

# NOBINA AB

Investor presentation, Interim report March 2018 – May 2018



# FINANCIAL OVERVIEW Q1<sup>1</sup>

<b>NET SALES</b> SEK million <b>2,361</b> (2,205)	<b>EBIT</b> SEK million <b>104</b> (95)	<b>EBT</b> SEK million <b>72</b> (58)	<b>CASH FLOW</b> SEK million <b>-74</b> (-60)
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## Q1 FINANCIAL HIGHLIGHTS

- Net sales grew 7.1% mainly supported by increased revenue in existing contracts, extra traffic and currency effects. Underlying growth, adjusted for currency effects, was 4.2%
- EBT increased to SEK 72 million due to performance improvements in existing contracts as well as added business outside the contracts continuing to have positive impact on EBT. Results were negatively impacted compared to last year by the ended metro replacement traffic in Helsinki
- Cash flow from operations before changes in working capital was SEK 275 million (229)
- Investments of SEK 72 million (213) in buses and other equipment

1) The financial information in this presentation refers to continuing operations since the divested Swebus Express AB is recognised in accordance with IFRS 5 and is thus excluded



# SIGNIFICANT EVENTS IN Q1

- Extension of two contracts with Ruter in Oslo comprising a total of 92 scheduled buses including investment in 20 electric articulated buses. The total value of the extensions is estimated at approximately NOK 800 million.
- New traffic contract with Ruter in Romerike in the north of Oslo, comprising 141 buses, of which 22 are electric buses, with a contract value of around NOK 2.7 billion and a contract length of eight years.
- Being awarded by Sörmlandstrafiken to operate 145 buses, for the second time in a row, with a contract value of around SEK 2.6 billion. The contract starts in August 2019 and extends over ten years.
- Swebus Express AB was sold to FlixBus Sverige AB, for EUR 10.2 million. The divestment encompasses Swebus's commercial operations, brand, buses and staff.
- The 2017/2018 AGM approved the Board's proposed dividend of SEK 3.35 per share, and a resolution was taken to implement a share saving scheme for 60 key employees.



# SIGNIFICANT EVENTS AFTER THE QUARTER

- Entrusted once again by Västtrafik to operate bus services in Ale by winning the contract for a second time in a row, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services commencing in early 2019.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million.

# BUSINESS DEVELOPMENT

- Significant tender wins in the first quarter resulting in a win rate of 40%
- Nobina has secured new contracts comprising 283 buses which, compared to our total exposure 2018/2019 of 485 buses, results in a renewal rate of 58% already in Q1
- Continued growth in existing contracts
- Extra traffic growing with profitable margins



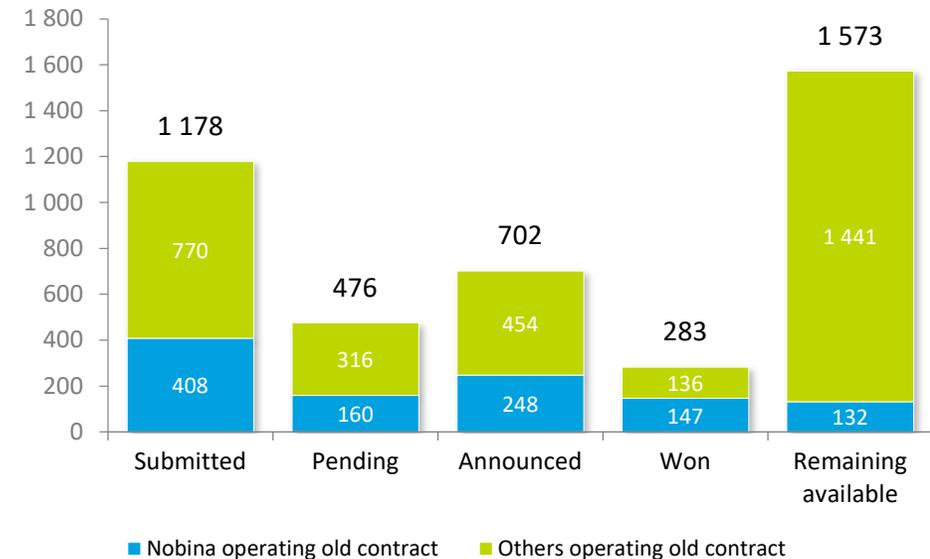
# TENDER RESULTS – YTD

- Nobina submitted tenders for 702 buses
- Nobina won 283 of the 702 announced buses

