FirstGroup

FY 2023 Results

Thursday 8 June 2023

Agenda

1. **Overview**
2. Financial review
3. Business review
4. Summary

Strong financial performance underpins potential for further value creation

- **Group adjusted attributable profit more than doubled** to £82m
  - driven by growth in First Bus and First Rail open access operations (Lumo and Hull Trains)
- **Our strategy and disciplined capital allocation policy** is delivering positive results
  - deployment of £37m growth capital in First Bus and capex of £94m on First Bus
  - 3.8p dividend per share for FY 2023 (FY 2022: 1.1p)
  - £200m crystallised from North America exit: initial £75m share buyback ongoing; additional £115m buyback programme proposed
- Well **positioned to create further value** despite challenging economic and industrial relations environment

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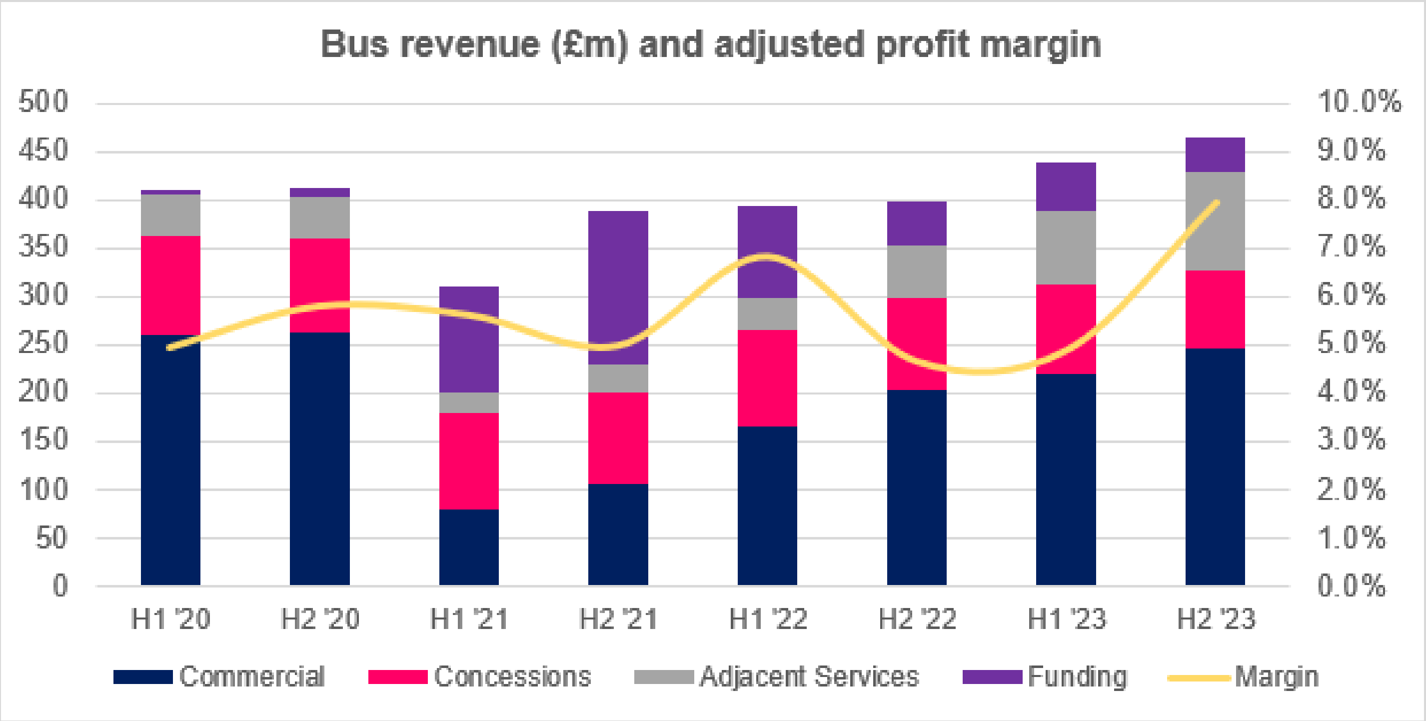
Financial summary

£m	FY 2023 Continuing	FY 2022 Continuing	FY 2023 change vs FY 2022 (Continuing)
Revenue	**4,755.0**	4,591.1	**+163.9**
Group adjusted attributable profit[1]	**82.1**	36.2	**+45.9**
Adjusted[2]			
- Operating profit	**161.0**	106.7	**+54.3**
- Profit before tax	**104.2**	24.8	**+79.4**
- Earnings per share[3] p	**10.6p**	1.6p	**+9.0p**
Dividend per share p	**3.8p**	1.1p	**+2.7p**
Adjusting (charges)/gains – operating profit	**(7.1)**	16.1	
Statutory operating profit	**153.9**	122.8	
Adjusted Net Cash / (Debt) – total business[4]	**109.9**	**(3.9)**	+113.8

[1] Earnings from continuing operations adjusted for First Rail management fees, treasury interest and pro forma tax – see p8 for more detail
[2] Before net adjusting items described in more detail on p34
[3] Adjusted EPS based on weighted average number of shares in the year of 739.5m (FY 2022: 1,057.5m) reflecting the current year share buyback, and the prior year's tender offer completed in December 2021
[4] 'Adjusted net debt' is bonds, bank and other debt net of free cash (i.e.excludes IFRS 16 lease liabilities and ring-fenced cash)

First Bus: growing our margins as funding tapers



£m	FY 2023	FY 2022	Change
Revenue	**902.5**	789.9	+112.6
Adj. operating profit[1]	**58.4**	45.2	+13.2
Margin %	**6.5%**	5.7%	+80bps
Passenger volumes (m)[2]	**390**	324	+20%
Mileage (m)[2]	**168**	185	(9)%

- **Revenue** +14% vs FY 2022 mainly reflecting increased passenger volumes in the second half of the year, partly offset by a £42.8m decrease in funding
- **Passenger volumes** increased by 20% vs. FY 2022; **total mileage reduced** by 9%
- **Revenue per mile** increased by 26%
- **Adjacent services revenue** of £175.1m in FY 2023 (FY 2022: £120.9m)
- **Inflationary pressures** increased costs by £48m principally in wages (+c.7% on average) offset by **pricing changes** of £33m and **network and operational efficiencies** of £18m
- Fuel and electricity **hedging programmes** to mitigate cost inflation are evolving as we transition the First Bus fleet to zero emissions

[1] Before net adjusting items described on p34
[2] Passenger volumes and mileage include First Scotland East and Southampton operations until sale / closure

