

ALL FINANCIAL TARGETS FROM THE IPO MET

The second quarter

- Net sales amounted to SEK 2,235 million (2,076), an increase of 7.7 per cent.
- Operating profit amounted to SEK 117 million (114).
- Profit before tax amounted to SEK 86 million (82).
- Profit after tax amounted to SEK 65 million (65), and earnings per share totalled SEK 0.73 (0.74).
- Cash flow from operations excluding changes in working capital was SEK 300 million (303).

The first half of the year

- Net sales amounted to SEK 4,596 million (4,281), an increase of 7.4 per cent.
- Operating profit amounted to SEK 221 million (209).
- Profit before tax amounted to SEK 158 million (140).
- Profit after tax amounted to SEK 119 million (106), and earnings per share totalled SEK 1.36 (1.20).
- Cash flow from operations excluding changes in working capital was SEK 575 million (532).

The financial information presented in the report pertains to continuing operations, unless otherwise stated. The divestment of Swebus Express AB was reported pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

Significant events during the second quarter

- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla Municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services commencing fall 2018.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition was conditional on the approval of the Swedish Competition Authority, which has now been obtained, and is expected to be concluded in the third quarter of 2018.

Significant events after the end of the quarter

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

KEY METRICS FOR CONTINUING OPERATIONS ¹⁾

(SEK million, except as otherwise indicated)	Quarter		Period		Full year	
	Jun-Aug 2018	Jun-Aug 2017	Mar-Aug 2018	Mar-Aug 2017	Mar 2017 –Feb 2018	Rolling 12 months
Net sales	2,235	2,076	4,596	4,281	8,802	9,117
Operating profit (EBIT)	117	114	221	209	526	538
Profit before tax (EBT)	86	82	158	140	391	409
Cash flow for the period	-300	-306	-374	-366	-61	-66
			31 Aug 2018	31 Aug 2017	28 Feb 2018	Rolling 12 months
Cash and cash equivalents			402	427	720	636
Shareholders' equity			1,344	1,229	1,436	1,595
Net debt/EBITDA			3.0x	3.7x	3.0x	3.0x
Equity/assets ratio, %			18.6	16.4	18.4	22.0

A complete table of key metrics can be found on page 11.

¹⁾ The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

Statement from the CEO

During the second quarter, we continued to deliver higher revenue and stable profitability. Profit before tax (EBT) amounted to SEK 86 million (82), which includes a capital loss recognized earlier of SEK 20 million following the faster than anticipated phasing out of excess buses in connection with the contracts ending in Nordhordland in Norway. Operations in Norway otherwise demonstrated a significant improvement in underlying profitability. The main reason was profitable extra business and higher revenue due to business development in existing contracts. For other markets, Sweden continued its positive performance in line with the increasing contract maturity of its portfolio, while Finland noted lower profitability, as expected, in comparison with the previous year, which was a result of the end of the metro replacement services contract in the Helsinki region at year-end.

Nobina was listed just over three years ago and I can confirm that all of the financial targets established ahead of the listing have been met. We have demonstrated an average annual growth rate of 6.5 per cent, almost twice underlying market growth, our net debt/equity ratio is in the lower part of the target range and the margin for profit before tax was 4.5 per cent for the latest 12-month period. By concentrating resources in our four strategic areas – Bus solutions, Contract management, Resource efficiency and Employee development – there are good opportunities for continued profitable growth. We will talk more about our strategy work at the Capital Markets Day in Stockholm on 9 October.

In addition to continuing organic growth, we are actively opportunistic on acquisitions and have clear assessment criteria in this area. As previously communicated, during the second quarter we signed an agreement to acquire Samtrans, the leading player in special public transport in Stockholm County. The competition authority has approved the acquisition and we expect to conclude the transaction in the third quarter. I look forward to welcoming Samtrans to Nobina and to realising new business opportunities moving forward.

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"I CAN CONFIRM THAT ALL OF THE FINANCIAL TARGETS ESTABLISHED AHEAD OF THE LISTING HAVE BEEN MET"

It is worth repeating that the outlook for public bus transport services is excellent. This is particularly true for opportunities to solve complex transport challenges in expanding cities. A good example of this is our involvement in Barkarbystaden near Stockholm, where we will start regular services with autonomous buses this autumn. We believe our complete solutions for public bus transport, with electric and autonomous buses as natural components, will lead to more partnerships for sustainable urban planning and further strengthen our position as the leading bus company in the Nordic region.

Magnus Rosén,
President and CEO



Nobina's financial performance

Second quarter (1 June–31 August 2018) and first half of the year (1 March–31 August 2018)

The financial information presented in the report pertains to continuing operations, unless otherwise stated. The divestment of Swebus Express AB was reported pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

NET SALES

The second quarter

Nobina's second quarter net sales amounted to SEK 2,235 million (2,076), up 7.7 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to a rise in revenue from existing contracts, index revenue, extra traffic and currency effects¹⁾. Underlying growth, adjusted for currency effects¹⁾, was 5.6 per cent.

The first half of the year

Nobina's net sales for the first half of the year amounted to SEK 4,596 million (4,281), an increase of 7.4 per cent compared with the prior year period. The increase was primarily attributable to a rise in revenue from existing contracts, index revenue, extra traffic and currency effects¹⁾. Underlying growth, adjusted for currency effects¹⁾, was 5.5 per cent.

RESULTS

The second quarter

The operating profit for the second quarter amounted to SEK 117 million (114), up 2.6 per cent. The increase shows performance improvements in existing contracts, while profitable business outside of the contracts impacted the results positively in the quarter. Results compared with the preceding year were negatively impacted by the discontinuation of the extended metro replacement services in Helsinki. Profit before tax amounted to SEK 86 million (82). After reconciliation of the underlying performance of profit before tax, the increase was 26 per cent compared to the preceding year.

RECONCILIATION OF PROFIT DEVELOPMENT

(SEK million)	Quarter		
	Jun–Aug 2018	Jun–Aug 2017	Change, %
Capital gain on Swebus divestment	–	–	
Profit before tax (EBT)	86	74	16%
Swebus negative impact previous year	–	8	
Continuing EBT as reported	86	82	5%
Last year restructuring accrual	–	6	
Last year metro replacement traffic	–	–14	
Incentive program cost	2	–	
M&A costs absorbed	5	–	
Underlying EBT performance	93	74	26%

1) Currency effect calculated as prior year revenue converted to this year's exchange rate

The first half of the year

The operating profit for the first half of the year amounted to SEK 221 million (209), up 5.5 per cent. The increase shows performance improvements in existing contracts, while profitable business outside of the contracts impacted earnings positively in the first half of the year. Results compared with the preceding year were negatively impacted by the discontinuation of metro replacement services in Helsinki. Profit before tax amounted to SEK 158 million (140).

