Full Year Results
For the year ended 31 December 2022

2nd March
2023

national express

Introduction and FY22 summary

Ignacio Garat

Group CEO

Introduction and highlights of 2022

Sustained momentum and progress against our key priorities

Strong sequential revenue growth	• Group revenue of £2.8bn (+29%), above pre-pandemic levels • Driven by sustained and continuing underlying demand growth
Rebuilding profit with strong cash conversion	• Operating profit of £197.3m, more than double 2021 levels • Cash conversion increased to 81%
Rebuilding the balance sheet	• Progress with organic deleverage to 2.8x (on a covenant gearing basis) • Close to our target range within two years
Progress against Evolve strategy	• Progress against all areas of the Evolve strategy • 35 contracts won worth £150m revenue p.a. including a €1bn German rail win
Dividend reinstated	• Dividend of 5.0p reinstated at 3x cover

Delivering the evolve strategy

Making good progress

Safest

Safety FWI

1.844 in 2020	2.847 in 2021	1.638 in 2022

Most reliable

On Time Performance OTP (%)

92.5 in 2020	93.9 in 2021	91.1 in 2022

Environmental leader

GHG Scope 1&2 (emissions/mpkm)

24.29 in 2020	25.26 in 2021	24.17 in 2022

Delivering the evolve strategy

ZEV Rollout continues at pace

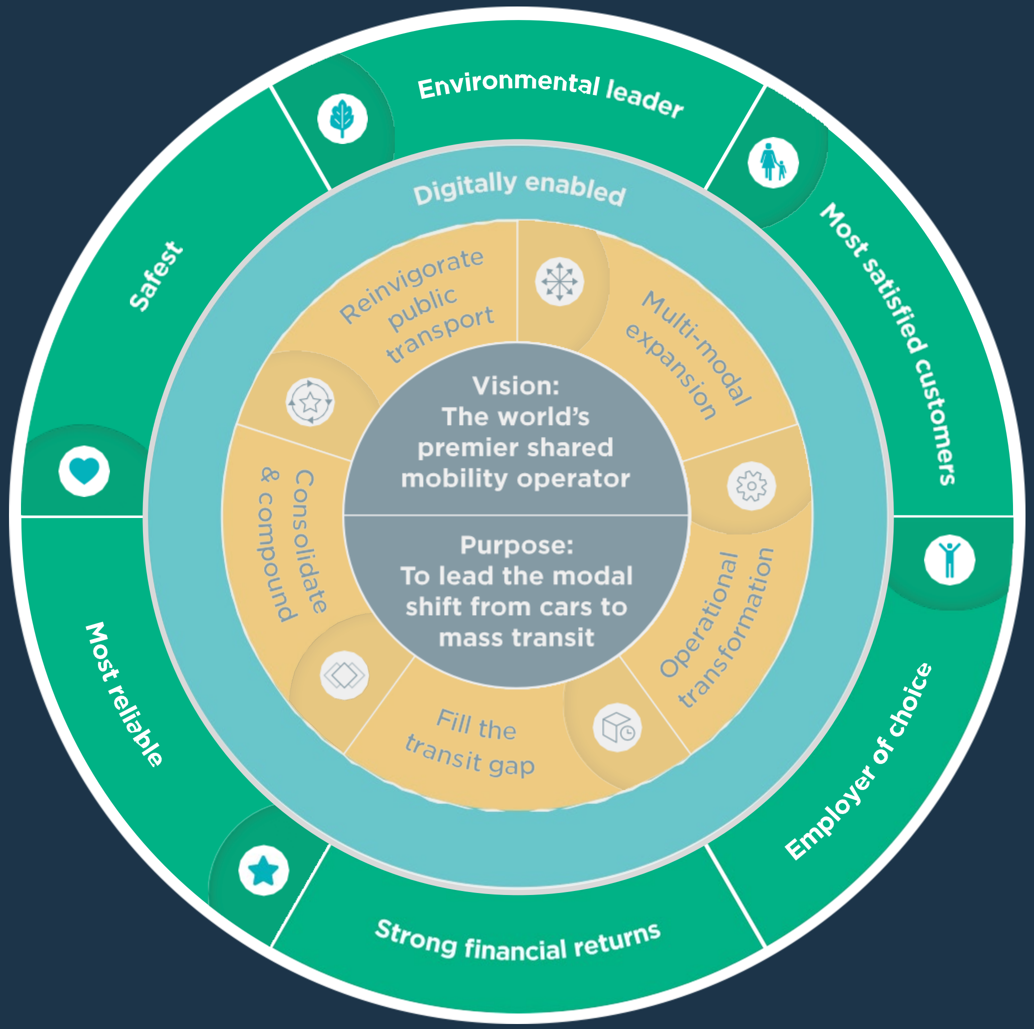
evolve

Target: 1,500 ZEVs by 2024

- **Safety**
  Collisions down 27%
- **Improved Range**
  Vehicle range is 15% better than manufacturer expectations
- **Fewer Breakdowns**
  Breakdowns reduced by 62% compared to our diesel fleet

Delivering the evolve strategy

Making good progress



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1.844	2.847	1.638

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Environmental leader

GHG Scope 1&2 (emissions/mpkm)

2020	2021	2022
24.29	25.26	24.17

Most satisfied customers

Passenger journeys (m)

