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Half Year Results

For the period ended
30 June 2024

Connecting

communities



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Introduction

Ignacio Garat
Group CEO

Mobico Group
Half Year Results

Key messages HY 24

FY Guidance unchanged, progress on cash and continuing positive passenger demand



FY 2024 Guidance on track

- Group Adjusted EBIT unchanged range £185m to £205m
- Improvement in covenant gearing, relative to FY 23, targeted 31 December 2024
- Critical discussions with German PTAs in progress



Focus on deleverage

- Sale process for NA School Bus in line with expectations
- Company wide initiatives delivering improved cash and capex control



Profit & cash improvement initiatives on target

- Restructuring projects delivering earlier than expected
- Accelerate programme delivering on targets



Operational Performance

- Record H1 results in ALSA and the improvement in North America, were delivered alongside ongoing recovery in UK and Germany.



Continuing, positive passenger demand

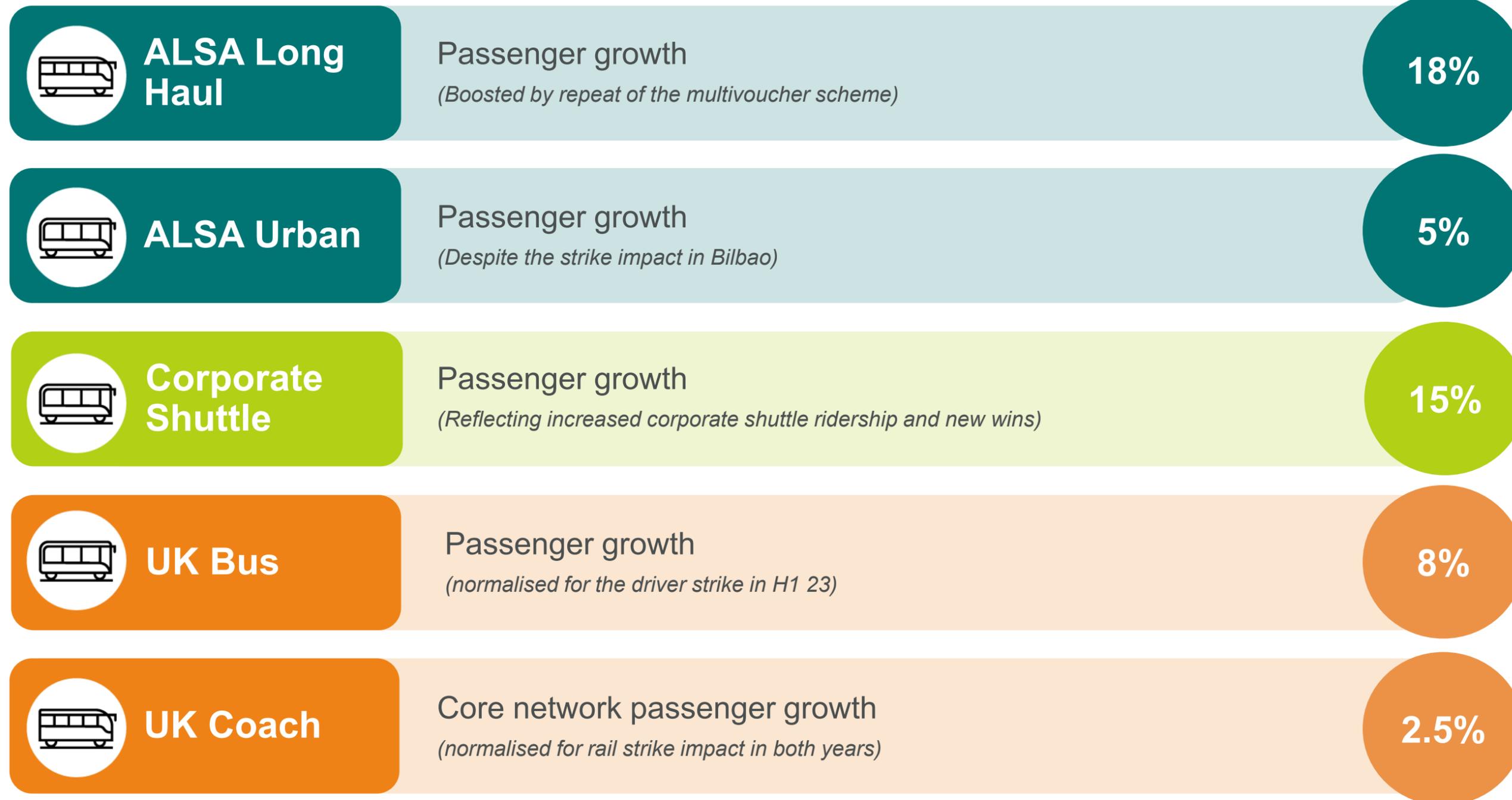
- Passenger numbers and yields improve further
- Significant contracts won, retained and mobilised

