



# NOBINA AB

Investor presentation, March – May 2017

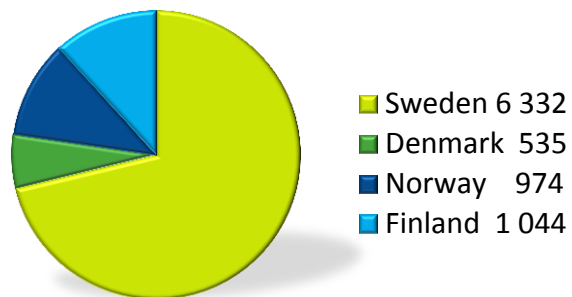


# LARGEST PUBLIC TRANSPORT COMPANY IN THE NORDIC REGION

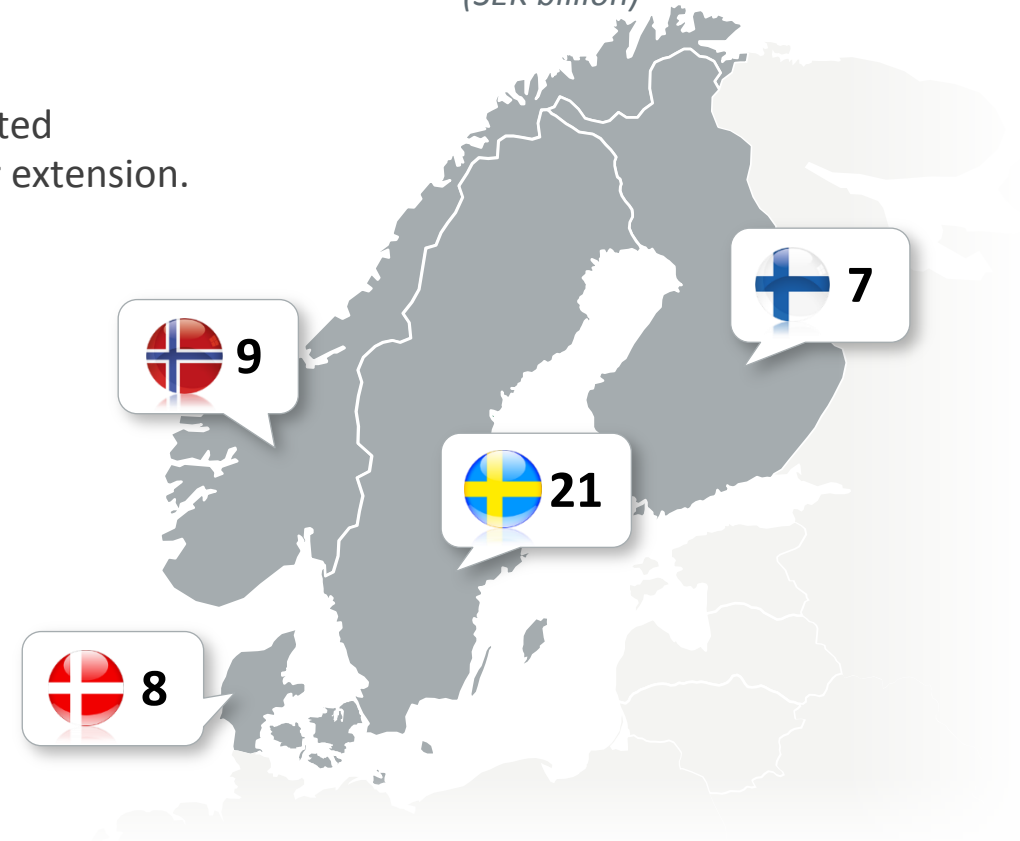
- Nobina's economies of scale, market expertise and outstanding bus fleet, combined with long-term delivery of quality, make Nobina the industry leader in terms of profitability.
- Stable operations and growing market. More than 95% of revenues supported by long term contracts, typically lasting 5-10 years with a potential 1-2 year extension.
- Nobina aims to grow profitability through active contract and portfolio management and to increase the value added by delivering benefits to passengers, clients and society.

