

# Differentiated sources of value...



## Our Purpose and Vision

At National Express we share a fundamental belief that driving modal shift from cars to high quality mass transit is fundamental to a safe, green and prosperous future. There is growing recognition by policy makers around the world that public transport is critical in achieving climate targets and in making cities better places to live. Public transport has always played a key role in social mobility and in these unprecedented times it is ever more important in enabling economic recovery by providing safe access to work, education, retail and leisure. We believe that the Group has created a number of value drivers that differentiate us from our peers as a leading operator in this critical sector.



## Our key strengths and resources

### Participation diversified by sector and geography...

...with market-leading positions where we choose to compete and with around half of Group revenues anchored in long-term contracts

### Deep experience of value-adding, compounding growth through carefully selected acquisitions...

...fuelled by historically strong cash flow generation

### Trusted to deliver transport solutions by government, corporate and individual customers...

...underpinned by strong B2B and B2C capabilities

### Sophisticated technology improving customer service, driving efficiency and enabling revenue growth...

...and underpinning a relentless focus on retaining our Industry-leading safety position wherever we operate

### Strong ESG credentials – trailblazing environmental and living wage commitments...

...and embedding these commitments in executive remuneration

### The best people

Over 200 years of public transport experience on the Group Executive Committee supported by passionate and committed teams



## Underpinned by our values



Safety



Excellence



Customers



People



Community & Environment

# ...deliver for our stakeholders

## How we create value

### Growing revenue...

Over half of the Group's revenue is generated through multi-year contracts with school boards, transit authorities and corporate customers. This revenue is generated either on a per mile/kilometre basis, or per route travelled with little or no demand risk. In a normal year the Group generates a further 40% of revenue through ticket sales to the public. In these, National Express assumes revenue risk. Our Revenue Management Systems (RMS) enable us to better understand purchasing behaviour to drive revenue through differential pricing depending on time of journey, ticket type, buying channel etc. whilst our customer facing apps support our customers in getting the product they need at a price they can afford.

### ...converting it to profit...

National Express has long enjoyed industry-leading margins driven by a focus on operational excellence. Sophisticated network optimisation is a key factor whereby we optimise peak vehicle requirements and occupancy through review and redesign of our networks, reducing the cost of delivering a high quality service to our customers. We use scheduling software to optimise routes in our student transportation and transit markets in North America. Our diversity and scale are an important factor in managing indirect costs, enabling us to optimise cost and quality across the Group's supply base.

### ...and delivering cash flow...

National Express has a track record of consistently generating cash flow from its operations. The Group delivered an average of over £150 million of free cash flow each year prior to the impact of the pandemic in 2020.

### ...to fund returns and reinvestment

We invest cash back into the operations to grow, having invested over £800 million both organically and inorganically since 2015. This has created our transit and shuttle business in North America; strengthened our market-leading positions in Spain; built our key hub positions in North America student transport; and enabled us to create the leading urban bus business in Morocco. In addition, over the five years prior to 2020, the Group returned £327 million through dividends.

## Delivering for all our stakeholders

### Customers

Safe, clean and reliable service at a fair price

 See KPIs on page 19 (Pax KPI, FWI KPI)


### Passengers

Consistent delivery, proactive innovation and transparent communication underpinned by great value for money

 See KPIs on page 19 (Pax KPI, FWI KPI)

### Governments & Regulators

A partner to help to solve the challenges of congestion, carbon, clean air and inclusive growth

 See KPIs on page 19 (Pax KPI, FWI KPI, GHG KPI)

### Suppliers

A long-term partner, investing in collaborative innovation

 See KPIs on page 18 (ROCE KPI)

### Employees

A workplace that values diversity, champions inclusion and respects the rights of all employees, creating opportunities for progression and rewards fairly

 See KPIs on page 19 (FWI KPI) and Human Capital on pages 53 to 54

### Communities

Enables broader positive community impact and greater social mobility

 See more on our communities on page 52