

Key performance indicators

The Group and our divisions focus on a range of financial and non-financial KPIs linked to our four strategic pillars to measure progress and evaluate performance over time.

We have indicated alongside each KPI which strategic pillar or pillars are linked to it. In many cases, there is a link to more than one of the strategic pillars.

Please see the strategic pillars key below.

KPIs used in the calculation of variable remuneration in FY 2024 are marked **REM**

[Read more on page 124](#)

- 1 'Adjusted Operating profit' is shown before net adjusting items.
- 2 'Adjusted EPS' is shown before net adjusting items, excludes IFRS 16 impacts in First Rail management fee operations and uses the weighted average number of shares in the period.
- 3 'Adjusted net cash' is bonds, bank and other debt net of free cash (i.e. excludes IFRS 16 lease liabilities and ring-fenced cash).

Key to our strategic pillars



Deliver, day in, day out



Drive modal shift



Lead in environmental and social sustainability



Diversify our portfolio

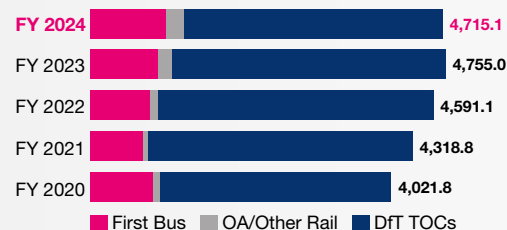
Financial KPIs

Group revenue (£m)

Continuing operations

£4,715.1m

Group revenue reflects the overall size and health of the business driven by passenger volumes and funding receipts.



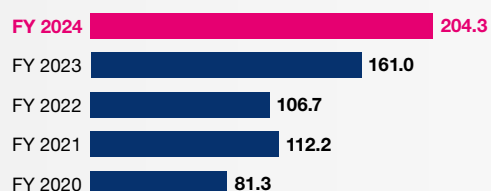
Revenue from continuing operations decreased marginally to £4,715.1m (FY 2023: £4,755.0m). Strong performance in First Bus and the First Rail open access operations, as well as growth in the DfT Train Operating Companies was offset by the impact of the expiry of the TransPennine Express National Rail Contract at the end of May 2023. The Group also benefited from an extra week of trading in FY 2024 at First Bus.

Group adjusted operating profit (£m)

Continuing operations

£204.3m

Group adjusted operating profit is a measure of our ability to extract value from our revenue and manage costs.



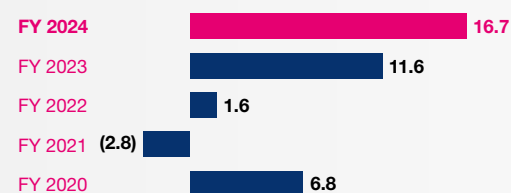
Adjusted operating profit from continuing operations was £204.3m (FY 2023: £161.0m). First Bus benefited from increased passenger volumes, improved driver availability and data-led operational and commercial improvements, which more than offset ongoing inflationary pressures and lower funding levels. In First Rail, open access operations performed strongly and the DfT TOCs' financial performance was ahead of expectations owing to higher than accrued final variable fee awards for FY 2023.

Adjusted EPS (pence)

Continuing operations

16.7p

Adjusted EPS summarises the overall financial performance of the Group and profit attributable to shareholders.

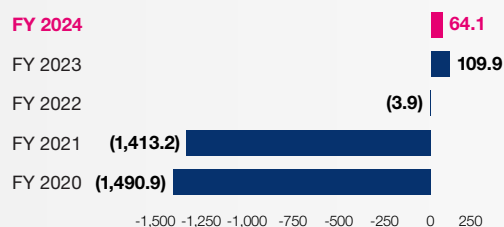


Adjusted EPS for the continuing business increased from 11.6p to 16.7p due to strong growth in First Bus and First Rail open access EBIT, the higher than accrued final variable fee awards in the DfT TOCs.

Adjusted net (debt)/cash (£m)

£64.1m

The level of net cash/(debt) in the business influences our ability to invest and finance the business.



The Group's adjusted net cash as at 30 March 2024, which excludes IFRS 16 lease liabilities and ring-fenced cash was £64.1m.

Key performance indicators continued

Responsible business KPIs

Scope 1&2 emissions (tCO₂e) ● ● REM

695,213
tCO₂e

Measures the success of our actions to combat climate change and improve local air quality by delivering low and zero emission mobility solutions and infrastructure for our customers and communities.

