

Period July - September

- Profit after taxes amounted to MSEK 141 (7), distributed as follows:
 - Active holdings, listed MSEK 105 (–18).
 - Active holdings, unlisted MSEK 8 (0).
 - Financial investments MSEK 28 (27).
- Earnings per share amounted to SEK 9.52 (0.50).
- The return on active listed holdings was 9 percent.
- The return on other listed shares was 6 percent.
- Ownership in WYG grew to just short of 13 percent.

Period January - September

- Profit after taxes amounted to MSEK 286 (450), distributed as follows:
 - Active holdings, listed MSEK 198 (393).
 - Active holdings, unlisted MSEK –8 (–14).
 - Financial investments MSEK 102 (77).
- The return on active listed holdings was 19 percent.
- The return on other listed shares was 27 percent
- Net asset value per share amounted to SEK 203 (186).
- The new asset value per share increased by 11 (18) percent, adjusted for dividend paid.

Events after the end of the period under review

- The change in value of the listed shareholdings since 30 September amounts to MSEK -93 as of 16 October.
- Ownership in WYG grew to just short of 15 percent

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 among active listed holdings, active unlisted holdings, financial investments, cash and cash equivalents, and other net assets as of 30 September 2018.

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	2,803	49.50	22%	22%	139	5%	9
Drillcon	24,000	6.20	54%	54%	149	5%	10
Duroc	3,885	34.80	10%	10%	135	5%	9
Hifab Group	32,744	2.74	54%	55%	90	3%	6
Nilörngruppen	2,790	82.20	24%	57%	229	8%	16
OEM International	886	207.00	4%	10%	183	6%	12
Softronic	11,539	22.00	22%	20%	254	8%	17
WYG	9,165	6.25	13%	13%	57	2%	4
Total					1,236	41%	84
Unlisted active holdings							
Unlisted holdings					77	3%	5
Due from active holdings					28	1%	2
Total					105	4%	7
Total active holdings					1,341	45%	91
Financial investments, and cash and cash equivalents							
Other listed shares					428	14%	29
Interest-bearing investments ¹					1,038	35%	70
Cash and cash equivalents					188	6%	13
Total					1,654	55%	112
TOTAL					2,995	100%	203

¹Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 370 and other net assets/liabilities in the amount of MSEK -1.

KEY FINANCIAL INDICATORS	2018 Jan-Sept	2017 Jan-Sept	2017 Full year
Change in value of net asset value per share, %	11	18	12
Net asset value per share, SEK	203	196	186
Market price at end of period, SEK	177.5	202	175
Discount to net asset value, %	12	-3	6
Equity ratio, %	100	100	100

President's statement

Traction's net asset value increased by 7 percent during the first nine months of the year, which in the current financial climate is acceptable, though not remarkable. But a cursory analysis reveals that Traction's active holdings generated a return of 19 percent and other listed equities as much as 27 percent. Traction has long held a significant proportion of interest-bearing investments, cash and cash equivalents of more than 40 percent, which means that it is challenging to generate a similar returns on these holdings, nor is that our ambition, as liquidity and risk-taking are just as, or more important parameters.

After the end of the period under review, world-wide financial turbulence has resulted in stock market losses affecting Traction's listed holdings negatively by approximately MSEK 93. Including, active holdings, MSEK -61, equivalent to -5 percent and financial investments MSEK -32 (-7 percent). The change in value reflects current uncertainty in the market. It is highly likely that continued market weakness will negatively affect most of our existing holdings. At the same time unrest and turbulence create interesting possibilities for Traction to identify new business opportunities, which in an extended perspective may generate positive contributions to Traction's performance.

PERIOD JULY - SEPTEMBER

Summary

Profit after taxes amounted to MSEK 141 (7), which includes changes in value in the amount of MSEK 130 (1) and dividend income of MSEK 3 (1). Financial income amounted to MSEK 10 (7).

Active holdings - listed

Profit on active listed holdings amounted to MSEK 105 (-18), equivalent to a return of 9 percent.

All active holdings made a positive contribution to profit for the third quarter, with the exception of BE Group, which had a marginally negative impact on the profit. The result is primarily attributable to a positive market price trend for the shares in Duroc and Drillcon. Duroc contributed MSEK 34, equivalent to a return of 33 percent and Drillcon contributed MSEK 22 (17 percent).

Traction increased its stake in the British technology consultancy WYG. In total, Traction has acquired another 2,498,392 shares, equivalent to MSEK 15.8. With the aforementioned investment, Traction's stake in WYG is now just below 13 percent of capital and votes. The holding was reclassified from financial investment to active listed holdings as of 26 September 2018.