2020	2021	2022
579	792	977

Employer of choice N/A

eNPS 1 year

2020	2021	2022
NA	NA	+7

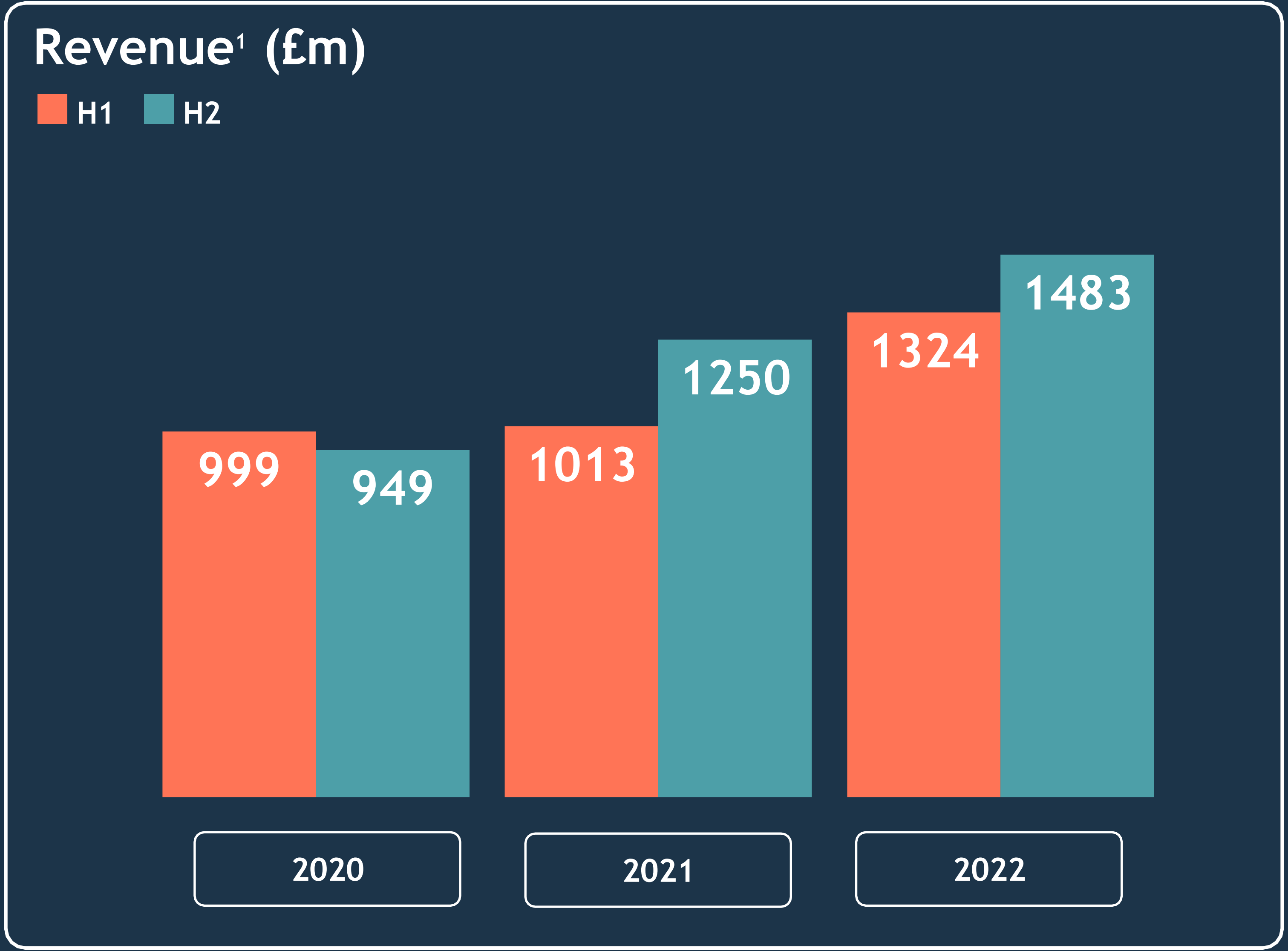
Strong financial returns

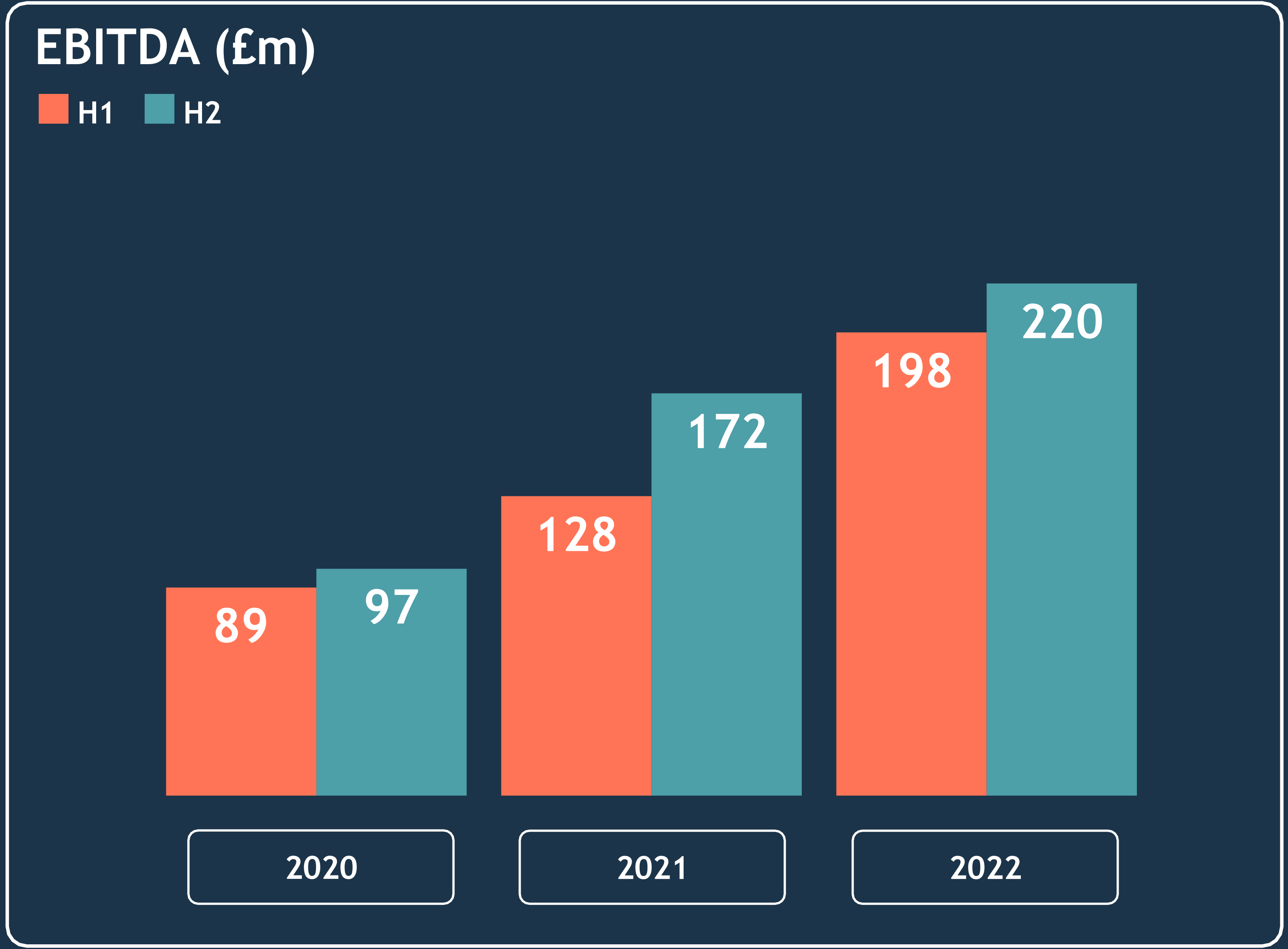
ROCE

2020	2021	2022
-2.0	3.4	7.7

Introduction and FY22 Summary

Sequential growth continues despite challenging environment



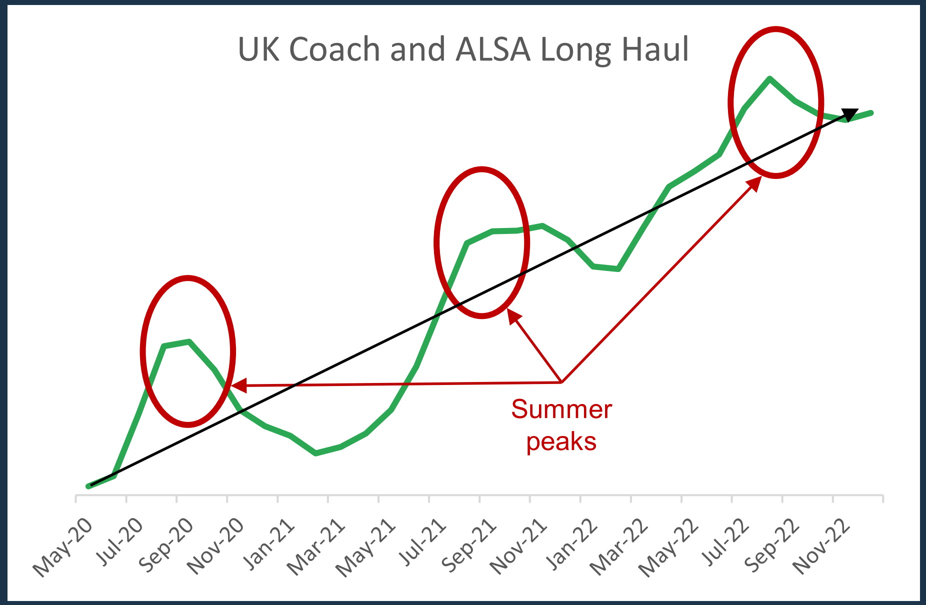


Note 1: Revenue is presented on a constant currency basis; 2021 and 2020 revenue is reinstated to be on the same foreign currency exchange rates as 2022

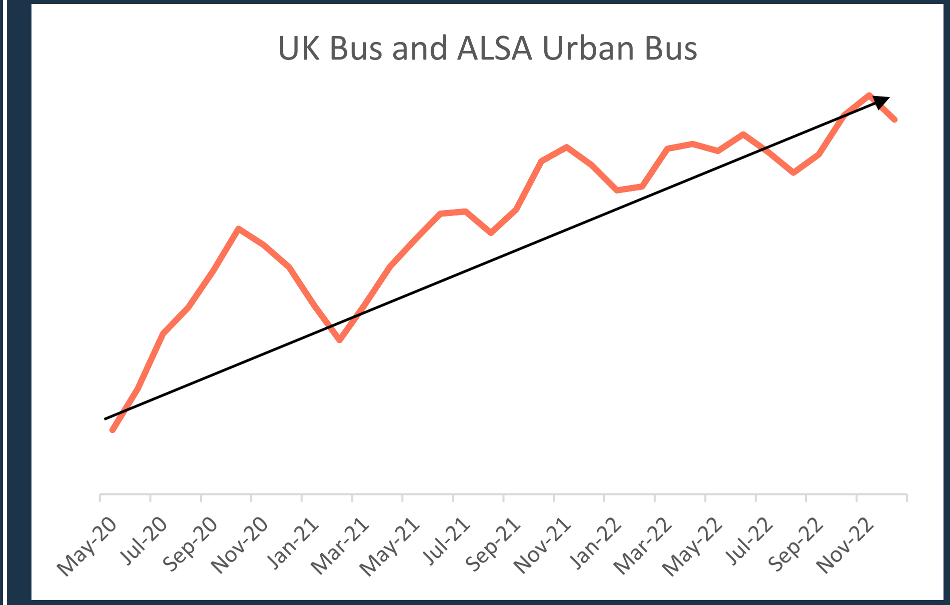
Introduction and FY22 Summary

Sustained underlying recovery across the business - rolling two month average

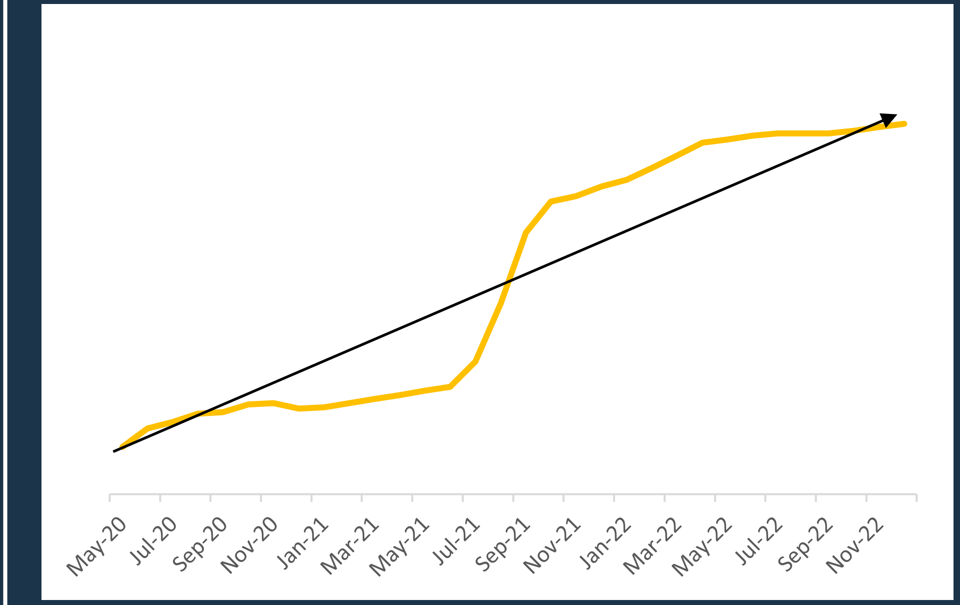
Coach passengers



Urban bus passengers[1]