INCOME TAX

As a result of historically deductible losses from previous years in Norway, Sweden and Denmark, Nobina is not subject to any tax payment that affects cash flow. Nobina's income tax in the income statement for the second quarter comprised current tax of SEK –2 million (0) and the change in estimated deferred tax of SEK –19 million (–17). The effective rate of tax was –22 per cent (–21). Nobina's income tax in the income statement for the first half of the year comprised current tax of SEK –2 million (0) and the change in estimated deferred tax of SEK –37 million (–34). The effective rate of tax was –23 per cent (–24).

FINANCIAL POSITION

Cash and cash equivalents amounted to SEK 402 million (427) at the end of the period. Nobina has an available bank credit facility of SEK 150 million (150) as of 31 August 2018, of which SEK 0 million (0) was utilised.

Nobina's interest-bearing liabilities amounted to SEK 4,081 million (4,524), mainly divided between financial leasing liabilities of SEK 3,806 million (4,224) and other external liabilities of SEK 275 million (300). 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 used in operations. Net debt totalled SEK 3,679 million (3,807) at the end of the period, and net debt/EBITDA was 3.0x (3.7x). Shareholders' equity amounted to SEK 1,344 million (1,229). The equity/assets ratio at the end of the period was 18.6 per cent (16.4).

INVESTMENTS AND DIVESTMENTS

The second quarter

Bus investments in the second quarter amounted to SEK -10 million (-261) and other investments were SEK -25 million (-10). Nobina signed financial leasing agreements of SEK 0 million (232). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK -35 million (-39). Nobina sold buses and other PPE for a value of SEK 18 million (10). The sale generated a capital loss of SEK -20 million (-10).

The first half of the year

Bus investments in the first half of the year amounted to SEK -78 million (-452) and other investments were SEK -29 million (-32). Nobina signed financial leasing agreements of SEK 33 million (386). During the first half of the year, new loans were raised of SEK 0 million (4). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK -74 million (-94). Nobina sold buses and other PPE for a value of SEK 19 million (32). The sale generated a capital loss of SEK -19 million (-10).

CASH FLOW

The second quarter

Cash flow from operations before changes in working capital amounted to SEK 300 million (303). Change in working capital amounted to SEK -83 million (-97).

Cash flow from investing activities amounted to SEK -17 million (-29) and was impacted by investments in buses and equipment of SEK -35 million (-39), which were cash financed.

Cash flow from financing activities was SEK -499 million (-482). Total cash flow for the quarter was SEK -300 million (-306).

The first half of the year

Cash flow from operations before changes in working capital amounted to SEK 575 million (532). Working capital performed negatively, amounting to SEK -179 million (-145).

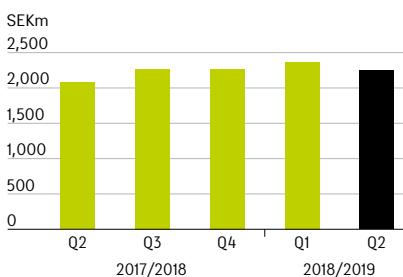
Cash flow from investing activities amounted to SEK -55 million (-66) and was impacted by investments in buses and equipment of SEK -74 million (-98), which were financed by loans amounting to SEK 0 million (4).

Cash flow from financing activities was SEK -714 million (-686). Total cash flow for the first half of the year was SEK -374 million (-366).

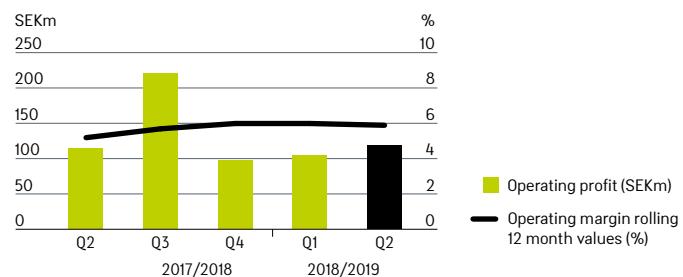
SHARES IN SUBSIDIARIES AND DISCONTINUED OPERATIONS

During the first quarter, Nobina AB made a capital contribution to Nobina Norge AS of SEK -32 million. The capital contribution has not been valued in Nobina AB. In the second quarter, Nobina AB received a dividend of SEK 120 million from Nobina Busco AB, after which impairment of SEK -92 million was recognised. These items have had no impact on the Group. Moreover, Nobina AB sold its holding in Swebus Express AB, see Note 2, which entailed a capital gain of SEK 64 million in Nobina AB. The consolidated capital gain from the sale of Swebus Express AB amounted to SEK 56 million.

NET SALES



OPERATING PROFIT AND MARGIN



INVESTMENTS IN CONTINUING OPERATIONS

(SEK million)	Quarter		Period		Full year
	Jun-Aug 2018	Jun-Aug 2017	Mar-Aug 2018	Mar-Aug 2017	Mar 2017–Feb 2018
Investments in new buses	-10	-261	-78	-452	-655
Other investments	-25	-10	-29	-32	-61
Total investments	-35	-271	-107	-484	-716
Lease-financed investments	-	232	33	386	540
Non-lease-financed investments	-35	-39	-74	-98	-176
Of which loan-financed investments	-	-	-	4	4
Total cash investments	-35	-39	-74	-94	-172

Results analysis, year to date

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

(SEK million)	Net sales	EBT	Comments on the outcome
Period Mar–Aug 2017	4,281	140	
Price and Volume	214	22	The estimated effects of price and volume were positive in terms of net sales and EBT, and contain positive effects of extra traffic and incentive revenue. This item was negatively impacted by the discontinuation of bus-for-rail services in Helsinki.
Contract migration	0	12	This year's contract migrations were relatively limited and are assessed as having a neutral impact on net sales and a positive effect on EBT, which stemmed from operations in Norway and Sweden.
Indexation and Operational efficiency (net)	101	-44	Positive indexation effects on net sales, which mainly originate from Sweden. Higher costs for bus maintenance and damage have a negative impact on EBT and mainly originate from Sweden.
Other	-	-11	This item includes costs related to M&A advisory and IT costs.
Items affecting comparability	-	33	Pertains to non-recurring expenses from last year.
Net financial items	-	6	Profit for the year was affected by positive foreign-exchange effects.
Period Mar–Aug 2018	4,596	158	

RESULT ANALYSIS FOR NET SALES AND EARNINGS

The results analysis above 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 contract entails 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 expenses, maintenance, damage, etc.

