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Half Year Results

For the period ended
30 June 2023

27 July 2023

Connecting

communities



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Introduction and key messages

Ignacio Garat
Group CEO

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Introduction & key messages

Delivering on Evolve



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Delivering the strategy

- Delivering on Evolve
- Strong passenger growth; pricing; and pipeline conversion

H2 stronger than H1

- Significant, confirmed H2 benefits from actions taken including pricing and cost-savings

Cost saving plan ahead of target

- Annualised cost-savings now expected to reach £30m (£25m at Q1)
- £15m savings will be delivered in FY 2023

Delivered better debt maturity

- Delivered improved debt maturity and liquidity
- £600m RCF refinanced to 2028
- Covenant gearing within expected range

FY guidance

- FY 2023 EBIT guidance between £200m and £215m

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Delivering the evolve strategy

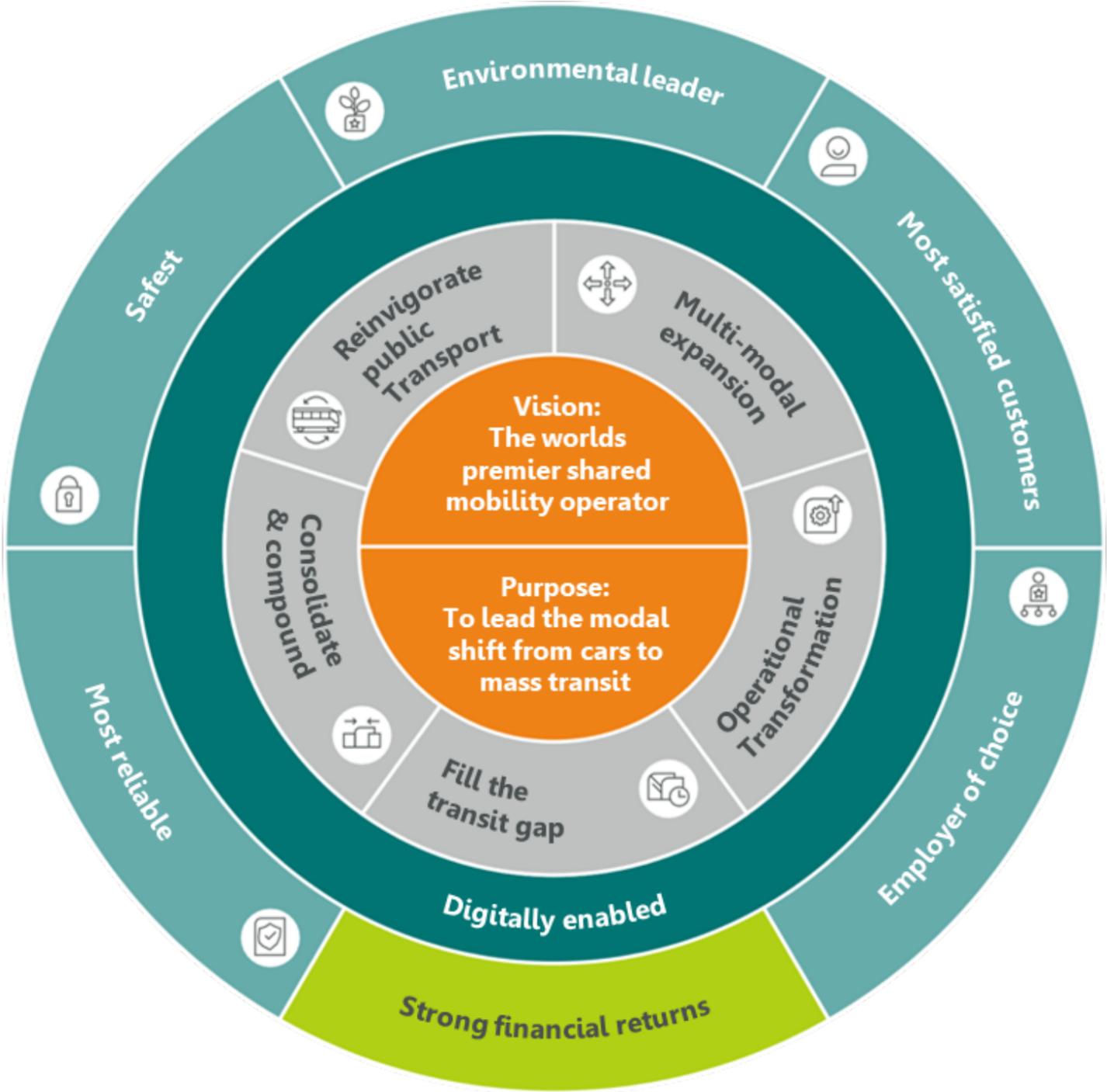
Making good progress



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Delivering the evolve strategy

Charleston Win: Evolve outcomes are the winning formula



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- 10** Year contract
- 133** Vehicles
- 4m** Annual passengers

