

STRONG START TO THE YEAR

First quarter

- Net sales amounted to SEK 2,749 million (2,351), an increase of 16.9 per cent.
- Operating profit amounted to SEK 152 million (114).
- Profit before tax amounted to SEK 97 million (70).
- Profit after tax amounted to SEK 76 million (52), and earnings per share totalled SEK 0.87 (0.63) before dilution.
- Cash flow from operations excluding changes in working capital was SEK 434 million (377).

Significant events during the first quarter

- On 12 March, Nobina's first green bond was listed in the market for sustainable bonds on Nasdaq Stockholm and thereby became available for trade on the same day.
- In March, Nobina was awarded two new contracts for Västtrafik in Sjuhärad, Sweden with a total contract value of SEK 1.4 billion over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.
- Nobina was awarded two new contracts by HSL for city transport in Helsinki, Finland which together comprise 34 scheduled buses with a total contract value of approximately EUR 50 million. By securing the contracts, Nobina will now operate five electric buses in Helsinki.

- Nobina secured two contracts, whereof one new, for city and regional transport throughout Halland, Sweden to develop public transport together with Hallandstrafiken. The agreements will involve 127 scheduled buses and have a contract value of approximately SEK 3 billion. The services will be launched on 15 June 2020 and the contracts will run for ten years without an optional extension period.
- Nobina was awarded a contract by Piteå Municipality to operate and develop city transport in Piteå, Sweden. The contract, which will launch in July 2020, involves 12 scheduled buses and extends over ten years and has a total value of SEK 250 million.
- The 2018/2019 AGM approved the Board's proposed dividend of SEK 3.80 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Johan Bygge was elected new director and Deputy Chairman.
- Nobina appointed Pernilla Walfridsson as new CFO of Nobina AB and member of Group management. Pernilla will succeed Per Skärgård, who will retire on 31 October 2019 following 15 years as CFO of Nobina.

Significant events after the end of the quarter

- No significant events occurred after the end of the quarter.

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 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), 2)}

	Quarter		Full year	Rolling 12 months
	Mar–May 2019	Mar–May 2018	Mar 2018 –Feb 2019	Jun 2018 –May 2019
(SEK million, except as otherwise indicated)				
Net sales	2,749	2,351	9,734	10,132
EBITDA	431	348	1,596	1,679
EBITA	168	115	620	682
EBIT	152	114	575	623
EBT	97	70	389	426
EBT, adjusted ³⁾	113	71	434	485
Cash flow for the period	-70	-74	288	292
		31 May 2019	31 May 2018	28 Feb 2019
Net debt/EBITDA		2.7	2.8	3.0
Equity/assets ratio, %		16.1	18.1	14.7

A complete table of key metrics can be found on page 25.

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.

2) Information on and definitions of key metrics can be found on pages 24–25.

3) Adjusted for costs and amortisations related to acquisitions.

Statement from the CEO

We have had a strong start to the new fiscal year. Higher sales supported by organic growth, underlying earnings improvements in the contract portfolio and contributions from previous acquisitions yielded an adjusted profit before tax of SEK 113 million (71) for the first quarter. In Sweden, performance was particularly strong in Skåne and the Stockholm region. In Denmark, the acquisition of De Blaa Omnibusser and Örslev Holding contributed to sales growth and stronger earnings, and in Finland we further improved underlying profitability through continuing efficiency enhancements. However, in Norway earnings slowed partly due to the start-up of new contracts.

After the recent year's strong earnings trend, which continues into this year, we will see somewhat more challenging comparables in the second half of the year due to extensive contract migration. However, the effects of contract migration will be less due to the underlying strengthening of the quality of the contract portfolio, since certain poorer performing contracts like Tromsø expire. Profitability in new contracts is always at its lowest early in the contract period, and then gradually improves to be the highest at the end.

As we place stringent demands on which contracts we want to win, it is at the same time positive for long-term profitability that we can continue to grow. The first quarter was successful in a business context. We have defended and expanded our responsibility for operating and developing public transport throughout Halland as well as in Bollebygd and Kinna in Västra Götaland, through contracts with a total value of SEK 4.6 billion. We have also extended collaboration with HSL in the Helsinki region and won a contract to develop city transport in Piteå. Taken together, the contracts secured during the quarter mean we have increased our market shares and long-term growth. Tender volumes are also extensive during the rest of the year, particularly in Sweden and Norway. As few of our own contracts are expiring, we have the right conditions to add further shares in a market that is attractive in the long term.

We are also expanding within existing contracts, where greater responsibility for transport solutions is providing new business opportunities. This includes, for example, solutions for Mobility as a Service (MaaS), meaning digital services that simplify travel from door-to-door. MaaS is one important element in developing complete solutions for public transport, where we collaborate with clients and other stakeholders to develop entire cities and districts in a sustainable manner. Our commitment in Barkarbystaden is one excellent example of this and has become an international role model. Our autonomous buses in regular service were lauded in April at Tech.AD Award in Berlin, the leading European event for

autonomous technology. At the world's largest public transport event, Global Public Transportation Summit, which was held in Stockholm in June, our bus solutions in Barkarbystaden were of course included in discussions.

Complete solutions for increased comfort in urban areas, fossil-free fuel, new technology that eliminates harmful emissions and a great commitment for integration and gender equality, form part of our responsibility to deliver sustainable solutions to society and in meeting major challenges. You can read more about how we work with this, and how this is driving our profitability and growth, in our annual report and corporate presentation, which is available on our website. In cooperation with Telia, we have developed an IoT solution for smarter heating of our buses. It was launched in June and contributes to extensive energy savings and a more comfortable climate in the buses. The proceeds from the green bond of SEK 500 million we issued in February are now completely reserved for purchasing new electric-powered buses and buses that operate on fossil-free fuel. We, as the largest electric bus operator in the Nordics, currently have orders for more than 100 electric buses, which means our electric bus fleet will triple within one year.

In summary, I can look back on a strong start to the new fiscal year. Our sales and earnings are increasing, we are winning new contracts and our business is growing within existing contracts, and the integration of previous acquisitions is progressing as planned. The earnings impact from imminent major start-ups and terminations should be viewed on the basis of Nobina's long-term strong underlying earnings capacity and growing business volume.

