



# NOBINA AB

Investor presentation, June – August 2017

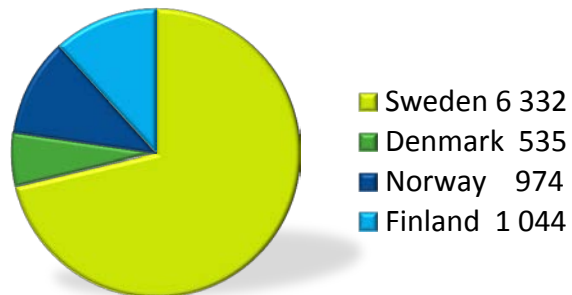


# LARGEST PUBLIC TRANSPORT COMPANY IN THE NORDIC REGION

- 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.

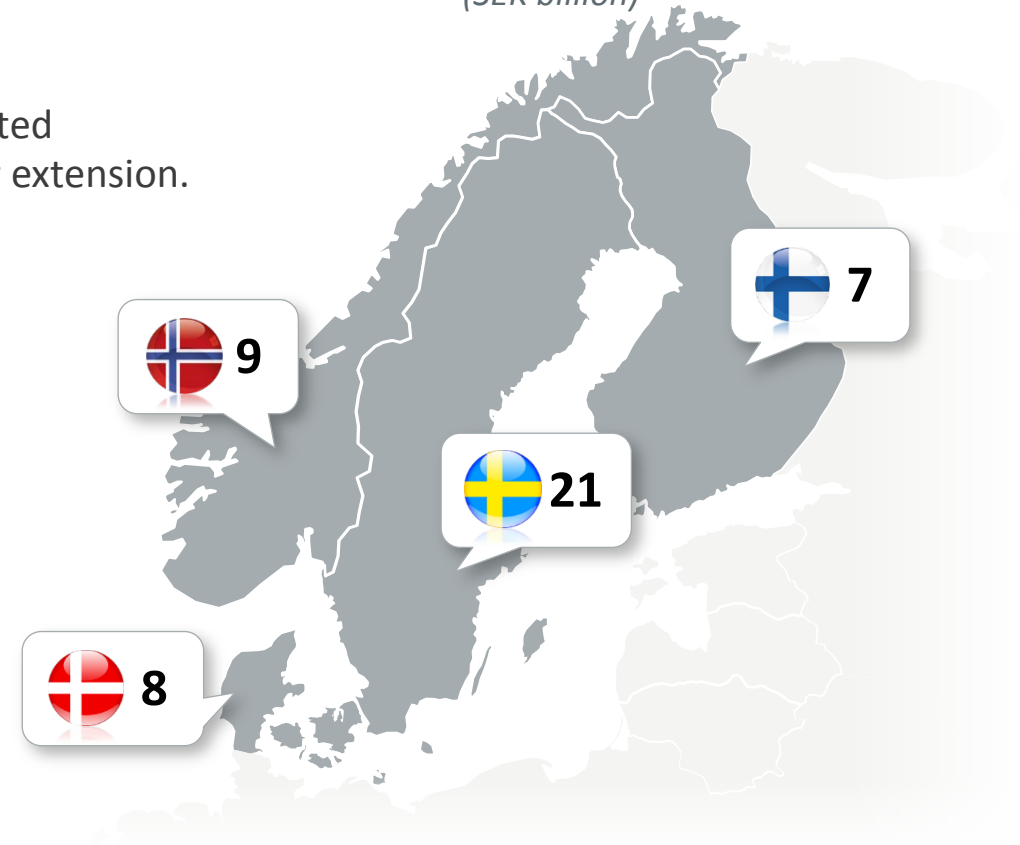
## Nobina - Net sales per country

2016/17 (SEK billion)



## Total market - Annual net sales per country

(SEK billion)



