Mobico Group PLC ("Mobico" or the "Group"): results for the six months ended 30 June 2024

Continued revenue and passenger growth

FY 24 Adjusted Operating Profit guidance unchanged at £185m to £205m

Deleveraging remains a priority: North America School Bus sale process underway

First half results, six months ended 30 June 2024

	HY 24	HY 23 Restated[2]	Change (Constant FX)	Change (Reported)
Group Revenue	**£1.65bn**	£1.57bn	7.6%	5.4%
Group Adjusted EBITDA[1]	**£183.8m**	£166.7m	13.2%	10.3%
Group Adjusted[1] Operating Profit	**£71.2m**	£57.5m	28.1%	23.8%
Group Adjusted[1] Profit Before Tax	**£25.4m**	£25.4m		
Adjusted basic[1] EPS	**0.3p**	1.0p		
Dividend per share	**0.0p**	1.7p		
Return on Capital Employed	**7.8%**	6.0%		
Statutory				
Group Operating Profit/(Loss)	**£45.5m**	£(9.2)m		
Group Loss Before Tax	**£(1.5)m**	£(41.9)m		
Group Loss After Tax	**£(4.1)m**	£(51.9)m		
Basic EPS	**(2.9)p**	(10.4)p		
Free cash flow	**£90.5m**	£79.7m		
Covenant net debt	**£987.9m**	£908.5m		
Covenant gearing	**2.8x**	2.8x		

H1 2024 highlights

- **Continuing positive passenger demand** – strong revenue performance up 7.6% (at constant currency), with continuing growth across much of the Group.
- **Profit improvement initiatives on track** - Group Adjusted Operating Profit increased by £13.7m, (23.8% on a reported basis).
- **Unchanged FY 24 Adjusted Operating Profit guidance of £185m to £205m**.
  - Cost inflation lower than in prior year, with full benefit from mitigating pricing actions in 2023 and H1 2024 expected in H2 this year
  - Accelerate cost saving programme remains on track, FY 24 expected savings of £30m under Accelerate 1.0 and £10m under Accelerate 2.0.
- **Stable balance sheet** with clear plans to reduce leverage and debt
  - Good cash generation, with Free Cash Flow of £90.5m (£79.7m in H1 23)
  - New debt reduction initiatives to deliver £25m of additional benefits in FY 24
  - Improvement in covenant gearing, relative to FY 23, targeted at 31 December 2024
- **Formal sale process for North American School Bus underway** following strong bidding season where routes won exceeded routes lost for the first time in over a decade
- **Operational Performance** - record H1 results in ALSA and the improvement in North America, were delivered alongside ongoing recovery in UK and Germany.

Ignacio Garat, Mobico Group Chief Executive, said:

"Mobico has delivered a good performance in the first half of 2024, with continuing positive passenger demand and revenue growth. ALSA has delivered record H1 results, underpinning the overall growth of the Group. We have retained, won and successfully mobilised significant new business across different parts of the Group and our cost-reduction initiatives have delivered savings slightly eariler than expected. Addressing our leverage remains a priority and in addition to commencing the formal sale process for North American School Bus, we have identified new organic debt reduction initiatives that will deliver in the second half. We remain confident of achieving FY 24 Adjusted Operating Profit of between £185m and £205m."

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A live webcast of the analyst meeting taking place today at 9:00am (BST) will be available on the investor page of the Group's website: www.mobicogroup.com.

Notes

1. To supplement IFRS reporting, we also present our results (including EBITDA) on an adjusted basis to show the performance of the business before adjusting items. These are detailed in note 5 to the Financial Statements and principally comprise intangible amortisation for acquired businesses, re-measurement of historic onerous contract provisions and impairments, Group wide restructuring and other costs and, in the prior year, re-measurement of the WeDriveU Put Liability and voluntary repayment of UK CJRS grant income ('furlough'). In addition to performance measures directly observable in the Group financial statements (IFRS measures), alternative financial measures are presented that are used internally by management as key measures to assess performance.

2. H1 2023 has been restated in respect of a correction to the onerous contract provisions in German Rail. This has changed 2023 Group Statutory Operating Profit/Loss from £8.7m to (£9.2m), Group Statutory (Loss) Before Tax from £(23.4)m to £(41.9)m, Group Statutory Loss After Tax from £(39.4)m to £(51.9)m and H1 2023 statutory EPS from (8.3)p to (10.4)p. Please see note 1 to the Financial Statements.

3. This announcement contains forward-looking statements with respect to the financial condition, results and business of Mobico Group. By their nature, forward-looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Mobico's actual future results may differ materially from the results expressed or implied in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Mobico does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including without limitation, during management presentations to financial analysts) in connection with this announcement.

Results overview

In the first half of 2024, the Group has delivered another strong revenue performance driven by progress in all of the Group's major business units. The Adjusted Operating Profit performance for H1 is consistent with our guidance for FY in 2024.

	Adjusted			Statutory Restated[1]			Adjusted
£m	**HY 24**	HY 23	Change	**HY 24**	HY 23	Change	FY 23
Revenue							
ALSA	**617.1**	559.7	10.3%	**617.1**	559.7	10.3%	1,165.4
North America	**609.3**	587.0	3.8%	**609.3**	587.0	3.8%	1,115.6
UK	**307.3**	285.4	7.7%	**307.3**	285.4	7.7%	610.1
Germany	**120.2**	137.3	(12.5)%	**120.2**	137.3	(12.5)%	259.8
Total	**1,653.9**	1,569.4	5.4%	**1,653.9**	1,569.4	5.4%	3,150.9
Operating profit/(loss)							
ALSA	**82.5**	57.6	43.2%	**79.8**	50.8	57.1%	136.8
North America	**21.4**	13.8	55.1%	**12.1**	(5.0)	342.0%	27.1
UK	**(12.6)**	(10.8)	(16.7)%	**(15.5)**	(21.2)	26.9%	23.5
Germany	**(5.1)**	5.9	(189.6)%	**(5.6)**	(12.9)	56.6%	0.2
Central Functions	**(9.2)**	(9.0)	(2.2)%	**(9.2)**	(9.0)	(2.2)%	(19.0)
Restructuring, legal one offs and bonus	**(5.8)**	nil	n/a	**(16.1)**	(11.9)	35.3%	nil
Total	**71.2**	57.5	23.8%	**45.5**	(9.2)	594.6%	168.6
Operating margin	**4.3%**	**3.7%**	0.6%	**2.8%**	(0.6)%	3.4%	5.4%

[1]H1 23 has been restated in respect of a correction to the onerous contract provisions in German Rail.

Revenue grew by £84.5m or 5.4% on a reported basis, and by 7.6% on a constant currency basis. This mainly reflects another strong performance at ALSA, continuing passenger growth in most other businesses, and positive impact from price increases (equivalent to around 3.6% Revenue growth at constant currency vs. H1 2023). Adjusted Operating Profit grew 23.8% to £71.2m (and Statutory Operating Profit was £45.5m). The impact of further agreed price rises and cost saving initiatives will result in a more robust H2 profitability.

ALSA continued to trade well with growth across the business, including strong performance in Regional and Long Haul, with Adjusted Operating Profit up 43.2%, driven by revenue growth of 10.3%.

North America grew revenue by 3.8% on a reported basis (6.4% at constant currency), as routes continued to be recovered in School Bus. This School Year bid season has delivered the first net positive route outcome (routes won vs routes lost) in over a decade. Adjusted Operating Profit increased to £21.4m (up 55.1%), with both route and pricing gains contributing to School Bus and important contracts in WeDriveU (the recently re-branded Transit & Shuttle) also mobilising recently.

In the UK and Germany, revenues grew 1.1%. With continued strong trading in UK Coach, and UK Bus patronage also improving, UK turnover grew 7.7% but the divisional result was also affected by a decline in German Rail. The £12.8m decline in Adjusted Operating Loss for H1 2024 partly reflected the continuing challenges faced by the German Rail industry, after expectations were rebased earlier in the year, as well a headwind from lower rail strike income in UK Coach. The UK business will benefit in the second half from a significant reduction in losses at NXTS due to the completion of the turnaround work that will deliver going forward. Fare increases implemented in 2023 and July 2024, and other significant cost actions taken in H1 create good momentum into H2.

Balance Sheet

At 30 June 2024, the Group had £0.8bn of cash and undrawn, committed facilities and a covenant gearing ratio of 2.8x (FY 23: 3.0x). The Group continues to benefit from strong liquidity having extended the vast majority of its Core RCF facility a further year from the original expiry in 2028, during the period.

Interest charges for FY 24 will rise as a consequence of higher bond coupons and interest on the RCF when drawn. As rates stand today, the anticipated net interest charge in Full Year 2024 will be c.£90m (£75m in 2023). 75% of our debt is fixed, with the majority of the floating portion due to revert to fixed in 2025.

Mobico has made clear its commitment to debt and leverage reduction. Whilst we are able to achieve that through the growth of Adjusted EBITDA and Free Cash Flow, targeting net debt / covenant Adjusted EBITDA of 1.5x to 2.0x by FY 27; we have also made clear that accelerated solutions are preferred to reduce debt levels. As such, the Group confirms that the formal process to dispose of its North America School Bus business is underway. Furthermore, operational controls have been tightened over aged debt collection and capital expenditure appraisals, including an increased focus on asset-light transactions.

Dividend

As the Group remains focused on de-leveraging the Board has decided that no 2024 interim dividend will be paid.

Outlook

Based on current market conditions, Mobico remains on track for Adjusted Operating Profit for 2024 to be within the range of £185m to £205m, with improvement in covenant gearing, relative to FY 23, expected at 31 December 2024.

Strategic Commentary

Mobico has made a good start to 2024, with revenue continuing to grow across the Group. Whilst we still face challenges, we have retained, won and successfully mobilised significant contracts across our businesses, secured good price increases and our cost reduction plans have delivered better than originally planned. Our guidance for FY 24 Adjusted Operating Profit between £185m and £205m remains unchanged.

An immediate priority remains the reduction of debt and leverage. With that ambition in mind, we're pleased to report that the formal process for the sale of the North America School Bus business has begun, and is progressing in line with expectations.

The Board in partnership with the management team review all available options to de-lever. Work to optimise cash generation and focus capital expenditure resources on investments with the most compelling returns, will also ensure that debt and leverage reduction remains central to our priorities. We have also launched a Company wide initiative targeted specifically at cash improvement and debt reduction, with projected FY 24 benefits of £25m and annualised benefits from 2025 of at least £50m. This is in addition to Accelerate benefits.

Continuing importance of Evolve

The Evolve strategy defines the critical strategic outputs for a successful business, including safety, efficiency and customer service – and is delivering clear operational and commercial improvement. For example, on-time performance (OTP) has improved significantly vs H1 2023 to 92.7% (from 91.6%) and customer satisfaction up across all markets.

During this 2024 / 2025 bidding season, North America School Bus has delivered the first net gains in routes won, for many years. ALSA has continued to grow, diversify and maximise its returns in dynamic markets. WeDriveU has won significant new business from both existing and new customers. The UK operations have also taken important steps during the first half towards delivering a sustainable and profitable business, fit for the future. It will take time for the turnaround to take effect and this is factored into our financial planning.

Accelerate cost-reduction initiatives

During the first half, further progress has been made with Accelerate 1.0 and Accelerate 2.0, our organisational design and cost-reduction initiatives, with savings under Accelerate 2.0 having delivered earlier than expected (£2m delivered in H1). We have increased confidence in delivering at least £40m of savings from the programme as a whole in FY 24 (as announced at FY 23), annualising to at least £50m in FY 25 onwards. The measures taken will improve the competitiveness of our businesses, across the portfolio, underpinning profit sustainability.

Key contract wins

To date we have won 23 new contract wins, ahead of the same point last year, with revenue values of £91m p.a. (H1 2023: £72m), and total contract values of £622m. Average Operating Profit margins on those contracts are 11%, with 30% ROCE. The conversion rate on bids submitted and awarded was 25%.

Environmental, Social & Governance

Mobico's Evolve strategy remains directly aligned to pressing environmental and social needs in society. It operates tailored transport solutions that enable communities to transition from low occupancy modes of transport to much more efficient, cleaner and safer mass transit solutions - these advance global ambitions for both a low carbon society and greater social mobility.

The Group is retaining focus on our transition to Zero Emissions Vehicles (ZEVs) in fleets across the businesses, around the world, whilst also ensuring that their adoption is financially and commercially sensible for our customers.

Mobico has previously set out zero emission fleet targets to reach net zero by 2040 (Scope 1 & 2 emissions) and an interim target of 1,500 ZEVs in service or on order by the end of 2024.

We will continue to review the targets in the context of the overall scale of the Group.

Divisional Results overview

The following section describes the performance of the Group's continuing business for the six month period to 30 June 2024, compared to the same period in 2023.

ALSA

ALSA is the leading company in the Spanish road passenger transport sector. It has, over a number of years, significantly diversified its portfolio away from predominantly Long Haul to having a multi-modal offering, which today spans Regional and Urban Bus and Coach services across Spain, Morocco, Switzerland, Portugal and Saudi Arabia.

	HY 24 m	HY 23 m	Change m	Change %
Reporting currency (£)	**£**	£	£	
Revenue	**617.1**	559.7	57.4	10.3%
Adjusted Operating Profit	**82.5**	57.6	24.9	43.2%
Statutory Operating Profit	**79.8**	50.8	29.0	57.1%
Local Currency (€)	**€**	€	€	
Revenue	**722.0**	638.8	83.2	13.0%
Adjusted Operating Profit	**96.5**	65.7	30.8	46.9%
Adjusted Operating Margin	**13.4%**	10.3%	3.1%pts	3.1%pts
Statutory Operating Profit	**93.3**	58.0	35.3	60.9%
Statutory Operating Margin	**12.9%**	9.1%	3.8%pts	3.8%pts

FX rates: H1 FY 24: €1.17:£1; H1 FY 23: €1.14:£1

Highlights

ALSA continues to grow across a diverse portfolio. ALSA delivered another strong result in the first half of the year in all its markets:

- Strong growth with revenues up 13.0% (at constant currency) (10.3% on a reported basis) and Adjusted Operating Profit growth of 46.9% (at constant currency); Statutory Operating Profit of £79.8m, an increase of £29.0m versus H1 23;
- Regional revenues 14.2% higher vs. H1 23
- Long Haul revenues up 25.6% vs. H1 23 driven by passenger growth (up 17.6%) and yields (up 6.8%);
- Sophisticated CRM enables customer segmentation and management of KPIs;
- Successfully managing increased competitive pressure from High-Speed Rail;
- Urban down 5%: absorbed impact of the Bilbao strike, now concluded;
- International business (including Portugal) up 87.8% on H1 23;
- New business: CanaryBus and Medical Transport,
- ALSA is now the no1 provider of non-emergency medical transport in Madrid.
- We expect momentum across the business to continue in H2 24

Commentary

ALSA had another strong performance in the first half and strengthened its reputation as the best operator in the market. Close control of key metrics – Occupancy, Revenue Management, Digital Sales and Customer Experience, all of which are improved vs last year - has again contributed to this performance.

