

## **FIRSTGROUP PLC**

### **AGM TRADING STATEMENT AND PROPOSED RETURN OF VALUE**

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#### **AGM trading statement**

FirstGroup plc ('FirstGroup', the 'Group') will be holding its Annual General Meeting ('AGM') at 9.30am today. Ahead of the AGM, FirstGroup notes that overall trading performance year to date has been in line, and there is no change to management's expectations for the current financial year as outlined in the full year results announcement on 27 July 2021.

First Bus passenger volumes have reached 65% of pre-pandemic levels on average in recent weeks, and we expect this to increase further as the autumn terms for schools and then universities get fully underway. The COVID-19 Bus Service Support Grant ('CBSSG') programme formally came to end on 1 September, and since that time delivery of local bus services across England has been reinforced by the Department for Transport ('DfT')'s £226.5m bus recovery funding package for the industry announced in early July. The grant scheme, which is allocated to regional bus operators based on mileage and volumes, is in place through to April 2022.

Since the year end, the DfT have formally approved the management and performance-based fees to First Rail's contracted rail operations for the year to 31 March 2021, which were in line with the amounts accrued. The DfT have extended the current GWR and West Coast Partnership (incorporating Avanti) agreements by six months to June and October 2022 respectively. The DfT have also recently published Prior Information Notices which indicated that the West Coast Partnership's National Rail Contract which will follow the current agreement could last up to ten years to October 2032, and that GWR's could last up to six years to June 2028. The Group continues to work with the DfT toward signing these contracts, which will be more customer-centric and with an appropriate balance of risk and reward for all parties, including no passenger volume risk for operators.

Passenger mileage in our non-core Greyhound operation has been just over half of pre-pandemic levels in recent weeks, supported in part by further awards under federal schemes including the American Rescue Plan.

On 31 August 2021, the Group announced it had signed a new multi-year £300m sustainability-linked Revolving Credit Facility ('RCF') with a group of its relationship banks. The new RCF replaced all the Group's former committed syndicated and bilateral banking facilities, which have been repaid and cancelled. The Group has also repaid the UK Government's Covid Corporate Financing Facility ('CCFF') commercial paper as well as all of its Private Placement debt, and given notice to the holders of its £325m 5.25% bonds due November 2022 that it will exercise its right to repay them early, completing the reorganisation of the Group's debt arrangements following the sale of the North American contract businesses.

As previously announced, Chief Executive Matthew Gregory and Non-Executive Directors Martha Poulter and Steve Gunning will step down from the Board at the end of the AGM today, and David Martin, Chairman, will become interim Executive Chairman until a permanent Chief Executive is appointed following the comprehensive search process which is underway.

#### **Proposed return of value update**

On 22 July 2021 the Group announced the completion of the First Student and First Transit disposal and the increase to £500m in the amount intended to be returned to shareholders. Having considered various methodologies and consulted with a range of shareholders, the Board has concluded that a tender offer is the optimal way to return such a significant amount in a short space of time, while giving shareholders who wish to retain their current investment in FirstGroup the option to do so.

Under the tender offer, qualifying shareholders will be invited to tender some or all of their shares in the Group at a price per share that will be announced at the time of launch. If the full amount is not returned to shareholders by way of the tender offer, the Group intends to return any remaining surplus cash in a second phase, principally by way of a special dividend with an accompanying share consolidation, supplemented by on-market share buybacks.

Implementation of the planned return of value will require approval by shareholders, and full details of the proposed tender offer, including the tender price, the timetable and instructions on how to participate, will be included in a tender offer circular that will be published and sent to shareholders in due course.

#### **Commenting, FirstGroup Chairman David Martin said:**

"Trading is in line with our expectations year to date, and we continue to support our passengers and other stakeholders as travel patterns evolve. While we complete the search for a new Chief Executive, my focus is on ensuring we continue to drive value from our strong positions in UK bus and rail, progress our plans to

resolve our non-core Greyhound operation and complete the return of value to our shareholders following the sale of the North American contract businesses.

"The vital role of public transport is clear and the policy backdrop has never been more supportive. With a well-capitalised balance sheet and an operating model that will support an attractive dividend for shareholders commencing in 2022, I am confident that FirstGroup is well-placed to deliver sustainable value creation as a focused UK public transport leader."

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**Notes**

Legal Entity Identifier (LEI): 549300DEJZCPWA4HKM93. Classification as per DTR 6 Annex 1R: 3.1.

FirstGroup plc (LSE: FGP.L) is a leading private sector provider of public transport services. With £4.3 billion in revenue and around 30,000 employees, our UK divisions transported nearly 700,000 passengers a day in the 52 weeks to 27 March 2021. First Bus is the second largest regional bus operator in the UK, serving two-thirds of the UK's 15 largest conurbations with a fleet of c.5,000 buses. First Rail is the UK's largest rail operator, with many years of experience running long-distance, commuter, regional and sleeper rail services. We operate a fleet of c.3,750 rail vehicles on four contracted operations (Avanti, GWR, SWR, TPE) and two open access routes (Hull Trains and the new Lumo service launching in October 2021). We also operate Greyhound, the only national operator of scheduled intercity coaches in the US, with a unique network of 2,300 destinations and an iconic brand. We create solutions that reduce complexity, making travel smoother and life easier. Our businesses are at the heart of our communities and the essential services we provide are critical to delivering wider economic, social and environmental goals. We are formally committed to operating a zero-emission First Bus fleet by 2035 and to cease purchasing further diesel buses after 2022; and First Rail will help support the UK Government's goal to remove all diesel-only trains from service by 2040. Visit our website at [www.firstgroupplc.com](http://www.firstgroupplc.com) and follow us @firstgroupplc on Twitter.