Magnus Rosén,
President and CEO



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"AS FEW OF OUR OWN CONTRACTS ARE EXPIRING, WE HAVE THE RIGHT CONDITIONS TO ADD FURTHER SHARES IN A MARKET THAT IS ATTRACTIVE IN THE LONG TERM"

Nobina's financial performance

First quarter (1 March 2019–31 May 2019)

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 comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

NET SALES

Nobina's first quarter net sales amounted to SEK 2,749 million (2,351), up 16.9 per cent compared with the corresponding period of the preceding year. The increase was primarily attributable to the acquired companies Samtrans, DBO and Örslev who contributed with SEK 265 million, although index revenue, an increase in revenue from existing contracts and currency effects also had a positive impact. Growth, adjusted for currency effects, was 16.2 per cent.

RESULTS

Operating profit (EBIT) for the first quarter amounted to SEK 152 million (114), an increase of 33.3 per cent. EBITA for the first quarter amounted to SEK 168 million, an increase of 46.1 per cent. The increase shows performance improvements in existing contracts driven by a maturing contract portfolio at the same time as the acquired companies made a positive contribution to EBIT of SEK 15 million for the quarter. Profit before tax amounted to SEK 97 million (70). Adjusted profit before tax amounted to SEK 113 million (71).

INCOME TAX

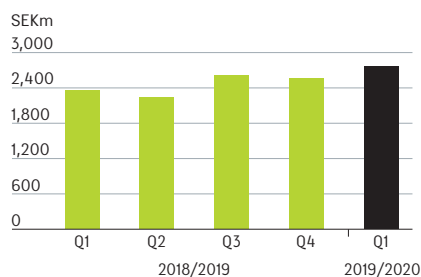
Nobina's income tax in the income statement for the first quarter comprised current tax of SEK -1 million (0) and the change in estimated deferred tax of SEK -21 million (-18). The effective rate of tax was -22 per cent (-25).

FINANCIAL POSITION

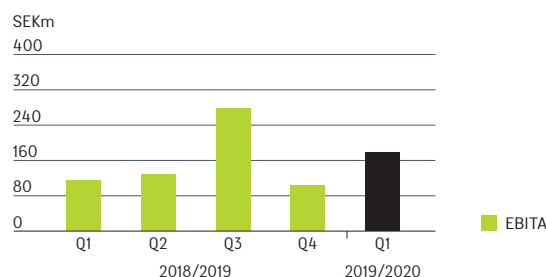
Cash and cash equivalents amounted to SEK 992 million (692) at the end of the period. Nobina has an available bank credit facility of SEK 300 million (150) as of 31 May 2019 which was unutilised this as well as last year.

Nobina's interest-bearing liabilities amounted to SEK 5,509 million (5,112), mainly divided between operating and financial lease liabilities of SEK 3,108 million (4,831) and other external liabilities of SEK 2,401 million (281). Leasing liabilities are recognised as financial leasing and are thus visible in the balance sheet. Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations, but also include certain strategic debt in the form of a bridge loan related to acquisition financing amounting to SEK 293 million, see Note 2. Net debt totalled SEK 4,517 million (4,420) at the end of the period, and net debt/EBITDA was 2.7x (2.8x). Shareholders' equity amounted to SEK 1,539 million (1,559). The equity/assets ratio at the end of the period was 16.1 per cent (18.1).

NET SALES



EBITA



INVESTMENTS AND DIVESTMENTS

Bus investments in the first quarter amounted to SEK -651 million (-68) and other investments were SEK -9 million (-4). Nobina signed financial lease agreements of SEK 3 million (33). During the first quarter, new loans were raised of SEK 589 million (-). Nobina's cash investments for procurement of buses, accessories and other PPE amounted to SEK -68 million (-39). Nobina sold buses and other PPE for a value of SEK 4 million (1). The sale generated a capital gain of SEK 0 million (1).

CASH FLOW

Cash flow from operations before changes in working capital amounted to SEK 434 million (377). Working capital amounted to SEK -103 million (-96).

Cash flow from investing activities amounted to SEK -659 million (-38) and was impacted by investments in buses and equipment of SEK -657 million (-39), which were financed by loans amounting to SEK 589 million (-).

Cash flow from financing activities was SEK 258 million (-317). Total cash flow for the quarter was SEK -70 million (-74).

Investments in continuing operations (SEK million)	Mar-May 2019	Mar-May 2018	Mar 2018 -Feb 2019
Investments in new buses	-651	-68	-1,193
Other investments	-9	-4	-203
Total investments	-660	-72	-1,396
Lease-financed investments	3	33	289
Non-lease-financed investments	-657	-39	-1,107
Of which loan-financed investments	589	-	943
Total cash investments	-68	-39	-164

Results analysis, year to date

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

(SEK million)	Net sales	Adj. EBT	Comments on the outcome
Period Mar–May 2018	2,351	71	
Price and Volume	309	43	The estimated effects of price and volume were positive in terms of net sales and EBT, and are driven by a maturing contract portfolio. This item contains positive effects from acquisitions, incentive revenue and extra traffic.
Contract migration	3	-7	This year's contract migrations were relatively limited and are assessed as having a slightly positive impact on net sales and slightly negative impact on EBT, which stemmed from operations in Sweden.
Indexation and Operational efficiency (net)	86	37	Operational efficiency after indexation has improved compared to last year mainly from reduced fuel consumption and lower sickleave and overtime.
Other		-20	This item includes other cost deviations, primarily within central functions, and include extra depreciation costs on buses.
Net financial items		-11	Profit for the year was adversely impacted by unrealised currency effects.
Period Mar–May 2019	2,749	113	

RESULT ANALYSIS FOR NET SALES AND EARNINGS

The results analysis above explains accumulated results from the preceding year to the current year, related to net sales and adjusted 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. This category also includes effects from acquisitions.

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, M&A advisory costs, amortisation of intangible assets, extra depreciation of buses, 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.

Age structure first quarter

WEIGHTED AVERAGE CONTRACT TERM, YEARS

8.0 (8.1)

The duration of contracts varies between countries, and was on average (weighted by the number of buses) 8.0 years.

AVERAGE AGE OF BUS FLEET, YEARS

6.7 (6.2)

Nobina's bus fleet had an average age of 6.7 years.

WEIGHTED AGE OF THE CONTRACT PORTFOLIO, YEARS

5.3 (4.5)

The average contract length (weighted by the number of buses) was 5.3 years.

