

CONTINUED STABLE DEVELOPMENT

Second quarter

- Net sales amounted to SEK 2,528 million (2,224), an increase of 13.7 per cent whereof 10.0 per cent relates to acquisitions, –0.6 per cent was organic growth and 4.3 per cent come from currency effects.
- EBITA amounted to SEK 162 million (136).
- Operating profit amounted to SEK 156 million (127).
- Profit before tax amounted to SEK 101 million (83).
- Profit after tax amounted to SEK 81 million (62), and earnings per share totalled SEK 0.92 (0.70) before dilution.
- Cash flow from operations excluding changes in working capital was SEK 421 million (347).

First half of the year

- Net sales amounted to SEK 5,277 million (4,575), an increase of 15.3 per cent whereof 10.6 per cent relates to acquisitions, 0.4 per cent was organic growth and 4.3 per cent come from currency effects.
- EBITA amounted to SEK 330 million (251).
- Operating profit amounted to SEK 308 million (241).
- Profit before tax amounted to SEK 198 million (153).
- Profit after tax amounted to SEK 157 million (114), and earnings per share totalled SEK 1.78 (1.30) before dilution.
- Cash flow from operations excluding changes in working capital was SEK 855 million (724).

Significant events during the second quarter

- During the second quarter, Nobina underwent a comprehensive contract migration comprising several major contract start-ups encompassing 395 buses and contract terminations consisting of 378 buses resulting in a rejuvenation of the contract portfolio.
- The European Commission has, after Nobina's filed complaint, declared that subsidies to publicly owned operators are not permitted and decided that a Finnish former municipal bus company must repay EUR 54.2 million to Helsinki community for incompatible public aid during the period 2002–2012
- Nobina Sweden received Unionen's LGBT award for 2019, as Sweden's most LGBT-friendly workplace. Unionen's LGBT award is given every year to an employer that in an exemplary manner strives for an inclusive workplace, regardless of sexual orientation, gender identity and gender expression.

Significant events after the end of the quarter

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

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 comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

KEY METRICS FOR CONTINUING OPERATIONS ^{1), 2)}

(SEK million, except as otherwise indicated)	Quarter		Period		Full year	Rolling 12 months	
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019	Sep 2018–Aug 2019	
Net sales	2,528	2,224	5,277	4,575	9,734	10,436	
EBITDA	438	387	869	735	1,596	1,739	
EBITA	162	136	330	251	620	708	
EBIT	156	127	308	241	575	642	
EBT	101	83	198	153	389	434	
EBT, adjusted ³⁾	107	92	220	163	434	491	
Cash flow for the period	–536	–300	–606	–374	288	56	
					31 Aug 2019	31 Aug 2018	28 Feb 2019
Net debt/EBITDA					3.1	2.9	3.0
Equity/assets ratio, %					13.6	16.5	14.7

A complete table of key metrics can be found on page 25.

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.

2) Information on and definitions of key metrics can be found on pages 25–26.

3) Adjusted for income, costs and amortisations related to acquisitions. Recovered penalty of SEK 11 million excluded from impacting adjusted EBT positively.

Statement from the CEO

In line with our expectations, Nobina continued to develop well in the second quarter of the fiscal year. Growth was 13.7 per cent and adjusted profit before tax increased to SEK 107 million (92), driven by underlying efficiency improvements and higher business activity in all markets. The three acquisitions carried out in the past year, Samtrans in Sweden and De Blaa Omnibusser and Örslev Holding in Denmark, are now fully integrated and provide a continuous contribution to the Group's sales and earnings. Through Samtrans and Örslev Holding, we have established a strong position in the segment for special needs transportation, where we see continued favourable long-term growth opportunities and a potential for further efficiency gains within the Group.

EXTENSIVE CONTRACT MIGRATION

We have now entered a period with several major traffic start-ups and terminations, referred to as contract migration, which often results in a temporary drop in profitability. During the second quarter, we noted small negative effects in the Swedish operations, but during the next two quarters the migration will have a more tangible negative effect, also keeping in mind the challenging comparative figures. But as I have said many times before, profitability in new contracts is always at its lowest early in the contract period, and gradually improves as time passes. With the stringent demands we impose on which contracts we want to win, combined with the growth in volume, the current migration will make a positive contribution to reaching our financial targets.

A GROWING BUSINESS

At the same time, we are looking forward to securing new contracts in connection with the substantial tender volumes we are facing in the coming quarters, particularly in Sweden and Denmark. As few of our own contracts are expiring, we see significant potential to add market shares and accelerate Nobina's growth. Our position as market leader in the Nordic region for public transport entails greater responsibility for the transport solutions, and thereby more business opportunities. One such area is digital so-called MaaS solutions (Mobility as a Service) for smoother door-to-door travel, where we have several exciting projects underway. Nobina is helping to drive this development in the Nordic countries which makes me a little extra proud.



**“OUR EFFORTS TO DELIVER
SUSTAINABLE SOLUTIONS FOR SOCIETY
IS BEING RECOGNISED BY MORE AND
MORE INVESTORS”**

ESG-ACTIVITIES IN FOCUS

I am also proud that Nobina has been named by the Unionen trade union as Sweden's most LGBT-friendly workplace, proof that we live by our values of having respect for each other, caring and being good leaders and have also for the seventh consecutive year been both sponsor and partner to Stockholm Pride. We have also continued, through our own efforts and in collaboration with job centres, to help longterm unemployed, being trained as bus drivers. Social commitment is one important aspect of our ESG work, which also includes technology and solutions to improve air quality and increase mobility. In the second quarter, we began operating 92 electric buses, and of 373 buses that are currently on order 38 are electric buses and all of the others are adapted to operate on fossil-free fuel. Our efforts to deliver efficient sustainable solutions for society is being recognised by more and more investors, who understand the value of this in order to create profitable growth. Good support for this view can be found from the independent climate research institute Cicero, which in conjunction with the issue of our green bond earlier this year, gave us the highest “dark green” ranking for our green framework and sustainability agenda. This is the first time this has been given to a public transport company.

IMPORTANT DECISION

Finally, I would like to highlight the significance of fair competition for fair pricing in the market. The European Commission has, after our filed complaint, ordered a former municipal bus company in Finland to repay EUR 54.2 million in incompatible public support during an extended period. This decision strengthens us in our efforts moving forward to develop the public transport of the future in both Finland and the rest of the Nordic region.

Magnus Rosén,
President and CEO



Nobina's financial performance

Second quarter (1 June–31 August 2019) and first half of the year (1 March–31 August 2019)

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 comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

NET SALES

SECOND QUARTER

Nobina's second quarter net sales amounted to SEK 2,528 million (2,224), an increase of 13.7 per cent compared with the year-earlier period. Growth, adjusted for currency effects, was 9.3 per cent. Excluding positive currency effects of 4.3 per cent, the acquired companies Samtrans, DBO and Örslev contributed 10.0 per cent to growth, or SEK 222 million, while organic growth was a negative –0.6 per cent including index revenue and contract migration.

