Half Year Results

For the period ended 30 June 2022

28th July 2022

national express

Agenda

Introduction and highlights

Introduction and highlights

Revenue growth across all divisions converting strongly to profit and cash

Strong revenue growth

- Group revenue increases by 34% to £1.3bn
- Strong growth across all divisions, and particularly in our discretionary coach businesses
- Momentum building with Q2 stronger than Q1

Converting strongly to profit and cash

- Benefits of operational leverage as we return to scale
- Operating profit up 295% to £91m
- Step up in operating margin to 7% and cash conversion increased to 70%

Continued strategic progress

- Strong growth pipeline - £2.1bn bidding and acquisition opportunities, predominantly in ALSA and North America
- 16 new contract wins, entry into Portugal with mobilisation of Lisbon, and one of two in final stage in Dubai
- Progressing fleet decarbonisation - UK Bus business on track to 50% zero emission by 2025

Confident in prospects for full year

- Strong first half performance provides confidence for full year
- UK Coach recovery expected to build in H2
- Remain focused on managing inflationary environment
- Continue to anticipate reinstating the dividend for FY 2022

Introduction and highlights

Evolve delivering progress across all divisions

ALSA

- Demand recovery in Long Haul and strong Morocco performance driving revenue growth
- Record revenue per km, up 19% yoy
- Entered paratransit market via acquisition in Spain
- Lisbon - first of 2 contracts mobilised in Portugal
- ‘Best Place to Work’ certification in Morocco

North America

- Revenue and profit in Shuttle ahead of 2019…
- …9 new contract wins will boost this going forward
- Asset light paratransit contract win in Richmond, Virginia
- Achieving rate increases ahead of expected wage inflation in School Bus
- 25% reduction in speeding events, year on year

UK & Germany

- UK Bus patronage performing ahead of industry average
- Strong recovery in UK Coach provides momentum into H2
- Further progress on transition to ZEVs and achieving greater than expected efficiencies
- Improving NPS in Coach, ahead of 2019
- Successful mobilisation of Emergency contract award in German Rail

Financial review

2022 interim financial review
Summary

Underlying £m	H1 2022	H1 2021	Change
Revenue	1,324.3	992.4	33.6%
EBITDA	197.8	128.2	54.3%
Group Operating Profit	90.5	22.9	295.3%
Group PBT	68.7	0.1	68.6m
Basic EPS	6.2p	(2.1p)	8.3p

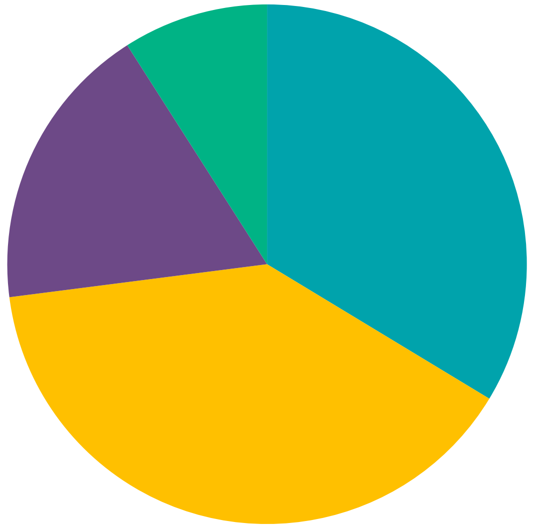
Statutory £m	H1 2022	H1 2021	Change
Group Operating Profit/(Loss)	42.3	(26.1)	68.4m
Group PBT	20.5	(50.2)	70.7m
Group PAT	15.8	(24.1)	39.9m
Basic EPS	0.4p	(5.8p)	6.2p

Free cash flow	63.8	36.1*	27.7
Covenant net debt	946.8	873.1	73.7

*2021 is restated for the reclassification from payables to net debt of amounts due under advance subsidy factoring arrangements

2022 interim financial review
Divisional summary

Revenue*



ALSA
£444m +59.8%

North America
£519m +7.5%

UK
£237m +37.3%

German Rail
£124m +59.0%

Underlying Operating Profit/(Loss)

	H1 2022	H1 2021	Change
ALSA	£50.3m	£17.1m	£33.2m
North America	£57.4m	£41.5m	£15.9m
UK	(£12.8m)	(£19.9m)	£7.1m
German Rail	£3.0m	(£7.6m)	£10.6m
Central functions	(£7.4m)	(£8.2m)	£0.8m
Group	**£90.5m**	**£22.9m**	**£67.6m**

national express

*Year-on-year revenue change shown in constant currency

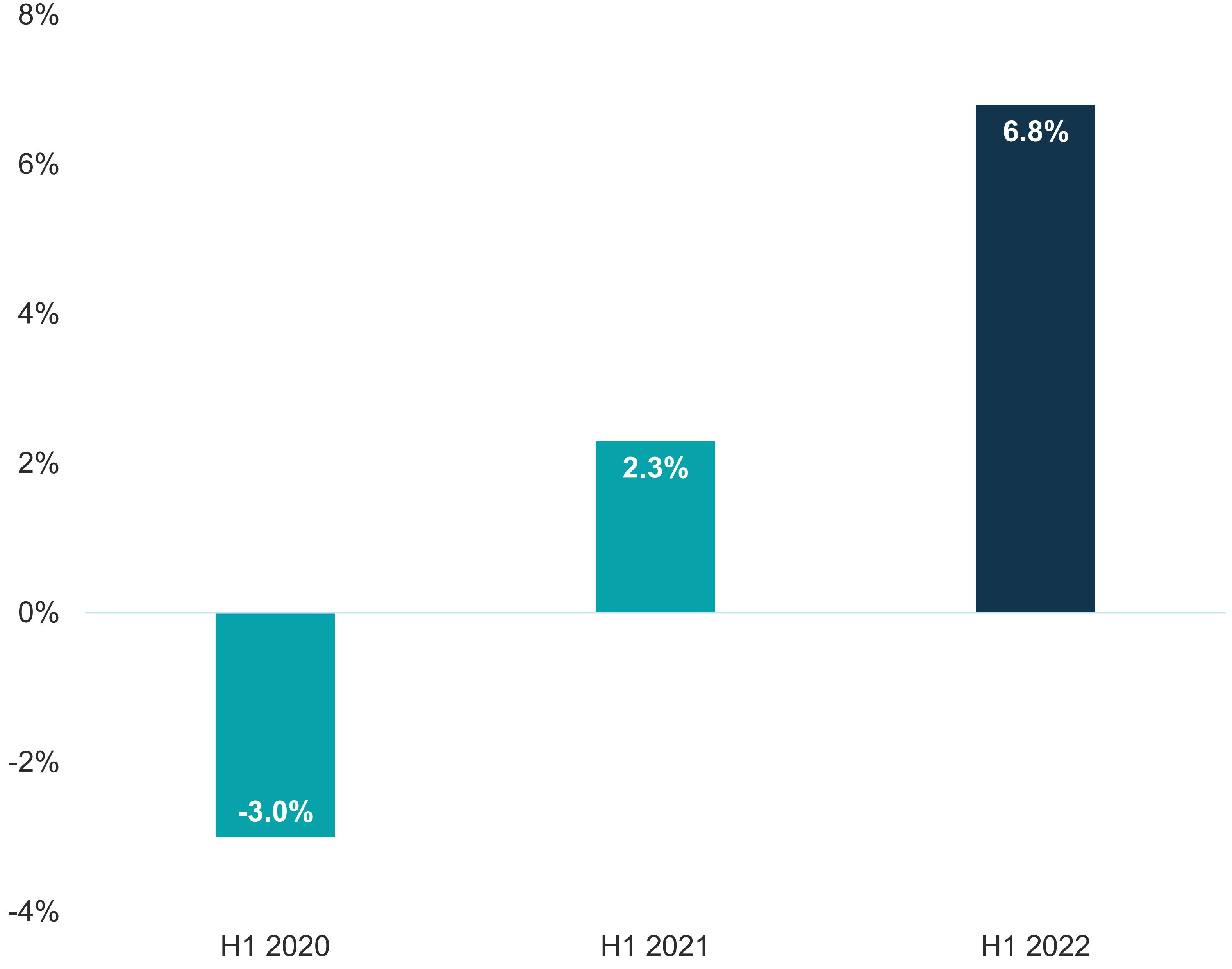
2022 interim financial review

Separately disclosed items

	Income Statement		Cash
£m	2022	2021	2022
Amortisation of intangibles arising upon acquisition	(18.7)	(19.4)	-
Covid-related costs	(3.3)	(15.4)	(8.3)
North America driver shortages	(19.7)	-	(2.7)
Restructuring costs	-	(10.1)	(4.3)
Re-measurement of RRX onerous contract provision	(4.9)	(3.2)	(4.7)
Other separately disclosed items	(1.6)	(0.9)	(3.2)
Separately disclosed items within operating profit	**(48.2)**	**(49.0)**	**(23.2)**
Interest charges directly resulting from Covid-19	-	(1.3)	-
Total	**(48.2)**	**(50.3)**	**(23.2)**

- No further Covid-related items other than re-measurements of previously recorded items
- North America driver shortages primarily relates to onerous contract provisions and associated impairments where the shortages resulted in losses over the remaining contract term
- Increase to the RRX onerous contract provision due to energy price rises

