

The background is a grayscale photograph of a city street. On the left, a bus is partially visible with the license plate 'YKT 710'. On the right, a car is parked with 'ed' written on its side. The street is lined with multi-story buildings. A green banner is overlaid across the middle of the image.

CAPITAL MARKETS DAY

NOBINA AB, OCTOBER 9, 2018

WELCOME TO NOBINA CAPITAL MARKETS DAY 2018

The purpose of today
is for us to provide you with:

a market
outlook

a strategy
update

new financial
targets

Agenda

Introduction	Magnus Rosén, CEO
Market Outlook	Jonas Kempe, Marketing Director
Strategic Focus	Magnus Rosén , CEO
Moderated Interviews	Country MD's
Break	20 min
Case Barkarbystaden	Daniel Mohlin, Business Manager
Financial Targets	Per Skärgård, CFO
Q&A, Summary	Magnus Rosén, CEO Per Skärgård, CFO

NOBINA THE LEADING PUBLIC TRANSPORT COMPANY IN THE NORDICS – WITH A MARKET SHARE OF 16%

11 000 4

employees

countries

>100 3 600

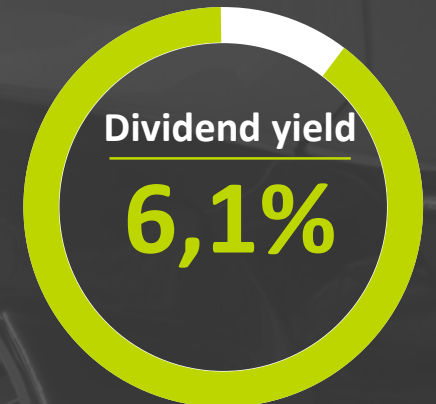
contracts

buses

319 12 115

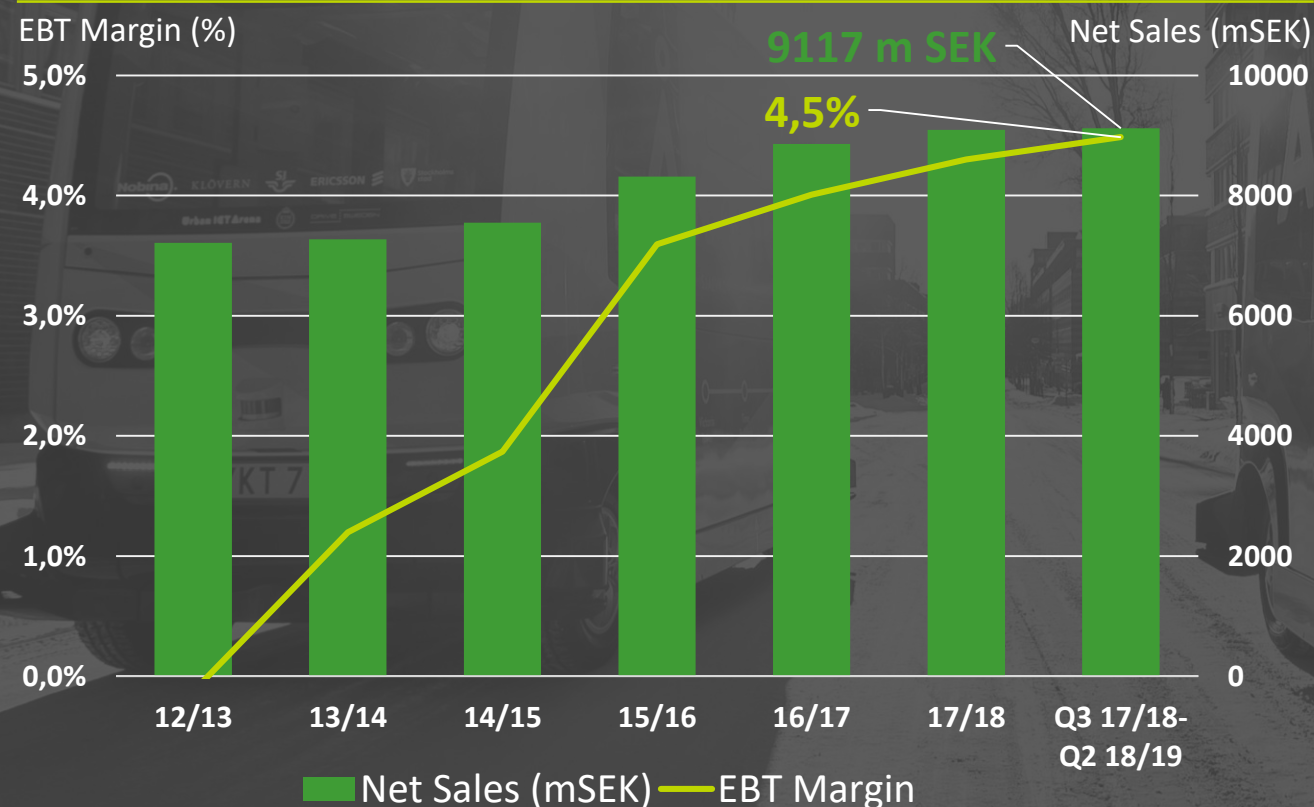
million passengers
per year

tonnes of CO2 reduction from fuel
efficiency initiative DGR in 2017



SOLID GROWTH AND MARGIN IMPROVEMENTS – WE ARE FULFILLING OUR FINANCIAL TARGETS COMMITTED IN 2015

Historical development



Financial targets from 2015

Faster than
market (~3%)

Target
on 4,5%

Target interval
3-4x ND/EBITDA

Dividend at least
75% of EBT

Growth of
sales
6,4%

EBT Margin
4,5%

Leverage
2,9-3,8

Dividend
76-77%

WE SEE ATTRACTIVE GROWTH OPPORTUNITIES IN ALL OUR COUNTRIES GOING FORWARD



Norway

- Challenger position with 7% market share
- Total market value of 9 Billion SEK
- Rapid development in electrification and high focus on sustainability



Finland

- Market leader in the Helsinki region and 20% total market share
- Total market value of 7 Billion SEK
- Growth opportunities outside of Helsinki



Denmark

- Challenger position with 5% market share
- Total market value of 9 Billion SEK.
- Fragmented market with many small to medium operators



Sweden

- Market leader with 27% market share
- Total market value of 22 Billion SEK
- Rapid progress towards increased level of quality evaluation and incentives in contracts

BUSINESS MODEL FOR A SUSTAINABLE SOCIETY

Challenges for society



- CO2 emissions
- Urbanization
- Congestions
- Utilizations of public space

Nobina is:

- ✓ Pushing migration from fossil fuels
- ✓ Minimizing the use of energy through several initiatives
- ✓ Working with our customers to create efficient public transport solutions
- ✓ Creating jobs driving integration in the society
- ✓ Aligning our strategic planning with selected UN Development Goals

