

### Period January - March

- Profit after taxes amounted to MSEK 168 (49), distributed as follows:
  - Active holdings, listed MSEK 148 (45)
  - Active holdings, unlisted MSEK -1 (-1)
  - Financial investments MSEK 24 (7)
- Earnings per share amounted to SEK 11.37 (3.32)
- The net asset value per share amounted to SEK 179 (168)
- The net asset value per share increased by 6.5 (2.3) percent
- The return on active listed holdings was 16 percent
- The return on other listed holdings was 4 percent

### Events during the quarter

- Duroc acquired International Fibres Group with payment in newly issued shares in Duroc
- Traction acquired 1,825,000 additional shares in Duroc, after which Traction's ownership falls just short of 10 percent of all shares

### Events after the period under review

- The change in value of listed holdings since March 31, 2017 amounts to MSEK 207 as of May 3, 2017

#### 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](http://www.traction.se).

## 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 March 31, 2017.

Holding	Number of shares (thousands)	Price per share	Proportion of capital	Proportion of votes	Market value MSEK	Proportion of total	SEK/share
<b>Listed active holdings</b>							
BE Group	2,586	47.00	20%	20%	122	5%	8
Drillcon	24,000	4.80	54%	54%	115	4%	8
Duroc	3,825	27.20	10%	10%	104	4%	7
Hifab Group	32,744	3.00	54%	55%	98	3%	5
Nilörngruppen	3,590	85.25	31%	61%	306	12%	21
OEM International	886	194.00	4%	10%	172	6%	12
Softronic	11,539	8.65	22%	20%	100	4%	7
Waterman Group	5,220	8.12	17%	17%	42	2%	3
<b>Total</b>					<b>1,059</b>	<b>39%</b>	<b>71</b>
<b>Unlisted active holdings</b>							
Ankarsrum Motors			100%	100%	65	3%	5
Other unlisted holdings					118	4%	7
Due from active holdings					38	2%	4
<b>Total</b>					<b>221</b>	<b>9%</b>	<b>16</b>
<b>Total active holdings</b>					<b>1,280</b>	<b>48%</b>	<b>87</b>
<b>Financial investments, cash and cash equivalents</b>							
Other listed equities					361	14%	24
Interest-bearing investments <sup>1</sup>					872	33%	59
Cash and cash equivalents					133	5%	9
<b>Total</b>					<b>1,366</b>	<b>52%</b>	<b>92</b>
<b>TOTAL</b>					<b>2,646</b>	<b>100%</b>	<b>179</b>

<sup>1</sup> Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 424 and other net assets/liabilities in the amount of MSEK 8.

KEY FINANCIAL INDICATORS	2017 Q 1	2016 Q 1	2016 Full year
Change in value of net asset value per share, %	7	2	19
Net asset value per share, SEK	179	146	168
Market price at end of period, SEK	172	115	146
Discount to net asset value, %	4	21	13
Equity ratio, %	100	100	100

## Statement of CEO

Most of Traction's active listed holdings showed a relatively strong price development during the reporting period, which contributed to a total increase of 17 percent, equivalent to MSEK 148. The positive trend has continued even after the end of the reporting period. Traction's active listed holdings account for MSEK 191 of the total change in value of MSEK 207 as of May 3, 2017.

By comparing the price-trend between small-and medium sized companies relatively large companies on the Stockholm stock exchange during the last year, it can be observed that the small-and medium sized companies has developed significantly better. This trend has been beneficial for Traction, as well as the fact that several of our companies are developing in a positive direction. In addition, structural transactions are valued positively, which explains Duroc's doubling in value during 2017.

## PERIOD JANUARY - MARCH

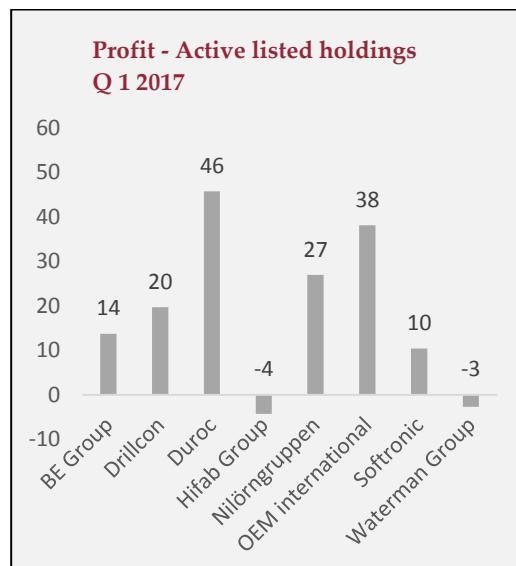
### Summary

Profit after taxes amounted to MSEK 168 (49). This result includes changes in value of MSEK 158 (44) and dividend income of MSEK 4 (2). Financial income amounted to MSEK 8 (5).