Active holdings - unlisted

Active unlisted holdings contributed MSEK 8 (0). This result is primarily attributable to a positive revaluation of Sigicom as a consequence of positive earnings performance and good prospects.

Financial investments

Other listed holdings contributed MSEK 28 (27), with shares adding MSEK 18 (21) and interest-bearing investments MSEK 10 (6). The change in value of other listed shares amounted to MSEK 16 (20) and dividend income was MSEK 2 (1), equivalent to a return of 6 percent. Interest income amounted to MSEK 10 (6).

Interest-bearing investments as of 30 September amounted to MSEK 1,039 (981), of which MSEK 370 (436) was invested in commercial paper and similar instruments with a maturity of less than one year and MSEK 137 (103) with a maturity of less than two years. The remainder, MSEK 532 (442) was invested in corporate bonds and similar instruments.

PERIOD JANUARY - SEPTEMBER

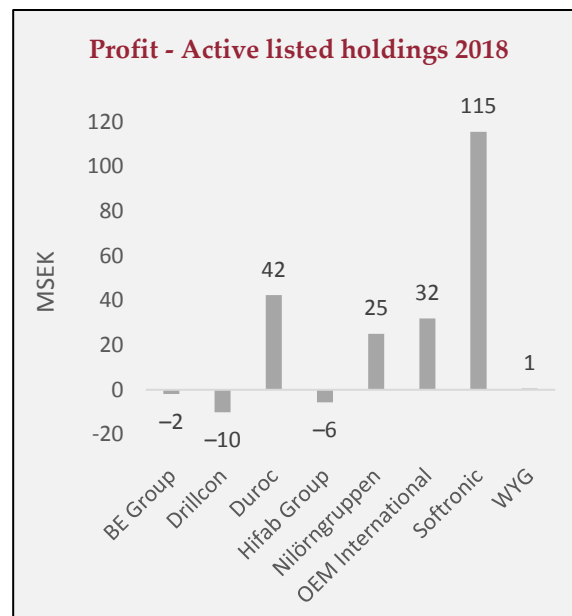
Summary

Profit after taxes amounted to MSEK 286 (450), which includes changes in value in the amount of MSEK 209 (385) and dividend income of MSEK 53 (49). Financial income amounted to MSEK 30 (23).

Active holdings - listed

Active listed holdings contributed MSEK 198 (393), of which changes in value amounted to MSEK 161 (361) and dividend income to MSEK 37 (33).

Profit for the period January-September is primarily attributable to a positive market price performance for Softronic. This holding contributed MSEK 115 during the period, equivalent to a return of 78 percent.



The return attributable to WYG as a part of active listed holdings amounts to MSEK 1. As mentioned above, the holding was reclassified during the third quarter. The return attributable to WYG is therefore recorded as just short of MSEK 16, equivalent to 39 percent as of 26 September as a part of financial investments.

Active holding – unlisted

Active unlisted holdings contributed MSEK –8 (–14), of which changes in value amounted to MSEK –10 (–20). The result in active unlisted holdings is attributed primarily to Ankarsrum Industries.

In the beginning of 2018 the holding in Eitech, of which Traction had been a shareholder since March 2016, was sold. Purchase money received, including repayment of receivables, amounted to approximately MSEK 50.

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 book value.

Financial investments

Other listed holdings contributed MSEK 102 (77), with shares adding MSEK 72 (51) and interest-bearing investments adding MSEK 30 (26). Changes in value of other listed shares amounted to MSEK 57 (40), equivalent to a return of 27 percent. Dividend income amounted to MSEK 15 (11).

Changes in value of interest-bearing investments amounted to MSEK 1 (5) and interest income was MSEK 29 (21).

Liquidity

Traction's cash and cash equivalents amounted to MSEK 188 (212). Other interest-bearing investments amounted to MSEK 1,038 (981), of which MSEK 370 (436) was invested in commercial paper and similar instruments with a maturity of less than one year and MSEK 137 (103) with a maturity of less than two years.

Equity/Net asset value

As of 30 September equity amounted to MSEK 2,995 (2,751), equivalent to SEK 203 (186) per share. The number of shares outstanding as of 30 September was 16,000,000, of which 1,800,000 are class A shares. Not including shares held in treasury (1,210,153 equivalent to 8 percent), the number of shares outstanding was 14,789,847, 1,800,000 of which are Class A shares.

Parent Company

AB Traction's profit for the period January-September amounted to MSEK 140 (353). Cash and cash equivalents amounted to 159 (150), not including investments in short-term interest-bearing investments¹ in the amount of MSEK 311 (409). As of 30 September the Parent Company's equity ratio 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. 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 year-end 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.

