

NOBINA POSTS NEW STRONG RESULTS

THE THIRD QUARTER 1 SEPTEMBER–30 NOVEMBER 2016

- Net sales of SEK 2,245 million (2,179), an increase of 3.0 per cent.
- Operating profit of SEK 168 million (161).
- Profit after tax of SEK 102 million (100) and earnings per share of SEK 1.16 (1.14).
- The cash flow from operations was SEK 398 million (319).
- Cash flow for the period was SEK 154 million (117).

THE NINE-MONTH PERIOD 1 MARCH–30 NOVEMBER 2016

- Net sales of SEK 6,615 million (6,156), an increase of 7.5 per cent.
- Operating profit increased to SEK 431 million (200)¹⁾.
- Profit after tax of SEK 251 million (–4) and earnings per share of SEK 2.84 (–0.05)¹⁾.
- The cash flow from operations was SEK 898 million (461)²⁾.
- Cash flow for the period was SEK 13 million (–12)²⁾. Cash flow for the period included disbursement of last year's dividend of SEK 230 million (0).

IMPORTANT EVENTS IN THE THIRD QUARTER

- Nobina won a contract to provide bus-for-rail services for the commuter trains in the Stockholm region on behalf of MTR.
- Nobina's contract for bus traffic in Norrtälje was extended by two years, to June 2021.

IMPORTANT EVENTS SINCE THE QUARTER

- Nobina won traffic contracts worth SEK 260 million and was awarded an environmental bonus of SEK 1 million in Finland.
- Magnus Rosén has been appointed as new President and CEO of Nobina AB. He will take up the position as CEO of Nobina on 1 June 2017.

CEO'S COMMENTS

Nobina delivered a new strong result for the third quarter of 2016/2017 and it is pleasing to note that, despite newly started contracts and an extraordinary winter in November, Nobina was able to increase its earnings compared with last year. Our contract portfolio is thereby performing according to our expectations and, as a whole, very well.

As a consequence of Nobina's optimisation of the joint-group fleet of vehicles, we have reduced residual value losses for our buses and reported relatively low capital losses for the quarter. Despite early, heavy snowfalls in the Stockholm region as well as the implementation of traffic starts in Sweden and Finland at the cut off point for the second quarter, sound traffic planning has also contributed to satisfactory efficiency already being achieved in our newly started contracts. I can thereby once again conclude that Nobina's business model is functioning well and that we are duly discharging our task, as a member of society, within the area of public transport.

During the third quarter of the year, we were notified that Nobina's contract in Norrtälje has been extended. The contract has been extended by two years and now stretches until June 2021, in large part thanks to the high level of customer satisfaction we have succeeded in achieving. During the period, Nobina has also signed a 10-year agreement with MTR regarding bus-for-rail services for the Stockholm commuter train system. We were awarded by the PTA Movia in respect of passenger satisfaction in Copenhagen and we were also officially awarded as the employer that has been most successful on reducing sick leave in Tromsø, Norway.

We can now focus on developing the company further as we have a period of less contract exposure.

*Ragnar Norbäck,
President and CEO*

KEY RATIOS

(SEK million, unless otherwise stated)	Quarter		Period		Full year	Rolling 12 months
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16	Dec 15–Nov 16
Net sales	2,245	2,179	6,615	6,156	8,317	8,776
Operating profit (EBIT)	168	161	431	200	258	489
Profit/Loss before tax (EBT)	131	125	324	–18	2	344
Cash flow for the period	154	117	13	–12	234	259
Operating profit (EBIT), adjusted ¹⁾	168	161	431	404	462	489
Profit/Loss before tax (EBT), adjusted ¹⁾	131	125	324	279	299	344
Cash flow, adjusted ²⁾	154	117	13	20	266	259
	30 Nov 16	30 Nov 15	30 Nov 16	30 Nov 15	29 Feb 16	28 Feb 15
Cash and cash equivalents	706	436	706	436	683	453
Equity	1,162	1,091	1,162	1,091	1,110	310
Net debt/EBITDA, (adjusted ¹⁾)	3.41 (3.41)	4.69 (3.78)	3.41 (3.41)	4.69 (3.78)	4.6x (3.71)	4.2x
Equity ratio, %	15.3	15.1	15.3	15.1	14.5	4.7

1) For preceding year adjusted for IPO costs, see page 6.

2) Preceding year, adjusted for cash flow related to the IPO (see page 4).

A complete performance measure table is presented on page 10.
A complete APM table is presented on pages 21–23.

NORDIC MARKET LEADER

Nobina is the largest public transport company in the Nordic region and the market leader on a growing market. We enjoy stable revenues from contracts, with focus on profitability and high-quality performance.

For several years, Nobina’s business strategy has been organised to respond to prevailing market conditions. On an overall level, three strategic strengths stand out which constitute the cornerstones of our business model.

ACTIVE MANAGEMENT OF CONTRACT PORTFOLIO

Nobina’s contract portfolio is actively managed. This takes place through identification of the right contract, the impact of contract conditions, careful calculation in the tender phase, as well as well-functioning management systems in order to ensure delivery quality. Together, these factors optimise the benefit, profitability and contract mix for Nobina.

An additional dimension of Nobina’s active management of the contract portfolio is the ongoing improvement work in individual contracts. Each individual contract is regularly evaluated based on a number of measurement criteria. Contract comparisons between most recent calculations and actual performance are monitored. Where deviations are identified, we act promptly with targeted measures, or with more extensive operational changes if needed.

Contract length varies between the countries and, during the second quarter, averaged 8.3 years. The average contract age (weighted by number of buses) was 3.6 years, i.e. a rather young contract portfolio, which reflects the end of old contracts and the start of new contracts.

Nobina’s bus fleet has never been younger, with an average age of 5.5 years on 30 November 2016. In conjunction with new contracts, the PTA usually demands a relatively large proportion of new buses, which reduces the average age of the bus fleet and impacts on the balance sheet.

ECONOMIES OF SCALE

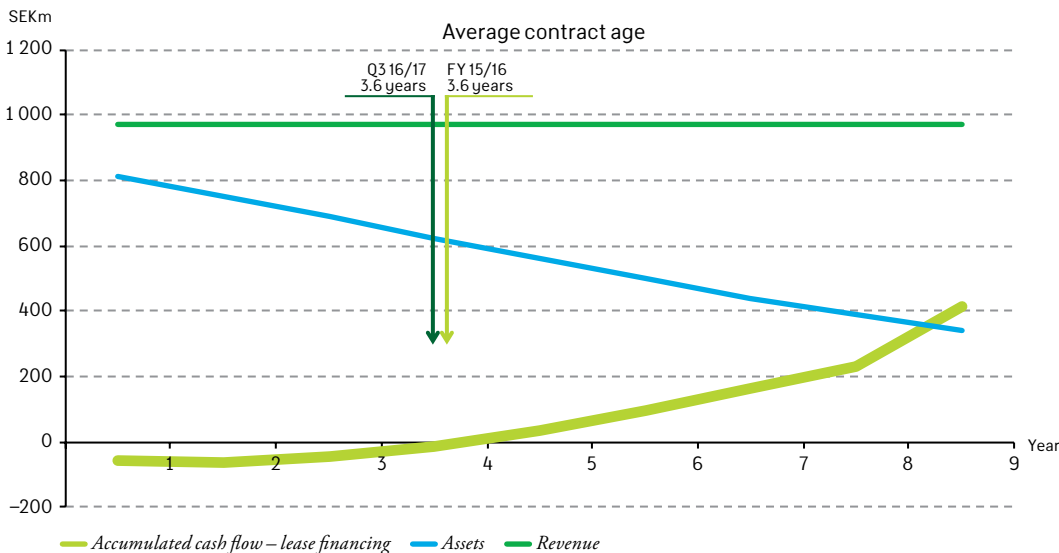
With a market share of 18 per cent (company’s estimate 2015/2016), Nobina is the largest public transport company in the Nordic region. With operations in Sweden, Denmark, Finland and Norway, Nobina is the only pan-Nordic company on the market. Thanks to Nobina’s experience of the Nordic public transport market, the company and its management have extremely good knowledge of local market conditions as well as established relationships with important public transport authorities. Centralised workgroups are thus able to promptly analyse contract conditions and commence the extensive tendering work. Nobina’s economies of scale are not only advantageous in the risk analysis and tendering work, but also in relation to public transport authorities, who regard Nobina as a secure and stable partner with high capacity and delivery.