First Rail: financial performance driven by growth in open access

£m	FY 2023	FY 2022	Change
GWR	**18.9**	23.1	(4.2)
SWR	**6.1**	7.0	(0.9)
WCP (incorporating Avanti)	**5.2**	6.5	(1.3)
TPE	**8.5**	8.9	(0.4)
Attributable net income from management fee-based operations	**38.7**	45.5	(6.8)
Adjust net income to IFRS16 basis	**39.3**	34.0	5.3
Gross up tax and minority interest	**15.3**	18.0	(2.7)
Adj. op profit from management fee-based operations	**93.3**	**97.5**	**(4.2)**

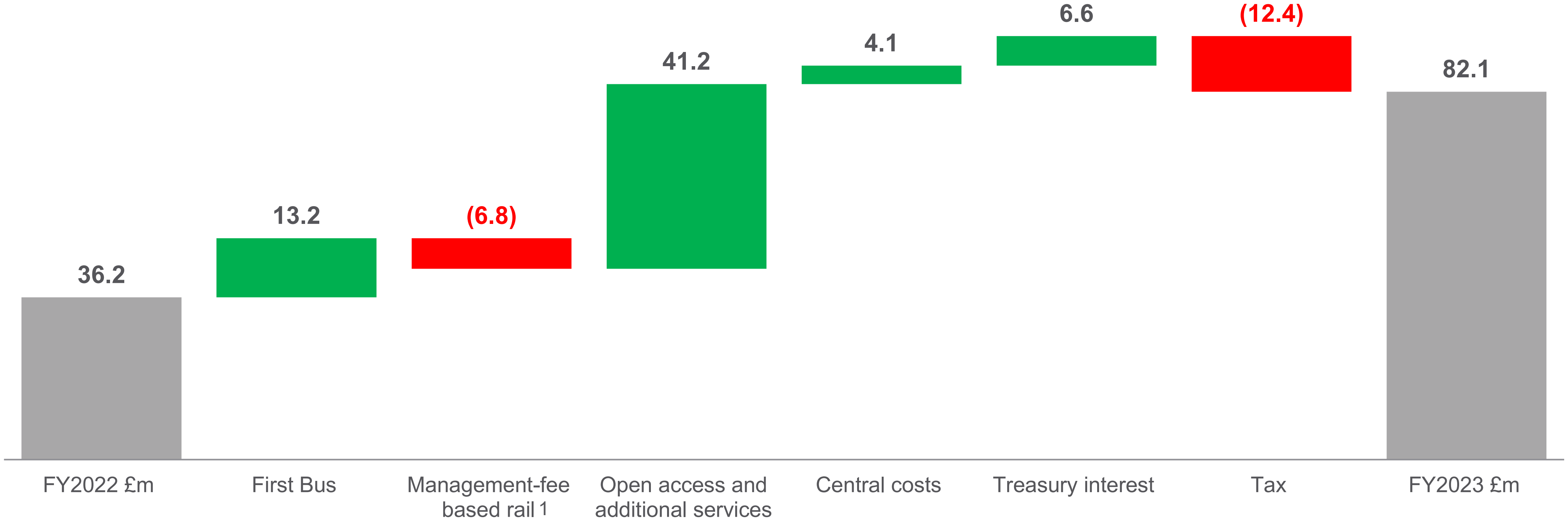
£m	FY 2023	FY 2022	Change
Revenue from open access and additional services	**190.8**	119.2	+71.6
Open access adj. op profit/(loss)	**19.6**	(16.6)	+36.2
Additional services adj. op profit	**11.9**	6.9	+5.0
Adj. op profit from open access and additional services[1]	**31.5**	**(9.7)**	**41.2**

- Passenger volume changes and industrial action have limited impact on fee income under the terms of the management fee-based contracts, albeit some performance scores are impacted
- GWR attributable net income lower mainly due to transition from EMA to National Rail Contract ('NRC') in June 2022 – NRC benefits from additional contract profitability from operation of Heathrow Express
- Open access financial performance reflects increased demand and an improved yield in FY 2023 and Hull recovering from the impact of the pandemic and Lumo start up costs in FY 2022
- Additional services businesses delivered a £5m increase in adjusted operating profit in FY 2023, including certain one-off benefits

[1] Before net adjusting items described on p34

Substantial increase in Group adjusted attributable profit

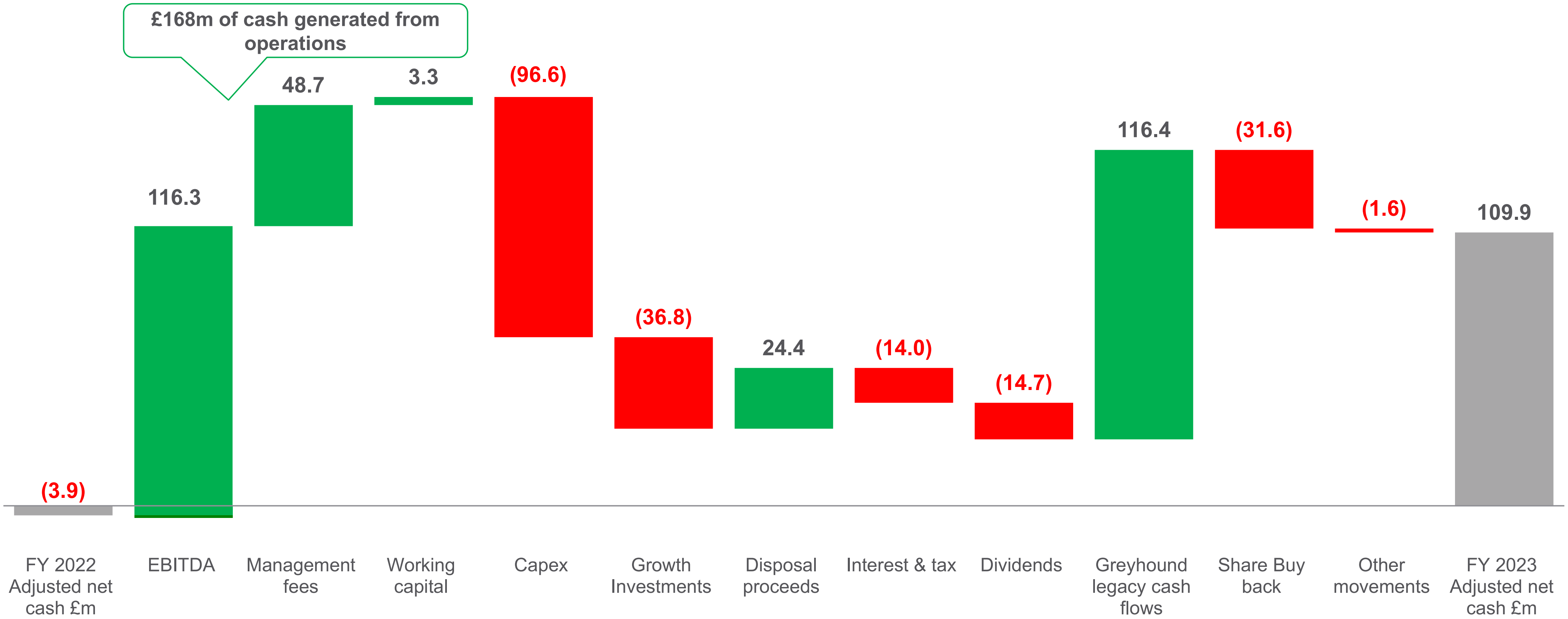
Our dividend policy focuses on underlying earnings from rail contracts to look through IFRS 16 distortions



