



WELCOME TO NOBINA'S CAPITAL MARKETS DAY

1 June 2016

THE LARGEST AND MOST EXPERIENCED PUBLIC TRANSPORT SERVICE PROVIDER IN THE NORDIC REGION



AGENDA

	<i>Topic / Activity</i>	<i>Speaker</i>
11.30	Lunch	
13.00	Market update and business overview	Moderator: Ingrid Håkanson Ragnar Norbäck
	Q&A	Ragnar + subsidiary MD's
	Business logics and Nobina business model • Contract management • Fleet management	Ragnar, Jan Bosaeus Anna Jonasson
	Q&A	Ragnar + Jan + Anna
14.20	Break	
14.40	Financial fundamentals	Per Skärgård
	Strategic agenda, financial targets update	Ragnar
	Q&A	Ragnar, Per
~15.45	End of CMD	



MARKET UPDATE AND BUSINESS OVERVIEW

RAGNAR NORBÄCK, CEO



GLOBAL TRENDS

- **1.2 billion trips** are made each day **with public transport**
- Strong urbanisation trend; **50%** expected growth until 2050
- **Less space** per inhabitant
- **Daily trips** in urban areas from 7.5 billion to **11.5 billion trips** 2025

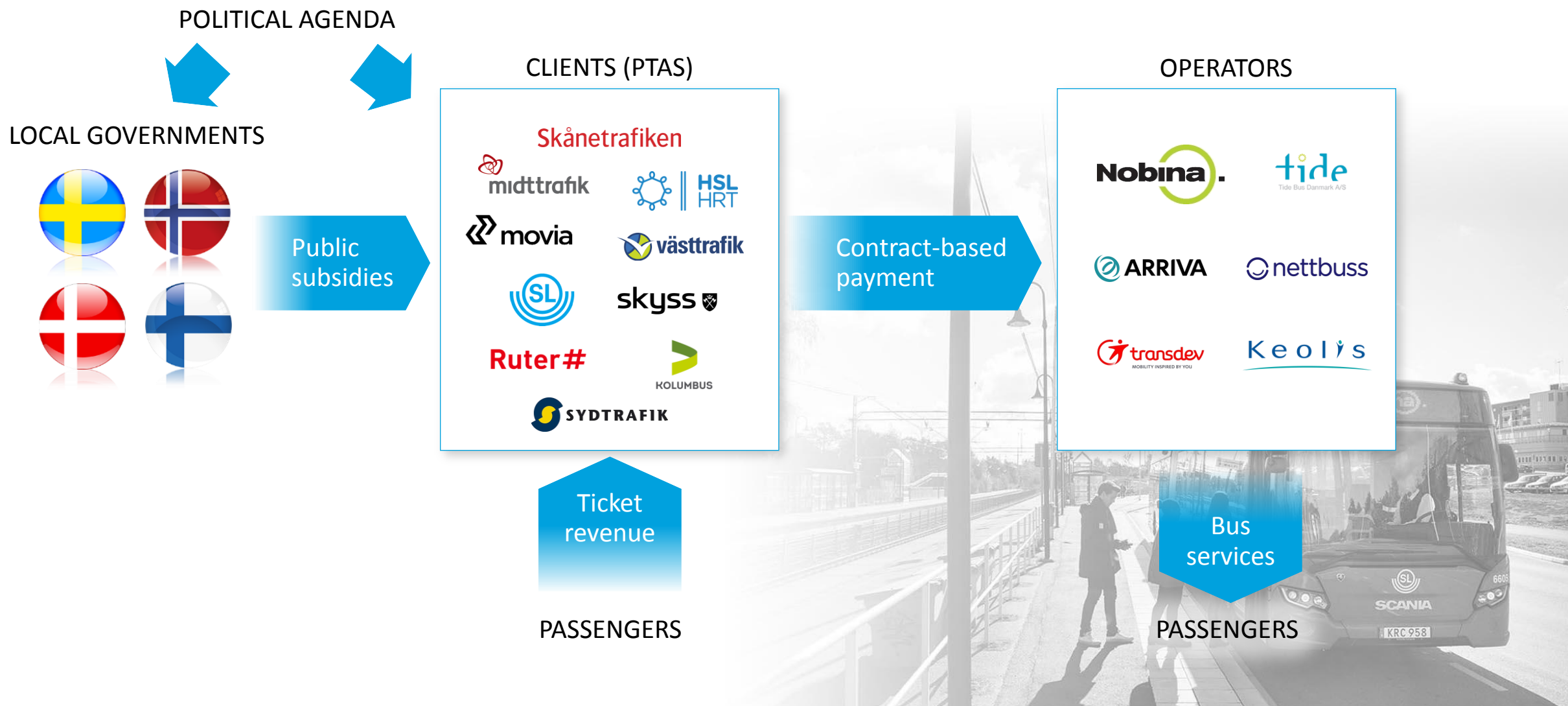


STABLE AND GROWING MARKET

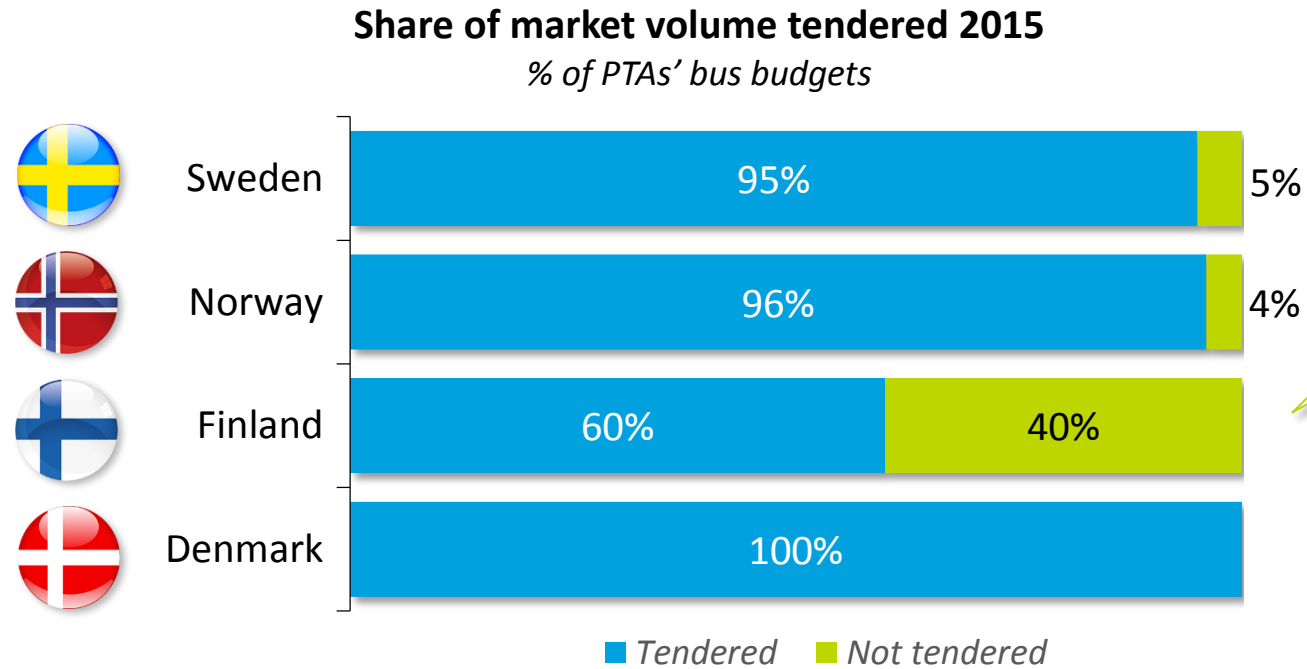
- Increasing urbanisation
- Environmental awareness
- Public initiatives to increase public transport
- Priority to improve mobility of people



NORDIC PUBLIC BUS TRANSPORT MARKET DYNAMICS



PUBLIC TRANSPORT TENDERING IN THE NORDICS

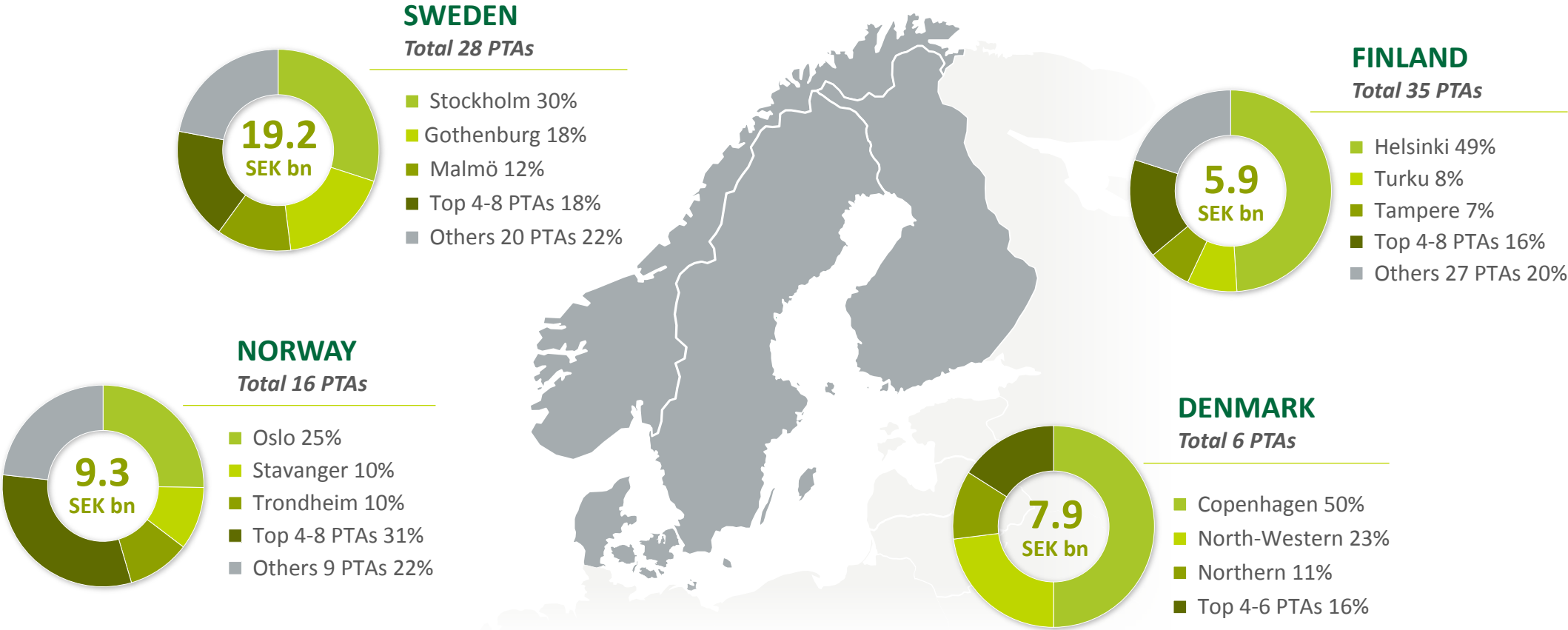


The non-tendered market in Finland might be slightly higher, as some PTAs may not include interregional buses in their budgets