OPTIMISED FLEET OF VEHICLES

Our buses are acquired and handled by our wholly-owned subsidiary, Nobina Fleet AB. The structure involving a shared fleet of vehicles for the Group provides us with competitive advantages thanks to optimisation of the number of buses as well as through centralisation of fleet expertise. Each year, Nobina reallocates 10–15 per cent of all buses to new contracts, also between the countries. In this way, the existing bus fleet is utilised to maximum effect. In addition, it provides the possibility to mix old and new buses when tenders are submitted, which has a positive impact on the cost structure.

The fleet is financed through a structure based on 10-year financial leasing agreements with 10 per cent residual value. The buses reported in the balance sheet are depreciated over 14 years.

THE DEGREE OF MATURITY OF THE CONTRACT PORTFOLIO AFFECTS CASH FLOW AND PROFITABILITY



NOBINA'S FINANCIAL DEVELOPMENT

The third quarter (1 September–30 November 2016) and the nine-month period (1 March–30 November 2016)

Net sales

Third quarter

Nobina's net sales for the third quarter amounted to SEK 2,245 million (2,179), representing an increase of 3.0 per cent compared with the corresponding period of the preceding year. With the exception of Swebus, all companies demonstrated growth. Net sales were positively affected by extra traffic and the full year effect from volume growth in the contract portfolio last year.

The nine-month period

Net sales for the nine-month period increased by 7.5 per cent, to SEK 6,615 million (6,156). The increase related primarily to Sweden and Finland.

Earnings

The third quarter

Operating profit for the third quarter amounted to SEK 168 million (161) and thus increased by SEK 7 million as a result of positive effects from optimisation of the fleet in connection with contract migration. Operating profit in the segment was in line with last year, despite numerous new traffic starts and the attendant initial lower operating margins. Extraordinary winter costs of SEK 6 million was included in the result. Successful fleet management resulted in lower residual value losses than last year.

Profit before tax increased to SEK 131 million (125), entailing an increase of 5 per cent compared with last year. Net financial items amounted to SEK -37 million (-36).

The nine-month period

Operating profit for the nine-month period increased to SEK 431 million (200). The operating profit last year included items amounting to SEK -204 million attributable to the IPO, which resulted in an adjusted operating profit of SEK 404 million.

Profit before tax for the nine-month period increased to SEK 324 million (-18). The adjusted profit before tax last year was SEK 279 million. Net financial items for the nine-month period amounted to SEK -107 million (-218).

Income tax

As a consequence of historical loss carryforwards, Nobina is not subject to any corporate income tax payment which affects the cash flow. Nobina's income tax in the income statement comprises a change in estimated deferred tax and amounted to SEK -29 million (-25) during the third quarter. The effective tax rate for the third quarter was -22.0 per cent (-20.0) and, for the nine-month period, the deferred tax was estimated at SEK -73 million (14) and the effective tax rate at -22.6 per cent (+77.7).

Financial position

Cash and cash equivalents amounted to SEK 706 million (436) at the close of the period. In addition, Nobina held funds currently amounting to SEK 0 million (101) on restricted bank accounts. Nobina has been able to release funds held on restricted bank accounts due to the strengthening of the capital structure following the IPO and the repayment of the previous bond loan. As of 30 November 2016, Nobina has access to an undrawn bank credit facility of SEK 150 million (132).

Nobina's interest-bearing liabilities amounted to SEK 4,689 million (4,490), primarily divided into financial leasing liabilities of SEK 4,367 million (4,199) and other external liabilities of SEK 322 million (291).

The net debt at the end of the quarter was SEK 3,983 million (3,953), and net debt/EBITDA was 3.4 times (4.7 times). Net debt/EBITDA adjusted for IPO costs was 3.4x (3.8x).

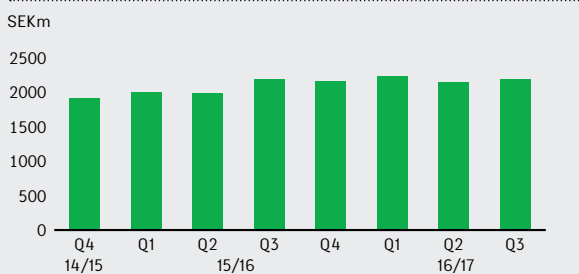
Shareholders' equity amounted to SEK 1,162 million (1,091). The equity/assets ratio at the end of the period was 15.3 per cent (15.1).

Bus financing

Access to financing of bus investments independently of suppliers has increased substantially. The advantages include lower financing margins and also greater negotiating possibilities in conjunction with bus purchases.

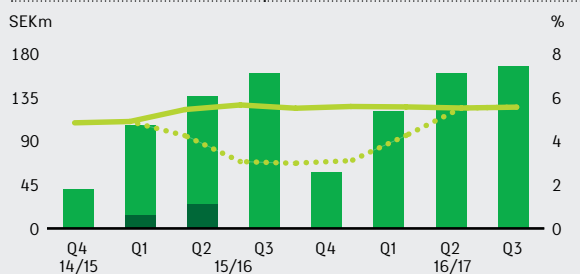
At the end of the quarter, Nobina had undrawn financing facilities of SEK 400 million from independent financiers and SEK 1.3 billion from the suppliers' financiers.

NET SALES



■ Net sales, SEK million

OPERATING PROFIT AND MARGIN



■ Operating profit¹⁾, SEK million
 ■ Operating profit, after IPO-costs, SEK million
 — Operating margin¹⁾, rolling 12 month values, %
 - - - Operating margin, after IPO-costs, rolling 12 month values, %

¹⁾ Adjusted for non-recurring items of SEK 204 million in the operating profit for the first and second quarters 2015 (see page 6).

Investments and divestments

The third quarter

Bus investments in the third quarter amounted to SEK –143 million (–291) and other investments to SEK –9 million (–12). Nobina executed financial leasing agreements of SEK 115 million (277). During the quarter, no new loans were executed (0 million). Nobina's cash investments for the purchase of buses (primarily the redemption of old leasing agreements), accessories as well as other non-current assets amounted to SEK –37 million (–26). Nobina sold buses and other non-current assets for SEK 7 million (10). The sale entailed a capital loss of SEK –4 million (–13).

The nine-month period

Bus investments during the nine-month period amounted to SEK –713 million (–1 151) and other investments to SEK –23 million (–52). Nobina executed financial leasing agreements of SEK 493 million (1,026). Loan financing of investments amounted to SEK 50 million (108). Nobina's cash investments for the purchase of buses (primarily the redemption of old leasing agreements), accessories as well as other non-current assets amounted to SEK –193 million (–69). Nobina sold buses and other non-current assets for SEK 158 million (24). The sale entailed a capital loss of SEK –26 million (–14).

Investments (SEK millions)	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Investments in new buses	–143	–291	–713	–1,151	–1,617
Other investments	–9	–12	–23	–52	–54
Total investments	–152	–303	–736	–1,203	–1,671
Leasing-financed investments	115	277	493	1,026	1,478
Non lease-financed investments	–37	–26	–243	–177	–193
Of which loan-financed investments	–	–	50	108	109
Total cash investments	–37	–26	–193	–69	–84

Goodwill and shares in subsidiaries

The annual test for impairment of goodwill in Nobina's cash-generating entities, as required in accordance with IFRS, took place during the fourth quarter of the 2015/2016 financial year in connection with preparation of the business plans for 2016/2017. None of the cash-generating entities whose need for impairment was tested had a book value which exceeded the recovery value. During the nine-month period to which the interim report relates, no known important events have occurred that have affected previously presented business plans for 2016/2017, whereupon management makes the assessment that previously calculated recovery values exceed the book value. Consequently, no impairment is reported for the third quarter of 2016/2017; nor was any impairment reported during the 2015/2016 financial year.