- Group adjusted attributable profit ahead of management expectations in FY 2023
- Greater diversity of earnings, less reliant on management fee-based operations
- Central costs reduced due to re-shaped Group functions
- ‘Treasury interest’ benefitted from partial bond buyback and interest received on deposits
- Effective tax rate of 19.6% on continuing adjusted profit
- Final dividend of c.£20m recommended

[1] Management-fee based Rail: Pre-IFRS 16 basis net of tax and minority interests (MTR is 30% shareholder of SWR, Trenitalia is 30% shareholder in WCP).

Significant cash flow generation



- Post tax management fee from TOCs received a year in arrears
- Bus capex principally electrification of buses and depots; First Bus average fleet age down to 9.1 years in FY 2023 (FY 2022:10.1)
- Growth investments in First Bus include Ensignbus, Bristol Metrobus, remaining payment for SPS and Airporter acquisition
- Disposal proceeds comprise sale of First Scotland East and sale of initial batteries in Caledonia
- Greyhound legacy cash flows include property sales, deferred consideration and subsidy receipts
- Other movements comprise EBT share purchases offset by excess funding returned from LGPS scheme in Scotland

Numbers shown on pre-IFRS 16 basis
Adjusted net cash/(debt)' is bonds, bank and other debt net of free cash (i.e. excludes IFRS 16 lease liabilities and ring-fenced cash)

Future sources of contingent value

We have a strong balance sheet and pension position, no significant legacy liabilities and clarity on the remaining sources of value from the North American disposals

First Bus and Group pensions

- On an IAS 19 basis the surplus on the Bus, Group and LGPS pensions schemes totalled £37m (FY 2022: £198m)
- On an agreed low-dependency funding basis, First Bus and Group scheme shortfalls are in aggregate c.£60m lower than at the start of the year, to c.£146m at year-end (with £117.6m remaining in escrow)

Realisation of contingent values following sale of North American assets

- Proceeds of $151m received in Dec 2022 from **Greyhound property portfolio sale**; profit on sale of $80m booked in FY 2023, a few properties remain
- Balance of remaining **Greyhound legacy assets and liabilities** is now broadly neutral; including legacy insurance liabilities of $7m and pension liabilities of $11m
- Receipt of **First Transit earnout** estimated at c.$89m anticipated in H1 FY 2024

Disciplined capital allocation supported by strong balance sheet

Investment

- **First Bus: £94.3m net cash capex** in FY 2023, including gross investment of £43.2m in electric buses and infrastructure
- **First Rail:** continues to be cash capital-light, with any capital expenditure required by the management fee-based operations fully funded under the contracts
- **Growth:** actively reviewing adjacent growth opportunities where this creates value for shareholders and returns exceed Group's pre-tax WACC (c.10%)

Balance sheet

- Significant balance sheet strength supports **disciplined capital allocation policy** of targeted investment in value accretive growth opportunities and Bus decarbonisation, and return of value to shareholders
- **Less than 2.0x adjusted net debt**: rail management fee-adjusted EBITDA target in the medium term
- Recent **Fitch rating upgrade** to 'BBB/F2', Stable outlook maintained

Returns for shareholders

- **Dividends:** final dividend of 2.9p per share proposed in line with progressive dividend policy; full year dividend of 3.8p (FY 2022: 1.1p)
- **Dividend policy** of 3x cover of Group adjusted attributable profit; paid c.1/3 interim and 2/3 final dividend

FY 2024 financial outlook

First Bus	▪ While sensitive to consumer spending and inflation trends, **sequential progress** expected in FY 2024 ▪ **c.£130m net capex**, including committed net capex of c.£105m on decarbonisation
First Rail	▪ **Financial performance** anticipated to be in line with our expectations despite loss of TPE contract and ongoing industrial relations challenges; open access and rail additional services profit expected to be at least in line with FY 2023
Technical	▪ **P&L net interest cost** now c.£70m of which c.£10m is cash; year-on-year increase due to IFRS 16 in Rail ▪ **25% UK corporation tax** from 1 April 2023 ▪ **TPE** had ring-fenced cash of £41.8m at the year end and its IFRS 16 lease liability on the Group's balance sheet at year end was £10.1m. Fees for the period April 2022 to end of May 2023 will be paid to FirstGroup through the normal mechanism following completion of the audited accounts (expected in H2 FY2024 and H1 2025)
Cash flow	▪ Expect **adjusted net cash position** in range of £10-20m at end of FY 2024 assuming completion of announced capital returns to shareholders and before any further deployment of growth capital ▪ **Additional £115m buyback programme** proposed

