
FIRSTGROUP PLC

POST CLOSE TRADING UPDATE

FirstGroup plc ('FirstGroup' or the 'Group') today provides a post close update on trading for the 27 weeks to 30 September 2023.

First Rail

Demand for the division's open access operations (Lumo and Hull Trains) has been stronger than anticipated due to increased leisure travel during the summer period. In addition, the final variable fee payments due for the division's management fee-based contracts for the FY 2023 fiscal year have now been agreed with the Department for Transport ('DfT') at a rate ahead of the amounts accrued in the Group's FY 2023 financial statements. As a result of these factors, the division's FY 2024 adjusted operating profit is expected to be £12-15m ahead of expectations.

First Bus

Despite ongoing inflationary pressures, the division has traded slightly ahead of expectations during the first six months of FY 2024, due to strong passenger volumes and productivity improvements resulting from the management actions we have taken to transform the business.

In September 2023, First Bus concluded a period of consultation with regards to its two Local Government Pension Funds and will subsequently terminate its participation in these funds on 31 October 2023, with affected employees enrolled into the First Bus Retirement Savings Plan. As a result of the termination, the Group anticipates a c.£2-3m annualised cost saving for the First Bus division, with an estimated saving of c.£1m in FY 2024. The settlement of the pension obligations, to be determined on the termination date, is expected to result in an estimated Group net cash inflow of up to £15m after costs.

Corporate

Since June 2023, the Group has bought in the Greyhound Canada pension scheme at a cost in line with IAS19 and has bought out and settled c.\$75m (£c.62m) of the Greyhound USA pension liabilities at no cost. The balance of the Greyhound USA pension plan remains well hedged, and the Group continues to make progress towards exiting the remaining liability.

During the period, the Group has opportunistically purchased £12.2m of its 2024 6.875% bonds. As a result, £172.1m of the 2024 bonds remain outstanding.

FY 2024 Guidance

Due to the factors referenced above, the Group anticipates that its FY 2024 Group adjusted operating profit and Group adjusted attributable profit will be ahead of the Board's previous expectations by c.£14-20m and c.£7-10m respectively.

The cash return from the First Bus pension scheme is anticipated in the second half of FY 2024. As a result, the Group expects to end the financial year in an adjusted net cash position of £20-30m, assuming the completion of the current £115m share buyback programme and before deployment of potential growth capital.

The Group will report its interim results for the 27 weeks to 30 September 2023 on 23 November 2023.

Graham Sutherland, FirstGroup Chief Executive Officer, said:

"Over the last few months, we have successfully built on the strong financial performance we reported at our full year results in June. Our updated outlook for FY 2024 reflects a strong performance in our First Rail division, which is testament to the hard work and capabilities of our teams. In First Bus, we are delivering sustainable revenue growth as passenger volumes increase and we continue to benefit from the actions we have taken to transform the business."

Contacts at FirstGroup:

Marianna Bowes, Head of Investor Relations
Stuart Butchers, Head of Corporate Communications
corporate.comms@firstgroup.co.uk
Tel: +44 (0) 20 7725 3354

Contacts at Liberum Capital Limited:

Nicholas How / John Fishley
Tel: +44 (0) 20 3100 2000

Contacts at Brunswick Group:

Andrew Porter / Simone Selzer
Tel: +44 (0) 20 7404 5959

Contacts at RBC Europe Limited:

James Agnew / Jack Wood
Tel: +44 (0) 20 7653 4000

Notes to Editors

Following the termination of First Bus's participation in the pension funds referenced above, the Group will report a one-off settlement adjusting item of c.£150m (estimated as at 31 July 2023, subject to confirmation following termination) in its FY 2024 consolidated income statement, offset by a reduction in the asset ceiling in its consolidated statement of comprehensive income. This is expected to result in an estimated cash inflow of up to £15m after costs, and an estimated reduction of c.£735m in the value of the pension scheme liabilities on the Group's balance sheet.

FirstGroup plc compiled analyst consensus estimates for FY 2024

A consensus of publicly available sell-side analyst forecasts compiled by the Group is available on the Group's website at www.firstgroupplc.com/investors/analyst-consensus.aspx.

Definitions

Adjusted operating profit is defined as operating profit from continuing operations excluding items which management has determined as not being relevant to an understanding of the Group's underlying business performance.

Group attributable adjusted profit is defined as First Bus and First Rail adjusted operating profit from open access and additional services, plus First Rail attributable net income from management fee-based operations, minus central costs, minus cash interest, minus proforma tax.

Adjusted net cash/(debt) excludes ring-fenced cash and IFRS 16 lease liabilities from net cash/(debt).

Forward-looking statements

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. No statement in this announcement should be construed as a profit forecast for any period. 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.

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

About FirstGroup

FirstGroup plc (LSE: FGP.L) is a leading private sector provider of public transport services. With £4.8 billion in revenue and around 30,000 employees, we transported more than 1.8m passengers a day in 2022/23. 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. Each of our divisions is a leader in its field: First Bus is the second largest regional bus operator in the UK, serving two-thirds of the country's 15 largest conurbations with a fleet of more than 4,500 buses, and carrying more than a million passengers a day. 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 more than 3,500 locomotives and rail carriages through three management fee-based train operating companies (Avanti West Coast, GWR, SWR) and two open access routes (Hull Trains and Lumo). We are formally committed to operating a zero-emission First Bus fleet by 2035, and First Rail will help support the UK Government's goal to remove all diesel-only trains from service by 2040. In February 2023 FirstGroup was named as one of the world's cleanest 200 public companies for the fourth consecutive year by sustainable business media group Corporate Knights in partnership with US not-for-profit organisation, As You Sow. We provide easy and convenient mobility, improving quality of life by connecting people and communities. Visit our website at www.firstgroupplc.com and follow us @firstgroupplc on X.