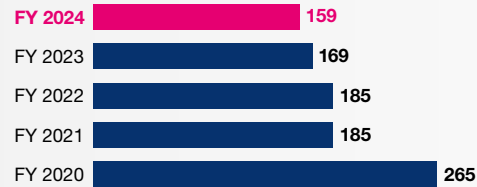


During FY 2024, we have continued to drive carbon efficiencies across our operations, progressing towards our Science Based Targets, to reduce Scope 1 and 2 GHG emissions by 63% by FY 2035. The slight increase in carbon emissions over the past year was partly due to an increase in traction and bus depot electricity consumption, as well as a higher electricity emission factor compared to FY 2023.

Carbon intensity (tCO₂e/£m revenue) ● ● ● REM

159
tCO₂e/£m

Normalised measure of our Scope 1, 2, 3 (limited) and out-of-scope emissions, calculated as tonnes of carbon dioxide equivalent per £m of revenue. Also linked to the Group's Revolving Credit Facility.

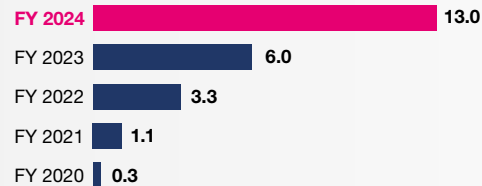


Carbon intensity per £m revenue has improved due to ongoing decarbonisation efforts across the Group, indicating a de-coupling of GHG emissions from business growth.

Zero emission buses (% of fleet) ● ● REM

13.0%
of bus fleet

Indicates the speed of investment in decarbonising our bus fleet. Also linked to the Group's Revolving Credit Facility.



The number of zero emission buses in our fleet continues to increase in line with our ambition to achieve a 100% zero emission bus fleet by 2035.

- 1 TransPennine Express was transferred to being run by the Department for Transport's 'Operator of Last Resorts' on 28th May 2023. Our carbon KPIs for all prior years were decreased to reflect this change.
- 2 Scope 3 is limited to categories: waste, water, business travel, and upstream transportation and distribution.

Key to our strategic pillars



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Drive modal shift



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Diversify our portfolio

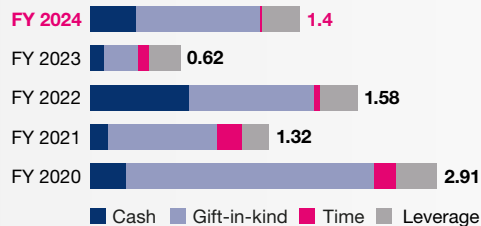
Key performance indicators continued

Responsible business KPIs continued

Social value – community investment (£m)

£1.4m

Measures the Group's contribution to local communities using the London Benchmarking Group (LGB) model which tracks direct cash contributions, employee volunteering time, in-kind support, and leverage including employee, customer and supplier contributions.



This year we contributed over £1.4 million to the communities we serve. Our three divisional charity partners Railway Children, Macmillan and Samaritans are supported through gift-in-kind advertising spaces and other donations, and other community-based charities are supported via employee matchfunding, volunteering, payroll giving and other donations.

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

9.88

Measures the number of lost time injuries per 1,000 employees per year.

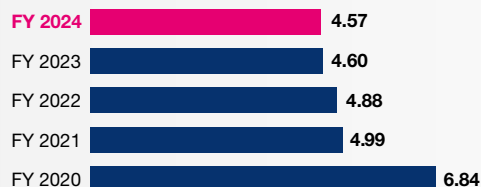


There was an increase in the lost time injury rate (LTIR) by 10%. There were two main causes for the increase: slips, trips, and falls in both divisions, and road traffic collision (RTC) related incidents in the First Bus division. The Group's safety plans are concentrating on these areas to reduce risks and maintain a safe working environment for all employees.

Passenger injury rate (per million journeys)

4.57

Historical data is restated annually to incorporate the most accurate information for the last 36 months.



There was a 1% reduction in passenger injuries in FY 2024. This improvement reflects several initiatives focused on raising awareness, educating employees, and utilising technology to ensure a smooth journey. Emphasising customer-centricity remains a priority for both divisions.

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Key performance indicators continued

Operational performance KPIs

First Bus mileage (m)



166.5m

This is mileage operated to run commercial services, contracts services and mileage between depots and the start and end of routes.



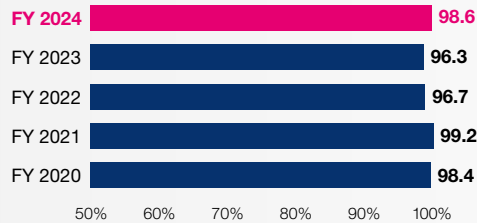
First Bus mileage reduced slightly in FY 2024, to 166.5m in FY 2024 (FY 2023: 168.2m). Our focus in FY 2024 has remained on using our industry-leading data tools to deliver better quality mileage by aligning services to demand, implement smarter fares and drive operational and cost efficiencies to offset lower government funding and the high inflationary environment.

