

Q1 Q2 Q3 Q4

Performing as planned

Second quarter (1 June–31 August 2017)

- Net sales amounted to SEK 2,169 million (2,146), an increase of 1.1 per cent.
- Operating profit amounted to SEK 106 million (142).
- Profit after tax amounted to SEK 59 million (80), and earnings per share totalled SEK 0.68 (0.91).
- Cash flow from operations was SEK 294 million (336).
- Cash flow for the second quarter totalled SEK –308 million (–173). Cash flow for the period included the payment of the preceding year's dividend of SEK –274 million (–230).

The half-year period 1 March–31 August 2017

- Net sales amounted to SEK 4,445 million (4,370), an increase of 1.7 per cent.
- Operating profit was SEK 193 million (263).
- Profit after tax amounted to SEK 94 million (149), and earnings per share totalled SEK 1.07 (1.68).
- Cash flow from operations was SEK 516 million (622).
- Cash flow totalled SEK –372 million (–141). Cash flow for the period included the payment of the preceding year's dividend of SEK –274 million (–230).

Significant events during the quarter

- A new, SEK 320 million traffic contract in Kungsbacka was won with Västtrafik comprising 13 scheduled buses. The contract starts in June 2018 and extends over ten years.
- Extension of the contract with Skånetrafiken in Malmö and an investment in electric buses. The extension runs until 2021 and comprises a total of 83 scheduled buses, of which 13 are new electric buses.
- A collaboration with SL to develop city transport in Norrtälje Municipality together with an investment in electric buses. The contract extends until 2021 and five electric buses will enter traffic in August 2018.
- Troms Fylkestrafikk and Nobina Norway agreed to exercise only half of the extension option. The existing contract which encompasses 127 scheduled buses will end on 31 July 2019.
- Swebus was restructured as part of the strategic review of interregional operations. Swebus is being integrated into Nobina Sweden, management changes are ongoing and provisions have been made for nonrecurring expenses of SEK 15 million accumulated at the end of the second quarter.
- A partnership has been initiated with Telia aimed at analysing traveller needs in public transportation.

Significant events after the end of the quarter

- No significant events noted after the end of the quarter.

Key ratios

| (SEK million, except as otherwise indicated) | Quarter | | Period | | Full year | |
|--|---------------|---------------|--------------|-------------------|--------------------|-------------------|
| | June–Aug 2017 | June–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 | Rolling 12 months |
| Net sales | 2,169 | 2,146 | 4,445 | 4,370 | 8,858 | 8,933 |
| Operating profit (EBIT) | 106 | 142 | 193 | 263 | 494 | 424 |
| Earnings before tax (EBT) | 74 | 107 | 124 | 193 | 355 | 286 |
| Cash flow for the period | –308 | –173 | –372 | –141 | 114 | –117 |
| | 31 Aug 2017 | 31 Aug 2016 | 28 Feb 2017 | Rolling 12 months | | |
| Cash and cash equivalents | 427 | 547 | 804 | 682 | | |
| Shareholders' equity | 1,229 | 1,043 | 1,421 | 1,353 | | |
| Net debt/EBITDA | 3.8x | 3.6x | 3.2x | 3.4x | | |
| Equity/assets ratio, % | 16.4 | 13.9 | 17.9 | 17.4 | | |

A complete table of key ratios can be found on page 10.

CEO's comments

In line with our expectations, earnings in the second quarter of the fiscal year reflected the effects from last year's extensive contract migrations in Sweden. In combination with restructuring costs for our interregional operations, among other items, this resulted in a decline in pre-tax earnings to SEK 74 million (107). Underlying operations continue to develop as planned and we are now entering a calmer period of contract migrations during which we will focus on operational efficiency.

During the quarter, we intensified our collaborations in key areas for the future, for example, the strong market interest in electric buses resulted in an increasing number of tangible investments at our clients. This was most noticeable in Sweden and Norway.

As previously announced, we started during the spring a strategic review of our interregional operations. This is progressing as planned and, to date, has led to the decision to integrate Swebus operations into Nobina Sweden, with the consequent management changes and total provisions of SEK 15 million for nonrecurring expenses. These measures, separately, are expected to give an annual effect of 10 MSEK. Second-quarter earnings were also impacted by the decision to reduce the depreciation period for express buses. In a growing market, we have further strengthened underlying profitability in Finland with continued additions of extra traffic in Helsinki, while waiting for the completion of the new metro. Another piece of positive news is that profitability in the Nordic public transport industry continues to improve.

With society's growing need for smart mobility solutions, public transportation will be of increasing importance moving forward. As the market leader, we aim to be at the forefront of this trend. We have an efficient business model and an organisation that innovatively and effectively manages our assignment as a key public service provider, as is clearly evidenced in our second-quarter activities.

Magnus Rosén
President and CEO

Nobina in brief

Nobina is the Nordic region's largest and most experienced public transport company. The company's expertise in prospecting, tendering and active management of public transportation contracts, in combination with long-term delivery quality, make Nobina the industry leader in terms of profitability, development and initiatives promoting a healthier industry.

Every day, Nobina ensures that almost one million people get to work, school or other activities by delivering contracted public transportation in Sweden, Norway, Finland and Denmark. In addition, Nobina offers express bus services under the Swebus brand in the Swedish market.

Nobina had sales of about SEK 9 billion (2016/2017) and currently has around 12,000 employees, with its head office located in Solna, Stockholm. Nobina's success creates a better society in the form of increased mobility, reduced environmental impact and lower cost to society.

Nobina's strategy

Nobina has stable revenue from contracts and focus on profitability and high quality in execution. A broad contract portfolio, an increasing contribution from new services and cost-efficient operations are essential for continuing profitable growth. At an overall level, four strategic strengths stand out that constitute the company's success factors.

1. Ensuring profitable contracts

Nobina pursues active contract management to ensure that all contracts are profitable. This comprises an inventory of the contract situation throughout the homogenous Nordic market, conducting a dialogue with the client regarding contract terms and conditions before these are published in the form of tender documentation, implementing an exact verification of conditions and risks as a basis for tender calculations and pricing that represents the traffic solution required, and never signing a contract solely based on strategic reasons at the cost of profitability.

2. Meeting terms and conditions of contracts

Through an efficient management system, delivery quality is ensured. Another dimension in Nobina's active contract portfolio management is the continuous improvements made in individual contracts. Each contract is regularly evaluated and analysed based on several metrics. Contract comparisons of the latest estimates and actual performance are followed up. Wherever irregularities are identified, Nobina acts quickly to implement selective measures or, when necessary, more comprehensive changes in operations.

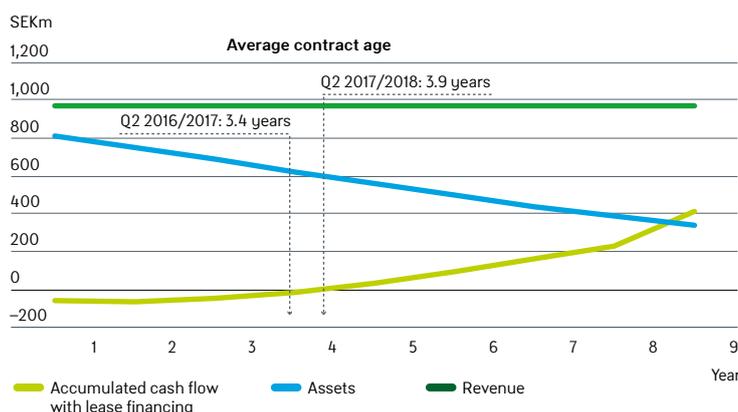
3. Optimised fleet of vehicles

Nobina's buses are purchased and managed by the wholly owned subsidiary, Nobina Fleet AB. A Group-wide fleet of vehicles affords us competitive advantages as we can optimise the buses at our disposal and centralise expertise about these. Every year, Nobina re-allocates 10–15 per cent of buses to new contracts, and even between countries, which means the fleet of vehicles is utilised as efficiently as possible and that the expected service life is guaranteed. The structure also makes it possible to mix old and new buses when tenders are submitted, which has a positive impact on costs. The fleet is financed through ten-year finance leases but is depreciated over 14 years.

