



# Nobina AB Group

Investor Presentation Q4

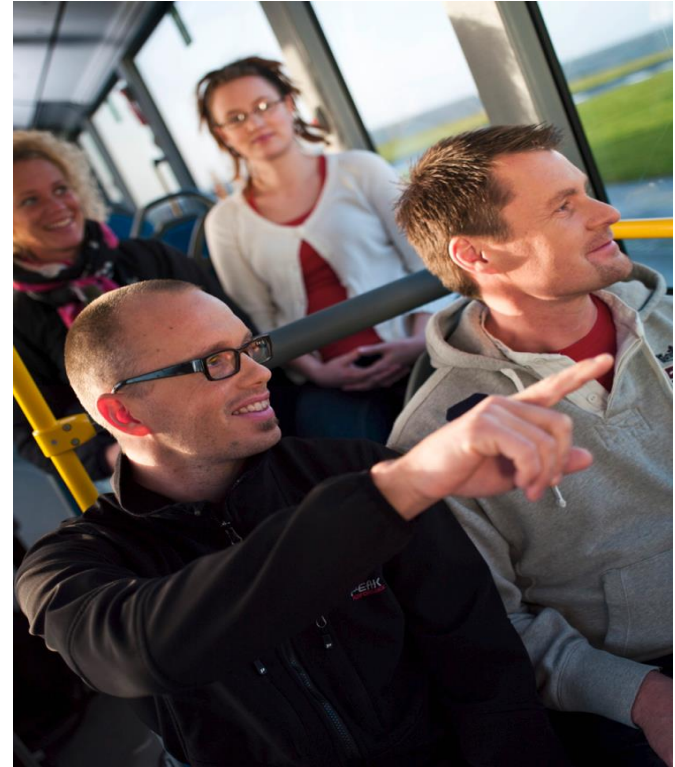
March 2013 – February 2014

This presentation includes statements regarding the current expectations of the company's future development, and such estimations are, by their nature, subject to risks and uncertainties. Examples of risks and uncertainties include economic conditions, product demand, competition, government regulation, financial resources, and certain types of litigation. Our financial statements and latest annual report provide a more detailed view of the financial position of the company, as well as of the risks and uncertainties inherent in its operations.

Please note that all amounts referred to in this presentation are based on IFRS accounting standards.

# Key points

- Stable Q4 and all-time high full year EBIT
- Significantly improved cash flow in Q4 in accordance with expectation
- Major contract win in Copenhagen, proving ability to win in Denmark on profitable terms and maintained quality
- Continued strong secondary trade in bonds and shares, resulting in less than 1/3 cross-holdings



# Financial highlights, Q4

- Net sales amounted to SEK 1,816 million (1,793), which is an increase of 1.3 %.
- EBIT was SEK 32 million (17).
- Earnings before tax were SEK -24 million (-52).
- Earnings after tax amounted to SEK -25 million (-54), and earnings per share were SEK -0.04 (-1.52).
- Cash flow from operations totaled SEK 345 million (170).
- Investments, for the purchase of buses and other equipment, amounted to SEK 192 million (58).