MOVING FORWARD

WE HAVE A CLEAR STRATEGY BUILDING ON FOUR FOCUS THEMES



Bus Solutions



**Contract
Management**



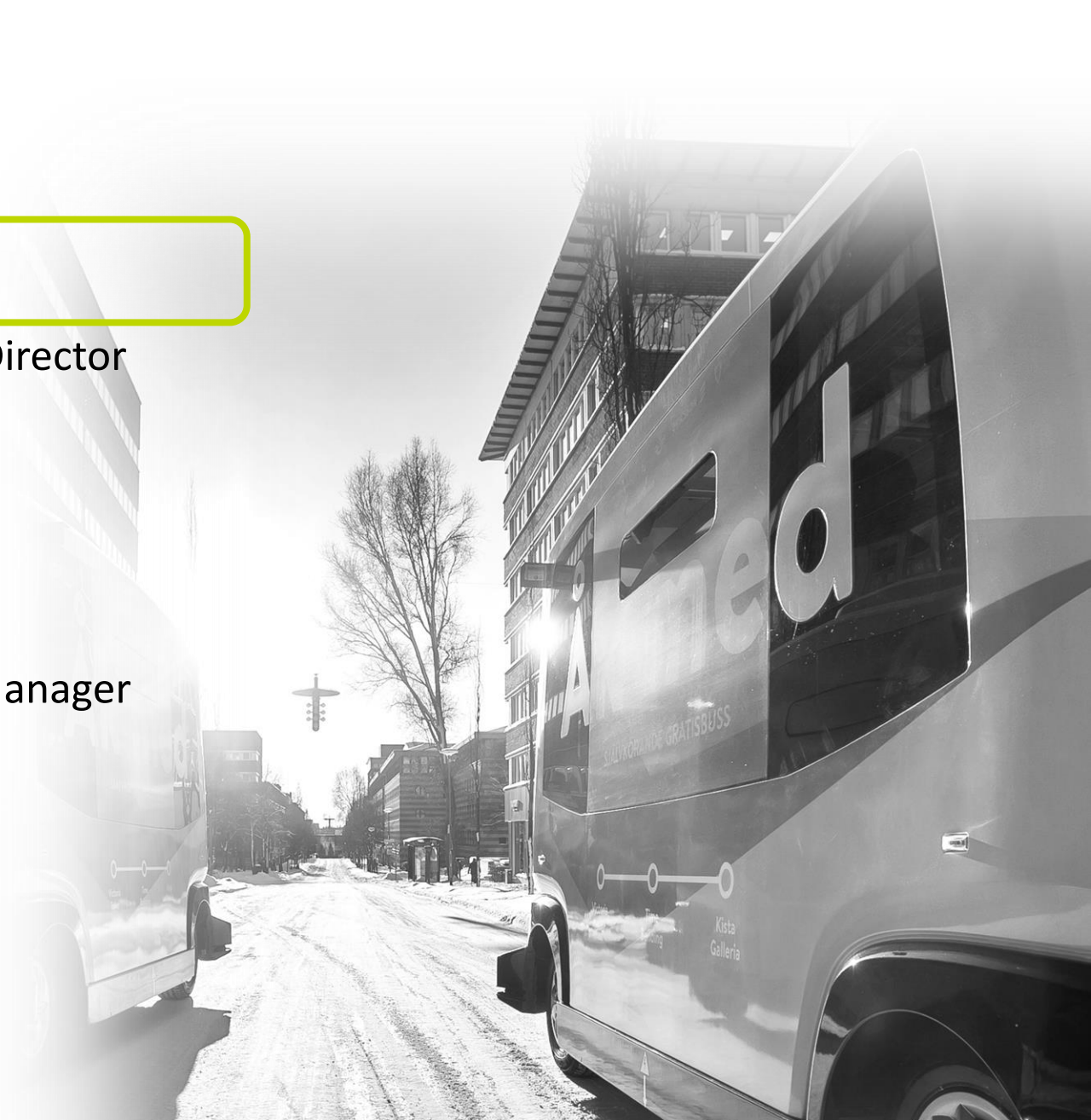
**Resource
Efficiency**



**Employees in
Development**

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MARKET OUTLOOK AND DEVELOPMENT

JONAS KEMPE, MARKETING DIRECTOR

KEY TAKE AWAYS FROM OUR VIEW ON THE MARKET



Nobina is positioned to meet some of the biggest global trends and challenges of today



Growth opportunities in the Nordics both in the core business but also in new segments



The operator has a great potential to take the lead in a complex society in order to make things happen

GLOBAL CHALLENGES

- Urbanisation and lack of public space in cities
- Local air quality and urban livability
- Reduction of CO2 footprint

**PUBLIC
TRANSPORT IS PART
OF THE SOLUTION**

MARKET TRENDS IN THE NORDICS



**GROWING URBAN AREAS
DRIVE MORE TRAFFIC
VOLUME**



**GOVERNMENTAL SUPPORT FOR
INVESTMENTS IN PUBLIC
TRANSPORT INFRASTRUCTURE**



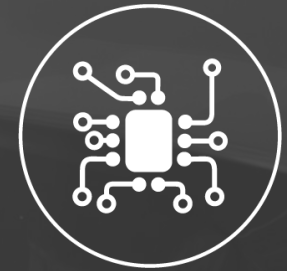
**CUSTOMER DRIVEN
BUSINESS MODELS**



**INTERACTION
WITH OTHER SECTORS**



**ELECTROMOBILITY IS GOING
FROM PILOTS TO FULL SCALE
SOLUTIONS**



**OPPORTUNITIES TO
CAPTURE AND CAPITALIZE
ON TECH SHIFTS**

MARKET DEVELOPMENT

1990

- One business model
- Low degrees of freedom
- Operations and cost focus
- Limited customer orientation
- "Drive the bus" approach by operator
- Resource efficiency

2018

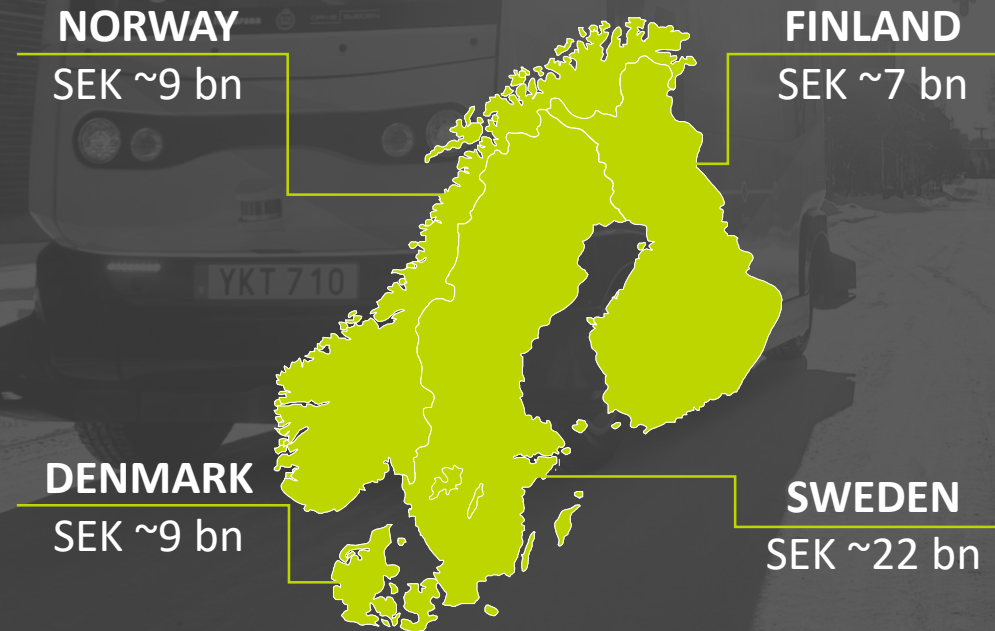
- Customer driven business models
- Operator responsible for traffic planning and local marketing
- Market for bus solutions
- Competitiveness a combination of market- and resource efficiency