4. Minimise risks

It is important to assume that each contract we win is a temporary operation that runs until the contract ends. Accordingly, all resources needed for the individual contract are always organised to coincide with the duration of the agreement in terms of contract and commitment period. By maintaining this independence, Nobina can consider tenders and always price these on completely rational grounds.

The contract portfolio's degree of maturity impacts cash flow and profitability



Market

In the Nordic region, public transport solutions are critical to a sustainable development of society. Sales in the market are estimated at SEK 45 billion, with regional traffic accounting for almost 90 per cent of this figure. In all of the Nordic markets, an average of half of the cost of regional travel is financed through the budgets of regional public administrations.

Regional tendered public transport has shown favourable growth in recent years and is expected to continue to grow moving forward, in line with a political will to increase the use of public transport and as more people choose to travel by bus. There is also a trend in all countries to include more quality criteria as part of the tender process, and towards better compensation models where incentives are based on the number of passengers and the quality experienced by the customers. Models using compensation to operators for kilometres driven and which index compensation on a few occasions each year are thus becoming less common. We have seen this from clients operating in densely populated and rapidly growing areas, where there is a move towards contracts with balanced terms for operators that enable the delivery of high-quality public transport.

Society is increasingly interested in investing in public transport, particularly in areas with a high population density, such as metropolitan areas where well-developed public transport is important for mobility in society. In addition, public transport is high on the agenda for local politicians as it becomes a more important requirement for building a sustainable society.

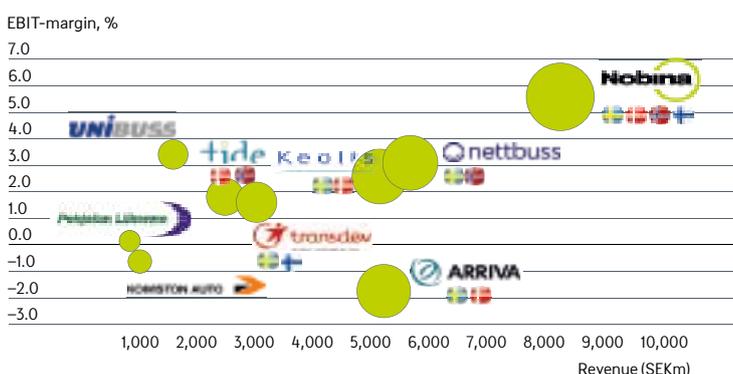
Market updates

- Increased interest in electric and BRT bus solutions at the national level from the Swedish Transport Administration as well as the Government, which corresponds to Nobina’s customer offering.
- Continued profitability improvement in the public transportation industry after the preceding fiscal year.
- The interest in electric bus solutions among PTAs continues and several tenders contain electric buses, while some existing contracts are being converted to include electric buses.
- Testing and development of self-driving buses is continuing in several geographic areas.
- New players in the Nordic express bus market are generating increased price pressure.
- The regional Board in Örebro has taken a directional decision to run the city traffic themselves after Nobina’s contract expires in 2019.
- The bus-for-rail services market continues to develop in a positive direction for all geographic areas.

Nobina's position in the market

With a 17 per cent market share (company assessment 2016–2017), Nobina is the largest public transport company in the Nordic region and the only company with operations in all of the Nordic countries. In Sweden, our leading market position is a result of high efficiency and successful work in the management and refinement of the contract portfolio. In Finland, in the role as market leader in the Helsinki region, Nobina is well positioned to increase its market share in a growing market. In the Norwegian and Danish markets, Nobina is in a challenger position, while these markets are also growing in terms of volume and the number of contracts. As the Nordic region’s largest and most experienced public transport company, the conditions remain good for profitable growth.

The Nordic public transport market for buses



Nobina is the only public transport company with operations in all four Nordic countries, which gives it a unique position with access to tender volumes in all of the countries, and economies of scale in both the business and the bus fleet. Other operators are only active in one or two markets.

The size of the bubbles in the image on the left show the Nordic market share for public bus transportation; EBIT margin includes other operations in addition to public bus transportation.

Source: Internal market study based on public information from the most recent year-end report.

Nobina's financial performance

Second quarter (1 June–31 August 2017) and first half of the year (1 March–31 August 2017)

Net sales

The second quarter

Nobina's second quarter net sales amounted to SEK 2,169 million (2,146), an increase of 1.1 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to extra traffic, passenger-driven revenue and indexation of revenue and was offset by negative effects from last year's contract migration.

The first half of the year

Nobina's net sales for the first half of the year amounted to SEK 4,445 million (4,370), an increase of 1.7 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to extra traffic, passenger-driven revenue and indexation of revenue and was offset by negative effects from last year's contract migration.

Results

The second quarter

Operating profit for the first quarter amounted to SEK 106 million (142), a decline of 25 per cent, and included nonrecurring expenses of SEK 11 million related to accrued restructuring costs, primarily for staff redundancy. In the quarter it was also decided to shorten the depreciation on express buses generating a one-off write down of SEK 10 million. The effects of contract migration adversely impacted operating profit during the period compared with last year. Profit before tax amounted to SEK 74 million (107).

The first half of the year

Operating profit for the first half of the year amounted to SEK 193 million (263), a decline of 27 per cent, and included nonrecurring expenses of SEK 23 million related to accrued restructuring costs,

primarily for staff redundancy. In the second quarter it was also decided to shorten the depreciation on express buses generating a one-off write down of SEK 10 million. Reduced efficiency and the effects of contract migration had an adverse impact on operating profit during the period compared with last year. Profit before tax amounted to SEK 124 million (193).

Income tax

As a result of historically deductible losses in Norway, Sweden and Denmark, Nobina is not subject to any tax payment that affects cash flow. In the profit for the period, Nobina recognised SEK –3 million (0) in current tax for its operations in Finland, which will impact the Group's cash flow moving forward. Nobina's income tax in the income statement for the second quarter comprised current tax of SEK –3 million (0) and the change in estimated deferred tax of SEK –12 million (–27). For the first half of the year, the income tax in the income statement comprised current tax of SEK –3 million (0) and the change in estimated deferred tax of SEK –27 million (–44).

Financial position

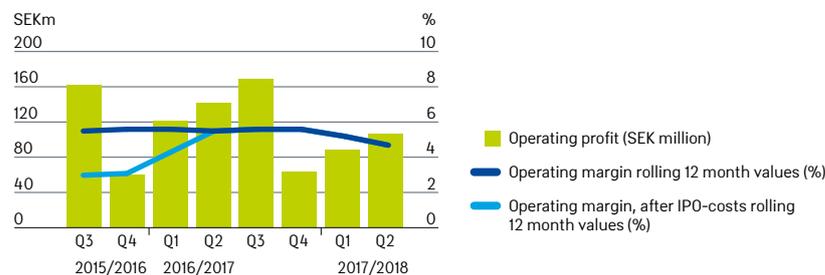
Cash and cash equivalents amounted to SEK 427 million (547) at the end of the period. In addition, Nobina had funds held on restricted bank accounts of SEK 0 million (1). Nobina has an available bank credit facility of SEK 150 million (150) as of 31 August 2017, of which SEK 0 million (0) was utilised.