March 2018 – May 2018	Tender results during the period (number of buses)	
	Announced	Won
Sweden	216	139
Norway	434	127
Finland	52	17
Denmark	0	0
<b>Total</b>	<b>702</b>	<b>283</b>

## Tender update

Number of buses



### Definitions:

*Available for the year* - Total 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

*Remaining available* - Remaining buses available in tenders this year

# CONTRACT MIGRATION, YTD

- Nobina did not start any contracts during the period
- Nobina did not end any contracts during the period

March 2018 – May 2018	Traffic changes during the period (number of buses)	
	Started	Ended
Sweden	0	0
Norway	0	0
Finland	0	0
Denmark	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**8.1**  
(8.2)

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

**4.5**  
(3.9)

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

**6.2**  
(5.7)

# CONTRACT MIGRATION, COMING 12M

## Traffic starts June 2018 – May 2019

PTA	No. of years	Traffic start	No. of buses	New buses
Skånetrafiken	3	Aug 2018	2	0
HSL, Finland	7	Aug 2018	28	23
Västtrafik	10	Dec 2018	13	13
Skånetrafiken	2,5	Dec 2018	12	12
Värmlandstrafik	8	Dec 2018	7	7
HSL, Finland	2	Jan 2019	17	17
Movia, Denmark	6	Apr 2019	16	16
Ruter, Norge	8	Jul 2019	127	127
<b>Total</b>			<b>222</b>	<b>215</b>

- Nobina will start new contracts involving a total of 222 in-service buses in the next 12 months

## Expiring contracts June 2018 – May 2019

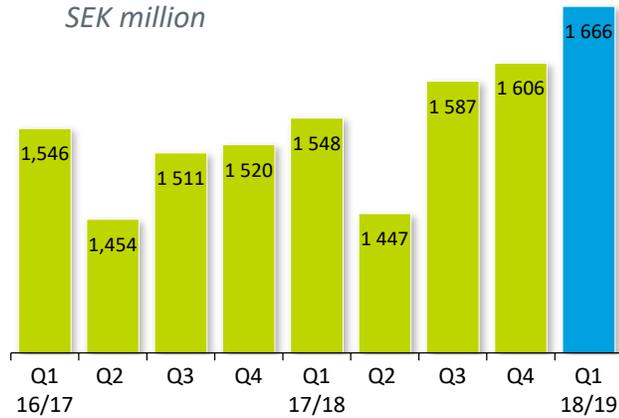
PTA	Traffic ending	No. of buses
HSL, Finland	Aug 2018	11
Skyss, Norway	Aug 2018	72
HSL, Finland	Dec 2018	15
<b>Total</b>		<b>98</b>

- Nobina will end contracts involving a total of 98 in-service buses in the next 12 months

