

Q1 Q2 Q3 Q4

A strong quarter

Third quarter 1 September–30 November 2017

- Net sales amounted to SEK 2,324 million (2,245), an increase of 3.5 per cent.
- Operating profit amounted to SEK 213 million (168).
- Profit after tax amounted to SEK 140 million (102), and earnings per share totalled SEK 1.58 (1.16).
- Cash flow from operations was SEK 348 million (397).
- Cash flow for the third quarter totalled SEK 127 million (154).

Nine-month period 1 March–30 November 2017

- Net sales amounted to SEK 6,769 million (6,615), an increase of 2.3 per cent.
- Operating profit was SEK 406 million (431).
- Profit after tax amounted to SEK 234 million (251), and earnings per share totalled SEK 2.65 (2.84).
- Cash flow from operations was SEK 728 million (898).
- Cash flow totalled SEK –245 million (13). Cash flow for the period included the payment of the preceding year's dividend of SEK –274 million (–230).

Significant events during the third quarter

- In the third quarter, Nobina AB (publ) announced the repurchase of own shares in connection with the share savings programme for senior executives, as resolved by the Annual General Meeting.
- Nobina Technology was chosen to lead a major new pilot project with autonomous buses in Greater Copenhagen. The pilot project will run for three years and involve four buses.

Significant events after the end of the quarter

- Two new traffic contracts in Helsinki with HRT/HSL consisting of a total of 42 buses with a value of SEK 570 million over the contract periods of seven years and one year respectively, with the option to extend by three years and one year, respectively. Traffic is scheduled to start in August 2018. In conjunction with this contract, Nobina was also awarded an environmental premium of about SEK 5 million for its transition to biodiesel.
- Nobina becomes the first bus operator in the Nordic region with its own self-driving buses in conjunction with a cooperation project in Kista with Ericsson, SJ, KTH and the City of Stockholm among others. The project will run over six months starting in January 2018 and will be the first with autonomous buses on public roads in Sweden.

CEO's comments

Nobina delivered strong results for the third quarter, which reflects that we are through the effects from last year's extensive contract migrations in Sweden. Profit before tax amounted to SEK 178 million and is higher than the corresponding quarter in the preceding year. It is also our best result ever for a single quarter. We are now entering a quiet period with few start-ups and completions of traffic contracts, which provides us with more scope to continue to improve our existing operations. However, activity is intensifying in work with tenders. After one year with unusually few contracts available for tendering, we can now see another situation for 2018. A far greater number of buses in several contracts will be tendered in 2018, and we therefore have a substantial focus within the Group on tendering. In addition to a greater share of incentive contracts, we expect demand for electric buses will become increasingly common in tender documentation. The development of electric vehicles is progressing rapidly and buses are no exception. Within the next few years, electric buses will be a common sight in many Nordic cities. For example, Nobina will begin operating in Malmö in 2018 with 13 electric buses and is involved in a major electric bus project in Oslo together with the public transport authority (PTA) Ruter.

In Helsinki, work extending the city's metro system is complete, which means the extra traffic we operated for the City of Helsinki in connection with the project will finish at year-end. In Denmark, we were chosen to be responsible for and operate a three-year pilot project with four autonomous buses in Greater Copenhagen, a unique collaboration between Nobina, various Danish municipalities and universities, as well as IBM. Moreover, in Sweden we are operating a test project for six months with two purchased autonomous buses, starting in January 2018 and will supplement regular services in Kista.

Work towards achieving our financial targets is proceeding as planned, and we see opportunities for continued good organic growth as well as growing through acquisitions that complement our bus solutions in the Nordic region.

Magnus Rosén,
President and CEO

Key ratios

(SEK million, except as otherwise indicated)	Quarter		Period		Full year	
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016 –Feb 2017	Rolling 12 months
Net sales	2,324	2,245	6,769	6,615	8,858	9,012
Operating profit (EBIT)	213	168	406	431	494	469
Earnings before tax (EBT)	178	131	302	324	355	333
Cash flow for the period	127	154	–245	13	114	–144
	30 Nov 2017	30 Nov 2016	28 Feb 2017	Rolling 12 months		
Cash and cash equivalents	563	706	804	664		
Shareholders' equity	1,381	1,162	1,421	1,423		
Net debt/EBITDA	3.4x	3.4x	3.2x	3.3x		
Equity/assets ratio, %	18.4	15.3	17.9	18.7		

A complete table of key ratios can be found on page 10.

Nobina in brief

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

Every day, Nobina ensures that almost one million people get to work, school or other activities by delivering contracted public transport in Sweden, Norway, Finland and Denmark. In addition, Nobina offers express bus services under the Swebus brand in the Swedish market.

Nobina had sales of about SEK 9 billion (2016/2017) and currently has around 12,000 employees, with its head office located in Solna, Stockholm. Nobina's success creates a better society in the form of increased mobility, reduced environmental impact and lower cost to society.

Nobina's strategy

Nobina has stable revenue from contracts and focuses on profitability as well as high quality in execution. A broad contract portfolio, an increasing contribution from new services and cost-efficient operations are essential for continuing profitable growth. At an overall level, four strategic strengths stand out that constitute the company's success factors.

1. Ensuring profitable contracts

Nobina pursues active contract management to ensure that all contracts are profitable. This comprises an inventory of the contract situation throughout the homogenous Nordic market, conducting a dialogue with the client regarding contract terms and conditions before these are published in the form of tender documentation, implementing an exact verification of conditions and risks as a basis for tender calculations and pricing that represents the traffic solution required, and never signing a contract solely based on strategic reasons at the cost of profitability.

2. Meeting terms and conditions of contracts

Through an efficient management system, delivery quality is ensured. Another dimension in Nobina's active contract portfolio management is the continuous improvements made in individual contracts. Each contract is regularly evaluated and analysed based on several metrics. Contract comparisons of the latest estimates and actual performance are followed up. Wherever irregularities are identified, Nobina acts quickly to implement selective measures or, when necessary, more comprehensive changes in operations.

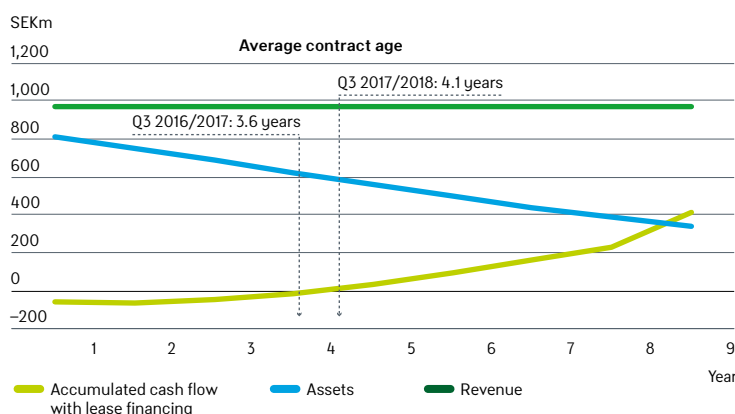
3. Optimised fleet of vehicles

Nobina's buses are purchased and managed by the wholly owned subsidiary, Nobina Fleet AB. A Group-wide fleet of vehicles affords us competitive advantages as we can optimise the buses at our disposal and centralise expertise about these. Every year, Nobina reallocates 10–15 per cent of buses to new contracts, and even between countries, which means the fleet of vehicles is utilised as efficiently as possible and that the expected service life is guaranteed. The structure also makes it possible to mix old and new buses when tenders are submitted, which has a positive impact on costs. The fleet is financed through ten-year finance leases but is depreciated over 14 years.

