

Period January - March

- Profit after taxes amounted to MSEK 112 (36), distributed as follows:
 - Active holdings, listed MSEK 29 (29).
 - Active holdings, unlisted MSEK 0 (2).
 - Financial investments MSEK 85 (7).
- Earnings per share amounted to SEK 7.58 (2.45).
- Net asset value per share amounted to SEK 186 (178).
- Net asset value per share increased by 4 (1) percent.

Events after the end of the period under review

- The change in value, including dividend income on listed holdings since 31 March, amounts to MSEK 110 as of 8 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.

Traction's net asset value

The table below shows Traction's net asset value as of 31 March 2019.

Holdings	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	2,903	41.70	22%	22%	121	4%	8
Drillcon	24,000	5.42	54%	54%	130	5%	9
Duroc	3,885	25.20	10%	10%	98	4%	7
Hifab Group	32,744	2.58	54%	55%	84	3%	6
Nilörngruppen	2,490	73.40	22%	56%	183	7%	12
OEM International	886	191.50	4%	10%	170	6%	11
Softronic	11,539	16.75	22%	20%	193	7%	13
WYG	14,020	2.03	19%	19%	29	1%	2
Total					1,008	37%	68
Unlisted active holdings							
Unlisted holdings					69	3%	5
Due from active holdings					23	1%	2
Total					92	3%	6
Total active holdings					1,100	40%	74
Financial investments, cash and cash equivalents							
Other listed shares					486	18%	33
Interest-bearing investments ¹					933	34%	63
Cash and cash equivalents					232	8%	16
Total					1,651	60%	112
TOTAL					2,751	100%	186

¹Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 299 and other net assets/liabilities in the amount of MSEK 3.

KEY FINANCIAL INDICATORS	2019 Q 1	2018 Q 1	2018 Full year
Change in value of net asset value per share, %	4	1	-3
Net asset value per share, SEK	186	188	178
Market price at end of period, SEK	187	160	165
Discount to net asset value, %	0	15	7

President's statement

For the first quarter Traction generated a result of MSEK 112, essentially explained by a good development for Traction's financial investments, where the listed shareholdings showed a return of 17 percent. Overall, Traction's active listed holdings showed a relatively modest gain in value of approximately 3 percent, in part explained by a sharp drop in the market price of WYG. We took advantage of a weak market situation in WYG and increased our ownership stake to just over 19 percent of the shares outstanding.

The generally positive stock market development after the end of the period under review has continued and the value of Traction's listed share holdings, including dividend income, had increased by MSEK 110 as of 8 May.

PERIOD JANUARY - MARCH

Summary

Profit after taxes amounted to MSEK 112 (36), which includes changes in value of MSEK 95 (24) and dividend income of MSEK 7 (5). Financial income amounted to MSEK 13 (9). The net asset value increased during the period by 4.2 (1.3) percent.

Active holdings - listed

Active holdings contributed MSEK 29 (29), equivalent to a return of 3 percent. Softronic contributed MSEK 27 and BE Group MSEK 17, while WYG burdened the result by MSEK 31, equivalent to a value development of approximately -58 percent. Ownership in WYG increased by 3,050,000 shares, increasing the stake to just over 19 percent. The total investment is just over MSEK 5.

Change in value (MSEK)	2019 Q 1
BE Group	17
Drillcon	-14
Duroc	10
Hifab Group	6
Nilörngruppen	13
OEM International	1
Softronic	27
WYG	-31
Profit listed active holdings	29

Active holdings - unlisted

Active listed holdings impacted profit by MSEK 0 (2). The unlisted holdings were revalued by MSEK -1 (2) in connection with dividends received in the same amount.

Financial investments

Other listed holdings contributed MSEK 85 (7), with MSEK 65 (-2) in shares and MSEK 20 (9) in interest-bearing investments.

The change in value of other listed shares amounted to MSEK 59 (-7) and dividend income amounted to MSEK 6 (5), equivalent to a return of 17 percent. The change in value of interest-bearing investments amounted to MSEK 8 (0) and interest income was MSEK 12 (9).

