

Q1 Q2 Q3 Q4



*MARCH 1–MAY 31, 2013*



*EVERYONE WANTS TO TRAVEL WITH US*

NOBINA EUROPE AB  
REG. NO. 556031-8569

*“The first quarter marks milestone contract wins in Sweden and Finland, as well as general operational improvements in Norway.”*

*Ragnar Norbäck, President and CEO*

#### FINANCIAL HIGHLIGHTS OF THE FIRST QUARTER OF 2013/2014

- Net sales amounted to SEK 1,852 million (1,851)
- Operating loss/profit was SEK -5 million (1).
- Earnings after tax amounted to SEK 11 million (-8), and earnings per share amounted to SEK 70,02 (-52,90).
- Cash flow from the operations was SEK 44 million (-17).
- Cash-financed investments amounted to SEK 5 million (2).

#### BUSINESS HIGHLIGHTS OF THE FIRST QUARTER OF 2013/2014

- Nobina Sweden won a tender for traffic in Malmö city, covering approximately 100 routed buses. The agreement is for ten years, with the option for three additional years, and is expected to be worth around SEK 2.5 billion over the term of the agreement.
- Nobina Finland won a tender for 31 buses in Helsinki, making Nobina the largest operator in Helsinki.
- Nobina Sweden decided not to participate in the Dalarna tender, as the unbalanced contract terms would have involved very high risks.

- Nobina Denmark was chosen as one of four nominees to be awarded the “Best place to work” for the Randers site by the Danish union 3F.
- The whistleblower function, with the employee representative counsel MOM (medarbetarombudet), has now been operating for six successful months in Nobina Sweden and Swebus.

#### SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER OF 2013/2014

- Nobina Sweden won tenders for traffic contracts for Västtrafik, comprising around 250 buses and traffic for a period of eight years, with the option for additional two years. The estimated total value is close to SEK 4 billion over the contract period.
- Nobina Sweden had a solid start of city traffic in Helsingborg. This is an important contract to Nobina, not least as it is incentive based to between 30–40 percent of the total contract value.
- Swebus has decided to discontinue its traffic with direct buses between Stockholm City and Arlanda airport, due to commercial reasons.

#### KEY RATIOS

##### The Group

(SEK million, unless otherwise stated)

	Quarter		Full year
	Mar-May 13	Mar-May 12	Mar 12-Feb 13
Sales	1,852	1,851	7,263
Operating profit	-5	1	-2
Earnings after finance net	11	-8	29
Earnings after tax	11	-8	129
Cash flow	16	-17	54
Cash and cash equivalents	111	24	95
Equity ratio, %	13,7	2,2	13,9
Shareholders' equity	387	58	376
Number of buses	3,406	3,505	3,455
Estimated full time positions	6,764	6,762	7,807

## CEO'S COMMENT

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### *STABLE FIRST QUARTER IN A TENDER INTENSE YEAR*

Nobina Europe continues to show stable performance in the first quarter of 2013/2014. Revenues increased to SEK 1,852 million and operating loss/profit (EBIT) landed at SEK -5 million (1). This is particularly pleasing, as our young contract portfolio requires investments in the short term and deliver lower initial operating profit. Though, it gives promises for coming years. Outlook for the full year remains better than last year.

In April, Nobina Sweden won the tender of a ten year traffic contract (with the option for additional three years) in the City of Malmö, making us responsible for the entire bus traffic in the City of Malmö. That is a great success to us. Planned traffic start is June 2014. However, the contract awaits to be finalized due to an appeal of the tender to the Administrative Court of Appeal.

After the end of the first quarter, we defended our existing responsibility for public transport in Skaraborg and were as well awarded to take over the traffic in Borås. The estimated total value is close to SEK 4 billion over the contract period.

Another important contract for the Swedish operations regards the city traffic in Helsingborg that we started in the beginning of June. The contract has a combination of fixed price and variable compensation based on the number of passengers, giving us clear incentives to increase travels in the region and ultimately our own profitability. This is a very good example of the ongoing and important migration to more incentive based contracts, which better involves operators in developing public transportation.

I am also very pleased over the fact that the Norwegian operations are showing reduced losses, due to improved operational control and efficiency throughout our nine traffic contracts in the country.

Swebus, on the other hand, still shows a negative development. The reasons are twofold: Tough competition from state-owned peers, the train and regional traffic, as well as a business cycle that is not in our favor. Swebus continues to work on different measures to improve profitability. After the end of the first quarter, Swebus also decided to discontinue its traffic with direct buses between Stockholm City and Arlanda airport. The main reason is Stockholm Public Transport's (SL) new shuttle on the same route, that no longer makes Swebus's bus traffic commercially viable. At the same time, SL's investment means that the tax payers subsidize around half of the shuttle's ticket price, which we do not support.

We look forward to the rest of the year. The first quarter is the start of an eventful year in terms of the number of tenders that will be announced and submitted.

Stockholm, June 26, 2013

Ragnar Norbäck  
*President and CEO*

## MARKET OVERVIEW

Nobina Europe continues to participate in the joint industry work for improved and more balanced industry agreements between PTAs and traffic companies, not least in Sweden. After several years of work, the agreed recommendations have been circulated for comment around the country. Now, the implementation phase has been initiated, particularly to inform the PTAs. Still, however, there are less positive examples. During the quarter, for example, Nobina Sweden decided not to participate in the Dalarna tender due to very difficult contract terms and high commercial risks for the operator.

The industry and the operators' organization have also initiated talks about quality issues concerning new buses delivered to the operators. The aim is to be united in the approach against the bus producers in order to find solutions to these issues.

In Sweden, Nobina also continues to actively be part of various industry initiatives, within both regional and inter-regional traffic, as a consequence of the new Public Transport Deregulation Act, which entered into force in January 2012.

