



# Intercity transport

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## Intercity: Investment summary

- Alsa is the market leading private operator in intercity coach
- Wide exclusive concession portfolio of 144 routes with strong pipeline (most Regional contracts duration beyond 2018)
- Cost efficient, flexible operating model – quickly adjusts to volume changes
- Growing premium sector; strong branding and loyalty scheme
- Improving competitive position relative to Rail
- Defensive business, currently in growth





## 1.- Introduction to our Division

- Integrates all intercity road transport activities carried out by ALSA.
- Strong national leadership in intercity road transport
- Management of Public Service Contracts (OSP), in a regulated environment
- Business mix in which Scheduled Transport predominates, complemented with other synergistic activities



## 1.- Introduction to our Division

- ✓ Cost efficiency and the control of our productivity are strategic key aspects of our leadership in the industry
- ✓ Regulated business, through management of public service concessions operated exclusively, providing strong turnover
- ✓ Significant delivery of network synergies: complementarity of routes and services nationwide, providing ALSA with a fundamental competitive advantage





# 1.- Introduction to our Division



- STAFF:

- ✓ High proportion of operational staff – adjusted to the needs of each business
- ✓ Low staff costs
- ✓ Local management very close to the business
- ✓ Highly result-oriented professional management team





# 1.- Introduction to our Division

## • OUR TRANSPORT NETWORK:



- ✓ The only company with network presence at national level
- ✓ We manage 26 concessions for the Ministry of Public Works and 118 for Autonomous Regions
- ✓ Great connectivity
- ✓ Organisational model in Areas:
  - RADIAL area
  - MEDITERRANEAN area
  - NORTHERN area

Ciudad	Population										
Madrid	3.273.049	Madrid									
Barcelona	1.619.337	ALSA	Barcelona								
Valencia	809.267		ALSA	Valencia							
Sevilla	704.198		ALSA	ALSA	Sevilla						
Zaragoza	675.121	ALSA	ALSA		Zaragoza						
Málaga	568.507		ALSA	ALSA	ALSA	Málaga					
Murcia	441.345	ALSA	ALSA	ALSA	ALSA	ALSA	Murcia				
Bilbao	353.187	ALSA	ALSA		ALSA			Bilbao			
Córdoba	328.547		ALSA	ALSA	ALSA	ALSA	ALSA		Córdoba		
Valladolid	315.522	ALSA	ALSA		ALSA			ALSA		Valladolid	



# 1.- Introduction to our Division

- OUR REGULATORY MODEL (Scheduled Transport):

National concessions of the  
**Ministry of Public Works.**

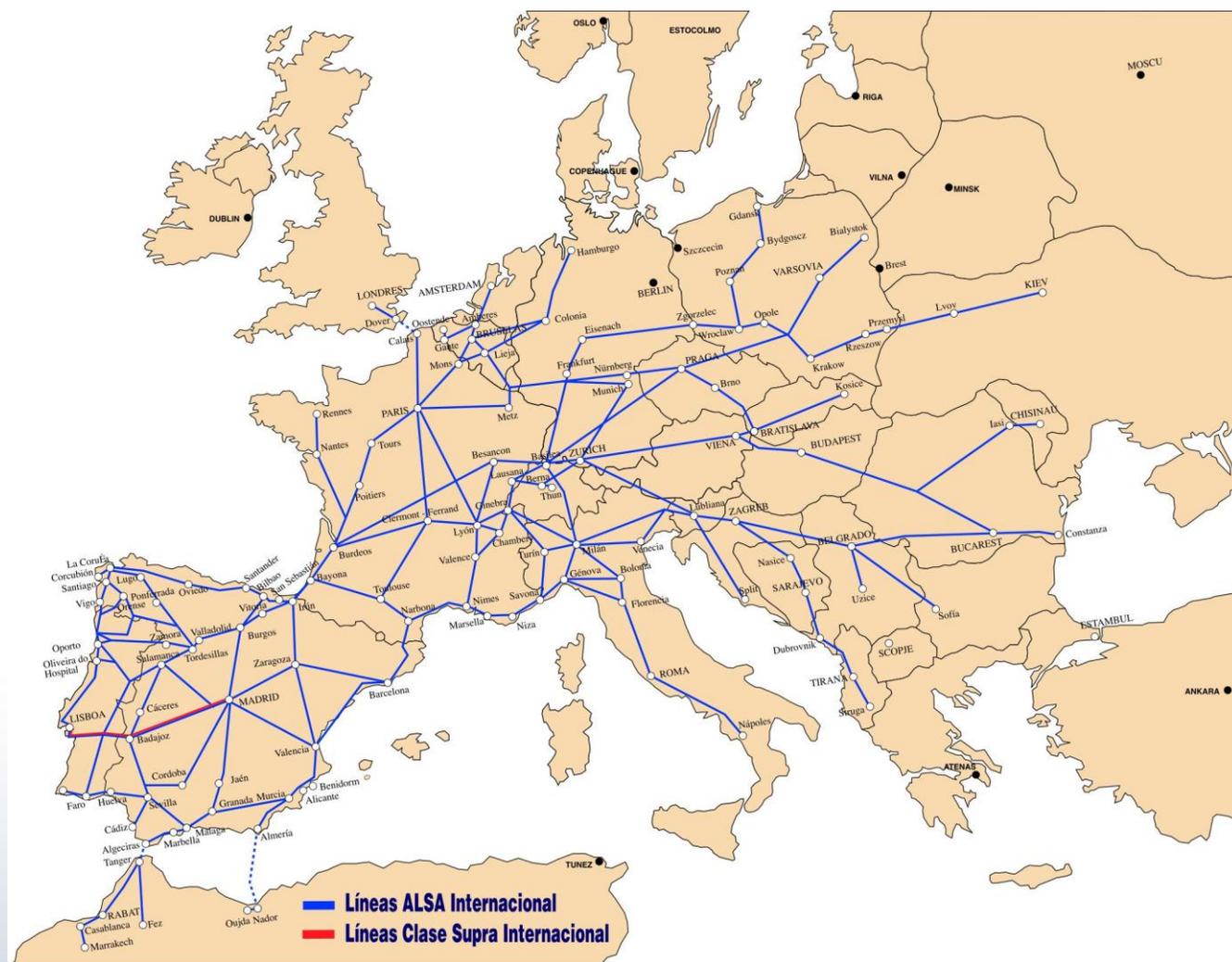
Regional services: concessions of  
the **Autonomous Regions,  
Provinces and Town Councils.**