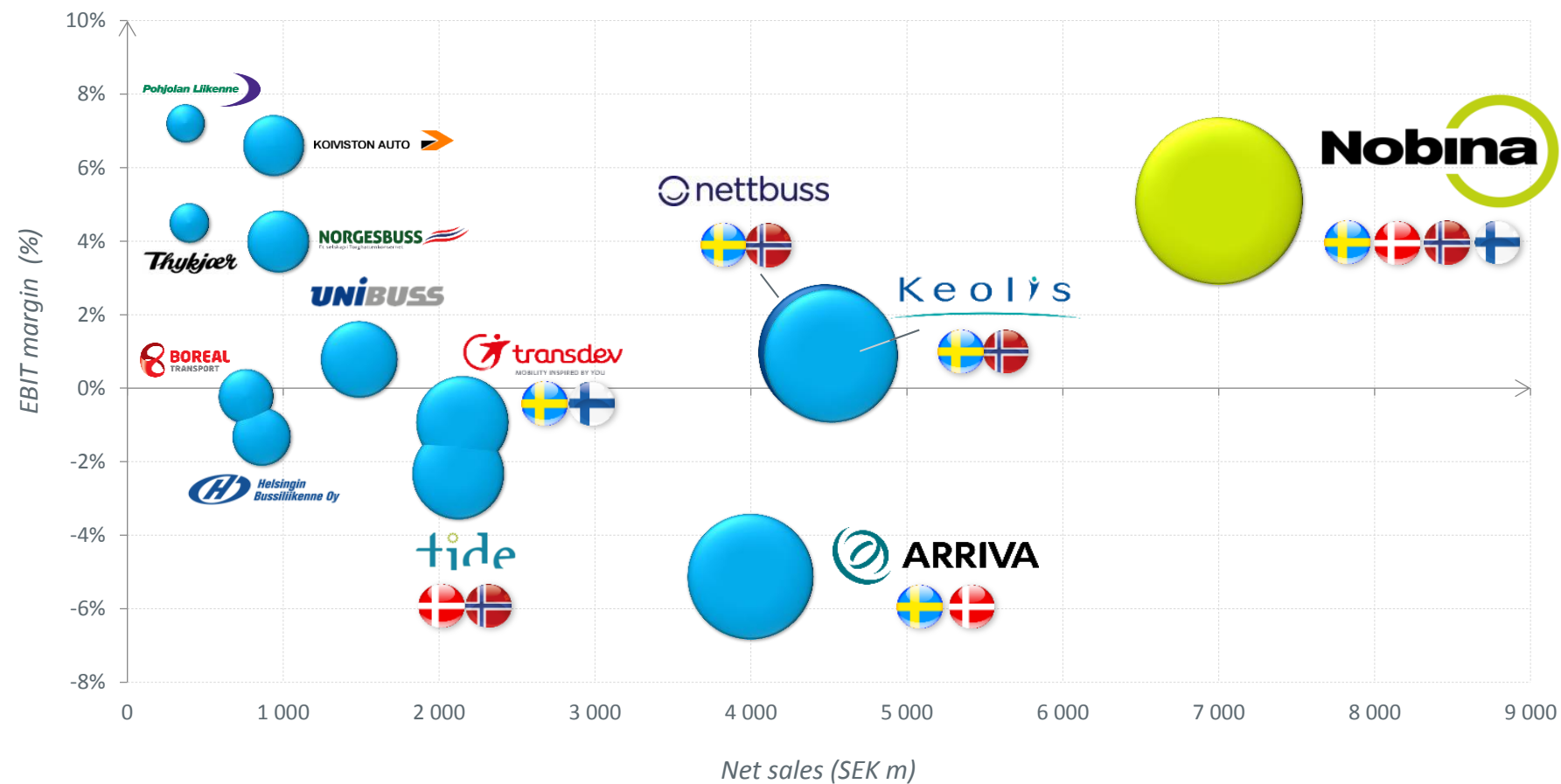


SPENDING ON BUS TRANSPORT

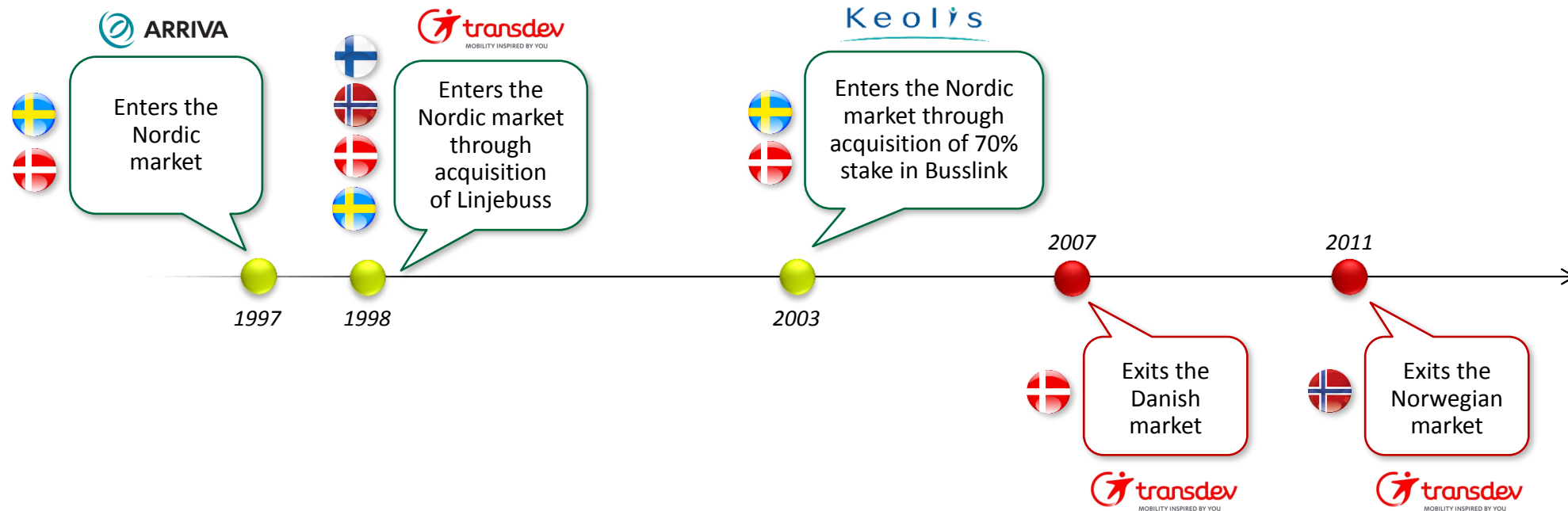
Concentration in a few PTAs in big cities, bus market size by PTA, 2014



PAN-NORDIC MARKET LEADER WITH INDUSTRY LEADING PROFITABILITY



INTERNATIONAL PLAYERS LESS FOCUSED ON THE NORDIC



Substantial barriers to entry



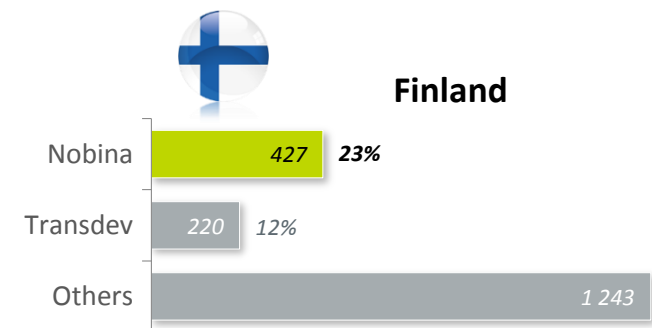
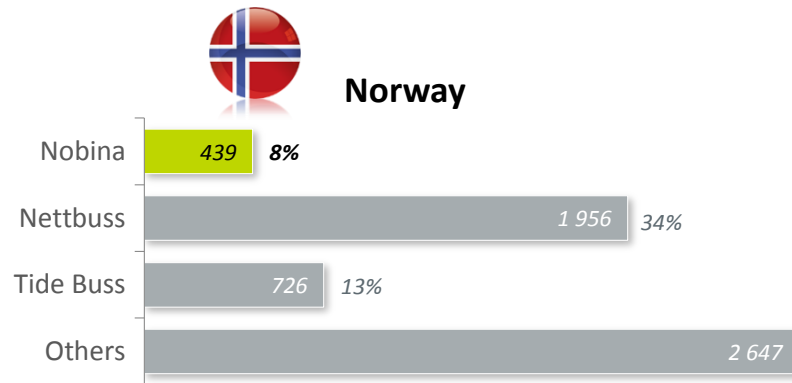
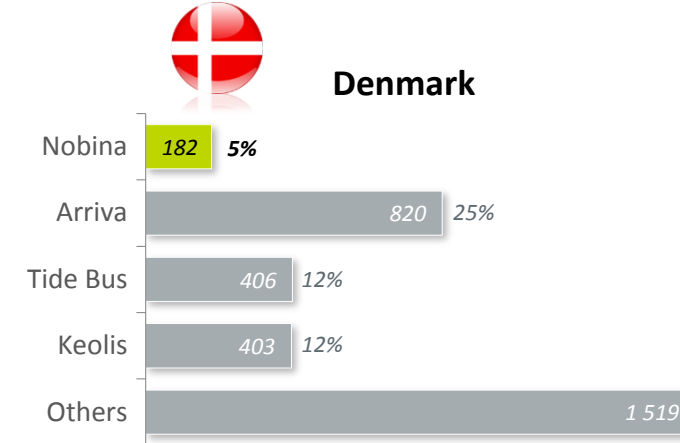
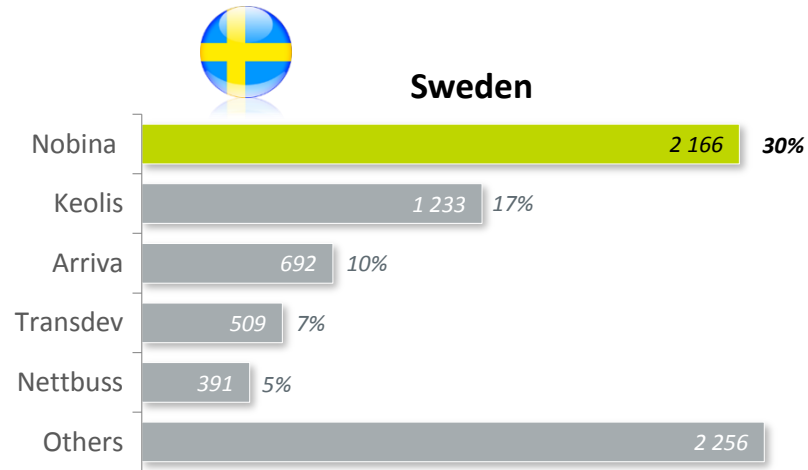
NORDIC PUBLIC BUS TRANSPORT MARKET...

... compared to the rest of Europe



MARKET SHARE, OPERATORS

Tendered market 2015, number of buses



NOBINA CONTINUES ITS PROFITABLE GROWTH IN ALL MARKETS



NET SALES

SEK **5,675** m

+10%

OPERATING PROFIT

SEK **392** m

+5%

CONTRACT VALUE

SEK **30** bn

2 SEK 30 PU



NET SALES

SEK **511** m

+29%

OPERATING PROFIT

SEK **8** m

from -SEK ➔ **+SEK**

CONTRACT VALUE

SEK **2** bn

2 SEK 5 PU



NET SALES

SEK **925** m

-2%

OPERATING PROFIT

SEK **20** m

from -SEK ➔ **+SEK**

CONTRACT VALUE

SEK **4** bn

2 SEK 4 PU



NET SALES

SEK **952** m

+17%

OPERATING PROFIT

SEK **69** m

+47%

CONTRACT VALUE

SEK **4** bn

2 SEK 4 PU

GROUP MANAGEMENT



Philipp Engedal

Managing Director
Nobina Norge AS
Employed 2012

Joakim Palmkvist

Managing Director
Swebus AB
Employed 2006

Per Skärgård

CFO, Vice President
Nobina AB
Employed 2004

Jan Bosaeus

Managing Director
Nobina Sverige AB,
Vice President Nobina AB
Employed 2002

Annika Kolmert

Head of operational development
Nobina AB
Employed 2005

Ragnar Norbäck

CEO
Nobina AB
Employed 2004

Martin Pagrotsky

Senior legal counsel
Nobina AB
Employed 2006

Annika Molander

Director of communications
Nobina AB
Employed 2016

Anna Jonasson

Head of COR
Nobina AB
Employed 2005

Tom Ward

Managing Director
Nobina Finland Oy
Employed 2004

Niels Peter Nielsen

Managing Director
Nobina Danmark A/S
Employed 2008



Q&A

Nobina.



BUSINESS LOGICS AND NOBINA BUSINESS MODEL

RAGNAR NORBÄCK, CEO

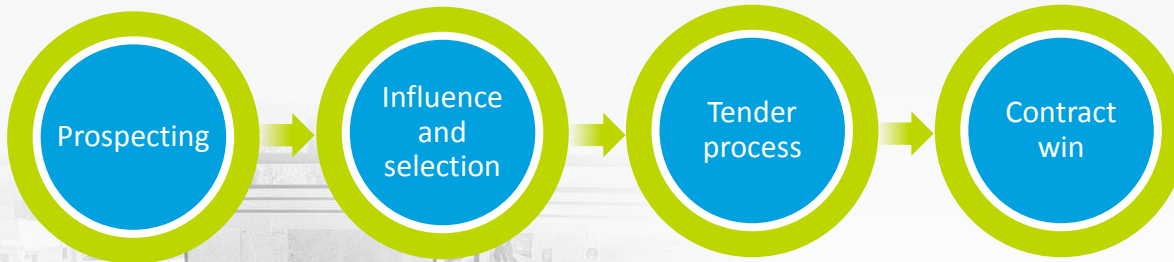


EFFICIENT OPERATIONS WITH SUPPORT FROM ECONOMIES OF SCALE

Phase I

TENDERING

RISK ASSESSMENT



FLEET MANAGEMENT

TRAFFIC PLANNING

Phase II

EXECUTION

CONTRACT MANAGEMENT



5-10 years with potential for 1-2 years extension

ADVANCED TENDERING PROCESS



Nobina continuously analyses upcoming tenders across the Nordic countries through a close dialogue with all

57
active clients

20-30

tenders are selected as attractive each year

Active dialogue with clients to align interest regarding contract structure

15-25

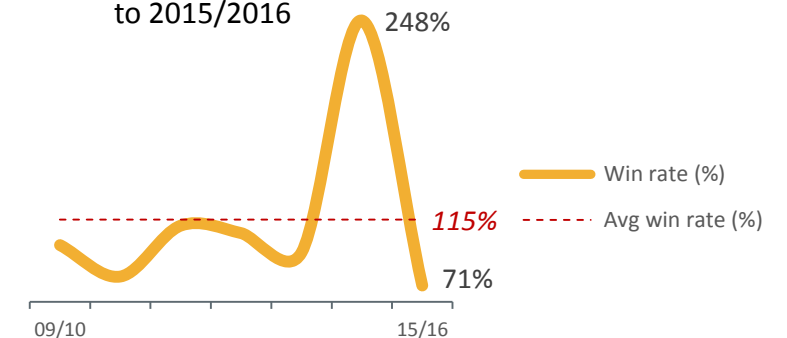
tenders submitted each year

All submitted tenders are priced based on strict return requirements (combination of ROCE, IRR and EBT)

Average annual win rate¹ of

115%

from 2009/2010 to 2015/2016

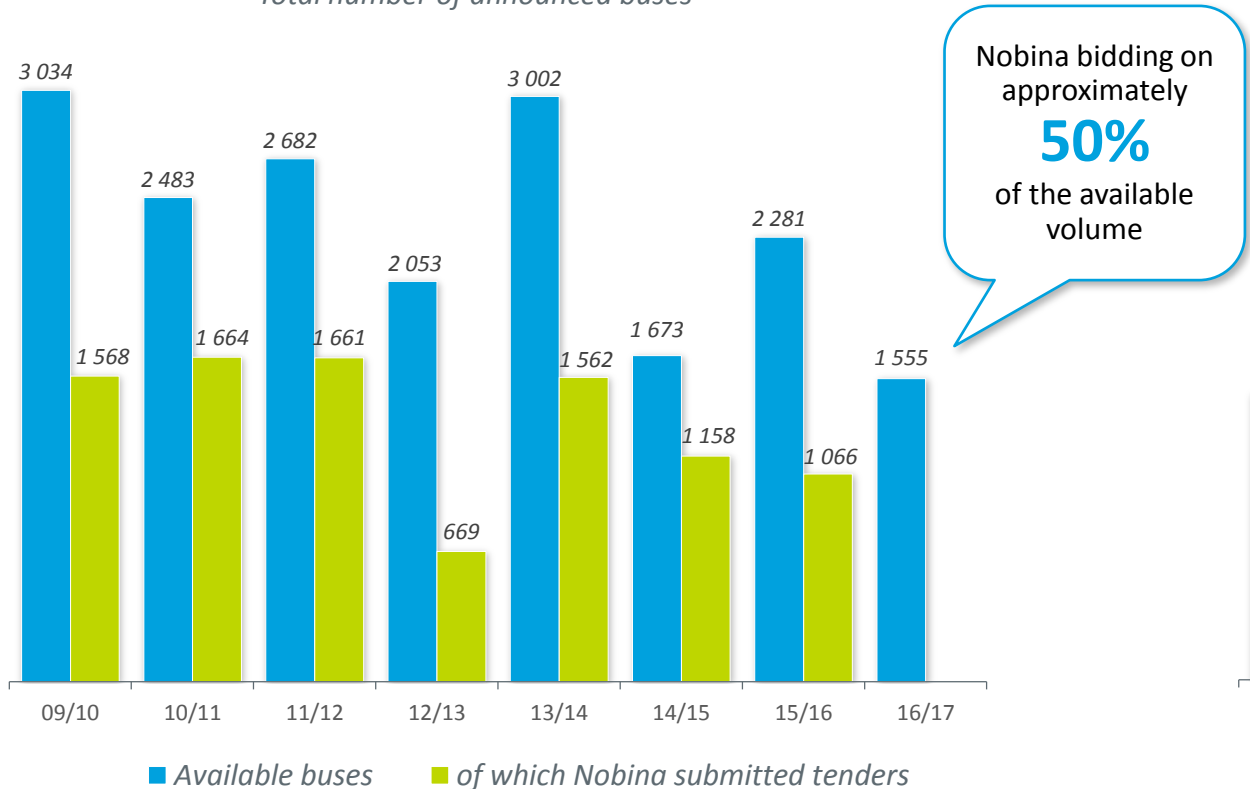


Submitted tenders are priced to comply with the strict internal return requirements

