

NOBINA DELIVERS CONTINUED STRONG RESULTS

THE SECOND QUARTER 1 JUNE–31 AUGUST 2016

- Net sales of SEK 2,146 million (1,982), an increase of 8.3 per cent.
- Operating profit of SEK 142 million (25)¹⁾.
- Profit after tax of SEK 80 million (–71), and earnings per share of SEK 0.91 (–0.86)¹⁾.
- The cash flow from operations was SEK 336 million (167).
- Cash flow for the period was SEK –173 million (–91). Cash flow for the period included disbursement of SEK 230 million (0)¹⁾ dividend for the preceding year.

THE HALF-YEAR PERIOD 1 MARCH–31 AUGUST 2016

- Net sales of SEK 4,370 million (3,977), an increase of 9.9 per cent.
- Operating profit increased to SEK 263 million (39)¹⁾.
- Profit after tax of SEK 149 million (–104), and earnings per share of SEK 1.68 (–1.43)¹⁾.
- The cash flow from operations was SEK 622 million (319).
- Cash flow for the period was SEK –141 million (–129). Cash flow for the period included disbursement of SEK 230 million (0)¹⁾ dividend for the preceding year.

IMPORTANT EVENTS IN THE SECOND QUARTER

- Well-implemented traffic starts in Sweden and Finland.
- Nobina won a tender for traffic in Oslo worth SEK 150 million over a three-year contract period.
- Nobina won a tender for traffic in Lund Väster (West) worth SEK 400 million over a four-year contract period.
- The share of Nobina's total bus fleet operating on renewable fuel increased from 50 per cent to 55 per cent, and to 75 per cent in Sweden.

IMPORTANT EVENTS SINCE THE END OF THE QUARTER

- CEO Ragnar Norbäck announced his decision to retire in October 2017. Accordingly, the board has commenced work on recruiting a new CEO.
- Nobina's contract regarding bus services in Norrtälje was extended by two years until June 2021.

CEO'S COMMENTS

Nobina delivered continued strong results in the second quarter, driven primarily by increased revenues from extra traffic as well as positive development of existing contracts. In addition, Nobina has carried out cost-efficient traffic starts and contract closures in Sweden and Finland.

The contracts won in Lund and Oslo during the quarter, as well as agreements signed in Östergötland and Borås, compensate for the traffic contracts that are expiring. It is, of course, positive that we are improving our margin despite a younger contract portfolio, with its attendant negative short-term impact on earnings. Furthermore, I note that Nobina's focus on innovation through Nobina Technology has attracted increased attention from PTAs and partners. It is also pleasing that our employees are being invited to participate in a number of forums in order to contribute to the development of the public transport industry. Another positive trend is the improved profitability of our public transport industry competitors, albeit from low levels.

I have informed the board that I have decided to retire next autumn, after 13 years as CEO of the Nobina Group. These have been eventful years and there is much to be pleased with. I am particularly proud of the skills and commitment of our employees. Last year's successful IPO has laid the foundation for an even more successful company. Thus, conditions are favourable for a continued positive development.

*Ragnar Norbäck,
President and CEO*

KEY RATIOS

(SEK million, unless otherwise stated)

	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16	Sep 15–Aug 16
Net sales	2,146	1,982	4,370	3,977	8,317	8,710
Operating profit (EBIT)	142	25	263	39	258	482
Profit/Loss before tax (EBT)	107	–112	193	–143	2	338
Cash flow for the period	–173	–91	–141	–129	234	222
Operating profit (EBIT), adjusted ¹⁾	142	137	263	243	462	482
Profit/Loss before tax (EBT), adjusted ¹⁾	107	93	193	154	299	338
Cash flow, adjusted ²⁾	–173	–78	–141	–97	266	222
	31 Aug 16	31 Aug 15	31 Aug 16	31 Aug 15	29 Feb 16	28 Feb 15
Cash and cash equivalents	547	323	547	323	683	453
Equity	1,043	998	1,043	998	1,110	310
Net debt/EBITDA, (adjusted ¹⁾)	3.6 (3.6)	4.9 (3.9)	3.6 (3.6)	4.9 (3.9)	4.6x (3.7x)	4.2x
Equity ratio, %	13.9	14.1	13.9	14.1	14.5	4.7

1) For preceding year adjusted for IPO costs, see page 6.

2) Preceding year, adjusted for cash flow related to the IPO (see page 4).

A complete performance measure table is presented on page 9.

NORDIC MARKET LEADER

Nobina is the largest public transport company in the Nordic region and a market leader on a growing market. We enjoy stable revenues from contracts, with focus on profitability and high-quality performance.

For several years, Nobina’s business operations have been organised to respond to prevailing market conditions. On an overall level, three strategic strengths stand out which constitute the cornerstones of our business model.

ACTIVE MANAGEMENT OF CONTRACT PORTFOLIO

Nobina’s contract portfolio is actively managed. This takes place through identification of the right contract, the impact of contract conditions, careful calculation in the tender phase, as well as well-functioning management systems in order to ensure delivery quality. Together, these factors optimise the benefit, profitability and contract mix for Nobina.

An additional dimension of Nobina’s active management of the contract portfolio is the ongoing improvement work in individual contracts. Each individual contract is regularly evaluated based on a number of measurement criteria. Contract comparisons between most recent calculations and actual performance are monitored. Where deviations are identified, we act promptly with targeted measures, or with more extensive operational changes if needed.

Contract length varies between the countries and, had an average age of 8.0 years in the quarter. The average contract age (weighted by number of buses) was 3.4 years, i.e. a rather young contract portfolio, which reflects the end of old contracts and the start of new contracts.

Nobina’s bus fleet has never been younger, with an average age of 5.5 years on 31 August 2016. In conjunction with new contracts, the PTA usually demands a relatively large proportion of new buses, which reduces the average age of the bus fleet and impacts negatively on the balance sheet.

ECONOMIES OF SCALE

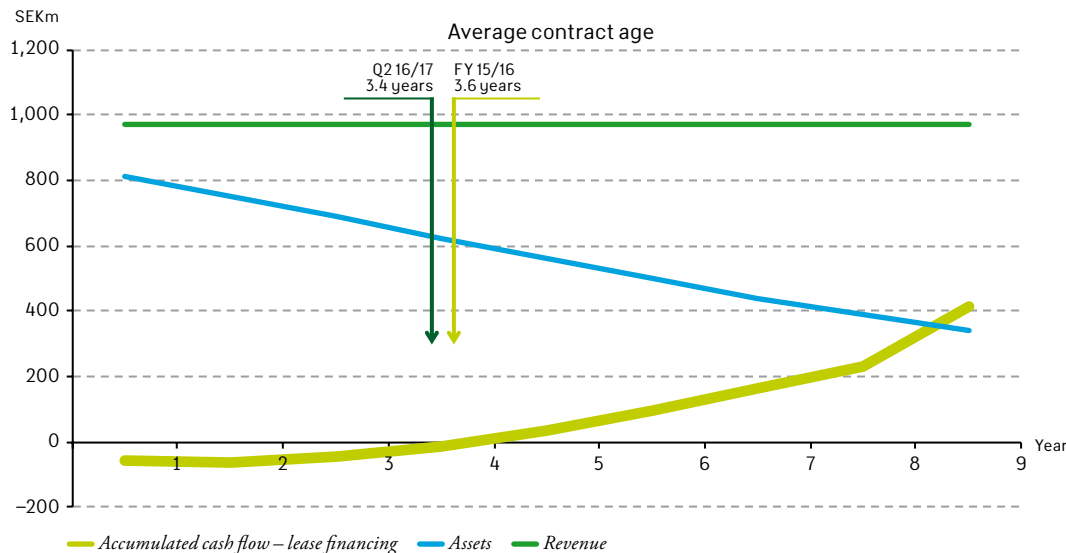
With a market share of 18 per cent, Nobina is the largest public transport company in the Nordic region. With operations in Sweden, Denmark, Finland and Norway, Nobina is the only pan-Nordic company on the market. Thanks to Nobina’s experience of the Nordic public transport market, the company and its management have extremely good knowledge of local market conditions as well as established relationships with important public transport authorities. Centralised workgroups are thus able to promptly analyse contract conditions and commence the extensive tendering work. Nobina’s economies of scale are not only advantageous in the risk analysis and tendering work, but also in relation to public transport authorities, who regard Nobina as a secure and stable partner with high capacity and delivery capability.

OPTIMISED FLEET OF VEHICLES

Our buses are acquired and handled by our wholly-owned subsidiary, Nobina Fleet AB. The structure involving a shared fleet of vehicles for the Group provides us with competitive advantages thanks to optimisation of the number of buses as well as through centralisation of fleet expertise. Each year, Nobina reallocates 10–15 per cent of all buses to new contracts, also between the countries. In this way, the existing bus fleet is utilised to maximum effect. In addition, it provides the possibility to mix old and new buses when tenders are submitted, which has a positive impact on the cost structure.

