

Key performance indicators

Over the past year the Group has focused on a selection of financial and non-financial KPIs, aligned to our strategic drivers (see pages 18-19). These KPIs are used to measure progress and evaluate our performance over time.

Our financial KPIs are like-for-like revenue growth, total revenue, adjusted operating profit, adjusted Earnings Per Share (EPS), and Return on Capital Employed (ROCE), which together drive our cash flow and value creation.

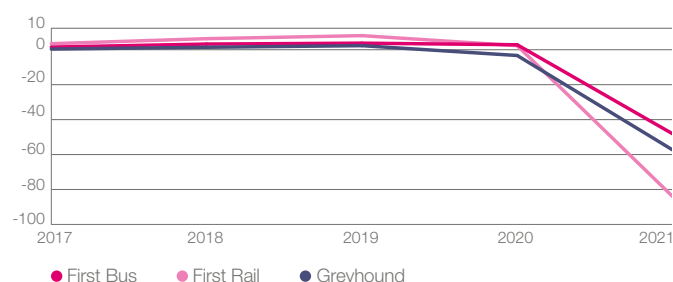
Non-financial KPIs include punctuality, average fleet age, safety, community investment and greenhouse gas (GHG) emissions.

During FY21, a number of our KPIs were affected by the consequences of the coronavirus pandemic and these are clearly highlighted below. Some were unable to be assessed at all, including the in-person surveys usually conducted by the independent body Transport Focus measuring customer satisfaction in the UK bus and rail sectors. As there has been no updated measurement of these KPIs in the year they are not shown here. Customer satisfaction continues to be measured by our businesses using a variety of techniques and the results acted on as appropriate.

Following the sale of First Student and First Transit, see their business reviews for a summary of their performance in the year.

Financial KPIs

Greyhound, First Bus and First Rail change in like-for-like (LFL) revenue (% change year-on-year)



Our LFL revenue measures normally adjust for changes in the composition of the divisional portfolios, holiday timing, severe weather and other factors that distort the year-on-year trends in our passenger revenue businesses.

As a result of the pandemic, all of our passenger revenue businesses saw a substantial reduction in passenger revenue, with the profit impact partially offset by government grants and contractual arrangements to procure services to enable socially-distanced travel in First Bus, First Rail and Greyhound. The First Rail revenue reduction was also mitigated by the first full year of the Avanti contract.

Total revenue

(£m)



Total revenue including discontinued operations decreased by 11.7% as a result of the pandemic. Revenue from continuing operations was in line with prior year at £4,641.8m (2020: £4,642.8m), and decreased by £567.4m compared to the prior year excluding the full year contribution of the new Avanti contract.

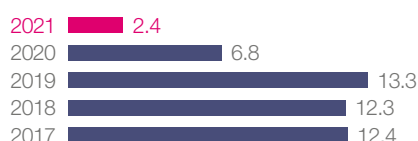
Revenue from discontinued operations was £2,203.2m (2020: £3,111.8m), reflecting the reduced activity levels due to the pandemic, partially offset by revenue recoveries from some customers.

Financial performance

Adjusted operating profit
(£m)



Adjusted EPS
(pence)

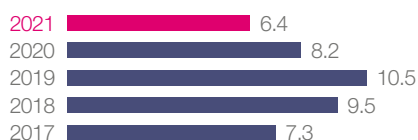


Total adjusted operating profit including discontinued operations decreased due to the pandemic. The contribution from continuing operations was £101.9m (2020: £69.7m). For the UK divisions this largely reflects the UK Government-procured emergency arrangements to enable socially-distanced travel, while in Greyhound it comprised the drop through of lower revenues offset by reduced variable costs, fixed cost actions and CARES Act grants for vital bus connections. Adjusted operating profit from discontinued operations decreased, with the impact of reduced activity levels mitigated by cost savings, recoveries from customers and higher service levels in Q4.

Adjusted EPS decreased by 4.4p to 2.4p (2020: 6.8p), reflecting the lower adjusted operating profit and higher rolling stock lease costs.

ROCE

(%)



ROCE is a measure of capital efficiency and is calculated by dividing adjusted operating profit after tax by all year-end assets and liabilities excluding debt items.

Total ROCE pre-IFRS 16 was 6.4%. In the prior year on a comparable basis it was 9.1% at constant exchange rates and 8.2% as reported.

