



# NOBINA AB

Investor presentation, Year-end report December 2018 – February 2019



# ACQUISITIONS SUPPORTING STRONG GROWTH IN FOURTH QUARTER

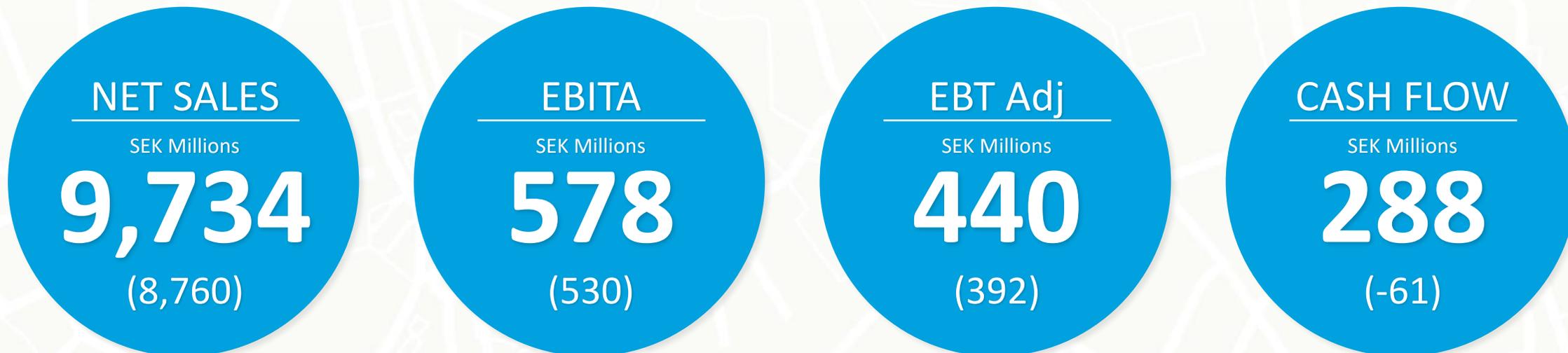


## Q4 FINANCIAL HIGHLIGHTS

- Net sales\* grew 12.9% supported by acquisitions, increased revenue in existing contracts and index revenue
- Adjusted EBT decreased to SEK 45 million driven by lower production as result of calendar effects compared to last year. Adjusted EBT in prior year period was strengthened by replacement traffic in Helsinki in December 2017 and some positive one-offs.
- Cash flow from operations before changes in working capital increased to SEK 279 million (241) and total cash flow increased to 732 million (177) which included 500 MSEK from Nobina's green bond issued in Q4.
- Investments of SEK 432 million (173) in buses and other equipment

*\*adjusted for currency effects and discontinuing operations*

# ALL-TIME-HIGH EARNINGS AFTER ACHIEVED FINANCIAL TARGETS



## YTD FINANCIAL HIGHLIGHTS

- Net sales\* grew 9.4% from the acquisitions of Samtrans and DBO, increased revenue in existing contracts, indexation and extra traffic which establishes the starting point for the new financial growth target communicated on the CMD
- Adjusted EBT increased to SEK 440 million driven by business development in existing contracts, acquisitions and profitable business outside of the contracts and despite negative result impact compared to last year after ending metro replacement traffic in Helsinki in January 2018.
- Cash flow from operations before changes in working capital was SEK 1,285 million (1,155)
- Investments of SEK 717 million (716) in buses and other equipment

*\*adjusted for currency effects and discontinuing operations*

# SIGNIFICANT EVENTS IN Q4

- On December 18<sup>th</sup> Nobina AB obtained an investment grade credit rating from Fitch Ratings (BBB-, Stable outlook)
- Petri Auno appointed new Managing Director of Nobina Finland and member of Nobina's group management
- Nobina won new 10-year contract with Östgötatrafiken in Linköping with 87 scheduled buses and a total value of around SEK 2.6 billion
- In February, Nobina issued its first green bond of SEK 500 million with a coupon rate of 1.55%
- Nobina completed strategic acquisition of Örslev and focus on special public transport services in Denmark