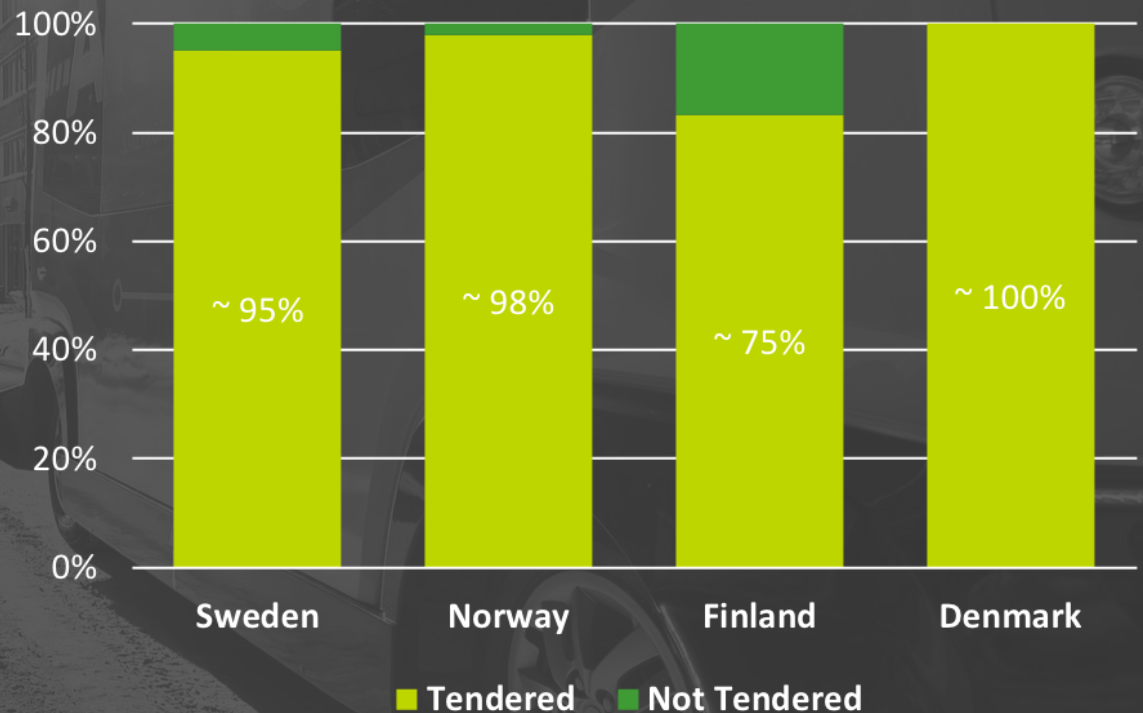
THE NORDIC BUS MARKET

Total market volume approximately **47 BSEK**
corresponding to **20 000 buses**

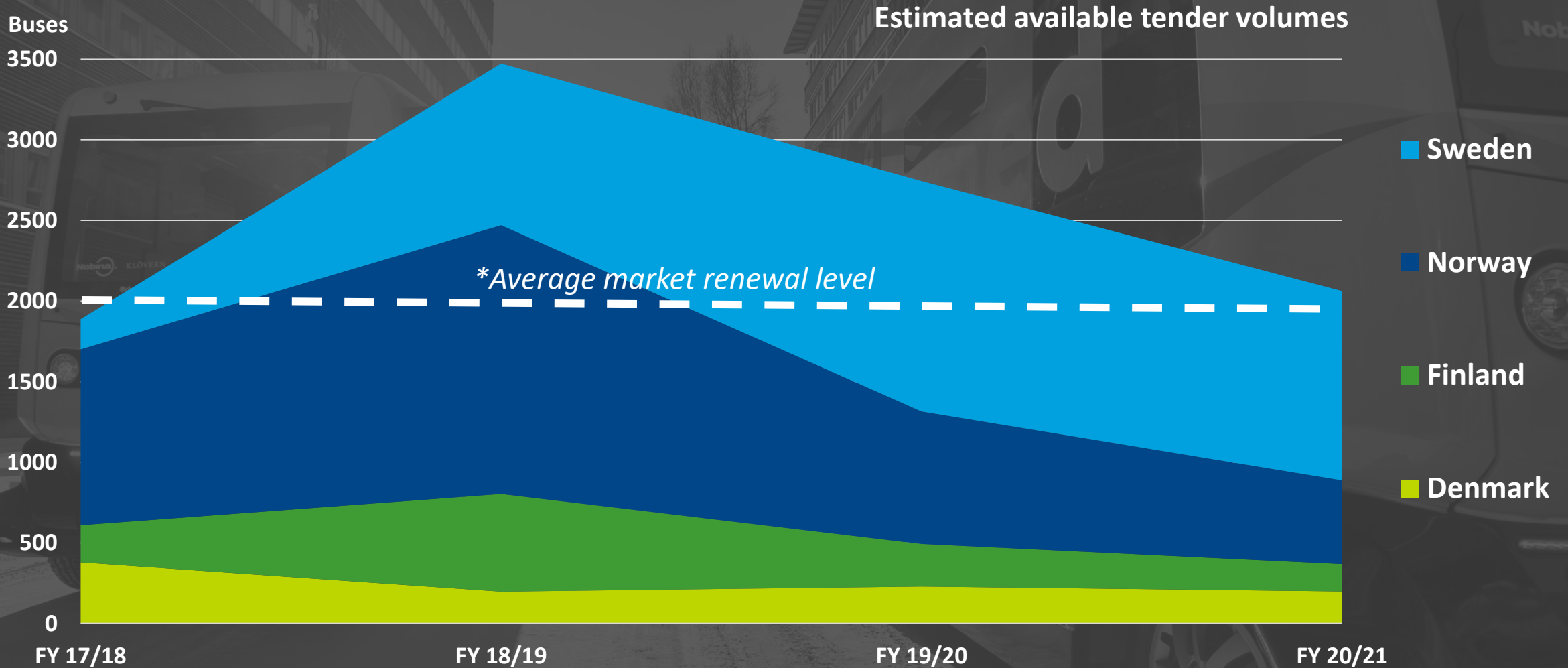
Regional and local bus market in the Nordics



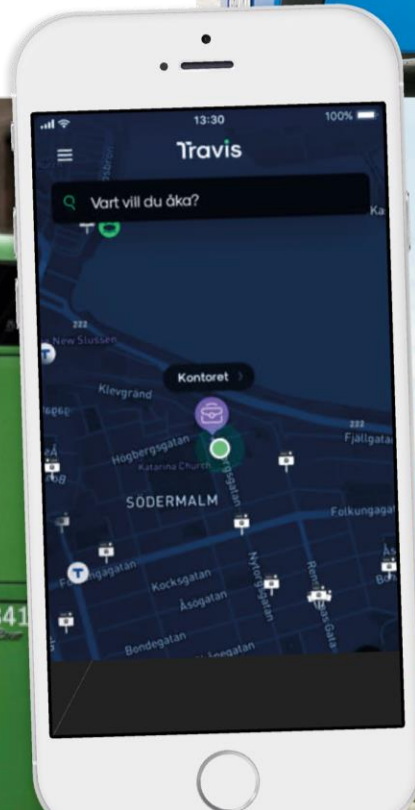
Tendered volume vs Total volume



GROWTH POSSIBILITIES GOING FORWARD



**Based on 10 year contract and current rolling fleet*



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STRATEGIC FOCUS

MAGNUS ROSÉN, CEO

OUR STRATEGY IS BUILT ON FOUR FOCUS THEMES



Bus Solutions

“we develop bus solutions for growth, competitiveness and our long term relevance”



Contract Management

“we are a proactive partner to our customers and strive to develop contracts and conditions through the whole lifecycle”



Resource Efficiency

“we focus on ensuring resource efficiency and operational excellence to be competitive and to contribute to a sustainable society”



Employees in Development

“we attract and develop people to ensure efficient delivery and development of our business”

BUS SOLUTIONS



- **Maintain our focus on the Nordic countries and on organic growth but with an actively opportunistic approach to acquisition opportunities**
- **Develop complementing business opportunities where we can leverage on our capabilities and strengths in our core business - Contracted Bus Traffic**
- **Leverage on our strong position in conceptualizing “Complete Bus Solutions” and new technology**

CONTRACT MANAGEMENT



- Proactively influence PTAs to develop attractive and fair contract models

- Solid delivery according to contract terms

- Suggest and negotiate traffic improvements in contracts to create benefits for all parties

- Allocate resources and support to succeed in the coming years intensive contract migrations (close down and start ups)

RESOURCE EFFICIENCY



- **Additional focus to ensure profitability by cost efficiency in delivery; implementation of methods and tools to improve speed in execution**
- **Continue high focus on execution of energy saving and sustainability initiatives to improve competitiveness and contribute to a sustainable society**
- **Development and execution on a technology roadmap to proactively manage impact from technology shifts on our full operation**