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

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

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

Age structure second quarter

WEIGHTED AVERAGE CONTRACT TERM, YEARS

8.1 (8.2)

The duration of contracts varies between countries, and was on average (weighted by the number of buses) 8.1 years.

AVERAGE AGE OF BUS FLEET, YEARS

6.4 (5.8)

Nobina's bus fleet had an average age of 6.4 years.

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS

4.5 (3.9)

The average contract length (weighted by the number of buses) was 4.5 years.

Segments

NET SALES BY SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2018	Jun–Aug 2017	Mar–Aug 2018	Mar–Aug 2017	Mar 2017–Feb 2018	Sep 2017–Aug 2018
Nobina Sweden	1,512	1,448	3,178	2,996	6,188	6,371
Production contracts	998	968	2,090	2,013	4,152	
Incentive contracts	433	381	923	844	1,781	
Other revenue	81	99	165	139	255	
Nobina Denmark	151	136	293	267	544	569
Production contracts	143	126	279	255	519	
Incentive contracts	–	3	–	3	7	
Other revenue	8	7	14	9	18	
Nobina Norway	292	251	561	514	1,024	1,070
Production contracts	257	244	516	498	946	
Incentive contracts	5	1	6	2	5	
Other revenue	30	6	39	14	73	
Nobina Finland	278	249	566	518	1,070	1,118
Production contracts	273	243	555	506	1,050	
Incentive contracts	4	5	9	9	18	
Other revenue	1	1	2	3	2	
Total	2,233	2,084	4,598	4,295	8,826	9,128
Production contracts	1,671	1,581	3,440	3,272	6,667	
Incentive contracts	442	390	938	858	1,811	
Other revenue	120	113	220	165	348	
Central functions & other items	5	1	10	2	6	14
Elimination of sales within the Group	–3	–9	–12	–16	–30	–25
Total net sales	2,235	2,076	4,596	4,281	8,802	9,117

RESULTS

(SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2018	Jun–Aug 2017	Mar–Aug 2018	Mar–Aug 2017	Mar 2017–Feb 2018	Sep 2017–Aug 2018
Operating profit by segment						
Nobina Sweden	105	90	220	178	466	508
Nobina Denmark	4	6	2	6	16	12
Nobina Norway	16	2	8	–9	1	18
Nobina Finland	11	23	21	50	91	62
Central functions & other items	–19	–7	–30	–16	–48	–62
Total operating profit (EBIT)	117	114	221	209	526	538
Net financial items	–31	–32	–63	–69	–135	–129
Profit before tax (EBT)	86	82	158	140	391	409
Income tax	–21	–17	–39	–34	–85	–86
Profit for the period	65	65	119	106	306	323
Profit/loss for the period from discontinued operations	–	–6	56	–12	–28	56
Profit for the period	65	59	175	94	278	379

Nobina's the second quarter posted healthy growth compared with the prior year period in terms of net sales and slightly higher operating profit. The increase in net sales derived from existing contracts in which both production-based remuneration and incentive remuneration are increasing. Existing contracts reported a positive performance, while profitable business outside of the contracts impacted operating profit positively in the quarter. Operating profit compared with the preceding year was negatively impacted by the discontinuation of metro replacement services in Helsinki.

Net sales for the first half of the year were higher than the prior year period and operating profit was higher due to the healthy performance in existing contracts and profitable business outside of the contracts. Operating profit compared with the preceding year was negatively impacted by the discontinuation of metro replacement services in Helsinki.

SWEDEN

Nobina Sweden's net sales for the second quarter of the year increased compared with the prior year period. Higher volumes in existing contracts and indexation of revenue had a positive effect on net sales. Operating profit was higher in the quarter and positively impacted by the favourable trend in existing contracts as the contract portfolio matured and by profitable supplemental business offerings.

Net sales for the first half of the year increased compared with the prior year period and operating profit was higher.

DENMARK

Nobina Denmark's net sales for the second quarter were higher than the prior year period. Higher volumes in existing contract portfolios had a positive impact on net sales. Operating profit was slightly lower compared with the prior year period and was negatively impacted by costs for bus maintenance.

Net sales for the first half of the year increased compared with the prior year period and operating profit was lower.

NORWAY

Nobina Norway's net sales for the second quarter were higher than the prior year period and were positively affected by increases in existing contracts and extra traffic. Operating profit for the second quarter was significantly higher than in the prior year period and was positively impacted by profitable extra business and higher revenue due to business development in existing contracts.

Net sales for the first half of the year increased compared with the prior year period and operating profit was significantly higher.

FINLAND

Nobina Finland's net sales for the second quarter were higher than the prior year period, mainly driven by exchange-rate effects. Operating profit for the quarter was significantly lower, which was primarily linked to the negative earnings effect of the extra traffic for the extension of the Helsinki metro being discontinued in December 2017. The earnings effect of this metro replacement traffic in 2017/2018 amounted to SEK 14 million for the quarter.

Net sales for the first half of the year increased compared with the prior year period and operating profit declined due to extra traffic for the expansion of Helsinki metro being discontinued.

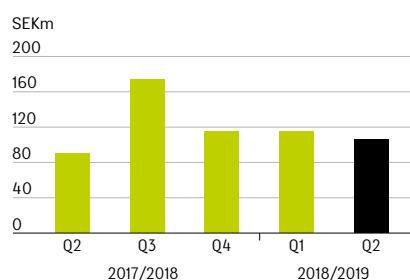
CENTRAL FUNCTIONS AND OTHER ITEMS

Central functions and other items were adversely affected in the second quarter by expenses associated with acquisitions and IT costs. Residual value losses attributable to the sale of buses of SEK 20 million negatively impacted operating profit in the quarter, while the second quarter of the preceding year included one-off write-downs of SEK 10 million.

Operating profit for central functions and other items for the first six months of the year was lower than in the prior year period and was adversely affected by costs related to M&A advisory and residual value losses attributable to the sale of buses.