Shuttle services[2]



Note 1: Spain Urban bus excludes Rober

Note 2: Measured as number of vehicles in operation

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Introduction and FY22 Summary

Resilience and agility in a challenging operating environment

In the face of volatility we have taken decisive action including:

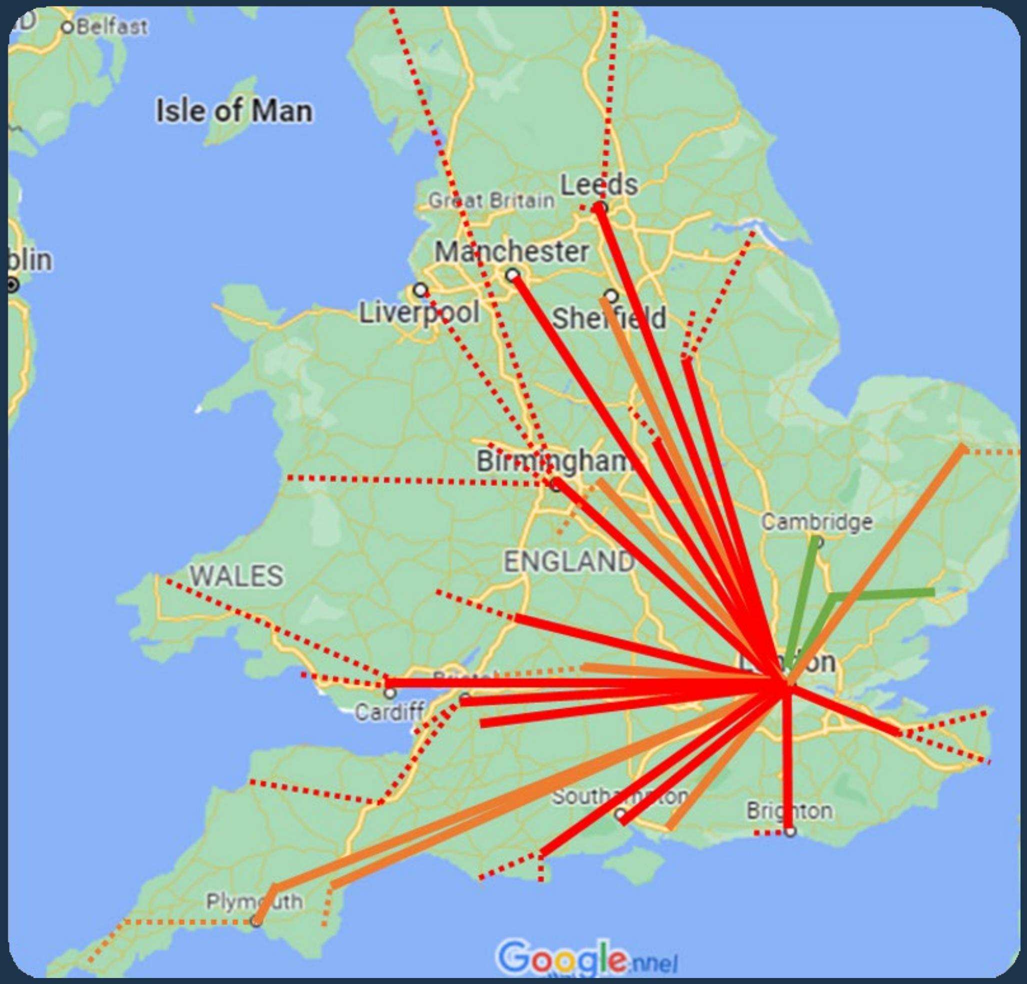
	ALSA	NORTH AMERICA	UK & GERMANY
PEOPLE	+ Restructured in Morocco and Spain	+ Restructured NA management	+ Restructured UK Coach
OPERATIONS	+ Scheduling optimisation	+ Accelerated Digital Platform	+ Network redesign
CONTRACTS	+ Lisbon mobilisation	+ Out of cycle rate increases	+ Lot 1 emergency award

Introduction and FY22 Summary

UK Coach network rebuild

100% revenue from 80% of the network

- Higher frequency, faster, direct journeys
- 6% improvement in cost per pax mile (normalised for inflation)
- Driver duties optimised



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Introduction and FY22 Summary

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OPERATIONS	+Scheduling optimisation	+Accelerated Digital Implementation	+Network redesign
CONTRACTS	+Lisbon mobilisation	+Out of cycle rate increases	+Lot 1 emergency award

Financial review

James Stamp

Group CFO

2022 full year financial review

Introduction and priorities

Delivering quality growth in the business

A diverse and resilient portfolio and a strategy to deliver growth

Near-term priority to strengthen the balance sheet

Prioritising strong cash generation

Whilst focusing relentlessly on returns

Achieved through rigorous capital allocation to drive value

2022 full year financial review

Summary

Underlying £m	2022	2021	Change
Revenue	2,807.5	2,170.3	+29.4%
Group Operating Profit/(Loss)	197.3	87.0	n/m
Basic EPS	15.0p	0.2p	n/m
DPS	5.0p	n/a	n/m

Key Metrics	2022	2021	Change
Free cash flow	160.5	123.4	+30.0%
ROCE	7.7%	3.4%	+430bps
Covenant Gearing	2.8x	3.6x	-0.8x

Statutory £m	2022	2021	Change
Group Operating Profit/(Loss)	(158.5)	(36.2)	n/a

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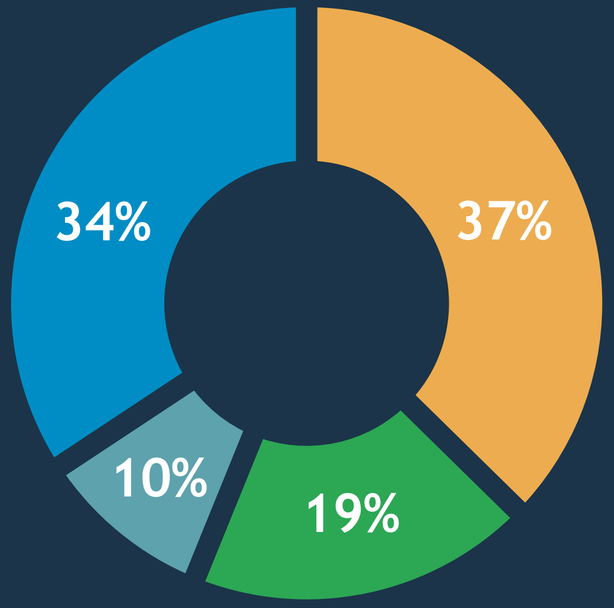
2022 full year financial review

Divisional summary



Revenue	YOY % change[1]
ALSA £962.5m	+35.1%
North America £1,048.2m	+8.3%
UK £528.3m	+32.8%
German Rail £268.5m	+48.7%

Pie chart % revenue by division

Note 1: % change on constant currency

Underlying Operating Profit/(Loss)

	2022	2021	% change
ALSA	£103.9m	£56.6m	+85%
North America	£68.4m	£74.4m	(8)%
UK	£25.6m	(£22.6m)	n/a
Germany	£17.6m	£5.0m	+252%
Central functions	(£18.2m)	(£26.4m)	+31%
Group	**£197.3m**	**£87.0m**	**+127%**

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2022 full year financial review

Strong portfolio underpinned by contracts

70% of revenues are underpinned by contracts, of which 74% have a high or medium level of income protection

34%
High

40%
Medium

26%
Low

High: no demand risk
Medium: customer could vary volume
Low: Net cost

85% of our contracts have a high or medium level of cost inflation protection

42%
High

43%
Medium

15%
Low

High: Pass through / highly effective index
Medium: General CPI inflator
Low: No cost pass through