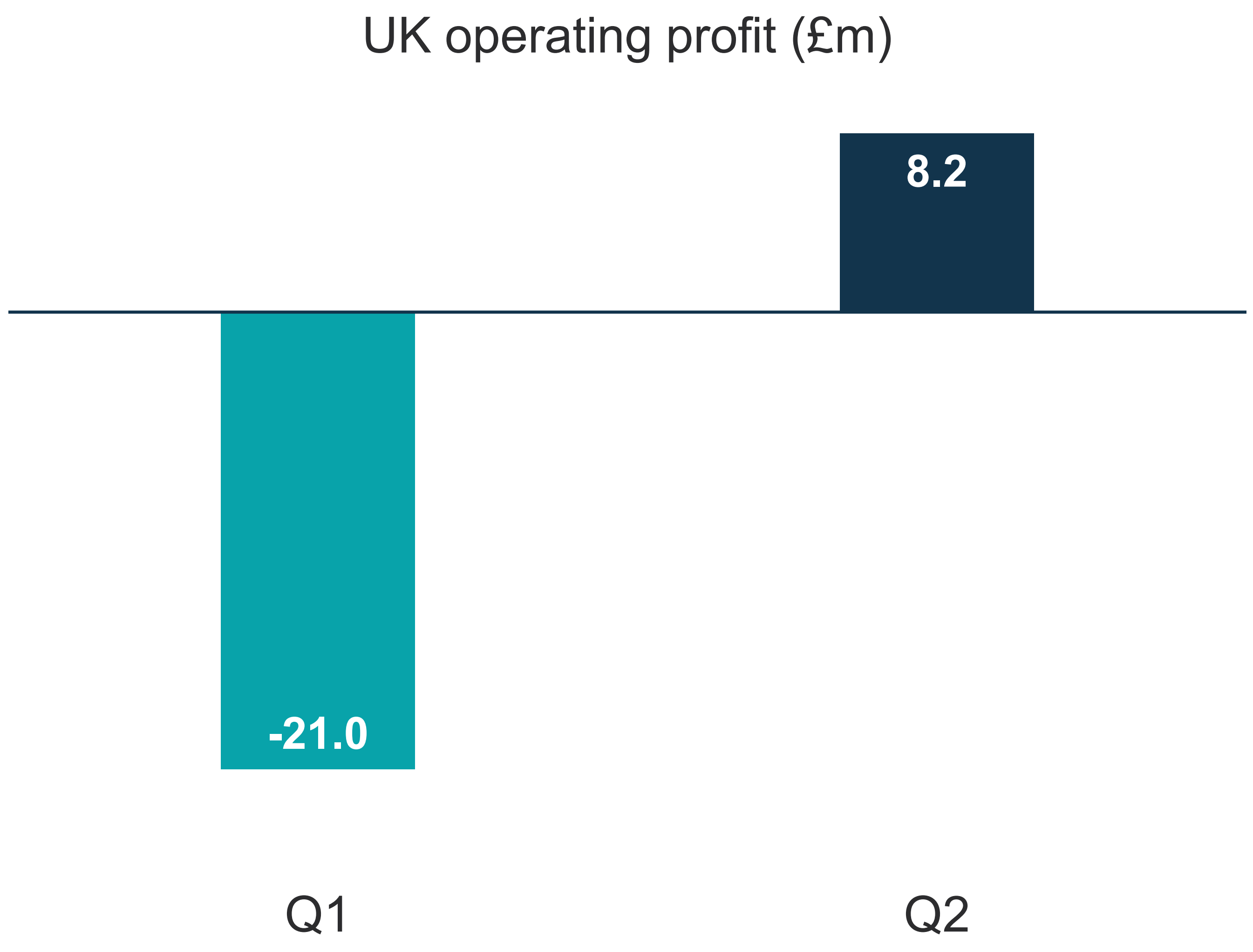
2022 interim financial review
Sequential margin improvement

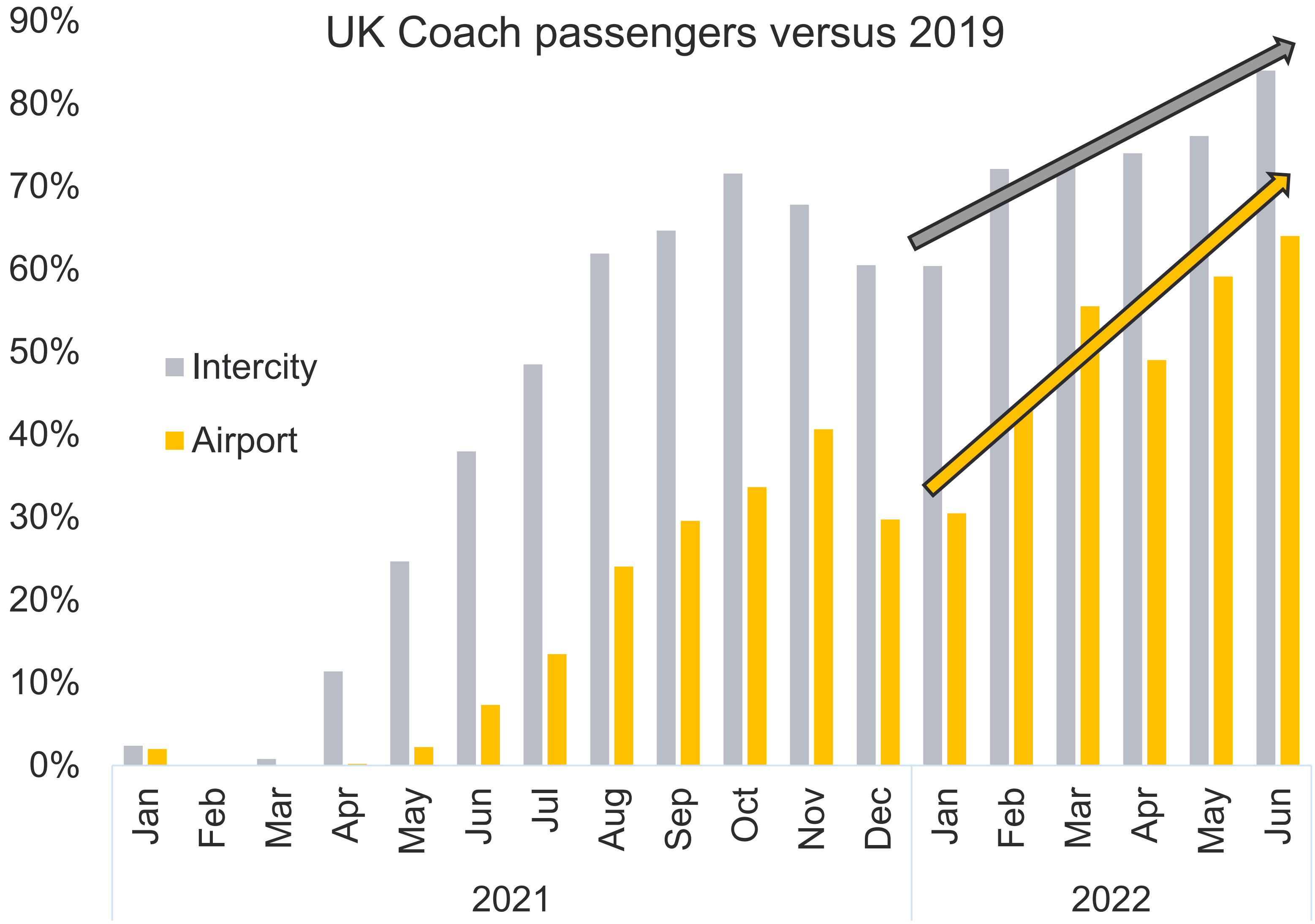


- Underlying operating margin up 450 bps to 6.8%
- Below 2019 levels driven by business mix and H1 UK losses
- Operational leverage in UK driving positive Q2 and momentum into H2
- NA H1 margin boosted by CERTS…will be lower for the FY
- Expect slight increase in Group margin for the FY and continuing to build thereafter

2022 interim financial review

UK impacted by Omicron in Q1; rebounding strongly into H2





2022 interim financial review

School Bus driver shortages and wage inflation

Wage inflation covered as contracts renew

- Wage inflation running at 10-12%
- Average 10% price increase on contracts renewed this year; exceeding wage inflation in those locations
- Non-expiring contracts (c.60% of total) either have fixed rate or CPI-linked increases in the contractual terms; average price increase of c.4%
- Overall, average 7% price increase on total portfolio, which offsets cost inflation

