

**NOBINA INTERIM REPORT 1 MARCH–31 MAY 2014**

**SUMMARY OF THE FIRST QUARTER**

- Net sales totalled **SEK 1,886 million** (1,846), which was an increase of **2.2 %**.
- Operating profit is **SEK 59 million** (65).
- Earnings after tax totalled **SEK –23 million** (-4), and earnings per share were **SEK –0.04** (-0.01).
- Cash flow from operations is **SEK 99 million** (162).
- Investments, mainly consisting of the acquisition of buses, amounted to **SEK 81 million** (36).

**SIGNIFICANT EVENTS**

- In Sweden, Nobina won the major portion of the school traffic tendered in Värmland and, for a period of ten years. This is in addition to the earlier win in the third quarter, of the tender for Värmland region's public transport. Appeals have been filed for both tender processes.
- The Nobina Group's existing bond loan was refinanced, on improved terms, through the issue of a secured corporate bond totalling SEK 550 million. Interest expenses are expected to decrease by SEK 16.5 million annually at the same time as the tenure is extended to a final maturity in May 2019.

**CEO'S COMMENTS**

“We are very satisfied to have refinanced the Nobina Group’s bond loan on improved terms. By doing so, we have decreased the Group’s interest expenses while giving ourselves more room to manoeuvre in the continued development of our operations. The earnings before tax for the quarter, before refinancing costs are considered, were stable and somewhat better than those reported in the same period during the previous year. Intensive preparations continued according to plan in conjunction with the expiry of contracts and their replacement with new contracts during forthcoming quarters. The financing for all new buses during the forthcoming financial year has been secured. It is also pleasing to note that, judging from the outcomes of appeals processes to date, quality is increasingly valued more highly than price. A strong focus on quality and profitability is an important cornerstone in Nobina’s growth strategy.”

Ragnar Norbäck,  
*President and CEO*

**KEY RATIOS**

Group <i>(SEK million, unless otherwise stated)</i>	Quarter		Full year	Rolling 12 months
	March–May 14	March–May 13	March 13–Feb 14	June 13– May 14
Sales	1,886	1,846	7,269	7,309
Operating profit	59	65	326	320
Earnings after financial net	-16	3	87	68
Earnings after tax	-23	-4	56	37
Cash flow	-113	-27	173	
Cash and cash equivalents	198	111	309	
Equity ratio, %	3.2	3.1	3.8	
Shareholders' equity	206	182	224	
Number of buses	3,345	3,406	3,359	
Estimated full time positions	6,803	7,065	7,547	

## NOBINA IN BRIEF

Nobina is the Nordic Region’s largest operator within the sector of public transport by bus and offers reliable and environmentally-friendly traffic solutions which simplify daily travel. The operations include contract-based regional travel in Sweden, Norway, Finland and Denmark and inter-regional traffic under own management

through Swebus. The Nobina Group reported slightly over SEK 7 billion in sales during the financial year 2013/2014. With approximately 280 million passenger journeys and a fleet of 3,400 buses, Nobina is the leading operator in the Nordic market. Further information is available at [www.nobina.com](http://www.nobina.com).

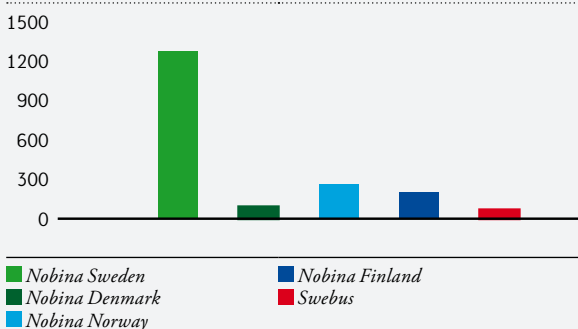
## MARKET OVERVIEW

In the Nordic Region, public transport is central to sustainable societal development and there is a stable long-term growth in the demand for public transport. The market premises are similar in each of the Nordic countries. The price for regional trips is subsidised by the municipalities, while there is unrestricted competition and pricing in the market for long-distance bus traffic (Swebus). The main difference between the countries is the portion of regional public transport procured on a public tender basis.

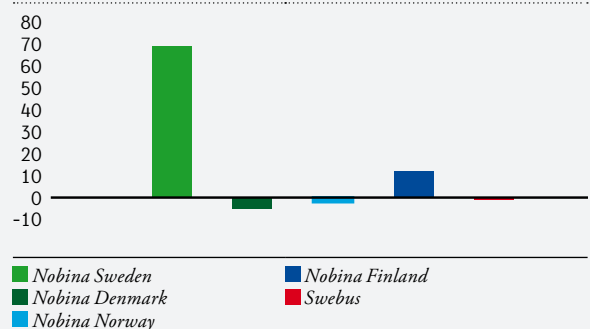
Traffic authorities – politically governed, publically-owned clients – are responsible for the provision of transport services in their respective regions. The regional traffic includes regional public transport, city traffic and school bus traffic. The model for procurement is well established in Sweden and Denmark and is gradually winning ground in Norway and Finland.

In contrast with Nobina, a number of the operators on the market are partly or fully publically-owned, implying other return requirements and premises for financing of the operations. However, in both Sweden and Denmark, the volume of tendered procurements is increasing with a focus on quality and this is, at the same time, a development facilitating more rational pricing.