The EU is currently handling a number of matters

regarding unlawful state aid to loss-making municipal public transport companies in Norway and Finland. This may be seen in light of the fact that all of Nobina Europe's four international competitors reported increased losses in their Swedish operations in 2011. Our main competitors also reported further losses for 2012, as well as for the first quarter of 2013.

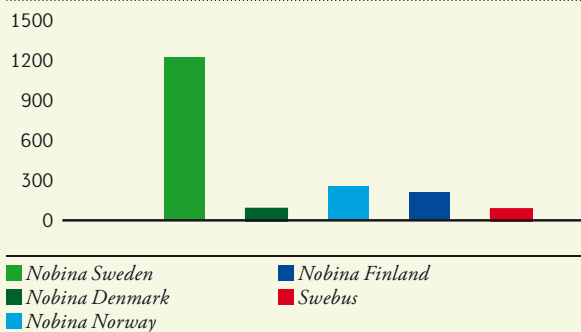
NettBuss, owned by the Norwegian state, is an example of a very price aggressive competitor that is distorting market mechanisms.

No further information has been communicated after Veolia's announcement to sell its remaining operations in the Nordic region, following several years of heavy losses.

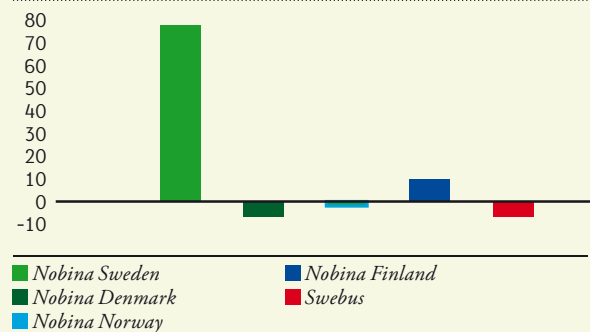
In Finland, a number of cities are now planning to make their first ever competitive tendering, as a consequence of the new mandatory public procurement legislation in public transportation. Preparations continue, but no tenders have yet been announced.

In general, 2013/2014 is a year with exceptionally many tenders that will be announced for competition within regional traffic.

SHARE OF NET SALES BY BUSINESS AREA (Q1 2013/2014)



SHARE OF OPERATING PROFIT BY BUSINESS AREA (Q1 2013/2014)



## DEVELOPMENT OF THE GROUP

### SALES

#### FIRST QUARTER (March 1 – May 31, 2013)

The Group's sales for the first quarter of 2013/2014 amounted to SEK 1,852 million (1,851), which is an increase compared with the corresponding quarter of last year.

Sales were affected positively from price and volume development in existing contracts, as well as indexation.

Revenues (SEK million)	Quarter		Full year
	Mar-May 13	Mar-May 12	Mar 12-Feb 13
<b>Revenues per segment</b>			
Nobina Sweden	1,228	1,235	4,838
Nobina Denmark	83	86	339
Nobina Norway	257	240	947
Nobina Finland	209	204	802
Elimination of sales to Interregional traffic	-8	-8	-33
<b>Total regional traffic</b>	<b>1769</b>	<b>1,757</b>	<b>6,893</b>
Swebus	80-	90	355
Elimination of sales to regional traffic	-	-	-
<b>Total interregional traffic</b>	<b>80</b>	<b>90</b>	<b>355</b>
<b>Central functions</b>	<b>3</b>	<b>4</b>	<b>15</b>
<b>Total revenues</b>	<b>1,852</b>	<b>1,851</b>	<b>7,263</b>

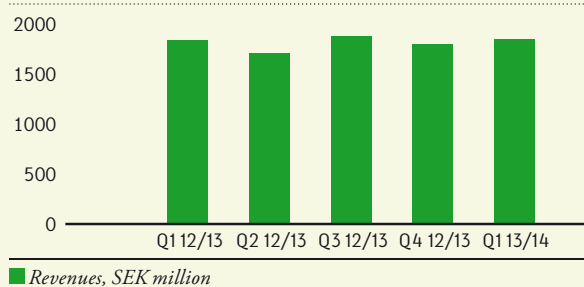
### EARNINGS

#### FIRST QUARTER (March 1–May 31, 2013)

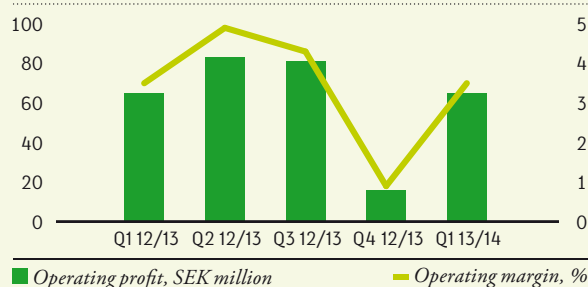
The first quarter continued to show stable results. Operating loss/profit for the first quarter of 2013/2014 was SEK -5 million (1), of which SEK 14 million (12) relates to regional traffic and SEK -8 (-2) million to interregional traffic. The operating profit is considered as strong as it was affected by start up of several new contracts resulting in

a significant contract migration leading to a very young contract portfolio. This results in heavy investments and proportionally lower operating result as new contracts have significantly lower operating profit in its initial phase compared to the end phase of the contract period. Fleet financing was slightly better than plan due to strong SEK vs. NOK and HQ costs was little higher .