Cash flow

The third quarter

During the third quarter, the cash flow from operations before changes in working capital amounted to SEK 325 million (328). Working capital developed positively to SEK 72 million (–10), leading to cash flow from operations of SEK 397 million (319).

The cash flow from investing activities amounted to SEK –29 million (2). It was affected by a change of SEK 1 million in funds held on restricted bank accounts (SEK 18 million), while investments in buses and equipment had an effect of SEK –37 million (–26). No new loans were taken up during the quarter (0 mil-

lion). Sales of used buses during the third quarter generated cash contributions of SEK 7 million (10).

The cash flow from financing activities was SEK –214 million (–204).

Total cash flow for the quarter improved to SEK 154 million (117).

The nine-month period

During the nine-month period, the cash flow from operations before changes in working capital amounted to SEK 947 million (647). Working capital developed positively to SEK –50 million (–188), leading to cash flow from operations of SEK 898 million (461).

The cash flow from investing activities amounted to SEK –61 million (–140), of which funds held on restricted bank accounts had an impact of SEK 24 million (13). Investments in buses and equipment had an impact of SEK –243 million (–177) and were financed through loans amounting to SEK 50 million (108). Sales of used buses during the nine-month period generated cash contributions of SEK 158 million (24).

The cash flow from financing activities was SEK –824 million (–333). The main reasons for the change are a net contribution last year of SEK 850 million from the new issue of shares and bond loan redemption of SEK –550 million, while cash flow for the year was affected by a dividend of SEK –230 million.

Total cash flow for the period was SEK 13 million (–12), of which SEK –32 million last year was attributable to the IPO.

Non-recurring items in cash flow for the period (SEK millions)	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
IPO-related transaction costs	–	–	–	–32	–32
Incentive programmes	–	–	–	–172	–172
Total non-recurring items in cash flow from operations	–	–	–	–204	–204
New issue	–	–	–	850	850
Capital acquisition costs	–	–	–	–49	–49
Bond redemption	–	–	–	–550	–550
Early bond redemption premium	–	–	–	–79	–79
Total non-recurring items from financing activities	–	–	–	172	172
Total non-recurring items in cash flow for the period	–	–	–	–32	–32

Results analysis regarding net sales and earnings

The results analysis below explains accumulated results from the preceding year to the current year, relating to net sales and EBT. The analysis is based on company management's assessments and estimations.

Price and volume show the effects of changes in existing traffic contracts relating to prices of performed traffic as well as changed traffic volumes. This explanatory item includes all traffic contracts carried out by Nobina during both the preceding and current period.

Contract migration shows the effect of changes in the contract portfolio. A started traffic contract entails increased sales, and often an initial adverse impact on earnings due to start-up costs and lower initial efficiency. A concluded traffic contract results in lower sales and loss of the contract's contribution to earnings.

Indexation shows the impact of indexation on net sales compared with underlying cost inflation as regards pay, fuel, consumables, etc. in existing contracts. This item can also include effects of ex post adjustment of index revenues, with different lag times depending on the structure of the traffic contracts.

Operational efficiency shows the impact on earnings of efficiency developments in the operations in the form of personnel expenses, maintenance, damage, etc.

Miscellaneous includes the impact on earnings of sales of buses, property expenses, marketing and sales costs, as well as other administrative expenses.

Items affecting comparability include items of an extraordinary nature that are unusual for the period or are non-recurring.

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

Results analysis for the financial year

Explanations for the change in net sales and earnings before tax (EBT)

(SEKm)	Net sales	EBT	Comments on the results
Period			
Mar–Nov 2015	6,156	–18	
Price and volume	143	40	The effects of price and volume are positive with respect to both net sales and EBT and are derived from additional extra traffic as well as increased volumes from the preceding year's growth in the contract portfolio.
Contract migration	273	23	The preceding year's traffic starts and resulting increase in volume had a positive effect on net sales. Despite low initial profitability, as well as costs associated with traffic starts and the end of traffic contracts which were carried out during the period, the start of new contracts has had a positive impact on EBT.
Indexation	43	32	Positive indexation effect on net sales during the period which impacts EBT. This effect is reinforced by an advantageous trend on the cost side. The effect comes mainly from Sweden.
Operating efficiency	–	–53	EBT is deemed to be negatively affected primarily by increased costs in bus maintenance and lower personnel efficiency in Sweden.
Other	–	–16	'Other' includes, among other things, positive effects on earnings from optimisation of the vehicle fleet as well as negative effect on earnings from sales of buses.
Items affecting comparability	–	204	The same period last year included IPO costs of SEK 204 million.
Net financial items	–	112	Profit for the year is positively affected by lower bus financing interest payments as well as the absence of bond interest payments which negatively impacted on the preceding year's earnings, and the fact that last year's figure included bond redemption costs of SEK 93 million.
Period	6,615	324	
Mar–Nov 2016			

Age structure, third quarter

WEIGHTED AVERAGE CONTRACT TERM, YEARS:

8.3 (7.9)

Contract and bus fleet ages are important parameters for assessing the Group's profitability now and in the future.

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS:

3.6 (4.0)

The contract length varies between countries and averaged 8.3 years. The average contract age (weighted by number of buses) was 3.6 years, i.e. a young contract portfolio, which reflects traffic starts during the quarter.

AVERAGE AGE OF THE BUS FLEET, YEARS:

5.5 (5.6)

Nobina's bus fleet is young, with an average age of 5.5 years on 30 November 2016 (5.6). In conjunction with new contracts, the PTA usually requires a relatively large proportion of new buses, which reduces the fleet average age and has a negative impact on the balance sheet.

SEGMENT

Net Sales (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16	Dec 15–Nov 16
Net sales per segment						
Nobina Sweden	1,523	1,493	4,523	4,186	5,675	6,012
Nobina Denmark	139	129	402	385	511	528
Nobina Norway	258	240	713	696	925	942
Nobina Finland	272	259	780	692	952	1,040
Swebus	59	66	217	221	283	279
Central functions & other items	9	1	14	8	10	16
Elimination of intra-group sales	-15	-9	-34	-32	-39	-41
Total net sales	2,245	2,179	6,615	6,156	8,317	8,776

Profit, adjusted for non-recurring items ¹⁾ (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16	Dec 15–Nov 16
Operating profit per segment						
Nobina Sweden	134	137	365	346	392	411
Nobina Denmark	6	5	18	4	8	22
Nobina Norway	10	11	20	20	20	20
Nobina Finland	22	25	51	46	69	74
Swebus	-2	0	6	10	7	3
Central functions and other items	-2	-17	-29	-22	-34	-41
Total operating profit (adjusted)	168	161	431	404	462	489
Net financial items	-37	-36	-107	-125	-163	-145
Profit before tax (adjusted)	131	125	324	279	299	344

1) Non-recurring items (SEK million)	Quarter		Period		Full year
	sep–nov 16	sep–nov 15	mar–nov 16	mar–nov 15	mar 15–feb 16
Transaction costs in connection with IPO	-	-	-	-32	-32
Incentive programme	-	-	-	-172	-172
Total non-recurring items in operating profit for the period	-	-	-	-204	-204
Net financial items	-	-	-	-93	-93
Non-recurring items for the period in profit before tax for the period	-	-	-	-297	-297

During the nine-month period of the preceding year, transaction costs and incentive programmes in connection with the IPO amounted to SEK -204 million. Transaction costs and incentive programmes were reported last year within central functions and other items. During the nine-month period of the preceding year, net financial items included costs of SEK -79 million relating to the early redemption of bonds and financial expenses allocated to periods of SEK -14 million, in total SEK -93 million.