SHARE OF NET SALES BY BUSINESS AREA (Q1 2014/2015), SEK MILLION



SHARE OF OPERATING PROFIT BY BUSINESS AREA (Q1 2014/2015), SEK MILLION



## FINANCIAL DEVELOPMENT OF THE GROUP

First quarter  
(1 March–31 May 2014)

### Sales

The Group’s sales for the first quarter amounted to SEK 1,886 million (1,846), which was an increase of 2.2 percent compared with the equivalent period last year. Sales were positively impacted by increased variable revenues in existing contracts and by the indexation of revenues.

### Earnings

Earnings in the first quarter continued to be stable. Operating profit amounted to SEK 59 million (65), of which SEK 74 million (79) was attributable to regional traffic and SEK -1 (-7) million to inter-regional traffic. Operating profit was positively impacted by an increased volume. A contract migration, from older to newer contracts, has resulted in a younger contract portfolio during recent years. A young contract portfolio implies, in its turn, extensive investments and proportionally lower operating profit, as new contracts are characterised by a significantly lower operating profit during their initial phase compared with in the final phases of the contract. Central costs are lower as a result of enhanced efficiency in the IT operations.

Earnings have been charged with SEK 25 million referring to previously capitalised costs for the redeemed bond, resulting in Net financial items being SEK -75 million (i.e. SEK -50 million without costs for redeemed bond).

Earnings before tax were lower compared with the same period last year and amounted to SEK -16 million (3).

### Taxes

Deferred tax decreased by SEK -7 million (-7) during the first quarter.

### Financial position

Cash and cash equivalents amounted to SEK 198 million (111) at the end of the period. In addition, the Group had blocked funds of SEK 607 million (163), except for SEK 456 million proceeds in escrow, the amount is primarily as security for guarantees for

tenders and for established traffic contracts. At the end of the period, the temporary escrow provision in a blocked account in conjunction with the bond issue on 13 May, is dedicated to the repayment of the old bonds on 7 June. The Group has an accounts receivable facility with a finance company totalling SEK 100 million, of which SEK 0 million was utilised at the end of the period. A bank credit facility of SEK 50 million is linked to the Group’s Group account, of which SEK 0 million was utilised on 31 May 2014.

Equity amounted to SEK 206 million (182). The equity/assets ratio was 3.2 percent at the end of the quarter, compared with 3.1 percent for the same period last year.

In May, Nobina Europe executed a refinancing of its bond loan through the issue of a new bond of SEK 550 million, which incurs an annual coupon interest of 8 percent and matures in May 2019. The investors in the new bond are primarily based in Sweden and the Nordic countries and the bond is intended to be listed on Nasdaq OMX, similar to the previous bond.

### Investments

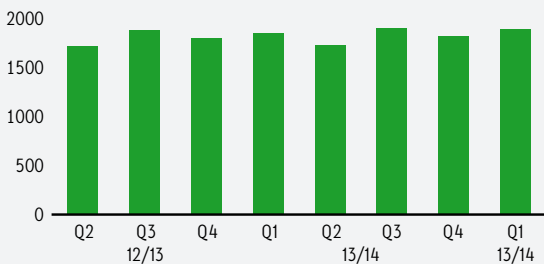
The Group’s cash investments during the period refer to the purchase of other fixed assets and the acquisition of buses, including associated parts and extras, totalling SEK 29 million (7). The Group, through its subsidiary Nobina Fleet AB, has entered into financial leasing agreements totalling SEK 52 million (29) in acquisition value. The Group’s financial leasing agreements have been classified as fixed assets in the balance sheet and leasing commitments have been reported as a liability in the balance sheet. Depreciation/amortisation has been reported in the income statement as well as interest expenses.

During the period, the Nobina Group sold buses and other fixed assets at a value of SEK 1 million (2). These sales imply a capital loss of SEK -4 million (-6).

### Cash flow

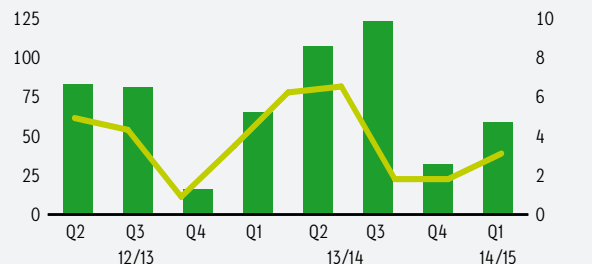
Cash flow from operating activities before net investments amounted to SEK 99 million (162), and after net investments to SEK -379 (169), affected negatively this quarter by positive cash flow just before year-end.

#### REVENUES



■ Revenues, SEK million

#### OPERATING PROFIT AND MARGIN



■ Operating profit, SEK million

— Operating margin, %

Revenues (SEK million)	Quarter		Full year	Rolling 12 months
	March–May 14	March–May 13	March 13–Feb 14	June 13– May 14
<b>Revenues per segment</b>				
Nobina Sweden	1,275	1,225	4,853	4,903
Nobina Denmark	90	83	346	353
Nobina Norway	259	255	995	998
Nobina Finland	201	209	802	794
Elimination of sales to interregional traffic	-6	-6	-43	-42
<b>Total regional traffic</b>	<b>1,819</b>	<b>1,766</b>	<b>6,953</b>	<b>7,006</b>
Swebus	67	80	316	303
Elimination of sales to regional traffic	-	-	-	-
<b>Total interregional traffic</b>	<b>67</b>	<b>80</b>	<b>316</b>	<b>303</b>
<b>Total revenues</b>	<b>1,886</b>	<b>1,846</b>	<b>7,269</b>	<b>7,309</b>