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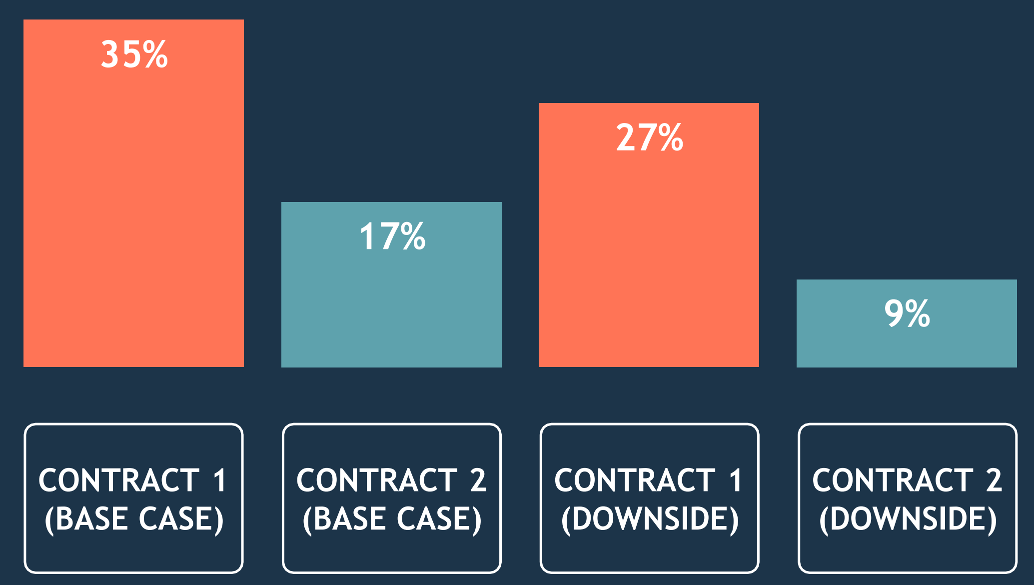
Disciplined capital allocation: risk vs reward

Illustrative financials (5-year contract example)

	Contract 1 (Base Case)	Contract 2 (Base Case)
Revenue	**£550M**	**£700M**
Operating Profit	£28M	£100M
Operating Profit Margin	5%	14%
Capex	£10M	£150M
IRR	29%	15%

- Illustrative example: two otherwise identical 5-year contracts with 600 buses, where:
  - Contract 1: asset light/no demand risk/high cost protection; and
  - Contract 2: is asset heavy/revenue demand risk/low cost protection

Return on Capital Employed



ALSA

Record revenue and strong profits growth

Business Line	% Revenue	Contracted	Income Protection	Owned Assets
Long Haul[1]	15%	✗[2]	○	●
Regional	33%	✓	◑	◕
Urban	16%	✓	●	◑
Morocco	15%	✓	◑	◑

Note 1: Values are the percentage of ALSA's FY22 revenue. Only major revenue streams are shown.

Note 2: 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.

Illustrative Key

● = 100% ◑ = 50% ○ = 0%

Key stats	2022	2021	% change
Revenue	€1,129.3m	€835.8m	+35%
Underlying Op profit	€121.8m	€65.9m	+85%
Underlying Op margin	10.8%	7.9%	+290bps
ROCE	15.5%	8.7%	+680bps

Key points

- Record revenues with growth driven by increase in passenger volumes, with strong recovery in Long Haul
- Underlying operating profit recovery as a result of operational leverage
- Margin and ROCE improved as the business scales
- Continued diversification

North America

Overview

Business Line	% Revenue	Contracted	Income Protection	Owned Assets
School bus[1]	69%	✓	◕	●
Transit	16%	✓	◐	◐
Shuttle	15%	✓	◐	◐

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

Illustrative Key

● = 100% ◐ = 50% ○ = 0%

Key stats	2022	2021	% change
Revenue	$1,296.8m	$1,199.7m	+8%
Underlying Op profit	$84.7m	$102.3m	(17)%
Underlying Op margin	6.5%	8.5%	-200bps
ROCE	5.2%	6.1%	-90bps

Key points

- Revenue growth, but slower than other divisions as a result of driver shortages
- NA margins and returns depressed by slower return to profitability (routes and pricing) in School Bus
- Shuttle grew by 21%, with 20 new contract wins in the year
- Transit was stable with one new contract win

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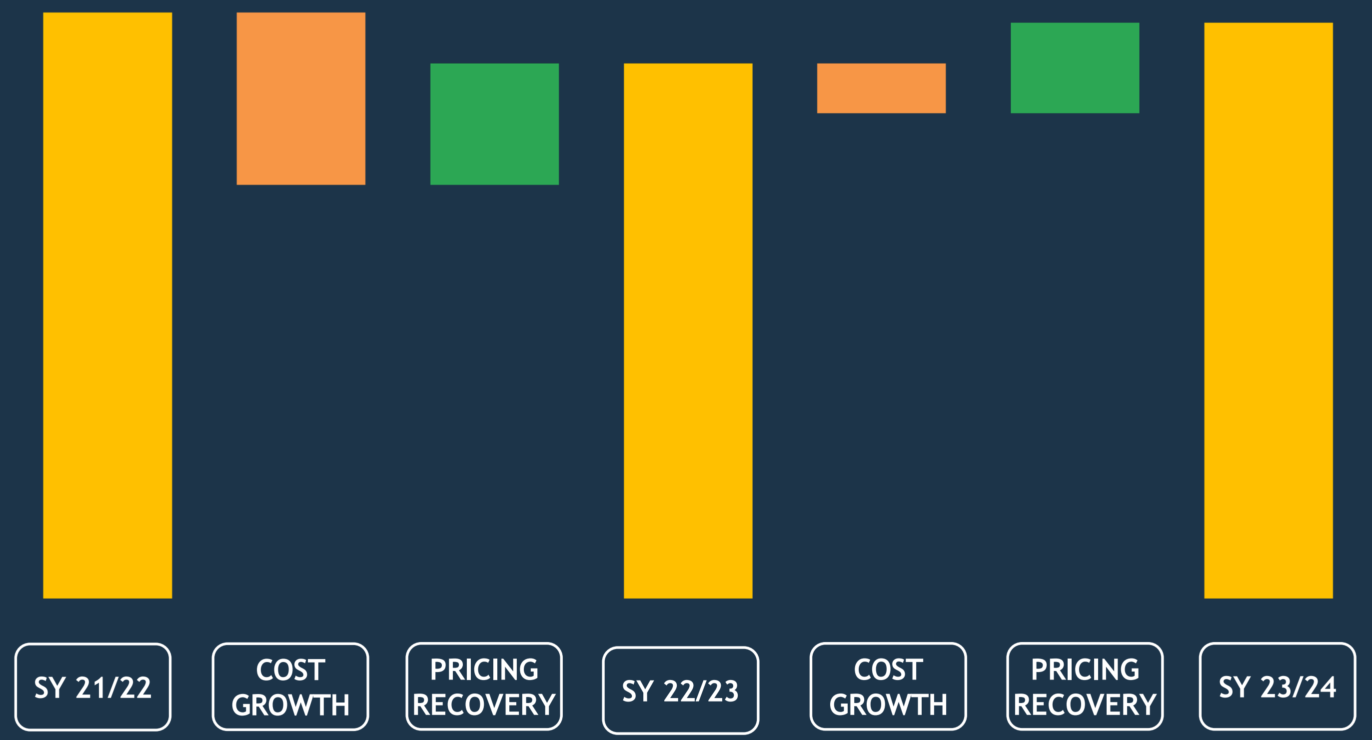
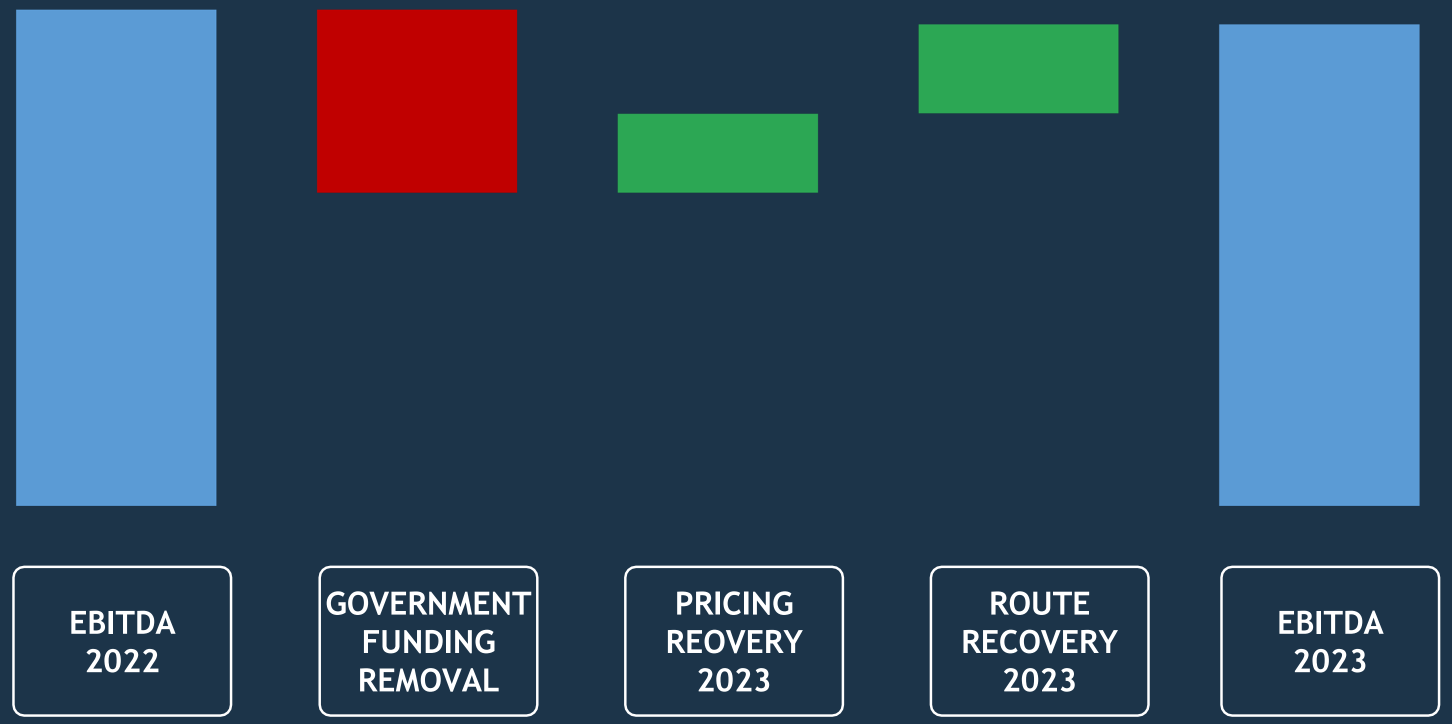
North America

