

Our Evolve Strategy

Customer Propositions

Reinvigorate public transport

Grow the use of public transport in cities suffering congestion by building partnerships with stakeholders who want sustainable solutions.

Multi-modal expansion

Build more modal capability and city hubs from existing locations where we already have a physical footprint.

Operational transformation

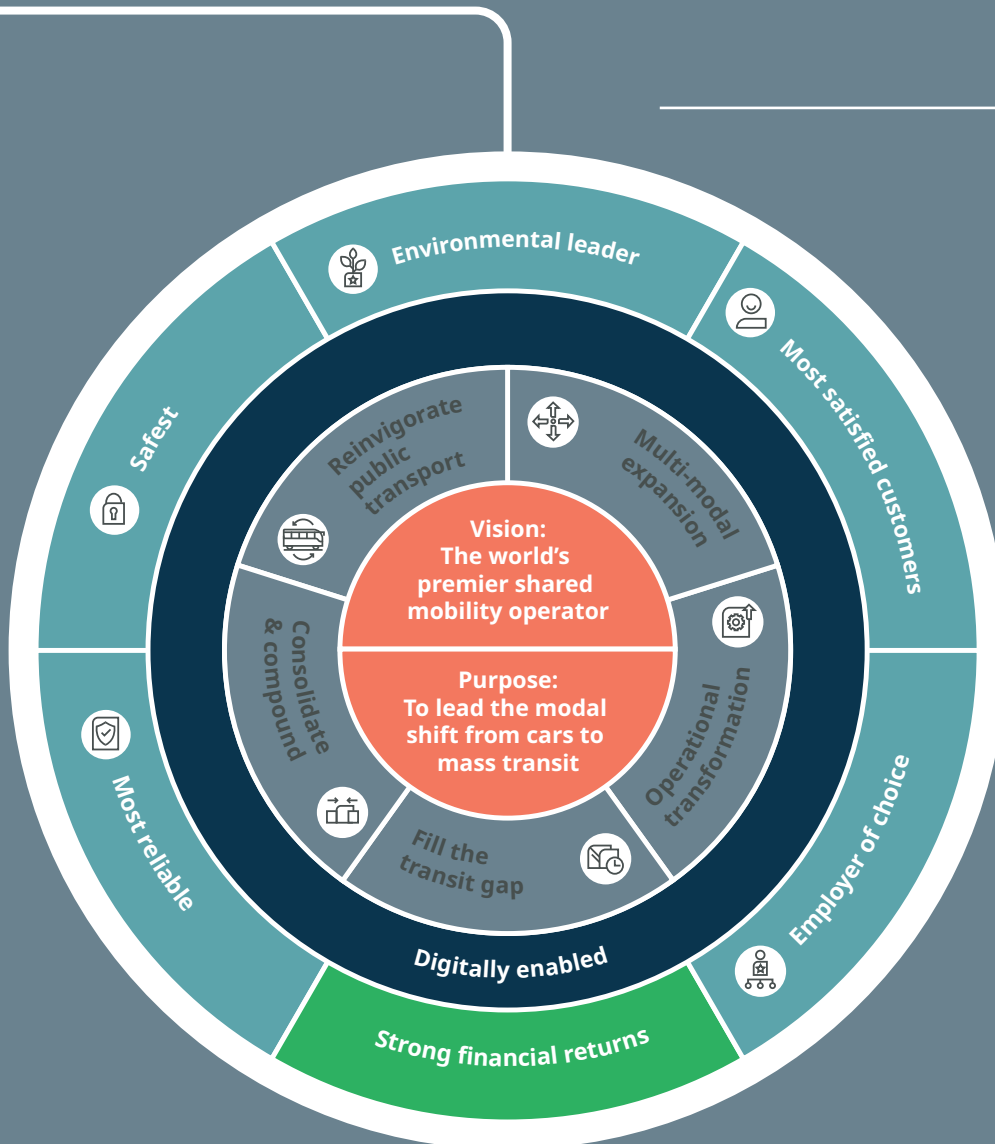
Application of our processes and know-how to drive efficiency, operational improvement and lower costs.

