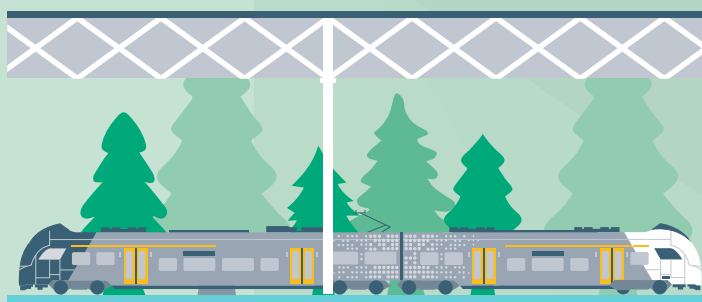


# Germany



## Overview

Revenue was up 35.2% to €211.8 million, reflecting a full year of operations following the start-up of our third service for the RRX services in December 2020. The Underlying Operating Profit of €5.8 million in the year represents an improvement of €11.3 million over the prior year, reflecting good operational control plus receipt of additional subsidies from the local PTAs to compensate for the reduced levels of patronage compared with pre-pandemic levels. The prior year also included contract accounting adjustments that reduced the in-year profit, without which the business would have generated a small Underlying Operating Profit in 2020. After separately disclosed items, the statutory operating loss was €28.0 million (2020: €27.0m).

In 2020 and subsequently also in 2021, we conducted a review of the profitability of the RRX contract, which has been impacted not only by the pandemic but also by rising costs, particularly rising energy prices and personnel costs. This has resulted in an increased onerous contract provision being recognised in the year, the cost of which has been recorded as a separately disclosed item; full details can be found in note 5 to the Financial Statements.

With another successful mobilisation of services, National Express is increasingly seen by the local PTAs as an operator with a reputation for high performance and reliability. It is this reputation that has enabled us to not only adjust terms on some existing contracts, thereby improving their lifetime profitability, but also to pick up new contracts through the largest ever emergency award in the rail industry, with the incumbent operator handing back services to the PTA. This new contract award will see us running further services for RRX for the next two years, and with a good margin.

The net impact of all of these developments is clear line of sight to sustained profitability and cash flow from German Rail going forward.

## Progressing Evolve

The new emergency contract award demonstrates the importance and value of building a reputation as a trusted and reliable partner with customers, be they fare paying passengers or local PTAs. Our success and capability in mobilising new contracts is a key differentiator, and with a much shorter mobilisation period than is normal, we have the opportunity to deepen our customer relationships yet further. One of the major determinants for success in rail contract mobilisation is the recruitment and training of train drivers, something which some of our competitors have struggled with. Our approach to this key area has not only resulted in successful start-up to services, but also ensured that we retain our drivers as we build our reputation as the employer of choice.

## Looking ahead

As we look ahead, we see revenue significantly higher than the level seen in 2019, reflecting the new services mobilised in 2021 and the emergency contract award. We also see further growth opportunities through selective bidding for rail franchises which allow us to consolidate and, coupled with a smoother profile of profit delivery, compound our existing contracts.

### Revenue

**£182.1m**

2020 £139.2m

### Underlying Operating Profit/(Loss)

**£5.0m**

2020 £(4.9)m

### Statutory Operating Loss

**£(24.1)m**

2020: £(24.0)m

### Underlying Operating Margin

**2.7%**

2020 (3.5)%

### Revenue

**€211.8m**

2020 €156.6m

### Underlying Operating Profit/(Loss)

**€5.8m**

2020 €(5.5)m

### Statutory Operating Loss

**€(28.0)m**

2020: €(27.0)m