Financial investments in equities exceeding MSEK 30 consist of Nordic Waterproofing (MSEK 50), Skanska (MSEK 46), Ahlstrom-Munksjö (MSEK 46), Volvo (MSEK 43), DNB ASA (MSEK 41) and Volkswagen (MSEK 37). These holdings account for MSEK 263 of a total of MSEK 486.

Interest-bearing investments amounted to MSEK 929 as of 31 March (1,028), of which MSEK 301 (395) are investments in commercial paper and similar instruments with a maturity of less than one year and MSEK 628 (633) corporate bonds and similar instruments.

Liquidity

Traction's cash and cash equivalents amounted to MSEK 232 (128). Other interest-bearing investments amounted to MSEK 929 (1,028), of which investments in short-term interest-bearing investments¹ amounted to MSEK 301 (395). Holdings in other listed shares amounted to MSEK 486 (419).

Proposed dividends from Traction's active holdings during the second quarter amount to MSEK 47 (37). The proposed dividend payment to Traction's shareholders amounts to SEK 3.60 (2.75) per share, equivalent to MSEK 53 (41).

¹ Short-term interest-bearing investments are defined as investments in commercial paper and similar instruments with a maturity of less than one year, and investments that fall due for payment within 12 months.

Equity/Net asset value

Equity amounted to MSEK 2,751 as of 31 March (2,638) equivalent to SEK 186 (178) per share. The number of shares outstanding as of 31 March was 16,000,000, 1,800,000 of Class A. Not including repurchased shares (1,210,153 equivalent to 8 percent), the number of shares outstanding was 14,789,847, 1,800,000 were Class A shares.

Parent Company

AB Traction's result for the period amounted to MSEK 57 (-23). Cash and cash equivalents amounted to MSEK 180 (99), not including investments in short-term interest-bearing investments¹ of MSEK 239 (330). The Parent Company has no external loans.

Short-term interest-bearing investments are defined as investments in commercial paper and similar instruments with a maturity of less than one year, and investments that fall due for payment within 12 months.

Transactions with closely related parties

There have been 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 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.

IFRS 16 which deals with the accounting treatment of rental and leasing contracts for lessors as well as lessees, has not given rise to monetary changes in the Group's accounting since these amounts are insignificant.

In all other respects the same accounting policies and calculation methods have been applied as 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:

15 July 2019	Interim Report January-June 2019
16 Oct 2019	Interim Report January-September 2019
14 Feb 2020	Year-end Report 2019

The information in this interim report was submitted for publication at 2:30 p.m. on 9 May 2019.

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, 9 May 2019

Petter Stillström

President & CEO

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
traction.se

Summary Consolidated Income Statement

MSEK	2019 Q 1	2018 Q 1	2018 Full year
Dividend income	6.6	4.7	54.8
Changes in value	94.5	24.4	-160.3
Financial income/expense	13.0	9.4	41.2
Other income	0.8	0.4	1.6
Operating expenses	-2.8	-2.7	-8.8
Result before taxes	112.1	36.2	-71.4
Taxes	-	-	-
Result for the period¹	112.1	36.2	-71.4
Earnings per share before and after dilution ² (SEK)	7.58	2.45	-4.83
Number of shares outstanding (thousands)	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	14,790

¹ The information on the period's profit is in the case of Traction consistent with the comprehensive result. No separate report on comprehensive result is therefore presented.