Operating profit (SEK million)	Quarter		Full year	Rolling 12 months
	March–May 14	March–May 13	March 13–Feb 14	June 13– May 14
<b>Operating profit per segment</b>				
Nobina Sweden	69	78	328	319
Nobina Denmark	-5	-7	-14	-12
Nobina Norway	-2	-2	-3	-3
Nobina Finland	12	10	45	47
<b>Total regional traffic</b>	<b>74</b>	<b>79</b>	<b>356</b>	<b>351</b>
Swebus	-1	-7	3	9
<b>Total interregional traffic</b>	<b>-1</b>	<b>-7</b>	<b>3</b>	<b>9</b>
Central functions and other items	-14	-7	-33	-40
<b>Total operating profit</b>	<b>59</b>	<b>65</b>	<b>326</b>	<b>320</b>

Explanation items for revenue and earnings growth (SEK million)	Revenues and earnings		
	Revenues	EBIT	EBT
<b>Period</b>			
<b>March–May 2013</b>	<b>1,846</b>	<b>65</b>	<b>3</b>
Price and volume	26	10	10
Contract changes	-5	-4	-4
Indexation	24	-1	-1
Business efficiency		-2	-2
One-off costs		0	0
Fleet finance and utilization		-4	-4
Other	-5	-5	-5
Financial net			-13
<b>Period</b>			
<b>March–May 2014</b>	<b>1,886</b>	<b>59</b>	<b>-16</b>

**Higher prices and volumes** represent changes in executed traffic volumes, as well as changes in prices for such volumes and the effects of these changes on sales and earnings.

**Contract changes** illustrate the effect on sales and earnings of changes in the contract portfolio, in the form of the expiry of old contracts and the initiation of new contracts.

**Indexation** shows the effects of price adjustments on sales and earnings, in terms of compensation for the underlying cost inflation in the operation of traffic within the framework of tendered contracts.

**Operating efficiency** shows the effect on earnings of enhancements to efficiency regarding personnel costs, maintenance, repairs, 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 current effects on sales and earnings of certain other factors, as well as special, non-recurring factors, are also shown.

## BUSINESS AREAS

The development of Nobina’s regional operations continued to be stable during the first quarter. Sales amounted to SEK 1,886 million (1,846), which was an increase of 2.2 percent. Operating profit decreased to SEK 59 million (65). Sales were impacted positively by a higher portion of variable compensation.

During the quarter, Nobina won procurement processes, renewed and increased contracts, for a total estimated value of SEK 900 million for 105 buses. During the quarter, tenders have been presented for 350 buses for a total contract value of approximately SEK 5,000 million.

### Sweden

Nobina won the major portion of the procurement of school traffic with Värmlandstrafiken, in addition to the previous win regarding regional public transport for the Värmland region. In total, this implies a further 105 buses and a traffic contract in effect during a ten year period. Both procurements have been appealed and any decision on a review dispensation is yet to be announced.

Previously, Nobina won in the first court regarding the appeal in Dalarna and the appeal process continues to the next court. The direct procurement undertaken by the client, for the period up until the appeal process is finalised, implies a change in traffic operator. This implies that the buses trafficking this region must be reallocated within the framework of existing and new contracts and that the traffic will be terminated in June 2014.

The appeal regarding Nobina’s win in Northwest Skåne was granted a review dispensation in the first quarter and the subsequent ruling favoured Nobina. The traffic is planned to be initiated in December 2014.

The appeal regarding Nobina’s win in Borås was granted a review dispensation in the second instance.

In June 2014, the MalmöExpressen will be put into operation, consisting of a total of 15 “superbuses” of 24 metres in length trafficking the central areas of Malmö.

Large tender processes on the horizon include a tender process in the Stockholm region covering traffic in Tyresö, Handen and Nynäshamn.

**Swebus** engages in inter-regional traffic, which accounts for 4.3 percent of the Nobina Group’s operations. Swebus, which has suffered from low volumes for quite some time and which is subject to intensive price competition, continued to develop positively during the first quarter. This was primarily due to the decision to discontinue flight transfer traffic to Arlanda from 19 August 2013, and the decision to review the route structure, increasing capacity on high-volume routes and discontinuing low-volume routes.

Sales amounted to SEK 67 million (80), a decrease of 16 percent. Operating loss decreased to SEK -1 million (-7).

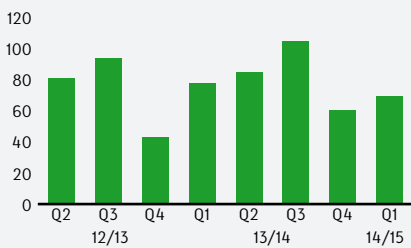
### Denmark

In Denmark, faith in Nobina’s trafficking of the Copenhagen and North Zealand regions was proved in the form of a renewed, expanded contract. The contract, for a total of 112 buses, extends to an initial six-year period starting in December 2014, and has an estimated value of close to SEK 1.8 billion. The Danish operations continued to develop positively as a result of increased volumes and improved efficiency.