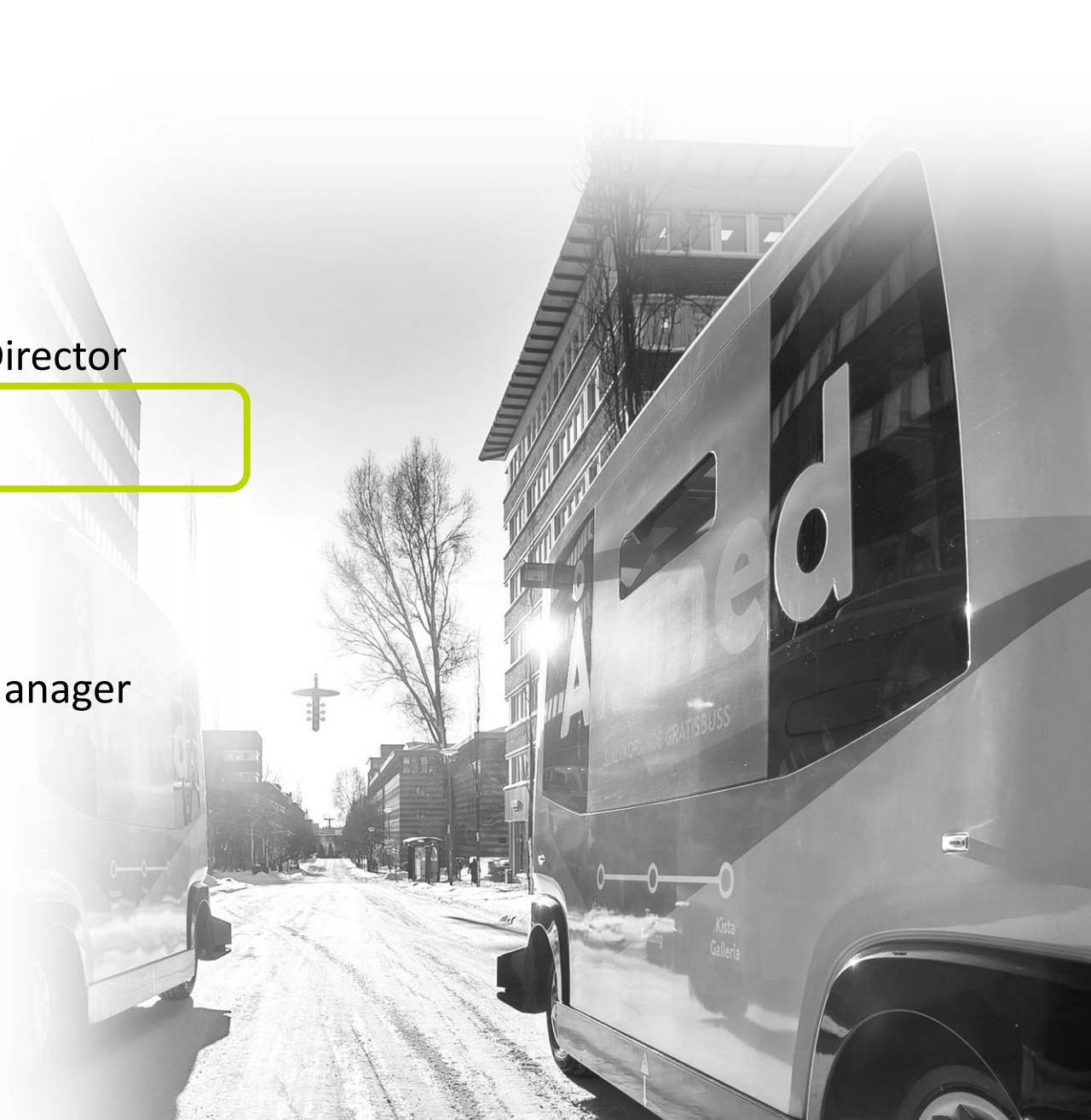
EMPLOYEES IN DEVELOPMENT



- Focus on securing long term supply of drivers and mechanics in all countries while maintaining high competence requirements
- Drive equality, diversity and inclusion to be a relevant employer
- Prepare for the technology shift from a competence perspective