Nobina's interest-bearing liabilities amounted to SEK 4,524 million (4,733), mainly divided between financial leasing liabilities of SEK 4,224 million (4,410) and other external liabilities of SEK 300 million (323). Leasing liabilities are recognised as financial leasing and are thus visible in the balance sheet. All of Nobina's liabilities are attributable to the financing of investments in buses and equipment

Net sales



Operating profit and margin



Investments (SEK MILLION)

| | June–Aug 2017 | June–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
|---------------------------------------|---------------|---------------|--------------|--------------|-----------------------|
| Investments in new buses | –261 | –465 | –452 | –570 | –811 |
| Other investments | –10 | –7 | –32 | –14 | –33 |
| Total investments | –271 | –472 | –484 | –584 | –844 |
| Lease-financed investments | 232 | 362 | 386 | 378 | 554 |
| Non-lease-financed investments | –39 | –110 | –98 | –206 | –290 |
| Of which loan-financed investments | – | – | 4 | 50 | 64 |
| Total Cash investments | –39 | –110 | –94 | –156 | –226 |

used in operations. Net debt totalled SEK 4,097 million (4,185) at the end of the first six months, and net debt/EBITDA was 3.8x (3.6x). Shareholders' equity amounted to SEK 1,229 million (1,043). The equity/assets ratio at the end of the period was 16.4 per cent (13.9).

Investments and divestments

The second quarter

Bus investments in the first quarter amounted to SEK –261 million (–465) and other investments were SEK –10 million (–7). Nobina signed financial leasing agreements of SEK 232 million (362). During the second quarter, new loans were taken totalling SEK 0 million (0). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –39 million (–110). Nobina sold buses and other PPE for a value of SEK 10 million (145). The sale generated a capital loss of SEK –10 million (–13).

The first half of the year

Bus investments in the first six months amounted to SEK –452 million (–570) and other investments were SEK –32 million (–14). Nobina signed financial leasing agreements of SEK 386 million (378). During the quarter, new loans were taken totalling SEK 4 million (50). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –94 million (–156). Nobina sold buses and other PPE for a value of SEK 32 million (151). The sale generated a capital loss of SEK –10 million (–22).

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 2016/2017 fiscal year in connection with preparation of the business plans for 2017/2018. 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. During the six-month period, Nobina AB made a capital contribution into Nobina Norge AS of

SEK –16 million and into Swebus Express AB of SEK –20 million. The capital contribution has not been valued in Nobina AB. Moreover, impairment of SEK –9 million has been applied to the book value of the shares in Swebus Express AB. The total effect on Nobina AB amounted to SEK –45 million. These items have had no impact on the Group. The management have thereafter made the assessment that the estimated recovery values exceed book values as well as goodwill and shares in subsidiaries. Consequently, no impairment was reported for the second quarter of 2017/2018; nor was any impairment reported during the 2016/2017 fiscal year.

Cash flow

The second quarter

Cash flow from operations before changes in working capital amounted to SEK 294 million (336). Working capital performed positively, amounting to SEK –90 million (–103).

Cash flow from investing activities amounted to SEK –29 million (35) and investments in buses and equipment of SEK –39 million (–110), which were financed by loans amounting to SEK 0 million (0).

Cash flow from financing activities was SEK –482 million (–441) and was impacted by the dividend of SEK –274 million (–230). Total cash flow for the quarter was SEK –308 million (–173).

The first half of the year

Cash flow from operations before changes in working capital amounted to SEK 516 million (622). Working capital performed negatively, amounting to SEK –135 million (–122).

Cash flow from investing activities amounted to SEK –66 million (–32) and was impacted by released funds held on restricted bank accounts in an amount of SEK 0 million (23) and investments in buses and equipment of SEK –98 million (–206), which were financed by loans amounting to SEK 4 million (50).

Cash flow from financing activities was SEK –686 million (–610) and was impacted by the dividend of SEK –274 million (–230). Total cash flow for the period was SEK –372 million (–141).

Result analysis for net sales and earnings

The results analysis below explains accumulated results from the preceding year to the current year, related to net sales and EBT.

Price and volume show the effects of changes in existing traffic contracts relating to prices of performed transport as well as changed transport volumes. This explanatory item includes all traffic contracts carried out by Nobina during both the preceding and current period.

Contract migration shows the effect of changes in the contract portfolio. Started traffic contracts entail increased sales, and often an initial adverse impact on earnings due to start-up costs and lower initial efficiency. A concluded traffic contract results in lower sales and loss of the contract's contribution to earnings.

Indexation shows the impact of indexation on net sales compared with underlying cost inflation as regards pay, fuel, consumables, etc., in existing contracts. This item can also include effects of ex post adjustment of index revenues, with different lag times depending on the structure of the traffic contracts.

Operational efficiency shows the effect on earnings of changes in efficiency in the operations in the form of personnel costs, maintenance, damage, etc.

Other includes the effect on earnings of sales of buses, property expenses, marketing and sales costs, as well as other administrative expenses.

Net financial items include the effect on earnings of interest payments, exchange rates and other financial items.

Results analysis for the fiscal year

Management's assessment of explanatory items regarding net sales and EBT

| (SEK million) | Net sales | EBT | Comments on the outcome |
|--|--------------|------------|--|
| Period Mar–Aug 2016 | 4,370 | 193 | |
| Price and Volume | 189 | 32 | The estimated effects of price and volume were positive during the period, both in terms of net sales and EBT, and contain positive effects of extra traffic and incentive revenue. |
| Contract migration | -220 | -23 | Traffic starts for the period and the preceding year's contract migrations are estimated to have had a negative impact on net sales and EBT. The change in net sales is attributable to Sweden and Finland and was impacted by the negative net of traffic change in the preceding year. EBT was impacted by start-up costs connected with traffic starts. |
| Operational efficiency & Indexation, net | 106 | -30 | Positive indexation effects on net sales that impact EBT, which mainly originates from Sweden. Negative impact on EBT from increased training expenses, higher sick leave rates and costs for bus maintenance. |
| Other | - | -49 | This item includes costs related to properties, IT and projects. Nonrecurring expenses primarily related to staff redundancy are also recognised in this item. |
| Net financial items | - | 1 | Profit for the year was affected by lower bus financing interest payments and foreign-exchange effects. |
| Period Mar–Aug 2017 | 4,445 | 124 | |

Age structure second quarter**Weighted average contract term, years**

8.2 (8.0)

The duration of contracts varies between countries, and was on average (weighted by the number of buses) 8.2 years.

Average age of bus fleet, years

5.8 (5.5)

Nobina's bus fleet had a relatively low average age of 5.8 years due to the large number of contract starts in the preceding year.

Weighted age of the contract portfolio, years

3.9 (3.4)

The average contract length (weighted by the number of buses) was 3.9 years.

Segments

| Net sales | Quarter | | Period | | Full-year | Rolling 12 months |
|---------------------------------------|---------------|---------------|--------------|--------------|-----------------------|-----------------------|
| | June–Aug 2017 | June–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 | Sep 2016 –Aug 2017 |
| (SEK MILLION) | | | | | | |
| Net sales by segment | | | | | | |
| Nobina Sweden | 1,460 | 1,454 | 3,019 | 3,000 | 6,058 | 6,077 |
| Nobina Denmark | 136 | 137 | 267 | 263 | 535 | 539 |
| Nobina Norway | 253 | 222 | 518 | 455 | 974 | 1,037 |
| Nobina Finland | 250 | 245 | 519 | 508 | 1,044 | 1,055 |
| Svebus | 79 | 95 | 137 | 158 | 274 | 253 |
| Central functions & other items | 1 | 2 | 2 | 5 | 16 | 13 |
| Elimination of sales within the Group | -10 | -9 | -17 | -19 | -43 | -41 |
| Total net sales | 2,169 | 2,146 | 4,445 | 4,370 | 8,858 | 8,933 |

| Results | Quarter | | Period | | Full-year | Rolling 12 months |
|----------------------------------|---------------|---------------|--------------|--------------|-----------------------|-----------------------|
| | June–Aug 2017 | June–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 | Sep 2016 –Aug 2017 |
| (SEK MILLION) | | | | | | |
| Operating profit/loss by segment | | | | | | |
| Nobina Sweden | 90 | 114 | 178 | 231 | 412 | 359 |
| Nobina Denmark | 6 | 10 | 6 | 12 | 19 | 13 |
| Nobina Norway | 2 | 11 | -9 | 10 | 20 | 1 |
| Nobina Finland | 23 | 12 | 50 | 29 | 73 | 94 |
| Svebus | -8 | 10 | -16 | 8 | 3 | -21 |
| Central functions & other items | -7 | -15 | -16 | -27 | -33 | -22 |
| Total operating profit | 106 | 142 | 193 | 263 | 494 | 424 |
| Net financial items | -32 | -35 | -69 | -70 | -139 | -138 |
| Profit before tax | 74 | 107 | 124 | 193 | 355 | 286 |
| Tax | -15 | -27 | -30 | -44 | 163 | -85 |
| Profit for the period | 59 | 80 | 94 | 149 | 518 | 201 |

Nobina's second quarter was in line with the corresponding quarter in terms of net sales, while operating profit before net financial items was lower. Earnings for the quarter were negatively impacted by contract migration and nonrecurring expenses in conjunction with restructuring.

