

Driving our business forward through our three strategic priorities

Objective

Performance



Delivering operational excellence

We aim to be the safest, cleanest, most reliable, convenient and best value transport provider in the modes in which we operate.



- Swift response to the pandemic across all businesses, putting actions in place to prioritise safety of customers and employees, such as enhanced cleaning regimes and prompt distribution of PPE
- Strong engagement with customers and stakeholders ensuring appropriate service levels with, for example, UK bus running higher levels of service and patronage than industry average
- Both UK bus and coach re-awarded the British Safety Council five-star rating; ALSA re-awarded the EFQM¹ five-star rating
- North America school bus restart requiring dynamic route scheduling for schools choosing to return with a hybrid model
- Rolling out our World Class Operations Manager programme



Deployment of technology

We utilise technology to raise customer and safety standards, drive efficiencies in our business and facilitate growth.



- New mobile websites and ticketing apps are driving higher online transactions, enhanced user experience and higher conversion rates, and lowering costs
- Proportion of journeys through digital channels in UK bus increased to over 70%; and running at 48% in ALSA, up from 45% last year
- Roll-out of a Driver Fatigue alert system in our UK coach operations
- Deployment of analytic software to improve scheduling, dispatch and on-time performance in our North America school bus business
- All new UK buses in 2020 were electric vehicles (EV), with up to a further 170 EVs to come as Coventry becomes one of two first electric cities in the UK; Birmingham will see the arrival of 20 new hydrogen-powered buses in 2021
- ALSA launched the first ever autonomous bus in Spain, at the Autonomous University of Madrid



Growing our business through acquisitions and market diversification

We continue to grow our diversified, international portfolio of transport businesses through selective acquisitions and diversification into complementary markets.



- We acquired one business in February before suspending our M&A activity in order to focus on existing operations and conserve cash
- We continued to win new contracts throughout the pandemic:
 - Significant school bus wins in a number of US states
 - Paratransit contract win in California
 - Entry into the urban bus market in Portugal, with contract wins in Porto and Lisbon to start operating in Q4 2021
 - Contract wins in the UK in corporate shuttle, accessible transport and new routes
- Further mobilisation of our urban bus operations in Casablanca, our largest contract in Morocco
- Successful mobilisation of RE4, our third service for the Rhine-Ruhr Express (RRX), in German Rail

¹ European Foundation for Quality Management – recognises operational excellence and awards ratings to businesses based on a number of criteria, including quality of leadership and strategic direction together with development and improvement of people, partnerships and processes in order to deliver value-adding products and services to their customers

Future outlook

- ‘Driving Excellence’ programme in North America, to optimise process efficiency across all depots
- Returning to full operations across each of our businesses as we emerge from the pandemic, stronger and more efficient
- Network reviews driving efficiency across our bus and coach operations in the UK
- Development of on-demand services and multi-modal solutions
- Increased ancillary revenue drivers in UK and ALSA, as well as charter and charter school revenues in North America
- Further advances in partnership working to address common challenges and cement our position as a trusted partner
- Demonstrating environmental leadership e.g. with Coventry becoming one of two first electric cities in the UK
- Further investment in electric and hydrogen buses
- Ambition to be zero carbon emissions in UK bus by 2030 and in UK coach by 2035

- Further optimisation and automation of RMS to drive incremental demand and higher fleet utilisation as we emerge from the pandemic and beyond
- Increasing use of analytic software and digitalisation to enhance operations, driving safety, efficiency and process improvements and reducing costs e.g. using AI and big data to redesign routes to optimise running times and driver hours
- Continuing enhancements to websites, apps and ticketless payment systems
- Completion of the roll-out of Lytx DriveCam; rolling out of a Driver Fatigue alert system in our Spanish coach operations
- Building technology platforms, capabilities and expertise to provide integrated transport solutions
- Ongoing development of multi-modal solutions and on-demand services

- Further selective acquisitions as we emerge from the pandemic, principally in North America and Spain
- Extending our offering into new regional and adjacent markets and cities or building further scale in existing markets and cities
- Mobilisation of our new contracts in Portugal
- Pioneering new ways to access transport with multi-modal services within big cities, providing complete mobility solutions, through integrated platforms e.g. developing a Mobility as a Service (MaaS) platform in the West Midlands in partnership with Transport for West Midlands
- Investments in assets that provide platforms for future growth

Measuring our progress

We believe securing modal shift to cleaner, greener and safer vehicles is both a social good and will drive further profits in passengers, profit and cash.

+ See KPIs pages 18 and 19
FWI
Reduction in GHG emissions

A rising proportion of sales transacted through our digital channels demonstrates that our customers value more convenient and faster ways to pay. At the same time, the transfer of transactions away from traditional ticket offices and third party sales agents to digital channels is driving operational efficiencies, reducing costs and increasing the opportunity for new commercial partnerships and revenue streams.

+ See KPIs pages 18 and 19
Passenger journeys

We maintain a disciplined approach to investing and target project returns well above our cost of capital, targeting returns of 15%. Across the business as a whole, disciplined allocation of capital is measured through a focus on return on capital employed (ROCE), a key element of executive remuneration.

+ See KPIs pages 18 and 19
ROCE

Mitigating risks

 See Risks pages 38 to 41



 See Risks pages 38 to 41



 See Risks pages 38 to 41



² Fatalities and Weighted Injuries Index