

Chair's statement

A vital sector with huge potential



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Lena Wilson CBE

Chair



I am very pleased to have joined the Board of FirstGroup as Chair this year. I am excited about the opportunities that exist to deliver great public transport services for our customers and employees in a sector that is vitally important to the nation's economy and to continue the good progress the Group has made over recent years.

Since my appointment in February 2025, I have visited many of our bus and rail operations across the country and have spent time with the Board and with senior management teams to discuss their plans and priorities for our businesses.

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I have also met our major shareholders to understand their views of the Group and the opportunities available to us, as well as a number of political stakeholders from various parties to hear their range of opinions and perspectives.

It is clear to me from these discussions that public transport is a sector that has huge potential as a key driver for the UK's economy, contributing to the Government's growth agenda. Our strong societal purpose was one of the key aspects of FirstGroup that attracted me to the position of Chair. First Rail and First Bus play a vital role in the lives of our customers as we deliver for them, day in and day out. We are able to show, on a daily basis, how we connect communities and help local economies thrive, as well as accelerating the transition to a zero-carbon world.

Investment

FirstGroup has long been instrumental in benefiting the communities where we operate, and we have delivered unique and significant levels of private sector investment into our businesses, aligned to the Government's aims for UK economic growth. This includes more than £100m a year on electric buses and infrastructure in First Bus, and you can read elsewhere in this report how we have reached a milestone of more than 1,000 zero emission vehicles during the year. We now have zero emission fleets based across the country, from Hampshire to Aberdeen, Somerset to East Anglia, demonstrating our national reach. We will continue to capitalise on the benefits of our electrification programme and leverage this expertise and capability as we participate in bus franchising and other partnership opportunities.

In First Rail, we placed a landmark £500m order for new, UK-manufactured trains for our Hull Trains and Lumo businesses, which are setting a new benchmark for reliability and customer satisfaction as well as delivering billions of pounds of economic benefits along their routes, taking customers out of cars and off planes onto rail. Approval by the Office of Rail and Road for our other applications would see a similar level of investment by the Group, securing jobs in UK manufacturing and contributing further to UK economic growth.

These examples demonstrate that private sector investment can play a key role in public transport and we are keen to make ongoing UK investments. However, we will continue to monitor all opportunities for investing into other markets.

Chair's statement continued

Diversification

The Group's strategy, introduced in FY 2024, is underpinned by four strategic pillars which will drive the Group forward over the next period, diversification of our portfolio being one. For some time, the Group has been working on creating a diverse, quality and sustainable earnings base that is less affected by changes in government policy. With this in mind, we have completed a number of strategic acquisitions in the year, of which the largest was our re-entry into the London bus market with a strong position.

Our cash-generative businesses and strong balance sheet allow us to invest in the transport sector and continue to deliver returns for shareholders. FirstGroup aims to keep growing through both organic and inorganic activity. We will continue to look for value-accretive opportunities to grow and diversify our portfolio that fits with our disciplined capital allocation policy and strict set of investment and risk criteria. I believe the management, supported by the Board, is well placed to deliver this outcome.

Sustainability

Leading in environmental and social sustainability is also a pillar of the Group's strategy. I am delighted that the Group published its first Climate Transition Plan in March. As a leading public transport operator, we have a critical role to play in the climate transition, and setting out our structured and ambitious approach to help achieve this is an important step in our sustainability journey.

I was pleased that First Bus has become a Real Living Wage employer, the largest bus operator in the country to do so. The Group's First Connections programme for women and ethnically diverse employees has gone from strength to strength, and I was delighted to take part in an event marking International Women's Day in the first few weeks of my tenure. The Group's apprenticeship programmes are also well established and are delivering results. For example, 95% of Lumo's operational workforce began on apprenticeships.

Our people

I am deeply impressed by the unwavering commitment and dedication of our more than 30,000 colleagues in delivering essential transport services that millions of our customers depend on. On a personal level, I'd like to thank everyone I have met throughout the Group for making me feel welcome, and on behalf of the Board, I extend my heartfelt gratitude to all our employees for their hard work throughout the year and for their continued support of our customers and developing effective local relationships in our communities.

The Board and corporate activity

You can read more about the Board evaluation which took place in the year on page 81. We held Board meetings in several locations this year, including a visit to GWR's battery train testing site and First Bus's Bramley depot, which you can read more about on page 78.

I would also thank my predecessor as Non-executive Chairman, David Martin, for his service to the Group during his five-year term.

We have a disciplined capital allocation policy which allows us to maintain our investment in decarbonisation and continue to diversify our earnings, while delivering returns to shareholders.

The £115m on-market share buyback programme was completed during the year and our subsequent £50m programme was completed in March 2025.

In light of the Group's strong performance in FY 2025, the Board has proposed a final dividend of 4.8p per share, which is subject to shareholder approval at the Group's 2025 AGM. Our positive cash generation and strong balance sheet allow us to capitalise on opportunities to grow our business as our industries transition, to continue to grow our dividend, and to provide further potential returns to shareholders.

Conclusion

With a large reach in the bus and rail sectors across the country, a strong balance sheet and our vital purpose, I am confident in the opportunities ahead for FirstGroup. There is no doubt that public transport is in a period of transition as a result of the policies of the new Government and devolved administrations, but the Group is in a good position to respond to these changing dynamics through our work to strengthen our businesses and invest, to diversify and to grow.

I can already see huge potential after my first four months – not least because we are fortunate to have so many dedicated and experienced colleagues who are working together to shape a bright and sustainable future. The Group is in a strong position and well placed to deliver against our strategy in both First Bus and First Rail.

Lena Wilson CBE

Chair

10 June 2025

£230m

in acquisitions and investment in bus fleet and infrastructure

c.1,115

zero emission buses

6.5p

Proposed total dividend