First Bus Total operated mileage (%)



98.6%

This measures bus miles operated as a percentage of timetabled bus miles. It is an important indicator of service to customers and contract fulfilment.

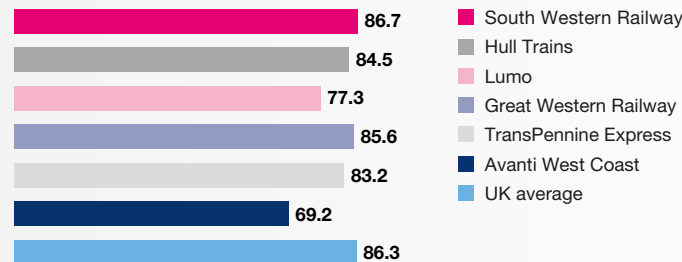


There has been an improvement in performance in FY 2024 driven by improved driver availability and the successful implementation of efficiency measures.

First Rail Public Performance Measure (%)



This measures % of passenger trains punctual at final destination¹ by financial period and moving annual average (MAA). Punctual is defined as arriving at the final destination within five minutes of the planned timetable for London and South East, Regional and Scottish operators, or within ten minutes for long distance operators.



Source: Network Rail

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Diversify our portfolio

Business review

First Bus

"

We continue to make good progress, and at the same time, grow our business and establish ourselves as a leader in bus fleet and infrastructure electrification. "



Janette Bell
Managing Director, First Bus

	FY 2024 £m	FY 2023 £m	Change
Revenue	1,012.2	902.5	109.7
Adjusted operating profit	83.6	58.4	25.2
Adjusted operating margin	8.3%	6.50%	180bps
EBITDA	148.1	120.9	27.2
Adjacent Services revenue	219.8	175.1	44.7
Passenger volumes (m)	424.4	390	9%
Operational mileage (m)	166.5	168.2	-1%
Revenue per mile (£)	6.08	5.36	13%
Net operating assets	580.2	511.9	68.3
Net capital expenditure	129.4	121.8	7.6
Return on capital employed ¹	11.5%	8.3%	320bps

¹ Return on capital employed is a measure of capital efficiency and is calculated by dividing adjusted operating profit after tax by average year end assets and liabilities excluding debt items.

First Bus revenue increased by 12% to £1,012.2m (FY 2023: £902.5m), mainly due to higher passenger volumes, further performance improvements and increased driver numbers resulting in lower lost mileage. This offsets a c.£40m reduction in funding. Total passenger revenue increased to £769.1m (FY 2023: £660.0m), with revenue per mile up by 13%.

Despite ongoing inflationary pressures, adjusted operating profit increased by £25.2m to £83.6m (FY 2023: £58.4m), achieving an adjusted operating profit margin of 9.4% in H2 2024, and 8.3% for the full year (FY 2023: 6.5%). The division's financial results for FY 2024 include an extra week which added c.£1.4m of adjusted operating profit.

Revenue from Adjacent Services increased to £219.8m in FY 2024 (FY 2023: £175.1m), reflecting a number of contract extensions and the contribution of Airporter and Ensignbus which were acquired by the Group in FY 2023.

Excluding the extra week in FY 2024, passenger volumes increased by 7% compared with the prior period, with total mileage down 2.9%. Volumes in FY 2024 benefited from improvements in service reliability, the free travel for Under 22s scheme in Scotland and the £2 fare cap in England which has grown patronage, mostly in markets with longer journey fares that were typically much more expensive previously.

The £2 fare cap in England was extended until 31 December 2024 to provide further support for customers and encourage more people to travel by bus. Under the scheme, operators agree a reimbursement schedule in advance with the DfT based on the projected cost to the operator for charging a flat £2 fare for journeys that would otherwise have cost more. Under the Scottish Government's Under 22s scheme, operators are reimbursed a proportion of the cost of a full adult fare.

The return on capital employed increased to 11.5% in the year (FY23: 8.3%). This reflects improvement in adjusted operating profit, partially offset by the accelerated investment in the decarbonisation of the fleet that is anticipated to increase future profitability due to lower operating costs and the benefits of adjacent revenue streams.

Operational delivery

Our focus in FY 2024 has remained on using our industry-leading data tools to deliver better quality mileage by aligning services to demand, implement smarter fares and drive operational and cost efficiencies to offset lower government funding and the high inflationary environment.

During the year, we continued our efforts to widen and enhance our recruitment reach and training processes, launching various apprenticeship schemes including our first ever such scheme for bus drivers, and we continue to invest in our workforce to improve working conditions and provide enhanced benefits. We are also making significant investment in upskilling and developing our engineers to maintain our zero emission fleet and infrastructure. We recruited c.600 new drivers during the year (a net increase of just over 6% compared to last year) which contributed to us running an improved 98.6% of our scheduled mileage (FY 2023: 97.4%).