### Norway

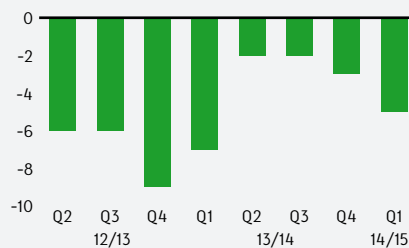
In Norway, Nobina continued to display a positive earnings trend, thanks to improved control in the operations and enhancements to efficiency in all nine of the operations’ traffic contracts. Volumes and cost indexations developed positively. The Vestfold

#### SWEDEN



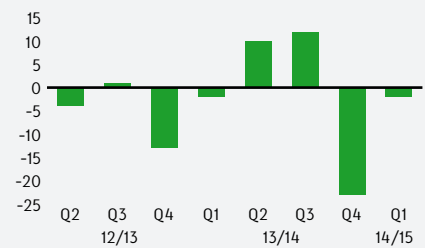
■ EBIT, SEK million

#### DENMARK



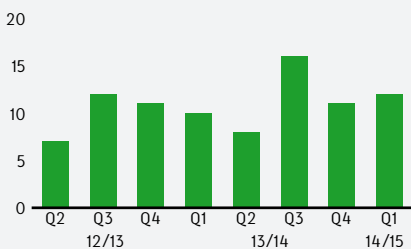
■ EBIT, SEK million

#### NORWAY



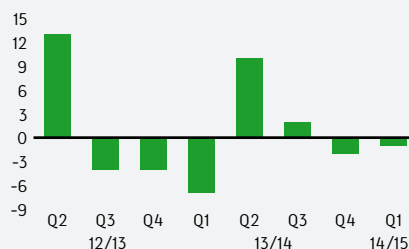
■ EBIT, SEK million

#### FINLAND



■ EBIT, SEK million

#### SWEBUS



■ EBIT, SEK million

contract expires at the end of June, which has had a negative impact on earnings. Discussions are on-going with the traffic authorities in the Tromsø contract with the aim of solving problem which have been identified.

**Finland**

Nobina developed at a similar level to the previous year in Finland. New contracts, with lower maintenance and repair costs, compensated for the effects of a negative indexation.

**Tender results, ytd**

March–May 2014	Tender results during the period (number of buses)		
	Submitted	Won	Not won
Sweden	151	105	46
Norway	0	0	0
Finland	19	0	19
Denmark	0	0	0
<b>Total</b>	<b>170</b>	<b>105</b>	<b>65</b>

**Contract migration, ytd**

March–May 2014	Traffic changes during the period (number of buses)	
	Started	Ended
Sweden	0	0
Norway	0	0
Finland	0	0
Denmark	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

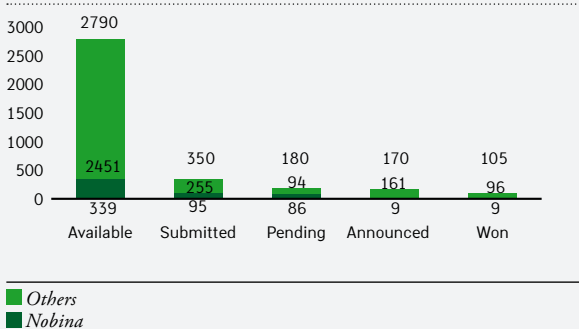
**Contract migration coming 12 months, June 2014–May 2015**

Traffic starts	PTA	No. of years	Traffic starts	No. of buses	New buses
Sweden	LT Västernorrland	8	June 2014	91	64
	Skånetrafiken	10	June 2014	96	-
	Skånetrafiken	5	June 2014	13	-
	Västtrafik	8	June 2014	185	94
	Skånetrafiken	10	August 2014	16	-
	Skånetrafiken	8	December 2014	22	19
	Värmlandstrafiken	10	December 2014	149	*
Finland	HSL	7	January 2015	20	15
	Värmlandstrafiken	10	December 2014	105	*
Denmark	Movia	6	December 2014	100	52
<b>Total</b>				<b>797</b>	

\* Appeal process ongoing

Expiring contracts	PTA	Traffic ends	No. of buses
Sweden	Dalarna	June 2014	248
	LT Västernorrland	June 2014	18
	Västtrafik	June 2014	209
	Skånetrafiken	August 2014	16
	LT Örebro	August 2014	23
	Värmlandstrafiken	December 2014	90
	Skånetrafiken	December 2014	29
Finland	HSL	August 2014	35
Norway	Vestfold	June 2014	89
Denmark	Movia	December 2014	59
<b>Total</b>			<b>816</b>

**TENDER UPDATE**



**CONTRACT LENGTH,  
AVERAGE NUMBER OF YEARS: 7.8**

**CONTRACT AGE,  
AVERAGE NUMBER OF YEARS: 4.8**

**AGE OF BUS FLEET,  
AVERAGE NUMBER OF YEARS: 6.3**

## OTHER INFORMATION

### Personnel

The Nobina Group had, on average, 6,803 (7,065) employees. The Group applies a collective agreement in accordance with the unions in place in the various countries in which the Company undertakes operations. Nobina has well-established principles and traditions for negotiations regarding working hours, terms of compensation, information and co-operation.