# Financial highlights, YTD

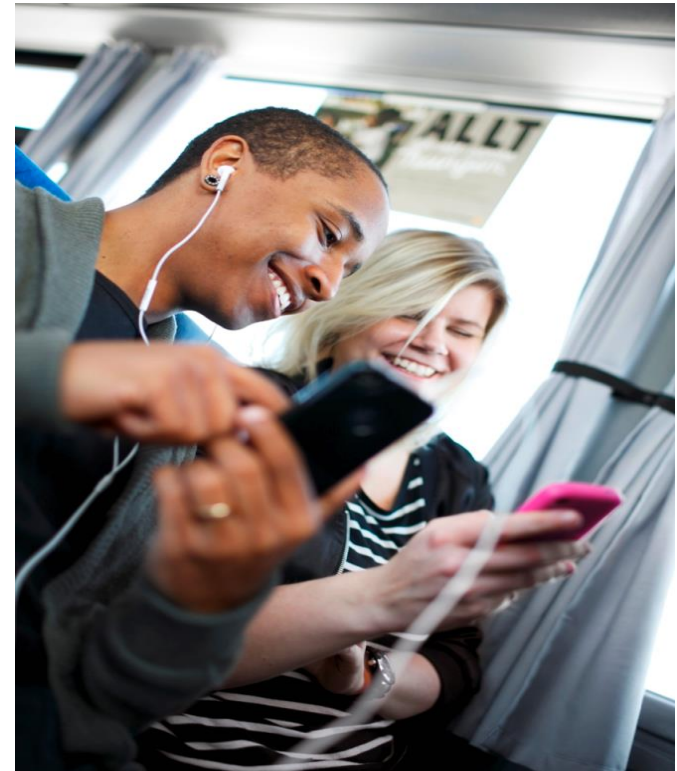
- Net sales amounted to SEK 7,269 million (7,212), which is an increase of 0.8 %.
- EBIT was SEK 326 million (246).
- Earnings before tax totaled SEK 87 million (-9).
- Earnings after tax amounted to SEK 56 million (60), and earnings per share were SEK 0.09 (0.25).
- Cash flow from operations was SEK 899 million (866).
- Investments, for the purchase of buses and other equipment, amounted to SEK 291 million (1256).





# Business highlights, Q4

- Tender win in Copenhagen, proving Nobina's ability to win traffic in Denmark, without compromising on price or quality
- Nobina won the court case against PTA Dalarna who needs to do a new tender. PTA took the decision to enter into a short term contract with Sambus
- Tender wins in Värmland (150 buses), Borås (50 buses) and Skåne (22 buses) are still in court, appealed by competitors
- Preparations ongoing for largest ever contract migration in 2014



# Market overview

- Approximately 2,400 buses are up for tender during FY 14 15, with limited exposure for Nobina, according to our estimation
- Record high fine sentenced to be paid by Arriva due to poor performance in Northern Stockholm contract
- Still no news about future ownership of Veolia in Finland and Sweden
- The Helsinki PTA, HELB, which is community owned and loss making for many years, continues to bid with low prices



# Business Area: Regional Traffic

- Including our latest win in Copenhagen, Nobina has won/prolonged contracts for a total of 833 buses commencing in 2014 which limits the impact of the expiring contracts
- Dalarna PTA's decision to sign a short term contract with Sambus, following the court decision that a new tender must be done, releases operational resources that need to be optimized
- Continuing to seek constructive solutions with Troms PTA, meanwhile minimizing damage costs for our operation
- Main pending tenders are Värmland school (~140 large and small buses) and Oslo Follo/Ostansjo, Norway, (160 buses)



# Tender update – quarterly update

Nobina:

- **Submitted** tenders for 1,562 buses, with a total value of SEK 31,000 million.
- **Won** contract volume of 833 buses, with a total value of SEK 14,100 million.
- **Started** traffic for 247 buses and ended traffic for 190 buses.