# SIGNIFICANT EVENTS AFTER THE QUARTER

- Two new contracts won in Sjuhärad involving 70 scheduled buses and a total contract value of SEK 1.4 billion over a period of 10,5 years
- In March, Nobina's green bond was listed for trade on Nasdaq Stockholm's list for sustainable bonds
- The Board of Directors has proposed a dividend of SEK 3.80 per share which is a 13% increase compared to last year

# NEXT STEP IN AUTONOMOUS BUSES INITIATED

- Collaboration with Scania initiated regarding full-length autonomous buses in Barkarbystaden
- Expansion of the special needs transportation business into Denmark through the acquisition of Örslev



# FULL YEAR TENDER OUTCOME WITH SUCCESSFUL RENEWAL RATE

- Nobina submitted tenders for 2 090 buses
- Nobina won 521 of the 2 090 announced buses

Definitions:

*Available* - Remaining buses available in tenders this year

*Submitted* - Number of buses in tenders submitted by Nobina

*Pending* - Submitted less announced

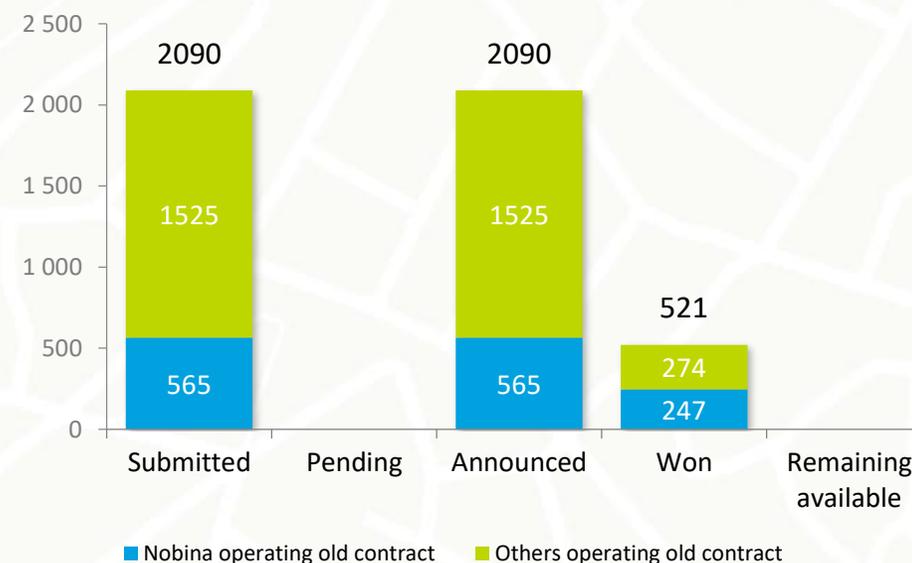
*Announced* - Submitted tenders, results are announced

*Won* - Nobina's wins out of announced tenders

March 2018 – February 2019	Tender results during the period (number of buses)	
	Announced	Won
Sweden	885	249
Norway	868	127
Finland	296	145
Denmark	41	0
<b>Total</b>	<b>2 090</b>	<b>521</b>

## TENDER UPDATE

Number of buses



# OVERALL FEW TRAFFIC CHANGES THIS YEAR

- Nobina started contracts involving 61 buses during the period
- Nobina ended contracts involving 98 buses during the period

March 2018 – February 2019	Traffic changes during the period (number of buses)	
	Started	Ended
Sweden	2	0
Norway	0	72
Finland	59	26
Denmark	0	0
<b>Total</b>	<b>61</b>	<b>98</b>

Average weighted contract length  
(last year)

**8.1**  
(8.0)

Average weighted contract age  
(last year)

**4.5**  
(4.3)

Average age of bus fleet  
(last year)

**6.6**  
(6.1)

# CONTRACT MIGRATION WILL BE SIGNIFICANT NEXT YEAR

## Traffic starts March 2019 – February 2020

PTA	No. of years	Traffic start	No. of buses	New buses
Västtrafik	10	Mar 2019	13	13
Movia, Denmark	6	Apr 2019	20	20
Västtrafik	10	Jun 2019	23	15
Ruter, Norway	8	Jun 2019	127	127
HSL, Finland	1	Aug 2019	59	-
HSL, Finland	7	Aug 2019	56	48
LT Sörmland	10	Aug 2019	130	58
<b>Total</b>			<b>428</b>	<b>281</b>

