

Period October - December

- The result after taxes amounted to MSEK -145 (127), distributed as follows:
 - Active holdings, listed MSEK -117 (75).
 - Active holdings, unlisted MSEK -19 (8).
 - Financial investments MSEK -7 (47).
- Earnings per share amounted to SEK -9.83 (8.59).
- The net asset value per share decreased by 5.1 (+5.7) percent.
- The holding in Banking Automation Ltd was sold.
- Agreement to sell the holding in Eitech.

Period January - December

- The result after taxes amounted to MSEK 304 (401), distributed as follows:
 - Active holdings, listed MSEK 277 (306).
 - Active holdings, unlisted MSEK -33 (-34).
 - Financial investments MSEK 71 (140).
- Earnings per share amounted to SEK 20.58 (27.09).
- The net asset value per share increased by 12.0 (18.9) percent, adjusted for dividend paid.
- The net asset value per share amounted to SEK 186 (168).
- The return on listed active holdings was 29 percent.
- The return on other listed shares was 13 percent.
- Interest-bearing investments, cash and cash equivalents amount to just short of SEK 1.2 billion.

Events after the period under review

- The change in value of listed holdings since 31 December 2017 amounts to MSEK 18.
- The Board of Directors proposes a dividend of SEK 2.75 (2.15) per share.
- The holding in Eitech was sold on 8 January 2018 after approval by the Swedish competition authority.
- New major owner (49 percent) in Mönsterås Metall, which simultaneously has acquired Ankarsrum Die Casting.

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

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	2,586	50.00	20	20	129	5	9
Drillcon	24,000	6.95	54	54	167	6	11
Duroc	3,885	23.90	10	10	93	3	6
Hifab Group	32,744	3.03	54	55	99	4	7
Nilörngruppen	2,790	77.25	24	57	216	8	15
OEM International	886	177.00	4	10	157	5	10
Softronic	11,539	12.75	22	20	147	5	10
Total					1,008	36	68
Unlisted active holdings							
Unlisted holdings					114	4	8
Due from active holdings					43	2	3
Total					157	6	11
Total active holdings					1,165	42	79
Financial investments, cash and cash equivalents							
Other listed shares					386	14	26
Interest-bearing investments ¹					988	36	67
Cash and cash equivalents					212	8	14
Total					1,586	58	107
TOTAL					2,751	100	186

¹ Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 436 and other net assets/liabilities of MSEK 6.

KEY FINANCIAL INDICATORS	2017	2016
Change in value of net asset value per share, %	12	19
Net asset value per share, SEK	186	168
Market price at end of period, SEK	175	146
Discount to net asset value, %	6	13
Equity ratio, %	100	100

President's statement

Traction reports a full-year profit for 2017 of MSEK 304, equivalent to an increase in net asset value of 12 percent, adjusted for dividend paid during the year. Active listed holdings contributed MSEK 277, equivalent to an increase in value of 29 percent. Drillcon's contribution was the most positive one, with MSEK 78 (82 percent), but Softronic (MSEK 63) also made a substantial contribution, as did the holding in Waterman (MSEK 40), which was sold during the second quarter in conjunction with a tender offer. The positive change in value in the active listed holdings is also founded on a positive development in most of the holdings, where an overall strong economy obviously also contributed, but especially as an effect of the dedicated and professional engagement of the respective companies' managements and staff.

Traction's financial investments also showed a positive development and contributed MSEK 71. The listed holdings also recorded a development slightly better than the Stockholm stock market as a whole.

The unlisted holdings burdened earnings by MSEK 33, in spite of positive earnings effects in conjunction with the sale of the shares in Banking Automation and revaluation of Eitech Holding, which was unconditionally sold in the beginning of 2018. The negative result is essentially an effect of revaluing Ankarsrum Motors against the background of a gradually deteriorating development during the year. The overall burden on the result of negative revaluations in the amount of MSEK 60 related to the holdings in Ankarsrum, just over MSEK 40 of which during the fourth quarter.

After these revaluations Traction's remaining active unlisted holdings, including loan receivables related thereto, accounts for MSEK 107, equivalent to 4 percent of the net asset value.

Selling of active holdings during 2017, including proceeds from the sale of Eitech expected in the beginning of 2018, will result in a cash injection of just over MSEK 210. The aforementioned sales of active holdings, and only a minor supplementary investment in Duroc, and day-to-day returns, mean that Traction's financial investments have grown further from an already before large proportion of total assets.

In the current external environment our focus is on continuing the development of existing holdings, as well as capitalizing on opportunities that come to light. New investments are likely to be made primarily in other listed companies, in larger as well as smaller lots, in medium-sized companies, as well as in major corporations. As before, a certain portion of the assets will be invested in interest-bearing assets in order to create some return in an otherwise negative interest environment.

