

Period April - June

- Profit after taxes amounted to MSEK 109 (274), distributed as follows:
 - Active holdings, listed MSEK 63 (264).
 - Active holdings, unlisted MSEK –18 (–12).
 - Financial investments MSEK 66 (26).
- Earnings per share amounted to SEK 7.36 (18.54).
- The return on listed active holdings was 6 percent.
- The return on other listed equities was 16 percent.
- Softronic contributed MSEK 70.

Period January - June

- Profit after taxes amounted to MSEK 145 (442), distributed as follows:
 - Active holdings, listed MSEK 92 (411).
 - Active holdings, unlisted MSEK –16 (–13).
 - Financial investments MSEK 73 (50).
- The return on listed active holdings was 9 percent.
- The return on other listed equities was 15 percent.
- The net asset value per share amounted to SEK 193 (186).
- The net asset value per share increased by 5 (18) percent adjusted for dividend paid.
- The net asset value discount stood at 18 (–9) percent.

Events after the end of the period under review

- The change in value, including dividend income on listed equity holdings since 30 June amounts to MSEK 22 as of 12 July.

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.

Traction's net asset value

The table below shows Traction's net asset value distributed on active listed holdings, active unlisted holdings, Financial investments, cash and cash equivalents and other net assets as of 30 June 2018.

Holdings	Number of shares, thousands	Priced per share	Percentage of capital	Percentage of votes	Market value MSEK	Percentage of total	SEK/share
Listed active holdings							
BE Group	2,803	50.20	22	22	141	5	10
Drillcon	24,000	5.28	54	54	127	4	9
Duroc	3,885	26.10	10	10	101	4	7
Hifab Group	32,744	2.72	54	55	89	3	6
Nilörngruppen	2,790	80.70	24	57	225	8	15
OEM International	886	181.00	4	10	160	6	11
Softronic	11,539	20.00	22	20	231	8	16
Total					1,074	38	73
Unlisted active holdings							
Unlisted holdings					73	3	5
Due from active holdings					29	1	2
Total					101	4	7
Total active holdings					1,175	41	79
Financial investments, cash and cash equivalents							
Other listed equities					447	16	30
Interest-bearing investments					986	35	67
Cash and cash equivalents					246	9	17
Total					1,679	59	114
GRAND TOTAL					2,855	100	193

¹ Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 295 and other net assets/liabilities of MSEK -1.

KEY FINANCIAL INDICATORS	2018 Jan-June	2017 Jan-June	2017 Full year
Change in value of net asset value per share, %	5	18	12
Net asset value per share, SEK	193	195	186
Market price at end of period, SEK	158.5	212	175
Discount to net asset value, %	18	-9	6
Equity ratio, %	100	100	100

PERIOD APRIL - JUNE

Summary

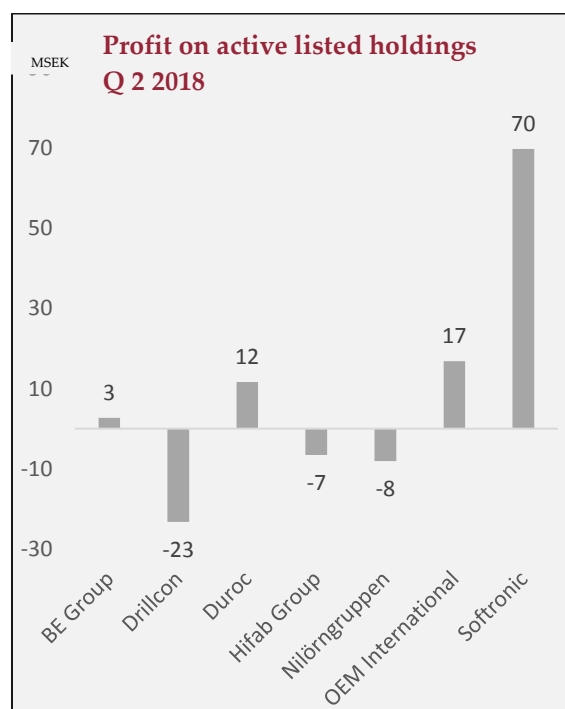
Profit after taxes amounted to MSEK 109 (274), which includes changes in value of MSEK 54 (226) and dividend income of MSEK 46 (43). Financial income amounted to MSEK 10 (8).

Active holdings - listed

Active listed holdings contributed MSEK 63 (264), equivalent to a return of 6 percent. Changes in value amounted to MSEK 26 (233) and dividend income was MSEK 37 (31).

The profit on active listed holdings is essentially attributable to a positive development in the market value of Softronic. This holding contributed MSEK 70, equivalent to a return of 41 percent.