## Nobina - Net sales per country

2016/17 (SEK billion)



## Total market - Annual net sales per country (SEK billion)



Source: Approximation based on Nobina's data

# FINANCIAL OVERVIEW Q1

<b>NET SALES</b> SEK million <b>2,276</b> (2,224)	<b>EBIT</b> SEK million <b>87</b> (121)	<b>EBT</b> SEK million <b>50</b> (86)	<b>CASH FLOW</b> SEK million <b>-64</b> (32)
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## Q1 FINANCIAL HIGHLIGHTS

- Net sales grew 2.3% supported by passenger driven revenue and extra traffic, partly offset by negative contract migration effects from last year
- EBT dropped to SEK 50 million due to contract migration, lower efficiency and one time costs of SEK 12 million related to staff redundancy
- Cash flow from operations before changes in working capital was SEK 222 million (286)
- Investments of SEK 213 million (112) in buses and other equipment





# SIGNIFICANT EVENTS IN Q1

- Two contracts with Västtrafik covering 50 buses were extended by two years until 2021
- Final political decisions taken to initiate conversion to electric buses for two lines in Malmö
- Annual General Meeting (AGM) held at May 31
  - Adoption of the board's dividend proposal of 3,10 SEK per share, an increase of 19 percent versus last year.
  - Decision to launch a new performance-based share saving program for key persons within the group
  - Two new board members were elected, Monica Lingegård and Liselott Kilaas
- Nobina initiated a strategic review of its interregional business segment which is to be finalized during 2017
- Q1 result includes a one time cost of 12 MSEK related to staff redundancy



# SIGNIFICANT EVENTS AFTER Q1

- Nobina was awarded a 10 year-contract in Kungsbacka, Sweden covering 15 buses
- Skånetrafiken extended contract with Nobina until 2021 in Malmö and converts to electric buses
- SL and Nobina will develop the city traffic in Norrtälje, Sweden by extending the contract to 2021 and increase focus on electric buses
- Troms Fylkestrafikk and Nobina Norway are in agreement not to utilise the full extension option which means the contract will end on July 31, 2019

# BUSINESS DEVELOPMENT

- Passenger driven revenue and extra traffic continue to have favourable impact
- Solid operational performance in Finland
- Successful traffic start in Sweden
- Expected lower performance level driven by last year's contract migration in Swedish contract portfolio
- Efficiency challenges related to driver cost
- Strategic review of interregional business ongoing



# MARKET UPDATE

- Electric bus conversion continues with more tenders including electric buses as well as existing contracts being partly converted to electric buses
- Continued favourable development of contract terms among PTA's in the Norwegian market
- Bus-for-rail market continues to grow





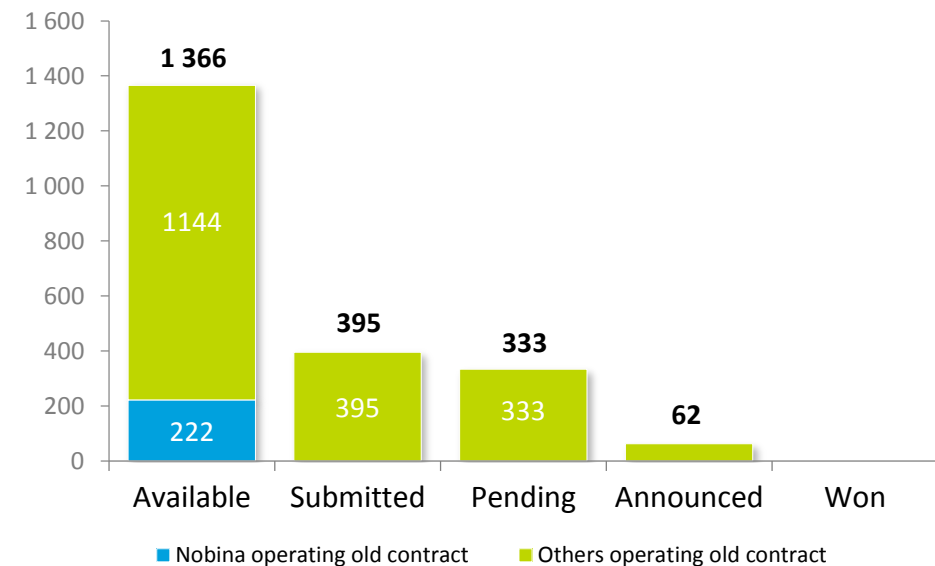
# TENDER RESULTS – YTD

- Nobina submitted tenders for 395 buses
- Nobina did not win any of the 62 announced buses

