

CONTINUED PROFITABLE GROWTH



The first quarter*

- Net sales amounted to SEK 2,361 million (2,205), an increase of 7.1 per cent.
- Operating profit amounted to SEK 104 million (95).
- Profit before tax amounted to SEK 72 million (58).
- Profit after tax amounted to SEK 54 million (41), and earnings per share totalled SEK 0.63 (0.46).
- Cash flow from operations excluding changes in working capital was SEK 275 million (229).

Significant events during the first quarter

- Extension of two contracts with Ruter in Oslo and investment in electric buses. The extensions run from 2019 through 2022 and 2023 respectively and comprise a total of 92 scheduled buses, of which 20 are new electric articulated buses. The total value of the extensions is estimated at approximately NOK 800 million.
- New traffic contract with Ruter in Romerike in the north of Oslo, comprising 141 buses, of which 22 are electric buses, with a contract value of around NOK 2.7 billion. The contract starts in July 2019 and extends over eight years with a three-year extension option.
- Entrusted once again by Sörmlandstrafiken to operate bus services in Sörmland, comprising 145 buses, with a contract value of around SEK 2.6 billion. The contract starts in August 2019 and extends over ten years.
- The wholly owned express bus company, Swebus Express AB, was sold to the travel company, FlixBus Sverige AB, for EUR 10.2 million (SEK 108 million equivalent). The divestment encompasses Swebus's commercial operations, brand and most of the vehicle fleet.
- The 2017/2018 AGM approved the Board's proposed dividend of SEK 3.35 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Bertil Persson was elected as a new director of the board.

Significant events after the end of the quarter

- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services commencing 2019.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition, which is conditional on the approval of the Swedish Competition Authority, is expected to be concluded in the third quarter of 2018.

* The financial information presented in the report pertains to continuing operations, unless otherwise stated. The divestment of Swebus Express AB was reported pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

KEY METRICS FOR CONTINUING OPERATIONS ¹⁾

(SEK million, except as otherwise indicated)	Quarter		Full year	Rolling 12 months
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018	Jun 2017–May 2018
Net sales	2,361	2,205	8,802	8,958
Operating profit (EBIT)	104	95	526	535
Earnings before tax (EBT)	72	58	391	405
Cash flow for the period	-74	-60	-61	-75
		31 May 2018	31 May 2017	28 Feb 2018
Cash and cash equivalents		692	741	720
Shareholders' equity		1,559	1,454	1,436
Net debt/EBITDA		2.9	3.3	3.1
Equity/assets ratio, %		20.3	18.5	18.4

A complete table of key metrics can be found on page 11.

¹⁾ The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

CEO'S COMMENTS

Nobina is continuing to perform strongly. In the first quarter of the fiscal year, we posted an increase in revenue of slightly more than 7 per cent and reported improved profitability. Profit before tax amounted to SEK 72 million (58), up 24 per cent, and was due to enhanced performance in existing contracts and more profitable transactions outside of the agreements. At the same time, results were negatively impacted by the discontinuation of metro replacement traffic in Helsinki.

As I announced previously, we have now entered a phase with high tender volumes. To date, outcomes have been favourable for us and, during the quarter, we renewed contracts in the Oslo region and in Sörmland. The total contract volume amounted to slightly more than SEK 6.4 billion. The high quality we provide, together with our bus solutions, including efficient electric transport solutions through Nobina Electrical Solutions, comprise key success factors. From June it is decided that Nobina will not continue operating the challenging Tromsø contract after July 2019.

Bus services will continue to be electrified at an undiminished rate. For example, from autumn 2019 in Nyköping, Katrineholm and Flen, we will operate city transport solely with electric buses, and in Oslo, we are adding 20 electric buses in conjunction with the exercise of extension options in existing contracts. We are also preparing for additional projects with autonomous buses, based, among other things, on experience gained from our popular autonomous services on public roads in Kista. Our know-how and our concept for electric power and autonomous vehicles comprise key elements of the strategic knowledge we have built up at Nobina. We are now advancing this know-how one step further and, in partnership with SL and Järfälla Municipality, we are creating the world's most modern public transport system in Barkarbystaden, outside of Stockholm.

We have completed two transactions in line with our strategic focus areas, which aim to develop its contract business and create the best solutions for public transport. In May, we divested Swebus Express, which operated in the highly competitive interregional express bus services market, making a capital gain of SEK 56 million. Our recently announced acquisition of Samtrans, the leading player in special public transport in Stockholm County, creates growth through synergies with the existing operations, further broadens the contract market and is expected to make a positive contribution to the Group's earnings and margin from the outset. There is also potential to grow with Samtrans' contractual models in other metropolitan regions. This is Nobina's first acquisition in many years, but as the Nordic region's largest bus company, and with a trend indicating continued market consolidation, we are naturally open to making further acquisitions. To sum up, I see excellent opportunities to create continued profitable growth by concentrating resources in our four strategic focus areas – Bus solutions, Contract management, Resource efficiency and Employee development.

Magnus Rosén,
President and CEO

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 bus transport contracts in combination with long-term delivery quality makes 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 bus transport services in Sweden, Norway, Finland and Denmark.

Nobina has sales of around SEK 9 billion on annual basis and has around 11,000 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 STRATEGIC FOCUS AREAS

We are focusing resources primarily on four strategic areas to thereby create continued profitable growth. These encompass the development of new bus solutions that add growth to the current offering, efficient and innovative contract management, optimisation of the company’s resources and traffic planning, and development of employee skills with diversity and equality as fundamental elements. Moreover, wherever possible, we will grow through acquisitions.

Bus solutions

By capitalising on our extensive knowledge of passenger flows and customer needs, we can develop solutions that add further value to existing contracts or create completely new business opportunities. We work with three areas for our solutions – all of these with a focus on buses.

- Complete solutions
- Bus-for-rail service solutions
- Special transportation

Contract management

A broad contract portfolio, an increasing contribution from new services and cost-efficient operations are essential for continuing profitable growth. In line with the goals of our clients, we achieve this by ensuring productivity through early involvement and by driving business development and additional sales in new and existing contracts.