Net sales for the half-year were somewhat higher than last year and operating profit was lower due to the adverse impact of contract migration, reduced efficiency and nonrecurring expenses in conjunction with restructuring.

Sweden

Nobina Sweden's net sales for the second quarter of the year were in line with the corresponding period. Newly started contracts, incentive revenue and index remuneration had a positive effect on net sales, while expired contracts had a negative impact. For the six months, net sales were in line with the corresponding period in the preceding year. In addition, a retroactive non-recurring payment of SEK 8 million was received after completion of negotiations with a public transport authority.

Operating profit for the quarter was lower compared with the preceding year, which was in line with expectations and driven by major contracts expiring in the phase when they have highest profitability, while new contracts with initially lower profitability were started. Costs for bus maintenance had a negative effect on earnings during the period and the net index effect had a positive impact. For the six months, operating profit was lower than in the corresponding period in the preceding year.

Denmark

Nobina Denmark's net sales for the second quarter and for the first half of the year were in line with the prior year period. The second-quarter operating profit was lower than the preceding year, which was expected since last year's profit included a positive earnings effect from lower financing costs for the bus fleet related to VAT. For the six month period, operating profit was lower than in the preceding year. The business demonstrated favourable underlying efficiency with strong key figures.

Norway

Nobina Norway's net sales increased strongly in the second quarter compared with the corresponding period, driven by the start of Route 25 in Oslo and volume increases in the existing contract portfolio. Net sales for the first half of the year were higher than the corresponding period last year. Operating profit for the second quarter was lower than in the corresponding prior year period and included traffic-start-related costs and low efficiency driven by personnel costs in Tromsø. Operating profit for the first six months was lower than in the corresponding period and an improvement initiative has been started to increase resource utilisation in Nobina Norway.

Finland

Nobina Finland's net sales for the second quarter of the year were in line with the corresponding preceding year period. Net sales for the first half of the year were slightly higher than the corresponding period. Operating profit for the second quarter was significantly higher than the corresponding prior year period and was positively impacted by the extra traffic driven by the delays in the extension of the Helsinki metro. The operations displayed strong efficiency in the area of payroll costs, which had a favourable impact on operating profit. Operating profit for the first half of the year was significantly higher than the corresponding prior year period.

Swebus

Swebus's net sales for the second quarter of the year were lower than the corresponding preceding year period, which was primarily due to lower volumes in the express bus segment. Net sales for the first half of the year were lower than the corresponding period last year. Operating profit for the second quarter was significantly lower than the corresponding period and included nonrecurring expenses related to staff redundancy costs. Operating profit for the first half of the year was significantly lower than the corresponding period last year and included nonrecurring expenses of SEK 15 million.

Central functions and other items

Central functions and other items includes property costs and costs for IT and project activities. In the quarter it was also decided to shorten the depreciation on express buses generating a one-off write down of SEK 10 million. The result also included nonrecurring items related to staff redundancy costs.

EBIT per segment

Sweden



Denmark



Norway



Finland



Swebus

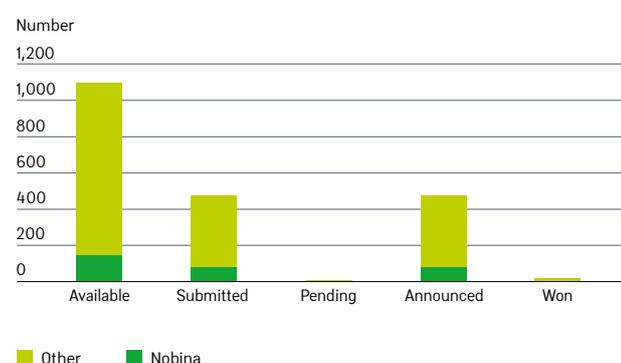


Nobina



Tenders and traffic changes

Tender volume, to date this year



Definitions:

Available – Available buses in remaining tenders this year

Submitted – Number of buses in tenders submitted by Nobina

Pending – submitted minus announced

Announced – The number of buses in tenders where results have been announced

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

Contract changes, to date this year

The table shows the change of the number of buses in service as a result of started and completed contracts. During the period, Nobina started contracts with 106 buses and contracts for 140 buses expired.

| March–August 2017 | Traffic changes during the period (Number of buses) | |
|-------------------|--|------------|
| | Started | Expired |
| Sweden | 58 | 79 |
| Norway | 21 | 45 |
| Finland | 27 | 16 |
| Denmark | 0 | 0 |
| Total | 106 | 140 |

Tender volume, to date this year

The table shows the results of the tendering processes in which Nobina has participated. Nobina submitted tenders that have been announced for 473 buses and won tenders for 16 buses.

| March–August 2017 | Tenders during the period (Number of buses) | |
|-------------------|--|-----------|
| | Completed | Won |
| Sweden | 46 | 16 |
| Norway | 370 | 0 |
| Finland | 0 | 0 |
| Denmark | 57 | 0 |
| Total | 473 | 16 |

Traffic starts and terminations during the coming 12 months, September 2017–August 2018

During the coming 12-month period, Nobina will start traffic involving 58 buses. Of these, 28 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 72 buses.

Traffic start-ups

| Clients | No. of years | Start of service | Number of buses | New buses |
|----------------------|--------------|------------------|-----------------|-----------|
| Skånetrafiken | 4 | December 2017 | 42 | 12 |
| Värmlandstrafik | 8 | December 2017 | 3 | 3 |
| Västtrafik* | 10 | December 2017 | 13 | 13 |
| Total traffic | | | 58 | 28 |

Expired traffic

| Clients | End of service | Number of buses |
|----------------------|----------------|-----------------|
| Skyss, Norway | August 2018 | 72 |
| Total traffic | | 72 |

* The award decision has been appealed by a competitor

The Nobina share

The Nobina share (ticker: Nobina) is listed on Nasdaq Stockholm and belongs to the Mid Cap and Industry sector segment. As of 31 August 2017, there was a total of 88,355,682 shares in Nobina,

carrying one vote each. The number of shareholders at the close of the period was 17,326. Nobina has no treasury shares.

Key ratios

| Nobina | Quarter | | Period | | Full-year |
|---|---------------|---------------|---------------|---------------|-------------------|
| | June–Aug 2017 | June–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016–Feb 2017 |
| Earnings per share (SEK) | 0.68 | 0.91 | 1.07 | 1.68 | 5.86 |
| Equity per share (SEK) | 13.9 | 11.8 | 13.9 | 11.8 | 16.1 |
| Number of shares outstanding at end of period | 88,355,682 | 88,355,682 | 88,355,682 | 88,355,682 | 88,355,682 |
| Average number of shares (thousands) | 88,356 | 88,356 | 88,356 | 88,356 | 88,356 |

Nobina's financial targets

| | Target | 2016/2017 | Rolling 12 months | Definition |
|-------------------------------|---------------------------------|-------------------|-------------------|---|
| Net sales | Increasing more than the market | 8,858 | 8,933 | Nobina aims to grow net sales at a rate faster than the market. (Measured in the number of journeys using public transport in the Nordic region). |
| EBT margin ¹⁾ | 4.5% | 4.0% | 4.4% | Nobina will increase profit before tax and achieve an EBT margin in excess of 4.5 per cent in the medium term. |
| Net debt/EBITDA ²⁾ | 3.0x-4.0x | 3.2x | 3.6x | In normal circumstances, Nobina intends to maintain a net debt/equity ratio of between 3.0x and 4.0x in relation to EBITDA. |
| Dividend policy ³⁾ | 75% of EBT | 77% ⁴⁾ | n/a | Nobina has established a dividend policy and anticipates distributing at least 75 per cent of profit before tax (EBT). |

1) EBT is defined as profit before tax.

