

NOBINA EUROPE INTERIM REPORT 1 MARCH –31 MAY 2015

THE FIRST QUARTER

- Net sales amounted to **SEK 1,995 million** (1,892), an increase of **5.4per cent**.
- Operating profit was **SEK 69 million** (–3).
- Profit for the period after tax amounted to **SEK 60 million** (–23).
- Earnings per share amounted to **SEK 375.61** (–141.83).
- Cash flow from the operations was **SEK 83 million** (–52).
- Investments, primarily for the purchase of buses, amounted to **SEK 13 million** (43).

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- On 25 May, Nobina publicly announced its intention to carry out a listing on Nasdaq Stockholm.
- Nobina AB has been listed on the exchange with a first day of trading on 18 June. Consequently, Nobina Europe AB's Bonds will be redeemed prematurely.
- Nobina AB has retained former Infrastructure minister Catharina Elmsäter-Svärd as an adviser on strategic issues.

SIGNIFICANT EVENTS SINCE THE END OF THE QUARTER

- On 3 June, Nobina published its prospectus for the IPO, with an application period of 4–16 June for the general public in Sweden and 4–17 June for institutional investors. The scheduled first day of trading is 18 June 2015.

CEO'S COMMENTS

“Nobina Europe’s first quarter has been characterised by intensive work on important traffic starts as well as on the impending IPO of Nobina AB. It is positive that we are also able to present a strong trend for all of Nobina Europe’s business segments. Especially Nobina Sweden has developed strongly, while the reported results of the remaining segments include expenses due to preparation and start-up costs for new contracts.

After last year’s major contract gains, focus has been placed on impending traffic starts. Three large contracts in particular, in the areas of Södertörn (southern Stockholm), Follo (Norway) and Helsinki (Finland), require careful planning. It is, therefore, pleasing to announce that all of the planning projects are proceeding according to plan.

During the period, Nobina AB’s plans for an IPO on Nasdaq Stockholm were announced. We are taking this step for several reasons. Greater transparency will result in an improved credit rating, which in turn will lead to improved terms for financing our buses. The increased transparency will also increase understanding of the Nordic public transport market. I look forward to welcoming a broader Nordic owner base, which will also broaden the Company’s shareholder group.

In addition, I note that results for the quarter were affected both positively and negatively by various items. Higher than normal revenues from concluded negotiations constitute a positive factor, as does the fact that we received bonuses for good environmental performance in one of our Finnish contracts.”

*Ragnar Norbäck,
President and CEO*

KEY RATIOS

Nobina <i>(Millions, unless otherwise stated)</i>	Quarter		Full year
	March–May 2015	March–May 2014	March2014–Feb 2015
Net sales	1,995	1,892	7,576
Operating profit (EBIT)	69	–3	152
Earnings before tax (EBT)	77	–22	121
Cash flow for the period	–37	–112	142
	31 May 2015	31 May 2014	28 February 2015
Cash and cash equivalents	413	198	453
Shareholders' equity	601	442	544
Equity ratio, %	19.3	13.4	16.8
Number of buses	3,323	3,345	3,347
Estimated full time positions	8,044	6,794	7,593

NOBINA EUROPE IN BRIEF

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

Every day, Nobina Europe ensures that more than one million people get to work, school or other activities by delivering contracted public transport in Sweden, Norway, Finland and Den-

mark. In addition, Nobina Europe offers express bus services under the Swebus brand in the Swedish market.

Nobina Europe makes travel simpler and more friendly for more than one million people every day. Our success creates a better society in the form of increased mobility, reduced environmental impact and lower cost to society.

For more information refer to www.nobina.com.

THE MARKET

In the Nordic region, public transport has a key role to play in sustainable societal development and there is stable, long-term growth in demand for public transport. Similar conditions prevail on the Nordic markets. A common feature in all countries is that clients in the form of regional public transport authorities are tasked with organising public transport solutions for their immediate areas. Costs for regional travel are financed in part by municipalities and in part from ticket revenues, while there is free competition and pricing on the market for long distance bus traffic.

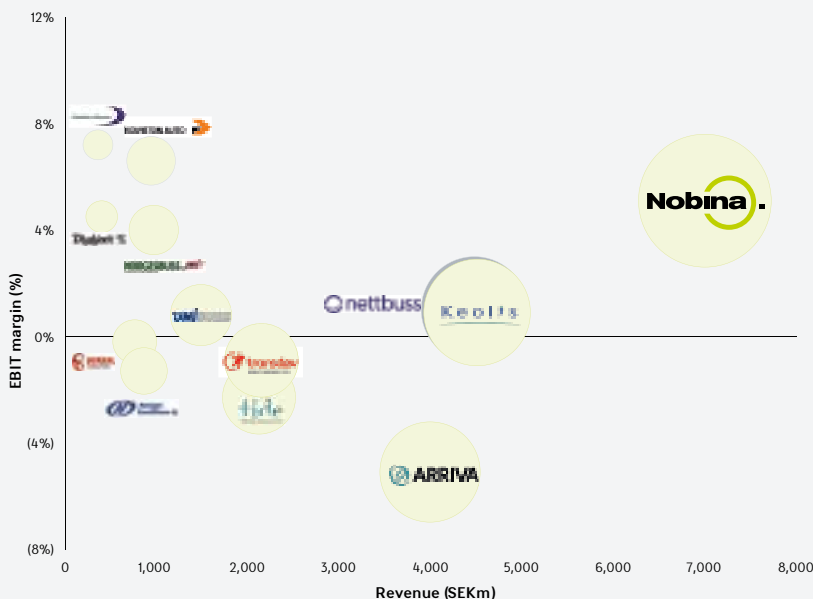
The Nordic market is gradually maturing and improving in several areas: increased environmental awareness, a balance between pricing and quality in the imposition of demands, as well as increased interest in incentive contracts instead of traditional production contracts with fixed compensation models. At the same time, the markets vary as regards experience and knowledge in procurement procedures. An ever increasing per centage of traffic is currently being contracted in accordance with the EU's

Traffic Regulation, which increases Nobina Europe's market. The procurement model has long been well-established in Sweden and Denmark and is becoming increasingly common in Norway and Finland.