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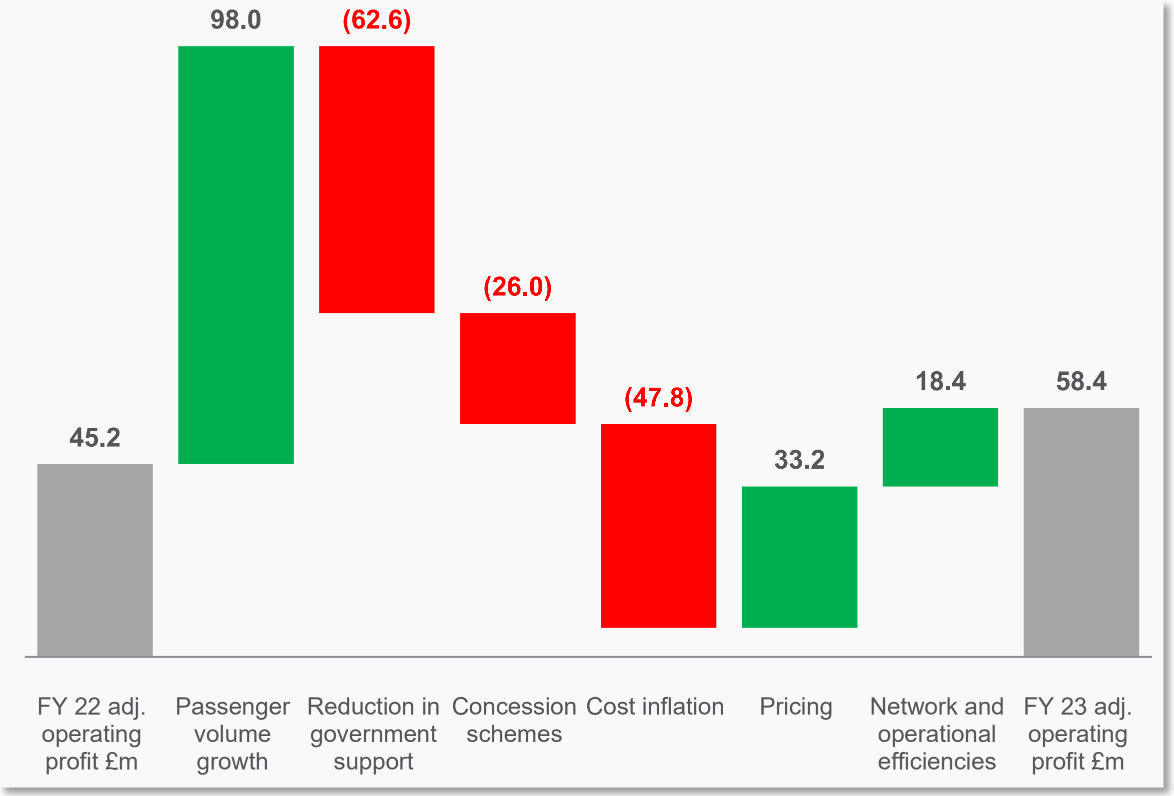
A year of delivering against our strategy and operational plans

Performance in FY 2023 has reflected growth in First Bus in the second half and the outperformance of our open access rail operations throughout the year

- Improvement in **First Bus operating margin** reinforces confidence in trajectory to 10% margin
- Recent **bus funding** announcement in England gives us clarity to FY 2025
- **c.£37m of growth capital** deployed in First Bus together with **£43.2m gross investment in decarbonisation** before funding
- **Significant revenue and profit growth in First Rail open access** operations with adjusted operating profit reaching almost £20m
- **National Rail Contract** signed for GWR and contract extensions for both SWR and WCP (incorporating Avanti); **focus remains on operational delivery** for passengers
- **Rail additional services businesses** deliver adjusted operating profit of almost £12m demonstrating our expertise and capabilities
- Progression of our **strong sustainability foundations**
  - constituent of Clean200 Report for fourth consecutive year and only UK public transport operator to be included in 2022 S&P Sustainability yearbook

First Bus: transitioning to a more commercial model

Running better quality mileage by using our enhanced data to align services to demand, implement smarter fares and drive operational efficiencies

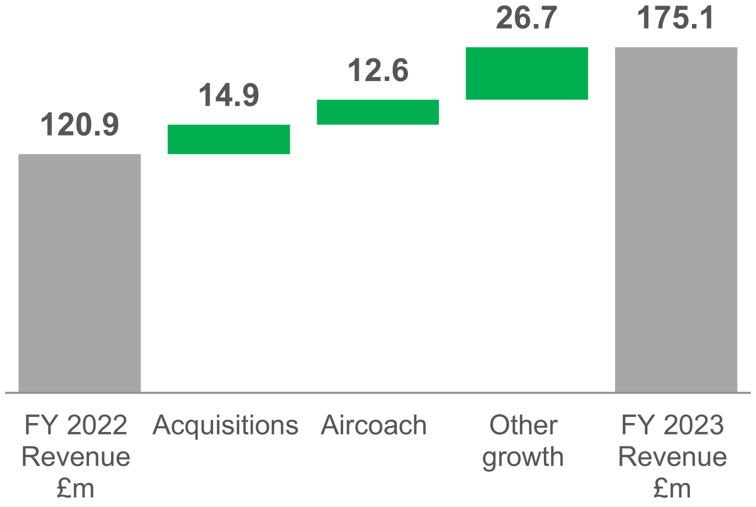


	Passenger volumes	Total operated mileage (m)	Revenue per mile	Adjacent services revenue (£m)
FY 2023	390m	168	£5.36	175.1
FY 2022	324m	185	£4.27	120.9
Change	+20%	(9)%	+26%	+45%

- **Passenger volumes** +20%, aided by free travel for under-22s in Scotland and £2 fare cap in England
- **Funding mechanism** continues to evolve with clarity on funding in England to April 2025
- **Significant inflationary impact on costs:** average driver pay settlement +7%; total fuel cost +11%
- **Fare increases** implemented within funding scheme caps in H2 2023
- Operational performance improving due to **increased driver availability**
- **Network realignment and portfolio optimisation:** sale of First Scotland East, closure of Southampton-based operations and completion of regional management restructure
- **Electric bus fleet expanded:** delivery of 83 buses in FY 2023; c.400 electric buses on order for delivery in FY 2024 – we will have more than 600 zero emission buses and four fully electric depots by March 2024

First Bus: leveraging our assets and market capabilities

This is a considerable market where we are actively looking to grow our market share



Our capabilities and scope for growth

- making use of our assets and subcontracted network
- leveraging our national footprint and good track record in managing large customers effectively
- active review of pipeline of opportunities to grow and win further contracts

Revenue from our adjacent services of £175m FY 2023 (FY 2022: £121m):

Acquisitions

- Somerset Passenger Solutions (now 100% owned): transport for construction workers at Hinkley Point C (five year contract extension recently agreed)
- Airporter in Ireland
- Ensignbus: will increase our presence in this market

Aircoach

- connecting airports and major cities across the island of Ireland, enhanced by the addition of Airporter

Other

- workplace shuttle contracts including for a large sales and distribution company
- bespoke rail replacement solutions for a number of train operating companies

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First Bus electrification in action

Good progress towards our 2035 decarbonisation target as we identify opportunities to accelerate the electrification of our fleet and infrastructure and generate adjacent revenue streams