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

Summary Consolidated Balance Sheet

MSEK	2019 31-Mar	2018 31-Mar	2018 31-Dec
ASSETS			
Tangible non-current assets	-	-	-
Loan receivables	22.6	8.3	21.1
Equities	1,076.7	1,129.8	1,042.8
Total non-current assets	1,099.3	1,138.2	1,063.9
Other current assets	7.0	8.2	3.1
Financial investments	1,415.4	1,428.8	1,447.0
Loan receivables	-	18.5	-
Cash and cash equivalents	232.3	197.2	128.0
Total current assets	1,654.7	1,652.7	1,578.1
TOTAL ASSETS	2,754.0	2,790.9	2,642.0
EQUITY AND LIABILITIES			
Equity			
Attributable to the Parent Company's equity holders	2,750.5	2,786.7	2,638.4
Total equity	2,750.5	2,786.7	2,638.4
Current liabilities	3.5	4.2	3.6
Total liabilities	3.5	4.2	3.6
TOTAL LIABILITIES AND EQUITY	2,754.0	2,790.9	2,642.0

Summary Report of Changes in Consolidated Equity

MSEK	2019 31-Mar	2018 31-Mar	2018 31-Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,638.4	2,750.5	2,750.5
Dividend to shareholders	-	-	-40.7
Repurchase of own shares	-	-	-
Profit for the period	112.1	36.2	-71.4
Closing balance	2,750.5	2,786.7	2,638.4

Summary Consolidated Cash Flow Statement

MSEK	2019 Q1	2018 Q 1	2018 Full year
Operating activities			
Consolidated profit before taxes	112.1	36.2	-71.4
Adjustment for items not included in cash flow	-98.1	-24.5	163.9
Paid taxes	-	-	-
Cash flow from operating activities	14.0	11.8	92.4
Change in working capital	0.4	-1.9	2.8
Cash flow from operating activities	14.4	9.9	95.2
Cash flow from investment activities			
Purchase of shares in unlisted companies	-	28.4	31.4
Sale of shares in unlisted companies	-46.5	-50.4	-386.0
Purchase of shares in listed companies	33.1	63.8	264.8
Sale of shares in listed companies	-	-	-
Purchase/sale of tangible non-current assets	103.3	-60.2	-42.4
Change in other financial assets	89.9	-24.4	-138.2
Cash flow from investment activities			
Financing activities			
Dividend paid	-	-	-40.7
Repurchase of own shares	-	-	-40.7
Cash flow from financing activities			
Cash flow for the period	104.3	-14.5	-83.7
Cash and cash equivalents at beginning of period	128.0	211.7	211.7
	232.3	197.2	128.0

Performance Specification

Group 2019 Q 1	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	-	1.0	5.6	6.6
Changes in value	29.4	-1.0	66.1	94.5
Financial income/expense	-	0.3	12.7	13.0
Other revenue	-	-	0.8	0.8
Operating expenses	-	-	-2.8	-2.8
Profit before taxes	29.4	0.3	82.4	112.1

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 revenue	-	-	0.4	0.4
Operating expenses	-	-	-2.7	-2.7
Profit before taxes	29.1	2.1	5.0	36.2

Group 2018 Full year	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	38.0	1.0	15.8	54.8
Changes in value	-90.2	-21.6	-48.5	-160.2
Financial income/expense	-	1.1	40.1	41.1
Other revenue	-	-	1.6	1.6
Operating expenses	-	-	-8.4	-8.7
Profit before taxes	-52.2	-19.5	1.2	-71.4

Financial assets

Group 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	69.0	69.0
Shares in listed active holdings	1,007.8	-	-	1,007.8
Financial investments	1,415.4	-	-	1,415.4
Total	2,423.2	-	69.0	2,492.3

Group 31 December 2018	Level,1	Level,2	Level,3	Total
Financial assets				
Shares in unlisted holdings	-	-	70.0	70.0
Shares in listed active holdings	972.8	-	-	972.8
Financial investments	1,447.1	-	-	1,447.1
Total	2,419.9	-	70.0	2,489.9

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 2019 Q1	
Opening carrying value	70.0
Purchases	-
Sales	-
Dividends	-1.0
Change in value	69.0

¹Of which MSEK 1 in the form of dividend income.