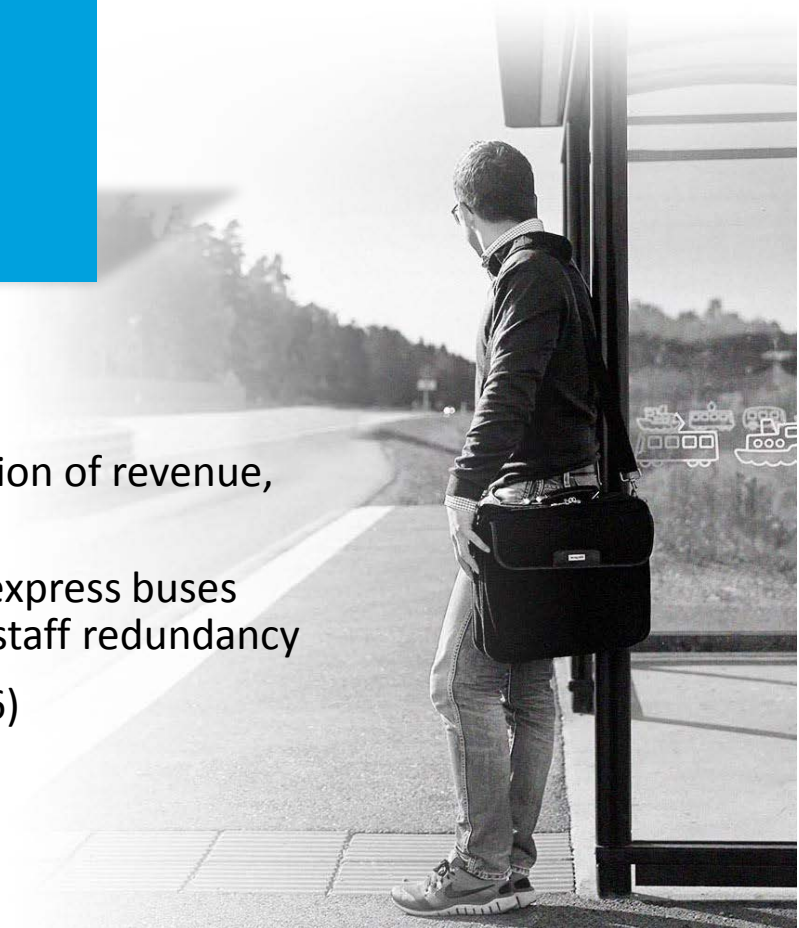
Source: Approximation based on Nobina's data

# FINANCIAL OVERVIEW Q2

<b>NET SALES</b> SEK million <b>2,169</b> (2,146)	<b>EBIT</b> SEK million <b>106</b> (142)	<b>EBT</b> SEK million <b>74</b> (107)	<b>CASH FLOW</b> SEK million <b>-308</b> (-173)
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## Q2 FINANCIAL HIGHLIGHTS

- Net sales grew 1.1% supported by extra traffic, passenger driven revenue and indexation of revenue, partly offset by negative contract migration effects from last year
- EBT dropped to SEK 74 million due to contract migration, shortened depreciation on express buses and one time costs of SEK 11 million related to accrued restructuring costs, primarily staff redundancy
- Cash flow from operations before changes in working capital was SEK 294 million (336)
- Investments of SEK 271 million (472) in buses and other equipment