TENDERS CAREFULLY SELECTED FROM LARGE MARKET VOLUMES

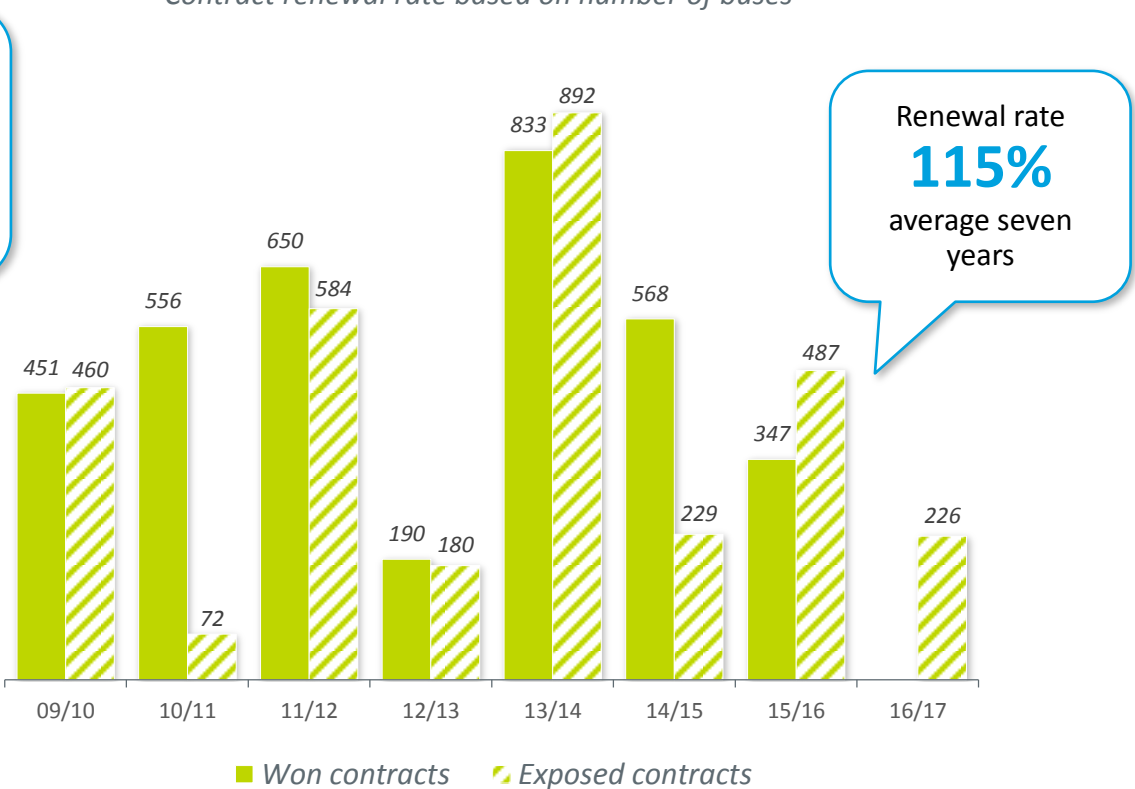
Consistent level of large market volumes

Total number of announced buses



Successful historic net contract wins

Contract renewal rate based on number of buses¹



TRENDS AND OPPORTUNITIES IN TENDERS

CONTRACT COMPENSATION

CONTRACT

Production

Compensation based on number of buses, hours and / or kilometres

Incentives/bonuses

Compensation partly or entirely linked to a variable component, such as number of passengers and / or certain qualitative measurements

CURRENT TRENDS IN NORDIC TENDERS

1

Quality becoming more important

2

Incentives in contracts more frequently used

3

More complex tenders

OPPORTUNITIES FOR SERVICE PROVIDERS

Ability to provide outstanding quality through efficient process development

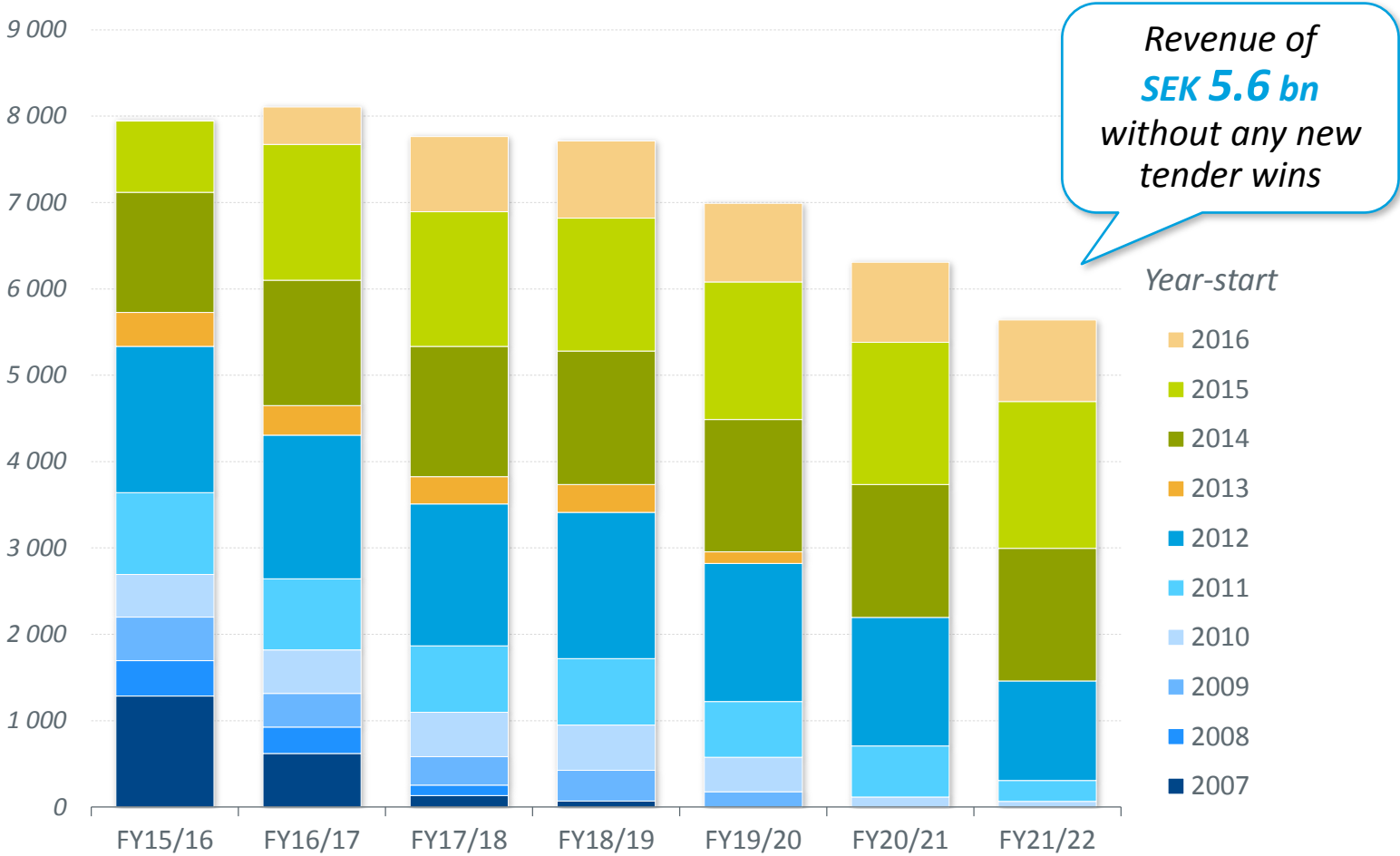
Ability to increase volume and passengers

Advanced tender pricing capabilities with thorough risk assessment and competence within travel patterns in the Nordics



Nobina well-positioned to benefit from current market trends as a result of scale and experience from express bus services

REVENUE RUN-OFF EXISTING CONTRACTS, PER START YEAR





CONTRACT MANAGEMENT

JAN BOSAEUS, MD NOBINA SVERIGE AND VICE PRESIDENT NOBINA AB



CONTRACT PROFITABILITY IS DRIVEN BY CONTRACT CONDITIONS AND EXECUTION

CONTRACT MANAGEMENT

Contractual conditions,
changes & opportunities
– “Deliver the Contract!”

OPERATIONAL EXCELLENCE

Execution:
“How efficient are we
given the conditions”

Contract
profitability



CONTRACT MANAGEMENT - TOP-DOWN APPROACH

... MONTHLY BUSINESS REVIEWS OF TRAFFIC AREAS AND CONTRACTS



TRAFFIC AREA MBR



Evaluation of P/L and KPIs per traffic area, which may include one or many contracts

CONTRACT MBR



Evaluation of contract development, incl. revenue and cost drivers

CONTRACT MANAGEMENT - TOP-DOWN APPROACH

CONTRACT MBR – MONITORING CONTRACT DEVELOPMENT



DEVELOPMENT OF REVENUE AND COST

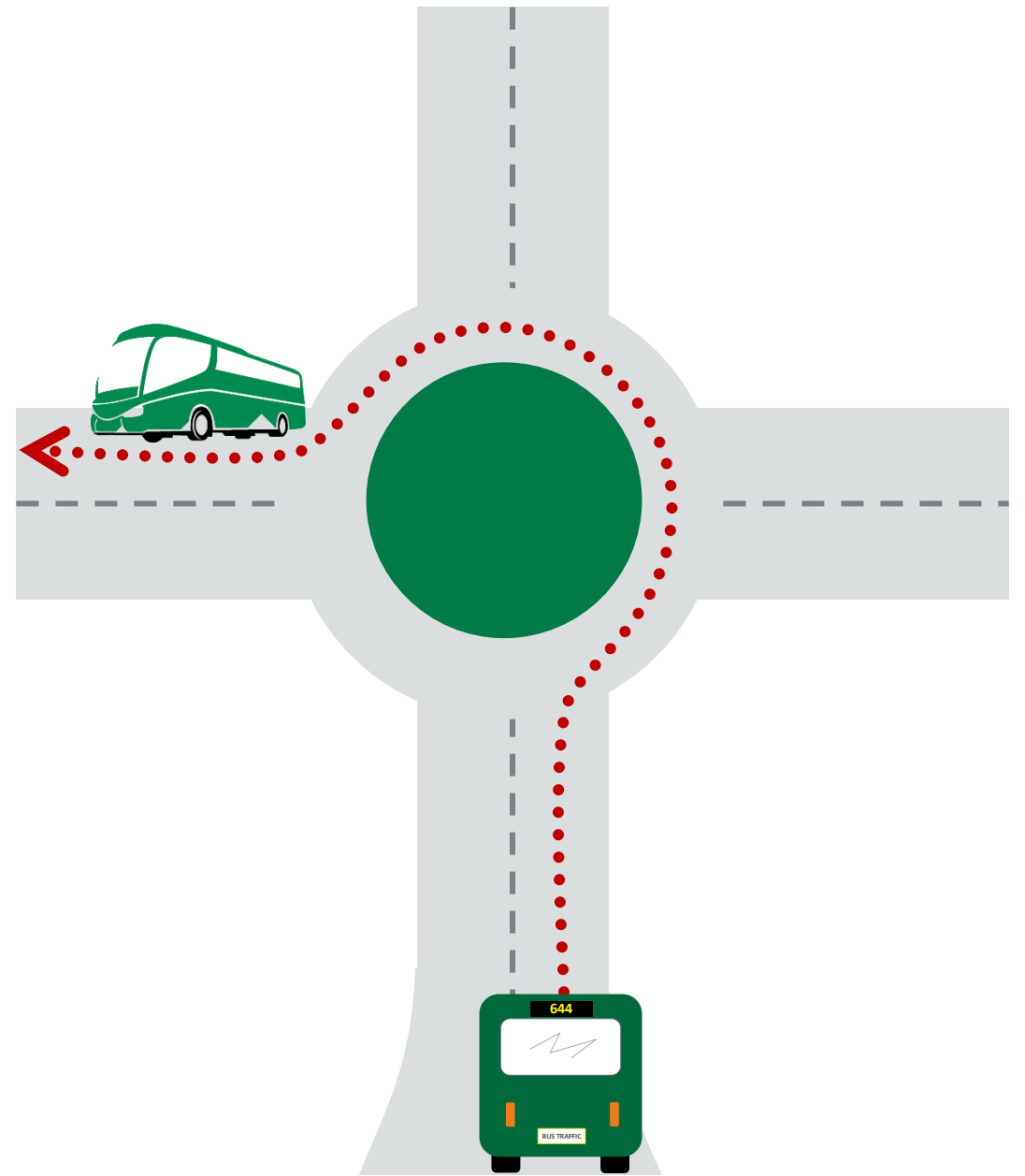
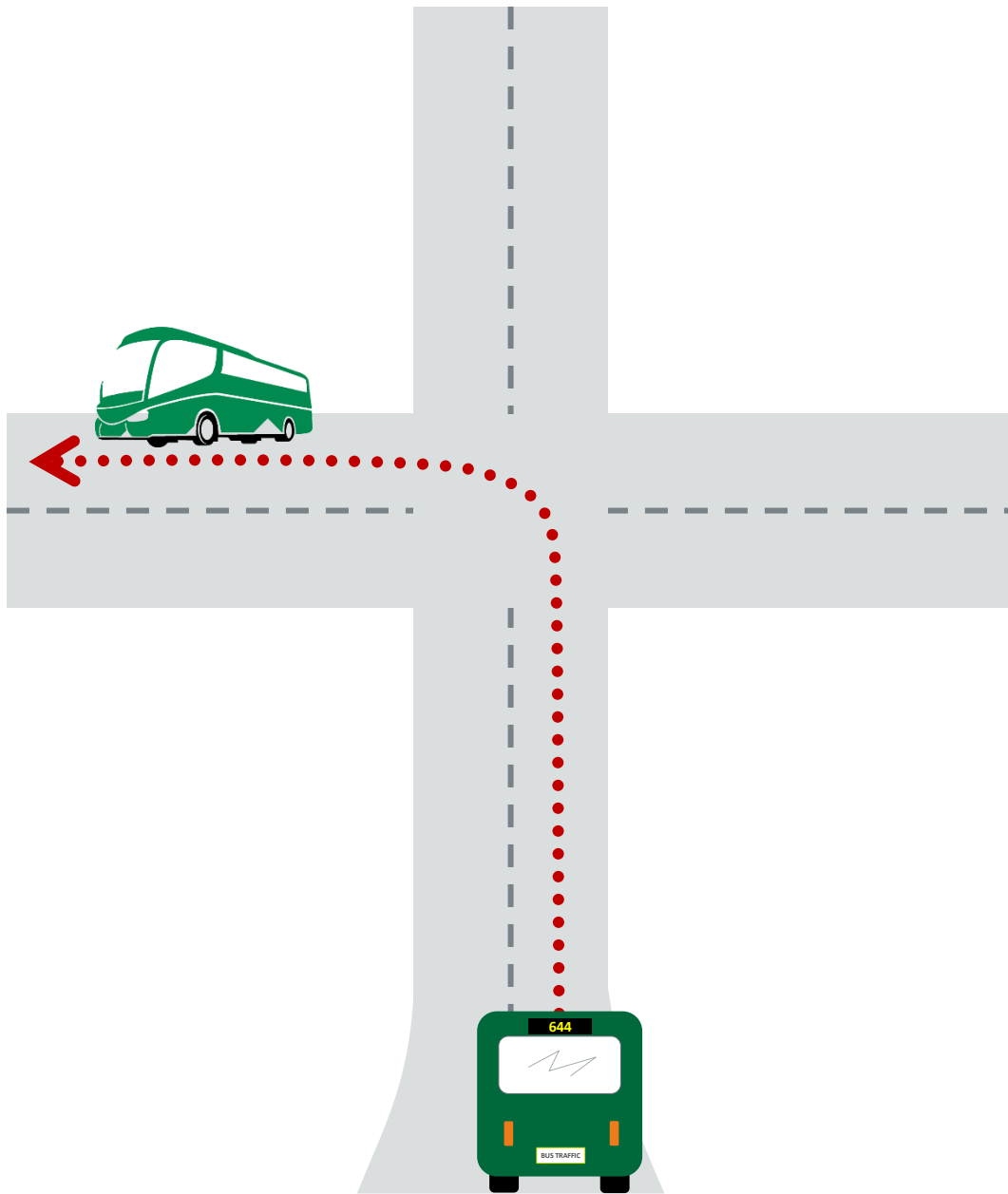