### Parent Company

The Parent Company has 9 (71) employees participating in the overall management of the Group, financial administration, controls and analyses. In comparison with the last year's first quarter, the Parent Company has transferred parts of the central functions to the underlying Nobina Europe AB. The Parent Company's sales, which are exclusively comprised of internal invoicing services, amounted during the period to SEK 14 million (47). The Parent Company's earnings before tax amounted to SEK 0 million (2) and cash and cash equivalents at the end of the period amounted to SEK 52 million (56), of which SEK 52 million (56) referred to funds in blocked bank accounts. Investments in intangible and tangible fixed assets amounted to SEK 0 million (0). Equity for the Parent Company amounted to SEK 2,613 million (2,567). The Equity ratio for the Parent Company was 98 percent.

### Transactions with associated companies

No significant transactions with associated companies took place during the period.

### Seasonal variations

Sales and the earnings trend vary between the quarters as regards the regional and inter-regional operations. For the regional operations, the third quarter is the strongest due to a high traffic volume, a larger number of weekdays and a high level of travel activity during the holiday period, while the second quarter is the weakest due to a lower traffic volume during the holiday period.

For the inter-regional operations, the trend is different as the second quarter is strongest due to a higher number of travellers during the holiday period, while the third quarter is weakest due to a lower number of holidays which leads to fewer travellers. Sales and the earnings trend per quarter for regional respective inter-regional traffic for last year is shown in the key ratio table on page 16.

### Risks and factors of uncertainty

The Nobina Group is exposed to interest rate risk in relation to the Company's financial and operational leasing. Leasing fees are primarily based on variable market interest rates. Part of the interest rate risk is compensating by the revenue indexation in the traffic contracts.

The Group assumes a refinancing risk when the existing corporate bond of SEK 550 million matures in May 2019.

The Nobina Group's previous exposure to exchange rate fluctuations on the part of the bond loan denominated in EUR, amounting to EUR 3.7 million, no longer exists as a result of refinancing. The Group is also exposed to exchange rate risk in translating the subsidiaries' balance sheets and income statements. 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 price of raw materials accounts for slightly less than

fifty percent of the total diesel price, while the remaining portion is comprised of taxes, transportation and processing. Within regional traffic, the Group secures compensation for changes in the diesel price for approximately 95 percent of consumption based on revenue indices included in the traffic contracts. Within inter-regional traffic there is no indexation of revenues but increased fuel prices are, instead, compensated through increased ticket prices, provided market conditions allow for such increases. The Group's index compensation covers 92 percent of price changes. Calculated as a portion of the Group's diesel consumption lacking indexation protection, a ten percent increase in the raw material price implies that the Group's fuel costs increase by approximately SEK 4 million per financial year. The Nobina Group had no outstanding diesel derivatives as at 31 May 2014.

The company can be affected by the outcome of appeals concerning tender results.

For more information regarding risks and factors of uncertainty, see the corresponding section in Nobina's annual report 2013/2014

### Disputes

Nobina Norge AS has an outstanding dispute with Tromsø Fylkestrafik regarding contract terms and the premises of the contract.

### Refinancing of bonds

During the quarter, the Nobina Group refinanced the existing bonds, issued by Nobina Europe AB 2012, by issuing, on 13 May, a senior secured corporate bond of SEK 550 million in the Swedish market with a framework amount of SEK 660 million. The bond incurs a fixed interest rate of 8.0 percent with final maturity in May 2019. Through this refinancing, the Company's annual interest expenses decreased by SEK 16.5 million as the old bonds incurred an interest rate of 11 percent. Nobina intends, as previously, to list the bonds on NASDAQ OMX in Stockholm.

### Annual general meeting of shareholders 2014

The annual general meeting of shareholders in Nobina AB (publ) was held on Wednesday, 28 May 2014 at the Company's premises in Solna, Stockholm. The meeting resolved upon the following:

- The Group's and Parent Company's income statements and balance sheets for financial year 2013/2014 were adopted and the available profits were carried forward.
- Jan Sjöqvist, John Allkins, Birgitta Kantola, Graham Oldroyd and Gunnar Reitan were re-elected as Board members. Jan Sjöqvist was re-elected as Chairman of the Board.
- Auditing firm PricewaterhouseCoopers AB was elected as auditor.
- Fees to the Board of Directors are to total SEK 2,700,000, to be allocated as SEK 900,000 to the Chairman and SEK 450,000 to each member of the Board, and that the fees to the auditors shall be based on an on-account invoicing as approved by the Board.
- The principles for appointing members of the Nomination Committee and guidelines for compensation to senior members of management were adopted in accordance with the presented proposal.
- That a maximum of 622,840 new shares would be issued to the CEO and President in accordance with the presented proposal.

**Events after the end of the period**

On 1 June, Nobina started the Nordic region’s first BRT line, MalmöExpressen, which will traffic central parts of Malmö with 24 metre long “superbuses”.

**Accounting principles**

Nobina 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 standards, adopted by the EU, or IFRIC statements which will apply to Nobina or which will have a significant impact on the Group’s earnings and financial position during 2014/2015. In general, Nobina applies the same accounting principles and calculation methods as applied in the annual report for 2013/2014. Refer to the information under “Company information and accounting principles”, as well as the information below.

The financial reports for the Parent Company, Nobina 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).

**Assurance**

The CEO hereby provides 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 Group and that it describes the significant risks and factors of uncertainty facing the Company and the companies within the Group.

Stockholm, 26 June 2014

Ragnar Norbäck  
*President and CEO*

**Review report**

This report has not been subject to review by Nobina’s auditors.