Nobina Europe's position on the market

Nobina Europe is a well-established part of the Nordic public transport infrastructure. In Sweden, our leading market position is characterised by a high level of efficiency and successful work in developing the contract portfolio. In Finland, as a market leader in Helsinki we are well-positioned to increase our market shares on an expanding market. Nobina Europe is a challenger on the Norwegian and Danish markets, at the same time as these markets too are growing in terms of volume and number of contracts. As the largest and most experienced traffic operator in the Nordic region, conditions are favourable for profitable growth.

The Nordic public transport market for bus travel



Nobina Europe is the sole traffic operator with operations in all four Nordic countries, thereby creating a unique position with access to tender volumes in all countries as well as economies of scale in both the operations and the bus fleet. Other operators are active in only one or two countries.

The size of the bubbles in the graphic to the left shows the Nordic market share for public transport by bus in accordance with most recently reported sales; EBIT margin includes other activities in addition to public transport by bus.

Source: Market study carried out by a leading strategy consulting firm on behalf of Nobina AB, March 2015, with figures from the most recently available closing accounts.

NOBINA EUROPE'S FINANCIAL DEVELOPMENT

The first quarter (1 March–31 May 2015)

Sales

Nobina Europe's net sales for the first quarter amounted to SEK 1,995 million (1,892), an increase of 5.4 per cent compared with the corresponding period of last year. Sales were positively affected by increased revenues in existing contracts, the start-up of new contracts, and revenue indexation.

Earnings

Operating profit for the first quarter (EBIT) amounted to SEK 69 million (–3), of which SEK 67 million (7) related to regional traffic and SEK 0 million (–2) to interregional traffic.

Operating profit was positively affected by revenues from contract negotiations, mainly in Sweden as well as environmental bonuses in Finland. Central costs were SEK 2 million (–8).

The operating margin for the quarter (EBITDAR) before amortisation/depreciation, costs for operationally leased buses and realised result from sales of buses amounted to 13.6 per cent (11.8). The EBITDA margin was 4.1 per cent (0.4). The difference between EBITDAR and EBITDA comprises operational leasing costs.

Last year's large number of new starts and terminations of contracts, referred to as contract migration, has resulted in a younger contract portfolio. Newly started contracts entail investments and initially lower operating profit, followed by a gradual increase in profitability. The negative impact on earnings of the new contracts was offset during the first quarter by the fact that three loss-making contracts expired during the preceding financial year. Net financial items for the period were SEK 27 million lower than in the same period of last year. The same quarter of last year was negatively affected by SEK 25 million of previously activated costs for redemption of the bond loan.

Earnings before tax were higher than in the same period of last year and amounted to SEK 77 million (–22).

Tax

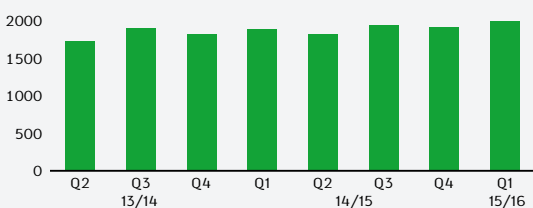
Nobina Europe's tax expense during the first quarter amounted to SEK –17 million (–1). The Group's tax expense constitutes 22 per cent of the Group's earnings. The effective tax rate was 22.1 per cent (–4.5), which was negatively affected by non-activated loss carryforwards. Nobina Europe reports deferred tax and fictive tax. This does not represent any paid tax.

Financial position

Cash and cash equivalents at the end of the period amounted to SEK 413 million (SEK 198 million on 31 May 2014). In addition, Nobina Europe had restricted bank accounts of SEK 80 million (532), primarily constituting security for leasing agreements, guarantees in respect of executed traffic contracts and tax accounts in Norway. The Group had an available bank credit facility of SEK 132 million (50 million), of which SEK 0 million was utilised on 31 May 2015 (0).

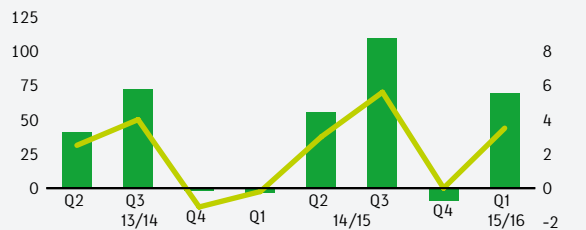
Shareholders' equity was SEK 601 million (442). The equity ratio at the end of the quarter was 19.3 per cent, compared with 13.4 per cent for the same period last year.

NET SALES



■ Net sales, SEK million

OPERATING PROFIT AND MARGIN



■ Operating profit, SEK million

— Operating margin, %

Investments, amortisation/depreciation and write-downs

Nobina Europe's cash investments during the period relate to the purchase of buses including accessories as well as the purchase of other non-current assets in the amount of SEK 13 million (43), financed with loans amounting to SEK 18 (0) million. Through Nobina Fleet AB, the Group has executed intra-group operational leasing agreements amounting to SEK 31 million (52) in acquisition value.

Cash flow

Cash flow from the operations amounted to SEK 83 million (–52) before investment and financing. Cash flow for the period was SEK –37 million (–112). Cash flow from investing activities amounted to SEK –4 million (–491) and was affected by the release of funds on restricted bank accounts in the amount of SEK +9 million and investments in buses and equipment of SEK –13 million during the period. Last year was affected by deposits on restricted bank accounts in connection with the bond refinancing.