FIRST HALF OF THE YEAR

Nobina's net sales for the first half of the year amounted to SEK 5,277 million (4,575), an increase of 15.3 per cent compared with the year-earlier period. Growth, adjusted for currency effects, was 11.0 per cent. Excluding the positive currency effects of 4.3 per cent, the acquired companies Samtrans, DBO and Örslev contributed 10.6 per cent to growth, or SEK 483 million, while organic growth was 0.4 per cent including index revenue and contract migration.

RESULTS

SECOND QUARTER

EBITA for the second quarter amounted to SEK 162 million (136), an increase of 19.1 per cent. Operating profit (EBIT) for the second quarter amounted to SEK 156 million (127), an increase of 22.8 per cent. The increase shows performance improvements in existing contracts driven by a maturing contract portfolio and increasing extra traffic at the same time as the acquired companies made a positive contribution of SEK 32 million to operating profit for the quarter. Profit before tax amounted to SEK 101 million (83). Adjusted profit before tax amounted to SEK 107 million (92). A recovered penalty of SEK 11 million is excluded from impacting adjusted profit before tax positively.

FIRST HALF OF THE YEAR

EBITA for the first half of the year amounted to SEK 330 million (251), an increase of 31.5 per cent. Operating profit (EBIT) for the first half of the year amounted to SEK 308 million (241), an increase of 27.8 per cent. The increase shows performance improvements in existing contracts driven by a maturing contract portfolio and increasing extra traffic at the same time as the acquired companies made a positive contribution of SEK 65 million to operating profit for the first half of the year. Profit before tax amounted to SEK 198 million (153). Adjusted profit before tax amounted to SEK 220 million (163). A recovered penalty of SEK 11 million is excluded from impacting adjusted profit before tax positively.

INCOME TAX

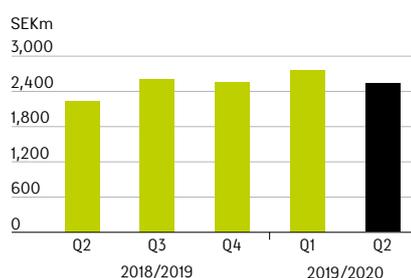
Nobina's income tax in the income statement for the second quarter comprised current tax of SEK –1 million (–2) and the change in estimated deferred tax of SEK –19 million (–19). The effective rate of tax was –20 per cent (–25). Nobina's income tax for the first half of the year comprised current tax of SEK –2 million (–2) and the change in estimated deferred tax of SEK –39 million (–37). The effective rate of tax was –21 per cent (–25).

FINANCIAL POSITION

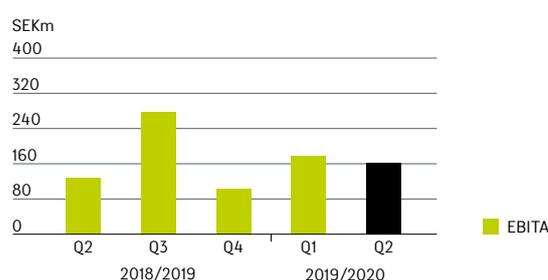
Cash and cash equivalents amounted to SEK 460 million (402) at the end of the period. Nobina has an available bank credit facility of SEK 300 million (150) as of 31 August 2019. The credit was unutilised this year and in the preceding year.

Nobina's interest-bearing liabilities amounted to SEK 5,835 million (4,998), mainly divided between operating and finance lease liabilities of SEK 3,198 million (4,721) and other external liabilities, mainly loans for bus financing, of SEK 2,637 million (277) which includes Nobina's green bond of SEK 500 million (0), launched in February 2019. Nobina's liabilities are primarily attributable to the

NET SALES



EBITA



financing of investments in buses and equipment used in operations, but also include certain strategic debt in the form of a bridge loan related to acquisition financing amounting to SEK 283 million, see Note 2. Net debt totalled SEK 5,375 million (4,596) at the end of the period, and net debt/EBITDA was 3.1x (2.9x). Shareholders' equity totalled SEK 1,303 million (1,343). The equity/assets ratio at the end of the period was 13.6 per cent (16.5).

INVESTMENTS AND DIVESTMENTS

SECOND QUARTER

Bus investments in the second quarter amounted to SEK –1,164 million (–10) and other investments were SEK 0 million (–25). Nobina signed financial leasing agreements of SEK 525 million (–) and new loans were raised of SEK 224 million (0). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –415 million (–35) and consisted primarily of investments in loan-financed buses. Nobina sold buses and other PPE for a value of SEK 16 million (18). The sale generated a capital gain of SEK 0 million (loss: –20).

FIRST HALF OF THE YEAR

Bus investments in the first half of the year amounted to SEK –1,815 million (–78) and other investments were SEK –9 million (–29). Nobina signed financial leasing agreements of SEK 528 million (33) and new loans were raised of SEK 813 million (–). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –483 million (–74) and consisted primarily of investments in loan-financed buses. Nobina sold buses and other PPE for a value of SEK 20 million (19). The sale generated a capital gain of SEK 0 million (loss: –19).

CASH FLOW

SECOND QUARTER

Cash flow from operations before changes in working capital amounted to SEK 421 million (347). Change in working capital amounted to SEK 53 million (–83). The improvement in working capital relates primarily to a timing impact of accounts payable, which was more favourable this year than last.

Cash flow from investing activities amounted to SEK –623 million (–17) and included investments in buses and equipment of SEK –639 million (–35), which were financed by loans amounting to SEK 224 million (–).

Cash flow from financing activities was SEK –385 million (–546). Total cash flow for the quarter was SEK –536 million (–300).

CASH FLOW

FIRST HALF OF THE YEAR

Cash flow from operations before changes in working capital amounted to SEK 855 million (724). Working capital amounted to SEK –50 million (–179) and reflected the effect of higher receivables compared with the preceding year.

Cash flow from investing activities amounted to SEK –1,282 million (–55) and was impacted by investments in buses and equipment of SEK –1,296 million (–74), which were financed by loans amounting to SEK 813 million (–). Refinancing of buses, which were previously lease-financed, with loans corresponded to SEK 510 million in both investments and new loans during the first quarter.

Cash flow from financing activities was SEK –127 million (–863). Total cash flow for the first half of the year was SEK –606 million (–374).