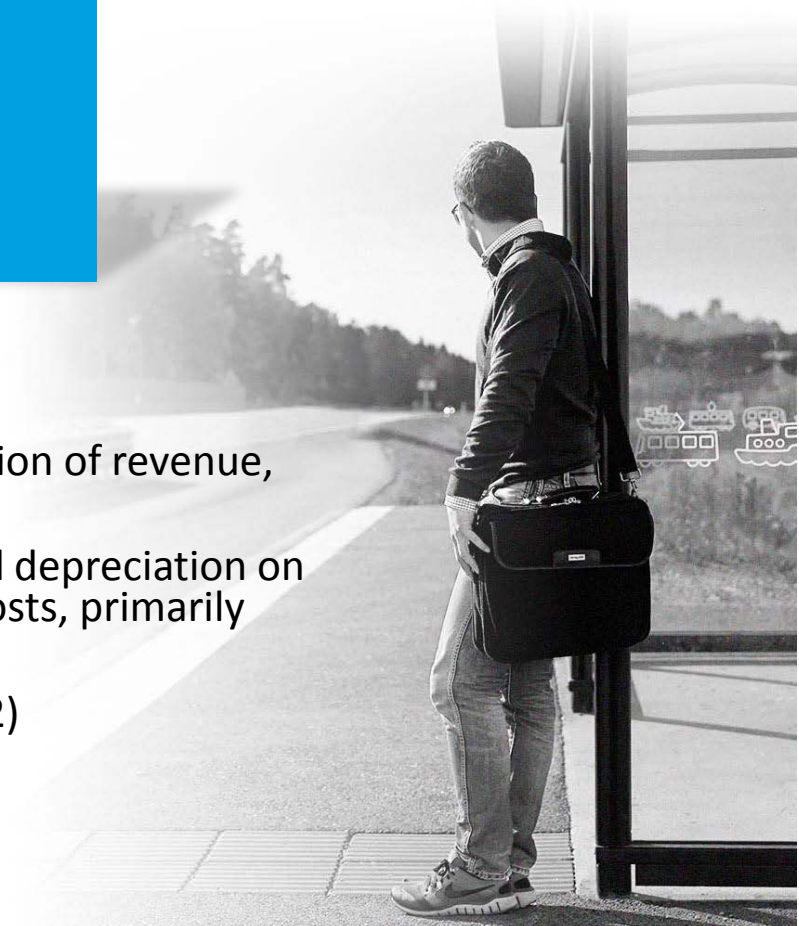


# FINANCIAL OVERVIEW YTD

<b>NET SALES</b> SEK million <b>4,445</b> (4,370)	<b>EBIT</b> SEK million <b>193</b> (263)	<b>EBT</b> SEK million <b>124</b> (193)	<b>CASH FLOW</b> SEK million <b>-372</b> (-141)
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## YTD FINANCIAL HIGHLIGHTS

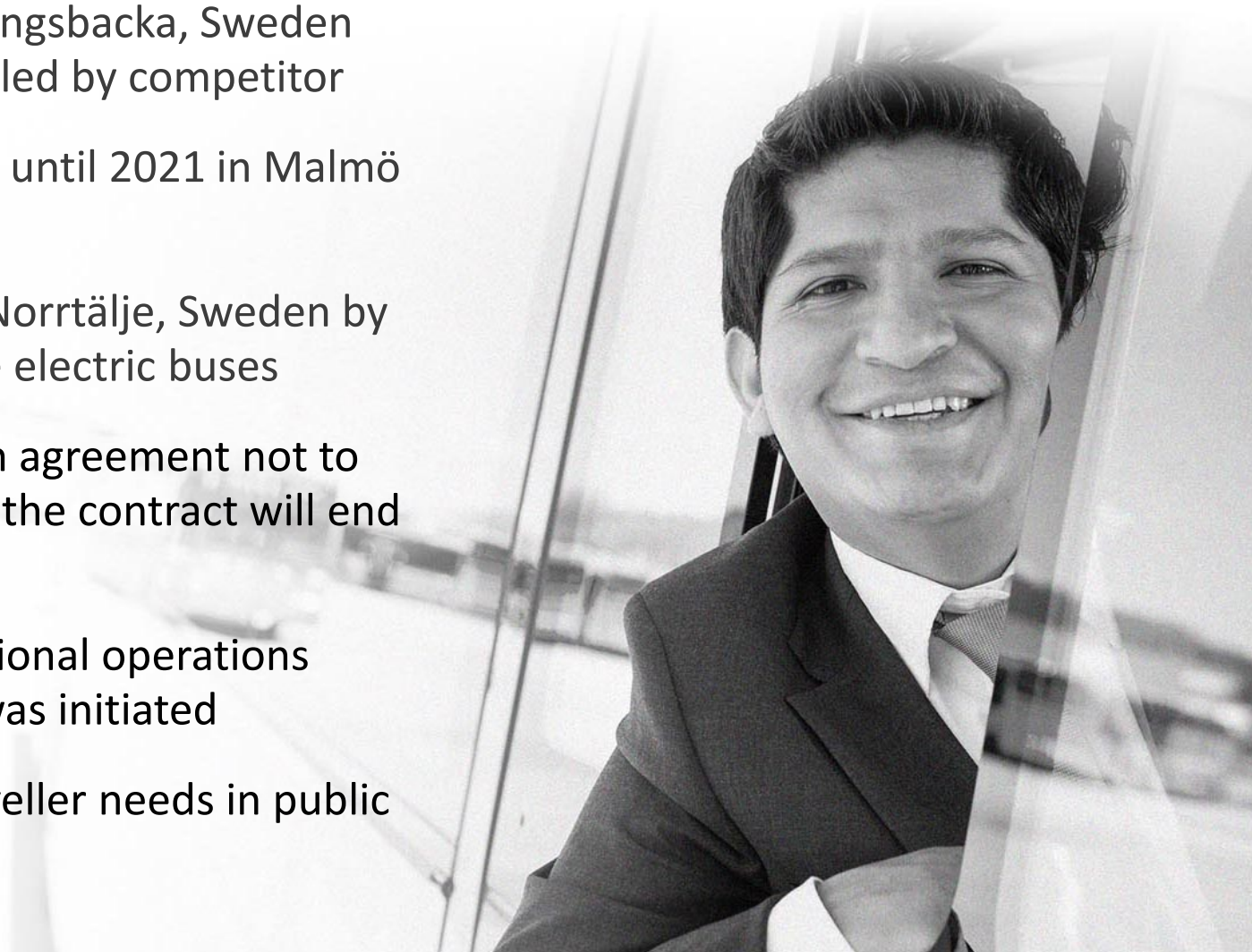
- Net sales grew 1.7% supported by extra traffic, passenger driven revenue and indexation of revenue, partly offset by negative contract migration effects from last year
- EBT dropped to SEK 124 million due to contract migration, lower efficiency, shortened depreciation on express buses and one time costs of SEK 23 million related to accrued restructuring costs, primarily staff redundancy
- Cash flow from operations before changes in working capital was SEK 516 million (622)
- Investments of SEK 484 million (584) in buses and other equipment