Inflationary pressures continued in FY 2024. Costs increased due to inflation by c.6%, principally in wages where there was an 8% average increase in driver pay awards, but these cost increases were more than offset by fare pricing changes of c.£53m and network and operational efficiencies of c.£21m.

Business review continued

We were proud to be the UK's largest national bus operator to become an accredited Real Living Wage employer in April 2024, meaning that more than a thousand employees across the UK will benefit from a rise in wages.

We have fuel and electricity hedging programmes in place to mitigate in-year cost inflation and overall volatility of fuel and energy costs, and these programmes continue to evolve as we transition the First Bus fleet to zero emissions.

Using industry-leading data and tools to transform our service delivery and customer offering

Using real-time, granular data, we are now able to better understand our customers and their journeys. As a result, we can make commercial decisions which continuously improve our networks and timetables and to introduce new ticketing options that better match demand and customer preferences. First Bus was also the first nationwide operator to offer contactless, Tap On Tap Off payment on all of our buses, and c.80% of our ticket transactions are now digital.

We are also using data and software tools to improve our service delivery. During FY 2024, we rolled out Prospective, an AI platform, to all of our local business units. The platform enables automated, data-led timetables, allowing us to accurately predict congestion and journey times and plan reliable timetables based on granular data.

Drivers and the control centre teams can also communicate in real time to rectify and address issues as they unfold before implementing contingencies to alleviate pinch points around the network in certain scenarios. We have prioritised routes where improvements would have the greatest effects, and where we have made use of the platform, customers are seeing an immediate increase in punctuality



and reliability, with the added benefit of reduced lost mileage with fewer journeys needing to be adjusted.

In addition to Prospective, we are using Optibus to optimise our bus schedules and driver rosters. Alongside our on-bus technology, data feeds into our operational systems, our customer apps and real-time screens, informs our drivers and provides tracking information that allows us to analyse and improve performance. In addition, with Optibus, we have developed a module that allows us to optimise our schedules when we have a mixed fleet of diesel and electric vehicles, further reducing diesel mileage.

More people are using the bus than ever before. Our aim is to encourage these new customers to make more trips by bus, whilst also increasing bus use overall, and we will continue to develop our insight-driven customer-centric strategy and to achieve this.

Growing our share of the Adjacent Services market

Our Adjacent Services business provides services including workplace shuttles for large infrastructure projects, manufacturers and distribution companies, airport and airline contracts and rail replacement services. Revenue from Adjacent Services grew further in FY 2024, to £219.8m from £175.1m in the prior year.

Our central sales and bidding team is focused on maximising commercial return through longer-term, higher-value contracts and in FY 2024 we successfully extended a number of our key contracts and won new contracts. The business has also been bolstered by the acquisition of Ensignbus and Airporter in FY 2023 and York Pullman in FY 2024.

The adjacent bus and coach services market in the UK is considerable, and we continue to review a number of opportunities to grow the business and win further contracts leveraging our national footprint and successful track record in managing large customers effectively. We are also increasingly bidding for contracts with businesses focused on lowering carbon emissions where we are very well placed to compete, given our leading capabilities in bus fleet and infrastructure decarbonisation.

Partnerships and franchising

A number of cities outside London where we operate have expressed an interest in franchising, in addition to some where we do not currently have operations. In areas where authorities choose to progress with franchising, we are confident that we will be able to use our extensive experience of delivering high-quality bus services to support them.

We are pleased to be working with Transport for Greater Manchester (TfGM) as one of the operators within their new Bee Network. In June 2023, we were awarded two contracts in Rochdale as part of the second tranche of TfGM's franchise programme and were subsequently awarded contracts to operate

services for six schools as part of this franchise operation. We have also supported TfGM with the electrification of their Oldham depot due to our expertise in this field.

The majority of the local authorities in the areas in which we operate currently have enhanced partnerships in place, where the local transport authority commits to measures and facilities, and all operators are then bound to meet certain standards of service. Under these partnerships, all parties work together to achieve bus reform quickly and effectively.

We have seen this to full effect in Leicester, where in partnership with Leicester City Council and the city's other bus operators, we have achieved multi-operator ticketing, streamlined timetabling of services for all operators, increased reliability and improved real-time information for passengers. Alongside this, First Bus has delivered a fully electric bus fleet and operation in the city, having worked together with the council to secure ZEBRA co-funding.

Our landscape is always evolving, and getting more people to use the bus is a key part of the modal shift pillar of the Group's strategy. We will continue to adapt our business to deliver great value, and shape networks to where and when people want to travel, to serve communities and grow local economies in a sustainable way.

Regardless of the model, close partnerships with local government stakeholders are essential for the thriving local bus networks we all want to see, and we are committed to working with our partners locally and nationally to achieve this.