Non-financial KPIs

Punctuality

First Bus punctuality
(%)

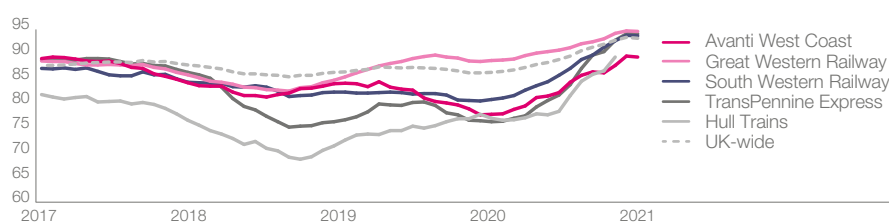


Greyhound on-time performance¹
(%)



¹ Implemented GPS tracking in 2017; earlier data is not comparable due to this change in methodology.

First Rail Public Performance Measure
(PPM)



First Bus punctuality measures percentage of services no more than one minute early or five minutes late and has seen a further year-on-year improvement, largely as a result of reduced on-road congestion during the pandemic. Further work will take place with local authorities and through insights gained from GPS data systems on board our buses to build on this improvement going forward.

Greyhound's on-time performance improved to 90% for the FY21 year, which continued the positive trend seen last year. Focused efforts to improve operational efficiency and reduced amounts of congestion due to the pandemic all contributed to the further improvement.

Nationally, the average score of rail punctuality and reliability (PPM) saw an increase during the year with more trains arriving on time across the country than any time since the 1990s. Changing travel patterns during the pandemic was a major contributory factor, with fewer services running across the network enabling more flexible recovery from disruption. We are committed to building on these gains and maintaining a high level of performance in the long term.

Key performance indicators continued

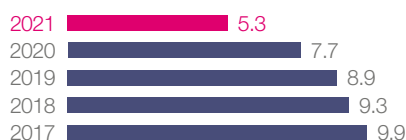
Non-financial KPIs continued

Average fleet age

First Bus¹
(years)



Greyhound
(years)



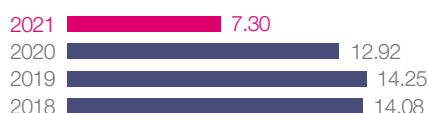
In First Bus, the pandemic led to temporary deferrals in our fleet investment for FY21; our future plans are focused on our environmental and partnership commitments, including the introduction of low emission buses as we work towards a zero emission fleet by 2035. We also increased our programme of retrofits of mid-life diesel vehicles to the Euro VI emissions with just under half of the fleet now meeting this benchmark. As such, the average age of our fleet increased slightly to 9.9 years (2020: 9.5 years).

As a consequence of the pandemic, around 600 Greyhound buses were withdrawn from the active fleet, with the newest buses remaining in operation. This has resulted in a further drop in Greyhound's average fleet age to 5.6 years (2020: 8.3 years) and effective fleet age to 5.3 years (2020: 7.7 years).

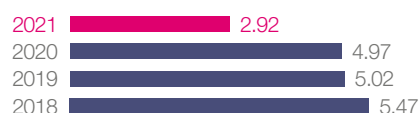
¹ First Bus 2018 data onwards calculated on basis of vehicles in service. 2017 data also restated on that basis.

Safety

Employee lost time injury (LTI) rate
(per 1,000 employees per year)



Passenger injury rate
(per million miles)



Note: Historical data is restated annually to incorporate the most accurate information for the previous 36 months.

We achieved a 44% reduction in our employee LTI rate with reductions across all divisions. Total employee injuries were also reduced by 43%.

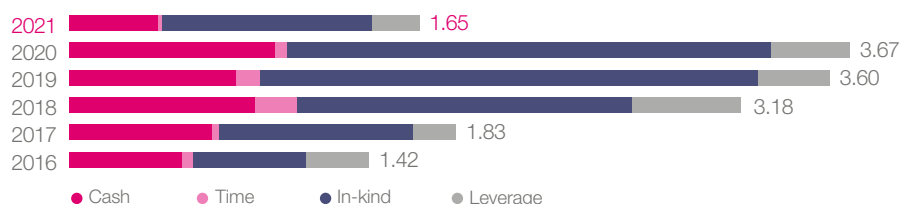
Whilst our rates were already trending favourably, the pandemic and changed operating environment have accelerated these reductions. We have been agile throughout the pandemic implementing safety strategies to mitigate this new risk within our business as normal.