Profit (SEK million)	Quarter		Period		Full year	Rolling 12 months
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16	Dec 15–Nov 16
Operating profit per segment						
Nobina Sweden	134	137	365	346	392	411
Nobina Denmark	6	5	18	4	8	22
Nobina Norway	10	11	20	20	20	20
Nobina Finland	22	25	51	46	69	74
Swebus	-2	0	6	10	7	3
Central functions and other items	-2	-17	-29	-226	-238	-41
Total operating profit	168	161	431	200	258	489
Net financial items	-37	-36	-107	-218	-256	-145
Profit before tax	131	125	324	-18	2	344
Tax	-29	-25	-73	14	2	-85
PROFIT FOR THE PERIOD	102	100	251	-4	4	259

In terms of net sales and earnings, Nobina's third quarter was strong compared with the corresponding period of last year. Earnings were affected by, among other things, higher revenues from extra traffic as well as the positive development of newly started contracts, but held back somewhat by increased costs in connection with bus maintenance.

Sweden

Nobina Sweden's net sales increased during the third quarter compared with the corresponding period of last year. Extra traffic, negotiation revenues and index revenues had a positive effect on net sales. Operating profit declined somewhat compared with the corresponding quarter of last year, due to the expiry of old contracts and the start of new contracts with initial lower earnings levels. Operating profit was positively affected by sales of extra traffic and the positive development of existing contracts, but held back somewhat by maintenance costs and costs in connection with the severe snow falls that affected the Stockholm area in November.

The newly started contracts in Södertälje and Kallhäll are developing very positively in terms of customer satisfaction, entailing a positive basis for earnings growth in these contracts.

The Swedish Government has initiated a temporary investment of SEK 850 million in public transportation on the countryside to support regional growth during 2016-2019. During the third quarter, Nobina Sweden has won a contract to operate bus-for-rail services on behalf of MTR in respect of commuter trains in the Stockholm region. These type of deals mark a sign of strength for our bus-for-rail concept. Large volumes under bus-for-rail contracts are currently under tender.

Denmark

Nobina Denmark's net sales exceeded the third quarter of last year. Operating profit remained strong thanks to a high level of operational efficiency. All of Denmark's existing contracts developed positively compared with targets. It is pleasing to note that Nobina received an award from the PTA, Movia for passenger satisfaction on the Year's S-line in Copenhagen.

Copenhagen has announced cuts in public transportation for 2017 due to increased focus on rail, health and social care.

Norway

Nobina Norway's net sales increased compared with the corresponding period of last year, while operating profit was slightly lower. Efficiency losses driven by maintenance costs had a negative impact on operating profit, which was partly offset by a positive development as regards bonuses linked to passenger volumes and satisfaction. The recruitment of a new managing director for Nobina Norway has been concluded, with Jan Volsdal being appointed as the new MD.

Finland

Nobina Finland's net sales increased compared with the third quarter of last year, while operating profit was slightly lower. Net sales and operating profit were positively affected by extra traffic resulting from delays in the expansion of the Helsinki metro system. In December it was announced that the metro system is further delayed with an expected opening in June 2017.

Nobina Finland's contract restructuring and the initially lower earnings level which new contracts entail had an adverse impact on earnings. The third quarter of the year also includes costs associated with the effects of winter.

Recently a new collective bargaining agreement was struck for all bus drivers in Finland.

Swebus

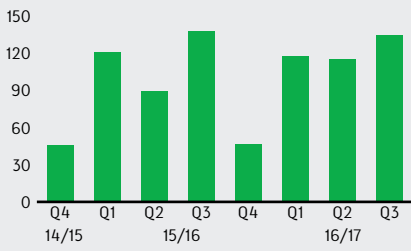
Swebus' net sales and operating profit fell during the quarter compared with the corresponding period of last year. The third quarter of this year failed to replicate the effect of stronger demand in the market and attendant increase in passenger volumes seen in the same quarter of last year. Partner cooperation sales increased, while growth in passenger figures in the express bus segment remained weak. The decline in demand was somewhat larger than expected.

Central functions and other items

Central functions and other items include positive effects on earnings from optimisation of the vehicle fleet as a consequence of contract migration during the period. Provisions for costs associated with capital losses on the sale of buses partially counter this effect.

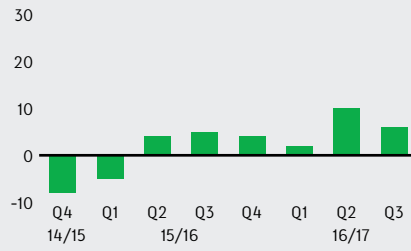
OPERATING PROFIT (EBIT) BY SEGMENT, ADJUSTED FOR NON-RECURRING ITEMS (SEE TABLE ON PAGE 6)

SWEDEN



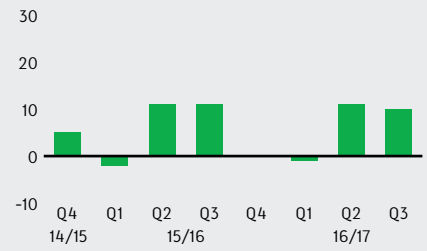
■ EBIT, SEK million

DENMARK



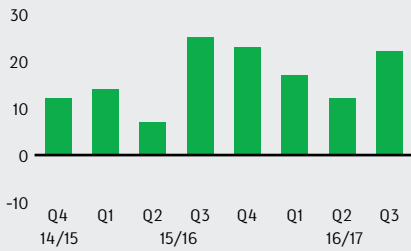
■ EBIT, SEK million

NORWAY



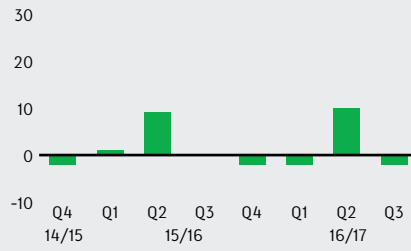
■ EBIT, SEK million

FINLAND



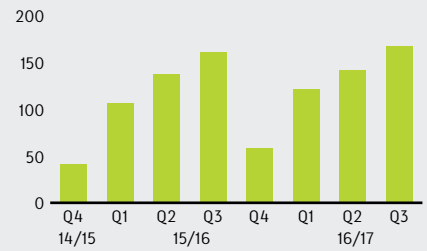
■ EBIT, SEK million

SWEBUS



■ EBIT, SEK million

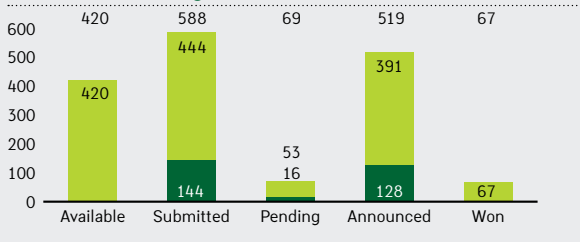
NOBINA



■ EBIT, SEK million

TENDERS AND TRAFFIC CHANGES^(BUSES)

Tender volume, year to date



Other

Nobina

Definitions:

Available – Available buses in tenders outstanding this year

Submitted – Number of buses in tenders submitted by Nobina

Pending – Tendered minus decided

Announced – Number of buses in tenders submitted where the results have been announced

Won – The number of Nobina's buses awarded in decided tenders

Tender results, year to date

The table shows the results of the tenders in which Nobina has participated. Nobina submitted adjudicated tenders for 519 buses and was awarded contracts for 67 buses.

Tender results during the period (number of buses)

Mar–Nov 2016	Announced	Won
Sweden	216	46
Norway	201	21
Finland	0	0
Denmark	102	0
Total	519	67

Contract changes, year to date

The table shows the change in the number of buses in traffic as a consequence of started and ended contracts. During the period, Nobina started contracts involving 305 buses and ended contracts involving 449 buses.

