



Francisco

Iglesias

Revenue  
(+35% against 2021)  
**€1,129.3m**

Underlying Operating Profit  
(+85% against 2021)  
**€121.8m**

Statutory Operating Loss  
(Profit of €35.2m in 2021)  
**€199.9m**

Underlying Operating Margin  
(+290bp against 2021)  
**10.8%**

Revenue  
(+34% against 2021)  
**£962.5m**

Underlying Operating Profit  
(+84% against 2021)  
**£103.9m**

Statutory Operating Loss  
(Profit of £30.2m in 2021)  
**£170.2m**

## Divisional Review

# ALSA

ALSA is the leading company in the Spanish road passenger transport sector.

Celebrating its 100-year anniversary in 2023, ALSA has significantly diversified its portfolio away from Long Haul to a multi-modal offering, which today additionally spans Regional and Urban bus and coach services across Spain, Morocco, Switzerland and Portugal. ALSA is a 'bid engine' that will power future growth.

### Overview

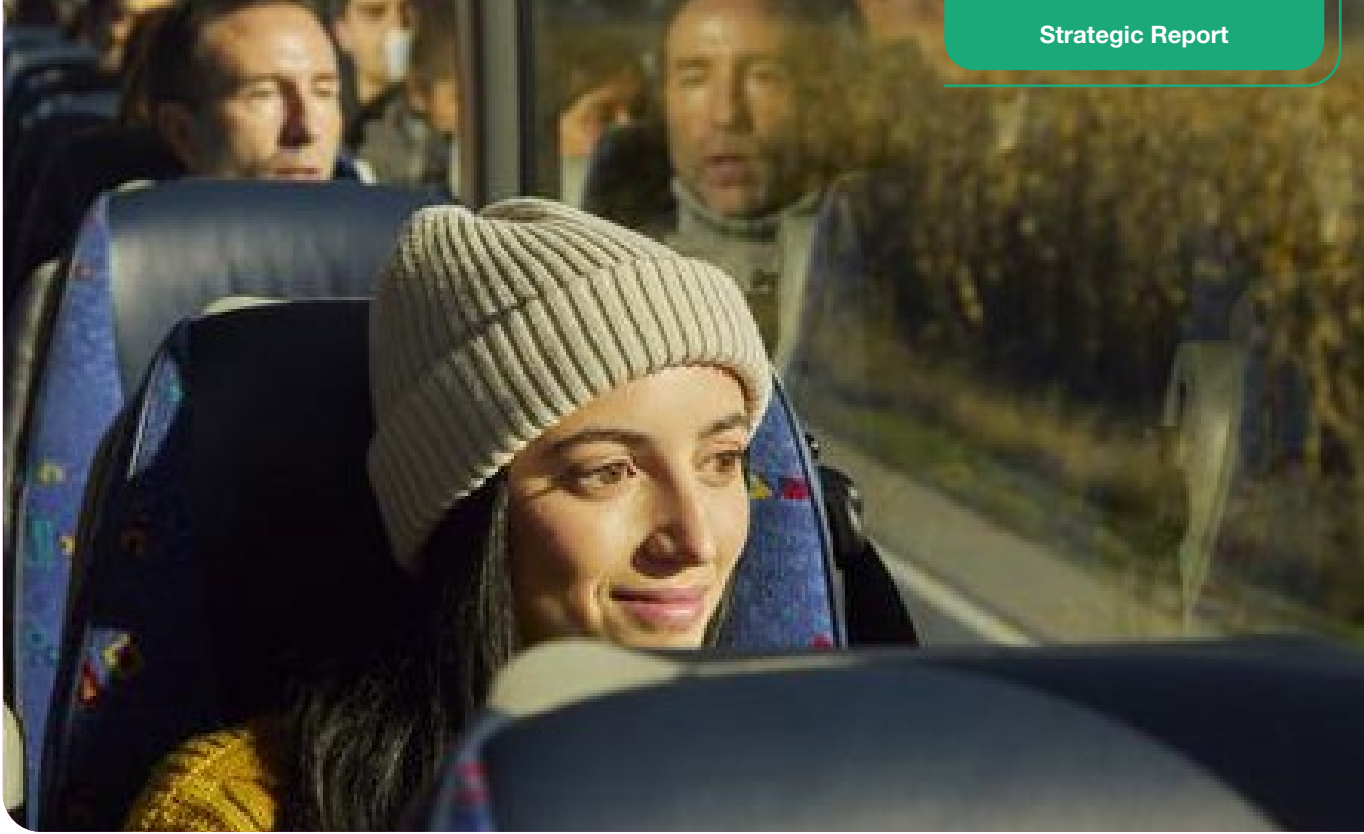
ALSA delivered very strong growth in both Revenue and Underlying Operating Profit, reflecting the improving trajectory in trading over the year and the further diversification of our multi-modal activities. Revenue exceeded €1bn for the first time, growing by 35.1% to €1,129.3m, with a strong uplift across all business lines. Underlying Operating Profit of €121.8m was 84.8% ahead of the prior year, with a 290 basis points uplift in the Underlying Operating Margin to 10.8%. After separately disclosed items of €321.7m, this resulted in a statutory operating loss of €199.9m. The increase in separately disclosed items reflects a non-cash impairment of goodwill arising solely as a result of an increase in the discount rate, driven by increases in government bond yields and the cost of debt (as discussed in the CFO Review), with no change in the trading outlook of the business.