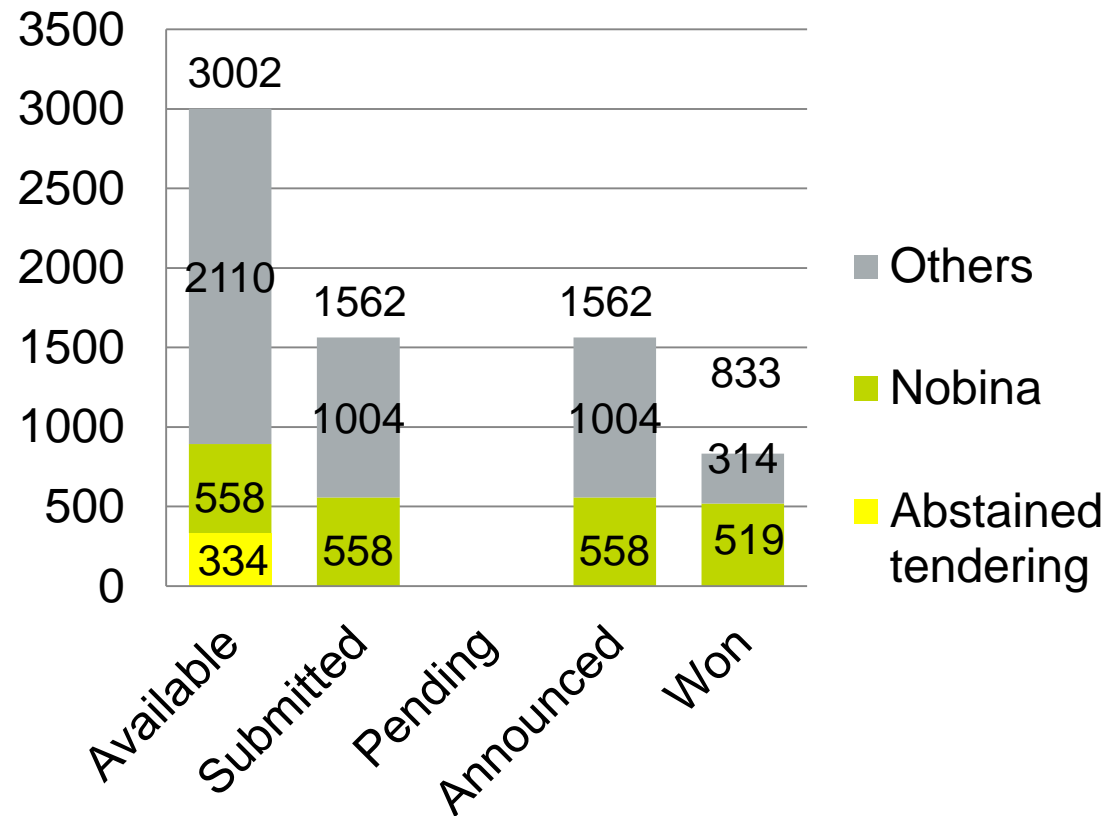
Tender update per country YTD (Number of buses)	Tenders during the period			Traffic changes during the period	
	Submitted	Won	Not won	Started	Ended
Sweden	1,068	664	404	115	102
Norway	106	0	106	0	0
Finland	211	69	142	132	88
Denmark	177	100	77	0	0
<b>Total regional traffic</b>	<b>1,562</b>	<b>833</b>	<b>729</b>	<b>247</b>	<b>190</b>