Despite poor weather, Easter trading was ahead of last year, particularly on key Long-Haul routes. The 'Young Summer' discounted travel scheme was renewed for 2024, covering travel between July and September. Advance ticket sales in 2024 are already ahead of 2023 at this point, despite the slightly later start to the travel period covered this year. The Multi Vouchers scheme sponsored by Ministry of Transport and Sustainable Mobility has also been extended.

ALSA has adapted very quickly to evolving markets, not least through the increasingly sophisticated use of customer segmentation, CRM and revenue management. Development in International markets has also been positive, with further growth seen in the period in Portugal, Saudi Arabia and Switzerland.

Long Haul concessions

ALSA's strategy has successfully delivered three important outcomes - growth, diversification from Long-Haul, and continuous improvement in its position as a best-in-class operator - exceeding the expectations of its customers as it does so. That success has allowed ALSA to remain resilient, including when concessions come to tender. It also ensures ALSA will remain in a strong position in the industry, as a valued and leading provider.

There has long been external speculation about the future structure of the Long-Haul market. However, with the new Sustainable Mobility Law in process in Spain, it is expected that, should any change in the market be made, it is unlikely to have notable impact on ALSA's long-haul business (17% of total revenue today) until 2026 onwards, given the legislative and political timetable that would necessarily precede it. In the meantime we will maintain the continued strong momentum and continue to build and diversify our core business in to new territories and markets.

North America

The North America business operates in thirty-four states and three provinces in Canada. School Bus operates through medium-term contracts awarded by local school boards. Within WeDriveU, Transit focuses predominantly on Paratransit (the transportation of passengers with special needs) and Urban Bus. Shuttle offers corporate employee shuttle services to a range of sectors including Technology, Biotechnology, Manufacturing and Universities such that we now have a stronger, diversified portfolio of sectors and customers.

	HY 24 m	**HY 23 m**	**Change m**	**Change %**
Reporting currency (£)	**£**	£	£	
Revenue	**609.3**	587.0	22.3	3.8%
Adjusted Operating Profit	**21.4**	13.8	7.6	55.1%
Statutory Operating Profit/(Loss)	**12.1**	(5.0)	17.1	342.0%
Local currency ($)	**$**	$	$	
Revenue	**770.9**	724.3	46.6	6.4%
Adjusted Operating Profit	**27.1**	17.1	10.0	58.5%
Adjusted Operating Margin	**3.5%**	2.4%	1.1%pts	1.1%pts
Statutory Operating Profit/(Loss)	**15.3**	(6.2)	21.5	346.8%
Statutory Operating Margin	**2.0%**	(0.9)%	2.8%pts	2.8%pts

FX rates: H1 FY 24: $1.27:£1; H1 FY 23: $1.23:£1

Highlights

North America has delivered an encouraging H1 2024, combining a strong bidding season for School Bus and important contract wins for WeDriveU. The division reported good growth with Revenues up 6.4% at constant currency and Adjusted Operating Profit growth of 58.5% vs. H1 2023 (at constant currency).

School Bus

- Underlying revenue growth with H1 24 1.9% higher (0.7% lower on a reported basis) than in H1 2023;
- Performance reflecting volume improvements following route reinstatement, and the benefit of the 7.5% rate increase across the portfolio effective SY23/24, offset by the impact of business lost in the previous bid season;
- First net positive route outcome (routes won vs routes lost) in over a decade;
- Much improved fleet allocation to contracts and optimised life spans, driving stronger CapEx and cash control;
- Strong, above inflation, pricing performance with current average rate increases for SY 24/25 tracking to 10.2% on expiring contracts and 6.1% on the portfolio overall, ahead of inflationary cost increases benefitting H2;
- Clear line of sight to cost savings in organisation design workstream, as part of the Accelerate programme, with headcount already taking place.

WeDriveU

- Strong organic growth with H1 24 revenues up 17.3% (14.4% on a reported basis) vs H1 2023;
- Transit & Shuttle business is now unified under the WeDriveU brand;
- Notable contract wins, retentions and mobilisations secured, including WMATA (Washington Metropolitan Area Transport Authority) – a large, asset-light paratransit contract renewal and extension a success bid against a strong incumbent, mobilised at very short notice to underpin delivery;
- Corporate Shuttle has won four important new contracts, including Uber – consolidating its market leading position in the US corporate shuttle market driving momentum into H2;
- Run rate cost improvements in H2 will build on operational efficiencies delivered in H1, eliminating duplicative roles and establishing the central services model.

Commentary – School Bus

School Bus delivered another successful bidding season in preparation for the School Year 2024 / 2025, with the first net positive route outcome (routes won vs routes lost) in over a decade. The business also achieved above-inflation price increases across renewing contracts, driving the year-on-year improvement in profits.

Other important actions have also been taken. For example, the business is now far more adept at identifying and tracking under-utilised fleet. Improved fleet allocation (or 'cascading') vehicles no longer suited to one customer to other contracts, is improving asset utilisation, cash flow and customer satisfaction as a consequence. 500 such vehicle movements took place in H1, with more planned for H2 24.

Driver recruitment and retention have benefitted from the team's restructuring, to service high priority CSCs (Customer Service Centres). The wider use of internet recruitment platforms, boosted by social media and local hiring events, have all resulted in a growing talent pool – that includes referrals from current drivers. In H1 2024 School Bus recruited 4,310 new drivers, around 21% more than in H1 2023 (3,560 drivers). The business anticipates no significant driver issues when it launches the new school year in September 2024, a key win in the current environment and a critical success factor in our industry sector.

Commentary – WeDriveU

WeDriveU, the lead brand in the Shuttle business, has now been adopted as the single, unifying brand for the whole Transit & Shuttle operation, bringing together the seven North America Transit brands that existed before.

WeDriveU gained good traction in H1 2024 as business alignment and Accelerate initiatives were achieved, creating operational efficiencies and cost savings. In particular, WeDriveU's Operations team delivered efficiencies, eliminating duplicative roles and establishing a central services model. Nine new contracts won in H1 2024 will deliver annual revenue of £67m, and total contract revenue of £500m, a strong base for the future.

H1 saw a gradual recovery of public transit ridership. A new contract with Uber and reactivated contract with LinkedIn provides signs of resilient ridership trends as some employers embrace transportation to facilitate their hybrid workforce return to the office. University accounts are stable. At a macro level, we do continue to expect some market pressure as various transit agencies rationalise spend priorities, particularly given an uncertain political and economic climate. Nonetheless, we continue to pursue numerous opportunities for growth that we identify, many of which are asset-light and margin accretive.

The contract retention and extension at WMATA (Washington Metropolitan Area Transport Authority) is impressive because it has validated our customer offering and demonstrated that we can mobilise major new business quickly and effectively (start date of 1st July 2024). In the ramp-up to launch, we recruited 1,000 new drivers, met challenging delivery deadlines including two further contracts that launched on the same day. WMATA will become our largest single contract in North America and one of the largest in the Group, a flagship for our business which we will continue to build upon.

UK & Germany

The UK Bus & Coach businesses executed major organisational change successful over the last twelve months, with the German rail business responding to significant industry challenges. A new highly experienced German rail MD has recently been appointed to help drive that process.

Across UK Coach and Bus turnover grew 7.7% but the divisional result was also affected by a decline in German Rail. In the UK, H1 2024 Adjusted Operating Loss declined (16.7%) against the same period last year. In Q1 2024 a significant cost intervention programme was developed with momentum building through FY 24, spanning both network and operational cost savings as well as overhead savings as part of the Accelerate 2.0 programme. The majority of benefits will realised in H2 2024.

UK

In the **UK Bus** sector, Mobico is the market leader in the West Midlands – the largest UK urban bus market outside London. **UK Coach** is the largest operator of scheduled coach services in the UK, and also serves the fragmented commuter, corporate shuttle, private hire and accessible transport markets.

UK	HY 24 m	HY 23 m	Change m	Change %
Reported / Local currency (£)	£	£	£	
Revenue	**307.3**	285.4	21.9	7.7%
Adjusted Operating (Loss)	**(12.6)**	(10.8)	(1.8)	(16.7)%
Adjusted Operating Margin	**(4.1)%**	(3.8)%	(0.3)%pts	(0.3)%pts
Statutory Operating (Loss)	**(15.5)**	(21.2)	5.7	26.9%
Statutory Operating Margin	**(5.0)%**	(7.4)%	2.4%pts	2.4%pts

UK Bus

- Increase in UK Bus Revenue resulted from continued strong passenger growth and fare increases of 12.5% implemented in July 2023.
- As a result of the multi-operator ticket scheme in the West Midlands a further 6% fare rise was implemented at the end of June 2024, driving margin improvement in H2;
- Consistent improvement in operational KPIs, including on-time performance, partly driven by new punctually programme to increase the reliability of the network.
- Strong relationships with transport authorities. Preparations continue to optimise potential shift to franchising in TfWM.

UK Coach

- Year on year deterioration in Adjusted Operating Profit reflects the reduction in rail strikes in 2024 vs 2023 (c.£7m profit headwind for the half year).
- Excluding the impact of fewer rail strikes there was moderate underlying growth in demand in H1 (with yield up 5.7% and passenger volumes up 2.5%). Reported passenger volumes, without normalisation for rail strikes, were flat year on year while yield increased by 1.7%.
- Further optimisation of network capacity vs. demand already delivered in H1, with further actions planned for H2;
- On-track to restore the NXTS business to a profitable run-rate in H2 2024, following the losses incurred in FY 23;
- Seasonal trading in H2 will drive Operating Profit improvement vs H1;
- Review of asset utilisation, optimising vehicle life spans driving capex efficiency

Commentary – Bus

UK Bus has delivered continued strong passenger growth in HY 24 (+8.1% vs H1 2023 (normalised for the driver strike in H1 2023) and +1% vs 2019), on a network that is now 12% smaller in mileage terms than in 2019, reduced in response to passenger demand post-Covid. Revenues benefited from the fare rise in July 2023, with a further rise implemented at the end of end June 2024. At the end of December 2024, the current agreement with TfWM ends, and thereafter our business will be able to exercise greater control over routes and fares. Striking the balance of risk and reward is the priority; maintaining an appropriate high quality service to our valued customers, and generating a fair return. We will continue to focus on our good relationships with the transport authorities as we consider the best solutions for all parties, and work with those authorities in a partnership approach.

The recent appointment of a new Mayor in Birmingham and change of UK Government - both to Labour – mean that the probability of a move future years towards greater franchising in UK Bus services has increased. We had already been preparing for such a change and we believe that our operational performance, together with the delivery of an industry-leading service to our customers, will ensure our commercial success, whatever the model and timetable of any changes.

Commentary – Coach

As with UK Bus, UK Coach has been working through great organisational change, a priority for the new leadership team since 2023 to reduce structural costs and target improved returns from the UK market's leading provider. After adjusting for the rail strike benefit in H1 2023, both volume and yield are up (+2.5% and +5.7%, respectively) vs. last year. Regional intercity and regional airport routes have performed well. Route optimisation and efficiency actions have served to limit any impact on yields of any competitive pressure. The addition of valet parking services to the Dublin Airport package further strengthens our platform in Ireland where we continue to improve profitability.

The business is on track to return NXTS to run-rate profitability in H2 of this year (NXTS made a loss of £13m in FY 23). That recovery will be delivered through a combination of different initiatives: the closure of two depots already announced, selective disposal, and the integration of the remaining businesses into our core operations.

Germany

In **Germany**, Mobico is the second-largest rail operator in North Rhine-Westphalia and one of the top five operators in Germany.

	HY 24 m	**Restated[1] HY 23 m**	**Change m**	**Change %**
Reporting currency (£)	**£**	£	£	
Revenue	**120.2**	137.3	(17.1)	(12.5)%
Adjusted Operating (Loss) / Profit	**(5.1)**	5.9	(11.0)	(186.4)%
Statutory Operating (Loss) [1]	**(5.6)**	(12.9)	7.3	56.6%
Local currency (€)	**€**	€	€	
Revenue	**140.7**	156.7	(16.0)	(10.2)%
Adjusted Operating (Loss) / Profit	**(6.0)**	6.7	(12.7)	(189.6)%
Adjusted Operating Margin	**(4.3)%**	**4.3%**	(8.6)%pts	(8.6)%pts
Statutory Operating (Loss)[1]	**(6.6)**	(14.7)	8.1	55.2%
Statutory Operating Margin[1]	**(4.7)%**	(9.4)%	4.7%pts	4.7%pts

FX rates: H1 FY 24: €1.17:£1; H1 FY 23: €1.14:£1

[1]H1 2023 has been restated in respect of a correction to onerous contract provisions.

Commentary

Passenger volumes were boosted by the German Government's €49 monthly travel initiative, which was extended until the end of 2024. Despite this, revenue reduced by (10.2%) on a constant currency basis due to lower subsidies.

Three main structural issues continue to fundamentally impact our German business and wider sector: energy market volatility, industry-wide labour disruption to the train driver market and persistent levels of inflation in Germany. These have contributed to the decline in Adjusted Operating Loss in H1 2024 compared to prior year. The Rhine-Ruhr onerous contract losses were as expected for the period to 30 June 2024 and remain in line with previous expectations for the contract outlook, a remeasurement was therefore not required (H1 2023 restated: £18.3m).

Our German Rail management team is working closely with the German Rail PTAs to address these structural issues facing the industry, and to protect Mobico's interests, within the terms of the current contracts. Whilst it is still too early to tell how those critical discussions might conclude, or when, it remains clear that all parties are motivated to arrive at a sustainable and commercially viable conclusion. The outcome will have a critical impact upon delivery of FY 24.

In parallel, we continue to focus on narrowing the driver gap. We have significantly increased our 2024 training course capacity by 45% and currently have 92 people active in our training programme.

Group Chief Financial Officer's review

Mobico Group has benefitted from continuing positive passenger demand across much of the Group with strong revenue performance up 5.4% (on a reported basis). Profit improvement initiatives, including Accelerate and other operational efficiency improvements across the Group, remain on track with Adjusted Operating Profit increasing by £13.7m, (23.8% on a reported basis), albeit Divisions remain at various stages of recovery.

The Group is showing good cash generation, with Free Cash Flow of £90.5m (£79.7m in H1 2023) and clear plans to reduce leverage and new debt reduction initiatives to deliver £25m of benefit in FY24.

Mobico remains on track to deliver FY24 Adjusted Operating Profit in the range £185m to £205m.

Summary Income Statement

Group Revenue increased by £84.5m (5.4%) year-on-year to £1,653.9m (H1 2023: £1,569.4m) with strong passenger growth across core business lines.

