A total dividend of SEK 2.50 per share is paid to the shareholders	SEK 1,597.8 m
To be carried forward	SEK 8,253.9 m
	SEK 9,851.7 m

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and the Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 7 May 2019.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial reports have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Gothenburg 15 March 2019

Mariana Burenstam Linder
Board member

Olle Nordström
Chairman

Anders G. Carlberg
Board member

Anders Böös
Board member

Jan Svensson
Chief Executive Officer

Carl Douglas
Board member

Eric Douglas
Board member

Lena Olving
Board member

Our independent Auditor's Report was given on 15 March 2019
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Auditor's report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

Statement on the Annual Report and the consolidated financial statements

OPINION

We have conducted an audit of the Annual Report and consolidated financial statements of Investment AB Latour (publ) for 2018. The company's Annual Report and consolidated financial statements are presented on pages 67-107 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company at 31 December 2018, and its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2018, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and the balance sheet of the parent company and the Group.

Our opinion in this statement on the Annual Report and the consolidated financial statements is consistent with the content of the additional report presented to the parent company's and the Group's Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 on requirements regarding statutory audit of public-interest entities.

BASIS FOR OPINION

We conducted our audit in line with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the European Regulation on specific requirements regarding statutory audit of public interest entities (No. 537/2014) have been provided to the audited entity or, where applicable, to its parent company or its regulated entities within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OUR AUDIT

Scope and approach of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the Chief Executive Officer and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As with all audits, we also addressed the risk of the Board of Directors and the Chief Executive Officer overriding internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, accounting processes and controls, and the operations of the Group.

Investment AB Latour is an investment company that manages an investment portfolio and wholly-owned investments in industrial businesses that are grouped into four business areas. The Latour Group comprises a large number of companies. None of the individual companies have been individually assessed as significant for the Group audit. In addition to the local audit of each company, we have conducted an audit of consolidation as well as analytical assessments at Group level to obtain a reasonable basis for our Group audit. For the entities selected for Group auditing, we issued detailed instructions, obtained reports and followed up the review conducted by means of discussions and meetings with local teams to ensure that sufficient and appropriate audit evidence has been obtained to provide a basis for our opinion on the auditor's report.

MATERIALITY

The scope and approach of our audit was influenced by our application of materiality. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. They are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on professional judgement, we set certain quantitative thresholds for materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Key audit matters

KEY AUDIT MATTERS are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill *See Note 19 in the Annual Report for disclosures relating to this matter.* At 31 December 2018, the Group's intangible assets were SEK 6,781 m, of which SEK 6,565 m was goodwill. Under IFRS, the Group tests goodwill for impairment at least once a year by means of impairment tests. An impairment review requires assumptions to be made with a considerable element of subjective judgements, particularly those concerning the Group's expectations of market growth and the entity's ability to generate cash flows. Impairment review of goodwill is a key matter for our audit due to the material values represented by the assets and the inherent uncertainty in the estimates and assessments.	Our assessment and audit procedures for the impairment testing of goodwill includes the following areas of audit. We have assessed the Group's valuation models together with valuation and accounting experts and have determined that these are consistent with generally accepted valuation techniques. We have examined whether the assumptions used in the model are reasonable. These are described in Note 19. In our assessment of assumptions concerning future cash flows, we have compared these with business plans and other information about future developments. We have assessed the company's analysis of the sensitivity of estimates to changes in significant assumptions and the risk that changes could result in impairment. We have also independently undertaken a sensitivity analysis and evaluated the differences in this year's tests compared with last year's assumptions for comparable entities to confirm the accuracy of the Group's underlying data for the forecast period.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories *The Group's principles for measurement of inventories and recognition of obsolescence are presented in Note 2 and Note 30 in the Annual Report.* At 31 December 2018, the Group reports inventories of SEK 1,718 m. Inventory valuation is significant to our audit because the valuation includes a number of estimates and judgements, and the inventories held have considerable value. Executive management's valuation of inventories needs to assess the ability of the Group to sell its products in stock at a price that exceeds acquisition cost and, in this context, take into account the risk of obsolescence. In order to identify and consistently calculate the risk of obsolescence, each business area management team has established a process to identify and calculate any obsolescence. The obsolescence process takes into account inventory content, which differs from one business area to the next, the length of time individual items are in inventory (slow-moving inventory), which together with actual and expected future sales volumes provide management with a basis for setting a reasonable obsolescence reserve.	Our audit procedures included an evaluation of the Group's processes to calculate inventory obsolescence. To assess the plausibility of the company's obsolescence reserve, we have instructed our entity auditors to examine and report back to the Group team on any deviations from the calculated obsolescence in accordance with the processes established for the business areas. We have held discussions with the management team and reviewed minutes of Board meetings and other important management meetings and reporting in order to identify forecasted changes in the company's sales that could result in inventory becoming obsolete. We have concluded that the Group describes its principles for valuation of inventory in a satisfactory manner in the Annual Report at 31 December 2018.

