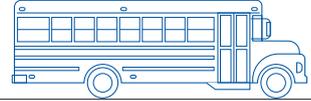
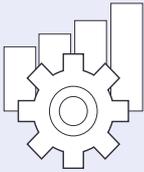


Driving our business forward through our three strategic priorities



Objective	Definition	Performance
 <p>Delivering operational excellence</p>	<p>We aim to be the safest, cleanest, most reliable, convenient and best value transport provider in the modes we operate</p>	<ul style="list-style-type: none"> – Another year of record passenger numbers in UK coach and ALSA, with Group passenger journeys growing by 1.7% – All eligible businesses have EFQM¹ five-star ratings; UK coach awarded Enhanced Recognition for Excellence; UK bus and coach re-awarded British Safety Council Sword of Honour – North America delivered its best ever FWI² score: we remain committed to the highest levels of safety, launching our Target Zero campaign across all businesses in 2018 – Received Britain's Most Admired Transport Company award from Management Today – UK coach won several UK Coach Awards, including Operator of the Year – ALSA awarded Renowned Figure in the Automotive Industry 2018 by the Eduardo Barreiros Foundation
 <p>Deployment of technology</p>	<p>We utilise technology to raise customer and safety standards, drive efficiencies in our business and facilitate growth</p>	<ul style="list-style-type: none"> – New mobile websites and ticketing apps are driving higher online transactions, higher conversion rates and lowering costs – Proportion of journeys through digital channels in UK bus increased significantly to 60% – Our real-time RMS in ALSA and UK coach have driven growth in revenue, passengers and yield – Continued roll-out of Lytx DriveCam technology across ALSA and North America, delivering a reduction in the number of collisions and associated costs – Partnering and investing with local innovation hubs to access new ideas and emerging technology
 <p>Growing our business through acquisitions and market diversification</p>	<p>We continue to grow our diversified, international portfolio of transport businesses through selective acquisitions and diversification into complementary markets</p>	<ul style="list-style-type: none"> – We acquired 11 businesses in the year, both in existing and complementary markets: <ul style="list-style-type: none"> • seven in North America, including two providing entry into the Charter School market • three in ALSA, including a new market entry into Galicia, and entry into the services market for the growing cruise market in Spain • a coach operator in the UK, expanding into both B2B and inbound tourist services – Entry into our fifth city in Morocco, winning a significant urban bus contract in Rabat, starting in mid 2019 – Entry into the minicab services market in Spain, with services in Madrid and Barcelona

¹ 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

² Fatalities and Weighted Injuries Index



Future outlook

- Network reviews driving efficiency across UK and ALSA
- New products and services e.g. weekly capping fare options on contactless and auto renew subscriptions
- Development of on-demand services and multi-modal solutions
- Increased ancillary revenue drivers in UK and ALSA and charter revenues in North America
- Investing in electric and hybrid vehicles, for cleaner journeys and cities
- Mobilisation of RRX rail contract in Germany and urban bus contract in Rabat, Morocco

Measuring our progress

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

 See KPIs p12-13

FWI²
Passenger journeys

Mitigating risks

 See Risks p39



- Further optimisation and automation of RMS to drive incremental demand and higher fleet utilisation; and hence increased profit
- Further enhancements to websites, apps and ticketless payment systems to deliver greater personalisation and improved services
- Completion of the roll-out of Lytx DriveCam; rolling out of a Driver Fatigue alerts system in our coach operations
- Technology to support our World Class Driver programmes
- Building technology platforms, capabilities and expertise to provide integrated transport solutions
- Developing multi-modal solutions and on-demand services

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 Risks p39



 See KPIs p13

Percentage of sales through digital platforms

- Further selective acquisitions, principally in North America and Spain
- Extending our offering into new regional markets and cities or building further scale in existing markets and cities
- Driving incremental revenue and profit through providing additional commercial services, making greater use of our fleet
- Multi-modal services within big cities, providing complete mobility solutions, through integrated platforms
- Investments in assets that provide platforms for future growth

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 Risks p39



 See KPIs p12

ROCE