Overall Group profitability has increased with Adjusted Operating Profit up £13.7m (23.8%) from £57.5m to £71.2m, despite the Group's divisions being in varying stages of recovery. Both the ALSA and North America divisions have performed well with both revenue and profit up on prior year - Adjusted Operating Profit up 43.2% and 55.1% respectively (on a reported basis).

	Six months to 30 June					
	Adjusted result[1] 2024 £m	**Adjusting items 2024 £m**	**Statutory total 2024 £m**	Adjusted result[1] 2023 £m	Adjusting items[2] 2023 £m	Statutory total[2] 2023 £m
Revenue	**1,653.9**	**–**	**1,653.9**	1,569.4	–	1,569.4
Operating costs	**(1,582.7)**	**(25.7)**	**(1,608.4)**	(1,511.9)	(66.7)	(1,578.6)
Operating profit/(loss)	**71.2**	**(25.7)**	**45.5**	57.5	(66.7)	(9.2)
Share of results from associates	**0.2**	**–**	**0.2**	–	–	–
Net finance costs	**(46.0)**	**(1.2)**	**(47.2)**	(32.1)	(0.6)	(32.7)
Profit/(loss) before tax	**25.4**	**(26.9)**	**(1.5)**	25.4	(67.3)	(41.9)
Tax	**(9.6)**	**7.0**	**(2.6)**	(7.2)	(2.8)	(10.0)
Profit/(loss) for the year	**15.8**	**(19.9)**	**(4.1)**	18.2	(70.1)	(51.9)

1: To supplement IFRS reporting, we also present our results on an adjusted basis which shows the performance of the business before adjusting items, principally comprising amortisation of intangibles for acquired businesses, remeasurement of onerous contract provisions and restructuring costs. Treatment as an adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. Further explanation in relation to these measures, together with cross-references to reconciliations to statutory equivalents where relevant, can be found in the Alternative Performance Measures section below.
2: Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

Covid-19 funding for the period to 30 June 2024 is £0.3m, down £15.0m on the prior year amount of £15.3m (which comprised of £6.7m ALSA government compensation and £8.6m UK Bus Recovery Grant). Excluding the impact of reduced government compensation, Adjusted Operating Profit would have increased by £28.7m (68.0%).

After £25.7m (H1 2023 restated: £66.7m) of adjusting items, statutory operating profit increased to £45.5m (H1 2023 restated: (£9.2m) loss).

Adjusted Net Finance Costs increased by £13.9m to £46.0m (H1 2023: £32.1m) due to both the refinancing of the £400m bond in the second half of 2023, which carried a 2.5% interest rate, with a €500m bond at a 4.875% interest rate; and the impact of higher interest rates on the Group's floating rate debt.

The Group recorded an Adjusted Profit Before Tax of £25.4m (H1 2023: £25.4m).

The adjusted effective tax rate of 37.8% (H1 2023: 28.3%) resulted in an adjusted tax charge of £9.6m (H1 2023: £7.2m). The statutory tax charge was £2.6m (H1 2023 restated: £10.0m), with an adjusting tax credit of £7.0m (H1 2023 restated: £2.8m charge) consisting of a £3.3m tax credit on tax deductible adjusting operating costs, and a £3.7m tax credit on adjusting intangible amortisation.

The statutory loss for the period was £4.1m (H1 2023 restated: (£51.9m) loss).

Segmental performance

	Six months to 30 June					
	Adjusted Operating Profit/(Loss) 2024 £m	**Adjusting items 2024 £m**	**Segment result 2024 £m**	Adjusted Operating Profit/(Loss) 2023 £m	Adjusting items[1] 2023 £m	Segment result[1] 2023 £m
ALSA	**82.5**	**(2.7)**	**79.8**	57.6	(6.8)	50.8
North America	**21.4**	**(9.3)**	**12.1**	13.8	(18.8)	(5.0)
UK	**(12.6)**	**(2.9)**	**(15.5)**	(10.8)	(10.4)	(21.2)
German Rail	**(5.1)**	**(0.5)**	**(5.6)**	5.9	(18.8)	(12.9)
Central Functions	**(9.2)**	**(10.3)**	**(19.5)**	(9.0)	(11.9)	(20.9)
Restructuring, legal one offs and bonus	**(5.8)**	**–**	**(5.8)**	–	–	–
Operating profit/(loss)	**71.2**	**(25.7)**	**45.5**	57.5	(66.7)	(9.2)

[1] Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

ALSA's Adjusted Operating Profit has increased by £24.9m to £82.5m as a result of strong passenger demand with Spanish Long Haul performing particularly well with high levels of occupancy and increased yields, benefitting from the continuation of the mutli-voucher scheme with passenger numbers up 18.0%. The Regional business has also seen continuing growth with passenger numbers up 17.1% (in the part of the business exposed to passenger revenue), boosted by increased mobility and network increases. The acquisition of CanaryBus completed successfully, with integration into the ALSA business well underway.

North America Adjusted Operating Profit also increased by £7.6m to £21.4m, benefiting from a 13% price increase across 40% of School Bus contracts for the 2023/24 school year and good cost control across the division. The segment result is impacted by costs related to the sale of the School Bus business as explained below.

In the UK, the Bus business Adjusted Operating Loss reduced by £5.3m to (£3.0m), as an increase in demand for its services, with commercial passenger numbers up 8.1% (normalised for the driver strike in the comparative period) and a price increase from July 2023 of 12.5% improved profitability. This outweighs a reduction in funding from Covid-19 Bus Recovery Grant and Bus Service Improvement Plan (BSIP) of £8.6m and £4.0m respectively; partially offset by the prior year being impacted by industrial strike action that took place in March 2023. The Coach business reported an Adjusted Operating Loss of (£9.6m), down £7.1m on prior year. Despite core Coach passenger numbers being up 2.5% (normalised for rail strikes) on the prior period, increased scheduled coach hire costs, fewer high-margin rail strikes (c£7m impact year-on-year), and lower ancillary income, have reduced profitability.

German Rail Adjusted Operating Loss of (£5.1m), is down £11.0m on prior year due to lower subsidy income relating to energy and staff costs, and higher penalties which have resulted from industry-wide driver shortages, with train routes being cancelled under the RRX Lot 1 contract.

Central Functions costs have increased £6.0m, principally due to improved performance of the Group resulting in higher costs of performance linked remuneration benefits. The segment result is also impacted by the costs relating to the sale of the School Bus business and other restructuring costs.

For the full year, £30m of Accelerate 1.0 and £10m of Accelerate 2.0 cost savings expected across all divisions.

Adjusting items

Adjusting items of £25.7 million (H1 2023 restated: £66.7m) were recorded as a net cost before tax in the Income Statement, of which £38.7 million (H1 2023: £23.5m) represented cash outflows in the period.

Adjusting items	**Income statement Six months to 30 June 2024 £m**	Income statement Six months to 30 June 2023[1] £m	Cash Six months to 30 June 2024 £m	Cash Six months to 30 June 2023 £m
Intangible amortisation for acquired businesses	**(14.2)**	(17.3)	**–**	–
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic	**3.9**	(0.9)	**(0.9)**	(2.5)
Re-measurement of the Rhine-Ruhr onerous contract provision	**–**	(18.3)	**(12.9)**	(1.4)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages	**0.7**	(4.9)	**(1.0)**	(7.0)
Final re-measurement of the WeDriveU put liability	**–**	(2.3)	**–**	–
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	**–**	(8.9)	**(8.9)**	–
Restructuring and other costs	**(16.1)**	(14.1)	**(15.0)**	(12.6)
Adjusting operating items	**(25.7)**	(66.7)	**(38.7)**	(23.5)

[1]Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

Non-cash intangible amortisation in respect of acquired businesses reduced by £3.1m in the period.

Amounts relating to re-measurement of the remaining onerous contracts and impairments were significantly reduced due to improvements in profitability of onerous contracts with a total credit of £4.6m in the period (H1 2023: £5.8m charge).

The Rhine-Ruhr onerous contract losses were as expected for the period to 30 June 2024 and remain in line with previous expectations for the contract outlook, a remeasurement was therefore not required (H1 2023 restated: £18.3m).

Restructuring and other costs of £16.1m includes the impact of Group wide strategic initiatives and restructuring.

Treasury & cash management

Funds flow	**Six months to 30 June 2024 £m**	Six months to 30 June 2023 £m
Adjusted Operating Profit	**71.2**	57.5
Depreciation and other non-cash items	**112.6**	109.2
EBITDA	**183.8**	166.7
Net maintenance capital expenditure*	**(89.7)**	(55.0)
Working capital movement	**23.9**	(3.6)
Pension contributions above normal charge	**(3.8)**	(3.7)
Operating cash flow	**114.2**	104.4
Net interest paid	**(23.7)**	(16.0)
Tax paid	**–**	(8.7)
Free cash flow	**90.5**	79.7
Growth capital expenditure*	**(28.1)**	3.0
Acquisitions (net of cash acquired/disposed)	**(41.6)**	(6.4)
Adjusting items	**(38.7)**	(23.5)
Payment on hybrid instrument	**(21.3)**	(21.3)
Dividend	**–**	(30.7)
Other, including foreign exchange	**4.5**	38.2
Net funds flow	**(34.7)**	39.0
Net Debt	**(1,236.4)**	(1,168.9)

*Net maintenance capital expenditure and growth capital expenditure are defined in the glossary of Alternative Performance Measures

The Group generated EBITDA of £183.8m in the period (H1 2023: £166.7m) driven by the improvement in Adjusted Operating Profit as explained above.

£89.7m of maintenance capital expenditure is principally related to asset purchases in North America and ALSA and is £34.7m higher than H1 2023 as the Group accelerated capital expenditure at the end of December 2022, to secure production slots, resulting in a lower cash outflow in H1 2023.

Working capital is well controlled with strong cash collections in H1 2024 resulting in an inflow of £23.9 million, compared to an outflow of £3.6m in the previous period.

Free cash inflow is £90.5m in the period (H1 2023: £79.7m), representing strong free cash flow conversion of 127% (H1 2023: 139%).

Growth capital expenditure of £28.1m has increased by £31.1m (H1 2023: £3.0 inflow) reflecting higher investment in property and fleet as a result of growth contract wins in North America and the timing of fleet purchases in ALSA, as well as a funding receipt from the local authority of £11.9m received in H1 2023 relating to the new Casablanca fleet.

Acquisitions cash outflow of £41.6m (H1 2023: £6.4m) relate primarily to the acquisition of CanaryBus in ALSA, a leading provider of tourist and discretionary services in the Canary Islands, as well as deferred consideration paid for previous acquisitions. The prior year reflects multiple smaller acquisitions in ALSA.

A cash outflow of £38.7m was recorded in respect of the items excluded from adjusted results as explained above. £21.3m of coupon payments on the hybrid instrument were made in the period, in line with prior periods. A final dividend was not declared in FY23 therefore no external dividend has been paid in HY24, the prior year included a dividend payment of £30.7m. Other inflows of £4.5m principally reflect the movement in exchange rates and settlement of foreign exchange derivatives.

Net funds outflow for the period of £34.7m (H1 2023: £39.0m inflow) resulted in Net Debt of £1,236.4m (H1 2023: £1,168.9m).

Please see the Supporting Reconciliations section below for a reconciliation to the statutory cash flow statement.

The Group maintains a disciplined approach to its financing and is committed to an investment grade credit rating. Our Moody's and Fitch ratings are Baa3 and BBB- respectively.
The Group has two key bank covenant tests; a <3.5x test for gearing and a >3.5x test for interest cover. At 30 June 2024, covenant gearing was 2.8x (31 December 2023: 3.0x) and interest cover was 4.4x (31 December 2023: 5.2x).

At 30 June 2024, the Group had utilised £1.3 billion of debt capital and committed facilities, with an average maturity of 5.8 years.

At 30 June 2024, the Group's RCFs were undrawn and the Group had available a total of £0.8 billion in cash and undrawn committed facilities. The table below sets out the composition of these facilities.

Funding facilities	Facility £m	Utilised at 30 June 2024 £m	Headroom at 30 June 2024 £m	Maturity year
Core RCFs*	600	–	600	2028-2029*
2028 bond	234	234	–	2028
2031 bond	418	418	–	2031
Private placement	400	400	–	2027-2032
Divisional bank loans	119	119	–	various
Leases	173	173	–	various
Funding facilities excluding cash	1,944	1,344	600	
Net cash and cash equivalents**		(240)	240	
Total		**1,104**	**840**	

* During the period the Group extended the vast majority of its Core RCF facility a further year from the original expiry in 2028. £571m of the facility will now mature in 2029 with £29m maturing in 2028. The Group has a further one year extension option available next year to further extend the maturity to 2030.
** Includes £1.2m classified in the Group Balance Sheet under assets held for sale.

To ensure sufficient availability of liquidity, the Board requires the Group to maintain a minimum of £300 million in cash and undrawn committed facilities at all times. This does not include factoring facilities which allow the without-recourse sale of receivables. These arrangements provide the Group with more economic alternatives to early payment discounts for the management of working capital, and as such are not included in (or required for) liquidity forecasts.

At 30 June 2024, the Group had foreign currency debt and swaps held as net investment hedges. These help mitigate volatility in the foreign currency translation of our overseas net assets. The Group also hedges its exposure to interest rate movements to maintain an appropriate balance between fixed and floating interest rates on borrowings. At 30 June 2024, the proportion of Group debt at floating rates was 25% (31 December 2023: 21%).

The Group hedges its exposure to fuel prices in order to provide a level of certainty as to its cost in the short term and to reduce the year-on-year impact of price fluctuations over the medium term. Fuel cost represents approximately 8% of revenue (HY 2023: 9%). At 30 June 2024 the Group is fully hedged for 2024 at an average price of 51.6p per litre; around 85% hedged for 2025 at an average price of 52.4p per litre; and around 35% hedged for 2026 at an average price of 48.4p per litre. This compares to an average hedged price in 2022 and 2023 of 37.5p per litre and 48.5p per litre respectively.

Return on capital employed

The return on capital employed at the end of the period was 7.8% (31 December 2023: 7.0%; 30 June 2023 restated: 6.0%).

Dividend

An interim dividend has not been proposed for the current period (2023 interim: 1.7p).

Group tax policy

We adopt a prudent approach to our tax affairs, aligned to business transactions and economic activity. We have a constructive and good working relationship with the tax authorities in the countries in which we operate and there are no outstanding tax audits in any of our main three markets of the UK, Spain and North America. The Group's tax strategy is published on the Group website in accordance with UK tax law.

Pensions

The Group's principal defined benefit pension scheme is in the UK. The combined deficit under IAS 19 on 30 June 2024 was £16.9m (31 December 2023: £32.6m), with the IAS 19 deficit for the Group main's scheme, West Midlands Bus being £15.6m (31 December 2023: £30.0m).

