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ALSA is the leading company in the Spanish road passenger transport sector, and was acquired by National Express in 2005.

With over 100 years' experience, it operates Long-distance, Regional and Urban bus and coach services across Spain and in Morocco and Switzerland. In 2022, we will also start to operate Urban bus services in Portugal. Apart from its bus and coach services, the business also operates service areas and other transport-related businesses, such as fuel distribution.

Overview

ALSA has delivered strong growth in revenue, Underlying Operating Profit and cash in the year, driven by an improving trajectory in trading throughout the year, coupled with the benefit of actions taken in 2020 to reduce structural costs. ALSA continues to reap the benefits from the ongoing diversification strategy, with nearly 50% of its contracts being revenue protected, providing both balance and a stable base to support the growth areas of the business. Revenue grew by 32.8% to €835.8 million, with strong recovery in demand in our Long Haul and Regional services in Spain, and in Morocco, driven by both new and existing contracts. Underlying Operating Profit of €65.9 million represents a €58.4 million improvement versus last year, with Underlying Operating Margin recovering to 7.9%. After separately

disclosed items, the statutory operating profit was €35.2 million (2020: €105.2m loss); an improvement of €140.4 million.

We have seen sequential improvement across all business lines. In Urban bus, by the year end passenger numbers recovered back to nearly 90% of pre-pandemic levels. Long Haul passenger demand increased steadily over the summer and into the autumn, peaking at 70% of pre-pandemic levels (despite increased rail competition), before the arrival of the Omicron variant – with passenger demand bouncing back strongly in recent weeks to around 70%. Morocco traded ahead of pre-pandemic levels, with nearly 290 million passengers carried in 2021, an increase of 50% versus 2019, in part driven by the new contracts in Casablanca and Rabat,



ALSA

Revenue

£718.4m

2020: £559.3m

Underlying Operating Profit

£56.6m

2020: £6.7m

Statutory Operating Profit/(Loss)

£30.2m

2020: £(93.5)m

Underlying Operating Margin

7.9%

2020: 1.2%

Revenue

€835.8m

2020: €629.3m

Underlying Operating Profit

€65.9m

2020: €7.5m

Statutory Operating Profit/(Loss)

€35.2m

2020: €(105.2)m

but also through growth in existing contracts with, for example, the addition of new routes in Tangier.

Progressing Evolve

ALSA has developed a reputation for reinvigorating public transport. A prime example of this is Casablanca, where we are transforming the lives of the people who live there. Nearly 600 new buses are now operating in this city, transforming the quality and safety of services, significantly improving social mobility and further strengthening our strong customer relationships with the local authorities. At the same time, we have been able to cascade fleet to other cities to support growth in services, where, for example, Tangier is now seeing passenger journeys ahead of pre-pandemic levels. This is resulting in tangible improvements in safety, with Casablanca seeing a 48% reduction in at-fault road accidents year on year. It is not just the new contracts where we are seeing such improvements; we have also driven a significant improvement in safety standards in other cities, finishing the year with a 17% reduction in at-fault road accidents in our existing contracts versus 2019.

We continued to consolidate our position in the Regional and Urban bus market in Spain, with the acquisition of Rober, an Urban bus business in Granada. This acquisition builds on ALSA's existing Urban bus business in Almeria and in Regional services, consolidating our leadership position in the region. Having subsequently won a small Urban bus contract in Jaen, we have since integrated this into our Rober business, further consolidating our leadership position in Andalusia.

ALSA is an established multi-modal operator and, in 2021, we have continued to add to our diverse offering of mobility services. In Leon, we added further services to our multi-modal offering, with the launch of bike rental services. This adds to our existing services in the city, where we also provide Urban, Regional and Long Haul, as well as dedicated school bus services.

A key aspect of the ALSA transformational plan is the increasing digitalisation of the business both operationally and commercially. A number of projects are underway including the launch of Mobi4U, a Mobility as a service (MaaS) app. This single app can be used for travel on all types of mobility services in the local area, making it more convenient for our customers to plan their journeys, with real-time information on services, journey times and intermodal connections. Making public transport convenient and easier for our customers will help drive modal shift away from cars and help our cities to achieve their environmental targets, whilst also building our relationships with the local authorities. Already the app has been launched in five areas, four in Spain and one in Morocco – and we will look to roll it out further in more towns and cities in 2022.

We have also developed other digital applications for operational projects, including the optimisation of driver scheduling in our Madrid Consortium Urban bus contracts, covering 1,500 drivers, and are looking to extend this to further contracts across Spain in 2022.

It's pleasing to see that our customers appreciate our efforts, with customer satisfaction scores back very close to the all-time record set in 2019 despite ongoing mobility restrictions this year. Indeed, our customers love our services and the innovations we introduce, with a clear case in point being our Long Haul services, where the introduction of night services and new pick-up and destination stops is helping to offset the impact of new lower cost high speed rail competition.

We continue to make progress with our decarbonisation agenda, launching the following targets in the year for transitioning to fully zero emission fleets: Urban bus in Spain by 2035; Long Haul & Regional Coach in Spain by 2040; and Morocco by 2040. Significantly, we are the first public transport operator in Spain to launch regular services using hydrogen buses, where, working alongside the Madrid Consortium, we are now operating hydrogen buses in Madrid, building on our commitment to sustainable mobility.

Our reputation as a trusted partner and for delivering superior outcomes helps to win and retain contracts. We have successfully extended our contract in Khouribga, Morocco, for a further five years, and in Spain we retained a number of Regional contracts and won new contracts, including the government holiday scheme for elderly people, in partnership with IMSERSO.

Looking ahead

We are excited by the many opportunities that lie ahead of us, starting with our entry into an entirely new market, with the first of our two Urban bus contracts in Portugal mobilising and operating services in 2022. Together these contracts are worth €43 million of revenue on an annualised basis and open up further opportunities in the country.

In addition, we have an attractive pipeline of both organic and inorganic opportunities in the next 12 months, worth nearly €200 million in revenue. We see opportunities both in our existing markets, particularly in the Urban and Regional segments, as well as in adjacent markets such as France and Italy, and we are actively working on bids.

The Long Haul concession renewal process remains on hold as the authorities continue to absorb the impact of the pandemic on transport and the need to finalise the network remapping, with no stated intention to restart the process in the near term. As a result, industry expectations are for no impact from the Long Haul concession renewal process until late in 2023 at the earliest.