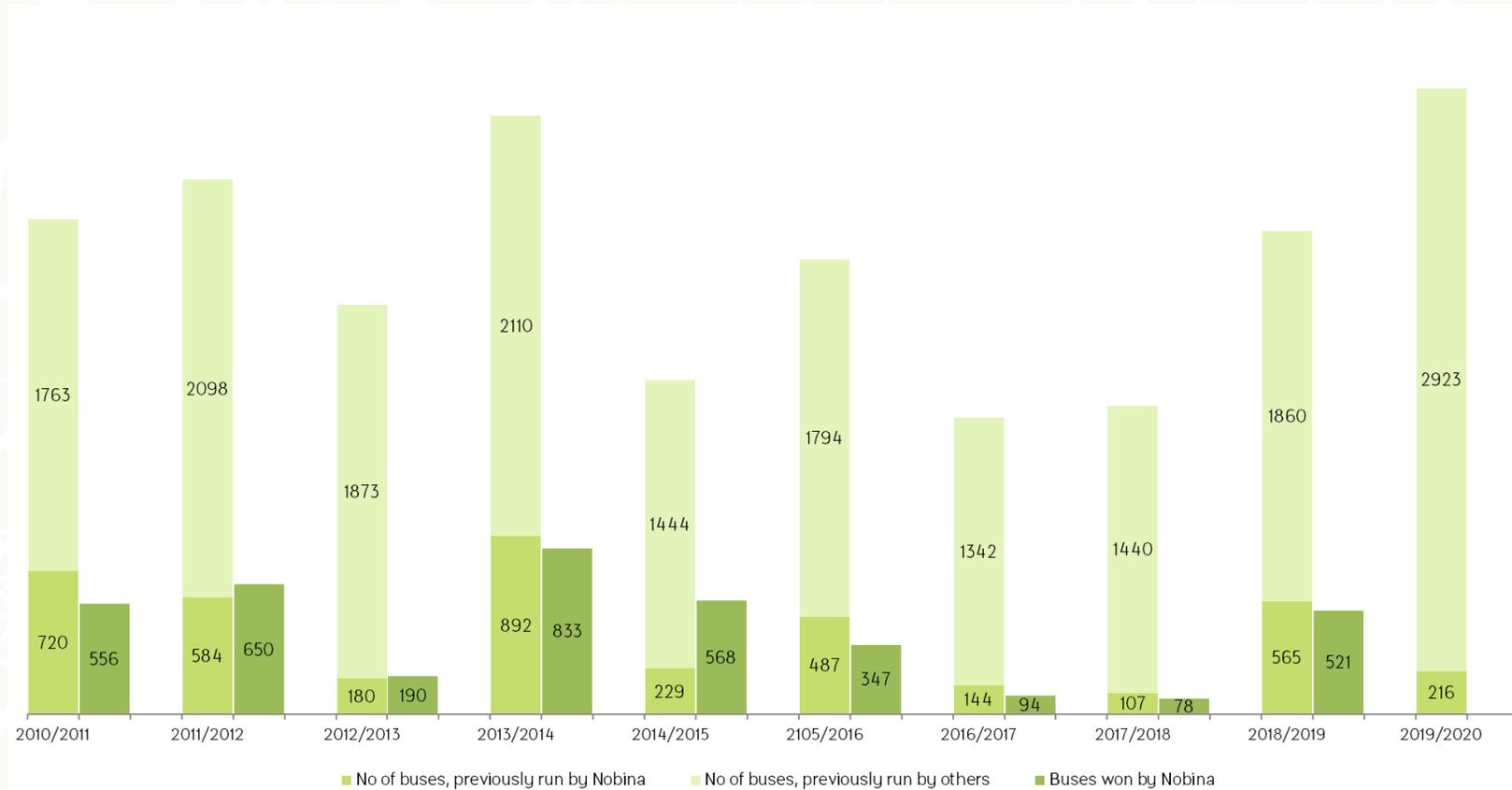
Nobina will start new contracts involving a total of 428 in-service buses in the next 12 months