The fleet is financed through a structure based on 10-year financial leasing agreements with 10 per cent residual value. The buses reported in the balance sheet are depreciated over 14 years.

THE DEGREE OF MATURITY OF THE CONTRACT PORTFOLIO AFFECTS CASH FLOW AND PROFITABILITY



NOBINA'S FINANCIAL DEVELOPMENT

The second quarter (1 June–31 August 2016) and first half of the year (1 March–31 August 2016)

Net sales

The second quarter

Nobina's net sales for the second quarter amounted to SEK 2,146 million (1,982), representing an increase of 8.3 per cent compared with the corresponding period of the preceding year. The increase relates primarily to Sweden and Finland. Net sales were positively affected by extra traffic and increased volume from the preceding year's growth in the contract portfolio.

The first half of the year

Net sales for the first half of the year rose by 9.9 per cent to SEK 4,370 million (3,977). The increase related primarily to Sweden and Finland.

Earnings

The second quarter

Operating profit for the second quarter amounted to SEK 142 million (25). Operating profit for the preceding year included IPO-related items amounting to SEK–112 million, and thus the adjusted operating profit was SEK 137 million. The underlying operating profit thereby increased by SEK 5 million as a consequence of positive growth in Sweden, Denmark and Finland. Profit was affected by, among other things, revenues from extra traffic as well as positive development of existing contracts.

Profit before tax increased to SEK 107 million (–112). This represents an increase of 15 per cent compared with the preceding year's adjusted profit before tax of SEK 93 million. Net financial items amounted to SEK –35 million (–137). The positive trend in net financial items is a result of lower interest expenses as a consequence of repayment of the outstanding bond loan in August 2015, as well as lower leasing and loan interest payments. In addition, last year included bond redemption costs of SEK 79 million.

The first half of the year

During the first half of the year, operating profit increased to SEK 263 million (39). The preceding year's operating profit included IPO-related items of SEK–204 million, which resulted in an adjusted operating profit of SEK 243 million.

Profit before tax for the first half of the year increased to SEK 193 million (–143). Adjusted profit before tax in the preceding year amounted to SEK 154 million. Financial items for the first half of the year amounted to SEK –70 million (–182).

Income tax

As a consequence of historical loss carryforwards, Nobina is not subject to any corporate income tax payment which affects the cash flow. Nobina's income tax in the income statement comprises a change in estimated deferred tax and amounted to SEK –27 million (41) during the second quarter. The effective tax rate for the second quarter was –25.2 per cent (+27.9) and, for the first half of the year, the deferred tax is estimated to amount to SEK –44 million (39) and the effective tax rate to –23.0 per cent (27.9).

Financial position

Cash and cash equivalents amounted to SEK 547 million (323) at the close of the period. In addition, Nobina held funds of SEK 1 million (120) on restricted bank accounts. Nobina has been able to release funds held on restricted bank accounts due to the strengthening of the capital structure following the IPO and the repayment of the outstanding bond loan. As of 31 August 2016, Nobina has access to an undrawn bank credit facility of SEK 150 million (132).

Nobina's interest-bearing liabilities amounted to SEK 4,733 million (4,415), primarily divided into financial leasing liabilities of SEK 4,410 million (4,115) and other external liabilities of SEK 282 million (263).

The net debt at the end of the quarter amounted to SEK 4,185 million (3,972), and net debt/EBITDA was 3.6 times (4.9 times). Net debt/EBITDA adjusted for IPO costs was 3.6 times (3.9 times).

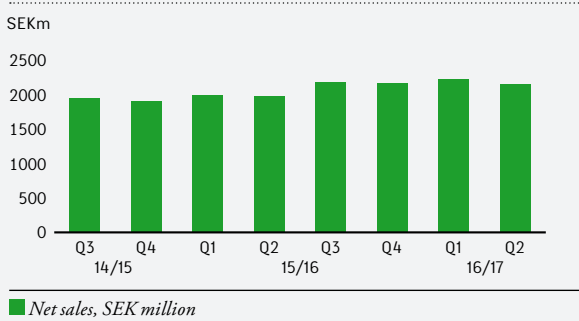
Shareholders' equity amounted to SEK 1,043 million (998). The equity/assets ratio at the end of the period was 13.9 per cent (14.1).

Bus financing

Access to financing of bus investments independently of suppliers has increased substantially. The advantages include lower financing margins and also greater negotiating possibilities in conjunction with bus purchases.

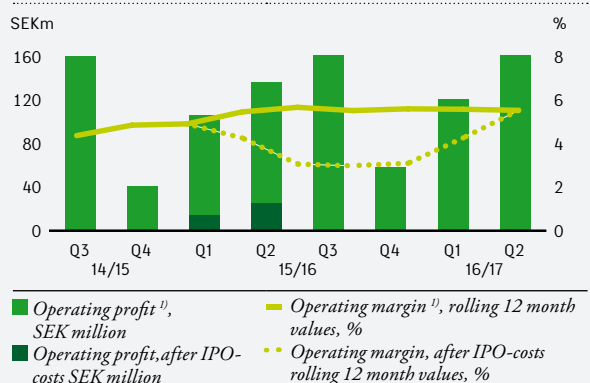
At the end of the quarter, Nobina had undrawn financing facilities of SEK 400 million from independent financiers and SEK 1.3 billion from the suppliers' financiers.

NET SALES



■ Net sales, SEK million

OPERATING PROFIT AND MARGIN



■ Operating profit¹⁾, SEK million

■ Operating profit, after IPO-costs SEK million

— Operating margin¹⁾, rolling 12 month values, %

- - - Operating margin, after IPO-costs rolling 12 month values, %

¹⁾ Adjusted for non-recurring items of SEK 204 million in the operating profit for the first and second quarters 2015 (see page 6).

Investments and divestments

The second quarter

Bus investments in second quarter amounted to SEK –465 million (–821) and other investments to SEK –7 million (–32). Nobina executed financial leasing agreements of SEK 362 million (718). During the quarter no new loans were signed (SEK 90 million). Nobina's cash investments for the purchase of buses (primarily the redemption of old leasing agreements), accessories as well as other non-current assets amounted to SEK –110 million (–45). Nobina sold buses and other non-current assets for SEK 145 million (11). The sale entailed a capital loss of SEK –13 million (–1).

Investments (SEK millions)	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Investments in new buses	–465	–821	–570	–860	–1,617
Other investments	–7	–32	–14	–40	–54
Total investments	–472	–853	–584	–900	–1,671
Leasing-financed investments	362	718	378	749	1 478
Non lease-financed investments	–110	–135	–206	–151	–193
Of which loan-financed investments	–	90	50	108	109
Total cash investments	–110	–45	–156	–43	–84

Goodwill and shares in subsidiaries

The annual test for impairment of goodwill in Nobina's cash-generating entities, as required in accordance with IFRS, took place during the fourth quarter of the 2015/2016 financial year in connection with preparation of the business plans for 2016/2017. None of the cash-generating entities whose need for impairment was tested had a book value which exceeded the recovery value. During the six-month period to which the interim report relates, no known important events have occurred that have affected previously presented business plans for 2016/2017, whereupon management makes the assessment that previously calculated recovery values exceed the book value. Consequently, no impairment is reported for the second quarter of 2016/2017; nor was any impairment reported during the 2015/2016 financial year.

Cash flow

The second quarter

During the second quarter, the cash flow from the operations before changes in working capital amounted to SEK 107 million (–112). Working capital developed positively to SEK –103 million (–182), leading to cash flow from the operations of SEK 233 million (–14).

The cash flow from investing activities amounted to SEK 35 million (–138). It was not affected by any change in funds held on restricted bank accounts in the second quarter (SEK –14 million), while investments in buses and equipment had an effect of SEK –110 million (–135). During the quarter no loans were signed (SEK 90 million). Sales of used buses during the second quarter generated contributions to cash of SEK 145 million (11).

The first half of the year

Bus investments in the first half of the year amounted to SEK –570 million (–860) and other investments to SEK –14 million (–40). Nobina executed financial leasing agreements of SEK 378 million (749). Loan financing of investments amounted to SEK 50 million (108). Nobina's cash investments for the purchase of buses (primarily the redemption of old leasing agreements), accessories as well as other non-current assets amounted to SEK –156 million (–43). Nobina sold buses and other non-current assets for SEK 151 million (14). The sale entailed a capital loss of SEK –22 million (–1).

