



2018

INTERIM REPORT
JANUARY - SEPTEMBER

Interim report January - September 2018

NET ASSET VALUE AND THE LATOUR SHARE

- The net asset value rose to SEK 108 per share, compared with SEK 95 per share at the start of the year. This is an increase of 17.0 per cent, adjusted for dividends. By comparison, the Stockholm Stock Exchange's Total Return Index (SIXRX) increased by 11.3 per cent. The net asset value was SEK 106 per share at 5 November.¹
- The total return on the Latour share was 12.6 per cent in the period compared against SIXRX at 11.3 per cent.

INDUSTRIAL OPERATIONS

Third quarter

- The industrial operations' order intake rose 21 per cent to SEK 2,787 m (2,311 m), which represents a 10 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 21 per cent to SEK 2,857 m (2,362 m), which represents a 10 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 29 per cent to SEK 399 m (310 m), which equates to an operating margin of 14.0 per cent (13.1) for continuing operations.
- On 6 July, Hultafors Group acquired Hellberg Safety AB in Stenkullen. On 5 September, Swegon signed an agreement for the acquisition of the German company Zent-Frenger GmbH. In September, Nord-Lock's acquisition of its Spanish distributor IDQ was finalised.

January - September

- The industrial operations' order intake rose 19 per cent to SEK 8,730 m (7,315 m), which represents a 10 per cent increase for comparable entities adjusted for foreign exchange effects.
- The industrial operations' net sales rose 19 per cent to SEK 8,392 m (7,059 m), which represents a 10 per cent increase for comparable entities adjusted for foreign exchange effects.
- The operating profit increased by 25 per cent to SEK 1,076 m (858 m), which equates to an operating margin of 12.8 per cent (12.1) for continuing operations.

THE GROUP

- Consolidated net sales totalled SEK 8,517 m (7,230 m) and profit after financial items was SEK 1,952 m (2,288 m). Assa Abloy's goodwill write-down in the second quarter negatively impacted the income statement by SEK 570 m. Additionally, a revaluation of the holdings negatively impacted the income statement by SEK 230 m. Excluding these items, profit increased by 20 per cent to SEK 2,752 m (2,288 m).
- Consolidated profit after tax was SEK 1,697 m (2,090 m), which is equivalent to SEK 2.66 (3.28) per share.
- Net debt at the end of September was SEK 5,233 m (4,390 m) and is equivalent to 7 per cent of the market value of total assets.

INVESTMENT PORTFOLIO

- During the period, the value of the investment portfolio increased by 15.5 per cent adjusted for dividends and net investments. The benchmark index (SIXRX) rose 11.3 per cent.
- In the first quarter of the year, 800,000 shares were acquired in Alimak Group and a further 545,000 were acquired in the third quarter. At the end of the period, the ownership stake in Alimak Group amounts to 29.2 per cent of the capital.

EVENTS AFTER THE REPORTING PERIOD

- Swegon has completed the acquisition of Zent-Frenger. No other material events subsequent to the end of the reporting period.

¹ The calculation of the net asset value on 5 November was based on the value of the investment portfolio at 1 p.m. on 5 November and the same values as at 30 September were used for the unlisted portfolio.

LATOUR AT A GLANCE

Investment AB Latour is a mixed investment company consisting primarily of wholly-owned industrial operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principal owners. The investment portfolio consists of ten substantial holdings that had a market value of about SEK 54 billion as at 30 September 2018. The wholly-owned industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock Group and Swegon. They generate a turnover of approximately SEK 11 billion.

Comments from the CEO

“In summarising the third quarter, we are able to report that all the business areas in our wholly-owned industrial operations are continuing to expand through both acquisitive and organic growth. Order intake and invoiced sales both grew by 21 per cent in the quarter. Excluding acquisitions and foreign exchange effects, order intake grew by almost 10 per cent and invoiced sales by just over 10 per cent. Our consistent investment in product development, sales and marketing in the companies therefore continues to pay off. At the end of the quarter, the order backlog stood at SEK 1,545 m (1,234 m) and is thus up 25 per cent on the previous year’s value. As a result of the industrial operations’ robust growth, the operating profit once again reached a record high in absolute terms and we are pleased to report the best quarter ever in absolute terms with an operating profit of SEK 399 m (310 m) and an operating margin of 14.0 per cent (13.1). We have exceeded all our financial targets in the last 12-month period. Growth was 18 per cent, the operating margin was 12.6 per cent and the return on operating capital was 15.8 per cent. The industrial operations now have an annual turnover in excess of SEK 11 billion.

The economic situation has remained strong throughout the third quarter. However, there are a number of markets that we feel are showing some uncertainty and slightly less activity than before, mainly the UK, Germany, the Middle East and China. We are seeing signs of a slight slowdown in North America too. Despite indications of a slowing in activity, our wholly-owned industrial operations continued to report good growth. Nord-Lock in Asia, for example, delivered yet another excellent quarterly performance with 24 per cent organic growth, and our largest business area, Swegon, announced almost 13 per cent organic growth. Although the slowdown has not had a major impact on our operations in the third quarter, we are now getting our operations ready for a possible downturn in the economy.

We believe that our stable earnings performance will enable us to continue building our business for the future, even if faced with a more uncertain economic climate. The search for suitable companies to add to the Group continues with unabated vigour, and the industrial operations were complemented by two acquisitions during the quarter. The Swedish company Hellberg Safety AB was acquired for Hultafors Group and the German company Zent-Frenger GmbH for Swegon. You can find out more about our acquisitions in 2018 on page 4. Combined, they add more than SEK 700 m in annual sales.

The growth in value on the stock exchange has remained positive throughout the third quarter and the value of our investment portfolio increased in the 9-month period by 15.5 per cent, adjusted for dividends and net investments. By comparison, the SIXRX increased by 11.3 per cent. In the same period, the net asset value in Latour increased by 17.0 per cent to SEK 108 per share, adjusted for dividends.

The majority of our listed holdings have now reported. Overall, they have submitted good or excellent reports, but like for many other companies with very mixed reactions. The short-term movements of the stock exchange obviously do not affect our attitude towards the companies nor our long-term approach of helping to build strong, healthy and profitable companies that generate long-term value for shareholders.”

*Jan Svensson
President and Chief Executive Officer*

Industrial operations

Order intake, invoiced sales and earnings

In the third quarter, the order intake increased by 21 per cent to SEK 2,787 m (2,311 m), with organic growth accounting for 10 per cent of this. Invoiced sales rose 21 per cent to SEK 2,857 m (2,362 m), with organic growth accounting for 10 per cent of this. The operating profit in the wholly-owned industrial operations increased by 29 per cent to SEK 399 m (310 m) in the quarter. The operating margin was 14.0 per cent (13.1). In the first nine months, the order intake increased by 19 per cent to SEK 8,730 m (7,315 m), with organic growth accounting for 10 per cent of this. Invoiced sales rose 19 per cent to SEK 8,392 m (7,059 m), with organic growth accounting for 10 per cent of this. The operating profit in the wholly-owned industrial operations increased by 25 per cent to SEK 1,076 m (858 m) in the 9-month period. The operating margin was 12.8 per cent (12.1).