Short term drag as vacancies filled

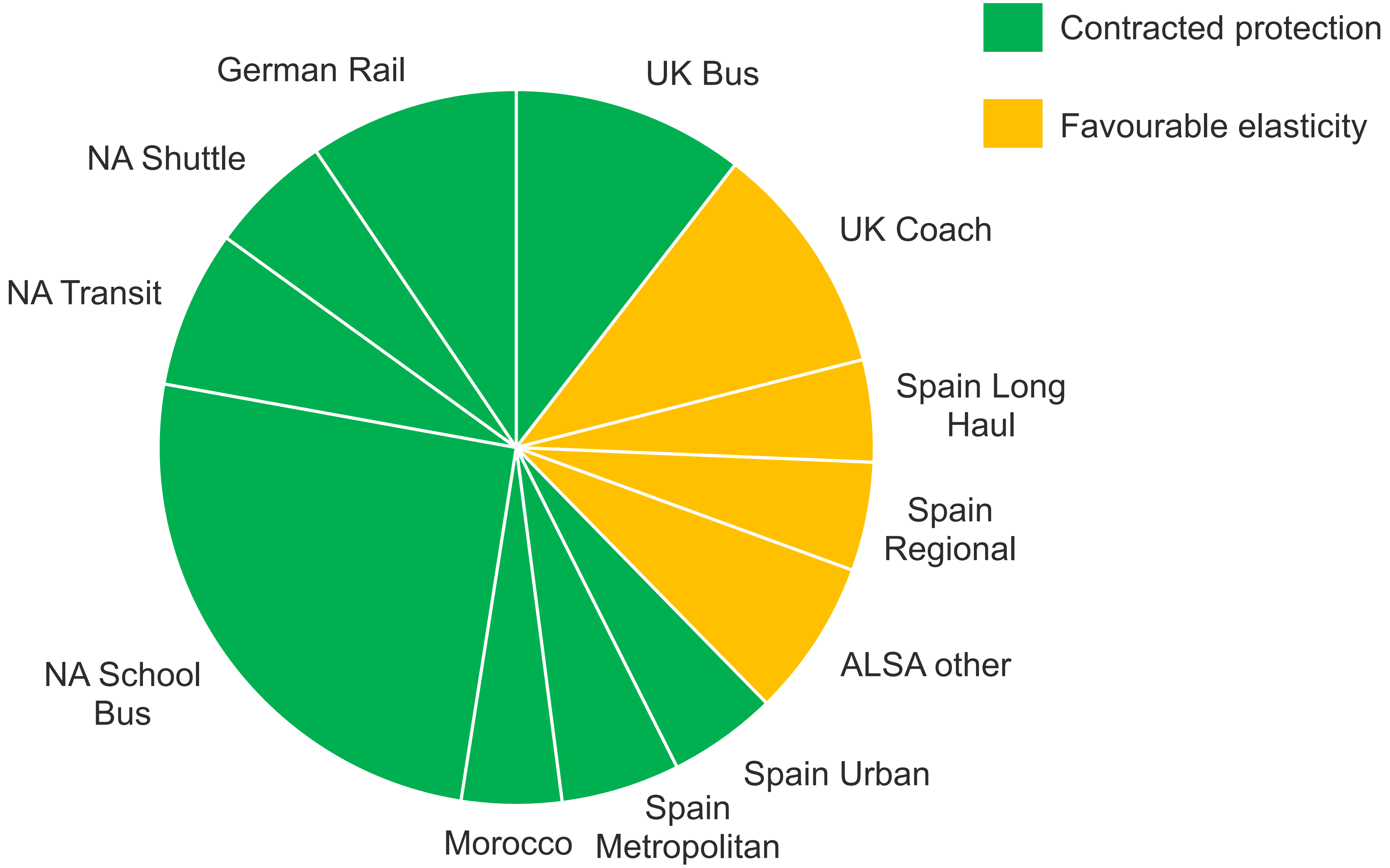
- Temporary profit and margin impact from lost routes; recovered as driver shortages filled
- 2,000 drivers short at end of last school year
- Forecast filling a third of vacancies in upcoming school; balance within 18 months

Robust over the cycle

- Structural boost to margin boosted as remaining contracts renew over next two years
- Weaker economic backdrop likely a tailwind

2022 interim financial review
Medium tern inflation protection

Inflation protection by business line
Each segment represents % of Group revenue



- Other than School Bus, wage inflation running at low to mid single digit growth and generally subject to multi-year agreements
- c.60% of Group revenue is contracted with annual escalators based on CPI or some other indexation
- c.50% of contracted revenue effectively inflation protected - costs are passed through or escalators are based on actual fuel or wage increases
- Track record of recovering inflation in School Bus when contracts renew if not before
- Non-contracted parts of the Group cover costs by increasing passenger fares; elasticity currently favourable vs. private car and rail

2022 interim financial review
Continued strong free cash flow

£m

	H1 2022	H1 2021*	FY 2021
EBITDA	**197.8**	**128.2**	**300.0**
Working capital	(24.9)	(9.0)	33.0
Net maintenance capex	(88.3)	(56.7)	(142.1)
Pension deficit	(3.6)	(3.6)	(7.2)
Operating cash flow	**81.0**	**58.9**	**183.7**
Tax & interest	(17.2)	(22.8)	(60.3)
Free cash flow	**63.8**	**36.1**	**123.4**

- £70m improvement in EBITDA reflecting strong growth in revenue and Underlying Operating Profit
- Working capital outflow reflecting unwind of CERTS deferred income partially offset by strong cash collection
- Maintenance capex at 0.8x depreciation as guided
- £64m free cash flow, representing conversion of 70%

*2021 is restated for the reclassification from payables to net debt of amounts due under advance subsidy factoring arrangements as explained in our 2021 annual report and accounts

2022 interim financial review
Leverage returns below covenant levels

£m

	H1 2022	H1 2021	FY 2021
Free cash flow	**63.8**	**36.1**	**123.4**
Net growth capital expenditure	(29.2)	(74.9)	(134.4)
Net acquisitions and disposals	(25.6)	(46.9)	(54.3)
Separately disclosed items	(23.2)	(34.3)	(44.4)
Payment on hybrid instrument	(21.3)	(5.3)	(5.3)
Other (mainly FX)	(62.2)	60.9	59.8
Net funds flow	**(97.7)**	**(64.4)**	**(49.9)**
Net debt	**(1,167.5)**	**(1,084.3)**	**(1,069.8)**
Net debt for covenant purposes	*(946.8)*	*(873.1)*	*(866.6)*
Gearing	*3.1x*	*5.6x*	*3.6x*

- Growth capex reflects Casablanca fleet
- Acquisitions include £6m for a Spanish paratransit business and £18m for further 10% share in WeDriveU
- £23m of cash costs for separately disclosed items, principally associated with residual Covid-19 and restructuring costs, and onerous contracts
- Other outflows of £62m predominantly relate to FX on foreign debt translation
- Gearing back within pre-amended covenant tests

*2021 is restated for the reclassification from payables to net debt of amounts due under advance subsidy factoring arrangements

2022 interim year financial review

Disciplined capital allocation

Invest for growth
(targeting investments that deliver 15% returns)

Pipeline of opportunities worth an annualised £2.1bn revenue, mainly organic

Return to Shareholders
(dividend at least 2.0x covered)

Intention to reinstate dividend for full year 2022, based on expectations for 2022 performance

Maintain a prudent balance sheet
(net debt to EBITDA in a range of 1.5 to 2.0 times)

Anticipate significant deleveraging during 2022 with gearing between 2.5x and 3.0x at 31 December

2022 interim year financial review
2022 guidance reiterated

- Full year revenue in line with 2019 levels
- Around 7% margin
- Maintenance capex around 0.8x depreciation
- Around £100m of growth capex
- Gearing between 2.5x and 3.0x
- Intention to reinstate dividend in respect of full year 2022

Evolve strategic update

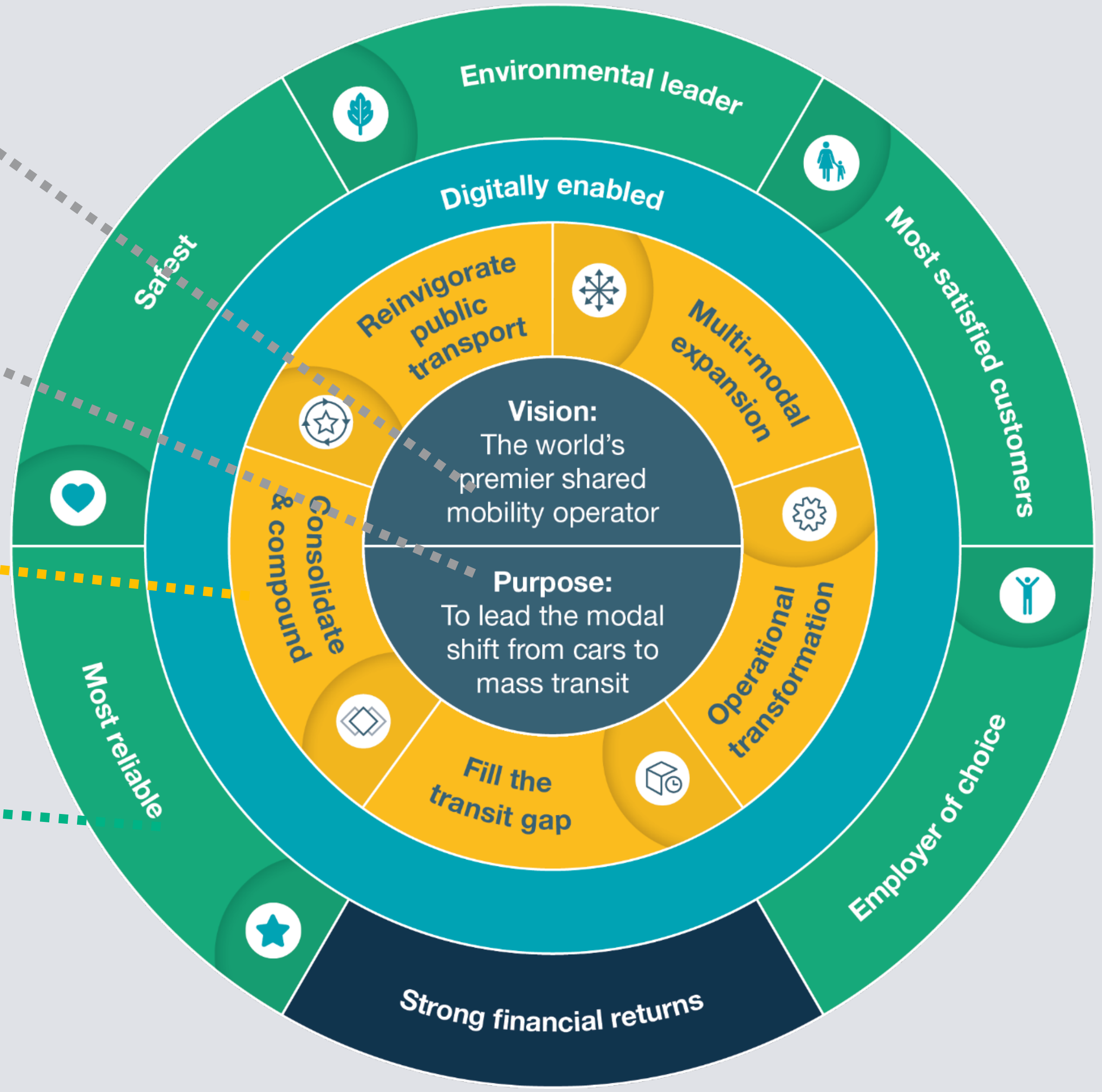
Business and strategic update
Evolve recap

