

# A clear strategy for growth

## Dear fellow shareholder

### We have a clear vision and purpose

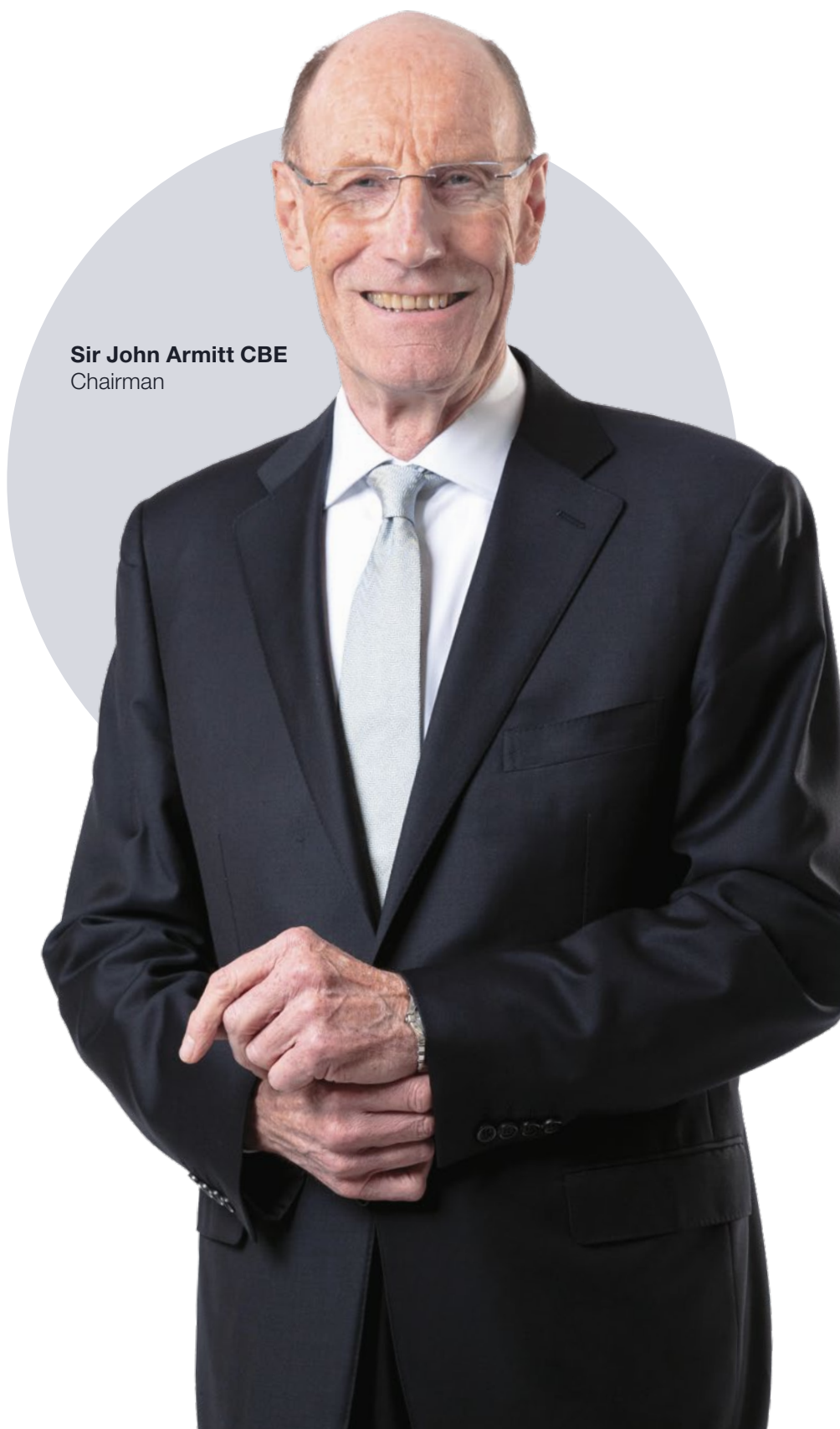
2021 has been the year of transition we had anticipated, with our services beginning to return to pre-Covid levels across all the territories in which we operate.

Before I go any further, I would like to take this opportunity to extend my sincere thanks to every one of our colleagues across the Group who have driven the results outlined in this report.

Public transport is an increasingly dynamic sector and there are many exciting opportunities resulting from demographic changes. Governments around the world are realising the role public transport can and must play in creating cleaner, greener, more liveable and sustainable places and the critical role it can play in driving social mobility.

This year, we launched our new Evolve strategy to ensure we can capitalise on these opportunities. In it we outline a clear vision, to be the world's premier shared mobility operator and purpose, to lead modal shift from cars to mass transit. I believe it's a vision and purpose that is both motivating and engaging and has more relevance today than ever before.