EBIT PER SEGMENT

Sweden



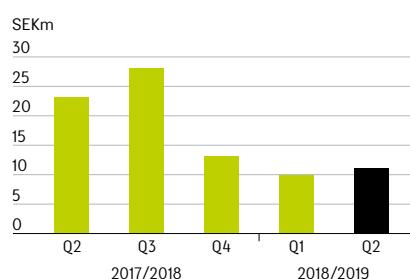
Denmark



Norway



Finland

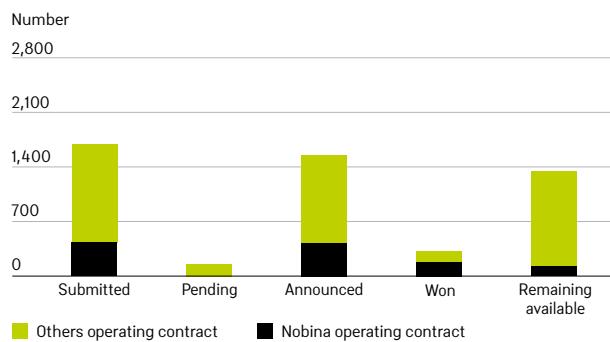


Nobina



Tender and contract changes

TENDER VOLUME, TO DATE THIS YEAR



Definitions:

Submitted – Number of buses in tenders submitted by Nobina
Pending – Submitted less announced
Announced – Submitted tenders, results are announced
Won – Nobina's wins out of announced tenders
Available – Remaining buses available in tenders this year

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 31 buses and contracts with 83 buses expired.

March 2018–August 2018	Traffic changes during the period (Number of buses)	
	Started	Expired
Sweden	2	0
Norway	0	72
Finland	29	11
Denmark	0	0
Total	31	83

TENDER RESULTS, 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 1,493 buses and won tenders for 319 buses.

March 2018–August 2018	Tenders during the period (Number of buses)	
	Completed	Won
Sweden	529	162
Norway	879	127
Finland	65	30
Denmark	20	0
Total	1,493	319

TRAFFIC STARTS AND TERMINATIONS DURING THE COMING 12 MONTHS, SEPTEMBER 2018–AUGUST 2019

During the coming 12-month period, based on tender results to date, Nobina will start traffic involving 362 buses. Of these, 264 buses are expected to be newly acquired. During this period the Company will put 121 electric buses into service out of which 58 are put into existing contracts and the rest into new contracts. During the same period, Nobina will terminate traffic involving 523 buses.

TRAFFIC START-UPS

Clients	No. of years	Start of service	Number of buses	New buses
HSL, Finland	5	October 2018	13	3
Skånetrafiken	2.5	December 2018	12	12
Värmlandstrafik	8	December 2018	7	7
HSL, Finland	2	January 2019	17	9
Västtrafik	10	March 2019	13	13
Movia, Denmark	6	April 2019	20	20
Västtrafik	10	June 2019	23	15
Ruter, Norway	8	July 2019	127	127
LT Sörmland	10	August 2019	130	58
Total traffic			362	264¹⁾

1) Out of which 63 are electric buses.

EXPIRED TRAFFIC

Clients	End of service	Number of buses
HSL, Finland	December 2018	15
Västtrafik	June 2019	23
Skånetrafiken	June 2019	79
Ruter, Norway	June 2019	30
LT Sörmland	August 2019	119
HSL, Finland	August 2019	122
TFT, Norway	August 2019	135
Total traffic		523

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 2018, 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 16,960. Nobina has no treasury shares.

KEY METRICS	Quarter		Period		Full year
	Jun–Aug 2018	Jun–Aug 2017	Mar–Aug 2018	Mar–Aug 2017	Mar 2017–Feb 2018
Nobina					
Earnings per share (SEK), attributable to continuing operations	0.73	0.74	1.36	1.20	3.46
Earnings per share (SEK), attributable to discontinued operations	–	–0.06	0.62	–0.13	–0.31
Earnings per share (SEK), attributable to Parent Company shareholders	0.73	0.68	1.98	1.07	3.15
Equity per share (SEK)	15.2	13.9	15.2	13.9	16.2
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	2017/2018 ⁵⁾	2017/2018 Adjusted ⁷⁾	2017/2018 Continuing ⁶⁾	Rolling 12 months ⁶⁾	Definition
Net sales	Increasing more than the market	9,094	9,094	8,802	9,117	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%	3.9%	4.3%	4.4%	4.5%	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	3.1x	3.1x	3.1x	3.0x	Under normal circumstances, Nobina intends to maintain a net debt/equity ratio of between 3.0 and 4.0 in relation to EBITDA.
Dividend policy ³⁾	75% of EBT	76% ⁴⁾	76%	76%	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 or acquisitions.

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.

5) According to the published Annual Report.

6) The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

7) Based on EBT adjusted for items affecting comparability.

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 25–26).

KEY METRICS FOR CONTINUING OPERATIONS	2017/2018			2018/2019	
	Q2	Q3	Q4	Q1	Q2
SEK million, except as otherwise indicated					
Net sales for the period	2,076	2,261	2,260	2,361	2,235
Operating profit for the period (EBIT)	114	220	97	104	117
Earnings before tax (EBT) for the period	82	185	66	72	86
Profit for the period	65	146	54	54	65
Cash flow for the period	–306	118	190	–74	–300
Cash and cash equivalents	427	563	720	692	402
Equity/assets ratio, %	16.4	18.4	18.4	20.3	18.6
EBITDA	297	384	266	278	309
EBITDA margin, %	14.3	16.9	11.8	11.8	13.8
EBITDAR	306	391	273	282	316
EBITDAR margin, %	14.7	17.3	12.0	11.9	14.1
Shareholders' equity	1,229	1,381	1,436	1,559	1,344
Shareholders' equity/ordinary share, SEK	13.9	15.6	16.2	17.6	15.2
Number of buses (on balance-sheet date)	3,670	3,607	3,625	3,575	3,518
Estimated FTEs	9,410	8,668	9,468	9,935	9,926
Production hours	2,682	2,931	2,856	2,966	2,648
Production kilometres	69,694	75,497	72,915	75,381	65,412

Other information

PERSONNEL

Nobina had 9,926 (9,410) employees (FTEs) in its continuing operations. 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 eleven (ten) 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 11 million (12) during the second quarter. The pre-tax profit for the second quarter amounted to SEK 16 million (-32). The Parent Company's second-quarter profit was impacted by dividends of SEK 120 million received from Nobina Busco AB and impairment of SEK -92 million. The Parent Company's net sales for the first half of the year amounted to SEK 21 million (23) and profit before tax to SEK 38 million (-53). During the first half of the year, the Parent Company was impacted by dividends of SEK 120 million received from Nobina Busco AB, impairment of shares in Nobina Busco AB of SEK -92 million, impairment of capital contributions in Nobina Norge AS of SEK -32 million and a capital gain of SEK 64 million from the sale of the shareholding of Swebus Express AB, refer to Note 2. Cash and cash equivalents as well as restricted bank accounts amounted to SEK 392 million (402) at the end of the period. On 31 August 2018, the Parent Company's shareholders' equity was SEK 2,418 million (2,562). The equity/assets ratio was 59 per cent (61).