School Bus

In isolation, pricing recovery of wage investment will happen over two school years…



…profits in FY23 impacted by removal of CERTS funding, price recovery and timing of route reinstatement



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UK

Sustained recovery and strong momentum

Business Line	% Revenue[1]	Contracted	Income Protection	Owned Assets
Scheduled coach	53%	✗	○	◔
NXTS		✗	◑	●
Bus	45%	✗	◔	◕ [2]

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

Illustrative Key

● = 100% ◑ = 50% ○ = 0%

Returns	2022	2021	% change
Revenue	£528.3m	£397.8m	33%
Underlying Op profit	£25.6m	£(22.6)m	n/a
Underlying Op margin	4.8%	(5.7%)%	n/a
ROCE	8.1%	(6.2)%	n/a

Key points

- UK business is the most exposed to passenger demand
- Q1 of 2022 significantly impacted by Omicron, but strong recovery especially in H2
- Ability to maximise use of owned assets (from NXTS) onto Scheduled coach network to capture demand
- Full year margin and ROCE lowered by significant losses in Q1

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Germany

Significant growth from contract wins

Business Line	% Revenue	Contracted	Income Protection	Owned Assets
RRX[1]	67%	✓	●	○
RME	33%	✓	◐	○

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

Illustrative Key

● = 100% ◐ = 50% ○ = 0%

Returns	2022	2021	% change
Revenue	€315.0m	€211.8m	+49%
Underlying Op profit	€20.7m	€5.8m	+255%
Underlying Op margin	6.6%	2.7%	+390bps
ROCE	61.4%	10.6%	n/a

Key points

- Revenue growth reflects the successful mobilisation and delivery of the Emergency Award of the Rhine-Ruhr Express (“RRX”) Lot 1
- Revenue also boosted by impact of energy and inflation pass-through
- Operational synergies and economies of scale reaching critical mass
- High ROCE reflecting asset-light nature of the business

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2022 full year financial review

Separately disclosed items: dominated by non-cash items

£m	Income statement	Cash flow impact
Underlying Operating Profit	197.3	
Goodwill impairment of ALSA	(260.6)	0.0
Amortisation of intangibles arising on acquisition	(37.2)	0.0
	(297.8)	0.0
Covid-related costs re-measurement of OCP	(7.6)	(17.0)
Re-measurement of RRX OCP	(9.3)	(9.6)
North America driver shortage OCP and impairment	(31.4)	(11.7)
Restructuring and other separately disclosed items	(9.7)	(10.9)
	(58.0)	(49.3)
Total separately disclosed items within operating profits	(355.8)	
Statutory Operating Profit/(Loss)	(158.5)	

Key Points

- Non-cash impairment in ALSA due to rise in discount rates. No change to outlook
- Covid-related costs: no new onerous contracts included
- RRX OCP (Lot 2/3): Impact of higher energy prices on existing onerous contract provision
- North America OCP[1]: increase of £12m from half year relating to OCP
- No new exceptional items expected in FY23 (other than items previously disclosed)

Note 1: onerous contract provisions

2022 full year financial review

Free cash flow conversion of 81%

£m

	FY 2022	FY 2021
EBITDA	**418.1**	**300.0**
Net maintenance capex	(184.5)	(142.1)
Working capital	(1.1)	33.0
Pension deficit	(7.4)	(7.2)
Operating cash flow	**225.1**	**183.7**
Tax & interest	(64.6)	(60.3)
Free cash flow	**160.5**	**123.4**

£118m

(+39%) improvement in EBITDA

£42m

Increased maintenance capex spend of £42m

£(1.1)m

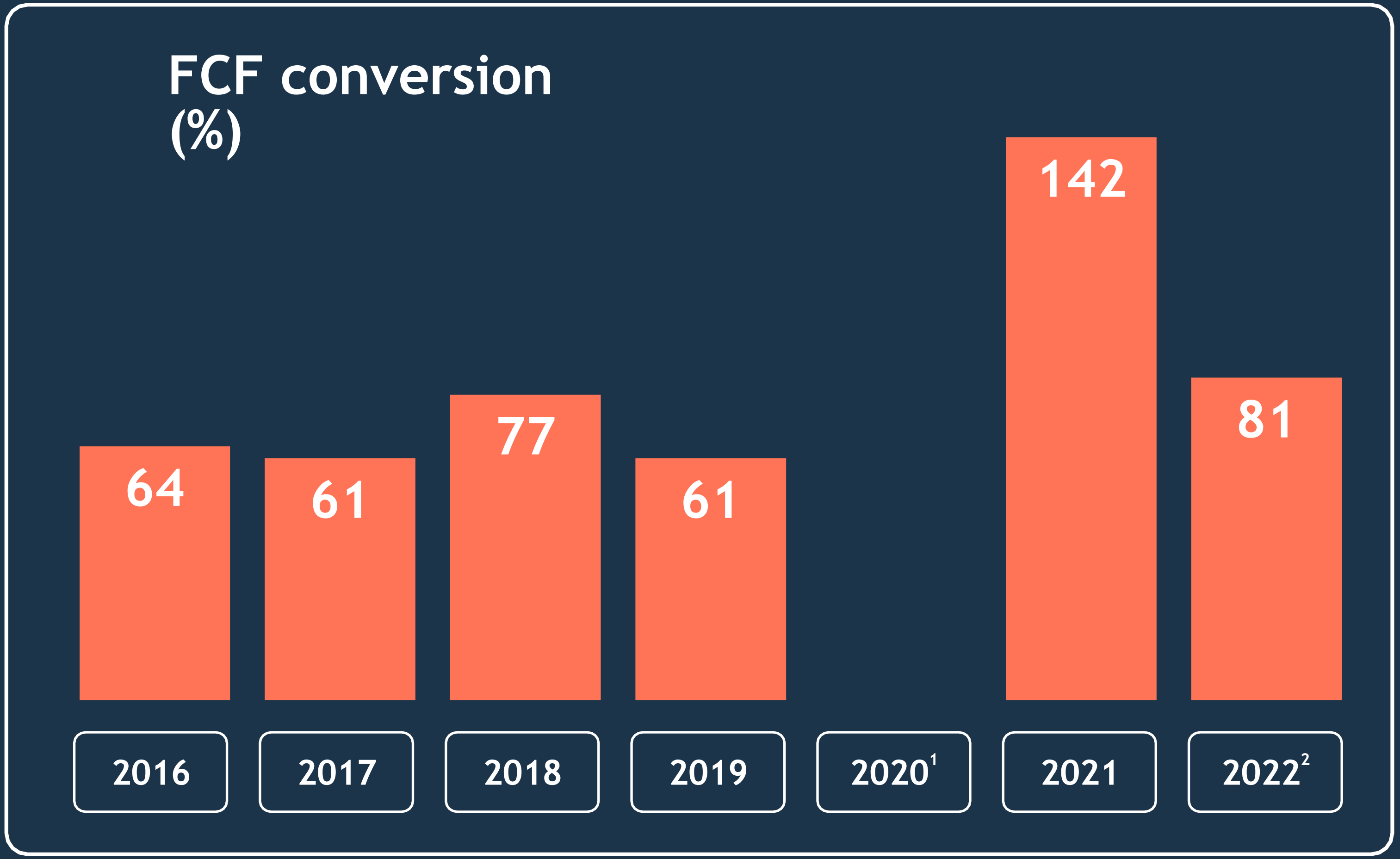
Working capital broadly neutral with strong cash collection offsetting CERTS