### Revenue growth, passenger recovery

All our activities benefited from a significant uplift in underlying mobility, in terms of both patronage and service levels.

In Long Haul, revenue increased 76% year-on-year, with the steady improvement in underlying mobility over the year helping to optimise supply management and occupancy ratios. At the same time, we benefited from the recovery in passenger numbers and the enhanced digital sales ratio across all our nine main corridors as well as in other routes, with passenger numbers growing 64% on prior year. Long Haul yield was 3% higher than pre-pandemic levels.

Regional (revenue +22% versus 2021) and Urban bus (+23%) also delivered strong performances. Urban bus passenger volumes grew 15% on prior year. Revenue growth of 26% in Morocco was boosted by the network enhancement in Casablanca and Rabat as well as growth across other cities in which we operate at pre-pandemic levels.



Revenue growth was supported by both successful contract renewal, including Valencia-Alicante and Les Marines-Alicante in Regional, as well as new business wins (such as a new Urban bus contract in Alcantarilla and Murcia, and a bicycle supply contract in Santander) worth around €192m over their lifetime.

During 2022, we successfully mobilised a seven-year urban bus contract in Lisbon, our first win in Portugal. Having delivered on time and ahead of other operators, we continue to underscore our reputation for reinvigorating public transport, which provides us with strong credentials to bid for additional contracts in Portugal and for entry into other new markets as we look to increase our exposure to Southern Europe. We further expanded our offering with the acquisition of Vitalia in the attractive paratransit sector, which provides patient transport services in both the public and private sectors in Madrid and a number of other cities across Spain where we have existing operations. Since acquisition, we have significantly increased the size of the business, particularly in the private sector where we have seen a doubling in the number of customers.

## Progressing Evolve

We made good progress with our Evolve strategic priorities during the year.

Our focus on safety delivered further encouraging results in 2022. The ongoing implementation of best practice and investment in driving training as well as smarter, AI-enabled digital systems continued to deliver improvements, while we continue to partner closely with OEMs to deliver the next generation of safety technology. Accordingly, we were proud to achieve 10 years of AENOR safety certification, demonstrating that our business meets the highest standards, and we remain an active promoter of changes in road safety legislation.

Using our digital optimisation platform in the Spanish Urban and Regional businesses has allowed us to make operational improvements in network planning, resulting in better reliability and use of resources. Additionally, as we have re-established our network and mileage to meet post-pandemic demand, the introduction of double-decker vehicles to our Long-Haul routes has delivered a lower unit cost of delivery, resulting in improved efficiency in corridors with high-speed rail competition as well as enhanced occupancy and customer satisfaction ratios.