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 where the third quarter is the strongest due to 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 breakdown of sales and earnings by quarter is shown in the key ratio table on page 11.

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. An imbalance may 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 limited through careful risk evaluation in the tender process and most contracts now have an index which matches the type of fuel.

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.

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, refer the corresponding section in Nobina AB's Annual Report 2017/2018.

DISPUTES

Nobina has an ongoing dispute against Länstrafiken Örebro for faulty gas quality. In addition, Nobina has appealed HSL's award decision and the use of limitation criteria when allocating a contract.

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 August 2018.

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 11).

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla Municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services commencing fall 2018.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition was conditional on the approval of the Swedish Competition Authority, which has now been obtained, and is expected to be concluded in the third quarter of 2018.

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 policies and calculation methods as in the 2017/2018 Annual report, with the additions of the introduction of IFRS 9 and IFRS 15. Nobina began applying IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from the 2018/2019 fiscal year, meaning from 1 March 2018. All of the Nobina Group's comparative periods have been restated.

The introduction of IFRS 9 entails changed principles for reserves and impairment of credit losses. The effects of IFRS 9 did not have any material impact on the Nobina Group's income statement or balance sheet. Opening balances have not been adjusted.

The introduction of IFRS 15 *Revenue from Contracts with Customers* did not entail any material impact on consolidated financial statements. No adjustments took place on the transition date. However, the transition did result in a reclassification between recognised revenue and other expenses (fines), refer to Note 3. The opening balance for 2018/2019 was not adjusted. IFRS 15 will entail expanded disclosure requirements. The former segment Swebus is classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

The new lease standard, IFRS 16, as adopted by the EU will replace the current IAS 17 on 1 January 2019. The new IFRS 16 standard removes the classification of leases between operating and finance lease undertakings, as required in IAS 17. Pursuant to the new model, all leases entail that the lessee is granted control over an

asset when the lease commences. When IFRS 16 is implemented, the lessee is to recognise assets and liabilities for all leases with contractual terms exceeding 12 months and when the underlying asset is of considerable value. Depreciation of leased assets and interest expenses are recognised in profit or loss. The impact of IFRS 16 is estimated to affect the Nobina Group's total assets by slightly more than SEK 1,000 million compared with the Group's current total assets. The Nobina Group's equity/assets ratio is expected to be negatively impacted by approximately 3 percentage points. Net debt/EBITDA is preliminarily expected to be affected from the current 3.1 to 3.3. The Nobina Group intends to implement IFRS 16 for the fiscal year beginning in March 2019 (2019/2020), with retroactive application of the 2018/2019 fiscal year, subject to adjustments of all periods presented. The financial statements for the Parent Company, Nobina AB, and the Group 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 1–26, and the interim period information on pages 1–13 thus constitutes an integral part of this 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 2018

Jan Sjöqvist
Chairman of the Board

John Allkins
Director

Graham Oldroyd
Director

Liselott Kilaas
Director

Monica Lingegård
Director

Bertil Persson
Director

Magnus Rosén
President and CEO

Financial calendar

Capital Markets Day	9 October 2018
Interim report 1 September–30 November 2018	20 December 2018
Year-end Report 2018/2019	5 April 2019
Annual General Meeting 2018/2019	29 May 2019

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CET on Friday, 28 September 2018. The presentation will be available on the website in connection with the telephone conference. Telephone numbers and web link for participants are available on www.nobina.com.

Contact persons

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Nobina AB

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 Reg. no. 556576-4569

Auditor's report

Nobina AB, 556576-4569

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Nobina AB as of 31 August 2018 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 2018

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Condensed consolidated income statement

SEK million	Quarter		Period		Full-year
	Jun–Aug 2018	Jun–Aug 2017	Mar–Aug 2018	Mar–Aug 2017	Mar 2017–Feb 2018
Continuing operations					
Net sales, Note 3	2,235	2,076	4,596	4,281	8,802
Operating expenses					
Fuel, tyres and other consumables	-424	-365	-857	-776	-1,604
Other external expenses	-296	-282	-631	-581	-1,168
Personnel costs	-1,206	-1,132	-2,521	-2,376	-4,832
Capital losses from the disposal of non-current assets	-20	-10	-19	-10	-7
Depreciation/amortisation of intangible and tangible non-current assets	-172	-173	-347	-329	-665
Operating profit, Note 3	117	114	221	209	526
Profit from net financial items					
Financial income	-	-	-	-	-
Financial expenses, Note 1	-31	-32	-63	-69	-135
Net financial items	-31	-32	-63	-69	-135
Profit before tax	86	82	158	140	391
Income tax	-21	-17	-39	-34	-85
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	65	65	119	106	306
Discontinued operations					
Profit/loss for the period from discontinued operations, Note 2	-	-6	56	-12	-28
Profit for the period	65	59	175	94	278
Profit for the period attributable to Parent Company shareholders	65	59	175	94	278
Earnings per share before and after dilution (SEK), attributable to continuing operations	0.73	0.74	1.36	1.20	3.46
Earnings per share after dilution (SEK), attributable to discontinued operations	-	-0.06	0.62	-0.13	-0.31
Earnings per share before and after dilution (SEK), attributable to Parent Company shareholders	0.73	0.68	1.98	1.07	3.15
Average number of shares before and after dilution (000s)	88,356	88,356	88,356	88,356	88,356
Number of shares outstanding at end of the period (000s)	88,356	88,356	88,356	88,356	88,356