Traction made additional investments of MSEK 10.5 in BE Group during the period, bringing the ownership stake to 22 percent (20).



Active holdings - unlisted

Active unlisted holdings contributed MSEK -18 (-12). The result on active listed holdings is essentially attributable to a revaluation of wholly owned Ankarsrum Industries AB, the parent company of operating companies Ankarsrum Motors AB, Ankarsrum Kitchen AB and Ankarsrum Fastighets AB. The book value of Ankarsrum Industries after revaluation amounts to MSEK 15.

Financial investments

Other listed holdings contributed MSEK 66 (26), distributed on equities, MSEK 56 (17) and interest-bearing investments, MSEK 10 (9). The change in value of other listed equities amounted to MSEK 48 (10) and dividend income was MSEK 8 (7), equivalent to a return of 16 percent.

Traction acquired a major shareholding in British consultancy WYG Plc for MSEK 23. Together with a prior investment in the amount of MSEK 2 during the first quarter, Traction's holding now is 9.2 percent of the capital and votes in the company. The holding contributed MSEK 18 to profit during the period and the market value of the holding as of 30 June was MSEK 43.

Traction's holding in the Norwegian traffic safety company Saferoad Holding ASA contributed MSEK 16 to the second quarter profit as a consequence of a cash offer for the company which entailed a bid premium of approximately 50 percent. Proceeds of approximately MSEK 46 are expected to be received during the third quarter of 2018.

As of 30 June, interest-bearing investments amounted to MSEK 987 (981), MSEK 295 (436) of which was invested in commercial paper and similar instruments with a maturity of less than one year and MSEK 168 (103) with a maturity of less than two years. The remainder, MSEK 524 (442), was invested in corporate bonds and similar instruments.

PERIOD JANUARY - JUNE

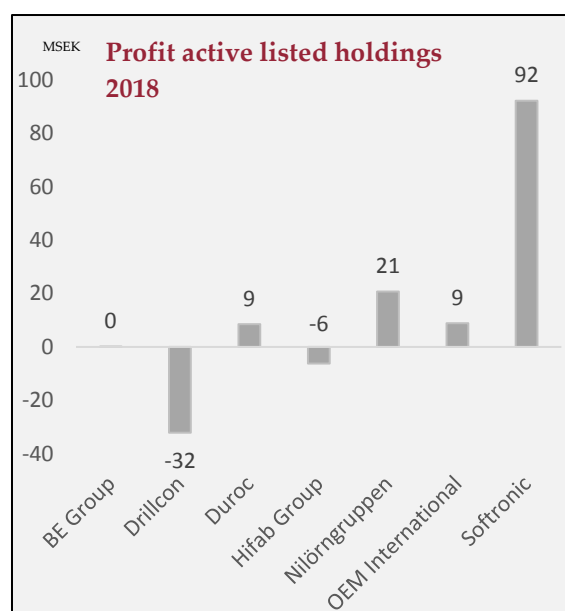
Summary

Profit after taxes amounted to MSEK 145 (442), which includes changes in value of MSEK 79 (384) and dividend income of MSEK 51 (48). Financial income amounted to MSEK 20 (16).

Active holdings - listed

Active holdings contributed MSEK 92 (411), of which changes in value accounted for MSEK 55 (379) and dividend income for MSEK 37 (33).

The profit on active listed holdings is essentially attributable to Softronic. This holding contributed MSEK 92, equivalent to a return of 63 percent.



Active holdings - unlisted

Active unlisted holdings contributed MSEK -16 (-13), of which changes in value accounted for MSEK -18 (-19) and dividend income for MSEK 1 (5). The result on active listed holdings is essentially attributable to a revaluation of Ankarsrum Industries.

The holding in Eitech was sold in the beginning of 2018. Traction had been a part owner since March 2016. Purchase money received, including repayment of amounts due, amounts to MSEK 48.

During the period under review 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 carrying value.

The transaction results in the creation of a slightly larger foundry group with improved prospects and greater ability to solicit larger business transactions.

Financial investments

Other listed holdings contributed MSEK 73 (50), distributed on equities, MSEK 54 (30) and interest-bearing investments, MSEK 19 (20). Changes in value of other listed equities amounted to MSEK 41 (20) and dividend income was MSEK 13 (10), equivalent to a return of 14 percent. The holding in WYG Plc. Contributed MSEK 18 and Saferoad Holding ASA MSEK 12.

Liquidity

Traction's cash and cash equivalents amounted to MSEK 246 (212). Other interest-bearing investments amounted to MSEK 987 (981), of which investments in commercial paper and similar instruments with a maturity less than one year amounted to MSEK 295 (436) and MSEK 168 (103) with a maturity less than two years.