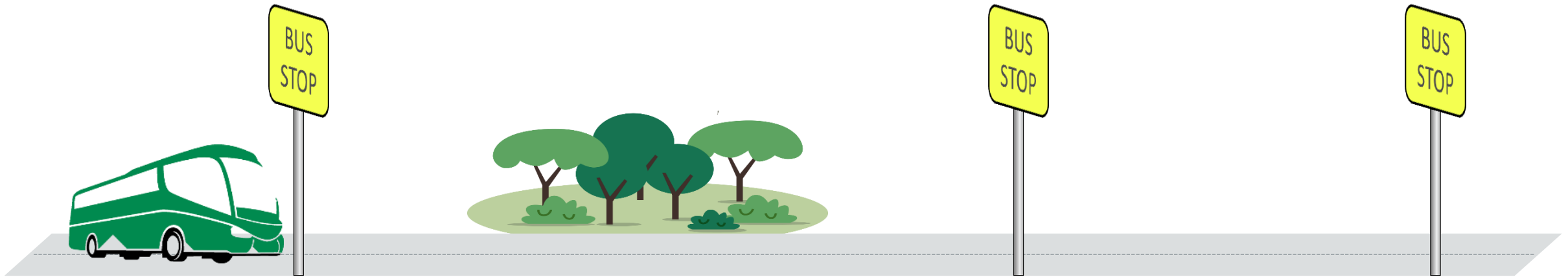
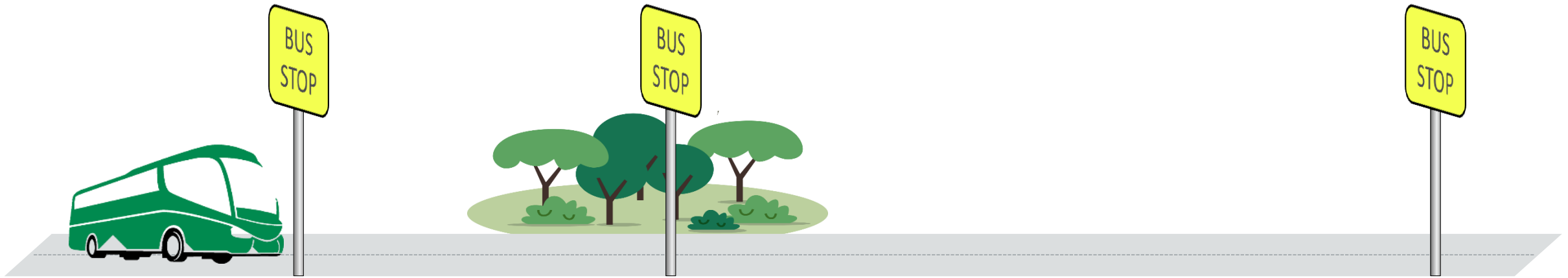
Kilometres, hours, buses, passengers

MONITORING CHANGES



Changes in timetable, average speed, route changes and bus stops etc.

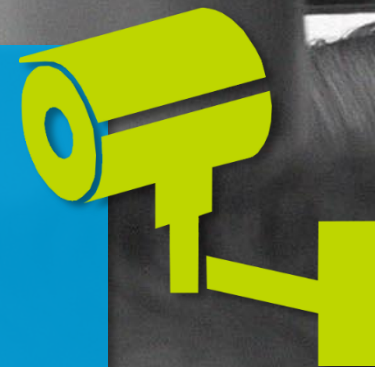




<i>Sales status</i> <i>Product</i> <i>Nobina Sweden AB</i>	<i>Contr.</i> <i>1</i>	<i>Contr.</i> <i>2</i>	<i>Contr.</i> <i>3</i>	<i>Contr.</i> <i>4</i>	<i>Contr.</i> <i>5</i>	<i>Contr.</i> <i>6</i>	<i>Contr.</i> <i>7</i>	<i>Contr.</i> <i>8</i>	<i>Contr.</i> <i>9</i>	<i>Contr.</i> <i>10</i>	<i>Contr.</i> <i>11</i>	<i>Contr.</i> <i>12</i>	<i>Contr.</i> <i>13</i>	<i>Contr.</i> <i>14</i>	<i>Contr.</i> <i>15</i>	<i>Contr.</i> <i>16</i>	<i>Contr.</i> <i>17</i>
Customer host																	
Defibrillators																	
Payment terminals																	
Substitute for train																	
Coach hire																	
USB-socket																	
Internet Onboard																	
Infotainment																	
Security camera																	
Mobileticket reader																	
Passenger count.sys																	
Data communication																	

Sold, full potential reached
 Sold, further potential

Pre-sale ongoing
 No initiative



NORRTÄLJE

+20%

passenger increase in four years

MALMÖ

Malmöexpressen

+42%

passenger increase in two years



FLEET MANAGEMENT

ANNA JONASSON, HEAD OF OPERATIONAL SUPPORT



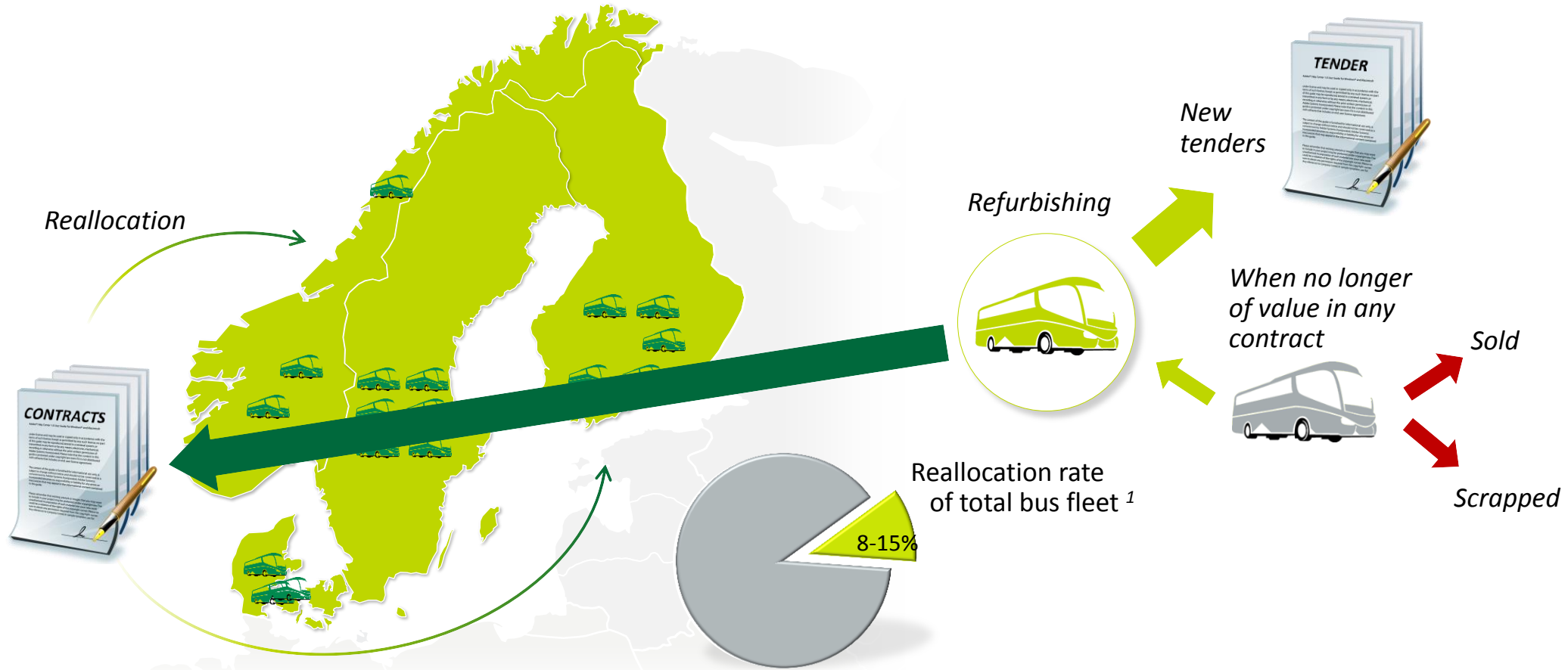
FLEET MANAGEMENT KEY ADVANTAGES

- Extend the useable life of our buses
- Manage migration of bus specifications
- Consolidated buying power

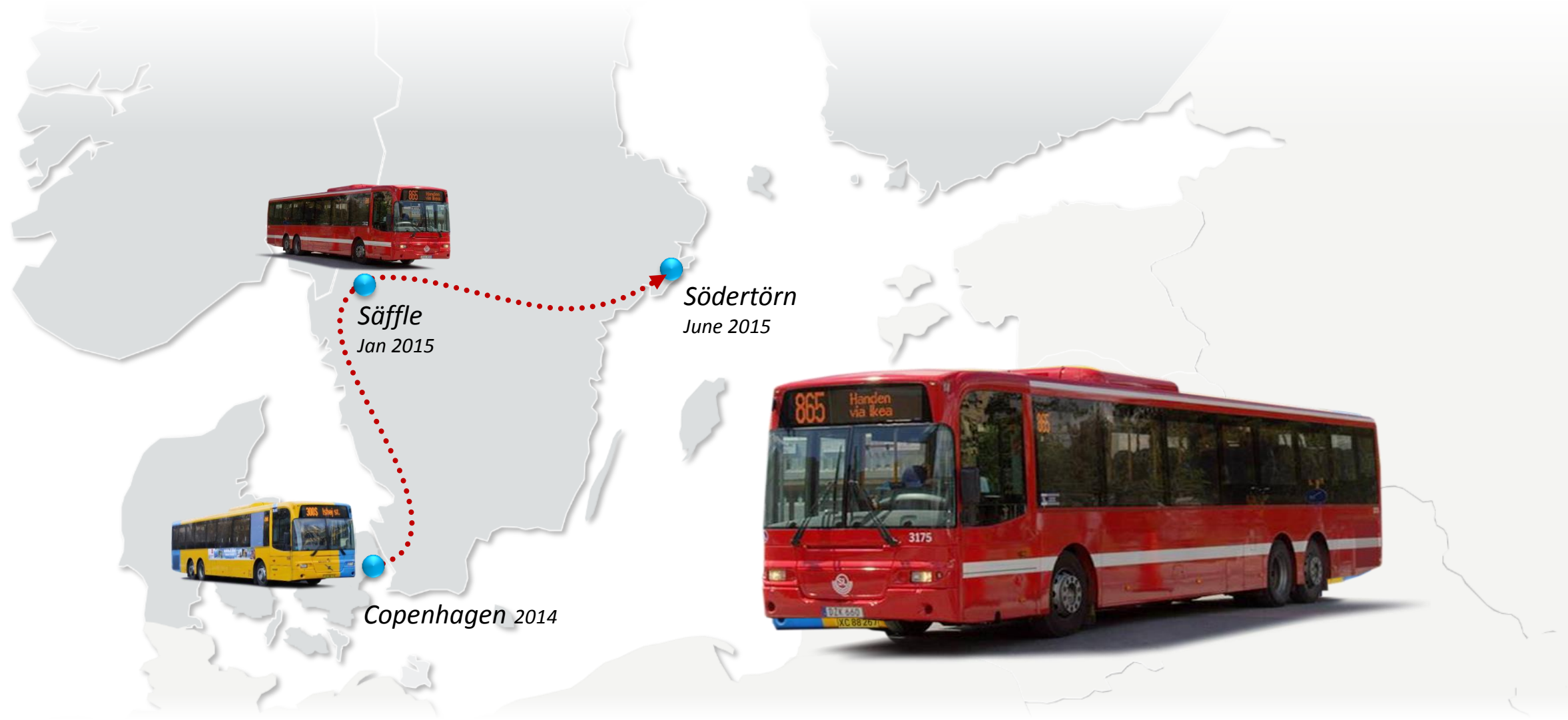


CENTRALISED FLEET MANAGEMENT

Nordic scale and sophisticated centralised fleet management...