Cash flow from financing activities was SEK –116 million (431) and was affected during the period by lower interest expenses on bonds in the amount of SEK –13 million. Last year was affected by proceeds of SEK 483 million in connection with the bond refinancing.

Explanatory items for net sales and operating profit as well as profit before tax (SEK million)	Net sales	Operat- ing profit	Profit before tax	Definition	Result
March – May 2014	1,892	–3	–22		
Price and volume	374	54	54	Price and volume shows the effect on sales and earnings of changes in existing contracts with respect to prices on performed traffic as well as changed traffic volumes.	Positive volume and price effect for all companies, with main effect from Nobina Sweden.
Contract migration	–277	10	10	Contract migration shows the effect on sales and earnings of changes in the contract portfolio in the form of terminated contracts and the start of new contracts.	Contract changes had a negative effect on net sales, but operating profit and profit before tax were positively affected since loss-making contracts were terminated.
Indexation	12	4	4	Indexation shows the effect on sales and earnings with respect to compensation for underlying cost inflation in the operation of traffic in awarded contracts.	Positive indexation effects on operating profit before tax demonstrates that Nobina's costs have not increased to the same extent as the contracts' indexation.
Business efficiency	0	–23	–23	Business efficiency shows the effect on earnings of efficiency developments concerning personnel costs, maintenance, damage, etc.	Negative efficiency trend driven in part by personnel expenses in connection with start-up of new contracts.
Other	–6	27	27	'Other' includes operational leasing fees, property costs, marketing and sales costs as well as other administrative expenses.	
Net financial items	–	–	27	Net financial items include profit/loss effects of interest rates, exchange rates and other financial items.	Net financial items include a non-recurring write-off of activated financing costs for bond loan in the same period last year.
Period March – May 2015	1,995	69	77		

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Net sales (SEK million)	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Net sales per segment			
Nobina Sweden	1,355	1,275	5,163
Nobina Denmark	126	90	394
Nobina Norway	229	261	942
Nobina Finland	221	201	810
Elimination of sales to interregional traffic	-7	-6	-23
Total regional traffic	1,924	1,821	7,286
Swebus	68	67	284
Elimination of sales to regional traffic	-	-	-1
Total interregional traffic	68	67	283
Central functions	3	4	7
Total net sales	1,995	1,892	7,576

Profit (SEK million)	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Operating profit per segment			
Nobina Sweden	78	24	220
Nobina Denmark	-7	-6	-17
Nobina Norway	-10	-15	-42
Nobina Finland	6	4	22
Total regional traffic	67	7	183
Swebus	0	-2	4
Total interregional traffic	0	-2	4
Central functions and other items	2	-8	-35
Total operating profit	69	-3	152
Net financial expense	8	-19	-31
Profit before tax	77	-22	121
Tax	-17	-1	-23
PROFIT FOR THE PERIOD	60	-23	98

SEGMENTS

Nobina Europe's first quarter has been characterised by intensive work on important traffic starts as well as the impending IPO of Nobina AB. Planning projects pending a number of major traffic starts are proceeding according to plan.

Sweden

Nobina Sweden's revenues continued to increase due to higher production volume and new contracts. During the first quarter of the year, we concluded a number of negotiations regarding contract terms with individual regional public transport authorities. Thus, operating profit was positively affected by revenues resulting from these negotiations.

Preparations pending the start of the contract in Södertörn in June are currently engaging large sections of the Swedish organisation. The planning work is proceeding according to plan. The contract, involving a compensation model largely comprised of incentive-based compensation, is valued at SEK 5 billion over eight years.

The long-standing appeal of the contract regarding regional public transport in Borås, in which Nobina was awarded the contract for 50 buses on June 2013, has been appealed to the appellate court.

Swebus

Swebus engages in interregional traffic and accounts for 3.4 per cent of Nobina's net sales. Over a long period of time, Swebus has been exposed to intensive price competition, resulting in fewer passengers and thereby lower revenues. The efficiency improvements in the operations carried out during the previous financial year have contributed to counteracting the negative impact on earnings.

Good planning of the Easter holiday traffic further contributed to the business area's operating profit.

Denmark

Volumes in the Danish operations have increased as a consequence of a newly started contract in Copenhagen during the fourth quarter of last year. Earnings for the quarter are negative, being affected by start-up costs for the new Copenhagen contract. Traffic start under this contract has proceeded according to plan.

Norway

Revenues fell due to termination of the Vestfold contract during the preceding year.

Nobina Norway is working intensively on preparations pending traffic start in the second quarter of the contract in the Follo area. The contract covers 76 buses and the preparations are proceeding according to plan.

Nobina is continuing to engage in discussions on several levels with the public transport authority regarding the Tromsø contract in order to resolve problems identified in the contract.

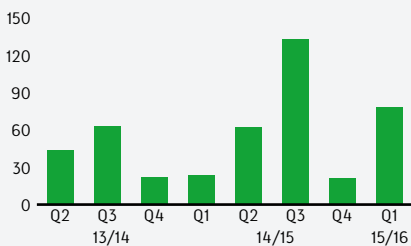
Finland

The Finnish operations report strong growth in existing contracts, with increased sales and improvements as regards most key ratios.

Nobina is continuing to strengthen its presence in Finland and is currently preparing the operations for the start of urban traffic in the Vantaa area in Helsinki in the second quarter. With the start of traffic in August, Nobina Finland will achieve a market share in excess of 40 per cent of the public transport market in Helsinki.

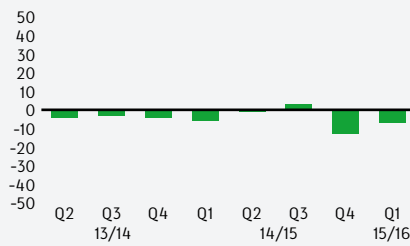
During the first quarter, Nobina Finland received a bonus in respect of good climate and environmental performance.