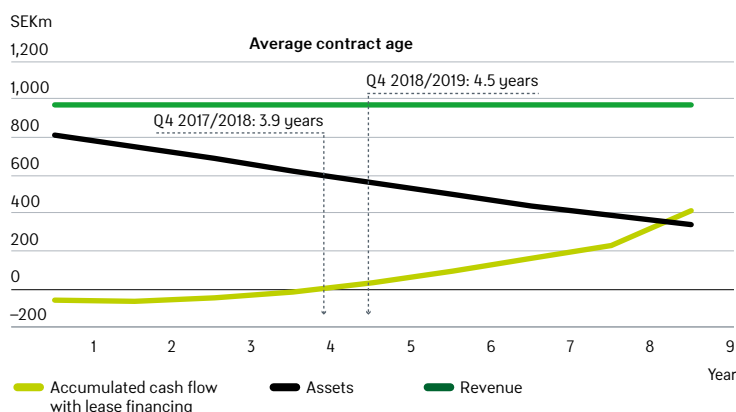
Resource efficiency

In order to manage our resources as efficiently as possible, we work continuously to optimise our fleet of vehicles, traffic planning and driving. This has a positive impact on both costs and the environment, at the same time as activities to convince more people to use public transport offer benefits for society at large.

Employee development

Our employees are our most important resource in developing sustainable public transport solutions and in creating long-term, profitable growth. Nobina is to be an attractive employer with a values-driven management style where diversity and equality are self-evident.

THE CONTRACT PORTFOLIO'S DEGREE OF MATURITY IMPACTS CASH FLOW AND PROFITABILITY



MARKET

In the Nordic region, public transport solutions are critical to the sustainable development of society. The size of the Nordic public transport market for buses is estimated at SEK 47 billion. 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.

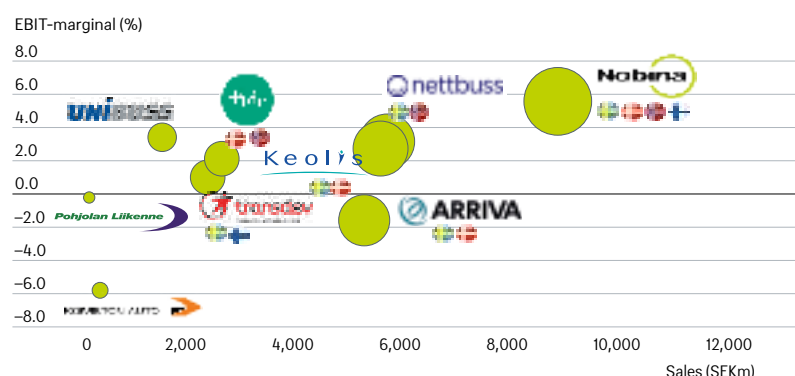
Society is increasingly interested in investing in public transport, particularly in areas with a high population density, such as metropolitan areas where well-developed public transport is important for mobility in society. In addition, public transport is high on the agenda for local politicians as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

Nobina's position in the market

With a 16 per cent market share (company assessment 2017–2018), 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

First quarter (1 March–31 May 2018)

The financial information presented in the report pertains to continuing operations, unless otherwise stated. The divestment of Swebus Express AB was reported pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

NET SALES

First quarter

Nobina's first quarter net sales amounted to SEK 2,361 million (2,205), up 7.1 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to an increase in revenue from existing contracts, extra traffic and currency effects. The growth rate, adjusted for currency effects, was 4.2 per cent.

RESULTS

First quarter

The operating profit for the first quarter amounted to SEK 104 million (95), up 9.5 per cent. The increase shows performance improvements in existing contracts, while profitable business outside of the contracts impacted the results positively in the quarter. Results compared with the preceding year were negatively impacted by the

discontinuation of metro replacement services in Helsinki. Profit before tax amounted to SEK 72 million (58). When reconciling the underlying EBT development it shows a 50% increase compared to the previous year.

INCOME TAX

As a result of historically deductible losses from previous years in Norway, Sweden and Denmark, Nobina is not subject to any tax payment that affects cash flow. Nobina's income tax in the income statement for the first quarter comprised current tax of SEK 0 million (0) and the change in estimated deferred tax of SEK –18 million (–17). The effective rate of tax was –25 per cent (–31).

FINANCIAL POSITION

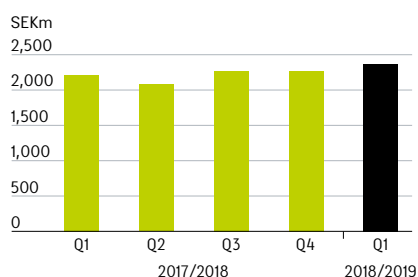
Cash and cash equivalents amounted to SEK 692 million (741) at the end of the period. In addition, Nobina had funds held on restricted bank accounts of SEK 0 million (0). Nobina has an available bank credit facility of SEK 150 million (150) as of 31 May 2018, of which SEK 0 million (0) was unutilised.

Nobina's interest-bearing liabilities amounted to SEK 4,192 million (4,512), mainly divided between financial leasing liabilities of SEK 3,911 million (4,193) and other external liabilities of SEK 281 million (319). 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 used in operations. Net debt totalled SEK 3,497 million (3,771) at the end of the nine-month period, and net debt/EBITDA was 2.9x (3.3x). Shareholders' equity amounted to SEK 1,559 million (1,454). The equity/assets ratio at the end of the period was 20.3 per cent (18.5).