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Henrik Dagnäs
MD Sweden



Jan Volsdal
MD Norway



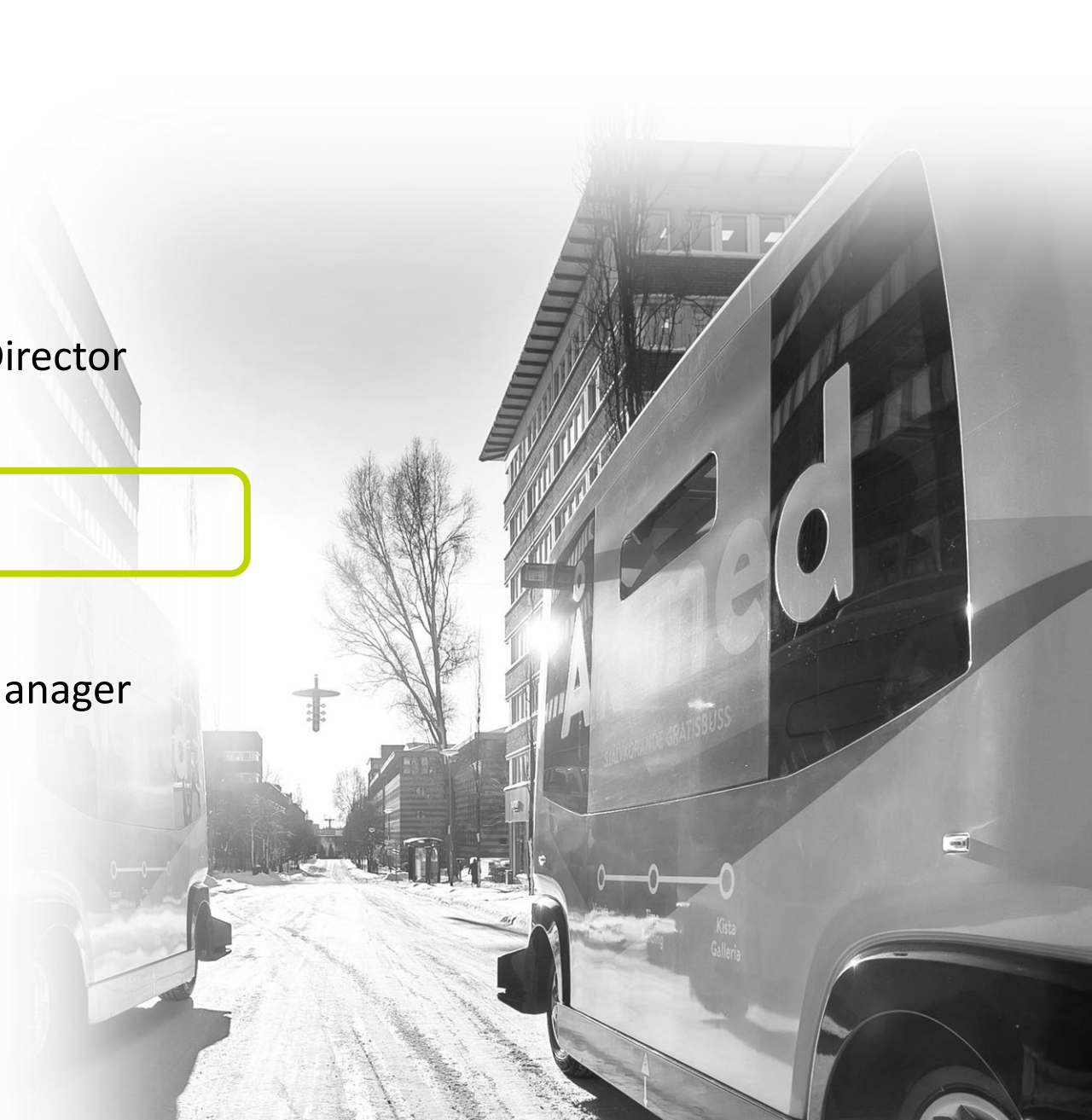
Niels Peter Nielsen
MD Denmark



Tom Ward
MD Finland

AGENDA

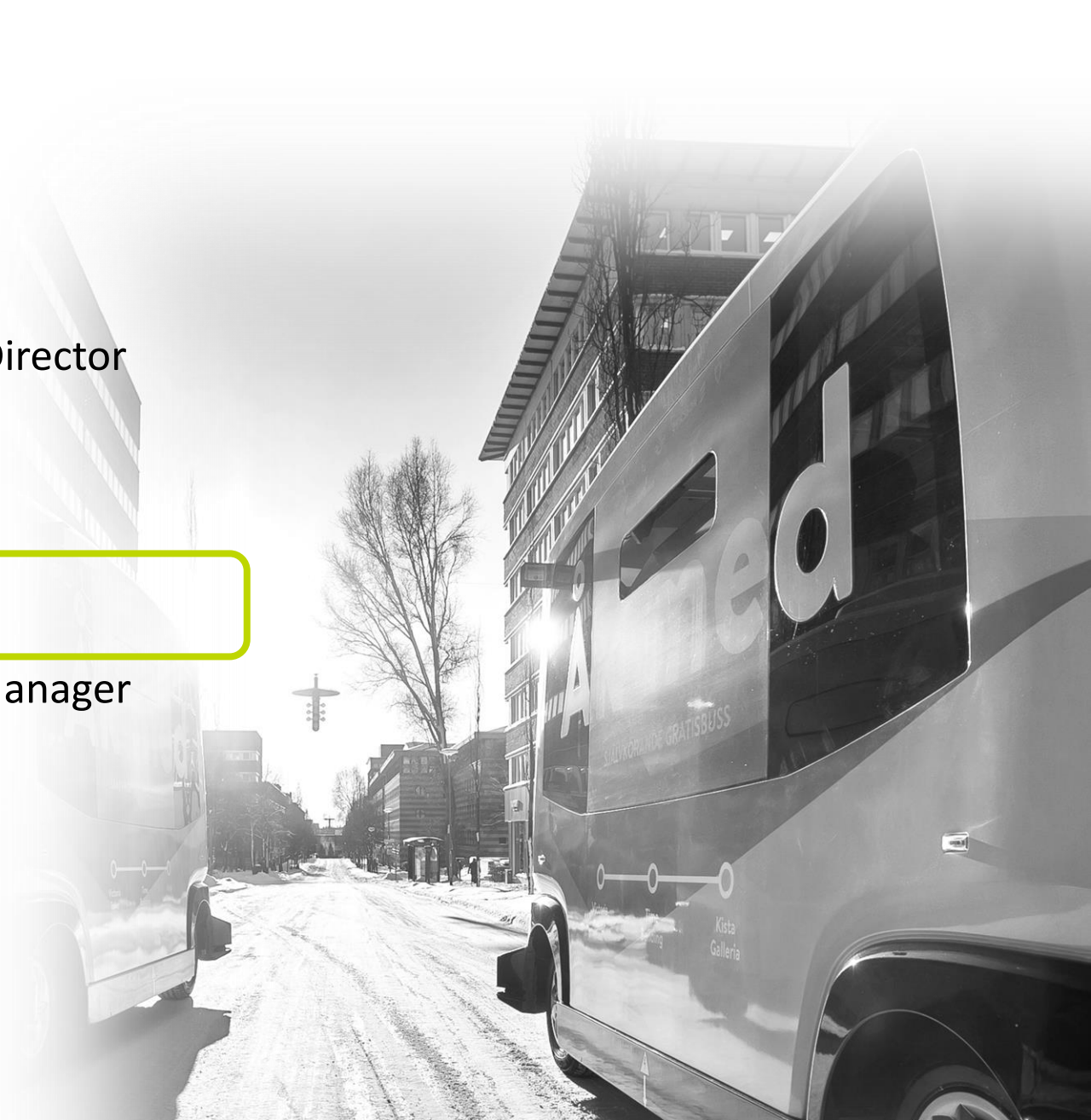
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CASE BARKARBYSTADEN

DANIEL MOHLIN – BUSINESS MANAGER COMPLETE SOLUTIONS

BARKARBYSTADEN IS GROWING

- Largest city development project in northern Europe
- New travel node in western Stockholm
- Extended metro line and two new stations
- Low car dependency



THE MISSION

Design a traffic solution with innovation that meets the increasing travel demand in Barkarbystaden

1

Before opening of Metro

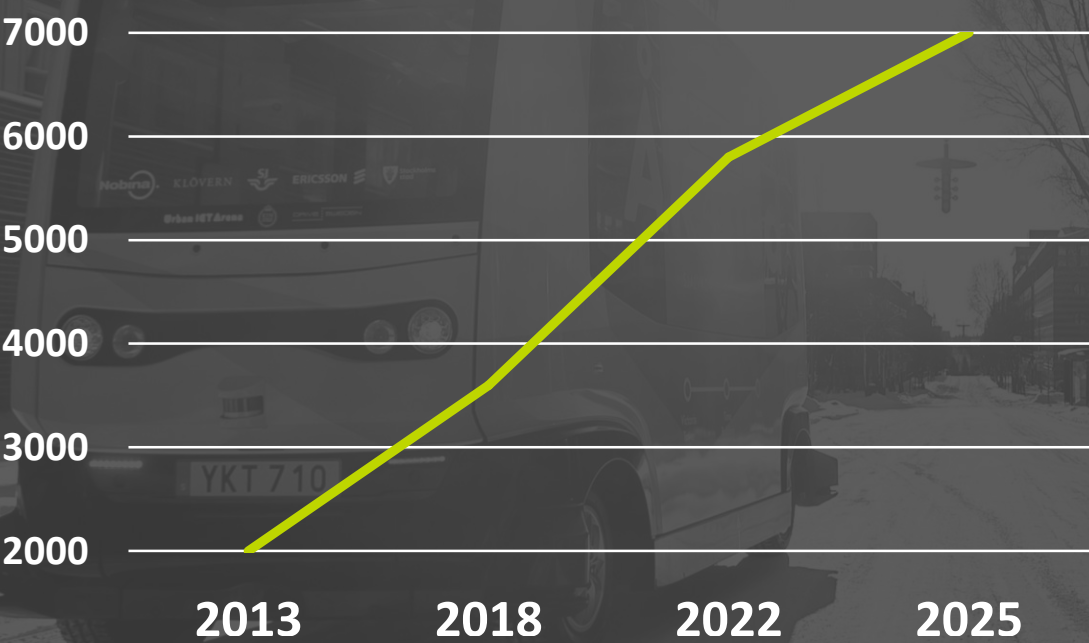
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After opening of Metro



POPULATION AND RIDERSHIP FORECAST

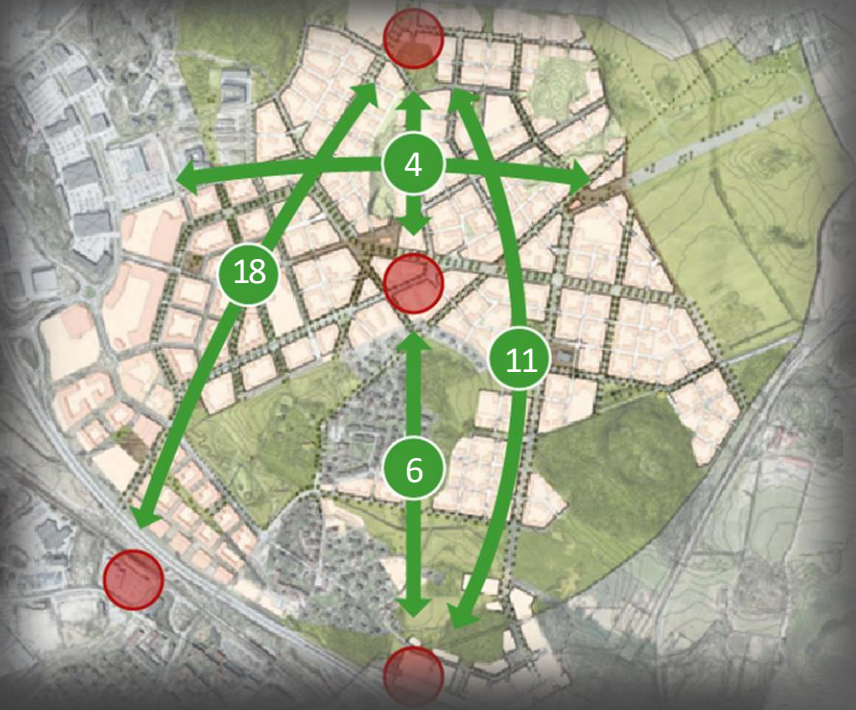
Number of trips by public transport
from Barkarby per winter day