# SIGNIFICANT EVENTS IN Q2

- Nobina was awarded a 10 year-contract in Kungsbacka, Sweden covering 13 scheduled buses, however appealed by competitor
- 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 introduce 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
- As part of the strategic review of the interregional operations announced in Q1 a restructuring of Swebus was initiated
- Cooperation started with Telia to analyse traveller needs in public transportation



# SIGNIFICANT EVENTS AFTER Q2

- No significant events noted after Q2

# BUSINESS DEVELOPMENT

- Extra traffic and passenger driven share of revenue continue to increase and having favourable impact
- Finland operations continue to show strong KPI's
- Sweden on lower EBT level according to plan after last year's contract migration
- Integration of Swebus into Nobina Sweden ongoing to obtain synergies from joint operations
- Improvement initiative to gain resource efficiency in Norway



# MARKET UPDATE

- Higher interest in electric and BRT bus solutions on national level
- Bus-for-rail market continues to grow
- Continued increase of profitability in public transportation industry
- Electric bus tenders spreading across Nordic countries
- New players on the Nordic express bus market adding price pressure
- Örebro decision to insource public bus transportation in the city
- Testing and development of self-driving buses is continuing in several geographic areas





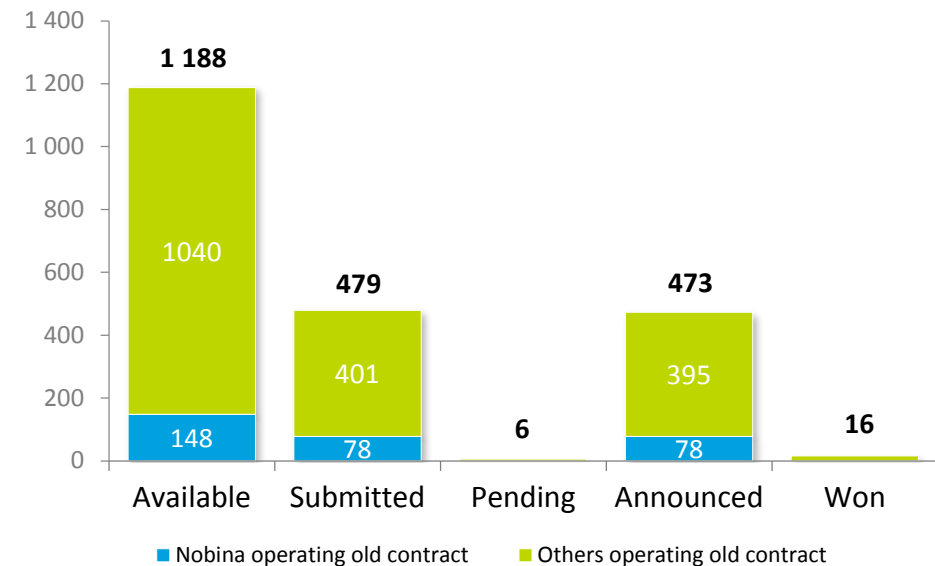
# TENDER RESULTS – YTD

- Nobina submitted tenders for 479 buses
- Nobina won 16 of the 473 announced buses

March 2017 – August 2017	Tender results during the period (number of buses)	
	Announced	Won
Sweden	46	16
Norway	370	0
Finland	0	0
Denmark	57	0
<b>Total</b>	<b>473</b>	<b>16</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 106 buses during the period
- Nobina ended contracts involving 140 buses during the period

March 2017 – August 2017	Traffic changes during the period (number of buses)	
	Started	Ended
Sweden	58	79
Norway	21	45
Finland	27	16
Denmark	0	0
<b>Total</b>	<b>106</b>	<b>140</b>

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

**8.2**  
(8.0)

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

**3.9**  
(3.4)

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

**5.8**  
(5.5)

# CONTRACT MIGRATION, COMING 12M

## Traffic starts September 2017 – August 2018

PTA	No. of years	Traffic start	No. of buses	New buses
Skånetrafiken, Sweden	4	Dec 2017	42	12
Värmlandstrafik	8	Dec 2017	3	3
Västtrafik*	10	Dec 2017	13	13
<b>Total</b>			<b>58</b>	<b>28</b>

- Nobina will start new contracts involving a total of 58 in-service buses in the next 12 months

## Expiring contracts September 2017 – August 2018

PTA	Traffic ending	No. of buses
Skyss, Norway	Aug 2018	72
<b>Total</b>		<b>72</b>

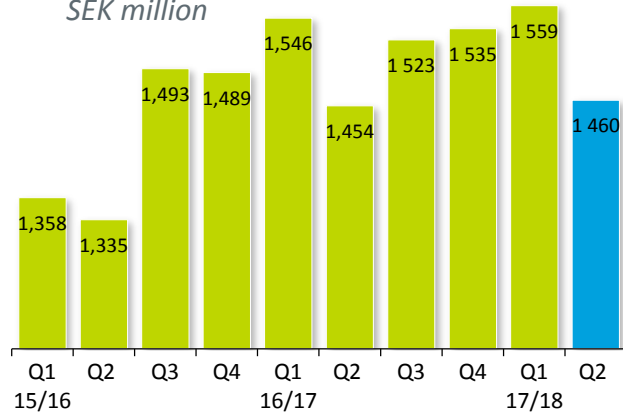
- Nobina will end contracts involving a total of 72 in-service buses in the next 12 months