Segments

NET SALES BY SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Full year	Rolling 12 months
	Mar–May 2019	Mar–May 2018	Mar 2018 –Feb 2019	Jun 2018–May 2019
Nobina Sweden	1,953	1,656	6,863	7,160
Production contracts	1,316	1,092	4,642	
Incentive contracts	616	490	2,069	
Other revenue	21	74	152	
Nobina Denmark	231	142	648	737
Production contracts	216	136	563	
Incentive contracts	1	–	3	
Other revenue	14	6	82	
Nobina Norway	248	269	1,047	1,026
Production contracts	243	259	1,009	
Incentive contracts	1	1	8	
Other revenue	4	9	30	
Nobina Finland	322	288	1,178	1,212
Production contracts	315	282	1,154	
Incentive contracts	5	5	19	
Other revenue	2	1	5	
Total	2,754	2,355	9,736	10,135
Production contracts	2,090	1,769	7,368	
Incentive contracts	623	496	2,099	
Other revenue	41	90	269	
Central functions and other items	1	5	2	-2
Elimination of sales within the Group	-6	-9	-4	-1
Total net sales	2,749	2,351	9,734	10,132

EBITA BY SEGMENT FOR CONTINUING OPERATIONS

(SEK million)	Quarter		Full year	Rolling 12 months
	Mar–May 2019	Mar–May 2018	Mar 2018 –Feb 2019	Jun 2018–May 2019
Nobina Sweden	179	125	586	650
Nobina Denmark	9	-2	18	29
Nobina Norway	-9	-8	13	12
Nobina Finland	12	10	44	46
Central functions and other items	-23	-10	-41	-55
Total EBITA	168	115	620	682

SUMMARY

Nobina's first quarter reported strong growth compared with the prior year period in terms of net sales and substantially higher operating profit. The increase in net sales derived from contributions from Samtrans, DBO and Örslev and an increase in existing contracts from both production-based remuneration and incentive remuneration. The increase in net sales adjusted for currency effects is 16.2 per cent. Existing contracts reported a positive performance, which is a sign of a maturing contract portfolio following a period with relatively few contract start-ups and terminations. EBITA compared with the year-earlier period was positively impacted by an increase in incentive revenue and indexation of revenue with a favourable development for production costs.

SWEDEN

Nobina Sweden's net sales for the first quarter of the year increased strongly compared with the prior year period. The acquisition of Samtrans, higher volumes in existing contracts and indexation of revenue had a positive effect on net sales. EBITA was significantly higher in the quarter and was positively impacted by Samtrans, good efficiency in several traffic areas associated with maturing contract portfolios as well as extra traffic that had a positive impact on earnings.

DENMARK

Nobina Denmark's net sales for the first quarter were significantly higher than the prior year period. The increase in net sales adjusted for currency effects was 59.1 per cent. This increase was a result of

contributions from the acquired companies DBO and Örslev as well as new traffic services in Roskilde. EBITA was significantly higher than the prior year period and was positively affected by the addition of the acquired company DBO as well as extra traffic.

NORWAY

Nobina Norway's net sales for the first quarter were lower than in the prior year period due to the expiry of the contract in Nordhordland. The decline in net sales adjusted for currency effects was -8.9 per cent. EBITA in the first quarter was slightly lower than the prior year period and includes start-up costs for the contract in Lilleström that commences in June 2019.

FINLAND

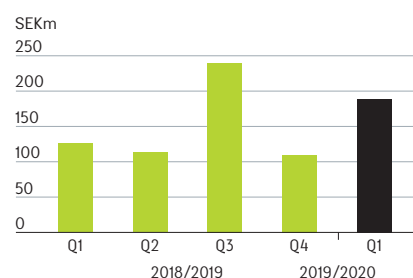
Nobina Finland's net sales for the first quarter were higher than the prior year period, and were driven by increased services as a result of newly started contracts in autumn 2018. The increase in net sales adjusted for currency effects was 8.9 per cent. EBITA for the quarter was higher than in the prior year period, and was positively impacted by contract start-ups and improved efficiency.

CENTRAL FUNCTIONS AND OTHER ITEMS

Central functions and other items for the first quarter had a negative impact on consolidated earnings, which was driven by increased depreciation of buses.

EBITA PER SEGMENT

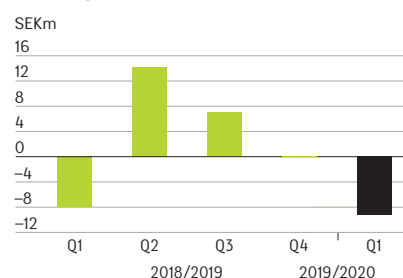
Sweden



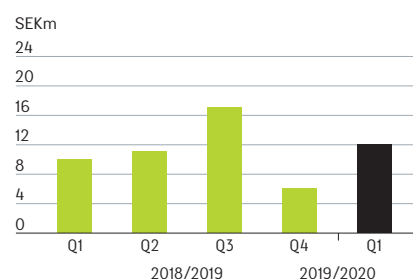
Denmark



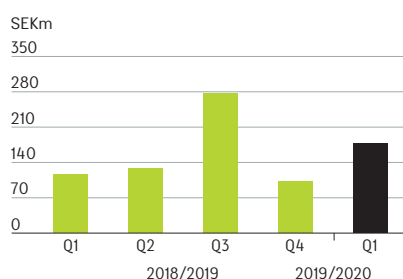
Norway



Finland

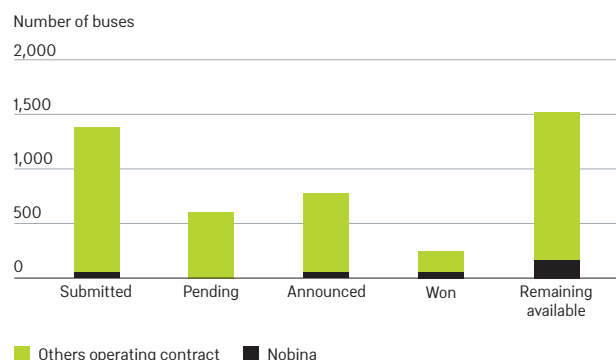


Nobina



Tender and contract changes

TENDER VOLUME, TO DATE THIS YEAR



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

Available – Remaining buses available in tenders this year

TENDER OUTCOME COMMENT

During the quarter, contracts run by Nobina for 48 buses have been tendered. Out of the total market volume of 774 buses tendered during the quarter, Nobina has won 241 buses. This represents a renewal rate of 502 per cent. Over the next 12 months, Nobina will undergo a significant contract migration by leaving expiring contracts for 608 buses while starting up 429 buses in new contracts. As contracts have a low profitability at the beginning and high profitability at the end, the migration will put temporary pressure on Nobina's profit margin over the forthcoming period before the new contracts start to gear up their profitability during the following years.