SAFEST

- Implemented Global Safety Standards

MOST RELIABLE

- Successful, challenging mobilisation

MOST SATISFIED CUSTOMERS

- 4 million passengers
- Great customer feedback

ENVIRONMENTAL LEADER

- 33 Zero Emissions Vehicles in services

EMPLOYER OF CHOICE

- 95% of drivers transferred from incumbent

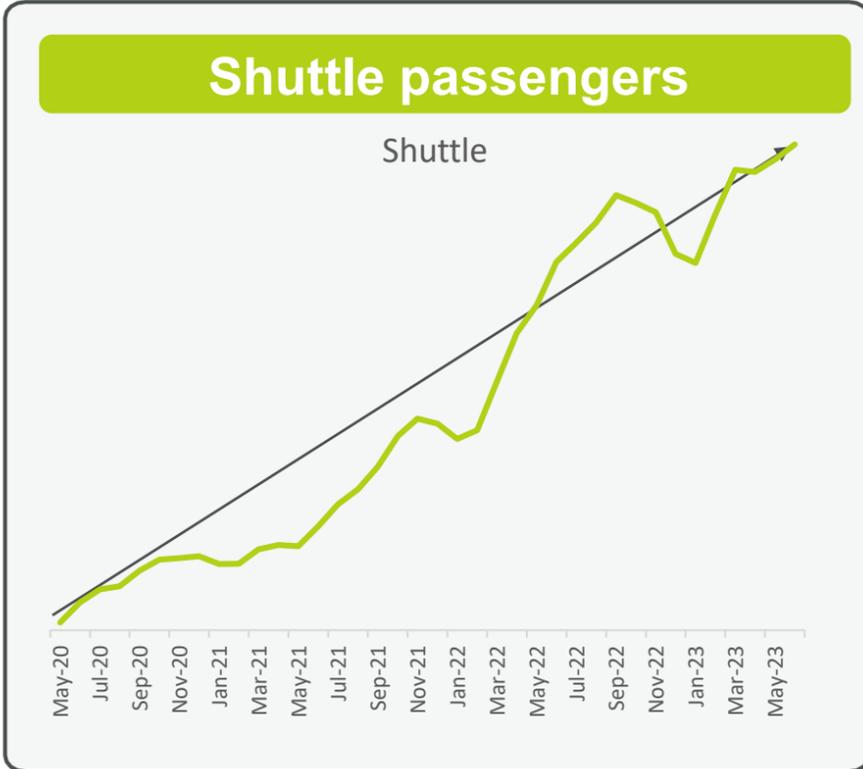
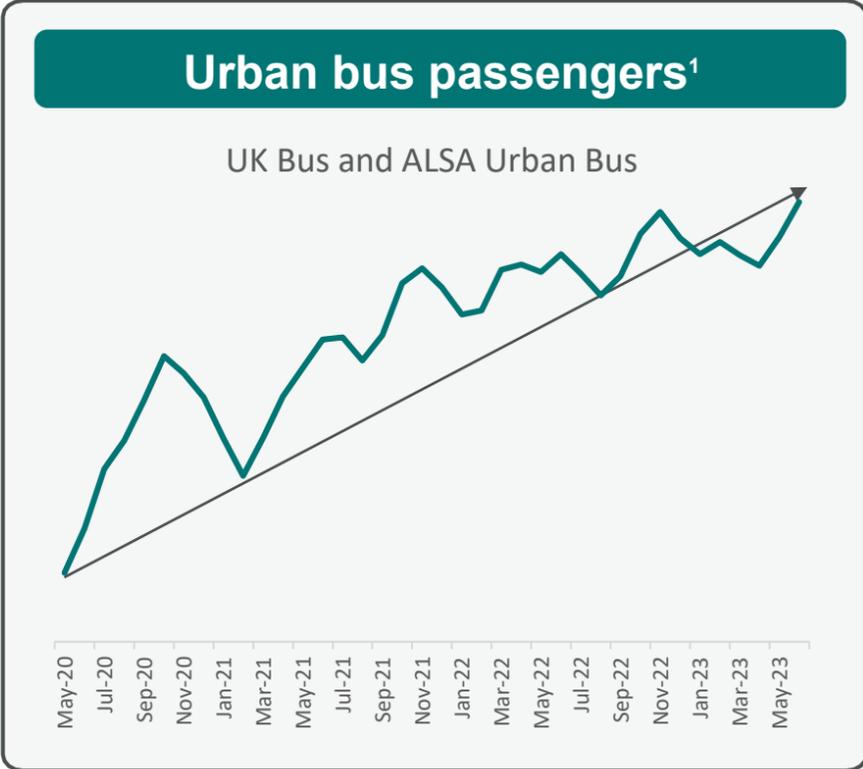
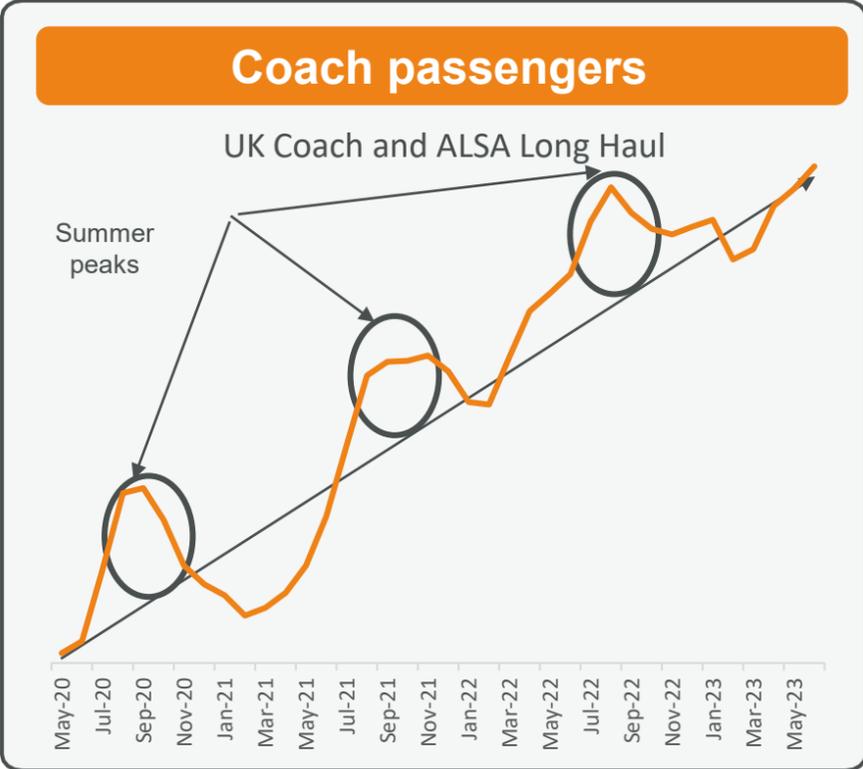
FINANCIAL RETURNS

- Asset light operations

Delivering on: Passenger growth



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Note 1: Spain Urban bus excludes Rober

