







# Measuring progress

Key

-  Strong financial return
-  Safest
-  Most reliable
-  Environmental leader
-  Most satisfied customers
-  Employer of choice

**Financial**

### Adjusted Operating Profit (£m)

**£168.6m**

2022: £197.3m



#### KPI definition

Group Adjusted Operating Profit from operations. See glossary on page 252.

#### Relevance to strategy

A key measure of the overall performance of the business.

We are focused on driving growth in operating profit in order to generate higher and sustainable returns for our shareholders and providing the platform for further growth for all our stakeholders including our employees, our customers and our partners.

#### Performance

Adjusted Operating Profit decreased to £168.6m (FY 22: £197.3m) as benefits of volume recovery and in-year benefit from pricing and Accelerate 1.0 cost reduction programme were offset by cost inflation, reduction in Covid subsidies and lower profitability in Germany.

#### Remuneration linkage

Group Adjusted Profit before tax is one of three bonus inputs to the Executive Directors' and senior managers' annual bonus structure.

#### Link to strategy



Refer to page 252 for definition of adjusted.

### Free Cash Flow (£m)

**£163.7m**

2022: £160.5m



#### KPI definition

Free cash flow is the cash flow available after deducting net interest and tax from operating cash flow. See reconciliation on page 253.

#### Relevance to strategy

Strong cash generation provides the funding to invest in initiatives to drive our strategy.

Our focus on cash generation ensures that we are running the business efficiently, converting profit to cash to enable investment into the business; reduction in leverage returns to shareholders; and providing the platform for further growth for all our stakeholders.

#### Performance

Free cash inflow of £163.7m represents strong Free Cash Flow conversion of 97% (2022: 81%). The improvement in Cash Flow Conversion is a result of lower net maintenance capital expenditure as the Group accelerated capital expenditure at the end of December 2022 to secure production slots, resulting in lower cash outflows in 2023.

#### Remuneration linkage

Free cash flow is one of three bonus inputs to the Executive Directors' and senior managers' annual bonus structure.

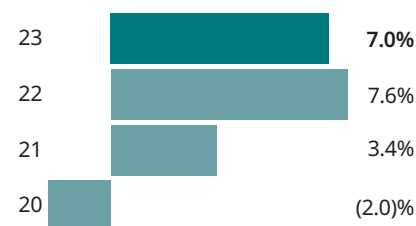
#### Link to strategy



### Return on capital employed (%)

**7.0%**

2022 restated: 7.6%



#### KPI definition

Return on Capital Employed (ROCE) is Adjusted Operating Profit, divided by average net assets, excluding net debt and derivative financial instruments, translated at average exchange rates. See reconciliation on page 253.

#### Relevance to strategy

ROCE demonstrates how efficiently the Group is deploying its capital resources to generate operating profit.

A focus on ROCE ensures that we maintain a disciplined approach to capital investment and continue to invest in those areas in which we deliver the best returns. This ensures that we maximise returns to shareholders for the capital they invest.

#### Performance

ROCE of 7.0% remains below our targeted level and is reflective of the year-on-year reduction in Adjusted Operating Profit. During the year the Group invested £136 million of net maintenance capital, predominantly in replacing our fleet in our existing operations, and £18m in growth capital expenditure including vehicles to service new contracts in ALSA and North America.

#### Remuneration linkage

ROCE is one of the performance measures in the Long-Term Incentive Plan of Executive Directors and senior managers.

#### Link to strategy



Non-Financial

**Safety – Fatalities and weighted injuries (FWI per million miles)**

**0.006**

2022: 0.003



**KPI definition**

The Fatalities and Weighted Injuries (FWI) Index weights injuries by severity to give an overall standard-based score which is normalised by miles operated.

**Relevance to strategy**

Safety is of paramount importance to a public transport operator and being the 'safest' is one of the five Evolve outcomes.

Safety is at the heart of our values and is our priority for both our customers and our employees.

High safety standards also help to drive sustainable growth through customer loyalty and new business wins.

**Performance**

The 2023 performance for FWI per million miles is in line with the Group target (0.006) for the year and was comparable to the results achieved in 2021, although below the performance in 2022. This is primarily because the 2023 result includes two fatalities, whereas there were no fatalities included within the 2022 result. These fatalities – as well as the other preventable injuries which are included within the result – have been investigated and appropriate actions have been taken.

Although the 2023 Group FWI target of 0.006 was achieved, there is no bonus pay out on this metric for the Executive Directors because of the fatalities.

**Remuneration linkage**

FWI per million miles is an input into the Executive Directors' and senior managers' annual bonus structure.

**Link to strategy**



**Passenger journeys**

**1,074m**

2022: 977.0m



**KPI definition**

Passenger numbers as measured by the aggregate of passenger journeys across each of our operating divisions. Our numbers for North America are estimated as our school bus and shuttle services are not paid on a per passenger basis.

**Relevance to strategy**

Growth in passenger journeys is a leading indicator for customer satisfaction and hence growth, and modal shift from cars to public transport. Having the 'most satisfied customers' is a key aim of the Evolve strategy.

