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**Full Year Results**  
For the year ended  
31 Dec 2023



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**Introduction and**

**key messages**

**Ignacio Garat**

Group CEO

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# Introduction and key messages

Top-line growth strong – delay to profit and gearing recovery



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## Positive demand

- PAX and yields improve
- Significant contracts retained, won and mobilised



## Pressure on profit and cash

- Profitability disappointing
- Price rises lag inflation
- Restructuring and Germany absorb cash



## Impact of new divisional management

- Immediate, positive impact
- Much clearer plans
- improvement in culture



## Differing stages of recovery

- ALSA 100yr record profits
- North America improving
- UK Bus & Coach mixed
- German Rail difficult



## Sharpening focus on efficiency

- Restructuring ahead of plan
- Focus on unit costs



## FY 2024 Guidance

- Group Adjusted EBIT to be in the range £185m to £205m



## NASB sale preparation

- Progressing well
- Performance improving
- Good start to School Year 24/25 will optimise valuation

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# Financial and Operational Review

**James Stamp**  
Group CFO

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# 2023 financial overview

Summary



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## Adjusted £m

	FY 2023	FY 2022 (Restated)	Change
Revenue	3,150.9	2,807.5	12%
Group Operating Profit	168.6	197.3	(15)%
Basic EPS	4.5p	15.0p	(10.5)p
DPS	1.7p	5.0p	(3.3)p

## Key Metrics

Free Cash Flow £m	163.7	160.5	2%
ROCE	7.0%	7.6%	(0.6)%
Covenant Gearing	3.0x	2.8x	0.2x

## Statutory £m

Group Operating Loss	(21.4)	(173.5)	88%
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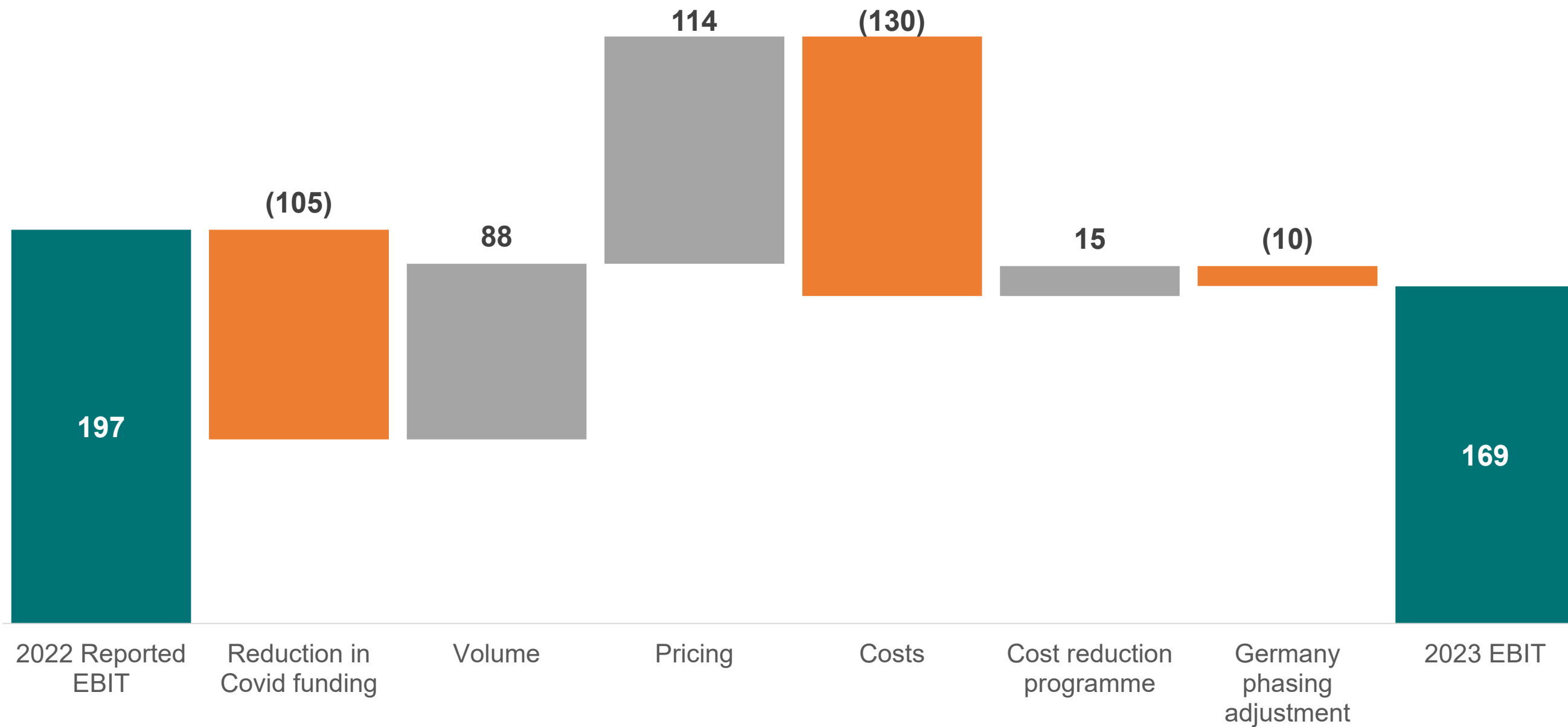
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# 2022 – 2023 profit bridge

Volume and pricing improvements; not sufficient to fully offset inflation and reduction in Covid funding



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# Profit performance

Divisions at different stages of recovery

## Revenue (£m)

	FY 2023	YoY % change <sup>1</sup>
<b>ALSA</b>	<b>1,165.4</b>	<b>+19%</b>
North America	1,115.6	+7%
<b>UK</b>	<b>610.1</b>	<b>+15%</b>
<b>Germany</b>	<b>259.8</b>	<b>(5)%</b>
Central functions		
<b>Group</b>	<b>3,150.9</b>	<b>+12%</b>

## Adjusted Operating Profit (£m)

	FY 2023	FY 2022	YoY % change <sup>1</sup>
	<b>136.8</b>	<b>103.9</b>	<b>+29%</b>
	27.1	68.4	(60)%
	<b>23.5</b>	<b>25.6</b>	<b>(8)%</b>
	<b>0.2</b>	<b>17.6</b>	<b>(99)%</b>
	(19.0)	(18.2)	(4)%
	<b>168.6</b>	<b>197.3</b>	<b>(15)%</b>

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

# Germany

## Principal issues



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**Audit complete and associated German Rail issues concluded**

**Three main commercial issues:**

- **Volatility in energy market and associated cost recovery indices**
- **Industry wide disruption in the train driver market and lower productivity**
- **Persistently high inflation**



**Discussions with PTAs (Passenger Transport Authorities) regarding potential mitigations are ongoing - with all parties looking for an equitable, sustainable solution**



**Commitment to customers remains. Increased scrutiny of new opportunities**





# Germany: Financial details



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## Onerous contract provision (RRX2/3)

Onerous contract provision increased from £47m to £118m.