H1 23 vs H1 22

36%

11%

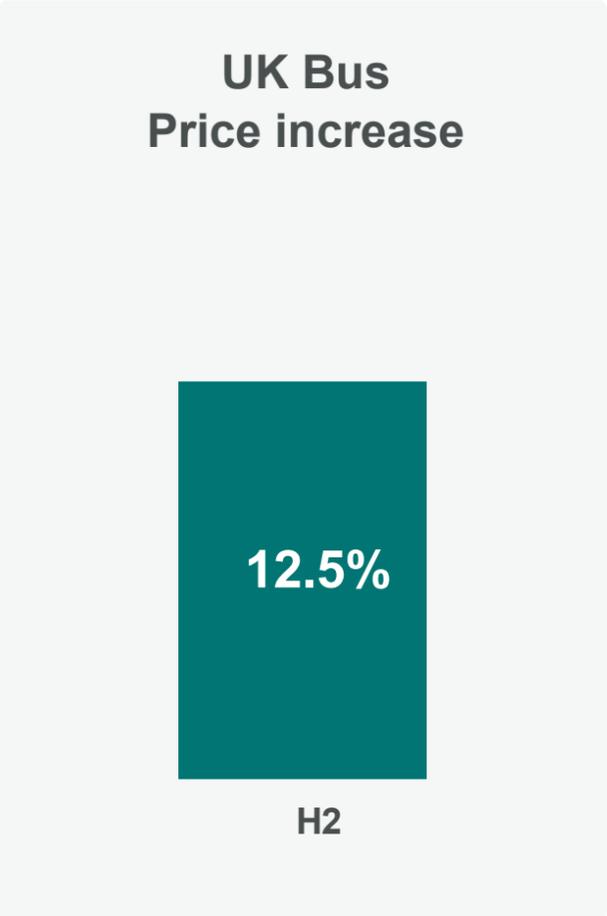
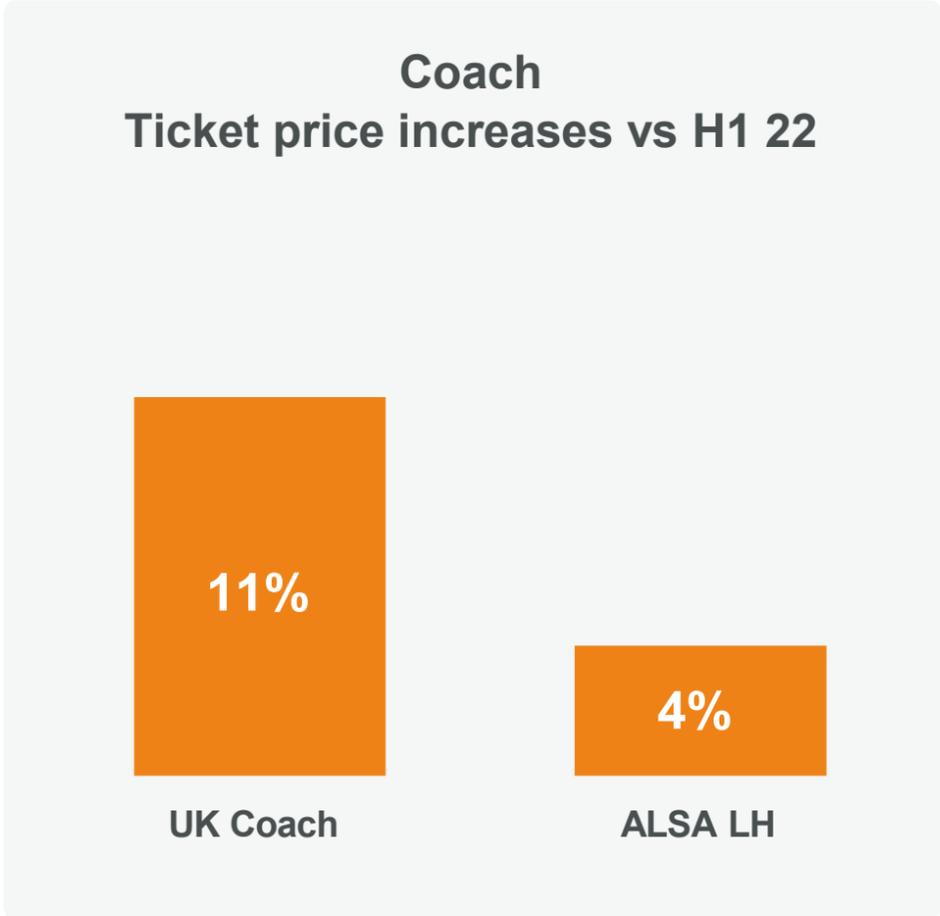
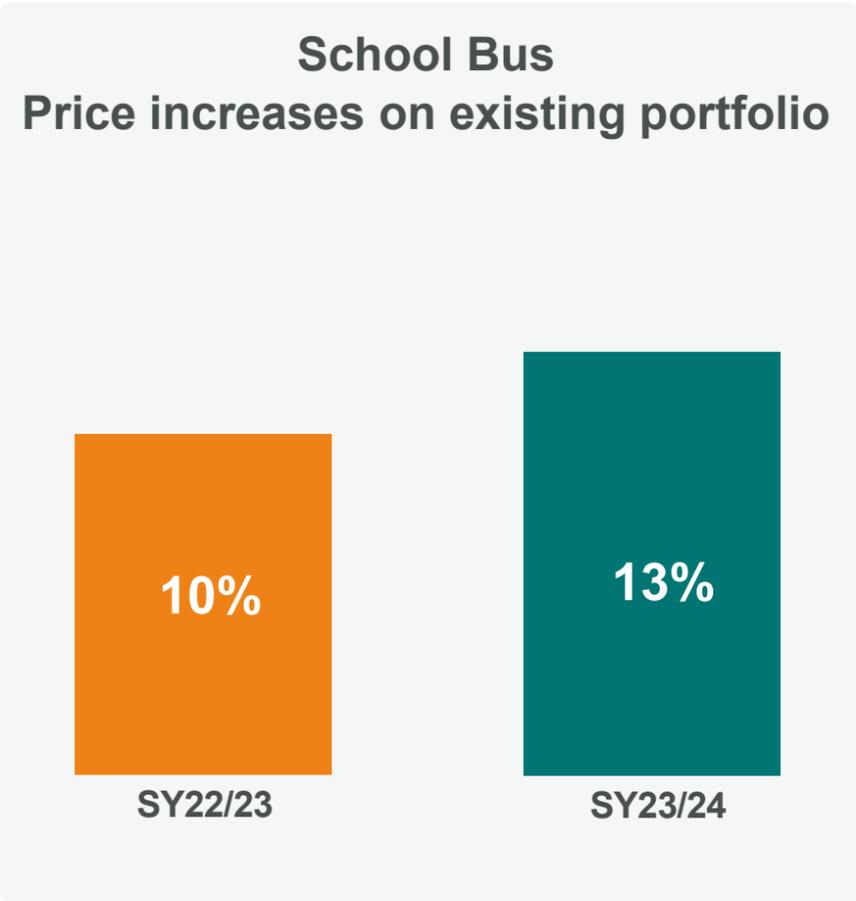
57%

Delivering on: Pricing

■ Benefit in H1 and H2 of FY23
 ■ Benefit in H2 of FY23



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40%
 % of portfolio negotiated
 40%