# SWEDEN AND DENMARK

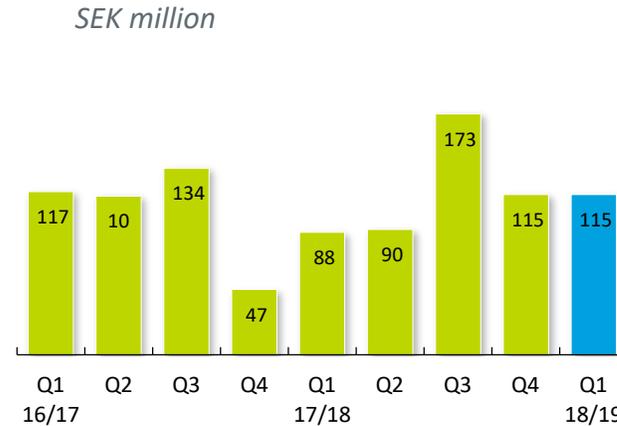
## Sweden - Net sales

SEK million



## Sweden - EBIT

SEK million

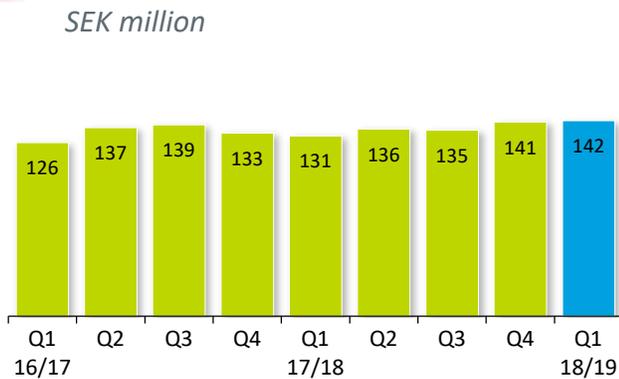


## Q1 HIGHLIGHTS

- Net sales increased by additional sales in existing contracts and index revenue
- Strong result coming from maturing contracts as well as profitable extra traffic

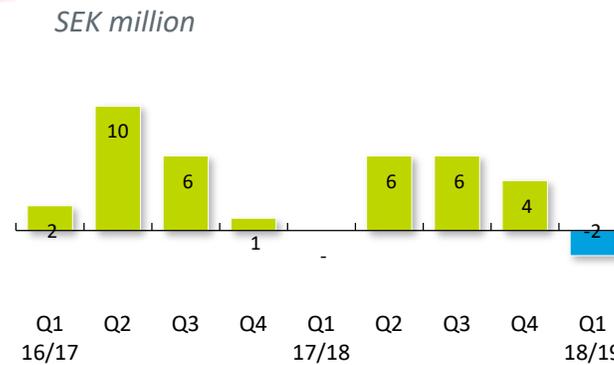
## Denmark - Net sales

SEK million



## Denmark - EBIT

SEK million



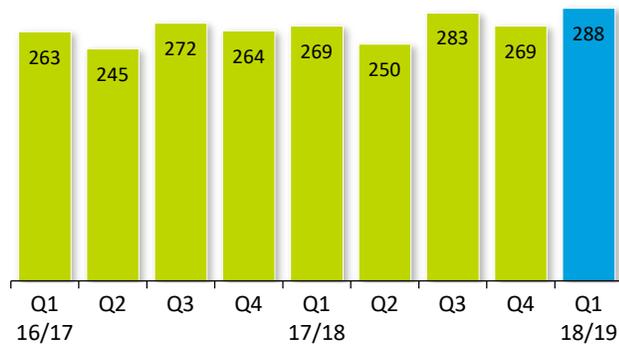
## Q1 HIGHLIGHTS

- Increased Net sales in existing contract portfolio
- EBIT lower than last year with slightly lower efficiency in operations