**£99m**

P&L charge of £99m through adjusting items



**£30m**

Cash outflow of c£30m in FY24



**£11m**

Average £11m p.a. for the remainder of the contracts (to 2033)

## Adjusted operating profit impact (RME and RRX1)

Profit for FY23 £0.2m  
(down £17m from FY22)



**£10m**

£10m in-year hit from IFRS 15 contract adjustments



**£6m**

£6m in-year impact from energy and drivers

FY24 expected Adjusted EBIT loss for Germany of c£5m

£20m profit over remaining contract lives (to 2030/2033)

# Adjusting items

£m	Profit		Cash	
	FY 2023	FY 2022 (Restated)	FY 2023	FY 2022
<b>Adjusted Operating Profit</b>	168.6	197.3		
Goodwill impairment of ALSA	-	(260.6)	-	-
Intangible amortisation for acquired businesses	(35.3)	(37.2)	-	-
<b>Re-measurement of onerous contracts and impairments resulting from the Covid-19 pandemic</b>	(113.3)	(63.3)	(44.8)	(38.3)
Directly attributable gains and losses resulting from the Covid-19 pandemic	(2.1)	(7.6)	(7.1)	(17.0)
Re-measurement of the Rhine-Ruhr onerous contract provisions	(99.2)	(24.3)	(27.9)	(9.6)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages	(12.0)	(31.4)	(9.8)	(11.7)
Final Re-measurement of the WeDriveU put liability	(2.4)	-	-	-
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	(8.9)	-	-	-
Restructuring and other costs	(30.1)	(9.7)	(26.2)	(11.0)
<b>Total adjusting operating items</b>	(190.0)	(370.8)	(71.0)	(49.3)
<b>Statutory Operating Loss</b>	(21.4)	(173.5)		

# FCF after growth capex and M&A of £86m

Free cash flow conversion at 91%, lower growth capex and M&A.



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(£m)	FY 2023	FY 2022
<b>EBITDA</b>	<b>386.0</b>	<b>418.1</b>
Net maintenance capex	(135.7)	(184.5)
Working capital	9.1	(1.1)
Pension deficit	(7.5)	(7.4)
<b>Operating cash flow</b>	<b>251.9</b>	<b>225.1</b>
<b>Tax &amp; interest</b>	<b>(88.2)</b>	<b>(64.6)</b>
<b>Free cashflow</b>	<b>163.7</b>	<b>160.5</b>
<b>Growth capex and M&amp;A</b>	<b>(77.5)</b>	<b>(122.6)</b>
<b>Free cash flow after growth capex and M&amp;A</b>	<b>86.2</b>	<b>37.9</b>

# Net debt stable

Covenant gearing up 0.2x to 3.0x on lower EBITDA



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(£m)	FY 2023	FY 2022
<b>Free Cash Flow after CapEx and M&amp;A</b>	<b>86.2</b>	<b>37.9</b>
Adjusting items	(71.0)	(49.3)
Dividend	(41.1)	-
Hybrid coupon	(21.3)	(21.3)
Other, including FX	53.4	(105.4)
<b>Net Funds Flow</b>	<b>6.2</b>	<b>(138.1)</b>
<b>Closing Net Debt</b>	<b>(1,201.7)</b>	<b>(1,207.9)</b>
<b>Covenant net debt</b>	<b>987.1</b>	<b>985.8</b>
<b>Covenant gearing</b>	<b>3.0x</b>	<b>2.8x</b>

# Accelerate restructuring programs on track

Delivering significant bottom-line benefits in FY24 and beyond

## Accelerate 1.0

## Accelerate 2.0

Workstream	FY23 In-Year (Accelerate 1)	FY24 In-Year (Accelerate 1)
 Organisational Design	£7m	£14m
 Procurement	£5m	£10m
 Productivity	£2m	£4m
 Digital Enablement	£1m	£2m
<b>Total in year savings</b>	<b>£15m</b>	<b>£30m</b>



**£20m**

Further restructuring programme launched in FY23, targeting an additional £20m annualised savings.

**c£10m**

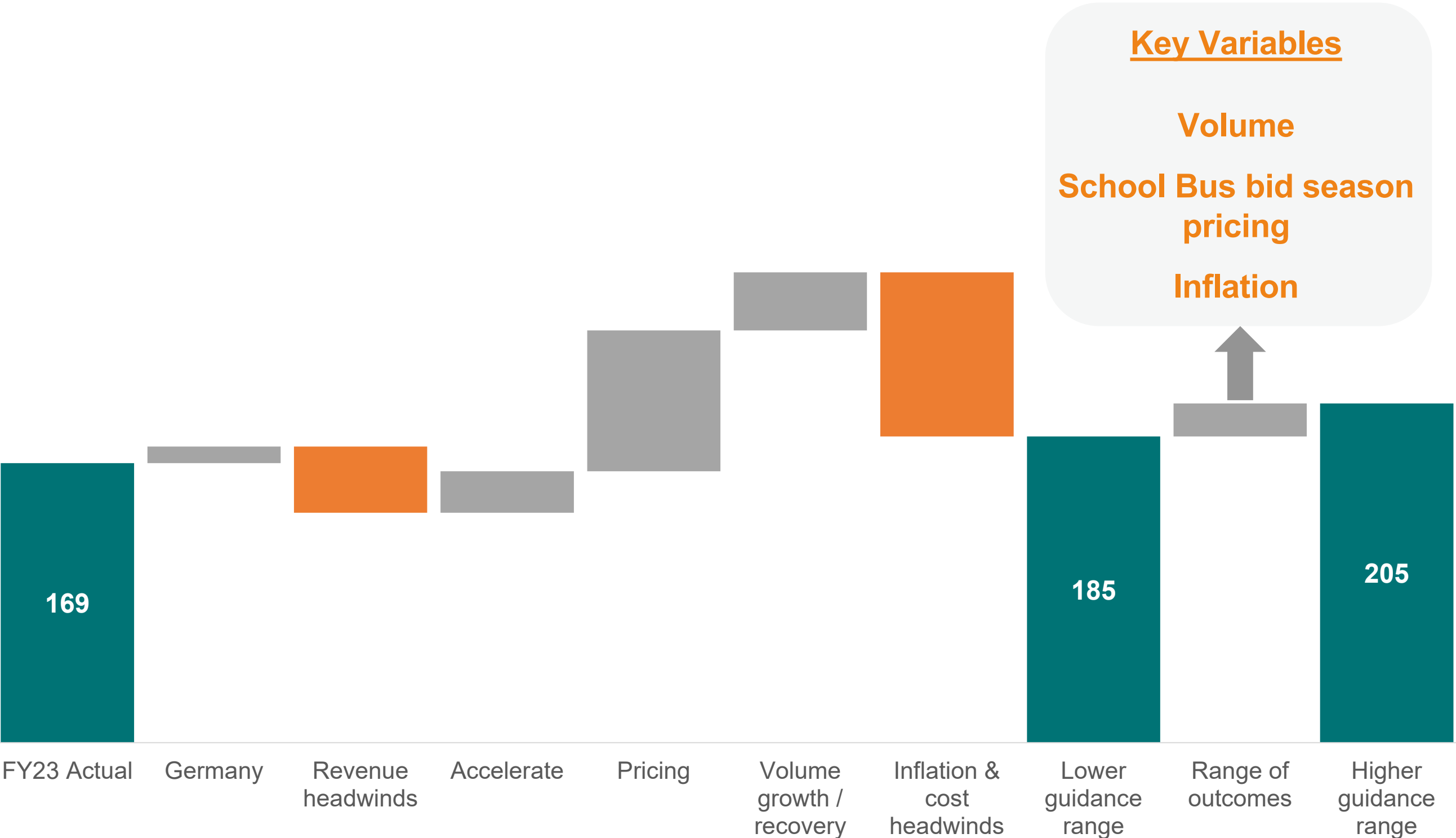
With c. £10m in FY 2024.