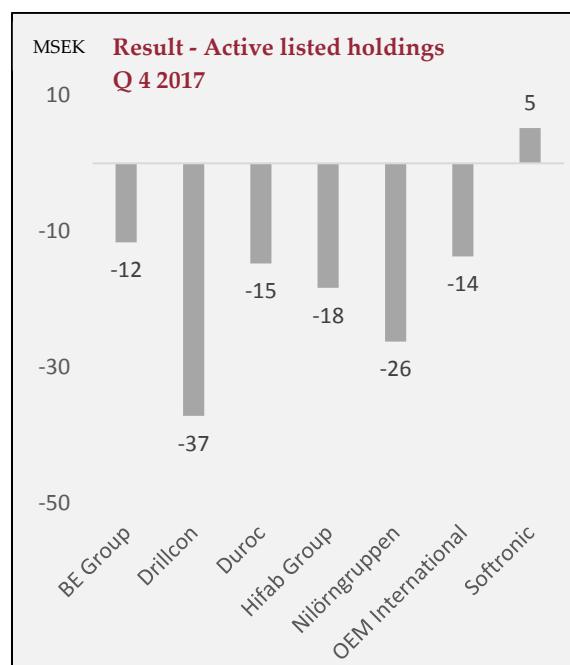
PERIOD OCTOBER - DECEMBER

Summary

The result after taxes amounted to MSEK -145 (127), which includes changes in value of MSEK -156 (119) and dividend income of MSEK 5 (6). Financial income amounted to MSEK 9 (6).

Active holdings - listed

Active listed holdings burdened the result by MSEK -117 (75), equivalent to a negative return of 10 percent. This result is mainly attributable to negative price developments in the Drillcon and Nilörngruppen holdings. Drillcon burdened the result by MSEK -37 and Nilörngruppen by MSEK -26.



A total of 600,000 class B shares in Nilörngruppen were sold during the period for MSEK 46, which means that Traction's ownership in Nilörngruppen decreased to 24 percent of capital and 57 percent of votes. Selling was prompted by institutional buying interest.

Active holdings - unlisted

Active unlisted holdings burdened the result by MSEK -19 (8), of which changes in value

amounted to MSEK -23 (3) and dividend income was MSEK 4 (5).

Banking Automation Ltd was sold during the period under review. Traction has been a part owner of Banking Automation Ltd since 1986 and the sale has a marginally positive effect on fourth quarter earnings. In addition, the holding in Eitech was revalued because of a conditional sale that was consummated in January 2018. These holdings together contributed MSEK 22 to the result for the fourth quarter.

Despite the aforementioned positive revaluations, listed holdings burdened the result by a total of MSEK -19 during the fourth quarter. This is mainly attributable to the revaluation of Ankarsrum Motors (MSEK -30). The revaluation is explained by a weaker than expected development during the latter part of 2017.

Financial investments

Other listed holdings burdened the result by MSEK -7 (47), divided among equities MSEK -10 (40) and interest-bearing investments MSEK 3 (7). The change in value of other listed shares amounted to MSEK -11 (39), equivalent to a negative return of 3 percent. Dividend income amounted to MSEK 1 (1). The change in value of interest-bearing investments was MSEK -5 (2) and interest income amounted to MSEK 8 (5).

As of 31 December interest-bearing investments amounted to MSEK 981 (830), MSEK 436 (468) of which were held in the form of instruments with a maturity of less than one year and MSEK 544 (362) in corporate bonds and similar instruments.

PERIOD JANUARY - DECEMBER

Summary

Profit after taxes amounted to MSEK 304 (401), which includes changes in value in the amount of MSEK 229 (328) and dividend income of MSEK 54 (57). Financial income amounted to MSEK 32 (26). The net asset value increased by 12 (19) percent adjusted for dividend paid.

Active holdings - listed

Active listed holdings contributed MSEK 277 (306), equivalent to a return of 29 percent. The change in value amounted to MSEK 244 (270) and dividend income was MSEK 33 (36).

The result for listed holdings is mainly attributable to a positive development in the share price of Drillcon and Softronic, and to the sale of the holding in Waterman Group. Drillcon contributed MSEK 78, equivalent to a return of 82 percent and Softronic contributed MSEK 63 (71 percent).



In January Duroc acquired International Fibres Group AB ("IFG"). The acquisition was paid for in newly issued stock in Duroc. In connection with this transaction Traction acquired 1,825,000 shares in Duroc from PGAB and converted class A shares into class B shares. Traction's ownership thereafter is just short of 10 percent of capital and votes. The

total investment is thus approximately MSEK 27 (SEK 15/share).