+42% Passenger growth
 +28%

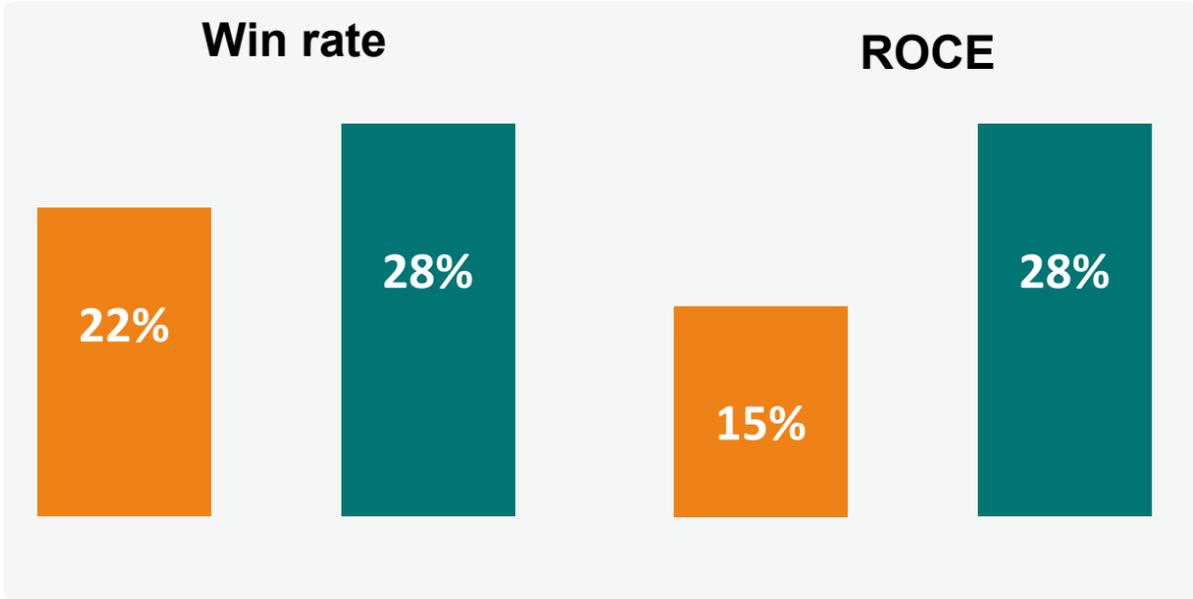
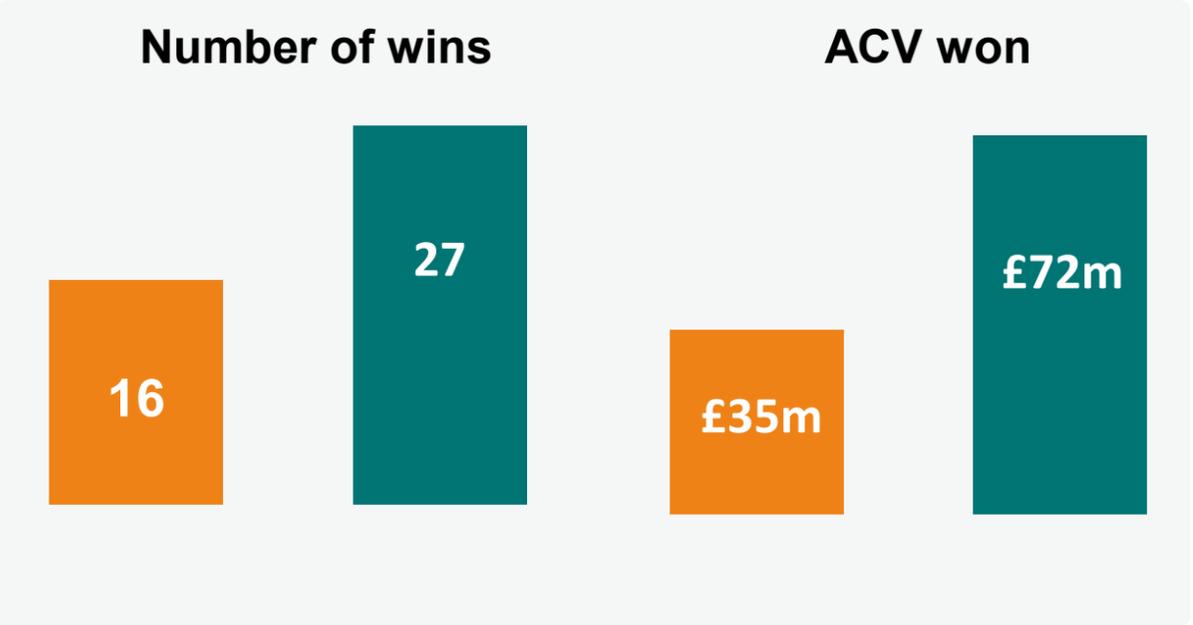
+3%pts Occupancy
 +7%pts

Delivering on: Pipeline

Conversion: momentum and discipline



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27 New contract wins

£72m Annualised contract value (ACV) won

28% Conversion rate on bids submitted and awarded

28% ROCE on won contracts

3 Strategic acquisitions in ALSA

■ H1 22 ■ H1 23

Delivering on: Pipeline

High retention & successful mobilisation

High retention rate

98% School bus retention
(excluding non-regretted)

~100% Retention rate in rest of
Group

€150m Key contracts retention in
ALSA regional

Mobilising £170m of contracts (ACV) in the year

- ✓ **Belfast-Dublin**
- ✓ **RRX, Germany**
- ✓ **Charleston**
- ✓ **River Valley (Chicago)**
- ✓ **Northeastern University**
- ✓ **Porto, Portugal**
- ✓ **Serveo, Madrid**
- ✓ **Geneva**
- ✓ **Saudi Arabia**



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Financial and Operational Review

James Stamp
Group CFO

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2023 half year financial overview

Summary



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Adjusted £m

	H1 2023	H1 2022	Change
Revenue	1,569.4	1,324.3	18.5%
Group Operating Profit	57.5	90.5	(36.5)%
Basic EPS	1.0p	6.1p	(5.1)p
DPS	1.7p	-	1.7p

Key Metrics

Free Cash Flow £m	79.7	63.8	24.9%
ROCE	5.9%	5.9%	-
Covenant Gearing	2.8x	3.1x	(0.3)x

Statutory £m

Group Operating Profit	8.7	42.3	
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Half Year Results

Strong revenue growth

Profit affected by £60m lower Covid funding and increased costs before delivery of cost recovery and pricing actions in H2



Revenue (£m)			Adjusted Operating Profit (£m)		
	H1 2023	YOY % change ¹	H1 2023	H1 2022	YOY % change ¹
ALSA	559.7	+21%	57.6	50.3	+10%
UK	285.4	+20%	(10.8)	(12.8)	+16%
NORTH AMERICA	587.0	+8%	13.8	57.4	(77)%
GERMANY	137.3	+6%	5.9	3.0	+91%
CENTRAL FUNCTIONS			(9.0)	(7.4)	(22)%
GROUP	1,569.4	+19%	57.5	90.5	(36)%