Going concern

The Financial Statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the financial statements. Details of the Board's assessment of the Group's 'base case', 'reasonable worse case', and 'reverse stress tests' are detailed in note 1 of the Financial Statements.

Risks and uncertainties

In the 2023 Annual Report and Accounts the Board sets out what it considers to be the principal risks and uncertainties. Having subsequently reviewed these again the Board considers them to remain relevant. The principal risks are summarised below:

- Unprecedented external factors
- Adverse economic conditions affecting our speed of recovery
- Adverse political and policy environment affecting funding
- Regulatory landscape and ability to comply
- Climate changes (physical)
- Climate changes (transitional)
- Implications of new technology in our business model (ZEV transformation)
- Competition and market dynamics in a digital world
- Shortages of drivers and frontline employees
- Industrial action

- Cyber attack
- Safety incidents, litigation and claims
- Credit/financing
- Attraction and retention of talent and succession planning

For a full summary of the Principal Risks and Uncertainties facing the Group, please refer to the 2023 Annual Report and Accounts pages 42 to 47 at https://www.mobicogroup.com/media/izrhscsr/mobico-group-plc-annual-report-and-accounts-2023.pdf.

Helen Cowing
Group Chief Financial Officer
20 August 2024

Alternative performance measures

In the reporting of financial information, the Group has adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements. The Directors believe that these APMs assist in providing useful information on the Adjusted performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance. The key APMs that the Group focuses on are as follows:

Measure	Closest IFRS measure	Definition and reconciliation	Purpose
Adjusted EBITDA	Operating profit[1]	Adjusted Earnings Before Interest and Tax plus Depreciation and Amortisation. It is calculated by taking Adjusted Operating Profit and adding back depreciation, fixed asset grant amortisation, and share-based payments.	Adjusted EBITDA is used as a key measure to understand profit and cash generation before the impact of investments (such as capital expenditure and working capital). It is also used to derive the Group's gearing ratio.
Gearing	No direct equivalent	The ratio of Covenant Net Debt to Adjusted EBITDA over the last 12 months, after making the following amendments to Adjusted EBITDA: including any pre-acquisition Adjusted EBITDA generated in that 12-month period by businesses acquired by the Group during that period; the reversal of IFRS 16 accounting; the exclusion of the profit or loss from associates; the exclusion of the profit or loss attributable to minority interest; and the add back of interest costs arising from the unwind of the discount on provisions.	The gearing ratio is considered a key measure of balance sheet strength and financial stability by which the Group and interested stakeholders assess its financial position.
Free cash flow	Net cash generated from operating activities	The cash flow equivalent of Adjusted Profit After Tax. A reconciliation of Adjusted Operating Profit and net cash flow from operating activities to free cash flow is set out in the supporting tables below.	Free cash flow allows us and external parties to evaluate the cash generated by the Group's operations and is also a key performance measure for the Executive Directors' annual bonus structure and management remuneration.
Net maintenance capital expenditure	No direct equivalent	Comprises the purchase of property, plant and equipment and intangible assets, other than growth capital expenditure, less proceeds from their disposal. It excludes capital expenditure arising from discontinued operations. It includes the capitalisation of leases initiated in the year in respect of existing business. A reconciliation of capital expenditure in the statutory cash flow statement to net maintenance capital expenditure (as presented in the Group Chief Financial Officer's Report) is set out in the supporting tables below.	Net maintenance capital expenditure is a measure by which the Group and interested stakeholders assesses the level of investment in new/existing capital assets to maintain the Group's profit.
Growth capital expenditure	No direct equivalent	Growth capital expenditure represents the cash investment in new or nascent parts of the business, including new contracts and concessions, which drive enhanced profit growth. It includes the capitalisation of leases initiated in the year in respect of new business.	Growth capital expenditure is a measure by which the Group and interested stakeholders assesses the level of capital investment in new capital assets to drive profit growth.
Net Debt	Borrowings less cash and related hedges	Cash and cash equivalents (cash overnight deposits, other short-term deposits) and other debt receivables, offset by borrowings (loan notes, bank loans and finance lease obligations) and other debt payable (excluding accrued interest). The components of Net Debt as they reconcile to the primary financial statements and notes to the accounts is disclosed in note 15.	Net Debt is the measure by which the Group and interested stakeholders assess its level of overall indebtedness.
Covenant Net Debt	Borrowings less cash and related hedges	Net Debt adjusted for certain items agreed with the Group's lenders as being excluded for the purposes of calculating Net Debt for covenant assessment. The adjustments principally comprise the exclusion of IFRS 16 liabilities, the exclusion of amounts owing under arrangements to factor advance subsidy payments, the add back of trapped cash, and an adjustment to retranslate any borrowing denominated in foreign currency to the average foreign currency exchange rates over the preceding 12 months.	Covenant Net Debt is the measure that is applicable in the covenant gearing test.
Adjusted earnings	Profit after tax	Adjusted earnings is Profit attributable to equity shareholders for the period, excluding Adjusting items (as described below) and can be found on	Adjusted earnings is a key measure used in the calculation of Adjusted earnings per share.

		the face of the Group Income Statement in the first column.	
Adjusted earnings per share	Basic earnings per share	Is Adjusted earnings divided by the weighted average number of shares in issue, excluding those held in the Employee Benefit Trust which are treated as cancelled. A reconciliation of statutory profit to Adjusted profit for the purpose of this calculation is provided within note 8 of the financial statements.	Adjusted earnings per share is widely used by external stakeholders, particularly in the investment community.
Adjusted Operating Profit	Operating profit[1]	Statutory operating profit excluding Adjusting items (as described below), and can be found on the face of the Group Income Statement in the first column.	Adjusted Operating Profit is a key performance measure for the Executive Directors' annual bonus structure and management remuneration. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusting Items	No direct equivalent	Adjusting items are items that are considered significant in nature and value, not in the normal course of business, or are consistent with items that were treated as Adjusting items in prior periods.	Treatment as an Adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group.
Adjusted Operating Margin	Operating profit[1] divided by revenue	Adjusted Operating Profit/(Loss) divided by revenue	Adjusted Operating Margin is a measure used to assess and compare profitability. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusted Profit Before Tax	Profit before tax	Statutory profit before tax excluding Adjusting Items can be found on the face of the Group Income Statement in the first column.	Adjusted Profit before tax allows a view of the profit before tax after taking account of the Adjusting items.
Return on capital employed (ROCE)	Operating profit[1] and net assets	Adjusted Operating Profit divided by average capital employed. Capital employed is net assets excluding Net Debt and derivative financial instruments, and for the purposes of this calculation is translated using average exchange rates. The calculation of ROCE is set out in the reconciliation tables below.	ROCE gives an indication of the Group's capital efficiency and is a key performance measure for the Executive Directors' remuneration.

[1] Operating profit is presented on the Group income statement. It is not defined per IFRS, however is a generally accepted profit measure.

Supporting reconciliations

Reconciliation of net cash flow from operating activities to free cash flow	**Six months to 30 June 2024 £m**	Six months to 30 June 2023 £m
Net cash flow from operating activities	**140.6**	120.6
Cash (receipts)/payments in respect of IFRIC 12 asset purchases treated as working capital for statutory cash flow*	**–**	(11.9)
Cash expenditure in respect of adjusting items	**38.7**	23.5
Net maintenance capital expenditure	**(89.7)**	(55.0)
Other non-cash movements	**(0.8)**	(0.4)
Profit on disposal of fixed assets	**1.7**	2.9
Free cash flow	**90.5**	79.7

* During the prior year the Group received cash in respect of a capital grant receivable for assets (principally vehicles) acquired in previous years to fulfil a contract in Morocco that is accounted for under the IFRIC12 (service concession arrangements – an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets) financial asset model and where the statutory cash flow for these purchases and grants receivable are accordingly presented as a movement in working capital, with the assets being recorded as contract assets on the balance sheet rather than property, plant and equipment or intangible assets. In order to be consistent with the treatment of asset purchases on other contracts, these asset purchases are reclassified to capital expenditure for the purposes of the "funds flow" presented in the CFO report. The grant receipt was included as growth capital expenditure, consistent with the original asset purchases for new business and consistent with previous years.

Reconciliation of capital expenditure in statutory cash flow to funds flow	**Six months to 30 June 2024 £m**	Six months to 30 June 2023 £m
Purchase of property, plant and equipment	**(97.7)**	(41.8)
Proceeds from disposal of property, plant and equipment	**6.8**	3.2
Payments to acquire intangible assets	**(3.3)**	(4.8)
Proceeds from disposal of intangible assets	**0.7**	0.4
Net capital expenditure in statutory cash flow statement	**(93.5)**	(43.0)
Profit on disposal of fixed assets	**(1.7)**	(2.9)
Capitalisation of leases initiated in the year, less disposals	**(22.6)**	(18.0)
Cash receipts/payments in respect of IFRIC12 purchases (as explained above)	**–**	11.9
Net capital expenditure in the funds flow (presented in the Group Chief Financial Officer's Report)	**(117.8)**	(52.0)
Split as:		
Net maintenance capital expenditure	***(89.7)***	*(55.0)*
Growth capital expenditure	***(28.1)***	*3.0*

Reconciliation of ROCE	**12 months to 30 June 2024 £m**	(Restated) 12 months to 30 June 2023[1] £m
Group statutory operating profit/(loss)	**33.3**	(225.0)
Add back: adjusting items	**149.0**	389.3
Return – Adjusted Group Operating Profit	**182.3**	164.3
Average net assets	**1,140.9**	1,413.8
Average net debt	**1,202.7**	1,168.8
Average derivatives, excluding amounts within net debt	**11.0**	(21.6)
Foreign exchange adjustment	**(3.1)**	186.9
Average capital employed	**2,351.5**	2,747.9
Return on capital employed	**7.8%**	6.0%

[1] *Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.*

Directors' Responsibilty Statement

The Directors confirm that, to the best of their knowledge:

- the condensed financial statements of the Company have been prepared in accordance with IAS 34; and
- the interim management report of the Company includes:
  - a fair review of the important events during the first six months of the year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
  - a fair review of related party transactions and changes therein, as required by DTR 4.2.8R.

On behalf of the Board

Ignacio Garat
Chief Executive Officer

Helen Cowing
Interim Chief Financial Officer

MOBICO GROUP PLC
CONDENSED GROUP INCOME STATEMENT
For the six months ended 30 June 2024

		Unaudited six months to 30 June						
	Note	**Adjusted result 2024 £m**	**Adjusting items (note 5) 2024 £m**	**Total 2024 £m**	Adjusted result 2023 £m	(Restated) Adjusting items (note 5) 2023[1] £m	(Restated) Total 2023[1] £m	Audited Year to 31 December Total 2023 £m
Revenue	3	**1,653.9**	**-**	**1,653.9**	1,569.4	–	1,569.4	3,150.9
Operating costs		**(1,582.7)**	**(25.7)**	**(1,608.4)**	(1,511.9)	(66.7)	(1,578.6)	(3,172.3)
Group operating profit/(loss)		**71.2**	**(25.7)**	**45.5**	57.5	(66.7)	(9.2)	(21.4)
Share of results from associates		**0.2**	**–**	**0.2**	–	–	–	(0.5)
Finance income	4	**1.5**	**–**	**1.5**	1.7	–	1.7	4.0
Finance costs	4	**(47.5)**	**(1.2)**	**(48.7)**	(33.8)	(0.6)	(34.4)	(80.4)
Profit/(loss) before tax		**25.4**	**(26.9)**	**(1.5)**	25.4	(67.3)	(41.9)	(98.3)
Tax (charge)/credit	6	**(9.6)**	**7.0**	**(2.6)**	(7.2)	(2.8)	(10.0)	(64.4)
Profit/(loss) for the period		**15.8**	**(19.9)**	**(4.1)**	18.2	(70.1)	(51.9)	(162.7)
Profit/(loss) attributable to equity shareholders		**12.7**	**(19.9)**	**(7.2)**	16.8	(69.9)	(53.1)	(163.8)
Profit/(loss) attributable to non-controlling interests		**3.1**	**–**	**3.1**	1.4	(0.2)	1.2	1.1
		15.8	**(19.9)**	**(4.1)**	18.2	(70.1)	(51.9)	(162.7)
Earnings per share:	8							
– basic earnings per share				**(2.9)p**			(10.4)p	(30.2)p
– diluted earnings per share				**(2.9)p**			(10.4)p	(30.2)p

[1]Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	Unaudited six months to 30 June 2024 £m	(Restated) Unaudited six months to 30 June 2023[1] £m	Audited year to 31 December 2023 £m
Loss for the period	**(4.1)**	(51.9)	(162.7)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension plans	**10.9**	4.2	2.6
Deferred tax charge on actuarial movements	**(2.7)**	(1.0)	(0.8)
Losses on financial assets at fair value through Other Comprehensive Income	**–**	–	(1.4)
	8.2	3.2	0.4
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on retranslation of foreign operations	**(15.2)**	(77.7)	(74.3)
Exchange differences on retranslation of non-controlling interests	**(0.7)**	(1.6)	(0.9)
Gains on net investment hedges	**13.5**	33.6	30.1
Gains/(losses) on cash flow hedges	**16.3**	(45.5)	(14.4)
Cost of hedging	**(0.1)**	0.3	0.6
Hedging (losses)/gains reclassified to Income Statement	**(5.7)**	7.0	(26.9)
Deferred tax credit/(charge) on foreign exchange differences	**0.3**	(4.2)	(0.8)
Deferred tax (charge)/credit on cash flow hedges	**(2.7)**	9.5	3.6
	5.7	(78.6)	(83.0)
Other comprehensive income/(expense) for the period	**13.9**	(75.4)	(82.6)
Total comprehensive income/(expense) for the period	**9.8**	(127.3)	(245.3)
Total comprehensive income/(expense) attributable to:			
Equity shareholders	**7.4**	(126.9)	(245.5)
Non-controlling interests	**2.4**	(0.4)	0.2
	9.8	(127.3)	(245.3)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