## Expiring contracts March 2019 – February 2020

PTA	Traffic ending	No. of buses
Västtrafik	Jun 2019	23
Skånetrafiken	Jun 2019	79
Ruter, Norge	Jun 2019	27
LT Sörmland	Aug 2019	119
HSL, Finland	Aug 2019	122
TFT, Norge	Aug 2019	127
LT Örebro	Sep 2019	100
Movia	Dec 2019	11
<b>Total</b>		<b>608</b>

Nobina will end contracts involving a total of 608 in-service buses in the next 12 months

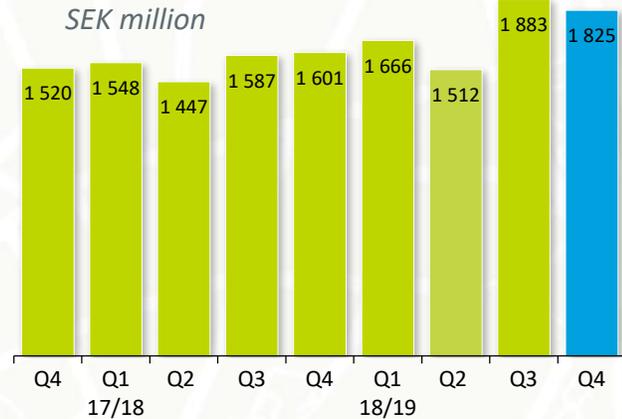
# MAJOR POTENTIAL NEXT YEAR WITH LIMITED EXPOSURE



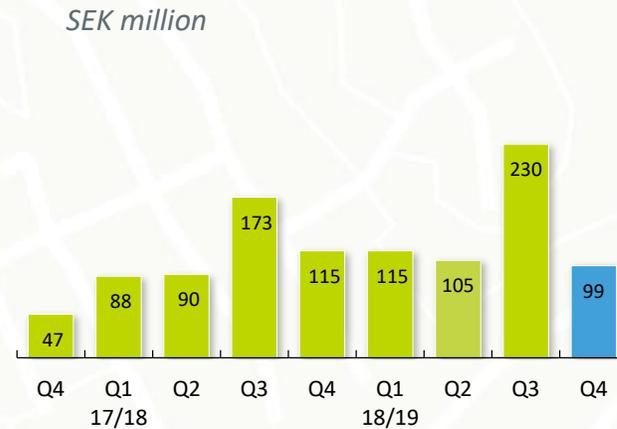
Figures represent number of buses in announced tenders for historical periods and tender outlook for 2018/19

# ACQUISITIONS WITH FAVORABLE IMPACT

## 🇸🇪 SWEDEN - NET SALES



## 🇸🇪 SWEDEN – EBIT Adj



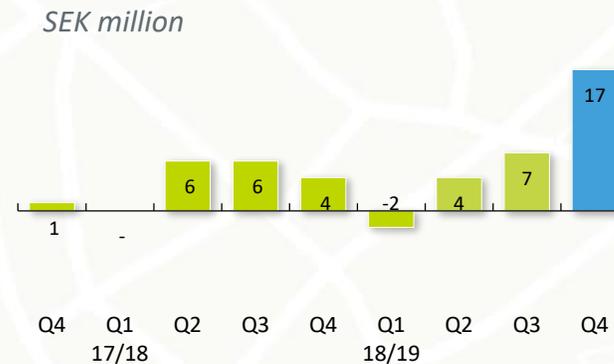
## 🇸🇪 Q4 HIGHLIGHTS

- Net sales increased by acquisition of Samtrans and additional sales in existing contracts
- Adjusted EBIT slightly below last year coming from negative calendar effects and some positive one-offs last year

## 🇩🇰 DENMARK - NET SALES



## 🇩🇰 DENMARK – EBIT Adj



## 🇩🇰 Q4 HIGHLIGHTS

- Increased Net sales coming from acquisition of DBO
- EBIT significantly higher than last year with strong contribution from DBO somewhat offset by negative calendar effects

