

Period January - March

- Profit after taxes amounted to MSEK 36 (168), distributed as follows:
 - Active holdings, listed MSEK 29 (148).
 - Active holdings, unlisted MSEK 2 (-1).
 - Financial investments MSEK 7 (24).
- Earnings per share amounted to SEK 2.45 (11.37).
- The net asset value per share amounted to SEK 188 (186).
- The net asset value per share increased by 1 (7) percent.
- The return on active listed holdings was 3 percent

Events during the quarter

- The holding in Eitech was sold after approval by the competition authority in Sweden.
- Traction became a new major owner of Mönsterås Metall (49 percent), which at the same time acquired Ankarsrum Die Casting.

Events after the period under review

- The change in value, including dividend income, of listed holdings since 31 March amounts to MSEK 120 as of 7 May.

Traction in brief

Traction is an investment company with active ownership interest in listed and unlisted small- and medium-sized companies. Traction is also engaged in investment activities for the purpose of obtaining a good yield on the Company's capital through financial investments, mainly in other listed companies and interest-bearing assets. Traction's role as owner is based on an active and long-term engagement in close co-operation with other active owners, entrepreneurs and corporate management groups. Traction does not focus on singular industries. Traction instead is engaged in development and transformation work applicable to all companies intending to prioritize business sense, a long-term approach and sound business principles. Traction's shares are traded on NASDAQ Stockholm (the Mid Cap list). More information is available at www.traction.se.

The following interim report is a translation of the Swedish version. In case of any discrepancy between the Swedish or English translation, the Swedish version shall prevail.

Traction's net asset value

The table below shows Traction's net asset value divided into active listed holdings, active unlisted holdings, Financial investments, cash and cash equivalents and other assets as of 31 March 2018.

Holding	Number of shares thousands	Price per share	Percentage of capital	Percentage of votes	Market value, MSEK	Percentage of total	SEK/Share
Listed active holdings							
BE Group	2,603	49.00	20%	20%	128	5%	9
Drillcon	24,000	6.58	54%	54%	158	6%	11
Duroc	3,885	23.10	10%	10%	90	3%	6
Hifab Group	32,744	3.04	54%	55%	100	4%	7
Nilörngruppen	2,790	87.60	24%	57%	244	9%	17
OEM International	886	168.00	4%	10%	149	5%	10
Softronic	11,539	14.70	22%	20%	170	6%	11
Total					1,038	37%	70
Unlisted active holdings							
Unlisted holdings					92	3%	6
Due from active holdings					19	1%	1
Total					111	4%	7
Total active holdings					1,149	41%	77
Financial investments, cash and cash equivalents							
Other listed shares					365	13%	25
Interest-bearing investents ¹					1,076	39%	73
Cash and cash equivalents					197	7%	13
Total					1,638	59%	111
TOTAL					2,787	100%	188

¹ Including interest-bearing investments with a maturity of less than 1 year in the amount of MSEK 436 and other net assets/liabilities in the amount of MSEK 12.

KEY FINANCIAL INDICATORS	2018 Q 1	2017 Q 1	2017 Full year
Change in value of net asset value per share, %	1	7	12
Net asset value per share, SEK	188	179	186
Market price at end of period, SEK	160	172	175
Discount to net asset value, %	15	4	6
Equity ratio, %	100	100	100

President's Statement

Traction reports a positive result of MSEK 36 for the first quarter, a consequence of an upward trend in the share price of Nilörngruppen and Softronic. These holdings, as well as most other listed holdings, show a positive development after the end of the period under review. As of 7 May, the change in value including dividend income of Traction's listed holdings therefore adds another MSEK 120 to the result.

PERIOD JANUARY - MARCH

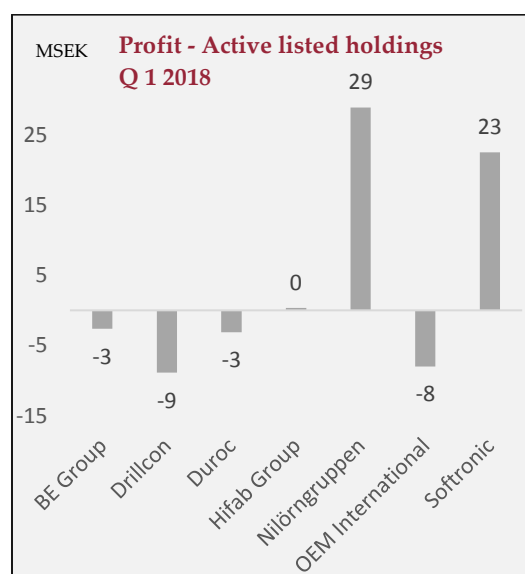
Summary

Profit after taxes amounted to MSEK 36 (168), which includes changes in value of MSEK 24 (158) and dividend income of MSEK 5 (4). Financial income amounted to MSEK 9 (8).