4. Minimise risks

It is important to assume that each contract we win is a temporary operation that runs until the contract ends. Accordingly, all resources needed for the individual contract are always organised to coincide with the duration of the agreement in terms of contract and commitment period. By maintaining this independence, Nobina can consider tenders and always price these on completely rational grounds.

The contract portfolio's degree of maturity impacts cash flow and profitability



Market

In the Nordic region, public transport solutions are critical to a sustainable development of society. Sales in the market are estimated at SEK 45 billion, with regional traffic accounting for almost 90 per cent of this figure. In all of the Nordic markets, an average of half of the cost of regional travel is financed through the budgets of regional public administrations.

Regional tendered public transport has shown favourable growth in recent years and is expected to continue to grow moving forward, in line with a political will to increase the use of public transport and as more people choose to travel by bus. There is also a trend in all countries to include more quality criteria as part of the tender process, and towards better compensation models where incentives are based on the number of passengers and the quality experienced by the customers. Models using compensation to operators for kilometres driven and which index compensation on a few occasions each year are thus becoming less common. We have seen this from clients operating in densely populated and rapidly growing areas, where there is a move towards contracts with balanced terms for operators that enable the delivery of high-quality public transport.

Society is increasingly interested in investing in public transport, particularly in areas with a high population density, such as metropolitan areas where well-developed public transport is important for mobility in society. In addition, public transport is high on the agenda for local politicians as it becomes a more important requirement for building a sustainable society.

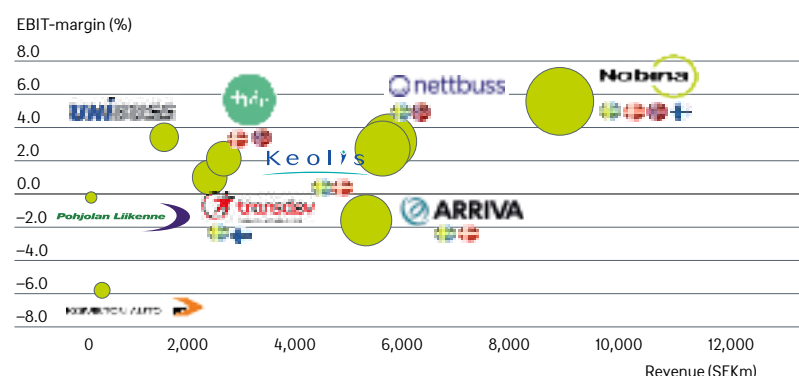
Market updates

- Continued profitability improvement in the public transport industry after the preceding fiscal year.
- The interest in electric bus solutions among PTAs continues and several tenders contain electric buses, while some existing contracts are being converted to include electric buses.
- Testing and development of autonomous buses is continuing in several geographic areas, with the addition of a pilot project in Greater Copenhagen during the period.
- The bus-for-rail services market continues to develop in a positive direction for all geographic areas.
- The Cube infrastructure fund acquires 60% of Bergkvarabuss.

Nobina's position in the market

With a 17 per cent market share (company assessment 2016–2017), Nobina is the largest public transport company in the Nordic region and the only company with operations in all of the Nordic countries. In Sweden, our leading market position is a result of high efficiency and successful work in the management and refinement of the contract portfolio. In Finland, in the role as market leader in the Helsinki region, Nobina is well positioned to increase its market share in a growing market. In the Norwegian and Danish markets, Nobina is in a challenger position, while these markets are also growing in terms of volume and the number of contracts. As the Nordic region's largest and most experienced public transport company, the conditions remain good for profitable growth.

The Nordic public transport market for buses



Nobina is the only public transport company with operations in all four Nordic countries, which gives it a unique position with access to tender volumes in all of the countries, and economies of scale in both the business and the bus fleet. Other operators are only active in one or two markets.

The size of the bubbles in the image on the left show the Nordic market share for public bus transportation; EBIT margin includes other operations in addition to public bus transportation.

Source: Internal market study based on public information from the most recent year-end report.

Nobina's financial performance

Third quarter (1 September–30 November 2017) and the nine-month period (1 March–30 November 2017)

Net sales

The third quarter

Nobina's third quarter net sales amounted to SEK 2,324 million (2,245), an increase of 3.5 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to an increase in revenue from existing contracts and extra traffic as well as indexation of revenue.

The nine-month period

Nobina's net sales for the nine-month period amounted to SEK 6,769 million (6,615), an increase of 2.3 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to extra traffic, revenue from existing contracts and indexation of revenue and was offset by negative effects from last year's contract migration.

Results

The third quarter

Operating profit for third quarter amounted to SEK 213 million (168), an increase by 27 per cent. The increase shows a pick-up in contract performance while at the same time reflecting the impact of the contract migration which took place during late summer last year with a negative profit impact. Also additional profitable business outside of the contracts impacted the results positively in the quarter. Profit before tax amounted to SEK 178 million (131).

The nine-month period

Operating profit for the nine-month period amounted to SEK 406 million (431), a decline of 6 per cent, and included nonrecurring expenses of SEK 33 million. A large share of this nonrecurring expense pertains to provisions related to staff redundancies.

Operating profit was positively impacted by extra traffic and the increase in passenger-driven revenue and was negatively impacted by the effects of contract migration compared with the corresponding period of the preceding year. Profit before tax amounted to SEK 302 million (324).

Income tax

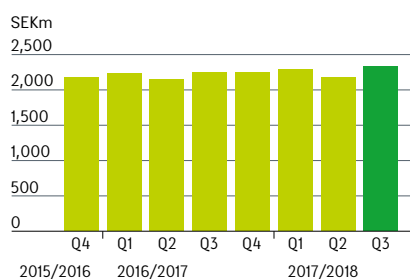
As a result of historically deductible losses in Norway, Sweden and Denmark, Nobina is not subject to any tax payment that affects cash flow. In the profit for the period, Nobina recognised SEK –5 million (0) in current tax for its operations in Finland, which will impact the Group's cash flow moving forward. Nobina's income tax in the income statement for the third quarter comprised current tax of SEK –2 million (0) and the change in estimated deferred tax of SEK –36 million (–29). For the nine-month period, the income tax in the income statement comprised current tax of SEK –5 million (0) and the change in estimated deferred tax of SEK –63 million (–73). The effective rate of tax was –22.5 per cent (–22.6).

