



FirstGroup

**Half-yearly results for the 26
weeks to 24 September 2022**

Wednesday 9 November 2022



Agenda

1. Overview
2. Financial review
3. Business review

Resilient performance in challenging times

- **Significant progress overall in H1 2023, despite challenging political, economic and industrial relations environment**
 - Demonstrates the resilient financial characteristics of the refocused Group
 - Strong balance sheet, being further bolstered by progress made on monetising contingent values from exiting North America

- **Clear strategy and balanced capital allocation policy**
 - Strategy focused on continuous improvement in operational delivery, targeted investment in adjacent growth opportunities and playing a leading role in decarbonisation of public transport
 - Capital allocation balanced between growth and progressive shareholder returns
 - Capital deployed or allocated to bus B2B, franchising and depot/fleet electrification opportunities in the period
 - Interim dividend 0.9p per share; potential for additional distributions as the contingent values from exiting North America are realised

- **Well-positioned to navigate uncertainties in our markets with clear opportunities to create further value**
 - A leading public transport operator based in the UK, with decades of experience and expertise...
 - ...committed to net zero and at the forefront of the sustainability and economic growth agendas in our markets...
 - ...with a robust plan to enhance our current portfolio of operations and clear opportunities to deploy growth capital



Agenda

1. Overview
2. Financial review
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Financial review summary

- **Resilient financial performance in H1 2023, with increases in volumes, revenue, adjusted profit and margin**
 - First Rail earnings driven by the strong growth of open access; First Bus earnings lower reflecting cost inflation and the transition towards a more commercial model
 - Underlying cash generation in line with expectations
 - Substantial increase in Group adjusted attributable profit, in line with management expectations
- **Progress made monetising further sources of value from exiting North America**
 - £15.8m cash received in period from Greyhound; £122m property sale proceeds anticipated in December 2022; further £16m to follow thereafter
 - c.£74m estimated value of First Transit earnout expected to be received in FY 2024
 - Overall pension position stronger than at start of year following increases in gilt yields and de-risking actions in the US legacy schemes
- **Management's expectations for FY 2023 are broadly unchanged despite a shift in mix**
 - Clear plans to adapt and strengthen our operations in response to current political, economic and industrial relations environment
 - Strong balance sheet and further sources of value to come underpin balanced capital allocation policy

Financial summary

Significant overall financial progress in H1 2023

£m	H1 2023 (continuing)	H1 2022 (continuing)	H1 2023 change vs H1 2022 (continuing)	FY 2022 (continuing)
Revenue	2,212.4	2,139.1	+73.3	4,591.1
Group attributable adjusted profit ¹	30.8	13.3	+17.5	36.2
Adjusted ²				
- Operating profit	66.1	51.8	+14.3	106.7
- Profit/(loss) before tax	41.0	(6.3)	+47.3	24.8
- Earnings per share p ³	4.4p	(0.4)p	+4.8p	1.6p
Dividend per share p	0.9p	-	+0.9p	1.1p
Adjusting items (operating profit)	(4.0)	0.4	(4.4)	16.1
Statutory operating profit	62.1	52.2	+9.9	122.8
Adjusted net cash/(debt) ⁴	7.3	603.9	(596.6)	(3.9)

¹ Earnings from continuing operations adjusted for First Rail management fees – see p.9 for more detail.

² Before net adjusting items described in more detail on p.28.

³ Weighted average number of shares reduced from 1,203.4m to 739.8m between H1 2023 and H1 2022, reflecting the tender offer completed in December 2021; as a result EPS figures are not directly comparable between the two periods.

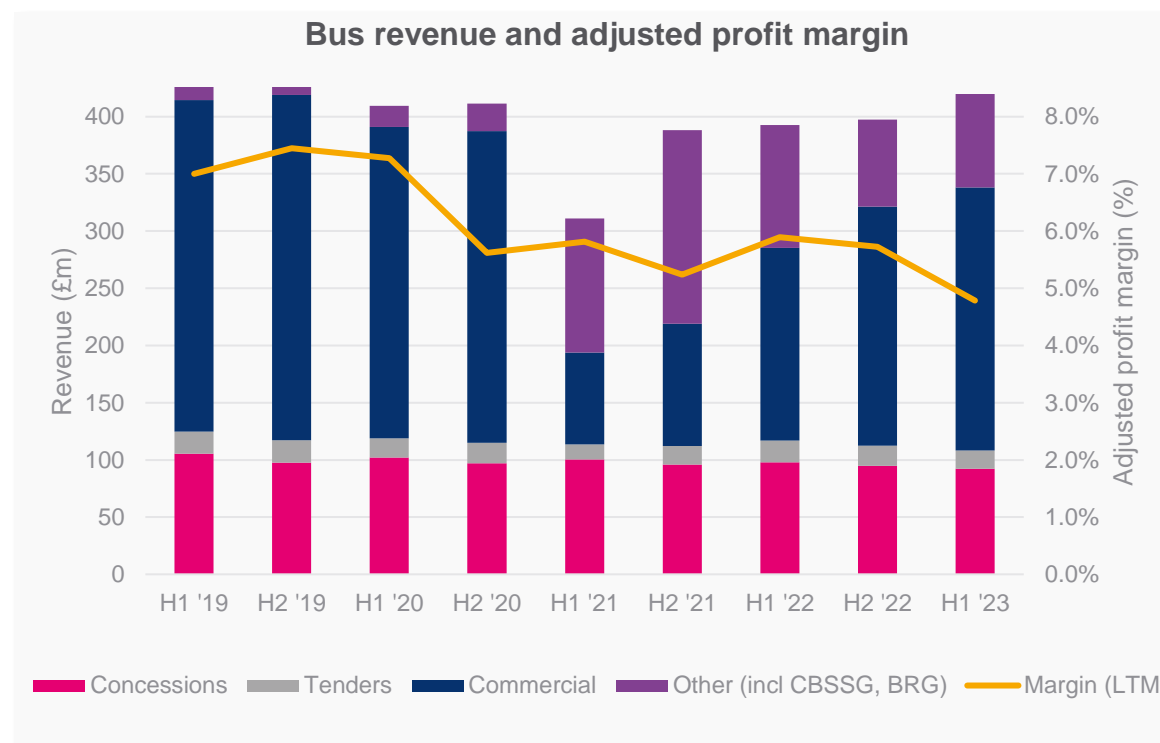
⁴ 'Adjusted net cash/(debt)' is bonds, bank and other debt net of free cash (i.e. excludes IFRS 16 lease liabilities and ring-fenced cash).