MOBICO GROUP PLC
CONDENSED GROUP BALANCE SHEET
At 30 June 2024

	Note	**Unaudited 30 June 2024 £m**	(Restated) Unaudited 30 June 2023[1] £m	Audited 31 December 2023 £m
Non-current assets				
Intangible assets		**1,566.6**	1,545.9	1,551.8
Property, plant and equipment	11	**1,205.6**	1,121.2	1,164.5
Non-current financial assets	12	**17.1**	19.5	15.3
Investments accounted for using the equity method		**10.0**	12.8	11.1
Trade and other receivables		**139.9**	162.7	153.8
Finance lease receivable		**8.7**	7.8	6.5
Deferred tax assets		**183.3**	194.0	164.4
Defined benefit pension assets	13	**0.2**	0.2	0.2
Total non-current assets		**3,131.4**	3,064.1	3,067.6
Current assets				
Inventories		**35.5**	32.1	33.7
Trade and other receivables		**593.9**	563.7	573.1
Finance lease receivable		**2.4**	3.7	2.7
Derivative financial instruments	12	**11.3**	40.9	11.1
Current tax assets		**–**	2.9	12.4
Cash and cash equivalents	9	**244.7**	356.8	356.3
		887.8	1,000.1	989.3
Assets classified as held for sale	14	**24.8**	24.5	18.2
Total current assets		**912.6**	1,024.6	1,007.5
Total assets		**4,044.0**	4,088.7	4,075.1
Non-current liabilities				
Borrowings		**(1,273.0)**	(854.4)	(1,290.6)
Derivative financial instruments	12	**(13.5)**	(34.4)	(15.3)
Deferred tax liability		**(43.6)**	(26.2)	(47.1)
Other non-current liabilities		**(120.5)**	(111.7)	(115.2)
Defined benefit pension liabilities	13	**(17.1)**	(34.8)	(32.8)
Provisions		**(127.8)**	(90.6)	(146.4)
Total non-current liabilities		**(1,595.5)**	(1,152.1)	(1,647.4)
Current liabilities				
Trade and other payables		**(1,035.1)**	(923.5)	(960.6)
Borrowings		**(229.2)**	(673.9)	(271.2)
Derivative financial instruments	12	**(25.7)**	(45.3)	(31.6)
Current tax liabilities		**(12.5)**	(4.2)	–
Provisions		**(86.1)**	(92.1)	(98.3)
		(1,388.6)	(1,739.0)	(1,361.7)
Liabilities classified as held for sale	14	**(4.2)**	–	–
Total current liabilities		**(1,392.8)**	(1,739.0)	(1,361.7)
Total liabilities		**(2,988.3)**	(2,891.1)	(3,009.1)
Net assets		**1,055.7**	1,197.6	1,066.0
Shareholders' equity				
Share capital		**30.7**	30.7	30.7
Share premium		**533.6**	533.6	533.6
Own shares		**(4.5)**	(3.6)	(3.6)
Hybrid reserve		**502.2**	502.2	513.0
Other reserves		**404.2**	404.1	397.6
Retained earnings		**(442.2)**	(312.5)	(435.5)
Total shareholders' equity		**1,024.0**	1,154.5	1,035.8
Non-controlling interest in equity		**31.7**	43.1	30.2
Total equity		**1,055.7**	1,197.6	1,066.0

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2024

	Share capital £m	**Share premium £m**	**Own shares £m**	**Hybrid reserve £m**	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Non-controlling interests £m**	**Total equity £m**
At 1 January 2024	**30.7**	**533.6**	**(3.6)**	**513.0**	**397.6**	**(435.5)**	**1,035.8**	**30.2**	**1,066.0**
(Loss)/profit for the period	**–**	**–**	**–**	**–**	**–**	**(7.2)**	**(7.2)**	**3.1**	**(4.1)**
Other comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**6.6**	**8.0**	**14.6**	**(0.7)**	**13.9**
Total comprehensive income	**–**	**–**	**–**	**–**	**6.6**	**0.8**	**7.4**	**2.4**	**9.8**
Shares purchased	**–**	**–**	**(2.0)**	**–**	**–**	**–**	**(2.0)**	**–**	**(2.0)**
Own shares released to equity employee share schemes	**–**	**–**	**1.1**	**–**	**–**	**(1.1)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**1.7**	**1.7**	**–**	**1.7**
Deferred tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Accrued payments on hybrid instrument	**–**	**–**	**–**	**10.5**	**–**	**(10.5)**	**–**	**–**	**–**
Payments on hybrid instrument	**–**	**–**	**–**	**(21.3)**	**–**	**-**	**(21.3)**	**–**	**(21.3)**
Deferred tax on hybrid bond payments	**–**	**–**	**–**	**–**	**–**	**2.7**	**2.7**	**–**	**2.7**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
At 30 June 2024	**30.7**	**533.6**	**(4.5)**	**502.2**	**404.2**	**(442.2)**	**1,024.0**	**31.7**	**1,055.7**

	Share capital £m	Share premium £m	Own shares £m	Hybrid reserve £m	(Restated) Other Reserves[1] £m	(Restated) Retained Earnings[1] £m	(Restated) Total[1] £m	Non-controlling interests £m	(Restated) Total equity[1] £m
At 1 January 2023 (restated)[1]	30.7	533.6	(3.9)	513.0	481.1	(223.7)	1,330.8	43.0	1,373.8
(Loss)/profit for the period	–	–	–	–	–	(53.1)	(53.1)	1.2	(51.9)
Other comprehensive (expense)/income for the period	–	–	–	–	(77.0)	3.2	(73.8)	(1.6)	(75.4)
Total comprehensive expense	–	–	–	–	(77.0)	(49.9)	(126.9)	(0.4)	(127.3)
Own shares released to equity employee share schemes	–	–	0.3	–	–	(0.3)	–	–	–
Accrued payments on hybrid instrument	–	–	–	10.5	–	(10.5)	–	–	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)	–	(21.3)
Deferred tax on hybrid bond payments	–	–	–	–	–	2.6	2.6	–	2.6
Dividends paid to shareholders of Company	–	–	–	–	–	(30.7)	(30.7)	–	(30.7)
Contributions from non-controlling interests	–	–	–	–	–	–	–	0.4	0.4
Other movements with non-controlling interests	–	–	–	–	–	–	–	0.1	0.1
At 30 June 2023	30.7	533.6	(3.6)	502.2	404.1	(312.5)	1,154.5	43.1	1,197.6

[1]Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024

	Note	**Unaudited six months to 30 June 2024 £m**	Unaudited six months to 30 June 2023 £m	Audited year to 31 December 2023 £m
Cash generated from operations	16	**163.1**	144.9	315.7
Tax paid		**–**	(8.7)	(27.3)
Interest paid		**(23.1)**	(16.0)	(62.9)
Interest received		**0.6**	0.4	4.5
Net cash flow from operating activities		**140.6**	120.6	230.0
Cash flows from investing activities				
Payments to acquire businesses, net of cash acquired	14	**(29.5)**	(3.2)	(9.4)
Deferred consideration for businesses acquired	14	**(1.3)**	(3.0)	(3.6)
Purchase of property, plant and equipment		**(97.7)**	(41.8)	(128.2)
Proceeds from disposal of property, plant and equipment		**6.8**	3.2	33.8
Payments to acquire intangible assets		**(3.3)**	(4.8)	(12.9)
Proceeds from disposal of intangible assets		**0.7**	0.4	4.9
Payments to settle net investment hedge derivative contracts		**(4.8)**	(0.6)	(5.0)
Receipts on settlement of net investment hedge derivative contracts		**0.2**	4.9	15.8
Receipts relating to associates and investments		**1.0**	0.9	1.5
Net cash flow from investing activities		**(127.9)**	(44.0)	(103.1)
Cash flows from financing activities				
Dividends paid to holders of hybrid instrument		**(21.3)**	(21.3)	(21.3)
Net principal lease payments		**(29.7)**	(32.3)	(57.4)
Increase in borrowings		**81.8**	163.9	668.9
Repayment of borrowings		**(86.3)**	(79.7)	(576.6)
Transaction costs relating to new borrowings		**–**	–	(4.1)
Payments to settle foreign exchange forward contracts		**(11.9)**	(11.2)	(30.3)
Receipts on settlement of foreign exchange forward contracts		**7.7**	23.1	44.6
Purchase of own shares		**(2.0)**	(0.2)	–
Acquisition of non-controlling interests[1]		**–**	–	(46.1)
Contributions from non-controlling interests		**–**	0.4	0.5
Dividends paid to non-controlling interests		**(0.7)**	–	–
Disposals of non-controlling interests		**–**	–	0.4
Dividends paid to shareholders of the Company		**–**	(30.7)	(41.1)
Net cash flow from financing activities		**(62.4)**	12.0	(62.5)
(Decrease)/increase in net cash and cash equivalents		**(49.7)**	88.6	64.4
Opening net cash and cash equivalents		**293.7**	233.1	233.1
(Decrease)/increase in net cash and cash equivalents		**(49.7)**	88.6	64.4
Foreign exchange		**(3.9)**	(11.1)	(3.8)
Closing net cash and cash equivalents	9	**240.1**	310.6	293.7

[1]Amounts in 2023 include £46.1m paid on exercise of the final 20% of the WeDriveU put liability

Net cash and cash equivalents in continuing operations	9	**238.9**	310.6	293.7
Net cash and cash equivalents classified in assets held for sale	9	**1.2**	–	–
Closing net cash and cash equivalents	9	**240.1**	310.6	293.7

1. General information

Basis of preparation

The condensed interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. It should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2023, which were prepared in accordance with applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board.

These condensed interim Financial Statements for the six months ended 30 June 2024 do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 21 April 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

Figures for the year ended 31 December 2023 have been extracted from the Group's Annual Report and Accounts for the year ended 2023. The interim results have not been audited.

Going concern

The Financial Statements have been prepared on a going concern basis. In adopting this basis, the Directors have considered the Group's business activities, principal risks and uncertainties, exposure to macroeconomic conditions, financial position, liquidity and borrowing facilities.

The Group continues to maintain a strong liquidity position, with £0.8bn in cash and undrawn committed facilities available to it as of 30 June 2024 and total committed facilities of £2.0bn at this date. There is no expiry of these facilities within the going concern outlook period. Certain of the Group's borrowings are subject to covenant tests on gearing and interest cover on a bi-annual basis. A gearing covenant whereby net debt must be no more than 3.5x adjusted EBITDA and an interest covenant whereby adjusted EBITDA must be at least 3.5x interest expense apply to the Group. Each input is subject to certain adjustments from reported to covenant measure as defined in the facility.

The Group has continued to recover and grow throughout the period to June 2024, with Adjusted operating profit increasing by £13.7m (24%) compared to the 6 months to June 2023. The outlook for the near term is encouraging, with the Group due to improve profitability in the latter part of the year, with action plans well progressed to deliver this improvement, and supported by price increases recently agreed, positive momentum in volumes and the ongoing incremental benefit from the Accelerate cost saving programmes. At the same time the Directors remain confident in the longer term outlook for the Group with an ambition to selectively pursue growth opportunities from a strong pipeline of over £2.2bn of annualised revenue opportunities. This growth ambition is strengthened by government policy which remains highly supportive of public transport as part of the solution to climate change.

In the base case projections, which cover the period to August 2025, for the remainder of this year we assume a continuation of the positive momentum seen across the Group in the first half leading to improved profitability, following meaningful price increases to recover cumulative inflation and implementation of targeted cost saving initiatives, while the projections used for 2025 are consistent with the Board-approved strategic plan and again reflect ongoing improvements to profitability driven by revenue tailwinds on both pricing and volume, and improved efficiencies following network optimisation and cost saving across the Group including from the Accelerate cost saving programme which is due to deliver £40m of cost savings in FY24 and at least £50m of annualised cost savings in FY25 onwards.

Consistent with the assessment at 31 December 2023, the reasonable worst case ("RWC") has been formed around the following four themes, all of which relate to the Group's principal risks as described in detail on pages 42 to 47 of the 2023 Annual Report and Accounts:

1. Reduced passenger demand as a result of lower disposable incomes adversely affecting revenues by up to 3% in those lines of business without passenger revenue protection, fewer new contract wins and increased competition from other operators and modes of transport as well as a material worsening of the bid season outcome in School Bus.
2. Higher inflation on the cost base, both for labour (with a 50% worsening of wage increases in most divisions) and general costs (increased by up to 2% above base case levels), with none of this being able to be passed on to customers.
3. Price rises from customers are lower than anticipated.
4. A material delay in realising cost savings in the new productivity improvement and cost reduction programmes.

Against this severe but plausible downside scenario, we apply cost saving mitigations which would be within our control and which could be reasonably enacted without material short term damage to the business. The quantum and nature of these mitigations is consistent with those assumed in prior years' assessments.

The Directors have reviewed the base case and RWC projections and in both scenarios the Group has a strong liquidity position over the going concern assessment period and would be able to comply with the covenant tests, albeit under RWC, reliant on the cost saving mitigations discussed above.

In addition to the base case and RWC scenarios, the Directors have reviewed reverse stress tests, in which the Group has assessed the set of circumstances that would be necessary for the Group to either breach the limits of its borrowing facilities or breach any of the covenant tests.

In applying a reverse stress test to liquidity the Directors have concluded that the set of circumstances required to exhaust it are so extreme as to be considered clearly remote. As ever, covenants that include EBITDA as a component are more sensitive to reverse stress testing; the Directors have therefore conducted in-depth stress testing on all covenant tests at December 2024, June 2025 and, for further reassurance, at December 2025 (despite this being outside the required 12 month outlook window for a going concern assessment). In doing so, the Directors have considered all cost mitigations that would be within their control if faced with another short-term material EBITDA reduction and no lender support to amend or waive EBITDA related covenants.

1. General information (continued)

Reverse stress tests have been performed against a reduction in revenue, incremental inflation that cannot be recovered, and an inability to achieve planned cost savings and in all instances, the likelihood of circumstances occurring that would result in a breach of covenants was considered remote.

In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the interim Financial Statements for the period ended 30 June 2024.

Accounting policies

The accounting policies adopted in the preparation of the interim condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's 2023 Annual Report and Accounts, except for the adoption of new standards effective as of 1 January 2024.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several Standards and amendments were applied for the first time in 2024 but did not have an impact on the interim condensed Consolidated Financial Statements of the Group.

Taxes on income in the interim periods are accrued using the tax rate that is expected to apply to total annual earnings.

Adjusted profit, after 'adjusting items'

The Group Income Statement has been presented in a columnar format to enable users of the Financial Statements to view the adjusted results of the Group. The Group's policy is to adjust for items that are considered significant in nature and value or not in the normal course of business, or are consistent with items that were treated as adjusting in prior periods. Treatment as adjusting items provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies.
Further details relating to adjusting items are provided in note 5.

1. General information (continued)

Restatement of the German Rail onerous contract provision

Consistent with the Group's 2023 Annual Report and Accounts, the prior year comparatives within this report have been restated (as indicated in the table below) for a correction to the German Rail onerous contract provision. Please refer to the Group's 2023 Annual Report and Accounts for the full details regarding the change.