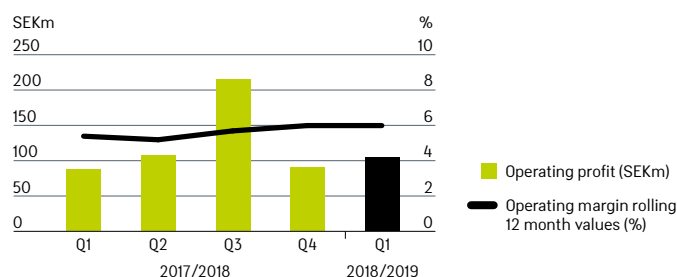
RECONCILIATION OF PROFIT DEVELOPMENT

(SEK million)	Q1 FY 18/19	Q1 FY 17/18	
Capital gain on Swebus divestment	56		
EBT as reported previous year	72	50	44%
Swebus negative impact previous year		8	
Continuing EBT as reported	72	58	24%
Last year restructuring accrual		12	
Last year Metro replacement traffic		–16	
Incentive program cost	4		
M&A costs absorbed	5		
Underlying EBT performance	81	54	50%

NET SALES



OPERATING PROFIT AND MARGIN



Investments in continuing operations (SEK million)

	Mar–May 2018	Mar–May 2017	Mar 2017 –Feb 2018
Investments in new buses	–68	–191	–655
Other investments	–4	–22	–61
Total investments	–72	–213	–716
Lease-financed investments	33	154	540
Non-lease-financed investments	–39	–59	–176
Of which loan-financed investments	–	4	4
Total cash investments	–39	–55	–172

INVESTMENTS AND DIVESTMENTS**First quarter**

Bus investments in the first quarter amounted to SEK –68 million (–191) and other investments were SEK –4 million (–22). Nobina signed financial leasing agreements of SEK 33 million (154).

During the first quarter, new loans were raised of SEK 0 million (4). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK –39 million (–55). Nobina sold buses and other PPE for a value of SEK 1 million (22). The sale generated a capital gain of SEK 1 million (0).

CASH FLOW**First quarter**

Cash flow from operations before changes in working capital amounted to SEK 275 million (229). Working capital performed negatively, amounting to SEK –96 million (–48).

Cash flow from investing activities amounted to SEK –38 million (–37) and was impacted by investments in buses and equipment of SEK –39 million (–59), which were financed by loans amounting to SEK 0 million (4).

Cash flow from financing activities was SEK –215 million (–204). Total cash flow for the quarter was SEK –74 million (–60).

SHARES IN SUBSIDIARIES AND DISCONTINUED OPERATIONS**First quarter**

During the first quarter, Nobina made a capital contribution to Nobina Norge AS of SEK –32 million. The capital contribution has not been valued in Nobina AB. The item had no impact on the Group. Moreover, Nobina AB sold its holding in Swebus Express AB, see Note 2, which entailed a capital gain of SEK 64 million in Nobina AB. The consolidated capital gain from the sale of Swebus Express AB amounted to SEK 56 million.

RESULT 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 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 effect on earnings of changes in efficiency in the operations in the form of personnel expenses, 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.

Items affecting comparability includes items of an extraordinary nature which are not related to the period or which are non-recurring.

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

Results analysis, year to date

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

(SEK million)	Net sales	EBT	Comments on the outcome
Period Mar–May 2017	2,205	58	
Price and Volume	122	24	The estimated effects of price and volume were positive in terms of net sales and EBT, and contain positive effects of extra traffic and incentive revenue.
Contract migration	–9	3	This year's contract migrations were relatively limited and are assessed as having a slight negative impact on net sales and a slight positive effect on EBT, which stemmed from operations in Sweden.
Indexation and operational efficiency (net)	43	–23	Positive indexation effects on net sales, which mainly originate from Sweden. Higher costs for bus maintenance and damage have a negative impact on EBT and mainly originate from Sweden.
Other	–	–7	This item includes costs related to acquisitions and IT costs.
Items affecting comparability	–	12	Pertains to non-recurring expenses from last year.
Net financial items	–	5	Profit for the year was affected by positive foreign-exchange effects.
Period Mar–May 2018	2,361	72	

Age structure first quarter**WEIGHTED AVERAGE CONTRACT TERM, YEARS**

8.1 (8.2)

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

6.2 (5.7)

Nobina's bus fleet had an average age of 6.2 years.

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS

4.5 (3.9)

The average contract length (weighted by the number of buses) was 4.5 years.

Segments

NET SALES BY SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Full year	Rolling 12 months
	Mar–May 2018	Mar–May 2017	Mar 2017 –Feb 2018	Jun 2017 –May 2018
Nobina Sweden	1,666	1,548	6,188	6,306
Production contracts	1,092	1,045	4,152	
Incentive contracts	490	463	1,781	
Other revenue	84	40	255	
Nobina Denmark	142	131	544	554
Production contracts	136	129	519	
Incentive contracts	–	–	7	
Other revenue	6	2	18	
Nobina Norway	269	263	1,024	1,030
Production contracts	259	254	946	
Incentive contracts	1	1	5	
Other revenue	9	8	73	
Nobina Finland	288	269	1,070	1,090
Production contracts	282	263	1,050	
Incentive contracts	5	4	18	
Other revenue	1	2	2	
Sum	2,365	2,211	8,826	
Production contracts	1,769	1,691	6,667	
Incentive contracts	496	468	1,811	
Other revenue	100	52	348	
Central functions & other items	5	1	6	10
Elimination of sales within the Group	–9	–7	–30	–32
Total net sales	2,361	2,205	8,802	8,958

RESULTS

(SEK million)	Quarter		Full year	Rolling 12 months
	Mar–May 2018	Mar–May 2017	Mar 2017 –Feb 2018	Jun 2017 –May 2018
Operating profit by segment				
Nobina Sweden	115	88	466	493
Nobina Denmark	–2	0	16	14
Nobina Norway	–8	–11	1	4
Nobina Finland	10	27	91	74
Central functions & other items	–11	–9	–48	–50
Total operating profit	104	95	526	535
Net financial items	–32	–37	–135	–130
Profit before tax	72	58	391	405
Income tax	–18	–17	–85	–97
Profit for the period	54	41	306	308
Profit/loss for the period from discontinued operations	56	–6	–28	56
Profit for the period	110	35	278	364

Nobina's first quarter reported healthy growth compared with the prior year period in terms of net sales and higher operating profit. The increase shows performance improvements in existing contracts, while profitable business outside of the contracts impacted the results positively in the quarter. Results compared with the preceding year were negatively impacted by the discontinuation of bus-for-rail services in Helsinki.

SWEDEN

Nobina Sweden's net sales for the first quarter of the year increased compared with the prior year period. Higher volumes in existing contracts and indexation of revenue had a positive effect on net sales. Operating profit was higher in the quarter and positively impacted by high efficiency in several traffic areas and profitable extra traffic.

