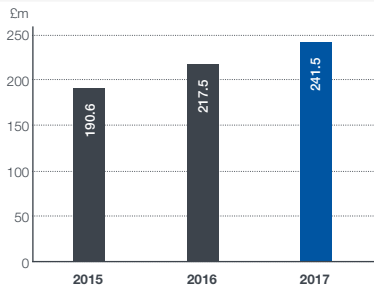


Measuring our progress

Financial

Normalised operating profit

2017: £241.5m



Relevance to strategy

Key measure of the overall performance of the business.

KPI definition

Group normalised operating profit from continuing operations.

Performance

- Further progress in Group normalised operating profit, driven by strong performances in our overseas businesses
- Growth being delivered both organically and through bolt-on acquisitions
- Normalised operating profit up 6.0% in constant currency, and up 11.0% on a reported basis

Why we measure

We are focused on driving growth in operating profit in order to drive higher and sustainable returns for our shareholders.

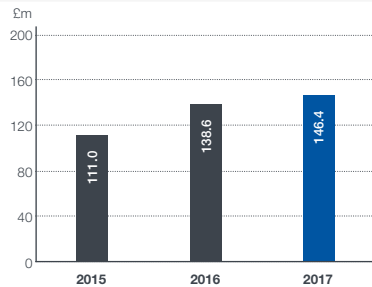
Remuneration linkage

Normalised Group operating profit is one of three bonus inputs within the Executive Directors' annual bonus structure.

» Read more in remuneration, **p68**

Free cash flow

2017: £146.4m



Relevance to strategy

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

KPI definition

Free cash flow is the cash flow available after deducting net interest and tax from operating cash flow. See reconciliation on page 21.

Performance

- Normalised operating cash flow of £212 million, up £10 million on 2016
- Generated £146 million of free cash, £8 million higher than last year
- Generated over £750 million of free cash flow in the last five years

Why we measure

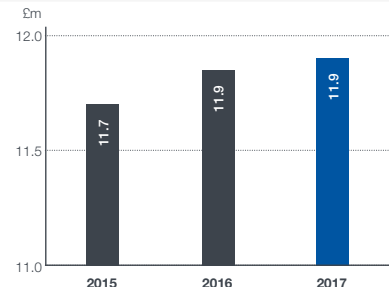
To ensure that we are running the business efficiently, converting profit to cash to enable investment into the business and returns to shareholders.

Remuneration linkage

Free cash flow is one of three bonus inputs within the Executive Directors' annual bonus structure.

Return on capital employed

2017: 11.9%



Relevance to strategy

Demonstrates how efficiently the Group is deploying its capital resources and generating operating profit.

KPI definition

Return on capital employed (ROCE) is normalised operating profit, divided by average net assets excluding net debt and derivative financial instruments, translated at average exchange rates. See reconciliation on page 21.

Performance

- ROCE stable at 11.9%
- Invested £165 million of net maintenance capital, predominantly in replacing our fleet in our existing operations
- Invested £13 million in growth capital expenditure to support growth in digital and e-commerce initiatives, fleet upgrades on newly acquired businesses and mobilisation costs in German Rail
- Strong returns generated by our recent acquisitions in North America, Spain and Switzerland, with acquisitions delivering ROIC of at least 15%

Why we measure

A focus on ROCE ensures that we maintain a disciplined approach to capital investment, and continue to invest in those areas in which we can deliver the best returns. This ensures that we maximise returns to shareholders for the capital they invest.

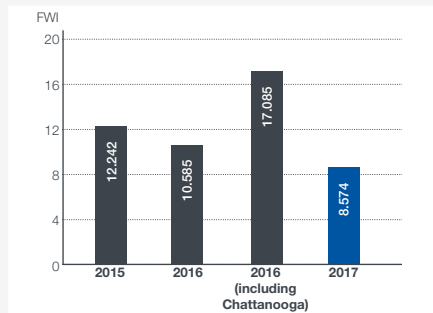
Remuneration linkage

ROCE is one of the performance conditions for the National Express Long-Term Incentive Plan.