Fill the transit gap

Encouraging modal shift away from private cars in areas that are not well served by public mass transit.

Consolidate & compound

Consolidate fragmented markets and create 'at scale' operations to drive operating efficiencies and better customer solutions.



Consistent Outcomes for Growth

Most reliable

We will lead the industry in reliability by striving for ever increasing levels of punctuality, and driving down cancelled services and lost miles.

➔ See **Sustainability at National Express** page 68

➔ Links to KPI: **OTP and lost time**
See page 27

Safest

We will lead the industry in safety by continually driving down accidents.

➔ See **Sustainability at National Express** page 68

➔ Links to KPI: **FWI; Vehicle Emissions**
See page 26

Environmental leader

We will lead the transition to zero emission vehicles.

➔ See **Sustainability at National Express** page 68

➔ Links to KPI: **GHG emissions**
See page 27

Most satisfied customers

Our customers will rate us the highest in the industry.

➔ See **Sustainability at National Express** page 68

➔ Links to KPI: **Passenger journeys**
See page 26

Employer of choice

We will embed high performance culture that attracts and retains the best people.

➔ See **Sustainability at National Express** page 68

➔ Links to KPI: **NPS; Engagement score**
See page 27



**Underpinned
by our focused
application
of technology**



Our Business Model

What we do

We have a range of products



Urban bus:
single and double decker bus services in busy cities and their suburbs, in the UK, Ireland, Spain, Portugal, Morocco and Bahrain.



Long distance coach:
inter-city, tourism and airport transfer services in the UK and Spain, providing a cheaper and often more convenient alternative to rail.



Student transportation:
home-to-school transportation, predominantly in North America where we are the second largest operator and transport over one million children daily.



Corporate shuttle:
a range of services for transporting their employees to work; includes full home-to-work service and filling the "last mile" gap from mass transit hubs to the place of work.



Private hire:
the provision of buses or coaches to individuals, employers, schools or other organisations for field trips, days out, holidays, etc.



Rail:
we operate a number of lines in the southwest of Germany following a successful start of operations in 2015.

That enable us to create solutions for our customers across each of our five Evolve customer propositions

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Consolidate & compound

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Our globally diversified contract models

We have a mix of contracted and non contracted revenues

Around 70% of the Group's revenue is generated from contracts, where payment is typically made by a public transport authority, a school board or a corporate entity. The remaining circa 30% of revenue comes from individual passengers directly purchasing tickets from the Group without any contractual arrangement in place.

Just over a third of contracted revenue has a high degree of protection. This means that all of substantially all of the revenue on those contracts is pre-determined regardless of fluctuations in passenger numbers. For example, payment could be based on mileage and therefore the payment is not affected by fluctuations in occupancy. This category principally comprises "gross cost" contracts, which includes many of the urban bus contracts in ALSA, plus the majority of the rail contracts in Germany. Similarly a proportion of School Bus contracts have minimum operating days protection and are therefore included in this category.

40% of contracted revenue has a medium level of protection. This is where the customer has the right to vary the demand requirement, such as routes run or volume of services offered. The majority of School Bus is in this category.

The remainder of contracted revenue, around a quarter, has demand exposure. These are referred to as "net cost" contracts.

The chart on page 3 shows the extent to which our contracts offer protection against inflation. 42% have a high level of protection, which means the costs are either "pass through" or have a highly effective index mechanism. For example the annual price rise calculation could include a specific link to a wage index, providing effective protection against wage inflation.

A further 43% offer medium protection. This is where the annual price rises are based on a general inflation index (e.g. CPI) and therefore provide a good level of protection but are exposed if certain costs, such as fuel or wages, inflate by more than the general index.