Consistent with our aim to be the environmental leader, we continued to add ZEVs to our fleet during the year. Currently we operate 39 ZEVs rising to 62 including Lisbon. With 20 additional ZEVs supporting our new contract starting in 2023, almost the entire fleet in the urban contracts in Switzerland is zero emission while we continue to incorporate new electric buses to our contracts. In addition, we rolled out the first hydrogen buses in Madrid and the first 100% electric bus service in Bilbao, Granada, Jaen and Tres Cantos. Looking to the future, we have a number of trials in place with different OEMs including testing the latest battery and fuel technologies. We are making a number of environmental improvements to our depots (such as installing solar panels and 'smart' charging points), and we joined the Spanish Hydrogen Network ('SHYNE'), the largest multi-sectoral consortium in Spain created to promote the decarbonisation of the economy through renewable hydrogen.

## Divisional Review

# ALSA continued

In order to achieve the most satisfied customers, we extended our Mobility as a Service ('MaaS') app in further towns and cities following the launch last year. This app, which can be used for travel on all types of mobility services in the local area and, with real-time information on service, journey times and connections, makes it more convenient for customers to plan their routes. With expanded functionality and new even more convenient ways to pay, our MaaS app now has more than 50,000 users. This continued focus on improving in our capabilities helped to deliver a strong uplift in our customer satisfaction levels to pre-pandemic levels, with the award of a BCX seal for Best Customer Experience in the Transport Sector.

As a committed employer of choice, we digitised our talent management processes during the year, which will support our efforts around retention, skills development and succession planning, and were proud to achieve the 'Best Place to Work' award in Morocco in H1.

### Looking forward

We expect to see further growth in the coming year with continuing recovery in demand across our service lines. We also expect to continue to diversify our customer propositions; for example, with our second Regional and Urban bus contract in Porto, Portugal due to start operating in the second half of the year, as well as expansion in new territories.

We have a strong pipeline of bidding opportunities over the next 18 months, worth circa €430m, and we will target further opportunities over the coming year as we look to leverage our credentials. We see particular opportunity in Urban Bus, international markets, tourism, paratransit and corporate shuttle markets.

As we continue to roll out our digital platforms, we anticipate further cost efficiencies, with the ongoing shift to online or digital tickets and further integration of AI across our maintenance activities. There are also opportunities to reduce journey times and improve punctuality in our business through the adoption of our digital optimisation platform.

The Long-Haul concession renewal process has yet to restart, with the authorities continuing to conduct a remapping of the network. Industry expectations are for no impact from the Long-Haul concession renewal process before 2025 at the earliest. Long Haul is now only 15% of our revenues.

### Francisco Iglesias

CEO: ALSA



# Case Study



## Reinvigorating public transport

### Our strategic priorities in action



ALSA entered a new geographical market in 2022, after being awarded a seven-year contract to operate urban bus services in Lisbon, Portugal (one of our key strategic target cities). We were the only new operator when the contracts were awarded in 2021, and so it was particularly pleasing to not only meet all the contractual milestones on time, but to do so at least one month ahead of the incumbent operators - demonstrating our capability for successfully mobilising contracts and underlining our reputation for reliability.

Through this contract, we are providing bussing services on 153 routes, with a fleet of nearly 230 buses including 23 ZEVs, employing 350 people and enabling mobility for nearly 400,000 people across Lisbon.

As part of the mobilisation, all depots, fleet and on-board equipment were delivered on time as well as a new commercial network of routes; assessment and training of drivers was completed and our global safety procedures were in place from day one of services entering into operation; all of which demonstrates that our competencies of plan, mobilise and operate allows us to reinvigorate public transport.

## Enabling mobility for nearly 400,000 people across Lisbon