First Bus financial performance

Earnings outturn reflects the transitional period the industry is working through

- **Revenue** +9% vs H1 2022, reflecting improving volumes and yields, partly offset by lower grant receipts
- **Margin** reflects changes in the pandemic recovery funding towards a more commercial model in England and higher cost inflation
- Under previous pandemic funding scheme¹ which ended in September 2021, service levels were funded on a cash break-even basis with allowable pensions/financing costs recorded 'above the line'; these accounted for c.£25m in H1 2022
- Current Bus Recovery Grant – which subsidises routes to recover further while partially constraining our commercial flexibility – was recently extended and currently in place until March 2023
- Industry-wide driver shortages remain elevated – recruitment, retention and wage agreements a key focus
- Significant fuel hedging in place – H2 2023 97% and FY 2024 63% hedged

£m	H1 2023	H1 2022	Change
Revenue	427.7	392.5	+35.2
Adj. operating profit ²	20.7	26.8	(6.1)
Margin %	4.8%	6.8%	(200)bps
Mileage (m)	87	95	(8)



First Rail financial performance

H1 2023 contribution to attributable net income increasing, with open access ahead of plan

£m	H1 2023	H1 2022	Change
Management fee-based revenue ¹	1,743.3	1,729.8	+13.5
Open access revenue	32.7	6.6	+26.1
Gross additional services revenue	52.8	39.1	+13.7
Inter-divisional eliminations	(44.1)	(28.9)	(15.2)
Total First Rail division revenue	1,784.7	1,746.6	+38.1

Management fee-based adj. op profit ¹	43.4	46.8	(3.4)
Open access adj. op profit/(loss)	6.7	(10.4)	+17.1
Additional services adj. op profit	5.3	2.8	+2.5
Total First Rail division adj. op profit²	55.4	39.2	+16.2

GWR	11.0	9.0	+2.0
SWR	2.7	3.2	(0.5)
WCP (incorporating Avanti)	2.0	3.3	(1.3)
TPE	3.4	2.0	+1.4
Attributable net income from management fee-based operations¹	19.1	17.5	+1.6

- The four management fee-based operations recorded performance fees at management's best estimate in aggregate for H1 2023
 - Passenger volume changes and industrial action have limited impact on fee income under the terms of the management fee-based contracts
 - Attributable net income from management fee-based operations is Group's share of the relevant fee income available for dividend distribution from them (see also p.9 and 23)
 - The additional leases recognised under IFRS 16 for the new GWR contract now expected to increase adjusted profit by c.£22m in FY 2023 rather than by £30m as previously guided – no impact on cash flow or attributable net income
- Open access (comprising Hull Trains and Lumo operations) revenue was ahead of our expectations in H1 2023
 - Ahead of plan to drive c.£20m+ improvement in divisional earnings year-on-year over FY 2022, despite higher electricity costs than budgeted
- Additional services (comprising Mistral Data, contact centres, consulting, evo-rail, London Trams) also delivered increased earnings

Substantial increase in Group adjusted attributable profit

Our planning and dividend policy focuses on underlying fees from rail contracts to look through IFRS 16 distortions

£m	H1 2023	H1 2022	Change
Group adjusted attributable profit comprises:			
- First Bus adjusted operating profit	20.7	26.8	(6.1)
- Attributable net income from rail management fee-based operations ¹	19.1	17.5	+1.6
- Adjusted operating profit from rail open access and additional services	12.0	(7.6)	+19.6
- Group central costs (operating profit basis)	(10.0)	(13.9)	+3.9
	41.8	22.8	+19.0
- Cash interest (pro forma continuing) and tax	(11.0)	(9.5)	(1.5)
	30.8	13.3	+17.5

- Group adjusted attributable profit in line with management expectations in H1 2023
- Demonstrating the resilient earnings base and solid cash conversion which provides a robust foundation to drive future value
- 'Cash interest' shown on a pro forma continuing basis, principally relating to £200m 6.875% 2024 bond and finance leases, and excluding notional and IFRS 16 lease liability interest
- 19% UK corporation tax, increasing to 25% for FY 2024
- Interim dividend of £6.7m declared, in line with announced policy of 3x cover by Group adjusted attributable profit and c.1/3 interim 2/3 final dividend split

H1 2023 Group cash flow

Underlying cash flow in line with expectations – with further progression in H2 2023

- Rail management fees transfer up to Group as dividends following signing of subsidiary statutory accounts and hence are typically received in H2 once agreed with DfT
- Growth investments include £4.5m to support Bristol Metrobus contract takeover and remaining payment for SPS of £1.6m; Airporter acquired after period end
- Disposal proceeds comprise the sale of First Scotland East and agreement of 'Battery as a Service' contracts
- Greyhound legacy cash flows include property sales and subsidy receipts
- Other movements comprise FX hedge settlements and share purchases offset by excess funding returned from LGPS scheme in Scotland