# Bridge to 2024 adjusted EBIT guidance

Significant headwinds as we enter FY24, but with actions in place to offset these



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# Q1 update

Inline with current expectations



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Revenue £m	Reported Change	Constant Currency Change
<b>ALSA</b>	<b>8.7%</b>	<b>12.1%</b>
North America	(0.8)%	3.5%
<b>UK and Germany</b>	<b>3.5%</b>	<b>4.6%</b>
<b>Total</b>	<b>3.5%</b>	<b>6.7%</b>



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# Operational Review

**Ignacio Garat**

**Group CEO**

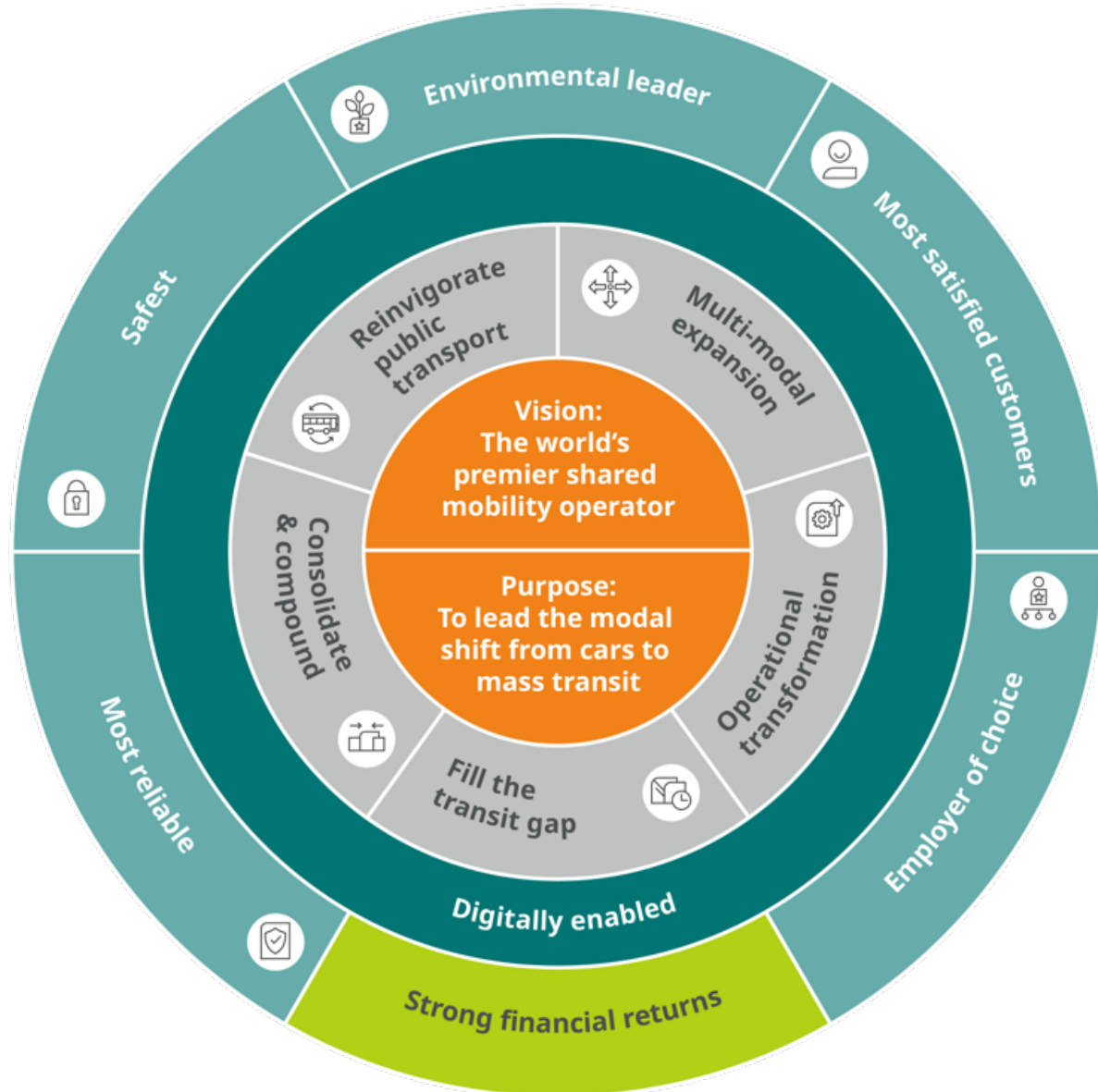
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# Delivering Evolve

Driving fundamental improvement



## Environmental leader

Targeting 14,500 ZEVs by 2030. SBTi approved targets.



## Most satisfied customers

Pax - up 9.9% vs. 2022 (1,074m up from 977m). This is the first time that we have surpassed 1bn passenger journeys.



## Employer of choice

2023 ENPS score of 11, up 4 points from 2022.



## Safest

FWI (Fatality Weighted Index) target met in 2023.