Passenger Injuries per million miles are down by 41%, with these significant reductions primarily influenced by changes in operating environments and reduced footfall across our operations. We have implemented numerous strategies to help our customers travel safely, such as enhanced cleaning regimes and social distancing, managed through both our employee training and technology.

This safety focus remains at the forefront of all our businesses' operational strategies as we return to normal operations. More information on our approach to safety can be found on pages 43-45.

Community investment

(£m measured using LBG model)



This year we contributed £1.6m to the communities we serve across the UK and North America. This was measured by using the method of the London Benchmarking Group (LBG) model which tracks cash contributions made directly by the Group, time (employee volunteering), in-kind support (such as travel tickets, advertising space) and leverage (including contributions from other sources such as employees, customers and suppliers).

Greenhouse gas (GHG) emissions

(Tonnes of carbon dioxide equivalent – tCO₂e)

Tonnes of carbon dioxide equivalent (tCO ₂ e): Total by emission scope	2021	2020	2019
Scope 1: Direct emissions: From road and rail vehicle fuel, heating fuel, fleet fuel and fugitive refrigerant gas emissions	1,214,769	2,111,199	2,344,768
Scope 2: Indirect emissions: From the generation of electricity purchased for buildings and to power electric road or rail vehicles (location-based)	275,097	262,070	265,924
Scope 3: Other indirect emissions: Inclusive of business travel, water use and waste treatment and disposal	16,905	19,670	18,179
Out of Scope: Indirect emissions: From biogenic content of our liquid and gas fuels	25,551	27,532	14,654
Total All scopes	1,532,323	2,420,471	2,643,525
% change year-on-year	-37%	-8%	0%
% change (2016 baseline)	-38%	-2%	7%
Adjusted¹ Total All scopes	1,532,323	2,552,004	2,845,284
% change year-on-year	-40%	-10%	-3%
% change (2016 baseline)	-47%	-12%	-2%
Per £m revenue (gCO₂e/£m)	224	312	371
Sub-total UK (tCO₂e)	808,624	958,779	1,044,855
Per £m revenue (gCO₂e/£m) UK only	187	237	293

1 Adjusted total provides like-for-like comparison of our carbon emissions by adjusting for major changes in rail (inclusion of Avanti and SWR). Please see more detail in our methodologies section below.

The significant majority (91%) of our carbon emissions is from the fuel and electricity used to power our road and rail fleet. The pandemic has significantly reduced our passenger and service volumes resulting in a 40% reduction in our carbon emissions from FY20.

Prior to this year, FirstGroup had reduced its gross carbon emissions an average of 3% per year since our 2015/16 base-year (-12% change from base-year in FY20), a trajectory we expect would have continued had we not had extreme operating circumstances.

The primary drivers for our continued performance, aside from the pandemic, are:

- increased use of electric traction in First Rail from the incorporation of Avanti and new hybrid trains in TPE and Hull Trains
- a 9% annual reduction in the UK average grid electricity emissions
- fleet rationalisation programme in First Bus which has seen the disposal of over 500 of its older vehicles from service

For a more detailed analysis and an understanding of our Group carbon performance please see FirstGroup's Environmental Performance Report 2021.

First Bus entered 15 hydrogen and 29 electric buses into service, increasing their zero-emission vehicles proportion to 1.1% (0.3% in FY20). A further 148 electric buses have been purchased this financial year for delivery in 2021-2023.

Total energy use (kWh)

Kilowatt hours of energy (kWh HHV): Total by energy source and renewable content	2021	2020	2019
Non-renewable sources	4,870,969,433	7,914,133,419	8,811,120,650
Renewable energy sources	1,359,365,847	1,693,850,784	1,095,128,835
Total All	6,230,335,280	9,607,984,203	9,906,249,485
% change (year-on-year)	-35%	-3%	0%
% change (2016 baseline)	-31%	6%	9%
Per £m revenue (MWh/£m)	910	1,240	1,390
Sub-total UK (kWh)	3,407,627,844	4,126,363,602	3,843,883,667
Per £m revenue (MWh/£m) UK only	789	1,022	1,080

First Bus

Percentage of low and zero emission passenger fleet	2021	2020
Low emission bus Diesel or biomethane powered bus with a 30% or greater carbon saving from a standard alternative	21.6%	20.2%
Zero emission bus electric or hydrogen powered	1.1%	0.3%
Total passenger fleet	5,189	5,619

Key performance indicators continued

Monitoring our underlying energy use ensures we are focusing on energy efficiency as well as switching to low and zero carbon energy choices. The underlying energy use which comprises our carbon footprint has reduced 35% since last year, resulting from a significant reduction in service volumes from the pandemic.