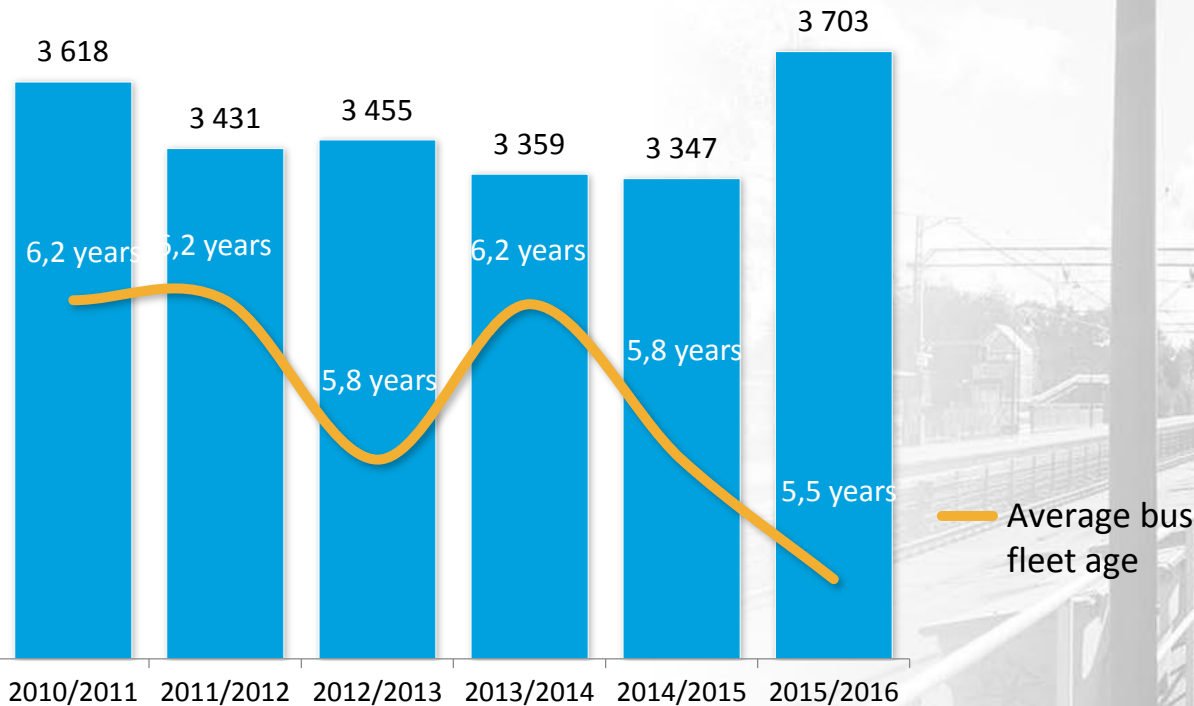
FROM COPENHAGEN (DENMARK) TO SÖDERTÖRN (SWEDEN)



YOUNG AND WELL-INVESTED BUS FLEET

Bus fleet size and average bus age

Number of buses

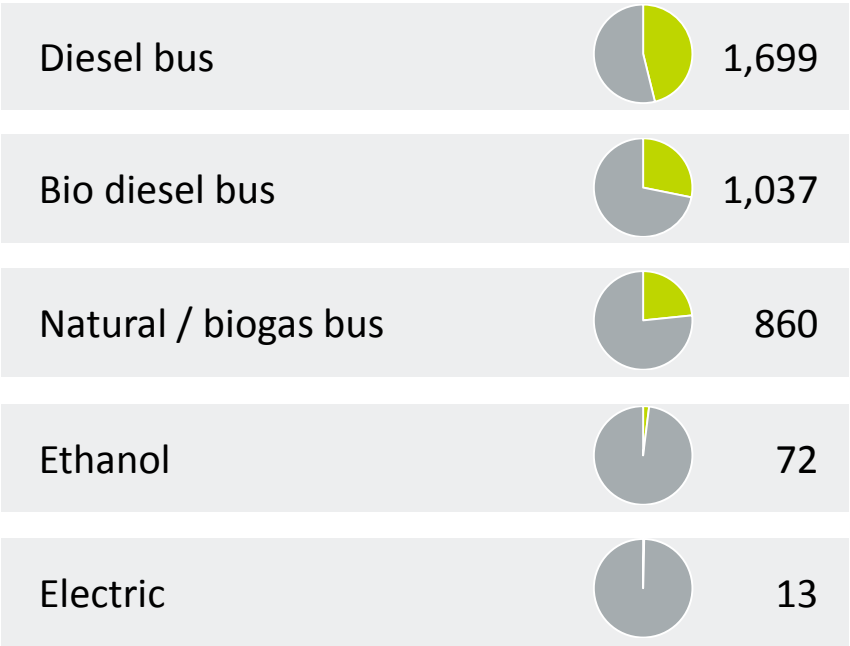
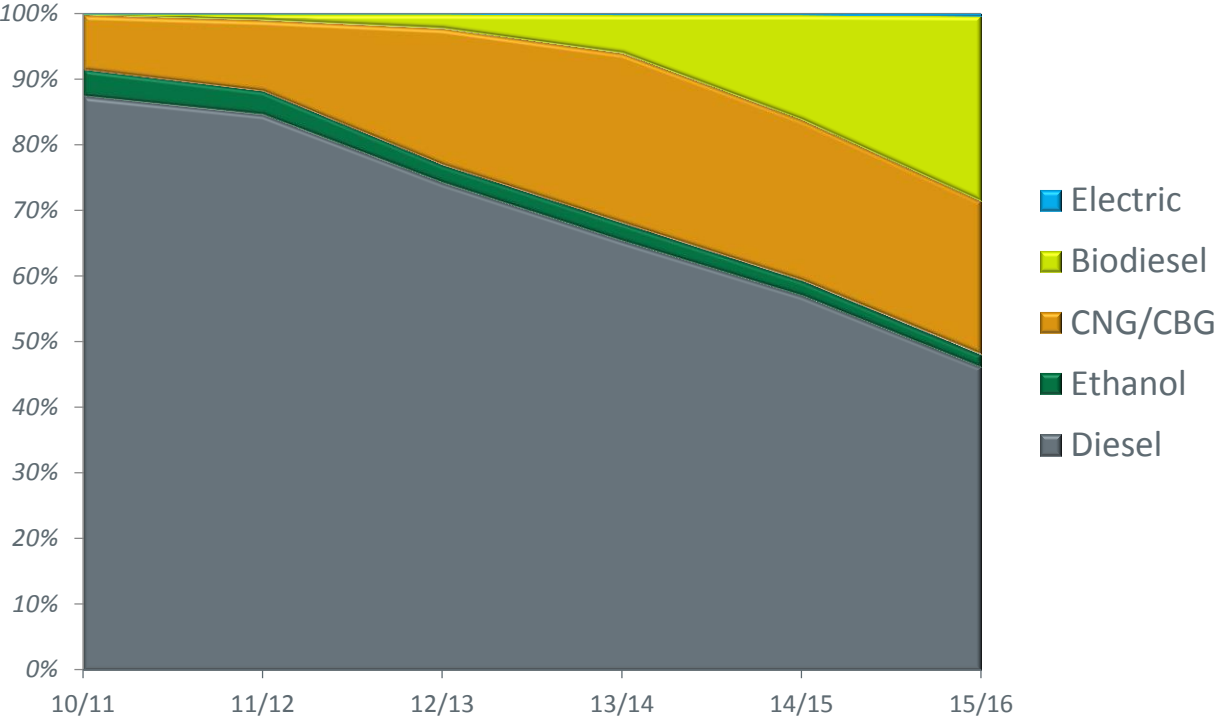


— Average bus fleet age



CONTINUED JOURNEY TOWARD A SUSTAINABLE SOCIETY

Bus types and current fleet composition



Number of buses per fuel type in 2015/2016



Q&A





BREAK






FINANCIAL FUNDAMENTALS

PER SKÄRGÅRD, CFO AND VICE PRESIDENT NOBINA AB



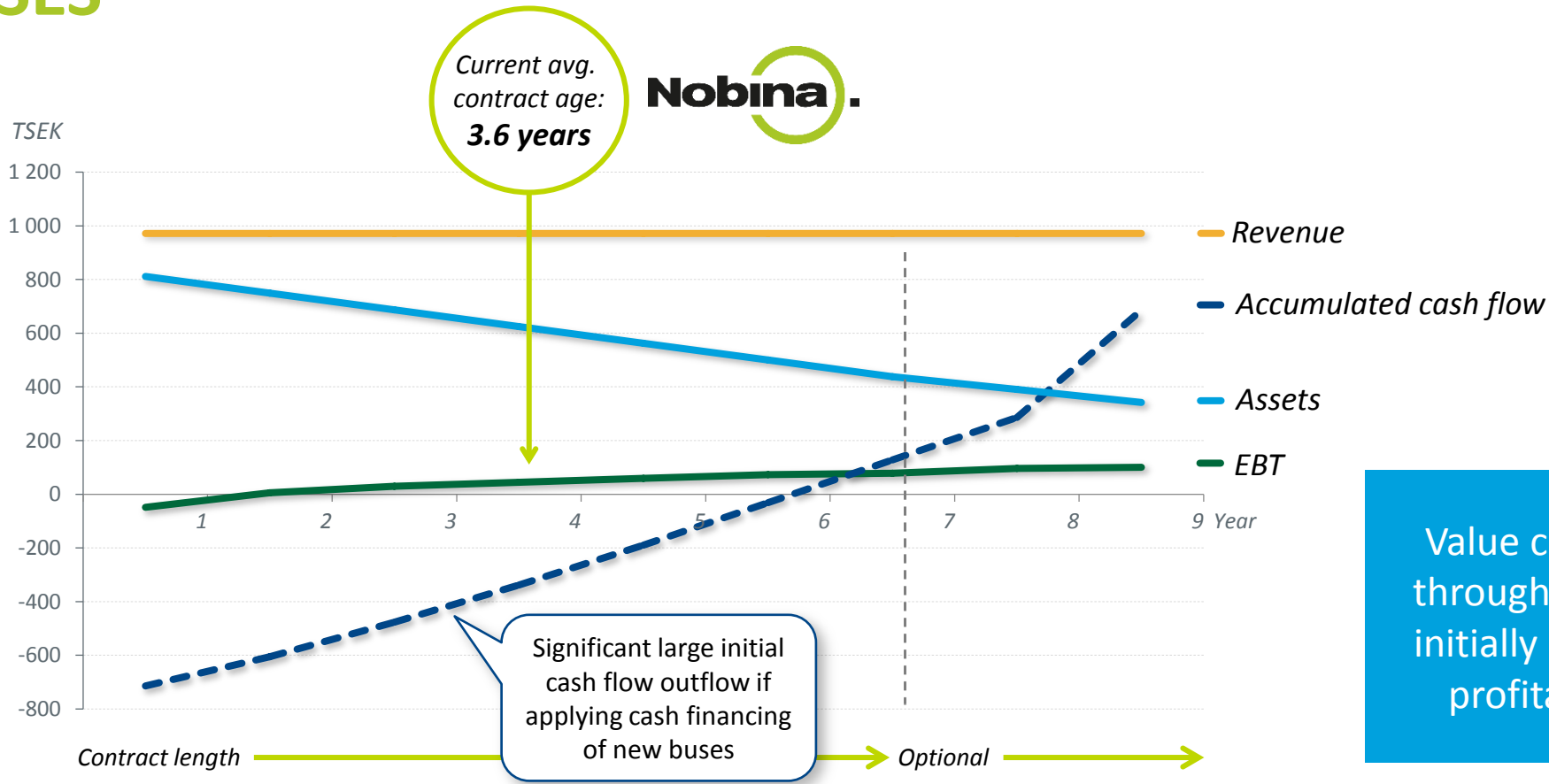
NOBINA INVESTMENT CHARACTERISTICS

- 
- Stable non-cyclical business
 - Capital intensive
 - Selective tendering limits contract risks
 - Contract management
 - Fleet management extends bus life
 - Efficiency is key
 - Controlled growth
 - Contract compensations – increased incentives

A well-managed PTA contract business is an attractive yield case investment

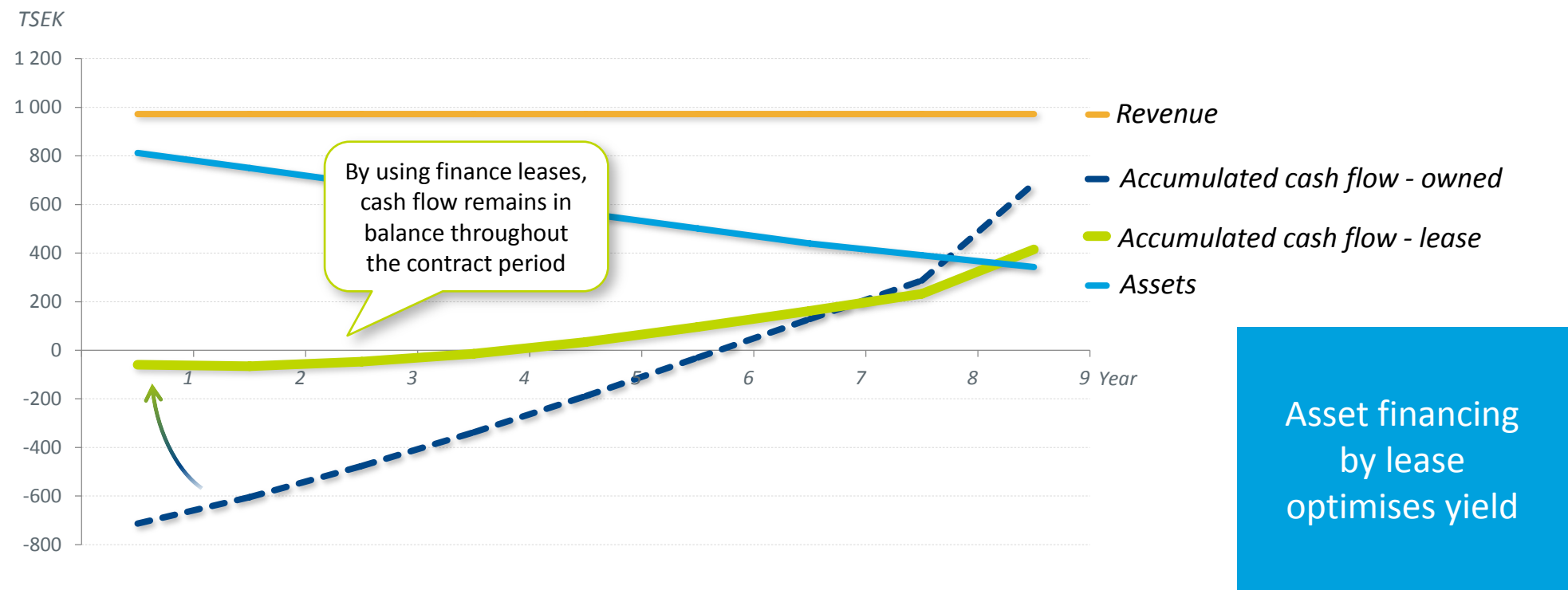
INCREASING MARGIN AND CASH FLOW AS CONTRACT AGE INCREASES