TRAFFIC STARTS AND TERMINATIONS DURING THE COMING 12 MONTHS, JUNE 2019–MAY 2020

During the coming 12-month period, Nobina will start traffic involving 429 buses. Of these, 275 buses are expected to be newly acquired. During the same period, Nobina will terminate traffic involving 608 buses.

TRAFFIC START-UPS

Clients	No. of years	Start of service	No. of buses	New buses
Västtrafik, Sweden	10	June 2019	23	15
Ruter, Norway	8	June 2019	127	127
LT Sörmland, Sweden	10	August 2019	130	58
HSL, Finland	1	August 2019	59	0
HSL, Finland	7	August 2019	56	48
HSL, Finland	1	January 2020	7	0
HSL, Finland	7	January 2020	27	27
Total traffic			429	275¹⁾

1) Of which, 51 are electric buses

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 33 buses and no contracts expired.

March 2019–May 2019	Traffic changes during the period (No. of buses)	
	Started	Expired
Sweden	13	0
Norway	0	0
Finland	0	0
Denmark	20	0
Total	33	0

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 774 buses and won tenders for 241 buses.

March 2019–May 2019	Tenders during the period (No. of buses)	
	Completed	Won
Sweden	376	207
Norway	329	0
Finland	69	34
Denmark	0	0
Total	774	241

EXPIRED TRAFFIC

Clients	End of service	No. of buses
Västtrafik, Sweden	June 2019	23
Skånetrafiken, Sweden	June 2019	79
Ruter, Norway	June 2019	27
LT Sörmland, Sweden	August 2019	119
HSL, Finland	August 2019	122
TFT, Norway	August 2019	127
LT Örebro, Sweden	September 2019	100
Movia, Denmark	December 2019	11
Total traffic		608

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 2019, 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 23,481. Nobina has 1,246,654 treasury shares.

Nobina's financial targets

	Target	2018/2019 ³⁾	Rolling 12 months	Definition
Net sales	5%	9,734	10,132	Nobina's target is 5 per cent accumulated annual average net sales growth with 18/19 as the base year.
Adjusted EBT margin ¹⁾	5%	4.5%	4.8%	Nobina's target is to achieve an EBT margin of 5 per cent at an average contract age of 50 per cent of the average contract length.
Net debt/EBITDA ²⁾	3.0x–4.0x	3.1x	2.7x	Under normal circumstances, Nobina aims to maintain a net leverage ratio of between 3.0x and 4.0x EBITDA, including strategic debt financing.
Dividend policy ³⁾	75% of earnings after tax paid	76% ⁴⁾	n/a	Under normal circumstances, Nobina expects to pay a dividend of at least 75 per cent of earnings after tax paid.

1) Adjusted EBT is defined as profit before tax after adjustment for costs and depreciation/amortisation related to acquisitions.

2) Profit/loss for the period before net financial items, taxes, depreciation/amortisation and 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) The information above refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded.

Other information

PERSONNEL

Nobina had 10,791 (9,935) 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 13 million (10) during the first quarter. The profit before tax for the first quarter amounted to SEK 24 million (22). The Parent Company's first-quarter profit was impacted by a net dividend of SEK 29 million received from Nobina Sweden 3 AB. The previous year's first-quarter profit was impacted by the impairment of capital contributions in Nobina Norway of SEK -32 million and a capital gain of SEK 64 million from the sale of the shareholding of Swebus Express AB. Cash and cash equivalents amounted to SEK 968 million (667) at the end of the period. Investments in PPE and intangible assets amounted to SEK 0 million (0). On 31 May 2019, the Parent Company's shareholders' equity was SEK 2,573 million (2,698). The equity/assets ratio was 41 per cent (61).

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 metrics table on page 25.

RISK AND UNCERTAINTY FACTORS

Nobina is exposed to interest rate risks since the Company's financial and operational leases 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 in the international commodities markets. Nobina's finance policy provides that, if the need exists, currency risks may be hedged through currency derivatives. Nobina had no currency hedging during the quarter.

Nobina is exposed to changes in the price of fuel in its purchases of diesel. The commodity price accounts for less than one-half of the total diesel price, with the remainder comprising taxes, transportation and processing. Within the contract operations, compensation for changes in the diesel price is obtained through revenue indexation in traffic contracts. The index baskets in the traffic contracts are relatively well matched against the cost breakdown, but compensation takes place with a time lag of one to six months, which results in a negative impact on earnings during a period of increasing prices. An imbalance may also arise between costs incurred in a contract and index-based compensation if the index fails to reflect the actual cost structure. This may, for example, occur if an index is based on the price of diesel, while the contract in question requires buses to be run on biogas. This risk is limited through careful risk evaluation in the tender process and most contracts now have an index which matches the type of fuel.

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.

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.

During the previous fiscal year, Nobina completed two material acquisitions: Samtrans and DBO. Any acquisition process gives rise to new risks. The starting points for the valuation of acquired companies are based, among other things, on documented data on the target companies' financial positions and historical results, but above all on assessments and assumptions about future market developments, Nobina's ability to develop the companies, the companies' ability to win new traffic contracts and future earnings. Risks can arise if assumptions and judgments deviate from the expectations that existed at the time of acquisition, which may affect the view of the acquired values.

For more information regarding risks and uncertainty factors, refer to the corresponding section in Nobina AB's Annual Report 2018/2019.

DISPUTES

Nobina has an ongoing dispute with 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 leases or loans with a term of ten years at a residual value of 10 per cent. Lease liabilities are recognised as financial leases and are, like loans, visible in the balance sheet. In addition, some financing is raised in the green bond market for which Nobina has pledged collateral. Nobina's liabilities are primarily attributable to the financing of investments in buses and

equipment used in operations, but may also include certain strategic debt financing.

Nobina has an available bank credit facility of SEK 300 million (150) as of 31 May 2019.

FINANCIAL TARGETS AND DIVIDEND POLICY

In connection with the company's Capital Markets Day on 9 October 2018, Nobina's Board of Directors adopted new financial targets and a new dividend policy, which replaced the targets and policy adopted ahead of the IPO in 2015 (see page 9).

