

The route ahead

We have a clear and simple strategy: to protect and grow our core business; win new bus and rail contracts; and develop for future transport needs. The Go-Ahead strategy feeds into our vision and is underpinned by our beliefs and attitudes and helps us understand where we are going, why we are going there and what we have to do to get there.

Through this strategy, we aim to deliver an excellent service for our customers, returns for our shareholders and value for all Go-Ahead stakeholders.

Our evolving strategy

Over the last year, we have made progress in evolving our strategy, to reflect some of the wider areas that we focus on as a business.

The key change themes from last year's strategy, Lean processes, Technology, Customer experience, Culture change and Leadership, have been embedded into the Group and now form part of our everyday activities. As these themes naturally evolved throughout the year, we identified additional key areas for which Go-Ahead has a responsibility for and have sharpened our strategy to focus our direction going forward.

By proactively engaging with our stakeholders, their feedback enabled us to formulate our updated strategy and therefore improve our operations, products and services going forward.

Through the areas of Better teams, Happier customers, Stronger communities, Smarter technology and a Cleaner environment, we aim to deliver change, shape our culture and prepare for the future challenges and opportunities facing us and our wider industry.

By working collaboratively and in partnership with all of our stakeholders and ensuring we operate in an open and sustainable way, we are able to deliver our vision: a world where every journey is taken care of.

← To assess the effectiveness of the different pillars of our strategy, we measure a broad range of financial and non-financial key performance indicators.

[Read more on page 28.](#)

There is a clear link from our strategy to the remuneration structure of senior management.

[Read how remuneration is influenced by strategy on page 82.](#)

[Read how risks may impact strategy on page 44.](#)



A world where every journey is taken care of

We generate value for our investors, by building a sustainable business which meets the needs of our customers and communities

Our vision will be delivered by our three strategic objectives



Protect and grow the core

Safeguarding and developing our core bus and rail businesses through our three operating divisions



Win new bus and rail contracts

Securing contracts in the UK and using our core experience to expand into international markets



Develop for the future of transport

Using our skills, knowledge and assets to explore new growth opportunities for the future of our business

With responsibility as a business for safer and

- Better teams**
We are committed to attracting, developing and retaining the best talent and driving high levels of motivated and engaged colleagues.
- Happier customers**
Our customers are at the heart of what we do. We aim to provide high levels of customer service across all our operations.
- Stronger communities**
We enable communities to flourish by providing access to education, retail and employment, allowing people to stay connected.
- Smarter technology**
We invest in technological solutions and utilise our market leading retail capabilities to drive growth and innovation.
- Cleaner environment**
We promote the benefit that public transport has over private in improving air quality and strive to reduce any negative impact we may have on the environment.

Our approach is underpinned by our core beliefs and attitudes



Our beliefs

- We believe in**
- Trusting people
 - Being can do people
 - Building relationships
 - Being one step ahead



Our attitudes

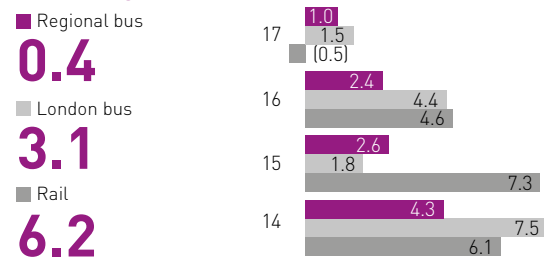
- We are**
- Accountable
 - Down to earth
 - Collaborative
 - Agile

Measuring our performance

Our selected set of KPIs are the measures we use to assess the Group's progress against our strategic objectives and allow us to effectively monitor our performance.

Protect and grow the core

Like for like revenue growth (%)



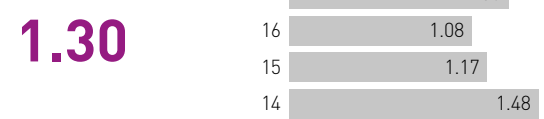
Description

For our rail operations, we measure revenue generated through the provision of passenger transport services. In our bus division, we measure total revenue as non-passenger revenue is less material.