Example of typical 7-year contract with a 2-year extension

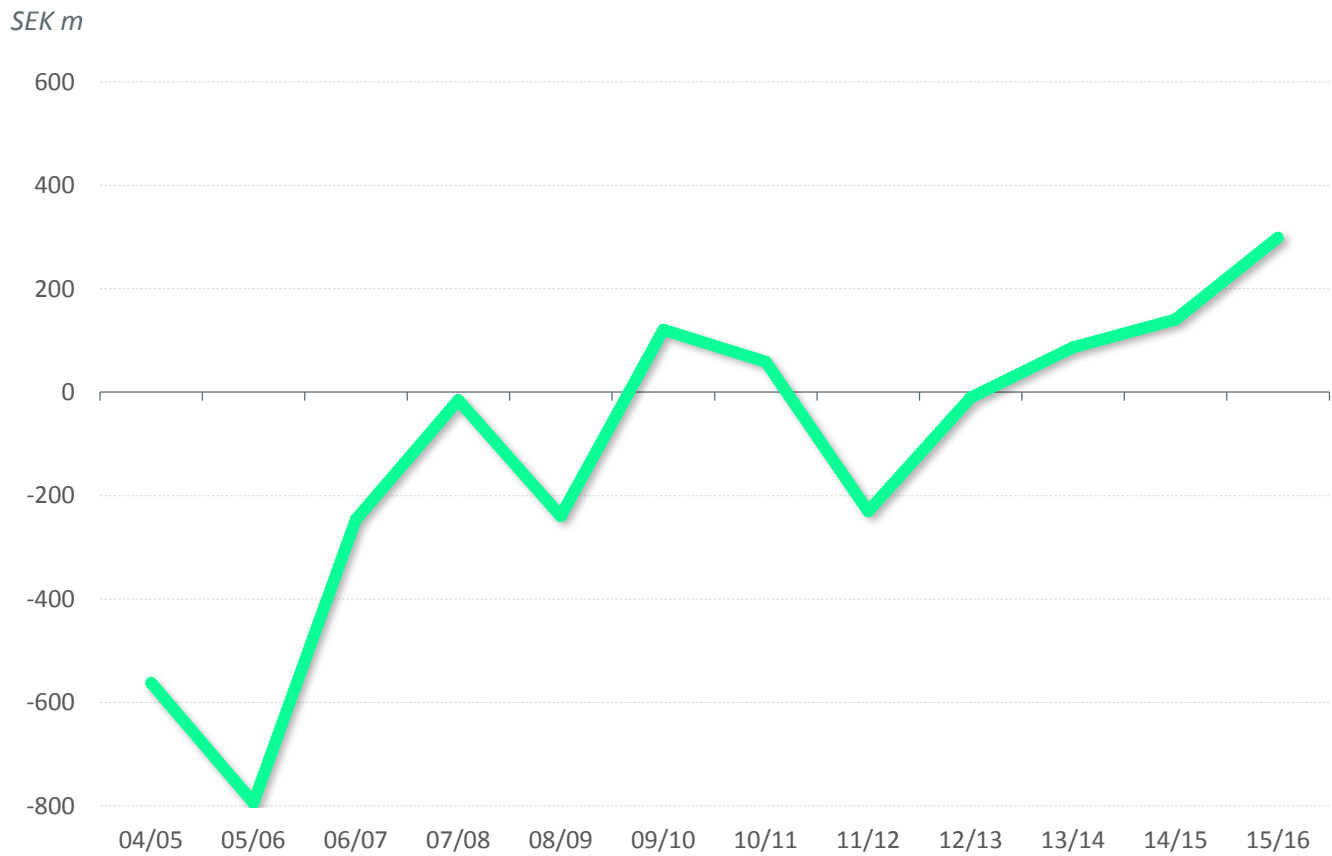


LEASE FINANCING IMPROVES SHAREHOLDER VALUE

Cash flow, leased buses versus owned buses

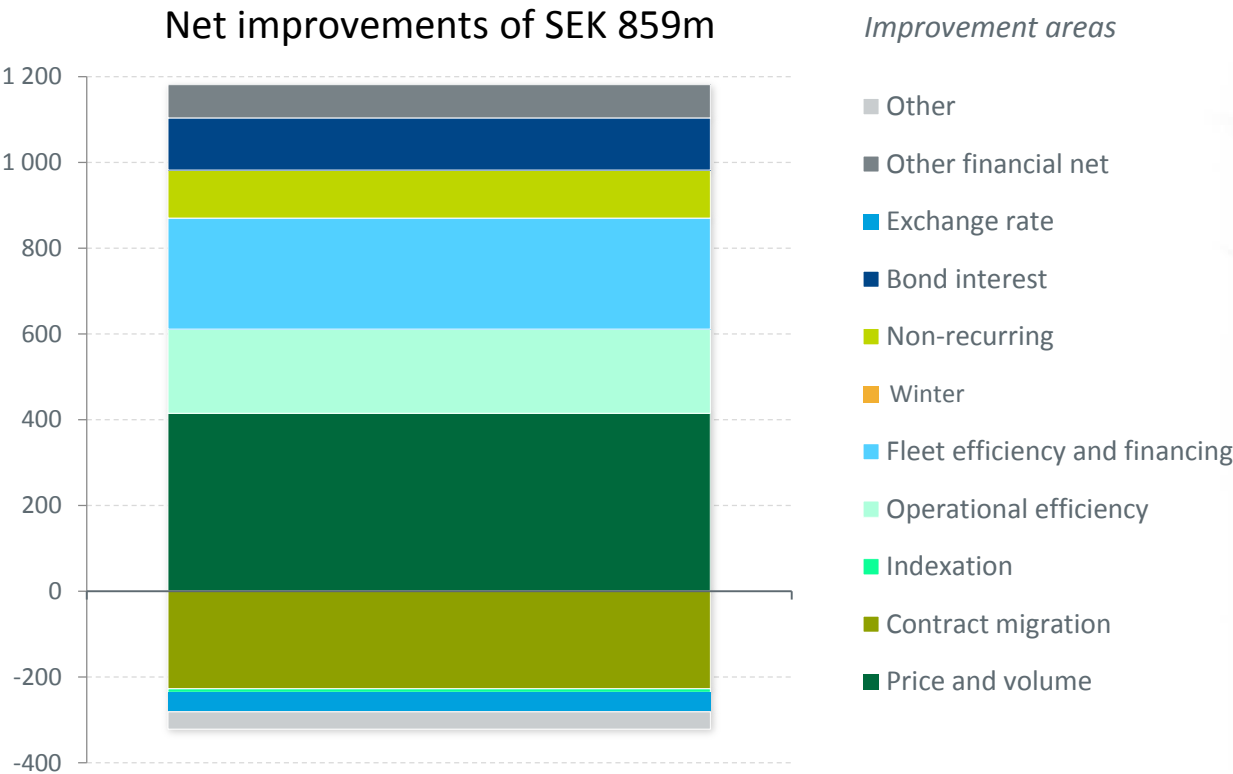


EARNINGS DEVELOPMENT DRIVEN BY SEVERAL ELEMENTS



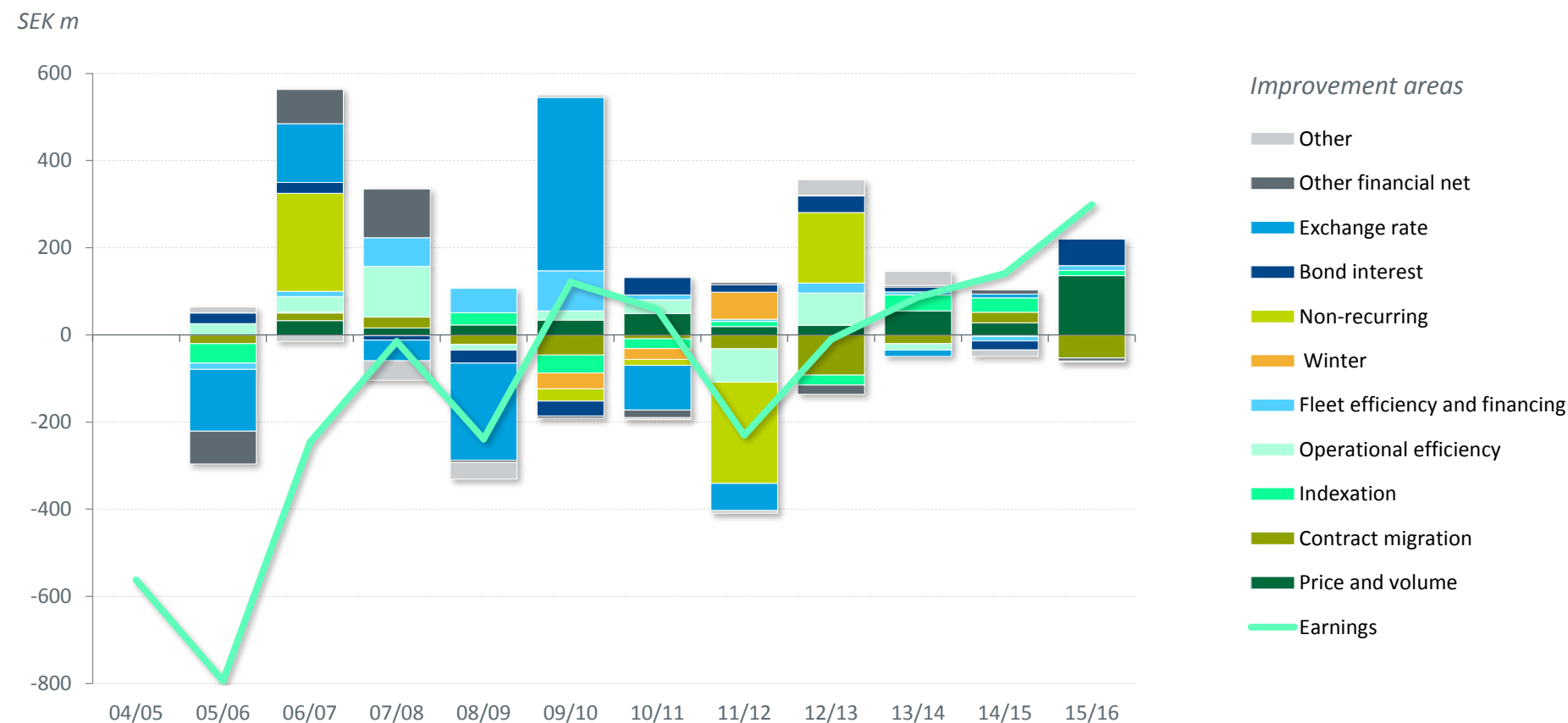
CONSOLIDATED NET IMPROVEMENTS

From 2001/2006 to 2015/2016



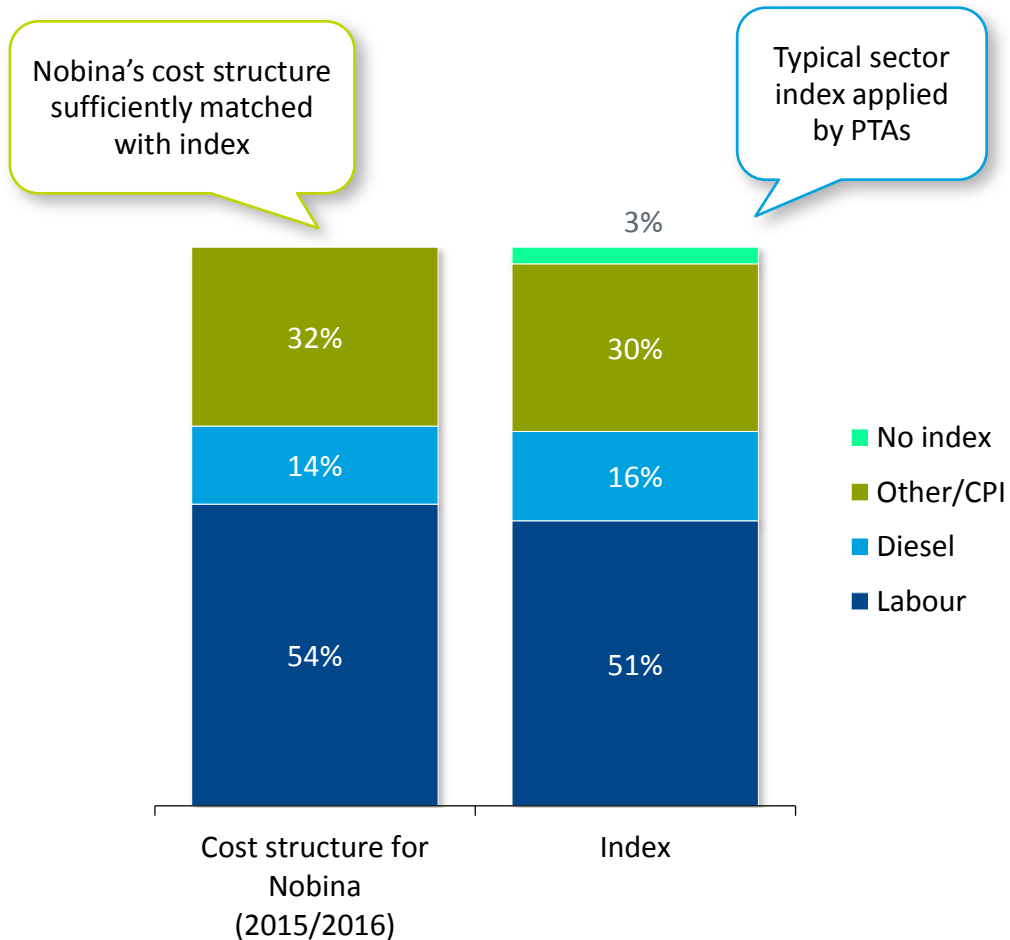
EARNINGS DEVELOPMENT DRIVEN BY SEVERAL ELEMENTS

Earnings bridge by source



COST INFLATION WELL COVERED BY INDEX

Cost compensation through indexation clauses



- Frequency moving towards monthly recalculation of revenue
- Labour salaries trending in line with market behind index
- Fuel index diversified by fuel source
- Interest primarily contains fixed margins, while the small market rate is covered by CPI

The contract indexation clauses in accordance with the industry norm largely protect the service providers against input cost increases