Statement of consolidated comprehensive income

SEK million	Quarter		Period		Full-year
	Jun–Aug 2018	Jun–Aug 2017	Mar–Aug 2018	Mar–Aug 2017	Mar 2017–Feb 2018
Profit for the period	65	59	175	94	278
Other comprehensive income	65	59	175	94	278
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	-	1	-	1	-
Tax on items that will not be reclassified to profit or loss for the period	-	-	-	-	-
Items that can later be reclassified to profit or loss for the period					
Exchange-rate differences in foreign operations	16	-11	29	-13	11
Other comprehensive income for the period, net after tax	16	-10	29	-12	11
Comprehensive income for the period	81	49	204	82	289
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	81	49	204	82	289

Condensed consolidated balance sheet

SEK million	31 Aug 2018	31 Aug 2017	Full-year 28 Feb 2018
ASSETS			
Non-current assets			
Goodwill	583	579	581
Other intangible assets	15	5	6
Costs for leasehold improvements	30	33	32
Equipment, tools, fixtures and fittings	88	82	93
Vehicles	4,895	5,197	5,093
Deferred tax assets	225	287	253
Assets for pension commitments	18	19	18
Other non-current receivables	4	4	5
Total non-current assets	5,858	6,206	6,081
Current assets			
Inventories	51	44	44
Trade receivables	617	501	549
Other current receivables	33	41	48
Deferred expenses and accrued income	274	262	365
Restricted bank accounts	-	0	0
Cash and cash equivalents	402	427	720
Total current assets	1,377	1,275	1,726
TOTAL ASSETS	7,235	7,481	7,807
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,344	1,229	1,436
Non-current liabilities			
Borrowing, Note 1	3,317	3,776	3,582
Deferred tax liabilities	151	132	143
Provisions for pensions and similar commitments	38	43	41
Other provisions	40	39	40
Total non-current liabilities	3,546	3,990	3,806
Current liabilities			
Accounts payable	498	438	543
Borrowing, Note 1	726	705	726
Other current liabilities	198	193	192
Accrued expenses and deferred income	923	926	1,104
Total current liabilities	2,345	2,262	2,565
Total liabilities	5,891	6,252	6,371
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,235	7,481	7,807

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 2017	318	3,212	28	-2,137	1,421
Profit for the period	–	–	–	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
Opening equity, 1 March 2018	318	3,212	39	-2,133	1,436
Profit for the period	–	–	–	175	175
Other comprehensive income	–	–	29	–	29
Transactions with owners					
Dividend	–	–	–	-296	-296
Closing equity, 31 August 2018	318	3,212	68	-2,254	1,344

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Period		Full-year
	Jun-Aug 2018	Jun-Aug 2017	Mar-Aug 2018	Mar-Aug 2017	Mar 2017–Feb 2018
Cash flow from operating activities					
Profit after financial items	86	74	148	124	355
(of which, attributable to continuing operations)	86	82	158	140	391
(of which, attributable to discontinued operations)	–	–8	–10	–16	–36
Adjustments for non-cash items	214	220	417	392	764
Cash flow from operations before changes in working capital					
300	294	565	516	1,119	
(of which, attributable to continuing operations)	300	303	575	532	1,155
(of which, attributable to discontinued operations)	–	–9	–10	–16	–36
Cash flow from changes in working capital					
Change in inventories	–2	1	–5	4	4
Changes in operating receivables	61	82	64	88	–53
Changes in operating liabilities	–142	–173	–238	–227	57
Total change in working capital	–83	–90	–179	–135	8
(of which, attributable to continuing operations)	–83	–97	–179	–145	5
(of which, attributable to discontinued operations)	–	7	–	10	3
Received interest income	–1	–1	–1	–1	–1
Tax paid	–	–	–	–	–6
Cash flow from operating activities					
216	203	385	380	1,120	
(of which, attributable to continuing operations)	216	205	395	386	1,153
(of which, attributable to discontinued operations)	–	–2	–10	–6	–33
Cash flow from investing activities					
Investments in PPE and intangible assets, excl. financial leases	–35	–39	–74	–98	–176
Divestment of PPE and intangible assets	18	10	19	32	62
Divestment of subsidiary, Note 2	–	–	49	–	–
Cash flow from investing activities	–17	–29	–6	–66	–114
(of which, attributable to continuing operations)	–17	–29	–55	–66	–114
(of which, attributable to discontinued operations), Note 2	–	–	49	–	–
Cash flow from financing activities					
Amortisation of financial liability	–159	–162	–329	–325	–653
Amortisation of other external loans	–11	–13	–23	–24	–44
New borrowing, other external loans	–	–	–	4	4
Interest paid	–33	–33	–66	–67	–133
Dividend	–296	–274	–296	–274	–274
Cash flow from financing activities	–499	–482	–714	–686	–1,100
(of which, attributable to continuing operations)	–499	–482	–714	–686	–1,100
(of which, attributable to discontinued operations)	–	–	–	–	–
Cash flow for the period					
–300	–308	–335	–372	–94	
(of which, attributable to continuing operations)	–300	–306	–374	–366	–61
(of which, attributable to discontinued operations)	–	–2	39	–6	–33
Cash and cash equivalents at the beginning of the period					
720	741	720	804	804	
Cash flow for the period	–300	–308	–335	–372	–94
Exchange-rate difference	–18	–6	17	–5	10
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	402	427	402	427	720

Consolidated income statement – Parent Company

SEK million	Quarter		Period		Full-year
	Jun-Aug 2018	Jun-Aug 2017	Mar-Aug 2018	Mar-Aug 2017	Mar 2017–Feb 2018
Net sales	11	12	21	23	46
Operating expenses					
Other external expenses	-14	-5	-25	-10	-22
Personnel costs	-11	-12	-22	-22	-37
Depreciation/amortisation of intangible and tangible non-current assets	-	-	-	-	-
Operating loss	-14	-5	-26	-9	-13
Profit/loss from participations in Group companies, Note 2	28	-29	60	-45	98
Financial income	4	1	8	3	5
Financial expenses	-2	1	-4	-2	-4
Net financial items	30	-27	64	-44	99
Profit before tax	16	-32	38	-53	86
Income tax	-	-	-	-	-25
PROFIT/LOSS FOR THE PERIOD	16	-32	38	-53	61