March 2017 – May 2017	Tender results during the period (number of buses)	
	Announced	Won
Sweden	5	0
Norway	0	0
Finland	0	0
Denmark	57	0
<b>Total</b>	<b>62</b>	<b>0</b>

## Tender update

Number of buses



### Definitions:

**Available** – Remaining buses available in tenders this year

**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



# CONTRACT MIGRATION, YTD

- Nobina started contracts involving 79 buses during the period
- Nobina did not end any contracts during the period

March 2017 – May 2017	Traffic changes during the period (number of buses)	
	Started	Ended
Sweden	58	0
Norway	21	0
Finland	0	0
Denmark	0	0
<b>Total</b>	<b>79</b>	<b>0</b>

**AVERAGE WEIGHTED  
CONTRACT LENGTH** (Last year)

**8.2**  
(8.1)

**AVERAGE WEIGHTED  
CONTRACT AGE** (Last year)

**3.9**  
(4.0)

**AVERAGE AGE OF BUS FLEET**  
(Last year)

**5.7**  
(5.7)

# CONTRACT MIGRATION, COMING 12M

## Traffic starts June 2017 – May 2018

PTA	No. of years	Traffic start	No. of buses	New buses
HSL, Finland	7	Aug 2017	8	7
HSL, Finland	2	Aug 2017	19	0
Skånetrafiken, Sweden	4	Dec 2017	42	12
<b>Total</b>			<b>69</b>	<b>19</b>

- Nobina will start new contracts involving a total of 69 in-service buses in the next 12 months

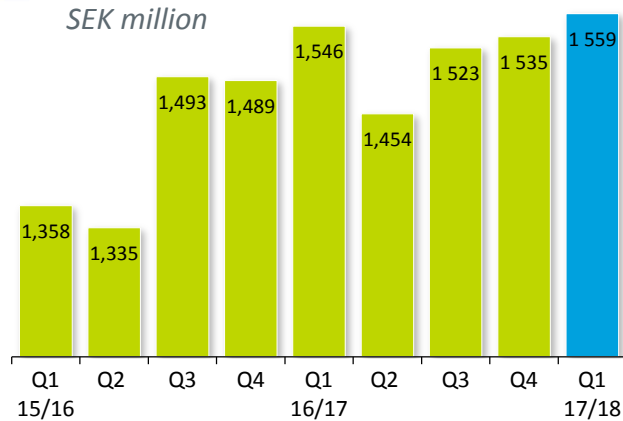
## Expiring contracts June 2017 –May 2018

PTA	Traffic ending	No. of buses
Skyss, Norway	Jun 2017	44
HSL, Finland	Aug 2017	16
Kalmar LT, Sweden	Aug 2017	78
<b>Total</b>		<b>138</b>

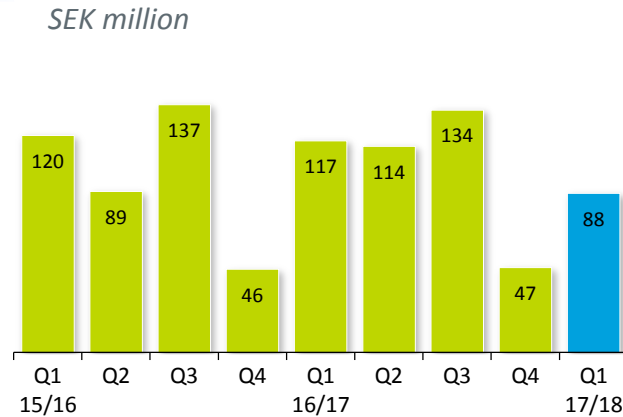
- Nobina will end contracts involving a total of 138 in-service buses