£m	First Bus	Rail management fees	Rail open access and additional services	Group items	H1 2023 Total
EBITDA ¹	42.8	-	12.6	(9.6)	45.8
Management fees	-	4.7	-	-	4.7
Capital expenditure	(30.9)	-	(1.3)	-	(32.2)
Working capital	15.3	-	(6.7)	(14.2)	(5.6)
Interest and tax	-	-	-	(11.1)	(11.1)
Underlying cash generation	27.2	4.7	4.6	(34.9)	1.6
Growth investments					(6.1)
Disposal proceeds					21.4
FY 2022 dividend					(8.2)
Greyhound legacy cash flows					15.8
Other movements					(13.3)
Movement in adjusted net debt²					11.2
Adjusted net debt² at 26 Mar 2022					(3.9)
Adjusted net cash² at 24 Sep 2022					7.3

Balance sheet and contingent sources of value

The Group now has a strong balance sheet and pension position, no significant legacy liabilities and increasing clarity on the remaining sources of value from the North American disposals

First Bus and Group pensions

Accounting position (IAS 19), £m	24 Sep 2022	Contributions / de-risking	Valuation and other	26 Mar 2022
First Bus/Hull Trains schemes	16.7	0.3	(101.2)	117.6
Group scheme	26.6	0.2	(11.4)	37.8
Local Government Pension Schemes (LGPS)	20.8	(10.7) ¹	(10.6)	42.1
	64.1	(10.2)	(123.2)	197.5

¹ Includes £11.8m received for a refund of a surplus.

- Period end accounting surplus reflects cash contributions made following the North American disposals and the significant rise in gilt yields during 2022
- As a precautionary measure, the £95m placed in escrow for the First Bus Scheme was loaned to it in October on a short-term basis to assist with liquidity management in the exceptional period of gilt volatility following period end
- Funding shortfall (basis to determine distribution of funds from escrow following 1 April 2024 triennial valuation) currently materially lower than at start of period
- No deficit reduction payments required in FY 2023 (was £30m in FY 2021)

Residual Greyhound assets and liabilities

- Following property portfolio sale, exit at aggregate net value of \$160m+ since start of FY 2023 will be substantially complete – ahead of expectations
- Portfolio sale completion/receipt of proceeds of £122m expected in December 2022; profit on sale of c.\$80m to be booked in H2 2023
- Remaining legacy assets (deferred consideration, residual real estate, CARES/ARP funds) and liabilities (insurance/pension liabilities and other provisions) valued at net c.\$20m

First Transit earnout

- Earnout consideration estimated at £74m following recently announced conditional sale of the business by EQT Infrastructure to Transdev
- Final amount to be determined in the period following completion, expect proceeds to be received in FY 2024
- US Dollar exposure to both First Transit earnout and Greyhound property proceeds now hedged at \$1.15

FY 2023 financial outlook

Group's adjusted attributable profit was in line with management expectations in H1 2023, and expectations for FY 2023 are broadly unchanged despite a shift in mix

First Bus

- While clearly sensitive to consumer spending and inflation trends, expect sequential progress in H2 2023, with realignments of routes/timetables in October and pricing actions partly offset by increased mileage following extension of recovery funding

First Rail

- Expect higher profit from open access operations with the four management fee-based operations to deliver aggregate financial performance broadly in line with management expectations

Central

- On track to realise further c.£5m in previously announced central cost savings (ahead of original target)

Technical

- IFRS 16 adjustment to adj op profit and EBITDA for new GWR contract now expected to be +£22m and +£250m (rather than +£30m and +£260m as previously guided) – but no impact on actual fee income, cash flow or Group adjusted attributable profit
- P&L net interest cost now c.£65m of which c.£20m is cash; 19% UK corporation tax

Cash flow

- Expect c.£90m in net cash capital expenditure to support transition of bus fleet to zero emissions
- Expect adjusted net cash position in range of £100-110m at end of FY 2023 after receipt of Greyhound property proceeds in December and before any further deployment of growth capital



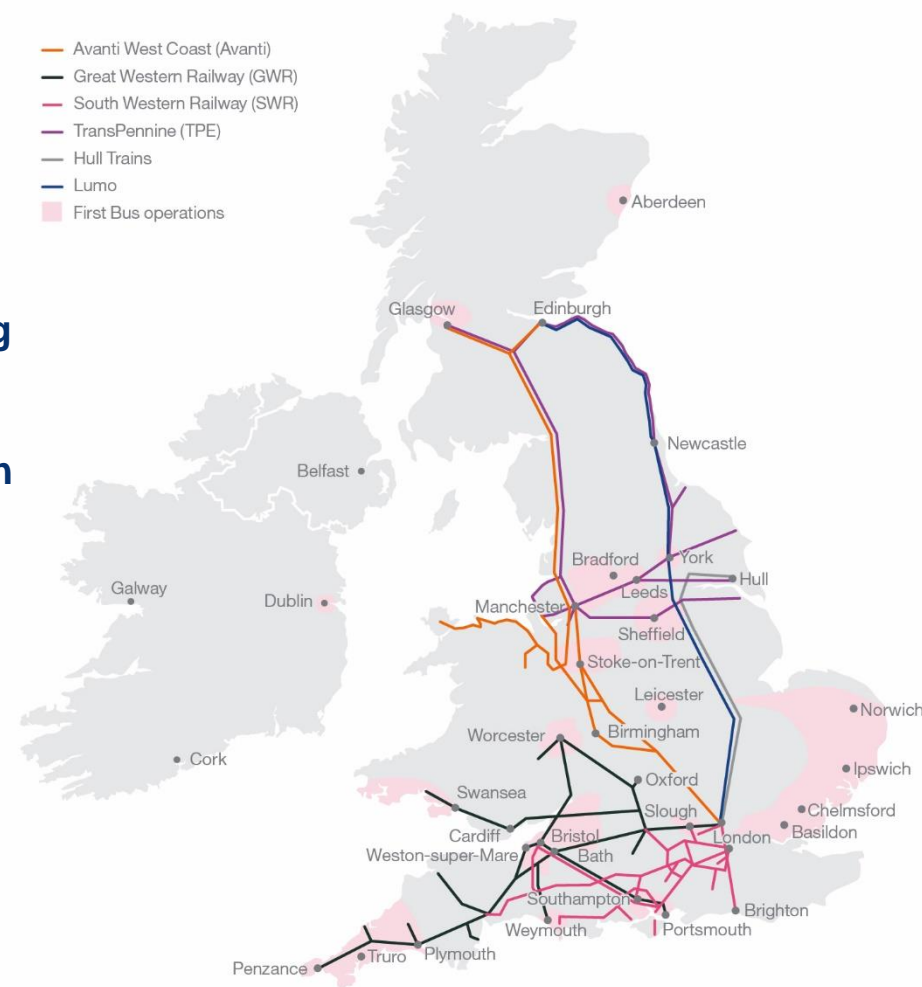
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Strong foundations for future value creation

