

TRACTION

Traction is an investment company the operations of which are based on its own methodology for developing and refining the companies in which Traction is an owner. Traction's role as owner is based on an active and long-term engagement, together with an entrepreneur or corporate management and other joint owners. At present, Traction is involved in some 15 companies, several of which are publicly traded. In addition, Traction is engaged in investment activities for the purpose of obtaining a good yield on the Company's capital. Traction's share is traded on the NASDAQ OMX Nordic Exchange in Stockholm (the Small Cap list). Read more about Traction at www.traction.se

Interim Report January - March 2015

Period January - March

- Profit after taxes amounted to MSEK 73 (74), of which from:
 - Active holdings, listed MSEK 33 (58)
 - Active holdings, unlisted MSEK 1 (-)
 - Financial investments MSEK 41 (16)
- Earnings per share amounted to SEK 4.89 (4.97)
- Net asset value per share increased by 4 (4) percent
- Net asset value per share amounted to SEK 138 (133)

Events after the end of the period under review

Traction guarantees part of the new issue in BE Group

- The change in value of listed securities since 31 March amounts to MSEK 42 as of 27 April.

PRESIDENT'S

STATEMENT

Further reductions in interest rates in Sweden, and a weaker, Swedish krona contributed significantly to the overall improvement of the stock market. The Stockholm market rose by as much as 15.9 percent during the first quarter of 2015. Traction's net asset value increased by 4 percent, which is explained by the fact that a significant portion of its assets are in the form of liquid funds and low-yielding investments in the form of interest-bearing instruments and lending in a total amount of MSEK 670. Traction's active holdings increased by 6 percent during the period. The active listed holdings continue to develop well, but have not been revalued during the period. Other listed holdings, which as of March 31 amounted to MSEK 257, showed a strong development with an increase of 15 percent.

PERIOD JANUARY - MARCH

Summary

Profit amounted to MSEK 72.7 (74.3), which includes changes in value in the amount of MSEK 63 (32) and dividend income of MSEK 6.7 (37.9). Financial income amounted to MSEK 4.6 (4.4).

Active holdings - listed

Active listed holdings contributed MSEK 32.8 (58.1). Drillcon contributed MSEK 28.3, BE Group MSEK -28.0, Nordic Camping MSEK 12.7 and Hifab Group MSEK 14.5.

Active holdings - unlisted

Active unlisted holdings contributed MSEK 1.1 (0.1). Dividend income was received from Banking Automation in the amount of MSEK 4.5. The value of the holding was reduced by an equivalent amount.

Nilörngruppen's revenue amounted to MSEK 109 (91) and operating income was MSEK 4.7 (7.0). Order bookings increased by 11 percent compared to the preceding year. A total dividend of MSEK 39.9 (34.2) was declared, which means MSEK 27.7 for Traction.

Ankarsrum Motors recorded revenue of MSEK 40 (54) and operating profit of MSEK 2.5 (5.2). The lower volume is essentially the result of a decline in sales to two major customers. Ankarsrum's volumes are expected to recover already during the second quarter. The company paid down its debt to Traction by MSEK 5.1 during the period.

Financial investments

Other listed holdings contributed MSEK 40.8 (15.9), of which dividend income accounted for MSEK 2.2 (5.6). The holding in SCA grew by 18 percent, equivalent to MSEK 14.9. Net interest income amounted to MSEK 4.6 (4.4).

As of March 31 investments in short-term certificates of deposit and similar instruments amounted to MSEK 160. Since the tenor of these investments is less than twelve months, they are included in Traction's liquid assets in the net asset value compilation on page 4. Other interest-bearing investments in the amount of MSEK 143 consist of corporate bonds and similar instruments, where the largest holding amounts to MSEK 20.

Capital expenditures and disposals

Investments in listed shares amounted to MSEK 94 (58). Sale amounted to MSEK 94 (165). In addition, commercial paper, corporate bonds and other financial assets were purchased in a net amount of MSEK 195 (41).

(Comparative data refer to the corresponding year-ago period, with the exception of balance and liquidity numbers which are for the preceding year-end.)

Liquidity

Traction's liquid funds, including investments in short-term commercial paper and similar instruments, amounted to MSEK 467 (489). In addition there was financial investments in the amount of MSEK 458 (385) in the form of listed shares and other interest-bearing instruments. Proposed dividends on Traction's holdings amount to MSEK 56 during the second quarter. The proposed dividend to Traction's shareholders amounts to SEK 2.00 per share, or a total of MSEK 29.7.

Equity/Net asset value

Equity amounted to MSEK 2,052 as of 31 March (1,979), equivalent to SEK 138 (133) per share. The number of shares outstanding as of 31 March was 16,000,000, of which 1,800,000 were class A shares. No shares were repurchased during 2015. Not including previously repurchased shares (1,135,000), the number of shares outstanding was 14,865,000, of which 1,800,000 are class A shares.