- ✓ Concessions are long term
- ✓ Stable business
- ✓ **ALSA has never lost one of its transport concessions**, testament to its professionalism, honesty and safety in terms of management.
- ✓ We have won or come second in the last tenders called by the Ministry of Public Works.

# 1.- Introduction to our Division

## INTERNATIONAL TRANSPORT:

- Present in 55 international routes that cross all Europe
- Offices/representation in Spain, France, Portugal, Switzerland and Slovakia
- Member of Eurolines



## 2.- Current business background

- In 2011 we achieved growth in our activities, gaining passengers in the context of a major national economic crisis, and increasing profitability
- To achieve this we:
  - Very quickly adapt supply and costs to new market size and new passenger demand
  - Competitively position our supply vis-à-vis competitors (train and plane)
  - Maintain service quality, removing only ‘bad costs’
- Higher social willingness to use bus/coach public transport
- Modal competition has stabilised: less commercial pressure from RENFE and low-cost airlines and cost increase of private car.



## 2.- Current business context

### CONCESSION RENEWAL:

Scoring zones of the statement	
<b>TOTAL SCORE</b>	<b>100,0</b>
<b>Economic proposal (price)</b>	<b>25,0</b>
<b>Level of frequency offered</b>	<b>15,0</b>
<b>Other criteria subject to valuation formulas</b>	<b>37,0</b>
Improvements in safety and comfort features of vehicles	22,0
Improvements in energy efficiency features and environmental protection in vehicles	5,0
Decreased maximum age set for vehicles	4,0
Working conditions, stable employment rate	2,0
Infrastructures	4,0
<b>Measures of customer service improvements</b>	<b>6,5</b>
Compensation for delays attributable to the company	1,5
Systems for check-in and baggage control	2,0
Supplement Insurance Advice, Free	1,5
Supplement insurance baggage free	1,5
<b>Measures to improve staff working conditions driving</b>	<b>3,0</b>
Safety Transport Plans	0,5
Driving Courses Performing efficient, in terms of energy and environmental	0,5
Gender equality commitments	1,0
Plans to promote work life balance	1,0
<b>Quality service</b>	<b>4,0</b>
Commitment Standard 13816 certification within 3 years in	4,0
<b>Other measures to improve the operation of the service</b>	<b>9,5</b>
Comfort and attention to travelers	2,0
Measures aimed at specific groups and / or times of the year, aimed to encourage the use of bus transportation as well as customer loyalty	1,5
Energy efficiency and environmental	2,0
Commitment to obtain safety certificate	2,0
Measures to promote intermodality and the integration of public transport system	2,0



## 3.- Our management priorities

### 1. OPERATIONAL IMPROVEMENTS

**A. SAFETY:** Main premise of our business and a competitive advantage over our competitors.

- Key in our positioning with regard to customers and regulatory bodies
- Aim of being the safest company in the sector
- We have established the National Express **‘Driving Out Harm’** programme

### B. PRODUCTIVITY AND INNOVATION

- Network synergies and supply management
- Introduction of IT tablets for operational staff
- Environmental issues: fuel consumption improvement, hybrids, carbon footprint etc.



## 3.- Our management priorities

### 1. OPERATIONAL IMPROVEMENTS

#### C. COST CONTROL

##### Efficiency-driven management of profitability

- Fleet productivity
- Supply adjustments in those corridors affected by competition
- Real quality policy
- Flexibility and cost control in the hiring of third parties (collaborating companies)
- Flexibility in staff recruitment
- Centralising operations



## 3.- Our management priorities

### 2. ORGANIC GROWTH

#### A. CUSTOMER-ORIENTED APPROACH

- Introduction of product improvement plans
- Development of our Premium services
- Commitment to Excellence
- Based on the results of the market research undertaken, we will focus on the following Quality Plan Improvement Actions:
  - Services provided by third-parties
  - Training for drivers
  - Improved handling of lost and found items and luggage
  - Complaint reduction programme

#### B. CONTINUITY OF OUR CONCESSIONS

- Term extensions already secured in almost all the Autonomous Regions
- Orderly renewal process through tenders at the national level
- Big discretionary contracts under tendering
- International pools renewal



## 3.- Our management priorities

### 3. BUSINESS DEVELOPMENT:

- Growth strategy in Occasional Transport and new Sightseeing Transport services.
- Modal diversification. Growth in our intercity routes from Airports, new “bus-train” and “bus-plane” products
- International transport liberalisation: greater opportunities for growth by entering new markets

## 4.- Conclusions

- ✓ The Division is made up of **balanced businesses**
- ✓ The process of tender renewal of Ministry of Public Works concessions will help us upgrade our business
- ✓ We work towards being **the safest company**: with the conviction that this is key to success and a requirement for long term sustainability
- ✓ **Gain customers through modal shift to a quality product**
- ✓ A **management team** with expertise and know-how that is highly committed to the business
- ✓ **We show great flexibility in adapting** to changes within the market
- ✓ We must not forget **business opportunities** in order to increase the volume of activity and drive profitability





# Questions