Active holdings – listed

Active listed holdings contributed MSEK 29 (148), equivalent to a return of 3 percent.

The result from listed active holdings is essentially attributable to a positive market price trend in Nilörngruppen and Softronic. Nilörngruppen contributed MSEK 29, equivalent to a return of 12 percent; Softronic contributed MSEK 23 (13 percent). Other active listed holdings were a drag on profit for the period, with the exception of Hifab, which had a marginally positive effect on profit.



Active holdings - unlisted

Active unlisted holdings contributed MSEK 2 (-1).

The holding in Eitech was sold during the period under review after approval by the Swedish competition authority. 80 percent of the expected payment was received in connection with the sale, equivalent to approximately MSEK 21, with the remainder expected to be received during 2018. A loan in the amount of MSEK 20 was also repaid. Traction has been a part owner of Eitech since the spring of 2016.

Traction invested MSEK 6 in Mönsterås Metall AB, thereby becoming a major owner (49 percent). At the same time Mönsterås Metall acquired Ankarsrum Die Casting AB at book value. The transaction means that a slightly larger casting firm was created with improved prerequisites and flexibility to take on more business.

Financial investments

Other listed holdings contributed MSEK 7 (24), distributed on shares, MSEK -2 (13) and interest-bearing investments, MSEK 9 (11). Dividend income amounted to MSEK 5 (2) and MSEK 9 (8) was earned in interest income.

Interest-bearing investments as of 31 March amounted to 1,063 (981), of which MSEK 436 (436) in investments in commercial paper and similar instruments with a maturity of less than one year and MSEK 627 (545) in corporate bonds and similar instruments.

Liquidity

Traction's cash and cash equivalents amounted to MSEK 197 (212). Other interest-bearing investments amounted to MSEK 1,063 (981), of which MSEK 436 (436) were short-term interest-bearing investments¹. Holdings in other listed shares amounted to MSEK 365 (386).

Proposed dividends on Traction's active holdings during the second quarter amount to approximately MSEK 37 (36). The proposed dividend to Traction's shareholders amounts to SEK 2.75 (2.15) per share, equivalent to MSEK 41 (32).

Equity/Net asset value

As of 31 March equity amounted to MSEK 2,787 (2,751) equivalent to SEK 188 (186) per share. The number of shares outstanding as of 31 March was 16,000,000, 1,800,000 of which were class A. Not including repurchased shares (1,210,153 shares equivalent to 8 percent), the number of shares outstanding was 14,789,847, of which 1,800,000 were class A shares.

Parent Company

AB Traction's result for the period amounted to MSEK -23 (128). Cash and cash equivalents amounted to MSEK 157 (150), not including investments in short-term interest-bearing assets¹ in the amount of MSEK 412 (409). The Parent Company's equity ratio as of 31 March was 100 (100) percent. The Parent Company has no external loans.

¹ Short-term interest-bearing investments are defined as investments in commercial paper and similar instruments with a maturity of less than one year.

Transactions with closely related parties

There were no transactions between Traction and closely related parties that have significantly affected the Group's and the Parent Company's financial position during the period. There were the usual transactions between wholly and majority owned companies in the Traction Group, including loans, interest charges, repayments and some charges for services provided.

Risks and uncertainty factors

Traction's significant risk and uncertainty factors include business risks in the form of exposure to certain industries, or an individual holding, as well as dependency on individual key persons in the Companies in which Traction is involved or has an ownership interest.

In addition there are financial risks, which primarily consist of price risks, i.e. the risk of a change in value of a financial instrument due to changes in share prices, foreign exchange rates or interest rates. In addition to the risks described in Traction's Annual Report in general by reason of the Company's business orientation, specific reference can be made to the Report of the Board of Directors and accompanying notes for a more detailed discussion of the Group's and the Parent Company's risk exposure and risk management procedures. Beyond that, no additional significant risks are deemed to have been added.

Accounting policies

This interim report has been prepared for the Group in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. Traction is an investment company in accordance with IFRS 10, which means that Traction applies the statutory exceptions to consolidation of subsidiaries.

Starting 1 January 2018, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are applied. The new standards have not resulted in changes of amounts in the Group's accounting. The Group's financial assets will continue to be accounted for by applying "fair value option", in accordance with IFRS 9.

In all other respects the same accounting policies have been applied in the interim report as in the most recent Annual Report.

Comparative data refer to the same year-ago period with the exception of balance sheet and liquidity numbers, which refer to the end of the previous year.