Other information than the Annual Report and the consolidated financial statements

THIS DOCUMENT also contains other information than the Annual Report and the consolidated financial statements and can be found on pages 1–66 and 108–120. In addition to other information in this document, the company annually produces a report entitled "Latour at a glance" for each year. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the Annual Report and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and consolidated financial statements. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Annual Report and the consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Chief Executive Officer cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

AUDITOR'S RESPONSIBILITY

The objectives of our audit are to obtain reasonable assurance that the Annual Report and the consolidated financial statements as a whole are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Annual Report and the consolidated financial statements.

A fuller description of our responsibilities for the audit of the Annual Report and the consolidated financial statements is provided on the website of the Supervisory Board of Public Accountants: revisorsinspektionen.se/revisornsansvar. This description forms part of the audit report.

Statement on other legal and statutory requirements

OPINION

In addition to our audit of the Annual Report and the consolidated financial statements, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

BASIS FOR OPINION

We conducted the audit in line with generally accepted auditing practice in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, scope and risks on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Chief Executive Officer is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member or the Chief Executive Officer, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company,
- in any other way has acted in non-compliance with the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this, is to ascertain, with a reasonable degree of assurance, whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A more detailed description of our responsibilities for the audit of the management is available on the website of the Supervisory Board of Public Accountants: revisorsinspektionen.se/revisornsansvar. This description forms part of the audit report.

Öhrlings PricewaterhouseCoopers AB was appointed as auditor to Investment AB Latour (publ) at the Annual General Meeting on 9 May 2018 and has the company's auditor since before 1994.

Gothenburg 15 March 2019
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson	Inger Kollberg
Authorised Public Accountant	*Authorised Public Accountant*
Principal Auditor	

Auditors' opinion on the statutory sustainability report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2018, presented on pages 16–23, and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. We believe that this review provides us with sufficient evidence on which to base our opinion.

OPINION

A sustainability report has been prepared.

Gothenburg 15 March 2019
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Corporate Governance

INVESTMENT AB LATOUR (publ) is a Swedish public limited company whose shares are listed on the Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Corporate Governance Code ("the Code"), and chapter 6, sections 6-9 of the Swedish Annual Accounts Act and chapter 9, section 31 of the Swedish Companies Act and is applicable to the 2018 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, section 6, second paragraph, items 2-6 of the Swedish Annual Accounts Act (for example, the most important parts of the company's system for internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report.

Latour's Articles of Association and further information about Latour's corporate governance practices can be found on the website latour.se under Corporate Governance.

ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. Only those shareholders who are entered in the register of members before the Annual General Meeting and who have announced their intention to attend are entitled to attend and vote for their entire shareholding.

The 2018 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

NOMINATION COMMITTEE

At the Annual General Meeting, the Nomination Committee presents proposals for a chairperson for the meeting, the Chairperson and other members of the Board, remuneration to the Board and possible remuneration for committee work.

The Nomination Committee is appointed after the Chairman of the Board has ascertained which are the company' four largest shareholders, based on the number of voting rights and according to the shareholder statistics available on the last banking day in August prior to the Annual General Meeting. Representatives of the four largest shareholders make up the Nomination Committee and the names of these representatives shall be published on the company's website as soon as they are appointed and no later than six months prior to the Annual General Meeting.