Performance

Our regional and London bus businesses both delivered modest revenue growth despite market challenges. In our rail business, revenue growth improved with increases at both GTR and Southeastern.

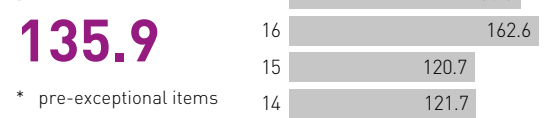
Adjusted net debt/EBITDA (X)



The adjusted net debt/EBITDA ratio is used to indicate the Group's ability to pay down its debt from earnings. Adjusted net debt, which is total net debt excluding restricted cash in our rail division, is measured against earnings before interest, tax, depreciation and amortisation (EBITDA).

Adjusted net debt to EBITDA remained stable at 1.3 times and remains below our target range of 1.5 to 2.5 times, and well below our bank covenant limit of 3.5 times.

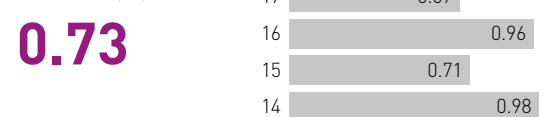
Operating profit (£m)



The Group's operating profit measures the profit earned from our ongoing core business operations excluding deductions of interest and tax. This helps us measure the underlying performance of our operating companies.

Reduction overall compared to last year reflecting the expiry of the London Midland rail franchise in December. Operating profit from our bus business increased slightly from last year with an advance at London bus more than offsetting a small reduction in our regional bus business.

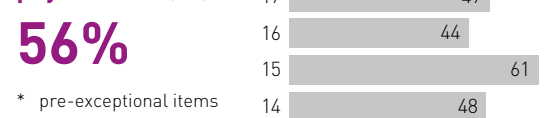
Cashflow/EBITDA (X)



The cashflow/EBITDA ratio is used to monitor the conversion of operating profit into operating cash. Cashflow is the cash we generate from our operations, after working capital movements and after cash tax paid during the year.

Cash conversion improved from last year largely due to a smaller increase in working capital this year and slightly lower cash tax paid.

Dividend payout ratio (%)

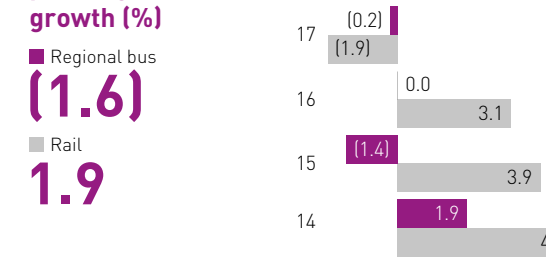


We measure the proportion of our net income that is paid to shareholders by way of dividend. It is calculated as dividend per share divided by earning per share.

At 56%, the dividend payout ratio has increased from last year's 49% and was in-line with our new dividend policy of payout ratio in the range of 50% to 75%.

Protect and grow the core

Like for like passenger volume growth (%)



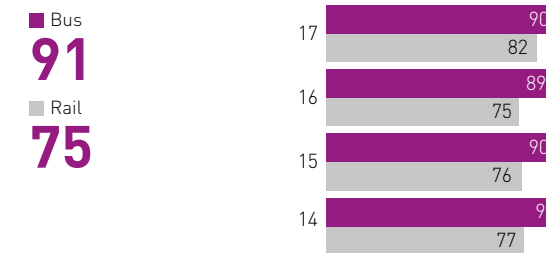
Description

We measure the number of passenger journeys taken on our regional bus and rail services compared with the previous year. This is measured on a like for like basis, adjusting for significant acquisitions and new franchises. As we are contracted on the basis of mileage in our London bus division, we do not measure passenger numbers.