# NORWAY CONTINUES TO IMPROVE YEAR OVER YEAR

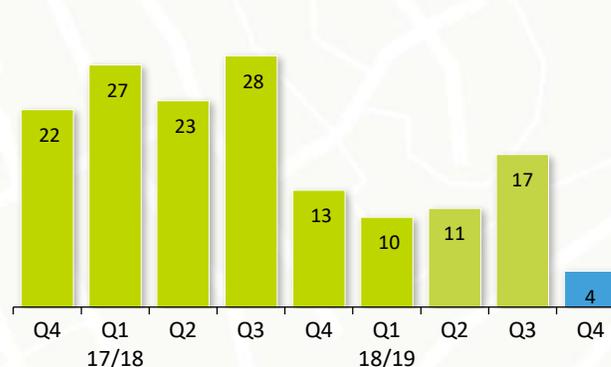
## FINLAND - NET SALES

SEK million



## FINLAND - EBIT

SEK million



## Q4 HIGHLIGHTS

- Net sales higher than last year favorably affected by started contracts and currency effects
- EBIT lower than last year due to negative calendar effects and ending of the metro replacement traffic in Helsinki in December 2017

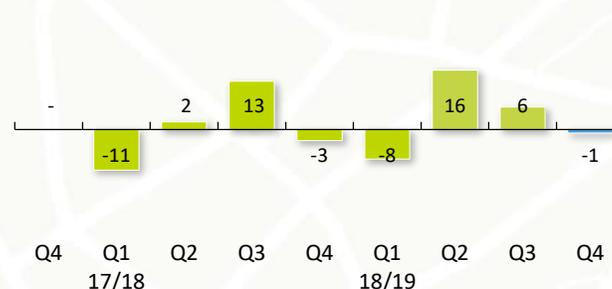
## NORWAY - NET SALES

SEK million



## NORWAY - EBIT

SEK million



## Q4 HIGHLIGHTS

- Net sales lower than last year after close down of Nordhordland contract
- EBIT higher than last year with favorable effects from contract migration and index compensations somewhat offset by negative calendar effects this year

# FOURTH QUARTER RESULTS NEGATIVELY IMPACTED BY ACQUISITION ACCOUNTING

SEK million	Q4 18/19	Q4 17/18	Change	YTD 18/19	YTD 17/18	Change
<b>Net sales</b>	<b>2 560</b>	<b>2 251</b>	<b>309</b>	<b>9 734</b>	<b>8 760</b>	<b>974</b>
<b>EBITDAR</b>	<b>296</b>	<b>273</b>	<b>23</b>	<b>1 339</b>	<b>1 231</b>	<b>108</b>
% of net sales	11,6 %	12,1 %		13,7 %	14,0 %	
<b>EBITDA</b>	<b>290</b>	<b>266</b>	<b>24</b>	<b>1 315</b>	<b>1 198</b>	<b>117</b>
% of net sales	11,3 %	11,8 %		13,5 %	13,7 %	
<b>EBITA</b>	<b>91</b>	<b>97</b>	<b>-6</b>	<b>578</b>	<b>527</b>	<b>51</b>
% of net sales	3,6 %	4,3 %		5,9 %	6,0 %	
<b>EBIT</b>	<b>69</b>	<b>97</b>	<b>-28</b>	<b>533</b>	<b>526</b>	<b>7</b>
% of net sales	2,7 %	4,3 %		5,5 %	6,0 %	
Interest income	-	-	-	-	-	-
Interest expenses	-35	-32	-3	-129	-132	3
FX net	-11	1	-12	-9	-3	-6
<b>EBT</b>	<b>23</b>	<b>66</b>	<b>-43</b>	<b>395</b>	<b>391</b>	<b>4</b>
% of net sales	0,9 %	2,9 %		4,1 %	4,5 %	
Tax	-5	-11	6	-92	-85	-7
<b>Earnings after tax</b>	<b>18</b>	<b>55</b>	<b>-37</b>	<b>303</b>	<b>306</b>	<b>-3</b>

## KEY POINTS

- Net sales growth based on added business from acquisitions and growth in existing contracts, where both production and incentive based Net sales increased
- EBT of 23 MSEK includes cost of 22 MSEK related to acquisition accounting.
- Denmark and Norway improving compared to last year with Finland and Sweden facing challenging comparables.