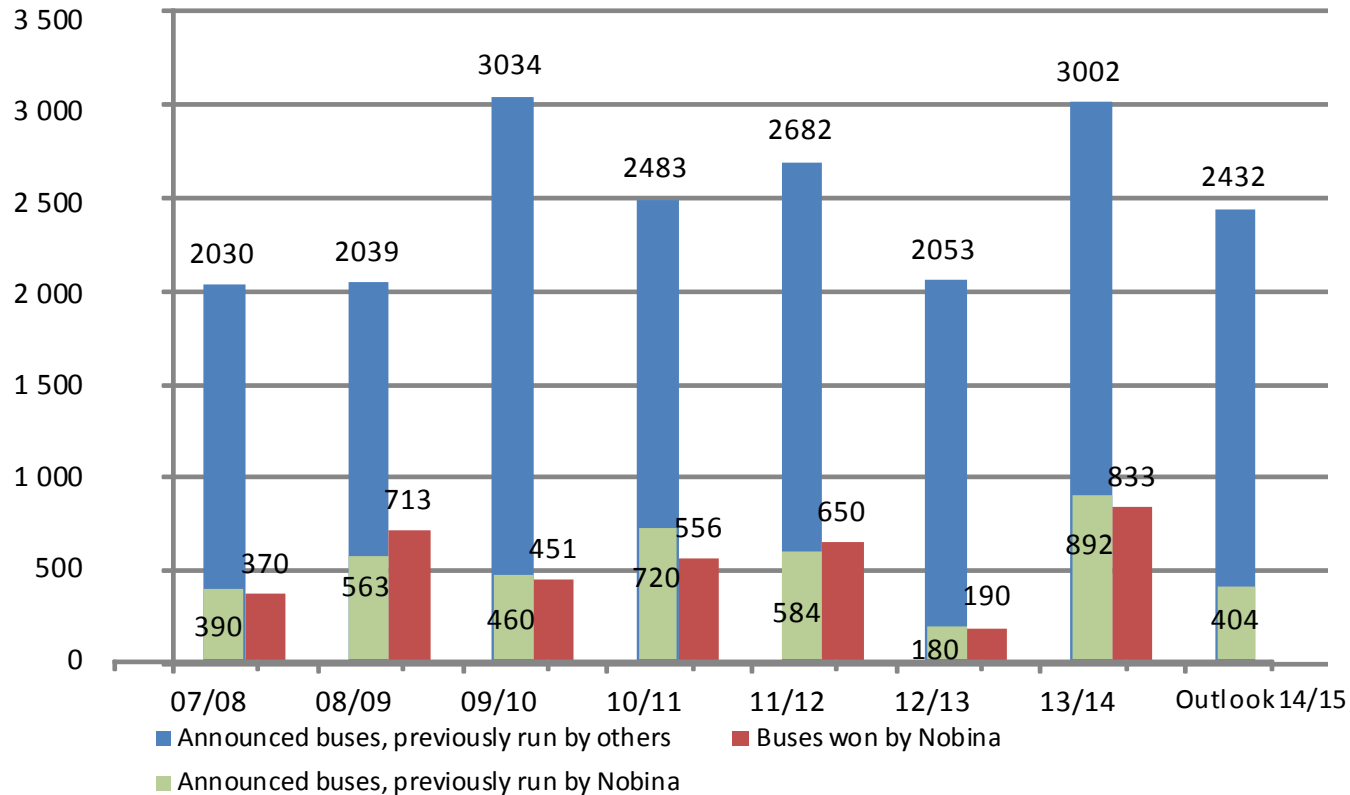
# A tender-intense year

- Nobina submitted tenders for 1,562 buses
- Renewal ratio YTD 93% → target 100% (won/own announced)
- Success ratio YTD 53% (won/announced)

12 month tender results (buses)



# Tender overview and outlook 14/15



# Contract update

- Nobina will start new contracts involving a total of 692 in-service buses in Sweden, Finland and Denmark in the forthcoming 12 months

Tender outcome per country	Traffic starts March 2014 – February 2015					
	PTA	Contract type	No. of years	Traffic start	No. of buses	Value (MSEK)
Sweden	LT Västernorrland	City/Regional	8	June 2014	76	1,370
	LT Västernorrland	City/Regional	8	June 2014	15	260
	Skånetrafiken	City	10	June 2014	96	2,440
	Skånetrafiken	City	5	June 2014	13	260
	Västtrafik	City	8	June 2014	185	2,740
	Skånetrafiken	City	10	August 2014	16	450
	Skånetrafiken	Regional	8	December 2014	22	640
	Värmlandstrafiken	City/Regional	10	December 2014	149	3,120
Finland	HSL	City	7	January 2015	20	430
Denmark	Movia	City	6	December 2014	100	1,670
Sum Regional Traffic					<b>692</b>	<b>13,380</b>

# Business Area: Inter-regional traffic

- Onnibus, Finland has announced that Stagecoach has become part owner, following the deregulation in Finnish public transport
- State owned Nettbus has announced further investments in express bus service for Norway and Sweden
- Private rail operators struggle in planned competition with state owned SJ on Swedish rail services. Massive cost cutting program launched in SJ.
- Continued dialogue with Swedish PTAs whether to view commercial Express bus as a competitor or complementary service





# Revenue and Earnings bridges

SEK million	Revenue	EBIT	EBT
<b>YTD March 2012 – Feb 2013</b>	<b>7,212</b>	<b>246</b>	<b>-9</b>
Price & Volume	-72	55	55
Contract changes	109	-20	-20
Indexation	18	37	37
Operational efficiency	-	-15	-15
Non-recurring costs	-	0	0
Fleet financing and utilization	-	-8	-8
Other	2	31	31
Financial net	-	-	16
<b>YTD March 2013 – Feb 2014</b>	<b>7,269</b>	<b>326</b>	<b>87</b>