During the period under review Traction sold all shares in Waterman Group in connection with a public tender offer from the Japanese consultancy CTI Engineering Co Ltd. The bid of 140 pence per share was equivalent to a total bid value for Traction of just short of MSEK 85.

In addition to the above, 800,000 class B shares in Nilörngruppen were sold on two occasions during 2017 for a total of MSEK 67.

Active holdings - unlisted

Active unlisted holdings burdened the result by MSEK -33 (-34), of which changes in value amounted to MSEK -44 (-47) and dividend income was MSEK 9 (11). Interest income amounted to MSEK 2 (2).

The negative result is mainly due to a revaluation of Ankarsrum Motors. At the same time Banking Automation and Eitech made positive contributions during the year as stated above.

Financial investments

Other listed holdings contributed MSEK 71 (140), distributed among shares, MSEK 42 (112), and interest-bearing investment, MSEK 29 (28).

Changes in value of other listed shares amounted to MSEK 30 (102), equivalent to a return of 13 percent. Dividend income amounted to MSEK 12 (10).

The change in value of interest-bearing investments amounted to MSEK -1 (4) and interest income was MSEK 30 (24).

Liquidity

Traction's cash and cash equivalents amounted to MSEK 212 (193). Other interest-bearing investments amounted to MSEK 981 (830), of which MSEK 436 (468) was investments in short-term interest-bearing investments¹. The holding of other listed shares amounted to MSEK 386 (347).

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

Equity/Net asset value

As of 31 December equity amounted to MSEK 2,751 (2,478) equivalent to SEK 186 (168) per share. The number of shares outstanding as of 31 December was 16,000,000, of which 1,800,000 were 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 were class A shares.

Dividend proposal

The Board of Directors proposes a dividend of SEK 2.75 (2.15) per share, or a total of MSEK 41 (32). The dividend proposal is in line with the Company's dividend policy, according to which the dividend is to be adjusted so that there will be no tax expense in the Parent Company. The proposed dividend is equivalent to approximately 13 percent of consolidated profit.

Parent Company

AB Traction's profit for 2017 amounted to MSEK 217 (814). Cash and cash equivalents amounted to MSEK 150 (68), not including investment in short-term interest-bearing investments¹ in the amount of MSEK 409 (310). The Parent Company's equity ratio as of 31 December 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 beyond the dividend to the Parent Company's shareholders as decided by the Annual General Meeting.

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 and payment of director's fees in as decided by the Annual General Meeting.

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. 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.

Election committee

It was decided at the Annual General Meeting that Traction shall not have an election committee, which is which is a deviation from the rules of the Swedish Code of Corporate Governance with respect to election committee. However, shareholders are always welcome to submit comments and/or suggestions on the composition of the Board of Directors to Bengt Stillström (telephone +46-8-506 289 03).

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m. on Tuesday, May 8 2018 at T-House, the Christoffer Columbus room, Engelbrektsplan 1 in Stockholm.

The Annual Report will be available at the Company's website not later than three weeks before the meeting.

Schedule of future information

Publication dates for future financial information:

8 May 2018	Interim Report January-March 2018
8 May 2018	Annual General Meeting 2017, 5:00 p.m., Stockholm
13 Jul 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 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., 14 February 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, 14 February 2018

Petter Stillström
President

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

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Summary Consolidated Income Statement

MSEK	2017	2016	2017	2016
	Q 4	Q 4	Full year	Full year
Dividend income	5.1	6.4	53.7	57.0
Changes in value	-156.2	118.7	228.8	328.4
Financial income/expense	8.8	5.9	32.0	26.3
Other income	0.5	0.6	2.4	2.9
Operating expenses	-3.6	-4.5	-12.5	-12.9
Result before taxes	-145.4	127.1	304.4	401.7
Taxes	-	-	-	-1.0
Result for the period¹	-145.4	127.1	304.4	400.7
Earnings per share before and after dilution ² (SEK)	-9.83	8.59	20.58	27.09
Number of shares outstanding (thousands)	14,790	14,790	14,790	14,790
Average number of shares outstanding (thousands)	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	2017	2016
	31 Dec	31 Dec
ASSETS		
Tangible non-current assets	0.0	0.0
Loan receivables	8.3	28.0
Equities	1,121.5	1,064.0
Total non-current assets	1,129.8	1,092.0
Other current assets	8.1	4.7
Financial investments	1,367.3	1,176.7
Loan receivables	39.5	17.6
Cash and cash equivalents	211.7	193.0
Total current assets	1,626.6	1,392.0
TOTAL ASSETS	2,756.4	2,484.0
EQUITY AND LIABILITIES		
Equity		q
Attributable to the Parent Company's equity holders	2,750.5	2,477.9
Total equity	2,750.5	2,477.9
Current liabilities	5.9	6.1
Total liabilities	5.9	6.1
TOTAL LIABILITIES AND EQUITY	2,756.4	2,484.0