Financial position

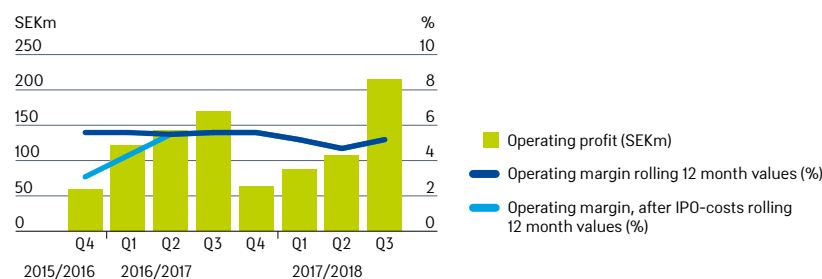
Cash and cash equivalents amounted to SEK 563 million (706) at the end of the period. In addition, Nobina had funds held on restricted bank accounts of SEK 0 million (0). Nobina has an available bank credit facility of SEK 150 million (150) as of 30 November 2017, of which SEK 0 million (0) was utilised.

Nobina's interest-bearing liabilities amounted to SEK 4,370 million (4,689), mainly divided between financial leasing liabilities of SEK 4,074 million (4,367) and other external liabilities of SEK 296 million (322). Leasing liabilities are recognised as financial leasing and are thus visible in the balance sheet. All of Nobina's liabilities are attributable to the financing of investments in buses and equipment

Net sales



Operating profit and margin



Investments (SEK million)

	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016 –Feb 2017
Investments in new buses	–44	–143	–496	–713	–811
Other investments	–15	–9	–47	–23	–33
Total investments	–59	–152	–543	–736	–844
Lease-financed investments	19	115	405	493	554
Non-lease-financed investments	–40	–37	–138	–243	–290
Of which loan-financed investments	–	–	4	50	64
Total Cash investments	–40	–37	–134	–193	–226

used in operations. Net debt totalled SEK 3,807 million (3,983) at the end of the nine-month period, and net debt/EBITDA was 3.4x (3.4x). Shareholders' equity amounted to SEK 1,381 million (1,162). The equity/assets ratio at the end of the period was 18.4 per cent (15.3).

Investments and divestments

The third quarter

Bus investments in the third quarter amounted to SEK –44 million (–143) and other investments were SEK –15 million (–9). Nobina signed financial leasing agreements of SEK 19 million (115). During the third quarter, new loans were taken totalling SEK 0 million (0). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –40 million (–37). Nobina sold buses and other PPE for a value of SEK 25 million (7). The sale generated a capital loss of SEK –1 million (–4).

The nine-month period

Bus investments in the nine-month period amounted to SEK –496 million (–713) and other investments were SEK –47 million (–23). Nobina signed financial leasing agreements of SEK 405 million (493). During the nine-month period, new loans were taken totalling SEK 4 million (50). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –134 million (–193). Nobina sold buses and other PPE for a value of SEK 57 million (158). The sale generated a capital loss of SEK –11 million (–26).

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 2016/2017 fiscal year in connection with preparation of the business plans for 2017/2018. 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. During the nine-month period,

Nobina AB made a capital contribution into Nobina Norge AS of SEK –16 million and into Swebus Express AB of SEK –20 million. The capital contribution has not been valued in Nobina AB. Moreover, impairment of SEK –9 million has been applied to the book value of the shares in Swebus Express AB. The total effect on Nobina AB amounted to SEK –45 million for the nine-month period. These items have had no impact on the Group. The management have thereafter made the assessment that the estimated recovery values exceed the book values of both goodwill and shares in subsidiaries. Consequently, no impairment was reported for the third quarter of 2017/2018; nor was any impairment reported during the 2016/2017 fiscal year.

Cash flow

The third quarter

Cash flow from operations before changes in working capital amounted to SEK 375 million (325). Working capital performed negatively, amounting to SEK –26 million (72).

Cash flow from investing activities amounted to SEK –15 million (–29) and investments in buses and equipment of SEK –40 million (–37), which were financed by loans amounting to SEK 0 million (0).

Cash flow from financing activities was SEK –206 million (–214). Total cash flow for the quarter was SEK 127 million (154).

The nine-month period

Cash flow from operations before changes in working capital amounted to SEK 891 million (947). Working capital performed negatively, amounting to SEK –161 million (–50).

Cash flow from investing activities amounted to SEK –81 million (–61) and was impacted by released funds held in restricted bank accounts in an amount of SEK 0 million (24) and investments in buses and equipment of SEK –138 million (–243), which were financed by loans amounting to SEK 4 million (50).

Cash flow from financing activities was SEK –892 million (–824) and was impacted by the dividend of SEK –274 million (–230). Total cash flow for the period was SEK –245 million (13).

Results analysis for net sales and earnings

The results analysis below explains accumulated results from the preceding year to the current year, related to net sales and EBT.

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

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

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

Operational efficiency shows the effect on earnings of changes in efficiency in the operations in the form of personnel costs, maintenance, damage, etc.

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

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

Results analysis for the fiscal year

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

(SEK million)	Net sales	EBT	Comments on the outcome
Period Mar–Nov 2016	6,615	324	
Price and Volume	308	64	The estimated effects of price and volume were positive during the period, in terms of net sales and EBT, and contain positive effects of incentive revenue and extra traffic.
Contract migration	-304	-29	Traffic starts for the period and the preceding year's contract migrations are estimated to have had a negative impact on net sales and EBT. The change in net sales is attributable to Finland and Sweden and was impacted negatively by the traffic changes in the preceding year. EBT was impacted by start-up costs connected with traffic starts.
Indexation and Operational efficiency (net)	150	-17	Positive indexation effects on net sales that impact EBT, which mainly originates from Sweden. Negative impact on EBT from increased expenses related to personnel, fuel consumption and costs for bus maintenance.
Other	-	-42	This item includes costs related to properties, IT and projects. Nonrecurring expenses of SEK 33 million from the first two quarters of the year are recognised here.
Net financial items	-	2	Profit for the year was affected by lower bus financing interest payments and foreign-exchange effects.
Period Mar–Nov 2017	6,769	302	

Age structure second quarter**Weighted average contract term, years**

8.1 (8.3)

The duration of contracts varies between countries, and was on average (weighted by the number of buses) 8.1 years.

Average age of bus fleet, years

5.9 (5.5)

Nobina's bus fleet had an average age of 5.9 years.