Equity/Net asset value

As of 30 June equity amounted to MSEK 2,855 (2,751) equivalent to SEK 193 (186) per share. The number of shares outstanding as of 30 June was 16,000,000, of which 1,800,000 are Class A shares. Not including repurchased shares (1,210,153 equivalent to 8 percent), the number of shares outstanding was 14,789,847, of which 1,800,000 are Class A shares.

Parent Company

AB Traction's profit for the period January-June amounted to MSEK 39 (300). Cash and cash equivalents amounted to MSEK 207 (150), not including investment in short-term interest-bearing investments¹ in an amount of MSEK 290 (409). The Parent Company's equity ratio as of June 30 stood at 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 rendered. In addition, dividend decided and executed to parent company's shareholders.

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 year-end report for the Parent Company has been prepared in accordance 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 Traction applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The new standards have not resulted in any changes of amounts in the consolidated financial statements The Group's financial assets will continue to be accounted for with application of "fair value option", in accordance with IFRS 9.

In all other respects this report was prepared using the same accounting policies and calculation methods as set forth in the most recent Annual Report.

Comparative data refer to the corresponding year-ago period, except in the case of balance sheet items and liquidity metrics which refer to the prior year-end.

Schedule of future information

Publication dates for future financial information:

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

The information in this Interim Report is of the type Traction is under obligation to publish in accordance with the Securities Markets Act. The information herein was provided for publication at 1:00 p.m., 13 July 2018.

The Board of Directors and the President hereby confirm 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, 13 July 2018

Petter Stillström
President and CEO

Bengt Stillström
Director

Maria Linde
Director

Anders Eriksson
Director

Peter Malmqvist
Director

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

AB Traction
Box 3314
SE-103 66 Stockholm
SWEDEN
Corporate ID number: 556029-8654
Telephone: +46-8-506 289 00
E-mail: post@traction.se

www.traction.se

Summary Consolidated Income Statement

MSEK	2018 Q 2	2017 Q 2	2018 6 months	2017 6 months	2017 Full year
Dividend income	45.9	42.9	50.6	47.2	53.7
Changes in value	54.4	225.9	78.8	384.1	228.8
Financial income/expense	10.4	8.3	19.8	16.4	32.0
Other revenue	0.4	0.4	0.8	1.4	2.4
Operating expenses	-2.3	-3.3	-5.0	-6.7	-12.5
Profit before taxes	108.8	274.2	145.0	442.4	304.4
Taxes	-	-	-	-	-
Profit for the period¹	108.8	274.2	145.0	442.4	304.4
Earnings per share before and after dilution ² (SEK)	7.36	18.54	9.81	29.91	20.58
Number of shares outstanding (thousands)	14,790	14,790	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	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 30 June	2017 30 June	2017 31 Dec
ASSETS			
Tangible non-current assets	-	0.0	0.0
Loan receivables	-	28.2	8.3
Equities	1,146.8	1,353.5	1,121.5
Total non-current assets	1,146.8	1,381.7	1,129.8
Other current assets	3.1	4.0	8.1
Financial investments	1,434.0	1,266.1	1,367.3
Loan receivables	28.6	16.9	39.5
Cash and cash equivalents	246.3	224.6	211.7
Total current assets	1,711.9	1,511.6	1,626.6
TOTAL ASSETS	2,858.7	2,893.3	2,756.4
EQUITY AND LIABILITIES			
Equity			
Attributable to the Parent Company's equity holders	2,854.8	2,888.5	2,750.5
Total equity	2,854.8	2,888.5	2,750.5
Current liabilities	3.9	4.8	5.9
Total liabilities	3.9	4.8	5.9
TOTAL LIABILITIES AND EQUITY	2,858.7	2,893.3	2,756.4

Summary Report of Changes in Consolidated Equity

MSEK	2018 30 June	2017 30 June	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	-40.7	-31.8	-31.8
Repurchase of own shares	-	-	-
Profit for the period	145.0	442.4	304.4
Closing balance	2,854.8	2,888.5	2,750.5