Our Evolve strategy is rooted in our vision – to be the world's premier shared mobility operator

We have a clear purpose: to lead the modal shift from cars to mass transit

We do this through five customer propositions, underpinned by technology

All of which drives our target outcomes of being the best-in-class operator with strong financial returns



Business and strategic update

Good progress on developing our customer propositions

Reinvigorate public transport

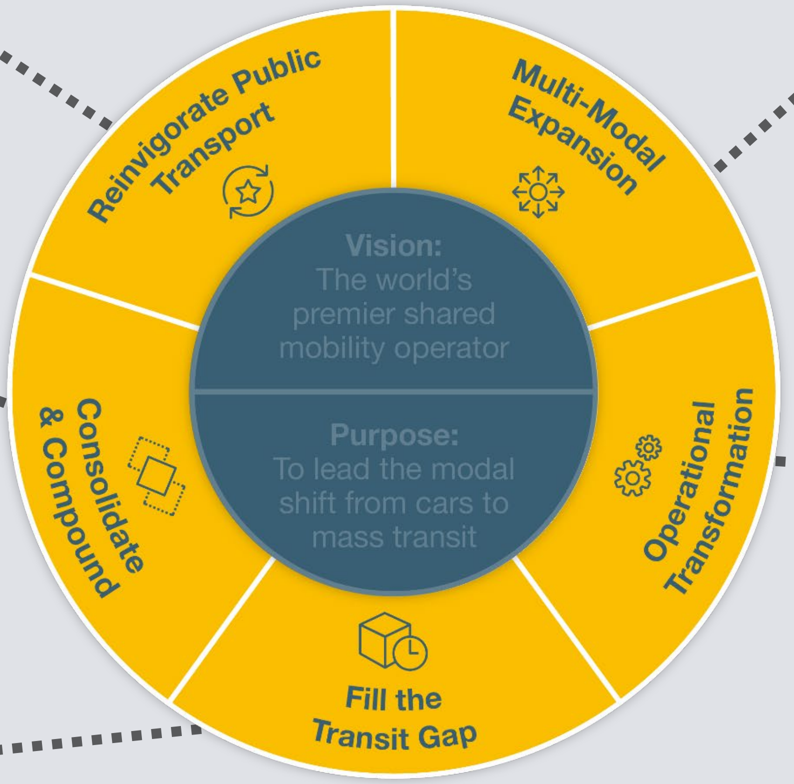
- Successful start-up of our first urban bus contract in Portugal
- Shortlisted for large bus contract in Dubai

Consolidate & Compound

- Acquisition of Vitalia in Madrid, giving entry into Spanish paratransit market

Fill the Transit Gap

- 9 new contract wins in Shuttle
- Asset light paratransit contract win in North America



Multi-modal expansion

- Awarded an all-electric urban bus contract in Geneva
- Expansion of Transport Solutions to West Midlands, UK

Operational transformation

- Successful mobilisation of two emergency contracts in German Rail

Business and strategic update
Evolve - Successful mobilisation in a new market

- Successful mobilisation on time and ahead of other operators
- Operating urban bus services in Lisbon
  - 227 buses including 23 ZEVs, 153 routes
  - Providing mobility for nearly 400,000 people, employing 350 people
- 7-year contract, with 2-year extension, revenue protected
  - €185m revenue over 7 years
- Second contract, Porto, to start operating in H1 2023
  - 7-year contract, revenue protected
  - €119m revenue over 7 years
- Demonstrating our reputation for reliability and ability
- Strong credentials for bidding further contracts in Portugal and other new markets

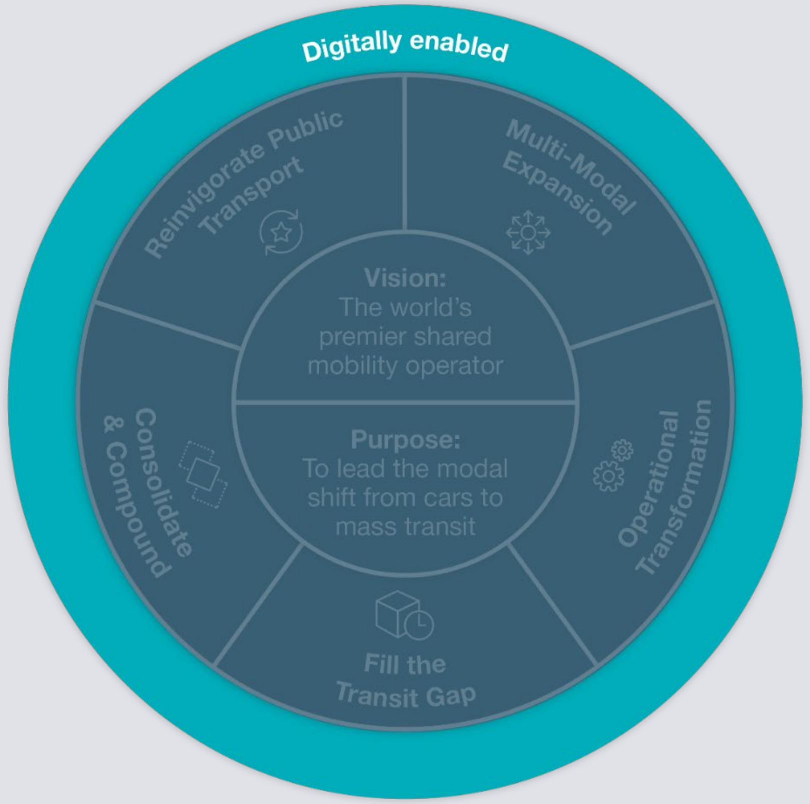
Business and strategic update

Evolve – Delivering operational transformation in German Rail

- Successful mobilisation of 2 emergency award contracts in German Rail:
  - RRX 1 and 11, 6.2 million kilometres p.a.
- 2-year contracts to Dec 2023, revenue protected
  - €100m revenue p.a.
- Mobilised 1st contract within 6 weeks, 2nd within 10 weeks
- Demonstrating our reputation for reliability and reinvigorating public transport
- Operating synergies with existing contracts leading to increased efficiencies
- Strong position for bidding for RRX Lot 1 on renewal and strengthening credentials for further contracts

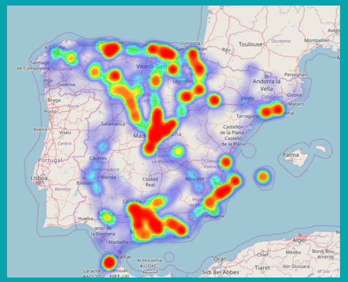
Business and strategic update

Digitally enabling Evolve outcomes



Safest

- Group-wide speed control technology
- Driver Assistance Systems: increasing automation, reducing burden on drivers
- AI & Big Data - analysis of accidents & driver risk profiles
- Driver simulation training



Employer of Choice

- Training models using AI & ML for individual driver behaviours
- Optimisation tools for shifts & rosters improving work-life balance

Most Reliable

- Transformation programmes to optimise operations & fleet mgmt.
- On-Demand solutions across the Group e.g. Via, Spare and Ecolane
- CitySwift AI based network optimisation software in UK Bus, driving:

2% driver cost savings

45% reduction in late buses

Environmental Leaders

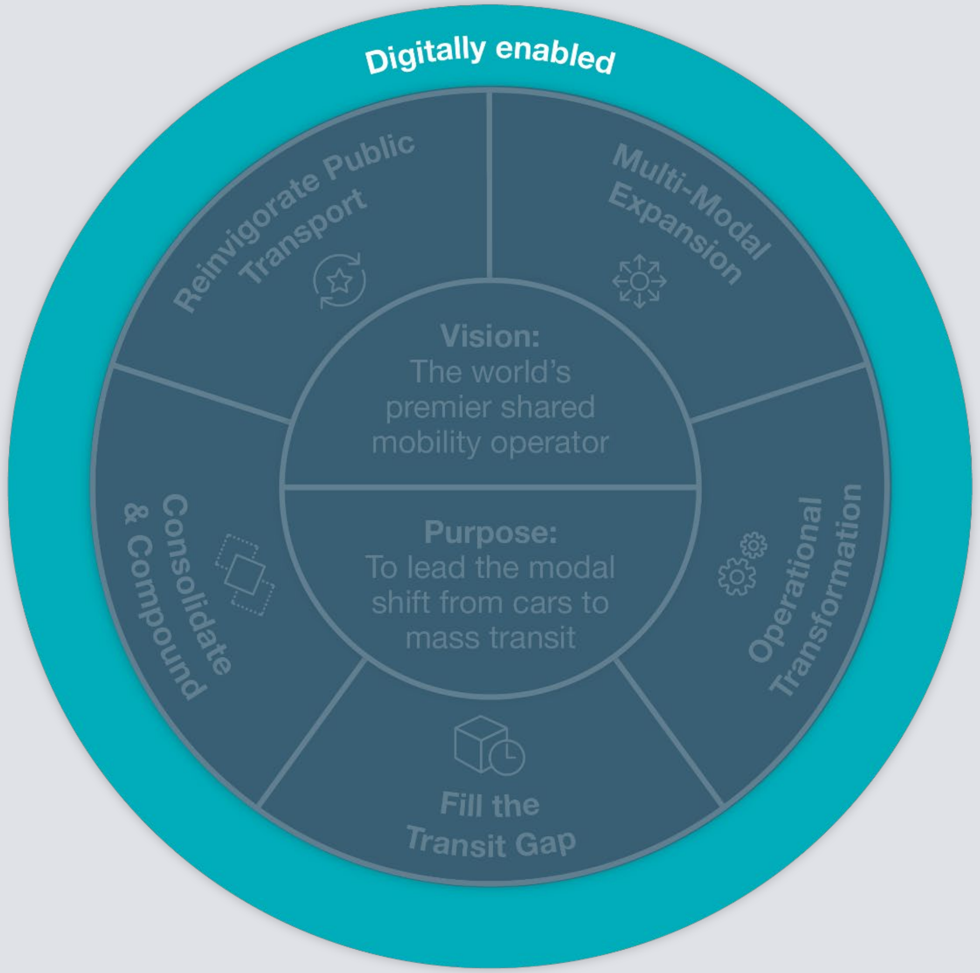
- ZEV & AV – modal shift & multi-modal services
- AV shuttle - Madrid University campus & AV pilots in North America
- AI network optimising tools aligned to environmental criteria & new fleet technology

Most Satisfied Customers

- Continual improvement of B2B & B2C digital channels
- Mobility as a Service apps integrating travel and payment
- Mobi4U already launched in Spain & Morocco; UK Bus developing app in partnership with TfWM

Business and strategic update

Developing scalable digital assets with Group-wide applicability



Development & improvement of operational tools

- Optimising Fleet Management with IBM Maximo
- Rolling out planning solutions to optimise resources
- Improving B2C journeys & B2B customer mgmt. with Salesforce

Channels & Customer information

- Development of web, app and other digital channels
- Revenue Management optimisation

New business models development

- DRT: On-demand & ridesharing
- MaaS: App development
- Micro mobility: Sharing & Parking

Platforms Management

- Move to cloud solutions to accelerate the deployment of new initiatives
- AI & Analytics: AI models & IoT / Automation
- Safety & Payroll: Connecting existing tools to work as a platform

Data Management

- AI Models: Forecasting, Clustering, predictive maintenance, etc
- RPA & Process automation
- Processes KPI & Dashboards
- Early warnings and real time management

Central Services processes improvement

- Business Intelligence & Analytics development
- Document management
- Process Automation
- Process mining initiatives

Business and strategic update

We continue to make progress on our Evolve outcomes

The safest

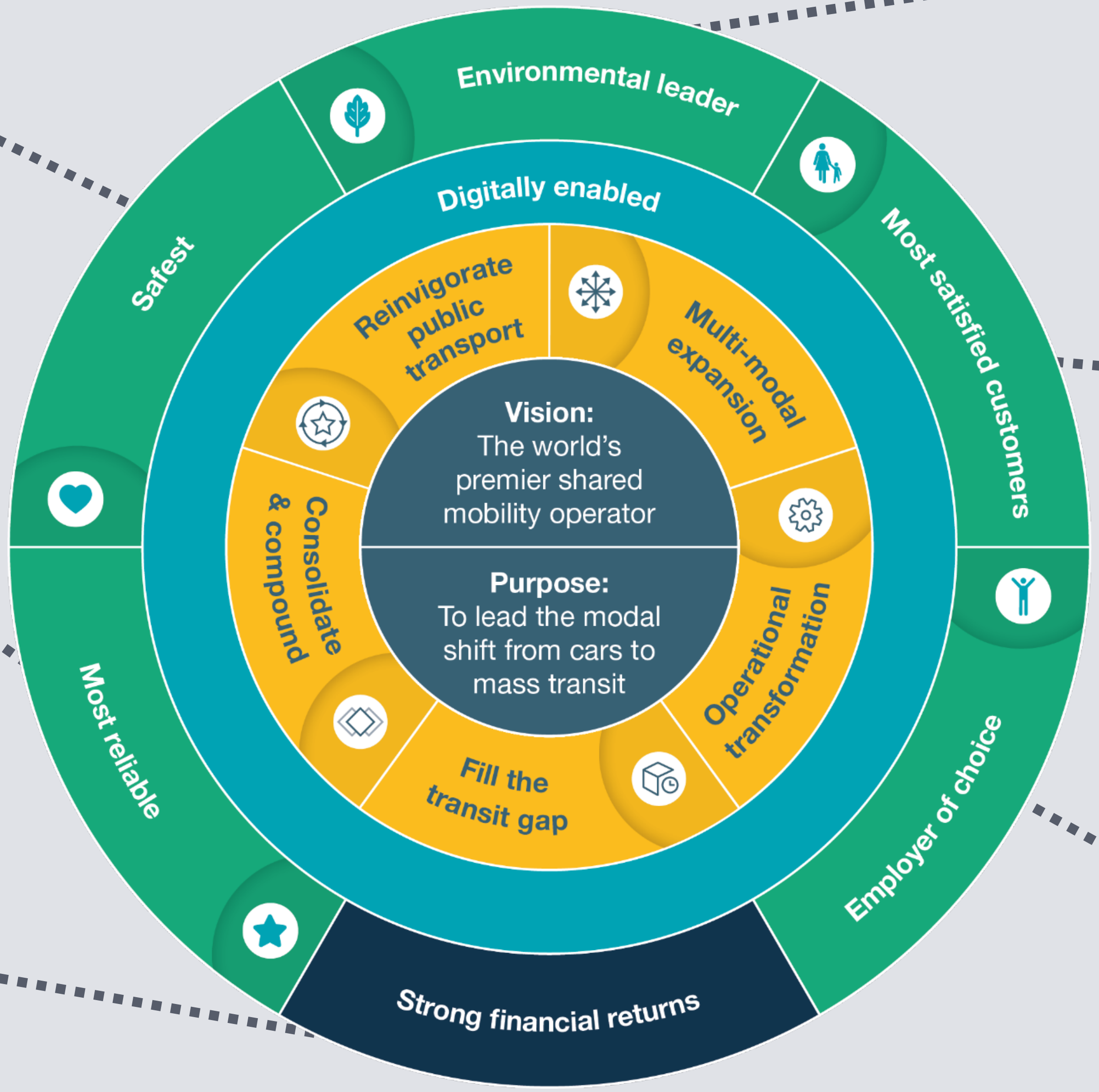
- FWI pmm* improved by 50%
- Morocco – 28% improvement in accidents at fault, driven by mobilisation in Casablanca
- North America – 25% reduction in speeding events

The most reliable

- Punctuality and lost miles KPI performance ahead of pre-pandemic levels
- UK Bus punctuality improved by 3%

Strong financial returns

- Revenue up 34%
- Converting strongly to profit and cash



The environmental leader

- Plans approved for 1,500 ZEVs by 2024
- UK Bus 50% ZEV by 2025
- ZEV efficiencies greater than anticipated, reducing TCO to 15% below diesel

The most satisfied customers

- UK Coach NPS 7% higher and Trust Pilot score of 4.5/5
- ALSA customer satisfaction score up 5%

The employer of choice

- Global people strategy refreshed and Global Engagement Survey completed
- Morocco – awarded 'Best Place to Work' certificate