	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Investments in continuing operations (SEK million)					
Investments in new buses	–1,164	–10	–1,815	–78	–1,193
Other investments	–	–25	–9	–29	–203
Total investments	–1,164	–35	–1,824	–107	–1,396
Lease-financed investments	525	–	528	33	289
Non-lease-financed investments	–639	–35	–1,296	–74	–1,107
Of which loan-financed investments	224	–	813	–	943
Total cash investments	–415	–35	–483	–74	–164

Results analysis, year to date

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

(SEK million)	Net sales	Adj. EBT	Comments on the outcome
Period March–August 2018	4,575	163	
Price and Volume	573	75	The estimated effects of price and volume were positive in terms of net sales and EBT, and are driven by a maturing contract portfolio and contract changes. This item contains positive effects of acquisitions, extra traffic and incentive revenue.
Contract migration	33	10	Contract migrations this year have been extensive but occurred late in Q2. Total effect on net sales and EBT are however slightly positive.
Indexation and Operational efficiency (net)	96	8	Operational efficiency after indexation has improved compared to last year mainly from reduced fuel consumption and lower sick leave and overtime.
Other		-14	This item includes other cost deviations, primarily within central functions, and includes results from the fleet operations.
Net financial items		-22	Profit for the year was adversely impacted by unrealised currency effects on loans for acquisition financing in DKK and increased interest costs.
Period March–August 2019	5,277	220	

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 adjusted 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. This category also includes effects from acquisitions.

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 property expenses, M&A advisory costs, amortisation of intangible assets, marketing and sales costs, other administrative expenses as well as results from fleet operations which includes the effect on earnings of sales of buses.

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

7.7 (8.1)

The duration of contracts varies between countries, and was on average (weighted by the number of buses) 7.7 years.

AVERAGE AGE OF BUS FLEET, YEARS

6.4 (6.2)

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

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS

4.6 (4.7)

The average contract age (weighted by the number of buses) was 4.6 years.

Segments

NET SALES BY SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018 –Feb 2019	Sep 2018 –Aug 2019
Nobina Sweden	1,638	1,501	3,591	3,157	6,863	7,294
Production contracts	1,108	998	2,424	2,090	4,642	
Incentive contracts	491	433	1,107	923	2,069	
Other revenue	39	70	60	144	152	
Nobina Denmark	243	151	474	293	648	829
Production contracts	243	143	459	279	563	
Incentive contracts	–	–	1	–	3	
Other revenue	–	8	14	14	82	
Nobina Norway	354	292	602	561	1,047	1,088
Production contracts	315	257	558	516	1,009	
Incentive contracts	1	5	2	6	8	
Other revenue	38	30	42	39	30	
Nobina Finland	299	278	621	566	1,178	1,233
Production contracts	290	273	605	555	1,154	
Incentive contracts	5	4	10	9	19	
Other revenue	4	1	6	2	5	
Total	2,534	2,222	5,288	4,577	9,736	10,444
Production contracts	1,956	1,671	4,046	3,440	7,368	
Incentive contracts	497	442	1,120	938	2,099	
Other revenue	81	109	122	199	269	
Central functions and other items	1	5	2	10	2	
Elimination of sales within the Group	–7	–3	–13	–12	–4	–8
Total net sales	2,528	2,224	5,277	4,575	9,734	10,436

EBITA PER SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Period		Full year	Rolling 12 months
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018 –Feb 2019	Sep 2018 –Aug 2019
Nobina Sweden	121	113	300	238	586	648
Nobina Denmark	21	5	30	3	18	45
Nobina Norway	23	14	14	6	13	21
Nobina Finland	15	11	27	21	44	50
Central functions and other items	–18	–7	–41	–17	–41	–56
Total EBITA	162	136	330	251	620	708

SUMMARY

Nobina's second quarter reported strong growth compared with the prior year period in terms of net sales and substantially higher operating profit. The increase in net sales primarily derived from contributions from Samtrans, DBO and Örslev and positive currency effects based on a stronger EUR, DKK and NOK against the SEK. The increase in net sales adjusted for currency effects is 9.3 per cent. Existing contracts reported a positive performance, which is a sign of a maturing contract portfolio following a period with relatively limited contract start-ups and terminations. Toward the end of the quarter, contract migration accelerated significantly, which had a limited impact on the second quarter but will have a full effect in the third quarter. EBITA compared with the year-earlier period was positively impacted by earnings contributions from acquired companies and a favourable trend in production costs.

SWEDEN

Nobina Sweden's net sales for the second quarter of the year increased strongly compared with the prior year period based on the acquisition of Samtrans. Higher volumes in existing contracts and indexation of revenue had a limited impact on net sales. EBITA was significantly higher in the quarter and was positively impacted by the Samtrans acquisition, good efficiency in several traffic areas associated with maturing contract portfolios as well as extra traffic that had a positive impact on earnings.

DENMARK

Nobina Denmark's net sales for the second quarter were significantly higher than the prior year period, up 31.4 per cent. This increase was a result of contributions from the acquired companies DBO and Örslev as well as new traffic services in Roskilde. EBITA was significantly higher than the prior year period, up SEK 17 million, due to contributions from the acquired companies DBO and Örslev.

NORWAY

Nobina Norway's net sales for the second quarter were 21.2 per cent higher than the prior year period as a result of extensive extra traffic. EBITA in the second quarter was solidly higher than the prior year period due to extra traffic. EBITA also included start-up costs for the contract in Lillestrøm that commenced in June 2019 and termination costs in Tromsø for services that expired in August.

FINLAND

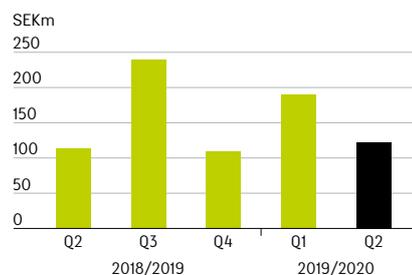
Nobina Finland's net sales for the second quarter were higher than the prior year period, and were driven by increased services as a result of newly started contracts in autumn 2018, which resulted in a sales increase of 7.6 per cent and also EBITA for the second quarter improving on the prior year period.

CENTRAL FUNCTIONS AND OTHER ITEMS

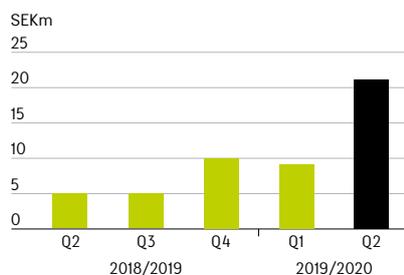
Central functions and other items had a limited impact on the Group's earnings in the second quarter and first half of the year.