DIVIDEND FOR THE 2018/2019 FISCAL YEAR

The Annual General Meeting on 29 May 2019, resolved in favour of the Board's proposal for a dividend for 2018/2019 of SEK 3.80 per share (SEK 3.35 per share), which is in line with the dividend policy. The proposed dividend corresponds to a dividend yield of 5.9 per cent (6.1) based on the share price on the balance-sheet date of 28 February 2019.

ANNUAL GENERAL MEETING

Nobina held its Annual General Meeting at the World Trade Center in Stockholm on 29 May 2019. At the Annual General Meeting, the Consolidated and Parent Company income statements and balance sheets for the 2018/2019 fiscal year were approved. The Meeting resolved on a profit distribution for the 2018/2019 fiscal year of SEK 3.80 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, Liselott Kilaas and Bertil Persson were re-elected as Board members. Johan Bygge was elected as a new director and Deputy Chairman. 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 2019, to resolve on the new issue of shares to enable the generation of capital for company acquisitions. The 2018/2019 Annual Report has been available on www.nobina.com since 8 May 2019.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- On 12 March, Nobina's first green bond was listed in the market for sustainable bonds on Nasdaq Stockholm and thereby became available for trade on the same day.
- In March, Nobina was awarded two new contracts for Västtrafik in Sjuhärad, Sweden with a total contract value of SEK 1.4 billion

over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.

- Nobina was awarded two new contracts by HSL for city transport in Helsinki, Finland which together comprise 34 scheduled buses with a total contract value of approximately EUR 50 million. By securing the contracts, Nobina will now operate five electric buses in Helsinki.
- Nobina secured two contracts, whereof one new, for city and regional transport throughout Halland, Sweden to develop public transport together with Hallandstrafiken. The agreements will involve 127 scheduled buses and have a contract value of approximately SEK 3 billion. The services will be launched on 15 June 2020 and the contracts will run for ten years without an optional extension period.
- Nobina was awarded a contract by Piteå Municipality to operate and develop city transport in Piteå, Sweden. The contract, which will launch in July 2020, involves 12 scheduled buses and extends over ten years and has a total value of SEK 250 million.
- The 2018/2019 AGM approved the Board's proposed dividend of SEK 3.80 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Johan Bygge was elected as a new director and Deputy Chairman.
- Nobina appointed Pernilla Walfridsson as new CFO of Nobina AB and member of Group management. Pernilla will join Nobina as of 1 September 2019 and succeed Per Skärgård 1 October, who will retire on 31 October 2019 following 15 years as CFO of Nobina.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- No significant events occurred after the end of the quarter.

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 2018/2019 Annual report, with the additions of the introduction of IFRIC 23, which addresses uncertainty over income tax treatments and could give rise to new measurements of uncertain tax positions. The introduction of IFRIC 23 has not had any impact on the Nobina Group's income statement and balance sheet. The new lease standard, IFRS 16 replaced the previous IAS 17 on 1 January 2019. The IFRS 16 standard removes the classification of leases between operating and finance leases, 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. With the implementation of IFRS 16, 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. The Nobina Group has applied the practical exemptions of recognising payments attributable to short-term leases and leases of low-value assets as costs in profit or loss. Nobina's lease portfolio contains leases for offices and depots, and buses on operating leases. Nobina's property leases correspond with the terms of traffic contracts and are depreciated over the same period. The Nobina Group has implemented IFRS 16 with retroactive application for the 2018/2019 fiscal year, subject to adjustments of

all periods presented. All leases are recognised in the balance sheet as financial liabilities and right-of-use assets in non-current assets. In the income statement, all lease expenses are recognised as depreciation and interest expenses. Lease payments in the statement of cash flows are divided between interest payments and payments of lease liabilities. Interest payments and payments of lease liabilities are recognised under financing activities. Refer to the supplementary information in the 2018/2019 Annual Report and detailed information in note 1 page 21. 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 1–28, and the interim period information on pages 1–12 thus constitutes an integral part of this financial report.

ASSURANCE

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

Stockholm, 27 June 2019

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 March–31 May 2019	27 June 2019
Interim report 1 June–31 August 2019	27 September 2019
Interim report 1 September–30 November 2019	20 December 2019
Year-end Report 2019/2020	8 April 2020
Annual General Meeting 2019/2020	28 May 2020

Telephone conference

Nobina will present the interim report and answer questions during a telephone conference at 10.00 a.m. CEST on Thursday, 27 June 2019. 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 2019	Mar–May 2018	Mar 2018–Feb 2019
Continuing operations			
Net sales	2,749	2,351	9,734
Operating expenses			
Fuel, tyres and other consumables	-477	-433	-1,769
Other external expenses	-416	-265	-1,179
Personnel expenses	-1,425	-1,305	-5,190
Total EBITDA	431	348	1,596
Capital gains/losses from the disposal of non-current assets	–	1	-32
Depreciation/impairment of PPE	-263	-234	-944
Total EBITA	168	115	620
Acquisition-related income and costs	-2	–	-20
Amortisation/impairment of intangible assets	-14	-1	-25
Operating profit (EBIT), Note 1	152	114	575
Profit from net financial items			
Financial income	–	–	–
Financial expenses, Note 2	-55	-44	-186
Net financial items	-55	-44	-186
Profit before tax (EBT), Note 1	97	70	389
Income tax	-21	-18	-91
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	76	52	298
Discontinued operations			
Profit/loss for the period from discontinued operations	–	56	56
Profit for the period	76	108	354
Profit for the period attributable to Parent Company shareholders	76	108	354
Earnings per share before dilution (SEK), attributable to continuing operations	0.87	0.63	3.44
Earnings per share before dilution (SEK), attributable to discontinued operations	–	0.62	0.62
Earnings per share before dilution (SEK), attributable to Parent Company shareholders	0.87	1.25	4.06
Earnings per share after dilution (SEK), attributable to Parent Company shareholders	0.86	1.25	4.03
Average number of shares before dilution (000s)	88,356	88,356	88,356
Average number of shares after dilution (000s)	88,962	88,356	89,054
Number of shares outstanding at end of period (000s)	87,109	88,356	87,109

Statement of consolidated comprehensive income

SEK million	Quarter		Full year
	Mar–May 2019	Mar–May 2018	Mar 2018–Feb 2019
Profit for the period	76	108	354
Other comprehensive income	76	108	354
Items not to be reclassified to profit or loss for the period			
Revaluation of defined-benefit pension plan	–	–	–
Tax on items that will not be reclassified to profit or loss for the period	–	–	–
Items that can later be reclassified to profit or loss for the period			
Exchange-rate differences in foreign operations	10	13	23
Other comprehensive income for the period, net after tax	10	13	23
Comprehensive income for the period	86	121	377
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	86	121	377