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are applied from 1 January 2018. These new standards have had no significant effect on the Group's accounting. The Group's financial assets will continue to be recognised applying "fair value option", in accordance with IFRS 9.

On January 1, 2019, IFRS 16 comes into force. This standard specifies how rental and leasing contracts are recognised, measured and presented by lessors and lessees.

The new standard will not lead to any significant changes in the Group's accounting.

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.

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

An Annual General Meeting will be held at 5:00 p.m., Thursday, 9 May 2019 at T-House, the Christofer Columbus room, Engelbrektsplan 1 in Stockholm. The Annual Report will be available on the Company's website no later than three weeks before the Annual General Meeting.

Schedule of future information

Publication dates for future financial information:

15 Feb 2019	Year-end Report 018
9 May 2019	Interim Report January-March 2019
9 May 2019	Annual General Meeting 2018, 5:00 p.m. in Stockholm
15 July 2019	Interim Report January-July 2019
16 oct 2019	Interim Report January – September 2019
14 feb 2020	Year-end Report 2019

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., 17 October 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, 17 October 2018

Petter Stillström
President & CEO

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Summary Consolidated Income Statement

MSEK	2018 Q 3	2017 Q 3	2018 9 months	2017 9 months	2017 Full year
Dividend income	2.5	1.4	53.1	48.6	53.7
Changes in value	130.0	0.9	208.8	385.0	228.8
Financial income/expense	9.7	7.0	29.5	23.4	32.0
Other income	0.4	0.5	1.2	1.9	2.4
Operating expenses	-1.9	-2.4	-6.9	-9.1	-12.5
Profit before taxes	140.8	7.4	285.8	449.8	304.4
Taxes	-	-	-	-	-
Profit for the period¹	140.8	7.4	285.8	449.8	304.4
Earnings per share before and after dilution ² (SEK)	9.52	0.50	19.32	30.41	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 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	2018 30 Sept	2017 30 Sept	2017 31 Dec
ASSETS			
Tangible non-current assets	0,0	0,0	0,0
Loan receivables	28.6	28.2	8.3
Equities	1,313.4	1,336.4	1,121.5
Total non-current assets	1,342.0	1,364.6	1,129.8
Other current assets	3.0	3.8	8.1
Financial investments	1,466.7	1,270.9	1,367.3
Loan receivables	-	16.9	39.5
Cash and cash equivalents	187.7	244.0	211.7
Total current assets	1,657.4	1,535.6	1,626.6
TOTAL ASSETS	2,999.3	2,900.2	2,756.4
EQUITY AND LIABILITIES			
Equity			
Attributable to the Parent Company's equity holders	2,995.5	2,895.8	2,750.5
Total equity	2,995.5	2,895.8	2,750.5
Current liabilities	3.9	4.4	5.9
Total liabilities	3.9	4.4	5.9
TOTAL LIABILITIES AND EQUITY	2,999.3	2,900.2	2,756.4

Summary Report of Changes in Consolidated Equity

MSEK	2018 30 Sept	2017 30 Sept	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	285.8	449.8	304.4
Closing balance	2,995.5	2,895.8	2,750.5

Summary Consolidated Statement of Cash Flow

MSEK	2018 Q 3	2017 Q 3	2018 9 months	2017 9 months	2017 Full year
Operating activities					
Consolidated profit before taxes	140.8	7.4	285.8	449.8	304.4
Adjustment for items not included in cash flow	-126.3	-1.2	-205.2	-386.5	-239.9
Paid taxes	-	-	-	-	-
Cash flow from operating activities	14.4	6.2	80.6	63.3	64.5
Change in working capital	-0.1	-0.2	3.0	2.4	-3.4
Cash flow from operating activities	14.4	6.0	83.6	65.7	61.1
Cash flow from investment activities					
Purchase of shares in unlisted companies	-	-	-6.0	-	-
Sale of shares in unlisted companies	2.8	-	31.4	-	33.9
Purchase of shares in listed companies	-90.1	-62.5	-256.5	-270.0	-385.1
Sale of shares in listed companies	67.5	27.7	203.0	340.1	494.6
Purchase/sale of tangible non-current assets	-	-	-	-	-
Change in other financial assets	-53.2	48.3	-38.8	-52.9	-154.0
Cash flow from investment activities	-73.0	13.4	-66.9	17.2	-10.6
Financing activities					
Dividend paid	-	-	-40.7	-31.8	-31.8
Repurchase of own shares	-	-	-	-	-
Cash flow from financing activities	-	-	-40.7	-31.8	-31.8
Cash flow for the period	-58.7	19.4	-24.0	51.0	18.7
Cash and cash equivalents at beginning of period	246.3	224.6	211.7	193.0	193.0
Cash and cash equivalents at end of period	187.7	244.0	187.7	244.0	211.7