The cash flow from financing activities was SEK –441 million (61). The main reasons for the change are a net addition from last year of new issue contribution of SEK 850 million and bond redemption of SEK –550 million, while cash flow this year was affected by a dividend of SEK –230 million.

Total cash flow for the quarter declined to SEK –173 million (–91), of which SEK –13 million last year was attributable to the IPO.

The first half of the year

During the first half of the year, the cash flow from operations before changes in working capital amounted to SEK 193 million (–143). Working capital developed positively to SEK –122 million (–178), leading to cash flow from operations of SEK 501 million (142).

The cash flow from investing activities amounted to SEK –32 million (–142), of which funds held on restricted bank accounts had an impact of SEK 23 million (–5). Investments in buses and equipment had an impact of SEK –206 million (–151), financed through loans amounting to SEK 50 million (108). Sales of used buses during the first half of the year generated contributions to cash of SEK 151 million (14).

The cash flow from financing activities was SEK –610 million (–129). The main reasons for the change are a net addition from last year of new issue contribution of SEK 850 million and bond redemption of SEK –550 million, while cash flow this year was affected by a dividend of SEK –230 million.

Total cash flow for the period declined to SEK –141 million (–129), of which SEK –32 million last year was attributable to the IPO.

Non-recurring items in cash flow for the period (SEK millions)	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
IPO-related transaction costs	–	–18	–	–32	–32
Incentive programmes	–	–172	–	–172	–172
Total non-recurring items in cash flow from operations	–	–190	–	–204	–204
New issue	–	850	–	850	850
Capital acquisition costs	–	–44	–	–49	–49
Bond redemption	–	–550	–	–550	–550
Early bond redemption premium	–	–79	–	–79	–79
Total non-recurring items from financing activities	–	177	–	172	172
Total non-recurring items in cash flow for the period	–	–13	–	–32	–32

Results analysis regarding net sales and earnings

The results analysis below comprises explanations for accumulated results from the preceding year to the current year, relating to net sales and EBT. The analysis is based on company management’s assessments and estimations.

Price and volume illustrates the effects of changes in existing public transport contracts which relate to prices for public transport carried out and changes in public transport volumes. This explanatory item includes all public transport contracts operated by Nobina during both last year and the current period.

Contract migration illustrates the effects of changes in the contract portfolio. A started transport contract means increased sales, but often an initial negative impact on profit as a consequence of start-up costs and lower initial efficiency. A terminated public transport contract generates lower sales and the loss of the contract’s contribution to profit.

Indexing illustrates the impact of indexing on net sales in relation to underlying cost inflation with respect to salaries, fuel, consumables, etc. under existing contracts. This item may also contain effects of the fact that the index revenue is adjusted afterwards and with various time lags depending on the structure of the public transport contract.

Operating efficiency illustrates the effects on profit of changes in operating efficiency in the form of personnel costs, maintenance, damage, etc.

Miscellaneous includes the effects on profit of the sale of buses, property costs, costs for marketing and sales and other administrative expenses.

Items affecting comparability includes items of an extraordinary nature which are not related to the period or which are nonrecurring.

Net financial items includes effects on profit of interest, currency rates, and other financial items.

Results analysis for the financial year

Explanations for the change in net sales and earnings before tax (EBT)

(SEKm)	Net sales	EBT	Comments on the results
Period			
March–August 2015	3,977	-143	
Price and volume	97	48	The effects of price and volume are positive with respect to both net sales and EBT and are derived from additional extra traffic as well as increased volumes from the preceding year’s growth in the contract portfolio.
Contract migration	267	4	The preceding year’s traffic starts and resulting increase in volume had a positive effect on net sales. Low initial profitability, as well as costs associated with traffic starts and the closure of traffic contracts which were carried out in the second quarter, have a negative impact on EBT, at the same time as the preceding year’s traffic starts developed strongly and have a positive impact on EBT.
Indexation	29	35	Positive indexation effect for the period on net sales which impacts on EBT. This effect is reinforced by an advantageous trend on the cost side. The effect comes mainly from Sweden.
Operating efficiency		-37	EBT is deemed to be negatively affected primarily by a deterioration in bus maintenance and personnel efficiency in Sweden
Miscellaneous		-30	'Other' includes, among other things, the effect on earnings from the sale of buses (SEK -22 million).
Items affecting comparability		204	The first half of the preceding year included IPO costs of SEK 204 million.
Net financial items		112	Profit for the year is positively affected by lower bus financing interest levels as well as the absence of bond interest expenses which negatively impacted on the preceding year’s earnings, and the fact that the preceding year included bond redemption costs of SEK 93 million.
Period	4,370	193	
March–August 2016			

Age structure, second quarter

WEIGHTED AVERAGE CONTRACT TERM, YEARS:

8.0 (7.6)

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS:

3.4 (3.6)

AVERAGE AGE OF THE BUS FLEET, YEARS:

5.5 (5.7)

Contract and bus fleet ages are important parameters for assessing the Group’s profitability now and in the future.

The contract length varies between countries, and averaged 8.0 years. The average contract age (weighted by number of buses) was 3.4 years, i.e. a young contract portfolio, which reflects traffic starts during the quarter.

Nobina’s bus fleet is young, with an average age of 5.5 years on 31 August 2016 (5.7). In conjunction with new contracts, the PTA usually requires a relatively large proportion of new buses, which reduces the fleet average age and has a negative impact on the balance sheet.

SEGMENT

Net Sales (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16	Sep 15–Aug 16
Net sales per segment						
Nobina Sweden	1,454	1,335	3,000	2,693	5,675	5,982
Nobina Denmark	137	130	263	256	511	518
Nobina Norway	222	227	455	456	925	924
Nobina Finland	245	212	508	433	952	1,027
Swebus	95	87	158	155	283	286
Central functions & other items	2	7	5	7	10	8
Elimination of intra-group sales	-9	-16	-19	-23	-39	-35
Total net sales	2,146	1,982	4,370	3,977	8,317	8,710

Profit, adjusted for non-recurring items ¹⁾ (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16	Sep 15–Aug 16
Operating profit per segment						
Nobina Sweden	114	89	231	209	392	414
Nobina Denmark	10	4	12	-1	8	21
Nobina Norway	11	11	10	9	20	21
Nobina Finland	12	7	29	21	69	77
Swebus	10	9	8	10	7	5
Central functions and other items	-15	17	-27	-5	-34	-56
Total operating profit (adjusted)	142	137	263	243	462	482
Net financial items	-35	-44	-70	-89	-163	-144
Profit before tax (adjusted)	107	93	193	154	299	338

1) Non-recurring items (SEK million)	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Transaction costs in connection with IPO	-	5	-	-32	-32
Incentive programme	-	-117	-	-172	-172
Total non-recurring items in operating profit for the period	-	-112	-	-204	-204
Net financial items	-	-93	-	-93	-93
Non-recurring items for the period in profit before tax for the period	-	-205	-	-297	-297

During the second quarter of the preceding year, transaction costs and incentive programmes in connection with the IPO were reported within central functions & other items in the amount of SEK-112 million and in the six-month period of the preceding year in the amount of SEK -204 million. In net financial items, costs of SEK -79 million for the early redemption of the bonds and financial expenses allocated to periods, SEK -14 million, in total SEK -93 million, were reported during both the second quarter and the six-month period of the preceding year.

Profit (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16	Sep 15–Aug 16
Operating profit per segment						
Nobina Sweden	114	89	231	209	392	414
Nobina Denmark	10	4	12	-1	8	21
Nobina Norway	11	11	10	9	20	21
Nobina Finland	12	7	29	21	69	77
Swebus	10	9	8	10	7	5
Central functions and other items	-15	-95	-27	-209	-238	-56
Total operating profit	142	25	263	39	258	482
Net financial items	-35	-137	-70	-182	-256	-144
Profit before tax	107	-112	193	-143	2	338
Tax	-27	41	-44	39	2	-81
PROFIT FOR THE PERIOD	80	-71	149	-104	4	257

Nobina’s second quarter continued to be strong both in terms of net sales and earnings. Earnings were affected by, among other things, higher revenues from extra traffic as well as positive development of existing contracts. A positive index effect compensated for a reduction in bus maintenance efficiency.

During the quarter, Nobina carried out cost-efficient traffic starts and contract closures in Sweden and Finland.

Sweden

Nobina Sweden’s net sales increased by 8.9 per cent during the second quarter, compared with the corresponding period of last year. Extra traffic, index revenues as well as increased volumes from existing contracts had a positive impact on net sales. Operating profit was higher than in the corresponding quarter of the preceding year and was positively affected by sales from extra traffic, positive development in existing contracts as well as index effects, but was held back somewhat by efficiency losses in connection with bus maintenance.

During the period, Nobina won a contract in Skåne, entailing increased confidence in Nobina’s operations in that region. The high quality score awarded to Nobina by the PTA is particularly pleasing.