## Most reliable

On-time performance for 2023 OTP - 89.9% in 2023 vs. 89.7% in 2022.



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# Delivering on pipeline - retention

High retention & successful mobilisation



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## High retention rate

 **97%** School bus retention (excluding non-regretted)











 **~100%** Retention rate in rest of Group

 **€165m** Key contract retentions in ALSA regional and B2B

 **2** Major airport coach contract retentions in UK & Ireland

 **2** Key Shuttle contract retentions in the Bay Area

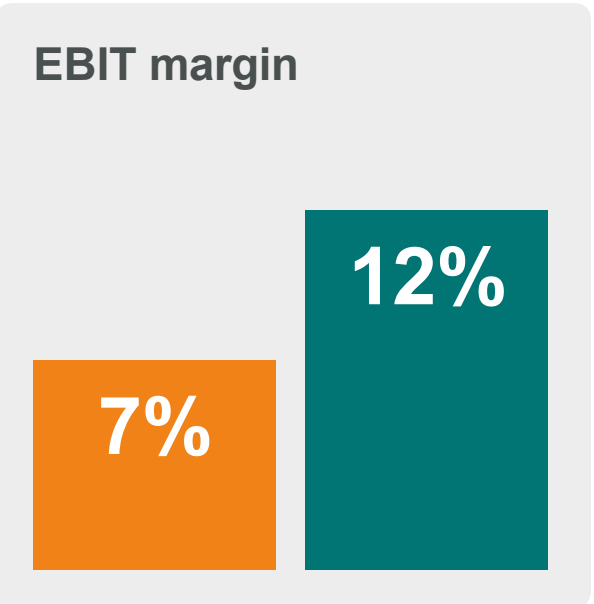
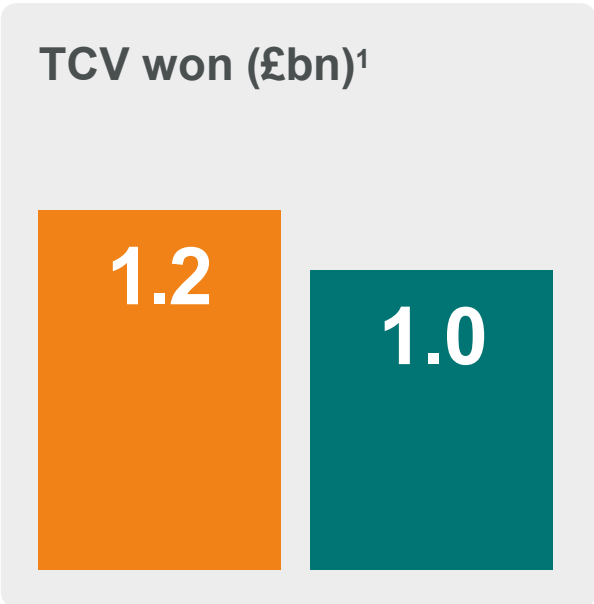
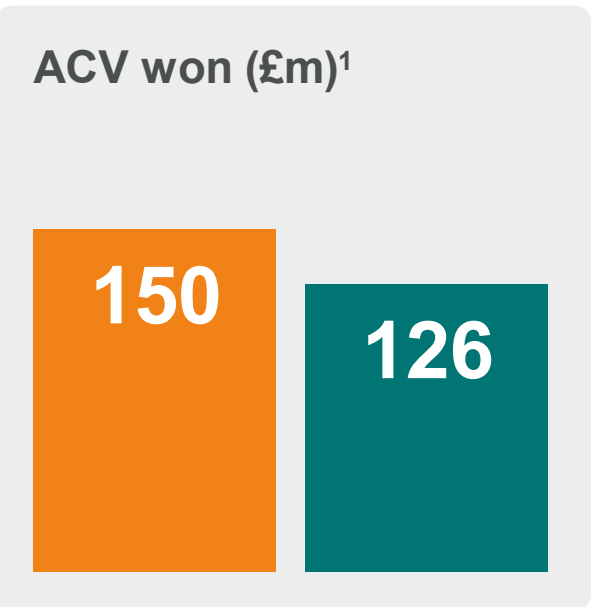
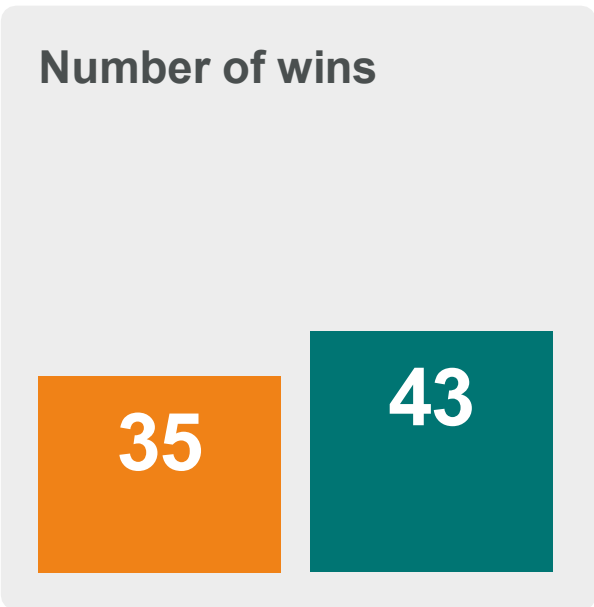
## Mobilised £180m of contracts (ACV) in the year

-  Belfast-Dublin
-  RRX, Germany
-  Charleston
-  River Valley (Chicago)
-  Northeastern University (Boston)
-  Porto, Portugal
-  Serveo, Madrid
-  Geneva
-  Saudi Arabia
-  North Cook County (Chicago)

# Delivering on pipeline - conversion

Conversion momentum and discipline

-  **43** New contract wins
-  **£126m** Annualised Contract Value (ACV) won
-  **£>1bn** Total Contract Value (TCV) won
-  **20%** Conversion rate on bids submitted and awarded
-  **23%** ROCE on contracts won
-  **4** Strategic acquisitions in ALSA