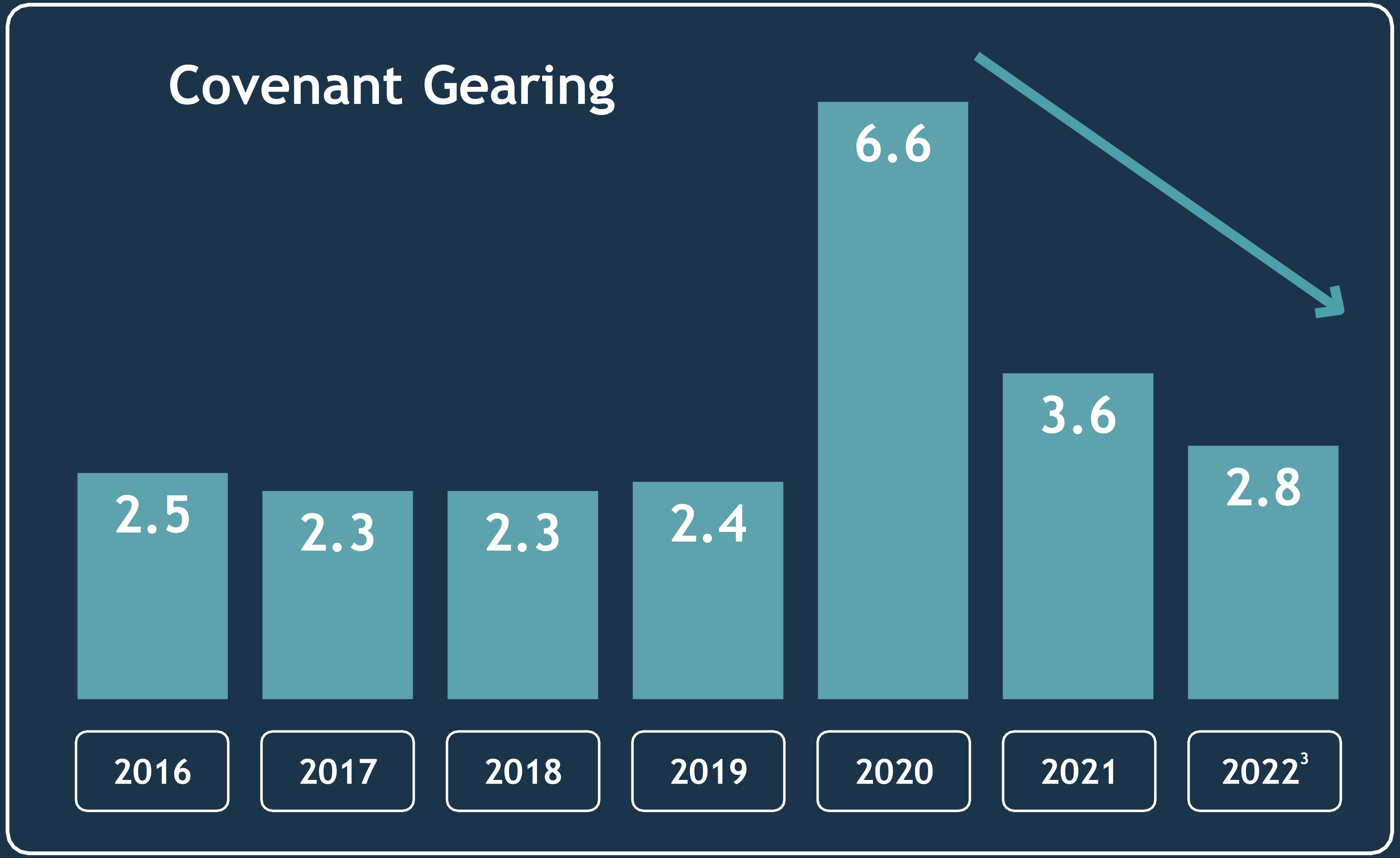
£37m

(+30%) improvement in free cash flow to £160.5m, representing cash conversion of 81%

2022 full year financial review

Progress towards our long-term target gearing range





Note 1: FCF in 2020 was negative and, therefore, is excluded
Note 2: FCF conversion of 81% is above the long-term pre-pandemic average of 65%
Note 3: Covenant Gearing significantly reduced during 2022 and expect to be within covenant target range within 2/3 years

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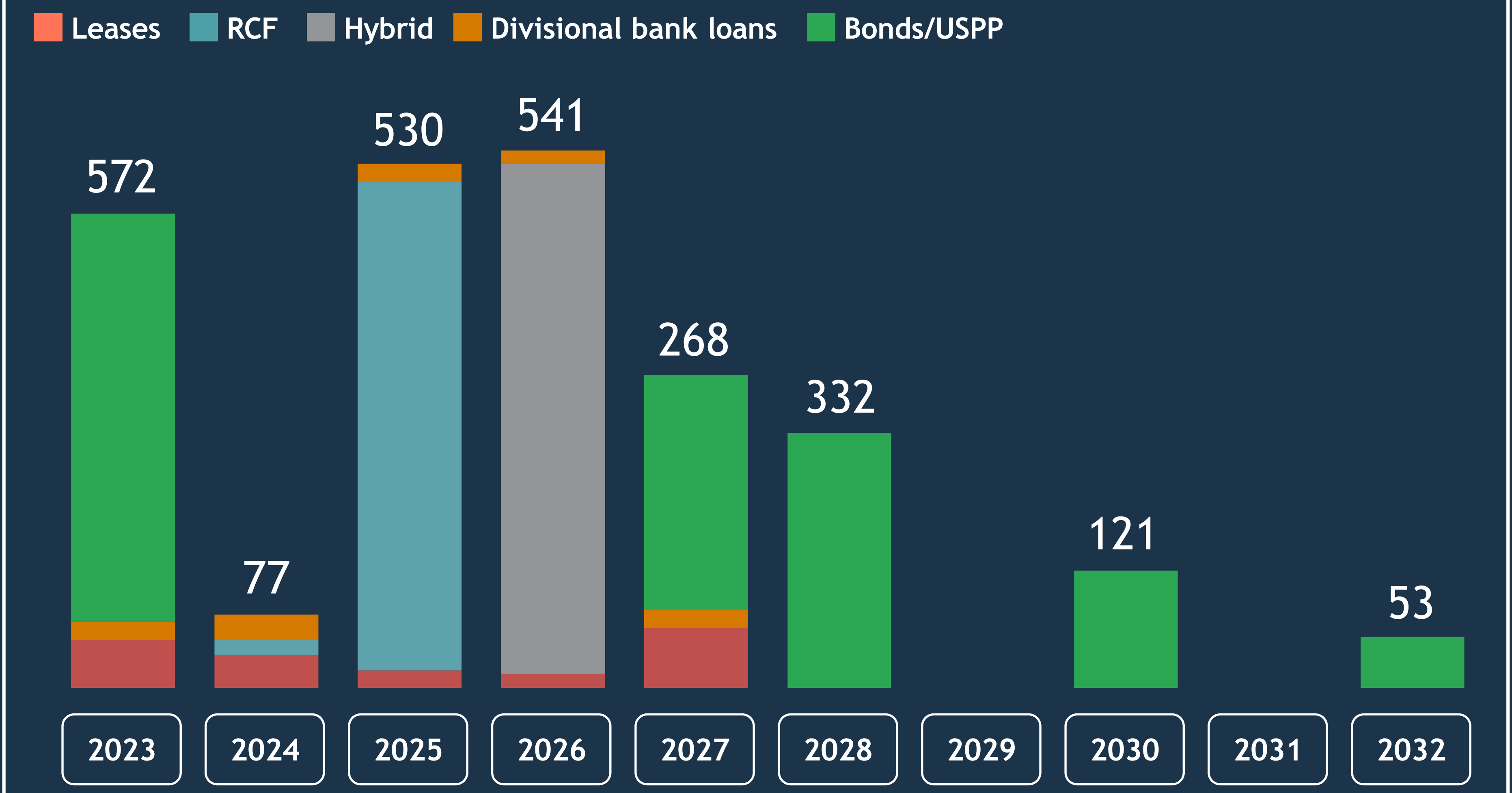
2022 full year financial review

Significant liquidity headroom

Liquidity profile - committed facilities



£0.8bn cash and committed headroom:

- RCF undrawn £527m
- Cash £241m
- Average maturity of 3.7 years

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2022 full year financial review

Disciplined capital allocation

Maintain a prudent balance sheet
(net debt to EBITDA in a range of 1.5 to 2.0 times)

Net Debt to EBITDA improved from 3.6 in 2021 to 2.8x in 2022

Invest for growth
(targeting investments that deliver 15% returns)

Near term focus on asset light opportunities at higher return / lower margin as we continue to de-lever

Return to Shareholders
(dividend at least 2.0x covered)

Prudent dividend reinstatement 3.0x covered giving capacity for growth

Strategic progress

Ignacio Garat

Group CEO

Business and strategic update

Five customer propositions developing at pace

Reinvigorate public transport

- Successful start-up of our first urban bus contract in Portugal

Multi-modal expansion

- Awarded an all-electric urban bus contract in Geneva
- Expansion of Transport Solutions to West Midlands, UK

Operational transformation

- Successful mobilisation of two emergency contracts in German Rail

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Business and strategic update