**Teleconference**

Nobina will present the interim report and respond to questions during a telephone conference on 26 June 2014 at 10.00 CET. The presentation will be available on the website in conjunction with the telephone conference. Telephone numbers and a web link for participants are available on the website [www.nobina.com](http://www.nobina.com).

**Financial calendar**

Interim Report Quarter 2, 1 June–31 August	30 Sept 2014
Interim Report Quarter 3, 1 September–30 November	23 Dec 2014
Year-End Report 2014/2015	24 april 2015

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*Please note that this is an inhouse translation of the Swedish report, which 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>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
<b>Net sales</b>	<b>1,886</b>	<b>1,846</b>	<b>7,269</b>
<b>OPERATING EXPENSES</b>			
Fuel, tires and other consumables	-427	-415	-1,644
Other external expenses	-287	-291	-1,101
Personnel expenses	-982	-947	-3,692
Capital losses from the disposal of non-current assets	-4	-6	-15
Depreciation/amortization and impairment of PPE and intangible assets	-127	-122	-491
<b>OPERATING PROFIT</b>	<b>59</b>	<b>65</b>	<b>326</b>
<b>PROFIT FROM NET FINANCIAL ITEMS</b>			
Financial income	3	1	9
Financial expenses, Note 2	-78	-63	-248
<b>NET FINANCIAL ITEMS</b>	<b>-75</b>	<b>-62</b>	<b>-239</b>
<b>EARNINGS BEFORE TAX</b>	<b>-16</b>	<b>3</b>	<b>87</b>
Tax	-7	-7	-31
<b>NET EARNINGS FOR THE PERIOD</b>	<b>-23</b>	<b>-4</b>	<b>56</b>
Earnings for the period attributable to the parent company's shareholders	-23	-4	56
Earnings per share before dilution (SEK)	-0.04	-0.01	0.09
Earnings per share after dilution (SEK)	-0.04	-0.01	0.09
Average number of shares before dilution (thousands)	632,611	632,611	632,611
Average number of shares after dilution (thousands)	632,611	632,611	632,611

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>SEK million</i>	<b>Quarter</b>		<b>Full year</b>
	<i>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
<b>Net earnings for the period</b>	<b>-23</b>	<b>-4</b>	<b>56</b>
<b>Other comprehensive income</b>			
<b>Items which cannot be reclassified to profit or loss</b>			
Remeasurements of defined benefits pension plan	0	0	-11
Tax on items which cannot be reclassified to profit or loss	-	-	-
<b>Items which can be reclassified to profit or loss</b>			
Exchange rate differences on foreign operators	5	-1	-8
<b>Other comprehensive income for the period, net after tax</b>	<b>5</b>	<b>-1</b>	<b>-19</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-18</b>	<b>-5</b>	<b>37</b>

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK million	Quarter		Full year
	May 31, 2014	May 31, 2013	Feb 28, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	590	591	585
Other intangible assets	21	19	19
Improvement expenditures on third-party property	16	20	17
Equipment, tools, fixtures and fittings	50	52	32
Vehicles	3,914	4,087	3,950
Deferred tax assets	112	124	113
Pension assets	6	12	5
<b>Total non-current assets</b>	<b>4,709</b>	<b>4,905</b>	<b>4,721</b>
<b>Current assets</b>			
Inventories	46	47	53
Trade receivables	475	352	375
Other current receivables	72	70	74
Deferred expenses and accrued income	259	287	235
Restricted bank accounts	607	163	156
Cash and cash equivalents	198	111	309
<b>Total current assets</b>	<b>1,657</b>	<b>1,030</b>	<b>1,202</b>
<b>TOTAL ASSETS</b>	<b>6,366</b>	<b>5,935</b>	<b>5,923</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>206</b>	<b>182</b>	<b>224</b>
<b>Non-current liabilities</b>			
Borrowings, Note 2	3,443	3,716	3,483
Deferred tax liabilities	70	51	65
Provisions for pensions and similar obligations	25	29	28
Other provisions	38	44	38
<b>Total non-current liabilities</b>	<b>3,576</b>	<b>3,840</b>	<b>3,614</b>
<b>Current liabilities</b>			
Accounts payable	366	428	470
Borrowings, Note 2	1,048	496	565
Other current liabilities	155	146	155
Accrued expenses and deferred income	1,015	843	895
<b>Total current liabilities</b>	<b>2,584</b>	<b>1,913</b>	<b>2,085</b>
<b>Total liabilities</b>	<b>6,160</b>	<b>5,753</b>	<b>5,699</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,366</b>	<b>5,935</b>	<b>5,923</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>MSEK</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Translation differences</i>	<i>Losses carried forward</i>	<i>Total equity</i>
<b>Opening equity per March 1, 2013</b>	<b>228</b>	<b>2,488</b>	<b>30</b>	<b>-2,559</b>	<b>187</b>
Comprehensive income	-	-	-1	-4	-5
<b>Closing equity per May 31, 2013</b>	<b>228</b>	<b>2,488</b>	<b>29</b>	<b>-2,563</b>	<b>182</b>
<b>Opening equity per March 1, 2014</b>	<b>228</b>	<b>2,488</b>	<b>22</b>	<b>-2,514</b>	<b>224</b>
Comprehensive income	-	-	5	-23	-18
<b>Closing equity per May 31, 2014</b>	<b>228</b>	<b>2,488</b>	<b>27</b>	<b>-2,537</b>	<b>206</b>

No non-controlling interests exist.