Only about 15% of our contract costs have low protection. This is defined as being where we have fixed price rises built into the contract. Whilst this offers good protection if cost inflation is in line with the fixed price rises set at the outset of the contract, there is exposure if cost inflation exceeds those levels.

70%

of Group revenue is contracted

74%

of contracted revenue has high or medium level of certainty

85%

of contracted revenue has high or medium level of cost inflation protection

Our Business Model continued

How we create long-term value for stakeholders and wider society

The resources we rely upon

Our Resources



Vehicles

We operate around 28,000 vehicles of varying sizes, from taxis and minibuses, to double decker buses and long haul coaches. The fleet is predominantly diesel propulsion currently, but we also operate alternative fuel technologies such as propane, electric and hydrogen. We have well-developed plans to transition the whole fleet to zero emission vehicles and are making strong progress.



Sites

Our services operate from hundreds of depots across 11 countries and more than 50 key cities. These depots are where we bring our colleagues together, deliver training and embed our safety practices. We continually review our depots to optimise processes and to adapt to new technologies such as electric vehicle charging.



Financial

National Express has a track record of consistently generating cash flow from its operations, which is then used to maintain a strong balance sheet, invest for growth and provide returns to shareholders.



Colleagues

We employ over 46,000 colleagues across our businesses around the world, the majority of whom are drivers. They deliver excellent customer service, exemplary levels of safety, and bring extensive technical skills and expertise in areas such as operational excellence, route optimisation and vehicle technology.



Intellectual property

We continually develop and refine critical intellectual property, which allows us to design, mobilise and operate transport solutions that deliver on our Evolve outcomes.



Our Relationships

We have extensive, long-term relationships at local and national levels of government and with city or regional transport authorities. We engage collaboratively to find solutions, and improvements, to transport needs, and we believe in maintaining strong relationships with the communities in which we operate. We invest in long-term, collaborative relationships with suppliers; working together to develop innovative solutions and improvements to safety, reliability, customer satisfaction and environmental impact.

How we create value

What we do – our customer propositions

We have a range of products that enable us to create solutions for our customers across each of our five Evolve customer propositions.



For more information see our **Evolve Strategy** on pages 16 to 17



Our global diversified contract models

Around 70% of the Group's revenue is generated from contracts. The remaining circa 30% of revenue comes from individual passengers directly purchasing tickets from the Group without any contractual arrangement in place.



For more information see our **what we do** on page 18

Benefits to National Express



Sustainable long-term growth

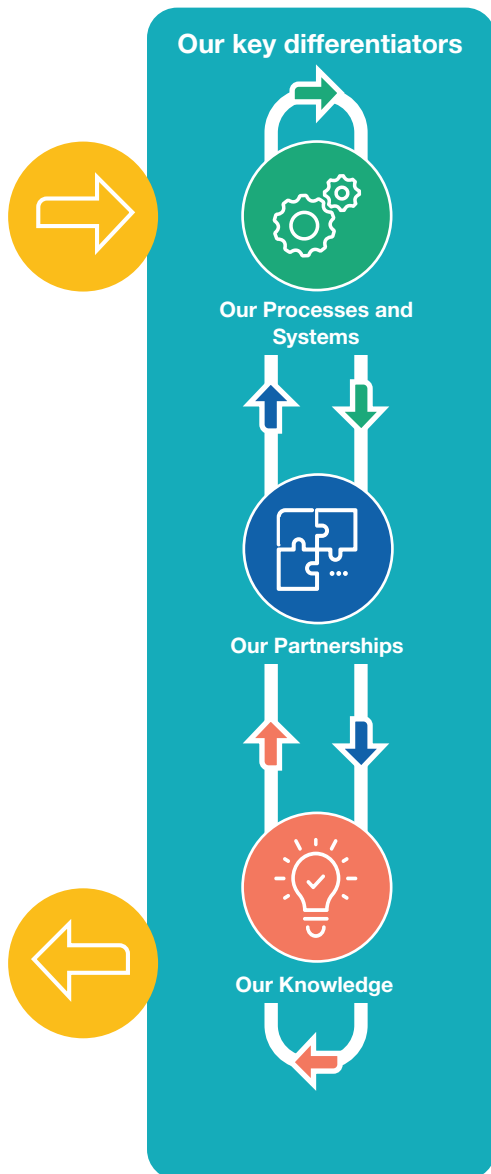
Our strong relationships with customers, suppliers and government bodies, combined with experienced colleagues, in-depth knowledge and considerable scale in terms of resources and geographical spread, enable us to drive sustainable long-term growth. We take a long-term view to the planning and utilisation of our resources, and to the organic and inorganic opportunities for growth.