Traffic changes during the period (number of buses)

Mar–Nov 2016	Started	Ended
Sweden	190	309
Norway	0	0
Finland	107	140
Denmark	8	0
Total	305	449

Traffic starts and terminations during the 12 months December 2016–November 2017

During the coming 12-month period, Nobina will start traffic involving 131 buses. Of these, 69 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 191 buses.

Traffic starts

PTA	No. of years	Traffic starts	No. of buses	New buses
Skånetrafiken	6	December 2016	48	7
LT Västernorrland	6	December 2016	4	0
Västtrafik	8	April 2017	58	38
Ruter, Norway	3	April 2017	21	24
Total			131	69

Expiring contracts

PTA	Traffic ends	No. of buses
Skånetrafiken	December 2016	50
Movia, Denmark	December 2016	6
Skyss, Norway	June 2017	44
HSL, Finland	August 2017	16
Kalmar LT	August 2017	75
Total		191

The contract values of the traffic starts were published in press releases at the time of tender announcement of the tender win. 27 buses to be started in August 2017, won after quarter end.

THE NOBINA SHARE

The Nobina share (ticker: NOBINA) is listed on Nasdaq Stockholm in the Mid Cap segment and the industry sector. As of 30 November 2016 there were in total 88,355,682 shares in Nobina, each carrying one vote. Nobina holds no shares in treasury. At the end of the quarter, the number of shareholders was 12,245.

Key ratios

Nobina	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Earnings per share (SEK)	1.16	1.14	2.84	-0.05	0.04
Equity per share (SEK)	13.15	12.34	13.15	12.34	12.56
Number of outstanding shares at end of reporting period	88,355,682	88,355,682	88,355,682	88,355,682	88,355,682
Average number of shares (thousands)	88,356	88,356	88,356	78,014	80,608

NOBINA'S FINANCIAL TARGETS

	Target	2015/2016	2014/2015	Rolling 12 months	Definition
Net sales	Outstrip market	8,317	7,549	8,776	Nobina will increase net sales at a faster pace than the market (measured in number of trips in public transport in the Nordics)
EBT Margin ³⁾	4.5%	3.6% ¹⁾	1.9%	3.9%	Nobina will increase profit before tax, and achieve a margin on profit before tax of more than 4.5 per cent over the medium-term
Net debt/EBITDA ⁴⁾	3.0x–4.0x	3.7x ²⁾	4.2x	3.4x	Under normal circumstances, Nobina intends to maintain a net debt/equity ratio of between 3.0 to 4.0 x EBITDA
Dividend policy ⁵⁾	75% of EBT	77%	n/a	n/a	Nobina has established a dividend policy and expects to pay a dividend of at least 75 per cent of profit before taxes (EBT)

1) Adjusted for items affecting comparability in a total amount of SEK 297 million.

2) EBITDA adjusted for items affecting comparability in the amount of SEK 204 million.

3) EBT is defined as profit before taxes.

4) Profit for the period before net financial items, taxes, write-offs and write-downs of tangible and intangible non-current assets and capital gains/losses on the sale of non-current assets. EBITDA the past 12 months. Indebtedness may temporarily exceed this range in conjunction with the start-up of new major contracts.

5) Taking into consideration Nobina's cash flow, investment needs, and general operating conditions.

KEY RATIO INFORMATION

Performance measures during the five most recent quarters (definitions of performance measures and verification of alternative performance measures, APM, are presented on pages 22–23).

Key ratios, Nobina (SEK millions, unless otherwise stated)	2016/2017			2015/2016	
	Q3	Q2	Q1	Q4	Q3
Net sales for the period	2,245	2,146	2,224	2,161	2,179
Operating profit for the period	168	142	121	58	161
Profit/loss before tax for the period (EBT)	131	107	86	20	125
Profit/loss for the period	102	80	69	8	100
Cash flow for the period	154	-173	32	246	117
Cash and cash equivalents	706	547	715	683	436
Equity ratio, %	15.3	13.9	15.7	14.5	15.1
EBITDA	330	318	293	227	330
EBITDA-margin, %	14.7	14.8	13.2	10.5	15.1
EBITDAR	343	333	304	242	343
EBITDAR-margin, %	15.3	15.5	13.7	11.2	15.7
Shareholders' equity	1,162	1,043	1,180	1,110	1,091
Shareholders' equity/ordinary shares, SEK	13.15	11.80	13.4	12.50	12.34
Number buses (as per the balance sheet date)	3,587	3,684	3,670	3,703	3,686
Calculated full-time positions	9,172	9,244	9,208	8,461	8,503
Production hours	2,731	2,674	2,940	2,827	2,841
Production kilometres	73,901	69,159	76,435	73,994	76,132

Other information

Personnel

Nobina had 9,172 (8,503) employees during the nine-month period. The increase in the number of employees is due to larger production volumes. Nobina applies collective bargaining agreements and has well-established principles and traditions as to the manner in which work times, remuneration conditions, information and cooperation are negotiated.

The Parent Company

The Parent Company had 10 (9) employees who participate in the overall management of the Nobina Group, including financial analysis, follow-up and financing.

The Parent Company's net sales, which consist exclusively of internal services, amounted during the third quarter to SEK 11 million (10). The pre-tax loss for the third quarter was SEK –6 million (–15).

Earnings during the nine-month period of the preceding year were affected by transaction costs of SEK 32 million in connection with the IPO, as well as costs of SEK 172 million for the incentive programme, in total SEK 204 million. Net sales for the period and earnings for the nine-month period amounted to SEK 33 million (30) and SEK –28 million (–271). During the third quarter, Nobina AB has taken over the group's cash pool from the subsidiary Nobina Europe AB. Cash and cash equivalents as well as funds held on restricted bank accounts amounted to SEK 671 million (25). Investments in intangible and tangible non-current assets amounted to SEK 0 million (0). On 30 November 2016, the Parent Company's shareholders' equity was SEK 2,669 million (3,244). The equity/assets ratio was 54 (83) per cent.

Transactions with closely related parties

No transactions with closely related parties have taken place during the nine-month period.

Seasonal variations

Sales, earnings and cash flow trends vary between quarters. For contract operations, the third quarter is the strongest due to a higher transport volume, a larger number of weekdays, and a high level of travel activity, while the second and fourth quarters are weaker due to lower transport volumes during vacation and public holiday periods as well as higher costs during the winter.

The second quarter is Swebus' strongest quarter due to a higher number of passengers during the vacation period.

Risks and uncertainty factors

Nobina is exposed to interest rate risks since the Company's financial and operational leasing agreements primarily carry variable interest. The interest rate risk is largely offset by revenue indexation in traffic contracts. During the quarter, Nobina had no interest rate hedging.

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

Nobina is exposed to changes in the price of fuel in its purchases of diesel. The commodity price accounts for less than one-half of the total diesel price, with the remainder comprising taxes, transportation and processing. Within the contract operations, compensation for changes in the diesel price is obtained through revenue indexation in traffic contracts. The index baskets

in the traffic contracts are relatively well matched against the cost breakdown, but compensation takes place with a time lag of one to six months, which results in a negative impact on earnings during a period of increasing prices. An imbalance may also arise between costs incurred in a contract and index-based compensation if the index fails to reflect the actual cost structure. This may, for example, occur if an index is based on the price of diesel, while the contract in question requires buses to be run on biogas. This risk is mitigated through careful risk assessment in conjunction with the tender process. Most contracts now have an index which matches the type of fuel.

Within Swebus' operations, there is no indexed adjustment of revenues. Increased fuel prices must be compensated for through increased ticket prices, if market conditions so allow.

In July, Nobina entered into a diesel cap contract for the Norwegian subsidiary, regarding 500 metric tonnes per month for the period July 2016 up to and including February 2017, which covers 95% of consumption. The cap strike level is NOK 4,228 per metric tonne. The contracted cap has not resulted in any payment being made to Nobina during the period.

Nobina 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.

For more information concerning risks and uncertainty factors, see the corresponding section in Nobina AB's annual report for 2015/2016.