IMPROVED CAPITAL STRUCTURE AND FINANCING OPPORTUNITIES

IMPROVED FINANCING OPPORTUNITIES

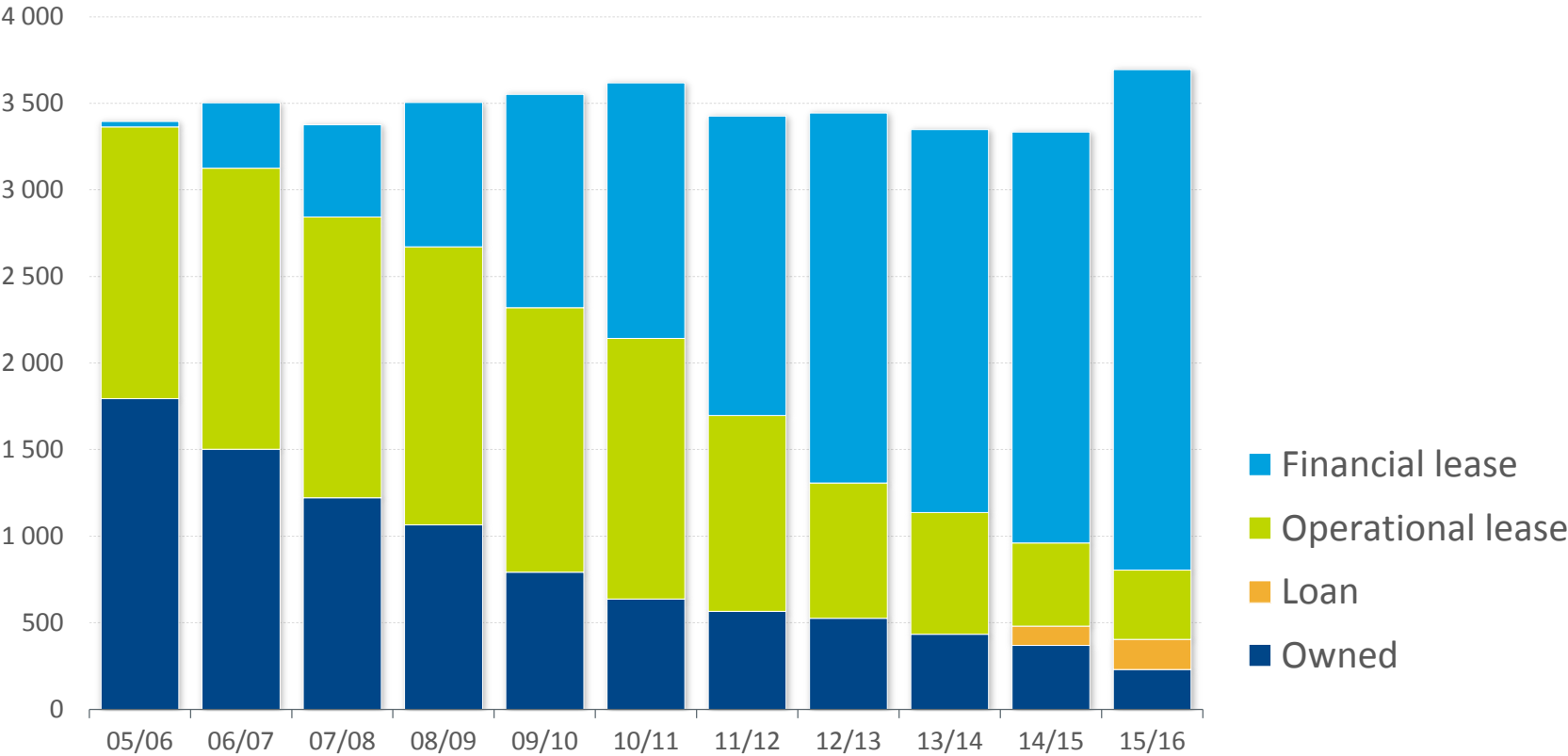
- Strong balance sheet - increased access to more competitive financing market with lower interest margins
- The portion of independent financing from banks and financial institutions has increased from 5% to 18%

OPTIMAL CAPITAL STRUCTURE

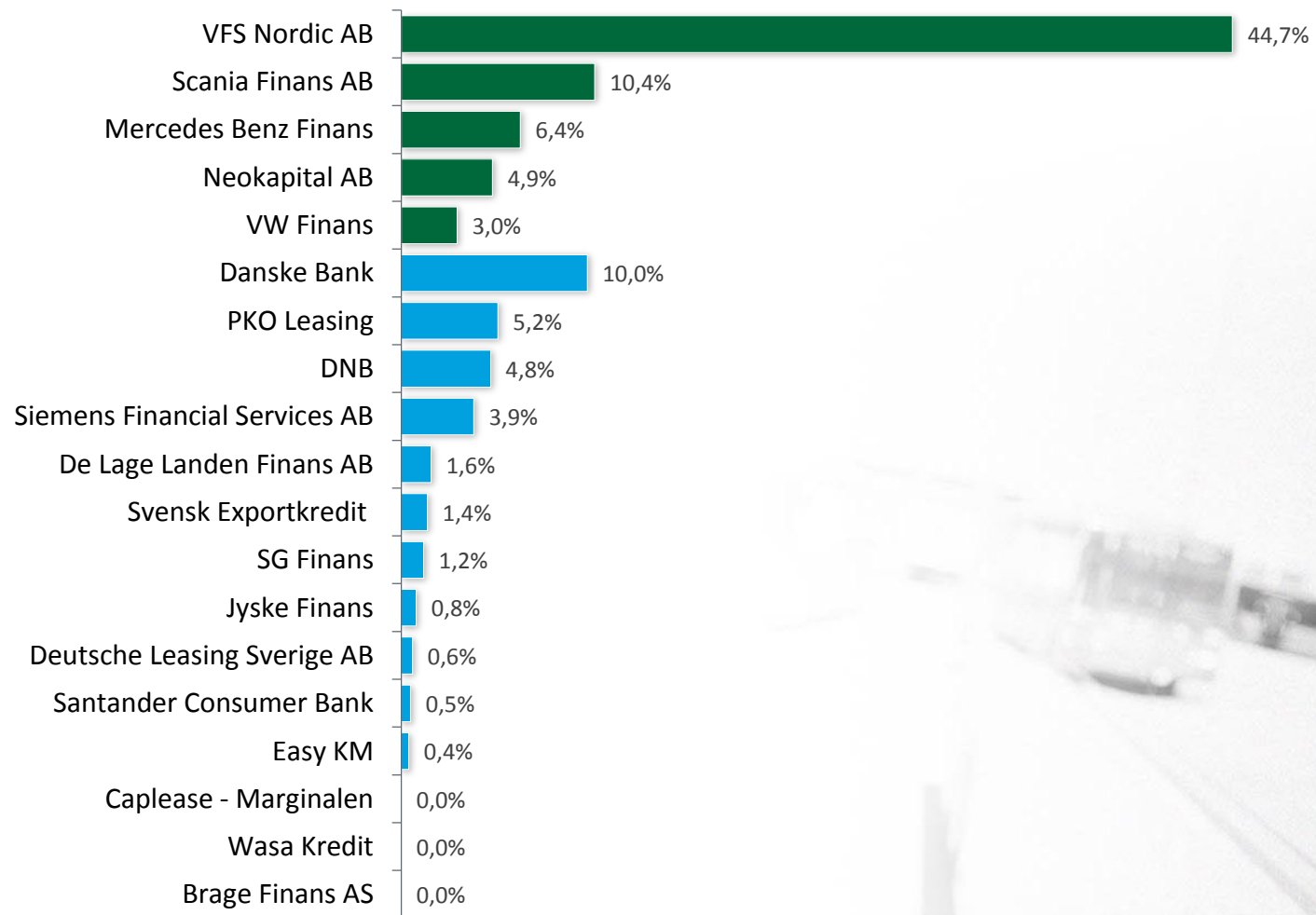
- Optimal capital structure for funding traffic contracts
- Nobina's debt is connected to asset financing driven by our long traffic contracts
- Nobina records all buses as assets in the balance sheet, and lease debt as liabilities



PHASE II: FLEET FINANCING STRUCTURE



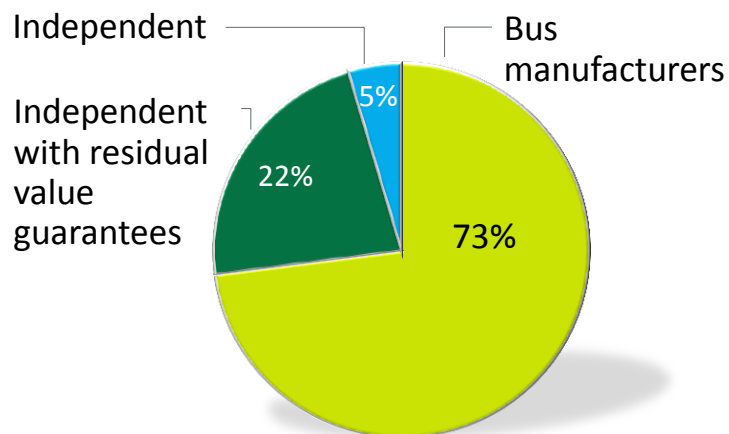
CURRENT FINANCIERS AS OF 2015/2016



IMPROVED AVAILABILITY OF FINANCING, AND ON BETTER TERMS

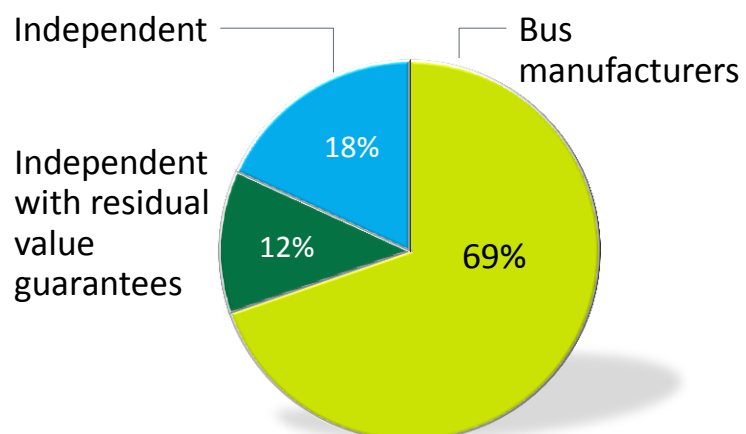
Share of lease portfolio

2012/2013



Share of lease portfolio

2015/2016



Available financing

- **SEK 2,233 m** in total
- SEK 1,394 m Bus manufacturers
- SEK 839 m Independent

Financing terms

- Financial lease *)
- 100% financing at start
- 10 years duration
- 10% residual value
- Nobina buy-out at end date

FLEET FINANCING – THREE SCENARIOS

PROFIT & LOSS

	Financial lease	Operating lease	Cash financed
Net Sales	8,317	8,317	8,317
EBITDAR	1,141	1,141	1,141
Margin	13.7%	13.7%	13.7%
EBITDA	1,083	301	1,083
Margin	13.0%	3.6%	13.0%
EBIT	462	207	462
Margin	5.6%	2.5%	5.6%
EBT	299	175	430
Margin	3.6%	2.1%	5.2%

- Bus financing alternatives
 - Financial lease (current)
 - Operational lease
 - Cash financed
- Operating lease reduces EDITDA, EBIT and EBT due to amortizations and interest recognized above EBITDA and acceleration of costs
- Cash financing improves EBT as no interest cost impacts the P&L related to the bus assets



FLEET FINANCING – THREE SCENARIOS

BALANCE SHEET

	Financial lease	Operating lease	Cash financed
Intangible assets	584	584	584
Buses	5,238	321	5,238
Other	103	103	103
Financial assets	133	133	133
Total non-current assets	6,058	1,141	6,058
Trade receivables & other	893	893	893
Restricted cash	24	24	24
Cash and cash equivalents	683	675	683
Total current assets	1,600	1,592	1,600
TOTAL ASSETS	7,658	2,733	7,658

	Financial lease	Operating lease	Cash financed
Share capital	318	318	2,103
Other equity	792	560	3,700
Total Equity	1,110	878	5,803
Borrowings (lease & Loans)	4,693	0	
Deferred tax and provisions	175	175	175
Trade payables & other	1,680	1,680	1,680
TOTAL EQUITY AND LIABILITIES	7,658	2,733	7,658

- Operating lease reduces size of balance sheet as bus capital is not recognized
- Cash financing of buses shows similar size of balance sheet, but replaces debt with equity



FLEET FINANCING – THREE SCENARIOS

CASH FLOW

	Financial lease	Operating lease	Cash financed
Cash flow from operations	1,070	1,062	1,070
Changes in working capital	-18	-18	-18
Interest received and tax paid	2	2	2
Changes in restricted cash	90	90	90
Investments	-193	-193	-1,671
Disposals	35	35	35
Lease amortization	-628	-628	0
New borrowings	109	109	0
Lease interest payment	-131	-131	0
Other interest payments	-123	-123	0
Other financing activities	53	53	53
Cash flow from financing activ.	-720	-720	53
TOTAL CASH FLOW	266	258	-439

- Operating lease similar to financial lease but includes slightly higher financing cost
- Cash financing shows negative cash this year and will fluctuate depending on level of bus investments. Certain years might require a rights issue to provide funding



FLEET FINANCING – THREE SCENARIOS

FINANCIAL KPI'S

	Financial lease	Operating lease	Cash financed
Number of shares, <i>million</i>	88,4	88,4	192,6
Equity per share, <i>SEK</i>	12,56	9,93	30,12
Dividend per share at 75% Policy, <i>SEK</i>	2,54	1,48	1,67
Equity ratio	14.5%	32.1%	75.8%
Return on Equity	27%	20%	7%
Return on Total Capital	4%	6%	6%
Net debt / EBITDA	3,7x	Neg	Neg
Dividend yield*)	5.9%	3.5%	3.9%
*) Based on share price SEK 42,70			

Operating lease

- Improves balance sheet strength
- Compromises return on equity and dividend yield

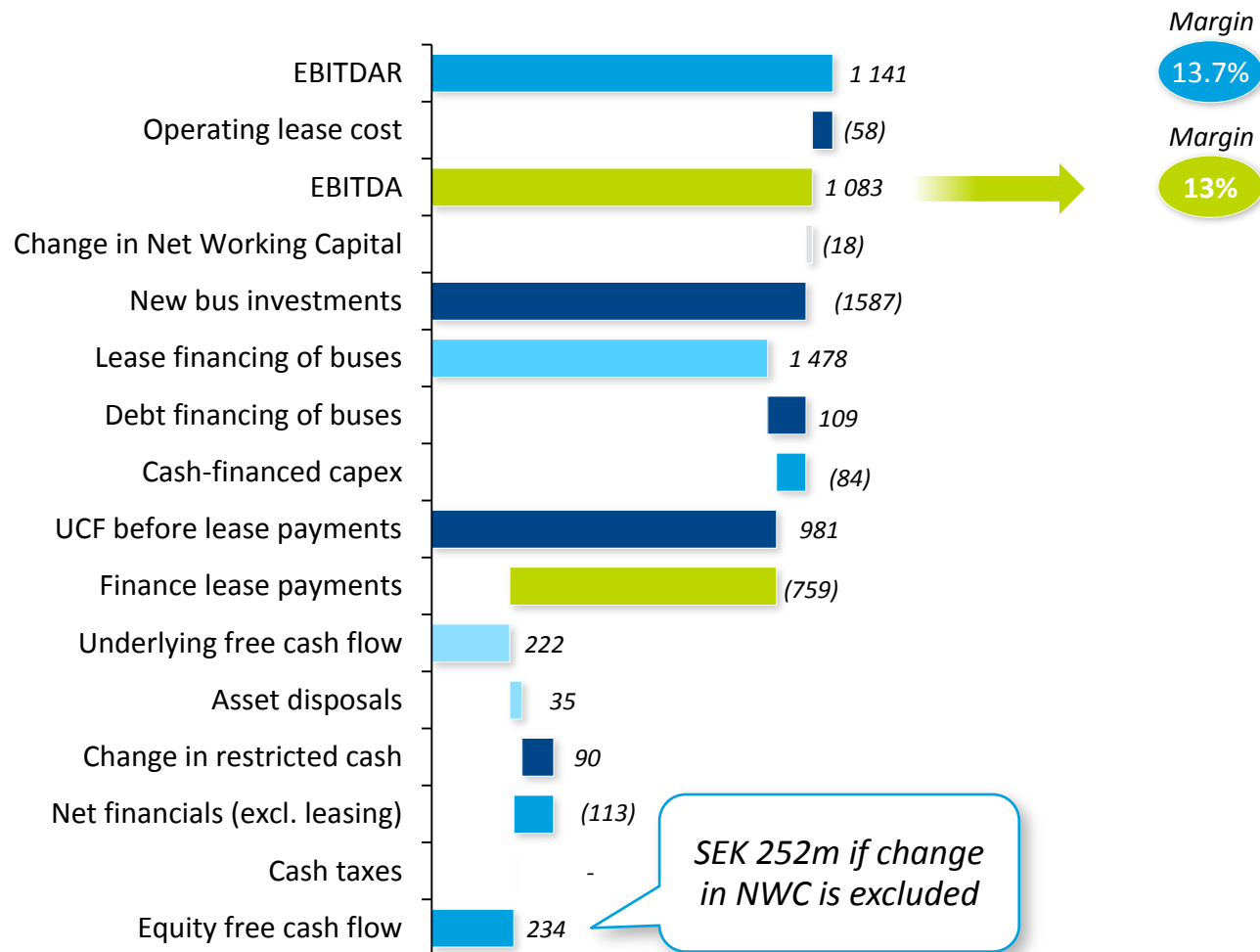
Cash financing

- Requires a significant equity injection
- Strengthens balance sheet substantially
- Return on equity and dividend yield is hampered

Considering the low volatility in the business and minimal residual value risk, the current financial lease concept is preferable.