EBITA PER SEGMENT

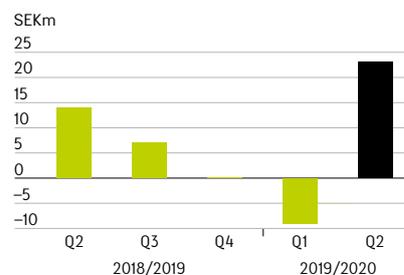
Sweden



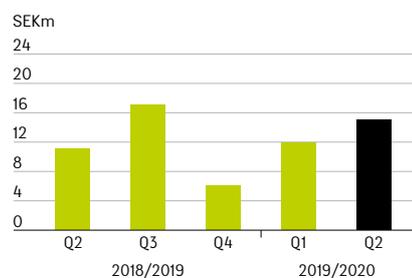
Denmark



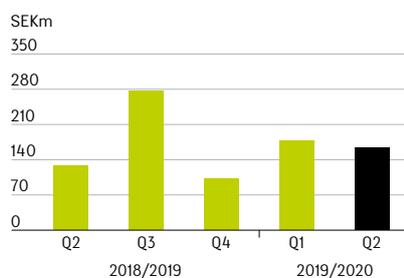
Norway



Finland

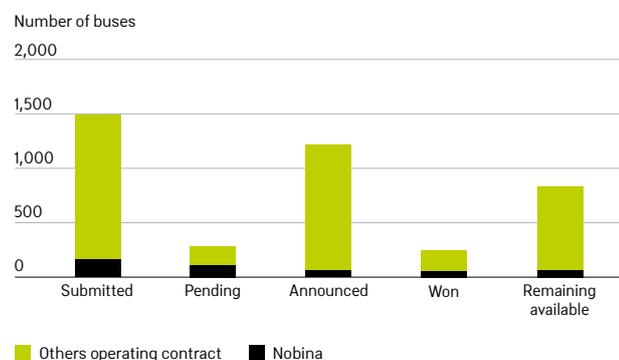


Nobina



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

TENDER OUTCOME COMMENT

During the quarter, no contracts run by Nobina have been tendered. Out of the total market volume of 1,212 buses tendered during the year, Nobina has won 241 buses. This represents a renewal rate of 502 per cent for the first half of the year. Over the next 12 months, Nobina will undergo a significant contract migration by leaving expiring contracts for 211 buses while starting up 331 buses in new contracts. As contracts have a low profitability at the beginning and high profitability at the end, the migration will put temporary pressure on Nobina's profit margin over the forthcoming period before the new contracts start to gear up their profitability during the following years.

TRAFFIC STARTS AND TERMINATIONS DURING THE COMING 12 MONTHS, SEPTEMBER 2019–AUGUST 2020

During the coming 12-month period, Nobina will start traffic involving 331 buses. Of these, 317 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 211 buses.

TRAFFIC START-UPS

Clients	No. of years	Start of service	No. of buses	New buses
HSL, Finland	1	January 2020	7	0
HSL, Finland	7	January 2020	27	27
Hallandstrafiken, Sweden	10	June 2020	127	120
Piteå, Sweden ¹⁾	10	July 2020	12	12
Östgötatrafiken, Sweden	10	August 2020	87	87
Västtrafik, Sweden	10	August 2020	71	71
Total traffic			331	317¹⁾

1) Of which, 46 are electric buses

2) Award decision has been appealed

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 428 buses and contracts for 378 buses expired.

March 2019–August 2019	Traffic changes during the period (No. of buses)	
	Started	Expired
Sweden	166	102
Norway	127	154
Finland	115	122
Denmark	20	0
Total	428	378

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 1,212 buses and won tenders for 241 buses.

March 2019–August 2019	Tenders during the period (No. of buses)	
	Completed	Won
Sweden	682	207
Norway	429	0
Finland	101	34
Denmark	0	0
Total	1,212	241

EXPIRED TRAFFIC

Clients	End of service	No. of buses
LT Örebro, Sweden	September 2019	100
Movia, Denmark	December 2019	11
Hallandstrafiken, Sweden	June 2020	58
HSL, Finland	August 2020	19
Midttrafik, Denmark	August 2020	23
Total traffic		211

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 2019, 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 26,755. Nobina has 1,246,654 treasury shares.

Nobina's financial targets

	Target	2018/2019 ³⁾	Rolling 12 months	Definition
Net sales	5%	9,734	10,436	Nobina's target is 5 per cent accumulated annual average net sales growth with 18/19 as the base year.
Adjusted EBT margin ¹⁾	5%	4.5%	4.7%	Nobina's target is to achieve an EBT margin of 5 per cent at an average contract age of 50 per cent of the average contract length.
Net debt/EBITDA ²⁾	3.0x–4.0x	3.1x	3.1x	Under normal circumstances, Nobina aims to maintain a net leverage ratio of 3.0x and 4.0x EBITDA, including strategic debt financing.
Dividend policy ³⁾	75% of earnings after tax paid	76% ⁴⁾	n/a	Under normal circumstances, Nobina expects to pay a dividend of at least 75 per cent of earnings after tax paid.

1) Adjusted EBT is defined as profit before tax after adjustment for costs and depreciation/amortisation related to acquisitions.

2) Profit/loss for the period before net financial items, taxes, depreciation/amortisation and 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) The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

Other information

PERSONNEL

Nobina had 10,698 (9,926) 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 ten (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 14 million (11) during the second quarter. Loss before tax for the second quarter amounted to SEK -23 million (profit: 16). The Parent Company's net sales for the first half of the year amounted to SEK 27 million (21) and profit before tax to SEK 1 million (38). The Parent Company was impacted by a net dividend of SEK 29 million received from Nobina Europe AB in the first half of the year. The second quarter of the preceding year was impacted by a net dividend of SEK 28 million received from Nobina Sverige 3 AB. During the first half of the preceding year, the Parent Company was impacted by impairment of capital contributions in Nobina AS of SEK -32 million and a capital gain of SEK 64 million from the sale of the shareholding of Swebus Express AB. Cash and cash equivalents amounted to SEK 444 million (392) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 31 August 2019, the Parent Company's shareholders' equity was SEK 2,221 million (2,418). The equity/assets ratio was 39 per cent (59).

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 26.

RISK AND UNCERTAINTY FACTORS

Nobina is exposed to interest rate risks since the Company's financial and operational leases 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 in 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 limited through careful risk evaluation in the tender process. Most contracts now have an index which matches the type of fuel. 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.

During the previous fiscal year, Nobina completed two material acquisitions: Samtrans and DBO. Any acquisition process gives rise to new risks. The starting points for the valuation of acquired companies are based, among other things, on documented data on the target companies' financial positions and historical results, but above all on assessments and assumptions about future market developments, Nobina's ability to develop the companies, the companies' ability to win new traffic contracts and future earnings. Risks can arise if assumptions and judgments deviate from the expectations that existed at the time of acquisition, which may affect the view of the acquired values.

For more information regarding risks and uncertainty factors, refer to the corresponding section in Nobina AB's Annual Report 2018/2019.

DISPUTES

Nobina has an ongoing dispute with Länstrafiken Örebro for faulty gas quality.

FINANCING

Nobina has as its primary strategy the financing of the purchase of vehicles with finance leases or loans with a term of ten years at a residual value of 10 per cent. Lease liabilities are recognised as finance leases and are, like loans, visible in the balance sheet. In addition, some financing is raised in the green bond market for which Nobina has pledged collateral. Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations, but may also include certain strategic debt financing.

Nobina has an available bank credit facility of SEK 300 million (150) as of 31 August 2019.