Condensed consolidated balance sheet

SEK million	31 May 2019	31 May 2018	Full year 28 Feb 2019
ASSETS			
Non-current assets			
Goodwill	791	581	785
Other intangible assets	485	9	495
Real estate and costs for leasehold improvements	772	784	831
Equipment, tools, fixtures and fittings	140	85	152
Vehicles	5,003	5,164	5,041
Deferred tax assets	159	238	179
Assets for pension commitments	18	18	17
Other non-current receivables	4	4	4
Total non-current assets	7,372	6,883	7,504
Current assets			
Inventories	55	47	51
Trade receivables	702	597	663
Other current receivables	100	51	253
Deferred expenses and accrued income	350	311	316
Cash and cash equivalents	992	692	1,058
Total current assets	2,199	1,698	2,341
TOTAL ASSETS	9,571	8,581	9,845
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	1,539	1,559	1,451
Non-current liabilities			
Borrowing, Note 2	4,465	4,121	4,841
Deferred tax liabilities	257	145	256
Provision for pensions and similar commitments	32	39	33
Other provisions	67	41	63
Total non-current liabilities	4,821	4,346	5,193
Current liabilities			
Accounts payable	557	502	597
Borrowing, Note 2	1,012	952	1,012
Other current liabilities	437	163	430
Accrued expenses and deferred income	1,205	1,059	1,162
Total current liabilities	3,211	2,676	3,201
Total liabilities	8,032	7,022	8,394
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,571	8,581	9,845

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 2018	318	3,212	39	-2,133	1,436
Adjusted accounting policies in accordance with IFRS 16	–	–	–	2	2
Profit for the period	–	–	–	354	354
Other comprehensive income	–	–	23	–	23
Total profit for the year	318	3,212	62	-1,777	1,815
Transactions with owners					
Repurchase of treasury shares	–	–	–	-74	-74
Share-based remuneration	–	–	–	6	6
Dividend	–	–	–	-296	-296
Closing equity, 28 February 2019	318	3,212	62	-2,141	1,451
Opening equity, 1 March 2018	318	3,212	39	-2,133	1,436
Adjusted accounting policy in accordance with IFRS 16	–	–	–	2	2
Profit for the period	–	–	–	108	108
Other comprehensive income	–	–	13	–	13
Closing equity, 31 May 2018	318	3,212	52	-2,023	1,559
Opening equity, 1 March 2019	318	3,212	62	-2,141	1,451
Delay to equity	–	–	5	-5	–
Profit for the period	–	–	–	76	76
Other comprehensive income	–	–	10	–	10
Total profit for the year	318	3,212	77	-2,070	1 537
Transactions with owners					
Share-based remuneration	–	–	–	2	2
Closing equity, 31 May 2019	318	3,212	77	-2,068	1,539

There are no non-controlling interests.

Condensed consolidated cash-flow statement

SEK million	Quarter		Full year
	Mar–May 2019	Mar–May 2018	Mar 2018–Feb 2019
Cash flow from operating activities			
Profit after financial items	97	60	379
(of which, attributable to continuing operations)	97	70	389
(of which, attributable to discontinued operations)	–	-10	-10
Adjustment for non-cash items	337	307	1,175
Cash flow from operations before changes in working capital	434	367	1,554
(of which, attributable to continuing operations)	434	377	1,564
(of which, attributable to discontinued operations)	–	-10	-10
Cash flow from changes in working capital			
Change in inventories	-3	-3	-6
Changes in operating receivables	91	3	-115
Changes in operating liabilities	-191	-96	199
Total change in working capital	-103	-96	78
(of which, attributable to continuing operations)	-103	-96	78
(of which, attributable to discontinued operations)	–	–	–
Received interest income	–	–	–
Tax paid	–	–	-5
Cash flow from operating activities	331	271	1,627
(of which, attributable to continuing operations)	331	281	1,637
(of which, attributable to discontinued operations)	–	-10	-10
Cash flow from investing activities			
Investments in subsidiaries	-6	–	-521
Investments in PPE and intangible assets	-657	-39	-1,107
Divestment of PPE and intangible assets	4	1	40
Divestment of subsidiary, Note 1	–	49	46
Cash flow from investing activities	-659	11	-1,542
(of which, attributable to continuing operations)	-659	-38	-1,588
(of which, attributable to discontinued operations)	–	49	46
Cash flow from financing activities			
Amortisation of operating and finance lease liabilities	-162	-259	-889
Amortisation of other external loans	-116	-12	-79
New borrowing, other external loans	589	–	1,766
Financing costs	–	–	-7
Repurchase of treasury shares	–	–	-74
Interest paid	-53	-46	-182
Dividend	–	–	-296
Cash flow from financing activities	258	-317	239
(of which, attributable to continuing operations)	258	-317	239
(of which, attributable to discontinued operations)	–	–	–
Cash flow for the period	-70	-35	324
(of which, attributable to continuing operations)	-70	-74	288
(of which, attributable to discontinued operations)	–	39	36
Cash and cash equivalents at beginning of period	1,058	720	720
Cash flow for the period	-70	-35	324
Exchange-rate difference	4	7	14
CASH AND CASH EQUIVALENTS AT END OF PERIOD	992	692	1,058

Condensed income statement – Parent Company

SEK million	Quarter		Full year
	Mar–May 2019	Mar–May 2018	Mar 2018–Feb 2019
Net sales	13	10	44
Operating expenses			
Other external expenses	-2	-11	-38
Personnel expenses	-14	-11	-50
Operating loss (EBIT)	-3	-12	-44
Profit from participations in Group companies	29	32	362
Financial income	6	4	8
Financial expenses	-8	-2	-15
Net financial items	27	34	355
Profit before tax (EBT)	24	22	311
Income tax	–	–	-76
PROFIT FOR THE PERIOD	24	22	235