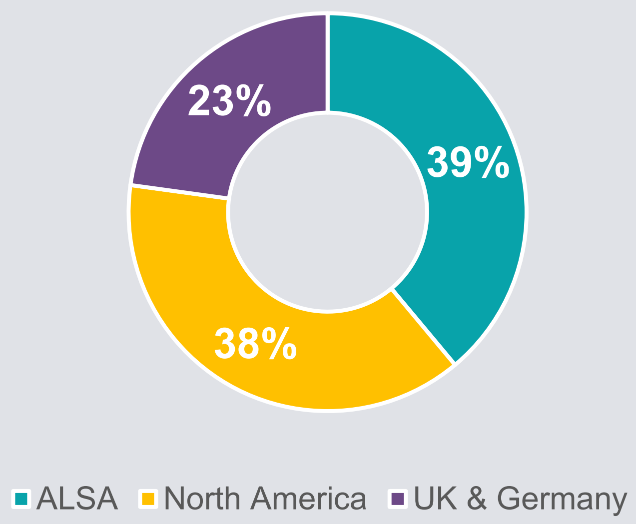
national express

* Pmm = per million miles

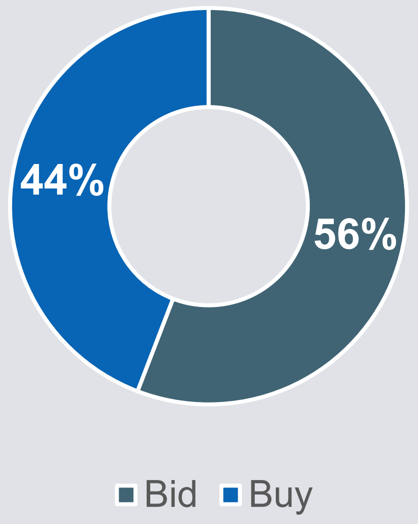
Business and strategic update

Strong pipeline of £2.1bn in annualised revenue…

18-month pipeline by division:



18-month pipeline by type:

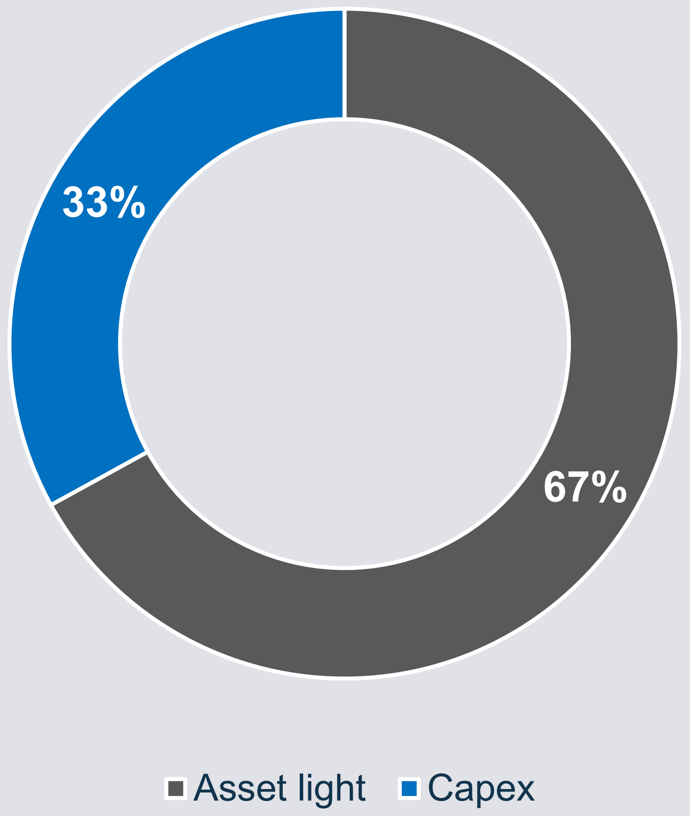


Division	Pipeline	Annual Revenue (£bn)
ALSA	• Urban and Regional – targeting cities and regions where current market share is low • Tourism and Shuttle opportunities across Spain • Bidding and inorganic opportunities in adjacent markets	0.8
North America	• Bidding and inorganic opportunities in US Corporate and University shuttle market • Asset light paratransit bidding opportunities	0.9
UK & Germany	• UK Bus - Selective bidding opportunities e.g. Manchester • Bidding and inorganic opportunities in fragmented private hire and shuttle markets • German Rail – selective bidding opportunities in North-Rhine Westphalia	0.4
	Total:	2.1

national express

Business and strategic update
…Of which £0.8bn asset light bidding opportunities

Organic pipeline
£1.2bn annualised revenue



- Significant pipeline of asset light bidding opportunities including:
  - North America transit (Las Vegas, Houston, Orlando)
  - Dubai urban bus
  - Manchester urban bus
  - German rail
- Offer higher ROCE and minimal cash outlay
- A range of operating margins depending on the level of demand risk and other factors
- 7 such contracts won this half
- Provide growth opportunities whilst deleveraging

An attractive investment case

1. We benefit from long-term, structural growth opportunities
2. We have five compelling, hard-to-replicate customer propositions to leverage this growth
3. We are the best-in-class operator
4. We are uniquely diversified and balanced
5. We are taking environmental leadership
6. We have a track record of delivering strong financial outcomes

Summary

Strong revenue growth

Converting strongly to profit and cash

Continued strategic progress

Confident in prospects for full year


Appendix

ALSA
Very strong recovery in Long Haul

Summary

- Very strong recovery in trading, profit tripled
- Long Haul revenue up 172%, passenger demand up 162%:
  - Occupancy up 37%; yield up over 8%; revenue per km up 19%
- Morocco revenue up 25% – record revenue and passengers
- Successful mobilisation of first contract in Portugal; Porto to follow in H1 2023
- 2 new contract wins and 1 contract renewal on improved terms
- Acquisition of paratransit business in Madrid, a new market entry
- In final stage of bidding process for urban bus contract in Dubai

New opportunities

- Further opportunities in Regional and Urban
- Opportunities in Intercity and further cities in Morocco
- Opportunities in adjacent markets: Portugal, France & Italy

Risk

- Intercity concession renewal but no intention to restart process in the near term
- Competition from High Speed Rail
- Wage inflation

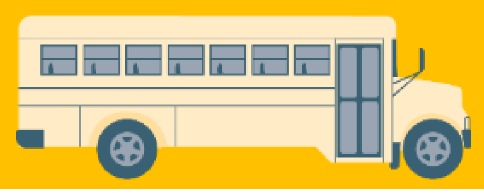
Returns

	H1 2022	H1 2021
Revenue	€527.5m	€331.1m
Underlying Op profit	€59.7m	€19.8m
Underlying Op margin	11.3%	6.0%

Revenue: Up 60%, at constant currency with strong recovery in demand in Long Haul and, in Morocco, with growth from mobilisation of Casablanca and existing contracts.

Profit: €40m improvement reflecting the very strong recovery in Long Haul demonstrating benefit of operational gearing. Margin improved by 530 bps.

North America
Significant improvement in financial returns



Summary

- School Bus and Shuttle revenue strongly ahead
- Transit operating at around 83% of services
- Shuttle revenue up 28% yoy and profit ahead of 2019*
- School bus operational challenges with driver shortages
- H1 school driver wage pressures offset by CERTS funding
- Price rises above expected wage increases for 2022/23 bid season:
  - 40% of contracts renewed
  - 30% to renew in 2023/24 bid season
- 10 asset light contract wins worth $80m revenue over contract lives:
  - 9 in Shuttle, 1 in paratransit

New opportunities

- Strong pipeline of bidding opportunities worth > $600m: mainly in Transit and Shuttle
- Potential for growth from customers looking to outsource

Risk

- WFH in Shuttle
- Reduced discretionary travel in Transit
- Driver shortages causing lost routes
- Wage inflation

Returns

	H1 2022	H1 2021
Revenue	$673.5m	$627.8m
Underlying Op profit	$74.6m	$57.5m
Underlying Op margin	11.1%	9.2%

Revenue: Up 8% in constant currency, reflecting growth in School Bus, up 8%, Shuttle, up 28% and in Transit, up 5% excluding exited contracts.

Profit: Up 30%, reflecting improved trading and CERTS funding in H1. Margin up 190 bps.

national express

*Revenue and profit in Shuttle ahead of Q2 2019. We Drive U acquired at the start of Q2 2019.

UK
Strong recovery in Coach – Q2 in profit

Summary

- Very strong recovery in Coach revenue and passenger demand, up 359% and 515% yoy
  - Passenger demand back to 75% pre-pandemic levels; higher demand on intercity (84%) versus airport routes (64%)
  - Occupancy approaching 70% and yield up 20% yoy
- Commercial bus patronage back to 87% pre-pandemic levels
- BSIP and CRSTS funding secured over next 3 years: supportive to modal shift through doubling of priority lanes and low fares strategy
- Funding secured for a further 124 hydrogen buses, first tranche of 130 electric buses for Coventry now in operation

New opportunities

- Transport Solutions – private hire, holidays & corporate
- Accessible transport market
- NBS presents opportunities to grow patronage through modal shift

Risk

- WFH
- Competition in coach market
- Wage inflation

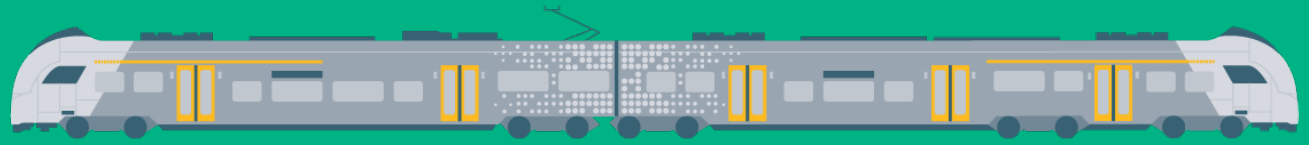
Returns

	H1 2022	H1 2021
Revenue	£237.3m	£172.8m
Underlying Op profit	£(12.8)m	£(19.9)m
Underlying Op margin	(5.4%)	(11.5%)

Revenue: Up 37%, driven predominantly by Coach with rapid rise in demand from March onwards.