Schedule of future information

Publication dates for future financial information:

13 July 2018	Interim Report January - June 2018
17 Oct 2018	Interim Report January - September 2018
15 Feb 2019	Year-end Report 2018

The information in this interim report was provided for publication at 2:30 p.m., 8 May 2018.

The President hereby confirms that this interim report provides a fair overview of the operations of the Company's and the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company and the companies in the Group.

Stockholm, 8 May 2018

Petter Stillström

President

This interim report has not been subject to review by the Company's auditors.

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Summary Consolidated Income Statement

MSEK	2018 Q 1	2017 Q 1	2017 Full year
Dividend income	4.7	4.3	53.7
Changes in value	24.4	158.2	228.8
Financial income/expense	9.4	8.1	32.0
Other income	0.4	1.0	2.4
Operating expenses	-2.7	-3.4	-12.5
Profit before taxes	36.2	168.2	304.4
Taxes	-	-	-
Profit for the period¹	36.2	168.2	304.4
Earnings per share before and after dilution ² (SEK)	2.45	11.37	20.58
Number of shares outstanding (thousands)	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	14,790

¹ In the case of Traction, the figure for result for the period coincides with the comprehensive result. No separate report of comprehensive profit is therefore provided.

² There are no instruments that may lead to dilutive effects.

Summary Consolidated Balance Sheet

MSEK	2018 31 March	2017 31 March	2017 31 Dec
ASSETS			
Tangible non-current assets	-	0.0	0.0
Loan receivables	8.3	28.1	8.3
Equities	1,129.8	1,241.6	1,121.5
Total non-current assets	1,138.2	1,269.7	1,129.8
Other current assets	8.2	4.8	8.1
Financial investments	1,428.8	1,224.9	1,367.3
Loan receivables	18.5	17.9	39.5
Cash and cash equivalents	197.2	133.2	211.7
Total current assets	1,652.7	1,380.8	1,626.6
TOTAL ASSETS	2,790.9	2,650.6	2,756.4
EQUITY AND LIABILITIES			
Equity			
Attributable to the Parent Company's equity holders	2,786.7	2,646.1	2,750.5
Total equity	2,786.7	2,646.1	2,750.5
Current liabilities	4.2	4.5	5.9
Total liabilities	4.2	4.5	5.9
TOTAL LIABILITIES AND EQUITY	2,790.9	2,650.6	2,756.4

Summary Report of Changes in Consolidated Equity

MSEK	2018 31 March	2017 31 March	2017 31 Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,750.5	2,477.9	2,477.9
Dividend to shareholders	-	-	-31.8
Repurchase of own shares	-	-	-
Profit for the period	36.2	168.2	304.4
Closing balance	2,786.7	2,646.1	2,750.5

Summary Consolidated Cash Flow Statement

MSEK	2018 Q 1	2017 Q 1	2017 Full year
Operating activities			
Consolidated result before taxes	36.2	168.2	304.4
Adjustment for items not included in cash flow	-24.5	-159.1	-239.9
Paid taxes	-	-	-
Cash flow from operating activities	11.8	9.1	64.5
Change in working capital	-1.9	2.0	-3.4
Cash flow from operating activities	9.9	11.1	61.1
Cash flow from investment activities			
Purchase of shares in unlisted companies	-6.0	-	-
Sale of shares in unlisted companies	28.4	-	33.9
Purchase of shares in listed companies	-50.4	-106.5	-385.1
Sale of shares in listed companies	63.8	72.1	494.6
Purchase/sale of tangible non-current assets	-	-	-
Change in other financial assets	-60.2	-36.4	-154.0
Cash flow from investment activities	-24.4	-70.8	-10.6
Financing activities			
Dividend paid	-	-	-31.8
Repurchase of own shares	-	-	-
Cash flow from financing activities	-	-	-31.8
Cash flow for the period	-14.5	-59.8	18.7
Cash and cash equivalents at beginning of period	211.7	193.0	193.0
Cash and cash equivalents at end of period	197.2	133.2	211.7

Performance Specification

Group 2018				
Q 1	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
Dividend income	-	-	4.7	4.7
Changes in value	29.1	1.8	-6.6	24.4
Financial income/expense	-	0.3	9.2	9.4
Other income	-	-	0.4	0.4
Operating expenses	-	-	-2.7	-2.7
Result before taxes	29.1	2.1	5.0	36.2

Group 2017				
Q 1	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
Dividend income	1.8	-	2.5	4.3
Changes in value	145.7	-1.3	14.0	158.2
Financial income/expense	-	0.4	7.7	8.1
Other income	-	-	1.0	1.0
Operating expenses	-	-	-3.4	-3.4
Result before taxes	147.5	-0.9	21.7	168.2