The well-executed preparations pending the traffic starts in Södertälje and Kallhäll resulted in that our costs for traffic starts and contract closures, were lower than our expectations. In June, Nobina took delivery of 179 new buses, all of which operate on biodiesel. The buses were brought into use during the summer, thereby increasing the share of Nobina’s total bus fleet run on renewable fuel from 50 to 55 per cent, and to 75 per cent in Sweden.

Denmark

Nobina Denmark’s net sales increased compared with the second quarter of the preceding year. The operating profit continued to strengthen as a consequence of high operational efficiency. All of Denmark’s existing contracts developed well in relation to targets. An adjustment to local conditions has resulted in lower financing costs for the Danish bus fleet.

Norway

Nobina Norway’s net sales and operating profit were in line with last year. A positive bonus trend linked to travelling and passenger satisfaction contributed to the operating profit. This was offset by a negative efficiency, driven by damage. During the period, Nobina Norway won a contract in Oslo, entailing an increase in Nobina’s operations in the region. The recruitment of a new president for Nobina Norway is underway, as the current president will be leaving at the end of the year.

Finland

Nobina Finland is continuing to demonstrate sound growth. Net sales and operating profit increased during the quarter compared with the corresponding period in the preceding year. Net sales and earnings were positively affected by extra traffic, driven by delays in the expansion of the Helsinki metro system.

Nobina’s start of traffic in Helsinki towards the end of the quarter was carried out successfully and the start-up of extra traffic for the metro system was carried out without any efficiency losses.

Swebus

Swebus’ net sales and operating income increased during the quarter compared with the corresponding period of last year. Passenger growth was strong during the summer, whereas the passenger trend over time in the express bus segment remains weak. New focus areas as well as partner cooperation projects and ordered traffic demonstrated positive growth.

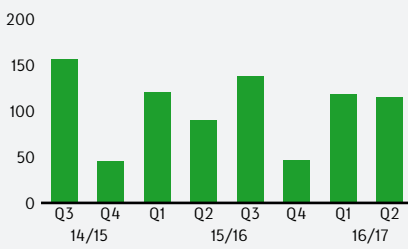
Swebus successfully carried out its engagement to provide bus transport in connection with O-Ringen, which is the world’s largest orienteering competition with approximately 25,000 participants.

Central functions and other items

Central functions and other items of SEK –15 million (17) during the second quarter include provisions for capital losses on buses in the amount of 11 million. The corresponding quarter of the preceding year includes an internal profit in the Fleet management operations. In addition, a one-off provision of SEK 6 million for the CEO’s pension is included in the second quarter of the year. With this, in all essential respects provisions have been made for the CEO’s pension.

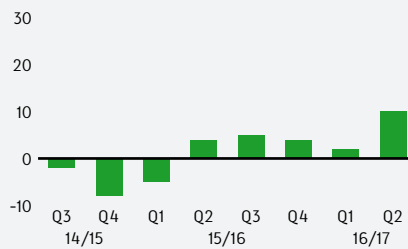
OPERATING PROFIT (EBIT) BY SEGMENT, ADJUSTED FOR NON-RECURRING ITEMS (SEE TABLE ON PAGE 6)

SWEDEN



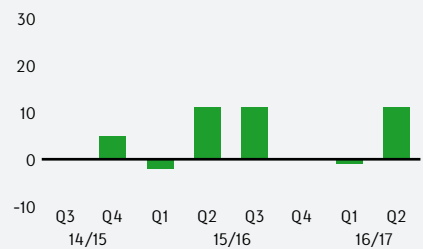
■ EBIT, SEK million

DENMARK



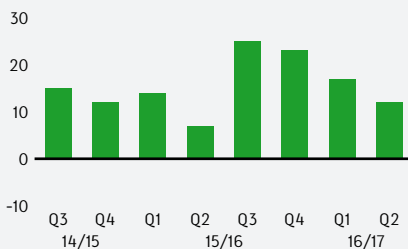
■ EBIT, SEK million

NORWAY



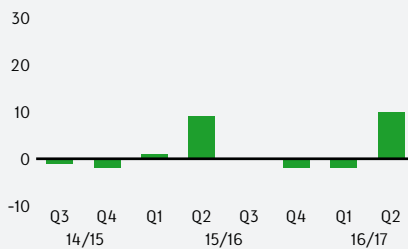
■ EBIT, SEK million

FINLAND



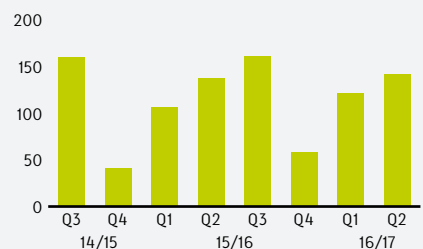
■ EBIT, SEK million

SWEBUS



■ EBIT, SEK million

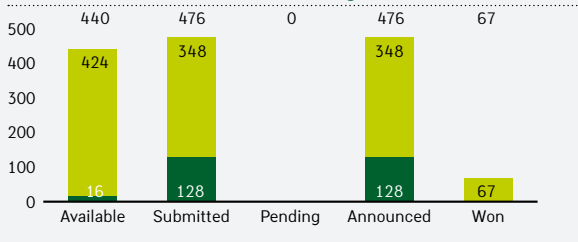
NOBINA



■ EBIT, SEK million

TENDERS AND TRAFFIC CHANGES_(BUSES)

Tender volume, thus far this year



■ Other

■ Nobina

Definitions:

Available – Available buses in tenders outstanding this year

Submitted – Number of buses in tenders submitted by Nobina

Pending – Tendered minus decided

Announced – Number of buses in tenders submitted where the results have been announced

Won – The number of Nobina's buses awarded in decided tenders

Tender results, thus far this year

The table shows the results of the tenders in which Nobina has participated. Nobina submitted tenders for 476 buses and was awarded contracts for 67 buses.

Tender results during the period
(number of buses)

March–August 2016	Announced	Won
Sweden	209	46
Norway	165	21
Finland	0	0
Denmark	102	0
Total	476	67

Contract changes, year to date

The table shows the change in the number of buses in traffic as a consequence of started and ended contracts. During the period, Nobina started contracts involving 305 buses and ended contracts involving 397 buses.

Traffic changes during the period
(number of buses)

March–August 2016	Started	Ended
Sweden	190	257
Norway	0	0
Finland	107	140
Denmark	8	0
Total	305	397

Traffic starts and terminations during the 12 months September 2016–August 2017

During the coming 12-month period, Nobina will start traffic involving 131 buses. Of these, 67 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 251 buses.

Traffic starts

PTA	No. of years	Traffic starts	No. of buses	New buses
Skånetrafiken	6	December 2016	48	7
LT Västernorrland	6	December 2016	4	0
Västtrafik	8	April 2017	58	36
Ruter, Norway	3	April 2017	21	24
Total			131	67

Expiring contracts

PTA	Traffic ends	No. of buses
Skånetrafiken	September 2016	52
Skånetrafiken	December 2016	50
Stockholmståg	December 2016	8
Movia, Denmark	December 2016	6
Skyss, Norway	June 2017	44
HSL, Finland	August 2017	16
Kalmar LT	August 2017	75
Total		251

The contract values of the traffic starts were published in press releases at the time of tender announcement of the tender win.

THE NOBINA SHARE

The Nobina share (ticker: NOBINA) is listed on Nasdaq Stockholm in the Mid Cap segment and the industry sector. As of 31 August 2016 there were in total 88,355,682 shares in Nobina, each carrying one vote. Nobina holds no shares in treasury. At the end of the quarter, the number of shareholders was 11,818.

Key ratios

Nobina	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Earnings per share (SEK)	0.91	–0.86	1.68	–1.43	0.04
Equity per share (SEK)	11.80	11.30	11.80	11.30	12.56
Number of outstanding shares at end of reporting period	88,355,682	88,355,682	88,355,682	88,355,682	88,355,682
Average number of shares (thousands)	88,356	82,409	88,356	72,883	80,608

NOBINA'S FINANCIAL TARGETS

	Target	2015/2016	2014/2015	Rolling 12 months	Definition
Net sales	Outstrip market	8,317	7,549	8,710	Nobina will increase net sales at a faster pace than the market (measured in number of trips in public transport in the Nordics)
EBT Margin ³⁾	4.5%	3.6% ¹⁾	1.9%	3.9% ¹⁾	Nobina will increase profit before tax, and achieve a margin on profit before tax of more than 4.5 per cent over the medium-term
Net debt/EBITDA ⁴⁾	3.0x–4.0x	3.7x ²⁾	4.2x	4.2x ²⁾	Under normal circumstances, Nobina intends to maintain a net debt/equity ratio of between 3.0 to 4.0 x EBITDA
Dividend policy ⁵⁾	75% of EBT	77%	n/a	n/a	Nobina has established a dividend policy and expects to pay a dividend of at least 75 per cent of profit before taxes (EBT)

1) Adjusted for items affecting comparability in a total amount of SEK 297 million.