Profit: Reduced loss by £7m. Q1 profitability impacted by Omicron variant in January and February, but rapid recovery in revenue in Q2 saw UK return to profit in the quarter. Impact of operational gearing, higher occupancy and yield in Coach.

Germany
Strong revenue growth



Summary
- Strong revenue growth reflecting emergency award of 2 contracts within RRX Lot 1
  - Successful mobilisation at very short notice
  - 2-year contracts worth €100m revenue p.a.
- Revenue partially protected: RRX contract being a gross cost contract
- Continued to build our reputation for high performance and reliability and strengthening relationships with stakeholders and PTAs
  - Strong position for bidding on renewal of RRX Lot 1

New opportunities
- Pipeline of German rail tenders

Risk
- Failure to win bids in Germany at acceptable rates
- Mobilisation of new contracts
- Energy costs

Returns

	H1 2022	H1 2021
Revenue	€147.3m	€92.6m
Underlying Op profit	€3.5m	€(8.8)m
Underlying Op margin	2.4%	(9.5%)

Revenue: Up 59%, largely reflecting the 2 emergency contract awards.

Profit: Up €12m, reflecting subsidy phasing in 2021 and the emergency contract awards in 2022.

2022 interim year financial review

Our long-term financial targets remain unchanged

Revenue back to 2019 levels in 2022, targeting

at least £1bn additional revenue by 2027

Free cash conversion reaching

over 80% by 2027

Paying a dividend at least

2x covered,

targeting 2022 reinstatement

Margin averaging 9% for 2022 to 2027,

significantly more than £100m additional profit by 2027

£1.25bn

of free cash generation from 2022 to 2027

A lower levered business: targeting a net debt to EBITDA range of

1.5 to 2.0x

national express

The statements on this page regarding future financial performance are aspirational targets and are not intended to be profit forecasts or estimates for any period and no statement should be interpreted to mean that earnings or earnings per share for National Express, as appropriate, for the current or future financial periods would necessarily match or exceed the historical published earnings or earnings per share for National Express.

Cash flow

Navigating our reported cash flow (1/2)

The following is an example of the cash flow that we report in our announcements and presentations. This is on a “funds flow” basis and differs to the statutory cash flow statement. A reconciliation between the two is presented on the next page

	Six months to 30 June 2022
	£m
EBITDA	**197.8**
Net maintenance capital expenditure	(88.3)
Working capital movement	(24.9)
Pension contributions above normal charge	(3.6)
Operating cash flow	**81.0**
Net interest paid	(13.2)
Tax paid	(4.0)
Free cash flow	**63.8**
Growth capital expenditure	(29.2)
Acquisitions and disposals (net of cash acquired/disposed)	(25.6)
Separately disclosed items	(23.2)
Payment on hybrid instrument	(21.3)
Other, including foreign exchange	(62.2)
Net funds flow	**(97.7)**

This comprises amounts paid in cash plus the capitalisation of any leases taken out during the period

Capital expenditure is classified as “maintenance” if it relates to existing business / contracts. E.g. replacement of fleet that have become aged, or renewing leases on vehicles or depots

This also comprises amounts paid in cash plus the capitalisation of any leases taken out during the period

Capital expenditure is classified as “growth” if it relates to new business. E.g. vehicles, or a lease on a depot, to fulfil a new contract. In H1 2022 this growth capex was principally payments to acquire vehicles for the Casablanca contract

Treatment of leases:
In this funds flow format the “cash” outflows in respect of leases that are on balance sheet are all incurred in the year in which the lease is signed. This is because the funds flow format shows the movement on net debt in the period.

Using a simple example: we sign a 10 year lease of £1m a year to renew an existing depot. In the funds flow format, this would be a c.£10m outflow upon signing the lease because we are incurring a lease debt obligation of c.£10m. This would show as a c.£10m outflow in maintenance capex.

Any leases that are not on balance sheet are shown as lease payments netted within EBITDA and are annual outflows, rather than being only upon signing the lease. This is because no lease debt obligation is recorded on the balance sheet when those leases are signed. Note that the majority of leases are on balance sheet.

Cash flow
Navigating our reported cash flow (2/2)

The following is a reconciliation between the “funds flow”, which is the format of cash flows that we focus on and is what we present in our announcements and presentations, and the statutory cash flow statement contained within the financial statements

	Six months to 30 June 2022 £m
Purchase of property, plant and equipment	(70.0)
Proceeds from disposal of property, plant and equipment	5.5
Payments to acquire intangible assets	(5.7)
Proceeds from disposal of intangible assets	4.1
Net capital expenditure in statutory cash flow statement	**(66.1)**
Add: profit on disposal of fixed assets	(10.5)
Add: capitalisation of leases initiated in the year, less disposals	(15.2)
Add: cash payments in respect of IFRIC12 purchases	(25.7)
Net capital expenditure in the funds flow	**(117.5)**
Split as:	
Net maintenance capital expenditure	*(88.3)*
Growth capital expenditure	*(29.2)*

These are the amounts shown in the statutory cash flow statement. These are just the payments made in cash and exclude the impact of capitalising leases

These are the adjustments to get from the statutory capex cash flows to the funds flow format. The funds flow format shows the movement of net debt in respect of capex rather than just the physical cash payments made in the period. The three adjustments here are:

1) Any profit or loss on disposal of fixed assets is added back here; this is because these are reflected in EBITDA in the funds flow format
2) Capitalisation of leases initiated in the period (less impact of disposing of leases). So, for example, if we sign a lease for £1m a year for 10 years, the immediate impact on net debt would be circa £10m (simplistically because we incur a lease debt obligation of 10 x £1m)
3) In certain contracts there is an accounting standard called IFRIC12 which requires us to classify any purchases of assets in contract assets. These are not shown as capex in the statutory cash flow; instead they are shown as a movement in working capital. Therefore, for ease of understanding, we transfer these amounts to capex in the funds flow format

These are the amounts shown as capex in the funds flow format – as presented on the previous page

Risk management
Fuel risk largely fixed until 2023

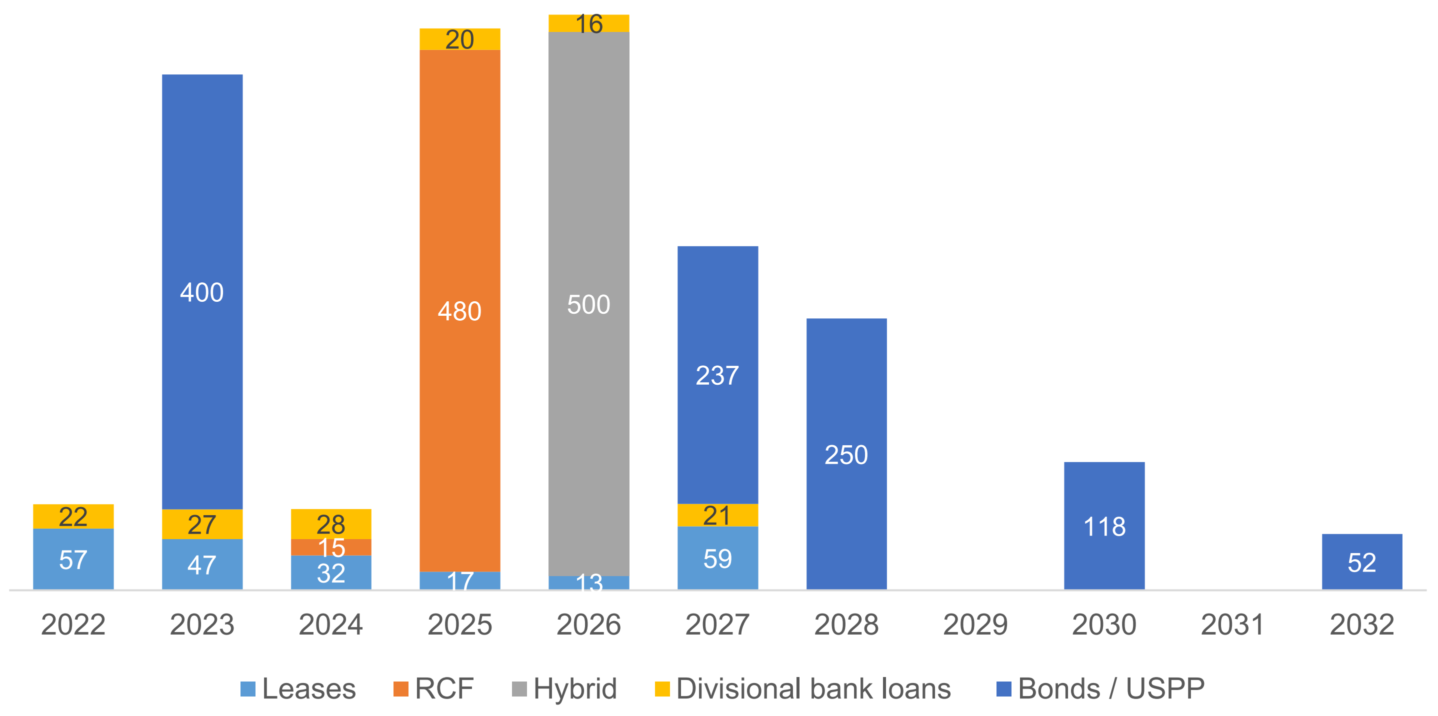
Fuel hedging

	2021	2022	2023	2024
% hedged*	100%	100%	75%	35%
Price per litre**	37.8	36.1	36.5	41.6