This year we increased the proportion of renewable energy we used by 5%. Overall, our total electricity use decreased due to coronavirus so the proportion of energy from renewables increased significantly from 17% in FY20 to 22% in FY21.

For a more detailed analysis and understanding of our Group energy performance please see FirstGroup's Environmental Performance Report 2021.

Group revenues, despite difficult operating circumstances, have remained strong. This, coupled with our overall reduction in gross emissions and energy use, has resulted in a 28% and 27% reduction in carbon and energy, respectively, per £m of revenue.

Prior to this year, FirstGroup had reduced its carbon emissions and energy use per £m revenue, by an average of 8% per year since our 2016 base-year.

Energy efficiency initiatives

FirstGroup tracks and monitors energy-saving initiatives to ensure we continue to focus on energy efficiency alongside switching to low- and zero-carbon energy choices. The following examples are significant, approved initiatives in the short to medium term which will be driving our continued energy and carbon performance:

- 148 EV buses entering service in Glasgow are expected to reduce overall energy intensity per vehicle kilometres and significantly reduce carbon emissions in First Glasgow between 2021-2023;
- new 'Voyager' trains for Avanti will replace 80% of their gas oil consumption for renewable electric traction; and
- TPEs network is undergoing a significant programme of electrification on the line between Manchester and York which will enable increased running of our trains under electric traction.

Methodologies and calculations

Our carbon and energy reporting approach is prepared in accordance with the following standards and guidelines:

- Greenhouse Gas Protocol (GHG Protocol) for Corporate Accounting and Reporting Standard; and
- UK Government Streamlined Energy and Reporting (SECR) Guidelines.

FirstGroup has an operational control boundary covering 100% of its business activities with a materiality reporting threshold of 5%.

The term 'carbon emissions' in this report refers to GHG emissions as required for a GHG inventory. This includes carbon dioxide alongside six other GHGs calculated in mass of carbon equivalent (CO₂e).

Our GHG inventory is reported in four categories or 'scopes', listing our direct and indirect emissions in accordance with the GHG Protocol:

Scope 1: Direct emissions from road and rail vehicle fuel, heating fuel and fugitive refrigerant gas emissions

Scope 2: Indirect emissions from the generation of electricity purchased for buildings and to power electric road or rail vehicles (location-based)

Scope 3: Other indirect emissions inclusive of business travel, waste disposal, water supply and water treatment

Out of Scope: relating to the combustion of biofuels

Our reported total carbon figure is inclusive of our reported 'Scope 3' and 'Out-of-scope' emissions.

Our gross carbon emissions are also provided with an 'adjusted total' to account for the incorporation of SWR and Avanti after our base-year of 2016. It applies the 'equivalent emissions' of these businesses to prior reported years to better compare our performance free from the impacts of major business change. This is calculated in accordance with Appendix E of the GHG Protocol.

Our UK carbon and energy emissions are calculated using Government-issued emission factors:

- UK Government GHG conversion factors for company reporting: BEIS, 2020 and
- emission factors for GHG Inventories: US EPA Centre for Corporate Leadership, 2020

There are limited examples where emission factors have been developed as 'bespoke'.

To calculate underlying energy use, liquid and gaseous fuels have been converted from a volume, e.g. litres, US gallons or weight, e.g. kilos or pounds to kWh (Gross Calorific Value). The following sources have been used to derive fuel energy properties for these calculations:

- UK Government GHG conversion factors for company reporting: BEIS, 2020
- Fuel Properties Comparison: US Department of Energy 2021

A detailed understanding of our calculation methodologies is available within FirstGroup's Environmental Performance Report 2021 which can be found on our website at www.firstgroupplc.com.