

Thursday 12 January 2012

FIRSTGROUP PLC  
INTERIM MANAGEMENT STATEMENT

FirstGroup plc ("the Group") reports the following update on trading during the third quarter from 1 October to 31 December 2011 ("the period"). The Group provided an update on trading as part of its half-yearly financial results announcement on 9 November 2011. Since then overall trading for the Group during the third quarter of the current financial year has been in line with management's expectations.

**First Student**

We are pleased with the good progress we are making in executing our business recovery plan. During the period First Student's performance continued to develop in line with our expectations and, as previously indicated, we expect operating margin for the second half of this current financial year to be broadly in line with the same period last year.

**First Transit**

Trading continues in line with our expectations as we continue to renew contracts and win new business by leveraging our strong reputation for delivery and generating efficiencies. We continue to develop opportunities and encourage the conversion of further contracts to the outsourced market.

**Greyhound**

Revenue growth has accelerated in line with our expectations with like-for-like passenger revenue increasing by 5.9% during the period. Greyhound Express continues to perform well and attract new customers and we are expanding the service from our south east hub in Atlanta to new markets in Florida including Jacksonville, Orlando, Tampa, Miami and Fort Lauderdale. In Canada we continue to make good progress in right-sizing the network and reducing uneconomic routes and are on track to deliver our profit recovery plan.

**UK Bus**

Like-for-like passenger revenue increased by 1.8% during the period. As previously indicated, the weak economic environment continues to present challenging trading conditions, particularly in Scotland and the North of England, where a significant portion of our urban operations are concentrated. As a result we are achieving lower growth rates in these areas as we see a widening north-south divide. Our priority remains to maintain our strong cost discipline and focus while equipping our networks, as appropriate, for future growth.

**UK Rail**

During the period our rail division delivered another strong performance with like-for-like passenger revenue increased by 8.0%. We are pleased that the Department for Transport initiated the pre-qualification process for the Thameslink and Great Western franchises and look forward to bidding for these as well as progressing further new franchise opportunities as they emerge.

**Outlook**

We remain focused on cash generation to support capital investment, debt reduction and dividend growth of 7%, in line with our current commitment. Notwithstanding current trading in line with our expectations, we now expect net cash generation to be in the range of £100m to £115m for 2011/12 due to fewer disposals as a result of the economic and regulatory climate affecting the realisation of appropriate value and timing.

The Group has market leading positions and operations that are fundamentally strong and, while addressing the challenges of the current weak economic environment in certain markets in which we operate, we have a clear focus on strengthening our businesses for the future. The Group has good prospects to deliver long-term value for shareholders in a sector which is a key enabler of economic growth.

**A conference call for analysts and investors will be held at 9:00am today.  
Please call +44 207 291 0507 in advance of the call to register and to receive dial up details.**

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