Although both divisions are in the midst of a period of transition, our strengths put us in a good position to grow and create value in the coming years

- **Leading positions in bus and rail in the UK**
- **Government policy, demographics and environmental and social trends support public transport growth**
- **Continued investments in digital to support our pricing, network and other changes underway, aligning First Bus with passenger needs as recovery funding tapers**
- **First Rail team focused on earning further National Rail Contracts while our open access success demonstrates what innovation can deliver as the industry evolves**
- **Strong balance sheet and balanced capital allocation policy:**
 - Opportunities to deploy growth capital in UK and elsewhere while maintaining prudent gearing level
 - Investing to remain a leader in decarbonising public transport
 - Committed to progressive shareholder dividends with potential for additional distributions as contingent values from exiting North America are realised



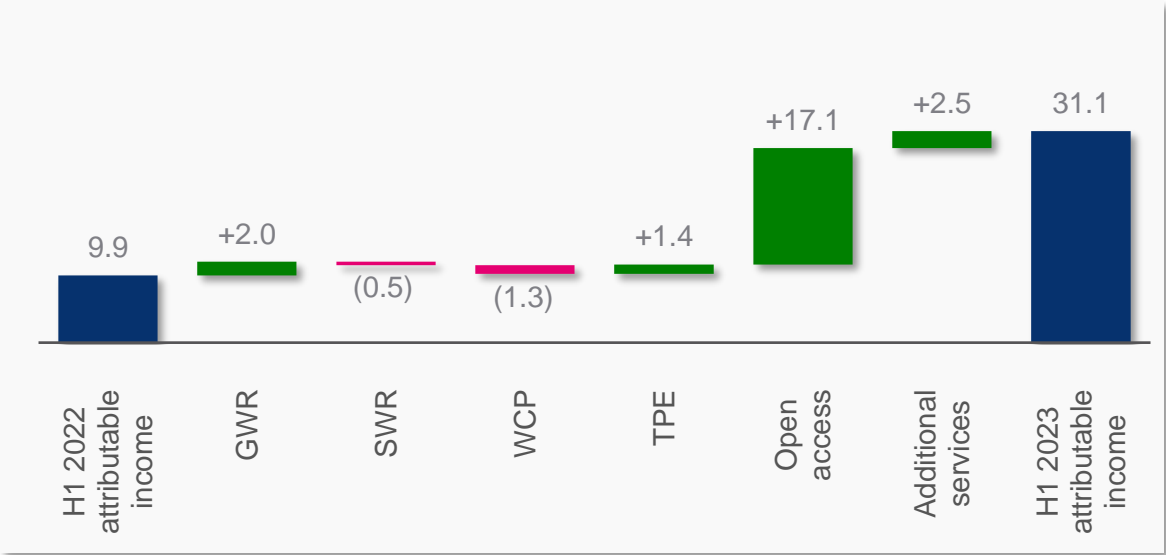
First Rail

First Rail’s management fee-based operations

Focused on operational delivery for passengers in a challenging environment

- Industrial action across the rail sector during H1 2023 has caused significant disruption for our passengers, although financial impact to date has been relatively limited
- Robust plans in place to increase the availability of trained drivers and restore services to levels passengers rightly expect on Avanti and TPE
- All management fee-based operations focused on delivering increasing performance fee metrics for passengers, government and shareholders in order to extend contract tenure

H1 2023 attributable net income bridge



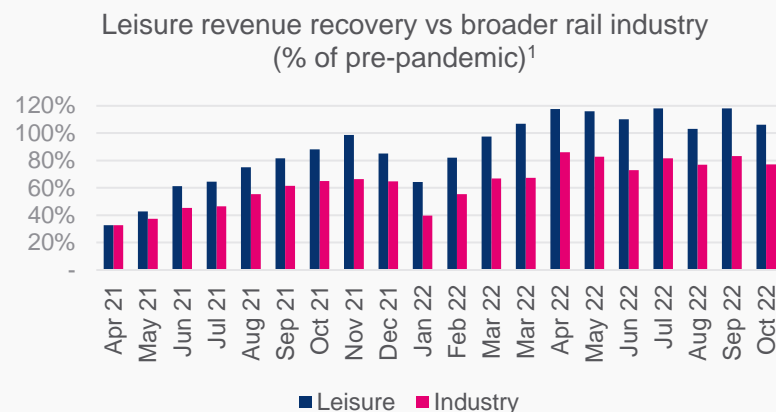
First Rail management fee-based operations	Status	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
South Western Railway (SWR)	NRC AGREED up to May 2025 (including 2yr extension period)											
TransPennine Express (TPE)	NRC AGREED up to May 2025 (including 2yr extension period); 4+4yr contract PIN issued Mar 2022											
Great Western Railway (GWR)	NRC AGREED up to June 2028 (including 3yr extension period)											
West Coast Partnership (Avanti)	Emergency Recovery Measures Agreement EXTENDED to March 2023; NRC TO BE AGREED ; up to 10yr contract PIN issued Aug 2021											