Parent Company

AB Traction's profit amounted to MSEK till 61.8 (69.7). Liquid funds including investments in short-term commercial paper and similar instruments amounted to MSEK 385 as of 31 March (372). The equity ratio as of 31 March stood at 100 (100) percent. The Parent Company has no external loans.

Traction's net asset value

Holding	Number of shares outstanding 000'	Percentage of		Total return % Jan - March	Market value, MSEK	% of total	SEK/ share
		capital	votes				
Listed active holdings							
BE Group	12,882	17	17	−40	43	2%	3
Drillcon	23,727	53	53	39	102	5%	7
Duroc	2,000	27	30	24	25	1%	2
Hifab Group	15,698	53	54	15	113	6%	8
Nordic Camping & Resort	2,531	30	30	28	58	3%	4
OEM International	913	4	10	0	100	5%	7
PartnerTech	2,937	23	23	−13	65	3%	4
Softronic	11,529	22	20	6	78	4%	5
Switchcore	11,011	30	24	−5	23	1%	1
Waterman Group	3,300	11	11	33	28	1%	2
Total				6	635	31%	43
Unlisted active holdings							
Ankarsrum Motors		100	100	0	113	6%	8
Nilörngruppen		69	60	0	273	13%	18
Other unlisted holdings				0	105	5%	7
Total				0	491	24%	33
Total active holdings				3	1,126	55%	76
Financial investments, cash and cash equivalents							
Other listed shares ¹				12	257	13%	17
Due from active holdings ²					56	3%	4
Interest-bearing investments					143	6%	9
Cash and cash equivalents ³					469	23%	32
Summa					925	45%	62
TOTALT				4	2,051	100%	138

¹Of which 500,000 shares in SCA, equivalent to MSEK 99

²Including other net assets/liabilities in the amount of MSEK −2

³Including short-term interest-bearing investments in the amount of MSEK 160

KEY FINANCIAL INDICATORS	January - March		Full year
	2015	2014	2014
Change in net asset value per share, %	4	4	7
Net asset value per share, SEK	138	132	133
Market price per share at end of period, SEK	108.00	109.50	99.00
Discount to net asset value, %	22	17	25

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. Then 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 summary interim report has been prepared for the Group in accordance with IAS 34 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. Effective as of 1 January 2014, Traction applies the new rules for investment companies. This report has been prepared in accordance with the same accounting policies and using the same calculation methods as set out 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 referring to the prior year-end.

Schedule of future information

Publication dates for future financial information:

14 July 2015	Interim Report January - June 2015
19 October 2015	Interim Report January - September 2015
17 February 2016	Year-end Report January - December 2015

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 3:00 p.m., 28 April 2015.

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, 28 April 2015

Petter Stillström
President & CEO

This year-end report has not been subject to review by the Company's auditor.

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SUMMARY CONSOLIDATED INCOME STATEMENT

MSEK

	Jan - March	Full year
RÖRELSENS INTÄKTER	2015	2014
Dividend income	6.7	37.9
Change in value of securities	63.4	31.8
Financial income	4.6	4.4
Other revenue	0.5	2.4
Operating expenses	-2.5	-2.2
Profit before taxes	72.7	74.3
Taxes	0.0	0.0
Profit and comprehensive result for the period	72.7	74.3
Earnings per share (SEK)	4.89	4.97
Number of shares outstanding (thousands)	14,865	14,940
Average number of shares outstanding (thousands)	14,865	14,869

SUMMARY CONSOLIDATED BALANCE SHEET

MSEK

	2015	2014
ASSETS	31/3	31/12
Tangible non-current assets	0.1	7.4
Shares, etc.	1,126.1	1,147.4
Deferred tax asset	-	14.7
Total non-current assets	1,126.2	1,169.5
Other non-current assets	4.1	8.3
Financial investments in active management	557.5	443.4
Loan receivables	58.4	44.6
Cash and cash equivalents	310.6	317.2
Total non-current assets	930.6	813.5
TOTAL ASSETS	2,056.8	1,983.0
EQUITY AND LIABILITIES		
Equity		
Attributable to the Parent Company's equity holders	2,051.5	1,975.6
Total equity	2,051.5	1,975.6
Current liabilities	5.3	7.4
Total liabilities	5.3	7.4
TOTAL LIABILITIES AND EQUITY	2,056.8	1,983.0

For other financial instruments, such as trade receivables, loan receivables, and long-term and current liabilities the carrying value is a reasonable approximation of fair value.