Summary Report of Changes in Consolidated Equity

MSEK	2017	2016
	31 Dec	31 Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,477.9	2,114.9
Dividend to shareholders	-31.8	-37.7
Repurchase of own shares	-	-
Profit for the period	304.4	400.7
Closing balance	2,750.5	2,477.9

Summary Consolidated Cash Flow Statement

MSEK	2017	2016	2017	2016
	Q 4	Q 4	Full year	Full year
Operating activities				
Consolidated result before taxes	-145.4	127.1	304.4	401.7
Adjustment for items not included in cash flow	146.0	-125.5	-239.9	-336.2
Paid taxes	-	-1.0	-	-1.0
Cash flow from operating activities	0.6	0.6	64.5	64.4
Change in working capital	-2.7	-1.1	-3.4	2.8
Cash flow from operating activities	-2.1	-0.5	61.1	67.2
Cash flow from investment activities				
Purchase of shares in unlisted companies	-	-	-	-10.0
Sale of shares in unlisted companies	33.9	-	33.9	-
Purchase of shares in listed companies	-115.1	-104.3	-385.1	-301.5
Sale of shares in listed companies	154.5	253.7	494.6	412.3
Purchase/sale of tangible non-current assets	-	-	-	-
Change in other financial assets	-103.5	-331.7	-154.0	-479.9
Cash flow from investment activities	-30.2	-182.3	-10.6	-379.1
Financing activities				
Dividend paid	-	-	-31.8	-37.7
Repurchase of own shares	-	-	-	-
Cash flow from financing activities	-	-	-31.8	-37.7
Cash flow for the period	-32.3	-182.8	18.7	-349.5
Cash and cash equivalents at beginning of period	244.0	375.8	193.0	542.5
Cash and cash equivalents at end of period	211.7	193.0	211.7	193.0

Performance Specification

Group 2017 Q 4	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
Dividend income	-	4.0	1.1	5.1
Changes in value	-116.7	-23.4	-16.1	-156.2
Financial income/expense	-	0.5	8.1	8.6
Other income	-	-	0.5	0.5
Operating expenses	-	-	-3.4	-3.4
Result before taxes	-116.7	-18.9	-9.8	-145.4

Group 2016 Q 4	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
Dividend income	-	5.0	1.4	6.4
Changes in value	75.4	2.8	40.5	118.7
Financial income/expense	-	0.5	5.4	5.9
Other income	-	-	0.6	0.6
Operating expenses	-	-	-4.5	-4.5
Result before taxes	75.4	8.3	43.4	127.1

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	-43.7	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	-32.7	60.4	304.4

Group 2016 Full year	Active holdings listed	Active holdings unlisted	Financial investments/Other	Total
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 income	-	-	2.9	2.9
Operating expenses	-	-	-12.9	-12.9
Result before taxes	305.9	-34.2	130.0	401.7

Financial Assets

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	-	113.9	2,488.8

Group 2016 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
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
Total	2,049.2	9.6	181.9	2,240.7

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 2017 MSEK	
Opening book value	181.9
Purchases	-
Sales	-33.9
Dividends	-9.0
Change in value	-25.1
Total	113.9

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	2017	2016	2017	2016
	Q 4	Q 4	Full year	Full year
Dividend income	1.0	1.4	26.2	25.4
Changes in value	-140.3	656.0	176.6	782.5
Other income	-	-	0.5	-
Financial income/expense	4.5	2.6	15.2	7.6
Other external costs	-0.4	-0.6	-1.3	-1.6
Result before taxes	-135.2	659.4	217.2	813.9
Taxes	-	-	-	-
Result for the period ¹	-135.2	659.4	217.2	813.9

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	2017	2016
	31 Dec	31 Dec
ASSETS		
Equities	772.2	618.1
Total non-current assets	772.2	618.1
Due from Group companies	360.6	638.1
Other receivables	0.0	-
Financial investments	995.1	768.3
Cash and cash equivalents	150.0	67.9
Total current assets	1,505.7	1,474.3
TOTAL ASSETS	2,277.9	2,092.4
EQUITY AND LIABILITIES		
Equity	2,277.6	2,092.2
Current liabilities	0.3	0.2
Total current liabilities	0.3	0.2
TOTAL LIABILITIES AND EQUITY	2,277.9	2,092.4

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.