FINANCIAL TARGETS AND DIVIDEND POLICY

In connection with the company's Capital Markets Day on 9 October 2018, Nobina's Board of Directors adopted new financial targets and a new dividend policy, which replaced the targets and policy adopted ahead of the IPO in 2015 (see page 9).

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- During the second quarter, Nobina underwent a comprehensive contract migration comprising several major contract start-ups encompassing 395 buses and contract terminations consisting of 378 buses resulting in a rejuvenation of the contract portfolio.
- The European Commission has, after Nobina's filed complaint, declared that subsidies to publicly owned operators are not permitted and decided that a Finnish former municipal bus company must repay EUR 54.2 million to Helsinki community for incompatible state aid during the period 2002–2012
- Nobina Sweden received Unionen's LGBT award for 2019, as Sweden's most LGBT-friendly workplace. Unionen's LGBT award is given every year to an employer that in an exemplary manner strives for an inclusive workplace, regardless of sexual orientation, gender identity and gender expression.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- No significant events occurred 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 2018/2019 Annual report, with the additions of the introduction of IFRIC 23, which addresses uncertainty over income tax treatments and could give rise to new measurements of uncertain tax positions. The introduction of IFRIC 23 has not had any impact on the Nobina Group's income statement and balance sheet. The new lease standard, IFRS 16 replaced the previous IAS 17 on 1 January 2019. The IFRS 16 standard removes the classification of leases between operating and finance leases, 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. The Nobina Group has applied the practical exemptions of recognising payments attributable to short-term leases and leases of low-value assets as costs in profit or loss. Nobina's lease portfolio contains leases for offices and depots, and buses on operating leases. Nobina's property leases correspond with the terms of traffic contracts and are depreciated over the same period. The Nobina Group has implemented IFRS 16 with retroactive application for the 2018/2019 fiscal year, subject to adjustments of

all periods presented. All leases are recognised in the balance sheet as financial liabilities and right-of-use assets in non-current assets. In the income statement, all lease expenses are recognised as depreciation and interest expenses. Lease payments in the statement of cash flows are divided between interest payments and payments of lease liabilities. Interest payment and payments of lease liabilities are recognised under financing activities. Refer to the supplementary information in the 2018/2019 Annual Report and the detailed information in Note 1 on page 22. 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 1–28, and the interim period information on pages 1–12 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, 27 September 2019

Jan Sjöqvist
Chairman of the Board

Johan Bygge
Director

John Allkins
Director

Graham Oldroyd
Director

Liselott Kilaas
Director

Monica Lingegård
Director

Bertil Persson
Director

Magnus Rosén
President and CEO

Financial calendar

Interim report 1 June–31 August 2019	27 September 2019
Interim report 1 September–30 November 2019	20 December 2019
Year-end Report 2019/2020	8 April 2020
Annual General Meeting 2019/2020	28 May 2020
Interim report 1 March–31 May 2020	26 June 2020

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CEST on Friday, 27 September 2019. 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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www.nobina.com
Reg. no. 556576-4569

Auditor's report

Nobina AB (publ). reg. no. 556576-4569

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Nobina AB (publ) as of 31 August 2019 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 2019

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Condensed consolidated income statement

SEK million	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Continuing operations					
Net sales	2,528	2,224	5,277	4,575	9,734
Operating expenses					
Fuel, tyres and other consumables	–436	–424	–913	–857	–1,769
Other external expenses	–349	–217	–765	–482	–1,179
Personnel expenses	–1,305	–1,196	–2,730	–2,501	–5,190
Total EBITDA	438	387	869	735	1,596
Capital gains/losses from the disposal of non-current assets	–	–20	–	–19	–32
Depreciation/impairment of PPE	–276	–231	–539	–465	–944
Total EBITA	162	136	330	251	620
Acquisition-related income and costs	8	–9	6	–9	–20
Amortisation/impairment of intangible assets	–14	–	–28	–1	–25
Operating profit (EBIT), Note 1	156	127	308	241	575
Profit from net financial items					
Financial income	–	–	–	–	–
Financial expenses, Note 2	–55	–44	–110	–88	–186
Net financial items	–55	–44	–110	–88	–186
Profit before tax (EBT), Note 1	101	83	198	153	389
Income tax	–20	–21	–41	–39	–91
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	81	62	157	114	298
Discontinued operations					
Profit for the period from discontinued operations	–	–	–	56	56
Profit for the period	81	62	157	170	354
Profit for the period attributable to Parent Company shareholders	81	62	157	170	354
Earnings per share before dilution (SEK), attributable to continuing operations	0.92	0.70	1.78	1.30	3.44
Earnings per share before dilution (SEK), attributable to discontinued operations	–	–	–	0.62	0.62
Earnings per share before dilution (SEK), attributable to Parent Company shareholders	0.92	0.76	1.78	1.92	4.06
Earnings per share after dilution (SEK), attributable to Parent Company shareholders	0.91	0.76	1.77	1.92	4.03
Average number of shares before dilution (000s)	88,356	88,356	88,356	88,356	88,356
Average number of shares after dilution (000s)	88,870	88,356	88,870	88,356	89,054
Number of shares outstanding at end of period (000s)	87,109	88,356	87,109	88,356	87,109

Statement of consolidated comprehensive income

SEK million	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Profit for the period	81	62	157	170	354
Other comprehensive income	81	62	157	170	354
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	–	–	–	–	–
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	12	17	22	30	23
Other comprehensive income for the period, net after tax	12	17	22	30	23
Comprehensive income for the period	93	79	179	200	377
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	93	79	179	200	377

Condensed consolidated balance sheet

SEK million	31 Aug 2019	31 Aug 2018	Full year 28 Feb 2019
ASSETS			
Non-current assets			
Goodwill	787	583	785
Other intangible assets	474	15	495
Real estate and costs for leasehold improvements	743	789	831
Equipment, tools, fixtures and fittings	193	88	152
Vehicles	5,595	5,050	5,041
Deferred tax assets	140	225	179
Assets for pension commitments	17	18	17
Other non-current receivables	4	4	4
Total non-current assets	7,953	6,772	7,504
Current assets			
Inventories	54	51	51
Trade receivables	666	617	663
Other current receivables	110	33	253
Deferred expenses and accrued income	323	275	316
Cash and cash equivalents	460	402	1,058
Total current assets	1,613	1,378	2,341
TOTAL ASSETS	9,566	8,150	9,845
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,303	1,343	1,451
Non-current liabilities			
Borrowing, Note 2	4,729	4,232	4,841
Deferred tax liabilities	249	151	256
Provision for pensions and similar commitments	41	38	33
Other provisions	48	40	63
Total non-current liabilities	5,067	4,461	5,193
Current liabilities			
Accounts payable	554	498	597
Borrowing, Note 2	1,065	726	1,012
Other current liabilities	437	198	430
Accrued expenses and deferred income	1,140	924	1,162
Total current liabilities	3,196	2,346	3,201
Total liabilities	8,263	6,807	8,394
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,566	8,150	9,845