Strong financial returns

We utilise our resources and relationships to achieve strong financial returns. By growing revenue, converting it to profit and delivering cash flow, we provide the ability to invest for growth, maintain a strong balance sheet and provide returns to shareholders. In the 10 years prior to the pandemic, National Express delivered a revenue and profit compound annual growth rate of 6% and 7% respectively.

The value we create



Value generated for stakeholders

Colleagues

We provide attractive employment opportunities, paying competitive wage and salary rates, and creating safe, enjoyable and inclusive working environments.

Passengers and customers

We provide best-in-class, value-for-money services that provide a compelling alternative to the private car. Our services enable passengers to connect with family, friends, and workplaces, and facilitate access to healthcare and education.

Suppliers

We support suppliers through the procurement of goods and services. We work with a wide range of suppliers from individuals to large businesses. We develop partnerships with key suppliers, working collaboratively to develop new innovations in, for example, safety or vehicle technology.

Equity and debt investors

We aim to provide attractive total shareholder returns. The Board has recommended the reinstatement of the dividend in respect of the full year 2022. We have strong long-term relationships with lenders, utilising a variety of sources of funding.

Communities

Our services facilitate social mobility and promote economic activity; connecting people to jobs, education, healthcare and leisure. Our services can be critical for people without access to a car and we provide transport for vulnerable people.

By encouraging modal shift from private car to public transport, we play an important role in improving air quality in our communities.

Governments

We have strong relationships at local and national levels of government, which enables us to help shape policies regarding public transportation. We are also able to bring transport solutions to local government bodies and transport authorities; transforming the services in their areas.

The Group also generates significant tax contributions to public finances across employee, sales, corporation, property and other taxes.

The environment

Public transport offers a more environmentally friendly mode of transport than the private car. One bus takes up to 70 cars off the road. Furthermore, we are moving fast to transition our fleet to zero emission, further reducing pollution and improving air quality.

Benefits to Society

➔ Social mobility

Our services connect people to each other and to places of work, education and healthcare.

➔ For more information see **our sustainability** on pages 68 to 80

➔ Reduced pollution and improved air quality

Many of our existing diesel vehicles already emit lower emissions than the average family car. By driving modal shift from private car to public transport, as well as transitioning our fleet to zero emission vehicles, we can make a significant impact on reducing pollution and improving air quality.

Our Business Model continued

Our key differentiators are our processes and systems, knowledge and partnerships



Our Processes and Systems

We have strong processes and systems in place across each of our businesses in order to achieve our five outcomes identified within the Evolve strategy: to be the most reliable; the safest; the environmental leader; have the most satisfied customers; and be the employer of choice. These processes are underpinned by standard operating procedures and global policies applied across each business.

The application of our processes and systems enables us to deliver consistency and operating efficiencies, whilst performance management and monitoring of KPIs identifies focus areas to drive continuous improvement, delivering superior outcomes as well as helping to drive lower costs.

All our processes and systems are digitally enabled, driving further improvements in operational and financial KPIs.



Our Knowledge

We hold market-leading positions in those markets where we choose to compete. Strong management teams across each of our businesses, using local knowledge whilst applying global best practice and expertise, enables us to both retain and win new business across the Group.