\* Västtrafik tender has been appealed

# SWEDEN AND DENMARK - REGIONAL TRAFFIC

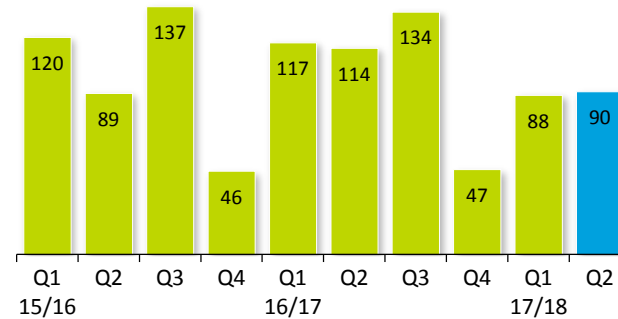
## Sweden - Net sales

SEK million



## Sweden - EBIT

SEK million

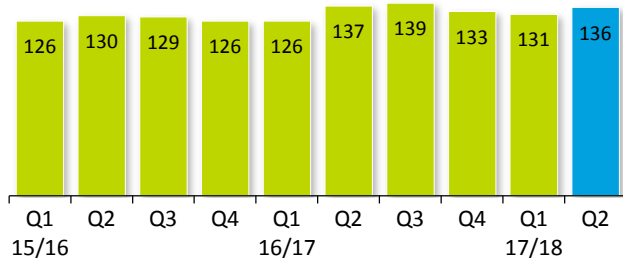


## Q2 HIGHLIGHTS

- Net sales in line with last year with additional sales from new contracts being offset by ended contracts last fall
- Contract migration and bus maintenance cost have adverse effect on EBIT with favorable effects from index net and one-off compensation from PTA negotiation

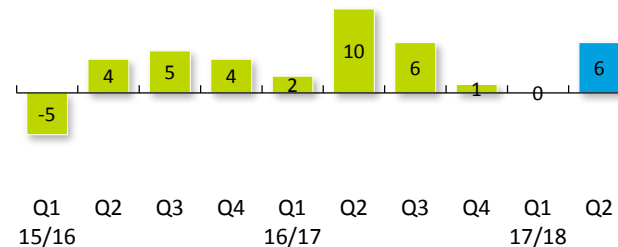
## Denmark - Net sales

SEK million



## Denmark - EBIT

SEK million



## Q2 HIGHLIGHTS

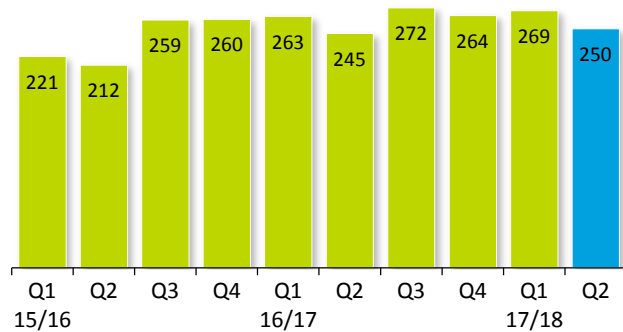
- Net sales in line with last year
- EBIT below last year with last year including positive one-off VAT for bus fleet financing cost