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 2018	318	3,212	39	-2,133	1,436
Adjusted accounting policy in accordance with IFRS 16	-	-	-	2	2
Profit for the period	-	-	-	354	354
Other comprehensive income	-	-	23	-	23
Total profit/loss for the year	318	3,212	62	-1,777	1,815
Transactions with owners					
Repurchase of treasury shares	-	-	-	-74	-74
Share-based remuneration	-	-	-	6	6
Dividend	-	-	-	-296	-296
Closing equity, 28 February 2019	318	3,212	62	-2,141	1,451
Opening equity, 1 March 2018	318	3,212	39	-2,133	1,436
Adjusted accounting policy in accordance with IFRS 16	-	-	-	3	3
Profit for the period	-	-	-	170	170
Other comprehensive income	-	-	30	-	30
Total profit/loss for the year	318	3,212	69	-1,960	1,639
Transactions with owners					
Dividend	-	-	-	-296	-296
Closing equity, 31 August 2018	318	3,212	69	-2,256	1,343
Opening equity, 1 March 2019	318	3,212	62	-2,141	1,451
Reclassification of exchange-rate differences	-	-	5	-5	-
Profit for the period	-	-	-	157	157
Other comprehensive income	-	-	22	-	22
Total profit/loss for the year	318	3,212	89	-1,989	1,630
Transactions with owners					
Share-based remuneration	-	-	-	4	4
Dividend	-	-	-	-331	-331
Closing equity, 31 August 2019	318	3,212	89	-2,316	1,303

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Cash flow from operating activities					
Profit after financial items	101	83	198	153	379
(of which, attributable to continuing operations)	101	83	198	163	389
(of which, attributable to discontinued operations)	–	–	–	–10	–10
Adjustment for non-cash items	320	264	657	561	1,175
Cash flow from operations before changes in working capital	421	347	855	714	1,554
(of which, attributable to continuing operations)	421	347	855	724	1,564
(of which, attributable to discontinued operations)	–	–	–	–10	–10
Cash flow from changes in working capital					
Change in inventories	1	–2	–2	–5	–6
Changes in operating receivables	49	61	140	64	–115
Changes in operating liabilities	3	–142	–188	–238	199
Total change in working capital	53	–83	–50	–179	78
(of which, attributable to continuing operations)	53	–83	–50	–179	78
(of which, attributable to discontinued operations)	–	–	–	–	–
Received interest income	–	–1	–	–1	–
Tax paid	–2	–	–2	–	–5
Cash flow from operating activities	472	263	803	534	1,627
(of which, attributable to continuing operations)	472	263	803	544	1,637
(of which, attributable to discontinued operations)	–	–	–	–10	–10
Cash flow from investing activities					
Investments in subsidiaries	–	–	–6	–	–521
Investments in PPE and intangible assets	–639	–35	–1,296	–74	–1,107
Divestment of PPE and intangible assets	16	18	20	19	40
Divestment of subsidiary, Note 1	–	–	–	49	46
Cash flow from investing activities	–623	–17	–1,282	–6	–1,542
(of which, attributable to continuing operations)	–623	–17	–1,282	–55	–1,588
(of which, attributable to discontinued operations)	–	–	–	49	46
Cash flow from financing activities					
Amortisation of operating and finance lease liabilities	–166	–195	–328	–454	–889
Amortisation of other external loans	–64	–11	–180	–23	–79
New borrowing, other external loans	224	–	813	–	1,766
Financing costs	–	–	–	–	–7
Repurchase of treasury shares	–	–	–	–	–74
Interest paid	–48	–44	–101	–90	–182
Dividend	–331	–296	–331	–296	–296
Cash flow from financing activities	–385	–546	–127	–863	239
(of which, attributable to continuing operations)	–385	–546	–127	–863	239
(of which, attributable to discontinued operations)	–	–	–	–	–
Cash flow for the period	–536	–300	–606	–335	324
(of which, attributable to continuing operations)	–536	–300	–606	–374	288
(of which, attributable to discontinued operations)	–	–	–	39	36
Cash and cash equivalents at beginning of period	992	720	1,058	720	720
Cash flow for the period	–536	–300	–606	–335	324
Exchange-rate difference	4	–18	8	17	14
CASH AND CASH EQUIVALENTS AT END OF PERIOD	460	402	460	402	1,058

Condensed income statement – Parent Company

SEK million	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Net sales	14	11	27	21	44
Operating expenses					
Other external expenses	–8	–14	–10	–25	–38
Personnel expenses	–19	–11	–33	–22	–50
Operating loss (EBIT)	–13	–14	–16	–26	–44
Profit from participations in Group companies	–	28	29	60	362
Financial income	3	4	9	8	8
Financial expenses	–13	–2	–21	–4	–15
Net financial items	–10	30	17	64	355
Profit/loss before tax (EBT)	–23	16	1	38	311
Income tax	–	–	–	–	–76
PROFIT/LOSS FOR THE PERIOD	–23	16	1	38	235

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 2019	31 Aug 2018	Full year 28 Feb 2019
ASSETS			
Non-current assets			
Participations in Group companies	4,547	3,563	4,647
Non-current receivables in Group companies	500	–	500
Total non-current assets	5,047	3,563	5,147
Current assets			
Receivables from Group companies	234	148	676
Other current receivables	20	–	6
Deferred expenses and accrued income	–	1	2
Cash and cash equivalents	444	392	1,043
Total current assets	698	541	1,727
TOTAL ASSETS	5,745	4,104	6,874
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,221	2,418	2,547
Non-current liabilities			
Borrowing	846	–	867
Provision for pensions and similar commitments	4	6	6
Deferred tax liabilities	89	–	76
Total non-current liabilities	939	6	949
Current liabilities			
Accounts payable	3	3	5
Borrowing	55	–	55
Liabilities to Group companies	2,508	1,649	3,285
Other current liabilities	1	1	2
Accrued expenses and deferred income	18	27	31
Total current liabilities	2,585	1,680	3,378
Total liabilities	3,524	1,686	4,327
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,745	4,104	6,874

Condensed Parent Company statement of changes in equity

SEK million	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit for the period	Total equity
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	–	–	–	–	235	235
Total profit for the year	318	1	1,336	1,021	235	2,911
Transactions with owners						
Repurchase of treasury shares	–	–	–	–74	–	–74
Share-based remuneration	–	–	–	6	–	6
Dividend	–	–	–	–296	–	–296
Closing equity, 28 February 2019	318	1	1,336	657	235	2,547
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
Total profit for the year	318	1	1,336	1,021	38	2,714
Transactions with owners						
Dividend	–	–	–	–296	–	–296
Closing equity, 31 August 2018	318	1	1,336	725	38	2,418
Opening equity, 1 March 2019	318	1	1,336	657	235	2,547
Transfer of the preceding year's profit/loss	–	–	–	235	–235	–
Profit for the period	–	–	–	–	1	1
Total profit for the year	318	1	1,336	892	1	2,548
Transactions with owners						
Share-based remuneration	–	–	–	4	–	4
Dividend	–	–	–	–331	–	–331
Closing equity, 31 August 2019	318	1	1,336	565	1	2,221

Notes

NOTE 1 RECLASSIFICATION AND ADJUSTMENTS UPON TRANSITION TO IFRS 16, FOR CONTINUING OPERATIONS, COMPREHENSIVE INCOME

The effects of implementing IFRS 16

The new lease standard, IFRS 16 replaced the previous 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. With the implementation of IFRS 16, 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. Nobina's lease portfolio contains leases for offices and depots and buses on operating leases. The Nobina Group has implemented IFRS 16 with retroactive application of the 2018/2019 fiscal year, subject to adjustments of all periods presented. All leases are recognised in the balance sheet as financial liabilities and right-of-use assets in non-current assets. In the income statement, all lease expenses are recognised as depreciation and interest expenses. Lease payments in the statement of cash flows are divided between interest payments and payments of lease liabilities. Interest payment and payments of lease liabilities are recognised under financing activities.

