

Financial

Underlying Operating Profit (£m)

£197.3m

2021: £87.0m



2020 2021 2022

KPI definition

Group Underlying Operating Profit from operations.

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

Underlying Operating Profit increased by £110.3m, despite a £95.7m reduction in Covid-related government support, reflecting a 29% increase in revenues combined with continued cost control.

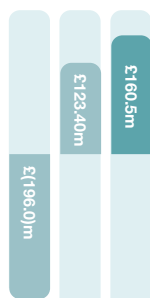
Remuneration linkage

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

Free cash flow (£m)

£160.5m

2021: £123.4m



2020 2021 2022

KPI definition

Free cash flow is the cash flow available after deducting net interest and tax from operating cash flow. See reconciliation on page 293.

Relevance to strategy

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

This focus on strong cash generation ensures that we are running the business efficiently, converting profit to cash to enable investment into the business; returns to shareholders; achieve our leverage targets and provide the platform for further growth for all our stakeholders.

Performance

Free cash inflow of £160.5 million is 30% up year-on-year, principally reflecting a £118.1m increase in EBITDA part offset by a £42.4m increase in capital expenditure, which returned to more normal levels after the impact of the pandemic-related freeze in the prior year. Free cash flow conversion of 81% is better than the pre-pandemic long-term average of 65%.

Remuneration linkage

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

Return on capital employed (%)

7.7%

2021: 3.4%



2020 2021 2022

KPI definition

Return on capital employed (ROCE) is Underlying Operating Profit, divided by average net assets excluding Net Debt and derivative financial instruments, translated at average exchange rates. See reconciliation on page 293.

Relevance to strategy

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 7.7% remains low as we rebuild profits, but represents a significant year-on-year improvement. During the year the Group invested £184.5 million of net maintenance capital, predominantly in replacing our fleet in our existing operations, and £93.1m in growth capital expenditure including vehicles to service new contracts in ALSA and North America.

Remuneration linkage

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

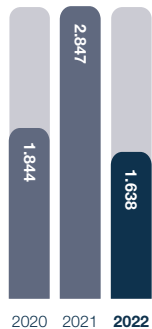
Measuring Progress continued

Non-Financial

Safety – Fatalities and Weighted Injuries

1.638

2021: 2.847



KPI definition

The Fatalities and Weighted Injuries (FWI) Index weights injuries by severity to give an overall standard-based score. The definition has been amended in the year to exclude non-responsible minor injuries, with prior year numbers restated to give a like-for-like comparison.

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

In 2022, the FWI score improved by 42% to 1.638, the best ever score recorded by the Group despite challenging traffic conditions. On a per million miles basis, the score of 0.003 represents a 50% improvement year on year and equals our best ever score in 2019, and a more than 90% improvement since we first introduced our Driving Out Harm programme in 2011.

Remuneration linkage

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



Passenger journeys

977.0m

2021: 791.8m



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.

National Express 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 recovered strongly to 977m, rising by 23% in 2022, with demand recovering strongly in the UK, Germany, Spain and Morocco. We saw a particularly strong recovery in demand for discretionary travel with our coach businesses in the UK and Spain up 164% and 82% respectively. We also delivered record number of passengers in Morocco with over 330m passenger journeys, an increase of 75% versus 2019, reflecting new contracts in Rabat and Casablanca and growth in existing contracts.

Remuneration linkage

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



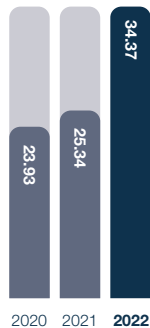
Links to Strategy

-  Safest
-  Most satisfied customers
-  Environmental leader
-  Employer of choice
-  Most reliable

GHG emissions*

34.37

2021: 25.34



KPI definition

Total Scope 1, 2 and 3 greenhouse gas emissions divided by the total number of passenger kilometres travelled across each of our operating divisions.

* Measured as tCO₂e/million passenger km.

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, 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. We have adopted targets through to 2025 that are 'science based' and aligned with limiting global warming in line with the Paris Agreement.



Performance

In 2022 we completed a Group-wide assessment of our Scope 3 emissions across all relevant categories, enabling fuller disclosure of our Scope 3 emissions compared to previous years and forming a new baseline for comparison in future years. This resulted in a 35.6% increase in tCO₂e/per million passenger km to 34.37 for Scope 1, 2 and 3 emissions.

For tCO₂e/per million passenger km Scope 1 and 2 emissions, we have seen a 4.3% improvement year on year reflecting the building back of occupancy levels across our services, together with some early benefits as we transition to ZEVs over the next few years.

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

Remuneration linkage

25% of the Executive Directors' and senior managers' Long-Term Incentive Plan is linked to reducing GHG emissions and transitioning to ZEVs. See Remuneration Report commencing on page 140.

OTP

91.1%

2021: 93.9%



KPI definition

On-time Performance (OTP) measures the percentage of our services, weighted by mileage across divisions, that are arriving on time at specified 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) and each business has its own specific OTP targets. The OTP KPI excludes rail services, high frequency bus services (where frequency and actual versus 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 measure of reliability, driving customer retention and the ability to win new contracts. It links directly 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

Following improved levels of punctuality in 2020 and 2021, primarily driven by reduced traffic levels and road congestion during the pandemic, overall OTP in 2022 was in line with our pre-pandemic performance. Traffic volumes and congestion returned following the lifting of Covid restrictions, and we also experienced operational challenges related to significant network variability and driver shortages in some of our markets. We saw a positive trend in the second half of 2022, as our relentless focus on reliability across our operations delivered OTP performance 60 basis points ahead of the same period in 2019. We continue to focus on initiatives to further enhance punctuality going forward, including our data driven scheduling optimisation in UK Bus which uses sophisticated data analytics to optimise route performance and efficiency.

Remuneration linkage

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

eNPS

+7

2021: N/A



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 employee satisfaction and engagement. Tracking eNPS allows us to identify areas of strength and also where we can improve in order to retain and grow our talent in the business. It links directly to our evolve strategy outcome: employer of choice.



Performance

This is a newly introduced measure following the launch of our first global employee survey in 2022 and will be used as a base to measure our performance in the future and inform our action plan. In our first global survey we achieved an engagement score of 77% of our employees across the Group against a target of 68%.

Remuneration linkage

The Employee Net Promoter Score is a new input into the Executive Directors' and senior managers' annual bonus structure from 2023.