

AGM Statement

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FirstGroup PLC

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FIRSTGROUP PLC

AGM STATEMENT AND INTERIM MANAGEMENT STATEMENT

FirstGroup plc ("the Group") reports the following AGM statement and Interim Management Statement for the period since 1 April 2008, in line with the UK Listing Authority's Disclosure and Transparency Rules.

At today's Annual General Meeting to be held in Aberdeen the Group will report the following:

"Last year was a period of significant achievement for the Group with further strong performance across all our businesses. The acquisition of Laidlaw, completed in October 2007, established FirstGroup as the market leader in North America and provides a unique opportunity to create value by leveraging scale and to increase earnings through improved operating efficiencies and the delivery of substantial synergies.

"During 2007/08 trading was strong across all of our businesses and we continue to see the positive results of our focus on customer service, quality and operational performance. In North America we have made excellent progress in delivering our integration plans. We have achieved our early priorities in consolidating the businesses, delivering improved operating efficiencies and the extraction of substantial synergies. In UK Bus we continued to develop strong partnerships and invested to build an improved network of services, greater reliability and passenger growth. In UK Rail we delivered strong growth across all of our rail companies as demand for our services continues to increase. We have made significant investment to improve customer service, operating performance and capacity across all of our rail franchises.

"We have created an international portfolio of transport operations with leadership positions in our core markets in the UK and North America. The record performance, reported at our preliminary results in May 2008, demonstrates the strength of the Group and the committed focus on our strategy to achieve profitable growth in our core markets."

Trading Update

The Group has made a good start to the year and is trading in line with management expectations.

Our UK Bus division has delivered a strong performance with like-for-like passenger revenue increased by 6.4% in the first quarter. Passenger volumes increased during the period and we are encouraged by findings from our recent YouGov poll which indicates there is an opportunity for increased modal shift as people switch to public transport as a result of rising motoring costs and concerns about the environment.

In UK Rail demand for our services continues to be strong with like-for-like passenger revenue growth of 10.7% in the first quarter. Volume growth remains strong and we support the industry view that people are switching some journeys from car to rail as a result of the rising cost of fuel. During the period we strengthened the Cardiff-Portsmouth service at First Great Western by leasing five additional units in order to free up other rolling stock, which increased capacity by 40% on most services on this route. We continue to exploit opportunities for greater revenue protection and during the period newly installed automatic ticket gates on the suburban line platforms at London Paddington and at Hatfield station became operational.

In North America we have continued to pursue our twin objectives of integration and growth. We have made excellent progress in consolidating the operations and remain on course to achieve \$150m per annum of synergies from April 2009. We are pleased with the success of our school bus division during this current bid season, which achieved strong contract retention together with new business wins. We have seen an increased number of expressions of interest in respect of outsourcing from school boards. We continue to actively develop those opportunities and have won a number of new conversion contracts during the current bid season to operate 360 new school buses, including a significant conversion contract in Pennsylvania.

At Greyhound we have reversed the declining revenue trend that we inherited when we acquired the business in October 2007. We are delighted to deliver like-for-like revenue growth of 4.2% during the first quarter of this year, a trend that has accelerated during June. We continue to implement our plans to increase revenue, to reduce costs and to grow the reach of Greyhound's services. BoltBus, our innovative low cost, high quality intercity coach service operating between key cities on the east coast, has continued to grow its passenger base with 160,000 tickets sold since the service commenced in March this year.

In respect of 2008/09 the Group is 100% hedged for its UK fuel requirement at \$76 per barrel and for North America at \$84 per barrel. In June we announced the Group had increased the hedged proportion of its requirements for 2009/10 to approximately 30% at an average price of \$115 per barrel. Fuel, while a significant cost pressure, accounts for approximately 10% of total costs for our UK Bus and North America businesses and less than 5% of costs for our UK Rail business.

We continue to actively manage our debt-refinancing programme. Earlier this year, we commenced our plan to replace the Laidlaw acquisition term loan of \$2.25bn due February 2010 with a combination of new equity and new longer-term debt facilities. We have repaid \$900 million of this loan from the proceeds of the equity placing and the two new medium term loans raised in May 2008. In addition we have extended £505m of our core bank sterling revolver facility from March 2010 to February 2012.

Looking ahead we are well placed to benefit from the many opportunities for the Group. Our balanced portfolio of businesses continues to generate strong operating cash flows with excellent opportunities for future growth in all of our markets. The Board is confident about the prospects for the business and for the remainder of the year.

Like-for-like revenue growth as reported is derived, on a constant currency basis, by comparing revenue during the period with the equivalent prior year period.

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