UNDERSTANDING THE CASH FLOW DYNAMICS

Bridge to equity free cash flow, 2015/2016 SEK m



Cash flow dynamics

- Development driven by organic growth and utilisation of operational leverage
- Strong and predictable underlying cash flow generation
- Significant source for shareholder distributions





NEGATIVE NWC DRIVEN BY FLUCTUATION IN ACCRUALS AND PAYMENTS



- Historical NWC on a stable negative level around (11%) as % of revenues
- High intra-quarter swings in NWC can distort change in NWC periodically
- Q4 is normally strongest quarter due to high production in Q3 and high level of payments from PTAs

Constant work to reduce volatility

SIGNIFICANT TAX ASSETS

	SEK million	Deductible amounts	Tax rate	Tax effect
	Sweden	1,506	22%	331
	Norway	353	25%	88
	Finland	10 ^{*)}	20%	2
	Denmark	228	24%	54
	Total	2,097		475

^{*)} SEK 21m possible to re-allocate from Sweden via Fleet branch in Finland

- Net operating losses have been built up historically during periods when the Company has been highly leveraged under various debt instruments
- Outstanding balance of SEK 2,097m in net losses carried forward can be set-off against taxable trading income
- SEK 82m of the deferred tax asset recognised on the balance sheet is attributable to Sweden, the remaining SEK 6m to Finland
- No deferred tax asset has been activated for NOLs of SEK 1,700 m



STRATEGIC AGENDA

RAGNAR NORBÄCK, CEO



ACHIEVEMENTS 2015/16

- Record net sales and earnings
- Won contracts >SEK 4 bn
- No loss-making contract
- Successful new major traffic starts
- Stock exchange listing
- Repayment of bond and improved terms for financing
- >50% of buses run on renewable fuel
- Environmental bonus in Finland
- Start of Nobina Technology
- Owner of the most used travel app in Sweden



FINANCIAL TARGETS AND DIVIDEND POLICY

NET SALES GROWTH

Grow net sales
faster
than the market

Outcome 2015/16
+10%

EBT MARGIN

On an annual basis
achieve EBT margin
> 4.5%
in medium term

3.6%
excl. IPO costs

LEVERAGE TARGET

Maintain a net
leverage ratio of
3.0x to 4.0x
EBITDA

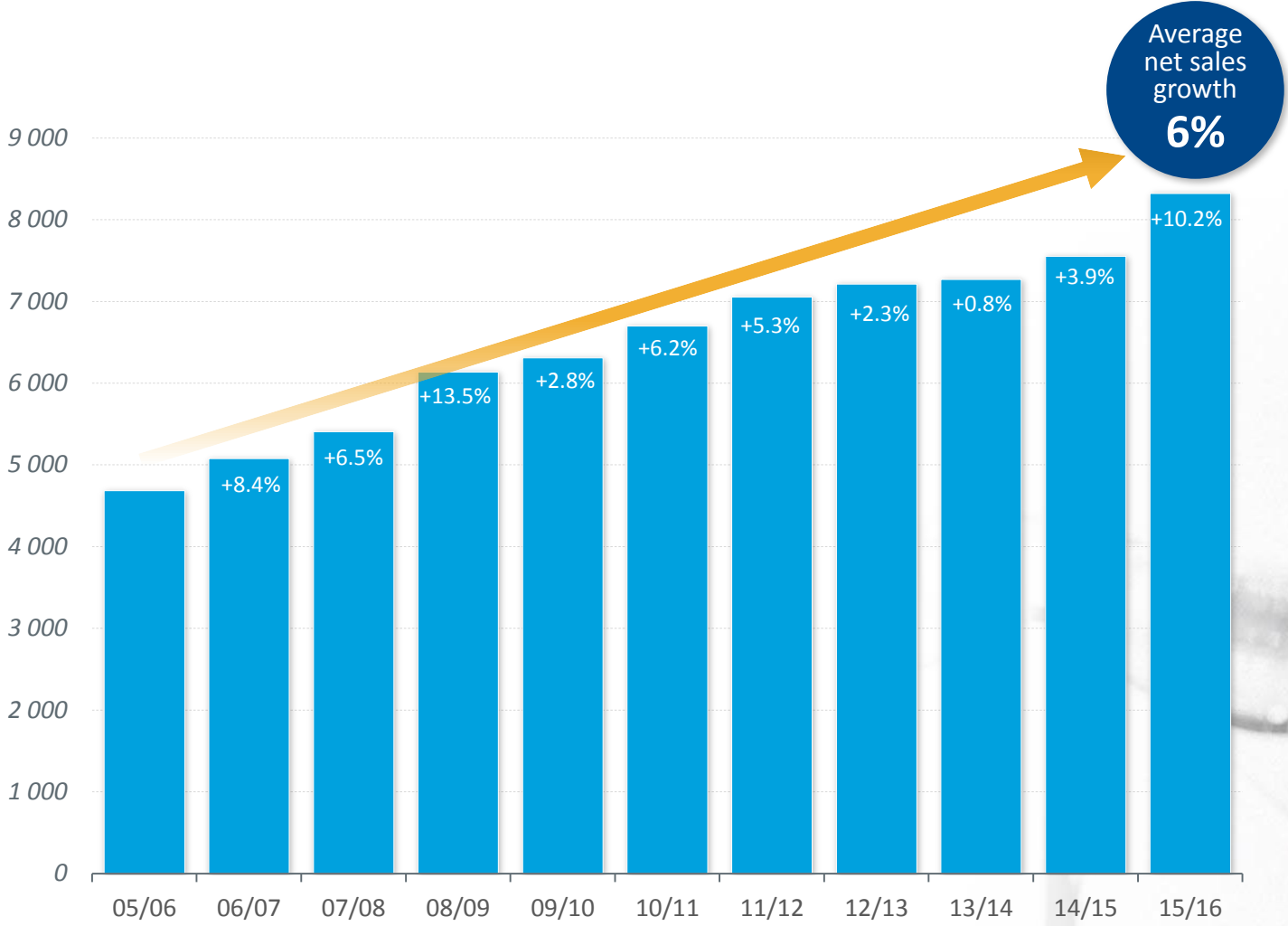
3.7x
excl. IPO costs

DIVIDEND POLICY

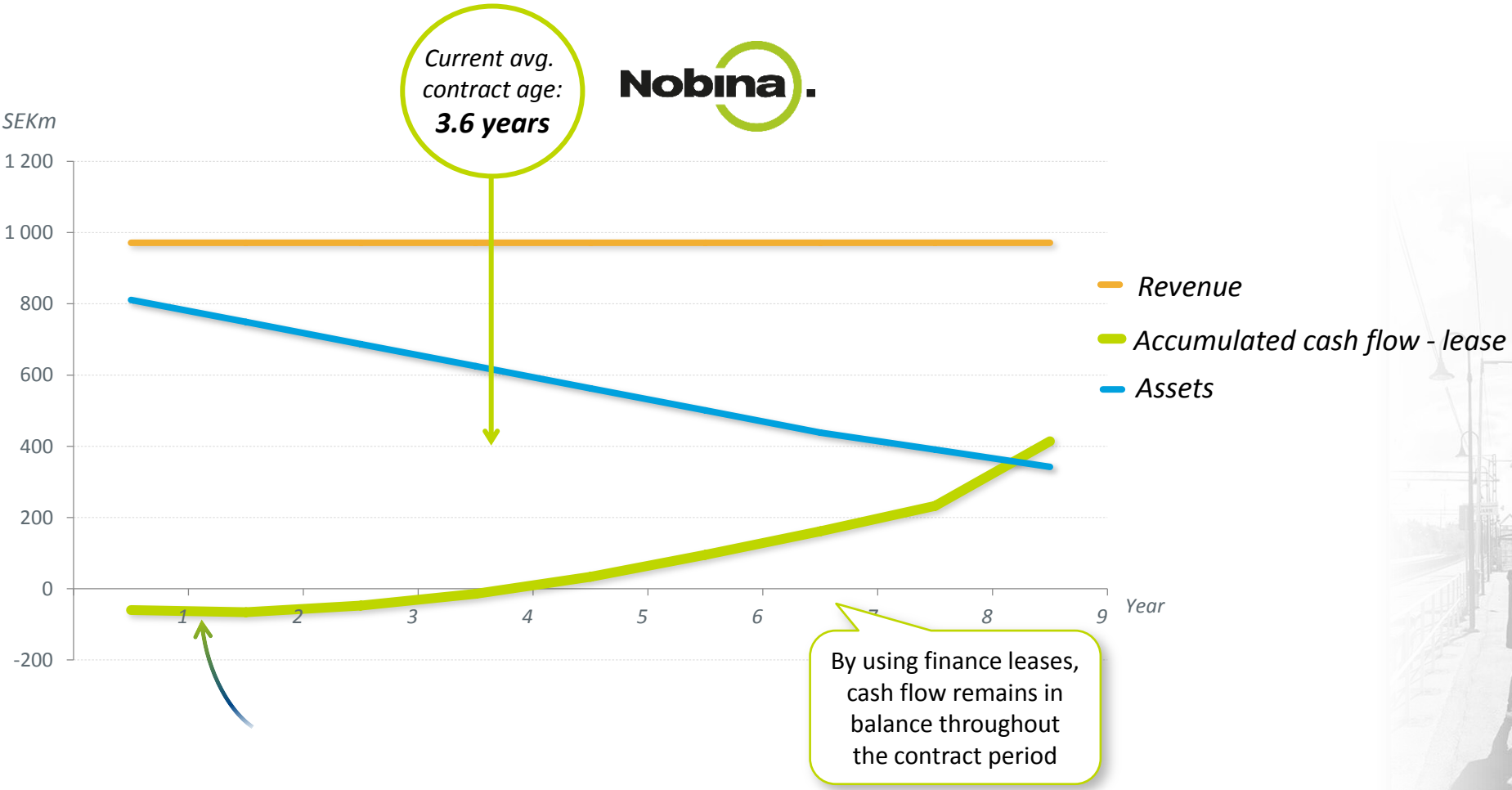
Distribute annually
≥75%
of EBT

SEK 2.60
77 % of EBT

NET SALES GROWTH



EBT MARGIN



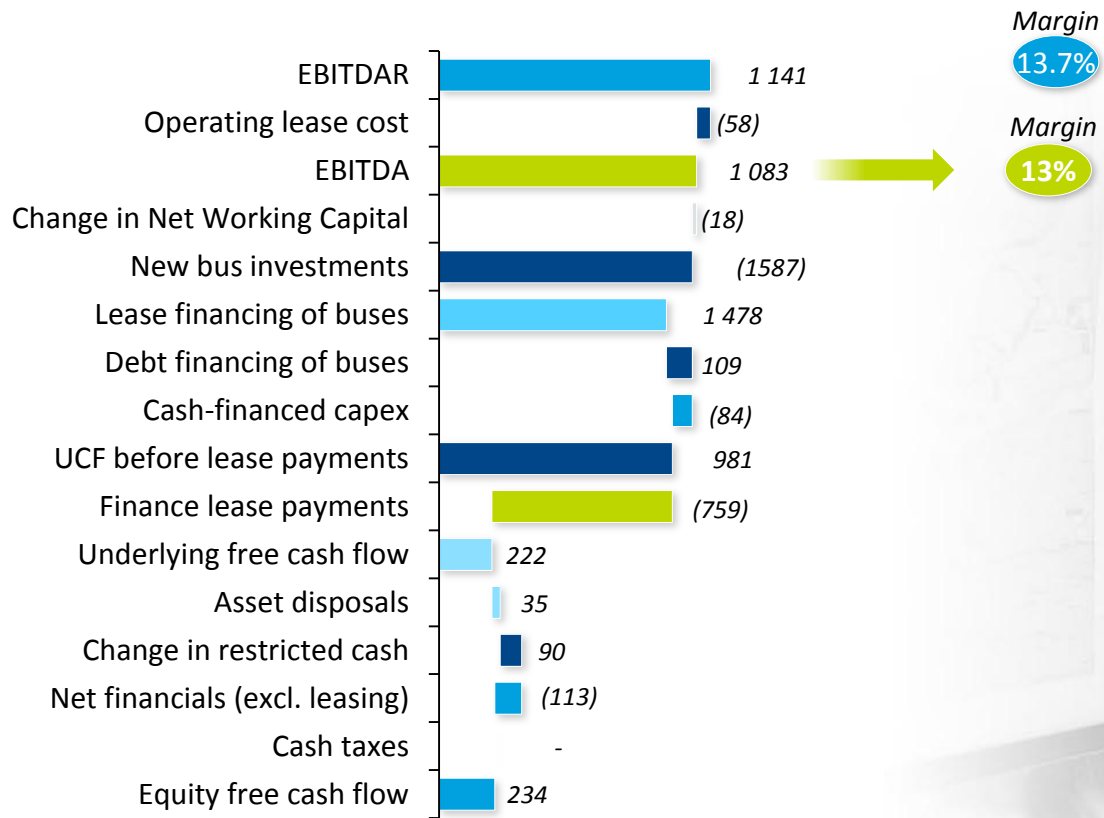
LEVERAGE TARGET

	Assets
Intangible assets	584
Buses	5,238
Other	103
Financial assets	133
Total non-current assets	6,058
Trade receivables & other	893
Restricted cash	24
Cash and cash equivalents	683
Total current assets	1,600
TOTAL ASSETS	7,658

	Liabilities
Share capital	318
Other equity	792
Total equity	1,110
Borrowings (lease & loans)	4,693
Deferred tax and provisions	175
Trade payables & other	1,680
TOTAL EQUITY AND LIABILITIES	7,658



DIVIDEND POLICY



*We make it possible to increase
mobility in the society by providing*

1 million

trips per day

**No
loss-making
contracts**

**Deliver
the contract
- get paid for
additional
services**

**Extended
useable life of
buses, reduces
capital costs**

**Reduce risks,
e.g. no
property
owned**



Q&A