Mobico is targeting increased passenger ridership as a longer-term driver of sustainable value for both the business and the environment, with public transport a key solution to lowering carbon emissions and easing travel congestion.

**Performance**

Passenger numbers have continued to grow strongly, rising 10% in 2023, surpassing 1 billion for the first time. Discretionary travel continues to grow with our UK Coach business growing patronage by 25% and our ALSA long haul business growing patronage by 28%. Our UK Bus business grew patronage by 8% and continued to recover throughout the year. Our Moroccan business had another record year with further passenger growth of 3%.

**Remuneration linkage**

The Executive Directors and senior managers' annual bonus scheme typically includes a component of personal objectives relating to business development metrics.

**Link to strategy**



**GHG emissions: tCO<sub>2</sub>e/mpkms**

**36.39**

2022: 40.06



**KPI definition**

Tonnes of GHG carbon emissions for Scope 1, 2 and 3, per million passenger kilometer.

**Relevance to strategy**

Reducing the environmental impact of transport is core to our purpose and links to the Evolve strategy outcome: being the environmental leader.

Per passenger, train, bus and coach travel is significantly less polluting than cars and, as such, modal shift is the single most important thing we can do to drive the climate change and clean air agendas. We are also committed to making public transport itself greener and have adopted Science-Based targets.

**Performance**

Tonnes of carbon emissions for Scope 1 and 2 reduced by 2.5% per million passenger kilometer.

Total Scope 1, 2 and 3 absolute emissions reduced by 6.8% overall on prior year.

We expect to make further progress as we accelerate our transition to ZEVs over the coming years.

See more on environmental performance on pages 247 and 248.

**Remuneration linkage**

25% of the Executive Directors and senior management Long-Term incentive Plan is linked to reducing GHG emissions and transitioning to ZEVs. See our Remuneration Report commencing on page 111.

**Link to strategy**



### On-Time-Performance (OTP)

90.7%

2022: 91.1%



#### KPI definition

On-Time-Performance (OTP) measures the percentage of our services, weighted by mileage across divisions, that are arriving on time at intermediate (where relevant) and timing stops. The definition of on time varies by business, for example no more than one minute early or five minutes late for urban bus services. The OTP KPI excludes rail services, high frequency bus services (where frequency and actual vs scheduled waiting times is a more appropriate reliability measure), and services where we are currently not able to measure OTP accurately.

#### Relevance to strategy

Improving OTP is a key driver for customer retention and winning new contracts and links to the Evolve strategy outcome: most reliable. Our reputation for reliability, whether it be for fare paying passengers on our buses or with school boards and local passenger transport authorities, is vital to drive growth across the each of our businesses.

OTP is also a driver for achieving operating efficiencies across the Group, helping to improve financial returns.

#### Performance

In 2023, OTP was slightly lower than in previous years. Our ability to operate punctual services was impacted by increasing congestion and road traffic levels alongside driver shortages, particularly in our UK business. To combat these effects, we continuously focus on initiatives to improve punctuality. We have a relentless focus on driver recruitment and have introduced sophisticated digital scheduling platforms in our Bahrain and ALSA businesses to optimise network performance, whilst we actively monitor our UK networks to ensure efficiency and maximise OTP. In the West Midlands, we work closely with our partners, Transport for West Midlands, to jointly develop bus priority infrastructure. In our North America School Bus business, our focus on driver recruitment and retention, route restoration and optimisation, and ensuring operational excellence, meaning we delivered OTP performance ahead of 2022 levels, contrary to the overall trend.

#### Remuneration linkage

The Executive Directors' and senior managers' annual bonus structure typically includes a component of personal objectives relating to operational performance metrics.

#### Link to strategy



### eNPS

+11

2022: +7



#### KPI definition

Employer Net Promoter Score, or eNPS, is a widely used scoring system designed to help employers measure employee satisfaction and loyalty within their organisations.

#### Relevance to strategy

The eNPS score is a key measure of how committed our employees are to the Group and is an indicator of areas of strength and also where we can improve in order to retain and grow our talent in the business, in order to support future growth. It links directly to our Evolve strategy outcome: employer of choice.

#### Performance

This measure was introduced in 2022 and is used as a base to measure our performance in the future and inform our action plan.

Part of a suite of measures used to gauge employee sentiment, engagement across the Group also increased 4% to 59%. In 2023, we achieved 73% participation across the Group.

There has been significant improvements for ALSA (engagement +8 pts, eNPS +7 pts) and UK (engagement +7 pts, eNPS +10 pts). There was stability across School Bus (engagement +2pts, eNPS +1pt, Shuttle & Transit (engagement +0, eNPS -2pts) and Bahrain (engagement -1pt, eNPS +9pts).

#### Remuneration linkage

Introduced into Executive Directors' and senior managers' bonus plans for the first time in 2023. eNPS is again included within their bonus structures for 2024.

#### Link to strategy



#### Key

- Strong financial return
- Most reliable
- Most satisfied customers
- Safest
- Environmental leader
- Employer of choice