Customer propositions case study - RRX Lot 1

- RRX Lot 1 emergency award was made at the end of 2021
- Successful mobilisations, at very short notice and on time
- Led to 10 year RRX Lot 1 award in early 2023
  - c60 million passenger use service 2022

We plan, mobilise and operate safe, reliable and efficient public transport networks in partnership with local authorities

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Business and strategic update

Five customer propositions developing at pace

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Multi-modal expansion

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Operational transformation

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Consolidate & Compound

- Acquisition of Vitalia in Madrid, giving entry into Spanish paratransit market

Fill the Transit Gap

- 20 new contract wins in Shuttle
- Asset light paratransit contract win in North America

Business and strategic update

Digitally enabled improving experience for customers and colleagues

- Timetable optimisation platform
- AI and machine learning to predict journey times
- Allows better matching of service provision to prevailing traffic conditions

- Outcomes:

✔ 7% reduction in Excess Wait Time

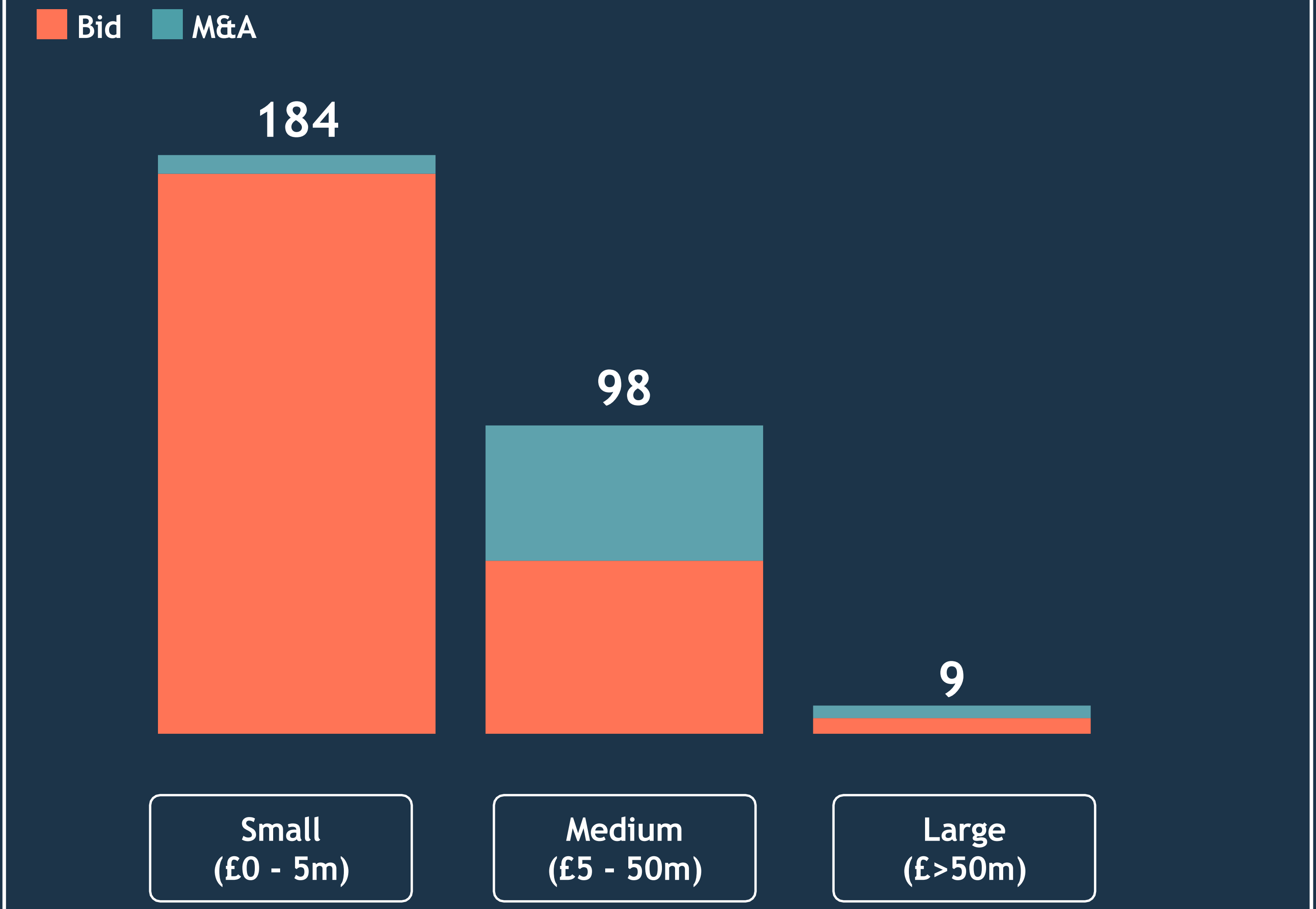
✔ 45% reduction in late running

✔ Reduction in customer complaints

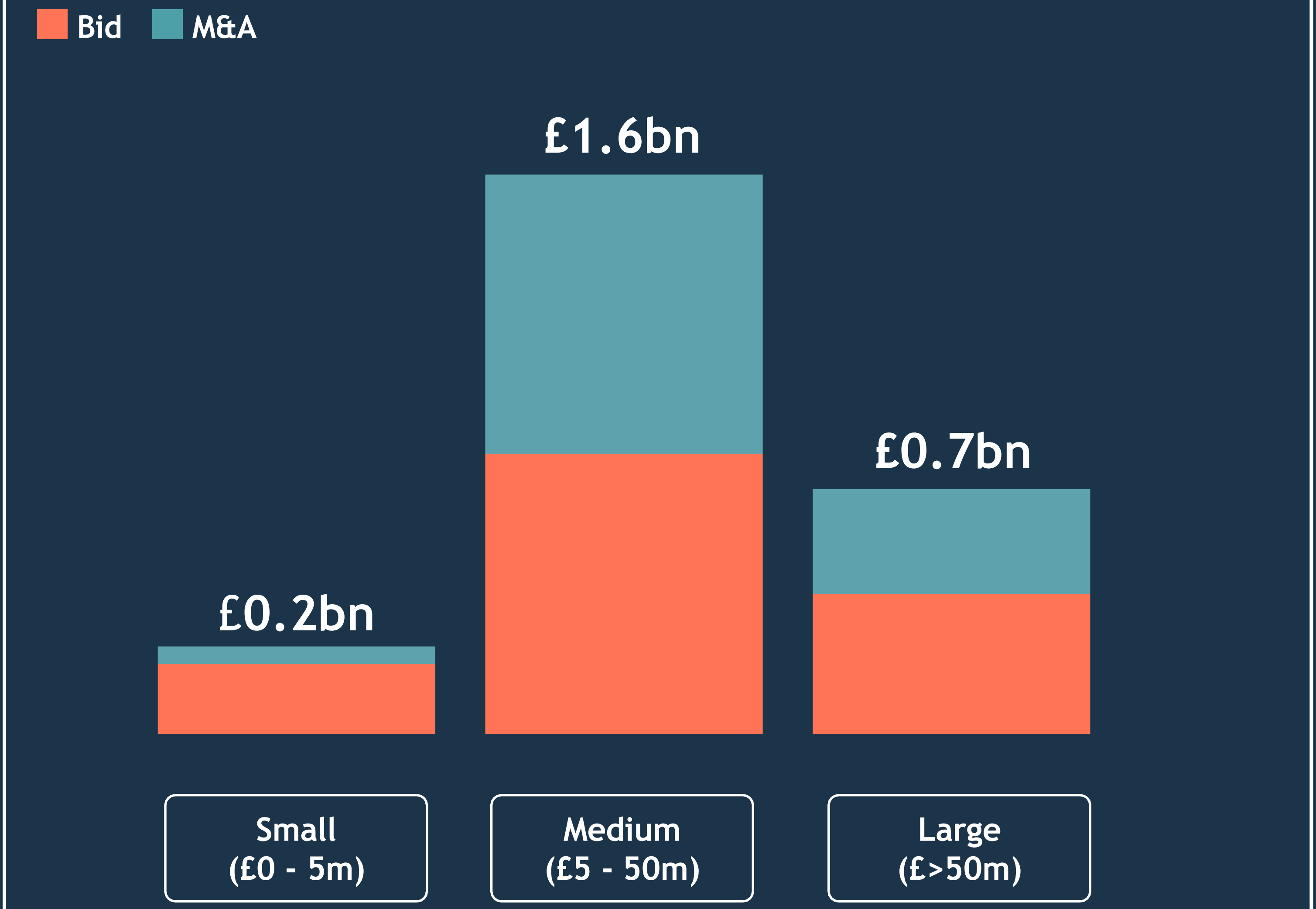
Business and strategic update

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

18-month pipeline distribution by size of opportunity (# contracts)



18-month pipeline value by size of opportunity (£bn)



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Business and strategic update

Pipeline conversion rates

35 contract wins worth £150m of annualised revenue

	Large (>£50m)	Medium (£5-50m)	Small (£0-5m)	Total win value
Actual FY22 # won	1	3	31	£150m
Pipeline conversion rate[1]	20%	10%	25%	15%[2]

Note 1: Wins are the number of contracts awarded in 2022
Note 2: Conversion rate is the percentage of revenue converted from the pipeline (frozen at 30 June 2022, and as presented at half year)

Summary

Continued delivery in a challenging environment

- Strong sequential revenue growth
- Rebuilding profit with strong cash conversion
- Rebuilding the balance sheet
- Progress against Evolve strategy
- Dividend reinstated

Q&A

Appendix

2022 full year financial review

Gearing targets progress

£m	FY 2022	FY 2021
Free cash flow	**160.5**	**123.4**
Net growth capital expenditure	(93.1)	(134.4)
Net acquisitions and disposals	(29.5)	(54.3)
Separately disclosed items	(49.3)	(44.4)
Other (mainly FX)	(105.4)	59.8
Net funds flow	**(138.0)**	**(49.9)**
Net debt	**(1,207.9)**	**(1,069.8)**
Free Cash Flow conversion	81%	142%
Net debt for covenant purposes	*(985.8)*	*(866.6)*
Gearing	*2.8x*	*3.6x*

Contracts

Growth capex primarily reflect new contracts in ALSA and North America (prior year included final payments for Rabat and Casablanca).

