

Creating sustainable value

We create value for all our stakeholders through our sustainable business model

Our resources and strengths...

Our success is dependent on effectively using our key resources and strengths

...enable our business

Our key resources and strengths enable us to generate revenue through our three operating divisions: regional bus, London bus and rail

...to create value and outputs for our stakeholders

By running a profitable, sustainable and responsible business, we create value and deliver long term benefits to shareholders, passengers and communities

Stakeholder relationships

We work closely with our stakeholders which include customers, communities, strategic partners and suppliers, government and investors. These relationships are built on mutual understanding and trust, and on our commitment to engage with all our stakeholders to provide a high quality service.

Dedicated people

We employ around 28,000 people whose work and dedication are key to the success of Go-Ahead. High levels of colleague engagement, job satisfaction and providing a safe, supportive working environment contribute to our performance. By creating a culture of excellence, we ensure we maintain a skilled and motivated workforce.

Financial platform

Our cash generative capabilities and a conservative level of net debt enables us to ensure that our business remains well funded and that we can continue to reinvest cash into operations, deliver returns to our providers of capital and take advantage of growth opportunities that emerge.

Fleet and depots

We operate over 5,000 buses and run 952 trains through a combination of outright ownership and leasing assets to take our customers to where they need to go in a safe and reliable manner. We continue to invest in our asset base and, in the last year, our capital expenditure amounted to £126.7m.

Thought leadership

We have built our experience and reputation over 30 years of operating in transport markets. As a leader in the industry, we have substantial know how which includes our innovative technology and our forward thinking approach to developing solutions for the future of transport to enhance customer experiences.



Revenue and profit are generated through our three operating divisions in two main ways:

1. The provision of transport services to fare-paying passengers, whose revenue covers the cost of service and a profit margin. Most bus operations in the UK outside London operate on this commercial basis.
2. The provision of passenger transport services on behalf of public sector transport authorities. We tender for and operate contracts in two main sub-categories:
 - **Gross cost contracts** where our entire revenue comprises payments made by the transport authority to us with the authority retaining all fare revenue raised and therefore revenue risk. This includes the UK London bus market and the GTR rail franchise.
 - **Net cost contracts** where our revenue is a combination of income from fares and payments from transport authorities. Most UK rail franchises are run on this basis.

Good cost controls are vital in areas such as staff utilisation, fuel efficiency and negotiating and managing contractual relationships. Part of the Group's core skill set is managing all of these areas without compromising safety or quality.

Driving performance against our three strategic priorities:



The three pillars of our strategy help us build these relationships, providing great customer experience, controlling our costs and enabling us to invest for growth in the process. Through this strategy we aim to deliver excellent service to our customers, returns to our shareholders and value to all of Go-Ahead stakeholders.

Meeting customer needs

We deliver high quality, locally focused services, enabled by our devolved structure, which ensures a better understanding of our customers and ability to respond to their needs. Through this, we have maintained our sector leading position on our regional bus customer satisfaction score.

Securing a skilled workforce

We strive to be a best in class employer by providing a rewarding work environment, offering market related compensation and rewarding performance. As a responsible employer, we are focused on colleague wellbeing, retention, training and development.

Creating profits

By effectively managing the inputs to our business and executing our strategy, we create profits and cash returns which enable us to pay interest on our debt and to provide an attractive dividend to our shareholders.

Prioritising sustainability

The transport we provide helps to support economic growth. As a significant purchaser of products and services, our operations provide funds to suppliers. We manage this value chain to minimise risks and contribute to the efficient delivery of our services.

Shaping policy and change

We work closely with central and local government to shape policy and regulatory changes which enhance the future of transport and contribute to fiscal revenue through our tax payments.

Enhancing communities

We make a significant and positive contribution to the communities in which we operate, enabling communities to remain connected, and do so in a responsible way. We strive to reduce any negative impact our operations may have on the environment.



Customers

91%

regional bus customer satisfaction score (2017: 90%)



Our people

66%

colleague engagement score (2017: 59%)



Investors

102.08p

full year dividend payment (2017: 102.8p)



Strategic partners and suppliers

£1.9bn

payment to suppliers (2017: £1.9bn)



Government

£28.7m

corporation tax payments to government (2017: £34.1m)



Communities

0.70kg

carbon emissions per passenger journey (2017: 0.75kg)

Read how the voice of our stakeholders are heard by the Board on page 68.