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

Acquisitions/disposals

In the third quarter, two acquisitions were made in the wholly-owned industrial operations. On 6 July, Hultafors Group acquired the Swedish company Hellberg Safety AB. Hellberg develops and supplies communication solutions, hearing protection and face protection for the Personal Protective Equipment (PPE) market. Founded in 1962, the company has expanded over the years and currently has a presence in 50 markets with its own R&D, production, assembly and warehouse operations at its head office in Stenkullen, just outside Göteborg. Net sales amounted to SEK 66 m in 2017 with a profitability well in line with Latour's financial targets. The company employs around 20 people. The acquisition is part of Hultafors Group's strategy to expand its presence in the PPE market. This acquisition gives Hultafors Group access to a complete portfolio of state-of-the-art hearing protection products as well as customer relationships with a number of well-reputed companies.

On 5 September, Swegon signed an agreement for the acquisition of the German company Zent-Frenger GmbH. Zent-Frenger 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's products are used to create a comfortable indoor climate in commercial buildings such as offices and hotels, as well as apartment buildings. The company develops and assembles its products in Heppenheim, Germany. The company has about 100 employees and generated sales of EUR 29 m in 2017. The acquisition was subject to the approval of the German Federal Cartel Office (Bundeskartellamt), which was given in early October. The effective date of acquisition was 31 October.

Three acquisitions and one disposal have taken place earlier in the year. In March, the subsidiary Kabona AB was sold to Nordomatic AB, the largest independent system integrator within building automation in the Nordic region. 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. Kabona AB was divided into two separate companies in 2017, with Ecopilot AB taking over the product ownership of the Ecopilot product concept. Kabona AB has subsequently had a more streamlined focus on energy efficiency projects in building automation.

Also in March, the subsidiary Bemsig AB acquired Sortotec Holding AG, a leading Swiss company active in sensors for building automation. Sortotec is based in Ins in the canton of Bern in Switzerland. The product range includes a full line of field units for building automation, as well as touchless sensors for automatic door systems marketed under the brand name of SENSIR. Most of its products are based on proprietary design and technology but the portfolio also includes selected third-party products from leading suppliers, such as Pro dual which is also part of Bemsig, in order to be able to offer a full range. The company has 10 employees and had an annual turnover of CHF 5.3 million in 2017.

On 30 April, Hultafors Group acquired Johnson Level & Tool Mfg. Co., Inc., ("Johnson"). The company's head office is located in Wisconsin, USA. Johnson is a widely-recognised provider of measuring tools and a market leader in several channels of distribution in the USA. Net sales amounted to approximately USD 36 m in 2017 with a profitability well in line with Latour's financial targets. The company employs around 70 people. The acquisition is part of Hultafors Group's strategy to strengthen its presence in North America. This acquisition gives Hultafors Group access to a wide network of distribution points in relevant sales channels in the USA, as well as a complete product portfolio of levels, lasers and other measurement, marking and layout tools.

On 20 June, Nord-Lock Group signed an agreement to acquire all shares in the distributor IDQ Investigación Diseño y Calidad, S.A.U. (IDQ). The acquisition was finalised in September. The acquisition is a natural step in the growth strategy of Nord-Lock Group and will strengthen its local presence in Spain, ensuring that Nord-Lock Group customers continue to receive the level of service and support that they expect. Spain is a significant market for bolt securing and tensioning and the aim is to assure 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.

Industrial operations summary

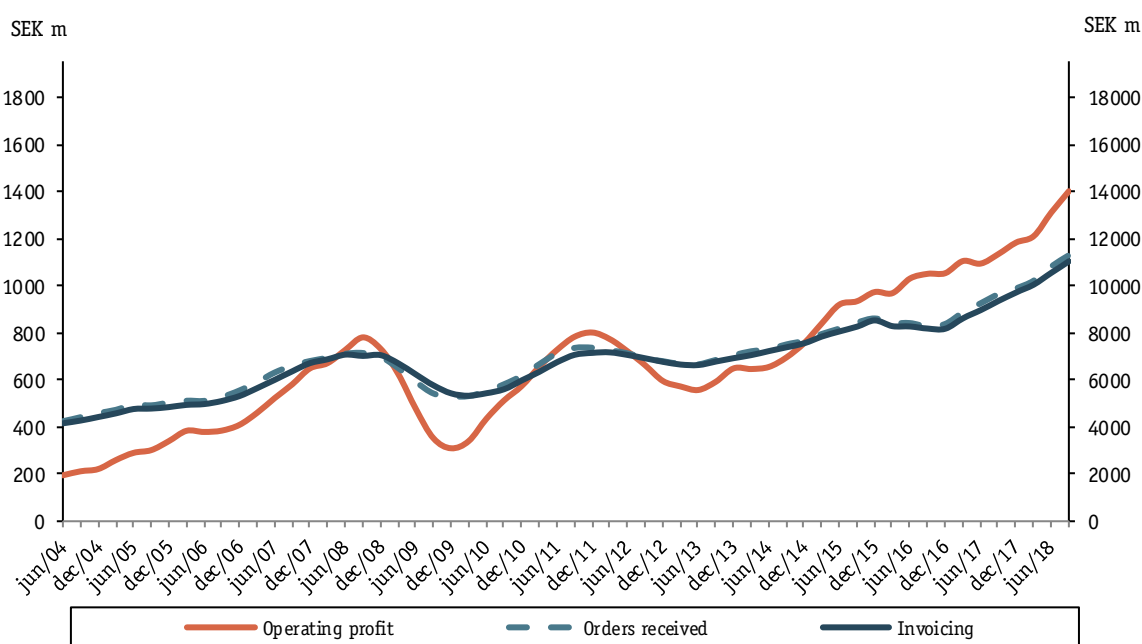
Business area results

SEK m	Net sales				Operating profit				Operating margin %			
	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths
Hultafors Group	618	454	1,690	1,359	93	68	256	194	15.1	15.0	15.2	14.3
Latour Industries	660	589	2,011	1,608	57	49	136	117	8.6	8.3	6.8	7.3
Nord-Lock Group	332	277	976	846	106	88	308	264	31.9	31.8	31.5	31.2
Swegon	1,248	1,043	3,716	3,248	144	104	376	283	11.5	10.0	10.1	8.7
Eliminations	-1	-1	-1	-2	-1	1	-	-	-	-	-	-
	2,857	2,362	8,392	7,059	399	310	1,076	858	14.0	13.1	12.8	12.1
Part-owned subsidiaries	46	49	124	128	-5	-	-16	-8	-11.5	-1.0	-12.9	-6.4
	2,903	2,411	8,516	7,187	394	310	1,060	850	13.5	12.6	12.4	11.7
Gain/loss from sale/purchase of businesses	-	-	-	-	-10	-5	-21	-20				
Other companies and items	-	12	1	43	-10	4	-27	-2				
	2,903	2,423	8,517	7,230	374	309	1,012	828				

SEK m	Operating capital ¹		Return on operating capital %		Growth in net sales, 2018 %			
	2018 Trailing 12	2017 Trailing 12	2018 Trailing 12	2017 Trailing 12	Total	Organic	Currency	Acquisitions
Hultafors Group	1,722	1,242	20.2	23.3	24.4	8.9	3.1	10.8
Latour Industries	3,065	2,486	6.2	6.1	25.0	8.7	3.3	11.5
Nord-Lock Group	1,007	947	38.1	34.3	15.4	11.7	3.1	0.2
Swegon	3,039	2,853	15.6	12.7	14.4	9.8	4.0	0.2
Total	8,833	7,528	15.8	15.0	18.9	9.5	3.5	4.8

¹ Calculated as total assets less cash and other interest-bearing assets and less non-interest-bearing liabilities. Calculated on the average for the past 12 months.