 FY 22  FY 23

**Note 1:** FY 22 includes £90m ACV and £0.9bn TCV for the RRX Lot 1 contract win in German Rail.

# Opportunity pipeline

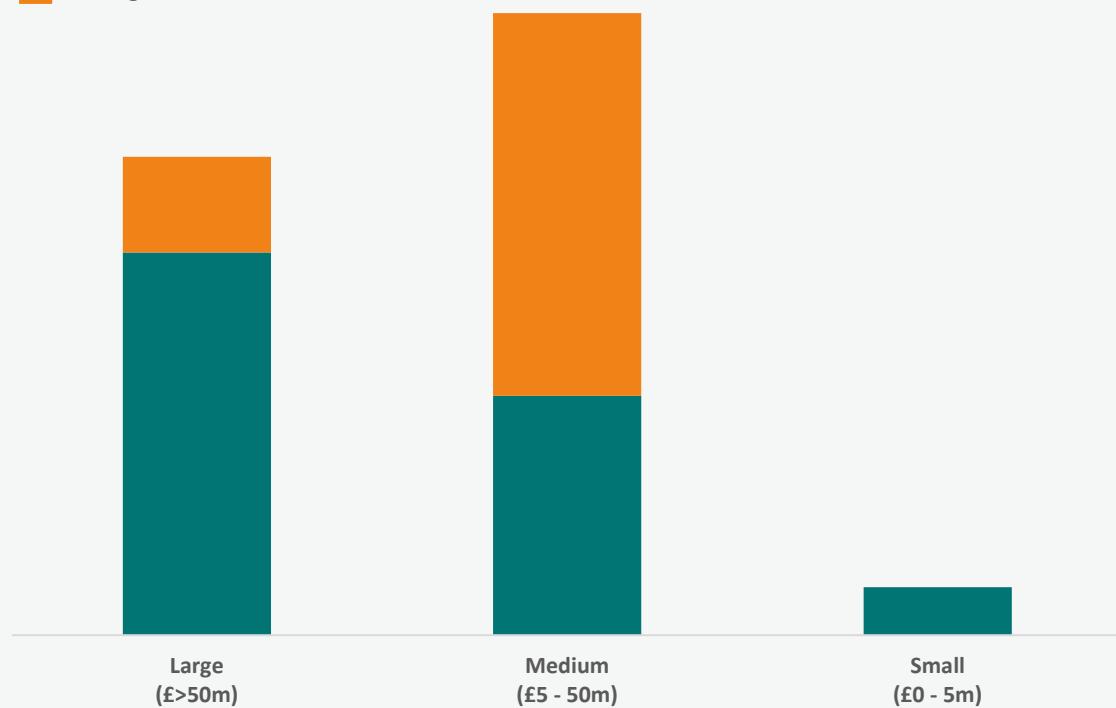
£2.5bn pipeline contains a mix of large and small opportunities



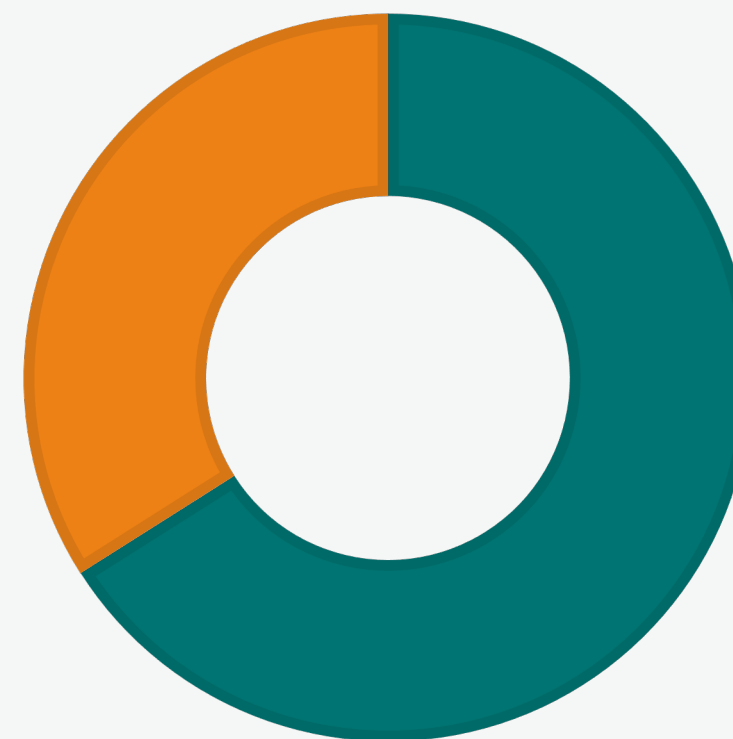
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### 18-month pipeline value by size of opportunity

■ Bids  
■ M&A



### Bid pipeline contains a higher mix of asset light



Asset Heavy  
**33%**

Asset Light  
**67%**

# ALSA

Record revenue and profits



## Key stats

	2023	2022	% Change
Revenue	€1,340.4m	€1,129.3m	19%
Adjusted Operating Profit	€157.4m	€121.8m	29%
Adjusted Operating margin	11.7%	10.8%	0.9%



**589m**

Record Revenue & EBIT performance in 2023, driven by highest ever passenger numbers reaching 589m in 2023 (+13% vs 2022)



**>€140m**

Retention of all key material domestic contracts including Aragon and Valencia, with total contract value of >€140m



**3 contracts**

Successful mobilisation of three contracts: Porto (200 buses) Geneva (35 buses) Saudi Arabia (129 coaches).



**>65%**

New centre of innovation established as digital sales now >65% of Long-Haul revenues

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# North America

Decisive actions to drive H2 improvement



## Key stats

	2023	2022	% Change
Revenue	\$1,387.7m	\$1,296.8m	7%
Adjusted Operating Profit	\$33.7m	\$84.7m	(60)%
Adjusted Operating margin	2.4%	6.5%	(4.1)%



**97.3%**

Significant progress with School Bus driver recruitment and retention resulting in route reinstatement at 97.3% of contractual maximum.



**13%**

Significant progress with School Bus pricing achieving 13% on the renewing portfolio.



**>450**

Early contract wins for School Year 2024/25 to deliver over 450 new routes.



**£54m**

Revenue growth in Transit & Shuttle driven by 14 new contract wins with c.£54m annualised revenue.