SWEDEN



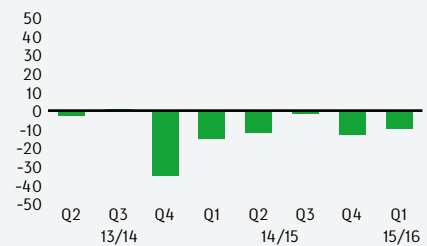
■ EBIT, SEK million

DENMARK



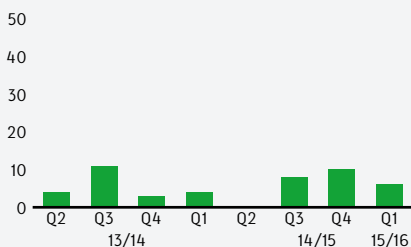
■ EBIT, SEK million

NORWAY



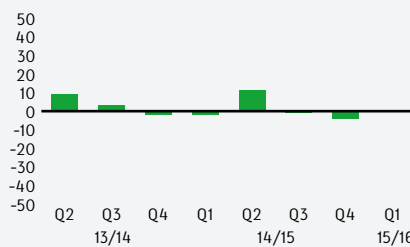
■ EBIT, SEK million

FINLAND



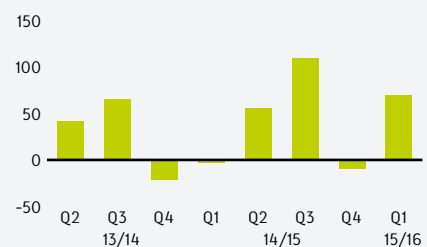
■ EBIT, SEK million

SWEBUS



■ EBIT, SEK million

NOBINA



■ EBIT, SEK million

Tender results, so far this year

The table shows the results of the procurement procedures in which Nobina has participated.

- Nobina submitted tenders in respect of 347 buses
- Nobina won no contracts during the first quarter
- Nobina lost contracts relating to 77 buses during the first quarter

Contract changes, so far this year

The table shows the change in the number of buses in traffic as a consequence of started and terminated contracts.

- Nobina started no contracts during the period
- Nobina terminated no contracts during the period

March–May 2015	Tender results during the period (number of buses)			March–May 2015	Traffic changes during the period (number of buses)	
	Announced	Won	Not won		Started	Ended
Sweden	54	0	54	Sweden	0	0
Norway	23	0	23	Norway	0	0
Finland	0	0	0	Finland	0	0
Denmark	0	0	0	Denmark	0	0
Total	77	0	77	Total	0	0

Traffic starts and terminations during the 12 months June 2015–May 2016

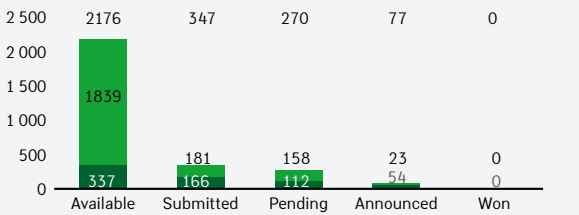
During the coming 12-month period, Nobina will start traffic involving 721 buses. Of these, 454 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 307 buses. This means a large contract migration as well as a significant growth in volume.

Traffic starts	PTA	No. of years	Traffic starts	No. of buses	New buses
Sweden	SL	8	June 2015	261	125
	LT Örebro	7	August 2015	24	22
	Värmlandstrafik	10	December 2015	105	29
	Värmlandstrafik	10	December 2015	149	160
	Skånetrafiken	7	December 2015	4	0
Finland	HSL	2	August 2015	66	20
	HSL ¹⁾	7	August 2015	28	21
	HSL	7	August 2015	5	5
	HSL	3	January 2016	3	3
Norway	Ruter	8	June 2015	62	69
	Ruter	5	June 2015	14	0
Total				721	454

1) Of which 7 buses start in January 2016

Expiring contracts	PTA	Traffic ends	No. of buses
Sweden	SL	June 2015	95
	LT Örebro	August 2015	23
	Värmlandstrafik	December 2015	99
	Skånetrafiken	December 2015	7
	LT Västerbotten	December 2015	2
Finland	HSL	August 2015	33
Norway	Ruter	June 2015	26
	Ruter	June 2015	22
Total			307

TENDERS (NUMBER OF BUSES)



■ Other
■ Nobina

Definitions:

- Available – Available tenders this year*
- Submitted – Nobina’s submitted tenders*
- Pending – Submitted less announced*
- Announced – Submitted tenders, results are announced*
- Won – Nobina’s wins out of announced tenders*

WEIGHTED AVERAGE CONTRACT LENGTH, YEARS: 8.6
Contract length taking into account the number of buses.

The average non-weighted contract length was 7.6 years (7.8).

WEIGHTED AVERAGE CONTRACT AGE, YEARS: 4.8
Contract age taking into account the number of buses.

The average non-weighted contract age was 4.5 years (4.8).

AVERAGE AGE OF BUS FLEET, YEARS: 6,0 (6.3)

OTHER INFORMATION

Personnel

Nobina Europe had on average 8,044 (6,794) employees. In all countries in which Nobina Europe operates, collective agreements are applied in accordance with agreements with the trade unions. Nobina Europe has well-established practices and traditions as to the manner in which work times, compensation conditions, information and cooperation are negotiated.

The Parent Company

The Parent Company has 121 (121) employees who participate in the overall management of the Group, IT department as well as joint administration. The Parent Company’s sales, which consist exclusively of internal invoicing services, amounted during the quarter to SEK 60 million (50). The Parent Company’s loss before tax was SEK –13 million (–1). Cash and cash equivalents at the end of the period amounted to SEK 319 million (124). Restricted bank accounts at the end of the period amounted to SEK 46 million (513). Investments in intangible and tangible non-current assets amounted to SEK 2 million (25). The Parent Company’s shareholders’ equity was SEK 223 million (292). The Parent Company’s equity ratio was 9.3 (9.9) per cent.