Disputes

Nobina is involved in an ongoing dispute against Länstrafiken Örebro regarding incorrect gas quality and with HSL (the Helsinki PTA) regarding compensation for contract changes. In addition, a dispute is pending against HSL regarding restrictions of the awarding to Nobina of won contracts and the application of award criteria.

Financing

Nobina's main strategy is to finance purchases of vehicles through financial leasing or loans with 10-year terms to maturity and a residual value of ten per cent. Leasing liabilities are booked as financial leasing and, similarly to loans, are visible on the balance sheet. Nobina's entire indebtedness relates to the financing of investments in buses and equipment used in the operations.

On 30 November 2016, Nobina had an available undrawn bank credit facility of SEK 150 million (132).

IPO

Nobina was listed on Nasdaq Stockholm with the first day of trading being 18 June 2015. The introduction price was SEK 34 per share.

IPO costs that affected earnings for 2015/2016 are shown in the table 'Items affecting comparability' on page 6.

The impact of the IPO on 2015/2016 cash flow is shown in a table on page 4.

Bond

As a consequence of the completion of the IPO, an outstanding bond of SEK 550 million was repaid in August 2015. As a consequence, interest expenses were reduced by SEK 44 million per year.

Incentive programmes

During the second quarter of last year, payment was disbursed under Nobina's two incentive programmes covering ten senior executives (including the CEO) as well as five directors (excluding

the CEO), after which the incentive programmes were ended. The total cost for both programmes was SEK 172 million (including salary, social security contributions and taxes), whereupon the senior executives received a total amount of SEK 123 million (excluding social security contributions and taxes) and the directors received a total amount of SEK 11 million (excluding social security contributions and taxes).

In connection with the IPO, the amount was distributed to the participants in both programmes, and 75 per cent of the disbursed amount (net after tax) was thereafter reinvested by acquiring Nobina shares at the introduction price. The senior executives and directors acquired in total 1,341,277 shares, which increased their share ownership in Nobina from 1.1 per cent to 2.4 per cent. The acquired shares were subject to lock-in agreements which expired on 12 June 2016.

Financial targets and Dividend policy

Nobina's board of directors has confirmed that the financial targets and dividend policy adopted prior to the IPO in 2015 remain in force (see page 11)

Important events in the third quarter

- Nobina won a contract to provide bus-for-rail services for commuter trains in the Stockholm region on behalf of MTR.
- Nobina's contract for bus traffic in Norrtälje was extended by two years, to June 2021.

Important events since the end of the quarter

- Nobina won traffic contracts worth SEK 260 million and was awarded an environmental bonus of SEK 1 million in Finland.
- Magnus Rosén has been appointed as new President and CEO of Nobina AB. He will take up the position as CEO of Nobina on 1 June 2017.

Accounting principles

Nobina applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for groups". Nobina applies the same accounting principles and calculation methods as in the annual report for 2015/2016. See page 21 for further details regarding performance measure definitions as well as "Note 1 Company information and accounting principles", except as stated below.

The methods and assumptions used by Nobina when calculating fair value and with respect to accounting principles for financial instruments are described in Notes 30 and 31 of the annual report 2015/2016. No transfers between any of the value levels have taken place during the period.

The financial statements of the Parent Company, Nobina 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. Amendments to the Swedish Annual Accounts Act as from 1 January 2016 have no material effect on the Parent Company or the Group.

This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and covers pages 1–23, and the interim period information on pages 1–12 thus constitutes an integral part of this financial report.

Assurance

The CEO hereby provides an assurance that the interim report provides a true and fair view of the operations, financial position and earnings of the Company and the Group and describes the significant risks and uncertainty factors facing the Company and companies within the Group.

Stockholm, 20 December 2016

Ragnar Norbäck
CEO and Board member

Financial calendar

Results 2016/2017 6 April 2017
Annual general meeting 2016/2017 31 May 2017

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 CET on Tuesday, 20 December 2016. The presentation will be available on the website in connection with the telephone conference. Telephone numbers and web link for participants are available on the website, www.nobina.com.

Contact persons

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THE NOBINA GROUP'S CONSOLIDATED INCOME STATEMENT IN BRIEF

SEK million, unless otherwise stated	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Net sales	2,245	2,179	6,615	6,156	8,317
Operating expenses					
Fuel, tyres and other consumables	-421	-453	-1,201	-1,265	-1,704
Other external expenses	-318	-270	-1,007	-840	-1,173
Personnel costs	-1,176	-1,126	-3,466	-3,399	-4,561
Capital losses from disposal on non-current assets	-4	-13	-26	-14	-15
Depreciation/amortization and impairment of tangible and intangible non-current assets	-158	-156	-484	-438	-606
Operating profit	168	161	431	200	258
Profit from net financial items					
Financial income	-	1	1	2	3
Financial expenses, Note 1	-37	-37	-108	-220	-259
Net financial items	-37	-36	-107	-218	-256
Profit/loss before tax	131	125	324	-18	2
Income tax	-29	-25	-73	14	2
PROFIT/LOSS FOR THE PERIOD	102	100	251	-4	4
Profit/loss for the period attributable to the Parent Company shareholders	102	100	251	-4	4
Earnings per share before dilution (SEK)	1.16	1.14	2.84	-0.05	0.04
Earnings per share after dilution (SEK)	1.16	1.14	2.84	-0.05	0.04
Average number of shares before dilution (thousands)	88,356	88,356	88,356	78,014	80,608
Average number shares after dilution (thousands)	88,356	88,356	88,356	78,014	80,608
Number of shares outstanding at end of period (thousands)	88,356	88,356	88,356	88,356	88,356

THE NOBINA GROUP'S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Profit/loss for the period	102	100	251	-4	4
Other comprehensive income					
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	1	1	2	3	6
Tax on items that will not be reclassified to profit or loss for the period	-	-	-	-	0
Items that can later be reclassified to profit or loss for the period					
Exchange-rate differences in foreign operations	16	-8	29	-20	-23
Other comprehensive income for the period net after tax	17	-7	31	-17	-17
Comprehensive income for the period	119	93	282	-21	-13
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	119	93	282	-21	-13

THE NOBINA GROUP'S CONSOLIDATED BALANCE SHEET IN BRIEF

SEK million	Full year		
	30 Nov 2016	30 Nov 2015	29 Feb 2016
ASSETS			
Non-current assets			
Goodwill	585	576	574
Other intangible assets	5	12	10
Cost for leasehold improvements	34	32	36
Equipment, tools, fixtures and fittings	71	77	67
Vehicles	5,270	4,976	5,238
Deferred tax assets	60	119	121
Pension plan assets	10	12	11
Other non-current receivables	4	–	1
Total non-current assets	6,039	5,804	6,058
Current assets			
Inventories	45	49	46
Trade receivables	460	554	535
Other current receivables	57	35	40
Deferred expenses and accrued income	298	239	272
Restricted bank accounts	–	101	24
Cash and cash equivalents	706	436	683
Total current assets	1,566	1,414	1,600
TOTAL ASSETS	7,605	7,218	7,658
EQUITY AND LIABILITIES			
Equity attributable to Parent Company Shareholders	1,162	1,091	1,110
Non-current liabilities			
Borrowing, Note 1	3,896	3,839	3,941
Deferred tax liabilities	114	99	102
Provision for pensions and similar commitments	41	41	36
Other provisions	39	41	37
Total non-current liabilities	4,090	4,020	4,116
Current liabilities			
Accounts payable	486	384	473
Borrowing, Note 1	752	610	752
Other current liabilities	184	169	222
Accrued expenses and deferred income	931	944	985
Total current liabilities	2,353	2,107	2,432
Total liabilities	6,443	6,127	6,548
TOTAL EQUITY AND LIABILITIES	7,605	7,218	7,658

PLEGDED ASSETS AND CONTINGENT LIABILITIES, NOTE 2

THE NOBINA GROUP'S CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN BRIEF

<i>SEK million</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 1 March 2015	228	2,489	28	-2,435	310
Profit/loss of the period	–	–	–	–4	–4
Other comprehensive income	–	–	–20	3	–17
Transactions with owners					
Payment of issued shares to senior executives	–	1	–	–	1
Payment of newly issued shares	90	760	–	–	850
Capital acquisition costs	–	–49	–	–	–49
Closing equity per 30 November 2015	318	3,201	8	-2,436	1,091
Profit/loss of the period	–	–	–	8	8
Other comprehensive income	–	–	–3	3	–
Transactions with owners					
Payment of issued shares to senior executives	–	11	–	–	11
Closing equity per 29 February 2016	318	3,212	5	-2,425	1,110
Opening equity per 1 March 2016	318	3,212	5	-2,425	1,110
Profit/loss of the period	–	–	–	251	251
Other comprehensive income	–	–	29	2	31
Transactions with owners					
Dividend	–	–	–	–230	–230
Closing equity per 30 November 2016	318	3,212	34	-2,402	1,162

There are no non-controlling interests.

