

Strong performance across the business

Group revenue (£m)

2,321.2



ROCE (%)

11.9



Statutory operating profit (£m)

197.9



Normalised operating profit (£m)

241.5



Statutory earnings per share (p)

25.7



Free cash flow (£m)

146.4



Dividend per share (p)

13.51



Gearing (x)

2.3



Summary of results 2017

	IFRS basis		Normalised basis	
	2017 £m	2016 £m	2017 £m	2016 £m
Revenue	2,321.2	2,093.7	2,321.2	2,093.7
Operating profit	197.9	183.7	241.5	217.5
Profit before tax	156.4	134.8	200.0	168.6
Profit for the year	134.3	120.0	152.0	137.2
Profit after tax from continuing operations	128.4	114.9	152.0	137.2
Basic earnings per share (pence)	25.7	23.0	29.1	26.3
Free cash flow	146.4	138.6		
Net debt	887.9	878.0		
Full year proposed dividend	13.51	12.28		

1	Highlights
2	Chairman's statement
3	Strategic report roadmap
4	The trends shaping our business
6	Our business model and strategy
10	Our strategy at a glance
12	Key performance indicators
14	Chief Executive's review
19	Group Finance Directors' review
24	Business review: ALSA
26	Business review: North America
28	Business review: UK
30	Resources, relationships and responsibilities
36	Risk and risk management
38	Principal risks and uncertainties
41	Statements of Company viability and going concern

42	Chairman's introduction to Corporate Governance
44	Leadership
48	Board of Directors
50	Effectiveness
54	Nominations Committee Report
57	Audit Committee Report
64	Safety & Environment Committee Report
68	Annual Statement by the Remuneration Committee Chair
68	Directors' Remuneration Report
74	Directors' Remuneration Policy
85	Annual Report on Remuneration
100	Relations with Shareholders
102	Directors' Report
105	Directors' Responsibilities Statement

106	Independent Auditor's Report
114	Group Income Statement
115	Group Statement of Comprehensive Income
116	Group Balance Sheet
117	Group Statement of Changes in Equity
118	Group Statement of Cash Flows
119	Notes to the Consolidated Accounts
185	Company Balance Sheet
186	Company Statement of Changes in Equity
187	Notes to the Company Accounts

198	Five Year Summary
199	Shareholder information
201	Financial Calendar
202	Definitions and supporting information
204	Key contacts and advisers

Delivering shareholder value



Sir John Armitt CBE
Chairman

Dear fellow Shareholder

Introduction and overview

I am delighted that National Express has again delivered another year of such strong growth. With revenue and profit both increasing markedly and being converted to strong free cash flow, I firmly believe that under Dean's leadership we have established a sustainable model of growth. Equally, I am repeatedly struck by the passion, commitment and expertise of our staff across the Group in delivering the quality of services our customers rightly demand day-in, day-out.

It is particularly pleasing that these Group results have been delivered through growth across all of our internationally diversified business. North America and ALSA have both had particularly strong years delivering significant headline growth. The performance of our UK bus and coach businesses to turnaround their significant challenges of the first half of 2017, was impressive.

Our strategy of focusing on operational excellence, investing in technology and disciplined acquisition and growth in new markets has now been delivering for a number of years. As Dean makes clear in his report, while we have made important strides in each of these areas already, there are also significant opportunities to pursue. As a Board we are focused on working with and challenging the executive team to realise them.

Governance highlights

The Board is committed to ensuring that high standards of good governance, values and behaviours are in place and consistently applied in the boardroom and throughout the Group. That is why:

- the effective stewardship and governance of the Group remains a high priority for the Board, which comes up in many aspects of its work; and
- our Values, which are embedded across the business, represent the way we live and breathe our culture.

» Read more, **p42**

Progress made with opportunities ahead

Our credentials as an industry-leading operator are strengthened every year. Our achievement of the highest safety awards, attainment of the highest European Foundation for Quality Management five-star rating in three businesses and consistently high customer satisfaction scores are testament to a focus on the fundamentals of a transport business that is geared for ongoing success.

Equally, however, when one stands back it is clear that we are in both a period of significant technological change and also an era when the potential application of these myriad innovations is presenting challenge, yes, but also exciting opportunities. This is now perhaps one of the most pressing challenges for a business like National Express: how we focus our investment and resources in the area of technological innovation to deliver the greatest benefit for our customers and shareholders.

From our industry-leading on-demand scheduling technology at Ecolane, through our pioneering use of smart Lytx DriveCam safety cameras, to our sophisticated customer pricing and payment methods (such as Revenue Management Systems) National Express has sought to invest to embrace the opportunities at an early stage. With the promising results from these – and other – investments, the Board and executive team both believe we are at the start of something exciting here.

Our disciplined acquisition strategy also continues to prove successful, as both high quality new businesses generating returns of at least 15% are brought into the Group, but also opening additional new growth avenues. As Dean again sets out in his report, the emerging urban growth model in Geneva and in major cities in North America has been driven by our recent acquisitions.

Our determination to continue to grow our existing businesses through the excellence and technology agendas, and these new avenues for expansion, provide us with confidence and optimism for future growth.

Dividend

It is with this in mind that the Board has again recommended a 10% increase in the final dividend, bringing the full year dividend to 13.51p. Subject to shareholder approval, this will be paid on 21 May 2018 to shareholders on the register on 27 April 2018.

Finally, I would like to thank Dean and everyone at National Express for their continued hard work and commitment to the business and its core values.

Sir John Armitt CBE

Chairman
1 March 2018

A strategy rooted in our Vision and Values generating shareholder value

Our Vision

Our Vision is to earn the lifetime loyalty of our customers by consistently delivering frequent, high performing public transport services which offer excellent value.

Our Values

Underpinning this Vision we have a common set of values across the business



Excellence

We constantly strive to be excellent in all that we do



Safety

We only do what is safe and stop any unsafe behaviour



Customers

We place them at the heart of our business and relentlessly meet their expectations



People

We develop the talents, reward the exceptional performance and respect the rights of all our employees



Community

We are active in the communities we serve to generate economic, social and environmental value

» p30

How we generate and preserve value

Our business model

What we do and how it generates value for our shareholders

» p6

Strategy and priorities

Our priorities and how we plan to deliver them

» p10

Our KPIs

How we measure our progress and delivery

» p12

The environment we operate in

Capitalising on opportunities

The trends and factors impacting development of our industry

» p4

Principal risks and uncertainties

The risks faced by National Express Group and how we manage them

» p38

Environmental, social and employee issues

How we work with our principal stakeholders

» p30

Our performance in 2017

Group Chief Executive's review

An analysis of our strategy, performance and results in 2017

» p14

Group Finance Director's review

A review of the key factors impacting our financial performance

» p19

Divisional performance reviews

A review of performance by our principal segments – ALSA, North America and the UK

» p24-29