Progress to Date | **Future Opportunities**

- Our strong balance sheet and ownership of our depots has allowed us to **accelerate our investment in decarbonisation**
  - gross investment of c.£43m in FY 2023, alongside government co-funding of c.£25m: 83 electric buses, 58 chargers installed and solar panels installed on 20 depots
  - gross investment of £212m alongside co-funding of £82m committed in FY 2024
  - Electrification will provide operational efficiencies
- Our **Caledonia depot** is the UK's largest electric vehicle charging hub with 150 new electric buses
- We will have **more than 600 electric buses** c.14% of our fleet by March 2024 and **four fully electric depots** in England
- We are using **smart charging software** to optimise energy use efficiency and optimise our bus batteries
- In FY 2023 we installed **solar panels** at 20 depots to offset depot energy costs

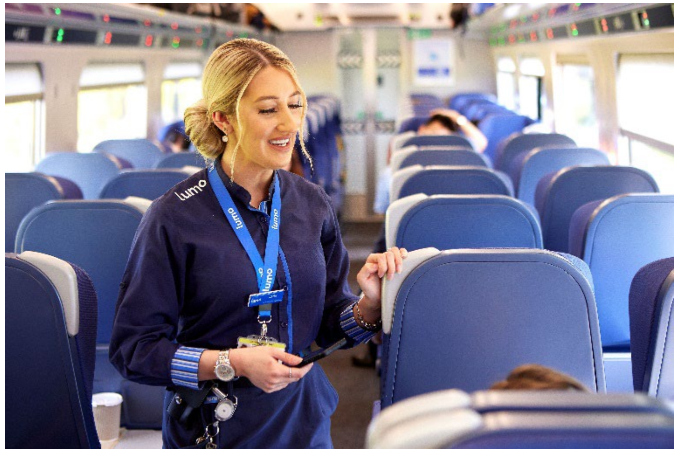
- **B2B and B2C charging**: third party charging while buses out in service
- Opportunities on **residual battery value** when batteries are taken off buses with c.75% capacity remaining
- **On-site battery storage:** standalone batteries to make use of power arbitrage opportunities and utilise residual capacity
- Efficient **battery recycling** post commercial use
- **Consultancy capabilities:** ability to monetise our expertise as leading bus company in decarbonisation

Lumo – first full year performance ahead of expectations

Our fully electric service has helped to make rail the favoured mode of transport between London and Edinburgh

	FY 2023	FY 2022	Change
Revenue (£m)	**38.6**	6.5	+32.1
Passenger journeys (m)	**1.1**	0.2	+0.9
Seat capacity utilisation (%)	**71**	64	+7bps

- launched October 2021
- constituent of Clean200 Report for fourth consecutive year and only UK public transport operator to be included in 2022 S&P Sustainability yearbook
- fully operational since April 2022 (five trains a day in each direction) – served more than a million passengers in its first full year of operation
- modal shift has increased rail market share from airlines on to East Coast main line for all operators
- a London-Edinburgh trip with Lumo results in 95%[1] lower carbon compared to flying
- Lumo is a new travel experience with a contemporary brand created by the First Rail team; named 'best overall operator' based on customer sentiment at World Passenger Awards in February 2023
- we are actively exploring opportunities to expand customer offering
- track access contract to May 2033



[1] Source: Arup report 'The case for Rail', April 2023

First

Hull Trains – strong performance on growth in passenger journeys

Performing ahead of expectations on strong recovery in passenger journeys

	FY 2023	FY 2022	Change
Revenue (£m)	**32.1**	19.9	+12.2
Passenger journeys (m)	**1.1**	0.7	+0.4
Seat capacity utilisation (%)	**59**	45	+14bps

- launched September 2000
- welcomed first of its five Hitachi bi-mode Paragon trains into service in 2019 following £60m investment programme – the fleet has reduced carbon emissions by 57% vs. the previous fleet
- operating more services (94 services per week vs. 92 services per week in 2019) and more seats then ever before – in December 2022 Hull Trains increased the number of 10 car services (typically a 5 car service) to match growing passenger demand
- recovery in passenger journeys driven by strong leisure volumes and a recent recovery in business passenger volumes
- ORR March 2023 data – Hull Trains led the market with its recovery in passenger volumes vs. 2019-2020
- named Top Employer at 2023 Women in Rail Awards
- track access contract to December 2032

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First Rail's management fee-based operations – focused on delivery

Private operators have an important role to work with the government to reinvigorate the UK rail industry and attract more customers to the railway

The management fee-based TOCs delivered £38.7m of attributable net income in FY 2023 (FY 2022: £45.5m)

TPE

- National Rail Contract expired on 28 May 2023

GWR

- National Rail Contract agreed to June 2028; including 3-year extension period
- timetable change in May 2023 resulted in 5% increase in train services a day
- working on introduction of three new stations to open in FY 2024

SWR

- National Rail Contract extended by two years to May 2025
- introduction of new Alstom Class 701 trains set to commence in H2 2024
- more than 500 additional bike parking spaces introduced in FY 2023 and Richmond cycle hub to open in FY2024

WCP (incorporating Avanti)

- Emergency Recovery Measures Agreement extended to Oct 2023
- material improvement in service delivery; 40% increase in number of services compared to last summer
- will soon take delivery of first new Hitachi trains following investment of £350m; ten electric only trains and 13 bi-mode trains

First Rail's platform for additional value

As a leading operator with considerable experience and capability, we are well positioned to grow and diversify our earnings base

Additional Services

- **Evo-rail:** installation on SWR network continues
- **Mistral:** software products that can be marketed to any TOC and any train fleet worldwide
- **First Customer Contact Centre**: bespoke, scalable low-cost solution
- **Consulting:** with experience built up over three decades; currently focused on supporting West Coast Partnership Development on HS2 and key projects in other train operating companies
- **London trams:** experienced tram system operator; concession-based contract for TfL 2000 - May 2030
- **Additional Services FY 2023 adj. operating profit**: £11.9m (FY 2022: £6.9m)

Pipeline of opportunities to create additional value

- Remain a **key partner** in the development of government contracts with the private sector
- Work with government to identify **opportunities for increased revenue focus** in our current management fee-based contracts
- **Scale up our additional services** businesses and market to other operators
- Active review of opportunities to expand **First Rail portfolio** with other contracting authorities

Agenda

First

Looking forward

Our improved financial performance in FY 2023 demonstrates our leading capability with an ambition to grow, innovate and create sustainable value for all our stakeholders

- First Bus: a more agile and commercial business on track to deliver a 10% operating margin
- Significant investment in decarbonisation of First Bus fleet and infrastructure to deliver greener transport and create adjacent value opportunities
- First Rail: focused on operational delivery and securing longer term national rail contracts, building on success of open access operations and making use of our capabilities to scale additional services and further diversify earnings
- Continued focus on being a trusted partner to our stakeholders and playing our part in sustainability agendas
- Resilient and diverse earnings base, strong balance sheet and disciplined capital allocation policy; committed to progressive shareholder dividends
- Trajectory for value accretive growth established – actively pursuing broad pipeline from adjacent markets in bus and rail sectors over time