#### REVENUES



#### OPERATING PROFIT AND MARGIN PER QUARTER



NOBINA INTERIM REPORT MARCH–MAY, 2013

Operating profit (SEK million)	Quarter		Full year
	Mar-May 13	Mar-May 12	Mar 12-Feb 13
Operating profit per segment			
Nobina Sweden	36	44	133
Nobina Denmark	-8	-7	-28
Nobina Norway	-18	-23	-78
Nobina Finland	4	-2	13
<b>Total regional traffic</b>	<b>14</b>	<b>12</b>	<b>40</b>
Swebus	-8	-2	-3
<b>Total inter-regional traffic</b>	<b>-8</b>	<b>-2</b>	<b>-3</b>
Central functions and other items	-11	-9	-39
<b>Total operating profit</b>	<b>-5</b>	<b>1</b>	<b>-2</b>

Explanation items for revenue and earnings growth (SEK million)	Revenues and earnings	
	Revenues	EBIT
<b>Period</b>		
<b>Mar 2012–May 2012</b>	<b>1,851</b>	<b>1</b>
Price and volume	12	9
Contract changes	1	-23
Indexation	17	8
Business efficiency	-	-6
One-off costs	-	0
Fleet finance and utilization	-	1
Other	-29	5
<b>Period</b>		
<b>March 2013–May 2013</b>	<b>1,852</b>	<b>-5</b>

- **Price and volume growth** represents changes in performed traffic volumes, as well as changes in prices for performed traffic and their effect on sales and earnings.
- **Contract changes** shows the effect on sales and earnings of changes in the contract portfolio in the form of terminated old contracts and startup of new contracts.
- **Indexation** shows the effect of price adjustments on sales and earnings, as regards compensation for underlying cost inflation in the operation of traffic within the scope of awarded traffic contracts.
- **Business efficiency** shows the effect on earnings of efficiency developments concerning personnel costs, maintenance, damage, etc.
- **Fleet finance and use** shows the effect on earnings of changes in financing terms and efficiency in the use of vehicles.
- In addition, the effects on current sales and earnings of certain specific and other factors are shown.

### Financial position

Available cash and cash equivalents at the end of the period amounted to SEK 111 million (24). In addition, the Group had funds in escrow of SEK 85 million (90), primarily as security for mandatory guarantees for submitted tenders and traffic contracts. The Group has a SEK 300 million invoice discounting facility with a finance company, of which SEK 100 million has been subordinated and utilized by SEK 42 million as per May 31, 2013. A bank credit facility of SEK 50 million was established last year, with the first drawdown being on June 1, 2012, of which SEK 0 million was drawn as per May 31, 2013.

Shareholders' equity in the Group amounted to SEK 387 million (58). The equity ratio at the end of the quarter was 13.7%, compared with 2.2 % last year.

In May, Nobina Europe made its first interest payment of SEK 30 million for the corporate bond that was listed on NASDAQ OMX in December 2012. The bond is worth approximately SEK 550 million, and was issued as new five-year notes denominated in SEK. It has an annual coupon of 11% and is fully redeemable at face value throughout the term to maturity.

### Investments

The Group's cash investments during the financial year relate to the purchase of other non-current assets and the purchase of buses including accessories in the amount of SEK 5 million (2). Through Nobina Fleet AB, the Group signed intra-group operational leasing agreements amounting to SEK 29 million (339) in acquisition value.

**Cash flow**

First quarter cash flow from operations amounted to SEK 44 million (-17) before net investments, and SEK 16 million (-17) after net investments.

**Taxes**

Significant management judgement is required in determining current tax liabilities and assets as well as provisions for deferred tax liabilities and assets, in particular as regards valuation of deferred tax assets. As part of this process, income taxes have to be estimating the actual current tax exposure together with assessing temporary differences. Resulting from the different valuation of certain assets and liabilities in the financial statements and in the tax returns. Management must also assess the probability that the deferred tax assets will be recovered from future taxable income. For additional information on deferred tax assets, liabilities, their carrying values and accumulated loss carry-forwards (see Note 11 in the Annual Report 2012/2013).

## BUSINESS AREA REGIONAL TRAFFIC

The first quarter of 2013/2014 started in a stable way for our regional business, despite cold weather in the first month and continued investments due to contract migration. Sales amounted to SEK 1,769 million (1,757). Operating profit increased to SEK 14 million (12). Sales were affected positively from price and volume development in existing contracts, as well as indexation.

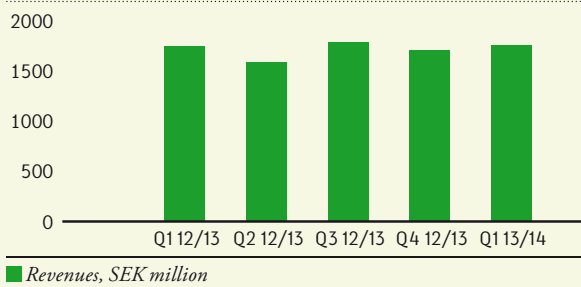
This year is one with relatively few contract changes for Nobina. Instead, it is a tender heavy year, which the operations put lots of effort into. During the quarter, Nobina won contracts for 127 buses worth SEK 2,300 million. We also submitted tenders for 650 buses to a total contract value of SEK 10,100 million.

**Nobina Sweden** won Malmö Södervärn in April. It is a ten year contract that includes around 100 buses with annual revenues of SEK 240 million. No initial investments are required from Nobina, as all buses will be owned by the PTA at start. Instead, we will buy and replace them with new buses in 2017/2018. We are particularly happy for this contract win, as we already operate the other half of Malmö.

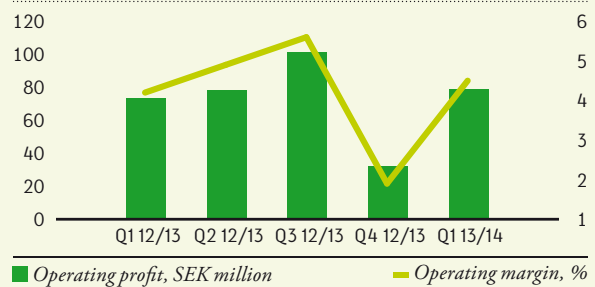
Traffic start is June 2014, but the contract awaits to be finalized due to an appeal of the tender to the Administrative Court of Appeal.