# SWEDEN AND DENMARK - REGIONAL TRAFFIC

## Sweden - Net sales



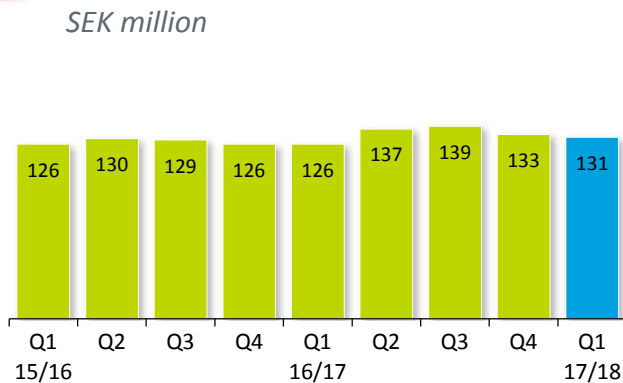
## Sweden - EBIT



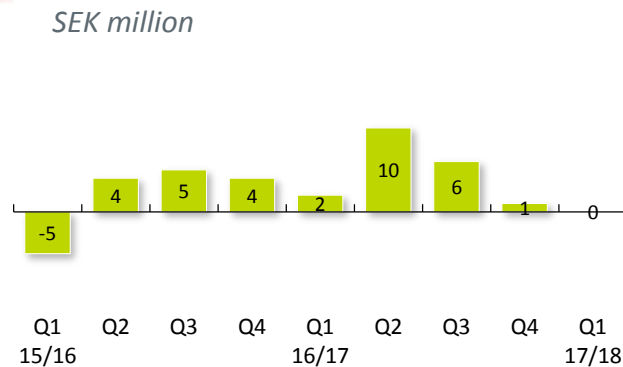
## Q1 HIGHLIGHTS

- Favorable incentive revenues contribute to top line growth
- Contract Migration has adverse effect on EBIT and operational efficiency is lower than expected in some traffic areas. Temporary costs for driver education, effect in Q1

## Denmark - Net sales



## Denmark - EBIT



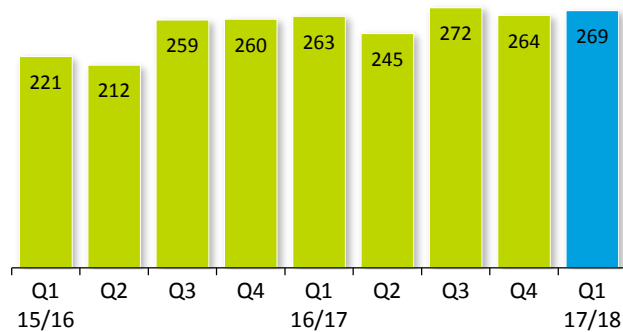
## Q1 HIGHLIGHTS

- Net sales increased as a result of increased volumes in existing contracts
- EBIT slightly below last year level and includes supplier quality costs. Last year included temporary one-off VAT refund

# FINLAND AND NORWAY - REGIONAL TRAFFIC

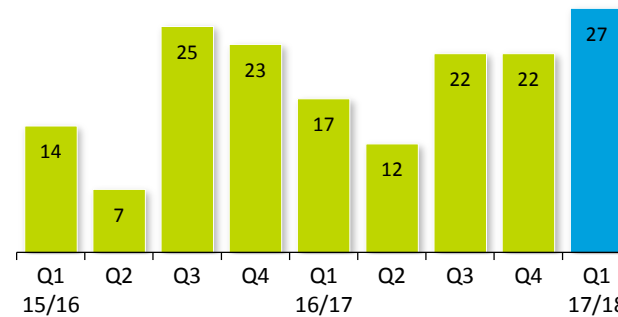
## Finland - Net sales

SEK million



## Finland - EBIT

SEK million

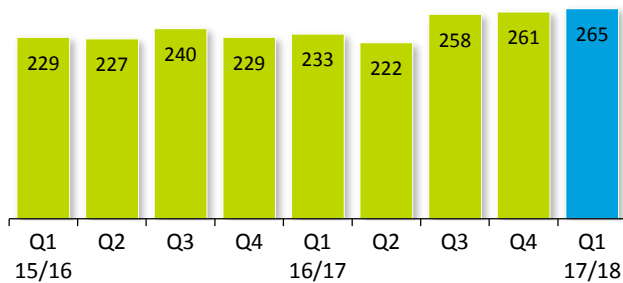


## Q1 HIGHLIGHTS

- Net sales in line with last year
- EBIT significantly higher than last year with well managed driver utilization and efficiency
- Extra traffic due to metro delays in Helsinki continues