£219.8m

Revenue from Adjacent Services grew further in FY 2024

Business review continued

Leading in bus fleet and infrastructure decarbonisation

We are rapidly establishing ourselves as a leader in decarbonisation as we progress towards our commitment of a 100% zero emission bus fleet by 2035, underpinned by our strong balance sheet and the ownership of our depots.

We invested over £100m in decarbonisation in FY 2024 and now have c.600 zero emission buses, c.13% of our fleet, and three fully electric depots in England, and six further depots across the UK partially electrified.

We have now installed solar panels at 24 of our depots to power lighting, heating and engineering bays, reducing costs and demands on the local grid. We are also making good progress securing power for our sites and are identifying a number of ways to optimise our overall energy use. These include reducing our energy consumption at certain times to avoid spikes in consumption, scheduling our charging in cheaper hours and depending on the next day's route requirements as well as energy trading/grid support services.

We now have more than 600 charging outlets across our sites and have successful third party charging arrangements underway with DPD, Openreach and various public services providers at four of our depots. We have also recently opened a purpose-built hub at our Summercourt depot in Cornwall, providing direct access for the public to eight rapid chargers.

In November 2023, we announced our landmark £100m strategic joint venture with Hitachi to finance up to 1,000 electric bus batteries, and in January 2024 we announced that we had signed an innovative £150m Green Hire Purchase Finance Facility with a syndicate of three UK banks to support the purchase of up to 1,000 electric bus bodies. These initiatives allow us to purchase electric buses and batteries targeting increased battery efficiency, potentially extend battery life with the use of smart charging software, and, under the terms of the Hitachi joint venture we will retain much of the residual value in the batteries as they are replaced with material second-life value.

Looking ahead, through our option to participate in a small non-controlling interest in Hitachi ZeroCarbon ('H2C'), we will have the opportunity to create future value, leveraging our experience in significant fleet electrification as H2C delivers market-leading decarbonisation solutions to transport operators worldwide, applying our joint experience.

Through the Hitachi joint venture, to date c.400 electric bus batteries have been acquired for First Bus and we are working in partnership with H2C to mobilise various depots to make use of their battery and charging and management services. H2C have also recently announced that they have been chosen as a principal partner in Gridserve's Electric Freightway project, which will see at least 140 electric Heavy Goods Vehicles integrated into a charging network across key motorway charging sites and more than ten commercial depot charging locations.



600+

We have more than 600 charging outlets across our sites and have successful third party charging arrangements underway with DPD, Openreach and various public services providers

In March 2024 we announced that we had worked successfully with our local authority partners to secure £16m through the UK Government's ZEBRA 2 co-funding scheme to support bus and fleet decarbonisation across four of our regions.

Following the completion of our latest ongoing electrification projects, we will operate more than 800 zero emission vehicles, c.18% of our fleet. We have also bought power connections to another 15 of our depots and construction works are underway. In addition, we are working with two of our vehicle manufacturers on diesel re-power projects to convert diesel vehicles to electric at the point of the diesel engine change (generally midway through the life of the bus), which if successful will be an incremental part of our decarbonisation strategy.

We are now seeing the benefits of operating fully electric bus depots and have no doubt that the electrification of our fleet and infrastructure will further transform our business and provide a number of value accretive adjacent revenue streams. It will allow us to standardise and reduce the size of our fleet to drive efficiency and lower engineering costs whilst delivering the same mileage, and by making use of smart charging software we will be able to optimise our energy use, increase battery efficiency and potentially extend battery life.

Looking ahead

In FY 2025, we expect to achieve progressive growth against FY 2024. We will continue to benefit from the actions we have taken to transform the business and further growth in Adjacent Services, making steady progression towards a 10% adjusted operating profit margin, which we anticipate we will achieve in H2 2025.

Looking further ahead, the transformation of the First Bus business is delivering stronger foundations with a simplified, more efficient operating model. We are also set to benefit from electrification efficiencies and adjacent revenue streams, and from potential inorganic franchising, partnership and inorganic growth opportunities. This provides scope for revenue and earnings growth. Underpinning this, we believe that despite short-term economic challenges, government policy, favourable demographics and environmental and societal trends will support growth in the regional bus sector.