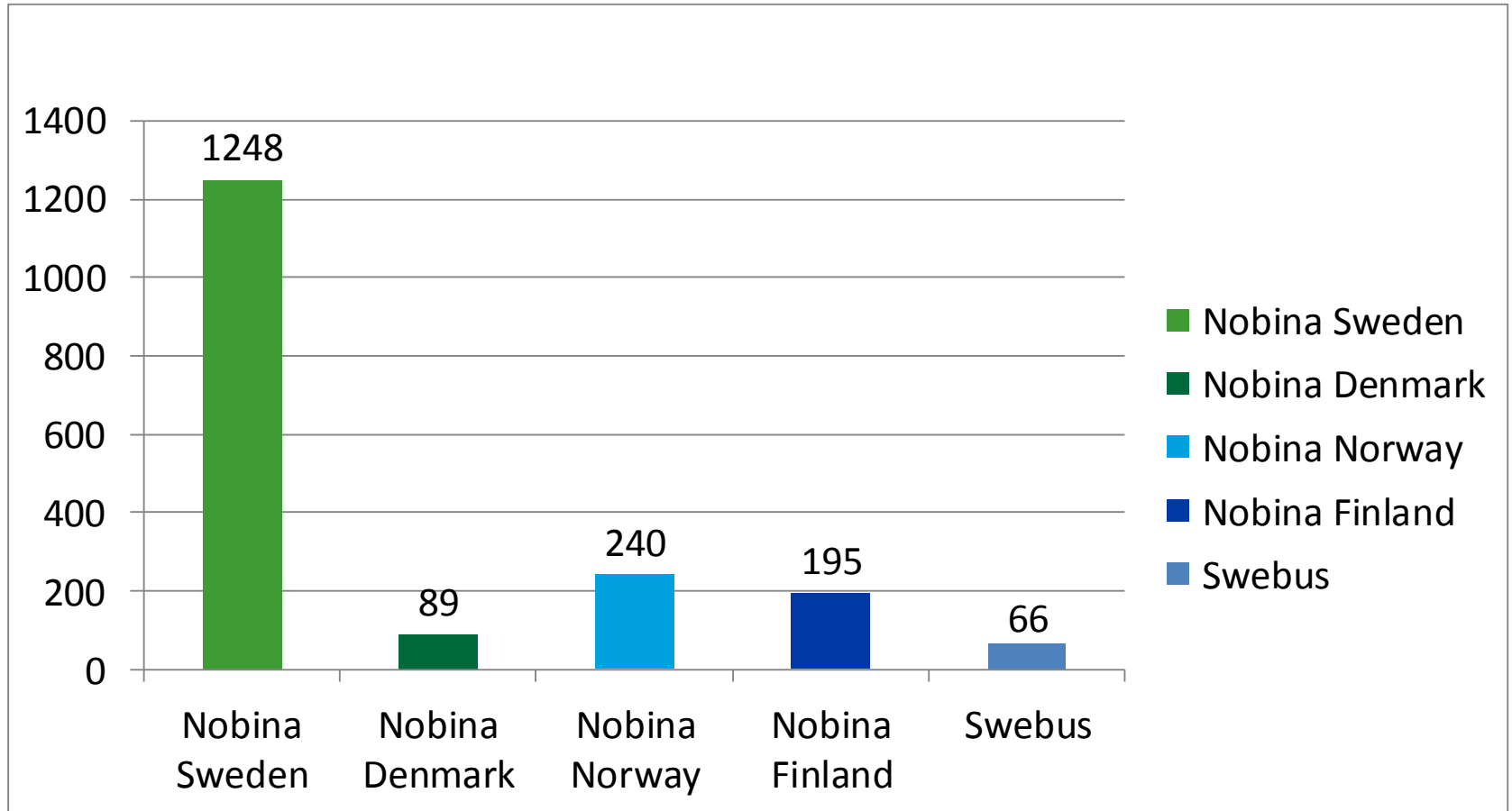
- YTD Revenue SEK 7,269 million (7,212)
  - Negative price and volume effect from Swebus and bus for train in Norway
  - Positive effect from the new contract in Oslo Vest and indexation in Sweden (AKI)
- YTD EBIT and EBT improved compared to prior year
  - Positive effect in price & volume from terminated Arlanda shuttle and reduction of low margin traffic
  - Negative contract effect due to contract migration in second half of last year
  - Revenue Indexation leads to positive result effect
  - Negative efficiency development due to maintenance, damages and Norway admin allocation change
  - Other is positive due to new tyre agreement, lower costs for HQ and IT, and Norway admin allocation change