Passenger growth

Continuing positive momentum in passenger growth



YoY passenger growth in H1



Pricing improvements

H1 revenue growth reflects pricing actions already delivered, more secured for H2



✓ **Delivered in H1**

🔒 **Secured for H2
(incremental)**

 **ALSA Long Haul**

6.8% increase in average ticket prices in H1 24 vs. H1 23
(across 9 main corridors)

Dynamic real time pricing led by customer demand

 **School Bus**

SY23/24 bid season uplift
13.1% on the renewing portfolio
7.5% overall

SY24/25 bid season uplift now secured
10.2% on the renewing portfolio
6.1% overall

 **UK Bus**

12.5% fare rise came into effect
1 July 2023

Implemented **6%** fare rise at 30th June 2024

 **UK Coach**

Average ticket prices up **5.7%** in H1 24 vs. H1 23
(excluding the impact of rail strikes in both years)

Dynamic real time pricing led by customer demand

Key Contract Wins

Significant contracts won, retained and mobilised



- Overall 23 new contract wins at the Group level, ahead of the same point last year
- Revenue values of £91m p.a. (H1 23: £72m), and incremental total contract values of £622m
- Average EBIT margins on those contracts are 11%, with 30% ROCE (vs H1 23 28%)
- Conversion rate on bids submitted and awarded was 25%
- WeDriveU performing particularly well

Spotlight on WeDriveU - 5 big contract wins



WMATA MetroAccess paratransit service successfully implemented:

- 4 facilities
- 650 employees
- 515 vehicles (provided by the authority)
- 506 routes
- 25% service > 80% (today) > 100% (by 1 October 2024)
- Total contract value of c£700million over the extended 10-year period



Summary

FY Guidance unchanged, progress on cash and continuing growth



FY 24 Guidance on track, adjusted EBIT £185m - £205m



Focus on deleverage



Profit & cash improvement initiatives on target



**Continuing, positive passenger demand
Contract wins and successful retentions & mobilisations**



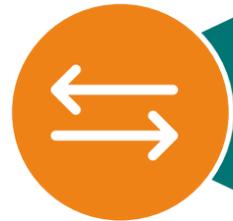
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Financial Review

Helen Cowing
Group CFO

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First 90 days



Smooth handover and transition



Engaging with the business for sustainable profitable growth



Strengthening finance organisation by increasing bench strength, affordably



Maintaining momentum on cost reduction and restructuring programmes (Accelerate)



Focusing on profitable growth and deleverage initiatives

2024 H1 financial overview

Robust P&L growth and improved free cash flow, lower covenant gearing



Adjusted	HY 24	Restated ¹ HY 23	Change	FY 23
Revenue	£1.65bn	£1.57bn	5.4%	£3.15bn
Group Operating Profit	£71.2m	£57.5m	23.8%	£168.6m
Basic EPS	0.3p	1.0p	(0.7)p	4.5p
DPS	0.0p	1.7p	1.7p	1.7p
Key Metrics				
Free Cash Flow	£90.5m	£79.7m	£10.8m	£163.7m
ROCE	7.8%	6.0%	1.8%pts	7.0%
Covenant Gearing	2.8x	2.8x	-	3.0x
Statutory				
Group Operating Profit/(Loss)	£45.5m	£(9.2)m	£54.7m	£(21.4)m

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¹HY 2023 has been restated in respect of correction to onerous contract provisions in German Rail
Please note all numbers in reported currency

Divisional performance

Record H1 results in ALSA and the improvement in North America, were delivered alongside ongoing recovery in UK and Germany



Revenue

	HY 24	YoY% change
ALSA	£617.1m	13.0%
North America	£609.3m	6.4%
UK	£307.3m	7.7%
Germany	£120.2m	(10.2%)