### Active holdings - listed

Active listed holdings contributed MSEK 148 (45). This result includes changes in value of MSEK 146 (44) and dividend income of MSEK 2 (1).

The profit on active listed holdings is primarily attributable to a positive market development for the holdings in Duroc, OEM International, Nilorn and Drillcon. Duroc contributed MSEK 46, equivalent to a return of 78 percent, OEM International contributed MSEK 38 (28 percent), Drillcon contributed MSEK 20 (21 percent) and Nilorn contributed MSEK 27 (10 percent).



Duroc acquired International Fibres Group AB ("IFG"). IFG produces about 110,000 tonnes of fibre and yarn per year at its subsidiaries in the United States, Great Britain, Austria and Belgium. The fibre is used in a multitude of applications by industrial buyers, industrial buyers in e.g. the auto and textile industries. Seller of IFG was Peter Gyllenhammar AB ("PGAB"). The acquisition was paid for in its entirety with 31,671,100 newly issued shares in Duroc.

As a part of the deal Traction acquired 1,825,000 shares in Duroc from PGAB and converted shares of class A to class B. Then, Traction's ownership in Duroc falls just short of 10 percent of all shares.

The investment was equivalent to approx. MSEK 27. In addition, Traction invested a further MSEK 4 in Waterman.

#### Active holdings - unlisted

Active unlisted holdings contributed MSEK -1 (-1).

#### Financial investments

Other listed holdings contributed MSEK 24 (7), distributed among equities, MSEK 13 (6) and interest-bearing investments MSEK 11 (1). Changes in value of other listed shares amounted to MSEK 11 (5), equivalent to a return of 4 percent. Dividend income amounted to MSEK 2 (1). Changes in value of interest-bearing investments amounted to MSEK 3 (-4) and interest income was MSEK 8 (5).

During the period, Arise issued a convertible bond, of which Traction subscribed for its share and guaranteeing 16 percent of the total issue in the amount of MSEK 245.

Investments in other listed shares amounted to MSEK 75 (67) and disposal were made in the amount of MSEK 72 (62).

Interest-bearing investments as of March 31 amounted to MSEK 864 (830), of which MSEK 424 (468) were in commercial paper and similar instruments with a maturity of less than one year and MSEK 440 (362) in corporate bonds and similar instruments.

#### Liquidity

Traction's cash and cash equivalents amounted to MSEK 133 (193). Other interest-bearing investments amounted to MSEK 864 (830), of which investments in short-term interest-bearing investments<sup>1</sup> amounted to MSEK 424 (468). Holdings of other listed shares amounted to MSEK 361 (347). Thus, in total, Traction has SEK 1,358 (1,370) in assets that in a normal market condition ought to be immediate realizable.

Proposed dividends from Traction's active holdings during the second quarter amounts to approx. MSEK 36 (30). The proposed dividend to Traction's shareholder's amounts to SEK 2.15 (2.55) per share, equivalent to MSEK 31.8 (37.7).

#### Equity/Net asset value

Equity as of March 31 amounted to MSEK 2,646 (2,478), equivalent to SEK 179 (168) per share. The number of shares outstanding as of March 31 was 16,000,000, of which 1,800,000 were series A shares. 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 of series A.

#### Parent Company

AB Traction's profit amounted to MSEK 128 (24). Cash and cash equivalents amounted to MSEK 88 (68), not including investments in short-term interest-bearing investments<sup>1</sup> in the amount of MSEK 230 (310). The Parent Company's equity ratio as of March 31 was 100 (100) percent. The Parent Company has no external loans. Receivables from Group Companies decreased to MSEK 457 (638).

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

### Transactions with closely related parties

No transactions between Traction and closely related parties have significantly affected the Group or the Parent Company's financial position during the period. There have been the usual transactions between companies in the Traction Group, including loans, interest payments, repayments and certain charges for services rendered.