Transactions with closely related parties

No significant transactions with closely related parties have taken place during the first quarter.

Seasonal variations

Sales and earnings trends differ per quarter for the regional and interregional operations. For the regional operations, the third quarter is the strongest due to a higher traffic volume, a larger number of weekdays, and a high level of travelling in society, while the second quarter is weakest due to lower traffic volume during the holiday period.

As regards interregional operations, the trend is different inasmuch as the second quarter is the strongest due to a higher number of passengers during the holiday period, while the third quarter is weakest due to a lower number of holidays, resulting in fewer passengers.

Risks and uncertainty factors

Nobina Europe is exposed to interest rate risks in relation to the Company’s operational leasing agreements. Leasing fees are based primarily on variable market interest rates. The interest rate risk is largely offset by revenue indexation in traffic contracts. During the quarter, Nobina Europe had no interest rate hedging.

Nobina Europe bears a refinancing risk when the existing corporate bond (the “Bond”) of SEK 550 million matures in May 2019. The Bond carries a fixed rate of interest of 8 per cent, and results in no interest rate risk. In conjunction with an IPO, Nobina AB intends to redeem the Bond using proceeds from newly issued shares.

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

Nobina Europe is exposed to price changes in its purchases of diesel. The commodity price accounts for almost one half of the total diesel price, with the remainder comprising taxes, transportation and processing. Within regional traffic, compensation is obtained for changes in the diesel price 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 1 to 6 months, which results in a negative impact on earnings during a period of increasing prices. There is no indexation of revenues within interregional traffic. Increased fuel prices are compensated for through increased ticket prices, if market conditions so allow. On 31 May 2015, Nobina Europe had no outstanding diesel derivatives.

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

Disputes

During the preceding year, Nobina Norge pursued a claim against Troms fylkestrafikk regarding the Tromsø traffic contract. The dispute was adjudicated by the court in 2015, when the claim was dismissed. The decision has been appealed.

Bonds, financing and valuation

On 13 May 2014, in order to refinance an outstanding bond loan, Nobina Europe issued senior secured fixed rate bonds (the "Bonds") denominated in SEK. The nominal amount of the Bonds totalled SEK 550 million, within a limit of SEK 660 million. The Bonds, which are listed on NASDAQ in Stockholm, carry a fixed rate of interest of 8.0 per cent and mature in May 2019.

The fair value is assessed as equalling the nominal value of the Bonds.

Nobina Europe has an available bank credit facility of SEK 132 million, which at the end of the period has been used for bank guarantees.

No transfers have taken place between any of the value levels during the period. For information regarding repayment of the Bonds, see IPO below.

IPO of the ultimate parent company Nobina AB

On 25 May 2015, Nobina AB made public its intention to carry out a listing on Nasdaq Stockholm. On 3 June 2015, a prospectus and price range in the IPO were published. The application period for the general public in Sweden is 4–16 June 2015. The application period for institutional investors is 4–17 June 2015. The first day of trading on Nasdaq Stockholm is planned to 18 June 2015. The Offering is made to the general public in Sweden as well as to institutional investors in Sweden and abroad. The final price will be established within the price range SEK 33–40 SEK per share, and is expected to be published on or around 18 June 2015.

The Offering covers in total between 51,149,606 and 61,821,582 shares, of which between 29,899,606 and 36,064,006 are existing shares ("Existing Shares") offered by Sothic Capital, BlueMountain, Invesco, Anchorage, BlueCrest, Kite Lake, Magnolia, Gladwyne and Ironshield (the "Vendor Shareholders") and a maximum number of 25,757,576 newly issued shares ("New Shares") offered by the Company, whereupon the number of New Shares will be determined at a number which raises gross proceeds for the Company of SEK 850 million.

In order to cover any surplus allotment, Sothic Capital, Anchorage and Invesco have issued a surplus allotment option to Carnegie, Danske Bank and Pareto Securities to acquire up to 7,418,590 additional existing shares in the Company. Assuming that the Surplus Allotment option is exercised in full, the Offering will cover up to 69,240,172 shares, corresponding to approximately 78 per cent of the total number of outstanding shares in the Nobina AB after the Offering and resulting in a market capitalisation for Nobina AB of approximately SEK 2,941 million to SEK 3,384 million, depending on the final price in the Offering.

Nobina AB's incentive scheme is being paid out in full in connection with the Offering to allow for re-investments in the Offering.

The Bonds

The Bond Terms entails certain restrictions on the issuance of dividends. Shortly after the IPO, Nobina AB intends to use SEK 638 million of the net proceeds to repay the Bond loan in its entirety by exercising Nobina Europe's right, under the Terms, to redeem the Bond prematurely. The Bonds will be redeemed in an amount corresponding to the total of (i) 10.4 per cent of the nom-

inal amount of the Bonds; (ii) the accrued interest on the Bonds; and (iii) the total of the outstanding interest payments on the Bonds up to and including 14 November 2016. This will entail a payment from Nobina AB of a premium of SEK 88 million and that Nobina Europe's indebtedness is reduced by SEK 550 million. Notice containing information regarding the record date for redemption and the redemption date will be distributed not later than 15 days prior to the redemption date.

