

Our markets

Transport links are essential for economic growth and for communities to flourish.

All of our services are critical enablers of economic growth and improving quality of life for people and communities. People need to travel for a wide range of reasons – business, education, healthcare, social and recreation – and across our five divisions, FirstGroup responds to these needs for our customers. While each of our markets has some unique characteristics, several key themes are important to each of them.

Congestion

In our UK and North America markets, more than 80% of the population live in urban areas. Despite ever more sophisticated forms of long distance communication, the rapid rise of cities globally is expected to continue and in 2018, congestion was estimated to have cost the UK and US economies £7.9 billion and £66 billion respectively. Maintaining mobility within cities as populations rise is a key priority and increasing use of public transport that is part of the solution.

Number of vehicles transporting 106 passengers

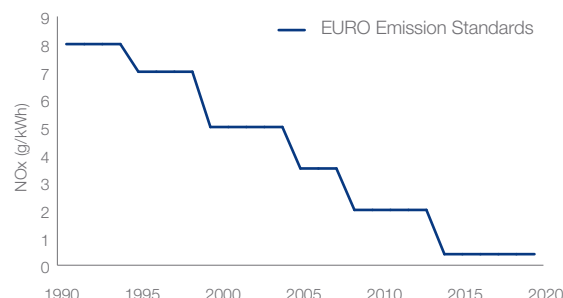


🔗 For more information on the market environment for each of our divisions please go to the business review section starting on page 14.

Air quality

Rising concerns over the link between poor air quality and health is driving towns and cities to restrict the most polluting vehicles. A shift to lower emission and higher occupancy vehicles in our urban areas is needed to help address this. We support this by continuing to innovate and invest in our fleets to reduce our impact on air quality and offering practical and convenient services to our customers.

Maximum NOx emission for new buses



Demographic change

Transport solutions also need to take account of demographic changes. Many segments of our communities – such as those in education, retired or unable to drive themselves – have always been more reliant on mass transportation. With a rapidly aging population in many parts of the world, this proportion is set to increase. Increasing numbers of (particularly young) urban dwellers are also choosing not to drive at all, given the costs of buying and maintaining a car and the issues of parking and sustainability. There is a growing demographic which is open to using our services provided we meet its needs.

Climate change

Atmospheric levels of carbon dioxide are at historically high levels and continue to increase. The warming effect of these emissions on our planet is devastating, and global legislation, expectations from customers, investors and stakeholders are changing as society looks to speed up the transition to a low carbon economy. Our mass transit services already offer low carbon travel solutions to our customers and we continue to invest in trialling and testing new technologies to minimise our climate change impacts and prepare for a progressive move to zero emission operations in our urban markets. See page 41 for more information on our carbon performance.

Carbon emissions per passenger kilometre (gCO₂e)

Greyhound



33



First Rail



43



First Bus



84



UK car



114



Domestic flight



298



Local and national authorities

Our core markets in the UK and North America have long histories of deregulating and outsourcing transport solutions, with mature business models and regulatory frameworks that encourage partnering with the private sector for transport infrastructure and services. As these services deliver such a wide range of social and economic benefits, many services are mandated or financially supported by the communities they serve. Across the Group a variety of funding and specification models exist and FirstGroup has the opportunity to operate services commercially in order to increase competition (improving value for money and efficiency). FirstGroup and its peers also bring innovation and agility in an increasingly fast-moving and complex environment, as mobility services business models evolve. See page 32 for more details on how we work with partners and wider stakeholders.