The following have been appointed to the Nomination Committee for the 2019 Annual General Meeting: Gustaf Douglas (chairman, principal owner), Fredrik Palmstierna (the Palmstierna family, including companies), Olle Nordström (Skirner AB) and Göran Espelund (Lannebo Fonder). The Nomination Committee's representatives have extensive experience of board and nomination committee work.

The Nomination Committee shall take into consideration at all times the applicable requirements and regulations of the Swedish Code of Corporate Governance. The Nomination Committee is required to present proposals for members of the Board and in so doing shall ensure that the Board has an appropriate composition characterised by diversity and breadth in the expertise, experience and backgrounds of the elected members of the Board, and shall also strive to achieve a gender balance.

None of them has received any remuneration for their work in the Nomination Committee.

BOARD OF DIRECTORS

Latour's Board of Directors is comprised of eight members, including the Chief Executive Officer (see page 116). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board at the 2018 Annual General Meeting. Two members of Latour's Board, Eric Douglas and Carl Douglas, are not independent from the company's principal owner. Together with the family, they control 80 per cent of the company's voting power and 78 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

Each year, the Board establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

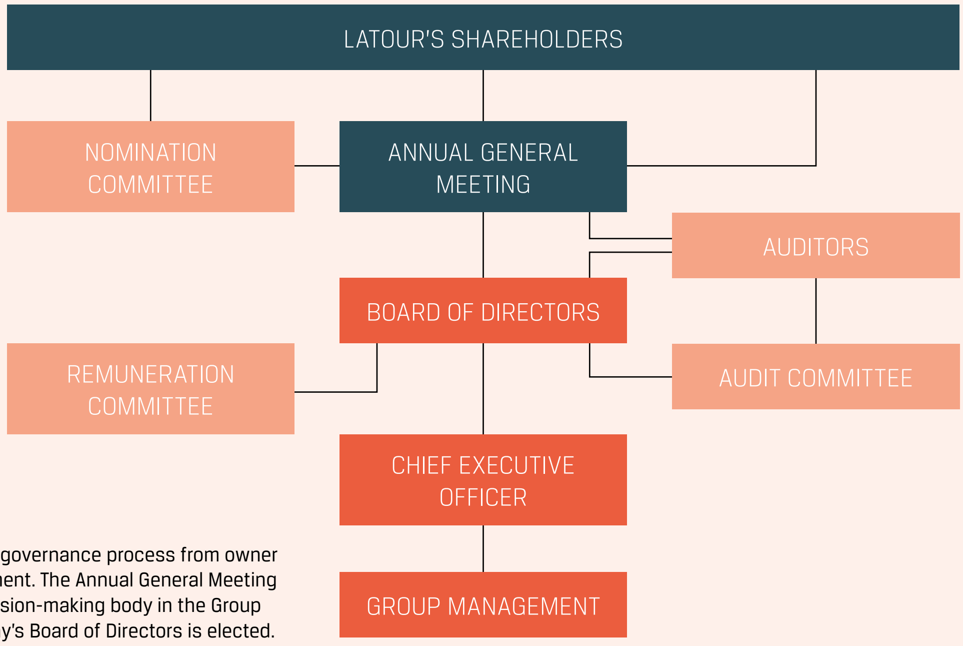
The present Board has had four ordinary meetings to date, not including the inaugural meeting and one additional Board meeting. Three of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on two occasions. Otherwise there has been full attendance. The company's auditor attended two Board meetings and presented reports and observations from the audit performed.

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2018/2019 FINANCIAL YEAR

Name	Board meetings[1]	Remuneration, SEK 000
Mariana Burenstam Linder	6 out of 6	520
Anders Böös	5 out of 6	520
Anders G. Carlberg	5 out of 6	520
Carl Douglas	4 out of 6	520
Eric Douglas	6 out of 6	520
Olle Nordström	5 out of 6	1,460
Lena Olving	6 out of 6	520
Jan Svensson	6 out of 6	0

[1] Of which one was the inaugural Board meeting.



Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group where the company's Board of Directors is elected.

company's risk exposure, budgets and forecasts for the subsidiaries, and a financial review of the business operations. Commitment to sustainability permeates all aspects of the Board's work.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views. The purpose of the evaluation is to develop the day-to-day work of the Board of Directors and establish the direction of its work in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse its current set of skills. The Chairman has compiled the comments that were submitted and has reported them to the Board for discussion. The evaluation also serves as a basis for the Nomination Committee's task of proposing new Board members, which means that the results of the evaluation have been presented to the Nomination Committee.

COMMITTEES

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Olle Nordström (chairman), together with Anders G. Carlberg and Eric Douglas. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

The Audit Committee has met twice. All members and the company's auditor were present at these meetings. The business of the meetings has included the Group's financial risks and the focus of auditing. The auditor also presented observations made during the audit.

AUDITORS

The 2018 Annual General Meeting elected Öhrlings PricewaterhouseCoopers to serve as auditors. Bo Karlsson is the principal auditor. Bo Karlsson has worked at the auditing firm since 1991 and has served as the principal auditor for the audit of Latour's financial statements since 2015. Apart from Latour, he also performs auditing services for ASSA ABLOY, SKF and Scania.

The auditors presented oral and written reports at the Board meetings in December 2018 and March 2019 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

GROUP MANAGEMENT

Latour's industrial operations are grouped into four business areas. The investment portfolio is managed by the parent company, Investment AB Latour, and the wholly-owned subsidiary Latour Förvaltning AB. The wholly-owned subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Group's Chief Executive Officer and Chief Financial Officer. The business area managers lead the operations in their respective business area and are responsible for the performance and management of their business area. The Group's business organisation is built on decentralisation of responsibilities and powers. The business areas are responsible for the respective operation's sustainable strategic and operational development and for meeting financial targets that include return on operating capital, tied-up capital, operating margins and growth.

INTERNAL CONTROL RELATING TO FINANCIAL REPORTING

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting.

The risks identified concerning financial reporting are managed by the Group's control structure.

Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Effectiveness and compliance are monitored through programmed controls and manual procedures. All reporting is performed in the Group's common reporting system. The Group management conducts regular reviews of the subsidiaries' performance and growth. The financial review of their operations is an important part of this process. It also actively participates in the subsidiaries' boards where it reviews financial reporting.

The Board of Latour receives monthly financial reports and the Group's financial situation is discussed at every Board meeting.

A review of the Group's internal control of essential processes has been carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting but necessary measures are being taken. This is followed up throughout the year.

The above information concerning internal control has not been reviewed by an auditor.

STRUCTURED PROCESS FOR RISK MANAGEMENT

Latour makes an annual structured analysis of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors are business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management as well as customer, competition and supplier trends and developments, and analysis of alternative technologies that may pose a risk in the future.

Latour's investment portfolio companies are analysed from financial, industrial and geographic perspectives. When both of the portfolios have been analysed, a balanced risk assessment is performed for Latour's total portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk for defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 35 on pages 98-100.

Latour's policy concerning wholly-owned industrial operations is that Latour will own high-quality companies with long-term, sound profitability, and minimise risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

Gothenburg 15 March 2019
Board of Directors
Investment AB Latour (publ)

Latour analyses risk exposure in the company and the investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.

Auditor's opinion on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ) Corporate identity number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Statement for 2018 on pages 112–114 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevU 16 Review of the Corporate Governance Statement Performed by the Auditor. This means that our review of the Corporate Governance Statement has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. We believe that this review provides sufficient appropriate evidence on which to base our opinion.

OPINION

A Corporate Governance Statement has been prepared. Disclosures in accordance with chapter 6 section 6, second paragraph, items 2-6 of the Swedish Annual Accounts Act and chapter 7 section 31, second paragraph of the same Act are consistent with the Annual Report and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act.

Gothenburg 15 March 2019
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Board of Directors

Standing from the left: Anders G. Carlberg, Anders Böös, Jan Svensson, Lena Olving, Carl Douglas and Eric Douglas.
Sitting from the left: Mariana Burenstam Linder and Olle Nordström.