THE NOBINA GROUP'S CONSOLIDATED CASH FLOW STATEMENT IN BRIEF

SEK million	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Cash flow from operations					
Profit/loss after financial items	131	125	324	-18	2
Adjustment for non-cash items	194	203	623	665	864
Cash flow from operations before changes in working capital	325	328	947	647	866
Cash flow from changes in working capital					
Change in inventories	1	1	1	-	3
Changes in operating receivables	55	-5	54	-12	-32
Changes in operating liabilities	16	-6	-105	-176	11
Total change in working capital	72	-10	-50	-188	-18
Received interest income	-	1	1	2	2
Tax paid	-	-	-	-	-
Cash flow from operations	397	319	898	461	850
Cash flow from investing activities					
Change in restricted bank accounts	1	18	24	13	90
Investments in PPE and intangible assets, excl. financial leases	-37	-26	-243	-177	-193
Sales of PPE and intangible assets	7	10	158	24	35
Cash flow from investing activities	-29	2	-61	-140	-68
Cash flow from financing activities					
Amortization of financial liability	-168	-161	-506	-459	-628
Redemption of bonds and other external loans	-10	-7	-31	-569	-577
Payment of newly issued shares	-	-	-	850	850
Issue of new shares to senior executives	-	-	-	1	1
New borrowing, other external loans	-	-	50	108	109
Capital acquisition costs	-	-	-	-49	-49
Interest paid	-36	-36	-107	-215	-254
Dividend	-	-	-230	-	-
Cash flow from financing activities	-214	-204	-824	-333	-548
Cash flow for the period	154	117	13	-12	234
Cash and cash equivalents at the beginning of period	547	323	683	453	453
Cash flow for the period	154	117	13	-12	234
Exchange rate difference	5	-4	10	-5	-4
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	706	436	706	436	683

THE PARENT COMPANY'S INCOME STATEMENT IN BRIEF

SEK million	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Net sales	11	10	33	30	39
Operating expenses					
Other external expenses	-6	-7	-14	-141	-145
Personnel costs	-8	-8	-34	-112	-120
Depreciation/amortization and impairment of intangible and tangible non-current assets	-	-	-	-	-
Operating loss/profit	-3	-5	-15	-223	-226
Profit from participations in Group companies	-	-	-	-	-344
Financial income	1	2	3	10	12
Financial expenses	-4	-12	-16	-58	-69
Net financial items	-3	-10	-13	-48	-401
Loss/profit before tax	-6	-15	-28	-271	-627
Income tax	-	-	-	-	29
LOSS/PROFIT FOR THE PERIOD	-6	-15	-28	-271	-598

Other comprehensive income is not reported since there are no items relating to other comprehensive income.

THE PARENT COMPANY'S BALANCE SHEET IN BRIEF

SEK million	Full year		
	30 Nov 2016	30 Nov 2015	29 Feb 2016
ASSETS			
Non-current assets			
Participations in Group companies	3,685	3,695	3,685
Deferred tax assets	80	40	80
Receivables from Group companies	28	87	87
Total non-current assets	3,793	3,822	3,852
Current assets			
Receivables from Group companies	426	51	292
Other current assets	1	1	2
Deferred expenses and accrued income	1	1	1
Restricted bank accounts	–	25	–
Cash and cash equivalents	671	–	–
Total current assets	1,099	78	295
TOTAL ASSETS	4,892	3,900	4,147
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	2,669	3,244	2,928
Non-current liabilities			
Liabilities to Group companies	594	621	621
Provision for pensions and similar commitments	14	7	8
Total non-current liabilities	608	628	629
Current liabilities			
Accounts payable	2	3	4
Liabilities to Group companies	1,606	15	576
Other current liabilities	1	1	1
Accrued expenses and deferred income	6	9	9
Total current liabilities	1,615	28	590
Total liabilities	2,223	656	1,219
TOTAL EQUITY AND LIABILITIES	4,892	3,900	4,147

PLEGGED ASSETS AND CONTINGENT LIABILITIES, NOTE 2

THE PARENT COMPANY'S CHANGES IN EQUITY IN BRIEF

<i>SEK million</i>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Share premium reserve</i>	<i>Retained earnings</i>	<i>Loss/profit for the period</i>	<i>Total equity</i>
Opening equity per 1 March 2015	228	1	613	1,763	108	2,713
Transfer of preceding year's profit/loss	–	–	–	108	–108	–
Profit for the period	–	–	–	–	–271	–271
Transactions with owners						
New issue of shares to senior executives	–	–	1	–	–	1
Payment of newly issued shares	90	–	760	–	–	850
Capital acquisition costs	–	–	–49	–	–	–49
Closing equity per 30 November 2015	318	1	1,325	1,871	–271	3,244
Profit/loss of the period	–	–	–	–	–327	–327
Transactions with owners						
New issue of shares to senior executives	–	–	–	–	–	–
Payment of newly issued shares	–	–	–	–	–	–
Capital acquisition costs	–	–	11	–	–	11
Closing equity per 29 February 2016	318	1	1,336	1,871	–598	2,928
Opening equity per 1 March 2016						
	318	1	1,336	1,871	–598	2,928
Transfer of preceding year's profit/loss	–	–	–	–599	598	–1
Loss for the period	–	–	–	–	–28	–28
Transactions with owners						
Dividend	–	–	–	–230	–	–230
Closing equity per 30 November 2016	318	1	1336	1,042	–28	2,669

NOTE 1. FINANCING

SEK million, unless otherwise stated	Quarter		Period		Full year
	Sep–Nov 16	Sep–Nov 15	Mar–Nov 16	Mar–Nov 15	Mar 15–Feb 16
Operational leasing agreements, buses					
Nominal value of future minimum leasing fees, buses	–	–	109	177	184
Present value of future minimum leasing fees, buses	–	–	107	170	176
Number of operationally leased buses	–	–	311	426	399
Operational leasing fees for the period	13	13	39	43	58
Borrowing – bond loan and other liabilities					
Bond loan and other loans	281	250	281	250	242
Financial leasing liabilities	4,367	4,199	4,367	4,199	4,451
Total	4,648	4,449	4,648	4,449	4,693
Of which short-term repayment part of the Group's borrowing	752	610	752	610	752
Of which long-term repayment part of borrowing	3,896	3,839	3,896	3,839	3,941
Sum, total liabilities	4,648	4,449	4,648	4,449	4,693
Interest expenses and similar profit/loss items					
Interest expenses, financial leasing	–33	–32	–97	–96	–131
Interest expenses, bond loan and other external loans	–3	–2	–8	–121	–125
Other financial expenses	–1	–2	–4	–4	–4
Realised and non-realised exchange rate gains and losses, net	–	–1	1	1	1
Total	–37	–37	–108	–220	–259

NOTE 2. PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK millions, unless otherwise stated	Group		Parent company	
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
Pledged assets pertaining to shares/net assets in subsidiaries				
Other pledged assets	–	–	–	–
Chattel mortgages	–	–	–	–
Other pledged assets				
Other pledged assets	150	151	219	83
Contingent liabilities				
Guarantee of lease obligations and other obligations	–	–	4,648	4,449
Total pledged assets and contingent liabilities	150	151	4,867	4,532

GLOSSARY

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 Procurement 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.

