

National Express Group PLC: Trading Update

18 October 2018

GOOD TRADING IN KEY SUMMER PERIOD

National Express Group PLC (or “the Group”) today reports its Trading Update for the period from 1 July 2018 to 30 September 2018.

Dean Finch, Group Chief Executive said:

“We had a good summer’s trading, with our UK coach business in particular delivering outstanding organic growth. Group revenue and profit are up strongly and we are carrying more passengers. We expect this momentum to continue in our traditionally quieter fourth quarter.

“With Spanish concession renewals further delayed, a major contract starting during 2019 in Rabat and encouraging pricing trends in North America, our outlook is positive. Our continued focus on cashflow and operational performance should allow us to continue to grow profit in the years ahead.”

Group highlights

A good summer’s trading, with outstanding UK coach, and particularly strong Spanish division, performances. The Group performed strongly:

- Group revenue was up 9.5% in reported terms (8.9% in constant currency);
- Group Profit Before Tax (PBT) was up 18.3% in reported terms (10.7% in constant currency);
 - Year to date Group PBT is up 14.5% in reported terms (16% in constant currency);
- Group margin is also up year-on-year.

We expect to continue this positive momentum in the medium term as:

- Spanish concession renewals are still paused. We do not believe there will be any impact from renewals in 2019 and each passing week further reduces any impact in 2020;
- Our significant Rabat urban bus contract starts in mid-2019, making us Morocco’s largest transport operator. This joint venture will operate nearly 500 buses and is expected to secure around €1 billion of revenues and a typical ALSA operating margin, with the full earnings benefit felt from 2020;
- It is increasingly apparent that our North American School Bus customers with the highest satisfaction score are not only more likely to retain us, but also more willing to pay a premium for quality services. Half of our customers are currently on this highest satisfaction score and a programme to move more into this group has started;
- Moody’s has recently upgraded our investment rating to Baa2.

Divisional highlights

UK: a strong summer, with coach especially showing outstanding organic growth

- Strong trading performances in both our bus and coach businesses have delivered accelerating divisional revenue growth of 5.3%.
- UK coach performed outstandingly in its key summer period:
 - Core revenue increased by 10.1% and passenger numbers grew by 6%;
 - On a like-for-like basis, UK coach revenue was up 9.4%;

- Core coach took over £5 million in revenue for every week in August, for the first time ever; August bank holiday Monday's revenue was up 13% alone.
- We acquired Stewarts in mid-September, a high-quality coach business. This acquisition: expands our B2B operations amongst blue chip companies in the fast-growing M4 corridor; provides further opportunities in the in-bound tourist market, to complement our Clarkes of London services; and, provides synergy benefits with existing coach operations.
- UK bus saw commercial revenue increase by 1.1% and passengers grow by 0.5%:
 - Commercial revenue per mile increased by 4.1%.
- M-tickets continue to grow strongly, with further evidence they are driving extra journeys on our services. We remain on-track for our projection of 70% of revenue through digital methods by the year end.

ALSA: a strong summer, with growth across the board and continued expansion in new markets

- Revenue increased by 15% in constant currency:
 - Organic revenue growth was positive at 4.1% in Spain and 2.9% in Morocco.
- Passenger numbers for the division grew by 5.7%.
- All segments grew revenue and passengers. Long haul returned to growth with revenue and passengers up 3.7% and 2.2%, respectively.
- New Geneva hub continues to grow strongly with – significantly – our first local tenders won:
 - A focus on new summer tourist routes has driven revenues up by 26.7% in AlpyBus;
 - We secured contracts for two small urban bus services in Geneva, to add to and complement our existing presence.
- Our urban minicab services continue to perform strongly, providing a platform for both multi-modal integration and growth.

North America: a strong start to the new school year, complemented by a significant transit win

- Revenue increased by 6.9% in constant currency.
- The business was well controlled over the traditionally quieter summer period, with the recent improved pricing starting to be felt in the fourth quarter.
- A good return to school performance saw us secure organically an additional 167 routes in September.
- We won our largest ever transit contract secured through open competition. The 115 bus operation in San Bernardino, California, is our 7th contract in the state. It has already started and is due to run for 5 years, securing nearly \$20 million in annual revenue:
 - We also secured two further smaller contracts that advance our complementary market growth. First, a bus shuttle contract in Chicago, run from an existing operating site. Second, a contract which expands our operations in the fast-growing Charter School market;
 - Working with our Ecolane scheduling software business, the Transit division has also won a small on-demand contract to provide ride-sharing services in Stockton, California. This complements our existing services in the area and we hope will provide a proof of concept for other transit authorities across the country.

Enquiries

National Express Group PLC

Chris Davies, Group Finance Director

Anthony Vigor, Director of Policy and External Affairs

Louise Richardson, Head of Investor Relations

0121 460 8655

07767 425822

07827 807766

Maitland
James McFarlane

020 7379 5151
07584 142665

Notes

All revenue, profit and margin data are based on the Group's continuing operations and refer to normalised results, which exclude intangible amortisation for acquired businesses and profit for the period from discontinued operations. The Board believes that this gives a more comparable year-on-year indication of the operating performance of the Group and allows users of this information to understand management's key performance measures.

Unless otherwise stated, financial data are presented on a constant currency basis, comparing the current period's results with the prior period's results translated at the current period's exchange rates. The Board believes that this gives a better comparison of the underlying performance of the Group.