Group trailing 12 months



Development by business area

HULTAFORS GROUP

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Net sales	618	454	1,690	1,359	1,901	2,232
EBITDA	99	72	270	205	300	366
EBITA	94	68	257	195	287	349
EBIT	93	68	256	194	287	348
EBITA %	15.3	15.0	15.2	14.3	15.1	15.7
EBIT %	15.1	15.0	15.2	14.3	15.1	15.6
Total growth %	36.0	14.8	24.4	13.2	11.9	
Organic %	8.6	13.4	8.9	10.4	9.3	
Exchange effects %	4.8	-0.5	3.1	0.7	0.3	
Acquisitions %	19.5	1.8	10.8	1.8	2.1	
Average number of employees	820	695	776	691	696	

Highlights

- Demand continues to increase across all the product areas and most markets, which has led to good organic growth of 9 per cent during the quarter.
- The continued organic growth results in a solid performance for the quarter and for the first nine months of the year.
- Investment in the sales organisation, product development and marketing continues to be made in order to maintain the growth momentum.
- Johnson, acquired in April 2018, follows the planned targets that we set.
- Hellberg Safety AB in Sweden was acquired during the quarter. More details can be found on page 4.

Breakdown of net sales

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Personal Protective Equipment	327	279	971	838	1,195	1,328
Tools	249	136	591	404	548	735
Access Solutions	42	39	129	118	158	169
	618	454	1,690	1,359	1,901	2,232
Pro forma adjustment ¹						245
Trailing 12 month pro forma						2,477

¹ Pro forma for completed acquisitions.

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



(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Net sales	660	589	2,011	1,608	2,314	2,717
EBITDA	72	63	181	151	221	251
EBITA	62	54	152	128	189	213
EBIT	57	49	136	117	171	191
EBITA %	9.5	9.2	7.6	7.9	8.2	7.9
EBIT %	8.6	8.3	6.8	7.3	7.4	7.0
Total growth %	12.0	43.8	25.0	39.1	43.0	
Organic %	8.1	4.5	8.7	4.5	6.3	
Exchange effects %	4.5	0.6	3.3	1.0	0.7	
Acquisitions %	-0.8	36.9	11.5	31.7	33.4	
Average number of employees	1,455	1,375	1,421	1,286	1,422	

Highlights

- Net sales rose 12 per cent in the quarter, of which 8 per cent was organic growth.
- The operating profit improved slightly in the third quarter but the operating margin targets were not achieved.
- LSAB, Aritco and Bemsig in particular are delivering improved earnings.
- REAC's performance has recovered somewhat after a slow start to the year.
- Our investments in marketing, sales and product development continue at an unabated pace.

Breakdown of net sales

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Produal	50	45	155	139	188	203
Sensortec	14	-	27	-	-	27
Ecopilot	-	1	2	5	6	3
Elvaco	28	21	95	71	110	134
Bastec	13	10	46	38	53	61
NODA	1	-	5	-	2	7
Elimination	-1	-	-2	-1	-1	-3
Sum Bemsig	105	77	328	252	356	432
Aritco Group	130	108	376	320	458	514
VIMEC	116	109	357	149	276	483
REAC	135	125	385	324	445	506
LSAB	129	108	424	364	502	562
DENSIQ	45	34	120	102	143	161
Kabona	-	29	22	106	145	60
Elimination	-	-2	-1	-9	-11	-3
	660	589	2,011	1,608	2,314	2,717
Pro forma adjustment ¹						-28
Trailing 12 month pro forma						2,689

¹ Pro forma for completed acquisitions.

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



(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Net sales	332	277	976	846	1,114	1,244
EBITDA	114	95	333	285	368	417
EBITA	108	90	314	268	345	392
EBIT	106	88	308	264	340	384
EBITA %	32.6	32.3	32.2	31.7	31.0	31.5
EBIT %	31.9	31.8	31.5	31.2	30.5	30.8
Total growth %	19.7	21.0	15.4	23.1	20.2	
Organic %	10.2	24.9	11.7	15.1	15.4	
Exchange effects %	8.0	-3.2	3.1	1.0	-0.3	
Acquisitions %	0.5	0.1	0.2	5.9	4.4	
Average number of employees	531	483	531	481	488	

Highlights

- Net sales and operating profit both rose 20 per cent in the quarter, of which 10 per cent was organic growth.
- Sales in Asia Pacific are continuing to develop very well with 24 per cent organic growth during the quarter.
- Nord-Lock's first sales office in South America has opened in Santiago de Chile, Chile.
- Successful investment in product development and marketing, supported by digital and smart technologies, provides a solid foundation from which to deliver future profitable growth.
- The acquisition of the Spanish distributor IDQ was finalised in September.

Breakdown of net sales

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
EMEA	161	137	500	427	559	630
Americas	92	85	243	243	322	322
Asia Pacific	78	55	234	176	233	292
	332	277	976	846	1,114	1,244
Pro forma adjustment ¹						19
Trailing 12 month pro forma						1,263

¹ Pro forma for completed acquisitions.



(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Net sales	1,248	1,043	3,716	3,248	4,378	4,846
EBITDA	164	124	442	345	462	559
EBITA	147	107	386	290	391	487
EBIT	144	104	376	283	381	475
EBITA %	11.8	10.2	10.4	8.9	8.9	10.0
EBIT %	11.5	10.0	10.1	8.7	8.7	9.8
Total growth %	19.6	10.2	14.4	14.0	11.9	
Organic %	12.7	1.2	9.8	2.4	3.1	
Exchange effects %	6.1	-0.6	4.0	1.1	0.6	
Acquisitions %	-	9.5	0.2	10.1	7.9	
Average number of employees	2,368	2,241	2,328	2,207	2,228	

Highlights

- The investment in product development in recent years has boosted organic growth by 13 per cent in the quarter.
- In the third quarter, 80 per cent of total net sales were sales outside of Sweden.
- North America has stabilised during the quarter and reported a strong third quarter.
- The order backlog remained at a high level and was at the close of the quarter 28 per cent above same period last year.
- An agreement for the acquisition of Zent-Frenger GmbH in Germany was signed in September. More details can be found on page 4.

Breakdown of net sales

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Sweden	247	227	842	766	1,022	1,099
Rest of Nordic region	232	191	694	606	817	905
Rest of world	769	625	2,180	1,876	2,539	2,842
	1,248	1,043	3,716	3,248	4,378	4,846
Pro forma adjustment ¹						-
Trailing 12 month pro forma						4,846

¹ Pro forma for completed acquisitions.

(SEK m)	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	2017 Full Year	Trailing 12 mths
Cooling	397	305	1,086	926	1,241	1,402
Home Solutions	99	78	300	266	358	392
Light Commercial	53	56	170	165	220	225
Commercial Ventilation	559	482	1,758	1,522	2,068	2,304
North America	72	56	197	181	248	263
UK	142	128	433	375	502	560
Eliminations	-74	-62	-228	-187	-259	-300
	1,248	1,043	3,716	3,248	4,378	4,846

Nord-Lock Group is a world leader in secure bolting solutions. The Group offers a wide range of innovative technologies including Nord-Lock wedge-locking, Superbolt multi-jackbolt tensioning, Boltight hydraulic tensioning and Expander System pivot technology. With a global sales organization and international partners the customers benefit from bolting expertise and the optimum solution for any bolting challenge.

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

The Latour share's net asset value

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

A more detailed description can be found on page 21 in Latour's Annual Report for 2017.