Olle Nordström born 1958.
Chairman of the Board since 2016. Bachelor of Science (Econ.).
Chairman of the boards of Besqab AB, Skirner AB and Skirner Förvaltning AB.
Member of the board of Teletec Connect Aktiebolag.
Shares in Latour *: 800,000 class A and 1,982,720 class B (with family and companies)

Mariana Burenstam Linder born 1957.
Board member since 2011. Bachelor of Science (Econ.).
Chairman of the board of the Sweden America Foundation.
Member of the boards of BTS AB and Resurs AB.
Shares in Latour *: 79,844 class B

Anders Böös born 1964.
Board member since 2005. Economic college graduate.
Member of the boards of Securitas AB, Stronghold Invest AB and others.
Shares in Latour *: 120,000 class B (through companies)

Anders G. Carlberg born 1943.
Board member since 2011. Bachelor of Science (Econ.). Chairman of the boards of Herenco AB and Gränges AB.
Member of the boards of Axfast, Recipharm, Beijer-Alma and others.
Shares in Latour *: 116,400 class B (with family)

Carl Douglas born 1965.
Board member since 2008.
BA (Bachelor of Arts), D. Litt (h.c.) (Doctor of Letters).
Entrepreneur. Vice chairman of ASSA ABLOY AB and Securitas AB.
Shares in Latour *: 1,536,000 class B
and through related companies: 39,740,000 class A and 444,538,000 class B

Eric Douglas born 1968.
Board member since 2002.
Economic college graduate and three years studies at the University of Lund in "Economy for Entrepreneurs".
Entrepreneur since 1992. Chairman of Pod Investment AB and Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult.
Shares in Latour *: 1,816,000 class B
and through related companies: 39,740,000 class A and 444,538,000 class B

Lena Olving born 1956.
Board member since 2016. M.Sc. Mechanical Engineering.
President and CEO of Mycronic AB.
Member of the boards of ASSA ABLOY AB, Munters AB, IVA:s Näringslivsråd, Teknikföretagen and The Swedish Corporate Governance Board. Chairperson of Kungliga Operan AB.
Shares in Latour *: 1,200 class B

Jan Svensson born 1956.
Board member since 2003. Mechanical engineer and Bachelor of Science (Econ.).
Stockholm School of Economics.
President and CEO of Investment AB Latour.
Chairman of the boards of Alimak Group, AB Fagerhult, Nederman Holding AB, Tomra Systems ASA and Troax Group AB.
Member of the boards of ASSA ABLOY AB and Loomis AB.
Shares in Latour *: 961,000 class B and 110,000 call options class B that give the right to buy 230,000 class B shares (with family).

Except for Jan Svensson, everyone is independent from the company and the company management.
Except for Carl Douglas and Eric Douglas, everyone is independent from the company's major shareholders.

*Ownership at the end of 2018.

Latour

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

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 representatives from boards.

CLEAR AND 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. Latour's company culture is characterised by the fact that it is a small, flexible organisation with short decision-making channels. The parent company consists of ten employees and the aim is to provide an attractive workplace environment that offers stimulating and rewarding job roles. The main functions in the parent company are business management, administration, 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 of quality and that contact with Latour is easy and straight-forward.

Group management

Jan Svensson born 1956
President and CEO since 2003.
Mechanical engineer and Bachelor of Science (Econ.).
Shares in Latour: 961,000 class B and 110,000 call options class B that give the right to buy 230,000 class B shares (with family).

Anders Mörck born 1963
CFO since 2008.
Bachelor of Science (Econ.).
Shares in Latour: 196,000 class B and 98,000 call options class B that give the right to buy 152,000 class B shares.

Auditors

Öhrlings PricewaterhouseCoopers AB
Bo Karlsson born 1966.
Authorised public accountant, Principal auditor.

Inger Kollberg born 1968.
Authorised Public Accountant.