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 2018	31 Aug 2017	Full-year 28 Feb 2018
ASSETS			
Non-current assets			
Participations in Group companies	3,563	3,676	3,678
Deferred tax assets	–	25	–
Total non-current assets	3,563	3,701	3,678
Current assets			
Receivables from Group companies	148	103	445
Other current receivables	–	1	1
Deferred expenses and accrued income	1	2	7
Cash and cash equivalents	392	402	686
Total current assets	541	508	1,139
TOTAL ASSETS	4,104	4,209	4,817
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,418	2,562	2,676
Non-current liabilities			
Provisions for pensions and similar commitments	6	10	8
Total non-current liabilities	6	10	8
Current liabilities			
Accounts payable	3	2	2
Liabilities to Group companies	1,649	1,624	2,113
Other current liabilities	1	2	3
Accrued expenses and deferred income	27	9	15
Total current liabilities	1,680	1,637	2,133
Total liabilities	1,686	1,647	2,141
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,104	4,209	4,817

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 2017	318	1	1,336	1,043	191	2,889
Transfer of the preceding year's profit/loss	–	–	–	191	–191	–
Profit/loss for the period	–	–	–	–	–53	–53
Transactions with owners						
Dividend	–	–	–	–274	–	–274
Closing equity, 31 August 2017	318	1	1,336	960	–53	2,562
Opening equity, 1 March 2018	318	1	1,336	960	61	2,676
Transfer of the preceding year's profit/loss	–	–	–	61	–61	–
Profit for the period	–	–	–	–	38	38
Transactions with owners						
Dividend	–	–	–	–296	–	–296
Closing equity, 31 August 2018	318	1	1,336	725	38	2,418

Notes

NOTE 1 FINANCING

SEK million, except as otherwise indicated	Quarter		Period		Full-year
	Jun-Aug 2018	Jun-Aug 2017	Mar-Aug 2018	Mar-Aug 2017	Mar 2017–Feb 2018
Operating leases – buses					
Nominal value of future minimum leasing fees, buses	188	163	188	163	148
Present value of future minimum leasing fees, buses	179	156	179	156	142
Number of operational leases, buses	234	333	234	333	262
Fees for operating leases for the period	7	9	11	19	33
Borrowing					
Other loans for bus financing	237	257	237	257	248
Finance lease liability for bus financing	3,806	4,224	3,806	4,224	4,060
Total	4,043	4,481	4,043	4,481	4,308
Of which short-term repayment by installment of portion of the Group's borrowings	726	705	726	705	726
Of which long-term portion of the Group's borrowing	3,317	3,776	3,317	3,776	3,582
Total liabilities	4,043	4,481	4,043	4,481	4,308
Interest expenses and similar loss items					
Interest expense, finance leases	-27	-29	-56	-60	-118
Interest expense, other loans	-2	-3	-4	-5	-9
Other financial expenses	-2	-1	-4	-2	-5
Realised and unrealised exchange gains/losses, net	-	1	1	-2	-3
Total	-31	-32	-63	-69	-135

NOTE 2 DISCONTINUED OPERATIONS

SEK million, except as otherwise indicated	Quarter					Full-year
	Mar–May 2018	Mar–May 2017	Jun–Aug 2017	Sep–Nov 2017	Dec 2017–Feb 2018	Mar 2017–Feb 2018
Net sales	36	58	79	51	49	237
Fuel, tyres and other consumables	-8	-12	-11	-12	-12	-47
Other external expenses	-25	-31	-43	-32	-33	-139
Personnel costs	-13	-23	-33	-14	-17	-87
Depreciation/amortisation of PPE and intangible assets	-	-	-	-	-	-
Operating loss	-10	-8	-8	-7	-13	-36
Income tax	-	2	2	2	2	8
Loss for the period	-10	-6	-6	-5	-11	-28

Net gain/loss in Nobina AB

SEK million, except as otherwise indicated	Carrying amount
Purchase price	106
Shares in discontinued operations	-23
Selling expenses	-19
Net gain in Nobina AB	64

Note 2 cont.

Sold assets and liabilities in discontinued operations

SEK million, except as otherwise indicated	Carrying amount
Goodwill	-4
Vehicles	-30
Other receivables	-13
Cash and cash equivalents	-37
Total	-84
 Borrowing	34
Other liabilities and accrued expenses, deferred income	17
Accrued expenses and deferred income	25
Total	76
 Net total in discontinued operations	-8
Net gain in Nobina AB	64
Net gain in the Nobina Group	56

Impact on consolidated cash flow

SEK million, except as otherwise indicated	Carrying amount
Purchase price	106
Sale of leased vehicles	-14
Selling expenses	-19
Cash and cash and cash equivalents in the divested company	-37
Total net effect on consolidated cash flow	36
Selling expenses not paid	13
Total effect on cash flow for the period	49

NOTE 3 RECLASSIFICATION UPON TRANSITION TO IFRS 15, FOR CONTINUING OPERATIONS, COMPREHENSIVE INCOME

	Jun– Aug 2017	IFRS 15 adjustment	Restated in acc. with IFRS 15	Mar 2017– Feb 2018	IFRS 15 adjustment	Restated in acc. with IFRS 15
Continuing operations, refer to Note 2, Discontinued operations						
Discontinued operations						
Net sales	2,169	-14	2,155	8,857	-55	8,802
Fuel, tyres and other consumables	-376	-	-376	-1,604	-	-1,604
External expenses	-339	14	-325	-1,223	55	-1,168
Personnel costs	-1,165	-	-1,165	-4,832	-	-4,832
Capital losses from the disposal of non-current assets	-10	-	-10	-7	-	-7
Depreciation/amortisation of PPE and intangible assets	-173	-	-173	-665	-	-665
Operating profit	106	-	106	526	-	526
Operating profit from net financial items						
Financial income	-	-	-	-	-	-
Financial expenses	-32	-	-32	-135	-	-135
Net financial items	-32	-	-32	-135	-	-135
Profit before tax	74	-	74	391	-	391
Income tax	-15	-	-15	-85	-	-85
Profit for the period	59	-	59	306	-	306

NOTE 4 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	31 Aug 2018	31 Aug 2017	31 Aug 2018	31 Aug 2017
Pledged assets				
Other pledged assets	150	150	257	224
Contingent liabilities				
Guarantee of lease obligations and other obligations	21	21	3,997	4,481
Total pledged assets and contingent liabilities	171	171	4,254	4,705

Glossary

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

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.

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

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

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

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.

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

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

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.

Local transport – Transport in connection with densely populated areas.