First


Glasgow Fort
VIA PAISLEY ROAD WEST
10
electric bus
STAIRCASE
sky
Glasgow
First
LG22 AVW

Appendix

Appendix: Building on our strong sustainability foundations

Public transport is central to levelling up, urbanisation and decarbonisation agendas as well as a source of green jobs throughout the supply chain

Responsible business remains intrinsic to our operating model and key to our future

- Committed to operating a **zero emission bus fleet by 2035** and helping to deliver UK Government's goal to remove all diesel trains from service by 2040
- We have a **£300m sustainability-linked RCF**[1] linked to carbon emissions per £m of revenue, and growth of zero emission bus fleet
- Climate-related measures are part of our **annual and long-term incentive plans**
- We have a number of successful programmes to **support career progression** of women and employees from minority ethnic groups and our Board is **Hampton-Alexander and Parker Review-compliant**

FY 2023 sustainability highlights

- We have a near-term **science-based emission reduction target** aligned with a 1.5C ambition, that includes:
  - a 63% reduction in our Scope 1 and 2 emissions by FY 2035 from a FY 2020 base year
- **TCFD**: following a quantitative scenario analysis and financial impact assessment in FY 2022, in FY 2023 we worked with key internal functions to understand how climate risks and opportunities are addressed and what further actions can be put in place as part of a broader **Group-wide transition plan**

Selected FirstGroup credentials and ratings:

CLEAN200™
Top 200 cleanest publicly-listed firms worldwide

FTSE4Good
Top performing bus and rail operator in our sector

SUSTAINALYTICS
ESG risk: 'low', Ranked 21st of 352 in sector globally

S&P Global
Only UK transport operator in the 2022 S&P Sustainability Yearbook

MSCI
'Leader' in managing ESG risks and opportunities, AA rating

ISS ESG
'ESG Prime' rating from ISS ESG – top decile

World Benchmarking Alliance
Third out of the world's 90 transport companies (WBA)'s new 2022 Transport Benchmark

CDP DISCLOSURE INSIGHT ACTION
Scoring improved to 'B' rating this year

[1] RCF: Revolving Credit Facility
[2] FERA: Fuel and Energy Related Activities

First

Appendix: First Rail accounting

FirstGroup includes alternative measures in the accounts that adjust for the underlying economics of the rail contracts:

£m	FY 2023	FY 2022	Change
Revenue from management fee-based operations	**3,805.6**	3,762.2	+43.4
Revenue from open access and additional services	**190.8**	119.2	+71.6
Inter-divisional eliminations	**(103.2)**	(80.2)	(23.0)
Total Rail division revenue	**3,893.2**	3,801.2	+92.0
Attributable net income from management fee-based operations	**38.7**	45.5	(6.8)
Gross up for tax, minorities and IFRS 16	**54.6**	52.0	+2.6
Adj. operating profit/(loss) from open access and additional services	**31.5**	(9.7)	+41.2
Total Rail division adj. operating profit[1]	**124.8**	87.8	+37.0

- **Attributable net income** from management fee-based operations: cash fee income attributable to the Group from these businesses – with adj. operating profit in the accounts grossed up from this level by taxation, minority interests and IFRS 16
- First Bus and non-contracted First Rail EBITDA, plus contracted First Rail dividends, minus central costs are used as the primary basis to measure the Group's **leverage policy**
- Under the NRCs, the businesses are **fully consolidated** in the Group accounts with the net cost of operations and capex to be funded in advance by the DfT
- The Group receives an **annual dividend** from the train operating companies ('TOC's) reflecting the post-tax net management and performance fees - these dividends are paid following the completion of the audited accounts of the TOCs, settlement by the DfT of the management and performance-based fees and subsequent approval of dividend payment by the DfT
- **Inter-divisional eliminations**: Majority of gross additional services revenue is currently secured from our management fee-based operations

[1] Before net adjusting items described on p34

Appendix: Rail performance fee summary

The performance of train operators is subject to a detailed review process that is independently assessed

£m	SWR National Rail Contract (70% share)	TPE National Rail Contract	GWR National Rail Contract	WCP ERMA[1] (70% share)
Fixed annual management fee	**3.3**	**2.3**	**6.9**	**3.7**
Performance-based fee	Up to 9.9	Up to 5.2	Up to 17.8	Up to 8.3
Annual fee opportunity range (net of SWR and WCP minorities, pre-tax)	**3.3 – 13.2**	**2.3 – 7.5**	**6.9 – 24.7**	**3.7 – 12.3**

- Independently evaluated performance-based fee scored against four categories – operational performance (including punctuality), customer satisfaction, finance and business management. Mix of quantitative metrics and qualitative assessments with three levels (‘below acceptable’, ‘acceptable’, ‘good’) – ‘acceptable’ rating results in c.2/3 of performance-based fee element being payable
- Contractual opportunities for additional incentive fees for additional Industry Change Projects (ICP), for example TPE supplying project delivery expertise to help deliver the Transpennine Route Upgrade
- Fees are distributed, after disallowable costs and tax, up to FirstGroup plc as a dividend annually
- SWR and WCP (West Coast Partnership) are fully consolidated in the Group statutory accounts with MTR and Trenitalia’s 30% shareholdings recorded as non-controlling interests
- West Coast Partnership (incorporating Avanti West Coast) includes West Coast Partnership Development (HS2 shadow operator) performance fees
- GWR: the operation of the Heathrow Express service is linked with GWR’s NRC
- From FY 2024 performance fee metrics have been updated to place a greater weighting on quantified measures that don’t rely on subjective assessment of operators’ performance. The Group does not anticipate a material impact on net income as a result of these changes

[1] Under the Emergency Recovery Measures Agreement (‘ERMA’), the overall fee potential is a maximum of 1.5% of the cost base of each franchise prior to the pandemic

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Appendix: TPE Accounting

- TPE contributed net attributable income of £8.5m in FY 2023 to the Group's total of £82.1m (FY 2022: £8.9m)
- TPE FY 2023 income includes Transpennine Route Upgrade fees and settlements relating to previous period
- TPE fees for April 2022 to end of May 2023 will be paid to the Group following completion of audited accounts, expected in H2 FY 2024 and H1 FY 2025
- TPE's ring-fenced cash balance at FY 2023 year end was £41.8m
- TPE's IFRS 16 lease liability on the Group's balance sheet was £10.1m at year end