Weighted age of the contract portfolio, years

4.1 (3.6)

The average contract length (weighted by the number of buses) was 4.1 years.

Segments

Net sales	Quarter		Period		Full-year	Rolling 12 months
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016 –Feb 2017	Dec 2016 –Nov 2017
(SEK MILLION)						
Net sales by segment						
Nobina Sweden	1,598	1,523	4,617	4,523	6,058	6,152
Nobina Denmark	135	139	402	402	535	535
Nobina Norway	261	258	779	713	974	1,040
Nobina Finland	283	272	802	780	1,044	1,066
Swebus	51	59	188	217	274	245
Central functions & other items	3	9	5	14	16	7
Elimination of sales within the Group	-7	-15	-24	-34	-43	-33
Total net sales	2,324	2,245	6,769	6,615	8,858	9,012

Results	Quarter		Period		Full-year	Rolling 12 months
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016 –Feb 2017	Dec 2016 –Nov 2017
(SEK MILLION)						
Operating profit/loss by segment						
Nobina Sweden	173	134	351	365	412	398
Nobina Denmark	6	6	12	18	19	13
Nobina Norway	13	10	4	20	20	4
Nobina Finland	28	22	78	51	73	100
Swebus	-7	-2	-23	6	3	-26
Central functions & other items	-	-2	-16	-29	-33	-20
Total operating profit	213	168	406	431	494	469
Net financial items	-35	-37	-104	-107	-139	-136
Profit before tax	178	131	302	324	355	333
Tax	-38	-29	-68	-73	163	-94
Profit for the period	140	102	234	251	518	239

Nobina's third quarter reported growth compared with the prior year quarter in terms of net sales, while operating profit was significantly higher. Profit for the quarter was impacted by high efficiency in several traffic areas.

Net sales for the nine-month period were somewhat higher than the prior year period and operating profit was lower due to the adverse impact of contract migration, reduced efficiency and non-recurring expenses in conjunction with restructuring.

Sweden

Nobina Sweden's net sales for the third quarter of the year increased compared with the prior year period. Higher volumes in existing contracts, incentive revenue and index remuneration had a positive effect on net sales. For the nine-month period, net sales were higher than the prior year period.

Operating profit was significantly higher in the quarter compared with the preceding year, which followed expectations and indicates

that the period of effects from last year's contract migrations has now passed. Higher volumes in existing contracts and high efficiency in several traffic areas had a positive impact on operating profit and fuel consumption costs had an adverse impact on profit for the period. For the nine-month period, operating profit was slightly lower than the prior year period.

Denmark

Nobina Denmark's net sales for the third quarter and for the nine-month period were in line with the prior year period. Operating profit for the third quarter was at the same level as last year. Operating profit for the nine-month period was lower than the preceding year since last year's profit included a positive earnings effect from lower financing costs for the bus fleet related to VAT. The business demonstrated favourable underlying efficiency with strong key figures.

Norway

Nobina Norway's net sales for the third quarter of the year were in line with the prior year period. Net sales for the nine-month period were higher than the prior year period. Operating profit for the third quarter was significantly higher than the prior year period and showed signs of improved efficiency in several traffic areas. Operating profit for the nine-month period was significantly lower than the prior year period and included costs for traffic starts and effects of low use of resources.

Finland

Nobina Finland net sales for the third quarter were higher than the prior year period. Net sales for the nine-month period were slightly higher than the prior year period. Operating profit for the third quarter was significantly higher than the prior year period, which included costs related to winter effects. The operations displayed strong efficiency in the area of payroll costs, which had a favourable impact on operating profit. Operating profit for the nine-month period was significantly higher than the prior year period.

Swebus

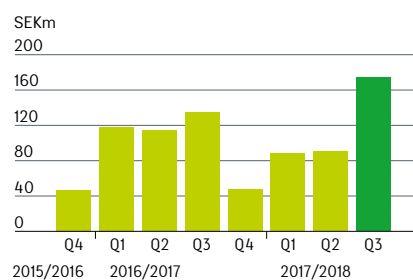
Swebus's net sales for the third quarter of the year were lower than the prior year period, which was primarily due to lower volumes in the express bus segment. Net sales for the nine-month period were lower than in prior year period. Operating profit for the third quarter was significantly lower than the prior year period and was negatively impacted by price pressure driven by intensified competition. Operating profit for the nine-month period was significantly lower than the in the prior year period and included nonrecurring expenses of SEK 15 million.

Central functions and other items

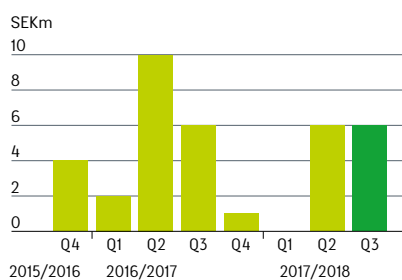
Central functions and other items include property costs and costs for IT and project activities. Profit for the nine-month period includes nonrecurring items for staff redundancy costs and a one-off write-down for shorter depreciation periods for express buses.

EBIT per segment

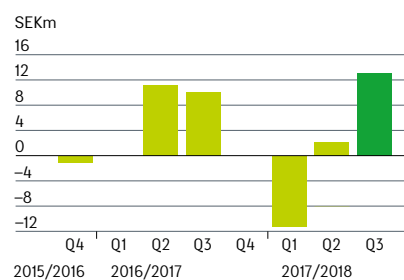
Sweden



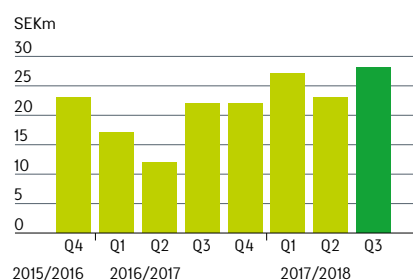
Denmark



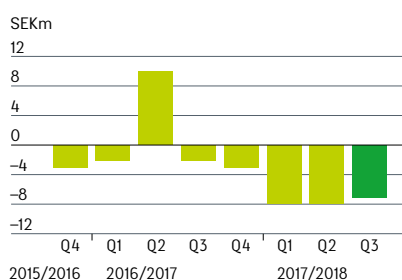
Norway



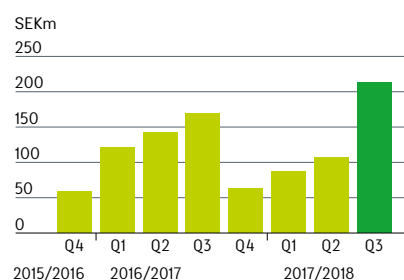
Finland



Swebus

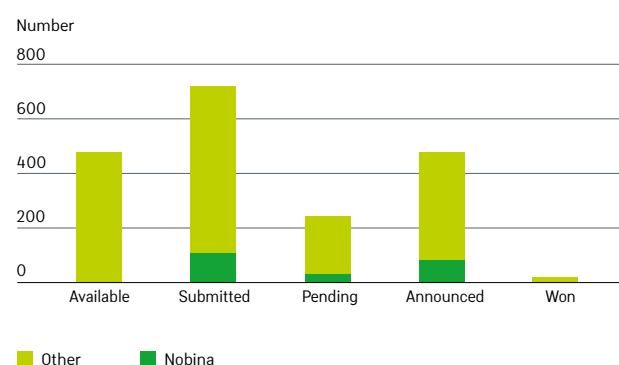


Nobina



Tender and traffic changes

Tender volume, to date this year



Definitions:

Available – Available buses in remaining tenders this year

Submitted – Number of buses in tenders submitted by Nobina

Pending – Submitted minus announced

Announced – The number of buses in tenders where results have been announced

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

Contract changes, to date this year

The table shows the change of the number of buses in service as a result of started and completed contracts. During the period, Nobina started contracts with 106 buses and contracts for 140 buses expired.