### Risks and uncertainty factors

The Group's and the Parent Company'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. 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 referring to the prior year-end.*

### Schedule of future information

Publication dates for future financial information:

14 July 2017 Interim Report January-June 2017

18 Oct 2017 Interim Report January-September 2017

14 Feb 2018 Year-end Report 2017

The information in this Year-end Report is of the type Traction is under obligation to publish in accordance with the EU Market Abuse Regulation and the Securities Markets Act. The information herein was provided for publication at 2:30 p.m., May 4, 2017.

The CEO 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, May 4, 2017

Petter Stillström

CEO

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

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## Summary Consolidated Income Statement

MSEK	2017	2016	2016
	Q1	Q1	Full year
Dividend income	4.3	1.9	57.0
Changes in value	158.2	44.3	328.4
Financial income/expense	8.1	5.3	26.3
Other revenue	1.0	0.4	2.9
Operating expenses	-3.4	-2.8	-12.9
<b>Profit before taxes</b>	<b>168.2</b>	<b>49.1</b>	<b>401.7</b>
Taxes	-	-	-1.0
<b>Profit and comprehensive result for the period</b>	<b>168.2</b>	<b>49.1</b>	<b>400.7</b>
Earnings per share (SEK)	11.37	3.32	27.09
Number of shares outstanding (thousands)	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	14,790

## Summary Consolidated Balance Sheet

MSEK	2017	2016	2016
	31-Mar	31-Mar	31-Dec
<b>ASSETS</b>			
Tangible non-current assets	0.0	0.1	0.0
Loans receivable	28.1	20.0	28.0
Equities	1,241.6	1,010.8	1,064.0
<b>Total non-current assets</b>	<b>1,269.7</b>	<b>1,030.9</b>	<b>1,092.0</b>
Other current assets	4.8	4.4	4.7
Financial investments	1,224.9	623.7	1,176.7
Loans receivable	17.9	33.8	17.6
Cash and cash equivalents	133.2	476.6	193.0
<b>Total current assets</b>	<b>1,380.8</b>	<b>1,138.5</b>	<b>1,392.0</b>
<b>TOTAL ASSETS</b>	<b>2,650.6</b>	<b>2,169.4</b>	<b>2,484.0</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Attributable to the Parent Company's equity holders	2,646.1	2,164.0	2,477.9
<b>Total equity</b>	<b>2,646.1</b>	<b>2,164.0</b>	<b>2,477.9</b>
Current liabilities	4.5	5.4	6.1
<b>Total liabilities</b>	<b>4.5</b>	<b>5.4</b>	<b>6.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,650.6</b>	<b>2,169.4</b>	<b>2,484.0</b>

## Summary Report of Changes in Consolidated Equity

MSEK	2017 31-Mar	2016 31-Mar	2016 31-Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,477.9	2,114.9	2,114.9
Dividend to shareholders	-	-	-37.7
Repurchase of own shares	-	-	-
Comprehensive result for the period	168.2	49.1	400.7
<b>Closing balance</b>	<b>2,646.1</b>	<b>2,164.0</b>	<b>2,477.9</b>

## Summary Consolidated Cash Flow Statement

MSEK	2017 Q1	2016 Q1	2016 Full year	2015 Full year
<b>Operating activities</b>				
Consolidated profit before taxes	168.2	49.1	401.7	174.2
Adjustment for items not included in cash flow	-159.1	-44.3	-336.2	-87.9
Taxes paid	-	-	-1.0	-
<b>Cash flow from operating activities</b>	<b>9.1</b>	<b>4.8</b>	<b>64.4</b>	<b>86.3</b>
Change in working capital	2.0	2.3	2.8	-2.3
<b>Cash flow from operating activities</b>	<b>11.1</b>	<b>7.1</b>	<b>67.2</b>	<b>84.0</b>
<b>Cash flow from investment activities</b>				
Purchase of shares in unlisted companies	-	-10.0	-10.0	-18.0
Sale of shares in unlisted companies	-	-	-	200.5
Purchase of shares in listed companies	-106.5	-79.1	-301.5	-434.9
Sale of shares in listed companies	72.1	62.6	412.3	508.1
Purchase/sale of tangible non-current assets	-	-	-	5.6
Change in other financial assets	-36.4	-46.5	-479.9	-253.3
<b>Cash flow from investment activities</b>	<b>-70.8</b>	<b>-73.0</b>	<b>-379.1</b>	<b>8.0</b>
<b>Financing activities</b>				
Dividend paid	-	-	-37.7	-29.7
Repurchase of own shares	-	-	-	-8.4
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-37.7</b>	<b>-38.1</b>
<b>Cash flow for the period</b>	<b>-59.8</b>	<b>-65.9</b>	<b>-349.5</b>	<b>53.9</b>
Cash and cash equivalents at beginning of period	193.0	542.5	542.5	488.6
Cash and cash equivalents at end of period	133.2	476.6	193.0	542.5