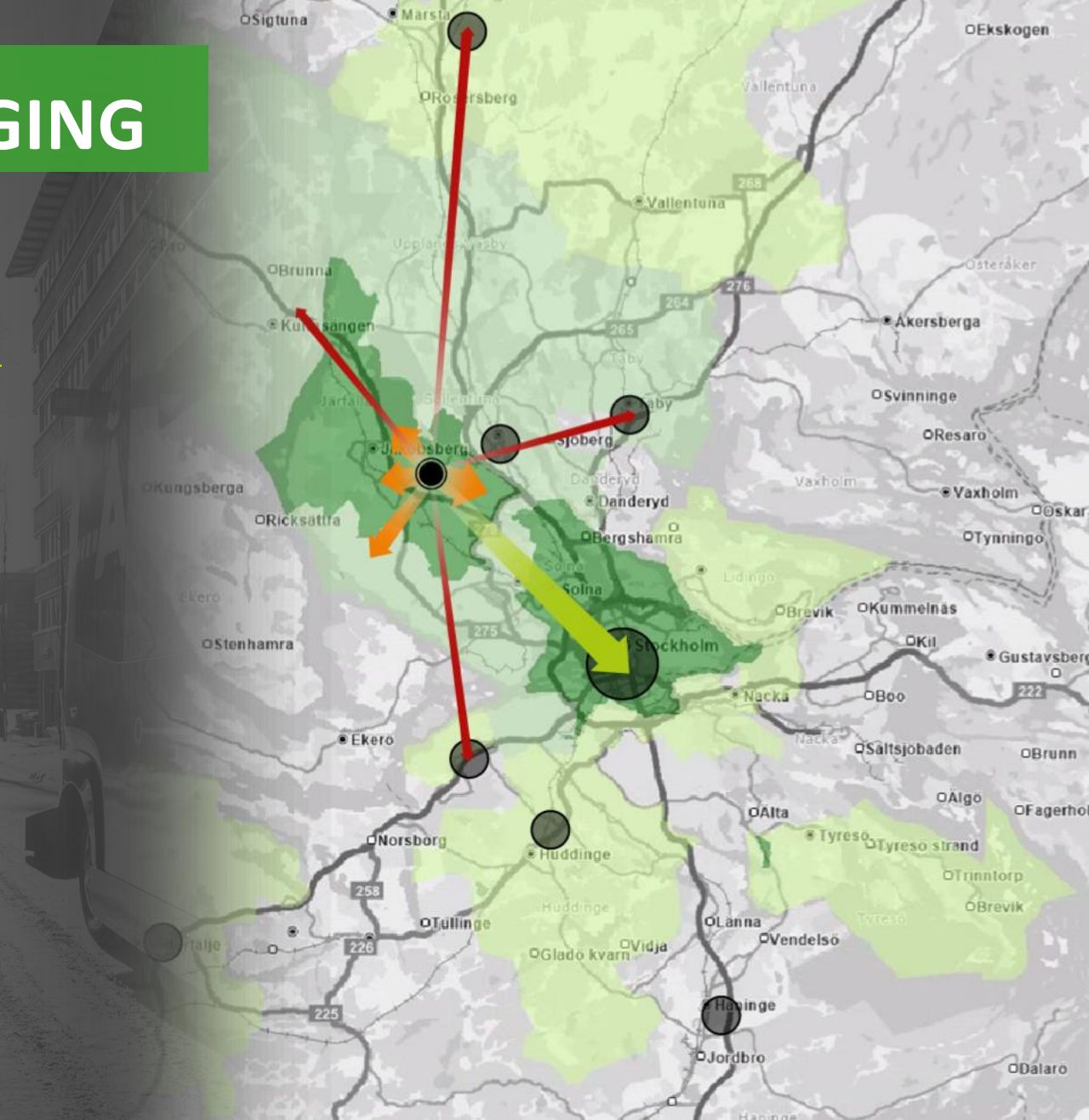
Year	Apartments	Population
2017	2 400	4 800 – 5 520
2022	4 540	9 080 – 10 442
2026	7 900	15 800 – 18 170
2030	11 090	22 180 – 25 507
2040	17 500	35 000 – 40 250

TRAVEL PATTERNS ARE CHANGING

Nobina Analytics (NOA) show a change in travel patterns, but strongly dependent on route planning



Maximum PT travel time within Barkarbystaden



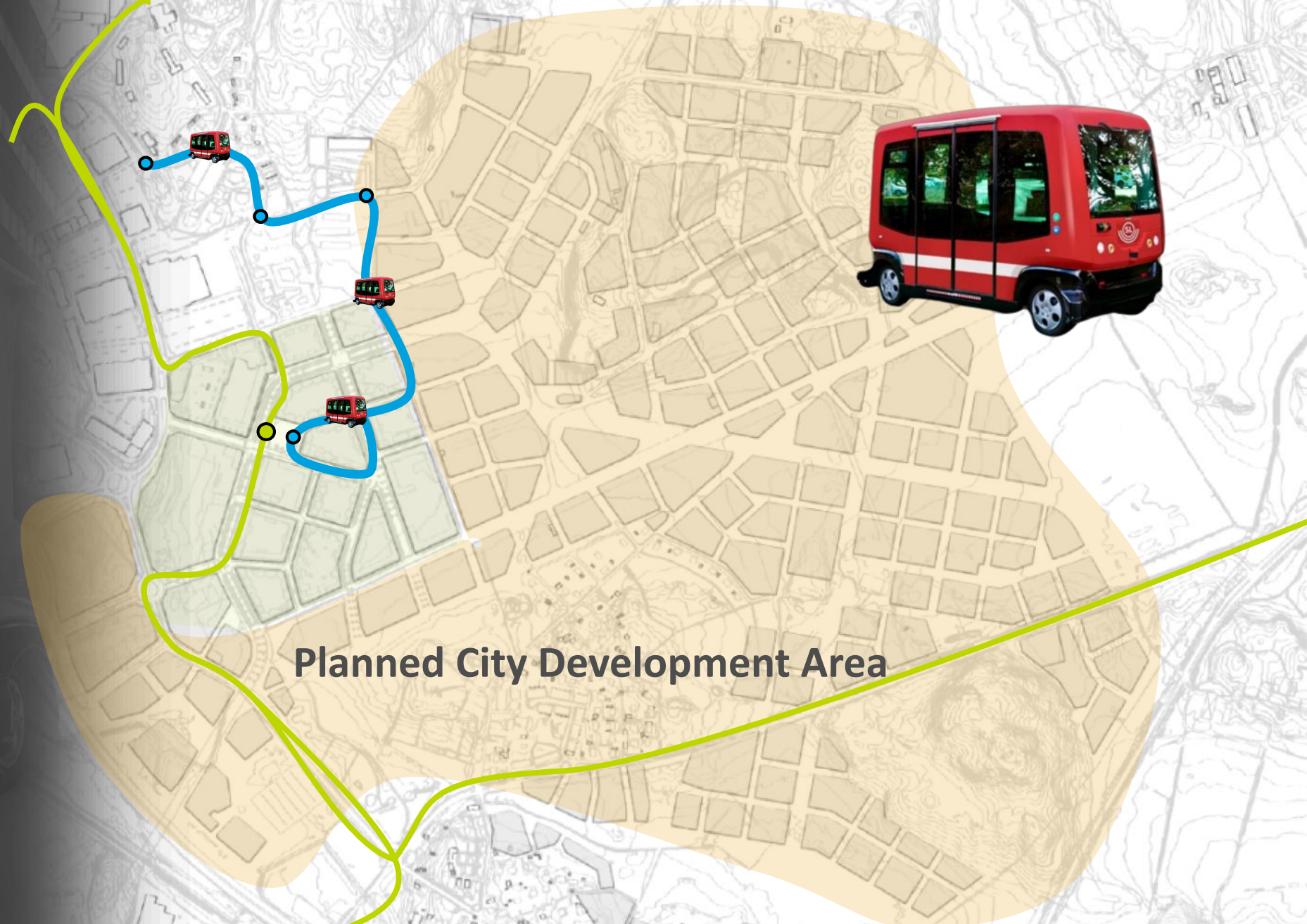
2018

2019

2020

2021

2025



Planned City Development Area

2018

2019

2020

2021

2025



Planned City Development Area

2018

2019

2020

2021

2025

Test with autonomous
On-Demand Solution

Future metro station



Akalla

BRT ROUTE

Planned City Development Area



A COMPLETE BUS SOLUTION BY NOBINA

Made possible by and designed
with Nobina Analytics

- Nobina Analytics
 - Analysis and understanding of needs
 - Forecasts
 - Solution design
- Funding
- Implementation
- Operations

