

Friday 15 July 2011

FIRSTGROUP PLC AGM STATEMENT AND INTERIM MANAGEMENT STATEMENT

FirstGroup plc ("the Group") will provide the following update on trading during the first quarter period ("the period" or "Q1") from 1 April to 30 June 2011 at the Group's Annual General Meeting in Aberdeen today.

The Group provided an update on trading as part of its preliminary results announcement on 11 May 2011. Since then overall trading for the Group, during the first quarter of the new financial year, has developed in line with management's expectations.

Tim O'Toole, Chief Executive commented:

"I am pleased to report trading during Q1 of the new financial year is in line with our expectations. We are encouraged by improving trends in UK Rail and Greyhound and the continued steady performance in UK Bus and First Transit. In First Student we are implementing our detailed plan to recover performance and strengthen the operating model to enable the business to harness its potential.

"We will continue to build on our record of strong cash generation and are targeting a net cash inflow of £150m in 2011/12. The Board is committed to its key priorities of increased cash generation to support capital investment, debt reduction and dividend growth of at least 7% per annum."

UK Bus

Like-for-like passenger revenue growth of 0.7% reflects a continued steady progress against a tough regional economic backdrop. With new leadership in our UK Bus division we have renewed our focus on delivering improved service quality and growth through network development, simplified fares and marketing. While retaining our cost discipline we believe we can transition to increased growth by developing the significant opportunities that exist within our established and well positioned networks.

UK Rail

We continue to see strong growth across our rail businesses with like-for-like passenger revenue growth of 8.5% during the period. The increased demand for rail services has continued during Q1 leading to good volume growth across all of our rail franchises. We remain focused on retaining our leadership position in rail and continue to take an active role in shaping the future of the UK's railways including through the newly established Rail Delivery Group. We continue to progress discussions with the DfT on the proposal to extend our First TransPennine Express franchise and look forward to developing further opportunities as we move through the tendering process for the next generation of rail franchises.

First Student

During the period we made good progress in implementing the recovery plan to address the performance of First Student, which is impacted by the pressure on state and municipal finances in the US, and to strengthen the operating model to enable the business to harness its full market leader potential. As previously indicated, we anticipate pressure on margins to

continue into the first half of our financial year reflecting last year's disappointing trading performance. A focused retention strategy and an improved performance during the current bidding season has resulted in retention of our contracts that came up for renewal returning to more normal levels of prior years for the school year 2011/12. As the bidding season draws to a close we are pleased to have secured new contracts including 8 conversions. We anticipate that the total operating fleet for the new school year will be broadly in line with 2010/11.

First Transit

Our Transit division continues to perform well with trading developing in line with our expectations. We have a solid pipeline of opportunities in the key business segments in which we operate and continue to utilise our excellent reputation and track record to retain contracts and win new business. During the period we continued to develop our shuttle bus portfolio with new contracts to operate bus services at the universities of Yale and Kennesaw in the US as well as further new business in Fort McMurray in Alberta, Canada.

Greyhound

Encouraging revenue trends have continued during the period with like-for-like revenue growth of 3.7%, up from 1.6% during Q4 2010/11. Against the backdrop of slow economic recovery this performance reflects the good progress made in transforming Greyhound. We continue to develop sales channels and reduce the cost of sale through a range of means including self service kiosks and website enhancements which has led to online sales increasing to 30%. Greyhound Express, our new point to point service launched in December 2010, has been very successful and is delivering strong volume and sales growth. During the period we expanded the service to additional locations in the midwest and northeast of the US.

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