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# UK

Action taken to improve profitability



## Key stats

	2023	2022	% Change
Revenue	610.1m	£528.3m	16%
Adjusted Operating Profit	£23.5m	£25.6m	(8)%
Adjusted Operating margin	3.9%	4.8%	(1.0)%



**+25%**

Strong growth in UK Coach Revenue resulting from good passenger recovery (+25%) and yields (+4%) vs '22;



**12.5%**

Fares increase in UK Bus implemented from July 2023, assisting in mitigating cost increases



**2 key renewals**

Two key contracts renewed in Coach, for both Luton Airport (UK) and Dublin Airport (Ireland)



**28%**

Customer complaints reduced by 28% reflecting increased focus on lost mileage, punctuality, driver recruitment & retention



### Bus



- Transition to a model that rebalances risk & reward to maximise profitability and cash
- External party (Oxera) engaged with the Bus Operators Group to finalise a mechanism that will allow fare increases to properly reflect sector costs (inc. wage rates)
- Wage negotiations
- Actively pursue regional franchises

### Coach



- Rapidly accelerate modal shift – increased emphasis on marketing, customer-led route expansion
- Structural cost-reduction and network efficiencies (targeting cost per mile & revenue per mile)
- Evolve yield optimisation with more advanced pricing tools
- Transform the private hire business from loss-making to at least breakeven



# Germany

## Significant challenges



### Key stats

	2023	2022	% Change
Revenue	€298.8m	€315.0m	(5)%
Adjusted Operating Profit	€0.2m	€20.7m	(99)%
Adjusted Operating margin	0.1%	6.6%	(6.5)%



**(99)%**

Profits reduced as a result of higher labour costs and driver scarcity



**OCP increase**

Lifetime profitability of contracts adversely impacted by energy cost recovery and additional costs associated with driver scarcity



**RRX 1 launch**

Successfully launched RRX 1 on a long term contract basis having previously been an emergency award



# Conclusion and **key messages**

**Ignacio Garat**  
Group CEO



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# Conclusions

Tough challenges addressed, attractive opportunities ahead



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**2023 has been a challenging year – but with important underlying progress being made**



**Another strong performance from ALSA, with North America and UK & Germany responding positively to new management**



**Mobico's role in leading modal shift continues to offer attractive long-term opportunity**

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# Q&A



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# Appendix



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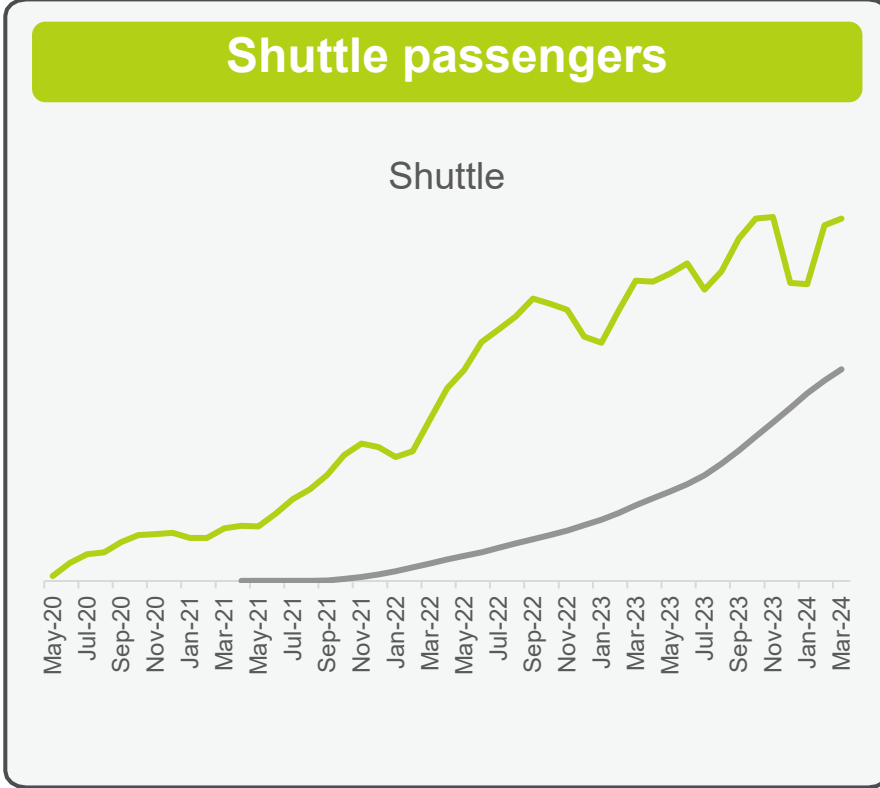
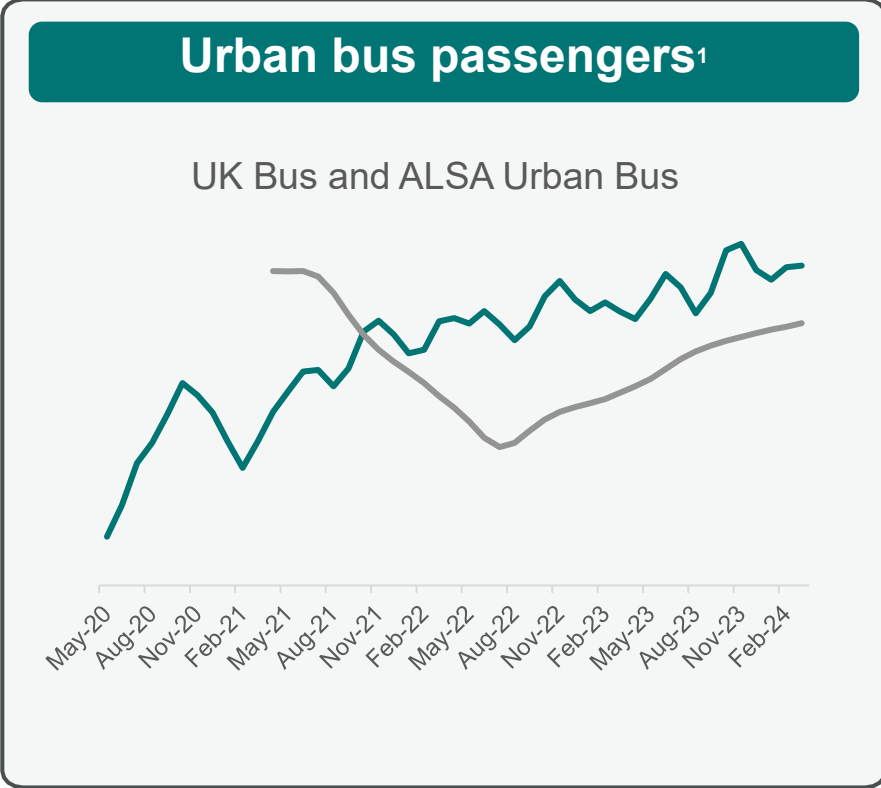
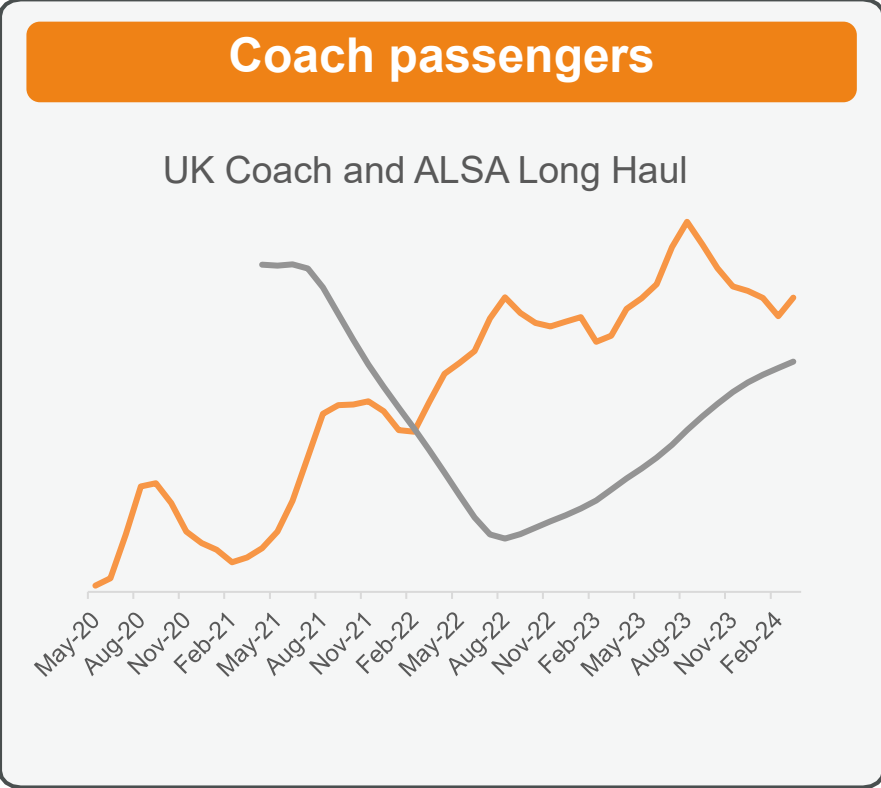
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# Passenger growth