2) EBITDA adjusted for items affecting comparability in the amount of SEK 204 million.

3) EBT is defined as profit before taxes.

4) Profit for the period before net financial items, taxes, write-offs and write-downs of tangible and intangible non-current assets and capital gains/losses on the sale of non-current assets. EBITDA the past 12 months. Indebtedness may temporarily exceed this range in conjunction with the start-up of new major contracts.

5) Taking into consideration Nobina's cash flow, investment needs, and general operating conditions.

KEY RATIO INFORMATION

Performance measures during the five most recent quarters (definitions of performance measures and verification of alternative performance measures, APM, are presented on pages 22–23).

Key ratios, Nobina (SEK millions, unless otherwise stated)	2016/2017		2015/2016			
	Q2	Q1	Q4	Q3	Q2	Q2 Adjusted ¹⁾
Net sales for the period	2,146	2,224	2,161	2,179	1,982	–
Operating profit for the period	142	121	58	161	25	137
Profit/loss before tax for the period (EBT)	107	86	20	125	–112	137
Profit/loss for the period	80	69	8	100	–71	93
Cash flow for the period	–173	32	246	117	–91	–78
Cash and cash equivalents	547	715	683	436	443	–
Equity ratio, %	13.9	15.7	14.5	15.1	14.1	–
EBITDA	318	293	227	330	173	285
EBITDA-margin, %	14.8	13.2	10.5	15.1	8.7	14.4
EBITDAR	333	304	242	343	187	299
EBITDAR-margin, %	15.5	13.7	11.2	15.7	9.4	15.1
Shareholders' equity	1,043	1,180	1,110	1,091	998	–
Shareholders' equity/ordinary shares, SEK	11.80	13.4	12.50	12.34	11.29	–
Number buses (as per the balance sheet date)	3,684	3,670	3,703	3,686	3,623	–
Calculated full-time positions	9,244	9,208	8,461	8,503	8,488	–
Production hours	2,674	2,940	2,827	2,841	2,551	–
Production kilometres	69,159	76,435	73,994	76,132	67,463	–

1) Adjusted by items affecting comparability in the operating profit in the amount of SEK 112 million, which relate to the IPO SEK +5 million and the incentive program SEK 117 million, and SEK 93 million in net financial items which relates to the redemption of a bond.

OTHER INFORMATION

Personnel

Nobina had 9,244 (8,488) employees during the first half of the year. The increase in the number of employees is due to larger production volumes. Nobina applies collective agreements and has well-established principles and traditions as to the manner in which work times, remuneration conditions, information and cooperation are negotiated.

The Parent Company

The Parent Company had 10 (9) employees who participate in the overall management of the Nobina Group, including financial analysis, follow-up and financing.

The Parent Company's net sales, which consist exclusively of internal services, amounted during the second quarter to SEK 12 million (10). The pre-tax loss for the second quarter was SEK -14 million (-129).

Earnings for the period during the second quarter of the preceding year were affected by transaction costs of SEK 18 million in connection with the IPO, as well as costs of SEK 172 million for the incentive programme, in total SEK 190 million. Net sales for the period and earnings for the first half of the year amounted to SEK 22 million (20) and SEK -22 million (-256). Cash and cash equivalents as well as funds held on restricted bank accounts amounted to SEK 0 million (28). Investments in intangible and tangible fixed assets amounted to SEK 0 million (0). On 31 August 2016, the Parent Company's shareholders' equity was SEK 2,676 million (3,259). The equity/assets ratio was 71 (81) per cent.

Transactions with closely related parties

No transactions with closely related parties have taken place during the half-year.

Seasonal variations

Sales, earnings and cash flow trends vary between quarters. For contract operations, the third quarter is the strongest due to a higher transport volume, a larger number of weekdays, and a high level of travel activity, while the second and fourth quarters are weaker due to lower transport volumes during vacation and public holiday periods as well as higher costs during the winter.

The second quarter is Swebus' strongest quarter due to a higher number of passengers during the vacation period.

Risks and uncertainty factors

Nobina is exposed to interest rate risks since the Company's financial and operational leasing agreements primarily carry variable interest. The interest rate risk is largely offset by revenue indexation in traffic contracts. During the quarter, Nobina had no interest rate hedging.

Nobina is exposed to currency risks in conjunction with translation of the balance sheets and income statements of subsidiaries. Nobina also has indirect exposure to USD/SEK since diesel is purchased in USD on the international commodities markets. Nobina's finance policy provides that, if the need exists, currency risks may be hedged through currency derivatives. Nobina had no currency hedging during the quarter.

Nobina is exposed to changes in the price of fuel in its purchases of diesel. The commodity price accounts for less than one-half of the total diesel price, with the remainder comprising taxes, transportation and processing. Within the contract operations, compensation for changes in the diesel price is obtained through revenue indexation in traffic contracts. The index baskets in the traffic contracts are relatively well matched against the cost breakdown, but compensation takes place with a time lag of one

to six months, which results in a negative impact on earnings during a period of increasing prices. An imbalance may also arise between costs incurred in a contract and index-based compensation if the index fails to reflect the actual cost structure. This may, for example, occur if an index is based on the price of diesel, while the contract in question requires buses to be run on biogas. This risk is mitigated through careful risk assessment in conjunction with the tender process. Most contracts now have an index which matches the type of fuel.

Within Swebus' operations, there is no indexed adjustment of revenues. Increased fuel prices must be compensated for through increased ticket prices, if market conditions so allow.

In July, Nobina entered into a diesel cap contract for the Norwegian subsidiary, regarding 500 metric tonnes per month for the period July 2016 up to and including February 2017, which covers 95 per cent of consumption. The cap strike level is NOK 4,228 per metric tonne. The contracted cap has not resulted in any payment being made to Nobina during the period.

Nobina may be affected by the results of appeals of tender awards. However, the impact is limited since no vehicles are ordered, and no other investments made, before the traffic contract is signed.

For more information concerning risks and uncertainty factors, see the corresponding section in Nobina AB's annual report for 2015/2016.

Disputes

Nobina is involved in a pending dispute with Länstrafiken Örebro regarding incorrect gas quality. In addition, a dispute is pending against HSL, the PTA in Helsinki, regarding HSL's restriction of the awarding to Nobina of won contracts and the application of award criteria.

Financing

Nobina's main strategy is to finance purchases of vehicles through financial leasing or loans with 10-year terms to maturity and a residual value of ten per cent. Leasing liabilities are booked as financial leasing and, similarly to loans, are visible on the balance sheet. Nobina's entire indebtedness relates to the financing of investments in buses and equipment used in the operations.

On 31 August 2016, Nobina had an available undrawn bank credit facility of SEK 150 million (132).

IPO

Nobina was listed on Nasdaq Stockholm with the first day of trading being 18 June 2015. The introduction price was SEK 34 per share.

IPO costs that affected earnings for 2015/2016 are shown in the table 'Items affecting comparability' on page 6.

The impact of the IPO on 2015/2016 cash flow is shown in a table on page 4.

Bond

As a consequence of the completion of the IPO, an outstanding bond of SEK 550 million was repaid in August 2015. As a consequence, interest expenses were reduced by SEK 44 million per year.

Incentive programmes

During the second quarter, payment was disbursed under Nobina's two incentive programmes covering ten senior executives (including the CEO) as well as five directors (excluding the CEO), after which the incentive programmes were ended. The total cost for both programmes was SEK 172 million (including salary, social

security contributions and taxes), whereupon the senior executives received a total amount of SEK 123 million (excluding social security contributions and taxes) and the directors received a total amount of SEK 11 million (excluding social security contributions and taxes).

In connection with the IPO, the amount was distributed to the participants in both programmes, and 75 per cent of the disbursed amount (net after tax) was thereafter reinvested by acquiring Nobina shares at the introduction price. The senior executives and directors acquired in total 1,341,277 shares, which increased their share ownership in Nobina from 1.1 per cent to 2.4 per cent. The acquired shares were subject to lock-in agreements which expired on 12 June 2016.

Financial targets and dividend policy

Nobina's board of directors has confirmed that the financial targets and dividend policy adopted prior to the IPO in 2015 remain in force (see page 9).