Business review continued

First Rail

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We are focused on operational delivery, building on the success of our open access operations, seeking new contract opportunities and scaling our Additional Services businesses. "



Steve Montgomery
Managing Director, First Rail

	FY 2024 £m	FY 2023 £m	Change
Revenue from DfT TOCs	3,609.2	3,805.6	(196.4)
Revenue from open access and additional services	233.2	190.8	42.4
Intra-divisional eliminations	(104.0)	(103.2)	(0.8)
First Rail Revenue	3,738.4	3,893.2	(154.8)
Adjusted operating profit from DfT TOCs	105.6	93.3	12.3
Adjusted operating profit from open access and Additional Services	37.7	31.5	6.2
First Rail adjusted operating profit	143.3	124.8	18.5
Passenger journeys (m) – DfT TOCs	271.6	261.2	10.4
Passenger journeys (m) – open access operations	2.7	2.2	0.5
Passenger journeys (m) – total	274.3	263.4	10.9

The First Rail division reported total revenue of £3,738.4m in FY 2024 (FY 2023: £3,893.2m). The division's open access operations contributed £99.8m in revenue for the period, an increase of 41% against the prior year (FY 2023: £70.8m). The division's Additional Services businesses delivered gross revenue of £133.4m (FY 2023: £120.0m) before intra-divisional eliminations, and adjusted operating profit of £3.3m (FY 2023: £11.9m).

During H1 2024, the final variable fee payments due for the FY 2023 fiscal year from the DfT TOCs were agreed with the DfT at a rate ahead of the amounts accrued in the Group's FY 2023 financial statements (c.£13m). As a result, the DfT TOCs reported an increase in adjusted operating profit for the full year, to £105.6m (FY 2023: £93.3m). The division's statutory operating profit for FY 2024, rose to £143.3m (FY 2023: £124.8m).

At the beginning of FY 2024, the variable fees metrics were updated to place a greater weighting on quantified measures, rather than qualitative measures that rely on a subjective assessment of an operator's performance and these are now assessed on a bi-annual basis by the DfT.

The Group does not anticipate a material impact on overall, final variable fee awards and net income as a result of these changes.

Rail attributable net income from the DfT TOCs – being the Group's share of the post tax management fee income available for distribution from the GWR, SWR and WCP contracts with the DfT – was £39.5m (FY 2023: £38.7m). The Group receives an annual inter-company remittance from the DfT TOCs reflecting the post-tax net management and performance fees from the prior year. These become payable up to the Group in the second half of the financial year following completion of the management fee-based operations' audited accounts for the period to which the fee relates.

As a result of high passenger booking volumes and positive yield management, including inflationary increases in fares that were partially offset by inflationary cost pressures, the division's open access operations – Hull Trains and Lumo – delivered a further increase in adjusted operating profit, to £30.0m (FY 2023: £19.6m).

To address energy cost inflation and mitigate the long-term impact of electricity costs, our TOCs are members of industry buying groups. For our open access operations, electricity costs represent a material proportion of their total costs, and these have increased by c.71% in FY 2024 to £13.2m. Electricity costs are expected to decrease from these peak levels with recent reductions in energy prices.

Continued focus on delivery in our DfT TOCs

Our three DfT TOCs operate under NRCs, under which the DfT retains substantially all revenue and cost risk (including for fuel, energy and wage increases). There is a fixed management fee and the opportunity to earn an additional variable fee. The punctuality and other operational targets required to achieve the maximum level of variable fee under the contracts are designed to incentivise service delivery for customers. During FY 2024 the DfT introduced some revenue upside potential for operators, with a Revenue Outturn Mechanism ('ROM') within the quantitative variable fee metrics. The ROM represents an incremental fee opportunity for the Group if we are able to grow the revenues of the NRC contracts within certain thresholds.

In September 2023 we were awarded an NRC for the WCP which is a partnership between FirstGroup (70%) and Trenitalia UK Ltd (30%). WCP comprises Avanti West Coast and West Coast Partnership Development (WCPD), the shadow operator for the HS2 programme, which involves the development, mobilisation and eventual operation of high-speed services under Phase 1 of the HS2 programme. The NRC is for nine years, to October 2032, with a minimum three-year core term to 18 October 2026.

Business review continued

Our team at Avanti West Coast, and everyone connected with the train operator, are all working hard with a singular focus on delivering the service that customers expect. We have reached an agreement with trade unions on the incremental use of rest day working, which helps to support operational resilience. We also continue working with government and other stakeholders on our plans to deliver long-term improvements in customer experience and resilience, and a new fleet of trains backed by £350m of private sector investment entered passenger service on 2 June 2024. We are also continuing to undertake unprecedented levels of driver recruitment and training to help sustain good performance.

Continued outperformance in open access

First Rail's two open access operations, where we bear all revenue and cost risk and opportunity, have continued to outperform expectations in FY 2024 due to strong leisure demand and effective yield management. Hull Trains and Lumo were also two of the best-performing operators in England, with operator-related cancellations below 1%.

Hull Trains was launched in September 2000 and, following three contract extensions, has a track access agreement in place until December 2032. Following a successful targeted marketing campaign, Hull Trains saw an increase in business travellers during the year and increased capacity (by 14% since December 2022) to match demand, running a ten-car operation at peak demand times (typically a five-car service). Seat capacity utilisation has also continued to grow, from 59% in FY 2023, to 69% in FY 2024, and Hull Trains reported a 40% increase in revenue in FY 2024, to £45.1m (FY 2023: £32.1m).