– Average weighted hedge price of 37.2p, similar to 2021

2022 interim financial review
Significant liquidity headroom

Maturity profile – committed facilities



- £0.8bn cash and committed headroom:
  - RCF undrawn £0.5bn
  - Cash £0.3bn
- Average maturity of 4.6 years

Financing activity

- No material refinancing requirement before the £400m bond maturity in H2 2023

national express

Covenants and ratings
Robust Balance Sheet; Investment Grade ratings reaffirmed

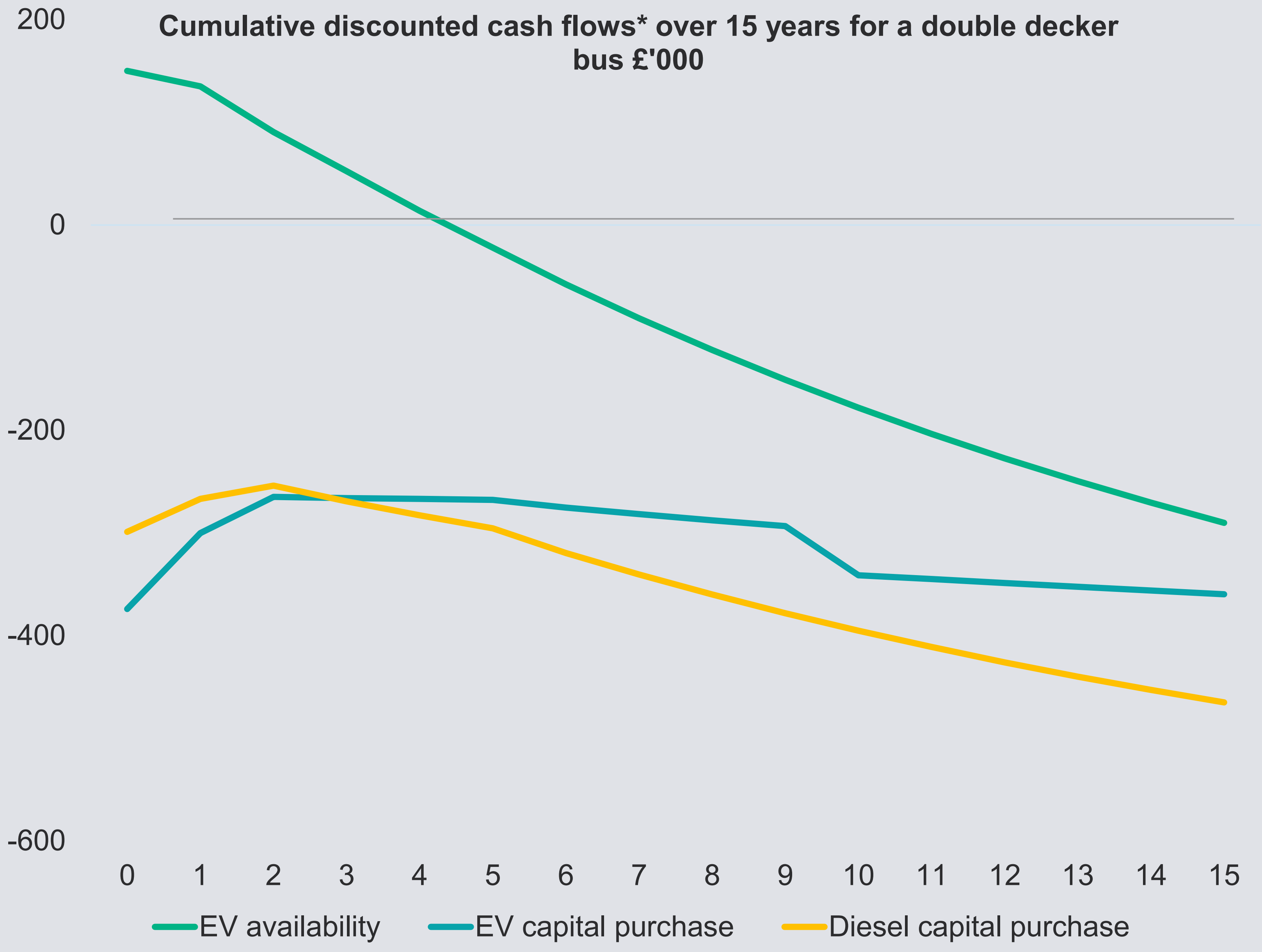
Covenant ratios	2022 half year	2021 year end
Gearing	3.1x	3.6x
Interest cover	8.2x	6.3x

Ratings	Grade	Outlook
Moodys	Baa2	Stable
Fitch	BBB	Stable

- Gearing now back within pre-amendment limit of 3.5x. Gearing covenant test amended to 5.0x for June and December 2022
- Interest cover covenant returned to pre-amendment level of 3.5x for June 2022 onwards
- Quarterly liquidity tests and bi-annual maximum net debt tests during amendment period. No dividend to be paid if gearing exceeds 3.5x
- Remain committed to a robust financial strategy:
  - Strong commitment to Investment Grade debt rating
  - Medium term commitment to reduce gearing to 1.5x-2.0x EBITDA
  - Prudent risk planning – rolling fuel hedge and pension deficit plan in place

2022 interim financial review

Availability contracts offer the optimal cash flow solution



- EV's operated via availability contracts provide a better cash flow outcome than EV's or diesels purchased outright
- Even without grants, EV is preferential to diesel for cash flow
- EV availability solution is slightly dilutive for operating margin in the early years versus diesel capital purchase, but:
  - parity at PBT margin
  - parity at operating margin in later years (due to lower maintenance costs for EV)
  - avoids capital outlay
  - far superior for ROCE

national express

* Cash flows include current grants. All cash flows discounted at the Group's weighted average cost of capital

Modal shift potential
Significant potential for passenger growth

CPT*estimates 41% increase in local bus passenger Kms by 2030, and 83% by 2050 through modal shift for Great Britain and….

- **…. In the West Midlands, an increase of 65% by 2030 and 120% by 2050**

Modal shift is already happening

TfWM survey suggests:
- 73% of people are now using the car less
- 37% of people are now using public transport more
- 48% of people are already modal shifting and a further 27% are considering doing so

1% modal shift from a car = 23% increase in bus passenger mileage**

*Source: WPI Economics/Confederation of Public Transport – The decarbonisation dividend: Forecast 41% increase by 2030 versus 2019, and 83% by 2050 for local bus passenger Kms across Great Britain to meet the UK net zero emission goals.
**DfT's 'Passenger transport by mode' study

External sustainability recognition

Sustainability is integral to what we do and we are recognised for this by a number of external bodies.

Sustainalytics rates National Express as ‘low risk’ for ESG overall and in every single subcategory. We are rated in the 2nd percentile of all transport companies (out of a total of 349) and in the 5th percentile of over 14,000 companies in the Sustainalytics global universe.

MSCI – In November 2021, MSCI rated us AA, the second possible highest rating, with an industry- adjusted score of 8.5 out of 10.

National Express is a constituent of the FTSE4Good Index Series.

CDP (formerly the Carbon Disclosure Project) rates us as B- for climate change and C for water security: we are working hard to improve our future responses.

Recognised as one of Financial Times Europe’s Climate Leaders.

The information in this presentation is general information and background only, and is not intended to be relied upon as advice to investors or potential investors as it does not take into account their particular investment objectives, financial situation or needs. The contents of this presentation should not be considered to be legal, tax, investment or other advice, and any prospective investors should consult with their own legal, tax, business and/or financial advisers in connection with any investment decision. The information contained herein is for discussion purposes only and does not purport to contain all information that may be required to evaluate National Express Group plc (the "Company") and its subsidiaries and affiliates (collectively, the "Group") and/or the Group's financial position. This presentation does not constitute or form part of, and should not be construed as: (i) an offer, solicitation or invitation to subscribe for, sell or issue, underwrite or otherwise acquire any securities or financial instruments in the Company or in any other entity, nor shall it, or the fact of its communication or distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment or investment whatsoever with respect to such securities or financial instruments; or (ii) any form of financial opinion, recommendation or investment advice with respect to any securities or financial instruments.

This presentation has not been independently verified and no representation or warranty, express or implied, is made or given by or on behalf of the Group or any of its directors, officers, employees, affiliates, agents or advisers, and no reliance should be placed on, the truth, fullness, accuracy, completeness or fairness of the information or opinions contained in this presentation. All information presented or contained in this presentation is subject to correction, completion and change (whether as a result of verification or otherwise) without notice. The information contained in this presentation is provided as of the date hereof and no person is under any obligation to update, complete, revise or keep current the information contained in this presentation nor to provide the recipient with access to any additional information that may arise in connection with it.

This presentation contains statements that may constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Group operates. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions or the negative thereof; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and none of the Groupor any of its directors, officers, employees, affiliates, agents or advisers accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future. You are therefore cautioned not to place any undue reliance on such forward-looking statements.