

# Our investment case

An internationally diversified transport company with over 70% of earnings from overseas, and strong cash flow supporting multiple growth opportunities and a dividend covered by at least 2 times Group earnings

## Best in class public transport operator\*

	ALSA	North America	UK	Group
Operating margin	14.3%	9.3%	12.6%	10.4%
Best in class	NX	NX	NX	NX

\* By margin.

## Sound strategy in place with three strategic priorities

### Delivering operational excellence

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

- Offering VFM for our customers
- Improving our services
- Raising safety standards
- Driving revenue and profit
- Generating cash

### Deployment of technology

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

- Raising customer and safety standards
- Driving revenue growth
- Operational and cost efficiencies
- Generating cash

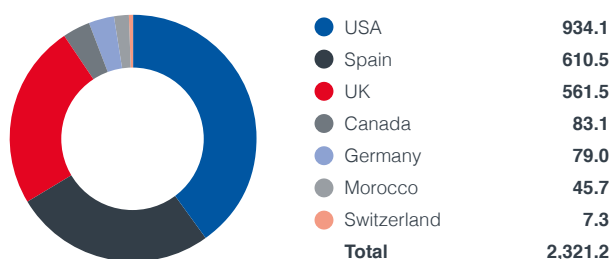
### Growing our business through acquisitions and market diversification

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.

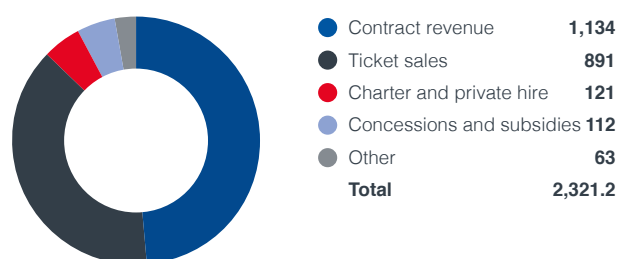
- Disciplined approach - target project returns well above our cost of capital
- Target returns of 15% or above
- Strong free cash flow enables us to invest in selective growth opportunities
- Strong pipeline of future opportunities both in bidding and M&A
- Seek investments in assets that present a platform for future growth and will consider JV arrangements with the right partners

## Well balanced portfolio

Revenue by end market (£m)

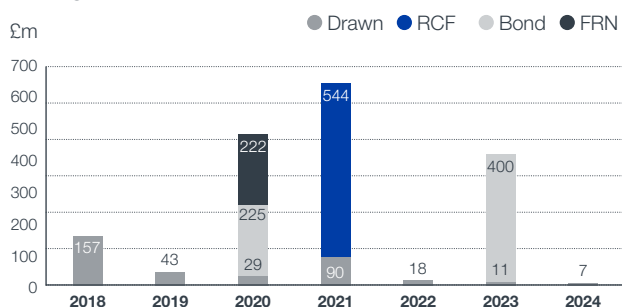


Sources of revenue (£m)



## Stable long-term finance in place and commitment to investment grade rating

### Strong debt maturity profile



Gearing ratios	2017	2016	Covenant
Net debt/EBITDA	2.3x	2.5x	< 3.5x
Net interest cover	10.2x	7.0x	> 3.5x
Ratings	Grade	Outlook	
Moody's	Baa3	Positive	
Fitch	BBB-	Stable	

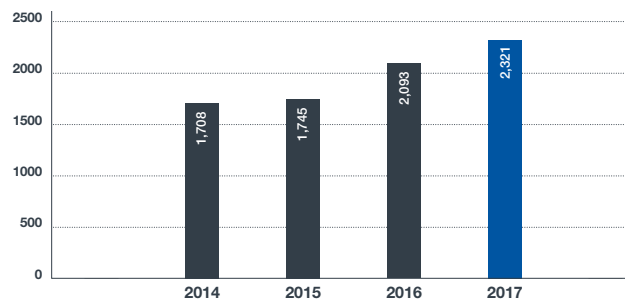
### Dividend policy: minimum cover of 2x Group earnings

	2017	2016
Basic EPS	29.1p	26.3p
Dividend	13.51p	12.28p

# Strong track record of delivery

## Group revenue (£m)

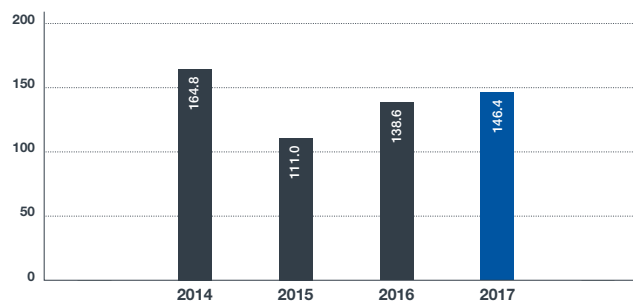
2017: 2,321



Revenue growth – both organic and through acquisitions

## Free cash flow (£m)

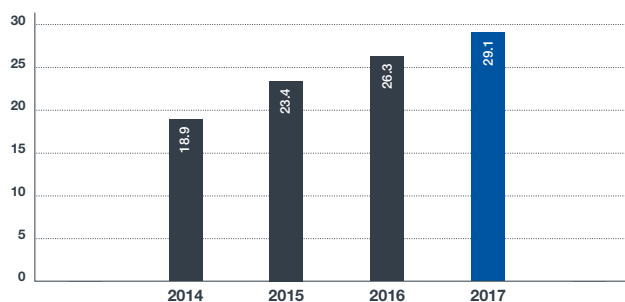
2017: 146.4



Strong and sustainable FCF generation funding both growth both organically and through acquisitions, together with a growing dividend

## Earnings per share (p)

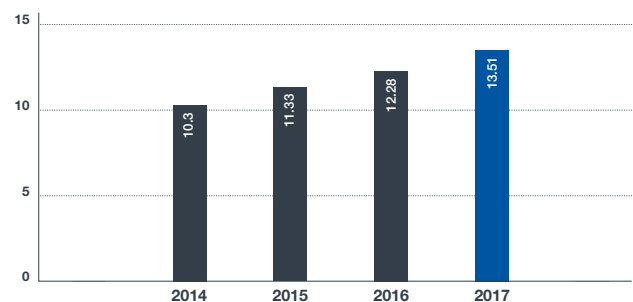
2017: 29.1



Strong earnings progression – strong double digit growth in last 3 years

## Dividend per share (p)

2017: 13.51

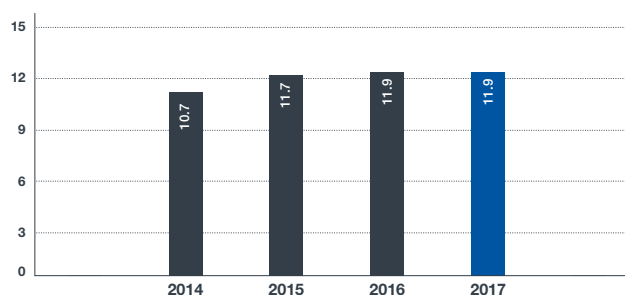


Over 30% growth over the last 3 years

Dividend cover of at least 2x Group earnings

## ROCE (%)

2017: 11.9



Focused on improving returns

Disciplined capital allocation targeting returns of 15% or above on investments