In the beginning of June, after the end of the first quarter, Nobina Sweden won tenders for traffic contracts for

### REVENUES



### OPERATING PROFIT AND MARGIN PER QUARTER



### TENDER UPDATE PER COUNTRY YTD

(Number of buses)	Tenders during the period			Traffic changes during the period	
	Submitted	Won	Not won	Started	Ended
Sweden	504	96	0	6	37
Norway	0	0	0	0	0
Finland	110	31	79	0	0
Denmark	36	0	36	0	0
<b>Total regional traffic</b>	<b>650</b>	<b>127</b>	<b>115</b>	<b>6</b>	<b>37</b>

### PLANNED TRAFFIC STARTS, COMING 12 MONTHS

Traffic starts June 2013 – May 2014						
Tender outcome per country	PTA	Contract type	Number of years	Traffic start	Number of buses	Value (SEK million)
Sweden	Skånetrafiken	City	6	June 2013	79	1,15
	Skånetrafiken	Regional	7	October 2013	18	360
Finland	HSL	City	6	June 2013	13	130
	HSL	City	3	June 2013	9	70
	HSL	City	6	August 2013	25	290
	HSL	City	5	August 2013	13	140
	HSL	City	6	January 2014	31	690
<b>Sum Regional Traffic</b>					<b>188</b>	<b>2,83</b>



Västtrafik. The contracts comprise traffic of around 250 buses and run for a period of eight years, with the option for additional two years. The estimated total value is close to SEK 4 billion over the contract period. Nobina will maintain responsibility for city, region and express bus traffic in Skaraborg, starting in June 2014, and take over city traffic in Borås starting in August 2014.

Nobina also had a successful city traffic start in Helsingborg in June. The traffic comprises approximately 80 buses and 200 new employees. It is valid for six years and worth more than SEK 1 billion. The contract is incentive based (on the number of passengers) to between 30–40 percent of the total contract value.

Nobina Sweden offset high maintenance costs by continued strong performance and additional volume. The Norrtälje contract develops well which is of high importance as it includes significant passenger incentives.

Submitted and coming larger tenders are Västernorrland (120 buses), Stockholm (320 buses) and Värmland (230 buses).

**Nobina Finland** continues to develop well with lower maintenance and damage costs offsetting higher sick-leave and thereby overtime, as well as negative index. The traffic start in the new depot Herttoniemi was solid.

Nobina Finland also won a tender for 31 buses in Helsinki, making Nobina the largest operator in Helsinki. Traffic starts are in the beginning of 2014 and 2015, and end in 2020 (with option for three additional years).

The Finnish operations are awaiting new cities to put out their public bus transportation for tender.

**Nobina Norway** is showing reduced losses, due to improved operational control and efficiency throughout our nine traffic contracts in the country. Particularly, staff costs have been favorable.

It is two out of Nobina Norway's nine traffic contracts that show losses at the moment, of which one will expire in the fall of 2014. The Tromsø contract is showing improvements, but we are in continued discussions with the PTA to resolve issues.

Coming tenders are Oslo East (50 buses) and Vestfold (90 buses).

**Nobina Denmark** continues its positive development, with low maintenance and staff costs.

Nobina Denmark was also chosen as one of four nominees to be awarded the "Best place to work" in Randers by the Danish union 3F.

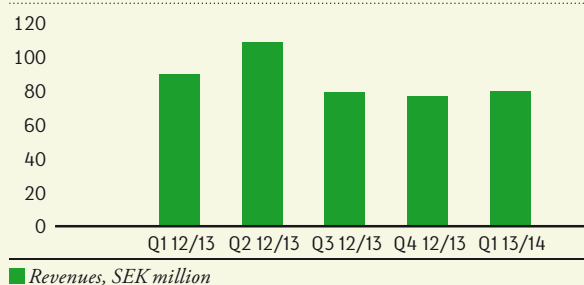
## BUSINESS AREA INTERREGIONAL TRAFFIC

Swebus continued to struggle with low volume and intense price competition. Sales amounted to SEK 80 million (90), which is a decrease of 11%. Operating profit decreased to SEK -8 million (-2).

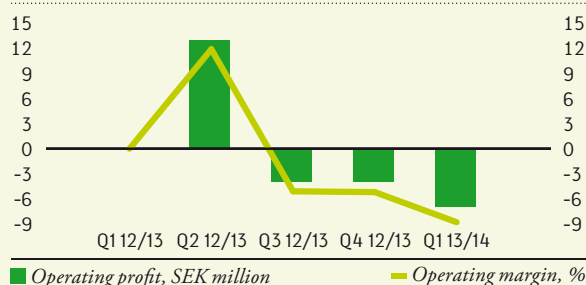
The state-owned competitor NettBuss has aggressive

price campaigns on the west coast, the competition from the railway on the Stockholm-Gothenburg line is intense, and the Arlanda shuttle faces heavy competition. Also, the business cycle lowers for the moment demand for interregional bus travelling.

### REVENUES



### OPERATING PROFIT AND MARGIN PER QUARTER



Trend interregional traffic (Swebus)	Quarter		Full year	Rolling 12 m
	Mar–May 13	Mar–May 12	Mar 12–Feb 13	Jun 12–May 13
Number of passengers	475,860	498,734	1,968,466	1,949,319
Number of driven km	3,838,074	4,199,975	16,472,496	16,027,917
Load factor, %	46.5	42	44	45.0
Average revenues/km (SEK)	20.8	22.0	21.5	21.5
Average revenues/passenger (SEK)	155	169	173	177

Swebus has taken actions mainly by cutting the marketing budget and centralizing traffic management.

After the end of the first quarter, Swebus also decided to discontinue its traffic with direct shuttle buses between Stockholm City and Arlanda airport (Airport Transfer). The main reason is Stockholm Public Transport's (SL) new shuttle on the same route, that no longer makes Swebus's bus traffic commercially viable. At the same time, SL's investment means that the tax payers subsidize around half of the shuttle's ticket price, which we do not support. Swebus will withdraw its Airport Transfer from traffic as of August 19, 2013.

## PERSONNEL

Nobina Group had on average 6,764 (6,762) employees. Nobina Group applies collective agreements in accordance with trade unions in all countries where the company operates. There are well-established practices and traditions for negotiations on work times, compensation conditions, information and cooperation.