By year end, Lumo has now carried more than two and a half million passengers since its launch in October 2021 and has a track access agreement in place to May 2033. Lumo has contributed to increased demand for all operators on the East Coast Mainline and has continued to see strong demand for its services during FY 2024. Profit growth has been driven predominantly by improving demand and effective yield management, whilst still offering competitive prices. Revenue increased by 42% to £54.7m in FY 2024 (FY 2023: £38.6m), and seat capacity utilisation has risen to 75% from 71% in the prior year.

Our open access businesses are successfully delivering good value, reliable, environmentally friendly services for customers and contributing to their local economies. Travelling by Hull Trains has been shown to reduce carbon emissions by 90% compared to travelling the same distance by car, and a recent independent study has forecast that Hull Trains will have delivered £185-380m of economic benefits since its launch. Independent research has shown that a London to Edinburgh journey on Lumo's fully electric train fleet results in 95% fewer carbon emissions than flying and emits 21 times fewer emissions than a petrol car. Lumo has also been forecast to contribute £470-740m to the UK economy between 2021 and 2033 including £21-43m from direct employment, £130-365m from environmental modal shift benefits and fare savings of c.£185m.

Expanding our open access operations

We are growing our open access business by adding capacity, driving operational efficiencies, enhancing timetables and applying for new and complementary routes where there is proven demand and capacity. As mentioned above, since December 2022 we have added 14% more capacity to our existing Hull Trains service, and we launched an enhanced Sunday service with the launch of the December 2023 timetable.

In January 2024, we submitted an application to the ORR for a new Hull Trains London-Sheffield daily return services. This would be a competitively priced service which will stimulate modal shift from road to rail, as almost three quarters of trips between London and Sheffield are currently made by car. If our application is successful, we anticipate that services could commence in calendar year 2026, subject to stakeholder agreement,

In May 2024 we submitted an application to the ORR for six new Lumo daily return services between Rochdale and London which would restore a direct link from Rochdale to London, via Manchester Victoria which last ran in 2000. It is estimated that this new service would provide 1.6m people in the North West with a convenient and competitively priced direct rail service to London from stations that are more local to them. If the application is approved, it is anticipated that services could begin in calendar year 2027.

In addition, following successful discussions with Network Rail Scotland and Transport Scotland, we have also now submitted a formal application to the ORR for the extension of a number of Lumo's daily services to and from Glasgow. We have also submitted applications for an additional, eighth return service on Hull Trains between London King's Cross and Hull and for an additional, sixth return Lumo service between London King's Cross and Newcastle.

Scaling our Additional Services businesses

During the year, we continued to make use of our in-house expertise to develop, market and deploy our affiliate services. These services were initially developed to strengthen our offering to passengers on our large passenger rail operations, but they are now being marketed to, and used by, third party operators.

Our analytics business Mistral Data was launched in 2021 and now has 14 software systems in operation built on native cloud technology, allowing them to be quickly deployed whilst also ensuring security and scalability. Mistral's product focus areas include rail operations, staff communications, customers (single view of customer transactions with personalised marketing and train running messages), revenue management, remote asset management and business intelligence. In FY 2024, product releases have included an email alert service for customers and a personalised messaging service for front-line staff that sends operational messages including the location of passengers who may require assistance whilst the train is moving, and any other relevant information. Mistral also sold a first product to a major train manufacturer.

Our First Customer Contact passenger service centre was established in 2019 as a bespoke contact centre providing efficient and effective customer services for train operators. The shared passenger service centre operates at a lower cost than our previous outsourcing arrangements and provides a single service for customer queries across several rail operations, and like Mistral, offers potential third-party opportunities. During the year, the team continued to support our TOCs, as well as TransPennine Trains, processing delay repay claims and passenger assistance bookings with quick turnaround times.

Our First Rail Consultancy team has experience built up over three decades. In FY 2024, the team continued to support WCPD on HS2 and other key projects in other TOCs. First Rail Consultancy was also recently one of a small number of consultants appointed by the DfT to its £600m STARThree framework to advise on the delivery of key rail, road and aviation projects, and we were very pleased to have

Business review continued

been selected to support a high-quality consortium bid for the design, build and operation of a new high-frequency electrified inter-city rail service, a major infrastructure rail project between Quebec City and Toronto.

The installation of our evo-rail track-to-train superfast rail 5G technology on a section of the SWR network between Basingstoke and Earlsfield is near completion. We undertook a strategic review of evo-rail's future earlier this year, and while we are fully committed to installing, commissioning and maintaining evo-rail's current projects, including the SWR installation, we will not be actively developing any further evo-rail projects.