Open access and additional services

Our open access success demonstrates the potential for leveraging private sector experience and expertise to enhance modal shift and bring more passengers back to rail

Open access (Lumo and Hull Trains)



- Both open access operations primarily focused on leisure travel which has experienced faster growth than rest of industry since 2020
- Following its launch in October 2021, **Lumo** has consistently exceeded our expectations, with strong passenger bookings and promising yields
 - Now fully operational (5 trains a day) – recently served its millionth passenger in its first year
 - Lumo launch has increased modal shift from airlines onto East Coast main line for all operators
- Hull Trains** also performed ahead of our expectations in the period as it returned to full-time schedule
- Overall open access revenues are already close to expected medium term run-rate – examining options for increasing capacity given passenger demand

Additional services

- First Customer Contact centre
 - Bespoke, scalable low-cost solution
 - Growth in line with passenger volumes
- London Trams
 - Concession-based contract for TfL to May 2030
 - Contract adjustments settled in period
- Consulting
 - Includes supporting delivery of TransPennine Route Upgrade and HS2 'shadow operator' work
 - Growth in services as volumes increase
- Mistral Data
 - Proprietary information integration tools (subscription model)
 - Additional tools rolled out to customers in period
- evo-rail 5G Wi-Fi
 - First solution of its kind in operation
 - Installation on SWR progressing; trials underway or in negotiation in a number of international markets

- **Delivery for passengers at heart of the business**

- Robust plans in place to deliver the level of service expected by our stakeholders in light of current challenges
- Avanti and TPE focused on return to a full schedule as new timetable is launched in December
- Progress National Rail Contract for West Coast Partnership (Avanti)

- **Continue to deliver progress on open access operations including ability to increase capacity**

- Open access model is higher risk and higher reward than management fee-based contracts, with greater control over several commercial levers
- Lumo and Hull Trains success demonstrates the potential of agile, commercially-oriented management to catalyse modal shift and innovate for passengers while also creating jobs and reducing emissions

- **Broad base of opportunities to develop existing capabilities into standalone businesses**

- Scaling potential of additional services businesses in rail to be considered

- **Continue to play our part in industry wide sustainability agenda**

- We aim to remain a leader in this area helping the Government deliver its ambition to remove all diesel-only trains from service in the UK by 2040
- Given industry structure, progress on zero emissions and rest of sustainability agenda requires whole-railway sector cooperation

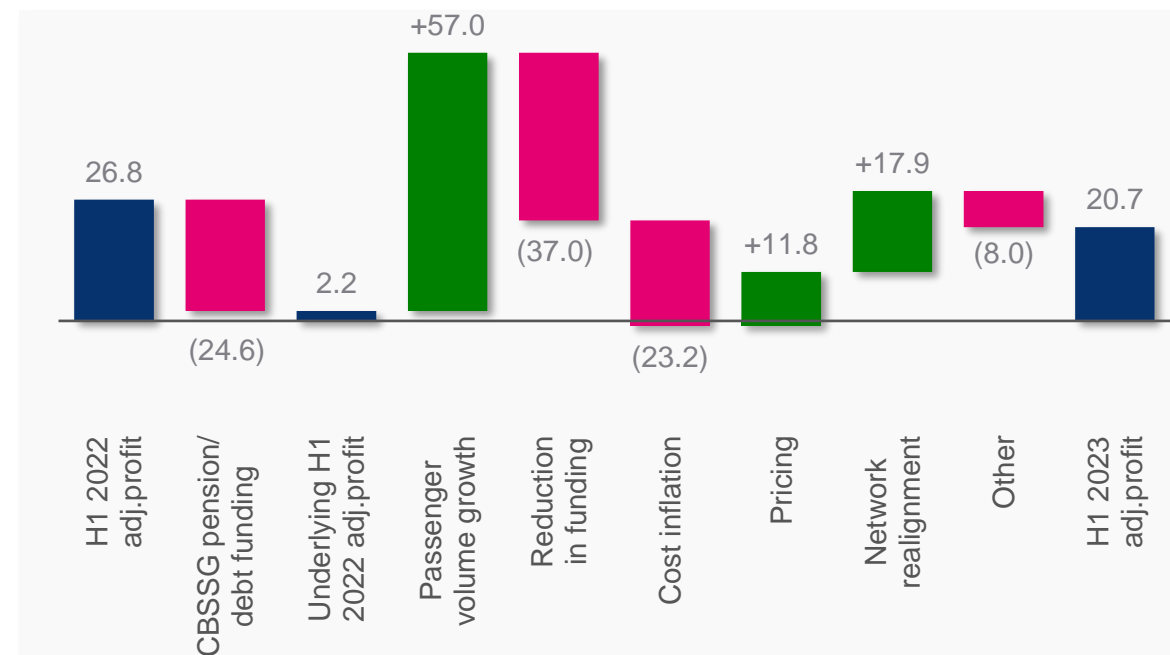
First Bus

H1 2023 operating performance

Although constrained by changes in the funding model, inflation and related pressures in the near term, we are reshaping our business to improve margin as the sector transitions to a more commercial model