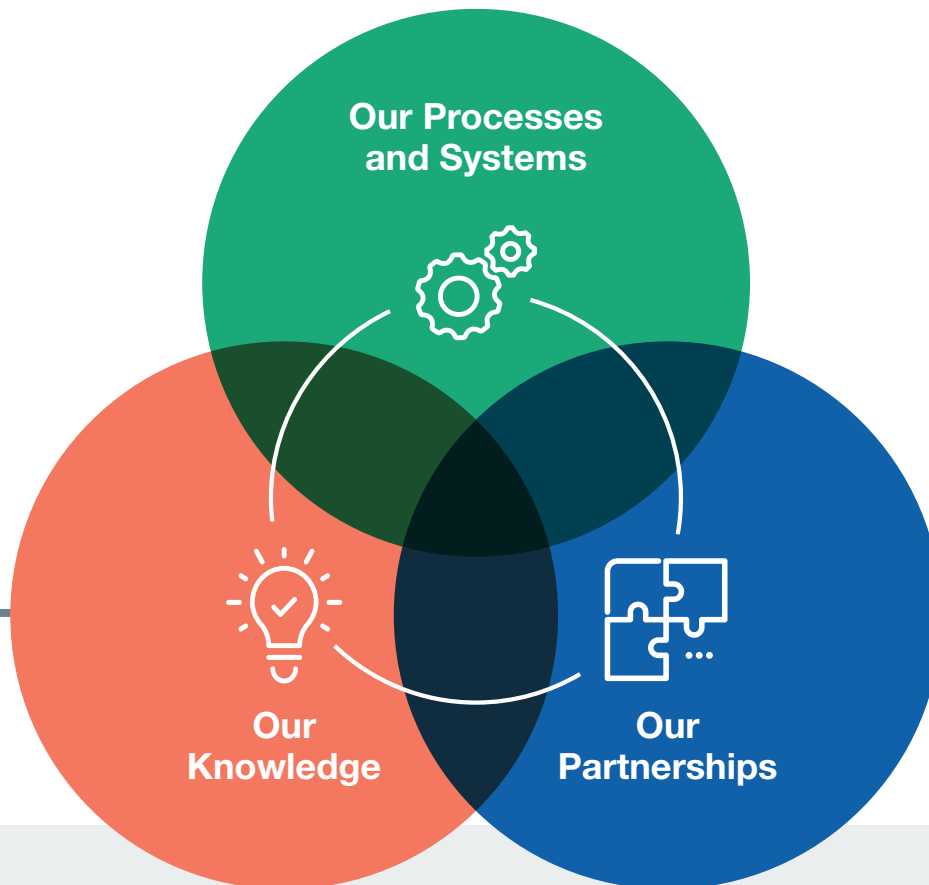
Our strength in network design and route scheduling supported by strong commercial capabilities in terms of marketing, pricing and revenue management are major competitive advantages, complemented by our leading brands.

We have a strong reputation for successful mobilisation of new contracts where we are both agile and flexible, widely recognised by local passenger transport authorities in each of our markets.

Key areas of differentiation:

- Design: Network planning, timetabling, scheduling, fleet planning
- Operations: Safety, dispatch, monitoring and controls, maintenance and customer care
- Mobilisation: Recruitment, training, fleet procurement and specification, ZEV implementation

Enabling us to design, mobilise and operate safe, reliable transport networks as a trusted partner



Our Partnerships

We put our customers at the heart of what we do in order to provide safe, reliable and great value mass transit services for them.

We have developed strong relationships with local public transport authorities, governments, school boards and corporate customers and work in partnership to deliver high quality services whilst at the same time providing solutions to enable customers to achieve their wider aims, which are designed to solve the challenges of congestion, carbon, clean air and inclusive social mobility.

By working in partnership with our customers, not only are we able to better understand their needs, but also through collaborative efforts, we are able to access available funding for promoting modal shift and for the transition to ZEVs.

➔ For more information see our **Business Model** on page 18

➔ For more information see our **Case Studies** on pages 35 to 47