Information by quarter

SEK m	2018 Full year	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Full year	2017 Q4	2017 Q3	2017 Q2	2017 Q1
INCOME STATEMENT										
Net sales	11,785	3,268	2,903	3,024	2,590	9,930	2,699	2,423	2,538	2,269
Cost of goods sold	–7,073	–1,984	–1,743	–1,802	–1,544	–5,885	–1,600	–1,445	–1,512	–1,327
Gross profit	4,712	1,284	1,160	1,222	1,046	4,045	1,099	978	1,026	942
Operating costs etc.	–3,315	–899	–786	–851	–779	–2,920	–802	–669	–747	–702
Operating profit	1,397	385	374	371	267	1,125	297	309	279	240
Total equity investment	1,280	321	473	106	380	1,998	506	514	597	381
Profit before financial items	2,677	706	847	477	647	3,123	803	823	876	621
Net financial items	–31	–12	–14	–14	9	–54	–22	–11	–11	–10
Profit after financial items	2,646	694	833	463	656	3,069	781	812	865	611
Taxes	–322	–67	–90	–95	–70	–281	–83	–73	–68	–57
Profit for the period	2,324	627	743	368	586	2,788	698	739	797	554
KEY RATIOS										
Earnings per share, SEK [1]	3.66	1.00	1.16	0.58	0.92	4.37	1.09	1.16	1.25	3.48
Cash flow for the period	67	73	22	25	–53	–697	–60	–135	–241	–261
Adjusted equity ratio %	86	86	87	87	88	88	88	88	90	92
Adjusted equity	52,395	52,395	58,490	56,880	54,105	51,758	51,758	54,343	53,222	51,995
Net asset value	63,980	63,980	69,105	66,841	63,016	60,521	60,521	62,625	61,450	60,742
Net asset value per share [1]	100	100	108	105	99	95	95	98	96	95
Listed price [1]	112	112	111	97	95	101	101	110	105	90
NET SALES										
Hultafors Group	2,407	716	618	596	477	1,901	542	454	460	444
Latour Industries	2,758	747	660	700	652	2,314	706	601	571	479
Nord-Lock Group	1,309	333	332	341	303	1,114	268	277	286	283
Swegon	5,137	1,421	1,248	1,347	1,121	4,378	1,130	1,043	1,177	1,029
	11,611	3,217	2,858	2,984	2,553	9,707	2,646	2,375	2,494	2,235
Other companies and items	174	51	45	40	37	223	53	49	44	34
	11,785	3,268	2,903	3,024	2,590	9,930	2,699	2,424	2,538	2,269
OPERATING PROFIT										
Hultafors Group	375	119	93	98	65	287	92	68	64	62
Latour Industries	191	55	57	48	31	171	55	49	36	33
Nord-Lock Group	397	89	106	108	94	340	76	88	86	89
Swegon	514	138	144	143	89	381	98	104	110	68
	1,477	401	399	397	279	1,179	321	309	297	252
Gain/loss from sale/purchase of businesses	–38	–17	–10	–10	–1	–30	–10	–5	–10	–5
Other companies and items	–42	1	–15	–16	–11	–24	–14	5	–8	–7
	1,397	385	374	371	267	1,125	297	309	279	240
OPERATING MARGIN (%)										
Hultafors Group	15.6	16.6	15.1	13.6	13.6	15.1	17	15	14	14
Latour Industries	6.9	7.3	8.6	4.7	4.7	7.4	7.7	8.2	6.3	6.9
Nord-Lock Group	30.3	26.8	31.9	30.9	30.9	30.5	28.3	31.8	30.2	31.5
Swegon	10	9.7	11.5	8	8	8.7	8.7	10	9.4	6.6
	12.7	12.5	14	10.9	10.9	12.1	12.1	13.1	11.9	11.3