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Note 1: Spain Urban bus excludes Rober

**FY 23 vs FY 22**

**26%**

**12%**

**38%**

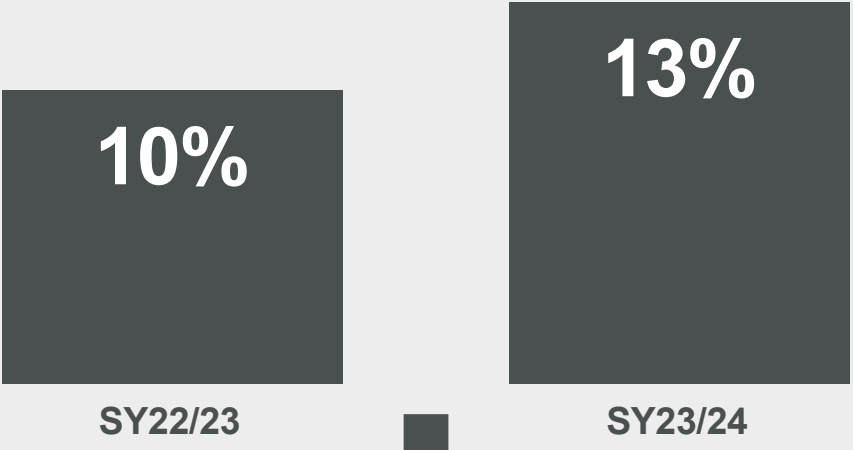
# Pricing



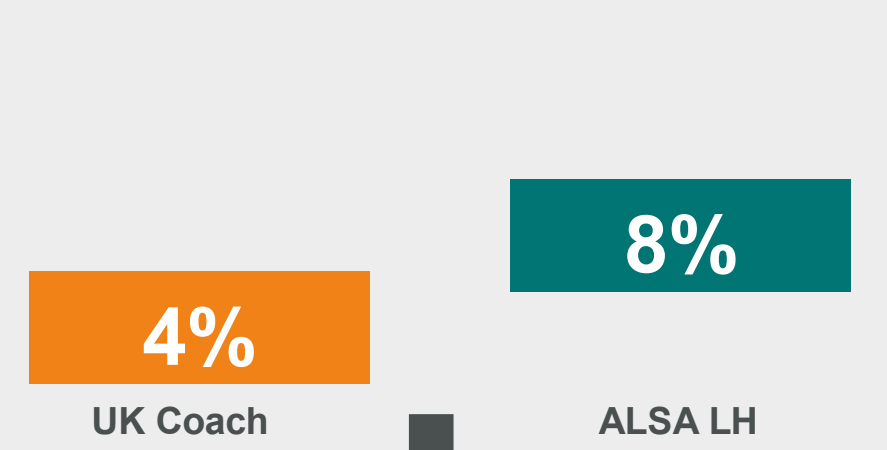
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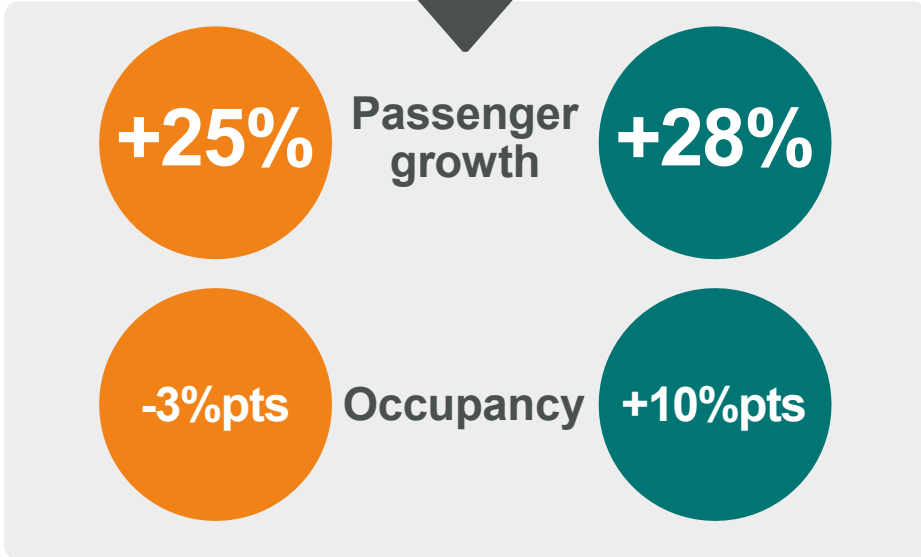
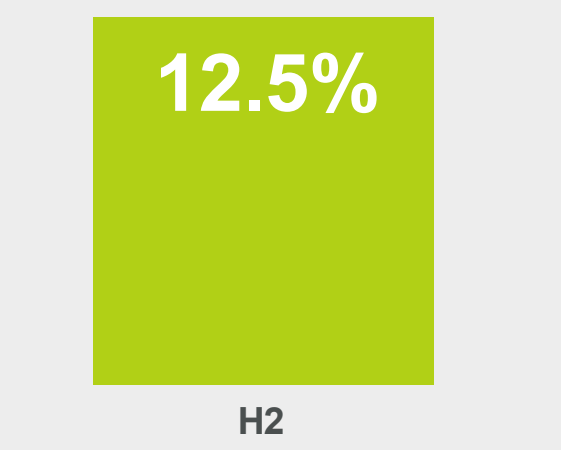
**School Bus**  
Price increases on  
expiring portfolio