Självkörande bussar och elektrisk BRT i Storstockholm (uppdaterad)

publicerat av ULO • 11 JUNI 2018 • SIDA FÖR UTSKRIFT

”Världens modernaste kollektivtrafik”. Så presenterades den framtida kollektivtrafiken i Barkarbystaden i Järfälla kommun, nordväst om Stockholm på måndagsförmiddagen. Ingredienserna är



DAGENS NYHETER. Nyheter Ekonomi Kultur Sthlm Sport Mitt DN Ledare DN Debatt

Självkörande bussar i Barkarby ska hämta resenärerna vid dörren



Foto: William Sundelin

UPPDATERAD 2018-06-11 PUBLICERAD 2018-06-11
Självkörande bussar som kommer när man kallar på dem - och snabbussar till tunnelbana och pendeltåg. Så ska kollektivtrafiken

Världens mest moderna stadstrafik presenterades i Barkarbystaden



COMPLETE BUS SOLUTIONS

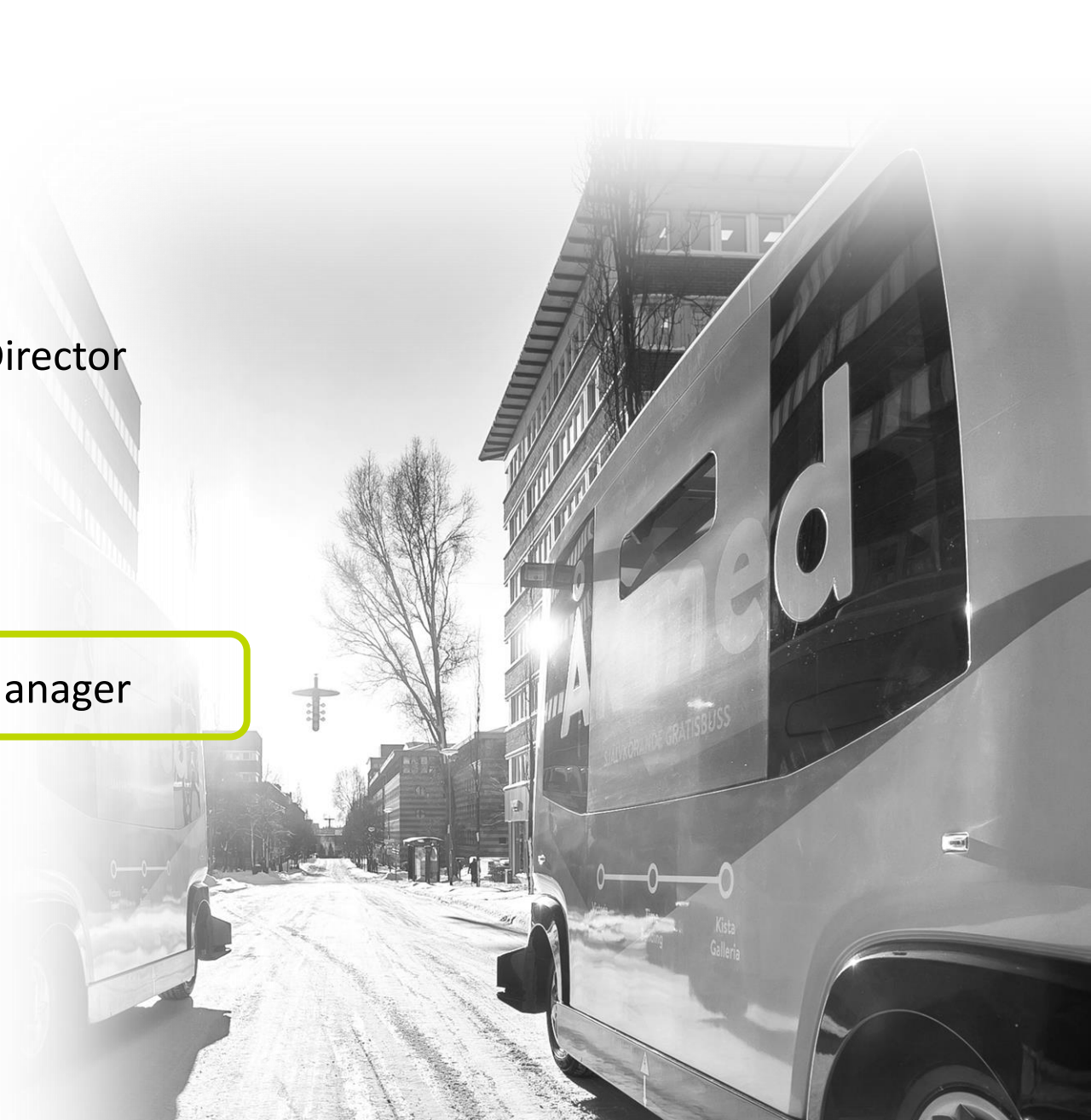
Increased complexity drives higher volumes and profitability

- Increasing complexity for municipalities and PTA with fast urbanization and technology shifts
- Operator in unique role to integrate and design solutions
- Nobina is equipped with the right competence and tools



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NEW FINANCIAL TARGETS

PER SKÄRGÅRD, CFO

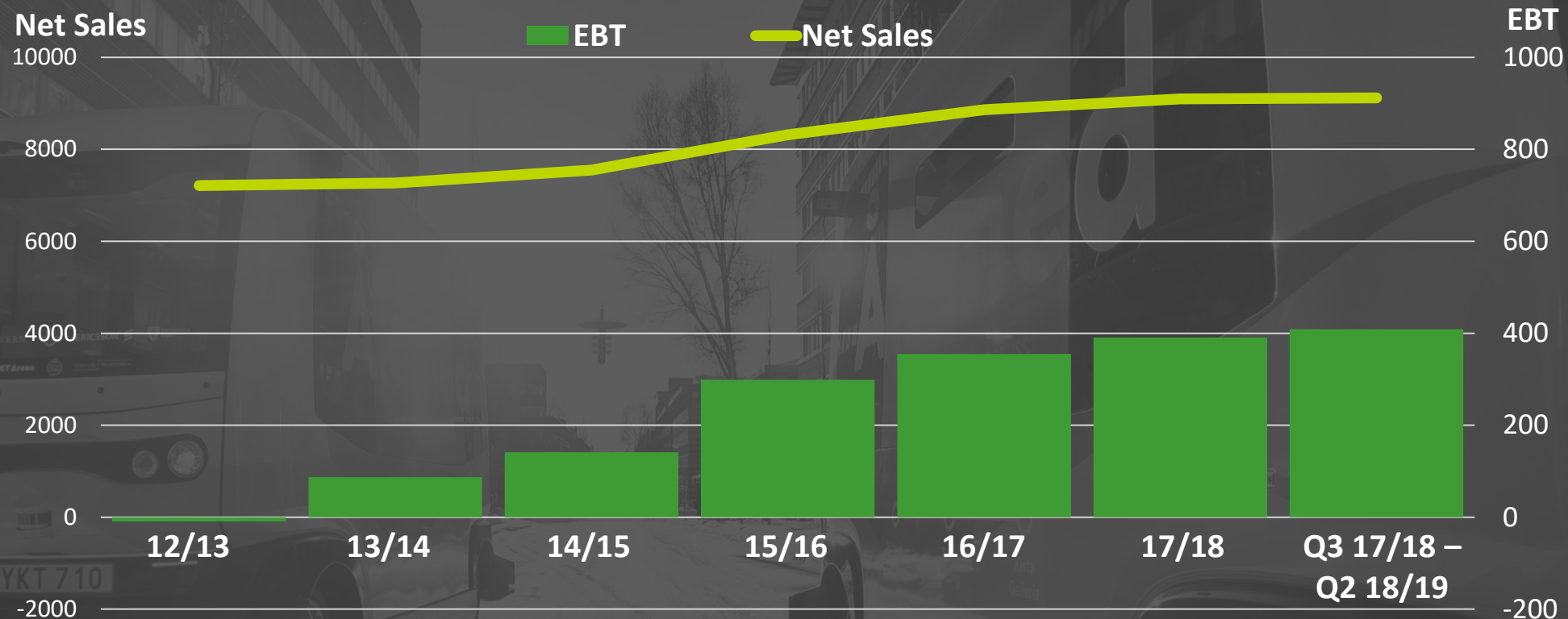
NOBINA'S FINANCIAL EQUATION

A well-managed PTA contract business is an attractive yield case investment on the following assumptions:

- Non-volatile Revenue stream
- Debt financed fixed assets
- Limited Equity base
- High quality contract portfolio delivering solid EBITDAR
- Negative working capital
- Cash flow is available for dividends



PERFORMANCE DEVELOPMENT



	12/13	13/14	14/15	15/16	16/17	17/18	Q3 17/18 – Q2 18/19
Growth	2,3%	0,8%	3,9%	10,2%	6,5%	2,7%	2,1%

EBT margin	-0,1%	1,2%	1,9%	3,6%	4,0%	4,3%	4,5%
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Leverage	5,5	4,3	4,2	3,7	3,2	3,1	3,0
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Dividend pay-out ratio	–	–	–	77%	77%	76%	–
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NOBINA'S TARGET ACHIEVEMENT

FINANCIAL TARGETS LAUNCHED AT THE IPO IN 2015

Growth:



Nobina's target is to grow net sales faster than the market

6,4% three year average 15/16-17/18 vs market growth of ~3%

EBT-margin:



Nobina's target on an annual basis is to achieve an EBT-margin in excess of 4.5% in the medium term

4,5% achieved for rolling full year Q2 FY 17/18 – Q1 FY 18/19

Leverage:



In normal circumstances, Nobina aims to maintain a debt/EBITDA ratio of 3.0x to 4.0x EBITDA

Net debt/EBITDA: The highest leverage has been 3,8 and the lowest 2,9

Dividend policy:

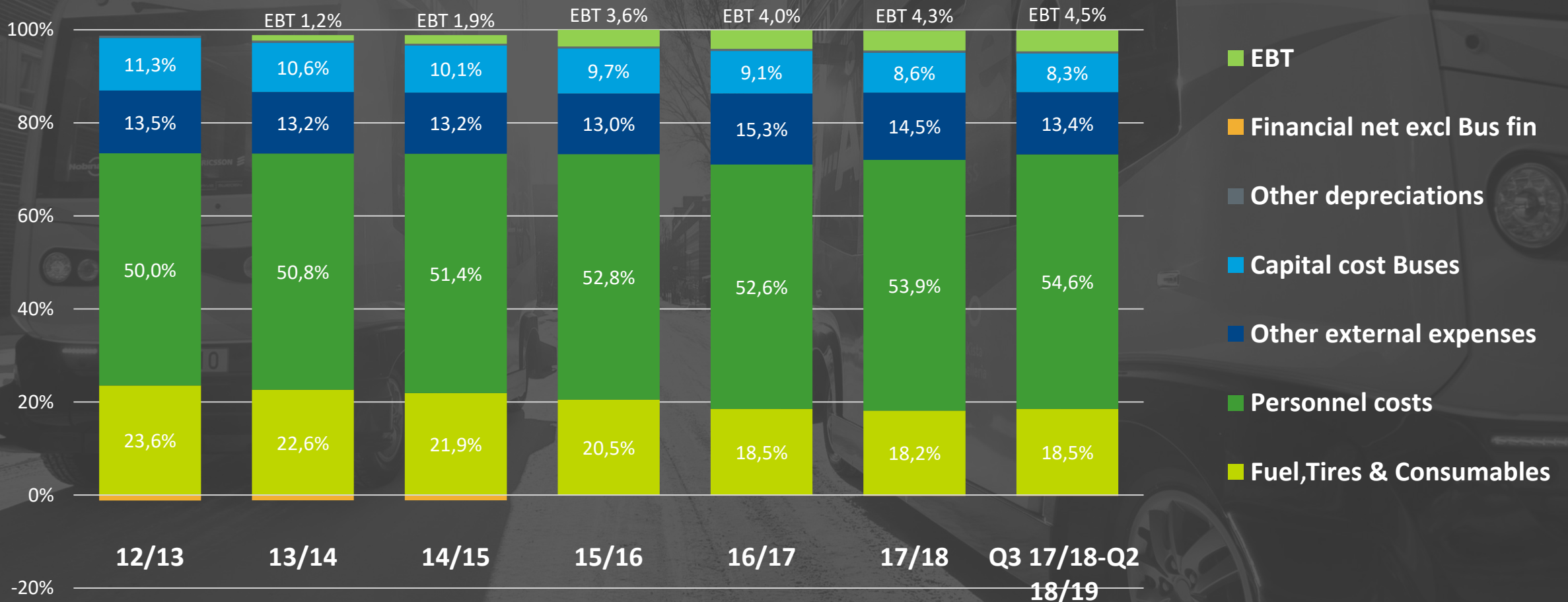


In normal circumstances, Nobina expects to pay a dividend annually more than 75% of adjusted EBT.

Dividend has been 77%, 77% and 76% for the three years following the IPO

DEVELOPMENT OF FINANCIAL STRUCTURE

- Solid EBT growth by lower relative costs for consumables, capital and external resources
- Higher relative personnel cost due to contract migration towards more city traffic



NEW FINANCIAL TARGETS

Growth:



Profit margin:



Net debt/EBITDA:



Dividend policy:



NEW FINANCIAL TARGETS



Growth:

Growth is important for securing the capability to increase dividend pay-out over time

- EBT-margin improvement more limited going forward
- Organic growth is first priority
- Actively opportunistic approach on growth through acquisitions

Average
growth
5%

Nobina's target is **5%** accumulated annual average net sales growth with 18/19 as base year

NEW FINANCIAL TARGETS



EBT Profit margin

EBT profit margin is relevant for Nobina as it reflects the quality of the contract portfolio and includes operational financing cost for buses

- Contract migration will always create short term earnings volatility
 - Fluctuations in contract portfolio average age is pushing down/up the profit margin in relative terms
- Strategic debt financing cost is likely to be part of financial net but should not hamper target achievement

EBT-margin
5%

Nobina's target is to achieve an EBT-margin of **5%**
at average contract age being 50% of average contract length

NEW FINANCIAL TARGETS



Net debt / EBITDA

Net debt/EBITDA leverage is very relevant for a capital intensive company like Nobina

- The Net debt/EBITDA leverage will from now on also include potential strategic debt financing
- Solidity is not as relevant as it does not reflect the capability of amortising debt

Leverage
3-4x

Under normal circumstances, Nobina aims to maintain a net leverage ratio of **3,0x** to **4,0x** EBITDA including strategic debt financing

NEW FINANCIAL TARGETS



Dividend policy

Attractive dividend policy to reiterate Nobina's position as a yield case

- Nobina's current Dividend Policy stating a pay out of at least 75% of Earnings Before Tax
- When current deductibles from historical losses cease to exist, dividend based on Earnings After Tax is more relevant
- For time being Earnings before tax and Earnings after tax paid gives the same level of dividend
- Earnings After Tax will be defined as Earnings After Tax Paid

Dividend
 $\geq 75\%$

Nobina expects to, under normal circumstances, pay a Dividend of at least **75%** of Earnings after tax paid

STATUS TAX ASSETS

<i>SEK million</i>	Deductible amounts	Tax rate	Tax effect
Sweden	1 035	22%	227
Norway	389	24%	93
Finland	0	20%	-
Denmark	234	22%	51
Total	1 658		371

Net operating losses have been built up historically

Outstanding balance of 1 658 MSEK in net losses carried forward can be set-off against taxable trading income

SEK 242m of the deferred tax asset recognised on the balance sheet is attributable to Sweden, the remaining SEK 11m to Denmark

NEW FINANCIAL TARGETS

Growth:

5%



Nobina's target is **5%** accumulated annual average net sales growth with 18/19 as base year

Profit margin:

5%



Nobina's target is to achieve an EBT-margin of **5%** at average contract age being 50% of average contract length

Net debt/EBITDA:

3-4x



Under normal circumstances, Nobina aims to maintain a net leverage ratio of **3.0x** to **4.0x** EBITDA including strategic debt financing

Dividend policy:

≥75%



Nobina expects to, under normal circumstances, pay a Dividend of at least **75%** of Earnings after tax paid

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