DENMARK

Nobina Denmark's net sales for the first quarter were higher than the prior year period. Higher volumes in existing contract portfolios had a positive impact on net sales. Operating profit turned slightly negative compared to the prior year period and was negatively impacted by slightly lower efficiency in the operating activities.

NORWAY

Nobina Norway's net sales for the first quarter were higher than the prior year period and positively affected by increases in existing contracts. Operating profit for the first quarter was less negative and positively impacted by improved efficiency in several traffic areas.

FINLAND

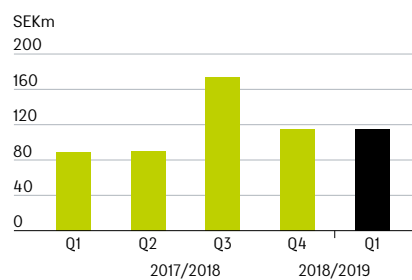
Nobina Finland's net sales for the first quarter were higher than the prior year period due to currency effects. Operating profit for the quarter was significantly lower, which was primarily linked to the negative earnings effect of the extra traffic for the extension of the Helsinki metro being discontinued in December 2017. The earnings effect of this metro replacement traffic amounted to SEK 16 million in the quarter.

CENTRAL FUNCTIONS AND OTHER ITEMS

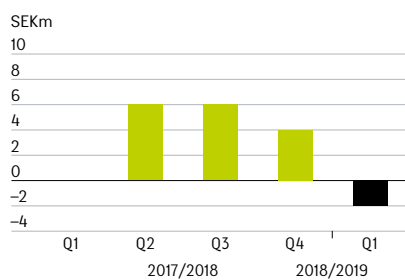
Central functions and other items were adversely affected in the first quarter by expenses associated with acquisitions and IT costs.

EBIT PER SEGMENT

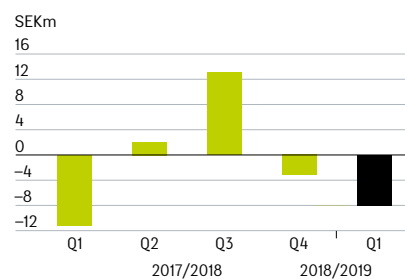
Sweden



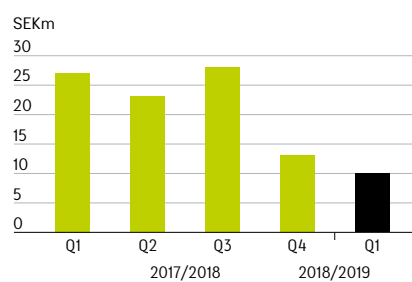
Denmark



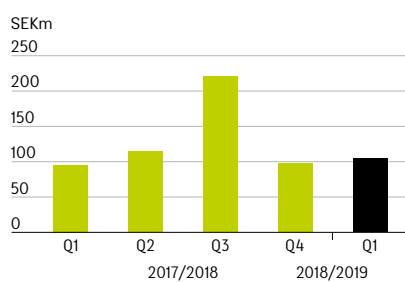
Norway



Finland

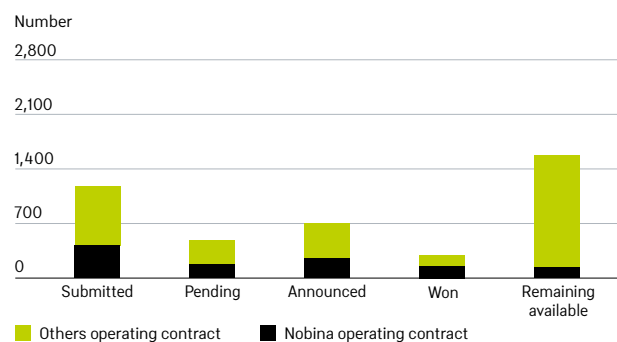


Nobina



Tender and contract changes

TENDER VOLUME, YEAR TO DATE



Definitions:

Submitted – Number of buses in tenders submitted by Nobina

Pending – Submitted less announced

Announced – Submitted tenders, results are announced

Won – Nobina's wins out of announced tenders

Remaining available – Remaining buses available in tenders this year

CONTRACT CHANGES, YEAR TO DATE

The table shows the change of the number of buses in service as a result of started and completed contracts. Nobina did not start any contracts during the period and no contracts expired.

March 2018–May 2018	Traffic changes during the period (Number of buses)	
	Started	Expired
Sweden	0	0
Norway	0	0
Finland	0	0
Denmark	0	0
Total	0	0

TENDER RESULTS, YEAR TO DATE

The table shows the results of the tendering processes in which Nobina has participated. Nobina submitted tenders that have been announced for 702 buses and won tenders for 283 buses.

March 2018–May 2018	Tenders during the period (Number of buses)	
	Completed	Won
Sweden	216	139
Norway	434	127
Finland	52	17
Denmark	0	0
Total	702	283

TRAFFIC STARTS AND TERMINATIONS DURING THE COMING 12 MONTHS, JUNE 2018–MAY 2019

During the coming 12-month period, Nobina will start traffic involving 222 buses. Of these, 215 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 98 buses.

TRAFFIC START-UPS

Clients	No. of years	Start of service	Number of buses	New buses
Skånetrafiken	3	August 2018	2	0
HSL, Finland	7	August 2018	28	23
Västtrafik	10	December 2018	13	13
Skånetrafiken	2.5	December 2018	12	12
Värmlandstrafik	8	December 2018	7	7
HSL, Finland	2	January 2019	17	17
Movia, Denmark	6	April 2019	16	16
Ruter, Norway	8	July 2019	127	127
Total traffic			222	215

EXPIRED TRAFFIC

Clients	End of service	Number of buses
HSL, Finland	August 2018	11
Skyss, Norway	August 2018	72
HSL, Finland	December 2018	15
Total traffic		98

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 31 May 2018, 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 17,786. Nobina has no treasury shares.