INCOME STATEMENT	30 June 2023 (Reported)			30 June 2023 (Restated)		
	Adjusted result	Adjusting items	Total	Adjusted result	Adjusting items	Total
	£m	£m	£m	£m	£m	£m
Operating costs	(1,511.9)	(48.8)	(1,560.7)	(1,511.9)	(66.7)	(1,578.6)
Group operating profit/(loss)	**57.5**	**(48.8)**	**8.7**	**57.5**	**(66.7)**	**(9.2)**
Finance costs	(33.8)	-	(33.8)	(33.8)	(0.6)	(34.4)
Profit/(loss) before tax	**25.4**	**(48.8)**	**(23.4)**	**25.4**	**(67.3)**	**(41.9)**
Tax charge	(7.2)	(8.8)	(16.0)	(7.2)	(2.8)	(10.0)
Profit/(loss) for the period	**18.2**	**(57.6)**	**(39.4)**	**18.2**	**(70.1)**	**(51.9)**
Profit/(loss) attributable to equity shareholders	16.8	(57.4)	(40.6)	16.8	(69.9)	(53.1)
Basic EPS			(8.3)p			(10.4)p
Diluted EPS			(8.3)p			(10.4)p

STATEMENT OF COMPREHENSIVE INCOME	30 June 2023 (Reported)	30 June 2023 (Restated)
Loss for the period	(39.4)	(51.9)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on retranslation of foreign operations	(78.6)	(77.7)
Other comprehensive expense for the period	**(76.3)**	**(75.4)**
Total comprehensive expense for the period	**(115.7)**	**(127.3)**
Total comprehensive expense attributable to:		
Equity shareholders	(115.3)	(126.9)
Non-controlling interests	(0.4)	(0.4)
	(115.7)	**(127.3)**

BALANCE SHEET	30 June 2023 (Reported)	30 June 2023 (Restated)
Deferred tax assets	180.1	194.0
Total non-current assets	**3,050.2**	**3,064.1**
Total assets	**4,074.8**	**4,088.7**
Provisions	(59.3)	(90.6)
Total non-current liabilities	**(1,120.8)**	**(1,152.1)**
Provisions	(81.0)	(92.1)
Total current liabilities	**(1,727.9)**	**(1,739.0)**
Total liabilities	**(2,848.7)**	**(2,891.1)**
Net assets	**1,226.1**	**1,197.6**
Retained earnings	(283.7)	(312.5)
Other reserves	403.8	404.1
Total shareholders' equity	1,183.0	1,154.5
Total equity	**1,226.1**	**1,197.6**

STATEMENT OF CHANGES IN EQUITY	30 June 2023 (Reported)				30 June 2023 (Restated)			
	Other reserves	Retained earnings	Total	Total equity	Other reserves	Retained earnings	Total	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2023	**481.7**	**(207.4)**	**1,347.7**	**1,390.7**	**481.1**	**(223.7)**	**1,330.8**	**1,373.8**
Loss for the year	–	(40.6)	(40.6)	(39.4)	–	(53.1)	(53.1)	(51.9)
Other comprehensive (expense)/income for the period	(77.9)	3.2	(74.7)	(76.3)	(77.0)	3.2	(73.8)	(75.4)
Total comprehensive expense	**(77.9)**	**(37.4)**	**(115.3)**	**(115.7)**	**(77.0)**	**(49.9)**	**(126.9)**	**(127.3)**
At 30 June 2023	**403.8**	**(283.7)**	**1,183.0**	**1,226.1**	**404.1**	**(312.5)**	**1,154.5**	**1,197.6**

As there was no impact on cash and cash equivalents, the statement of cash flows has not been re-presented.

1. General information (continued)

Use of judgements and estimates

The critical accounting judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's Annual Report and Accounts for the year ended 2023.

Seasonality

The Group operates a diversified portfolio of bus, coach and rail businesses operating in international markets. The North American bus business is aligned to the school years with profits each half year to 30 June determined by the price rates and routes agreed ahead of each school year. The UK and Spanish coach businesses typically earn lower operating profits for the first half of the year than the second half. This is because of the higher demand created by leisure travellers during the summer months.

2. Exchange rates

The most significant exchange rates to UK Sterling for the Group are as follows:

	Six months to 30 June 2024		Six months to 30 June 2023		Year to 31 December 2023	
	Closing rate	**Average rate**	Closing rate	Average rate	Closing rate	Average rate
US dollar	**1.26**	**1.27**	1.27	1.23	1.27	1.24
Canadian dollar	**1.73**	**1.72**	1.68	1.66	1.69	1.68
Euro	**1.18**	**1.17**	1.16	1.14	1.15	1.15
Moroccan dirham	**12.60**	**12.67**	12.57	12.58	12.57	12.60

If the results for the six months to 30 June 2023 had been retranslated at the average exchange rates for the period to 30 June 2024, North America would have achieved an adjusted operating profit of £13.5m on revenue of £572.2m compared to adjusted operating profit of £13.8m on revenue of £587.0m as reported; ALSA would have achieved an adjusted operating profit of £56.2m on revenue of £545.9m, compared to adjusted operating profit of £57.6m on revenue of £559.7m as reported; and German Rail would have achieved an adjusted operating profit of £3.0m on revenue of £133.9m compared to adjusted operating profit of £5.9m on revenue of £137.3m as reported.

3. Segmental analysis

The Group's reportable segments have been determined based on reports issued to, and reviewed by, the Group Executive Committee and are organised in accordance with the geographical regions in which they operate and nature of services that they provide. Management considers the Group Executive Committee to be the chief decision-making body for deciding how to allocate resources and for assessing operating performance.

Segmental performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Consolidated Financial Statements. Group financing activities and income taxes are managed on a group basis and are not allocated to reportable segments.

Central functions is not a reportable segment but has been included in the segmental analysis for transparency and to enable a reconciliation to the consolidated Group.

Revenue is disaggregated by reportable segment, class and type of service as follows:

	Six months to 30 June 2024					
Analysis by class and reportable segment	**Contract revenues £m**	**Passenger revenues £m**	**Grants and subsidies £m**	**Private hire £m**	**Other revenues £m**	**Total £m**
UK	**20.8**	**241.0**	**18.6**	**12.5**	**14.4**	**307.3**
German Rail	**–**	**31.9**	**88.3**	**–**	**–**	**120.2**
ALSA	**135.2**	**312.1**	**82.2**	**41.4**	**46.2**	**617.1**
North America	**578.5**	**–**	**–**	**28.3**	**2.5**	**609.3**
Total	**734.5**	**585.0**	**189.1**	**82.2**	**63.1**	**1,653.9**
Analysis by major service type						
Passenger transport	**734.5**	**585.0**	**189.1**	**82.2**	**9.1**	**1,599.9**
Other products and services	**–**	**–**	**–**	**–**	**54.0**	**54.0**
Total	**734.5**	**585.0**	**189.1**	**82.2**	**63.1**	**1,653.9**

There have been no material amounts of revenue recognised in the year that relate to performance obligations satisfied or partially satisfied in previous years, except for Covid funding as described below. Revenue received where the performance obligation will be fulfilled in the future is classified as deferred income or contract liabilities.

There are no material inter-segment sales between reportable segments.

Other funding

In 2022, the West Midlands Combined Authority (WMCA), supported by our UK Bus business (UK Bus) and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK Government's Bus Improvement Plan (BSIP). A pre-application condition for the BSIP grant set by the DfT was the existence of an Enhanced Partnership Plan (EPP) and an Enhanced Partnership Scheme (EPS) between WMCA and regional bus operators. This was in place for the West Midlands prior to the commencement of the BSIP. The BSIP was available to WMCA and regional bus operators in return for delivering certain improvements in bus services in the West Midlands.

During the period to 30 June 2023, UK Bus renegotiated the terms of the BSIP grant with the WMCA resulting in additional funding, and releasing the business from its commitment to freeze passenger fares for the remainder of the grant period. The grant income relating to freezing fares was applicable up to 30 June 2023 and amounted to £3.2m, included within passenger revenue. No funding has been received under this element of the BSIP during the period.

3. Segmental analysis (continued)

For the portion of the funding available for maintaining the bus network, the updated agreement confirmed the income to be received until 31

December 2024. During the year the income has been recognised on a straight-line basis pro-rata based on the total funding available to the business to the end of 2024. This has resulted in grant income of £5.8m recorded to reduce expenditure to reflect the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during that period.

In addition, there is £33.0m of BSIP funding from 1 January 2023 to 31 December 2024 of which £8.2m has been recognised in the period (£24.7m since 1 January 2023) on a pro-rata basis against the costs incurred in maintaining network services.
A total amount of £14.0m of BSIP funding has been recognised in the period to 30 June 2024.

	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m
Included within revenue	**–**	3.2
Included within operating costs	**14.0**	14.8
Total BSIP funding	**14.0**	18.0

Covid funding
Included in grants and subsidies is £0.3m (2023: £6.8m) of government support recognised in ALSA from Public Transport Authorities to compensate for revenue shortfalls due to Covid-19 pandemic.

Prior year revenue is disaggregated by reportable segment, class and type of service as follows:

	Six months to 30 June 2023					
Analysis by class and reportable segment	Contract revenues £m	Passenger revenues £m	Grants and subsidies £m	Private hire £m	Other revenues £m	Total £m
UK	17.8	222.2	21.9	12.3	11.2	285.4
German Rail	–	24.9	112.0	–	0.4	137.3
ALSA	114.8	292.3	92.8	31.0	28.8	559.7
North America	552.8	–	–	31.2	3.0	587.0
Total	685.4	539.4	226.7	74.5	43.4	1,569.4
Analysis by major service type						
Passenger transport	685.4	539.4	226.7	74.5	8.0	1,534.0
Other products and services	–	–	–	–	35.4	35.4
Total	685.4	539.4	226.7	74.5	43.4	1,569.4

Operating profit/(loss) is analysed by reportable segment as follows:

	Six months to 30 June					
	Adjusted result 2024 £m	**Adjusting items 2024 £m**	**Segment result 2024 £m**	Adjusted result 2023 £m	(Restated) Adjusting items 2023[1] £m	(Restated) Segment result 2023[1] £m
UK	**(12.6)**	**(2.9)**	**(15.5)**	(10.8)	(10.4)	(21.2)
German Rail	**(5.1)**	**(0.5)**	**(5.6)**	5.9	(18.8)	(12.9)
ALSA	**82.5**	**(2.7)**	**79.8**	57.6	(6.8)	50.8
North America	**21.4**	**(9.3)**	**12.1**	13.8	(18.8)	(5.0)
Central functions	**(15.0)**	**(10.3)**	**(25.3)**	(9.0)	(11.9)	(20.9)
Operating profit/(loss)	**71.2**	**(25.7)**	**45.5**	57.5	(66.7)	(9.2)
Share of results from associates			**0.2**			–
Net finance costs			**(47.2)**			(32.7)
Loss before tax			**(1.5)**			(41.9)
Tax charge			**(2.6)**			(10.0)
Loss for the period			**(4.1)**			(51.9)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

Segmental results for current year shown before internal management recharges on an arms' length basis, consistent with how management review the segmental results internally.

In addition to revenue related grants, government grants of £8.6m were recognised in the prior year as a credit within operating expenses under the Bus Recovery Grant (BRG) which was intended to compensate UK bus operators for continuing bus services during the Covid-19 recovery period.

4. Net finance costs

	Six months to 30 June 2024 £m	(Restated) Six months to 30 June 2023[1] £m	Year to 31 December 2023 £m
Bank and bond interest payable	**(30.8)**	(22.4)	(52.1)
Lease interest payable	**(4.7)**	(4.3)	(8.5)
Other interest payable	**(8.5)**	(4.3)	(11.1)
Unwind of discounting	**(2.8)**	(1.9)	(5.7)
Interest cost on defined benefit pension obligations	**(0.7)**	(0.9)	(1.8)
Finance costs before adjusting items	**(47.5)**	(33.8)	(79.2)
Adjusting items:			
Unwind of discounting – onerous contract provisions (note 5)	**(1.2)**	(0.6)	(1.2)
Total finance costs after adjusting items	**(48.7)**	(34.4)	(80.4)
Lease interest income	**0.2**	0.2	0.5
Other financial income	**1.3**	1.5	3.5
Total finance income	**1.5**	1.7	4.0
Net finance costs	**(47.2)**	(32.7)	(76.4)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

5. Adjusting items

The Group reports adjusted measures because the Directors believe they provide both management and stakeholders with useful additional information about the financial performance of the Group's businesses.

The Group's policy on adjusting items is shown in note 1.

The total adjusting items before tax for the six months to 30 June 2024 is a net charge of £26.9m (2023 interim restated: £67.3m). The items excluded from adjusted profit are:

	Six months to 30 June 2024 £m	(Restated) Six months to 30 June 2023[1] £m	Year to 31 December 2023 £m
Intangible amortisation for acquired businesses (a)	**(14.2)**	(17.3)	(35.3)
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic (b)	**3.9**	(0.9)	(2.1)
Re-measurement of the Rhine-Ruhr onerous contract provision (c)	**–**	(18.3)	(99.2)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages (d)	**0.7**	(4.9)	(12.0)
Final re-measurement of the WeDriveU put liability (e)	**–**	(2.3)	(2.4)
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough') (f)	**–**	(8.9)	(8.9)
Restructuring and other costs (g)	**(16.1)**	(14.1)	(30.1)
Total adjusting operating items	**(25.7)**	(66.7)	(190.0)
Finance costs:			
Unwinding of discount of the Rhine-Ruhr onerous contract provision (c)	**(1.2)**	(0.6)	(1.2)
Total adjusting items	**(26.9)**	(67.3)	(191.2)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information.

(a) Intangible amortisation for acquired businesses

Consistent with previous periods the Group classifies the amortisation for acquired intangibles as an adjusting item by virtue of its size and nature. This amounts to £14.2m in the period. Its exclusion from the adjusted result enables comparison and monitoring of divisional performance by the Group Executive Committee regardless of whether through acquisition or organic growth. In addition, by disclosing this separately the Group gives users of the accounts visibility of the amount of amortisation of acquired intangibles which improves comparability of the Group's results with those of peer companies, as this continues to be a common adjustment from profit in comparative companies.

(b) Re-measurement of onerous contracts and impairments resulting directly from the Covid-19 pandemic

The Group continues to operate services in line with its commitments under customer contracts which are loss making. These contracts became onerous due to the impact of the Covid-19 pandemic. For the contracts which the Group is still committed to, the provision has been re-measured. In ALSA this re-measurement has resulted in an decrease in the provision of £3.9m. The majority of the contracts are expected to have ended within the next 18 months.

(c) Re-measurement of the Rhine-Ruhr onerous contract provision

In German Rail, the RRX Lot2/3 contract losses were as expected for the period to 30 June 2024 and remain in line with previous expectations for the contract outlook, a remeasurement was therefore not required (2023 interim restated: £18.3m). During H1 2024 £1.2m (2023 interim restated: £0.6m) has been recorded in interest costs for unwinding of discount.

5. Adjusting items (continued)

(d) Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages

During the period, the impact of driver shortages in North America on the onerous contracts has been more significant than anticipated as it has resulted in further increases in wages (to retain and recruit) and a slower increase in service levels than expected. This has been offset by most contracts being successfully extended or renegotiated with better rates, therefore leaving only one contract as loss making at 30 June 2024. There has therefore been a provision release of £0.7m to bring the provision in line with future expectations of the remaining contract.

