

## FIRSTGROUP PLC WINTER TRADING UPDATE

**FirstGroup plc, a leading provider of transport services in the UK and North America, today reports overall revenue growth and trading in line with our expectations since the end of September 2018.**

### Summary

- Reported Group revenue growth +13.7% year to date (YTD); Group revenue in constant currency<sup>1</sup> and excluding the SWR rail franchise +5.5% YTD; Road divisions' revenue in constant currency<sup>1</sup> +1.9% YTD
- Overall trading in the period supports our unchanged outlook for the full year, with higher cash inflows
- As planned, January 2019 bond refinanced from cash and bank facilities; next bond due April 2021

Increase/(decrease) vs comparable period, in constant currency <sup>1</sup>	Sept 2018 - Jan 2019	YTD
First Student revenue	+6.2%	+5.8%
First Transit revenue	+2.3%	+0.9%
Greyhound like-for-like revenue	+0.2%	(0.4)%
First Bus like-for-like passenger revenue	+1.3%	+1.4%
First Rail like-for-like passenger revenue	+4.2%	+5.0%

### Commenting on today's announcement, FirstGroup Chief Executive Matthew Gregory said:

"Our overall trading performance in the period was in line with our expectations; in particular last summer's strong bid season in First Student, our largest division, together with further momentum in First Bus, support our unchanged outlook for the full year. Recognising that overall conditions in our markets remain uncertain, and poor weather retains the potential to affect our performance, we are getting on with delivering plans that will improve services for customers and unlock the inherent value within the Group."

### Divisional updates

In **First Student**, we are benefiting from the price increases and higher contract retention rates we achieved in last summer's bid season. Notwithstanding ongoing driver shortages from the strong US employment market, our solid performance since the start of the school year, together with cost efficiency actions, underpin our confidence in delivering profit growth for the full year.

**First Transit's** performance remains broadly in line with the prior year, with contract awards and organic growth offsetting the end of a number of relatively large contracts, including the previously noted high margin business in the Canadian oil sands region. Our productivity and cost efficiency improvements continue to offset the persistently challenging cost environment for drivers in the US.

**Greyhound** continues to face a difficult trading environment in certain of its markets. We have been implementing the actions of the plan we set out in November, following our review of Greyhound's business and prospects, and are beginning to see early signs of improvement from the commercial and operational changes we have made across the network. In Canada, our withdrawal of service in significant parts of the country from October 2018 has proceeded to plan, and we continue to take action to unlock value, such as the sale of a facility in Chicago for \$38m at the end of January 2019.

**First Bus** like-for-like passenger revenue growth was +1.3% in the period with higher revenue per mile from our commercial actions. This more than offset a like-for-like passenger volume decrease of (1.9)% in the period, driven by subdued high street footfall over the Christmas period and network restructuring. Our industry-leading rollout of contactless ticketing and other actions are enhancing convenience for our customers and supporting greater efficiency. We continue to improve our margins by modernising our operating procedures and work practices, whilst taking the necessary actions to ensure our cost base is appropriate. We continue to prioritise investment in those markets where stakeholders support our ambitions to deliver thriving and sustainable bus services. In the period for example we announced 75 new ultra-low emission vehicles for Glasgow in 2019, and have taken delivery of more than 100 new ultra-low emission buses in Leeds in the last twelve months, part of our £71 million investment in the partnership with the city. Today we announced the sale of Queens Road, one of our bus depots in Manchester, to the Go-Ahead Group for £11.2m.

**First Rail's** like-for-like passenger revenue growth slowed to +4.2% in the period, principally reflecting significant infrastructure challenges which resulted in disappointing operating performance for passengers towards the end of 2018. We are working constructively with our industry partners to improve our operating performance and are encouraged with the improvements made since the start of 2019. GWR continues to roll

out the Hitachi Intercity Express Train fleet and to manage customer journeys around the substantial infrastructure upgrade work being undertaken by Network Rail. In December TPE made several amendments to the timetable that have significantly enhanced the reliability of services. In addition to the reduced services caused by strike action, the performance of SWR has been affected by several operating incidents in the period that caused significant disruption. As previously noted, in accordance with all our current franchise agreements, we are engaged in discussions with the Department for Transport to work through potential commercial and contractual amendments, a process that remains ongoing.

### January 2019 bond

The £250 million 6.125% coupon bond due January 2019 was recently refinanced from cash on hand and revolving bank facilities as planned. As previously indicated this will not have a significant effect on the Group's overall interest costs going forward as the bond had been swapped to a floating rate. The Group's next major refinancing is the £350 million 8.75% bond due April 2021.

### Investor information

A conference call for investors and analysts will be held at 9:00am today. Please call +44 (0) 20 7725 3354 in advance of the call to register and receive joining details. A playback facility will be available together with a pdf copy of this announcement at [www.firstgroupplc.com/investors](http://www.firstgroupplc.com/investors).

The Group is scheduled to announce results for the year to 31 March 2019 on Thursday 30 May 2019.

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#### Notes

<sup>1</sup> Changes 'in constant currency' throughout this announcement are based on retranslating prior period foreign currency amounts at current period rates.

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

Unless otherwise stated, all financial figures for the 'period' include the results of the First Rail business for the 16 weeks to 5 January 2019 and the results of all the other businesses for the four months to 26 January 2019, with increases or decreases compared to the comparable period in the prior year. All 'year to date' or 'YTD' financial figures include the results of the First Rail business for the 40 weeks to 5 January 2019 and the results of all the other businesses for the ten months to 26 January 2019, with increases or decreases compared to the comparable period in the prior year. References to 'like-for-like' revenue adjust for changes in the composition of the divisional portfolio (Rail therefore excludes SWR franchise), holiday timing, severe weather and other factors, for example engineering possessions in First Rail, that distort the period-on-period trends in our passenger revenue businesses. Full year results for 2019 will include the results and financial position of First Rail for the year to 31 March 2019 and the results and financial position of all the other businesses for the 52 weeks ended 30 March 2019.

Figures presented in this announcement are not audited. Certain statements included or incorporated by reference within this announcement may constitute 'forward-looking statements' with respect to the business, strategy and plans of the Group and our current goals, assumptions and expectations relating to our future financial condition, performance and results. By their nature, forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors that cause actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the UK Listing Rules and applicable law, the Group does not undertake any obligation to update or change any forward-looking statements to reflect events occurring after the date of this announcement.

#### About FirstGroup

FirstGroup plc (LSE: FGP.L) is a leading provider of transport services in the UK and North America. With £6.4 billion in revenue and around 100,000 employees, we transported 2.1 billion passengers last year. Whether for business, education, health, social or recreation – we get our customers where they want to be, when they want to be there. We create solutions that reduce complexity, making travel smoother and life easier.

**We provide easy and convenient mobility, improving quality of life by connecting people and communities.**

Each of our five divisions is a leader in its field: In North America, First Student is the largest provider of home-to-school student transportation with a fleet of 42,500 yellow school buses, First Transit is one of the largest providers of outsourced transit management and contracting services, while Greyhound is the only nationwide operator of scheduled intercity coaches. In the UK, First Bus is one of Britain's largest bus companies with 1.6 million passengers a day, and First Rail is one of the country's largest and most experienced rail operators, carrying more than 260 million passengers last year.

Visit our website at [www.firstgroupplc.com](http://www.firstgroupplc.com) and follow us @firstgroupplc on Twitter.