Important events during the second quarter

- Well-implemented traffic starts in Sweden and Finland.
- Nobina won a tender for traffic in Oslo worth SEK 150 million over a three-year contract period.
- Nobina won a tender for traffic in Lund Väster (West) worth SEK 400 million over a four-year contract period.
- The share of Nobina's total bus fleet operating on renewable fuel increased from 50 per cent to 55 per cent, and to 75 per cent in Sweden.

Important events since the end of the quarter

- Ragnar Norbäck announced his intention to retire in 2017. Accordingly, the board has commenced work on recruiting a new CEO.
- Nobina's contract regarding bus services in Norrtälje was extended by two years until June 2021.

Accounting principles

Nobina applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for groups". Nobina applies the same accounting principles and calculation methods as in the annual report for 2015/2016. See page 21 for further details regarding performance measure definitions as well as "Note 1 Company information and accounting principles", except as stated below.

The methods and assumptions used by Nobina when calculating fair value and with respect to accounting principles for financial instruments are described in Notes 30 and 31 of the annual report 2015/2016. No transfers between any of the value levels have taken place during the period.

The financial statements of the Parent Company, Nobina AB, have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2, Reporting for legal entities, as well as opinions issued by the Swedish Financial Reporting Board. Amendments to the Swedish Annual Accounts Act as from 1 January 2016 have no material effect on the Parent Company or the Group.

This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and covers pages 1–23, and the interim period information on pages 1–12 thus constitutes an integral part of the financial report.

Assurance

The CEO and board of directors hereby provide an assurance that the interim report provides a true and fair view of the operations, financial position and earnings of the Company and the Group and describes the significant risks and uncertainty factors facing the Company and companies within the Group.

Stockholm, 28 September 2016

Jan Sjökvist
Chairman of the board

John Allkins
Director

Birgitta Kantola
Director

Graham Oldroyd
Director

Axel Hjärne
Director

Ragnar Norbäck
CEO and director

Financial calendar

Interim report, 1 Sep–30 Nov 2016	20 December 2016
Results 2016/2017	6 April 2017
Annual general meeting 2016/2017	31 May 2017

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 CET on Wednesday 28 September 2016. The presentation will be available on the website in connection with the telephone conference. Telephone number and web link for participants are available on the website, www.nobina.com.

Contact persons

For further information, please contact:

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www.nobina.com
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Report of Review of Interim Financial Information

*Auditor's Report on Review of Interim Financial Information
Summary prepared in accordance with IAS 34 and Chapter 9 of the
Swedish Accounts Act.*

Introduction

We have reviewed the condensed interim financial information (interim report) of Nobina AB (publ) as of 31 August 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information 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 Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 28 September 2016

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

*Please note that this is an inhouse translation of the
Swedish report, which is available on www.nobina.com*

THE NOBINA GROUP'S CONSOLIDATED INCOME STATEMENT IN BRIEF

SEK million, unless otherwise stated	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Net sales	2,146	1,982	4,370	3,977	8,317
Operating expenses					
Fuel, tyres and other consumables	-371	-394	-780	-812	-1,704
Other external expenses	-362	-274	-689	-570	-1,173
Personnel costs	-1,095	-1,141	-2,290	-2,273	-4,561
Capital losses from disposal on non-current assets	-13	-1	-22	-1	-15
Depreciation/amortization and impairment of tangible and intangible non-current assets	-163	-147	-326	-282	-606
Operating profit	142	25	263	39	258
Profit from net financial items					
Financial income	-	-	1	1	3
Financial expenses, Note 1	-35	-137	-71	-183	-259
Net financial items	-35	-137	-70	-182	-256
Profit/loss before tax	107	-112	193	-143	2
Income tax	-27	41	-44	39	2
PROFIT/LOSS FOR THE PERIOD	80	-71	149	-104	4
Profit/loss for the period attributable to the Parent Company shareholders	80	-71	149	-104	4
Earnings per share before dilution (SEK)	0.91	-0.86	1.68	-1.43	0.04
Earnings per share after dilution (SEK)	0.91	-0.86	1.68	-1.43	0.04
Average number of shares before dilution (thousands)	88,356	82,409	88,356	72,883	80,608
Average number shares after dilution (thousands)	88,356	82,409	88,356	72,883	80,608
Number of shares outstanding at end of period (thousands)	88,356	88,356	88,356	88,356	88,356

THE NOBINA GROUP'S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Profit/loss for the period	80	-71	149	-104	4
Other comprehensive income					
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	1	2	1	2	6
Tax on items that will not be reclassified to profit or loss for the period	0	-	0	-	0
Items that can later be reclassified to profit or loss for the period					
Exchange-rate differences in foreign operations	12	-8	13	-12	-23
Other comprehensive income for the period, net after tax	13	-6	14	-10	-17
Comprehensive income for the period	93	-77	163	-114	-13
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	93	-77	163	-114	-13

THE NOBINA GROUP'S CONSOLIDATED BALANCE SHEET IN BRIEF

SEK million	Full year		
	31 Aug 2016	31 Aug 2015	29 Feb 2016
ASSETS			
Non-current assets			
Goodwill	579	578	574
Other intangible assets	7	13	10
Cost for leasehold improvements	34	18	36
Equipment, tools, fixtures and fittings	68	87	67
Vehicles	5,261	4,895	5,238
Deferred tax assets	80	139	121
Pension plan assets	10	6	11
Other non-current receivables	4	–	1
Total non-current assets	6,043	5,736	6,058
Current assets			
Inventories	46	50	46
Trade receivables	521	587	535
Other current receivables	56	73	40
Deferred expenses and accrued income	279	168	272
Restricted bank accounts	1	120	24
Cash and cash equivalents	547	323	683
Total current assets	1,450	1,321	1,600
TOTAL ASSETS	7,493	7,057	7,658
EQUITY AND LIABILITIES			
Equity attributable to Parent Company Shareholders	1,043	998	1,110
Non-current liabilities			
Borrowing, Note 1	3,940	3,768	3,941
Deferred tax liabilities	105	94	102
Provision for pensions and similar commitments	41	37	36
Other provisions	41	37	37
Total non-current liabilities	4,127	3,936	4,116
Current liabilities			
Accounts payable	441	426	473
Borrowing, Note 1	752	610	752
Other current liabilities	205	163	222
Accrued expenses and deferred income	925	924	985
Total current liabilities	2,323	2,123	2,432
Total liabilities	6,450	6,059	6,548
TOTAL EQUITY AND LIABILITIES	7,493	7,057	7,658

PLEGDED ASSETS AND CONTINGENT LIABILITIES, NOTE 2

THE NOBINA GROUP'S CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN BRIEF

<i>SEK million</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Translation differences</i>	<i>Losses brought forward</i>	<i>Total equity attributable to Parent Company shareholders</i>
Opening equity per 1 March 2015	228	2,489	28	-2,435	310
Profit/loss of the period	–	–	–	-104	-104
Other comprehensive income	–	–	-12	2	-10
Transactions with owners					
Payment of issued shares to senior executives	–	1	–	–	1
Payment of newly issued shares	90	760	–	–	850
Capital acquisition costs	–	-49	–	–	-49
Closing equity per 31 August 2015	318	3,201	16	-2,537	998
Profit/loss of the period	–	–	–	108	108
Other comprehensive income	–	–	-11	4	-7
Transactions with owners					
Payment of issued shares to senior executives	–	11	–	–	11
Closing equity per 29 February 2016	318	3,212	5	-2,425	1,110
Opening equity per 1 March 2016	318	3,212	5	-2,425	1,110
Profit/loss of the period	–	–	–	149	149
Other comprehensive income	–	–	13	1	14
Transactions with owners					
Dividend	–	–	–	-230	-230
Closing equity per 31 August 2016	318	3,212	18	-2,505	1,043

There are no non-controlling interests.