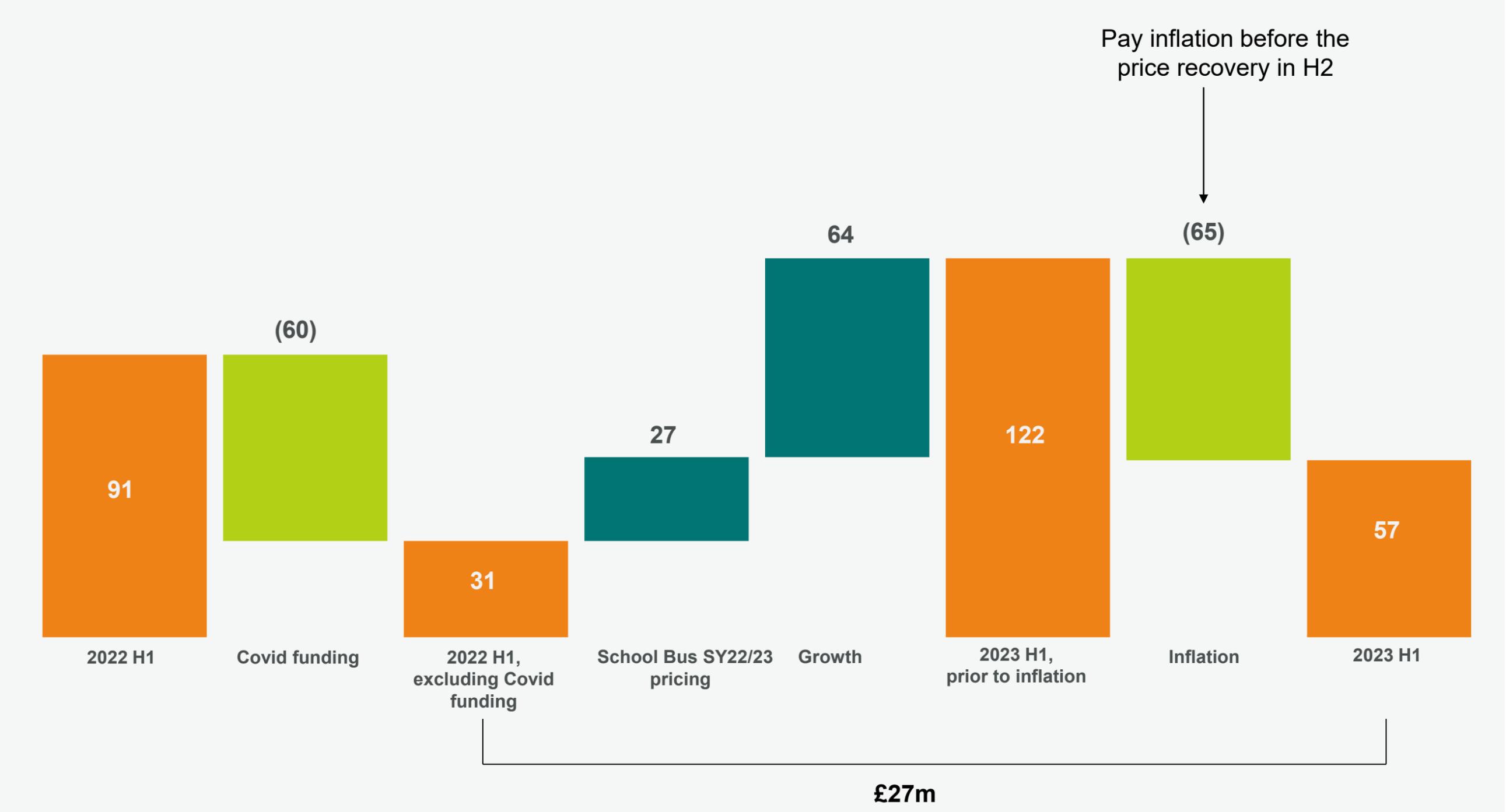
Note 1: % Segment change at constant currency. % Group change at reported currency

Good underlying H1 profit performance

Adjusted Operating Profit: H1 22 vs H1 23



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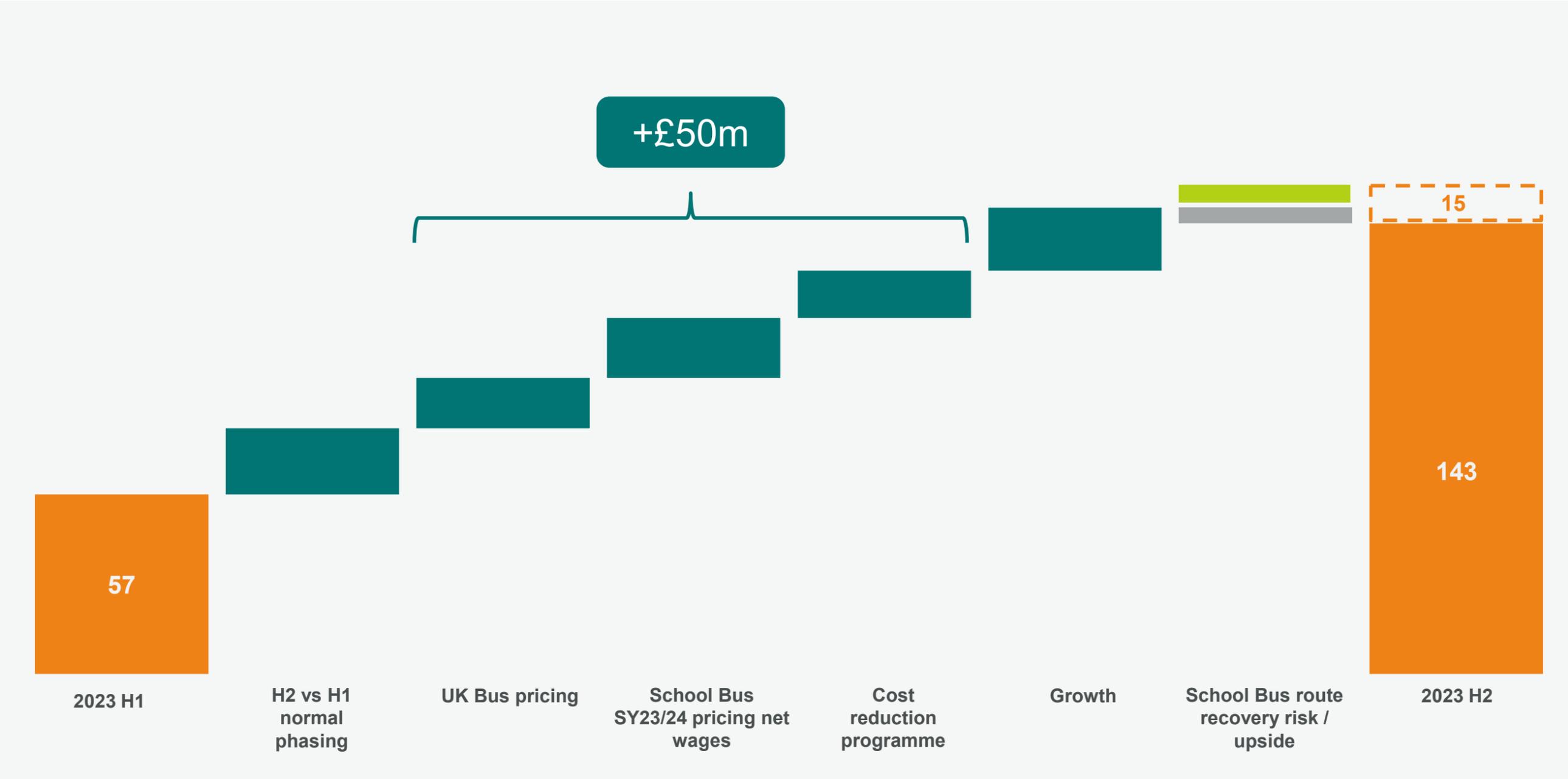