# FINLAND AND NORWAY - REGIONAL TRAFFIC

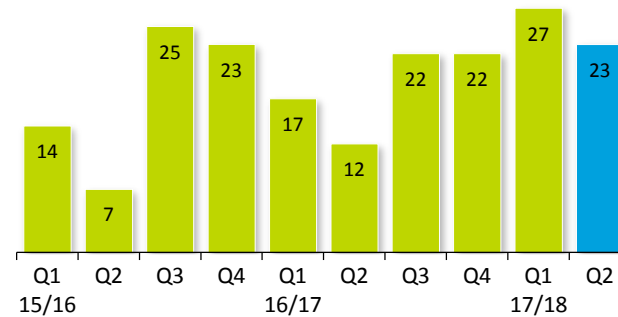
## Finland - Net sales

SEK million



## Finland - EBIT

SEK million

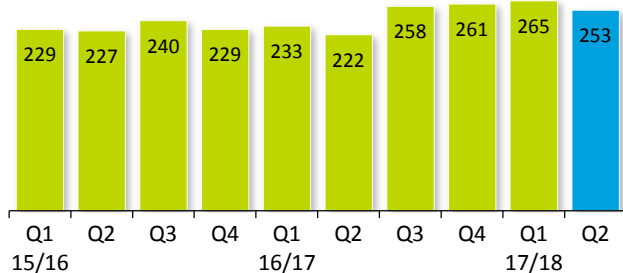


## Q2 HIGHLIGHTS

- 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

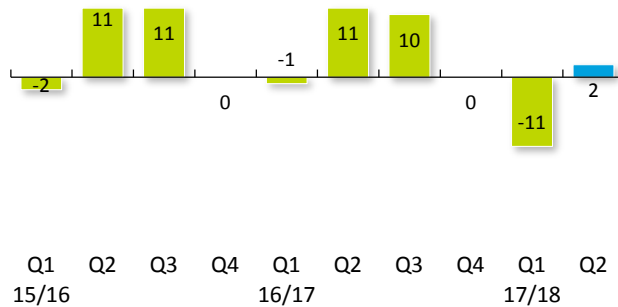
## Norway - Net sales

SEK million



## Norway - EBIT

SEK million



## Q2 HIGHLIGHTS

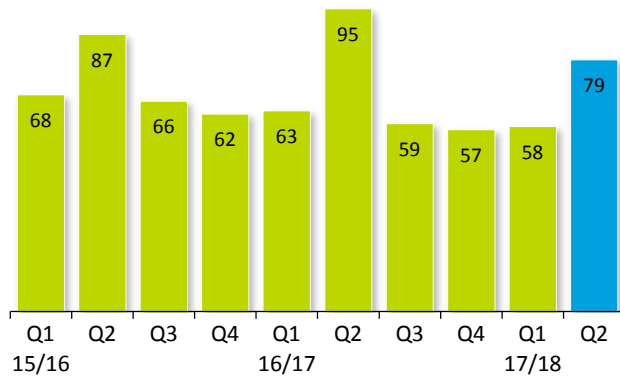
- Net sales increased compared to last year from started contracts this year and volume increases in existing contracts
- EBIT affected by start-up costs and low efficiency in Tromsø

# SWEBUS



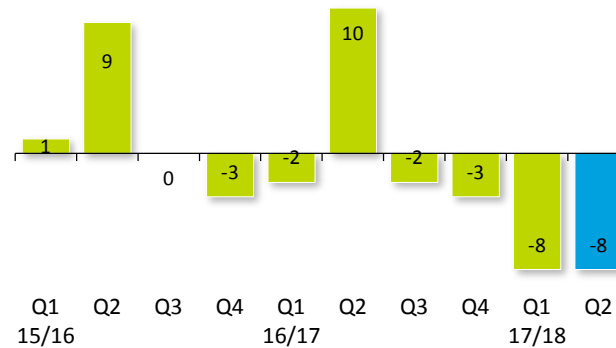
## Swebus - Net sales

SEK million



## Swebus - EBIT

SEK million



## Q2 HIGHLIGHTS

- Net sales decreased due to continued lower express bus volumes
- EBIT well below last year including restructuring cost

# RESULTS

SEK million	Q2 17/18	Q2 16/17	Change	YTD 17/18	YTD 16/17	Change
<b>Net sales</b>	<b>2 169</b>	<b>2 146</b>	<b>23</b>	<b>4 445</b>	<b>4 370</b>	<b>75</b>
<b>EBITDAR</b>	300	333	<b>-33</b>	555	637	<b>-82</b>
% of net sales	13,8%	15,5%		12,5%	14,6%	
<b>EBITDA</b>	289	318	<b>-29</b>	532	611	<b>-79</b>
% of net sales	13,3 %	14,8%		12,0%	14,0%	
<b>EBIT</b>	106	142	<b>-36</b>	193	263	<b>-70</b>
% of net sales	4,9%	6,6%		4,3%	6,0%	
Interest income	-	-	-	-	1	-1
Interest expenses	-33	-36	3	-67	-72	5
FX net	1	1	-	-2	1	-3
<b>EBT</b>	74	107	-33	124	193	-69
% of net sales	3,4%	5,0%		2,8%	4,4%	
Tax	-15	-27	12	-30	-44	14
<b>Earnings after tax</b>	<b>59</b>	<b>80</b>	<b>-21</b>	<b>94</b>	<b>149</b>	<b>-55</b>