Nobina Sweden and Swebus have now had the whistleblower function, with the employee representative counsel MOM (medarbetarombudet), in operation for six months. It is working well, with around 30 reports on deviations that have been followed up on. Next step is to implement this function throughout the Group.

## SIGNIFICANT EVENTS AFTER THE FIRST QUARTER OF 2013/2014

- Nobina Sweden won tenders for traffic contracts for Västtrafik. The contracts comprise traffic of around 250 buses and duration is for a period of eight years, with the option for an additional two years. The estimated total value is close to SEK 4 billion over the contract period. Through the new traffic contracts Nobina will continue to be responsible for city, region and express bus traffic in Skaraborg, starting in June 2014, and add the city traffic in Borås starting in August 2014.
- Nobina Sweden had a solid start of city traffic in Helsingborg. This is an important contract to Nobina, not least as it is incentive based to between 30–40 percent of the total contract value.
- Swebus has decided to discontinue its traffic with direct buses between Stockholm City and Arlanda airport, due to commercial reasons.
- John Allkins was elected new Director of the Board at Nobina's Annual General Meeting in May. Rolf Lydahl declined to stand for re-election.
- Nobina decided to withdraw its credit rating from Moody's, and remain with Standard & Poors as it is fully sufficient with only one credit rating institute for the Group.

## PARENT COMPANY

The parent company has 52 (36) employees who are engaged in overall Group management and joint administration. The parent company's sales, which consist exclusively of internal invoicing of services, amounted dur-

ing the period to SEK 13 million (13). The parent company's earnings before tax were SEK 21 million (1) and cash and cash equivalents at the end of the period were SEK 19 million (0). Investments in intangible and tangible non-current assets amounted to SEK 1 million (0). Shareholders' equity for the parent company amounted to SEK 210 million (147).

## TRANSACTIONS WITH CLOSELY RELATED PARTIES

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

## 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 the high timetable production due to a large number of weekdays and a high level of social activity, while the second quarter is weakest due to low timetable production during the holiday period. The trend for interregional operations differs, with the second quarter being strongest due to a high number of passengers during the holiday period, while the third quarter is weakest due to a small number of holidays, resulting in fewer passengers.

## RISKS AND UNCERTAINTY FACTORS

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

The Group bears a refinancing risk when the existing corporate bond of SEK 550 million mature on October 31, 2017. The risk is offset by the fact that the current bonds are primarily held by the shareholders of the Group's parent company, Nobina AB.

The Nobina Group was exposed to exchange rate fluctuations on the old Senior Notes which were denominated in EUR. This risk is now almost eliminated as the new bonds are denominated in SEK, except for 5 percent of the nominal amount. The Group's finance policy states that currency risks may be hedged through currency derivatives. During the quarter, the Group had no currency hedging.

The Group 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, through revenue indices in traffic contracts the Group obtains compensation for changes in the diesel price accounting for approximately 80 percent of consumption. There is no indexation of revenues within Interregional traffic. Increased fuel prices are, instead, compensated for through increased ticket prices if market conditions so allow. Calculated on the portion of the Group's diesel consumption which is not covered by

indexation, a 10 percent increase in the commodity price means an increase of approximately SEK 10 million in the Group's fuel costs per financial year. As per May 31, 2013 the Nobina Group had no outstanding diesel derivatives.

For more information regarding risks and uncertainty factors, see the corresponding section in Nobina's annual report 2012/2013.

## ACCOUNTING PRINCIPLES

Nobina Europe applies International Financial Reporting Standards (IFRS) as adopted by the EU and applying RFR 1 "Complementary accounting rules for groups".

In the first quarter of 2013/2014, the interim reports was affected by the amendments standards IAS 19 Employee Benefits. The most significant amendment in IAS 19 is the elimination of the "corridor method" for defined benefit pensions plans. As a result, historical accumulated actuarial gains and losses will increase reported pension liabilities and decrease shareholders' equity. Future recalculations (including actuarial gains and losses) will not be accrued, but immediately impact shareholders' equity through other comprehensive income. The accounting principles for defined benefit pension plans are altered compared with the Group's accounting policies in the Annual Report 2012/2013 as well as previously published interim reports. The new policies affecting the financial statements retroactively and therefore opening balance at 2012-03-01 was restated. Furthermore, the comparative figures for the first quarter of 2012/2013 are revised.

In other respects Nobina Europe applies the same accounting policies and calculation methods as in the annual report for 2012/2013, see "Company and accounting policies", 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, and statements issued by the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34 and the Swedish Accounting Standards Board's General Guidelines regarding voluntary interim reporting (BFNAR 2007:1).

## OTHER

This is an in-house English translation. This report is also available on [www.nobina.com](http://www.nobina.com).

## TELEPHONE CONFERENCE

Nobina will present the interim report and reply to questions during a telephone conference on Thursday, June 27, at 10.00 am CET. The presentation will be available on the website in connection with the telephone conference.

Telephone numbers for participants:

Sweden: +46 (0)8 5052 0110  
 UK: +44 (0) 20 7162 0077  
 Germany: +49 (0) 30726167224

For telephone numbers from other countries, please see the website or contact Nobina.

## ASSURANCE

The CEO hereby provides an assurance that the report for the first quarter 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 in the Group.

Stockholm, June 26, 2013

Ragnar Norbäck  
 President and CEO

## FUTURE REPORTS

Interim report for the second quarter 2013/2014 October 3, 2013

Interim report for the third quarter 2013/2014 December 20, 2013

Results 2013/2014 April 25, 2014

## CONTACTS

For further information please contact:

Ragnar Norbäck, President and CEO +46 8-410 65 000  
 Per Skärgård, CFO +46 8-410 65 056  
 Ingrid Håkanson, IR Manager +46 8-410 65 051

Nobina Europe AB  
 Armégatan 38, 171 71 Solna, Sweden  
[www.nobina.com](http://www.nobina.com)  
 Reg. no. 556031-8569

This report has not been audited by Nobina Europe's auditors.