IAS 20 adjustments of the policy for subsidy management in previous periods

For previous periods, the Nobina Group has recognised subsidies for Nystartsjobb (New start jobs) and wage subsidies as revenue in the Nobina Group and other subsidies received as a reduction in the Group's personnel expenses. Last year, the Nobina Group changed accounting policy, IAS 8 p.14, so all government grants received, IAS 20, are recognised as a cost reduction, in order to achieve uniform and consistent accounting.

Discontinued operations

Svebus Express AB, which was divested during the preceding year, is classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

	2019/2020 Q2			2019/2020 H2		
	Continuing operations	Adjusted IFRS 16	Restated	Continuing operations	Adjusted IFRS 16	Restated
Income statement						
Net sales	2,528	–	2,528	5,277	–	5,277
EBITDA	373	65	438	740	129	869
EBITDA, %	14.8%	–	17.3%	14.0%	–	16.5%
EBITA	154	8	162	305	25	330
EBITA, %	6.1%	–	6.4%	5.8%	–	6.3%
EBIT	148	8	156	283	25	308
EBIT, %	5.9%	–	6.2%	5.4%	–	5.8%
EBT	100	1	101	197	1	198
EBT, %	4.0%	–	4.0%	3.7%	–	3.7%
Profit for the period	80	1	81	156	1	157
Cash flow for the period	–536	–	–536	–606	–	–606
Net debt/EBITDA	3.1	–	3.1	3.1	–	3.1
Equity/assets ratio, %	14.6%	–1.0%	13.6%	14.6%	–1.0%	13.6%
Balance sheet						
Real estate and costs for leasehold improvements	172	571	743	172	571	743
Vehicles	5,476	119	5,595	5,476	119	5,595
Total assets	5,648	690	6,338	5,648	690	6,338
Borrowing (current and non-current borrowing)	5,102	692	5,794	5,102	692	5,794
Total liabilities	5,102	692	5,794	5,102	692	5,794

	2018/2019 Q2				2018/2019 H2			
	Continuing operations	Adjusted IAS 20, government grants	Adjusted IFRS 16	Restated	Continuing operations	Adjusted IAS 20, government grants	Adjusted IFRS 16	Restated
Income statement								
Net sales	2,235	-11	-	2,224	4,596	-21	-	4,575
EBITDA	318	-	69	387	596	-	139	735
EBITDA, %	14.2%	-	-	17.4%	12.9%	-	-	16.0%
EBITA	127	-	9	136	231	-	20	251
EBITA, %	5.7%	-	-	6.1%	5.0%	-	-	5.5%
EBIT	117	-	10	127	221	-	20	241
EBIT, %	5.2%	-	-	5.7%	4.8%	-	-	5.3%
EBT	86	-	-3	83	158	-	-5	153
EBT, %	3.8%	-	-	3.7%	3.4%	-	-	3.3%
Profit/loss for the period	65	-	-3	62	119	-	-5	114
Cash flow for the period	-300	-	-	-300	-374	-	-	-374
Net debt/EBITDA	3.0	-	-	2.9	3.0	-	-	2.9
Equity/assets ratio, %	18.6%	-	-	16.5%	18.6%	-	-	16.5%
Balance sheet								
Real estate and costs for leasehold improvements	30	-	759	789	30	-	759	789
Vehicles	4,895	-	155	5,050	4,895	-	155	5,050
Total assets	4,925	-	914	5,839	4,925	-	914	5,839
Borrowing (current and non-current borrowing)	4,043	-	915	4,958	4,043	-	915	4,958
Total liabilities	4,043	-	915	4,958	4,043	-	915	4,958
					Full year 2018/2019			
					Continuing operations	Adjusted IFRS 16	Restated	
Income statement								
Net sales					9,734	-		9,734
EBITDA					1,315	281		1,596
EBITDA, %					13.5%	-		16.4%
EBITA					578	42		620
EBITA, %					5.9%	-		6.4%
EBIT					533	42		575
EBIT, %					5.5%	-		5.9%
EBT					395	-6		389
EBT, %					4.1%	-		4.0%
Profit/loss for the period					303	-5		298
Cash flow for the period					288	-		288
Net debt/EBITDA					3.1	-		3.0
Equity/assets ratio, %					16.1%	-		14.7
Balance sheet								
Real estate and costs for leasehold improvements					178	653		831
Vehicles					4,902	139		5,041
Total assets					5,080	792		5,872
Borrowing (current and non-current borrowing)					5,056	797		5,853
Total liabilities					5,056	797		5,853

NOTE 2 FINANCING

SEK million, except as otherwise indicated	Quarter		Period		Full year
	Jun–Aug 2019	Jun–Aug 2018	Mar–Aug 2019	Mar–Aug 2018	Mar 2018–Feb 2019
Borrowing					
Other loans for bus financing	-	-	2,194	237	1,639
Other loans for current financing	-	-	283	-	308
Contingent consideration not paid	-	-	125	-	121
Finance lease liability for bus financing	-	-	2,506	3,806	2,995
Operating lease liability	-	-	692	915	797
Capitalised financing expenses	-	-	-6	-	-7
Total	-	-	5,794	4,958	5,853
Of which short-term repayment by instalment of portion of the Group's borrowings	-	-	1,065	726	1,012
Of which long-term portion of the Group's borrowings	-	-	4,729	4,232	4,841
Total liabilities	-	-	5,794	4,958	5,853
Interest expenses and similar loss items					
Interest expenses for operating and finance leases	-27	-40	-63	-81	-156
Interest expense, other loans	-16	-2	-30	-4	-13
Other financial expenses	-3	-2	-4	-4	-8
Realised and unrealised exchange gains/losses, net	-9	-	-13	1	-9
Total	-55	-44	-110	-88	-186