**CONSOLIDATED CASH FLOW STATEMENT**

SEK million	Quarter		Full year
	March–May 14	March–May 13	March 13–Feb 14
<b>Cash flow from operations</b>			
Earnings after financial items	-16	3	87
Adjustments for items not included in cash flow	202	189	730
<b>Cash flow from operations before changes in working capital</b>	<b>186</b>	<b>192</b>	<b>817</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories	6	-3	-9
Change in operating receivables	-119	-3	3
Change in operating liabilities	23	-24	84
<b>Total change in working capital</b>	<b>-90</b>	<b>-30</b>	<b>78</b>
Received interest income	3	-	4
Tax paid	-	-	-
<b>Cash flow from operations</b>	<b>99</b>	<b>162</b>	<b>899</b>
<b>Cash flow from investing activities</b>			
Change in restricted bank accounts	-450	12	14
Investments in land, vehicles, equipment tools fixtures and fittings, excl. financial leases	-29	-7	-39
Sales of buildings and land, vehicles, equipment tools fixtures and fittings	1	2	14
<b>Cash flow from investing activities</b>	<b>-478</b>	<b>7</b>	<b>-11</b>
<b>Cash flow from financing activities</b>			
Amortization of financial liability	-129	-120	-486
New borrowing including payment with old bonds (MSEK 67)	483	-	-
Borrowing expenses	-15	-	-
Interest paid	-73	-76	-229
<b>Cash flow from financing activities</b>	<b>266</b>	<b>-196</b>	<b>-715</b>
<b>Cash flow for the period</b>	<b>-113</b>	<b>-27</b>	<b>173</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>309</b>	<b>137</b>	<b>137</b>
Cash flow for the period	-113	-27	173
Translation difference	2	1	-1
<b>Cash and cash equivalents at end of period</b>	<b>198</b>	<b>111</b>	<b>309</b>

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

<i>SEK million</i>	<i>Quarter</i>		<i>Full year</i>
	<i>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
Other operating income	14	47	183
<b>OPERATING EXPENSES</b>			
Other external expenses	-6	-21	-76
Personnel expenses	-8	-20	-91
Capital losses from the disposal of non-current assets	-	-	-2
Depreciation/amortization and impairment of PPE and intangible assets	-	-4	-14
<b>OPERATING PROFIT</b>	<b>0</b>	<b>2</b>	<b>0</b>
Earnings from participations in Group companies	-	-	8
Financial income	9	22	61
Financial expenses	-	-11	-17
<b>NET FINANCIAL ITEMS</b>	<b>9</b>	<b>11</b>	<b>52</b>
<b>EARNINGS BEFORE TAX</b>	<b>9</b>	<b>13</b>	<b>52</b>
Tax	-	-	-
<b>NET EARNINGS FOR THE PERIOD</b>	<b>9</b>	<b>13</b>	<b>52</b>

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

<i>SEK million</i>	<i>Quarter</i>		<i>Full year</i>
	<i>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
<b>Net earnings for the period</b>	<b>9</b>	<b>13</b>	<b>52</b>
<b>Other comprehensive income</b>			
Remeasurements of defined benefits pension plan	-	-	-1
Other comprehensive income for the period, net after tax	-	-	-1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>9</b>	<b>13</b>	<b>51</b>

PARENT COMPANY'S BALANCE SHEET IN BRIEF

SEK million	Quarter		Full year
	May 31, 2014	May 31, 2013	Feb 28, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other intangible assets	2	19	18
Equipment, tools, fixtures and fittings	-	23	4
Participations in Group companies	1,974	1,974	1,974
Receivables from Group companies	435	444	434
<b>Total financial assets</b>	<b>2,411</b>	<b>2,460</b>	<b>2,430</b>
<b>Current assets</b>			
Receivables from Group companies	185	209	182
Other current receivables	1	1	-
Prepaid expenses and accrued revenue	6	9	12
Restricted accounts	52	56	52
Cash and cash equivalents	-	-	1
<b>Total current assets</b>	<b>244</b>	<b>275</b>	<b>247</b>
<b>TOTAL ASSETS</b>	<b>2,655</b>	<b>2,735</b>	<b>2,677</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,613</b>	<b>2,567</b>	<b>2,604</b>
<b>Non-current liabilities</b>			
Pension provisions	7	3	5
<b>Total non-current liabilities</b>	<b>7</b>	<b>3</b>	<b>5</b>
<b>Current liabilities</b>			
Accounts payable	5	13	16
Liabilities to Group companies	19	133	28
Other current liabilities	3	5	5
Accrued expenses and deferred revenue	8	14	19
<b>Total current liabilities</b>	<b>35</b>	<b>165</b>	<b>68</b>
<b>Total liabilities</b>	<b>42</b>	<b>168</b>	<b>73</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,655</b>	<b>2,735</b>	<b>2,677</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, 2013</b>	<b>228</b>	<b>1</b>	<b>612</b>	<b>1,649</b>	<b>64</b>	<b>2,554</b>
Reversal of previous year's earnings	-	-	-	64	-64	-
Earnings for the period	-	-	-	-	13	13
<b>Closing equity per May 31, 2013</b>	<b>228</b>	<b>1</b>	<b>612</b>	<b>1,713</b>	<b>13</b>	<b>2,567</b>
<b>Opening equity per March 1, 2014</b>	<b>228</b>	<b>1</b>	<b>612</b>	<b>1,711</b>	<b>52</b>	<b>2,604</b>
Reversal of previous year's earnings	-	-	-	52	-52	-
Earnings for the period	-	-	-	-	9	9
<b>Closing equity per May 31, 2014</b>	<b>228</b>	<b>1</b>	<b>612</b>	<b>1,763</b>	<b>9</b>	<b>2,613</b>