March–November 2017	Traffic changes during the period (Number of buses)	
	Started	Expired
Sweden	58	79
Norway	21	45
Finland	27	16
Denmark	0	0
Total	106	140

Tender volume, to date this year

The table shows the results of the tendering processes in which Nobina has participated. Nobina submitted tenders that have been announced for 479 buses and won tenders for 16 buses.

March–November 2017	Tenders during the period (Number of buses)	
	Completed	Won
Sweden	46	16
Norway	370	0
Finland	6	0
Denmark	57	0
Total	479	16

Traffic starts and terminations during the coming 12 months, December 2017–November 2018

During the coming 12-month period, Nobina will start traffic involving 58 buses. Of these, 28 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 72 buses.

Traffic start-ups

Clients	No. of years	Start of service	Number of buses	New buses
Skånetrafiken	4	December 2017	42	12
Värmlandstrafik	8	December 2017	3	3
Västtrafik*	10	June 2018	13	13
Total traffic			58	28

Expired traffic

Clients	End of service	Number of buses
Skyss, Norway	August 2018	72
Total traffic		72

* The award decision has been appealed by a competitor

The Nobina share

The Nobina share (ticker: Nobina) is listed on Nasdaq Stockholm and belongs to the Mid Cap and Industry sector segment. As of 30 November 2017, there was a total of 88,355,682 shares in Nobina,

carrying one vote each. The number of shareholders at the close of the period was 19,227. Nobina has no treasury shares.

Key ratios	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Nobina					
Earnings per share (SEK)	1.58	1.16	2.65	2.84	5.86
Equity per share (SEK)	15.63	13.15	15.63	13.15	16.09
Number of shares outstanding at end of 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	88,356	88,356

Nobina's financial targets

	Target	2016/2017	Rolling 12 months	Definition
Net sales	Increasing more than the market	8,858	9,012	Nobina aims to grow net sales at a rate faster than the market. (Measured in the number of journeys using public transport in the Nordic region).
EBT margin ¹⁾	4.5%	4.0%	3.7%	Nobina will increase profit before tax and achieve an EBT margin in excess of 4.5 per cent in the medium term.
Net debt/EBITDA ²⁾	3.0x–4.0x	3.2x	3.2x	In normal circumstances, Nobina intends to maintain a net debt/equity ratio of between 3.0 and 4.0 in relation to EBITDA.
Dividend policy ³⁾	75% of EBT	77% ⁴⁾	n/a	Nobina has established a dividend policy and anticipates distributing at least 75 per cent of profit before tax (EBT).

1) EBT is defined as profit before tax.

2) Profit/loss for the period before net financial items, taxes, amortisation/impairment of intangible and tangible non-current assets and capital gains/losses on the sale of non-current assets. EBITDA for the past twelve months. The debt level can temporarily exceed this range on the start-up of new contracts or acquisitions.

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

4) The Annual General Meeting resolved on a dividend based on the Group's dividend policy.

Information on performance measures

Performance measures for the past five quarters (definitions of performance measures and verification of alternative performance measures (APM) are presented on pages 23–24).

Key ratios	2016/2017		2017/2018		
	Q3	Q4	Q1	Q2	Q3
SEK million, except as otherwise indicated					
Net sales for the period	2,245	2,243	2,276	2,169	2,324
Operating profit for the period	168	63	87	106	213
Earnings before tax (EBT) for the period	131	31	50	74	178
Profit for the period	102	267	35	59	140
Cash flow for the period	154	101	–64	–308	127
Cash and cash equivalents	706	804	741	427	563
Equity/assets ratio, %	15.3	17.9	18.5	16.4	18.4
EBITDA	330	220	243	289	377
EBITDA margin, %	14.7	9.8	10.7	13.3	16.2
EBITDAR	343	235	255	300	386
EBITDAR margin, %	15.3	10.5	11.2	13.8	16.6
Shareholders' equity	1,162	1,421	1,454	1,229	1,381
Shareholders' equity/ordinary share, SEK	13.2	16.1	16.5	13.9	15.6
Number of buses (on balance-sheet date)	3,587	3,564	3,639	3,670	3,607
Estimated FTEs	9,172	8,889	9,411	9,579	8,833
Production hours	2,731	2,896	2,883	2,682	2,931
Production kilometres	73,901	73,581	75,182	69,694	75,497

Other information

Personnel

Nobina had 8,833 (9,172) employees (FTEs). The change in the number of employees is mainly a result of contract migration. Nobina applies collective agreements and has well-established principles and traditions as to the manner in which working hours, remuneration conditions, information and cooperation are negotiated.

Parent Company

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

The Parent Company's net sales, which were comprised entirely of internal services, amounted to SEK 12 million (11) during the third quarter. The pre-tax loss for the third quarter was SEK –4 million (–6). Net sales for the period and earnings for the nine-month period totalled SEK 35 million (33) and SEK –57 million (–28), respectively.

Cash and cash equivalents as well as restricted bank accounts amounted to SEK 520 million (671) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 30 November 2017, the Parent Company's shareholders' equity was SEK 2,558 million (2,669). The equity/assets ratio was 59 per cent (54).

Transactions with closely related parties

No transactions with closely-related parties have taken place during the fiscal year.

Seasonal variations

Sales, earnings and cash flow trends vary between quarters and differ as regards the regional and interregional transport operations. For regional operations, the third quarter is the strongest due to higher traffic volumes, a larger number of working days, and high levels of travel activity for the general public, while the second and fourth quarters are weaker due to lower traffic volumes during vacation and public holiday periods and higher costs during the winter.

The trend as regards interregional operations is different inasmuch as the second quarter is strongest due to a higher number of passengers during the vacation period. The breakdown of sales and earnings by quarter is shown in the key ratio table on page 10.