THE NOBINA GROUP'S CONSOLIDATED CASH FLOW STATEMENT IN BRIEF

SEK million	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Cash flow from operations					
Profit/loss after financial items	107	-112	193	-143	2
Adjustment for non-cash items	229	279	429	462	864
Cash flow from operations before changes in working capital	336	167	622	319	866
Cash flow from changes in working capital					
Change in inventories	-1	-3	-	-1	3
Changes in operating receivables	-19	47	-1	-7	-32
Changes in operating liabilities	-83	-226	-121	-170	11
Total change in working capital	-103	-182	-122	-178	-18
Received interest income	-	1	1	1	2
Tax paid	-	-	-	-	-
Cash flow from operations	233	-14	501	142	850
Cash flow from investing activities					
Change in restricted bank accounts	-	-14	23	-5	90
Investments in PPE and intangible assets, excl. financial leases	-110	-135	-206	-151	-193
Sales of PPE and intangible assets	145	11	151	14	35
Cash flow from investing activities	35	-138	-32	-142	-68
Cash flow from financing activities					
Amortization of financial liability	-166	-155	-338	-298	-628
Redemption of bonds and other external loans	-10	-556	-21	-562	-577
Payment of newly issued shares	-	850	-	850	850
Issue of new shares to senior executives	-	-	-	1	1
New borrowing, other external loans	-	90	50	108	109
Capital acquisition costs	-	-44	-	-49	-49
Interest paid	-35	-124	-71	-179	-254
Dividend	-230	-	-230	-	-
Cash flow from financing activities	-441	61	-610	-129	-548
Cash flow for the period	-173	-91	-141	-129	234
Cash and cash equivalents at the beginning of period	715	413	683	453	453
Cash flow for the period	-173	-91	-141	-129	234
Exchange rate difference	5	1	5	-1	-4
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	547	323	547	323	683

THE PARENT COMPANY'S INCOME STATEMENT IN BRIEF

SEK million	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Net sales	12	10	22	20	39
Operating expenses					
Other external expenses	–5	–92	–8	–134	–145
Personnel costs	–16	–29	–26	–104	–120
Depreciation/amortization and impairment of intangible and tangible non-current assets	–	–	–	–	–
Operating loss/profit	–9	–111	–12	–218	–226
Profit from participations in Group companies	–	–	–	–	–344
Financial income	1	3	2	8	12
Financial expenses	–6	–21	–12	–46	–69
Net financial items	–5	–18	–10	–38	–401
Loss/profit before tax	–14	–129	–22	–256	–627
Income tax	–	–	–	–	29
LOSS/PROFIT FOR THE PERIOD	–14	–129	–22	–256	–598

Other comprehensive income is not reported since there are no items relating to other comprehensive income.

THE PARENT COMPANY'S BALANCE SHEET IN BRIEF

SEK million	Full year		
	31 Aug 2016	31 Aug 2015	29 Feb 2016
ASSETS			
Non-current assets			
Participations in Group companies	3,685	3,695	3,685
Deferred tax assets	80	40	80
Receivables from Group companies	6	87	87
Total non-current assets	3,771	3,822	3,852
Current assets			
Receivables from Group companies	1	189	292
Other current assets	1	–	2
Deferred expenses and accrued income	1	4	1
Restricted bank accounts	–	25	–
Cash and cash equivalents	–	3	–
Total current assets	3	221	295
TOTAL ASSETS	3,774	4,043	4,147
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	2,676	3,259	2,928
Non-current liabilities			
Liabilities to Group companies	621	621	621
Provision for pensions and similar commitments	14	7	8
Total non-current liabilities	635	628	629
Current liabilities			
Accounts payable	1	11	4
Liabilities to Group companies	456	136	576
Other current liabilities	1	1	1
Accrued expenses and deferred income	5	8	9
Total current liabilities	463	156	590
Total liabilities	1,098	784	1,219
TOTAL EQUITY AND LIABILITIES	3,774	4,043	4,147

PLEGGED ASSETS AND CONTINGENT LIABILITIES, NOTE 2

THE PARENT COMPANY'S CHANGES IN EQUITY IN BRIEF

<i>SEK million</i>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Share premium reserve</i>	<i>Retained earnings</i>	<i>Loss/profit for the period</i>	<i>Total equity</i>
Opening equity per 1 March 2015	228	1	613	1,763	108	2,713
Transfer of preceding year's profit/loss	–	–	–	108	–108	–
Profit for the period	–	–	–	–	–256	–256
Transactions with owners						
New issue of shares to senior executives	–	–	1	–	–	1
Payment of newly issued shares	90	–	760	–	–	850
Capital acquisition costs	–	–	–49	–	–	–49
Closing equity per 31 August 2015	318	1	1,325	1,871	–256	3,259
Profit/loss of the period	–	–	–	–	–342	–342
Transactions with owners						
New issue of shares to senior executives	–	–	–	–	–	–
Payment of newly issued shares	–	–	–	–	–	–
Capital acquisition costs	–	–	11	–	–	11
Closing equity per 29 February 2016	318	1	1,336	1,871	–598	2,928
Opening equity per 1 March 2016	318	1	1,336	1,871	–598	2,928
Transfer of preceding year's profit/loss	–	–	–	–598	598	–
Loss for the period	–	–	–	–	–22	–22
Transactions with owners						
Dividend	–	–	–	–230	–	–230
Closing equity per 31 August 2016	318	1	1,336	1,043	–22	2,676

NOTE 1. FINANCING

SEK million, unless otherwise stated	Quarter		Period		Full year
	Jun–Aug 16	Jun–Aug 15	Mar–Aug 16	Mar–Aug 15	Mar 15–Feb 16
Operational leasing agreements, buses					
Nominal value of future minimum leasing fees, buses	–57	–80	113	188	184
Present value of future minimum leasing fees, buses	–55	–76	107	180	176
Number of operationally leased buses	–14	–7	376	436	399
Operational leasing fees for the period	15	14	26	30	58
Borrowing – bond loan and other liabilities					
Bond loan and other loans	–3	–450	282	263	242
Financial leasing liabilities	149	552	4,410	4,115	4,451
Total	146	102	4,692	4,378	4,693
Of which short-term repayment part of the Group's borrowing	–	–	752	610	752
Of which long-term repayment part of borrowing	–	–	3,940	3,768	3,941
Sum, total liabilities	–	–	4,692	4,378	4,693
Interest expenses and similar profit/loss items					
Interest expenses, financial leasing	–32	–33	–64	–64	–131
Interest expenses, bond loan and other external loans	–2	–105	–5	–119	–125
Other financial expenses	–2	–	–3	–2	–4
Realised and non-realised exchange rate gains and losses, net	1	1	1	2	1
Total	–35	–137	–71	–183	–259

NOTE 2. PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK millions, unless otherwise stated	Group		Parent company	
	31 Aug 2016	31 Aug 2015	31 Aug 2016	31 Aug 2015
Pledged assets pertaining to shares/net assets in subsidiaries				
Other pledged assets	–	–	–	–
Chattel mortgages	–	–	–	–
Other pledged assets				
Other pledged assets	151	270	36	83
Contingent liabilities				
Guarantee of lease obligations and other obligations	–	–	4,692	4,378
Total pledged assets and contingent liabilities	151	270	4,728	4,461

GLOSSARY

City transport – Transport in a densely populated area.

Client – Nobina's client being the contractual counterpart for tendered traffic contracts, also called a PTA.

Concession – Allocated right to uphold a monopoly in a geographic area and which comprises all rights to provide public transport. In Sweden, since the public transport authority reform in the 1980s, the state allocates concessions to clients (municipalities and county councils), which in turn provide public transport services through contracts with traffic companies. These contracts are tendered in accordance with the Swedish Public Procurement Act.

Concessions contract – A form of contract between a traffic company and a client (municipality/county council) that was typical prior to the public transport authority reform and which, in parts, continues for a transitional period. Under these contracts, the traffic company undertakes all aspects of the transport assignment, including the sale of services to passengers.

EURO 1–EURO 6, EEV – Various generations of emission classes for diesel engines.

Express route – A longer route on main roads that provides faster transport through several counties without several stops.

Incentive contract – Normally a production contract that contains, to a larger or smaller degree, a compensation component that is variable and depends on the number of passengers.

Indexation – Adjustment of the contract-based remuneration in accordance with a basket of weighted and predetermined indices intended to represent important cost elements for the traffic company, such as salaries, fuel and maintenance, and which occurs at predetermined intervals.

Local transport – Transport in connection with densely populated areas.

Production contract – A contract in which the traffic company's revenues comprise fixed remuneration for production costs

based on a predetermined production, with route network, timetable and a number of other requirements as the base. Compensation is based on the number of hours, kilometres, buses or a combination of these.

Public transport – Transport services provided for the public in which people travel together.

Public Transport Authority (PTA) – A municipality or county council allocated concessions by the government to provide public transport through public tendering of services from traffic companies.

Public transport authority reform – In conjunction with the public transport authority reform in the 1980s, the government took over the right to allocate concessions from the municipalities and county councils. Previously, municipalities and county councils allocated concessions to traffic companies; today, the state allocates concessions to municipalities and county councils (clients), which in turn sign contracts with traffic companies for the provision of public transport services. These contracts are tendered in accordance with the Public Tendering Act.

Regional transport – Transport outside and between built-up areas in a county.

Tender – A traffic company's offer in a tendering process.

Traffic company – A company that provides transport services in accordance with a given contract with a client.

Traffic contract – A publicly tendered contract for the provision of transport services between a traffic company and a client. The duration of the contract is typically five to ten years, with the option of extending for an additional one or two years. It is based on either a production or an incentive contract.

Traffic planning – Planning of use of resources (vehicle and driver) to conduct transport services in the most efficient manner possible in accordance with the traffic assignment.