# Revenues per business segment

MSEK	Q4 13/14	12/13	△	YTD 13/14	12/13	△
Sweden	1 248	1 183	5%	4 853	4 808	1%
Denmark	89	87	2%	346	341	1%
Norway	240	257	-7%	995	946	5%
Finland	195	203	-4%	802	801	0%
Eliminations	-22	-14	57%	-43	-39	10%
<b>Total Regional</b>	<b>1 750</b>	<b>1 716</b>	<b>2%</b>	<b>6 953</b>	<b>6 857</b>	<b>1%</b>
Swebus	66	77	-14%	316	355	-11%
Eliminations	0	0	0%	0	0	0%
<b>Total Interregional</b>	<b>66</b>	<b>77</b>	<b>-14%</b>	<b>316</b>	<b>355</b>	<b>-11%</b>
<b>Total revenue</b>	<b>1 816</b>	<b>1 793</b>	<b>1%</b>	<b>7 269</b>	<b>7 212</b>	<b>1%</b>

- Regional revenue increased by SEK 34 million in Q4 and SEK 99 million YTD.
  - Sweden had higher contract volumes in Q4, from the start of new Skåne contract in June mitigating lost volume from expired Bromma contract in Q2 last year.
  - Denmark has continued to show a flat development, no changes in the contract portfolio.
  - Norway full year increased due to new Oslo Vest contract while Q4 reduction reflects lost bus for train service
  - Finland contract volumes slightly less than last year in Q4; however, YTD in line with last year.
- Interregional revenue decreased by SEK -11 million in Q4 and SEK -39 million YTD, due to less passengers than in last year and price competition. Arlanda Airport shuttle ceased service at the end of August affecting second half year.