# PROFIT IMPROVEMENT DRIVEN BY BUSINESS DEVELOPMENT AND CONTRACT MIGRATION

SEK million	Net sales	EBT, Adj.
<b>YTD Mar 2017 – Feb 2018</b>	<b>8,760</b>	<b>391</b>
Price and volume	688	115
Contract migration	14	31
Indexation & operational efficiency	272	-52
Other	-	-43
Financial net	-	-2
<b>YTD Mar 2018 – Feb 2019</b>	<b>9,734</b>	<b>440</b>

## KEY POINTS

- Effects of price and volume favorable both regarding Net sales and EBT driven by increase in extra traffic and incentive revenues. Favorable effect also from acquisitions. Partly offset by negative impact from ending the metro replacement traffic in Helsinki.
- Contract migration with minor positive effect on Net sales, and favorable impact on EBT as a result of increased profitability in contracts started in Sweden and contract changes in Norway.
- Positive revenue indexation for the period impacts Net sales, coming mainly from Sweden. Higher costs for bus maintenance and damages in Sweden have impacted EBT negatively
- Other represents costs related to residual value losses, M&A activities and LTIP
- Financial net impacted negatively by unrealized FX effects

# CASH FLOW IMPACTED BY REFINANCING AND GREEN BOND PROCEEDS

## KEY POINTS

- Cash flow from operations before working capital stronger than YTD previous year following higher result, higher amortizations and changes in provisions
- Increase in payables had a positive impact on working capital compared to Q4 last year
- Cash flow from investing activities significantly more negative than Q4 last year due to refinancing of buses in Sweden from financial leasing to installment loans
- Strong positive cash flow from financing activities in Q4 due to proceeds of SEK 500 million from the new green bond which has not yet been utilized in new bus investments

SEK million	Q4 18/19	Q4 17/18	Change	YTD 18/19	YTD 17/18	Change
Cash flow from operations before changes in working capital	279	241	38	1 285	1 155	130
Changes in working capital	207	182	25	78	5	73
Interest received and tax payment	-4	-5	1	-5	-7	2
Cash flow from operations after changes in working capital	482	418	64	1 358	1 153	205
Cash flow from investing activities	-925	-33	-892	-1 588	-114	-1 474
Cash flow from financing activities	1 175	-208	1 383	518	-1 100	1 618
Cash flow for the period	732	177	555	288	-61	349
Cash and cash equivalents at the end of the period	1 058	720	338	1 058	720	338

# CALM INVESTMENT YEAR DUE TO FEW TRAFFIC STARTS

SEK million	Q4 18/19	Q4 17/18	Change	YTD 18/19	YTD 17/18	Change
Investments in buses	-282	-159	-123	-514	-655	141
Other investments	-150	-14	-136	-203	-61	-142
Total investments	-432	-173	-259	-717	-716	-1
Lease financing	166	135	31	289	540	-251
Capex	-266	-38	-228	-428	-176	-252
Whereof: Loan financing of buses	229	-	229	264	4	260
Whereof: Cash financing	-37	-38	1	-164	-172	8

## KEY POINTS

- Low level of investments related to few traffic starts
- Leased buses to a value of 679 MSEK has been refinanced by loans
- Investments in buses also includes residual value purchases of buses in expired leasing contracts
- External financing YTD primarily refers to reinvestments in existing contracts and the remaining part relates to new traffic contracts
- All new bus investments are generally financed through financial leasing or loans
- Samtrans and De Blaa Omnibusser acquisitions not included