(e) Final re-measurement of the WeDriveU put liability in prior year

In conjunction with the acquisition of WeDriveU, Inc. during 2019 the Group issued put options to the seller for the remaining shares. The options had three tranches for the remaining 40% of the business (10%, 10%, 20%). The first two tranches were exercised in 2020, and 2021, with settlement in 2021 and 2022 respectively. At 31 December 2022 the final option to sell the remaining 20% shares had been exercised by the non-controlling interest.

During 2023 the put liability for the remaining 20% shareholding in WeDriveU had been re-measured following the final negotiations with the seller. The re-measurement led to an additional charge of £2.4m in the year to 31 December 2023 (2023 interim: £2.3m). The liability was cash settled in July 2023 for £46.1m.

Gains and losses on re-measurement of the put liability have been recorded as adjusting items in previous years (2020 full year: £33.9m gain, 2021 full year: £11.5m expense, 2022 full year: £nil), therefore the final re-measurement has also been recorded here for consistency.

(f) Repayment of UK Coronavirus Job Retention Scheme grant (CJRS) ('Furlough') in prior year

At the end of 2021 the Group announced an intention to voluntarily repay amounts of CJRS ('furlough') amounts received for that period following the re-instatement of the dividend to shareholders. During 2023 a dividend was paid and a provision was recognised for the commitment to HMRC for the CJRS repayment of £8.9m. The original receipt of CJRS was not recorded as an adjusting item and was included in adjusted profit consistent with the staff costs which it was designed to compensate.

The repayment however, has been disclosed as an adjusting item as this is a one-off cost which is historic in nature (occurring more than two years after initial receipt), a material amount, and unlike the original receipt, there are no corresponding staff costs in the period to be offset against.

(g) Restructuring and other costs

These costs relate to Group-wide strategic initiatives and restructuring. These are one-off, short-term initiatives expected to last 1-2 years. They are significant in nature and are not considered to be part of the day to day operational costs of the Group and therefore have been treated as adjusting items. These amount to £16.1m at 30 June 2024 compared to £30.1m at 31 December 2023.

6. Taxation

Tax on profit on ordinary activities for the six months to 30 June 2024 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2024. The adjusted tax charge of £9.6m (2023 interim: £7.2m) represents an effective tax rate of 37.8% on the adjusted result (2023 interim: 28.3%).

The total adjusting tax credit of £7.0m (2023 interim restated: £2.8m charge) is made up of a £3.3m tax credit on tax deductible adjusting operating costs (2023 interim restated: £13.5m credit), and a £3.7m tax credit on adjusting intangible amortisation (2023 interim: £4.6m credit) an additional £nil tax charge (2023 interim: £20.9m charge) which is shown as an adjusting item.

The total tax charge of £2.6m (2023 interim restated: £10.0m charge) includes a deferred taxation credit of £19.2m (2023 interim restated: £1.0m charge). Deferred tax asset recoverability has been assessed using the strategic plan projections used for the going concern and impairment assessments. Our assessment made at 31 December 2023 in respect of our trading losses in our US and UK groups still holds in that we have continued to recognise deferred tax assets for our US and UK group trading tax losses as we believe it probable that these losses will be utilised in the future.

As at 30 June 2024 the group's net deferred tax asset is £139.7m (2023 year end net asset: £117.3m). The increase of the net deferred tax asset of £22.4m since 31 December 2023 is made up of £22.7m income statement credit, a £2.7m statement of changes in equity charge, £0.8m deferred tax assets acquired and foreign exchange credits of £1.6m.

The deferred tax income statement credit of £22.7m is made up of £15.4m current adjusted credit, tax credits on adjusting items of £3.6m and deferred tax credits on intangible amortisation of £3.7m.

At 30 June 2024, the Group has a total deferred tax asset of c.£206.0m in respect of tax losses carried forward. The majority of these are in relation to past losses in North America and UK group (deferred tax assets of £102.0m and £88.4m respectively). The majority of these losses may be carried forward indefinitely under US and UK tax rules and we anticipate utilising these losses in full by 2032 and 2036 respectively.

The impact of Pillar Two taxes on the Group's current tax expense was immaterial for the period.

7. Dividends paid and proposed

An interim dividend has not been proposed for the current period (2023 interim: 1.7p).

8. Earnings per share

	Six months to 30 June 2024	(Restated) Six months to 30 June 2023[1]	Year to 31 December 2023
Basic earnings per share	**(2.9)p**	(10.4)p	(30.2)p
Adjusted basic earnings per share	**0.3p**	1.0p	4.5p
Diluted earnings per share	**(2.9)p**	(10.4)p	(30.2)p
Adjusted diluted earnings per share	**0.3p**	1.0p	4.5p

[1] Restated for correction to the German Rail onerous contract provision, see note 1 for further information

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders, a loss of £17.7m (2023 interim restated: £63.6m loss; 2023 full year: £185.1m loss) by the weighted average number of ordinary shares in issue during the period, excluding those held by employees' share ownership trusts and held as own shares which are both treated as cancelled. Earnings attributable to equity shareholders is inclusive of amounts accruing to the holders of the hybrid instrument and is calculated as follows:

	Six months to 30 June 2024 £m	(Restated) Six months to 30 June 2023[1] £m	Year to 31 December 2023 £m
Loss attributable to equity shareholders	**(7.2)**	(53.1)	(163.8)
Accrued payments on hybrid instrument	**(10.5)**	(10.5)	(21.3)
Earnings attributable to equity shareholders	**(17.7)**	(63.6)	(185.1)

[1] Restated for correction to the German Rail onerous contract provision, see note 1 for further information

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to include the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The reconciliation of the weighted average number of ordinary shares is as follows:

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023
Basic weighted average shares	**612,319,320**	612,881,204	612,919,243
Adjustment for dilutive potential ordinary shares[1&2]	**9,252,156**	396,286	898,828
Diluted weighted average shares	**621,571,476**	613,277,490	613,818,071

[1] Potential ordinary shares have the effect of being anti-dilutive in 2024 and 2023 full year, and have been excluded from the calculation of diluted earnings per share

[2] The adjustment for dilutive potential ordinary shares has significantly increased year on year due to share options granted in the period under both the Long-Term Incentive Plan and Restricted Share Plan schemes. Further details regarding these schemes can be found in the 2023 Annual Report and Accounts

Adjusted basic and diluted earnings per share have been calculated since, in the opinion of the Directors, they reflect the adjusted performance of the business' operations more appropriately.

The reconciliation of statutory profit to adjusted profit for the financial period is as follows:

	Six months to 30 June 2024 £m	(Restated) Six months to 30 June 2023[1] £m	Year to 31 December 2023 £m
Earnings attributable to equity shareholders[2]	**(17.7)**	(63.6)	(185.1)
Adjusting items	**26.9**	67.3	191.2
Adjusting tax (credit)/charge	**(7.0)**	2.8	21.9
Adjusting items attributable to non-controlling interests	**–**	(0.2)	(0.2)
Adjusted earnings attributable to equity shareholders[2]	**2.2**	6.3	27.8
Amounts accruing to the holders of the hybrid instrument	**10.5**	10.5	21.3
Adjusted profit attributable to equity shareholders	**12.7**	16.8	49.1

[1] Restated for correction to the German Rail onerous contract provision, see note 1 for further information

[2] Includes amounts accruing to the holders of the hybrid instrument

9. Cash and cash equivalents

	At 30 June 2024 £m	At 30 June 2023 £m	At 31 December 2023 £m
Cash at bank and in hand	**115.7**	141.0	186.1
Overnight deposits	**0.2**	3.8	0.2
Other short term deposits	**130.0**	212.0	170.0
	245.9	356.8	356.3
Less: amounts included within assets classified as held for sale	**(1.2)**	–	–
Cash and cash equivalents	**244.7**	356.8	356.3

9. Cash and cash equivalents (continued)
Included within cash and cash equivalents are certain amounts which are subject to contractual or regulatory restrictions or withholding tax levied on repatriation of cash. These amounts held are not readily available for other purposes within the Group and total (including withholding tax that would be due if repatriated) £1.6m (2023: £0.5m).

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the agreed short-term floating deposit rate. The fair value of cash and cash equivalents is equal to the carrying value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents and bank overdrafts in notional cash pooling arrangements are presented net. Bank overdrafts form an integral part of the Group's cash management strategy as they arise from the Group's cash pooling arrangement with its bank. Net cash and cash equivalents comprise as follows:

	At 30 June 2024 £m	At 30 June 2023 £m	At 31 December 2023 £m
Cash and cash equivalents	**245.9**	356.8	356.3
Bank overdrafts	**(5.8)**	(46.2)	(62.6)
	240.1	310.6	293.7
Less: amounts included within assets classified as held for sale	**(1.2)**	–	–
Net cash and cash equivalents	**238.9**	310.6	293.7

10. Goodwill and impairment
Goodwill has been allocated to individual cash-generating units for the purposes of impairment testing on the basis of the Group's business operations. The carrying value by cash-generating unit ('CGU') is as follows:

	At 30 June 2024 £m	At 30 June 2023 £m	At 31 December 2023 £m
UK	**52.4**	52.4	52.4
North America	**710.5**	709.4	708.0
ALSA	**583.3**	548.4	550.3
	1,346.2	1,310.2	1,310.7

During the current period, in line with the requirements of IAS 34, the Group has performed an assessment for indicators of significant impairment.

The Directors have concluded that there is no risk of impairment for the UK given the significant level of available headroom, and no indicators of impairment were identified. Additionally, no indicators of impairment were identified for the ALSA CGU.

For the North America CGU, we note that notwithstanding that performance in the North America in 2024 to date has exceeded that of 2023, this has fallen marginally below prior expectations as assumed in the impairment assessment conducted for the 31 December 2023 year end; and as performance below prior expectations is considered an indicator of impairment, a full assessment has been performed for the North America CGU; noting that expectations for the remainder of the year are not materially different from those as of 31 December 2023.

As a result, we have revisited the North America impairment assessment conducted at 31 December 2023, for the latest critical inputs, being the discount rate and perpetual growth rate. The pre-tax discount rate has reduced from 10.0% as of 31 December 2023 to 9.1% as of 30 June 2024, while the growth rate used to extrapolate cash flows into perpetuity has increased from 3.7% as of 31 December 2023 to 3.9% as of 30 June 2024. The Group's latest forecast for 2024 has also been reflected in this revised assessment, while forecasts for 2025 and beyond remain in line with the board-approved forecast, which has not changed since 31 December 2023.

The key assumptions used in the annual impairment assessment at 31 December 2023, and the review performed at 30 June 2024, are as follows:

	Pre-tax discount rate applied to cash flow projections		**Growth rate used to extrapolate cash flows into perpetuity**	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
North America	**9.1%**	10.0%	**3.9%**	3.7%

As of 31 December 2023, the value in use of the North America CGU exceeded its carrying amount by £315.4m. At 30 June 2024, the pre-tax discount rate has reduced to 9.1% (31 December 2023: 10.0%), resulting in the value in use now exceeding the carrying amount by £672.5m.

10. Goodwill and impairment (continued)
The value in use calculation remains highly sensitive to changes in the pre-tax discount rate, long term growth rate and trading assumptions around profit margin. Sensitivity analysis has been conducted on each of these inputs in turn. The value in use of the North America CGU would be reduced to its carrying value if i) pre-tax discount rates increased by 250bps (31 December 2023: 160bps); ii) the long term growth rate used to extrapolate the cash flows into perpetuity decreased by 250bps (31 December 2023: 160bps); or iii) the profit margin (defined as earnings before interest, tax and amortisation, divided by revenue) decreased by 270bps (31 December 2023: 160bps).

Full details of the sensitivities associated with the 31 December 2023 goodwill impairment assessments, including the impact of changes in the discount rate and perpetual growth rate, are set out on pages 190 & 191 of the 2023 Annual Report and Accounts.

As in prior years, the full annual impairment review will be conducted in late 2024.

11. Property, plant and equipment
During the period, the Group's additions amounted to £140.7m (2023: £90.2m) comprising of primarily public service vehicles (£110.2m) and property leases to support its operations (£21.5m).

Public service vehicles with a net book value of £10.4m were disposed of during the period and a gain on disposal of £1.4m was recognised in the Income Statement.
Detail of property, plant and equipment acquired through business combinations and classified as held for sale are outlined in note 14.

12. Derivative financial assets and liabilities
The Group's multi-national transport operations and debt financing expose it to a variety of financial risks, including the effects of changes in fuel prices, foreign currency exchange rates and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects of these financial risks on the financial performance of the Group by means of derivative financial instruments.

As at 30 June 2024 the Group's portfolio of hedging instruments included fuel price derivatives, cross currency swaps, foreign exchange derivatives and interest rate derivatives. The fuel price derivatives are in place to hedge the changes in price of the different types of fuel used in each division. The cross currency swaps are in place to hedge the risk of changes in foreign exchange rates. The foreign exchange derivatives are in place to hedge the foreign exchange risk on translation of net assets denominated in foreign currency. In addition, the Group holds five £50m denominated interest rate derivatives to swap fixed interest on a £250m Sterling bond to a floating rate.

These derivative financial instruments are held in the balance sheet at fair value and are measured using level 2 inputs. The fair value is either determined by the third-party financial institution with which the Group holds the instrument, in line with the market value of similar financial instruments, or by the use of valuation techniques using market data. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, other than deferred contingent consideration and financial assets at fair value through Other Comprehensive Income. There have not been any transfers of assets or liabilities between levels of the fair value hierarchy and there are no non-recurring fair value measurements.

The Group applies relevant hedge accounting to the majority of its derivatives outstanding as at 30 June 2024. All designated hedge relationships were effective under IFRS 9.

In respect of fuel hedges, at 30 June 2024 the Group was around 85% hedged for 2025, at an average price of 52.4p/litre and around 35% hedged for 2026 at an average price of 48.4p/litre. Hedged volumes are in line with the normal hedging programme at this stage.

Derivative financial assets and liabilities on the balance sheet are as follows:

	At 30 June 2024 £m	At 30 June 2023 £m	At 31 December 2023 £m
Fuel derivatives	**1.3**	1.7	0.1
Cross currency swaps	**–**	1.4	–
Non-current derivative financial assets	**1.3**	3.1	0.1
Fuel derivatives	**5.8**	4.9	4.7
Cross currency swaps	**0.4**	12.0	0.4
Foreign exchange derivatives	**5.1**	24.0	6.0
Current derivative financial assets	**11.3**	40.9	11.1
Fuel derivatives	**(2.6)**	(9.8)	(6.7)
Cross currency swaps	**(1.1)**	–	(1.6)
Interest rate derivatives	**(9.8)**	(24.6)	(7.0)
Non-current derivative financial liabilities	**(13.5)**	(34.4)	(15.3)
Fuel derivatives	**(4.1)**	(20.7)	(10.1)
Cross currency swaps	**–**	(1.0)	–
Interest rate derivatives	**(12.0)**	(10.1)	(10.8)
Foreign exchange derivatives	**(9.6)**	(13.5)	(10.7)
Current derivative financial liabilities	**(25.7)**	(45.3)	(31.6)

In addition to financial derivatives above, non-current financial assets on the Group Balance Sheet at 30 June 2024 also includes £15.8m of financial assets at fair value through Other Comprehensive Income (2023 interim: £16.4m, 2023 full year: £15.2m).