Performance

In regional bus, passenger numbers fell by 1.6%. This was better than the industry average which saw declines of over 2%. In rail, passenger numbers grew by 1.9%, an improvement on the 1.9% decline in the prior year as a result of full services resuming at London Bridge station and growth at GTR.

Customer satisfaction (%)



Customer satisfaction is measured by the independent passenger watchdog Transport Focus. Surveys are conducted twice a year for our rail franchises and annually for our regional bus operations. Our primary customer in London bus is TfL. We measure satisfaction by performance against TfL performance targets, such as excess waiting time.

Our focus on delivering high quality locally focused services enabled us to maintain our sector leading position in regional bus, with an improved score of 91%. In rail, our score dipped from last year's strong improvement.

Regional bus punctuality (%)



The punctuality of our regional bus operations is measured as the percentage of buses which arrive at their stop between one minute before and five minutes after their scheduled time. Therefore, the higher the percentage the better.

Bus punctuality saw an improvement of 0.7 percentage points from last year's level. We also received the highest score for punctuality as part of the Transport Focus survey on passenger satisfaction.

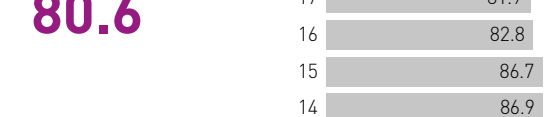
London bus punctuality (minutes)



The punctuality of London bus operations is measured by excess waiting time. This is the time passengers have to wait for a bus above the average scheduled waiting time. The lower the excess waiting time, the better the performance.


Further improvement with excess waiting time reduced to below a minute for the first time since 2013, due to our continued focus on operational performance and working in partnership with TfL.

Rail punctuality (%)



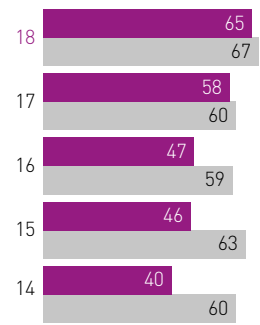
The punctuality of our rail operations is measured on the basis of the DfT's Public Performance Measure (PPM) on a moving annual average basis. PPM is the percentage of trains that arrive at their final destination within five minutes of their scheduled arrival time.

Punctuality of our rail services fell from the prior year. This was adversely impacted by problems at GTR with the complexity of the timetable changes in May.

 **Protect and grow the core**

Employee engagement index (%)

■ Bus
65
■ Rail
67



Description

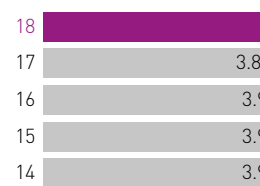
We measure how engaged our people are through annual independent employee surveys, conducted independently by ORC, across all of our businesses.

Performance

We achieved higher employee engagement scores across bus and saw a significant improvement in our rail businesses, reflecting the focus we have on employee involvement, personal development and performance management.

Absenteeism (% of working hours)

4.2

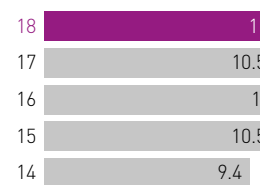


We measure employee absence by the percentage of scheduled hours not worked due to unplanned absence from work, across the whole organisation.

Absenteeism saw a modest increase over the last year, mainly due to the rail division with an increase at GTR which is likely to relate to the industrial dispute.

Employee turnover (%)

11.3

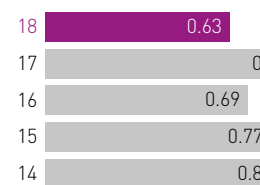


Employee turnover is measured by the percentage of employees who leave the Group during the year.

Slight increase compared to last year mainly due to our bus Division, where there has been contract changes at Go-Ahead London and route restructuring at Go East Anglia.

SPADs per million miles

0.63

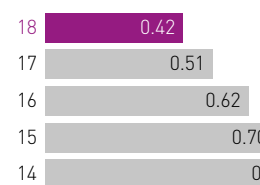


Across the rail industry train operating companies report signals passed at danger (SPADs). Many SPADs happen each year and most have little or no potential to cause harm. All SPADs are given a risk ranking which considers the actual and possible consequences of each incident.