Performance Specification

Group 2018	Active holdings	Active holdings	Financial	
Q 3	listed	unlisted	investments/other	Total
Dividend income	-	-	2,5	2,5
Changes in value	105.4	8.1	16.5	130.0
Financial income/expense	-	0.3	9.4	9.7
Other revenue	-	-	0.4	0.4
Operating expenses	-	-	-1.9	-1.9
Profit before taxes	105.4	8.4	27.0	140.8

Group 2017	Active holdings	Active holdings	Financial	
Q 3	listed	unlisted	investments/other	Total
Dividend income	-	-	1,4	1,4
Changes in value	-17.6	-1.1	19.6	0.9
Financial income/expense	-	0.7	6.3	7.0
Other revenue	-	-	0.5	0.5
Operating expenses	-	-	-2.4	-2.4
Profit before taxes	-17.6	-0.4	25.4	7.4

Group 2018	Active holdings	Active holdings	Financial	
9 months	listed	unlisted	investments/other	Total
Dividend income	37.0	1.0	15.1	53.1
Changes in value	160.6	-9.5	57.5	208.8
Financial income/expense	-	0.8	28.9	29.5
Other revenue	-	-	1.2	1.2
Operating expenses	-	-	-6.9	-6.9
Profit before taxes	197.6	-7.7	95.9	285.8

Group 2017	Active holdings	Active holdings	Financial	
9 months	listed	unlisted	investments/other	Total
Dividend income	32.6	5.0	11.0	48.6
Changes in value	360.8	-20.3	44.5	385.0
Financial income/expense	-	1.5	21.9	23.4
Other revenue	-	-	1.9	1.9
Operating expenses	-	-	-9.1	-9.1
Profit before taxes	393.4	-13.8	70.2	449.8

Financial Assets

Group 2018 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	77.0	77.0
Shares in listed active holdings	1,236.4	-	-	1,236.4
Financial investments	1,466.7	-	-	1,466.7
Total	2,703.0	-	77.0	2,780.1

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

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 2018 MSEK	
Opening carrying value	113.9
Purchases	6.0
Sales	-28.6
Dividends	-1.0
Change in value	-13.3
Total	77.0

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: 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 3	2017 Q 3	2018 9 months	2017 9 months	2017 Full year
Dividend income	2.4	1.4	31.0	25.2	26.2
Other operating revenue	94.5	49.0	97.2	317.0	176.6
Changes in value	0.0	-	0.0	0.5	0.5
Financial income/expense	3.8	2.7	12.5	10.9	15.2
Other external costs	-0.2	-0.3	-0.8	-1.1	-1.3
Profit before taxes	100.5	52.8	139.9	352.5	217.2
Taxes	-	-	-	-	-
Result for the period¹	100.5	52.8	139.9	352.5	217.2

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.

Summary Parent Company Balance Sheet

MSEK	2018 30 Sept	2017 30 Sept	2017 31 Dec
ASSETS			
Equities	880.3	900.8	772.2
Total non-current assets	880.3	900.8	772.2
Due from Group companies	417.5	440.2	360.6
Other receivables	0.1	0.1	0.0
Financial investments	920.7	900.4	995.1
Cash and cash equivalents	158.5	171.7	150.0
Total current assets	1,496.8	1,512.5	1,505.7
TOTAL ASSETS	2,377.1	2,413.3	2,277.9
EQUITY AND LIABILITIES			
Equity	2,376.8	2,412.9	2,277.6
Current liabilities	0.3	0.4	0.3
Total current liabilities	0.3	0.4	0.3
TOTAL LIABILITIES AND EQUITY	2,377.1	2,413.3	2,277.9

Definitions

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.

Listed active holdings

Holdings 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.

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.

Review Report

To the Board of Directors of AB Traction (publ), corporate ID number 556029-8654

Introduction

We have reviewed the summary financial interim information (Interim Report) of AB Traction (publ) as of 30 September 2018 and the nine-month period ending on that date. The Board of Directors and the President is responsible for the preparation and fair presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

Scope of the review

We have conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed based on our review does therefore not have the certainty that a conclusion expressed based on an audit has.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the Interim Report in all material respects is not prepared for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm, 17 October 2018

Mazars SET Revisionsbyrå AB

Anders Bergman

Authorised Public Accountant