# FINLAND AND NORWAY

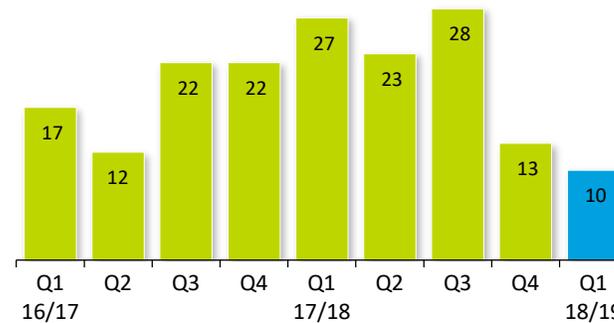
## Finland - Net sales

SEK million



## Finland - EBIT

SEK million

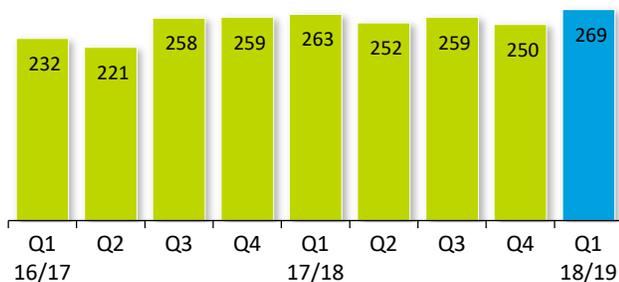


## Q1 HIGHLIGHTS

- Net sales higher than last year driven by currency effects
- EBIT lower than last year after ending of extra traffic due to metro construction delays in Helsinki
- Q1 last year included 16 MSEK extraordinary income from metro replacement traffic

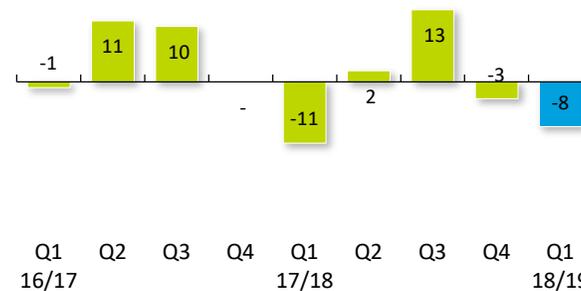
## Norway - Net sales

SEK million



## Norway - EBIT

SEK million



## Q1 HIGHLIGHTS

- Net sales slightly higher than last year coming from currency effects
- EBIT higher than last year with several traffic areas showing improved efficiency

# RESULTS

SEK million	Q1 18/19	Q1 17/18	Change	YTD 18/19	YTD 17/18	Change
<b>Net sales</b>	<b>2 361</b>	<b>2 205</b>	<b>156</b>	<b>2 361</b>	<b>2 205</b>	<b>156</b>
<b>EBITDAR</b> % of net sales	282 11,9%	261 11,8%	<b>21</b>	282 11,9%	261 11,8%	<b>21</b>
<b>EBITDA</b> % of net sales	278 11,8 %	251 11,4%	<b>27</b>	278 11,8%	251 11,4%	<b>27</b>
<b>EBIT</b> % of net sales	104 4,4%	95 4,3%	<b>9</b>	104 4,4%	95 4,3%	<b>9</b>
Interest income	-	-	-	-	-	-
Interest expenses	-33	-34	<b>1</b>	-33	-34	<b>1</b>
FX net	1	-3	<b>4</b>	1	-3	<b>4</b>
<b>EBT</b> % of net sales	72 3,0%	58 2,6%	14	72 3,0%	58 2,6%	-
Tax	-18	-17	-1	-18	-17	-1
<b>Earnings after tax</b>	<b>54</b>	<b>41</b>	<b>13</b>	<b>54</b>	<b>41</b>	<b>13</b>

## KEY POINTS

- Net sales growth based on growth in existing contracts, index revenue and extra traffic
- EBT margin 3.0 % for the quarter with underlying strong performance in several contracts and profitable extra traffic
- Underlying EBT YTD was 81 MSEK representing a margin of 3.4%
- Last year included 16 MSEK extraordinary income from metro replacement traffic in Finland

# RECONCILIATION OF PROFIT DEVELOPMENT

SEK million	Q1 18/19	Q1 17/18	Change
Capital gain on Swebus divestment	56	-	-
<b>EBT as reported previous year</b>	<b>72</b>	<b>50</b>	<b>44 %</b>
Swebus negative impact previous year	-	8	-
<b>Continuing EBT as reported</b>	<b>72</b>	<b>58</b>	<b>24%</b>
Last year restructuring accrual	-	12	-
Last year Metro replacement traffic	-	-16	-
Incentive program cost	4	-	-
M&A costs absorbed	5	-	-
<b>Underlying EBT performance</b>	<b>81</b>	<b>54</b>	<b>50%</b>

## KEY POINTS

- Q1 18/19 is first quarter fully impacted by ended metro replacement traffic in Helsinki
- Negative impact from Swebus last year significantly lower than positive impact from metro replacement traffic in Helsinki in the quarter
- M&A activities as well as incentive program driving temporary costs
- Q1 shows strong development in underlying EBT performance by an increase of 50%