## Performance Specification

Group 2017	Active holdings listed	Active holdings unlisted	Financial Investments / other	Total
Q 1				
Dividend income	1.8	-	2.5	4.3
Changes in value	145.7	-1.4	13.9	158.2
Financial income / expense	-	0.4	7.7	8.1
Other revenue	-	-	1.0	1.0
Operating expenses	-	-	-3.4	-3.4
<b>Profit before taxes</b>	<b>147.5</b>	<b>-1.0</b>	<b>21.7</b>	<b>168.2</b>

Group 2016	Active holdings listed	Active holdings unlisted	Financial Investments / other	Total
Q 1				
Dividend income	0.5	-	1.4	1.9
Changes in value	44.4	-1.0	0.9	44.3
Financial income / expense	-	0.3	5.0	5.3
Other revenue	-	-	0.4	0.4
Operating expenses	-	-	-2.8	-2.8
<b>Profit before taxes</b>	<b>44.9</b>	<b>-0.7</b>	<b>4.9</b>	<b>49.1</b>

Group 2016	Active holdings listed	Active holdings unlisted	Financial Investments / other	Total
Full year				
Dividend income	36.0	11.3	9.7	57.0
Changes in value	269.9	-47.3	105.8	328.4
Financial income / expense	-	1.8	24.5	26.3
Other revenue	-	-	2.9	2.9
Operating expenses	-	-	-12.9	-12.9
<b>Profit before taxes</b>	<b>305.9</b>	<b>-34.2</b>	<b>130.0</b>	<b>401.7</b>

## Financial Assets

Group 2017 MSEK	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares in unlisted holdings	-	-	182.5	182.5
Shares in listed active holdings	1,059.1	-	-	1,059.1
Financial investments	1,212.5	12.4	-	1,224.9
<b>Total</b>	<b>2,271.6</b>	<b>12.4</b>	<b>182.5</b>	<b>2,466.5</b>

Group 2016 MSEK	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares in unlisted holdings	-	-	181.9	181.9
Shares in listed active holdings	882.1	-	-	882.1
Financial investments	1,167.1	9.6	-	1,176.7
<b>Total</b>	<b>2,049.2</b>	<b>9.6</b>	<b>181.9</b>	<b>2,240.7</b>

### 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 in Level 3

Group MSEK	
Opening book value	181.9
Purchases	-
Sales	-
Dividends	-
Change in value	0.6
<b>Total</b>	<b>182.5</b>

## 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 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 assets 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	2017 Q 1	2016 Q 1	2016 Full year
Dividend income	4.3	1.7	25.4
Changes in value	118.8	21.2	782.5
Other operating revenue	0.5	-	-
Financial income/expense	4.2	1.6	7.6
Other external costs	-0.3	-0.3	-1.6
<b>Profit before taxes</b>	<b>127.5</b>	<b>24.2</b>	<b>813.9</b>
Taxes	-	-	-
<b>Profit and comprehensive result for the period</b>	<b>127.5</b>	<b>24.2</b>	<b>813.9</b>

## Summary Parent Company Balance Sheet

MSEK	2017 31-Mar	2016 31-Mar	2016 31-Dec
ASSETS			
Shares	813.4	638.3	618.1
<b>Total non-current assets</b>	<b>813.4</b>	<b>638.3</b>	<b>618.1</b>
Due from Group companies	457.1	15.3	638.1
Other current assets	0.7	0.3	-
Financial investments	860.5	415.4	768.3
Cash and cash equivalents	88.3	271.0	67.9
<b>Total current assets</b>	<b>1,406.5</b>	<b>702.0</b>	<b>1,474.3</b>
<b>TOTAL ASSETS</b>	<b>2,219.9</b>	<b>1,340.3</b>	<b>2,092.4</b>
EQUITY AND LIABILITIES			
<b>Equity</b>	<b>2,219.8</b>	<b>1,340.2</b>	<b>2,092.2</b>
Current liabilities	0.1	0.1	0.2
<b>Total current liabilities</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,219.9</b>	<b>1,340.3</b>	<b>2,092.4</b>

## Definitions

### 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 or where Traction does not have an active role by being represented in 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 by being represented in 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.