Incentive contract – Normally a production contract that contains, to a larger or smaller degree, a compensation component that is variable and depends on the number of passengers.

Indexation – Adjustment of the contract-based remuneration in accordance with a basket of weighted and predetermined indices intended to represent important cost elements for the traffic company, 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 transport – Transport outside and between built-up areas in a county.

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

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.

INFORMATION REGARDING KEY PERFORMANCE MEASURES

Definitions

Alternative performance measures

As from the second quarter, Nobina applies ESMA's new APM (alternative performance measures) guidelines. The Company considers that the performance measures set forth below provide valuable and significant information for investors and the Company's management since they facilitate evaluation of the Company's performance. Financial non-IFRS measures are subject to limitations as analytical tools and must not be considered in isolation or as substitutes for financial measures which are produced in conformity with IFRS. Financial non-IFRS are reported in order to improve the investors' evaluation of the Company's operating results and financial position. The financial non-IFRS presented in this report may differ from similar measures used by other companies.

Performance measure	Description
Rolling 12-months	Aggregation of figures for the most recent four quarters
Adjusted items	Adjusted items of an extraordinary nature which affect comparability and which are unusual for the period or non-recurring. Adjusted items do not include transaction costs incurred in connection with the IPO
EBIT	Operating profit before net financial items and tax
EBITDA	Operating profit before net financial items, tax, depreciation and amortisation, impairment, earnings from sale of fixed assets
EBITDA-margin	EBITDA in relation to net sales
EBITDAR	Operating profit before net financial items, tax, depreciation and amortisation, impairment, earnings from sale fixed assets and operational leasing expenses for buses
EBITDAR-margin	EBITDAR in relation to net sales
Interest-bearing liabilities	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities)
Net debt	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities) less cash and cash equivalents and restricted bank accounts
Net debt/EBITDA	Interest-bearing long-term and current liabilities (external borrowing, pension liabilities and financial leasing liabilities) less cash and cash equivalents and restricted bank accounts in relation to EBITDA for four sequential quarters

Performance measure	Description
Renewal rate	All won tenders/All own announced tenders
Retention rate	Defended tenders/Own announced tenders
Average number of employees (FTE)	The number of hours paid divided by normal working hours for a full-time employee
Cash investments	Historical cost of investments in fixed assets after deduction for loan-financed investments
Reallocation rate	Number of buses allocated to a new contract during the year/Total number of buses
Earnings per share	Profit for the period divided by average number of shares
Earnings per share after full dilution	Profit for the period divided by average number of shares after full dilution
Equity per ordinary share	Equity divided by number of outstanding ordinary shares per date of closure of accounts
Dividend yield	Dividend in relation to the company's share price at the end of the accounting period
Equity/assets ratio	Equity in relation to total assets at the end of the period
Yield	Revenue per driven kilometre
Contract length	A publicly awarded contract for the production of traffic services entered into between a PTA and a public transport company. The contract normally applies for five to ten years with the possibility of extension for one to two years, and is based on a production or incentive agreement
Production hours	Total produced hours in a contract
Production kilometres	Total produced kilometres in a contract
Number of buses	The number of owned/ financially leased/ operationally leased/ short-term rental buses at the end of the period

VERIFICATION OF ALTERNATIVE PERFORMANCE MEASURES

**Performance measures,
Nobina**
(SEK million,
unless otherwise stated)

	2016/2017				2015/2016			2016/ 2017	2015/ 2016	2015/ 2016	Roll- ing 12- month
	Sep- Nov 16	Jun- Aug 16	Mar- May 16	Dec 15- Feb 16	Sep- Nov 15	Jun- Aug 15	Mar- May 15	Mar- Nov 16	Mar- Nov 15	Mar 15- Feb 16	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Acc Q3	Acc Q3	Full year	Full year
Rolling 12-month figures:											
Net sales	2,245	2,146	2,224	2,161							8,776
Operating profit	168	142	121	58							489
Adjusted operating profit	168	142	121	58							489
Profit for the period before tax	131	107	86	20							344
Adjusted profit for the period before tax (EBT)	131	107	86	20							344
Cash flow for the period	154	-173	32	246							259
Adjusted cash flow for the period	154	-173	32	246							259
EBITDA and EBITDAR:											
Operating profit	168	142	121	58	161	25	14	431	200	258	
Capital gain/loss upon sale of fixed assets	4	13	9	1	13	1	-	26	14	15	
Depreciation, amortisation/impairment of intangible and tangible fixed assets	158	163	163	168	156	147	135	484	438	606	
Total EBITDA	330	318	293	227	330	173	149	941	652	879	
Operational leasing expenses for the period	13	15	11	15	13	14	16	39	43	58	
Total EBITDAR	343	333	304	242	343	187	165	980	695	937	
Adjusted EBITDA and EBITDAR (Adjusted result is based on information from page 6):											
Adjusted operating profit	168	142	121	58	161	137	106	431	404	462	
Capital gain/loss upon sale of fixed assets	4	13	9	1	13	1	-	26	14	15	
Depreciation, amortisation/impairment of intangible and tangible fixed assets	158	163	163	168	156	147	135	484	438	606	
Total adjusted EBITDA	330	318	293	227	330	285	241	941	856	1083	
Operational leasing expenses for the period	13	15	11	15	13	14	16	39	43	58	
Total adjusted EBITDAR	343	333	304	242	343	299	257	980	889	1141	

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**Performance measures,
Nobina**
(SEK million,
unless otherwise stated)

	2016/2017				2015/2016			2016/ 2017	2015/ 2016	2015/ 2016	Roll- ing 12- month
	Sep- Nov 16	Jun- Aug 16	Mar- May 16	Dec 15- Feb 16	Sep- Nov 15	Jun- Aug 15	Mar- May 15	Mar- Nov 16	Mar- Nov 15	Mar 15- Feb 16	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Acc Q3	Acc Q3	Full year	Full year
Interest-bearing liabilities:											
Long-term borrowing	3,896	3,940	3,794	3,941	3,839	3,768	3,110	3,896	3,839	3,941	
Pension liabilities	41	41	35	36	41	37	34	41	41	36	
Short-term borrowing	752	752	752	752	610	610	1166	752	610	752	
Total interest-bearing liabilities	4,689	4,733	4,581	4,729	4,490	4,415	4,310	4,689	4,490	4,729	
Cash and bank balances	-706	-547	-715	-683	-436	-323	-413	-706	-436	-683	
Restricted bank accounts	-	-1	-1	-24	-101	-120	-106	-	-101	-24	
Total net debt	3,983	4,185	3,865	4,022	3,953	3,972	3,791	3,983	3,953	4,022	
EBITDA Q1	293	293	293	149	149	149	149	293	149		
EBITDA Q2	318	318	173	173	173	173	241	318	173		
EBITDA Q3	330	330	330	330	330	301	301	330	330		
EBITDA Q4	227	227	227	227	190	190	190	227	190		
Total EBITDA, full year	1,168	1,168	1,023	879	842	813	881	1,168	842	879	
Net debt/EBITDA	3.41	3.58	3.78	4.58	4.69	4.89	4.30	3.41	4.69	4.58	
Adjusted EBITDA Q1	293	293	293	241	241	241	241	293	241		
Adjusted EBITDA Q2	318	318	285	285	285	285	257	318	285		
Adjusted EBITDA Q3	330	330	330	330	330	301	301	330	330		
Adjusted EBITDA Q4	227	227	227	227	190	190	190	227	190		
Total adjusted EBITDA, full year	1168	1,168	1,135	1,083	1,046	1,017	989	1,168	1,046	1,083	
Net debt/adjusted EBITDA	3.41	3.58	3.41	3.71	3.78	3.91	3.83	3.41	3.78	3.71	



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