KEY METRICS

Nobina	Quarter		Full year
	Mar–May 2018	Mar–May 2017	March 2017–May 2018
Earnings per share (SEK), attributable to continuing operations	0.63	0.46	3.46
Earnings per share (SEK), attributable to discontinued operations	0.62	–0.07	–0.31
Earnings per share (SEK), attributable to Parent Company shareholders	1.25	0.39	3.15
Equity per share (SEK)	17.6	16.5	16.2
Number of shares outstanding at end of period	88,355,682	88,355,682	88,355,682
Average number of shares (thousands)	88,356	88,356	88,356

Nobina's financial targets

	Target	2018/2017 ³⁾	2017/2018 ⁷⁾ Adjusted	2017/2018 ⁶⁾ Continuing	Rolling 12 months ⁶⁾	Definition
Net sales	Increasing more than the market	9,094	9,094	8,802	8,958	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%	3.9%	4.3%	4.4%	4.5%	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	3.1x	3.1x	3.1x	3.0x	Under 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	76% ⁴⁾	76%	76%	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. Debts 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.

5) According to the published Annual Report.

6) The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

7) Based on EBT adjusted for items affecting comparability

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 25–26).

KEY METRICS FOR CONTINUING OPERATIONS

SEK million, except as otherwise indicated	2017/2018				2018/2019
	Q1	Q2	Q3	Q4	Q1
Net sales for the period	2,205	2,076	2,261	2,260	2,361
Operating profit for the period	95	114	220	97	104
Earnings before tax (EBT) for the period	58	82	185	66	72
Profit for the period	41	65	146	54	54
Cash flow for the period	–60	–309	118	190	–74
Cash and cash equivalents	741	427	563	720	692
Equity/assets ratio, %	18.5	16.4	18.4	18.4	20.3
EBITDA	251	297	384	266	278
EBITDA margin, %	11.4	14.3	16.9	11.8	11.8
EBITDAR	261	306	391	273	282
EBITDAR margin, %	11.8	14.7	17.3	12.0	11.9
Shareholders' equity	1,454	1,229	1,381	1,436	1,559
Shareholders' equity/ordinary share, SEK	16.5	13.9	15.6	16.2	17.6
Number of buses (on balance-sheet date)	3,639	3,670	3,607	3,625	3,575
Estimated FTEs	9,250	9,410	8,668	9,468	9,935
Production hours	2,883	2,682	2,931	2,856	2,966
Production kilometres	75,182	69,694	75,497	72,915	75,381

Other information

PERSONNEL

Nobina had 9,935 (9,250) employees (FTEs) in its continuing operations. 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 ten (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 10 million (11) during the first quarter. The pre-tax loss for the first quarter amounted to SEK 22 million (21). The Parent Company's first-quarter profit was impacted by the impairment of capital contributions to Nobina Norway of SEK 32 million and a capital gain of 64 million from the sale of the shareholding of Swebus Express AB, refer to Note 2. Cash and cash equivalents as well as restricted bank accounts amounted to SEK 667 million (734) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 31 May 2018, the Parent Company's shareholders' equity was SEK 2,698 million (2,868). The equity/assets ratio was 61 per cent (63).

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 where 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 breakdown of sales and earnings by quarter is shown in the key ratio table on page 11.

RISK 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 com-

ensation 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 limited through careful risk evaluation in the tender process. Most contracts now have an index which matches the type of fuel.

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, refer the corresponding section in Nobina AB's Annual Report 2017/2018.

DISPUTES

Nobina has an ongoing dispute against Länstrafiken Örebro for faulty gas quality. In addition, Nobina has appealed HSL's award decision and the use of limitation criteria when allocating a contract.

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 31 May 2018.

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 11).

DIVIDEND FOR THE 2017/2018 FISCAL YEAR

The Annual General Meeting on 31 May 2018, resolved unanimously in favour of the Board's proposal for a dividend for 2017/2018 of SEK 3.35 per share (SEK 3.10 per share), which is in line with the dividend policy. The proposed dividend corresponds to a dividend yield of 6.1 per cent (5.6) based on the share price on the balance-sheet date of 28 February 2018.

ANNUAL GENERAL MEETING

Nobina held its Annual General Meeting at the World Trade Center in Stockholm on Thursday, 31 May 2018. At the Annual General Meeting, the Consolidated and Parent Company income statements and balance sheets for the 2017/2018 fiscal year were approved. The Meeting resolved on a profit distribution for the 2017/2018 fiscal year of SEK 3.35 per share in accordance with the Board's proposal. The Board of Directors and CEO were discharged from responsibility for the preceding fiscal year. The Chairman of the Nomination Committee reported on its work and presented proposals for the Board's composition and the Meeting resolved in favour of the Nomination Committee's proposal. Jan Sjöqvist, John Allkins, Graham Oldroyd, Monica Lingegård and Liselott Kilaas were re-elected as Board members. Bertil Persson was elected as a new director. Jan Sjöqvist was re-elected as Chairman of the Board. Auditing firm PricewaterhouseCoopers AB was re-elected as the company's auditor. The principles for appointing a Nomination Committee and guidelines on remuneration to senior executives were decided in accordance with the submitted proposal.

The Annual General Meeting also resolved, in accordance with the Board's motion, to introduce a performance-based, Share Saving Scheme aimed at increasing the company's ability to retain and recruit key employees. For more information regarding the Share Saving Scheme, see the Board's proposal on the company's website, www.nobina.com. It was also resolved, in accordance with the motion presented, to authorise the Board, on one or more occasions during the period until the next Annual General Meeting in 2018, to resolve on the new issue of shares to enable the generation of capital for company acquisitions. The 2017/2018 Annual Report has been available on www.nobina.com since 9 May 2018.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- Extension of two contracts with Ruter in Oslo and investment in electric buses. The extensions run from 2019 through 2022 and 2023 respectively and comprise a total of 92 scheduled buses, of which 20 are new electric articulated buses. The total value of the extensions is estimated at approximately NOK 800 million.
- New traffic contract with Ruter in Romerike in the north of Oslo, comprising 141 buses, of which 22 are electric buses, with a contract value of around NOK 2.7 billion. The contract starts in July 2019 and extends over eight years with a three-year extension option.
- Entrusted once again by Sörmlandstrafiken to operate bus services in Sörmland, comprising 145 buses, with a contract value of around SEK 2.6 billion. The contract starts in August 2019 and extends over ten years.
- The wholly owned express bus company, Swebus Express AB, was sold to the travel company, FlixBus Sverige AB, for EUR 10.2 million. The divestment encompasses Swebus's commercial operations, brand and most of the vehicle fleet.
- The 2017/2018 AGM approved the Board's proposed dividend of SEK 3.35 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Bertil Persson was elected as a new board director.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services commencing 2019.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition, which is conditional on the approval of the Swedish Competition Authority, is expected to be concluded in the third quarter of 2018.