Incentive program

Nobina AB has a management incentive programme for ten members of the Group Management (including the Chief Executive Officer) and a management incentive programme covering five members of the Board of Directors (excluding the Chief Executive Officer). The aggregate cost for these two programmes amounts to SEK 172 million (including social security contributions and taxes), of which the Group Management will be entitled to an aggregate amount of approximately SEK 122 million (excluding social security contributions and taxes) and the Board of Directors will be entitled to an aggregate amount of approximately SEK 11.3 million (excluding social security contributions and taxes). Payment will be made in connection with the completion of the listing and commencement of trading on Nasdaq Stockholm and, to that end, the participants in both programmes have undertaken to reinvest an amount equivalent to 75 per cent of the amount paid (net of tax) into shares by way of purchasing shares in the Offer. For this purpose, participants in Nobina's incentive programme will be guaranteed allocation of shares in the Offer. Assuming a price at the mid-point of the Offer Price Range, members of the Group Management and the Board of Directors will purchase a total of 1,249,315 shares. The purchased shares will be subject to lock-up undertakings. In addition, John Allkins, a director of Nobina, has expressed an intention to acquire, in addition to the shares he purchases by way of re-investment under the management incentive programme, such additional number of shares in the Offer as will amount to a total of SEK 700,000, of which the number of shares will be determined based on the final price of the Offer. These shares will also be subject to a lockup undertaking.

Significant events

- On 25 May, Nobina publicly announced its intention to carry out a listing on Nasdaq Stockholm.
- Nobina AB has been listed on the exchange with a first day of trading on 18 June. Consequently, Nobina Europe AB's Bonds will be redeemed prematurely.
- Nobina AB has retained former Infrastructure minister Catharina Elmsäter-Svärd as an adviser on strategic issues.

Events since the end of the period

On 3 June, Nobina AB published its prospectus and price range for the IPO on NASDAQ Stockholm, with an application period of 4–16 June for the general public in Sweden and 4–17 June for institutional investors. The scheduled first day of trading on NASDAQ Stockholm is 18 June 2015.

Accounting principles

Nobina Europe applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for groups". There are no new IFRS assumptions or IFRIC statements adopted by the EU which will be applicable to Nobina Europe or have a significant effect on Nobina's earnings and financial position during 2015/2016. In other respects, Nobina

Europe applies the same accounting principles and calculation methods as in the annual report for 2014/2015, except as stated below.

The financial statements of the Parent Company, Nobina Europe AB, have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2, Reporting for legal entities, as well as opinions issued by the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34.

Assurance

The President hereby provides an assurance that the report for the first quarter provides a true and fair view of the operations, financial position and revenues of the Company and Nobina Europe and describes the significant risks and uncertainty factors facing the Company and companies within Nobina Europe.

Stockholm, 24 June 2015

Ragnar Norbäck
President and CEO

Financial calendar

Since Nobina Europe's Bond will be redeemed as a consequence of Nobina AB's listing on the exchange, publication of Nobina Europe's financial reports will cease. Notices containing information regarding the record date for redemption and the redemption date will be sent to the bond holders not later than 15 days prior to the redemption date

Contact persons

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Reg. no. 556031-8569

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

THE NOBINA EUROPE GROUP'S CONSOLIDATED INCOME STATEMENT IN BRIEF

SEK millions, unless otherwise stated	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Net sales	1,995	1,892	7,576
Operating expenses			
Fuel, tyres and other consumables	–418	–427	–1,655
Other external expenses	–437	–484	–1,872
Personnel costs	–1,057	–987	–3,844
Capital losses from disposal on non-current assets	0	0	–6
Depreciation/amortization of intangible and tangible non-current assets	–14	–10	–47
Operating profit	69	–3	152
Profit from net financial items			
Profit/loss from affiliated companies	–	–	–36
Financial income	22	31	112
Financial expenses, Note 1	–14	–50	–107
Net financial items	8	–19	–31
Profit/loss before tax	77	–22	121
Income tax	–17	–1	–23
PROFIT/LOSS FOR THE PERIOD	60	–23	98
Profit/loss for the period attributable to the Parent Company shareholders	60	–23	98
Earnings per share before dilution (SEK)	375.61	–141.83	612.5
Earnings per share after dilution (SEK)	375.61	–141.83	612.5
Average number of shares before and after dilution (thousands)	160,000	160,000	160,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK millions	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Profit/loss the period	60	–23	98
Other comprehensive income			
Items not to be reclassified to profit or loss for the period			
Revaluation of defined-benefit pension plan	–	–	–18
Tax on items that will not be reclassified to profit or loss for the period	–	–	2
Items that can later be reclassified to profit or loss for the period			
Exchange rate differences on foreign operations	–3	6	3
Other comprehensive income for the period, net after tax	–3	6	–13
Comprehensive income for the period	57	–17	85
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	57	–17	85

THE NOBINA EUROPE GROUP'S CONSOLIDATED BALANCE SHEET IN BRIEF

<i>SEK millions</i>	<i>31 maj 2015</i>	<i>31 maj 2014</i>	<i>28 feb 2015</i>
ASSETS			
Non-current assets			
Goodwill	128	132	131
Other intangible assets	14	20	16
Costs for improvements to third-party property	20	16	21
Equipment, tools, fixtures and fittings	62	47	60
Vehicles	190	51	193
Non-current receivables from Group companies	1,260	1,380	1,259
Deferred tax assets	50	66	47
Assets for pensions commitments	–	6	–
Total non-current assets	1,724	1,718	1,727
Current assets			
Inventories	47	46	49
Trade receivables	517	467	514
Receivables from group companies	37	28	121
Other current receivables	61	67	73
Prepaid expenses and accrued income	241	249	213
Restricted bank accounts	80	532	90
Cash and cash equivalents	413	198	453
Total current assets	1,396	1,587	1,513
TOTAL ASSETS	3,120	3,305	3,240
EQUITY AND LIABILITIES			
Equity attributable to Parent Company Shareholders	601	442	544
Non-current liabilities			
Borrowing, Note 1	168	537	666
Non-current liabilities to Group companies	27	121	27
Deferred tax liabilities	–	1	–
Provision for pensions and similar commitments	27	18	28
Other provisions	37	38	39
Total non-current liabilities	259	715	760
Current liabilities			
Accounts payable	343	292	400
Borrowing, Note 1	535	218	24
Liabilities to Group companies	176	484	292
Other current liabilities	158	150	171
Accrued expenses and deferred income	1,048	1,004	1,049
Total current liabilities	2,260	2,148	1,936
Total liabilities	2,519	2,863	2,696
TOTAL EQUITY AND LIABILITIES	3,120	3,305	3,240