Strong H2 profit weighting expected

Adjusted operating profit bridge: H1 23 vs H2 23



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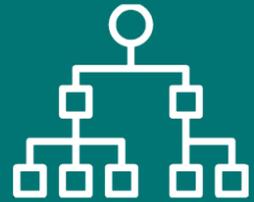


Cost savings ahead of plan

Expecting c.50% of annualised benefit of £30m to be delivered in H2 23



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Organisation Design

- Reduction of 10% in back-office headcount
- 200+ people to exit the business



Productivity



Procurement



Digital Enablement

Covenant gearing stable

Improvement on prior year, stable with full year 2022



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£m

EBITDA
Net maintenance capex
Working capital
Pension deficit
Operating cash flow

H1 2023	H1 2022
166.7	197.8
(55.0)	(88.3)
(3.6)	(24.9)
(3.7)	(3.6)
104.4	81.0

Tax & interest

(24.7)	(17.2)
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>100% FCF conversion

Free cash flow

79.7	63.8
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Gearing improved 0.3x

Covenant gearing

2.8x	3.1x
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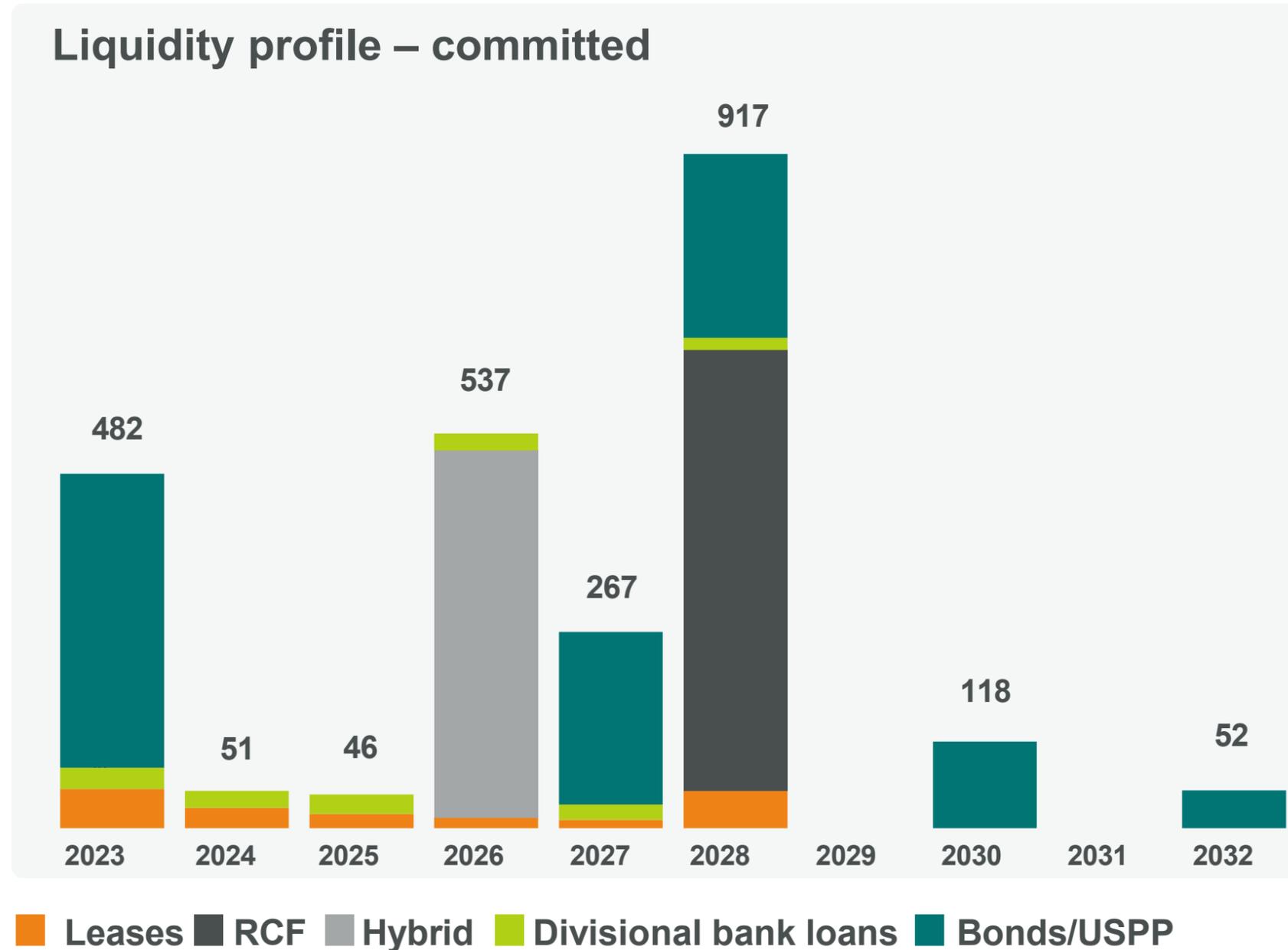
Debt maturity improved

with liquidity increased, and high visibility over interest costs



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- RCF refinanced
- £0.8bn cash and committed headroom at 30 June 2023
- 2023 bond refinancing well progressed
- Interest charge increases for 2023 to c.£75m (FY 2024: c.£82m)
- 80% of interest fixed
- Hybrid bond first non-call option at end of FY 2025
- Average maturity 4.5 years (including hybrid)