In some cases, the valuation multiples for comparable companies span over a very big range. For this reason, the multiples may be adjusted in order to avoid unreasonable values. The indicative value stated below is not a complete market valuation of Latour's holdings.

During the period, the net asset value increased to SEK 108 per share from SEK 95 at the start of the year. The net asset value consequently increased by 17.0 per cent, adjusted for dividends, measured against SIXRX which increased by 11.3 per cent.

SEK m	Net sales ¹	EBIT ¹	EBIT multiple	Valuation ² Range	Valuation ² Average	Valuation ² SEK/share ³ Range
Hultafors Group	2,477	369	11 - 15	4,059 - 5,535	4,797	6 - 9
Latour Industries	2,689	195	12 - 16	2,340 - 3,120	2,730	4 - 5
Nord-Lock Group	1,263	386	12 - 16	4,632 - 6,176	5,404	7 - 10
Swegon	4,846	475	13 - 17	6,175 - 8,075	7,125	10 - 13
	11,275	1,425		17,206 - 22,906		27 - 36
Industrial operations valuation, average					20,056	32
Listed shares (see table on page 9 for breakdown)					53,787	84
Unlisted part-owned companies						
Diamorph ⁵ , 28.2%					246	1
Neuffer ⁵ , 66.1 %					197	0
Oxeon ⁵ , 31.6 %					15	0
Terratech ⁵ , 21.6 %					45	0
Other assets						0
Short trading portfolio					37	0
Dilution effect of option programme					-45	0
Consolidated net debt					-5,233	-9
Estimated value					69,105	108
					(66 255 - 71 955)	(104 - 113)

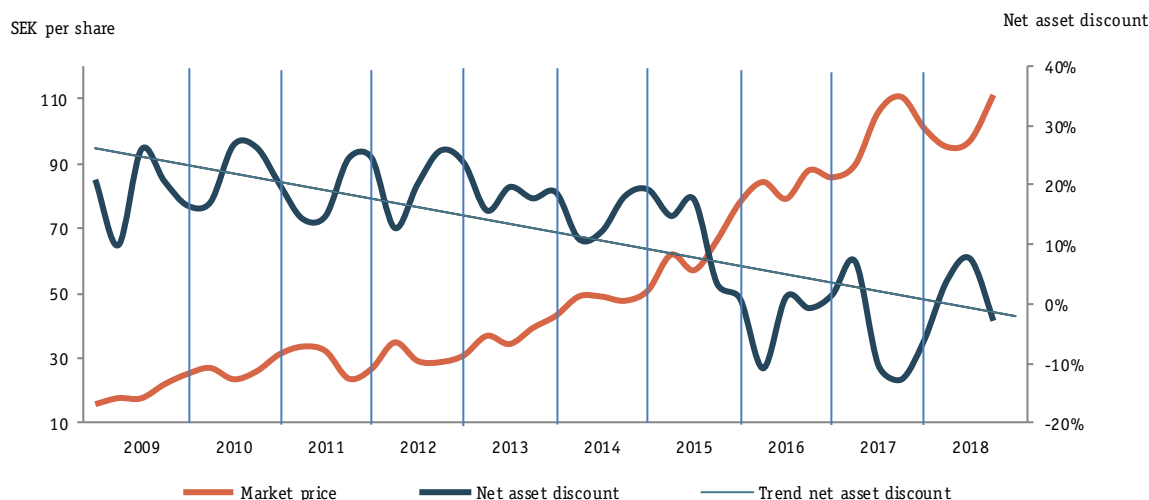
¹ Trailing 12 months for current company structure (proforma). EBIT is, as appropriate, reported before restructuring costs.

² EBIT and EV/sales recalculated taking into consideration the listed share price on 30 September 2018 for comparable companies in each business area.

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

⁴ Valued according to the latest transaction.

⁵ Valued according to Latour's latest acquisition price.



The investment portfolio at 30 September 2018

During the first six months of the year, the value of the investment portfolio increased by 15.5 per cent, adjusted for dividends and net investments, while the benchmark index (SIXRX) was up 11.3 per cent.

800,000 shares in Alimak Group were acquired in the first quarter. A further 545,000 shares in Alimak were acquired in the third quarter and the ownership stake increased to 29.2 per cent.

Share ¹	Number	Cost SEK m	Listed share price ²		Market value SEK m	Share of votes %	Share of equity %
			SEK	NOK			
Alimak Group	15,806,809	2,113	125		1,982	29.2	29.2
Assa Abloy ³	105,495,729	1,697	179		18,852	29.5	9.5
Fagerhult	55,861,200	571	81		4,525	48.8	48.3
HMS Networks	12,109,288	250	159		1,925	26.0	25.9
Loomis ³	2,528,520	44	286		724	23.8	3.4
Nederman	10,538,487	306	130		1,367	30.0	30.0
Nobia ⁵	4,649,894	94	63		292	2.8	2.7
Securitas ³	39,732,600	1,081	155		6,151	29.6	10.9
Sweco ^{3 4}	32,622,480	479	234		7,640	21.2	26.9
Tomra ⁶	39,000,000	2,000	220	NOK	8,598	26.4	26.3
Troax	6,020,000	397	288		1,731	30.1	30.1
Total		9,033			53,787		

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

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

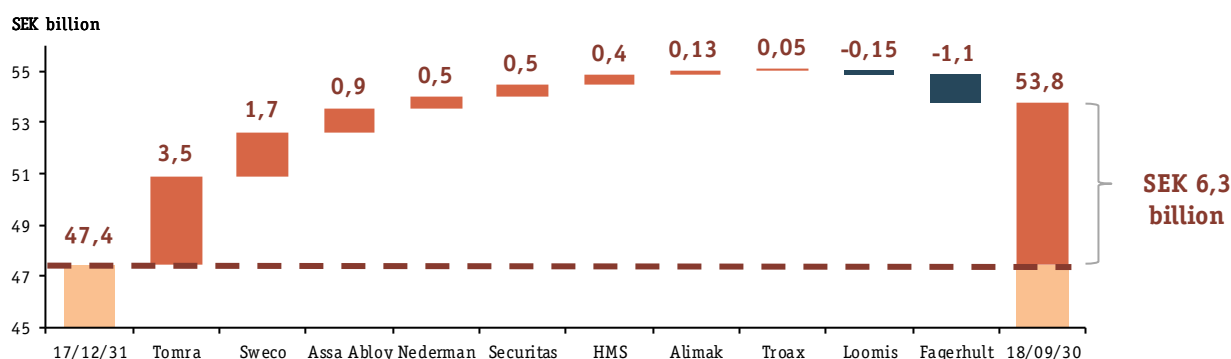
³ Due to the limited trading in class A shares in Sweco, and the fact that the class A shares in Assa Abloy, Loomis and Securitas are unlisted, they have been given the same listed share price as the companies' class B shares. Holdings consisting of both class A and B shares are reported in the table as unit.

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

⁵ The majority of the shareholding in Nobia was sold in December 2015, and Latour is therewith no longer a principal owner.