2) Profit/loss for the period before net financial items, taxes, amortisation/impairment of intangible and tangible non-current assets and capital gains/losses on the sale of non-current assets. EBITDA for the past twelve months. Debts can temporarily exceed this range on the start-up of new contracts.

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

4) The Annual General Meeting resolved on a dividend based on the Group's dividend policy.

Information on performance measures

Performance measures for the past five quarters (definitions of performance measures and verification of alternative performance measures (APM) are presented on pages 24–25).

Key ratios

| SEK million, except as otherwise indicated | 2016/2017 | | | 2017/2018 | |
|--|-----------|--------|--------|-----------|--------|
| | Q2 | Q3 | Q4 | Q1 | Q2 |
| Net sales for the period | 2,146 | 2,245 | 2,243 | 2,276 | 2,169 |
| Operating profit for the period | 142 | 168 | 63 | 87 | 106 |
| Earnings before tax (EBT) for the period | 107 | 131 | 31 | 50 | 74 |
| Loss for the period | 80 | 102 | 267 | 35 | 59 |
| Cash flow for the period | -173 | 154 | 101 | -64 | -308 |
| Cash and cash equivalents | 547 | 706 | 804 | 741 | 427 |
| Equity/assets ratio, % | 13.9 | 15.3 | 17.9 | 18.5 | 16.4 |
| EBITDA | 318 | 330 | 220 | 243 | 289 |
| EBITDA margin, % | 14.8 | 14.7 | 9.8 | 10.7 | 13.3 |
| EBITDAR | 333 | 343 | 235 | 255 | 300 |
| EBITDAR margin, % | 15.5 | 15.3 | 10.5 | 11.2 | 13.8 |
| Shareholders' equity | 1,043 | 1,162 | 1,421 | 1,454 | 1,229 |
| Shareholders' equity/ordinary share, SEK | 11.8 | 13.2 | 16.1 | 16.5 | 13.9 |
| Number of buses (on balance-sheet date) | 3,684 | 3,587 | 3,564 | 3,639 | 3,670 |
| Estimated FTEs | 9,244 | 9,172 | 8,889 | 9,411 | 9,579 |
| Production hours | 2,674 | 2,731 | 2,896 | 2,883 | 2,682 |
| Production kilometres | 69,159 | 73,901 | 73,581 | 75,182 | 69,694 |

Other information

Personnel

Nobina had 9,579 (9,244) employees (FTEs). The change in the number of employees is mainly a result of contract migration. Nobina applies collective agreements and has well-established principles and traditions as to the manner in which working hours, remuneration conditions, information and cooperation are negotiated.

Parent Company

The Parent Company has 10 (10) 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 were comprised entirely of internal services, amounted to SEK 12 million (12) during the second quarter. The pre-tax loss for the second quarter amounted to SEK -32 million (-14). Net sales for the period and earnings for the first half of the year totalled SEK 23 million (22) and SEK -53 million (-22) respectively.

Cash and cash equivalents as well as restricted bank accounts amounted to SEK 402 million (0) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 31 August 2017, the Parent Company's equity was SEK 2,562 million (2,676). The equity/assets ratio was 61 per cent (71).

Transactions with closely related parties

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

Seasonal variations

Sales, earnings and cash flow trends vary between quarters and differ as regards the regional and interregional transport operations. For regional operations, the third quarter is the strongest due to a higher traffic volumes, a larger number of working days, and high levels of travel activity for the general public, while the second and fourth quarters are weaker due to lower traffic volumes during vacation and public holiday periods and higher costs during the winter.

The trend as regards interregional operations is different inasmuch as the second quarter is strongest due to a higher number of passengers during the vacation period. The breakdown of sales and earnings by quarter is shown in the key ratio table on page 10.

Risk 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 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 March, Nobina entered into a diesel cap contract for the Norwegian subsidiary, regarding 500 metric tonnes per month for the period March 2017 through October 2017. The strike price for the cap was NOK 4,450 per metric ton. The constituent cap did not result in any payment to Nobina during the period.

Nobina may be affected by the result of appeals regarding the tender outcome. However, the impact is limited as no vehicle is on order and no other investments will be made before a traffic contract is signed.

For more information regarding risks and uncertainty factors, see the corresponding section in Nobina AB's Annual report 2016/2017.

Disputes

Nobina has an ongoing dispute against Länstrafiken Örebro for faulty gas quality. In addition, there is an ongoing dispute against HSL regarding restricted allocation to Nobina of contracts won and the application of allocation criteria.

Financing

Nobina has as its primary strategy the financing of the purchase of vehicles with financial leasing or loans with a term of ten years at a residual value of 10 per cent. Leasing liabilities are recognised as financial leasing and are, like loans, visible in the balance sheet. All of Nobina's liabilities are attributable to the financing of investments in buses and equipment used in operations.

Nobina has an available bank credit facility of SEK 150 million (150) as of 31 May 2017.

Financial targets and Dividend policy

Nobina's Board has confirmed that the financial targets and the dividend policy that were adopted ahead of the IPO in 2015 continue to apply (see page 10).

Significant events during the second quarter

- A new, SEK 320 million traffic contract in Kungsbacka was won with Västtrafik comprising 13 scheduled buses. The contract starts in June 2018 and extends over ten years.
- Extension of the contract with Skånetrafiken in Malmö and an investment in electric buses. The extension runs until 2021 and comprises a total of 83 scheduled buses, of which 13 are new electric buses.
- A collaboration with SL to develop city transport in Norrtälje Municipality together with an investment in electric buses. The contract extends until 2021 and five electric buses will enter traffic in August 2018.
- Troms Fylkestrafikk and Nobina Norway agreed to exercise half of the extension option. The existing contract which encompasses 127 scheduled buses will end on 31 July 2019.
- Swebus was restructured as part of the strategic review of inter-regional operations. Swebus is being integrated into Nobina Sweden, management changes are ongoing and provisions have been made for nonrecurring expenses of SEK 15 million accumulated at the end of the second quarter.
- A partnership has been initiated with Telia aimed at analysing traveller needs in public transportation.

Significant events after the end of the quarter

- No significant events noted after the end of the quarter.

Accounting policies

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 2016/2017. See pages 24–25 for further details regarding performance measure definitions as well as “Note 1 Company information and accounting principles” in the annual report 2016/2017, 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 2016/17 Annual Report. No transfers were made between any of the valuation levels during the period. The financial statements for the Parent Company, Nobina AB, were prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 “Accounting for Legal Entities”, as well as opinions issued by the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and covers pages 1–25, and the interim period information on pages 1–14 thus constitutes an integral part of this financial report.

Assurance

The CEO and the 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, 27 September 2017

Jan Sjöqvist
Chairman of the Board

John Allkins
Director

Graham Oldroyd
Director

Liselott Kilaas
Director

Monica Lingegård
Director

Ragnar Norbäck
Director

Magnus Rosén
President and CEO

Financial calendar

| | |
|---|------------------|
| Interim report 1 September–30 November 2017 | 21 December 2017 |
| Year-end Report 2017/2018 | 6 April 2018 |
| Annual General Meeting 2017/2018 | 31 May 2018 |

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CET on Thursday, 28 September 2017. The presentation will be available on the website in connection with the telephone conference.