NB: Refinancing of the RCF occurred post period end, in July 2023

Adjusting items



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£m	Profit		Cash	
	H1 2023	H1 2022	H1 2023	H1 2022
Adjusted Operating Profit	57.5	90.5		
Intangible amortisation for acquired businesses	(17.3)	(18.7)	-	-
Re-measurement of onerous contracts and impairments resulting from the Covid-19 pandemic	(0.9)	(3.3)	(2.5)	(8.3)
Re-measurement of the Rhine-Ruhr onerous contract provisions	(0.4)	(4.9)	(1.4)	(4.7)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages	(4.9)	(19.7)	(7.0)	(2.7)
Final Re-measurement of the WeDriveU put liability	(2.3)	-	-	-
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	(8.9)	-	-	-
Restructuring and other costs	(14.1)	(1.6)	(12.6)	(7.5)
Total adjusting operating items	(48.8)	(48.2)	(23.5)	(23.2)
Statutory Operating Profit	8.7	42.3		

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ALSA

Record revenue and strong profit growth



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Key Stats

Revenue

Adjusted Operating Profit

Adjusted Operating margin

H1 2023

€638.8m

€65.7m

10.3%

H1 2022

€527.5m

€59.7m

11.3%

% Change

21%

10%

- Strong growth in revenues up 21% on prior year with Adjusted Operating Profit up 10%
 - Long Haul revenues up 34%: Passenger volume up 28%, Occupancy +7%pts, Yield +4%
 - Revenue growth accelerated by Government initiatives to drive model shift, including multi-discount vouchers
 - Regional and Urban up 12% and 10% respectively
 - Morocco performance ahead of expectations with revenue for H1 growing 8% versus last year
- International business (including Portugal) up 19% on H1 2022
- Three small acquisitions in Spain, providing entry to the target Sevilla bus market and complementing our regional bus and tourism business in northern Spain

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North America

Decisive actions to drive H2 improvement



Key Stats

	H1 2023	H1 2022	% Change
Revenue	\$724.3m	\$673.5m	8%
Adjusted Operating Profit	\$17.1m	\$74.6m	(77)%
Adjusted Operating margin	2.4%	11.1%	

- Revenue growth of 8% as services continue to recover
- Operating profit lagging due to:
 - CERTS funding in H1 2022 of \$50.3m (\$nil in H1 2023)
 - Pricing recovery on 40% of the portfolio to benefit H2 from school restart in September 2023
- School Bus pricing better than expected at +13%, or +7.4% across the portfolio
- Driver recruitment and retention ahead of prior year
- Nine new contract wins in Transit & Shuttle
- Acquired final 20% of WeDriveU on 7 July 2023 for \$57m
- Change in leadership to deliver new focus on operational excellence and growth

UK

Action taken to improve profitability



Key Stats

	H1 2023	H1 2022	% Change
Revenue	£285.4m	£237.3m	20%
Adjusted Operating Profit	£(10.8)m	(£12.8)m	16%
Adjusted Operating margin	(3.8)%	(5.4)%	

- Strong growth in UK Coach from passenger recovery (+42%) and yields (+11%)
- Coach network has grown eight times faster than market
- Net Promoter Score (NPS) of 40%, demonstrating benefits of network redesign
- UK Bus affected by drivers' strike in Q1 and the associated 16% wage settlement respectively from 1 January 2023
- One UK management team
- Significant new funding package from WMCA to protect and grow services and extends to 2024
- 12.5% fares increase implemented from 3 July 2023
- Change in leadership to deliver efficiencies and growth

Germany

Building momentum



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Key Stats

	H1 2023	H1 2022	% Change
Revenue	€156.7m	€147.3m	6%
Adjusted Operating Profit	€6.7m	€3.5m	91%
Adjusted Operating margin	4.3%	2.4%	

- Revenue growth of 6% with passenger volumes boosted by €49 monthly travel initiative
- Preparation for mobilisation of RRX Lot 1 continues, with operations continuing on an emergency award basis
- Strong and attractive asset-light pipeline

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FY23 guidance



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- **UK Bus pricing**
- **School Bus pricing**
- **Cost reduction programme**