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

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.

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.

City transport – Transport in a densely populated area.

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

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.

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.

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

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.

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 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.
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 period.
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 for continuing operations

KEY RATIOS	2017/2018			2018/2019		Rolling 12 months Sep 2017 – Aug 2018	Full-year Mar 2017 – Feb 2018
	Q2	Q3	Q4	Q1	Q2		
SEK million, except as otherwise indicated							
Net sales	2,076	2,260	2,261	2,361	2,235	9,117	8,802
Operating profit	114	220	97	104	117	538	526
Earnings before tax (EBT)	82	185	66	72	86	409	391
Cash flow for the period	-306	118	190	-74	-300	-66	-61
EBITDA and EBITDAR:							
Operating profit	114	220	97	104	117	538	526
Capital losses from the disposal of non-current assets	10	1	-4	-1	20	16	7
Depreciation/amortisation of PPE and intangible assets	173	163	173	175	172	683	665
Total EBITDA	297	384	266	278	309	1,237	1,198
Fees for operating leases for the period	9	7	7	4	7	25	33
Total EBITDAR	306	391	273	282	316	1,262	1,231
Interest-bearing liabilities:							
Non-current borrowing	3,776	3,622	3,582	3,427	3,317	3,500	3,582
Pension liability	43	43	41	39	38	40	41
Current borrowing	705	705	726	726	726	720	726
Total interest-bearing liabilities	4,524	4,370	4,349	4,192	4,081	4,260	4,349
Cash	-427	-563	-720	-695	-402	-636	-720
Restricted bank accounts	-	-	-	-	-	-	-
Total net debt	4,097	3,807	3,629	3,497	3,679	3,624	3,629
EBITDA Q1	251	251	251	278	278		
EBITDA Q2	297	297	297	297	309		
EBITDA Q3	332	384	384	384	384		
EBITDA Q4	223	223	266	266	266		
Total EBITDA full year	1,103	1,155	1,198	1,225	1,237	1,237	1,198
Net debt/EBITDA	3.7	3.3	3.0	2.9	3.0	3.0	3.0

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 bus transport contracts in combination with long-term delivery quality makes Nobina the industry leader in terms of profitability, development and initiatives that promote a healthier industry.

Every day, Nobina ensures that close to one million people arrive at work, school or other activities by delivering contracted public bus transport services in Sweden, Norway, Finland and Denmark.

Nobina has sales of around SEK 9 billion on an annual basis and has around 11,000 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 STRATEGIC FOCUS AREAS

We are focusing resources primarily on four strategic areas to thereby create continued profitable growth. These encompass the development of new bus solutions that add growth to the current offering, efficient and innovative contract management, optimisation of the company's resources and traffic planning, and development of employee skills with diversity and equality as fundamental elements. Moreover, wherever possible, we will grow through acquisitions.

Bus solutions

By capitalising on our extensive knowledge of passenger flows and customer needs, we can develop solutions that add further value to existing contracts or create completely new business opportunities. We work with three areas for our solutions – all of these with a focus on buses.

- Complete solutions
- Bus-for-rail service solutions
- Special transportation

Contract management

A broad contract portfolio, an increasing contribution from new services and cost-efficient operations are essential for continuing profitable growth. In line with the goals of our clients, we achieve this by ensuring productivity through early involvement and by driving business development and additional sales in new and existing contracts.

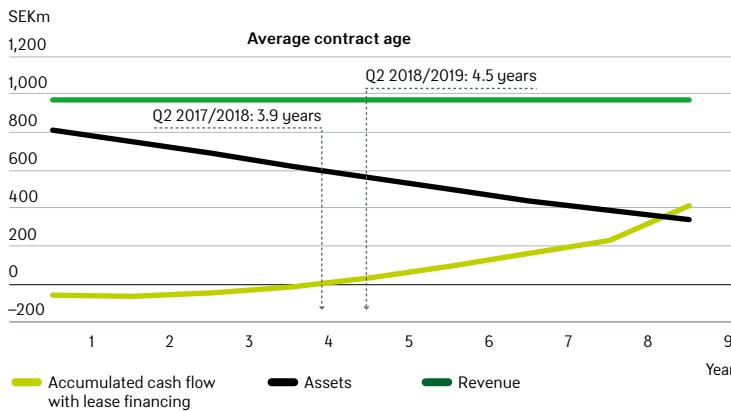
Resource efficiency

In order to manage our resources as efficiently as possible, we work continuously to optimise our fleet of vehicles, traffic planning and driving. This has a positive impact on both costs and the environment, at the same time as activities to convince more people to use public transport offer benefits for society at large.

Employee development

Our employees are our most important resource in developing sustainable public transport solutions and in creating long-term, profitable growth. Nobina is to be an attractive employer with a values-driven management style where diversity and equality are self-evident.

THE CONTRACT PORTFOLIO'S DEGREE OF MATURITY IMPACTS CASH FLOW AND PROFITABILITY



MARKET

In the Nordic region, public transport solutions are critical to the sustainable development of society. The size of the Nordic public transport market for buses is estimated at SEK 47 billion. 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.

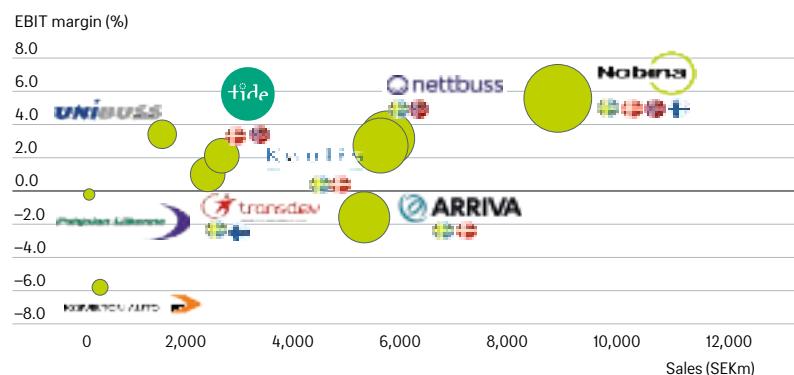
Regional tendered public transport has shown favourable growth in recent years and is expected to continue to grow moving forward, in line with a political will to increase the use of public transport and as more people choose to travel by bus. There is also a trend in all countries to include more quality 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.

Nobina's position in the market

With a 16 per cent market share (company assessment 2017–2018), 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.

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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