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 financial 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 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 March, Nobina entered into a diesel cap contract for the Norwegian subsidiary, regarding 500 metric tonnes per month for the period March 2017 through October 2017. The strike price for the cap was NOK 4,450 per metric ton. The constituent cap did not result in any payment to Nobina during the period.

Nobina may be affected by the result of appeals regarding the tender outcome. However, the impact is limited as no vehicle is on order and no other investments will be made before a traffic contract is signed.

For more information regarding risks and uncertainty factors, see the corresponding section in Nobina AB's Annual Report 2016/2017.

Disputes

Nobina has an ongoing dispute against Länstrafiken Örebro for faulty gas quality. In addition, there is an ongoing dispute against HSL regarding restricted allocation to Nobina of contracts won and the application of allocation criteria.

Financing

Nobina has as its primary strategy the financing of the purchase of vehicles with financial leasing or loans with a term of ten years at a residual value of 10 per cent. Leasing liabilities are recognised as financial leasing and are, like loans, visible in the balance sheet. All of Nobina's liabilities are attributable to the financing of investments in buses and equipment used in operations.

Nobina has an available bank credit facility of SEK 150 million (150) as of 30 November 2017.

Financial targets and Dividend policy

Nobina's Board has confirmed that the financial targets and the dividend policy that were adopted ahead of the IPO in 2015 continue to apply (see page 10).

Significant events during the third quarter

- In the third quarter, Nobina AB (publ) announced the repurchase of own shares in connection with the share savings programme for senior executives, as resolved by the Annual General Meeting.
- Nobina Technology was chosen to lead a major new pilot project with autonomous buses in Greater Copenhagen. The pilot project will run for three years and involve four buses.

Significant events after the end of the quarter

- Two new traffic contracts in Helsinki with HRT/HSL consisting of a total of 42 buses with a value of SEK 570 million over the contract periods of seven years and one year respectively, with the option to extend by three years and one year, respectively. Traffic is scheduled to start in August 2018. In conjunction with this contract, Nobina was also awarded an environmental premium of about SEK 5 million for its transition to biodiesel.
- Nobina becomes the first bus operator in the Nordic region with its own self-driving buses in conjunction with a cooperation project in Kista with Ericsson, SJ, KTH and the City of Stockholm among others. The project will run over six months starting in January 2018 and will be the first with autonomous buses on public roads in Sweden.

Accounting policies

Nobina applies International Financial Reporting Standards (IFRS) as adopted by the EU and applies RFR 1 "Supplementary accounting rules for groups". Nobina applies the same accounting principles and calculation methods as in the annual report for 2016/2017. See pages 22–24 for further details regarding performance measure definitions as well as "Note 1 Company information and accounting principles" in the annual report 2016/2017, 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 2016/17 Annual Report. No transfers were made between any of the valuation levels during the period. The financial statements for the Parent Company, Nobina AB, and the Group were prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities", as well as opinions issued by the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and covers pages 1–25, and the interim period information on pages 1–13 thus constitutes an integral part of this financial report.

Assurance

The CEO and the Board of Directors hereby provide an assurance that the nine-month 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 2017

Jan Sjöqvist
Chairman of the Board

John Allkins
Director

Graham Oldroyd
Director

Liselott Kilaas
Director

Monica Lingegård
Director

Ragnar Norbäck
Director

Magnus Rosén
President and CEO

Financial calendar

Year-end Report 2017/2018

5 April 2018

Annual General Meeting 2017/2018

31 May 2018

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CET on Thursday, 21 December 2017. 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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Nobina AB

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Reg. no. 556576-4569

Condensed consolidated income statement

SEK million	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Net sales	2,324	2,245	6,769	6,615	8,858
Operating expenses					
Fuel, tyres and other consumables	-410	-421	-1,209	-1,201	-1,637
Other external expenses	-322	-318	-1,004	-1,007	-1,404
Personnel costs	-1,215	-1,176	-3,647	-3,466	-4,656
Capital losses from the disposal of non-current assets	-1	-4	-11	-26	-14
Depreciation/amortisation of intangible and tangible non-current assets	-163	-158	-492	-484	-653
Operating profit	213	168	406	431	494
Profit from net financial items					
Financial income	-	-	-	1	1
Financial expenses, Note 1	-35	-37	-104	-108	-140
Net financial items	-35	-37	-104	-107	-139
Profit before tax	178	131	302	324	355
Income tax	-38	-29	-68	-73	163
PROFIT FOR THE PERIOD	140	102	234	251	518
Profit for the period attributable to Parent Company shareholders	140	102	234	251	518
Earnings per share before dilution (SEK)	1.58	1.16	2.65	2.84	5.86
Earnings per share after dilution (SEK)	1.58	1.16	2.65	2.84	5.86
Average number of shares before dilution (000s)	88,356	88,356	88,356	88,356	88,356
Average number of shares after dilution (000s)	88,356	88,356	88,356	88,356	88,356
Number of shares outstanding at year-end (thousands)	88,356	88,356	88,356	88,356	88,356

Statement of consolidated comprehensive income

SEK million	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Profit for the period	140	102	234	251	518
Other comprehensive income					
Items not to be reclassified to profit or loss for the period					
Revaluation of defined-benefit pension plan	0	1	1	2	0
Tax on items that will not be reclassified to profit or loss for the period	0	0	0	0	0
Items that can later be reclassified to profit or loss for the period					
Exchange-rate differences in foreign operations	12	16	-1	29	23
Other comprehensive income for the period, net after tax	12	17	0	31	23
Comprehensive income for the period	152	119	234	282	541
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	152	119	234	282	541

Condensed consolidated balance sheet

SEK million	30 Nov 2017	30 Nov 2016	Full-year 28 Feb 2017
ASSETS			
Non-current assets			
Goodwill	577	585	586
Other intangible assets	6	5	4
Costs for leasehold improvements	32	34	34
Equipment, tools, fixtures and fittings	89	71	72
Vehicles	5,067	5,270	5,178
Deferred tax assets	258	60	306
Assets for pension commitments	19	10	20
Other non-current receivables	4	4	1
Total non-current assets	6,052	6,039	6,201
Current assets			
Inventories	45	45	48
Trade receivables	495	460	495
Other current receivables	40	57	81
Deferred expenses and accrued income	291	298	328
Restricted bank accounts	–	–	0
Cash and cash equivalents	563	706	804
Total current assets	1,434	1,566	1,756
TOTAL ASSETS	7,486	7,605	7,957
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,381	1,162	1,421
Non-current liabilities			
Borrowing, Note 1	3,622	3,896	3,832
Deferred tax liabilities	139	114	124
Provisions for pensions and similar commitments	43	41	46
Other provisions	38	39	56
Total non-current liabilities	3,842	4,090	4,058
Current liabilities			
Accounts payable	482	486	569
Borrowing, Note 1	705	752	679
Other current liabilities	154	184	215
Accrued expenses and deferred income	922	931	1,015
Total current liabilities	2,263	2,353	2,478
Total liabilities	6,105	6,443	6,536
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,486	7,605	7,957