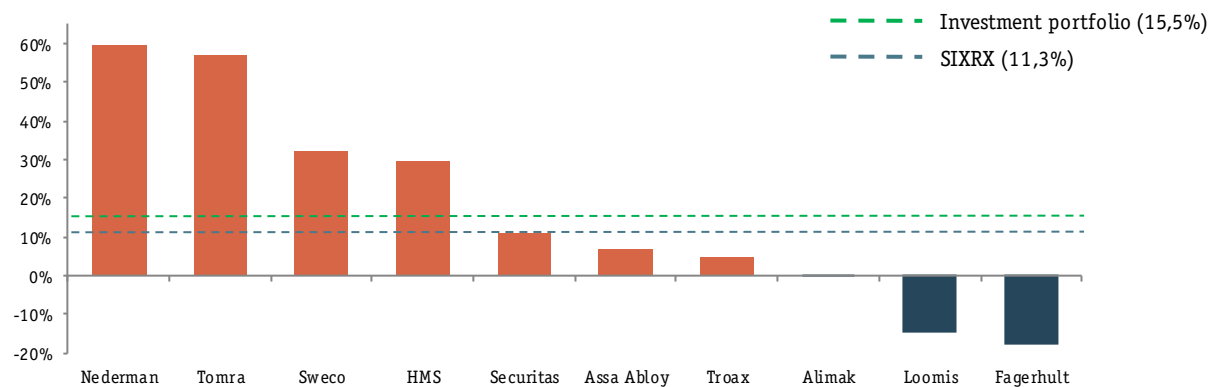
⁶ At the end of the report period, the listed share price was NOK 203 which has been translated to SEK at the exchange rate on the balance sheet date.

Investment portfolio during 2018



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

Total return 2018 for the portfolio companies



Results and financial position

The Group

The Group's profit after financial items was SEK 1,952 m (2,288 m). Of this figure, SEK 0 m (0 m) is capital gains. Profit after tax was SEK 1,697 m (2,090 m), which is equivalent to SEK 2.66 (3.28) per share. Our largest holding, Assa Abloy reported a significant goodwill write-down in the second quarter of 2018 which negatively impacted the income statement this year by SEK 570 m. Additionally, a write-down of the holding in Alimak negatively impacted the income statement by SEK 230 m.

The Group's cash in hand and liquid investments reached SEK 677 m (675 m). Interest-bearing debt, excluding pension liabilities, totalled SEK 5,870 m (5,026 m). The Group's net debt, including pension liabilities, was SEK 5,233 m (4,390 m). The equity ratio was 87 per cent (88) calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies.

During the first quarter, Latour registered a SEK 4 billion Medium Term Note (MTN) programme with the Swedish Financial Supervisory Authority (Finansinspektionen), which gives yet another source of finance. This was followed up in March with a successful issue of Latour's first three bonds with a total value of SEK 2.5 billion, and another bond issue totalling SEK 600 m was carried out in May.

There have been no transactions with related parties that have had a material effect on the results or financial position of the Group.

Investments

During the period, SEK 152 m (207 m) was invested in property, plant and equipment, of which SEK 102 m (97 m) was machinery and equipment, SEK 30 m (22 m) vehicles and SEK 20 m (88 m) buildings. Out of total investments for the year, SEK 35 m (103 m) refers to fixed assets in new acquisitions.

Parent company

The parent company's profit after financial items was SEK 1,411 m (1,082 m). The parent company's equity ratio was 76 per cent (100).

The number of class A shares issued is 47,642,448, and the number of class B shares is 592,197,552. Not including repurchased shares, the number of outstanding shares at 30 September 2018 amounted to 639,117,500. At the end of the period, Latour holds 722,500 repurchased class B shares.

The total number of issued call options is 1,401,000, which give the right to purchase 2,346,000 shares.

Events after the reporting period

The German Federal Cartel Office (Bundeskartellamt) approved Swegon's acquisition of Zent-Frenger GmbH in early October. Otherwise, there were no material events subsequent to the end of the reporting period.

Risks and uncertainties

The main risk to which the Group and the parent company are exposed is the risk attributable to adverse changes in the

values of financial instruments, including a general decline in the stock market or in the value of an individual holding. This includes uncertainties relating to changes in exchange rates and interest rates. Latour has a well-diversified holding of shares, spread across eleven listed holdings and four wholly-owned business areas. This means that the development and performance of an individual holding will not have a drastic impact on the portfolio as a whole. As the wholly-owned industrial operations have increased in size, Latour is generally influenced to a higher degree by changes attributable to these operations. On the whole, Latour is deemed to have a good risk diversification in its portfolio, which covers several industries, with a certain emphasis on sectors linked to the construction industry. Construction can also be divided into several dimensions, such as new builds or government-subsidised repair, conversion or extension work, locally or globally, and housing, office and industrial premises or infrastructure projects. No material risks are deemed to have arisen other than those described in Note 34 of Latour's 2017 Annual Report.

Accounting policies

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

The Group has started to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect as of 1 January 2018.

IFRS 9 comprises three parts: Classification and measurement; Impairment; and Hedge accounting. Latour's reporting of financial instruments is only marginally affected by this new accounting standard. No impact has been identified relating to the classification and measurement requirements. With regard to impairment, the impact of the impairment model for expected credit losses is likely to be immaterial. No impact on opening balances can be identified relating to the hedge accounting requirements. Since the effects are immaterial, the opening balance for 2018 is not affected.

IFRS 15 provides a single model to determine how and when an entity should recognise revenue. Latour has opted to use the prospective approach, which means that prior-year comparatives will not be restated. The transition to IFRS 15 did not result in any material changes regarding the identification of the performance obligations or allocation of the transaction price to the performance obligations, or regarding the timing of revenue recognition when the performance obligations have been met. This means that the IFRS 15 standard has not had a significant impact on revenue recognition compared with the former revenue recognition standard. On the other hand, 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.

The parent company's financial statements are not affected by the transition to IFRS 9 and IFRS 15.

The effective date for IFRS 16 is for periods beginning on or after 1 January 2019. Although early adoption is permitted, the Group has elected not to early adopt the standard. As a result of the application of the new standard, Latour will recognise all significant leases on the balance sheet. The Group's leases are primarily for the leasing of premises, company vehicles and production equipment. The groundwork for the implementation is being laid but the Group has not yet assessed what impact the application of the standard will have on the financial statements.

The Latour Group uses a number of economic indicators that are not defined in the set of accounting rules used by the Group, so-called alternative performance measures. Definitions of the economic indicators can be found on page 20 of this report and in Latour's latest Annual Report. For an explanation of how the financial performance indicators have been calculated for the current and prior periods, please see the table in this report and Latour's latest Annual Report

The Annual Reports for 1986 to 2017 are available for viewing on Latour's website www.latour.se.

Nomination Committee

The Nomination Committee for the Annual General Meeting on 7 May 2019 comprises the following members.

Gustaf Douglas (chair, principal owner)

Fredrik Palmstierna (the Palmstierna family, and companies)

Olle Nordström (Skirner AB)

Göran Espelund (Lannebo Fonder)

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

Gothenburg, 6 November 2018

Jan Svensson

President and CEO

Auditor's report on review of interim condensed financial statements (interim report) prepared and presented in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

Introduction

We have conducted a review of the interim report for Investment AB Latour (publ) corporate registration number 556026-3237 as at 30 September 2018 and the nine-month period ending on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

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

Conclusion

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

Gothenburg, 6 November 2018

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant

For further information please contact:

Jan Svensson, President and CEO, tel. +46 (0)705 77 16 40.

Anders Mörck, Chief Financial Officer, tel. +46 (0)706 46 52 11 or +46 (0)31 89 17 90.

Conference call

Investment AB Latour invites you to listen to a conference call with Jan Svensson and Anders Mörck commencing at 10.00 a.m. today.