**NOTE 1. SEGMENT REPORTING**

<i>SEK million, unless otherwise stated</i>	<b>Quarter</b>		<b>Full year</b>
	<i>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
<b>Revenue per business area</b>			
Nobina Sweden	1,275	1,225	4,853
Nobina Denmark	90	83	346
Nobina Norway	259	255	995
Nobina Finland	201	209	802
Elimination of sales to interregional traffic	-6	-6	-43
<b>Total regional traffic</b>	<b>1,819</b>	<b>1,766</b>	<b>6,953</b>
Swebus	67	80	316
Elimination of sales to regional traffic	-	-	-
<b>Total interregional traffic</b>	<b>67</b>	<b>80</b>	<b>316</b>
<b>Total revenues</b>	<b>1,886</b>	<b>1,846</b>	<b>7,269</b>

<i>SEK million, unless otherwise stated</i>	<b>Quarter</b>		<b>Full year</b>
	<i>March–May 14</i>	<i>March–May 13</i>	<i>March 13–Feb 14</i>
<b>Operating profit per business area</b>			
Nobina Sweden	69	78	328
Nobina Denmark	-5	-7	-14
Nobina Norway	-2	-2	-3
Nobina Finland	12	10	45
<b>Total regional traffic</b>	<b>74</b>	<b>79</b>	<b>356</b>
Swebus	-1	-7	3
<b>Total interregional traffic</b>	<b>-1</b>	<b>-7</b>	<b>3</b>
<b>Central functions and other items</b>	<b>-14</b>	<b>-7</b>	<b>-33</b>
<b>Total operating profit</b>	<b>59</b>	<b>65</b>	<b>326</b>

NOTE 2. FINANCING

<i>SEK million, unless otherwise stated</i>	Quarter		Full year
	March–May 14	March–May 13	March 13–Feb 14
<b>Operational leasing, Buses</b>			
Nominal value of future payments - Buses	362	369	267
Present value of future payments - Buses	331	344	250
Number of operationally leased buses	733	843	764
Reported operational leasing expense	30	42	141
<b>Interest-bearing non-current liabilities</b>			
Bond loan	1,036	551	552
Financial leasing liability	3,470	3,692	3,523
Capitalized financing fees	-15	-31	-27
<b>Total</b>	<b>4,491</b>	<b>4,212</b>	<b>4,048</b>
Less current part	-1,048	-496	-565
<b>Total non-current liabilities</b>	<b>3,443</b>	<b>3,716</b>	<b>3,483</b>
<b>Interest expenses and similar profit/loss items</b>			
Interest expenses, financial leasing	-36	-41	-155
Interest expenses, bond loan	-44	-17	-69
Other financial expenses	-3	-3	-16
Realized and non-realized exchange rate profits	5	-2	-8
<b>Total</b>	<b>-78</b>	<b>-63</b>	<b>-248</b>

<i>Earnings per share</i>	Quarter		Full year
	March–May 14	March–May 13	March 13–Feb 14
Average number of ordinary shares during the period	632,611	632,611	632,611
Reported earnings	-23	-4	56
Adjusted earnings	-23	-4	-
<b>Earnings per share</b>	<b>-0.04</b>	<b>-0.01</b>	<b>0.09</b>

KEY RATIO INFORMATION

Key ratios, most recent eight quarters

<i>Key ratios, the Group, in SEK million, unless otherwise stated</i>	2012/13			2013/14			2014/15	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales								
Regional traffic	1,597	1,796	1,716	1,766	1,622	1,815	1,750	1,819
Interregional traffic	109	79	77	80	96	74	60	67
Operating profit								
Regional traffic	78	101	32	79	101	131	45	74
Interregional traffic	13	-4	-4	-7	10	2	-2	-1
Earnings after financial items	55	0	-52	3	41	67	-24	-16
Earnings after tax	54	72	-54	-4	31	54	-25	-23
Cash flow	62	20	-32	-27	18	3	179	-113
Cash and cash equivalents	150	171	137	111	132	131	309	198
Equity ratio, %	Neg	4.0	3.1	3.1	3.6	4.5	3.8	3.2
Equity	-2	254	187	182	207	261	224	206
Equity/ordinary share, SEK	Neg	0.40	0.31	0.29	0.33	0.41	0.35	0.33
Number of buses	3,535	3,608	3,455	3,406	3,406	3,405	3,359	3,345
Estimated full-time positions	6,530	6,563	7,868	7,065	7,070	6,709	7,547	6,803



## 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 6, EEV

Different generations of emission classes for diesel motors.

### EXPRESS LINE

Long distance route on main roads, providing a faster travel route through several counties without a lot of stops. The revenues of the operator come solely from 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 6–10 years in exchange for a fixed price with agreed indexing terms, sometimes also including a variable compensation.

## **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:

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### **WE ARE AVAILABLE 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 CONTINUOUSLY PERSUE 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 FOSTER STRONG 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.

We do all of that because we have a vision:

**EVERYBODY WANTS TO TRAVEL WITH US**