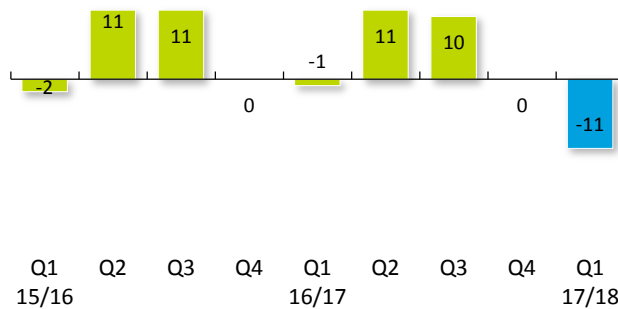
## Norway - Net sales

SEK million



## Norway - EBIT

SEK million



## Q1 HIGHLIGHTS

- Net sales increased compared to last year from started contracts in the period and volume increases in existing contracts
- EBIT affected by start-up costs and low efficiency in Tromsø

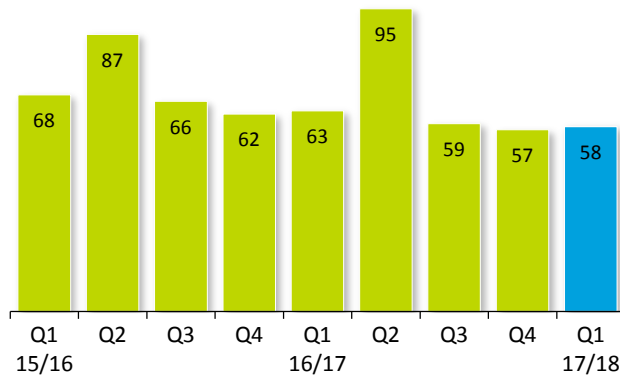


# SWEBUS



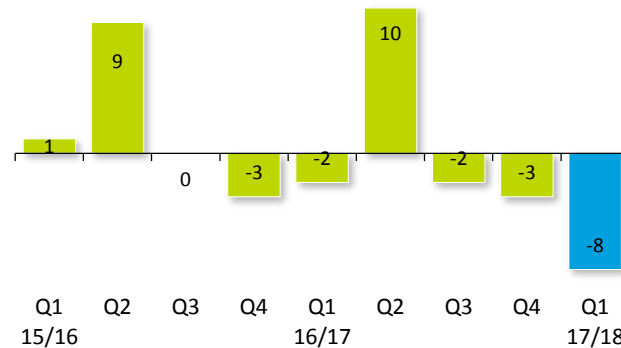
## Swebus - Net sales

SEK million



## Swebus - EBIT

SEK million



## Q1 HIGHLIGHTS

- Net sales decreased due to continued lower express bus volumes
- EBIT well below last year due to lost volumes and limited possibilities to mitigate

# RESULTS

SEK million	Q1 17/18	Q1 16/17	Change	YTD 17/18	YTD 16/17	Change
<b>Net sales</b>	<b>2,276</b>	<b>2,224</b>	<b>52</b>	<b>2,276</b>	<b>2,224</b>	<b>52</b>
<b>EBITDAR</b> % of net sales	255 11.2%	<b>304</b> 13.7%	<b>-49</b>	255 11.2%	<b>304</b> 13.7%	<b>-49</b>
<b>EBITDA</b> % of net sales	243 10.7%	<b>293</b> 13.2%	<b>-50</b>	243 10.7%	<b>293</b> 13.2%	<b>-50</b>
<b>EBIT</b> % of net sales	87 3.8%	<b>121</b> 5.4%	<b>-34</b>	87 3.8%	<b>121</b> 5.4%	<b>-34</b>
Interest income	-	1	-1	-	1	-1
Interest expenses	-34	-36	2	-34	-36	2
FX net	-3	-	-3	-3	-	-3
<b>EBT</b> % of net sales	<b>50</b> 2.1%	<b>86</b> 3.9%	<b>-36</b>	<b>50</b> 2.1%	<b>86</b> 3.9%	<b>-36</b>
Tax	-15	-17	2	-15	-17	2
<b>Earnings after tax</b>	<b>35</b>	<b>69</b>	<b>-34</b>	<b>35</b>	<b>69</b>	<b>-34</b>

## KEY POINTS

- Net sales growth based on passenger driven revenue and extra traffic, offset by negative contract migration effects from last year
- EBT margin down to 2.1% for the quarter due to contract migration, low efficiency and accruals
- One-off cost for staff redundancy of SEK 12 million