The number to call is +46 (0)8 566 426 93. The conference will be broadcast on the Internet.

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

The 2018 Year-End Report will be published on 14 February 2019

The interim report for the period January – March 2019 will be published on 29 April 2019

The Annual General Meeting will be held on 7 May 2019 at Radisson Blu Scandinavia in Gothenburg.

The interim report for the period January – June 2019 will be published on 20 August 2019

The interim report for the period January – September 2019 will be published on 5 November 2019

The information contained in this report constitutes information which Investment AB Latour (publ) is required to disclose under the EU Market Abuse Regulation. The information was provided by the above contact persons for publication on 6 November 2018 at 08.30 CET.

Consolidated income statement

SEK m	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	12 mths Oct-Sep 2017/2018	Full Year 2017
Net sales	2,903	2,423	8,517	7,230	11,217	9,930
Cost of goods sold	-1,743	-1,445	-5,089	-4,284	-6,690	-5,885
Gross profit	1,160	978	3,428	2,946	4,527	4,045
Sales costs	-490	-436	-1,508	-1,345	-2,019	-1,856
Administrative costs	-221	-190	-688	-616	-909	-837
Research and development costs	-70	-60	-240	-193	-333	-286
Other operating income	16	24	69	63	147	141
Other operating expenses	-21	-7	-49	-27	-104	-82
Operating profit	374	309	1,012	828	1,309	1,125
Income from interests in associates	482	520	944	1,491	1,459	2,006
Income from portfolio management	-4	1	31	15	26	10
Management costs	-5	-7	-16	-14	-20	-18
Profit before financial items	847	823	1,971	2,320	2,774	3,123
Finance income	87	50	199	113	223	137
Finance expense	-101	-61	-218	-145	-264	-191
Profit after financial items	833	812	1,952	2,288	2,733	3,069
Taxes	-90	-73	-255	-198	-338	-281
Profit for the period	743	739	1,697	2,090	2,395	2,788
Attributable to:						
Parent company shareholders	742	740	1,700	2,095	2,398	2,793
Non-controlling interests	1	-1	-3	-5	-3	-5
Earnings per share regarding profit attributable to parent company shareholders ¹						
Basic share, SEK	1.16	1.16	2.66	3.28	3.75	4.37
Diluted share, SEK	1.16	1.15	2.65	3.27	3.74	4.36
Average number of basic shares outstanding ¹	639,117,500	638,847,609	638,804,679	638,672,542	638,815,599	638,719,595
Average number of diluted shares outstanding ¹	641,463,500	640,695,609	641,151,152	640,880,103	641,185,393	640,982,564
Number of outstanding shares ¹	639,117,500	638,848,000	639,117,500	638,848,000	639,117,500	638,848,000

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

Consolidated statement of comprehensive income

SEK m	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	12 mths Oct-Sep 2017/2018	Full Year 2017
Profit for the period	743	739	1,697	2,090	2,395	2,788
Other comprehensive income:						
Items that will not be recycled to the income statement						
Restatement of net pension obligations	-	-	-	-	-7	-7
	0	0	0	0	-7	-7
Items that may subsequently be recycled to the income statement						
Change in translation reserve for the period	-39	-50	225	-45	342	72
Change in fair value reserve for the period	-28	-19	-30	-17	-85	-72
Change in hedging reserve for the period	22	-5	-24	-13	-45	-34
Change in associated companies' equity	211	-235	873	-123	560	-436
		-309	1,044	-198	772	-470
Other comprehensive income, net after tax	166	-309	1,044	-198	765	-477
Comprehensive income for the period	909	430	2,741	1,892	3,160	2,311
Attributable to:						
Parent company shareholders	908	431	2,744	1,897	3,163	2,316
Non-controlling interests	1	-1	-3	-5	-3	-5

Consolidated cash flow statement

SEK m	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	12 mths Oct-Sep 2017/2018	Full Year 2017
Operating cash flows before movements in working capital	366	299	935	747	1 219	1 031
Movements in working capital	83	-115	-380	-268	-216	-104
Operating cash flows	449	184	555	479	1 003	927
Acquisitions of subsidiaries	-143	-	-904	-596	-970	-662
Sale of subsidiaries	-	-	38	-	45	7
Other investments	-68	-36	-148	-113	-226	-191
Portfolio management	-58	-1 938	868	-2 020	852	-2 036
Cash flow after investments	180	-1 790	409	-2 250	704	-1 955
Financial payments	-158	1 655	-415	1 613	-770	1 258
Cash flow for the period	22	-135	-6	-637	-66	-697

Consolidated balance sheet

SEK m	2018/09/30	2017/09/30	2017/12/31
ASSETS			
Goodwill	6,706	5,689	5,796
Other intangible assets	226	193	210
Property, plant and equipment	940	880	885
Financial assets	17,471	16,339	16,508
Inventories etc.	1,825	1,468	1,455
Current receivables	2,545	2,221	1,977
Cash and bank	677	675	626
Total assets	30,390	27,465	27,457
EQUITY AND LIABILITIES			
Capital and reserves attributable to parent company shareholders	21,550	19,829	20,245
Non-controlling interests	104	103	102
Total equity	21,654	19,932	20,347
Interest-bearing long-term liabilities	3,679	606	596
Non-interest-bearing long-term liabilities	402	360	391
Interest-bearing current liabilities	2,267	4,468	4,146
Non-interest-bearing current liabilities	2,388	2,099	1,977
Equity and liabilities	30,390	27,465	27,457

Consolidated changes in equity

SEK m	Share capital	Repurchased treasury shares	Other reserves	Profit brought forward	Non-controlling interests	Total
Opening balance 1 Jan 2017	133	-72	394	18,757	107	19,319
Total comprehensive income for the period			-37	2,350	-2	2,311
Non-controlling interests on acquisitions				-1	-3	-4
Issued call options				7		7
Exercise of call options		37		-9		28
Own shares repurchase		-37				-37
Dividends				-1,277		-1,277
Closing balance 31 Dec 2017	133	-72	357	19,827	102	20,347
Adjustment for changed accounting policies				29		29
Opening balance 1 Jan 2018	133	-72	357	19,856	102	20,376
Total comprehensive income for the period			166	2,544	2	2,712
Issued call options				5		5
Exercise of call options		42		-14		28
Own shares repurchase		-30				-30
Dividends				-1,437		-1,437
Closing balance 30 July 2018	133	-60	523	20,954	104	21,654

Key ratios, Group

	2018/09/30	2017/09/30	2017/12/31
Return on equity (%)	11	14	14
Return on total capital (%)	10	13	13
Equity ratio (%)	71	73	74
Adjusted equity ratio ¹ (%)	87	88	88
Adjusted equity ¹ (SEK m)	58,490	54,343	51,758
Surplus value in associated companies ² (SEK m)	36,836	34,411	31,411
Net debt/equity ratio 1 (%) ⁴	8.9	8.1	7.9
Net debt/equity ratio 2 (%) ⁵	7.0	6.5	6.3
Listed share price (SEK)	111	110	101
Repurchased shares ³	722,500	992,000	992,000
Average number of repurchased shares ³	767,174	1,181,326	1,141,858
Average number of employees	5,160	4,884	4,902
Issued call options corresponds to number of shares	2,346,000	2,439,000	2,439,000

¹ Incl. fair value gain in associated companies.

² The difference between the carrying amount and market value.

³ Comparative years recalculated with regard to the 4:1 share split carried out in June 2017.