Appendix: Divisional adjusted operating profit

	Revenue		Operating profit[1]		Operating margin[1]	
	FY 2023	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022
£m						
First Bus	**902.5**	789.9	**58.4**	45.2	**6.5%**	5.7%
First Rail	**3,893.2**	3,801.2	**124.8**	87.8	**3.2%**	2.3%
Group items	**(40.7)**	-	**(22.2)**	(26.3)	**n/a**	n/a
Continuing total	**4,755.0**	4,591.1	**161.0**	106.7	**3.4%**	2.3%
Discontinued – First Student, First Transit, Greyhound US	**4.0**	996.9	**(6.6)**	120.1	**n/a**	12.0%
Total Group	**4,759.0**	5,588.0	**154.4**	226.8	**3.2%**	4.1%

[1] Before net adjusting items described on p34

Appendix: Divisional EBITDA

£m	Revenue		EBITDA[1]		EBITDA margin[1]	
	FY 2023	FY 2022	**FY 2023**	FY 2022	**FY 2023**	FY 2022
First Bus	**902.5**	789.9	**120.9**	104.4	**13.4%**	13.2%
First Rail	**3,893.2**	3,801.2	**661.0**	649.9	**17.0%**	17.1%
Group items[2]	**(40.7)**	-	**(19.5)**	(23.1)	**n/a**	n/a
Continuing total	**4,755.0**	4,591.1	**762.4**	731.2	**16.0%**	15.9%
Discontinued – First Student, First Transit, Greyhound US	**4.0**	996.9	**(6.6)**	130.9	**n/a**	13.1%
Total Group	**4,759.0**	5,588.0	**755.8**	862.1	**15.9%**	15.4%

£m	FY 2023	FY 2022	Change
- First Bus EBITDA[3]	**105.0**	87.6	+17.4
- Attributable net income from rail management fee-based operations[4]	**38.7**	45.5	(6.8)
- EBITDA from rail open access and additional services[3]	**32.5**	(9.7)	+42.2
- Group central costs (EBITDA basis[3])	**(21.2)**	(24.8)	+3.6
Group EBITDA adjusted for First Rail management fees	**155.0**	98.6	+56.4

- Group EBITDA adjusted for First Rail management fees is basis for medium term leverage target of less than 2x adjusted net debt[5]

[1] Adjusted operating profit less capital grant amortisation plus depreciation
[2] Central management and other items. Revenue adjustment for inter-divisional trading
[3] Pre-IFRS 16 basis
[4] Pre-IFRS 16 basis net of tax and minority interests
[5] Adjusted net debt excludes IFRS 16 right of use lease liabilities and ring-fenced cash (both predominantly in First Rail)

Group adjusted attributable profit

£m	FY 2023	FY 2022	Change
Group adjusted attributable profit comprises:			
- First Bus adjusted operating profit	**58.4**	45.2	+13.2
- Attributable net income from rail management fee-based operations[1]	**38.7**	45.5	(6.8)
- Adjusted operating profit from rail open access and additional services	**31.5**	(9.7)	+41.2
- Group central costs (operating profit basis)	**(22.2)**	(26.3)	+4.1
	106.4	54.7	+51.7
- Treasury interest	**(14.1)**	(20.7)	+6.6
- Tax	**(10.2)**	2.2	(12.4)
- Group adjusted attributable profit	**82.1**	36.2	+45.9

- ‘Treasury interest’ shown on a pro forma continuing basis, principally relating to £184.2m 6.875% 2024 bond and finance leases, and excluding notional and IFRS 16 lease liability interest
- Final dividend of c.£20m recommended, in line with announced policy of 3x cover by Group adjusted attributable profit and c.1/3 interim 2/3 final dividend split
- 19% UK corporation tax has increased to 25% in FY 2024

[1] Pre-IFRS 16 basis net of tax and minority interests (MTR is 30% shareholder of SWR, Trenitalia is 30% shareholder in WCP)

Appendix: Other key profit and loss items

£m	FY 2023	FY 2022
Adjusted[1]		
First Bus	**58.4**	45.2
First Rail	**124.8**	87.8
Group items	**(22.2)**	(26.3)
Continuing adj. operating profit[1]	**161.0**	106.7
Net finance costs	**(56.8)**	(81.9)
- interest excl IFRS 16	***(6.2)***	*(44.7)*
- IFRS 16-related finance costs[2]	***(50.6)***	*(37.2)*
Profit before tax	**104.2**	24.8
Tax	**(20.4)**	(2.7)
Non-controlling interests	**(5.1)**	(5.6)
Adjusted earnings	**78.7**	16.5
EPS p	**10.6p**	1.6p
Statutory		
Continuing operations	**161.0**	106.7
Discontinued operations	**(6.6)**	120.1
Non-GAAP adjustments	**30.8**	579.3
Operating profit	**185.2**	806.1
Net finance costs	**(56.5)**	(152.0)
Profit before tax	**128.7**	654.1
Tax	**(33.4)**	(12.1)
Non-controlling interests	**(8.2)**	(5.6)
Profit after tax	**87.1**	636.4
EPS p	**11.8p**	60.2p

- **Group items:** central costs £4.1m lower than prior year, reflecting the actions to resize the organisation following the North American disposals.
- **Net finance costs:** interest on £184.2m 6.875% 2024 bond and £35m of finance leases, as well as IFRS 16 notional amounts going forward
- **Tax:** limited cash tax expected from FY 2023 as majority of UK businesses expect to reflect accelerated tax depreciation and pension contribution
- **Non-controlling interests:** represent First Rail minority partners in SWR and WCP
- **EPS** – 739.5m weighted average number of shares in issue for FY 2023 (FY 2022: 1,057.5m owing to tender offer in December 2021)
- **Non-GAAP adjustments** – primarily includes the gain on disposals of Greyhound US properties, First Transit earnout valuation write-down, and First Bus restructuring charges– see p.34

[1] Before net adjusting items described on p34
[2] Notional interest and lease interest on IFRS 16 Right of Use assets.

