

Focused on every journey

It has been a year of financial progress in all three divisions. Our market positions have been strengthened, with organic growth supported by contract wins and extensions. As part of a targeted programme, we are pleased to have won new business in Singapore and Germany. We continue to explore similar opportunities in these and other selected markets.

Financial highlights

- Overall results slightly ahead of management expectations
- Achieved £100m bus target; adjusted operating profit* up 8.0% to £100.4m
- Regional bus adjusted operating profit* up 9.4% to £53.3m. Passenger growth in the second half of the year
- London bus adjusted operating profit* up 6.3% to £47.1m despite a significant reduction in QICs income
- Rail adjusted operating profit* at £57.0m with a margin of 2.3%. Contribution to the DfT in the year of £222.4m
- Statutory operating profit in bus and rail was £91.2m (2015: £80.7m) and £26.2m (2015: £16.1m) respectively
- Strong cashflow and robust balance sheet
- Proposed full year dividend increased by 6.5% or 5.85p to 95.85p

Strategic and operational progress

- Difficult year in GTR – working closely with the DfT and Network Rail to improve services to customers
- Sector-leading customer satisfaction score of 89% in regional bus operations
- Record passenger numbers in rail division
- Shortlisted to bid for the West Midlands franchise
- Retained high levels of customer satisfaction at London Midland of 86%
- Entry into new overseas markets with contract wins in the Singaporean bus market and German rail market
- Adopted the voluntary 'Living Wage' across the Group, ensuring all employees, regardless of age, earn at least £8.25 per hour exceeding the 'National Living Wage' requirements

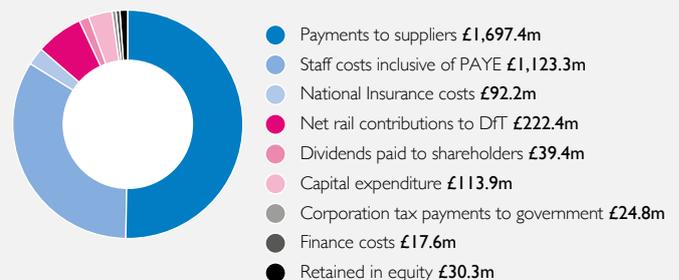
* Adjusted results exclude amortisation, goodwill impairment, exceptional operating costs, and the incremental impact of IAS 19 (revised) as shown on page 46.

Sustainability highlights

- 95% sustainability rating assigned by Business in the Community
- Highest Carbon Disclosure Project score amongst our peers
- First FTSE 350 company to achieve the Fair Tax Mark for responsible tax practice
- First transport Group to achieve the Carbon Trust triple accreditation for carbon, water and waste

Economic contribution

Total revenue £3,361.3m



Our strengths as an operator:

- Understanding and meeting the needs of the people in our local markets, delivering good quality services and value for money
- Developing strong local brands
- Delivering safe and efficient vehicle operations
- High customer service standards, for both our passengers and our transport authority customers
- Adopting a partnership approach in developing and operating services which create long term value for all parties involved
- Operating on large and complex transport networks
- Employing experienced management who are committed to supporting and developing our people