⁴ The ratio of net debt to adjusted equity.

⁵ The ratio of net debt to the market value of total assets.

Parent company income statement

SEK m	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	12 mths Oct-Sep 2017/2018	Full Year 2017
Income from interests i Group companies	-	-	625	-	1,050	425
Income from interest in associates companies	-	-	800	1,091	375	666
Income from portfolio management	-	-	-	-	-	-
Management costs	-4	-3	-12	-9	-16	-13
Profit before financial items	-4	-3	1,413	1,082	1,409	1,078
Interest income and similar items	-	-	-	-	-	-
Interest expense and similar items	-	-	-2	-	-2	-
Profit after financial items	-4	-3	1,411	1,082	1,407	1,078
Taxes	-	-	-	-	-	-
Profit for the period	-4	-3	1,411	1,082	1,407	1,078

Parent company statement of comprehensive income

SEK m	2018 Q3	2017 Q3	2018 9 mths	2017 9 mths	12 mths Oct-Sep 2017/2018	Full Year 2017
Profit for the period	-4	-3	1,411	1,082	1,407	1,078
Change in fair value reserve for the period	-	-	-	-	-	-
Total other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	-4	-3	1,411	1,082	1,407	1,078

Parent company balance sheet

SEK m	2018/09/30	2017/09/30	2017/12/31
ASSETS			
Financial assets	9,831	9,660	9,661
Current receivables from Group companies	3,356	455	447
Other current liabilities	5	2	2
Cash and bank	-	-	-
Total assets	13,192	10,117	10,110
EQUITY AND LIABILITIES			
Equity	10,084	10,111	10,107
Interese-bearing long-term lilabilities	3,100	-	-
Non-interest-bearing long-term liabilities	-	-	-
Interese-bearing current liabilities	-	-	-
Non-interest-bearing current liabilities	8	6	3
Equity and liabilities	13,192	10,117	10,110

Parent company statement of changes in equity

SEK m	2018/09/30	2017/09/30	2017/12/31
Amount at beginning of year	10,107	10,308	10,308
Total comprehensive income for the period	1,411	1,082	1,078
Issued call options	5	7	7
Exercise of call options	28	28	28
Repurchased treasury shares	-30	-37	-37
Dividends	-1,437	-1,277	-1,277
Amount at end of year	10,084	10,111	10,107

Segment reporting:

Development by business area 1 Jan 2018 – 30 Sept 2018

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME							
External sales	1,690	2,010	976	3,716	125		8,517
Internal sales		1					1
RESULT							
Operating profit	256	136	308	376	-64		1,012
Income from portfolio management						959	959
Finance income							199
Finance expense							-218
Taxes							-255
Profit for the period							1,697
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	44	34	22	22	30		152
intangible assets	718	85	9	12	1		825
Depreciation/amortisation	13	45	25	66	16		165

Segment reporting:

Development by business area 1 Jan 2017 – 30 Sept 2017

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
INCOME							
External sales	1,359	1,649	846	3,248	128		7,230
Internal sales		2					2
RESULTS							
Operating result	194	119	264	283	-32		828
Income from portfolio management						978	1,492
Finance income							113
Finance expense							-145
Taxes							-198
Profit for the period							2,090
OTHER DISCLOSURES							
Investments in:							
property, plant and equipment	7	122	18	36	24		207
intangible assets	32	518	1	163	2		716
Depreciation/amortisation	10	35	21	62	15		143

Change in consolidated interest-bearing net debt

SEK m	2017/12/31	Change in cash	Change in loans	Other changes	2018/09/30
Interest-bearing receivables	32			4	36
Cash	626	51			677
Pensions provisions	-75			-1	-76
Long-term liabilities	-521		-3,082		-3,603
Utilised bank overdraft facilities	-151		-19		-170
Interest-bearing current liabilities	-3,995		1,898		-2,097
Interest-bearing net debt	-4,084	51	-1,203	3	-5,233

Five-year overview

SEK m	Oct-Sep 2017/2018	2017	2016	2015	2014
Net sales, SEK m	11,217	9,930	8,344	8,555	7,581
Operating profit, SEK m	1,309	1,125	1,021	975	746
Income from interest in associated companies, SEK m	1,459	2,006	2,676	1,952	1,347
Income from portfolio management, SEK m	6	-8	101	1,493	36
Profit after finance items, SEK m	2,733	3,069	3,754	4,405	2,064
Earnings per share, SEK ¹	4	4	6	6	3
Return on equity, %	12	14	21	28	15
Return on total capital, %	10	13	17	22	13
Adjusted equity ratio, %	87	88	91	89	86
Net debt/equity ratio, %	9	8	3	5	10
Listed share price, SEK ¹	111	101	86	78	51

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

Note 1 Business combinations

Specification of acquisitions

Transfer date		Country	Business area	Number of employees
23 March 2018	Sensortec Holding AG	Switzerland	Latour Industries	10
30 april -18	Johnson Level & Tool Mfg. Co., Inc.	USA	Hultafors Group	70
6 july - 18	Hellberg Safety AB	Sweden	Hultafors Group	20
1 september - 18	IDQ Investigación Diseno y Calidad, S.A.	Spain	Nord-Lock Group	7

Assets and liabilities in acquisitions

	Consolidated carrying amount
Intangible assets	24
Property, plant and equipment	34
Financial assets	5
Inventories	79
Account receivable	98
Other receivable	7
Cash	32
Long-term liabilities	-17
Current liabilities	-47
Net identifiable assets and liabilities	215
Group goodwill	786
Total purchase price	1,001
Additional purchase price	-60
Cash settlement purchase price	941
Acquisition of non-cash items	-5
Acquired cash	-32
Effect of Group cash	904

During 2018, Latour has acquired the entire shareholdings of Sensortec Holding AG., Johnson Level & Tool Mfg. Co., Inc, Hellberg Safety AB and IDQ Investigación Diseno y Calidad, S.A.U.

Sensortec has contributed SEK 27 m in income and SEK 12 m in operating profit during the period. Johnson has contributed SEK 151 m in income and SEK 27 m in operating profit during the period. Hellberg has contributed SEK 32 m in income and SEK 5 m in operating profit during the period. IDQ has contributed SEK 1 m in income and SEK 0 m in operating profit during the period. The acquisitions have been made with the aim of strengthening and developing the Latour Group's existing operations.

Transaction costs for acquisitions made during the period amount to SEK 11 m.

Note 2 Disclosures about financial assets and liabilities

Classification of financial instruments

THE GROUP 30 September 2018

	Available-for-sales financial assets	Financial assets values at fair value via profit and loss	Derivatives used for hedging purposes	Total carrying amount
FINANCIAL ASSETS				
Listed shares, management	292 ¹			292
Other long-term securities holdings	5 ²			5
Other long-term receivables			37 ³	37
Listed shares, trading		37 ¹		37
Unrealised gains, currency derivatives	0 ²			0
Other current receivables			2 217 ³	2,217
Cash			677 ³	677
Total	297	37	2,931	3,265
FINANCIAL LIABILITIES				
Long-term loans			3 603 ³	3,603
Bank overdraft facilities			170 ³	170
Current loans			2 096 ³	2,096
Other liabilities			1 364 ³	1,364
Unrealised gains, currency derivatives	14 ²			14
Total	14	0	7,233	7,247

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

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

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

The basis of fair value for listed financial assets is the quoted market price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows.