Summary Consolidated Cash Flow Statement

MSEK	2018 Q 2	2017 Q 2	2018 6 months	2017 6 months	2017 Full year
Operating activities					
Consolidated result before taxes	108.8	274.2	145.0	442.4	304.4
Adjustment for items not included in cash flow	-54.4	-226.2	-78.9	-385.3	-239.9
Paid taxes	-	-	-	-	-
Cash flow from operating activities	54.4	48.0	66.1	57.1	64.5
Change in working capital	5.0	0.6	3.1	2.6	-3.4
Cash flow from operating activities	59.4	48.6	69.2	59.7	61.1
Cash flow from investment activities					
Purchase of shares in unlisted companies	-	-	-6.0	-	-
Sale of shares in unlisted companies	0.2	-	28.6	-	33.9
Purchase of shares in listed companies	-116.1	-101.0	-166.5	-207.5	-385.1
Sale of shares in listed companies	71.7	240.3	135.5	312.4	494.6
Purchase/sale of tangible non-current assets	-	-	-	-	-
Change in other financial assets	74.7	-64.8	14.5	-101.2	-154.0
Cash flow from investment activities	30.5	74.5	6.1	3.7	-10.6
Financing activities					
Dividend paid	-40.7	-31.8	-40.7	-31.8	-31.8
Repurchase of own shares	-	-	-	-	-
Cash flow from financing activities	-40.7	-31.8	-40.7	-31.8	-31.8
Cash flow for the period	49.2	91.4	34.6	31.6	18.7
Cash and cash equivalents at beginning of period	197.2	133.2	211.7	193.0	193.0
Cash and cash equivalents at end of period	246.3	224.6	246.3	224.6	211.7

Performance Specification

Group 2018	Active holdings	Active holdings	Financial	Total
Q 2	listed	unlisted	investments/Other	
Dividend income	37.0	1.0	7.9	45.9
Changes in value	26.1	-19.4	47.7	54.4
Financial income/expense	-	0.2	10.2	10.4
Other income	-	-	0.4	0.4
Operating expenses	-	-	-2.3	-2.3
Result before taxes	63.0	-18.2	63.9	108.8

Group 2017	Active holdings	Active holdings	Financial	Total
Q 2	listed	unlisted	investments/Other	
Dividend income	30.8	5.0	7.1	42.9
Changes in value	232.8	-17.9	10.9	225.9
Financial income/expense	-	0.4	8.0	8.3
Other income	-	-	0.4	0.4
Operating expenses	-	-	-3.3	-3.3
Result before taxes	263.6	-12.4	23.1	274.2

Group 2018	Active holdings	Active holdings	Financial	Total
6 months	listed	unlisted	investments/Other	
Dividend income	37.0	1.0	12.6	50.6
Changes in value	55.2	-17.6	41.0	78.8
Financial income/expense	-	0.5	19.5	19.8
Other income	-	-	0.8	0.8
Operating expenses	-	-	-5.0	-5.0
Result before taxes	92.2	-16.1	68.9	145.0

Group 2017	Active holdings	Active holdings	Financial	Total
6 months	listed	unlisted	investments/Other	
Dividend income	32.6	5.0	9.6	47.2
Changes in value	378.5	-19.2	24.8	384.1
Financial income/expense	-	0.8	15.6	16.4
Other income	-	-	1.4	1.4
Operating expenses	-	-	-6.7	-6.7
Result before taxes	411.1	-13.4	44.7	442.4

Financial Assets

Group 2018 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	72.6	72.6
Shares in listed active holdings	1,074.2	-	-	1,074.2
Financial investments	1,434.0	-	-	1,434.0
Total	2,508.2	-	72.6	2,580.8

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	2,374.9	0.0	113.9	2,488.8

Fair value measurement 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	-28.6
Dividends	-1.0
Change in value	-17.6
Total	72.6

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 2	2017 Q 2	2018 6 months	2017 6 months	2017 Full year
Dividend income	25.1	19.5	28.6	23.8	26.2
Changes in value	31.7	149.2	2.7	268.0	176.6
Other income	-	-	-	0.5	0.5
Financial income/expense	5.8	4.0	8.7	8.1	15.2
Other external costs	-0.3	-0.5	-0.6	-0.7	-1.3
Result before taxes	62.2	172.1	39.3	299.6	217.2
Taxes	-	-	-	-	-
Result for the period¹	62.2	172.1	39.3	299.6	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

MSEK	2018 30 June	2017 30 June	2017 31 Dec
ASSETS			
Equities	745.4	871.7	772.2
Total non-current assets	745.4	871.7	772.2
Due from Group companies	389.5	460.7	360.6
Other receivables	0.1	0.1	0.0
Financial investments	934.5	856.9	995.1
Cash and cash equivalents	206.9	170.8	150.0
Total current assets	1,531.1	1,488.5	1,505.7
TOTAL ASSETS	2,276.5	2,360.3	2,277.9
EQUITY AND LIABILITIES			
Equity	2,276.3	2,360.1	2,277.6
Current liabilities	0.2	0.2	0.3
Total current liabilities	0.2	0.2	0.3
TOTAL LIABILITIES AND EQUITY	2,276.5	2,360.3	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, or where Traction does not have an active role in the form of being represented on the Board of Directors.

Listed active holdings

Holdings where Traction's ownership exceeds 10 percent of the votes, or where Traction has an active role in the form of being represented on the Board of Directors.

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.