Group 2017				
Full year	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
Dividend income	32.6	9.0	12.1	53.7
Changes in value	244.1	-18.5	28.4	228.8
Financial income/expense	-	2.0	30.0	32.0
Other income	-	-	2.4	2.4
Operating expenses	-	-	-12.5	-12.5
Result before taxes	276.7	-7.5	60.4	304.4

Financial Assets

Group 2018 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	92.3	92.3
Shares in listed active holdings	1,037.5	-	-	1,037.5
Financial investments	1,428.8	-	-	1,428.8
Total	2,466,3	-	92,3	2,558.6

Group 2017 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	113.9	113.9
Shares in listed active holdings	1,007.6	-	-	1,007.6
Financial investments	1,367.3	-	-	1,367.3
Total	2,049.2	0.0	113.9	2,488.8

Fair value valuation of financial instruments

Level 1: According to prices quoted in active markets for the same instrument

Level 2: Based on directly or indirectly observable market data not included in level 1

Level 3: Based on input data not observable in the market.

Changes in Financial Assets at Level 3

Group 2018 MSEK	
Opening book value	113.9
Purchases	6.0
Sales	-28.4
Dividends	-
Change in value	0.8
Total	92.3

Valuation of Financial Instruments at Level 3

Valuation of unlisted holdings is made on the basis of *International Private Equity and Venture Capital Valuation Guidelines* as developed and published jointly by risk capital organisations EVCA, BVCA and AFIC. For directly owned investments, an overall assessment is made to determine which valuation method is appropriate for each individual holding. Taken into account will be whether any financing or transaction “at arms-length distance” has been made and an evaluation is also made by applying relevant multiples to the relevant company’s key financial indicators from a selected group of similar companies, less an adjustment for, for instance, difference in size between the company in question and the group of comparable companies. In cases where there are other methods that better reflect the fair value of an individual holding, such methods are used which means that individual holdings may be valued by other than the methods described above. All

level 3 assets consist of shares in unlisted companies and are valued in accordance with the following valuation methods and non-observable data used for determining the carrying value. The data in the table below represent a selection and is therefore not all input data used in the valuation.

EBIT multiples: 5 - 9

Revenue multiples: 0.5 - 3.0

Net asset valuation: Established net asset value

Most recent transaction: In the case of recently floated new issue/share offering, the price thereon is taken into account. Higher multiples may also be applied in cases of expected rapid growth.

Summary Parent Company Income Statement

MSEK	2018 Q 1	2017 Q 1	2017 Full year
Dividend income	3,5	4,3	26,2
Changes in value	-29,0	118,8	176,6
Other income	-	0,5	0,5
Financial income/expense	2,9	4,2	15,2
Other external costs	-0,3	-0,3	-1,3
Result before taxes	-23,0	127,5	217,2
Taxes	-	-	-
Result for the period¹	-23,0	127,5	217,2

¹ In the case of Traction, the figure for result for the period coincides with the comprehensive result. No separate report of comprehensive profit is therefore provided.

Summary Parent Company Balance Sheet

	2018 31 March	2017 31 March	2017 31 Dec
ASSETS			
Equities			
Total non-current assets	750.7	813.4	772.2
	750.7	813.4	772.2
Due from Group companies			
Other receivables	370.5	457.1	360.6
Financial investments	0.2	0.7	0.0
Cash and cash equivalents	975.9	860.5	995.1
Total current assets	157.3	88.3	150.0
TOTAL ASSETS	1,504.0	1,406.5	1,505.7
	2,254.7	2,219.9	2,277.9
EQUITY AND LIABILITIES			
Equity			
Current liabilities	2,254.7	2,219.8	2,277.6
Total current liabilities	0.1	0.1	0.3
TOTAL LIABILITIES AND EQUITY	0.1	0.1	0.3
ASSETS	2,254.8	2,219.9	2,277.9

Definitions

The Traction Group

Aside from the AB Traction parent company, the Traction Group includes wholly owned subsidiaries managing securities, providing lending, underwriting and consultancy services, mainly to Traction's project companies.

Equity per share and net asset value per share

Equity at the end of the period divided by the average number of shares outstanding.

Financial investments

Refers to equity and interest-bearing investments in companies where Traction's stake is less than 10 percent of the votes.

Listed active holdings

Holdings where Traction's ownership exceeds 10 percent of the votes.

Unlisted active holdings

Wholly and partially owned companies where the remaining shares are usually owned by one or more entrepreneurs or other active partners.

Net asset value discount

Traction's market value, where unlisted Class A shares are valued the same as the listed Class B share at the end of the period, less the net asset value discount, divided by the net asset value at the end of the period.

Earnings per share

Profit for the period after dilution, divided by average number of shares outstanding during the period.

Change in net asset value of per share

Change of the net asset value during the period, including dividend paid.