£49m

£49m of cash costs in respect of separately disclosed items, principally associated with Covid losses and US driver shortages, and energy costs in German Rail.

Acquisitions

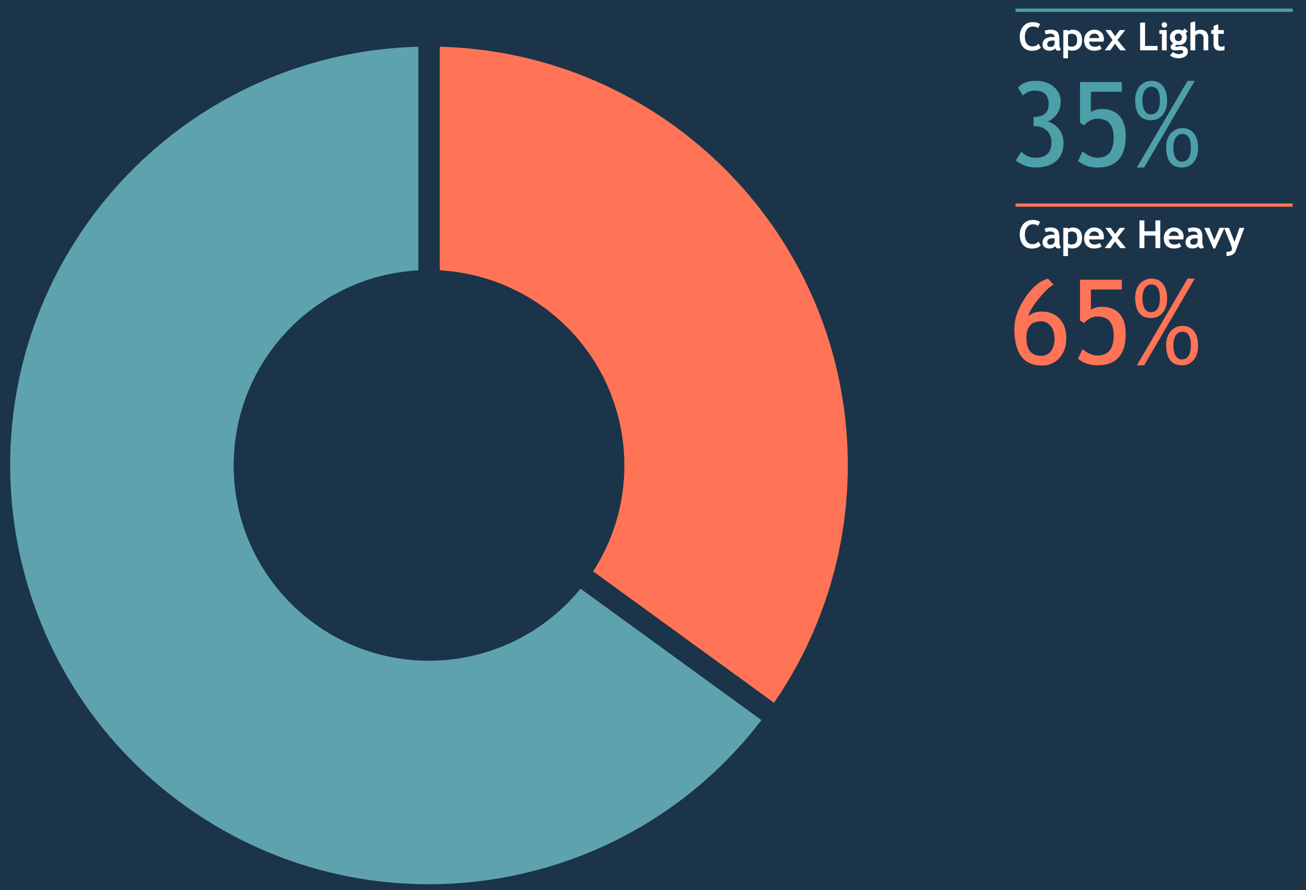
Acquisitions include purchase of Vitalia in Spain and a further 10% tranche of WeDriveU (following the Put/Call option exercise).

Impacts

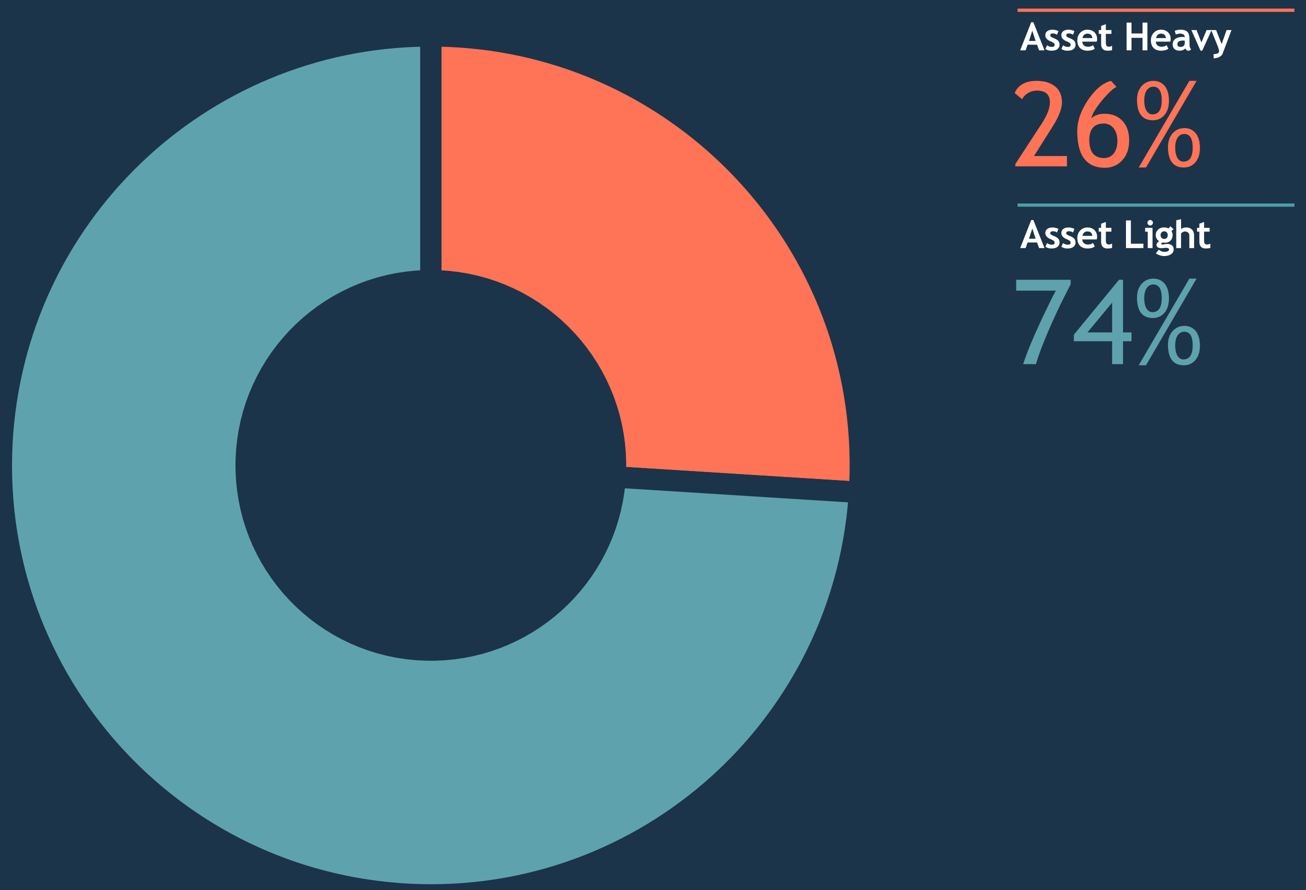
Other mainly relates to FX translation impacts on debt and the impact of closing out FX swaps.

We expect more of a shift to asset light over time

35% of our operations are currently asset light in nature



Bid Pipeline contains a higher mix of asset light



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