# REVENUE AND EARNINGS ANALYSIS YTD

SEK million	Net sales	EBT
<b>YTD Mar 2017 – May 2017</b>	<b>2,205</b>	<b>58</b>
Price and volume	122	24
Contract migration	-9	3
Indexation & operational efficiency	43	-23
Other	-	-7
Items affecting comparability	-	12
Financial net	-	5
<b>YTD Mar 2018 – May 2018</b>	<b>2,361</b>	<b>72</b>

## KEY POINTS

- Effects of price and volume favorable both regarding Net sales and EBT driven by increase in extra traffic and incentive revenues
- Contract migration has minor effects due to the relatively low volume of traffic changes during this year and last year
- Positive revenue indexation for the period impacts Net sales, coming mainly from Sweden. Higher costs for bus maintenance and damages in Sweden have adverse effect on EBT
- Other represents costs related to M&A activities and IT
- Items affecting comparability includes one-off costs from last year
- Financial net impacted positively by FX effects

# CASH FLOW

SEK million	Q1 18/19	Q1 17/18	Change	YTD 18/19	YTD 17/18	Change
Cash flow from operations before changes in working capital	275	229	46	275	229	46
Changes in working capital	-96	-48	-48	-96	-48	-48
Interest received and tax payment	-	-	-	-	-	-
Cash flow from operations after changes in working capital	179	181	-2	179	181	-2
Cash flow from investing activities	-38	-37	-1	-38	-37	-1
Cash flow from financing activities	-215	-204	-11	-215	-204	-11
<b>Cash flow for the period</b>	<b>-74</b>	<b>-60</b>	<b>-14</b>	<b>-74</b>	<b>-60</b>	<b>-14</b>

## KEY POINTS

- Cash flow from operations before working capital stronger than Q1 previous year following higher result and adjustments for higher amortizations
- Reduction in payables had a negative impact on working capital compared to Q1 last year
- Cash flow from investing activities in line with last year and includes residual value purchase of buses balanced out by proceeds from bus divestments of SEK 1 million
- Negative cash flow from financing activities slightly higher than Q1 previous year due to higher amortizations

# INVESTMENTS (CAPEX)

SEK million	Q1 18/19	Q1 17/18	Change	YTD 18/19	YTD 17/18	Change
Investments in new buses	-68	-191	123	-68	-191	123
Other investments	-4	-22	18	-4	-22	18
Total investments	-72	-213	141	-72	-213	141
Lease financing	33	154	-121	33	154	-121
Capex	-39	-59	20	-39	-59	20
Whereof: Loan financing of buses	-	4	-4	-	4	-4
Whereof: Cash financing	-39	-55	16	-39	-55	16

## KEY POINTS

- Low level of total investments due to calm year with few traffic starts
- 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 bus investments are financed through financial leasing or loans

# BALANCE SHEET

SEK million	2018-05-31	2017-05-31	Change
<b>ASSETS</b>			
Total non-current assets	5 967	6 192	-225
Trade receivables and other current rec.	1 006	938	68
Restricted cash on bank accounts	-	-	-
Cash and cash equivalents	692	741	-49
<b>Total current assets</b>	<b>1 698</b>	<b>1 679</b>	<b>19</b>
<b>TOTAL ASSETS</b>	<b>7 665</b>	<b>7 871</b>	<b>-206</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1 559	1 454	105
Total non-current liabilities	3 652	3 973	-321
Total current liabilities	2 454	2 444	10
<b>TOTAL LIABILITIES</b>	<b>7 665</b>	<b>7 871</b>	<b>-206</b>

## KEY POINTS

- Total non-current assets reduction related to bus investments and monthly depreciation
- Reduced cash position to SEK 692 million (741) due to negative working capital
- Equity ratio increased to 20.3% (18.5%)
- Interest-bearing liabilities was SEK 3,497 million (3,771)
- Net debt/EBITDA was 2.9x (3.3x)