Non-financial

Safety – Fatalities and Weighted Injuries (FWI)

2017: 8.574



Relevance to strategy

Safety is of paramount importance to a public transport operator and is a core measure of our strategic priority: Delivering operational excellence.

KPI definition

The Fatalities and Weighted Injuries Index weights injuries by severity to give an overall standard based score.

Performance

- In 2017 we saw a 50% reduction in the FWI score compared to the previous year, which included the Chattanooga incident, with significant improvement in North America and ALSA
- This represents a 19% reduction on an underlying basis compared to 2016
- 74% improvement in safety performance since the introduction of Driving Out Harm in 2010 (when adjusting for increased mileage)

Why we measure

Safety is at the heart of our Vision and Values and is our priority for both our customers and employees.

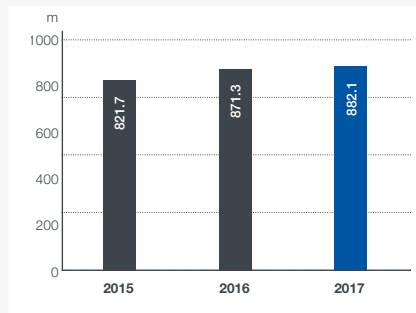
High safety standards also help to drive sustainable growth through customer loyalty and new business wins.

Remuneration linkage

Improvement in FWI is one of three bonus inputs within the Executive Directors' annual bonus structure.

Passenger journeys

2017: 882m



Relevance to strategy

Growth in passenger journeys is a leading indicator for growing our business and a core measure of our strategic priority: Delivering operational excellence.

KPI definition

Passenger numbers as measured by the aggregate of passenger journeys across our five operating divisions.

Our numbers for North America are estimated as our School Bus services are non-ticketed.

Performance

- A record number of passengers carried in 2017, with 882 million passengers travelling on our services, up 1.2% in the year
- Growth in passengers across each of our businesses
- Strong performance in ALSA, with a record 314 million passengers carried, up 2% in both Spain and Morocco

Why we measure

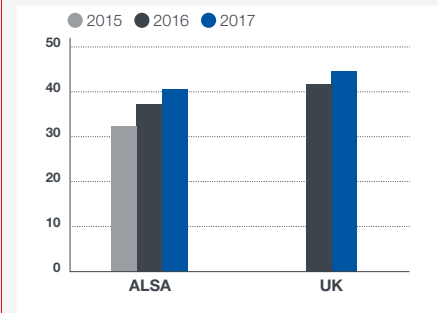
Passenger journeys are reflective of underlying demand for travel. National Express is targeting increased passenger ridership as a longer-term driver of sustainable value.

Remuneration linkage

Non-financial targets within the Executive Directors' annual bonus structure typically include a component of personal objectives relating to operational performance metrics.

Percentage of sales through digital platforms

2017: ALSA 40.4% UK: 44.5%



Relevance to strategy

Deployment of technology is one of our strategic priorities and a key driver for growing our business and reducing costs.

KPI definition

Sales transacted through digital channels, including websites, mobile apps and ticket machines, as a percentage of total sales.

Performance

- Continued strong growth in ALSA with sales transacted through digital channels up 9% to 40.4% and up 55% over the last three years
- With launch of new mobile ticketing app, already 10% of our UK bus commercial revenues coming from digital sales
- Contactless and on-board ticketing launched in our UK coach operations helping to drive further growth in sales through digital channels to 66% in 2017

Why we measure

We aim to provide our customers with more convenient and faster ways to pay.

National Express is targeting increased sales through digital channels, not only to provide more convenient methods of payment and to increase customer loyalty, but also to reduce costs and fraud.

Remuneration linkage

Non-financial targets within the Executive Directors' annual bonus structure typically include a component of personal objectives relating to operational performance metrics.