Growth in ALSA, NA and UK

Adjusted Operating Profit

	HY 24	HY 23	YOY % change ¹
ALSA	£82.5m	£57.6m	46.9%
North America	£21.4m	£13.8m	58.5%
UK	£(12.6)m	£(10.8)m	(16.7)%
Germany	£(5.1)m	£5.9m	(189.6)%

Double digit profit growth in 74% of businesses

Note 1: % Segment change at constant currency.
% Group change at reported currency

Cash Flow

Free cash flow generation ahead of last year, re-invested in first half to fuel long term profitability and growth



(£m)	H1 24	H1 23
EBITDA	183.8	166.7
Net maintenance capex	(89.7)	(55.0)
Working capital	23.9	(3.6)
Pension deficit	(3.8)	(3.7)
Operating cash flow	114.2	104.4
Tax & interest	(23.7)	(24.7)
Free cash flow	90.5	79.7
Growth capex and M&A	(69.7)	(3.4)
Free cash flow after growth capex and M&A	20.8	76.3

Growth Capex (£28m)
 new contract wins
 M&A (£42m) mainly
 Canarybus acquisition

Net Debt

Covenant net debt stable vs FY 23 and improvement in covenant gearing from 3.0x to 2.8x



(£m)	H1 24	H1 23	FY 23
Free Cash Flow after CapEx and M&A	20.8	76.3	
Adjusting items	(38.7)	(23.5)	
Hybrid coupon	(21.3)	(21.3)	
Other, including FX	4.5	7.5	
Net Funds Flow	(34.7)	39.0	
Closing Net Debt	(1,236.4)	(1,168.9)	(1,201.7)
Covenant net debt	987.9	908.5	987.1
Covenant gearing	2.8x	2.8x	3.0x

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Prioritising debt reduction

Through profit improvement, rigorous cash management and the disposal of NA School Bus.



Current debt level

- No change to the debt structure at £1.2bn on a reported basis
- Covenant debt of £988m is flat on FY 23 (of £987m); covenant gearing ratio reduced to 2.8x (FY23: 3.0x)

Potential disposal to deleverage

- North America School Bus disposal plans progressing in line with expectations

Accelerate Programme

- Accelerate 2.0 reorganisation programme delivering slightly ahead of expectations in H1
- Increased confidence in FY 24 delivery of more than £40m of cost savings (£50m annualised in FY 25+)

Organic deleverage

- Company wide initiative targeted specifically at cash improvement and debt reduction
- Projected FY 24 benefits of £25m¹ additional, annualised benefits from 2025 of £25m+
- Controls tightened over capital expenditure

¹actions in place to beat target in 2025

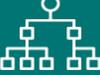
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These actions mean we are on track to reach covenant gearing ratio of 1.5x to 2.0x by 2027

Accelerate restructuring programme

The Accelerate Programme is delivering significant and sustainable bottom-line benefits in FY24



 **Organisational Design**

 **Procurement**

 **Productivity**

 **Digital Enablement**

FY 23

£15m

Savings achieved in FY 23 through the Accelerate 1.0 programme.

FY 24

Accelerate 1.0

£30m of savings will be delivered in FY 24 from Accelerate 1.0.

Accelerate 2.0

£2m of savings already banked in H1 as part of Accelerate 2.0.

We are confident in delivering £10m of savings from the Accelerate 2.0 programme in FY 24.

£10m

FY 25 & beyond



£50m

of annual savings in FY 25 and beyond will be achieved by the Accelerate Programme.

Financial imperatives



Focusing on profitable growth and deleverage



Maintaining momentum on cost reduction and restructuring programmes (Accelerate)



Building a sustainable, profitable cash generative business into the future



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Operational Review

Ignacio Garat
Group CEO

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Operational review key highlights

Relentless focus on improving operating effectiveness and profitability



ALSA

delivered record
H1 results



North America

won and gained
routes in both
WeDriveU and
School Bus



Leadership changes

Making an impact
in UK & Germany
and School Bus

ALSA

Record revenue performance and strong profit growth



Key Stats

Revenue

Adjusted Operating Profit

Adjusted Operating margin

H1 24

€722.0m

€96.5m

13.4%

H1 23

€638.8m

€65.7m

10.3%

% Change

13%

47%

3.1%

Achievements H1

- Long-Haul revenues up 25.6% vs H1 23
- Strong performance in Regional revenue, 14.2% higher than H1 23
- International business (including Portugal) up 87.8% on H1'23
- Diversification into new business areas: CanaryBus and Medical Transport; new urban contract wins (Leon / Guadalajara); renewal of Iberia's crew contract
- ALSA is now the no1 provider of non-emergency medical transport in Madrid