## KEY POINTS

- Net sales growth based on extra traffic and passenger driven revenue offset by negative contract migration effects from last year
- EBT margin 3,4 % for the quarter with negative effects from contract migration and restructuring cost
- One-off cost for staff redundancy of SEK 11 million

# REVENUE AND EARNINGS ANALYSIS YTD

SEK million	Net sales	EBT
<b>YTD Mar 2016 – Aug 2016</b>	<b>4,370</b>	<b>193</b>
Price and volume	189	32
Contract migration	-220	-23
Indexation	106	19
Operational efficiency	-	-49
Other	-	-49
Financial net	-	1
<b>YTD Mar 2017 – Aug 2017</b>	<b>4,445</b>	<b>124</b>

## KEY POINTS

- Effects of price and volume favourable both regarding Net sales and EBT driven by increase in extra traffic and incentive revenues
- 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, sick leave costs and higher bus maintenance costs
- Other includes facility costs, IT and project costs as well as one-off costs related to restructuring, primarily staff redundancy
- Financial net impacted by lower bus financing interest costs and negative FX effects



# CASH FLOW

SEK million	Q2 17/18	Q2 16/17	Change	YTD 17/18	YTD 16/17	Change
Cash flow from operations before changes in working capital	294	336	-42	516	622	-106
Changes in working capital	-90	-103	13	-135	-122	-13
Interest received and tax payment	-1	-	-1	-1	1	-2
Cash flow from operations after changes in working capital	203	233	-30	380	501	-121
Cash flow from investing activities	-29	35	-64	-66	-32	-34
Cash flow from financing activities	-482	-441	-41	-686	-610	-76
<b>Cash flow for the period</b>	<b>-308</b>	<b>-173</b>	<b>-135</b>	<b>-372</b>	<b>-141</b>	<b>-231</b>

## KEY POINTS

- Reduced cash flow from operations before working capital following lower result
- Increase of receivables had a slightly positive impact on working capital compared to last year in the quarter
- Investing activities includes residual value purchase of buses balanced out by proceeds from bus divestments of SEK 10 million
- Cash flow from financing activities more negative than last year due to SEK 44 MSEK higher dividends paid out

# INVESTMENTS (CAPEX)

SEK million	Q2 17/18	Q2 16/17	Change	YTD 17/18	YTD 16/17	Change
Investments in new buses	-261	-465	204	-452	-570	118
Other investments	-10	-7	-3	-32	-14	-18
Total investments	-271	-472	201	-484	-584	100
Lease financing	232	362	-130	386	378	8
Capex	-39	-110	71	-98	-206	108
Whereof: Loan financing of buses	-	-	-	4	50	-46
Whereof: Cash financing	-39	-110	71	-94	-156	-62

## 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 and the remaining part relates to reinvestments in existing contracts
- All new investments are financed through financial leasing

# BALANCE SHEET

SEK million	2017-08-31	2016-08-31	Change
<b>ASSETS</b>			
Total non-current assets	6 206	6 043	163
Trade receivables and other current rec.	848	902	-54
Restricted cash on bank accounts	-	1	-1
Cash and cash equivalents	427	547	-120
<b>Total current assets</b>	<b>1 275</b>	<b>1 450</b>	<b>-175</b>
<b>TOTAL ASSETS</b>	<b>7 481</b>	<b>7 493</b>	<b>-12</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1 229	1 043	186
Total non-current liabilities	3 990	4 127	-137
Total current liabilities	2 262	2 323	-61
<b>TOTAL LIABILITIES</b>	<b>7 481</b>	<b>7 493</b>	<b>-12</b>

## KEY POINTS

- Balance sheet growth related to bus investments
- Reduced cash position to SEK 427 million (547)
- Equity ratio increased to 16.4% (13.9%)
- Net debt was SEK 4,097 million (4,185)
- Net debt/EBITDA was 3.8x (3.6x)

# SUMMARY

- Slight increase in Net sales with lower EBT margin but in line with our expectations
- Contract migration last year had negative impact
- Restructuring of the interregional business initiated as part of the strategic review announced in Q1





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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