Telephone numbers and web link for participants are available on the website, www.nobina.com.

Contact persons

For further information, please contact:



| | |
|---|------------------|
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| Per Skärgård, CFO | +46 8-410 65 056 |
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www.nobina.com
 Reg. no. 556576-4569

Auditor's report

Nobina AB, org nr 556576-4569

Introduction

We have reviewed the condensed interim financial information (interim report) of Nobina AB as of 31 August 2017 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, 27 September 2017

PricewaterhouseCoopers

Michael Bengtsson

Authorized Public Accountant

Condensed consolidated income statement

| SEK million | Quarter | | Period | | Full-year |
|---|--------------|--------------|--------------|--------------|-----------------------|
| | Jun–Aug 2017 | Jun–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
| Net sales | 2,169 | 2,146 | 4,445 | 4,370 | 8,858 |
| Operating expenses | | | | | |
| Fuel, tyres and other consumables | –376 | –371 | –799 | –780 | –1,637 |
| Other external expenses | –339 | –362 | –682 | –689 | –1,404 |
| Personnel costs | –1,165 | –1,095 | –2,432 | –2,290 | –4,656 |
| Capital losses from the disposal of non-current assets | –10 | –13 | –10 | –22 | –14 |
| Depreciation/amortisation of intangible and tangible non-current assets | –173 | –163 | –329 | –326 | –653 |
| Operating profit | 106 | 142 | 193 | 263 | 494 |
| Profit from net financial items | | | | | |
| Financial income | – | – | – | 1 | 1 |
| Financial expenses, note 1 | –32 | –35 | –69 | –71 | –140 |
| Net financial items | –32 | –35 | –69 | –70 | –139 |
| Profit before tax | 74 | 107 | 124 | 193 | 355 |
| Income tax | –15 | –27 | –30 | –44 | 163 |
| PROFIT FOR THE PERIOD | 59 | 80 | 94 | 149 | 518 |
| Profit for the period attributable to Parent Company shareholders | 59 | 80 | 94 | 149 | 518 |
| Earnings per share before dilution (SEK) | 0.68 | 0.91 | 1.07 | 1.68 | 5.86 |
| Earnings per share after dilution (SEK) | 0.68 | 0.91 | 1.07 | 1.68 | 5.86 |
| Average number of shares before dilution (000s) | 88,356 | 88,356 | 88,356 | 88,356 | 88,356 |
| Average number of shares after dilution (000s) | 88,356 | 88,356 | 88,356 | 88,356 | 88,356 |
| Number of shares outstanding at year-end (thousands) | 88,356 | 88,356 | 88,356 | 88,356 | 88,356 |

Statement of consolidated comprehensive income

| SEK million | Quarter | | Period | | Full-year |
|--|--------------|--------------|--------------|--------------|-----------------------|
| | Jun–Aug 2017 | Jun–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
| Profit for the period | 59 | 80 | 94 | 149 | 518 |
| Other comprehensive income | | | | | |
| Items not to be reclassified to profit or loss for the period | | | | | |
| Revaluation of defined-benefit pension plan | 1 | 1 | 1 | 1 | 0 |
| Tax on items that will not be reclassified to profit or loss for the period | 0 | 0 | 0 | 0 | 0 |
| Items that can later be reclassified to profit or loss for the period | | | | | |
| Exchange-rate differences in foreign operations | –11 | 12 | –13 | 13 | 23 |
| Other comprehensive income for the period, net after tax | –10 | 13 | –12 | 14 | 23 |
| Comprehensive income for the period | 49 | 93 | 82 | 163 | 541 |
| COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | 49 | 93 | 82 | 163 | 541 |

Condensed consolidated balance sheet

| SEK million | 31 Aug 2017 | 31 Aug 2016 | Full-year 28 Feb 2017 |
|---|--------------|--------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 579 | 579 | 586 |
| Other intangible assets | 5 | 7 | 4 |
| Costs for leasehold improvements | 33 | 34 | 34 |
| Equipment, tools, fixtures and fittings | 82 | 68 | 72 |
| Vehicles | 5,197 | 5,261 | 5,178 |
| Deferred tax assets | 287 | 80 | 306 |
| Assets for pension commitments | 19 | 10 | 20 |
| Other non-current receivables | 4 | 4 | 1 |
| Total non-current assets | 6,206 | 6,045 | 6,201 |
| Current assets | | | |
| Inventories | 44 | 46 | 48 |
| Trade receivables | 501 | 521 | 495 |
| Other current receivables | 41 | 56 | 81 |
| Deferred expenses and accrued income | 262 | 279 | 328 |
| Restricted bank accounts | 0 | 1 | 0 |
| Cash and cash equivalents | 427 | 547 | 804 |
| Total current assets | 1,275 | 1,450 | 1,756 |
| TOTAL ASSETS | 7,481 | 7,493 | 7,957 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity attributable to Parent Company shareholders | 1,229 | 1,043 | 1,421 |
| Non-current liabilities | | | |
| Borrowing, Note 1 | 3,776 | 3,940 | 3,832 |
| Deferred tax liabilities | 132 | 105 | 124 |
| Provisions for pensions and similar commitments | 43 | 41 | 46 |
| Other provisions | 39 | 41 | 56 |
| Total non-current liabilities | 3,990 | 4,127 | 4,058 |
| Current liabilities | | | |
| Accounts payable | 438 | 441 | 569 |
| Borrowing, Note 1 | 705 | 752 | 679 |
| Other current liabilities | 193 | 205 | 215 |
| Accrued expenses and deferred income | 926 | 925 | 1,015 |
| Total current liabilities | 2,262 | 2,323 | 2,478 |
| Total liabilities | 6,252 | 6,450 | 6,536 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 7,481 | 7,493 | 7,957 |

Condensed consolidated statement of changes in equity

| SEK million | Share capital | Other contributed capital | Translation differences | Profit/loss brought forward | Total equity attributable to Parent Company shareholders |
|---|---------------|---------------------------|-------------------------|-----------------------------|--|
| Opening equity, 1 March 2016 | 318 | 3,212 | 5 | -2,425 | 1,110 |
| Profit for the year | - | - | - | 149 | 149 |
| Other comprehensive income | - | - | 13 | 1 | 14 |
| Transactions with owners | | | | | |
| Dividend | - | - | - | -230 | -230 |
| Closing equity, 31 August 2016 | 318 | 3,212 | 18 | -2,505 | 1,043 |
| Profit for the year | - | - | - | 369 | 369 |
| Other comprehensive income | - | - | 10 | -1 | 9 |
| Closing equity, 28 February 2017 | 318 | 3,212 | 28 | -2,137 | 1,421 |
| Opening equity, 1 March 2017 | 318 | 3,212 | 28 | -2,137 | 1,421 |
| Profit for the year | - | - | - | 94 | 94 |
| Other comprehensive income | - | - | -13 | 1 | -12 |
| Transactions with owners | | | | | |
| Dividend | - | - | - | -274 | -274 |
| Closing equity, 31 August 2017 | 318 | 3,212 | 15 | -2,316 | 1,229 |

There are no non-controlling interests.