INFORMATION REGARDING KEY PERFORMANCE MEASURES

Definitions

Alternative performance measures

As from the second quarter, Nobina applies ESMA's new APM (alternative performance measures) guidelines. The Company considers that the performance measures set forth below provide valuable and significant information for investors and the Company's management since they facilitate evaluation of the Company's performance. Financial non-IFRS measures are subject to limitations as analytical tools and must not be considered in isolation or as substitutes for financial measures which are produced in conformity with IFRS. Financial non-IFRS are reported in order to improve the investors' evaluation of the Company's operating results and financial position. The financial non-IFRS presented in this report may differ from similar measures used by other companies.

Performance measure	Description
Rolling 12-months	Aggregation of figures for the most recent four quarters
Adjusted figures	Adjusted figures of an extraordinary nature which affect comparability and which are unusual for the period or non-recurring. Adjusted figures do not include transaction costs incurred in connection with the IPO
EBIT	Operating profit before net financial items and tax
EBITDA	Operating profit before net financial items, tax, depreciation and amortisation, impairment, earnings from sale of fixed assets
EBITDA-margin	EBITDA in relation to net sales
EBITDAR	Operating profit before net financial items, tax, depreciation and amortisation, impairment, earnings from sale fixed assets and operational leasing expenses for buses
EBITDAR-margin	EBITDAR in relation to net sales
Interest-bearing liabilities	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities)
Net debt	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities) less cash and cash equivalents and restricted bank accounts

Performance measure	Description
Net debt/EBITDA	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities) less cash and cash equivalents and restricted bank accounts in relation to EBITDA for four quarters
Renewal rate	All won tenders/All own announced tenders
Retention rate	Defended tenders/Own announced tenders
Average number of employees (FTE)	The number of hours paid divided by normal working hours for a full-time employee
Cash investments	Historical cost of investments in fixed assets after deduction for loan-financed investments
Reallocation rate	Number of buses allocated to a new contract during the year/Total number of buses
Earnings per share	Profit for the period divided by average number of shares
Earnings per share after full dilution	Profit for the period divided by average number of shares after full dilution
Equity per ordinary share	Equity divided by number of outstanding ordinary shares per date of closure of accounts
Dividend yield	Dividend in relation to the company's share price at the end of the accounting period
Equity/assets ratio	Equity in relation to total assets at the end of the period
Yield	Revenue per driven kilometre
Contract length	A publicly awarded contract for the production of traffic services entered into between a PTA and a public transport company. The contract normally applies for five to ten years with the possibility of extension for one to two years, and is based on a production or incentive agreement
Production hours	Total produced hours in a contract
Production kilometres	Total produced kilometres in a contract
Number of buses	The number of owned/ financially leased/ operationally leased/ short-term rental buses at the end of the period

VERIFICATION OF ALTERNATIVE PERFORMANCE MEASURES

Performance measures, Nobina

(SEK million,
unless otherwise stated)

	2016/2017		2015/2016				2016/ 2017	2015/ 2016	2015/ 2016	Roll- ing 12- months
	Jun– Aug 16 Q2	Mar– May 16 Q1	Dec 15– Feb 16 Q4	Sep– Nov 15 Q3	Jun– Aug 15 Q2	Mar– May 15 Q1	Mar– Aug 16 Acc Q2	Mar– Aug 15 Acc Q2	Mar 15– Feb 16 Full year	Full year
Rolling 12-month figures:										
Net sales	2,146	2,224	2,161	2,179						8,710
Operating profit	142	121	58	161						482
Adjusted operating profit	142	121	58	161						482
Profit for the period before tax	107	86	20	125						338
Adjusted profit for the period before tax (EBT)	107	86	20	125						338
Cash flow for the period	–173	32	246	117						222
Adjusted cash flow for the period	–173	32	246	117						222
EBITDA and EBITDAR:										
Operating profit	142	121	58	161	25	14	263	39	258	
Capital gain/loss upon sale of fixed assets	13	9	1	13	1	–	22	1	15	
Depreciation, amortisation/impairment of intangible and tangible fixed assets	163	163	168	156	147	135	326	282	606	
Total EBITDA	318	293	227	330	173	149	611	322	879	
Operational leasing expenses for the period	15	11	15	13	14	16	26	30	58	
Total EBITDAR	333	304	242	343	187	165	637	352	937	
Adjusted EBITDA and EBITDAR (Adjusted result is based on information from page 6):										
Adjusted operating profit	142	121	58	161	137	106	263	243	462	
Capital gain/loss upon sale of fixed assets	13	9	1	13	1	–	22	1	15	
Depreciation, amortisation/impairment of intangible and tangible fixed assets	163	163	168	156	147	135	326	282	606	
Total adjusted EBITDA	318	293	227	330	285	241	611	526	1,083	

**Performance measures,
Nobina**
(SEK million,
unless otherwise stated)

	2016/2017		2015/2016				2016/ 2017	2015/ 2016	2015/ 2016	Roll- ing 12- months
	Jun– Aug 16	Mar– May 16	Dec 15– Feb 16	Sep– Nov 15	Jun– Aug 15	Mar– May 15	Mar– Aug 16	Mar– Aug 15	Mar 15– Feb 16	
	Q2	Q1	Q4	Q3	Q2	Q1	Acc Q2	Acc Q2	Full year	Full year
Operational leasing expenses for the period	15	11	15	13	14	16	26	30	58	
Total adjusted EBITDAR	333	304	242	343	299	257	637	556	1,141	
Interest-bearing liabilities:										
Long-term borrowing	3,940	3,794	3,941	3,839	3,768	3,110	3,940	3,768	3,941	
Pension liabilities	41	35	36	41	37	34	41	37	36	
Short-term borrowing	752	752	752	610	610	1,166	752	610	752	
Total interest-bearing liabilities	4,733	4,581	4,729	4,490	4,415	4,310	4,733	4,415	4,729	
Cash and bank balances	-547	-715	-683	-436	-323	-413	-547	-323	-683	
Restricted bank accounts	-1	-1	-24	-101	-120	-106	-1	-120	-24	
Total net debt	4 185	3,865	4,022	3,953	3,972	3,791	4 185	3,972	4,022	
EBITDA Q1	293	293	149	149	149	149	293	149		
EBITDA Q2	318	173	173	173	173	241	318	173		
EBITDA Q3	330	330	330	330	301	301	330	301		
EBITDA Q4	227	227	227	190	190	190	227	190		
Total EBITDA, full year	1,168	1,023	879	842	813	881	1,168	813	879	
Net debt/EBITDA	3.58	3.78	4.58	4.69	4.89	4.30	3.58	4.89	4.58	
Adjusted EBITDA Q1	293	293	241	241	241	241	293	241		
Adjusted EBITDA Q2	318	285	285	285	285	257	318	285		
Adjusted EBITDA Q3	330	330	330	330	301	301	330	301		
Adjusted EBITDA Q4	227	227	227	190	190	190	227	190		
Total adjusted EBITDA, full year	1,168	1,135	1,083	1,046	1,017	989	1,168	1,017	1,083	
Net debt/adjusted EBITDA	3.58	3.41	3.71	3.78	3.91	3.83	3.58	3.91	3.71	



THIS IS NOBINA

Our role is to:

HELP MAKE SOCIETY MORE MOBILE

Our offering to customers:

SIMPLIFY EVERYDAY TRAVEL

We deliver that by:

BEING FRIENDLY, CREATING SIMPLE SOLUTIONS, BEING AFFORDABLE

We succeed, by living up to our values:

OUR CUSTOMERS' NEEDS IS OUR REASON FOR BEING

We treat our customers with kindness and respect and are sensitive to their needs. We keep our promises, develop priceworthy solutions and simplify for our customers.

IN ALL WE DO, WE STRIVE TO DEVELOP

We achieve our goals and deliver results. We are efficient with resources and the quality we promise is always our minimum standard. Being goal-oriented and having systematic follow-up is vital for constantly improving our services as well as our company.

WE RESPECT EACH OTHER

Everyone is of equal importance, and is treated with kindness and respect. Together we create a secure and creative work environment that stimulates initiatives and suggestions for improvements. We take action against any lack of respect towards our customers, towards each other and towards the company.

WE FOSTER SOLID LEADERSHIP

Our demands and expectations on our leaders and co-workers are well defined. We always prioritise the interests of our customers and of the company before our own. Everyone receives feedback on their performance and we show our appreciation for their achievements. We always honour confidentiality.

WE CARE

We take an active responsibility for the environment and for our society. We encourage personal health and development. We act according to laws and regulations. We are engaged and we care for each other, for our customers and for the world around us.

We do all of that because we have a vision:

EVERYBODY WANTS TO TRAVEL WITH US