# BALANCE SHEET GROWING WITH BUSINESS EXPANSION

SEK million	2019-02-28	2018-02-28	Change
<b>ASSETS</b>			
Total non-current assets	6 712	6 081	631
Trade receivables and other current rec.	1 283	1 006	277
Restricted cash on bank accounts	-	-	-
Cash and cash equivalents	1 058	720	338
<b>Total current assets</b>	<b>2 341</b>	<b>1 726</b>	<b>615</b>
<b>TOTAL ASSETS</b>	<b>9 053</b>	<b>7 807</b>	<b>1 246</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1 454	1 436	18
Total non-current liabilities	4 622	3 806	816
Total current liabilities	2 977	2 565	412
<b>TOTAL LIABILITIES</b>	<b>9 053</b>	<b>7 807</b>	<b>1 246</b>

## KEY POINTS

- Total non-current assets increased relating to acquisitions of 760 MSEK
- Cash position increased to SEK 1 058 million (720)
- Still high equity ratio of 16.1% (18.4%)
- Interest-bearing liabilities was SEK 5,089 million (4,349), including acquisition related loan of 308 MSEK
- Net debt/EBITDA was 3.1x (3.0x)

# CLOSING A SUCCESSFUL YEAR AFTER A STABLE FOURTH QUARTER

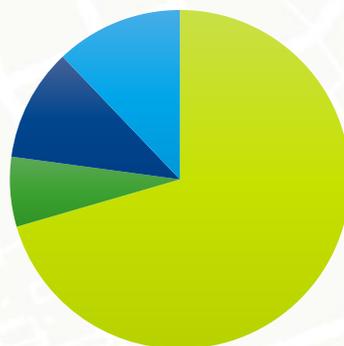
- Strong growth driven by acquisitions of Samtrans and DBO
- Geographic expansion of special transport business into Denmark with acquisition of Örslev
- Solid indications of improvement in financial strength with investment grade rating achieved
- Green bond issuance important step to communicate Nobina's sustainable business model



# LARGEST PUBLIC TRANSPORT COMPANY IN THE NORDIC REGION

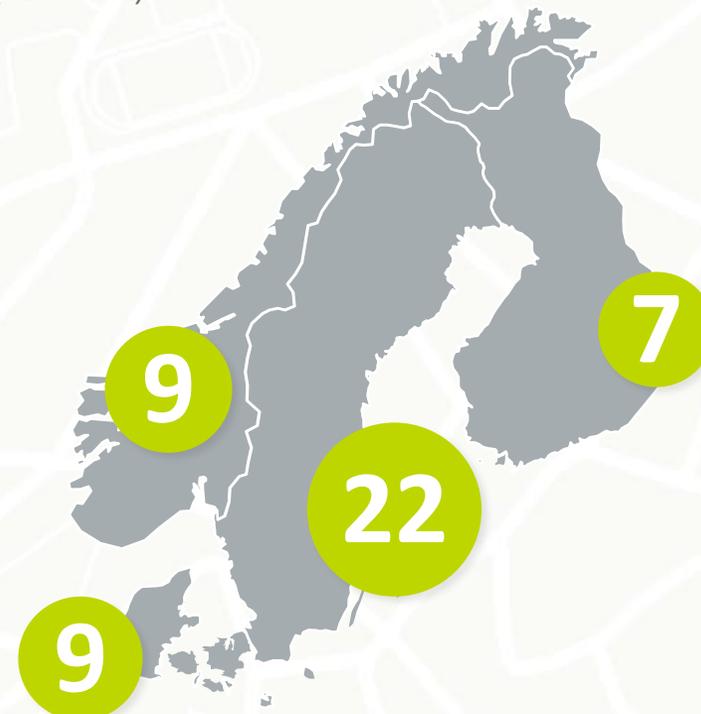
- Nobina's economies of scale, market expertise and outstanding bus fleet, combined with long-term delivery of quality, make Nobina the industry leader in terms of profitability.
- Stable operations and growing market. More than 97% of revenues supported by long term contracts, typically lasting 5-10 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**  
2018/19 (SEK million)



■ Sweden 6 863  
■ Denmark 648  
■ Norway 1 047  
■ Finland 1 178

**TOTAL MARKET - ANNUAL NET SALES PER COUNTRY**  
(SEK billion)



Source: Approximation based on Nobina's data

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