- **Passenger volumes** increasing, led by commercial (+32% vs. H1 2022); slower recovery in concessionary volumes
- **Funding mechanism** continues to evolve: pandemic recovery funding in England extended to March 2023; £2 fare cap pilot Jan-Mar 2023
- **Price increases within funding scheme caps** and passenger behaviour beginning to improve yield, albeit with a lag relative to cost inflation
- **Significant cost inflation and driver shortages** impact mitigated by fuel hedging, wage agreements and efficiency measures
- **Network realignment** has begun, to better align to current levels of passenger demand
- **Other actions to realign operations** to new reality under way: First Scotland East sold in September; regional management structure reorganised
- **Electric Vehicle (EV) fleet expanded** with largest order outside of London to be fully in service by FY 2024
- **Growth capital:** Bristol Metrobus, 5yr SPS contract extension, Airporter acquisition announced after period end; bus franchising activities

H1 2023 adjusted operating profit bridge



First Bus H1 2023 KPIs

	Revenue per mile	Passenger volumes	B2B revenue (£m)	% EV fleet
H1 2023	£4.60	187.9m	55.0	4.0%
H1 2022	£4.10	145.9m	31.5	1.5%
Change	+12%	+29%	+75%	+2.5ppts

First Bus

H2 2023 priorities

- **Delivery of sequential progress in revenue and profit, although sensitive to broader consumer and inflation trends**
 - Increasing agility to optimise pricing, networks and timetables to passenger demand, particularly once recovery funding tapers off
 - Further cost savings, operating efficiencies and fuel hedging as we right size to actual passenger volumes will help mitigate the impact of the broader inflationary environment
 - Benefits of National Bus Strategy funding to encourage modal shift and make bus services the preferred choice for towns and cities
- **Continued investment to advance depot infrastructure and accelerate fleet decarbonisation**
 - 415 EVs on order: £161m EV investment with £29m on infrastructure, total cost of £107m net of grant
 - Delivery between Dec 2022 and Mar 2024
- **Use of broad base of opportunities to develop beyond core regional bus business**
 - B2B, franchising, electrification-related earnings streams, organic and inorganic growth in the UK and elsewhere
- **Continued focus on being a trusted partner to our stakeholders**
 - Local authorities have new resources to tackle congestion, air quality and levelling up challenges – and look to us for help
 - At the forefront of the zero emission fleet transition; excellent relationships with vehicle manufacturers and co-funding sources facilitating our decarbonisation agenda – with opportunities for new revenue streams

Resilient performance in challenging times

- Significant progress overall in H1 2023, in line with management expectations
- Resilient earnings and cash generation demonstrated
- FY 2023 expectations broadly unchanged despite shift in mix
- Key areas for further operational improvement identified as both divisions navigate through a transitional period
- Strong financial position permits a balanced capital allocation policy
- Progressive dividend with potential for additional distributions on receipt of North America exit proceeds
- Committed to playing a leading role in the decarbonisation of public transport
- Actively reviewing a range of opportunities to deploy capital for growth and value creation in UK and elsewhere



FirstGroup

**Half-yearly results for the 26
weeks to 24 September 2022**

Appendix: Building on our sustainability foundations

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

Business model highly aligned to long-term environmental and social objectives

- Public transport is critical long-term infrastructure, central to levelling up, urbanisation and decarbonisation agendas as well as creating green jobs throughout our supply chain
- FirstGroup's bus and rail services are already low carbon relative to other transport options and we actively support modal shift from cars and aircraft – and our zero emission commitments increase our EU Green Taxonomy eligibility year by year
- FirstGroup has a clear social purpose – we provide easy and convenient mobility, improving quality of life by connecting people and communities

Continuously improving the sustainability of the Group

- Committed to operating a zero emissions bus fleet by 2035, with no orders of any new diesel buses after 2022. Helping to deliver the UK Government's goal to remove all diesel only trains from service by 2040
- Science-based target aligned with a 1.5°C ambition set to reduce Scope 1 and 2 emissions submitted for validation; currently finalising our approach to Scope 3 emissions through engagement with key supply chain partners
- Carried out an in-depth scenario analysis and quantitative financial impact assessment of our most material climate-related risks and opportunities, in accordance with TCFD recommendations
- Focused on creating a more diverse and inclusive business; expanding our successful programmes to support career progression of women and employees from minority ethnic groups
- FirstGroup Board now Hampton-Alexander and Parker Review-compliant
- £300m sustainability-linked RCF linked to (a) reduction of Scope 1, 2 and 3 carbon emissions per £m of revenue, and (b) growth of zero emissions bus fleet
- Climate-related measures added to long-term incentive plans, supporting the integration of sustainability issues into business planning and decision-making

Selected FirstGroup credentials and ratings:



**World
Benchmarking
Alliance**

3rd out of the world's 90
largest transport companies;
1st in the UK



CLEAN200™

Top 200 cleanest publicly-
listed firms worldwide

ISS ESG

'ESG Prime' rating from
ISS ESG – top decile

MSCI

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



ESG score: 'Robust' Ranked
5th of 21 in Travel and
Tourism



FTSE4Good
94th percentile in sector
Constituent for 19
consecutive years



Recognised for contribution
to global green economy



Moved up to 89th percentile in
sector



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



Longstanding
participant in CDP

Appendix: First Rail accounting

£m	H1 2023	H1 2022	Change
Revenue from management fee-based operations	1,743.3	1,729.8	+13.5
Revenue from open access and additional services	85.5	45.7	+39.8
Inter-divisional eliminations	(44.1)	(28.9)	(15.2)
Total Rail division revenue	1,784.7	1,746.6	+38.1
Attributable net income from management fee-based operations	19.1	17.5	+1.6
Gross up for tax, minorities and IFRS 16	24.3	29.3	(5.0)
Adj. operating profit/(loss) from open access and additional services	12.0	(7.6)	+19.6
Total Rail division adj. operating profit¹	55.4	39.2	+16.2