As shareholders will be aware, on 14 December 2021 the Company announced that it had made an offer to effect the combination of the Company with Stagecoach. However, on 9 March 2022, the date this Report was approved, Stagecoach announced that it had received a competing offer which its board of directors intends to recommend. Accordingly and as at 9 March 2022, the Company's Board is considering its options. However, as I explain above the Company's Evolve strategy gives us a clear framework and direction for capitalising on opportunities for growth and this strategy is not dependent on the combination.



**Sir John Armitt CBE**  
Chairman



There has never been a more exciting time for our sector which has a crucial role to play in tackling climate change and creating sustainable cities”

### Reinvigorating our leadership team

Under the leadership of Ignacio Garat, we are reinvigorated and well positioned to unlock the opportunities before us. Delivering on the six outcomes we outline in Evolve, which we introduced to the capital markets in October, provides us with both clarity and direction and will further distinguish us as a true leader in our industry. We have begun a comprehensive cascade of the strategy internally to ensure that every one of our colleagues understands not only our vision and purpose but the role they can play in delivery. I am pleased to say that we are already seeing the strategy gain momentum and I am confident that it will ensure we are well positioned for future growth.

### Leading on decarbonisation

We believe that the biggest positive impact we can have on the environment is to tempt people out of their cars and onto our vehicles. But we understand that we must go further than this to truly take environmental leadership and this year we announced new targets for the decarbonisation of our entire fleet, building on the targets previously announced for our fleet in the UK. We announced a Group net zero target for Scope 1 and 2 emissions, by 2040. We have incorporated the Task Force on Climate Related Disclosures (TCFD) fully into reporting this year and the Board was excited to see that the extensive analysis has confirmed our view of the considerable opportunities arising from modal shift.

In the UK, the Prime Minister launched the new UK Bus Strategy from one of our depots in the West Midlands. Working closely with governments and customers will be key to the transition to zero emission vehicles (ZEVs) and I am very pleased to see us leading the way here. But it isn't just about decarbonising and driving down greenhouse gas (GHG) emissions. As noted above, we recognise that modal shift has many societal benefits and, by investing in state-of-the-art ZEVs, we have the opportunity to engage with a wider range of customers and passengers who traditionally would not have considered public transport. Clean, reliable, accessible and affordable mobility solutions will have a crucial role to play in sustainable cities; in driving social mobility and creating places that people want to live in. Increasingly, public authorities are turning to us as a trusted partner to work with them on rethinking the cities and towns of the future.

### Employer of choice

As well as our determination to take a leading role on the environment and putting sustainability goals at the heart of our business, we are taking decisive action to ensure we become the employer of choice. Building on strong foundations, such as our long-standing commitment to paying at least the real Living Wage, we have focused during the year on inclusivity and diversity, driving action plans through our global and regional diversity councils. We have more initiatives planned in the coming year that will deliver our people strategy. As a people-led business it is essential that we are seen as the employer of choice, particularly at a time when competition for talent has never been greater. Only by creating an environment where people want to join and crucially want to stay with us will we be able to deliver for our customers and achieve our vision and purpose.

### 2021 performance

As I said at the outset of this statement, the last year has been one of transition and this has been reflected in our financial performance. I am pleased to say that the Group has delivered Underlying Profit at the top end of our expectations along with significant cash generation and an improving Balance Sheet. Revenue has grown in every division accompanied by a significant improvement in profit performance. We have seen a strong recovery in demand for our services, carrying nearly 800 million passengers in the year, a testament to the key role that our business plays in the lives of the people in the towns and cities we serve. We continue to be grateful for the ongoing support of our customers, governments and public authorities during 2021.

We have continued with our growth strategy, winning new business while also successfully mobilising new contracts, most notably, Casablanca our largest contract in Morocco.

At the same time, we have maintained a tight grip on cost control, with the benefit of cost actions taken in 2020 flowing through to the improved financial performance in the year. The significantly improved financial performance provides a strong foundation for further growth in the coming year.

As a Board, we are mindful of how important dividends are to many of our shareholders, and as I said in my Chairman's statement last year,

we are committed to reinstating dividend payments when performance recovers. With this in mind, it is the Board's intention to reinstate the dividend alongside our full year results in 2022.

### The year ahead

The year ahead is an exciting one for the Group, but there will be challenges for our people to overcome as we build back services in line with the removal of mobility restrictions and challenges geopolitically given the recent events in Ukraine.

We have seen that customer demand for our services rebounds strongly when pandemic restrictions are lifted, and we know that the macro trends are in our favour. Under Ignacio's leadership, and with our purpose and vision guiding the way, I expect to see the current trajectory of improving performance continue as we execute Evolve.

**Sir John Armitt CBE**

Chairman  
9 March 2022