Hedging instruments consist of forward exchange contracts and interest rate swaps and are included in level 2. Valuation at fair value of the forward exchange contracts is based on levels established by the bank on an active market.

The fair value of accounts receivable and other receivables, current receivables, cash and other liquid funds, accounts payable and other liabilities as well as long-term liabilities are estimated to have the same value as their carrying amount. Market interest is not believed to materially deviate from the discount rate for interest-bearing long-term liabilities and therefore the carrying amount is considered in essence equal to the fair value.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

Note 3 Breakdown of revenues

Revenue by category

THE GROUP 30 September 2018

SEK m	2018 Q3	2017 Full Year
Revenue from goods	8,111	8,610
Revenue from services	406	1,320
	8,517	9,930
Fix-price contract	6,690	7,651
Time-and-materials contracts	1,827	2,279
	8,517	9,930
Sold directly to consumers	4,973	5,096
Sold through intermediaries	3,544	4,834
	8,517	9,930

Latour's revenues are derived from a variety of operations that are conducted in hundreds of subsidiaries

Information by quarter

SEK m	2018			2017					2016				
	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
INCOME STATEMENT													
Net sales	2,903	3,024	2,590	9,930	2,699	2,423	2,538	2,269	8,344	2,315	2,033	2,179	1,818
Cost of goods sold	-1,743	-1,802	-1,544	-5,885	-1,600	-1,445	-1,512	-1,327	-4,859	-1,361	-1,182	-1,262	-1,055
Gross profit	1,160	1,222	1,046	4,045	1,099	978	1,026	942	3,485	954	851	917	763
Costs etc. for the operation	-786	-851	-779	-2,920	-802	-669	-747	-702	-2,464	-723	-579	-606	-373
Operating profit	374	371	267	1,125	297	309	279	240	1,021	231	272	311	390
Total portfolio management	473	106	380	1,998	506	514	597	381	2,761	526	579	385	1,271
Profit before financial items	847	477	647	3,123	803	823	876	621	3,782	757	851	696	1,661
Net financial items	-14	-14	9	-54	-22	-11	-11	-10	-28	-18	15	-13	-12
Profit after financial items	833	463	656	3,069	781	812	865	611	3,754	739	866	683	1,649
Taxes	-90	-95	-70	-281	-83	-73	-68	-57	-267	-87	-72	-61	-47
Profit for the period	743	368	586	2,788	698	739	797	554	3,670	652	794	622	1,602
KEY RATIOS													
Earnings per share, SEK ¹	1.16	0.58	0.92	4.37	1.09	1.16	1.25	3.48	5.75	1.03	1.24	0.98	2.51
Cash flow for the period	22	25	-53	-697	-60	-135	-241	-261	420	206	203	-895	905
Adjusted equity ratio, %	87	87	88	88	88	88	90	92	91	91	90	90	91
Adjusted equity	58,490	56,880	54,105	51,758	51,758	54,343	53,222	51,995	47,208	47,208	47,319	43,272	41,546
Net asset value	69,105	66,841	63,016	60,521	60,521	62,625	61,450	60,742	55,500	55,500	55,673	51,083	48,665
Net asset value per share, SEK ¹	108	105	99	95	95	98	96	95	87	87	87	80	76
Listed share price, SEK ¹	111	97	95	101	101	110	105	90	86	86	88	79	84
NET SALES													
Hultafors Group	618	596	477	1,901	542	454	460	444	1,698	498	395	422	383
Latour Industries	660	700	652	2,357	706	601	571	479	1,671	477	419	421	354
Nord-Lock Group	332	341	303	1,114	268	277	286	283	927	240	229	234	224
Swegon	1,248	1,347	1,121	4,378	1,130	1,043	1,177	1,029	3,913	1,063	947	1,070	833
	2,858	2,984	2,553	9,750	2,646	2,375	2,494	2,235	8,209	2,278	1,990	2,147	1,794
Other companies and eliminations	45	40	37	180	53	49	44	34	135	37	43	32	24
	2,903	3,024	2,590	9,930	2,699	2,424	2,538	2,269	8,344	2,315	2,033	2,179	1,818
OPERATING PROFIT													
Hultafors Group	93	98	65	287	92	68	64	62	264	95	56	60	52
Latour Industries	57	48	31	173	55	49	36	33	167	35	45	51	36
Nord-Lock Group	106	108	94	340	76	88	86	89	270	61	69	72	68
Swegon	144	143	89	381	98	104	110	68	351	81	101	124	45
	399	397	279	1,181	321	309	297	252	1,052	272	271	307	201
Gain/loss from sale/purchase of business	-10	-10	-1	-30	-10	-5	-10	-5	-21	-24	-4	-1	191
Other companies and items	-15	-16	-11	-26	-14	5	-8	-7	-10	-17	5	5	-2
	374	371	267	1,125	297	309	279	240	1,021	231	272	311	390
OPERATING MARGIN (%)													
Hultafors Group	15.1	13.6	13.6	15.1	17.0	15.0	14.0	14.0	15.6	19.1	14.3	14.2	13.7
Latour Industries	8.6	4.7	4.7	7.4	7.8	8.2	6.3	6.9	10.0	7.2	10.7	12.2	10.3
Nord-Lock Group	31.9	30.9	30.9	30.5	28.3	31.8	30.2	31.5	29.2	25.6	30.1	30.9	30.1
Swegon	11.5	8.0	8.0	8.7	8.7	10.0	9.4	6.6	9.0	7.6	10.6	11.6	5.4
	14.0	10.9	10.9	12.1	12.1	13.1	11.9	11.3	12.8	11.9	13.6	14.4	11.3

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

Definitions of key ratios

Organic growth

Change in sales in comparable entities after adjustment for acquisitions and foreign exchange effects.

Operating profit (EBITDA)

Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.

Operating profit (EBITA)

Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.

Operating margin (EBITA) %

Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.

Operating profit (EBIT)

Earnings before interest and tax.

Operating margin (EBIT) %

Operating profit divided by net sales.

Operating capital

Total assets less cash and cash equivalents, other interest-bearing assets and non-interest-bearing liabilities. Calculated on the average for the past 12 months.

Total growth

Increase in revenue for the period as a percentage of the previous year's revenue.

Currency-driven growth

Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.

Organic growth

Increase in revenue for the period, adjusted for acquisitions/divestments and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and divestments.

Basic earnings per share

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

Calculations:

Jan-Sept 2018: $1,697/638,804,679 \times 1,000=2.66$

Jan-Sept 2017: $2,090/638,672,542 \times 1,000=3.28$

Diluted earnings per share

Calculations:

Jan-Sept 2018: $1,697/641,151,152 \times 1,000=2.65$

Jan-Sept 2017: $2,090/640,880,103 \times 1,000=3.27$

Equity ratio

The ratio of shareholder equity to total assets.

Adjusted equity ratio

The ratio of shareholder equity plus gains in associated companies to total assets including gains in associated companies.

Net borrowings

Interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables.

Net debt/equity ratio

The ratio of net borrowings to either adjusted equity or the market value of total assets.

Return on equity

The ratio of net income booked in the income statement to average equity.

Return on total capital

The ratio of profit/loss after financial items plus finance expense to average total assets.

Return on operating capital

The ratio of operating profit to average operating capital.

Direct return

Dividends as a percentage of the share purchase price.

EBIT multiple

The ratio of operating profit to market value adjusted for net debt.

Net asset value

The difference between the company's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.

Share of voting rights

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

Share of equity

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

Other

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

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