Condensed consolidated cash-flow statement

| SEK million | Quarter | | Period | | Full-year |
|--|--------------|--------------|--------------|--------------|-----------------------|
| | Jun–Aug 2017 | Jun–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
| Cash flow from operating activities | | | | | |
| Profit after financial items | 74 | 107 | 124 | 193 | 355 |
| Adjustments for non-cash items | 220 | 229 | 392 | 429 | 824 |
| Cash flow from operations before changes in working capital | 294 | 336 | 516 | 622 | 1,179 |
| Cash flow from changes in working capital | | | | | |
| Change in inventories | 1 | –1 | 4 | – | –2 |
| Changes in operating receivables | 82 | –19 | 88 | –1 | –41 |
| Changes in operating liabilities | –173 | –83 | –227 | –121 | 97 |
| Total change in working capital | –90 | –103 | –135 | –122 | 54 |
| Received interest income | –1 | – | –1 | 1 | 1 |
| Tax paid | – | – | – | – | – |
| Cash flow from operating activities | 203 | 233 | 380 | 501 | 1,234 |
| Cash flow from investing activities | | | | | |
| Changes in restricted bank accounts | – | – | – | 23 | 24 |
| Investments in PPE and intangible assets, excl. financial leases | –39 | –110 | –98 | –206 | –290 |
| Divestment of PPE and intangible assets | 10 | 145 | 32 | 151 | 160 |
| Cash flow from investing activities | –29 | 35 | –66 | –32 | –106 |
| Cash flow from financing activities | | | | | |
| Amortisation of financial liability | –162 | –166 | –325 | –338 | –667 |
| Amortisation of other external loans | –13 | –10 | –24 | –21 | –39 |
| New borrowing, other external loans | – | – | 4 | 50 | 64 |
| Interest paid | –33 | –35 | –67 | –71 | –142 |
| Dividend | –274 | –230 | –274 | –230 | –230 |
| Cash flow from financing activities | –482 | –441 | –686 | –610 | –1,014 |
| Cash flow for the period | –308 | –173 | –372 | –141 | 114 |
| Cash and cash equivalents at the beginning of the period | 741 | 715 | 804 | 683 | 683 |
| Cash flow for the period | –308 | –173 | –372 | –141 | 114 |
| Exchange-rate difference | –6 | 5 | –5 | 5 | 7 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 427 | 547 | 427 | 547 | 804 |

Consolidated income statement – Parent Company

| SEK million | Quarter | | Period | | Full-year |
|---|--------------|--------------|--------------|--------------|-----------------------|
| | Jun–Aug 2017 | Jun–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
| Net sales | 12 | 12 | 23 | 22 | 44 |
| Operating expenses | | | | | |
| Other external expenses | –5 | –5 | –10 | –8 | –22 |
| Personnel costs | –12 | –16 | –22 | –26 | –43 |
| Depreciation/amortisation of intangible and tangible non-current assets | – | – | – | – | – |
| Operating profit | –5 | –9 | –9 | –12 | –21 |
| Loss from participations in Group companies | –29 | – | –45 | – | 277 |
| Financial income | 1 | 1 | 3 | 2 | 6 |
| Financial expenses | 1 | –6 | –2 | –12 | –16 |
| Net financial items | –27 | –5 | –44 | –10 | 267 |
| Profit before tax | –32 | –14 | –53 | –22 | 246 |
| Income tax | – | – | – | – | –55 |
| PROFIT/LOSS FOR THE PERIOD | –32 | –14 | –53 | –22 | 191 |

Since there are no items attributable to other comprehensive income, other comprehensive income is not recognised.

Condensed balance sheet – Parent Company

| SEK million | 31 Aug 2017 | 31 Aug 2016 | Full-year 28 Feb 2017 |
|---|--------------|--------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Participations in Group companies | 3,676 | 3,685 | 3,685 |
| Deferred tax assets | 25 | 80 | 25 |
| Receivables from Group companies | – | 6 | – |
| Total non-current assets | 3,701 | 3,771 | 3,710 |
| Current assets | | | |
| Receivables from Group companies | 103 | 1 | 398 |
| Other current receivables | 1 | 1 | – |
| Deferred expenses and accrued income | 2 | 1 | 1 |
| Cash and cash equivalents | 402 | – | 796 |
| Total current assets | 508 | 3 | 1,195 |
| TOTAL ASSETS | 4,209 | 3,774 | 4,905 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity attributable to Parent Company shareholders | 2,562 | 2,676 | 2,889 |
| Non-current liabilities | | | |
| Liabilities to Group companies | – | 621 | – |
| Provisions for pensions and similar commitments | 10 | 14 | 10 |
| Total non-current liabilities | 10 | 635 | 10 |
| Current liabilities | | | |
| Accounts payable | 2 | 1 | 1 |
| Liabilities to Group companies | 1,624 | 456 | 1,991 |
| Other current liabilities | 2 | 1 | 1 |
| Accrued expenses and deferred income | 9 | 5 | 13 |
| Total current liabilities | 1,637 | 463 | 2,006 |
| Total liabilities | 1,647 | 1,098 | 2,016 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 4,209 | 3,774 | 4,905 |

Condensed Parent Company statement of changes in equity

| SEK million | Share capital | Statutory reserve | Share premium reserve | Profit/loss brought forward | Profit/loss for the period | Total shareholders' equity |
|--|---------------|-------------------|-----------------------|-----------------------------|----------------------------|----------------------------|
| Opening equity, 1 March 2016 | 318 | 1 | 1,336 | 1,871 | -598 | 2,928 |
| Transfer of the preceding year's profit/loss | - | - | - | -598 | 598 | - |
| Profit for the year | - | - | - | - | -22 | -22 |
| Transactions with owners | | | | | | |
| Dividend | - | - | - | -230 | - | -230 |
| Closing equity, 31 August 2016 | 318 | 1 | 1,336 | 1,043 | -22 | 2,676 |
| Profit for the year | - | - | - | - | 213 | 213 |
| Closing equity, 28 February 2017 | 318 | 1 | 1,336 | 1,043 | 191 | 2,889 |
| Opening equity, 1 March 2017 | 318 | 1 | 1,336 | 1,043 | 191 | 2,889 |
| Transfer of the preceding year's profit/loss | - | - | - | 191 | -191 | - |
| Loss for the year | - | - | - | - | -53 | -53 |
| Transactions with owners | | | | | | |
| Dividend | - | - | - | -274 | - | -274 |
| Closing equity, 31 August 2017 | 318 | 1 | 1,336 | 960 | -53 | 2,562 |

Notes

NOTE 1 FINANCING

| SEK million, except as otherwise indicated | Quarter | | Period | | Full-year |
|---|--------------|--------------|--------------|--------------|-----------------------|
| | Jun–Aug 2017 | Jun–Aug 2016 | Mar–Aug 2017 | Mar–Aug 2016 | Mar 2016 –Feb 2017 |
| Operating leases – buses | | | | | |
| Nominal value of future minimum leasing fees, buses | –4 | –57 | 163 | 113 | 174 |
| Present value of future minimum leasing fees, buses | –4 | –55 | 156 | 107 | 166 |
| Number of operational leases, buses | –103 | –14 | 333 | 376 | 321 |
| Fees for operating leases for the period | 11 | 15 | 23 | 26 | 54 |
| Borrowing | | | | | |
| Other loans for bus financing | –17 | –3 | 257 | 282 | 280 |
| Finance lease liability for bus financing | 31 | 149 | 4,224 | 4,410 | 4,231 |
| Total | 14 | 146 | 4,481 | 4,692 | 4,511 |
| Of which short-term repayment by installment of portion of the Group's borrowings | – | – | 705 | 752 | 679 |
| Of which long-term portion of the Group's borrowing | 14 | 146 | 3,776 | 3,940 | 3,832 |
| Total liabilities | 14 | 146 | 4,481 | 4,692 | 4,511 |
| Interest expenses and similar loss items | | | | | |
| Interest expense, finance leases | –29 | –32 | –60 | –64 | –128 |
| Interest expense, other loans | –3 | –2 | –5 | –5 | –10 |
| Other financial expenses | –1 | –2 | –2 | –3 | –5 |
| Realised and unrealised exchange gains/losses, net | 1 | 1 | –2 | 1 | 3 |
| Total | –32 | –35 | –69 | –71 | –140 |

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| SEK million, except as otherwise indicated | Group | | Parent Company | |
|--|-------------|-------------|----------------|--------------|
| | 31 Aug 2017 | 31 Aug 2016 | 31 Aug 2017 | 31 Aug 2016 |
| Pledged assets | | | | |
| Other pledged assets | 150 | 151 | 224 | 36 |
| Contingent liabilities | | | | |
| Guarantee of lease obligations and other obligations | 21 | – | 4,481 | 4,692 |
| Total pledged assets and contingent liabilities | 171 | 151 | 4,705 | 4,728 |

Glossary

Airport transfers – Trips that enable connections to and from airports.