Key focus areas H2

- Delivery of Long-Haul summer trading reinforced by Young Ticket scheme renewed for summer 24
- Successful integration and growth of CanaryBus business
- Drive cam technology rolled out to 2,200 vehicles
- Ongoing international growth in Portuguese, Swiss and Saudi Arabian markets, including further deployment of electric vehicles in Geneva
- Expect momentum across the business to continue in H2 24

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North America

Profitable growth achieved in H1



Key Stats

Revenue

Adjusted Operating Profit

Adjusted Operating margin

	H1 24	H1 23	% Change
Revenue	\$770.9m	\$724.3m	6%
Adjusted Operating Profit	\$27.1m	\$17.1m	58%
Adjusted Operating margin	3.5%	2.4%	1.1%

Achievements H1

School Bus

- Volume improvements following route reinstatement, and benefit from 7.5% rate increase across the portfolio effective SY23/24
- Strong bidding season for School Year (SY) 2024 / 2025 with new contract wins exceeding target
- Significant improvement in asset utilisation

WeDriveU

- Major contract wins, retention and mobilisations
- Corporate Shuttle won four important new contracts, incl. Uber; consolidating our market leading position in US corporate shuttle

Key focus areas H2

School Bus

- Preparation for separation of School Bus and WeDriveU ahead of sale
- Sale process progressing on track
- Delivery of efficient School Year 24/25 start up
- Above inflation pricing performance (+6.1% overall, +10.2% on renewing contracts)

WeDriveU

- Continues to enhance profitability of lower margin contracts and driving momentum in H2 from new contract wins
- Run rate cost improvements from H1 operational efficiencies

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UK

Turnaround in progress



Key Stats

Revenue

Adjusted Operating Loss

Adjusted Operating margin

H1 24

£307.3m

£(12.6)m

(4.1)%

H1 23

£285.4m

£(10.8)m

(3.8)%

% Change

8%

(17)%

(0.3)%

Achievements H1

UK Bus

- Optimising continued strong passenger growth
- Secured 6% fare rise effective 30 June 2024

UK Coach

- Moderate underlying passenger growth (+2.5%) when normalised for a reduction in rail strikes YoY (a c.£7m EBIT headwind)
- Actions taken to address loss-making NXTS and optimise network and demand, reaching higher profit levels in H2

Key focus areas H2

UK Bus

- Driving margin benefit from the 6% fare rise
- Strong relationships with transport authorities; preparing to optimise potential shift to franchising
- Maintain focus on operational KPIs

UK Coach

- NXTS reaching run-rate profitability in H2 24
- Further network and operational optimisation, building on actions delivered in Q2 to improve profitability in H2 24
- Delivery of further overhead cost efficiencies

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Germany

Critical discussions with PTAs in progress



Key Stats

Revenue

Adjusted Operating (Loss) / Profit

Adjusted Operating margin

H1 24

€140.7m

€(6.0)m

(4.3)%

H1 23

€156.7m

€6.7m

4.3%

% Change

(10.2)%

(190)%

(8.6)%

Achievements H1

- Passenger volumes boosted by German Government's €49 monthly travel initiative, extended until end of 2024
- New MD, industry heavy weight, Dr Michael Hetzer, brings deep experience and sector credibility
- Profit impacted vs prior year due to lower subsidy income relating to energy and staff costs, and higher penalties as industry-wide driver shortages resulted in routes being cancelled

Key focus areas H2

- Critical discussions progressing with PTAs with regards to opportunities to address underlying issues and commercial viability of contracts
- Continued drive to narrow driver gap including training schools and innovative recruitment campaign
- Improving productivity to mitigate driver shortages
- We have increased our 2024 training course capacity by 45%, with 92 drivers currently in active training

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Conclusion and key takeaways

Ignacio Garat
Group CEO

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23

Conclusion & key takeaways

FY Guidance unchanged, progress on cash and continuing growth



FY 24 Guidance on track, adjusted EBIT £185m - £205m



Focus on deleverage



Profit & cash improvement initiatives on target



**Continuing, positive passenger demand
Contract wins and successful retentions & mobilisations**



Q&A



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