**Coach**  
Ticket price increases  
vs FY22



**UK Bus**  
Price increase



# Germany: contract comparison



Contract	Started operations	Contract end date	Gross/Net cost <sup>1</sup>	Energy Index	Comments
RRX 1	2023	2033	Net	626	Was emergency award contract. Run on long-term basis since December 2023
RRX 2	2020	2033	Net	625	Subject to OCP <sup>3</sup>
RRX 3	2020	2033	Net	625	Subject to OCP <sup>3</sup>
RME	2016	2030	Gross	625 <sup>2</sup>	Only contract with passenger farebox exposure

**Note 1:** Gross cost means no exposure to passenger income (compensated for gross costs of operations).

**Note 2:** Index applied in a different way to RRX contracts resulting in lower exposure

**Note 3:** Onerous Contract Provision (OCP) required as original bid under-estimated the number of traction miles, amplifying the impact of energy volatility



# Group long-term targets

Restated for current trading performance



**FY 27 revenue of at least £3.8bn (£1bn above FY 22)**



**Sequential growth in Adjusted Operating Profit with FY 27 Adjusted Operating Profit of approximately £300m (c£100m above FY 22)**



**Cumulative Free Cash Flow (after growth capex and M&A) for FY 22 to FY 27 of around £300m**



**Covenant net debt / covenant EBITDA of between 1.5x to 2.0x by FY27**



**Paying a dividend targeting 2.0x cover (once re-instated)**

**Note1:** our target of Cash Conversion (Free Cash Flow after growth capex and M&A) has been changed from Free Cash Flow ('FCF') to reflect the fact that re-investment of FCF is important to achieve the revenue and profit growth targets. Cumulative FCF (which previously had been guided to be £1.25bn over the period would now be over £1bn)

# Debt maturity improved

with liquidity increased, and high visibility over interest costs



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RCF successfully refinanced

Refinance of **£400m** bond with inaugural EUR issuance

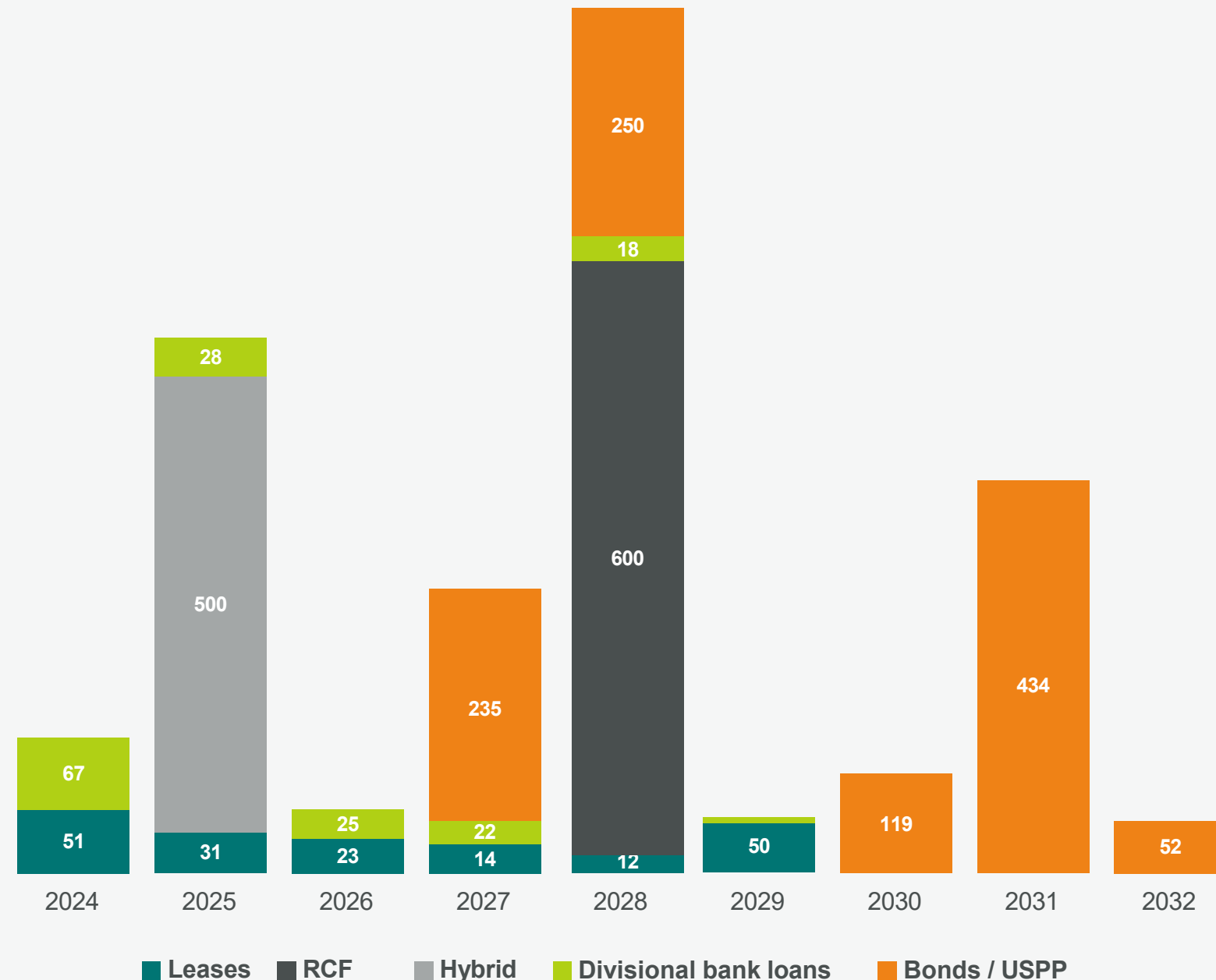
**£0.9bn** cash and committed headroom at 31 Dec 2023

Interest charge increases for 2024 to around £85-90m (FY 2023: £75m)

**Circa 80%** of interest fixed

Hybrid bond first non-call option at end of FY 2025

Average maturity extended to **4.9 years** (including hybrid)



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