- Inter-divisional eliminations: Majority of gross additional services revenue is currently secured from our management fee-based operations
- Attributable net income from management fee-based operations is the cash fee income attributable to the Group from these businesses – with adjusted operating profit in the accounts grossed up from this level by taxation, minority interests and IFRS 16
 - Fee income is expected to remain broadly constant during the life of these contracts

Appendix: Reconciliation to First Rail-adjusted metrics

£m	H1 2023 Group adjusted attributable profit	Movements			H1 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	20.7	-	-	-	20.7
Attributable net income from First Rail management fee-based operations	19.1	17.4	6.9	-	43.4
First Rail adjusted operating profit from open access and additional services	12.0	-	-	-	12.0
Group central costs (operating profit basis)	(10.0)	-	-	-	(10.0)
	41.8	17.4	6.9	-	66.1
Cash interest	(8.3)	(20.0)	-	3.2	(25.1)
Tax	(2.7)	-	(4.9)	1.5	(6.1)
Minority interest	-	-	(2.0)	-	(2.0)
	30.8	(2.6)	-	4.7	32.9

Appendix: Divisional adjusted operating profit

£m	Revenue		Operating profit ¹		Operating margin ¹	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
First Bus	427.7	392.5	20.7	26.8	4.8%	6.8%
First Rail	1,784.7	1,746.6	55.4	39.2	3.1%	2.2%
Group items ²	-	-	(10.0)	(14.2)	n/a	n/a
Continuing total	2,212.4	2,139.1	66.1	51.8	3.0%	2.4%
Discontinued – First Student, First Transit, Greyhound US	2.7	970.6	(8.4)	121.3	n/a	n/a
Total Group	2,215.1	3,109.7	57.7	173.1	2.6%	5.6%

Appendix: Divisional EBITDA

£m	Revenue		EBITDA ¹		EBITDA margin ¹	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
First Bus	427.7	392.5	51.0	55.5	11.9%	14.1%
First Rail	1,784.7	1,746.6	305.6	304.2	17.1%	17.4%
Group items ²	-	-	(8.7)	(12.4)	n/a	n/a
Continuing total	2,212.4	2,139.1	347.9	347.3	15.7%	16.2%
Discontinued – First Student, First Transit, Greyhound US	2.7	970.6	(8.4)	131.6	n/a	n/a
Total Group	2,215.1	3,109.7	339.5	478.9	15.3%	15.4%

£m	H1 2023	H1 2022	Change
- First Bus EBITDA ³	42.8	47.6	(4.8)
- Attributable net income from rail management fee-based operations ⁴	19.1	17.5	+1.6
- EBITDA from rail open access and additional services ³	12.6	(7.4)	+20.0
- Group central costs (EBITDA basis ³)	(9.6)	(13.0)	+3.4
Group EBITDA adjusted for First Rail management fees	64.9	44.7	+20.2

- Group EBITDA adjusted for First Rail management fees is basis for medium term leverage target of less than 2x adjusted net debt⁵

¹ Adjusted operating profit less capital grant amortisation plus depreciation.

² Central management, other items and retained Greyhound results

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).

Appendix: Other key profit and loss items

- **Group items:** central costs £4.2m lower than prior year, reflecting changes implemented following North American disposals
- **Net finance costs:** interest on £200m 6.875% 2024 bond and £50m of finance leases, as well as IFRS 16 notional amounts going forward
- **Tax:** limited cash tax expected from FY2023 due to accelerated tax depreciation and brought forward pension contribution deductions and losses
- **Non-controlling interests:** represent First Rail minority partners in SWR and WCP
- **EPS** – based on 739.8m weighted average number of shares in issue (H1 2022: 1,203.4m prior to the tender offer in December 2021)
- **Discontinued operations:** legacy Greyhound US business in H1 FY23
- **Non-GAAP adjustments** – see p.28

£m	H1 2023	H1 2022
Adjusted profit/(loss)¹		
First Bus	20.7	26.8
First Rail	55.4	39.2
Group items	(10.0)	(14.2)
Continuing adj. operating profit ¹	66.1	51.8
Net finance costs	(25.1)	(58.1)
- Cash interest	(5.1)	(37.9)
- IFRS 16-related finance costs ²	(20.0)	(20.2)
Profit/(loss) before tax	41.0	(6.3)
Tax	(6.1)	4.0
Non-controlling interests	(2.0)	(2.6)
Attributable profit/(loss)	32.9	(4.9)
EPS p	4.4p	(0.4)p
Statutory profit/(loss)		
Continuing operations	66.1	51.8
Discontinued operations	(8.4)	121.3
Non-GAAP adjustments	(24.2)	471.4
Operating profit	33.5	644.5
Net finance costs	(24.8)	(128.0)
Profit before tax	8.7	516.5
Tax	(7.3)	(3.2)
Non-controlling interests	(2.0)	(2.6)
Profit after tax	(0.6)	510.7
EPS p	(0.1)p	42.4p

Appendix: Net adjusting items

£(24.2)m in net adjusting items in H1 2023, principally the charge on the First Transit earnout receivable