Improving customer experience

Our train companies continue to work collaboratively with industry partners and stakeholders to enhance our service offering.

During FY 2024, Avanti teamed up with tech innovator Signalbox to create a customised live train app for travellers, and their innovative low-cost, flexible Superfare has continued to see strong demand and has recently been extended to more destinations. Lumo has also introduced a new, flexible ticket option, LumoFlex, a digital-only ticket with benefits that include reserved seating and a fee-free change of journey. Both GWR and SWR have also successfully introduced smartcards and digital ticketing in parts of their networks.

Our DfT TOCs also delivered a number of station improvement programmes in partnership with the DfT, Network Rail and local authority partners. GWR is helping to deliver the MetroWest project in Bristol to generate more than a million new rail journeys and give 80,000 more people access to train services in the greater Bristol area, including the new Portway Park & Ride station. GWR has also worked with their partners to deliver new stations in Reading and Exeter as well as

a number of accessibility improvements, including a £1m package at Chippenham station. SWR's Island Line fully reopened in 2023 following a £26m investment programme to re-connect the service with ferries.

Fleet upgrades

First Rail has an important role in meeting the challenges of climate change, and we are working with our partners to reduce carbon emissions through initiatives including the introduction of electric trains to replace diesel where possible.

Avanti took delivery of the first of its new train fleet following an investment of £350m in ten electric-only trains and 13 bi-mode trains that can run under both electric and diesel power. These will replace Avanti's diesel-only Voyager trains, leading to a 61% reduction in carbon emissions as well as providing a quieter and roomier service, more reliable Wi-Fi, wireless charging and a real-time customer information system. The programme to refurbish Avanti's electric Pendolino fleet through a £117m investment programme has also continued and is delivering a step change in onboard customer experience. In H1 2024, SWR started its phased introduction of a new fleet of 90 Alstom Class 701 trains and will continue to introduce the trains into service during FY 2025.

Finally, earlier this year GWR began a successful trial of a battery-only train, part of which included setting a UK distance record for a battery train without recharging.

TfL contracts

As part of our drive to grow and diversify our First Rail portfolio, we are identifying non-DfT contract opportunities. Building on our existing relationship with Transport for London ('TfL'), having operated trams in Croydon for a number of years, in March 2024, we announced that we

had been awarded the contract to operate the London Cable Car by TfL. The contract commences on 28 June 2024 and we estimate revenues of c.£60m over the eight-year contract period. We look forward to supporting TfL in its vision to promote the cable car as a leader in London's leisure market and to make use of the opportunity to demonstrate our expertise. First Rail has also been shortlisted with our bid partner Keolis SA to bid for the Elizabeth Line contract, and we look forward to submitting a compelling bid that demonstrates our collective experience and breadth of capabilities.

Rail policy

Both Conservative and Labour parties have put forward proposals for the future of the UK rail industry. Although there are significant differences, both parties are promoting the development of a 'guiding mind' industry body, named as Great British Railways in the Government's Plan for Rail document. Labour has said that if elected they will "fold existing private passenger rail contracts into the new body as they expire". Looking at the industry as a whole, the huge growth in passengers and significant improvements to stations and rolling stock that train companies delivered under franchise agreements before the pandemic, including those under our stewardship, demonstrates that the UK rail industry works best as a public-private partnership. Furthermore, companies such as ours bring private investment and focus on cost control to an industry that needs it; our businesses have saved more than £230m for the DfT in the last two years alone.

We have been one of the largest UK rail operators for more than 25 years, during which we have worked successfully with a wide range of partners under various forms of contract types and delivered a number of significant rail infrastructure projects. We know that growth

and innovation are key for the future of the railway and are committed to working with our government partners to provide competitive, sustainable and improved services for all passengers and communities.

Looking ahead

In First Rail, we expect the division's financial performance to be broadly in line with our expectations in FY 2025, including growth in open access and a normal level of variable fee awards in the DfT TOCs (c.two thirds of the maximum available).

Looking beyond FY 2025, despite political uncertainty surrounding NRCs, we will maintain our focus on delivery and will capitalise on opportunities to make use of our extensive experience and expertise to grow our UK open access business, scale our Additional Services businesses and participate in other UK opportunities. We will also continue to monitor opportunities for new open access entrants in the European rail market where there are similar regulatory frameworks and commercial models to the UK.

If approved, the applications we have recently submitted for new and extended open access services could more than double our open access capacity over the next three to five years. If our application for the new Hull Trains London-Sheffield service is successful, we anticipate that services could commence in calendar 2026, subject to stakeholder agreement, and for the Lumo Rochdale-London service, we currently anticipate a start date in calendar year 2027.