NOBINA EUROPE'S CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN BRIEF

<i>SEK millions</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Translation differences</i>	<i>Losses brought forward</i>	<i>Total equity attributable to Parent Company shareholders</i>
Opening equity per 28 February 2014	16	–	18	425	459
Profit/loss of the period	–	–	–	–23	–23
Other comprehensive income	–	–	6	–	6
Closing equity per 31 May 2014	16	–	24	402	442
Profit/loss to the period	–	–	–	121	121
Other comprehensive income	–	–	–3	–16	–19
Closing equity per 28 February 2015	16	–	21	507	544
Opening equity per 28 February 2015	16	–	21	507	544
Profit/loss of the period	–	–	–	60	60
Other comprehensive income	–	–	–3	–	–3
Closing equity per 31 May 2015	16	–	18	567	601

There are no holdings without controlling influence.

NOBINA EUROPE'S CASH FLOW STATEMENT IN BRIEF

SEK millions	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Cash flow from operations			
Profit/loss after financial items	77	–22	121
Adjustment for non-cash items	3	26	72
Cash flow from operations before changes in working capital	80	4	193
Cash flow from changes in working capital			
Change in inventories	2	6	4
Changes in operating receivables	–16	113	–133
Changes in operating liabilities	–83	–179	218
Total change in working capital	–97	–60	89
Received interest income	100	4	6
Tax paid	–	–	–1
Cash flow from operations	83	–52	287
Cash flow from investing activities			
Change in restricted bank accounts	9	–448	14
Investments in intangible and tangible non-current assets	–13	–43	–228
Divestment of intangible and tangible non-current assets	–	–	25
Divestments of subsidiaries	–	–	4
Takeover of business through asset takeover	–	–	–29
Cash flow from investing activities	–4	–491	–214
Cash flow from financing activities			
Repayment by instalment of bond loan	–	–	–483
Repayment by instalment of other external loans	–	–	–2
Received shareholder contributions/group contributions	–50	8	1
Received/repay loans from Group companies	–43	4	29
New borrowing, including payment with old bonds (SEK million 67)	–	483	483
New borrowing, other external loans	18	–	158
Borrowing expenses	–	–15	–18
Interest paid	–36	–49	–99
Cash flow from financing activities	–116	431	69
Cash flow for the period	–37	–112	142
Cash and cash equivalents at beginning of period	453	308	308
Cash flow for the period	–37	–112	142
Exchange rate differences	–3	2	3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	413	198	453

THE PARENT COMPANY'S INCOME STATEMENT IN BRIEF

SEK millions	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
Net sales	60	50	211
Operating expenses			
Other external expenses	-29	-22	-102
Personnel costs	-26	-24	-92
Depreciation/amortization of intangible and tangible non-current assets	-3	-2	-12
Operating profit /loss	2	2	5
Profit from participations in Group companies	-	-	-100
Capital profit/loss from divestments of participations in subsidiaries	-	20	11
Financial income	25	30	108
Financial expenses	-14	-51	-107
Net financial items	11	-1	-88
Profit/loss before tax	13	-1	-83
Income tax	-	-	2
PROFIT/LOSS FOR THE PERIOD	13	-1	-81

There are no items attributable to other comprehensive income, other comprehensive income not reported.

THE PARENT COMPANY'S BALANCE SHEET IN BRIEF

SEK millions	Quarter		Full year
	March–May 2015	March–May 2014	March 2014–Feb 2015
ASSETS			
Non-current assets			
Other intangible assets	14	19	15
Improvements to third-party property	–	1	1
Equipment, tools, fixtures and fittings	5	5	4
Participations in Group companies	701	714	701
Deferred tax assets	2	–	2
Receivables from Group companies	1,260	1,416	1,262
Total financial assets	1,982	2,155	1,985
Current assets			
Receivables from Group companies	35	162	127
Other current assets	10	–	10
Prepaid expenses and accrued income	–	10	–
Restricted bank accounts	46	513	46
Cash and cash equivalents	319	124	356
Total current assets	410	809	539
TOTAL ASSETS	2,392	2,964	2,524
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	223	292	210
Non-current liabilities			
Borrowing	–	537	534
Liabilities to Group companies	932	1,062	932
Pension provisions	18	21	18
Total non-current liabilities	950	1,620	1,484
Current liabilities			
Accounts payable	16	13	16
Borrowing	535	484	–
Liabilities to Group companies	644	529	780
Other current liabilities	4	4	3
Accrued expenses and deferred income	20	22	31
Total current liabilities	1,219	1,052	830
Total liabilities	2,169	2,672	2,314
TOTAL EQUITY AND LIABILITIES	2,392	2,964	2,524

THE PARENT COMPANY'S CHANGES IN EQUITY IN BRIEF

SEK millions	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the period	Total equity
Opening equity per 28 February 2014						
	16	56	–	117	102	291
Transfer of preceding year's profit/loss	–	–	–	102	–102	–
Profit/loss for the period	–	–	–	–	1	1
Closing equity per 31 May 2014						
	16	56	–	219	1	292
Profit/loss the period	–	–	–	–	–82	–82
Closing equity per 28 February 2015						
	16	56	–	219	–81	210
Opening equity per 28 February 2015						
	16	56	–	219	–81	210
Transfer of preceding year's profit/loss	–	–	–	–81	81	–
Profit/loss for the period	–	–	–	–	13	13
Closing equity per 31 May 2015						
	16	56	–	138	13	223

There are no items attributable to other comprehensive income, other comprehensive income not reported.