*The Nobina Europe group is the largest company in the Nordic region within the area of public transport by bus. The operations include contractual regional traffic in Sweden, Norway, Finland and Denmark as well as inter-regional traffic through the subsidiary Swebus. The Nobina Europe Group has revenues in excess of SEK 7 billion, operates 3,500 buses and, with approximately 260 million passenger journeys per year, is one of the larger passenger transport companies in northern Europe. More information is available on [www.nobina.com](http://www.nobina.com)*

**CONSOLIDATED INCOME STATEMENT IN BRIEF**

<i>SEK million, unless otherwise stated</i>	<b>Quarter</b>		<b>Full year</b>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Net sales</b>	<b>1,852</b>	<b>1,851</b>	<b>7,263</b>
<b>OPERATING EXPENSES</b>			
Fuel, tires and other consumables	-415	-439	-1,701
Other external expenses	-502	-478	-1,972
Personnel expenses	-927	-918	-3,534
Capital losses from the disposal of non-current assets	-1	-1	-4
Depreciation/amortization and impairment of PPE and intangible assets	-12	-14	-54
<b>OPERATING PROFIT</b>	<b>-5</b>	<b>1</b>	<b>-2</b>
<b>PROFIT FROM NET FINANCIAL ITEMS</b>			
Financial income	53	42	169
Financial expense, Note 2	-37	-51	-138
<b>NET FINANCIAL ITEMS</b>	<b>16</b>	<b>-9</b>	<b>31</b>
<b>EARNINGS BEFORE TAX</b>	<b>11</b>	<b>-8</b>	<b>29</b>
Tax	-	-	100
<b>NET EARNINGS FOR THE PERIOD</b>	<b>11</b>	<b>-8</b>	<b>129</b>
Earnings for the period attributable to the parent company's shareholders	11	-8	129
Earnings per share before dilution (SEK)	70.02	-52.90	807.80
Earnings per share after dilution (SEK)	70.02	-52.90	807.80
Average number of shares before dilution (thousands)	160,000	160,000	160,000
Average number of shares after dilution (thousands)	160,000	160,000	160,000

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>SEK million</i>	<b>Quarter</b>		<b>Full year</b>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Net earnings for the period</b>	<b>11</b>	<b>-8</b>	<b>129</b>
<b>Other comprehensive income</b>			
Remeasurements of defined benefits pensionplan	0	2	6
Exchange rate differences on foreign operators	0	0	-4
<b>Other comprehensive income for the period, net after tax</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Total comprehensive income for the period</b>	<b>11</b>	<b>-6</b>	<b>131</b>

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK million	Quarter		Full year
	May 31, 2013	May 31, 2012	Feb 28, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	133	141	134
Other intangible assets	1	-	1
Improvement expenditures on third-party property	20	8	21
Equipment, tools, fixtures and fittings	29	31	30
Vehicles	68	112	74
<b>Non-current receivables</b>	-	1	-
Receivables from Group Companies	1,261	1,261	1,261
Deferred tax assets	109	9	109
Pension assets	13	13	13
<b>Total non-current assets</b>	<b>1,634</b>	<b>1,576</b>	<b>1,643</b>
<b>Current assets</b>			
Inventories	47	54	44
Trade receivables	349	430	360
<b>Receivables from Group Companies</b>	<b>205</b>	<b>106</b>	<b>165</b>
Other current receivables	66	68	72
Deferred expenses and accrued income	276	273	226
Restricted bankaccounts	85	90	98
Cash and cash equivalents	111	24	95
<b>Total current assets</b>	<b>1,139</b>	<b>1,045</b>	<b>1,060</b>
<b>TOTAL ASSETS</b>	<b>2,773</b>	<b>2,621</b>	<b>2,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>387</b>	<b>58</b>	<b>376</b>
<b>Non-current liabilities</b>			
Borrowing, Note 2	520	-	518
Non-current liabilities to Group companies	339	339	339
Provisions for pensions and similar obligations	25	35	28
Other provisions	44	58	45
<b>Total non-current liabilities</b>	<b>928</b>	<b>432</b>	<b>930</b>
<b>Current liabilities</b>			
Accounts payable	343	344	391
Borrowing, Note 2	-	759	-
Liabilities to Group Companies	144	89	58
Other current liabilities	136	150	145
Accrued expenses and deferred income	835	789	803
<b>Total current liabilities</b>	<b>1,458</b>	<b>2,131</b>	<b>1,397</b>
<b>Total liabilities</b>	<b>2,386</b>	<b>2,563</b>	<b>2,327</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>2,773</b>	<b>2,621</b>	<b>2,703</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>SEK million</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Translation differences</i>	<i>Losses carried forward</i>	<i>Total equity before translation differences of IAS 19</i>	<i>Translation/result of IAS 19</i>	<i>Total equity after translation differences of IAS 19</i>
<b>Opening equity per March 1, 2012</b>	16	0	30	31	77	-13	64
Comprehensive income	-	-	-	-8	-8	2	-6
<b>Closing equity per May 31, 2012</b>	16	0	30	23	69	-11	58
<b>Opening equity per March 1, 2013</b>	16	0	26	341	383	-7	376
Comprehensive income	-	-	-	11	11	-	11
<b>Closing equity per May 31, 2013</b>	16	0	26	352	394	-7	387

There are no controlling interests.