13. Pensions and other post-employment benefits

The UK division operates a defined benefit scheme. The Group also provides certain additional unfunded post-employment benefits to employees in North America and ALSA, and maintains a small, legacy rail defined benefit scheme. The post-employment benefits for these schemes have been combined into the 'Other' category below.

The assets of the defined benefits schemes are held separately from those of the Group and contributions to the schemes are determined by independent professionally qualified actuaries.

The total pension operating cost for the six months to 30 June 2024 was £4.8m (2023 interim: £4.5m; 2023 full year: £9.2m), of which £4.0m (2023 interim: £3.6m; 2023 full year: £7.5m) relates to the defined contribution schemes.

The defined benefit pension (liability)/asset included in the balance sheet is as follows:

	At 30 June 2024 £m	At 30 June 2023 £m	At 31 December 2023 £m
Other	**0.2**	0.2	0.2
Defined benefit pension assets	**0.2**	0.2	0.2
UK	**(15.6)**	(32.1)	(30.0)
Other	**(1.5)**	(2.7)	(2.8)
Defined benefit pension liabilities	**(17.1)**	(34.8)	(32.8)
Total	**(16.9)**	(34.6)	(32.6)

The UK net defined benefit pension liability, was calculated based on the following assumptions:

	UK	
	Six months ended 30 June 2024	Year ended 31 December 2023
Rate of increase in salaries	**2.5%**	2.5%
Rate of increase in pensions	**2.5%**	2.5%
Discount rate	**5.1%**	4.5%
Inflation rate (RPI)	**3.2%**	3.1%
Inflation rate (CPI)	**2.6%**	2.5%

The increase in the discount rate from 4.5% as at 31 December 2023 to 5.1% as at 30 June 2024 was the key reason for the significant reduction to the UK net defined benefit pension liability during the period.

The Directors regard the assumptions around pensions in payment, discount rate, inflation and mortality to be the key assumptions in the IAS 19 valuation. The following table provides an approximate sensitivity analysis of a reasonably possible change to these assumptions:

	Six months ended 30 June 2024	Year ended 31 December 2023
	UK	UK
Effect of a 0.5% increase in pensions in payment	**(12.6)**	(13.7)
Effect of a 0.5% increase in the discount rate	**(13.9)**	(21.8)
Effect of a 0.5% increase in inflation	**(19.9)**	(15.1)
Effect of a 1 year increase in mortality rates	**(12.4)**	(13.4)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. Aside from the matching insurance contracts held in the UK scheme, no allowance has been made for any change in assets that might arise under any of the scenarios set out above.

14. Business Combinations

(a) Acquisitions – ALSA

On 1 March 2024 the ALSA division acquired 100% control of CanaryBus (Grupo 1844), the leading provider of tourist and discretionary services in the Canary Islands.

The provisional fair values are noted below, along with an adjustment to the fair value of a prior acquisition (Tranvias De Sevilla) within the remeasurement period:

	£m
Investment	**0.3**
Intangible assets	**2.0**
Property, plant and equipment	**24.9**
Inventory	**2.4**
Trade and other receivables	**36.2**
Cash and cash equivalents	**3.0**
Borrowings	**(10.8)**
Trade and other payables	**(41.6)**
Provisions	**(1.8)**
Deferred tax asset	**0.8**
Net assets acquired	**15.4**
Goodwill	**46.0**
Total consideration	**61.4**
Represented by:	
Cash consideration	**38.6**
Deferred consideration	**22.8**
	61.4

Given the proximity of these acquisitions to the period end, and as permitted by IFRS 3 Business Combinations, the fair value of acquired identifiable assets and liabilities have been presented on a provisional basis. The fair value adjustments will be finalised within 12 months of the acquisition date, principally in relation to the valuation of provisions acquired and intangible assets.

Trade and other receivables had a fair value and a gross contracted value of £36.2m. The best estimate at the acquisition dates of the contractual cash flows not to be collected was £nil.

Goodwill of £46.0m per the above table is comprised of £47.4m arising from the CanaryBus acquisition less a fair value adjustment relating to a prior acquisition resulting in a reduction in goodwill of £1.4m. These are further described below.

Goodwill of £47.4m arising from the CanaryBus acquisition consists of certain intangibles that cannot be separately identified and measured due to their nature. This includes becoming a key player in the Canary Islands mobility market, significantly increasing its activity in the tourist transport, a segment where it is intended to grow over the next few years. None of the goodwill recognised is expected to be deductible for income tax purposes.

During the period the fair value adjustments relating to intangibles acquired in 2023 as part of the Tranvias De Sevilla acquisition were finalised. This resulted in an increase in the fair value of separately identifiable intangibles acquired, a corresponding decrease in deferred tax asset, and a reduction in goodwill of £1.4m.

The acquired businesses have contributed £23.9m of revenue and £3.3m adjusted operating profit to the Group's result for the period between acquisition and the balance sheet date. Had the acquisition been completed on the first day of the financial year, the Group's revenue would have been £1,702.4m and the Group's statutory operating profit for the period would have been £54.8m.

Acquisition costs of £1.5m have been charged to the Income Statement.

(b) Acquisitions – further information

Total cash outflow in the period from acquisitions in the ALSA division was £30.7m, comprising consideration for current year acquisitions of £32.5m (cash consideration above includes a prepayment of £6.1m paid in 2023) and deferred consideration of £1.2m, less cash acquired in the businesses of £3.0m.

In North America deferred consideration of £0.1m was paid in the period relating to acquisitions in earlier years.

(c) Assets and liabilities held for sale

At the reporting date the Group had several assets that met the IFRS 5 criteria of held for sale and are therefore included within current assets. These include a building in ALSA with a carrying amount of £17.8m (2023 interim: £18.1m) and two entities in the UK with assets of £7.0m and liabilities of £4.2m detailed below. The prior year also included a bus depot in the UK with a carrying amount of £2.0m; and public service vehicles and right-of-use property leases in North America with a carrying amount of £4.4m.

14. Business Combinations (continued)
The major classes of assets and liabilities comprising the UK operations classified as held for sale are as follows:

	£m
Property, plant and equipment	**3.6**
Inventories	**0.1**
Tax assets	**0.1**
Trade and other receivables	**2.0**
Cash and cash equivalents	**1.2**
Total assets held for sale	**7.0**
Trade and other payables	**(1.5)**
Tax liabilities	**(0.7)**
Borrowings	**(1.8)**
Provisions	**(0.2)**
Total liabilities held for sale	**(4.2)**
Net assets of disposal group	**2.8**

15. Net debt

	At 1 January 2024 £m	Cash flow £m	Acquisitions £m	Foreign exchange £m	Other movements £m	At 30 June 2024 £m
Components of financing activities						
Bank and other loans[1]	**(243.9)**	**7.8**	**(4.3)**	**3.4**	**(0.4)**	**(237.4)**
Bonds	**(659.2)**	**–**	**–**	**9.8**	**(2.7)**	**(652.1)**
Fair value of interest rate derivatives	**(16.4)**	**–**	**–**	**–**	**2.2**	**(14.2)**
Fair value of fx forward contracts	**(1.2)**	**4.1**	**–**	**(7.3)**	**–**	**(4.4)**
Cross currency swaps	**(2.2)**	**–**	**–**	**0.4**	**–**	**(1.8)**
Net lease liabilities[2]	**(171.9)**	**29.7**	**(10.0)**	**0.5**	**(20.6)**	**(172.3)**
Other debt payable	**(404.7)**	**–**	**–**	**4.4**	**(0.2)**	**(400.5)**
Total components of financing facilities	**(1,499.5)**	**41.6**	**(14.3)**	**11.2**	**(21.7)**	**(1,482.7)**
Cash	**186.1**	**(70.5)**	**3.0**	**(4.0)**	**–**	**114.6**
Overnight deposits	**0.2**	**(0.1)**	**–**	**–**	**–**	**0.1**
Other short-term deposits	**170.0**	**(40.0)**	**–**	**–**	**–**	**130.0**
Bank overdrafts	**(62.6)**	**56.7**	**–**	**0.1**	**–**	**(5.8)**
Net cash and cash equivalents	**293.7**	**(53.9)**	**3.0**	**(3.9)**	**–**	**238.9**
Other debt receivables	**2.9**	**(3.3)**	**3.5**	**(0.1)**	**–**	**3.0**
Remove: fair value of fx forward contracts	**1.2**	**(4.1)**	**–**	**7.3**	**–**	**4.4**
Net debt[3]	**(1,201.7)**	**(19.7)**	**(7.8)**	**14.5**	**(21.7)**	**(1,236.4)**

[1] Net of arrangement fees totalling £1.2m on bank and other loans
[2] Includes finance lease receivables which are reported separately from borrowings on the face of the Group's Balance Sheet
[3] Excludes accrued interest on long-term borrowings

Borrowings include non-current interest bearing loans and borrowings of £1,273.0m (2023 interim: £854.4m; 2023 full year: £1,290.6m).

Other non-cash movements represent lease additions and disposals of £20.6m (2023 interim: £18.1m), a £1.1m (2023 interim: £0.3m) reduction from the amortisation of loan and bond arrangement fees and a £2.2m change in the fair value of the hedging derivatives, offset by a £2.2m change in fair value of bonds.

15. Net debt (continued)

	At 1 January 2023 £m	Cash flow £m	Acquisitions £m	Foreign exchange £m	Other movements £m	At 30 June 2023 £m
Components of financing activities						
Bank and other loans[1]	(194.7)	(41.5)	(0.2)	7.8	–	(228.6)
Bonds	(621.4)	–	–	–	3.2	(618.2)
Fair value of interest rate derivatives	(26.0)	–	–	–	(3.4)	(29.4)
Fair value of fx forward contracts	11.9	(11.8)	–	6.0	–	6.1
Cross currency swaps	(6.0)	1.0	–	10.5	–	5.5
Net lease liabilities[2]	(183.7)	32.3	–	4.6	(18.1)	(164.9)
Other debt payable	(411.9)	(44.3)	–	9.2	(0.1)	(447.1)
Total components of financing facilities	(1,431.8)	(64.3)	(0.2)	38.1	(18.4)	(1,476.6)
Cash	171.7	(21.2)	1.5	(11.0)	–	141.0
Overnight deposits	6.6	(2.9)	0.2	(0.1)	–	3.8
Other short-term deposits	113.5	98.6	–	(0.1)	–	212.0
Bank overdrafts	(58.7)	12.4	–	0.1	–	(46.2)
Net cash and cash equivalents	233.1	86.9	1.7	(11.1)	–	310.6
Other debt receivables	2.7	0.6	–	(0.1)	–	3.2
Remove: fair value of fx forward contracts	(11.9)	11.8	–	(6.0)	–	(6.1)
Net debt[3]	(1,207.9)	35.0	1.5	20.9	(18.4)	(1,168.9)

[1]Net of arrangement fees totalling £1.2m on bank and other loans
[2] Includes finance lease receivables which are reported separately from borrowings on the face of the Group's Balance Sheet
[3] Excludes accrued interest on long-term borrowings

16. Cash flow statement

The reconciliation of Group (loss)/profit before tax to cash generated from operations is as follows:

	Six months to 30 June 2024 £m	(Restated) Six months to 30 June 2023[2] £m	Year to 31 December 2023 £m
Net cash inflow from operating activities			
Loss before tax	**(1.5)**	(41.9)	(98.3)
Net finance costs	**47.2**	32.7	76.4
Share of results from associates and joint ventures	**(0.2)**	–	0.5
Depreciation of property, plant and equipment	**101.0**	101.1	199.3
Intangible asset amortisation	**24.9**	26.6	53.8
Amortisation of fixed asset grants	**(0.9)**	(1.2)	(2.0)
Gain on disposal of property, plant and equipment	**(1.4)**	(2.5)	(12.7)
Gain on disposal of intangible assets	**(0.3)**	(0.4)	(0.4)
Share-based payments	**1.7**	–	1.6
Decrease/(increase) in inventories	**0.2**	(0.6)	(2.4)
Decrease/(increase) in receivables	**13.8**	(11.2)	0.8
Increase in payables	**12.7**	24.1	27.8
Decrease in provisions	**(1.5)**	(3.5)	(4.0)
Decrease in pensions	**(5.4)**	(4.2)	(8.4)
Adjusting operating items[1]	**11.5**	49.4	154.7
Cash flows relating to adjusting operating items	**(38.7)**	(23.5)	(71.0)
Cash generated from operations	**163.1**	144.9	315.7

[1] Excludes amortisation from acquired intangibles which is included within 'intangible asset amortisation' above
[2] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

17. Commitments, contingencies and insurance contracts

a) Capital commitments

Capital commitments contracted but not provided at 30 June 2024 were £148.0m (2023 full year: £164.5m).

b) Contingent liabilities

Legal

Through the ordinary course of our operations, the Group is party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on the Group's results, cash flows or financial position.

c) Insurance contracts

Bonds and letters of credit

In the ordinary course of business, the Group is required to issue counter-indemnities in support of its operations. These are valued as insurance contracts in scope of IFRS 17 Insurance Contracts.

As at 30 June 2024, the Group has performance bonds in respect of businesses in the US of £269.0m (2023 full year: £197.0m), in Spain of £105.6m (2023 full year: £114.4m), in Germany of £56.3m (2023 full year: £29.6m) and in the Middle East of £6.3m (2023 full year: £6.3m). Letters of credit have been issued to support insurance retentions of £162.8m (2023 full year: £181.3m).

The directors believe that the expected pay out of these contracts is £nil and the insurance liability recorded in the Financial Statements at the end of the period is £nil.

18. Related party transactions

There have been no material changes to the related party balances disclosed in the Group's 2023 Annual Report and Accounts and there have been no transactions which have materially affected the financial position or performance of the Group in the six months to 30 June 2024.

19. Post balance sheet events

Potential disposal of North America School Bus business

During 2023 the Group announced that it would start a process for the potential disposal of the North America School Bus business. The Directors have considered whether this would meet the criteria for disclosing as held for sale as at 30 June 2024 and at the date of these accounts. At the date of issue of these Financial Statements the Directors believe that the sale plan is not progressed sufficiently for the Held for Sale criteria to have been met.