# Fourth quarter revenues (SEK million) per business area



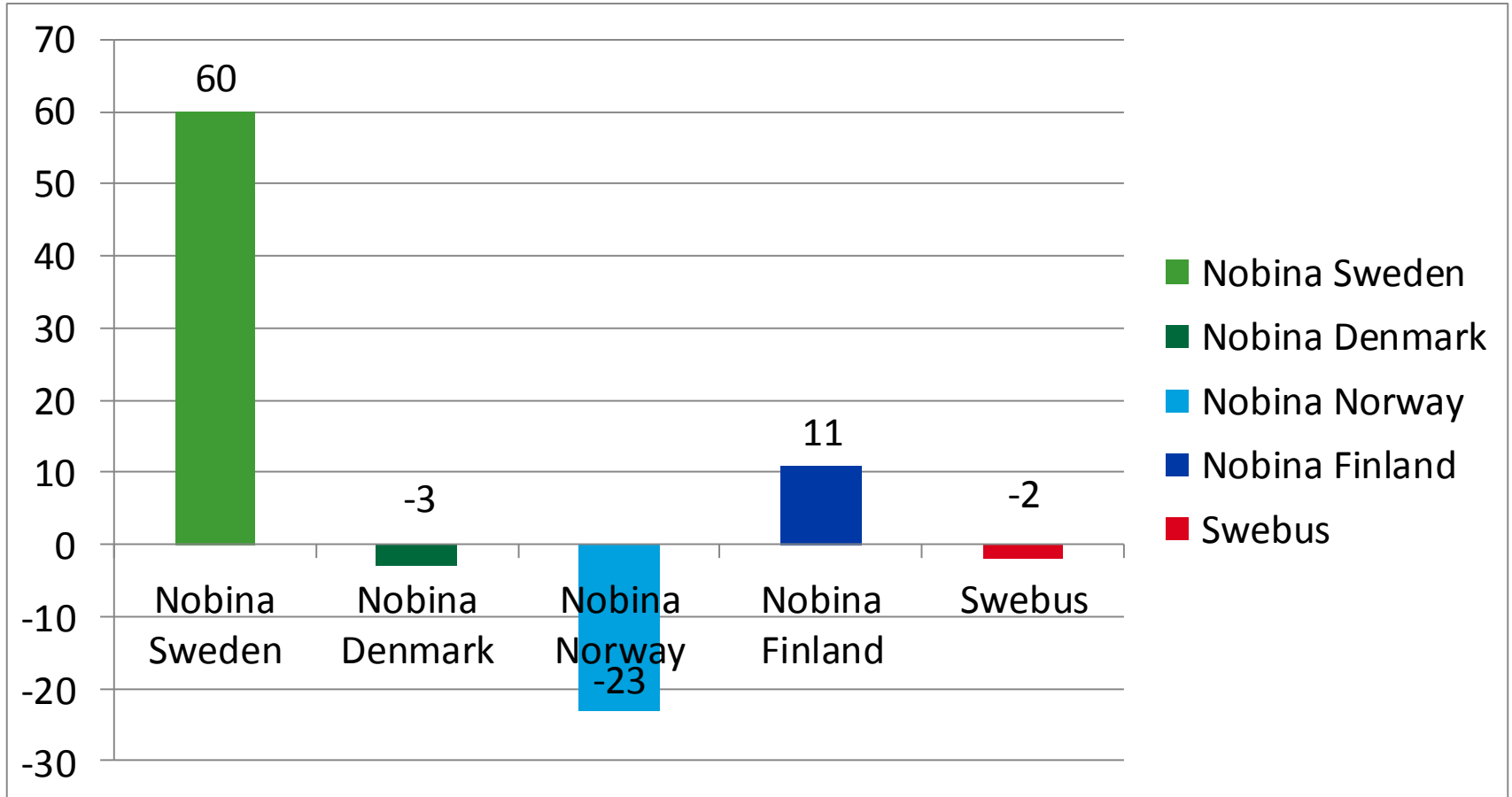
# EBIT per business segment

MSEK	Q4 13/14	12/13	△	YTD 13/14	12/13	△
Sweden	60	43	17	328	303	25
Denmark	-3	-9	6	-14	-26	12
Norway	-23	-13	-10	-3	-25	22
Finland	11	11	0	45	32	13
<b>Total Regional</b>	<b>45</b>	<b>32</b>	<b>13</b>	<b>356</b>	<b>284</b>	<b>72</b>
Interregional	-2	-4	2	3	5	-2
HQ and other	-11	-11	0	-33	-43	10
<b>EBIT</b>	<b>32</b>	<b>17</b>	<b>15</b>	<b>326</b>	<b>246</b>	<b>80</b>
Financial net	-56	-69	13	-239	-255	16
<b>EBT</b>	<b>-24</b>	<b>-52</b>	<b>28</b>	<b>87</b>	<b>-9</b>	<b>96</b>

- Regional business was above last years EBIT by SEK +13 million in Q4 and +72 YTD.
  - The mild winter has supported the business performance positively.
  - Sweden improved further in Q4, driven by positive indexation and maturing contract portfolio.
  - Denmark EBIT was less negative than last year in all quarters due to positive efficiency effects despite higher maintenance and SEK 1 million bus write-offs due to an accident earlier in the year.
  - Norway Q4 was below last year, negative effect from PTA settlement, pension and salary accounting adjustment. Focus on Tromsö cost recovery including legal case preparation.
  - High operational performance after successful earlier start-ups supports strong YTD EBIT in Finland.
- Interregional EBIT less negative in Q4 vs prior year and less positive YTD. Negative passenger trend and price competition compensated by network cost savings and positive effect of Arlanda Air shuttle close down.
- HQ costs lower than last year, primarily in IT.