SPADs saw a significant improvement of 26% compared with last year to the lowest level since 2012, as a result of tighter controls and exacting standards of driver training to minimise risks.

RIDDOR accidents per 100 employees

0.42

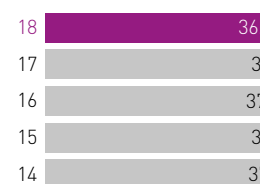


RIDDOR (reporting of injuries, diseases and dangerous occurrences regulations) relates to a work place incident that results in any absence from work for over seven days or any legally reportable incident to the Health and Safety Executive.

RIDDOR accidents per 100 employees improved by 18% compared to the prior year, owing to our high priority to ensure that our people have the necessary tools and training to do their jobs safely.

Bus accidents per million miles

36.1



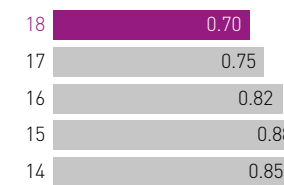
We monitor the number of bus accidents which result in a notification to a claims handler for every million miles we operate, including cases where we are not at fault.

An improvement of 5% compared with last year to the lowest level recorded since 2013, due to continual investment in training and monitoring the performance of our drivers.

 **Protect and grow the core**

Carbon emissions per passenger journey (kgs)

0.70



Description

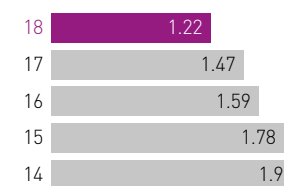
We monitor all of the energy used within our operations and calculate our CO₂e emissions by using the appropriate CO₂e conversion factor. Currently, we divide our CO₂e emissions by the number of passenger journeys made to establish CO₂e per passenger journey.

Performance

A further improvement of 7% from last year. This has resulted in our carbon emissions per passenger journey being 21% lower than the 2014/15 baseline, exceeding our target of a 10% reduction over the period.


Carbon emissions per vehicle mile (kgs)

1.22



As a commitment to better reflect our CO₂e emissions, we will no longer report on CO₂e per passenger journey and instead report the more accurate CO₂e conversion factor of using CO₂e per vehicle mile.

Continual improvement has been achieved by improving the efficiency of our bus and rail fleet, introducing low carbon vehicles and reducing energy used in our premises. The expiry of the London Midland franchise during the year also had an impact.

 **Win new bus and rail contracts**

Annualised revenue secured on international contracts

£250m


Description

To reflect our growth and future ambitions, as part of the strategic pillar of win new bus and rail contracts, we have added a new KPI for this year.

Annualised revenue consists of annual revenue secured through international contracts we have won in our targeted markets as part of our international strategy. Many of these contracts are in mobilisation and, thus, this revenue has not yet been earned.

Performance

We continue to see an attractive pipeline of opportunities in our selected target markets and have so far secured annualised revenues of around £250m from successful international bids, with the award of a second bus contract in Dublin and a fourth German rail contract during the year.

 **Develop for the future of transport**

Projects and initiatives actively being tested and trialled

Description

We are developing a KPI relating to our third strategic pillar of developing for the future of transport. Through our initiatives and projects throughout the year, we will explore an appropriate metric to measure our performance.

We constantly strive to be more relevant to customers so that we can continue to fulfil their evolving preferences and future proof our operations. By seeking new ways to apply our skills and expertise, we can position our business to capture opportunities through a process of research, testing and trialling and enable sustainable performance over the long term.

Performance

Our project team is currently exploring a range of solutions and working on a number of initiatives to make public transport a clear and simple choice. These include:

- PickMeUp
- Mobileeee
- The Billion Journey Project
- New forms of contactless ticketing.
- Mobility as a Service (MaaS)
- Hammock