THE PARENT COMPANY'S CASH FLOW STATEMENT IN BRIEF

SEK millions	Quarter		Full year
	March–May 2015	March–May 2014	March 14–Feb 15
Cash flow from operating activities			
Profit after financial items	13	1	–83
Adjustments for non-cash items	–8	3	97
Cash flow from operations before changes in working capital	5	4	14
Cash flow from changes in working capital			
Change in operating receivables	–5	–6	–16
Change in operating liabilities	–1	–5	–29
Total change in working capital	–6	–11	–45
Received interest income	103	2	7
Tax paid	–	–	–
Cash flow from operating activities	102	–5	–24
Cash flow from investing activities			
Sales of shares in subsidiaries	–	32	7
Change in restricted bank accounts	–	–468	–1
Investments in intangible and tangible non-current assets	–2	–25	–9
Divestment of intangible and tangible non-current assets	–	–	–
Cash flow from investing activities	–2	–461	–3
Cash flow from financing activities			
Redemption of bonds	–	–	–483
Shareholder contribution/Group contribution received	–70	–	36
Raised/repaid loans from Group companies	–30	–82	250
New borrowing including payment with old bonds (MSEK 67)	–	483	483
Borrowing expenses	–	–15	–18
Interest paid	–37	–29	–118
Cash flow from financing activities	–137	–357	150
Cash flow for the period	–37	–109	123
Cash and cash equivalents at beginning of period	356	233	233
Cash flow for the period	–37	–109	123
Exchange rate differences	–	–	–
Cash and cash equivalents at end of period	319	124	356

NOTE 1. FINANCING

<i>SEK millions, unless otherwise stated</i>	<i>Quarter</i>		<i>Full year</i>
	<i>March–May 2015</i>	<i>March–May 2014</i>	<i>March 14–Feb 15</i>
Operational leasing agreements, buses			
Nominal value of future minimum leasing fees, buses	4,499	4,358	4,423
Present value of future minimum leasing fees, buses	4,051	3,839	3,958
Number of operationally leased buses	3,323	3,040	3,347
Operational leasing fees for the period	190	218	848
Borrowing – bond loan and other liabilities			
Bond loan	550	1,036	550
Other loans	168	–	156
Liabilities to Group companies	203	339	319
Distribution over time of financial costs	–15	–15	–16
Total	906	1,360	1,009
Of which short-term repayment part of the Group's borrowing	711	702	316
Of which long-term repayment part of borrowing	195	658	693
Sum, total liabilities	906	1,360	1,009
Interest expenses and similar profit/loss items			
Interest expenses from loans to Group companies	–1	–5	–25
Interest expenses, bond loan and other external loans	–14	–44	–82
Other financial expenses	–	–2	–1
Realised and non-realised exchange rate gains and losses, net	1	1	1
Total	–14	–50	–107

GLOSSARY

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

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

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

City transport – Transport in a densely populated area.

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

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

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

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

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

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

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.

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

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.

Local transport – Transport in connection with densely populated areas.

Production contract – A contract in which the traffic company's revenues comprise fixed remuneration for production costs based on a predetermined production, with route network, timetable and a number of other requirements as the base. Compensation is based on the number of hours, kilometres, buses or a combination of these.

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

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

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

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

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

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

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

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

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

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

DEFINITIONS

Average number of employees – The number of hours paid divided by normal working hours for a full-time employee.

Degree of utilization – Number of sold passenger kilometres divided by driven kilometres.

Earnings per share – Profit for the year adjusted for dividends on preference shares divided by the average weighted number of ordinary shares.

Earnings per share after full dilution – Profit for the year adjusted for dividends of preference shares and potential ordinary shares divided by the average number of ordinary shares.

EBIT – Operating profit before net financial items and taxes.

EBITDA – Operating profit before net financial items, tax, depreciation, amortization, earnings from sale of fixed assets.

EBITDA-margin – EBITDA in relation to net sales.

EBITDAR – Operating profit before net financial items, tax, depreciation, amortization, earnings from sale of fixed assets and operating leasing expenses for buses.

EBITDAR-margin – EBITDAR in relation to net sales.

EBT – Income before tax.

Equity/assets ratio – Shareholders' equity as a percentage of total assets at the end of the fiscal year.

Net debt/EBITDA – interest-bearing liabilities (external loans, pension liabilities and buses financed through financial leasing) deduction with cash and cash equivalents and restricted bank accounts in relation to average of four quarters of EBITDA.

Net investments – Acquisition cost of investments in fixed assets less sales value of divested fixed assets.

Reallocation Rate – Buses allocated to a new contract during the year/Total number of buses.

Renewal Rate – All won tenders/All own announced tenders.

Retention Rate – Defended tenders/Own announced tenders

Yield – Revenue per driven kilometre.

THIS IS NOBINA

Our role is to:

HELP MAKE SOCIETY MORE MOBILE

Our offering to customers:

SIMPLIFY EVERYDAY TRAVEL

We deliver that by:

BEING FRIENDLY, CREATING SIMPLE SOLUTIONS, BEING AFFORDABLE

We succeed, by living up to our values:

OUR CUSTOMERS' NEEDS IS OUR REASON FOR BEING

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

IN ALL WE DO, WE STRIVE TO DEVELOP

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

WE RESPECT EACH OTHER

Everyone is of equal importance, and is treated with kindness and respect. Together we create a secure and creative work environment that stimulates initiatives and suggestions for improvements. We take action

against any lack of respect towards our customers, towards each other and towards the company.

WE FOSTER SOLID LEADERSHIP

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

WE CARE

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

We do all of that because we have a vision:

EVERYBODY WANTS TO TRAVEL WITH US