Summary Report of Changes in Consolidated Equity MSEK

	2015	2014	
	31/3	31/3	31/12
Amount attributable to the Parent Company's shareholders at beginning of year	1,978.8	1,676.3	1,676.3
Effect of change of accounting policy	-	225.0	225.0
Adjusted opening balance	1,978.8	1,901.3	1,901.3
Dividend to shareholders	-	0.0	-36.4
Repurchase of own shares	-	0.0	-7.8
Comprehensive result for the period	72.7	74.3	121.7
Closing balance	2,051.5	1,975.6	1,978.8

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

MSEK	Jan - March		Full year
	2015	2014	2014
<i>Operating activities</i>			
Consolidated result before taxes	72.7	74.3	136.3
Adjustment for items not included in cash flow	-63.4	-31.7	-1.8
Taxes paid	-	-	-
Cash flow from operating activities before changes in working capital	9.3	42.6	134.5
Change in working capital	1.6	-7.0	-9.7
Cash flow from operating activities	10.9	35.6	124.8
<i>Cash flow from investment activities</i>			
Purchase of shares in unlisted companies	-2.5	-	-3.4
Sale of shares in unlisted companies	3.1	-	0.3
Purchase of shares in listed companies	-94.0	-57.6	-207.4
Sale of shares in listed companies	94.1	164.9	452.8
Purchase/sale of tangible non-current assets	5.6	-0.7	1.0
Change in other financial assets	-195.2	-41.2	-51.6
Cash flow from investment activities	-188.9	65.4	191.7
<i>Financing activities</i>			
Dividend paid	-	-	-36.4
Repurchase of own shares	-	-	-7.7
Cash flow from financing activities	0.0	0.0	-44.1
Cash flow for the period	-178.0	101.0	272.4
Cash and cash equivalents at beginning of period	488.6	216.2	216.2
Cash and cash equivalents at end of period	310.6	317.2	488.6

Distribution of profit

Group 2015

Period January - March	Active holdings, listed	Active holdings, unlisted	Other	Total
Dividend income	-	4.5	2.2	6.7
Changes in value	32.8	-3.4	34.0	63.4
Financial income	-	-	4.6	4.6
Other income	-	-	0.5	0.5
Operating expenses	-	-	-2.5	-2.5
Result before taxes	32.8	1.1	38.8	72.7

Group 2014

Period January - March	Active holdings, listed	Active holdings, unlisted	Other	Total
Dividend income	0.1	32.2	5.6	37.9
Changes in value	58.0	-32.1	5.9	31.8
Financial income	-	-	4.4	4.4
Other income	-	-	2.4	2.4
Operating expenses	-	-	-2.2	-2.2
Result before taxes	58.1	0.1	16.1	74.3

Period January - December	Active holdings, listed	Active holdings, unlisted	Other	Total
Dividend income	16.3	88.6	12.6	117.5
Changes in value	-25.7	50.1	-14.7	9.7
Financial income	-	-	12.8	12.8
Other income	-	-	5.4	5.4
Operating expenses	-	-	-9.0	-9.0
Result before taxes	-9.4	138.7	7.1	136.4

Financial instruments

Valuation of financial assets

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.

Group 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	490.9	490.9
Shares in listed active holdings	635.2	-	-	635.2
Financial investments	557.5	-	-	557.5
Total	1,192.7		490.9	1,683.6

Group 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	494.9	494.9
Shares in listed active holdings	600.9	-	-	600.9
Financial investments	324.8	-	-	324.8
Total	925.7		494.9	1,420.6

Change in financial assets in level 3

Group	
Open carrying value	494.9
Purchases/shareholder contributions	2.5
Sales/redemption	-3.1
Change in value	-3.4
Total	490.9

Transfers between levels

Transfers between different levels effected during a reporting period should be presented with the value at the end of the reporting period. No transfers were made from one level to another during the period under review. The increase in assets at level 3 in relation to the annual accounts refers to subsidiaries no longer consolidated but value at fair value.

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 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:	4 - 10
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 rapid growth.

SUMMARY PARENT COMPANY INCOME STATEMENT MSEK

	Jan - March	
	2015	2014
Dividend income	2.2	5.7
Change in value of securities	59.1	63.6
Financial income/expense	0.9	0.6
Other external expenses	-0.4	-0.2
Profit before taxes	61.8	69.7
Taxes	-	-
Profit and comprehensive result for the period	61.8	69.7

SUMMARY PARENT COMPANY BALANCE SHEET MSEK

	2015	2014
ASSETS	31/3	31/12
Equities	685.6	658.7
Total non-current assets	685.6	658.7
Due from Group companies	21.8	21.6
Other receivables	0.7	8.3
Financial investments	406.9	218.6
Cash and cash equivalents	225.4	371.8
Total non-current assets	654.8	620.3
TOTAL ASSETS	1,340.4	1,279.0
EQUITY AND LIABILITIES		
Equity	1,340.2	1,278.4
Current liabilities	0.2	0.6
Total current liabilities	0.2	0.6
TOTAL LIABILITIES AND EQUITY	1,340.4	1,279.0
Pledged assets	-	-

DEFINITIONS

Traction Group

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

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 is not an active owner.

Listed active holdings

Holdings where Traction's ownership exceeds 10 percent of the votes in each respective company.

Unlisted active holdings

Holdings where Traction's ownership is less than 50 percent of the votes and 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 year.

Change in net asset value of per share

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