£m	H1 2023	H1 2022
Amortisation charges	-	(0.4)
Continuing		
Loss on sale of First Scotland East	(3.7)	-
Reorganisation costs	(1.9)	-
Greyhound Canada	1.6	(3.6)
Rail termination sums net of impairment reversal	-	4.0
Discontinued		
First Transit earnout charge relative to carrying value	(27.9)	-
Gain on disposal of Greyhound US properties	7.7	-
Gain on sale of FS/FT	-	28.8
Recycling of translation reserves relating to FS/FT	-	450.6
Other costs associated with the disposal of FS/FT	-	(31.5)
Partial reversal of prior year impairments of Greyhound	-	55.4
Other costs associated with the disposal of Greyhound	-	(2.9)
Employment taxes relating to FS/FT	-	(6.6)
North America insurance provisions	-	(22.4)
Other non-GAAP adjusting items	(24.2)	471.8
Total non-GAAP adjustments	(24.2)	471.4

- Continuing adjusting items consist of the loss on disposal of the First Scotland East business; reorganisation costs incurred, and the results of the legacy Greyhound Canada business ahead of its closure
- Discontinued adjusting items comprise the non-cash charge in relation to the First Transit earnout relative to its carrying value as at the previous balance sheet date, and the gain on disposal of certain Greyhound US properties during H1 2023
- Gain of c.\$80m on sale of Greyhound property portfolio to be booked in H2 2023 on completion (expected December 2022)

Appendix: IFRS 16 (leases)

- As at 24 September 2022, £1.8bn of leased assets were recognised as Right Of Use assets on the balance sheet. Rail track access payments, leases of <1 year, low values were excluded

£m, Total Group	H1 2023			H1 2022
	Under IAS17	IFRS 16 effect	Under IFRS 16	Under IFRS 16
Adjusted				
EBITDA	63.2	+276.3	339.5	478.9
Operating profit	39.3	+18.4	57.7	173.1
Net finance costs	(4.8)	(20.0)	(24.8)	(69.4)
PBT	34.5	(1.6)	32.9	103.7
EPS (diluted)	3.6p	(0.2)p	3.4p	6.6p
Reported net debt/(cash)	(346.3)	+1,821.3	1,475.0	234.2
Adjusted net debt /(cash)	(7.3)	n/a	n/a	n/a

- As at 24 September 2022, £1.8bn of IFRS 16 lease liabilities were recognised in reported net debt, of which 98% related to the First Rail division (principally rolling stock associated with the management fee-based rail operations)
- Additional leases recognised under IFRS 16 for the new GWR contract are now expected to increase EBITDA and adjusted profit by c.£250m and c.£22m in FY 2023 rather than by c.£260m and c.£30m respectively as previously guided

Appendix: Diesel hedge position as at 7 November 2022

	UK		
	H2 2023	FY 2024	FY 2025
'At risk' volume (litres 'm)	44m	88m	87m
% hedged	97%	63%	10%
Diesel rate (\$/barrel)	\$84	\$92	\$107
Equivalent cost per litre	40p	46p	59p

- Prices include crude and refining cost but exclude delivery margins, duty, taxes and BSOG
- Equivalent cost per litre reflects FX hedges placed at \$1.31, \$1.26 and \$1.15 : £1.00 in H2 2023, 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 and Lumo which has an all-electric fleet

Appendix: Net finance costs and taxation

£m	H1 2023	H1 2022
Bonds	6.9	15.4
Bank borrowings	1.6	14.9
Senior unsecured loan notes	-	3.2
Lease and asset-backed financial liabilities interest	20.7	24.6
Notional interest on long-term provisions	0.5	3.4
Notional interest on pensions	(2.8)	5.8
Notional interest – other	0.1	2.4
Investment income	(2.2)	(0.3)
Adjusted net finance costs	24.8	69.4
Total make-whole costs (bonds & facilities)	-	50.0
Write-off of unamortised bridge, bond and facility costs	-	8.6
Net finance costs	24.8	128.0

Taxation, £m	H1 2023	H1 2022
Current tax	0.5	1.8
Deferred tax	6.8	1.4
Tax charge	7.3	3.2
 Tax paid	 0.4	 12.2
 Tax rate on adjusted profit before tax %	 18.5%	 20.8%

Appendix: Total capital expenditure and acquisitions

£m	Cash		Fixed asset / software additions (including acquisitions)	
	H1 2023	H1 2022	H1 2023	H1 2022
First Bus	46.8	8.7	46.1	9.9
First Rail	14.7	25.1	16.3	18.7
Group items	-	0.4	-	0.2
Continuing	61.5	34.2	62.4	28.8
Discontinued	-	105.4	-	110.9
Total	61.5	139.6	62.4	139.7

- During the period we entered into leases with capital values in First Bus of £19.3m (H1 2022: £1.9m)
- First Rail management fee-based operations' capex is consolidated in the accounts but is fully funded under the contractual agreements in place
- Schedule excludes IFRS 16 Right of Use Assets

Appendix: Pensions

£m	Surplus/(Deficit)			Cash contributions			P&L charge ¹		
	Sep 2022	Mar 2022	Sep 2021	6m to Sep 2022	12m to Mar 2022	6m to Sep 2021	6m to Sep 2022	12m to Mar 2022	6m to Sep 2021
First Bus, Group and Hull	64.1	197.5	61.2	(10.1)	245.5	239.4	4.1	8.3	5.1
North America	(3.9)	(10.9)	(47.4)	4.0	102.0	79.1	0.9	(25.6)	(25.3)
First Rail (TOCs)	n/a	n/a	(3.8)	26.6	57.9	26.8	26.6	57.9	26.9
Total	60.2	186.6	10.0	20.5	405.4	345.3	31.6	40.6	6.7

- Note – figures in table include continuing and discontinued operations

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