Valuation of financial instruments at level 3

Valuation of unlisted holdings is made based on *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 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 value 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	2019 Q 1	2018 Q 1	2018 Full year
Dividend income	5.6	3.5	32.8
Changes in value	48.2	-29.0	-129.4
Financial income/expense	0.5	-	-
Other external costs	-0.5	-0.3	-1.1
Operating result	53.8	-25.9	-97.7
Other interest income/expense and similar items	3.3	2.9	15.7
Result after financial items	57.1	-23.0	-82.0
Taxes	-	-	-
Result for the period ¹	57.1	-23.0	-82.0

¹ The information on the period's result is in the case of Traction consistent with the comprehensive result. No separate report on comprehensive result is therefore presented.

Summary Parent Company Balance Sheet

MSEK	2019 31-Mar	2018 31-Mar	2018 31-Dec
ASSETS			
Equities	752.4	750.7	757.8
Total non-current assets	752.4	750.7	757.8
Due from Group companies	411.5	370.5	409.5
Other receivables	-	0.2	-
Financial investments	868.2	975.9	888.5
Cash and cash equivalents	180.1	157.3	99.2
Total current assets	1,459.8	1,504.0	1,397.2
TOTAL ASSETS	2,212.2	2,254.7	2,155.0
EQUITY AND LIABILITIES			
Equity	2,212.1	2,254.7	2,155.0
Current liabilities	0.1	0.1	-
Total current liabilities	0.1	0.1	-
TOTAL LIABILITIES AND EQUITY	2,212.2	2,254.8	2,155.0

Definitions and alternative key financial indicators

The definitions and alternative key financial indicators below are significant for the understanding of Traction's operations. Only earnings per share below is defined in accordance with IFRS. All alternative key financial indicators refer to the Group. Calculations are based on exact figures, which means that differences may occur due to rounding.

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.

Financial investments

Refers to investments in shares and interest-bearing financial instruments where Traction's ownership is less than 10 percent of the votes, or where Traction does not have an active role by being represented on the Board of Directors. Financial investments are shown in the listing of Traction's net asset value, and in the consolidated and Parent Company balance sheets in this report. A previously active listed holding is recognized as a financial investment on the day when ownership falls below 10 percent of the votes, or from the day when Traction's representative leaves the Board of Directors.

Listed active holdings

Holdings in listed companies where Traction's ownership exceeds 10 percent of the votes, or where Traction has an active role by being represented on the Board of Directors. Active holdings are shown in the listing of Traction's net asset value in this report. A holding is recognized as from the day when Traction's ownership exceeds 10 percent of the votes, or from the day when Traction is represented on the Board of Directors.

Unlisted active holdings

Wholly and partially owned unlisted companies where any remaining shares typically are held by one

or more entrepreneurs or other active owners.

Unlisted holdings are companies whose shares typically are owned by one or more entrepreneurs or other active part owners. Unlisted holdings are companies whose shares are not subject to organized daily trading, but not necessarily on a regulated market. Upon listing of an unlisted holding, or upon delisting of a listed company, the holding switches category on the day when the change occurs.

Equity per share/net asset value per share

Equity at the end of the period, divided by the number of shares outstanding on the same day, i.e. $2,751 \times 1,000,000 \div 14,789,847 = \text{SEK } 186$.

Net asset value discount

Traction's market value, where unlisted class A shares are given the same value as the listed class B shares at the end of the period, less the net asset value divided by the net asset value at the end of the period in percent, i.e. $(187 - 186) \div 186 \times 100 = 0.3\%$

Net asset value/equity

The net of assets and liabilities at market value, which in Traction's case is equivalent to the Traction Group's equity, i.e. MSEK 2,751 as of 31 March 2019.

Change of net asset value per share, adjusted for dividend paid in percent / Return on equity on net asset value per share

Earnings per share, divided by opening equity per share after deduction of dividend paid per share during the period in percent, i.e. for the period: $7.58 \div (178 - 0) \times 100 = 4\%$.

Earnings per share before and after dilution

Result for the period after dilution, divided by the average number of shares outstanding during the period, i.e. $112.1 \times 1,000,000 \div 14,789,847 = \text{SEK } 7.58$. The number of shares outstanding was unchanged during the period.