NOTE 3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	31 Aug 2019	31 Aug 2018	31 Aug 2019	31 Aug 2018
Pledged assets				
Chattel mortgages	150	150	-	-
Other pledged assets	-	-	135	257
Contingent liabilities				
Guarantee of lease obligations and other obligations	5,856	4,018	5,835	3,997
Total pledged assets and contingent liabilities	6,006	4,168	5,970	4,254

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 results. 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 metrics	Description
Rolling 12 months	Total for the most recent four quarters.
EBITDA	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of non-current assets.
EBITDA margin	EBITDA in relation to net sales.
EBITA	Earnings before interest, tax and amortisation of intangible assets and adjusted for fair value of conditional acquisition not paid and acquisition-related income and costs.
EBITA margin	EBITA in relation to net sales.
EBIT	Operating profit before net financial items and taxes.
EBIT margin	EBIT in relation to net sales.
EBT	Operating profit before tax.
EBT margin	EBT in relation to net sales.
EBT adjusted	Earning before taxes adjusted for amortisation of intangible assets, fair value of conditional acquisition not paid and acquisition-related income and costs.
Acquisition-related income and costs	Adjustments of fair value of contingent considerations not paid and acquisitions-related costs. Acquisitions-related costs includes costs attributable to ongoing, completed and continuing acquisitions.
Items affecting comparability	Items affecting comparability include events and transactions, the effect of which on earnings is important to report when profit for the period is compared with previous periods.
Interest-bearing liabilities	Interest-bearing non-current and current liabilities (external loans, pension liabilities and operating and finance lease liabilities).
Net debt	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance 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, operating and finance 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 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	Shareholders' 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.

KEY METRICS FOR CONTINUING OPERATIONS

SEK million, except as otherwise indicated	2018/2019			2019/2020		Full year
	Q2	Q3	Q4	Q1	Q2	Mar 2018 –Feb 2019
Net sales for the period	2,224	2,599	2,560	2,749	2,528	9,734
EBITDA	387	507	363	431	438	1,596
EBITDA margin	17.4%	19.5%	14.2%	15.7%	17.3%	16.4%
EBITA	136	276	102	168	162	620
EBITA margin	6.1%	10.6%	4.0%	6.1%	6.4%	6.4%
EBIT	127	254	80	152	156	575
EBIT margin	5.7%	9.8%	3.1%	5.5%	6.2%	5.9%
EBT	83	213	23	97	101	389
EBT margin	3.7%	8.2%	0.8%	3.5%	4.0%	4.0%
Profit for the period	62	165	18	76	81	298
Cash flow for the period	-300	-70	732	-70	-536	288
Cash and cash equivalents	402	320	1,058	992	460	1,058
Equity/assets ratio, %	16.5%	16.2%	14.7%	16.1%	13.6%	14.7%
Shareholders' equity	1,338	1,415	1,449	1,539	1,303	1,449
Shareholders' equity/ordinary share, SEK	15.1	16.0	16.4	17.4	14.7	16.4
Number of buses (on balance-sheet date)	3,518	3,552	3,644	3,711	3,897	3,644
Estimated FTEs	9,926	10,414	10,547	10,791	10,698	10,547
Production hours	2,648	2,899	2,783	2,928	2,964	11,296
Production kilometres	65,412	74,795	70,151	74,346	78,356	285,739

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES FOR CONTINUING OPERATIONS

SEK million, except as otherwise indicated	2018/2019			2019/2020		Full year
	Q2	Q3	Q4	Q1	Q2	Mar 2018 –Feb 2019
Interest-bearing liabilities:						
Non-current borrowing	4,232	4,398	4,841	4,465	4,729	4,841
Pension liability	40	40	33	32	41	33
Current borrowing	726	788	1,012	1,012	1,065	1,012
Total interest-bearing liabilities	4,998	5,226	5,886	5,509	5,835	5,886
Cash	-402	-320	-1,058	-992	-460	-1,058
Total net debt	4,596	4,906	4,828	4,517	5,375	4,828
EBITDA Q1	348	348	348	431	431	348
EBITDA Q2	378	378	378	378	438	378
EBITDA Q3	507	507	507	507	507	507
EBITDA Q4	363	363	363	363	363	363
Total EBITDA full year	1,596	1,596	1,596	1,679	1,739	1,596
Net debt/EBITDA	2.9	3.1	3.0	2.7	3.1	3.0

Nobina in brief

Nobina is the largest and most experienced public transport service provider in the Nordic region. 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 10 billion on an annual basis and has more than 11,500 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, when suitable opportunities arise, we will additionally grow by 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.

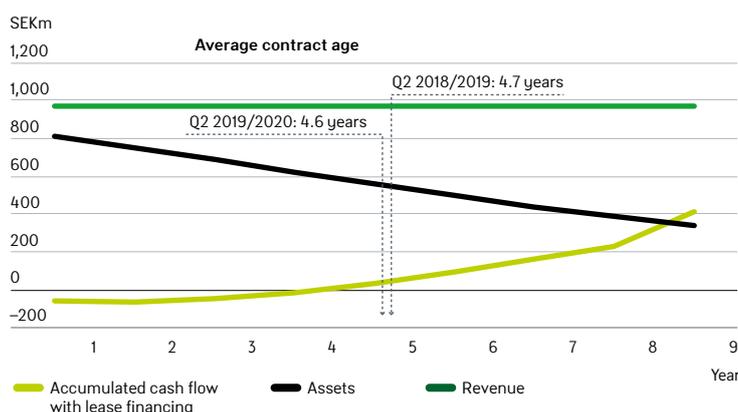
Resource efficiency

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 17 per cent market share (company assessment 2018–2019), 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.

OUR VISION

EVERYONE WANTS TO TRAVEL WITH US

THIS IS NOBINA. Our transport solutions increase mobility in society. Every day about one million people in the Nordic region travel with us, and our role is to make the journey a positive experience. We offer our passengers service and security at the same time as ensuring the journey is efficient and easy. It is through bus travel that we can combine all of the components into a well-functioning whole.



WE ACHIEVE OUR VISION BY BEING:

TRANSPARENT

Our business is based on transparency and diversity. We share knowledge with our stakeholders through dialogue. We welcome cooperation.

INNOVATIVE

We are innovative and strive for new and smart solutions for passengers and society.

RELIABLE

Reliability and credibility form the basis of everything we do. We get things done and provide quality services.



BUSINESS CONCEPT:

WE SIMPLIFY EVERYDAY TRAVELLING FOR OUR CUSTOMERS



WE SUCCEED BY LIVING ACCORDING TO OUR VALUES:

WE RESPECT EACH OTHER

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

WE CARE

We are committed, attentive and care about each other. We take active responsibility for the environment, society, safety and security. We promote health and personal development.

WE ARE GOOD LEADERS

Our leadership is based on trust, transparency and courage. We motivate through inclusion and draw attention to achievements. As a leader, we are a good role model in all of our communication.



THROUGH SMART TRANSPORT SOLUTIONS, WE HELP TO REALISE THE SUSTAINABLE SOCIETY OF THE FUTURE.



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