# REVENUE AND EARNINGS ANALYSIS YTD

SEK million	Net sales	EBT
<b>YTD Mar 2016 – May 2016</b>	<b>2,224</b>	<b>86</b>
Price and volume	136	34
Contract migration	-143	-11
Indexation	59	10
Operational efficiency	-	-39
Other	-	-28
Financial net	-	-2
<b>YTD Mar 2017 – May 2017</b>	<b>2,276</b>	<b>50</b>

## KEY POINTS

- Effects of price and volume favourable both regarding Net sales and EBT driven by incentive revenues and increase in extra traffic
- Contract migration has a negative effect on Net sales and EBT. Net sales effect is driven by last year's volume reduction coming from contract migration. Lower initial margins from started contracts as well as start-up costs have adverse EBT impact.
- Positive revenue indexation for the period impacts Net sales and EBT, coming mainly from Sweden
- Negative efficiency driven by temporary driver education costs, sickleave costs and higher bus maintenance costs in Sweden as well as higher sickleave costs in Norway
- Other includes facility costs, IT and project costs as well as one-off costs related to staff redundancy
- Financial net impacted by lower bus financing interest costs and negative FX effects

# CASH FLOW

SEK million	Q1 17/18	Q1 16/17	Change	YTD 17/18	YTD 16/17	Change
Cash flow from operations before changes in working capital	222	286	-64	222	286	-64
Changes in working capital	-45	-19	-26	-45	-19	-26
Interest received and tax payment	-	1	-1	-	1	-1
Cash flow from operations after changes in working capital	177	268	-91	177	268	-91
Cash flow from investing activities	-37	-67	30	-37	-67	30
Cash flow from financing activities	-204	-169	-35	-204	-169	-35
<b>Cash flow for the period</b>	<b>-64</b>	<b>32</b>	<b>-96</b>	<b>-64</b>	<b>32</b>	<b>-96</b>

## KEY POINTS

- Reduced cash flow from operations before working capital following lower result
- Reduction in payables had a negative impact on working capital compared to last year
- Investing activities includes residual value purchase of buses balanced out by proceeds from bus divestments of SEK 22 million
- Cash flow from financing activities lower than last year due to SEK 46 MSEK less loan financing



# INVESTMENTS (CAPEX)

SEK million	Q1 17/18	Q1 16/17	Change	YTD 17/18	YTD 16/17	Change
Investments in new buses	-191	-105	-86	-191	-105	-86
Other investments	-22	-7	-15	-22	-7	-15
Total investments	-213	-112	-101	-213	-112	-101
Lease financing	154	16	138	154	16	138
Capex	-59	-96	37	-59	-96	37
Whereof: Loan financing of buses	4	50	-46	4	50	-46
Whereof: Cash financing	-55	-46	-9	-55	-46	-9

## KEY POINTS

- Investments in new buses also includes residual value purchases of buses in expired leasing contracts
- Lease financing primarily refers to new traffic contracts, Borås in Sweden and Line 25 in Oslo. The remaining part relates to reinvestments in existing contracts
- All new investments are financed either through financial leasing or loans

# BALANCE SHEET

SEK million	2017-05-31	2016-05-31	Change
<b>ASSETS</b>			
Total non-current assets	6,192	5,949	243
Trade receivables and other current rec.	938	873	65
Restricted cash on bank accounts	-	1	-1
Cash and cash equivalents	741	715	26
<b>Total current assets</b>	<b>1,679</b>	<b>1,589</b>	<b>90</b>
<b>TOTAL ASSETS</b>	<b>7,871</b>	<b>7,538</b>	<b>333</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1,454	1,180	274
Total non-current liabilities	3,973	3,971	2
Total current liabilities	2,444	2,387	57
<b>TOTAL LIABILITIES</b>	<b>7,871</b>	<b>7,538</b>	<b>333</b>

## KEY POINTS

- Balance sheet growth related to bus investments
- Strengthened cash position to SEK 741 million (715)
- Equity ratio increased to 18.5% (15.7%)
- Net debt was SEK 3,771 million (3,865)
- Net debt/EBITDA was 3.3x (3.8x)

# SUMMARY

- Slight increase in Net sales but drop in EBT margin
- Higher costs related to driver education
- Contract migration last year had negative impact
- Strategic review of the interregional business ongoing



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**EVERYBODY WANTS  
TO TRAVEL WITH US**

**Our values:**

Our customers' needs is our reason for being

In all we do, we strive to develop

We respect each other

We foster solid leadership

We care

