

# Strategy and priorities

Driving our business forward through our three strategic priorities

## Definition

## Performance

## Future outlook

## Measuring our progress

## Mitigating Risks

### Delivering operational excellence

**We aim to be the safest, most reliable, convenient and best value transport provider in the modes we operate**

- All eligible businesses, ALSA and our UK bus and coach operations, now have EFQM\* five-star ratings
- Both our UK bus and coach operations re-awarded the prestigious British Safety Council Sword of Honour
- Improved customer satisfaction in our UK businesses and in ALSA
- 19% underlying improvement in FWI index\*\*
- Strong retention rate of 96% in our North America school bus business
- Another record year for passenger numbers at ALSA
- Launched World Class Maintenance and safety initiatives across each of our businesses

- Target further passenger growth in the ALSA and our UK bus and coach operations through our digital initiatives
- Launch new products and services including new routes, new express and charter services and new ticketing options
- We will continue to leverage our customer reputation to win new business in North America
- Delivering Excellence programme will continue to embed best practices across the Group including world class safety performance
- Continue implementation of our World Class Driver programmes across each of our businesses, raising driving and safety standards further

We believe passenger growth and improvements in safety standards through a reduction in safety-related incidents are key indicators of whether we are driving high safety and service standards and which will ultimately help deliver further growth in revenue, cash and profit.

» See KPIs, **p12-13**

FWI\*\*

Passenger journeys

» See Risk, **p38-40**

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08	10	12	13

\* European Foundation for Quality Management – recognises operational excellence and awards ratings to businesses based on a number of criteria, including quality of leadership and strategic direction together with development and improvement of people, partnerships and processes in order to deliver value-adding products and services to their customers

\*\* Fatalities and Weighted Injuries Index

## Deployment of technology

### We utilise technology to raise customer and safety standards, drive efficiencies in our business and facilitate growth

- New mobile websites and ticketing apps are driving higher online transactions, conversion rates and lowering costs – eg ALSA has seen a 10% increase in sales through digital channels
- Contactless pay launched across the UK business, providing faster, more convenient methods of payment
- Our real-time revenue management systems in ALSA and our UK coach operations are growing revenue through both improved yield and passenger growth
- Lytx DriveCam technology is now fully implemented in our UK bus and coach operations and North America transit, delivering a reduction in the number of collisions and associated costs

- Further optimisation and automation of our RMS systems in Spain and our UK coach operations to drive growth in revenue, profit and incremental demand, as well as higher fleet utilisation
- Further roll-out of Lytx DriveCam across our ALSA and North America school bus businesses, strengthening driver standards and reducing collisions
- Enhanced CRM systems driving greater customer insight, to deliver greater personalisation and improved service
- Further enhancements to websites, apps and ticketless payment systems, helping to drive revenue and reduce costs
- Technology to support our World Class Driver programmes such as driver fatigue detection

A rising proportion of sales transacted through our digital channels demonstrates that our customers value more convenient and faster ways to pay. At the same time, the transfer of transactions away from traditional ticket offices and third party sales agents to digital channels is driving operational efficiencies and reducing costs.

» See KPIs, **p12-13**

Percentage of sales through digital channels

» See Risk, **p38-40**

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## Growing our business through acquisitions and market diversification

### We continue to look to grow our unique portfolio of international bus, coach and rail businesses through selective bolt-on acquisitions and diversification into complementary markets

- We have acquired nine bolt-on acquisitions in the year:
  - three in North America: the significant acquisition of a Chicago paratransit operator, securing entry into the second largest paratransit market in North America; and the acquisition of two school bus and charter businesses in Cincinnati and Rochester, New York
  - six in ALSA: two urban transport companies in Madrid and Granada; three businesses in the Geneva area including two additional businesses in the Swiss ski transfer market; and a charter transport services company in Madrid

- Further selective bolt-on acquisitions principally in North America and Spain where we can extend our offering into new regional markets and cities or build further scale in existing markets and cities, also enabling us to drive incremental revenue and profit through the provision of additional commercial services such as charter services, while also making greater use of our fleet
- We see a strong pipeline of future opportunities, both in bidding and in M&A, as the liberalisation agenda continues across the world
- We will seek investments in assets that present a platform for future growth, and will consider JV arrangements with the right partners

We maintain a disciplined approach to investing and target project returns well above our cost of capital, typically targeting returns of 15% or above. Across the business as a whole, disciplined allocation of capital is measured through a focus on ROCE, a key element of executive remuneration.

» See KPIs, **p12-13**

ROCE

» See Risk, **p38-40**

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