Condensed consolidated statement of changes in equity

SEK million	Share capital	Other contributed capital	Translation differences	Profit/loss brought forward	Total equity attributable to Parent Company shareholders
Opening equity, 1 March 2016	318	3,212	5	-2,425	1,110
Profit for the period	-	-	-	251	251
Other comprehensive income	-	-	29	2	31
Transactions with owners					
Dividend	-	-	-	-230	-230
Closing equity, 30 November 2016	318	3,212	34	-2,402	1,162
Profit for the period	-	-	-	267	267
Other comprehensive income	-	-	-6	-2	-8
Closing equity, 28 February 2017	318	3,212	28	-2,137	1,421
Opening equity, 1 March 2017	318	3,212	28	-2,137	1,421
Profit for the period	-	-	-	234	234
Other comprehensive income	-	-	-1	1	0
Transactions with owners					
Dividend	-	-	-	-274	-274
Closing equity, 30 November 2017	318	3,212	27	-2,176	1,381

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Cash flow from operating activities					
Profit after financial items	178	131	302	324	355
Adjustments for non-cash items	197	194	589	623	824
Cash flow from operations before changes in working capital	375	325	891	947	1,179
Cash flow from changes in working capital					
Change in inventories	-1	1	3	1	-2
Changes in operating receivables	-15	55	73	54	-41
Changes in operating liabilities	-10	16	-237	-105	97
Total change in working capital	-26	72	-161	-50	54
Received interest income	1	-	-	1	1
Tax paid	-2	-	-2	-	-
Cash flow from operating activities	348	397	728	898	1,234
Cash flow from investing activities					
Changes in restricted bank accounts	-	1	-	24	24
Investments in PPE and intangible assets, excl. financial leases	-40	-37	-138	-243	-290
Divestment of PPE and intangible assets	25	7	57	158	160
Cash flow from investing activities	-15	-29	-81	-61	-106
Cash flow from financing activities					
Amortisation of financial liability	-162	-168	-487	-506	-667
Amortisation of other external loans	-10	-10	-34	-31	-39
New borrowing, other external loans	-	-	4	50	64
Interest paid	-34	-36	-101	-107	-142
Dividend	-	-	-274	-230	-230
Cash flow from financing activities	-206	-214	-892	-824	-1,014
Cash flow for the period	127	154	-245	13	114
Cash and cash equivalents at the beginning of the period	427	547	804	683	683
Cash flow for the period	127	154	-245	13	114
Exchange-rate difference	9	5	4	10	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	563	706	563	706	804

Consolidated income statement

– Parent Company

SEK million	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Net sales	12	11	35	33	44
Operating expenses					
Other external expenses	–4	–6	–14	–14	–22
Personnel costs	–11	–8	–33	–34	–43
Depreciation/amortisation of intangible and tangible non-current assets	–	–	–	–	–
Operating loss	–3	–3	–12	–15	–21
Profit/loss from participations in Group companies	–	–	–45	–	277
Financial income	1	1	4	3	6
Financial expenses	–2	–4	–4	–16	–16
Net financial items	–1	–3	–45	–13	267
Profit/loss before tax	–4	–6	–57	–28	246
Income tax	–	–	–	–	–55
PROFIT/LOSS FOR THE PERIOD	–4	–6	–57	–28	191

Since there are no items attributable to other comprehensive income, other comprehensive income is not recognised.

Condensed balance sheet — Parent Company

SEK million	30 Nov 2017	30 Nov 2016	Full-year 28 Feb 2017
ASSETS			
Non-current assets			
Participations in Group companies	3,676	3,685	3,685
Deferred tax assets	25	80	25
Receivables from Group companies	–	28	–
Total non-current assets	3,701	3,793	3,710
Current assets			
Receivables from Group companies	89	426	398
Other current receivables	1	1	–
Deferred expenses and accrued income	2	1	1
Cash and cash equivalents	520	671	796
Total current assets	612	1,099	1,195
TOTAL ASSETS	4,313	4,892	4,905
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,558	2,669	2,889
Non-current liabilities			
Liabilities to Group companies	–	594	–
Provisions for pensions and similar commitments	10	14	10
Total non-current liabilities	10	608	10
Current liabilities			
Accounts payable	1	2	1
Liabilities to Group companies	1,731	1,606	1,991
Other current liabilities	2	1	1
Accrued expenses and deferred income	11	6	13
Total current liabilities	1,745	1,615	2,006
Total liabilities	1,755	2,223	2,016
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,313	4,892	4,905

Condensed Parent Company statement of changes in equity

SEK million	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit for the period	Total shareholders' equity
Opening equity, 1 March 2016	318	1	1,336	1,871	-598	2,928
Transfer of the preceding year's profit/loss	-	-	-	-598	598	-
Loss for the period	-	-	-	-	-28	-28
Transactions with owners						
Dividend	-	-	-	-230	-	-230
Closing equity, 30 November 2016	318	1	1,336	1,043	-28	2,670
Profit for the period	-	-	-	-	219	219
Closing equity, 28 February 2017	318	1	1,336	1,043	191	2,889
Opening equity, 1 March 2017	318	1	1,336	1,043	191	2,889
Transfer of the preceding year's profit/loss	-	-	-	191	-191	-
Loss for the period	-	-	-	-	-57	-57
Transactions with owners						
Dividend	-	-	-	-274	-	-274
Closing equity, 30 November 2017	318	1	1,336	960	-57	2,558

Notes

NOTE 1 FINANCING

SEK million, except as otherwise indicated	Quarter		Period		Full-year
	Sep–Nov 2017	Sep–Nov 2016	Mar–Nov 2017	Mar–Nov 2016	Mar 2016–Feb 2017
Operating leases – buses					
Nominal value of future minimum leasing fees, buses	–8	–4	155	109	174
Present value of future minimum leasing fees, buses	–7	0	149	107	166
Number of operational leases, buses	–19	–65	314	311	321
Fees for operating leases for the period	9	13	32	39	54
Borrowing					
Other loans for bus financing	253	281	253	281	280
Finance lease liability for bus financing	4,074	4,367	4,074	4,367	4,231
Total	4,327	4,648	4,327	4,648	4,511
Of which short-term repayment by installment of portion of the Group's borrowings	705	752	705	752	679
Of which long-term portion of the Group's borrowing	3,622	3,896	3,622	3,896	3,832
Total liabilities	4,327	4,648	4,327	4,648	4,511
Interest expenses and similar loss items					
Interest expense, finance leases	–30	–33	–90	–97	–128
Interest expense, other loans	–1	–3	–6	–8	–10
Other financial expenses	–2	–1	–4	–4	–5
Realised and unrealised exchange gains/losses, net	–2	–	–4	1	3
Total	–35	–37	–104	–108	–140

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	30 Nov 2017	30 Nov 2016	30 Nov 2017	30 Nov 2016
Pledged assets				
Other pledged assets	150	150	240	219
Contingent liabilities				
Guarantee of lease obligations and other obligations	21	–	4,327	4,648
Total pledged assets and contingent liabilities	171	150	4,567	4,867

Glossary

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

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.