# SUMMARY

- Continued Revenue growth in existing contracts, from extra traffic and currency effects
- Strong development in underlying EBT performance compared to Q1 previous year resulting in Nobina achieving its EBT-target set at the IPO 2015 of 4.5% on rolling 12 months
- Favorable outcome in several key tenders in Q1 18/19 with significant contract wins in both Sweden and Norway
- Nobina will not continue operating the challenging Tromsö-contract after July 2019
- Aligning strategic focus by divesting Swebus Express AB and acquiring Samtrans AB (after the quarter)
- AGM approved the Board's proposal to increase the dividend to SEK 3.35 per share

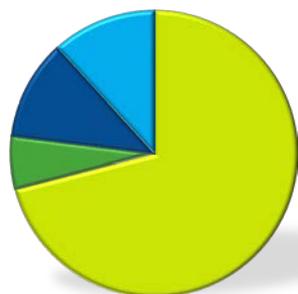


# LARGEST PUBLIC TRANSPORT COMPANY IN THE NORDIC REGION

- 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

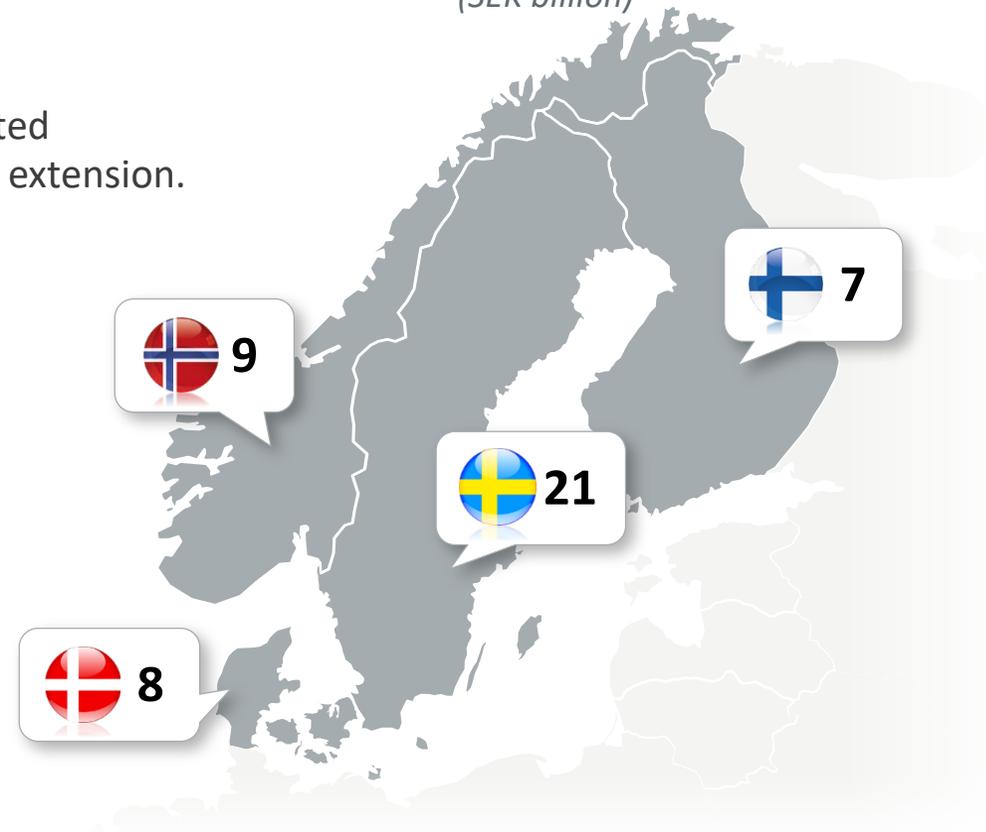
2017/18 (SEK million)



■ Sweden 6 473  
■ Denmark 544  
■ Norway 1 030  
■ Finland 1 071

## Total market - Annual net sales per country

(SEK billion)



Source: Approximation based on Nobina's data

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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

**Nobina** .