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 2019	31 May 2018	Full year 28 Feb 2019
ASSETS			
Non-current assets			
Participations in Group companies	4,547	3,654	4,647
Non-current receivables in Group companies	500	–	500
Total non-current assets	5,047	3,654	5,147
Current assets			
Receivables from Group companies	240	111	676
Other current receivables	24	1	6
Deferred expenses and accrued income	1	1	2
Cash and cash equivalents	968	667	1,043
Total current assets	1,233	780	1,727
TOTAL ASSETS	6,280	4,434	6,874
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	2,573	2,698	2,547
Non-current liabilities			
Borrowing	853	–	867
Provision for pensions and similar commitments	5	7	6
Deferred tax liabilities	89	–	76
Total non-current liabilities	947	7	949
Current liabilities			
Accounts payable	4	7	5
Borrowing	55	–	55
Liabilities to Group companies	2,681	1,695	3,285
Other current liabilities	2	–	2
Accrued expenses and deferred income	18	27	31
Total current liabilities	2,760	1,729	3,378
Total liabilities	3,707	1,736	4,327
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,280	4,434	6,874

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 equity
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
Opening equity, 1 March 2019	318	1	1,336	657	235	2,547
Transfer of the preceding year's profit/loss	–	–	–	235	–235	–
Profit for the period	–	–	–	–	24	24
Share-based remuneration	–	–	–	–	2	2
Closing equity, 31 May 2019	318	1	1,336	892	26	2,573

Notes

RECLASSIFICATION AND ADJUSTMENTS UPON TRANSITION TO IFRS 16, NOTE 1 FOR CONTINUING OPERATIONS, COMPREHENSIVE INCOME

The effects of implementing IFRS 16

The new lease standard, IFRS 16 replaced the previous IAS 17 on 1 January 2019. The 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. With the implementation of IFRS 16, 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. Nobina's lease portfolio contains leases for offices and depots and buses on operating leases. The Nobina Group has implemented IFRS 16 with retro-active application of the 2018/2019 fiscal year, subject to adjustments of all periods presented. All leases are recognised in the balance sheet as financial liabilities and right-of-use assets in non-current assets. In the income statement, all lease expenses are recognised as depreciation and interest expenses. Lease payments in the statement of cash flows are divided between interest payments and payments of lease liabilities. Interest payment and payments of lease liabilities are recognised under financing activities.

IAS 20 adjustments of the policy for subsidy management in previous periods

For previous periods, the Nobina Group has recognised subsidies for Nystartsjobb (New start jobs) and wage subsidies as revenue in the Nobina Group and other subsidies received as a reduction in the Group's personnel expenses. Last year, the Nobina Group changed accounting policy, IAS 8 p.14, so all government grants received, IAS 20, are recognised as a cost reduction, in order to achieve uniform and consistent accounting.

Discontinued operations

Swebus Express AB, which was divested during the preceding year, is classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

	2019/2020 Q1		
	Continuing operations	Adjusted IFRS 16	Restated
Income statement			
Net sales	2,749	–	2,749
EBITDA	367	64	431
EBITDA, %	13.4	–	15.7
EBITA	151	17	168
EBITA, %	5.5	–	6.1
EBIT	135	17	152
EBIT, %	4.9	–	5.5
EBT	97	–	97
EBT, %	3.5	–	3.5
Profit for the period	76	–	76
Cash flow for the period	-70	–	-70
Net debt/EBITDA	2.7	–	2.7
Equity/assets ratio, %	17.5	–	16.1
Balance sheet			
Real estate and costs for leasehold improvements	174	598	772
Vehicles	4,871	132	5,003
Total assets	5,045	730	5,775
Borrowing (current and non-current borrowing)	4,745	732	5,477
Total liabilities	4,745	732	5,477

	2018/2019 Q1				Full year 2018/2019		
	Continuing operations	Adjusted IAS 20, government grants	Adjusted IFRS 16	Restated	Continuing operations	Adjusted IFRS 16	Restated
Income statement							
Net sales	2,361	-10	–	2,351	9,734	–	9,734
EBITDA	278	–	70	348	1,315	281	1,596
EBITDA, %	11.8%	–	–	14.8%	13.5%	–	16.4%
EBITA	104	–	11	115	578	42	620
EBITA, %	4.4%	–	–	4.9%	5.9%	–	6.4%
EBIT	104	–	10	114	533	42	575
EBIT, %	4.4%	–	–	4.8%	5.5%	–	5.9%
EBT	72	–	-2	70	395	-6	389
EBT, %	3.0%	–	–	3.0%	4.1%	–	4.0%
Profit for the period	54	–	-2	52	303	-5	298
Cash flow for the period	-74	–	–	-74	288	–	288
Net debt/EBITDA	2.9	–	–	2.8	3.1	–	3.0
Equity/assets ratio, %	20.3%	–	–	18.1%	16.1%	–	14.7
Balance sheet							
Real estate and costs for leasehold improvements	31	–	753	784	178	653	831
Vehicles	5,001	–	163	5,164	4,902	139	5,041
Total assets	5,032	–	916	5,948	5,080	792	5,872
Borrowing (current and non-current borrowing)	4,153	–	920	5,073	5,056	797	5,853
Total liabilities	4,153	–	920	5,073	5,056	797	5,853

NOTE 2 FINANCING

SEK million, except as otherwise indicated	Quarter		Full year
	Mar–May 2019	Mar–May 2018	Mar 2018 –Feb 2019
Borrowing			
Other loans for bus financing	1,960	242	1,639
Other loans for current financing	293	–	308
Contingent consideration not paid	123	–	121
Finance lease liability for bus financing	2,376	3,911	2,995
Operating lease liability	732	920	797
Capitalised financing expenses	-7	–	-7
Total	5,477	5,073	5,853
Of which short-term repayment by instalment of portion of the Group's borrowings	1,012	952	1,012
Of which long-term portion of the Group's borrowing	4,465	4,121	4,841
Total liabilities	5,477	5,073	5,853
Interest expenses and similar loss items			
Interest expenses for operating and finance leases	-36	-41	-156
Interest expense, other loans	-14	-2	-13
Other financial expenses	-1	-2	-8
Realised and unrealised exchange gains/losses, net	-4	1	-9
Total	-55	-44	-186

NOTE 3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million, except as otherwise indicated	Group		Parent Company	
	31 May 2019	31 May 2018	31 May 2019	31 May 2018
Pledged assets				
Chattel mortgages	150	150	–	–
Other pledged assets	–	–	328	354
Contingent liabilities				
Guarantee of lease obligations and other obligations	5,382	4,054	5,361	4,033
Total pledged assets and contingent liabilities	5,532	4,204	5,689	4,387

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 metrics	Description
Rolling 12 months	Total for the most recent four quarters.
EBITDA	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of non-current assets.
EBITDA margin	EBITDA in relation to net sales.
EBITA	Earnings before interest, tax and amortisation of intangible assets and adjusted for fair value of conditional acquisition not paid and acquisition-related income and costs.
EBITA margin	EBITA in relation to net sales.
EBIT	Operating profit before net financial items and taxes.
EBIT margin	EBIT in relation to net sales.
EBT	Operating profit before tax.
EBT margin	EBT in relation to net sales.
EBT adjusted	Earning before taxes adjusted for amortisation of intangible assets, fair value of conditional acquisition not paid and acquisition-related income and costs
Acquisition-related income and costs	Adjustments of fair value of contingent considerations not paid and acquisitions-related costs. Acquisitions-related costs includes costs attributable to ongoing, completed and continuing acquisitions.
Items affecting comparability	Items affecting comparability include events and transactions, the effect of which on earnings is important to report when profit for the period is compared with previous periods.
Interest-bearing liabilities	Interest-bearing non-current and current liabilities (external loans, pension liabilities and operating and finance lease liabilities).
Net debt	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance 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, operating and finance 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	Shareholders' 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.