**CONSOLIDATED CASH FLOW STATEMENT**

<i>SEK million</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar-May 13</i>	<i>Mar-May 12</i>	<i>Mar 12-Feb 13</i>
<b>Cash flow from operations</b>			
Earnings after financial items	11	-8	29
Adjustments for items not included in cash flow	31	18	21
<b>Cash flow from operations before changes in working capital</b>	<b>42</b>	<b>10</b>	<b>50</b>
<b>Cash flow from changes in working capital</b>			
Changes in inventories	-3	-2	7
Change in operating receivables	-73	-58	64
Change in operating liabilities	75	33	107
<b>Total change in working capital</b>	<b>-1</b>	<b>-27</b>	<b>178</b>
Received interest income	3	-	6
Tax paid	-	-	-
<b>Cash flow from operations</b>	<b>44</b>	<b>-17</b>	<b>234</b>
<b>Cash flow from investing activities</b>			
Change in restricted bank accounts	14	8	-5
Investments in land, vehicles, equipment tools fixtures and fittings, excl. financial leases	-5	-2	-40
Sales of buildings and land, vehicles, equipment tools fixtures and fittings	-	-	16
<b>Cash flow from investing activities</b>	<b>9</b>	<b>6</b>	<b>-29</b>
<b>Cash flow from financing activities</b>			
Received shareholder's contribution/Group	-	-	181
Repayment/loan from Group companies	-	-	20
Amortization of loans	-	-	-733
New borrowing	-	-	551
Borrowing expenses	-	-	-34
Interest paid	-37	-6	-136
<b>Cash flow from financing activities</b>	<b>-37</b>	<b>-6</b>	<b>-151</b>
<b>Cash flow for the period</b>	<b>16</b>	<b>-17</b>	<b>54</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>95</b>	<b>41</b>	<b>41</b>
Cash flow for the period	16	-17	54
Translation difference	-	-	-
<b>Cash and cash equivalents at end of period</b>	<b>111</b>		<b>95</b>

**PARENT COMPANY'S INCOME STATEMENT IN BRIEF**

<i>SEK million</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
Other operating income	13	13	55
<b>OPERATING EXPENSES</b>			
Other external expenses	-7	-5	-21
Personnel expenses	-7	-7	-30
Depreciation/amortization and impairment of PPE and intangible assets	0	0	-2
<b>OPERATING PROFIT</b>	<b>-1</b>	<b>1</b>	<b>2</b>
Earnings from participations in Group companies	-	-	-204
Financial income	56	48	187
Financial expenses	-34	-48	-123
<b>NET FINANCIAL ITEMS</b>	<b>22</b>	<b>0</b>	<b>-140</b>
<b>EARNINGS BEFORE TAX</b>	<b>21</b>	<b>1</b>	<b>-138</b>
Tax	-	-	-
<b>NET EARNINGS FOR THE PERIOD</b>	<b>21</b>	<b>1</b>	<b>-138</b>

**REPORT OF THE PARENT COMPANY'S COMPREHENSIVE INCOME**

<i>SEK million</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Net earnings for the period</b>	<b>21</b>	<b>1</b>	<b>-138</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net after tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>21</b>	<b>1</b>	<b>-138</b>
<b>NET EARNINGS FOR THE PERIOD</b>	<b>21</b>	<b>1</b>	<b>-138</b>

**PARENT COMPANY'S BALANCE SHEET IN BRIEF**

MSEK	Quarter		Full year
	May 31, 2013	May 31, 2012	28 Feb, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other intangible assets	1	-	1
<b>Improvement expenses, third-party property</b>	<b>1</b>	<b>2</b>	-
Equipment, tools, fixtures and fittings	-	1	1
Participations in Group companies	711	703	711
Receivables from Group companies	1,397	1,500	1,397
<b>Total financial assets</b>	<b>2,110</b>	<b>2,206</b>	<b>2,110</b>
<b>Current assets</b>			
Receivables from Group companies	431	216	234
Other current receivables	-	-	4
Prepaid expenses and accrued revenue	4	4	-
Restricted accounts	-	-	-
Cash and cash equivalents	19	0	-
<b>Total current assets</b>	<b>454</b>	<b>220</b>	<b>238</b>
<b>TOTAL ASSETS</b>	<b>2,564</b>	<b>2,426</b>	<b>2,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>210</b>	<b>147</b>	<b>189</b>
<b>Non-current liabilities</b>			
<b>Borrowing</b>	<b>520</b>	<b>-</b>	<b>518</b>
<b>Non-current liabilities to Group Companies</b>	<b>1,387</b>	<b>1,398</b>	<b>1,387</b>
Pension provisions	22	25	23
<b>Total non-current liabilities</b>	<b>1,929</b>	<b>1,423</b>	<b>1,928</b>
<b>Current liabilities</b>			
Accounts payable	5	5	4
<b>Borrowing</b>	<b>-</b>	<b>759</b>	<b>-</b>
Liabilities to Group companies	406	61	198
Other current liabilities	6	-	1
Accrued expenses and deferred revenue	8	31	28
<b>Total current liabilities</b>	<b>425</b>	<b>856</b>	<b>231</b>
<b>Total liabilities</b>	<b>2,354</b>	<b>2,279</b>	<b>2,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,564</b>	<b>2,426</b>	<b>2348</b>

**PARENT COMPANY'S CHANGE IN EQUITY**

SEK million	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Earnings for the period	Total equity
<b>Opening equity per March 1, 2012</b>	<b>16</b>	<b>56</b>	<b>-</b>	<b>107</b>	<b>-33</b>	<b>146</b>
Reversal of previous year's earnings	-	-	-	-33	33	-
Earnings for the period	-	-	-	-	1	1
<b>Closing equity per May 31, 2012</b>	<b>16</b>	<b>56</b>	<b>-</b>	<b>74</b>	<b>1</b>	<b>147</b>
<b>Opening equity per March 1, 2013</b>	<b>16</b>	<b>56</b>	<b>-</b>	<b>255</b>	<b>-138</b>	<b>189</b>
Reversal of previous year's earnings	-	-	-	-138	138	-
Earnings for the period	-	-	-	-	21	21
<b>Closing equity per May 31, 2013</b>	<b>16</b>	<b>56</b>	<b>-</b>	<b>117</b>	<b>21</b>	<b>210</b>