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 policies and calculation methods as in the 2017/2018 Annual report, with the additions of the introduction of IFRS 9 and IFRS 15. Nobina began applying IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from the 2018/2019 fiscal year, meaning from 1 March 2018. All of the Nobina Group's comparative periods have been restated.

The introduction of IFRS 9 entails changed principles for reserves and impairment of credit losses. The effects of IFRS 9 did not have any material impact on the Nobina Group's income statement or balance sheet. Opening balances have not been adjusted.

The purpose of IFRS 15 *Revenue from Contracts with Customers* is to replace all current regulations with new regulations for revenue recognition. The Nobina Group's current contract forms and revenue streams are: 1) *Traffic contracts* for tendered traffic preceded by a tendered traffic contract that has been signed by both parties and that states the rights and obligations of the buyer and the seller, the delivery terms, bonus conditions, penalties and payment terms. 2) *Coach hire and other services* are currently covered by an accepted tender or invoiced amounts in conjunction with performance of the services by the Nobina Group. The introduction of IFRS 15 did not entail any material impact on consolidated financial statements. No adjustments took place on the transition date. However, the transition did result in a reclassification between recognised revenue and other expenses (fine), refer to Note 3. The opening balance for 2018/2019 was not adjusted. IFRS 15 will entail expanded disclosure requirements. The former Swebus segment is classified as discontinued operation in accordance with IFRS 5 and is therefore adjusted in the current and comparative period to be reported aggregated on "profit from discontinued operation" in the consolidated income statement.

The new lease standard, IFRS 16, as adopted by the EU will replace the current IAS 17 on 1 January 2019. The new IFRS 16 standard removes the classification of leases between operating and finance lease undertakings, as required in IAS 17. Pursuant to the new model, all leases entail that the lessee is granted control over an asset when the lease commences. When IFRS 16 is implemented, the lessee is to recognise assets and liabilities for all leases with contractual terms exceeding 12 months and when the underlying asset is of considerable value. Depreciation of leased assets and interest expenses are recognised in profit or loss. The impact of IFRS 16 is estimated to affect the Nobina Group's total assets by slightly more than SEK 1,000 million compared with the Group's current total assets. The Nobina Group's equity/assets ratio is expected to be negatively impacted by approximately 3 percentage points. Net debt/EBITDA is preliminarily expected to be affected from the current 3.1 to 3.3. The Nobina Group intends to implement IFRS 16 for the fiscal year beginning in March 2019 (2019/2020), with retroactive application of the 2018/2019 fiscal year, subject to adjustments of all periods presented. 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 1–26, and the interim period information on pages 1–13 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, 29 June 2018

Magnus Rosén
President and CEO

The content in this interim report has not been subject to review by the company's auditor.

Financial calendar

Interim report 1 June–31 August 2018	27 September 2018
Capital Markets Day	9 October 2018
Interim report 1 September–30 November 2018	20 December 2018
Year-end Report 2018/2019	5 April 2019
Annual General Meeting 2018/2019	29 May 2019

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CET on Friday, 29 June 2018.

The presentation will be available on the website in connection with the telephone conference. Telephone numbers and web link for participants are available on www.nobina.com.

Contact persons

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Nobina AB

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www.nobina.com
Reg. no. 556576-4569

Condensed consolidated income statement

SEK million	Quarter		Full year
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018
Continuing operations			
Net sales, Note 3	2,361	2,205	8,802
Operating expenses			
Fuel, tyres and other consumables	–433	–411	–1,604
Other external expenses	–335	–299	–1,168
Personnel costs	–1,315	–1,244	–4,832
Capital gains/losses from the disposal of non-current assets	1	–	–7
Depreciation/amortisation of intangible and tangible non-current assets	–175	–156	–665
Operating profit, Note 3	104	95	526
Profit from net financial items			
Financial income	–	–	–
Financial expenses, Note 1	–32	–37	–135
Net financial items	–32	–37	–135
Profit before tax	72	58	391
Income tax	–18	–17	–85
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	54	41	306
Discontinued operations			
Profit/loss for the period from discontinued operations, Note 2	56	–6	–28
Profit for the period	110	35	278
Profit for the period attributable to Parent Company shareholders	110	35	278
Earnings per share before and after dilution (SEK), attributable to continuing operations	0.63	0.46	3.46
Earnings per share after dilution (SEK), attributable to discontinued operations	0.62	–0.07	–0.31
Earnings per share before and after dilution (SEK), attributable to Parent Company shareholders	1.25	0.39	3.15
Average number of shares before and after dilution (000s)	88,356	88,356	88,356
Number of shares outstanding at end of the period (000s)	88,356	88,356	88,356

Statement of consolidated comprehensive income

SEK million	Quarter		Full year
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018
Profit for the period	110	35	278
Other comprehensive income	110	35	278
Items not to be reclassified to profit or loss for the period			
Revaluation of defined-benefit pension plan	0	0	0
Tax on items that will not be reclassified to profit or loss for the period	0	0	0
Items that can later be reclassified to profit or loss for the period			
Exchange-rate differences in foreign operations	13	–2	11
Other comprehensive income for the period, net after tax	13	–2	11
Comprehensive income for the period	123	33	289
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	123	33	289