KEY METRICS FOR CONTINUING OPERATIONS

SEK million, except as otherwise indicated	2018/2019				2019/2020	Full year
	Q1	Q2	Q3	Q4	Q1	Mar 2018 –Feb 2019
Net sales for the period	2,351	2,224	2,599	2,560	2,749	9,734
EBITDA	348	378	507	363	431	1,596
EBITDA margin	14.8	17.0	19.5	14.2	15.7	16.4
EBITA	115	127	276	102	168	620
EBITA margin	4.9	5.7	10.6	4.0	6.1	6.4
EBIT	114	127	254	80	152	575
EBIT margin	4.8	5.7	9.8	3.1	5.5	5.9
EBT	70	83	213	23	97	389
EBT margin	3.0	3.7	8.2	0.8	3.5	4.0
Profit for the period	52	63	165	18	76	298
Cash flow for the period	-74	-300	-70	732	-70	288
Cash and cash equivalents	692	402	320	1,058	992	1,058
Equity/assets ratio, %	18.1	16.4	16.2	14.7	16.1	14.7
Shareholders' equity	1,559	1,338	1,415	1,449	1,539	1,449
Shareholders' equity/ordinary share, SEK	17.6	15.1	16.0	16.4	17.4	16.4
Number of buses (on balance-sheet date)	3,575	3,518	3,552	3,644	3,711	3,644
Estimated FTEs	9,935	9,926	10,414	10,547	10,791	10,547
Production hours	2,966	2,648	2,899	2,783	2,928	11,296
Production kilometres	75,381	65,412	74,795	70,151	74,346	285,739

VERIFICATION OF ALTERNATIVE PERFORMANCE MEASURES FOR CONTINUING OPERATIONS

SEK million, except as otherwise indicated	2018/2019				2019/2020	Full year
	Q1	Q2	Q3	Q4	Q1	Mar 2018 –Feb 2019
Interest-bearing liabilities:						
Non-current borrowing	4,121	4,238	4,398	4,841	4,465	4,841
Pension liability	39	40	40	33	32	33
Current borrowing	952	726	788	1,012	1,012	1,012
Total interest-bearing liabilities	5,112	5,004	5,226	5,886	5,509	5,886
Cash	-692	-402	-320	-1,058	-992	-1,058
Total net debt	4,420	4,602	4,906	4,828	4,517	4,828
EBITDA Q1	348	348	348	348	431	348
EBITDA Q2	378	378	378	378	378	378
EBITDA Q3	507	507	507	507	507	507
EBITDA Q4	363	363	363	363	363	363
Total EBITDA full year	1,596	1,596	1,596	1,596	1,679	1,596
Net debt/EBITDA	2.8	2.9	3.1	3.0	2.7	3.0

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 that promote a healthier industry.

Every day, Nobina ensures that close to one million people arrive at work, school or other activities by delivering contracted public bus transport services in Sweden, Norway, Finland and Denmark.

Nobina has sales of around SEK 10 billion on an annual basis and has more than 11,500 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.

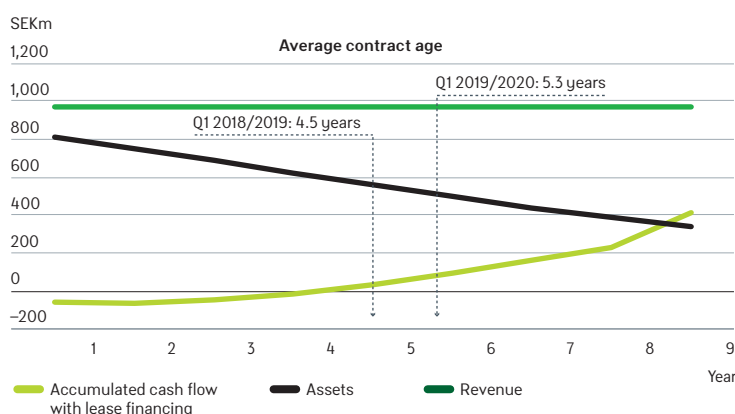
Resource efficiency

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 17 per cent market share (company assessment 2018–2019), 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.

OUR VISION

EVERYONE WANTS TO TRAVEL WITH US

THIS IS NOBINA. Our transport solutions increase mobility in society. Every day about one million people in the Nordic region travel with us, and our role is to make the journey a positive experience. We offer our passengers service and security at the same time as ensuring the journey is efficient and easy. It is through bus travel that we can combine all of the components into a well-functioning whole.



WE ACHIEVE OUR VISION BY BEING:

TRANSPARENT

Our business is based on transparency and diversity. We share knowledge with our stakeholders through dialogue. We welcome cooperation.

INNOVATIVE

We are innovative and strive for new and smart solutions for passengers and society.



RELIABLE

Reliability and credibility form the basis of everything we do. We get things done and provide quality services.



BUSINESS CONCEPT:

WE SIMPLIFY EVERYDAY TRAVELLING FOR OUR CUSTOMERS



WE SUCCEED BY LIVING ACCORDING TO OUR VALUES:

WE RESPECT EACH OTHER

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

WE CARE

We are committed, attentive and care about each other. We take active responsibility for the environment, society, safety and security. We promote health and personal development.

WE ARE GOOD LEADERS

Our leadership is based on trust, transparency and courage. We motivate through inclusion and draw attention to achievements. As a leader, we are a good role model in all of our communication.



**THROUGH SMART
TRANSPORT SOLUTIONS,
WE HELP TO REALISE THE
SUSTAINABLE SOCIETY
OF THE FUTURE.**



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