

**FirstGroup plc**  
**Pre-close Trading Update**  
**for the 12 months to 31 March 2009**

**Thursday 19 March 2009**

# Overview

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- Strong performance in line with expectations - no surprises
- The Group has unique strengths:
  - 50% of Group revenues contract backed - \$11.5bn order book in North America
  - First Student - highly defensive with a 10 year track record of delivery
  - UK Rail - significant protection through revenue support
- Greyhound
  - Improved yoy profitability and cash generation
  - Flexible operating model - have responded rapidly to changing demand
- UK Bus - performing strongly
- Implemented cost reduction programme - £200m savings including 3,500 headcount reduction by March 2010
- Focus on continued cash generation and debt reduction

# UK Rail and Bus

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- Rail

- Revenue support from DfT mitigates economic impact (80% support already at FGW; 80% at FCC from 01/04/09)
- Passenger revenue up 7.6% yoy
- Passenger volumes up 4% yoy
- Already taken action to reduce costs by £70m per annum
- Targeting further savings

- UK Bus

- Strong performance - passenger revenue up 7.3% yoy
- Passenger volumes up 2.1% yoy
- Flexible operating model matching services to demand
- Actions to reduce costs by £55m per annum
- Targeting further efficiencies

# North America contract businesses

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- Strong, defensive business
- Stable, predictable revenues - proven track record over a 10 year period
- Growing order book of \$11.5bn
- Clear visibility of revenues despite challenging economy
- Good school bus bid season for First Student
- First Transit winning new paratransit and shuttle business
- Delivering cost reduction actions across the business

# Greyhound

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- Less than 10% of Group EBIT
- Improved profitability and cash generation
- Management actions maintaining EBIT in line with expectations
- Highly flexible business model
- 60% variable costs - respond rapidly to changing demand
- Mileage already reduced 7% yoy and 1,100 headcount reduction by June 09
- Actions taken have maintained revenue per mile throughout year
- Ability to flex the cost base further if necessary
- Building a strong platform to deliver long term profitable growth

# Cash and debt

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- Debt maturity profile remains strong - average life 4.8 yrs
- Continue to generate strong cash flows
- On course to achieve cash generation target of £100m per annum for 09/10 and 10/11
- Continue to apply cash generation to reduce net debt
- Higher exceptionals this year to deliver £200m cost reduction programme
- Fuel cost increase to absorb in 09/10 but will recover in 10/11
- Technical amendment on bank covenants to ensure consistent FX for covenant testing purposes

# Summary

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- Pleased with strong performance
- Diverse portfolio - balanced and resilient
- Continue to closely monitor our business for changes in trends
- Quick response to match supply to demand
- Significant cost actions already taken – continue to drive further savings
- Confidence in the underlying strength of our business

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