Condensed consolidated balance sheet

SEK million	31 May 2018	31 May 2017	Full-year 28 Feb 2018
ASSETS			
Non-current assets			
Goodwill	581	580	581
Other intangible assets	9	5	6
Costs for leasehold improvements	31	35	32
Equipment, tools, fixtures and fittings	85	90	93
Vehicles	5,001	5,162	5,093
Deferred tax assets	238	297	253
Assets for pension commitments	18	19	18
Other non-current receivables	4	4	5
Total non-current assets	5,967	6,192	6,081
Current assets			
Inventories	47	45	44
Trade receivables	597	495	549
Other current receivables	51	42	48
Deferred expenses and accrued income	311	356	365
Restricted bank accounts	0	0	0
Cash and cash equivalents	692	741	720
Total current assets	1,698	1,679	1,726
TOTAL ASSETS	7,665	7,871	7,807
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,559	1,454	1,436
Non-current liabilities			
Borrowing, Note 1	3,427	3,762	3,582
Deferred tax liabilities	145	130	143
Provisions for pensions and similar commitments	39	45	41
Other provisions	41	36	40
Total non-current liabilities	3,652	3,973	3,806
Current liabilities			
Accounts payable	502	451	543
Borrowing, Note 1	726	705	726
Other current liabilities	163	208	192
Accrued expenses and deferred income	1,063	1,080	1,104
Total current liabilities	2,454	2,444	2,565
Total liabilities	6,106	6,417	6,371
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,665	7,871	7,807

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 2017	318	3,212	28	-2,137	1,421
Profit for the period	-	-	-	35	35
Other comprehensive income	-	-	-2	-	-2
Closing equity, 31 May 2017	318	3,212	26	-2,102	1,454
Opening equity, 1 March 2018	318	3,212	39	-2,133	1,436
Profit for the period	-	-	-	110	110
Other comprehensive income	-	-	13	-	13
Closing equity, 31 May 2018	318	3,212	52	-2,023	1,559

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Full year
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018
Cash flow from operating activities			
Profit after financial items	62	50	355
(of which, attributable to continuing operations)	72	58	391
(of which, attributable to discontinued operations)	–10	–8	–36
Adjustments for non-cash items	203	172	764
Cash flow from operations before changes in working capital	265	222	1,119
(of which, attributable to continuing operations)	275	229	1,155
(of which, attributable to discontinued operations)	–10	–7	–36
Cash flow from changes in working capital			
Change in inventories	–3	3	4
Changes in operating receivables	3	6	–53
Changes in operating liabilities	–96	–54	57
Total change in working capital	–96	–45	8
(of which, attributable to continuing operations)	–96	–48	5
(of which, attributable to discontinued operations)	–	3	3
Received interest income	–	–	–1
Tax paid	–	–	–6
Cash flow from operating activities	169	177	1,120
(of which, attributable to continuing operations)	179	181	1,153
(of which, attributable to discontinued operations)	–10	–4	–33
Cash flow from investing activities			
Changes in restricted bank accounts	–	–	–
Investments in PPE and intangible assets, excl. financial leases	–39	–59	–176
Divestment of PPE and intangible assets	1	22	62
Divestment of subsidiary, Note 2	49	–	–
Cash flow from investing activities	11	–37	–114
(of which, attributable to continuing operations)	–38	–37	–114
(of which, attributable to discontinued operations), Note 2	49	–	–
Cash flow from financing activities			
Amortisation of financial liability	–170	–163	–653
Amortisation of other external loans	–12	–11	–44
New borrowing, other external loans	–	4	4
Interest paid	–33	–34	–133
Dividend	–	–	–274
Cash flow from financing activities	–215	–204	–1,100
(of which, attributable to continuing operations)	–215	–204	–1,100
(of which, attributable to discontinued operations)	–	–	–
Cash flow for the period	–35	–64	–94
(of which, attributable to continuing operations)	–74	–60	–61
(of which, attributable to discontinued operations)	39	–4	–33
Cash and cash equivalents at the beginning of the period	720	804	804
Cash flow for the period	–35	–64	–94
Exchange-rate difference	7	1	10
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	692	741	720

Consolidated income statement – Parent Company

SEK million	Quarter		Full year
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018
Net sales	10	11	46
Operating expenses			
Other external expenses	-11	-5	-22
Personnel costs	-11	-10	-37
Depreciation/amortisation of intangible and tangible non-current assets	-	-	-
Operating loss	-12	-4	-13
Profit from participations in Group companies, Note 2	32	-16	98
Financial income	4	2	5
Financial expenses	-2	-3	-4
Net financial items	34	-17	99
Profit before tax	22	-21	86
Income tax	-	-	-25
PROFIT/LOSS FOR THE PERIOD	22	-21	61

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

Condensed balance sheet – Parent Company

SEK million	31 May 2018	31 May 2017	Full-year 28 Feb 2018
ASSETS			
Non-current assets			
Participations in Group companies	3,654	3,685	3,678
Deferred tax assets	–	25	–
Receivables from Group companies	–	–	–
Total non-current assets	3,654	3,710	3,678
Current assets			
Receivables from Group companies	111	74	445
Other current receivables	1	1	1
Deferred expenses and accrued income	1	1	7
Cash and cash equivalents	667	734	686
Total current assets	780	810	1,139
TOTAL ASSETS	4,434	4,520	4,817
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,698	2,868	2,676
Non-current liabilities			
Provisions for pensions and similar commitments	7	10	8
Total non-current liabilities	7	10	8
Current liabilities			
Accounts payable	7	2	2
Liabilities to Group companies	1,695	1,626	2,113
Other current liabilities	–	7	3
Accrued expenses and deferred income	27	7	15
Total current liabilities	1,729	1,642	2,133
Total liabilities	1,736	1,652	2,141
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,434	4,520	4,817

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 2017	318	1	1,336	1,043	191	2,889
Transfer of the preceding year's profit/loss	–	–	–	191	–191	–
Profit for the period	–	–	–	–	–21	–21
Closing equity, 31 May 2017	318	1	1,336	1,234	–21	2,868
Opening equity, 1 March 2018	318	1	1,336	960	61	2,676
Transfer of the preceding year's profit/loss	–	–	–	61	–61	–
Profit for the period	–	–	–	–	22	22
Closing equity, 31 May 2018	318	1	1,336	1,021	22	2,698