- **Normal H2 vs H1 weighting**
- **Growth**

- **School bus route recovery risk/upside**

-  Actions taken
-  Growth and seasonality
-  Range of outcomes



- **Significant H2 weighting**

- **FY 2023 EBIT expected to be between £200m and £215m**

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Conclusion & Key messages

Ignacio Garat
Group CEO

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Key messages

Delivering on Evolve



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Delivering the strategy

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FY guidance

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Q&A



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Appendix

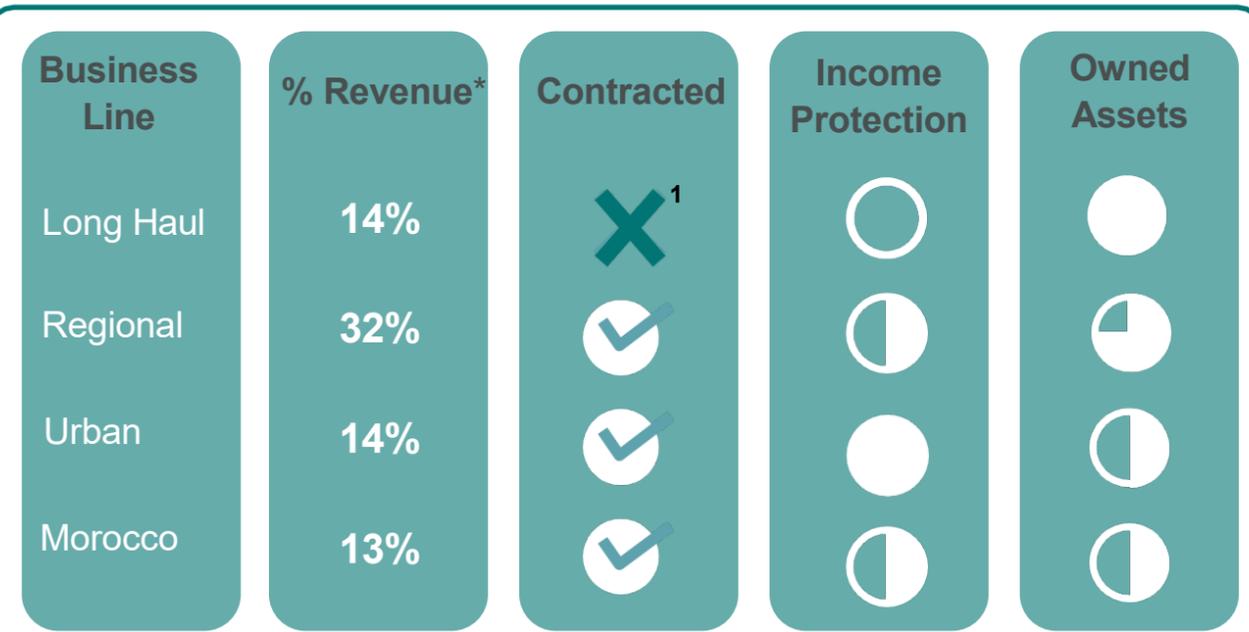


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ALSA



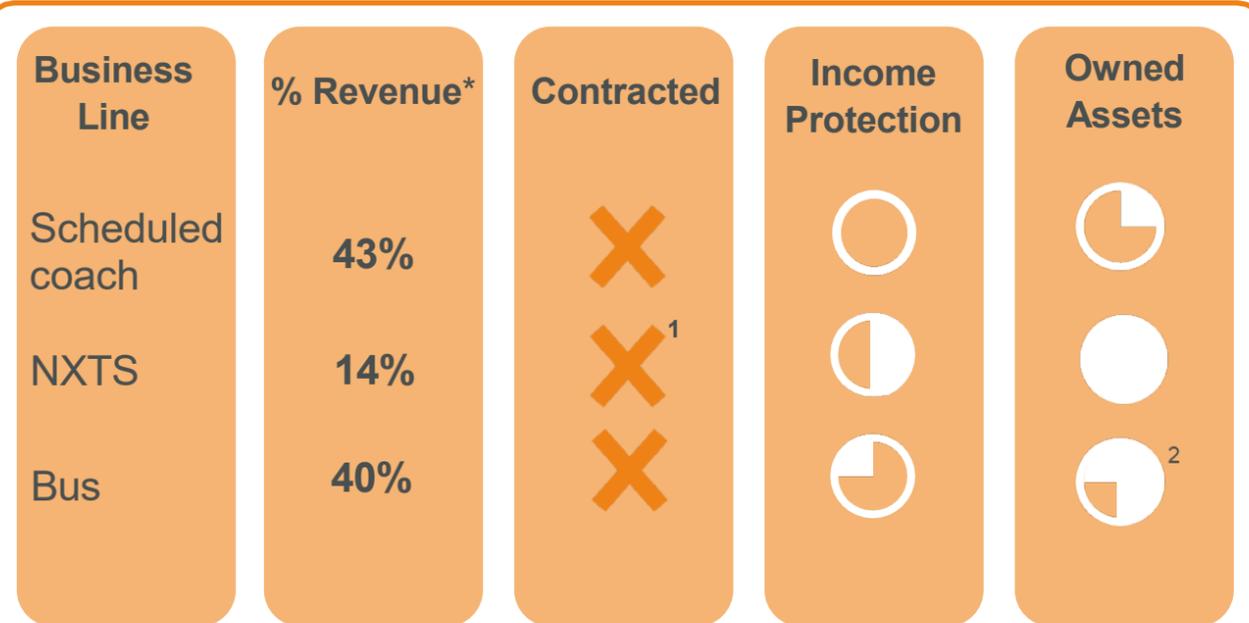
Note 1: Although operated under exclusive concessions contracts, ALSA Long Haul has 100% demand risk. Therefore for the purposes of our contracted revenue analysis, this revenue has been excluded.

North America



Note 1: Demand risk categorised as relatively low as contacts are the exclusive right to run routes. In extreme cases (where children are not going to school, as in the pandemic) routes may be withdrawn

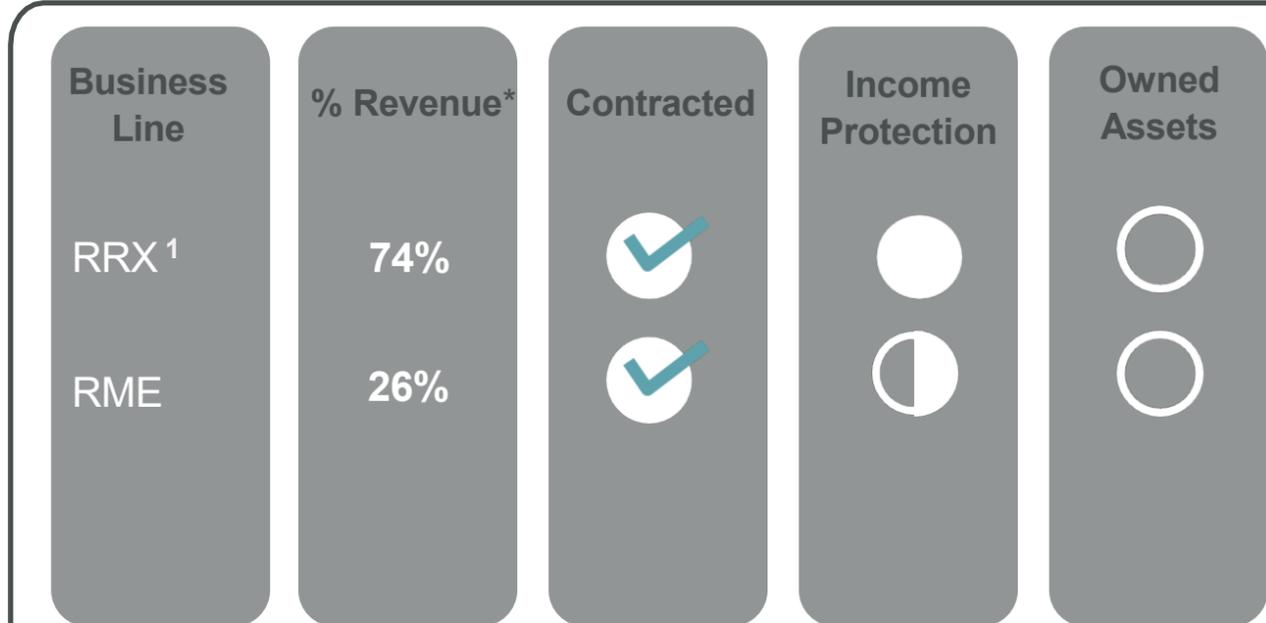
UK



Note 1: NXTS has a mix of contracted and non contracted revenue. Contracts are typically one-year rolling, so have not been categorised as “contracted”

Note 2: Transition to availability contract over time – ¾ owned

Germany



Note 1: Secured the RRX 1 Lot 1 tender during the period. Worth €1 billion in revenue over ten years. Due to start from mid December 2023 and running through to 2033



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