Change prices – How much compensation changes per bus hour or kilometres within the framework of the contract volume.

City transport – Transport in a densely populated area.

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 procurements are carried out in accordance with Swedish public procurement acts.

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.

Contract volume – The client's (PTA's) right to change the production volume within the framework of the contract.

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 indexes intended to represent important cost elements for the traffic companies, such as salaries, fuel and maintenance, and which occurs at predetermined intervals.

Interregional transport – Nobina's segment for transport services conducted completely on own merits without restrictions or subsidies from authorities.

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 in accordance with predetermined production, a 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 procurements are carried out in accordance with Swedish public procurement acts.

Regional traffic – Nobina's segment for transport services tendered from a public client.

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

Seat kilometres – Measure of the service provided. The number of seats in a bus multiplied by the bus's driving distance in kilometres.

Subcontractor – A party assigned by the traffic company to assist in the provision of transport services.

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 on performance measures

Definitions

Alternative performance measures

In its interim report, Nobina presents performance measures as supplementary financial measures as defined by IFRS, so-called APM (Alternative Performance Measures). The company is of the opinion that the performance measures provide valuable and significant information for investors and company management, since they facilitate an evaluation of the company's performance. Financial

non-IFRS measures are subject to limitations as analytical tools and should not be regarded as isolated or as replacements for financial measures prepared pursuant to IFRS. Financial non-IFRS measures are reported in order to improve the investors' valuation of the company's results from operations and position. The financial non-IFRS measures presented in this report can differ from similar measures used by other companies.

| Key ratios | Description |
|---|---|
| Rolling 12 months | Total for the most recent four quarters |
| EBIT | Operating profit before net financial items and taxes |
| EBITDA | Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets |
| EBITDA margin | EBITDA in relation to net sales |
| EBITDAR | Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets and operating leasing expenses for buses |
| EBITDAR margin | EBITDAR in relation to net sales |
| Interest-bearing liabilities | Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) |
| Net debt | Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank balances |
| Net debt/EBITDA | Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank accounts in relation to EBITDA during four sequential quarters |
| Renewal rate | All won tenders/All own announced tenders |
| Retention rate | Defended tenders/Own announced tenders |
| Average number of employees (FTEs) | The number of hours paid divided by normal working hours for a full-time employee |
| Cash investments | Cost of investments in non-current assets less sales 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 year divided by average number of shares |
| Earnings per share after full dilution | Profit for the year divided by average number of shares after full dilution |
| Shareholders' equity per ordinary share | Shareholders' equity per ordinary share as per the balance-sheet date |
| Dividend yield | Dividend in relation to the company's share price as per the balance-sheet date |
| Equity/assets ratio | Equity in relation to total assets at the end of the financial year |
| Yield | Revenue per driven kilometre |
| Contract length | A publicly tendered contract concluded for the provision of transport services between a client and a public transport company. 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 |
| Production hours | Number of hours produced as part of a contract |
| Production kilometres | Total number of kilometres produced as part of a contract |
| Number of buses | The number of buses that are owned on finance or operating leases or rented on a short-term basis at the end of the period |

Verification of alternative performance measures

| Key ratios | 2016/2017 | | 2017/2018 | | 2016/2017 | | Rolling | Full-year |
|--|--------------|--------------|--------------|--------------|-------------------------------|-------------------------------|------------------------------------|-----------------------|
| | Q3 | Q4 | Q1 | Q2 | Acc 2 Mar-Aug 2017/2018 | Acc 2 Mar-Aug 2016/2017 | 12 months Sep 2016 -Aug 2017 | Mar 2016 -Feb 2017 |
| SEK million, except as otherwise indicated | | | | | | | | |
| Net sales | 2,245 | 2,243 | 2,276 | 2,169 | 4,445 | 4,370 | 8,933 | 8,858 |
| Operating profit | 168 | 63 | 87 | 106 | 193 | 263 | 424 | 494 |
| Earnings before tax (EBT) | 131 | 31 | 50 | 74 | 124 | 193 | 286 | 355 |
| Cash flow for the period | 154 | 101 | -64 | -308 | -372 | -141 | -117 | 114 |
| EBITDA and EBITDAR: | | | | | | | | |
| Operating profit | 168 | 63 | 87 | 106 | 193 | 263 | 424 | 494 |
| Capital losses from the disposal of non-current assets | 4 | -12 | 0 | 10 | 10 | 22 | 2 | 14 |
| Depreciation/amortisation of intangible and tangible non-current assets | 158 | 169 | 156 | 173 | 329 | 326 | 656 | 653 |
| Total EBITDA | 330 | 220 | 243 | 289 | 532 | 611 | 1,082 | 1,161 |
| Fees for operating leases for the period | 13 | 15 | 12 | 11 | 23 | 26 | 51 | 54 |
| Total EBITDAR | 343 | 235 | 255 | 300 | 555 | 637 | 1,133 | 1,215 |
| Interest-bearing liabilities: | | | | | | | | |
| Non-current borrowing | 3,896 | 3,832 | 3,762 | 3,776 | 3,776 | 3,940 | 3,776 | 3,832 |
| Pension liability | 41 | 46 | 45 | 43 | 43 | 41 | 43 | 46 |
| Current borrowing | 752 | 679 | 705 | 705 | 705 | 752 | 705 | 679 |
| Total interest-bearing liabilities | 4,689 | 4,557 | 4,512 | 4,524 | 4,524 | 4,733 | 4,524 | 4,557 |
| Cash | -706 | -804 | -741 | -427 | -427 | -547 | -687 | -804 |
| Restricted bank accounts | - | - | - | 0 | 0 | -1 | 0 | - |
| Total net debt | 3,983 | 3,753 | 3,771 | 4,097 | 4,097 | 4,185 | 3,837 | 3,753 |
| EBITDA Q1 | 293 | 293 | 243 | 243 | 243 | 293 | | |
| EBITDA Q2 | 318 | 318 | 318 | 289 | 289 | 318 | | |
| EBITDA Q3 | 330 | 330 | 330 | 330 | 330 | 330 | | |
| EBITDA Q4 | 227 | 220 | 220 | 220 | 220 | 227 | | |
| Total EBITDA full-year | 1,168 | 1,161 | 1,111 | 1,082 | 1,082 | 1,168 | 1,133 | 1,161 |
| Net debt/EBITDA | 3.41 | 3.23 | 3.39 | 3.79 | 3.79 | 3.58 | 3.38 | 3.23 |

This is Nobina

>> Our role is:

To promote increased mobility in society

>> Our offering to customers:

Simpler everyday travel

>> We deliver this by:

**Making it friendly, creating simple solutions,
making it good value**

>> We succeed, by living according to our values:

We are here for our customers

We are sensitive to the needs of our customers and show customers courtesy and respect. We keep our promises, develop affordable solutions and make life easier for our customers.

In all we do, we strive to develop

We achieve targets and deliver results. We are resource-efficient and deliver at least the promised quality. We work using management by objectives and systematic follow-up to constantly improve the company and our services.

We respect each other

We safeguard the equal value of all human beings and treat each other with courtesy and respect. Together we create a secure and creative working climate that stimulates initiatives and suggestions for improvements. We take action in the case of lack of respect toward customers, each other and the company.

We safeguard good leadership

We have well-defined requirements for our managers and employees. We put the interests of our clients and the company ahead of our own. We promote boundless cooperation. We provide feedback on work done and highlight achievements. We can manage trust.

We care

We take an active responsibility for the environment and society. We promote health and personal development. We comply with laws and regulations. We are committed and care about each other, our customers and the world around us.

>> We do all of this because we have a vision:

**EVERYONE WANTS TO
TRAVEL WITH US**

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