Notes

NOTE 1 FINANCING

SEK million, except as otherwise indicated	Quarter		Full year
	Mar–May 2018	Mar–May 2017	Mar 2017–Feb 2018
Operating leases – buses			
Nominal value of future minimum leasing fees, buses	125	167	148
Present value of future minimum leasing fees, buses	120	160	142
Number of operational leases, buses	220	436	262
Fees for operating leases for the period	4	10	33
Borrowing			
Other loans for bus financing	242	274	248
Finance lease liability for bus financing	3,911	4,193	4,060
Total	4,153	4,467	4,308
Of which short-term repayment by installment of portion of the Group's borrowings	726	705	726
Of which long-term portion of the Group's borrowing	3,427	3,762	3,582
Total liabilities	4,153	4,467	4,308
Interest expenses and similar loss items			
Interest expense, finance leases	–29	–31	–118
Interest expense, other loans	–2	–2	–9
Other financial expenses	–2	–1	–5
Realised and unrealised exchange gains/losses, net	1	–3	–3
Total	–32	–37	–135

NOTE 2 DISCONTINUED OPERATIONS

SEK million, except as otherwise indicated	Quarter					Full year
	Mar–May 2018	Mar–May 2017	Jun–Aug 2017	Sep–Nov 2017	Dec 2017–Feb 2018	Mar 2017–Feb 2018
Net sales	36	58	79	51	49	237
Fuel, tyres and other consumables	–8	–12	–11	–12	–12	–47
Other external expenses	–25	–31	–43	–32	–33	–139
Personnel costs	–13	–23	–33	–14	–17	–87
Depreciation/amortisation of PPE and intangible assets	–	–	–	–	–	–
Operating loss	–10	–8	–8	–7	–13	–36
Income tax	–	2	2	2	2	8
Loss for the period	–10	–6	–6	–5	–11	–28

Net gain/loss in Nobina AB

SEK million, except as otherwise indicated	Carrying amount
Purchase price	106
Shares in discontinued operations	–23
Selling expenses	–19
Net gain in Nobina AB	64

Note 2 cont.

Sold assets and liabilities in discontinued operations

SEK million, except as otherwise indicated	Carrying amount
Goodwill	-4
Vehicles	-30
Other receivables	-13
Cash and cash equivalents	-37
Total	-84
Borrowing	34
Other liabilities and accrued expenses, deferred income	17
Accrued expenses and deferred income	25
Total	76
Net total in discontinued operations	-8
Net gain in Nobina AB	64
Net gain in the Nobina Group	56

Impact on consolidated cash flow

SEK million, except as otherwise indicated	Carrying amount
Purchase price	106
Sale of leased vehicles	-14
Selling expenses	-19
Cash and cash and cash equivalents in the divested company	-37
Total net effect on consolidated cash flow	36
Selling expenses not paid	13
Total effect on cash flow for the period	49

NOTE 3 RECLASSIFICATION UPON TRANSITION TO IFRS 15, FOR CONTINUING OPERATIONS, COMPREHENSIVE INCOME

	Mar– May 2017	IFRS 15 adjustment	Restated in acc. with IFRS 15	Mar 2017– Feb 2018	IFRS 15 adjustment	Restated in acc. with IFRS 15
Continuing operations, refer to Note 2, Discontinued operations						
Net sales	2,218	-13	2,205	8,857	-55	8,802
Fuel, tyres and other consumables	-411	-	-411	-1,604	-	-1,604
External expenses	-312	13	-299	-1,223	55	-1,168
Personnel costs	-1,244	-	-1,244	-4,832	-	-4,832
Capital gains/losses from the disposal of non-current assets	-	-	-	-7	-	-7
Depreciation/amortisation of PPE and intangible assets	-156	-	-156	-665	-	-665
Operating loss	95	-	95	526	-	526
Operating profit from net financial items						
Financial income	-	-	-	-	-	-
Financial expenses	-37	-	-37	-135	-	-135
Net financial items	-37	-	-37	-135	-	-135
Profit before tax	58	-	58	391	-	391
Income tax	-17	-	-17	-85	-	-85
Profit for the period	41	-	41	306	-	306

NOTE 4 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	31 May 2018	31 May 2017	31 May 2018	31 May 2017
Pledged assets				
Chattel mortgages	-	-	-	-
Other pledged assets	-	-	-	-
Other pledged assets	150	150	354	225
Contingent liabilities				
Guarantee of lease obligations and other obligations	21	-	4,033	4,467
Total pledged assets and contingent liabilities	171	150	4,387	4,692

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.

Items affecting comparability – includes items of an extraordinary nature which are not related to the period or which are non-recurring.

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 for continuing operations

KEY RATIOS	2017/2018				2018/2019	Rolling 12 months	Full year
	Q1	Q2	Q3	Q4	Q1	Jun 2017 –May 2018	Mar 2017 –Feb 2018
SEK million, except as otherwise indicated							
Net sales	2,205	2,076	2,260	2,261	2,361	8,958	8,802
Operating profit	95	114	220	97	104	535	526
Earnings before tax (EBT)	58	82	185	66	72	405	391
Cash flow for the period	-60	-309	118	190	-74	-75	-61
EBITDA and EBITDAR:							
Operating profit	95	114	220	97	104	535	526
Capital gains/losses from the disposal of non-current assets	-	10	1	-4	-1	6	7
Depreciation/amortisation of PPE and intangible assets	156	173	163	173	175	684	665
Total EBITDA	251	297	384	266	278	1,225	1,198
Fees for operating leases for the period	10	9	7	7	4	27	33
Total EBITDAR	261	306	391	273	282	1,252	1,231
Interest-bearing liabilities:							
Non-current borrowing	3,762	3,776	3,622	3,582	3,427	3,600	3,582
Pension liability	45	43	43	41	39	41	41
Current borrowing	705	705	705	726	726	715	726
Total interest-bearing liabilities	4,512	4,524	4,370	4,349	4,192	4,356	4,349
Cash	-741	-427	-563	-720	-695	-620	-720
Restricted bank accounts	-	-	-	-	-	-	-
Total net debt	3,771	4,097	3,807	3,629	3,497	3,736	3,629
EBITDA Q1	251	251	251	251	278		
EBITDA Q2	308	297	297	297	297		
EBITDA Q3	332	332	384	384	384		
EBITDA Q4	223	223	223	266	266		
Total EBITDA full year	1,114	1,103	1,155	1,198	1,225	1,225	1,198
Net debt/EBITDA	3.38	3.71	3.29	3.02	2.86	3.05	3.02

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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