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

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

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

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

Indexation – Adjustment of the contract-based remuneration in accordance with a basket of weighted and predetermined indexes intended to represent important cost elements for the traffic companies, such as salaries, fuel and maintenance, and which occurs at predetermined intervals.

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

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

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 procurements are carried out in accordance with Swedish procurement acts.

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.

Local transport – Transport in connection with densely populated areas.

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

Production contract – A contract in which the traffic company's revenues comprise fixed remuneration for production costs in accordance with predetermined production, a 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.

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

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

City transport – Transport in a densely populated area.

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

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 procurements are carried out in accordance with Swedish procurement acts.

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.

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

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.

Information on performance measures

Definitions

Alternative performance measures

In its interim report, Nobina presents performance measures as supplementary financial measures as defined by IFRS, so-called APM (Alternative Performance Measures). The company is of the opinion that the performance measures provide valuable and significant information for investors and company management, since they facilitate an evaluation of the company's performance. Financial non-IFRS measures are subject to limitations as analytical tools

and should not be regarded as isolated or as replacements for financial measures prepared pursuant to IFRS. Financial non-IFRS measures are reported in order to improve the investors' valuation of the company's results from operations and position. The financial non-IFRS measures presented in this report can differ from similar measures used by other companies.

Key ratios	Description
Rolling 12 months	Total for the most recent four quarters
EBIT	Operating profit before net financial items and taxes
EBITDA	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets
EBITDA margin	EBITDA in relation to net sales
EBITDAR	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets and operating leasing expenses for buses
EBITDAR margin	EBITDAR in relation to net sales
Interest-bearing liabilities	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities)
Net debt	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank balances
Net debt/EBITDA	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank accounts in relation to EBITDA during four sequential quarters
Renewal rate	All won tenders/All own announced tenders
Retention rate	Defended tenders/Own announced tenders
Average number of employees (FTEs)	The number of hours paid divided by normal working hours for a full-time employee
Cash investments	Cost of investments in non-current assets less sales loan-financed investments
Reallocation rate	Number of buses allocated to a new contract during the year/Total number of buses
Earnings per share	Profit for the period divided by average number of shares
Earnings per share after full dilution	Profit for the period divided by average number of shares after full dilution
Shareholders' equity per ordinary share	Shareholders' equity per ordinary share as per the balance-sheet date
Dividend yield	Dividend in relation to the company's share price as per the balance-sheet date
Equity/assets ratio	Equity in relation to total assets at the end of the period
Yield	Revenue per driven kilometre
Contract length	A publicly tendered contract concluded for the provision of transport services between a client and a public transport company. The duration of the contract is typically five to ten years, with the option of extending for an additional one or two years. It is based on either a production or an incentive contract
Production hours	Number of hours produced as part of a contract
Production kilometres	Total number of kilometres produced as part of a contract
Number of buses	The number of buses that are owned on finance or operating leases or rented on a short-term basis at the end of the period

Verification of alternative performance measures

Key ratios	2016/2017		2017/2018			2016/2017		Rolling	Full-year
	Q3	Q4	Q1	Q2	Q3	Acc Q3 Mar–Nov 2017/2018	Acc Q3 Mar–Nov 2016/2017	Mar 2017 –Feb 2018	Mar 2016 –Feb 2017
SEK million, except as otherwise indicated									
Net sales	2,245	2,243	2,276	2,169	2,324	6,769	6,615	9,012	8,858
Operating profit	168	63	87	106	213	406	431	469	494
Earnings before tax (EBT)	131	31	50	74	178	302	324	333	355
Cash flow for the period	154	101	-64	-308	127	-245	14	-144	114
EBITDA and EBITDAR:									
Operating profit	168	63	87	106	213	406	431	469	494
Capital losses from the disposal of non-current assets	4	-12	0	10	1	11	26	-1	14
Depreciation/amortisation of intangible and tangible non-current assets	158	169	156	173	163	492	484	661	653
Total EBITDA	330	220	243	289	377	909	941	1,129	1,161
Fees for operating leases for the period	13	15	12	11	9	32	39	47	54
Total EBITDAR	343	235	255	300	386	941	980	1,176	1,215
Interest-bearing liabilities:									
Non-current borrowing	3,896	3,832	3,762	3,776	3,622	3,622	3,896	3,622	3,832
Pension liability	41	46	45	43	43	43	41	43	46
Current borrowing	752	679	705	705	705	705	752	705	679
Total interest-bearing liabilities	4,689	4,557	4,512	4,524	4,370	4,370	4,689	4,370	4,557
Cash	-706	-804	-741	-427	-563	-563	-706	-664	-804
Restricted bank accounts	0	0	0	0	0	0	0	0	0
Total net debt	3,983	3,753	3,771	4,097	3,807	3,807	3,983	3,706	3,753
EBITDA Q1	293	293	243	243	243	243	293		
EBITDA Q2	318	318	318	289	289	289	318		
EBITDA Q3	330	330	330	330	377	377	330		
EBITDA Q4	227	220	220	220	220	220	227		
Total EBITDA full-year	1,168	1,161	1,111	1,082	1,129	1,129	1,168	1,129	1,161
Net debt/EBITDA	3.4	3.2	3.4	3.8	3.4	3.4	3.4	3.3	3.23

This is Nobina

>> Our role is:

To promote increased mobility in society

>> Our offering to customers:

Simpler everyday travel

>> We deliver this by:

**Making it friendly, creating simple solutions,
making it good value**

>> We succeed, by living according to our values:

We are here for our customers

We are sensitive to the needs of our customers and show customers courtesy and respect. We keep our promises, develop affordable solutions and make life easier for our customers.

In all we do, we strive to develop

We achieve targets and deliver results. We are resource-efficient and deliver at least the promised quality. We work using management by objectives and systematic follow-up to constantly improve the company and our services.

We respect each other

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

We safeguard good leadership

We have well-defined requirements for our managers and employees. We put the interests of our clients and the company ahead of our own. We promote boundless cooperation. We provide feedback on work done and highlight achievements. We can manage trust.

We care

We take an active responsibility for the environment and society. We promote health and personal development. We comply with laws and regulations. We are committed and care about each other, our customers and the world around us.

>> We do all of this because we have a vision:

EVERYONE WANTS TO TRAVEL WITH US

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