First

Appendix: reconciliation to First Rail-adjusted metrics

£m	FY 2023 Group adjusted attributable profit	Movements			FY 2023 Adjusted earnings after tax
		Adjusted First Rail earnings to IFRS 16 basis	Gross up tax and minority interests	Actual interest and tax	
First Bus adjusted operating profit	**58.4**	-	-	-	**58.4**
Attributable net income from First Rail management fee-based operations	**38.7**	39.3	15.3	-	**93.3**
First Rail adjusted operating profit from open access and additional services	**31.5**	-	-	-	**31.5**
Group central costs (operating profit basis)	**(22.2)**	-	-	-	**(22.2)**
	106.4	39.3	15.3	-	**161.0**
Treasury interest	**(14.1)**	(50.6)	-	7.9	**(56.8)**
Tax	**(10.2)**	-	(10.2)	-	**(20.4)**
Minority interest	**-**	-	(5.1)	-	**(5.1)**
	82.1	(11.3)	-	7.9	**78.7**

Appendix: Net adjusting items

£30.8m credit from net adjusting items principally reflects gains on sale of legacy Greyhound US properties, offset by the First Transit earnout valuation adjustment (both discontinued operations)

Adjusting charges in the Continuing business of £(7.1)m relate primarily to Bus division and Group items restructuring

£m	FY 2023 Cont.	FY 2023 Disc.	FY 2023 total
First Bus restructuring costs	(7.0)	-	(7.0)
Group items restructuring [net credit]	1.4	-	1.4
Greyhound Canada	(1.5)	-	(1.5)
Gain on sale of Greyhound US properties	-	71.4	71.4
First Transit earnout valuation adjustment	-	(33.8)	(33.8)
Other strategic items	-	0.3	0.3
Total non-GAAP adjustments	(7.1)	37.9	30.8

- First Bus restructuring includes the loss on disposal of the First Scotland East business of £(3.7)m, a net credit after impairment reversal for the closure of the Southampton depot of £2.3m, and other reorganisation costs of £(5.6)m.
- An adjusting gain of £71.4m (classified as discontinued) was recognised on the sale of Greyhound US properties
- The First Transit earnout asset valuation gave rise to an adjusting charge (classified as discontinued) of £(33.8)m

Appendix: Movement in net debt

£m	Adjusted Net cash / (debt)	*Ring-fenced cash*	*IFRS 16 leases*	*Statutory net (debt)*
EBITDA	116.3	-	-	116.3
Management fees	48.7	-	-	48.7
Working capital	3.3	-	-	3.3
Cash flow from operations	**168.3**	**-**	**-**	**168.3**
Capex	(96.6)	-	-	(96.6)
Growth investments	(36.8)	-	-	(36.8)
Disposal proceeds	24.4			24.4
Interest & Tax	(14.0)	-	(50.6)	(64.6)
Dividends	(14.7)	-	-	(14.7)
Greyhound legacy	116.4	-	-	116.4
Share buyback	(31.6)	-	-	(31.6)
Other movements	(1.6)	(98.5)	(614.8)	(714.9)
Other cash flows	(54.5)	(98.5)	(665.4)	(818.4)
Movement in net debt	**113.8**	**(98.5)**	**(665.4)**	**(650.1)**
Net (debt)/cash at 26 Mar 2022	**(3.9)**	**468.1**	**(1,083.2)**	**(619.0)**
Net (debt)/cash at 25 Mar 2023	**109.9**	**369.6**	**(1,748.6)**	**(1,269.1)**

Appendix: Total capital expenditure and acquisitions

£m	Cash		Fixed asset / software additions (including acquisitions)	
	FY 2023	FY 2022	**FY 2023**	FY 2022
First Bus	**119.1**	61.1	**150.1**	63.2
First Rail	**56.6**	57.3	**56.7**	52.6
Group items	**1.0**	1.7	**1.1**	5.1
Total	**176.7**	120.1	**207.9**	120.9

- In FY 2023 we entered into leases with capital values in First Bus of £19.3m (FY 2022: £11.3m).
- First Rail management fee-based operations' capex is consolidated in the accounts but is fully funded under emergency arrangements and the new National Rail Contracts
- Schedule excludes IFRS 16 Right of Use Assets

Appendix: Net finance costs and taxation

£m	**FY 2023**	FY 2022
Bonds	**13.5**	22.2
Bank borrowings	**3.5**	14.1
CCFF (commercial paper)	**-**	0.7
Supplier financing	**-**	1.5
Senior unsecured loan notes	**-**	3.2
Lease interest[1]	**52.1**	43.3
Notional interest on long-term provisions	**0.2**	4.9
Notional interest on pensions	**(6.5)**	2.6
Notional interest – other	**-**	2.4
Investment income	**(6.3)**	(1.5)
Adjusted net finance costs	**56.5**	93.4
Total make-whole costs (bonds & facilities)	**-**	50.0
Write-off of unamortised bridge, bond and facility costs	**-**	8.6
Net finance costs	**56.5**	152.0

Taxation, £m	**FY 2023**	FY 2022
Current tax	**2.8**	4.1
Deferred tax	**30.6**	8.0
Tax charge (including discontinued operations)	**33.4**	12.1
Tax paid	**1.0**	21.4
Tax rate on adjusted profit before tax % (continuing operations)	**19.6%**	10.9%

[1] Interest numbers are total including discontinued operations

Appendix: IFRS 16 (leases)

- As at 25 March 2023, £1.7bn of leased assets were recognised as Right of Use assets on the balance sheet.

£m	FY 2023			FY 2022
	Under IAS17	IFRS 16 effect	**Under IFRS 16**	Under IFRS 16
Adjusted and Continuing				
EBITDA	170.1	+592.3	**762.4**	731.2
Operating profit	119.1	+41.9	**161.0**	106.7
Net finance costs	(5.1)	(51.7)	**(56.8)**	(81.9)
PBT	114.0	(9.8)	**104.2**	24.8
EPS	12.0p	(1.4)p	**10.6p**	1.6p
Reported net debt/(cash) - total business	(479.5)	+1,748.6	**1,269.1**	619.0
Adjusted net (cash) - total business	(109.9)			

- As at the FY 2023 balance sheet date, £1,748.6m of IFRS 16 lease liabilities were recognised in reported net debt, of which £1,711.2m or 98% related to the Rail division (principally rolling stock associated with the management fee-based rail operations)

Appendix: Diesel and Electricity hedge positions as at June 2023

UK Bus Diesel Exposure	FY 2023	FY 2024	FY 2025
Annual ‘At risk’ volume (litres ‘m)	89.9	81.4	73.4
% hedged	92%	85%	55%
Diesel rate ($/barrel)	79.6	93.6	98.9
Equivalent cost per litre	38p	46p	50p

- Prices include crude and refining cost but exclude delivery margins, duty, taxes and BSOG
- Equivalent cost per litre reflects FX hedges placed at $1.28 and $1.23 : £1.00 in FY 2024 and FY 2025 respectively
- The ‘At risk’ position above excludes volumes relating to the rail management fee-based operations, where fuel exposure is protected through the relevant contractual arrangements with DfT

UK Bus Electricity Exposure	FY 2024	FY 2025
Annual ‘At risk’ volume (MWh)	28,800	43,900
% hedged	69%	60%
Hedged electricity rate (£/MWh)	172	146

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