**NOTE 1. SEGMENT REPORTING**

<i>SEK million, unless otherwise stated</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Revenues per business area</b>			
Nobina Sweden	1228	1,235	4,838
Nobina Denmark	83	86	339
Nobina Norway	257	240	947
Nobina Finland	209	204	802
Elimination of sales to interregional traffic	-8	-8	-33
<b>Total regional traffic</b>	<b>1769</b>	<b>1,757</b>	<b>6,893</b>
Swebus	80	90	355
Elimination of sales to regional traffic	-	-	-
<b>Total interregional traffic</b>	<b>80</b>	<b>90</b>	<b>355</b>
<b>Central functions</b>	<b>3</b>	<b>4</b>	<b>15</b>
<b>Total revenues</b>	<b>1,852</b>	<b>1,851</b>	<b>7,263</b>

<i>SEK million, unless otherwise stated</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Operating profit per business area</b>			
Nobina Sweden	36	44	133
Nobina Denmark	-8	-7	-28
Nobina Norway	-18	-23	-78
Nobina Finland	4	-2	13
<b>Total regional traffic</b>	<b>14</b>	<b>12</b>	<b>40</b>
Swebus	-8	-2	-3
<b>Total interregional traffic</b>	<b>-8</b>	<b>-2</b>	<b>-3</b>
<b>Central functions and other items</b>	<b>-11</b>	<b>-9</b>	<b>-39</b>
<b>Total operating profit</b>	<b>-5</b>	<b>1</b>	<b>-2</b>

## NOTE 2. FINANCING

<i>SEK million, unless otherwise stated</i>	<i>Quarter</i>		<i>Full year</i>
	<i>Mar–May 13</i>	<i>Mar–May 12</i>	<i>Mar 12–Feb 13</i>
<b>Operational leasing, Buses</b>			
Nominal value of future payments - Buses	4,361	4,797	4,790
Present value of future payments - Buses	4,035	4,101	4,155
Number of operationally leased buses	2,997	3,065	3,012
Reported operational leasing expense	226	220	907
<b>Interest-bearing non-current liabilities</b>			
Senior Notes	551	761	551
Liabilities to Group Companies	339	428	339
Capitalized financing fees	-31	-2	-33
<b>Total</b>	<b>859</b>	<b>1,187</b>	<b>857</b>
Less current part	-	-848	-
<b>Total non-current liabilities</b>	<b>859</b>	<b>339</b>	<b>857</b>
<b>Interest expenses and similar profit/loss items</b>			
Interest expenses, borrowing from Group Companies	-14	-12	-54
Interest expenses, Senior Notes	-17	-26	-80
Other financial expenses	-3	-2	-16
Realized and non-realized exchange rate profits	-3	-11	12
<b>Total</b>	<b>-37</b>	<b>-51</b>	<b>-138</b>

## DEFINITIONS

### **CLIENT**

An organization which, on behalf of a public authority, is responsible for the organizing the procurement of public transport in a certain area, normally a county. Awards traffic contracts following evaluation of submitted tenders.

### **CONCESSION**

Traffic contract granted to a certain operator by an authority/PTA without a tender procedure. Cannot take place since deregulation of the public transport market.

### **CUSTOMERS**

Passengers, i.e. persons who use our services irrespective of whether they pay for the service personally or via a PTA.

### **EBT**

Earnings before tax.

### **EBIT**

Earnings before interest and tax.

### **EBITDA**

Earnings before interest, tax, depreciation and amortization.

### **EBITDAR**

Earnings before interest, tax, depreciation, amortization and rent.

### **EURO 1-EURO 5, EEV**

Different generations of emission classes for diesel motors.

### **EXPRESS BUS**

Fixed line long distance road traffic which crosses at least one county boundary. Affected PTAs have a right of objection in conjunction with the granting of permits. An independent operator's revenues derive exclusively from the passengers.

### **GROSS AGREEMENT**

Traffic contract in which the client compensates the operator only for the number of kilometers or hours driven. Ticket revenues inure to the client.

### **INCENTIVE AGREEMENT**

Traffic contract in which the client compensates the operator with partially variable compensation. Based on mutual trust and is aimed at achieving an improved result through improved quality and efficiency. Compensation to the operator increases if the number of passengers increases.

### **INDEXATION**

Recalculation of compensation for a new period of fixed compensation per kilometer or hour in a traffic contract. Covers fixed compensation per kilometer or hour and takes place based on co-weighted indices for inflation within cost categories that are material for the operations.

### **NET AGREEMENT**

Traffic contract in which the client compensates the operator primarily through ticket revenues.

### **TRAFFIC CONTRACT (CONTRACT, CONTRACTING)**

An undertaking to provide a certain service at a price agreed upon in advance between the client and contractor. At Nobina, an agreement with a PTA, normally to provide public transport during 5-8 years in exchange for a fixed price with agreed indexing terms.

***WE ARE HERE FOR OUR CUSTOMERS***

We listen carefully to passenger needs and approach passengers with friendliness and respect. We keep our promises, develop value-for-money solutions and make life easier for our passengers.

***WE STRIVE FOR CONTINUOUS DEVELOPMENT***

We achieve objectives and deliver results. We are resource efficient and meet or exceed assured quality. We work with managed objectives and systematic follow-up in order to continually improve the company and its services.

***WE RESPECT EACH OTHER***

We safeguard each other's equality and treat each other with friendliness and respect. Together we shape a secure and creative working climate that encourages initiative and suggestions for improvement. We oppose a lack of respect towards passengers, each other and the company.

***WE SAFEGUARD GOOD LEADERSHIP***

We place clearly-defined demands on managers and employees. We put the passenger's and the company's interests before our own. We foster unrestricted cooperation. We provide feedback on work performed and pay due regard to achievements. We manage trust and confidentiality.

***WE CARE***

We take active responsibility for the environment and the community. We encourage health and personal development. We follow regulations and abide by the law. We are involved; we care for each other, our passengers and the world at large.