

# OPERATING REVIEW

## CONTINUED

### ALSA (SPAIN)



**JAVIER CARBAÑO**  
CHIEF EXECUTIVE,  
ALSA GROUP

**ALSA IS SPAIN'S LEADING PRIVATE OPERATOR OF COACH AND BUS SERVICES OPERATING 64 COACH AND 19 BUS CONCESSIONS WITHIN THE SPANISH MARKET. THE DIVISION PROVIDES NEARLY 62 MILLION PASSENGER JOURNEYS PER ANNUM AND EMPLOYS OVER 3,500 PEOPLE.**

#### REVENUE

**£249.3m**

(2005: £18.2m)

#### NORMALISED OPERATING PROFIT

**£44.3m**

(2005: £2.6m)

Alsa was acquired by the Group in December 2005.

Revenue in the year was £249.3m (2005: £18.2m) and normalised operating profit was £44.3m (2005: £2.6m). We are delighted with the progress of Alsa in its first full year as part of the Group. Our experienced local management team delivered an excellent performance and the financial integration project has been successfully completed.

We have continued to improve our fares and product offering. Our long distance coaching division saw passenger growth of 2%. Drawing on our experience in the UK for the first time, we introduced promotional fares and special offers. There has also been a greater focus on sales through the internet which now account for around 14% of total sales. We believe we can further reduce our cost of sales through increased promotion of the internet.

During the year, our urban bus division secured new business, retained contracts and moved into new geographic areas in Spain. We were awarded a contract to transfer customers to and from the new terminal at Madrid Airport and we won two new franchises in Catalonia to operate coach services from the AVE Station of Tarragona.

In December 2006, a 15 year contract to operate the urban network in the city of Leon was renewed and new school bus contracts were won in Levante. Bus station management contracts were awarded in Zaragoza and Seville. The regional franchises in Cantabria, have been renewed until 2012 and 2013 respectively. We also acquired a 25% shareholding in Billbobus, the largest private operator in Bilbao which operates a fleet of over 270 buses. Our Moroccan bus operation continues to flourish and we are currently shortlisted on a tender for 400 buses in the capital city of Rabat.

We were also pleased to be awarded, with partners Madrid Metro\* and Caja Madrid bank, the concession to operate and maintain Madrid's newly constructed light rail system which is expected to commence in May 2007.

#### ▼ THE COACH IS A POPULAR OPTION FOR BUSINESS TRAVEL



#### > THE NEW TERMINAL AT MADRID AIRPORT IS ONE OF A NUMBER OF NEW CONTRACTS