# Fourth quarter operating profit (SEK million) per business area



# Cash flow

MSEK	Q4			YTD		
	13/14	12/13	△	13/14	12/13	△
Cash flow from operations before changes in working capital	147	158	-11	817	717	100
Changes in working capital	197	12	185	78	146	-68
Interest received and tax payments	1	0	1	4	3	1
<b>Cash flow from operations after changes in working capital</b>	<b>345</b>	<b>170</b>	<b>175</b>	<b>899</b>	<b>866</b>	<b>33</b>
Changes in cash deposits	-6	-15	9	14	-26	40
Net investments	-7	-31	24	-39	-127	88
Divestments	4	14	-10	14	35	-21
<b>Cash flow from investing activities</b>	<b>-9</b>	<b>-32</b>	<b>23</b>	<b>-11</b>	<b>-118</b>	<b>107</b>
Lease amortization	-123	-120	-3	-486	-437	-49
Interest paid	-34	-50	16	-229	-245	16
Other financing items	0	0	0	0	-33	33
<b>Cash flow from financing activities</b>	<b>-157</b>	<b>-170</b>	<b>13</b>	<b>-715</b>	<b>-715</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>179</b>	<b>-32</b>	<b>211</b>	<b>173</b>	<b>33</b>	<b>140</b>
Available cash *)	<b>309</b>	<b>137</b>	<b>172</b>	<b>309</b>	<b>137</b>	<b>172</b>

\*) Restricted cash of SEK 156 million (175) not included

- Cash flow was highly positive in Q4 turning full year cash flow to positive.
- Significantly improved cash flow from operations before working capital YTD.
- Working capital was turned from negative to positive in Q4 by 197 MSEK swing, due to management initiatives to receive payments on time.
- Limited investment activities and divestment of used buses in Q4 and full year.
- Cash flow from financing activities in Q4 improved due to last year's refinancing activities.

# CAPEX

MSEK	Q4			YTD		
	13/14	12/13	△	13/14	12/13	△
Investments in new buses	185	27	158	252	1 129	-877
Other investments	7	31	-24	39	127	-88
<b>Total Investments</b>	<b>192</b>	<b>58</b>	<b>134</b>	<b>291</b>	<b>1 256</b>	<b>-965</b>
Lease financing	-185	-27	158	-252	-1 129	877
<b>Net Capex</b>	<b>7</b>	<b>31</b>	<b>-24</b>	<b>39</b>	<b>127</b>	<b>-88</b>

- Total Capex of SEK 192 million (58) in Q4 and SEK 291 million (1 256) YTD
- Increase of bus investments, by SEK +158 million to SEK 185 million in Q4 but significant reduction by SEK -877 million to SEK 252 million YTD due to very low level of new contract start up activities.
- Cash financed miscellaneous Capex was low in both Q4 and YTD due to limited contract start up activities
- All new buses have been lease financed.

# Nobina Europe AB Group

MSEK	Q4 13/14	12/13	△	YTD 13/14	12/13	△
<b>Net revenues</b>	<b>1 822</b>	<b>1 802</b>	<b>20</b>	<b>7 300</b>	<b>7 263</b>	<b>37</b>
Operating costs	-1 843	-1 852	9	-7 220	-7 264	44
<b>EBIT</b>	<b>-21</b>	<b>-50</b>	<b>29</b>	<b>80</b>	<b>-1</b>	<b>81</b>
Finance net	36	-1	37	64	31	33
<b>Profit before tax</b>	<b>15</b>	<b>-51</b>	<b>66</b>	<b>144</b>	<b>30</b>	<b>114</b>
Split of finance net	13/14	12/13	△	13/14	12/13	△
Interest net	36	3	33	74	19	55
FX net *	0	-4	4	-10	12	-22
<b>Total</b>	<b>36</b>	<b>-1</b>	<b>37</b>	<b>64</b>	<b>31</b>	<b>33</b>
*of which FX P/L on Senior Notes	0	0	0	0	18	-18

# Everyone wants to travel with us

- We are here for our customers
- We strive for continuous development
- We respect each other
- We safeguard good leadership
- We care





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