[1] Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Ten-year overview

SEK m	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PARENT COMPANY										
Dividends paid	1,598 [1]	1,437	1,277	1,077	957	877	796	957	491	360
Adjusted equity ratio [2] (%)	76	100	100	99	95	95	96	96	100	98
THE GROUP [8]										
Dividends received	1,037	862	737	671	606	560	499	430	279	292
Return on equity (%)	11	14	21	28	15	13	13	18	6	6
Return on total capital (%)	9	13	17	22	13	12	12	17	6	6
Adjusted equity ratio [2] (%)	86	88	91	89	85	88	86	84	85	82
Adjusted equity [2]	52,395	51,758	47,208	43,161	33,015	26,830	20,223	16,709	13,783	11,051
Net debt/equity ratio [2] (%)	9	8	3	5	11	7	8	7	2	7
Net asset value [2]	63,980	60,521	55,500	50,572	39,859	33,799	25,726	22,653	20,536	15,850
DATA PER SHARE [8]										
Profit after tax [3]	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53	1.34	1.05
Listed price 31 December	112	101	86	78	51	43	31	27	31	25
Net asset value per share [4]	100	95	87	79	63	53	41	36	39	31
Listed price as a percentage of net asset value [4] (%)	112	106	98	98	81	81	77	75	79	81
Basic earnings per share	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53	1.34	1.05
Diluted earnings per share	3.64	4.36	5.73	6.43	2.93	2.32	2.11	3.53	1.34	1.05
Management cost as a percentage of portfolio value (%)	0.05	0.04	0.04	0.04	0.05	0.06	0.08	0.11	0.07	0.08
Operating cash flow per average number of shares	1.7	1.5	1.3	1.2	0.8	1.0	1.4	0.7	0.9	1.4
Equity [5]	34	32	30	25	21	18	17	17	24	19
Dividends paid	2.50 [6]	2.25	2.00	1.69	1.50	1.38	5.00	1.50	0.94	0.69
Direct return (%)	2.2 [7]	2.2	2.3	2.2	2.9	3.2	4	5.6	3	2.8
P/E ratio	31	23	15	12	17	18	15	8	23	24
Total outstanding shares (000)	639,117	638,848	638,544	638,232	637,972	637,512	637,052	638,000	524,000	524,000
Average number of shares outstanding	639,005	638,720	638,416	638,124	637,780	637,428	637,684	579,592	524,000	524,000
Average number of fully diluted shares outstanding	641,230	640,983	640,792	640,716	640,484	639,948	639,692	580,896	524,692	524,268
Repurchase of own shares (000)	723	992	1,292	1,612	1,868	2,328	2,788	1,840	1,840	1,840
Average number of repurchased shares	835	1,142	1,452	1,716	2,060	2,520	2,156	1,840	1,840	1,840

[1] Proposed dividend calculated on the number of shares outstanding at 15 February 2019.
[2] Including fair value gain in associates.
[3] Calculated on the average number of shares outstanding.
[4] Calculated on the average of the multiple span applied since 2006.
[5] Calculated on the number of shares outstanding at the balance sheet date.
[6] Proposed dividend.
[7] Calculated on the proposed dividend.
[8] Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Shareholder information

Annual General Meeting

DATE AND LOCATION
The Annual General Meeting will be held at 5.00 p.m. on Tuesday 7 May 2019 at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

ATTENDANCE
Shareholders who wish to participate in the Annual General Meeting must be entered in the share register held by Euroclear Sweden AB by Tuesday 30 April 2019, and must notify the company no later than 3.00 p.m. on Tuesday 30 April 2019.

NOTICE OF ATTENDANCE
Shareholders may notify the company of their intention to attend either by telephone +46 31 89 17 90, or in writing to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden, or via Latour's website latour.se/en.

REGISTRATION
Shareholders whose shares are registered in a nominee name must contact the nominee company well in advance of Tuesday 30 April 2019 to ask for their shares to be temporarily re-registered in their own name to be entitled to attend and vote at the Annual General Meeting.

DIVIDENDS
The Board of Directors recommends that the Annual General Meeting of shareholders approve a dividend payment of SEK 2.50 per share and that Thursday 9 May 2019 be set as the record date. Subject to shareholders approving this recommendation at the Annual General Meeting, the dividend is expected to be issued on Tuesday 14 May 2019 by Euroclear Sweden AB to shareholders on the share register on the record date.

INFORMATION DATES

29 April 2019	Interim report at 31 March 2019
7 May 2019	Annual General Meeting
20 August 2019	Interim report at 30 June 2019
5 November 2019	Interim report at 30 September 2019
February 2020	Year-end report 2019
March 2020	Annual report 2019

Please register for an electronic subscription to interim reports, year-end reports and press releases at latour.se. A hard copy of the Annual Report can be ordered or subscribed to via latour.se, by telephone +46 31 89 17 90, by email to info@latour.se, or upon request to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.

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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.

LATOUR

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